

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

Form C-141
Revised October 10, 2003
Submit 2 Copies to appropriate
District Office in accordance
with Rule 116 on back
side of form

30-015-32616

Release Notification and Corrective Action

n MLB0528648031

OPERATOR Initial Report Final Report

| | |
|---|---------------------------------------|
| Name of Company: Chesapeake Energy 147179 | Contact: Bradley Blevins |
| Address: 5014 Carlsbad Highway Hobbs NM 88240 | Telephone No.: (505) 391-1462 ext. 24 |
| Facility Name: Principle 1 & 2 Battery | Facility Type: Tank Battery |

| | | |
|---|---|-----------------------------|
| Surface Owner: United States Government- Bureau of Land Management | Mineral Owner: United States Government- Bureau of Land Management | Lease No.: BLM #LC-029392-B |
|---|---|-----------------------------|

LOCATION OF RELEASE

| Unit Letter | Section | Township | Range | Feet from the | North/South Line | Feet from the | East/West Line | County |
|-------------|---------|----------|-------|---------------|------------------|---------------|----------------|--------|
| C | 27 | 18S | 31E | 990 | North | 1650 | West | Eddy |

Latitude: N 32° 43' 23.131" Longitude: W 103° 51' 37.137"

NATURE OF RELEASE

| | | |
|--|---|--|
| Type of Release: Produced Water | Volume of Release: 154 barrels | Volume Recovered: 80 barrels |
| Source of Release: Tank Battery | Date and Hour of Occurrence: September 17, 2005 P.M. | Date and Hour of Discovery: September 18, 2005 A.M. |
| Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required | If YES, To Whom? Gerry Guye, NMOCD- Artesia | |
| By Whom? Bradley Blevins, Chesapeake | Date and Hour: September 18, 2005 @ 1100 hours | |
| Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | If YES, Volume Impacting the Watercourse: Not Applicable | |

If a Watercourse was Impacted, Describe Fully.* Not Applicable

Describe Cause of Problem and Remedial Action Taken.* Lightening strike threw 500 barrel fiberglass water tank approximately 100-feet from tank battery location. Wells were shut in upon discovery.

Describe Area Affected and Cleanup Action Taken.* Approximately 5,100 square feet of surface area was impacted by the release. The site will be delineated and a Remediation/Closure Plan developed and submitted to the NMOCD.

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the NMOCD marked as "Final Report" does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.

| | | |
|--|---|--|
| Signature: <i>Bradley Blevins</i> | OIL CONSERVATION DIVISION | |
| Printed Name: Bradley Blevins | Approved by District Supervisor: TIM GUM by MB <i>[Signature]</i> | |
| Title: Field Technician | Approval Date: <i>10/13/05</i> | Expiration Date: <i>N/A</i> |
| E-mail Address: bblevins@chkenergy.com | Conditions of Approval: | Attached <input checked="" type="checkbox"/> |
| Date: <i>9-27-05</i> Phone: (505) 391-1462 ext. 24 | | |

* Attach Additional Sheets If Necessary

cc: operator 10/12/05



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

Chesapeake Energy
5014 Carlsbad Highway
Hobbs NM 88240

October 13, 2005

Re: Principal Federal 001 Tank Battery (1&2) C-27-18s-31e 30-015-32616 Incident # nMLB0528648031

The New Mexico Oil Conservation Division District II Office is in receipt of an Initial Report C-141 reporting a produced fluids release that occurred on 9/17/2005 at or near the above referenced well site.

Please submit a Corrective Action Work Plan to this office for correction/remediation of this release. Please use the "Guidelines For Remediation of Leaks, Spills, and Releases" as your guide.

This document may be found on the NMOCD web site: www.emnrd.state.nm.us/ocd, under Publications/Environmental Handbook/Miscellaneous Guidelines/Spill Prevention Clean up.

The work plan presented to the NMOCD must include general site characteristics, site ranking score, soil remediation action levels, soil remediation methods, and planned analytical testing for TPH, B-TEX, Chlorides or any other CoCs as applicable.

A final Form C-141 is required for closure of the release incident and must include a report of remediation actions taken with final analytical results attached.

Like approval by BLM required if applicable.

Please have the requested work plan in the Artesia office on or before November 3, 2005. The NMOCD District II Office must be notified 24 hours prior to commencement of remediation actions and prior to samples being obtained where analysis of such samples are to be submitted to the OCD.

In the event that a satisfactory response is not received to this letter further enforcement will occur. Such enforcement may include this office applying to the Division for an order summoning you to a hearing before a Division Examiner in Santa Fe. Such a hearing may result in imposition of **CIVIL PENALTIES** for your violation of NMOCD rules.

If I can be of assistance in this matter, my contact information is listed below.


Mike Bratcher
NMOCD District 2
1301 W. Grand Ave.
Artesia, NM 88210
(505) 748-1283 Ext. 108
(505) 626-0857
mbratcher@state.nm.com

cc: operator 10/13/05