

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Form C-144
June 1, 2004

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

For drilling and production facilities, submit to appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes No

Type of action: Registration of a pit or below-grade tank Closure of a pit or below-grade tank

Operator: CHESAPEAKE OPERATING, INC. Telephone: 432-687-2992 e-mail address: BCOFFMAN@CHKENERGY.COM
Address: P. O. BOX 11050 MIDLAND, TEXAS 79702-8050
Facility or well name: CC 3 STATE WELL #001 API #: 30-025-36794 U/L or Qtr/Qtr M Sec 3 T 21S R 35E
County: LEA Latitude _____ Longitude _____ NAD: 1927 1983
Surface Owner: Federal State Private Indian

Pit		Below-grade tank	
Type: Drilling <input checked="" type="checkbox"/> Production <input type="checkbox"/> Disposal <input type="checkbox"/> Workover <input type="checkbox"/> Emergency <input type="checkbox"/> Lined <input checked="" type="checkbox"/> Unlined <input type="checkbox"/> Liner type: Synthetic <input checked="" type="checkbox"/> Thickness <u>12</u> mil Clay <input type="checkbox"/> Pit Volume <u>15,948</u> bbl		Volume: _____ bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? Yes <input type="checkbox"/> If not, explain why not.	
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.) <u>100'+</u>	Less than 50 feet 50 feet or more, but less than 100 feet 100 feet or more	(20 points) (10 points) (0 points) 0	
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes No	(20 points) (0 points) 0	
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet 200 feet or more, but less than 1000 feet 1000 feet or more	(20 points) (10 points) (0 points) 0	
Ranking Score (Total Points)		0	

If this is a pit closure: (1) Attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: (check the onsite box if you are burying in place) onsite offsite If offsite, name of facility _____. (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No Yes If yes, show depth below ground surface _____ ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

Additional Comments:
A SIDE DEEP BURIAL TRENCH WAS EXCAVATED NEXT TO THE PIT. THE TRENCH WAS LINED WITH A 20 MIL SYNTETIC LINER. THE PIT CONTENTS WERE THEN PLACED INTO THE LINED TRENCH. THE SIDES OF THE TRENCH WERE FOLDED OVER THE CONTENTS AND A TOP COVER OF 20 MIL SYNTHETIC LINER WAS SEWED IN PLACE. THREE FEET OF TOP SOIL WAS PLACED ON TOP OF THE LINED TRENCH AND COMPACTED. THE ORIGINAL PIT WAS BACKFILLED WITH CLEAN SOIL, COMPACTED, AND LEVELLED TO GRADE. CONFIRMATION SAMPLES WERE TAKEN FROM THE EXCAVATED PIT PRIOR TO BACKFILLING AND ARE ATTACHED. THE PIT CLOSURE WAS STARTED ON MAY 3, 2006 AND COMPLETED ON MAY 19, 2006.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines , a general permit , or an (attached) alternative OCD-approved plan .

Date: 5/21/06
Printed Name/Title CLIFF BRUNSON, PRESIDENT, BBC INTL. Signature Cliff P. Brunson FOR CHESAPEAKE OPERATING, INC.

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or

Approval:
Printed Name/Title GARY W. WINK/STAFF MGR Signature Gary W. Wink Date: 5/31/06



PHONE (325) 673-7001 • 2111 BEECHWOOD • ABILENE, TX 79603

PHONE (505) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
BBC INTERNATIONAL, INC.
ATTN: CLIFF BRUNSON
P.O. BOX 805
HOBBS, NM 88241
FAX TO: (505) 397-0397

Receiving Date: 05/17/06
Reporting Date: 05/17/06
Project Owner: CHESAPEAKE
Project Name: CC3 STATE #1
Project Location: OIL CENTER, NM

Analysis Date: 05/17/06
Sampling Date: 05/16/06
Sample Type: SOIL
Sample Condition: COOL & INTACT
Sample Received By: NF
Analyzed By: HM

LAB NO.	SAMPLE ID	Cl ⁻ (mg/kg)
H11119-1	CC3 SOUTH COMPOSITE	64
H11119-2	CC3 NORTH COMPOSITE	64
Quality Control		990
True Value QC		1000
% Recovery		99
Relative Percent Difference		1.0

METHOD: Standard Methods 4500-Cl⁻B

NOTE: Analyses performed on 1:4 aqueous extracts.

Cliff Brunson

Chemist

05-17-06

Date

H11119

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise.



CARDINAL LABORATORIES, INC.

2111 Beechwood, Abilene, TX 79603 101 East Marland, Hobbs, NM 88240
(915) 673-7001 Fax (915) 673-7020 (505) 393-2326 Fax (505) 393-2476

CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

Page 1 of 1

Company Name: <u>BBC International, Inc.</u>		BILL TO		ANALYSIS REQUEST												
Project Manager: <u>Cliff Brunson</u>		P.O. #:														
Address: <u>1324 W. Marland</u>		Company:														
City: <u>Hobbs</u> State: <u>NM</u> Zip: <u>88240</u>		Attn:														
Phone #: <u>505-397-6388</u> Fax #: <u>505-397-0397</u>		Address: <u>same</u>														
Project #: _____ Project Owner: <u>Chesapeake</u>		City:														
Project Name: <u>CC3 State #1</u>		State: _____ Zip: _____														
Project Location: <u>Oil Center</u>		Phone #:														
Sampler Name: <u>Amy Ruth</u>		Fax #:														
FOR LAB USE ONLY																
Lab I.D.	Sample I.D.	(ICP/AS OR ICP/OMP)	# CONTAINERS	MATRIX					PRESERV	SAMPLING						
				GROUNDWATER	WASTEWATER	SOIL	DRUDE OIL	SLUDGE	OTHER:	ACID/BASE:	ICE / COOL	OTHER:	DATE	TIME		
<u>H1119-1</u>	<u>CC3 South Composite</u>	<u>C 1</u>				<input checked="" type="checkbox"/>							<u>5/16/06</u>	<u>1000 AM</u>	<input checked="" type="checkbox"/>	<u>Chloride</u>
<u>-2</u>	<u>CC3 North Composite</u>	<u>C 1</u>				<input checked="" type="checkbox"/>							<u>5/16/06</u>	<u>1010 AM</u>	<input checked="" type="checkbox"/>	

PLEASE NOTE: Liability and Damages, Cardinal's liability and owner's exclusive remedy for any claim arising whether based in contract or tort, shall be limited to the amount paid by the client for the analyses. All matrix recovery funds for reanalysis and any other costs whatsoever shall be deemed waived unless made in writing and received by Cardinal within 30 days after completion of the applicable service. In no event shall Cardinal be liable for consequential damages, including without limitation, business interruption, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above stated reasons or otherwise.

Tarres and Conditioner: Tarres will be charged on all samples even. Fee 30 days past due at the rate of \$300 per month from the original date of invoice, and at month of delinquency, the delinquent account's face.

Sampler Relinquished:	Date:	Received By:	Phone Result: <input type="checkbox"/> Yes <input type="checkbox"/> No	Add'l Phone #:
	Time:		Fax Result: <input type="checkbox"/> Yes <input type="checkbox"/> No	Add'l Fax #:
Relinquished By: <u>Amy Ruth</u>	Date: <u>5/17/06</u>	Received By: (Lab Staff) <u>Cliff Brunson</u>	REMARKS:	
	Time: <u>11:35 am</u>			
Delivered By: (Circle One)	Sample Condition	Checked By:		
Sampler <u>UPS</u> - Bus - Other:	Cool <input checked="" type="checkbox"/> Intact <input checked="" type="checkbox"/>	(Initials) <u>AR</u>		
	No <input type="checkbox"/> Yes <input type="checkbox"/>			

† Cardinal cannot accept verbal changes. Please fax written changes to 505-393-2476.