



21 September 2005

Mr. Mike Bratcher, Environmental Engineer
New Mexico Oil Conservation Division
1301 West Grand Avenue
Artesia, New Mexico 88210

RECEIVED
SEP 28 2005
OGB-ARTESIA

Re: Initial C-141 Chesapeake Energy-Principle 1 & 2 Battery– Reference #160032
UL-C (NE¼ of the NW¼) of Section 27, Township 18 South, Range 31 East
Latitude N 32° 43' 23.131" and Longitude W 103° 51' 37.137"

Dear Mr. Bratcher:

Environmental Plus, Inc. (EPI), on behalf of Mr. Bradley Blevins, Chesapeake Energy Corporation (Chesapeake), submits the attached New Mexico Oil Conservation Division (NMOCD) form C-141 for the above-referenced leak site located on land owned by the United States Federal Government and managed by the United States Department of the Interior – Bureau of Land Management.

The site is located approximately 9.5 miles southeast of Loco Hills, New Mexico (reference *Figure 1*). Information obtained from the New Mexico Office of the State Engineer's website and a United States Geological Survey (USGS) database indicated there are no water supply wells located within a 1,000-foot radius of the release site (reference *Figure 2*). Groundwater level data indicates an average depth to water of approximately 381.5 feet below ground surface (bgs). Based on available information, it is estimated that the depth to groundwater at the site is over 100 feet bgs. The attached site information and metrics form ranks the site in accordance with the NMOCD Guidelines for Remediation of Leaks, Spills and Releases (August 13, 1993).

The release of 154 barrels of produced water was the result of a lightening strike on a 500 barrel fiberglass water tank. Upon discovery of the release, the supply well was shut in and a vacuum truck was contracted to recover remaining fluid on the ground. Approximately 80 barrels of produced water were recovered from the release.

If there are any questions please feel free to contact me at (505) 394-3481 or via e-mail at iolness@envplus.net or Mr. Bradley Blevins at (505) 391-1462 ext. 24 or via e-mail at bblevins@chkenegy.com. All official communication should be addressed to:

Mr. Bradley Blevins
Chesapeake Energy
5014 Carlsbad Highway
Hobbs, New Mexico 88240

Sincerely,

ENVIRONMENTAL PLUS, INC.



Iain Olness, P.G.
Hydrogeologist

cc: Bradley Blevins, Chesapeake Energy – Hobbs, NM
Curtis Blake, Chesapeake Energy – Hobbs, NM
Jace Marshall, Chesapeake Energy – Oklahoma City, OK
Paul Evans, U.S. Department of Interior, Bureau of Land Management – Carlsbad, NM



Information and Metrics

Incident Date:
17 September 2005

NMOCD Notified:
18 September 2005

Site: Principle 1 & 2 Battery		Assigned Site Reference #: 160032	
Company: Chesapeake Energy			
Street Address: 5014 Carlsbad Highway			
Mailing Address: 5014 Carlsbad Highway			
City, State, Zip: Hobbs, New Mexico 88240			
Representative: Bradley Blevins			
Representative Telephone: (505) 391-1462 ext. 24			
Telephone:			
Fluid volume released (bbls): 154 barrels		Recovered (bbls): ≈80 barrels	
>25 bbls: Notify NMOCD verbally within 24 hrs and submit form C-141 within 15 days. (Also applies to unauthorized releases >500 mcf Natural Gas)			
5-25 bbls: Submit form C-141 within 15 days (Also applies to unauthorized releases of 50-500 mcf Natural Gas)			
Leak, Spill, or Pit (LSP) Name: Principle 1 & 2 Battery			
Source of contamination: 500 barrel produced water tank.			
Land Owner, i.e., BLM, ST, Fee, Other: United States Government- Bureau of Land Management			
LSP Dimensions: 100 feet by 100 feet, and 60 feet by 90 feet			
LSP Area: ≈5,100 ft ²			
Location of Reference Point (RP):			
Location distance and direction from RP:			
Latitude: N 32° 43' 23.131"			
Longitude: W 103° 51' 37.137"			
Elevation above mean sea level: 3,635			
Feet from South Section Line:			
Feet from West Section Line:			
Location- Unit or ¼: NE¼ of the NW¼		Unit Letter: C	
Location- Section: 27			
Location- Township: T18S			
Location- Range: R31E			
Surface water body within 1000' radius of site: none			
Domestic water wells within 1000' radius of site: none			
Agricultural water wells within 1000' radius of site: none			
Public water supply wells within 1000' radius of site: none			
Depth from land surface to ground water (DG): > 100 feet			
Depth of contamination (DC): unknown			
Depth to ground water (DG - DC = DtGW): > 100 feet			
I. Ground Water		2. Wellhead Protection Area	3. Distance to Surface Water Body
If Depth to GW <50 feet: <i>20 points</i>		If <1000' from water source, or; <200' from private domestic water source: <i>20 points</i>	<200 horizontal feet: <i>20 points</i>
If Depth to GW 50 to 99 feet: <i>10 points</i>			200-100 horizontal feet: <i>10 points</i>
If Depth to GW >100 feet: <i>0 points</i>		If >1000' from water source, or; >200' from private domestic water source: <i>0 points</i>	>1000 horizontal feet: <i>0 points</i>
<i>Ground water Score = 0</i>		<i>Wellhead Protection Area Score = 0</i>	<i>Surface Water Score = 0</i>
<i>Site Rank (1+2+3) = 10</i>			
Total Site Ranking Score and Acceptable Concentrations			
Parameter	>19	10-19	0-9
Benzene ¹	10 ppm	10 ppm	10 ppm
BTEX ¹	50 ppm	50 ppm	50 ppm
TPH	100 ppm	1,000 ppm	5,000 ppm
¹ 100 ppm field VOC headspace measurement may be substituted for lab analysis			

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

OPERATOR

Initial Report Final Report

Name of Company: Chesapeake Energy	Contact: Bradley Blevins
Address: 5014 Carlsbad Highway	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
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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	

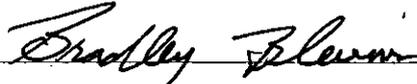
If a Watercourse was Impacted, Describe Fully.* Not Applicable

Describe Cause of Problem and Remedial Action Taken.* Lightning 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.

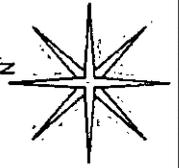
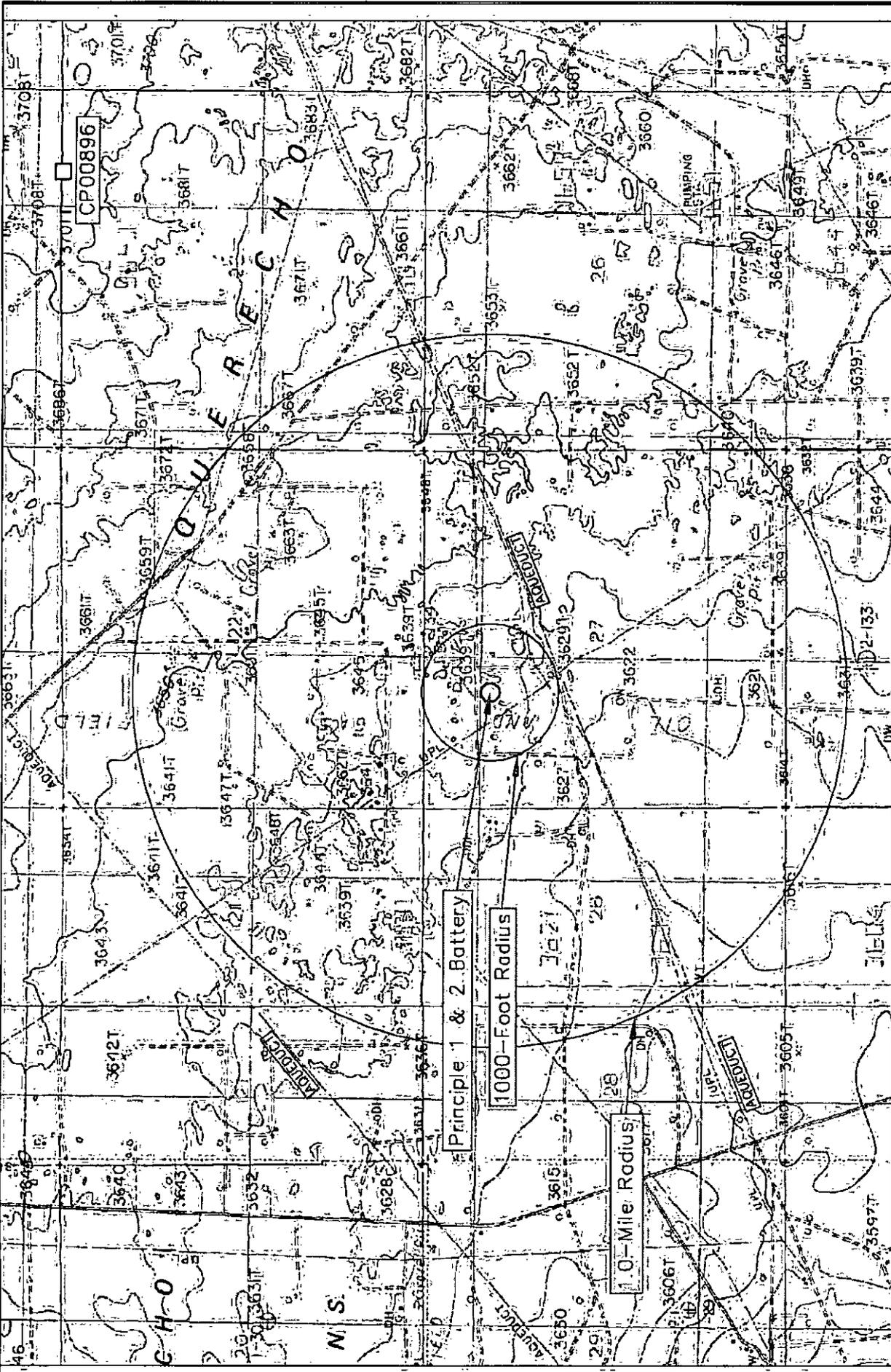
OIL CONSERVATION DIVISION

Signature: 	Approved by District Supervisor:	
Printed Name: Bradley Blevins	Approval Date:	Expiration Date:
Title: Field Technician	Conditions of Approval:	Attached <input type="checkbox"/>
E-mail Address: bblevins@chkenergy.com	Date: 9-27-05 Phone: (505) 391-1462 ext. 24	

* Attach Additional Sheets If Necessary



	REMISED:
DWG. By: Jason Stegemöller September 2005.	Eddy County, New Mexico NE 1/4 of the NW 1/4, Sec. 27, T16S, R31E N 32° 43' 23.13" W 103° 51' 37.13" Elevation: 3,635 feet amsl
	SHEET 1 of 1
0 3.0 6.0 Miles	Figure 1 Area Map Chesapeake Energy Principle 1 & 2 Battery

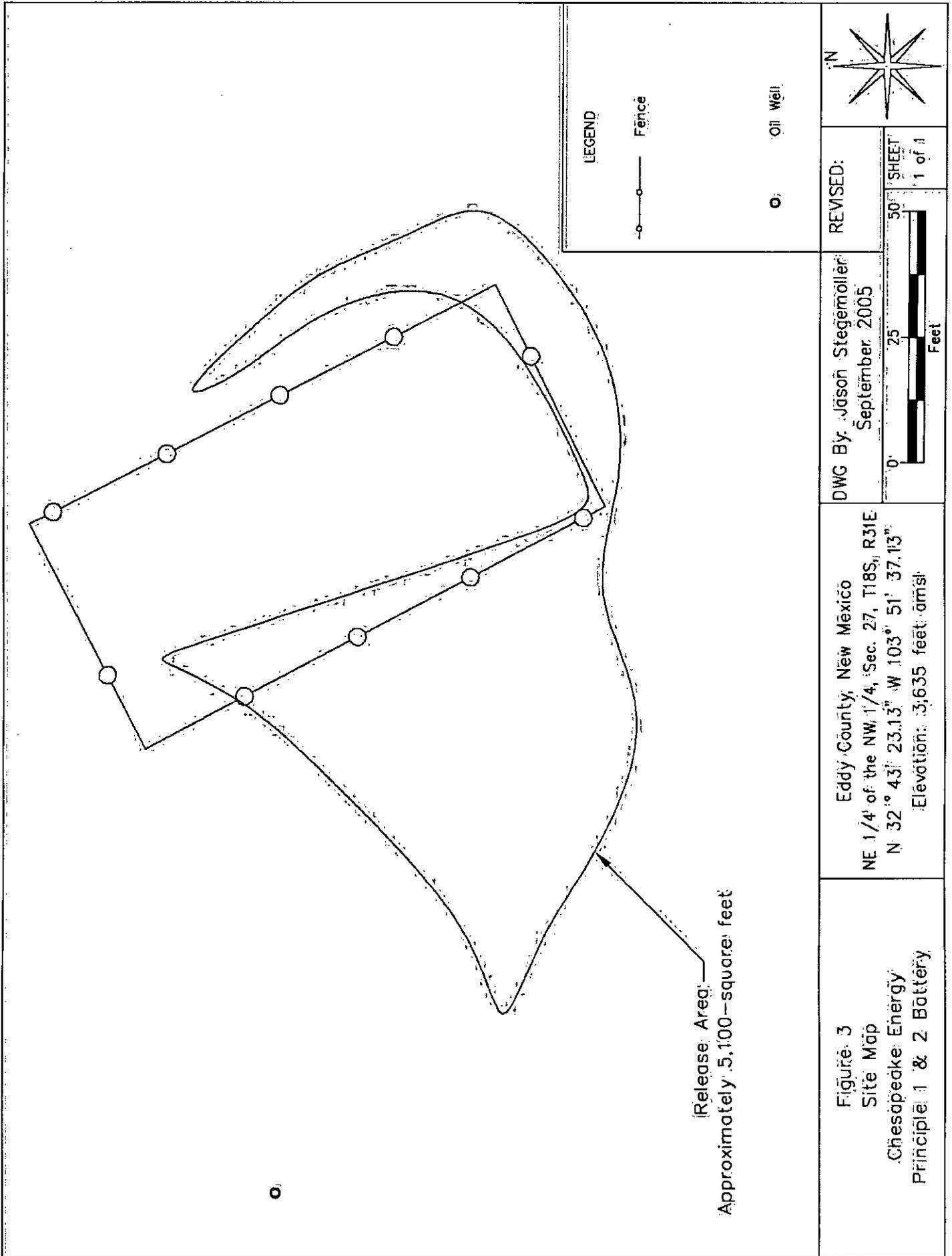


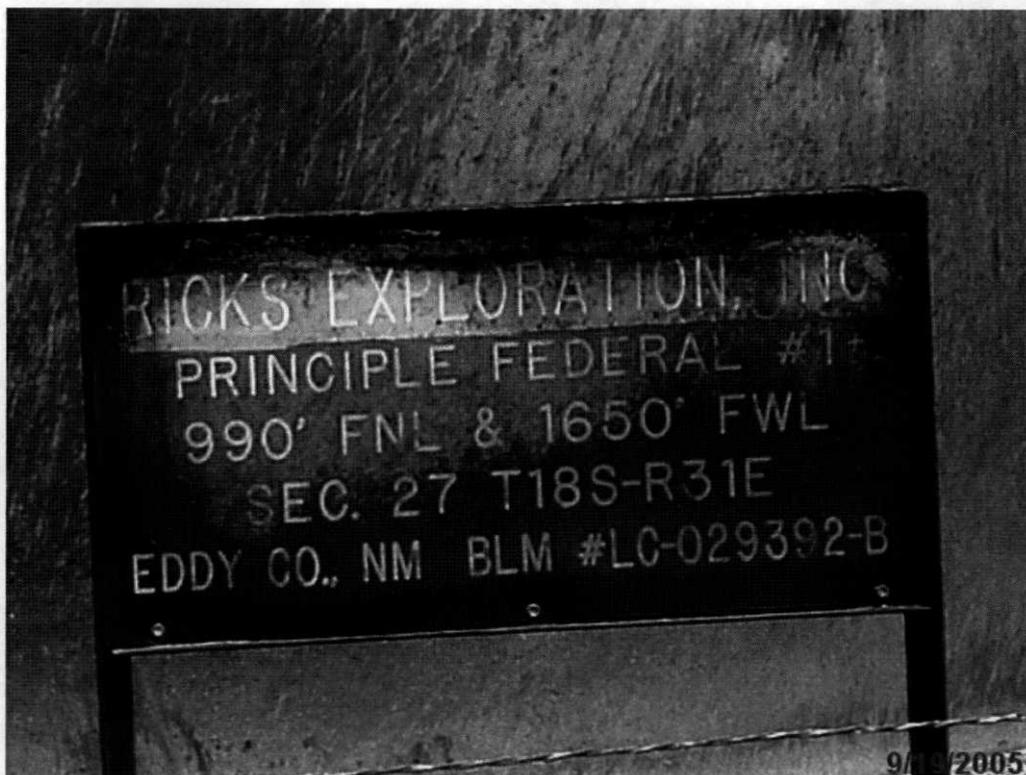
REVISSED:
 4,000 SHEET
 1 of 1

DWG By: Jason Stegemoller
 September 2005.

Eddy County, New Mexico
 NE 1/4 of the NW 1/4, Sec. 27, T18S, R31E
 N 32° 43' 23.13" W 103° 51' 37.13"
 Elevation: 3,635 feet amsl

Figure 2
 Site Location Map
 Chesapeake Energy
 Principle 1 & 2 Battery

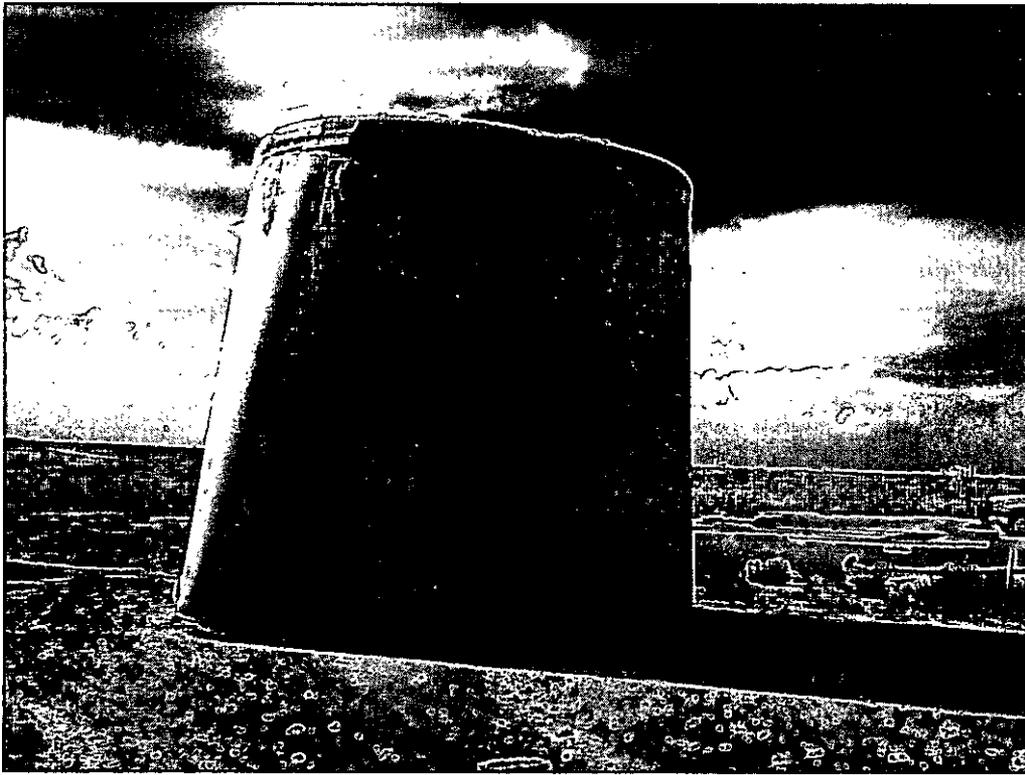




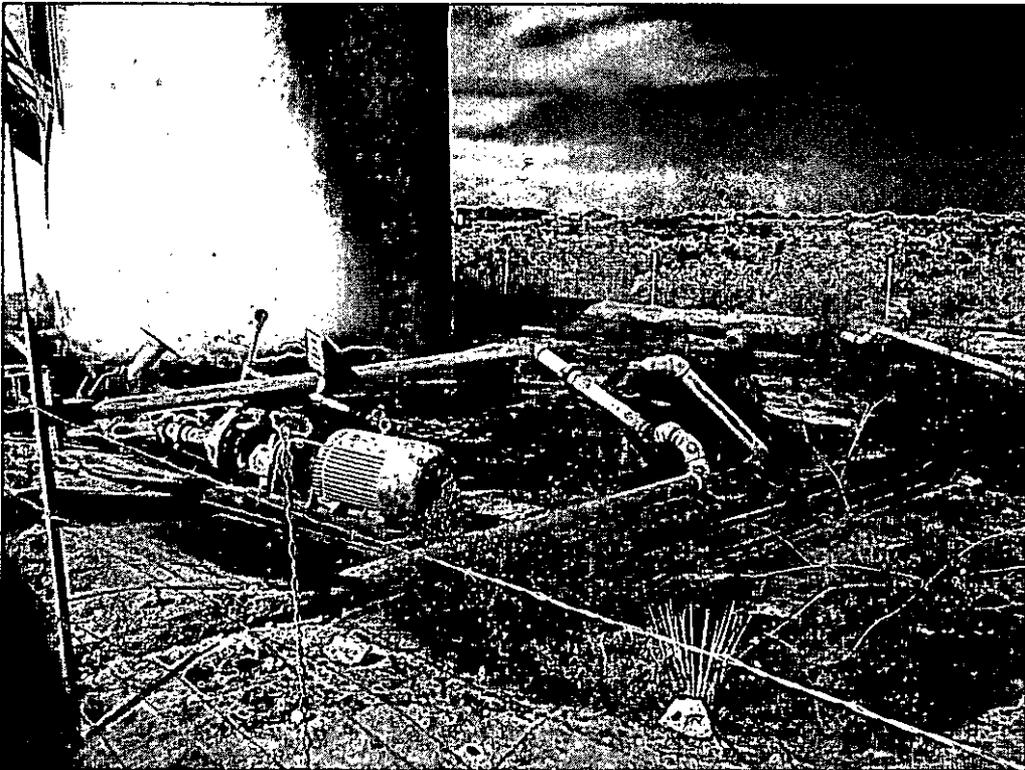
Photograph #1- Lease Sign.



Photograph #2- Release area looking northerly. Dark colored soil indicates contamination.



Photograph #4- Fiberglass tank struck by lightning.



Photograph #5- Fiberglass tank position inside fenced and bermed battery location.