

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

### Release Notification and Corrective Action

**OPERATOR**  Initial Report  Final Report

|   |  |
|---|--|
| <b>Name of Company:</b> Chesapeake Energy | <b>Contact:</b> Bradley Blevins                |
| <b>Address:</b> P.O. Box 190              | <b>Telephone No.:</b> (505) 391-1462 ext. 6224 |
| <b>Facility Name:</b> Ciguena State #1    | <b>Facility Type:</b> Tank Battery             |

|                                  |                       |                           |
|----------------------------------|-----------------------|---------------------------|
| <b>Surface Owner:</b> Jim Keller | <b>Mineral Owner:</b> | <b>Lease No.:</b> NM K280 |
|----------------------------------|-----------------------|---------------------------|

### LOCATION OF RELEASE

| Unit Letter | Section | Township | Range | Feet from the | North/South Line | Feet from the | East/West Line | County |
|-------------|---------|----------|-------|---------------|------------------|---------------|----------------|--------|
| H           | 33      | 23S      | 34E   | 2,310         | N                | 660           | E              | Lea    |

**Latitude:** N 32° 15' 42.15" **Longitude:** W 103° 28' 06.93"

### NATURE OF RELEASE

|   |  |                                    |
|---|--|------------------------------------|
| <b>Type of Release:</b> Petroleum and/or production fluids  | <b>Volume of Release:</b> Unknown                                  | <b>Volume Recovered:</b> Unknown   |
| <b>Source of Release:</b> Various sources   | <b>Date and Hour of Occurrence:</b> Historical                     | <b>Date and Hour of Discovery:</b> |
| <b>Was Immediate Notice Given?</b><br><input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Required | <b>If YES, To Whom?</b>  |                                    |
| <b>By Whom?</b> Bradley Blevins   | <b>Date and Hour:</b>  |                                    |
| <b>Was a Watercourse Reached?</b><br><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  | <b>If YES, Volume Impacting the Watercourse:</b><br>Not Applicable |                                    |
| <b>If a Watercourse was Impacted, Describe Fully.*</b> Not Applicable   |  |                                    |

**Describe Cause of Problem and Remedial Action Taken.\*** The release is historical from various sources.

**Describe Area Affected and Cleanup Action Taken.\*** Approximately 1,700 square-feet of surface area was impacted by the release. Soil borings were advanced to collect soil samples to delineate extent of impacted soil. A remediation proposal will be developed based on soil sample analyses.

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.

|   |   |  |
|---|---|--|
| <b>Signature:</b>  | <b>OIL CONSERVATION DIVISION</b>        |  |
| <b>Printed Name:</b> Bradley Blevins  | <b>Approved by District Supervisor:</b> |  |
| <b>Title:</b> Field Supervisor  | <b>Approval Date:</b>                   | <b>Expiration Date:</b>                  |
| <b>E-mail Address:</b> bblevins@chkenergy.com   | <b>Conditions of Approval:</b>          | <b>Attached</b> <input type="checkbox"/> |
| <b>Date:</b> 4-3-04 <b>Phone:</b> (505) 391-1462 ext. 6224  |   |  |

\* Attach Additional Sheets If Necessary

Chesapeake - 147179  
facility - pPAC 0609630260  
incident - nPAC 0609630336

application - pPAC 0609630554



**ENVIRONMENTAL PLUS, INC.**  
CONSULTING AND REMEDIAL CONSTRUCTION

30 March 2006

Mr. Larry Johnson, Environmental Engineer  
New Mexico Oil Conservation Division  
1625 North French Drive  
Hobbs, New Mexico 88240



**Re: Initial C-141**  
**Chesapeake Energy Ciguena State #1 – Reference #160048**  
**UL-H, Section 33, Township 23 South, Range 34 East**  
**Latitude N 32° 15' 43.15" and Longitude W 103° 28' 06.93"**

Dear Mr. Johnson:

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 Jim Keller.

The site is located approximately 20 miles northwest of Jal, 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 indicates there are no water supply wells within a 1,000-foot radius of the release site. However, there are three water supply wells located within a 1.0-mile radius of the release site (reference *Figure 2*). Groundwater level data indicates an average depth to water of approximately 475 feet below ground surface (reference *Table 1*). 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 historical release is of an unknown volume of petroleum and/or production fluids from varying sources.

ENVIRONMENTAL PLUS, INC.

Should you have any questions or concerns please feel free to contact me at (505) 394-3481 or via e-mail at [iolness@envplus.net](mailto:iolness@envplus.net) or Mr. Bradley Blevins at (505) 391-1462 ext. 6224 or via e-mail at [bblevins@chkenegy.com](mailto:bblevins@chkenegy.com). All official communication should be addressed to:

Mr. Bradley Blevins  
Chesapeake Energy  
P.O. Box 190  
Hobbs, New Mexico 88240

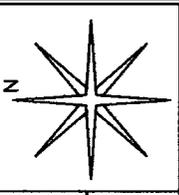
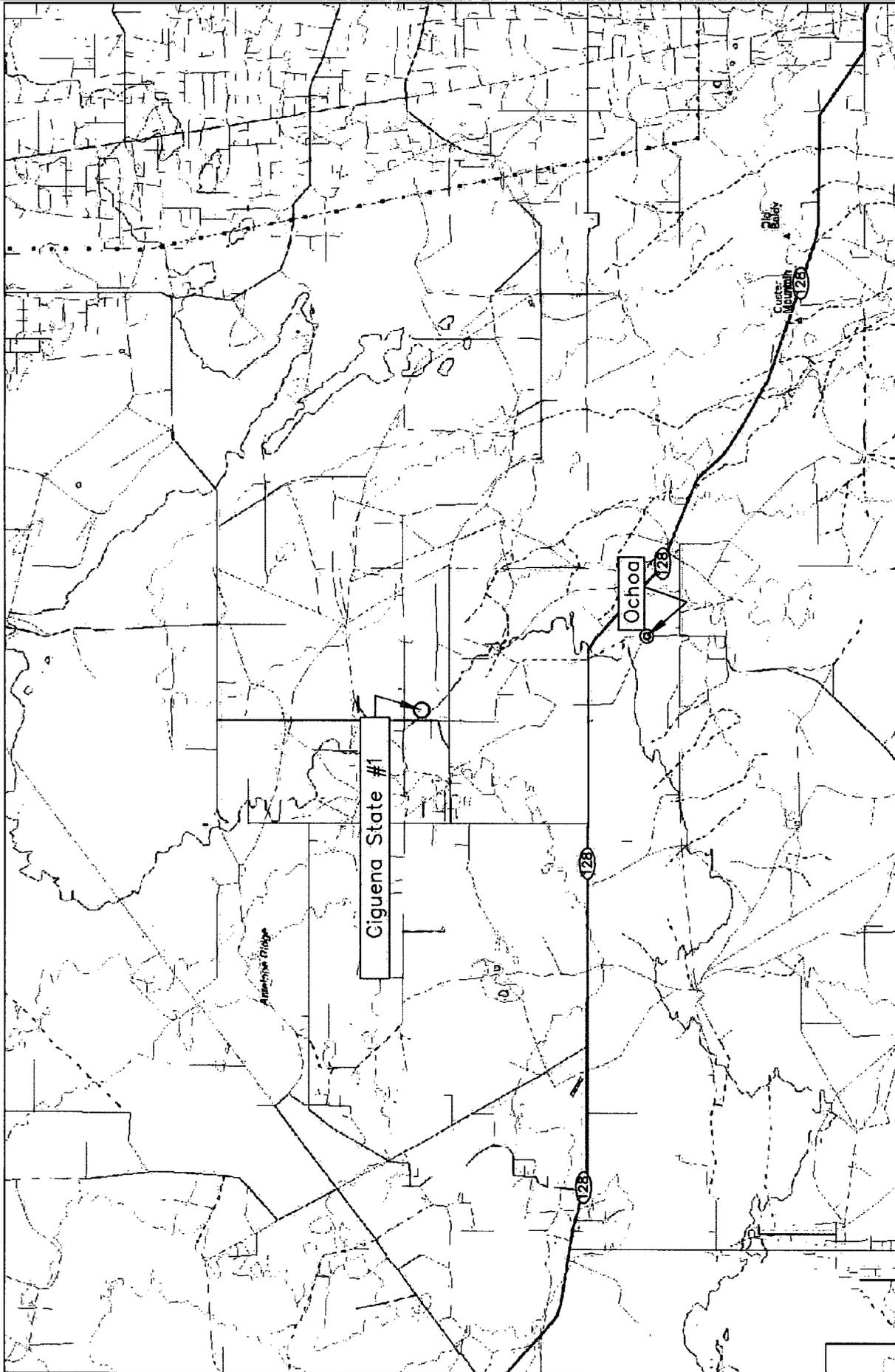
Sincerely,

ENVIRONMENTAL PLUS, INC.



Iain Olness, P.G.  
Hydrogeologist

cc: Bradley Blevins, Chesapeake Energy – Hobbs, NM  
Curtis Blake, Chesapeake Energy – Hobbs, NM  
Harlan Brown, Chesapeake Energy – Oklahoma City, OK  
Jim Keller, Landowner  
File

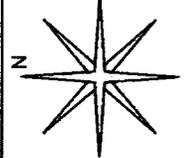
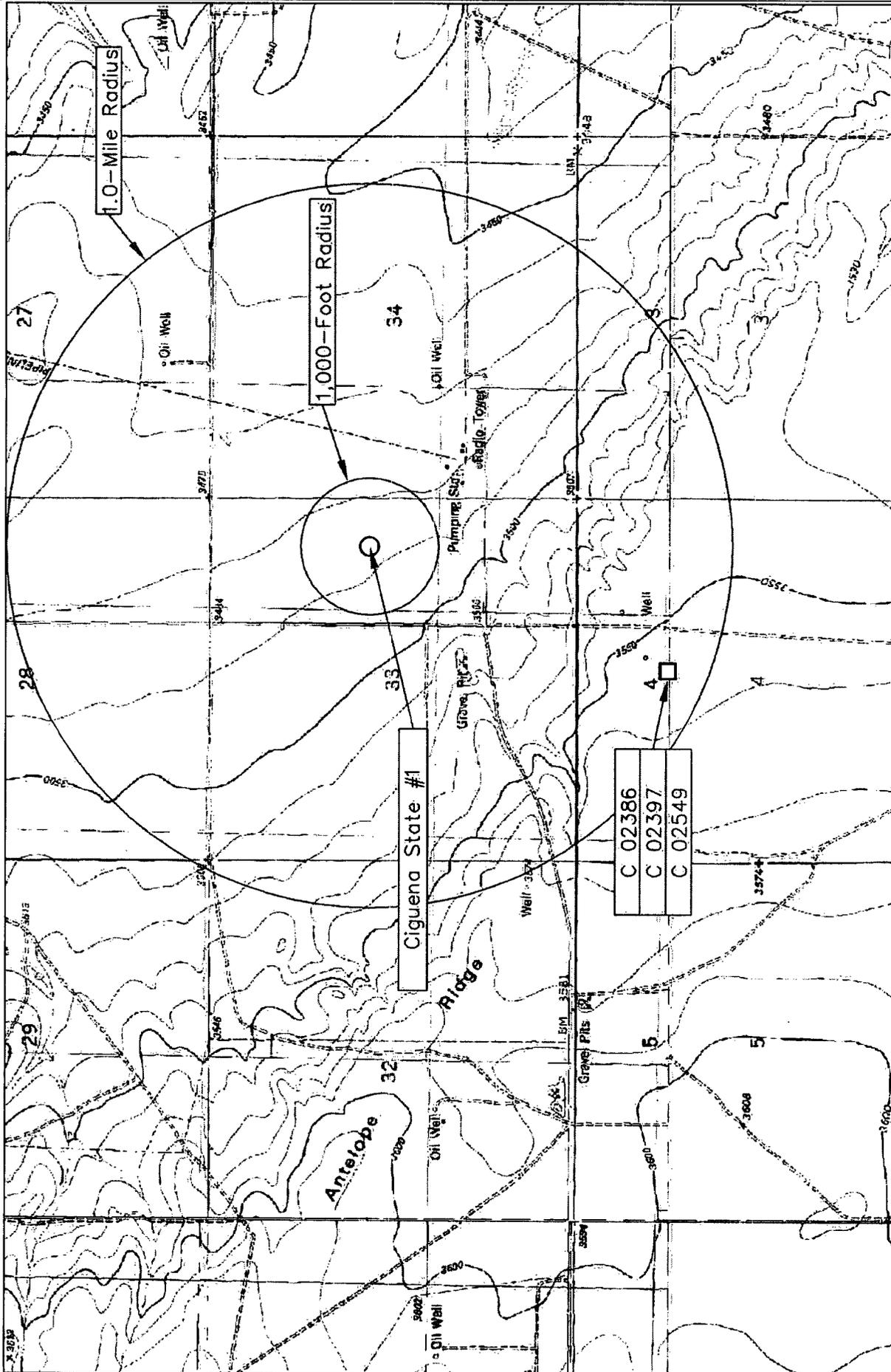


DWG By: Daniel Dominguez  
January 2006

REVISID:  
6.0 SHEET  
1 of 1

Lea County, New Mexico  
SE 1/4 of the NE 1/4, Sec. 33, T23S, R34E  
N 32° 15' 43.15" W 103° 28' 06.93"  
Elevation: 3,484 feet amsl

Figure 1  
Area Map  
Chesapeake Energy  
Ciguena State #1

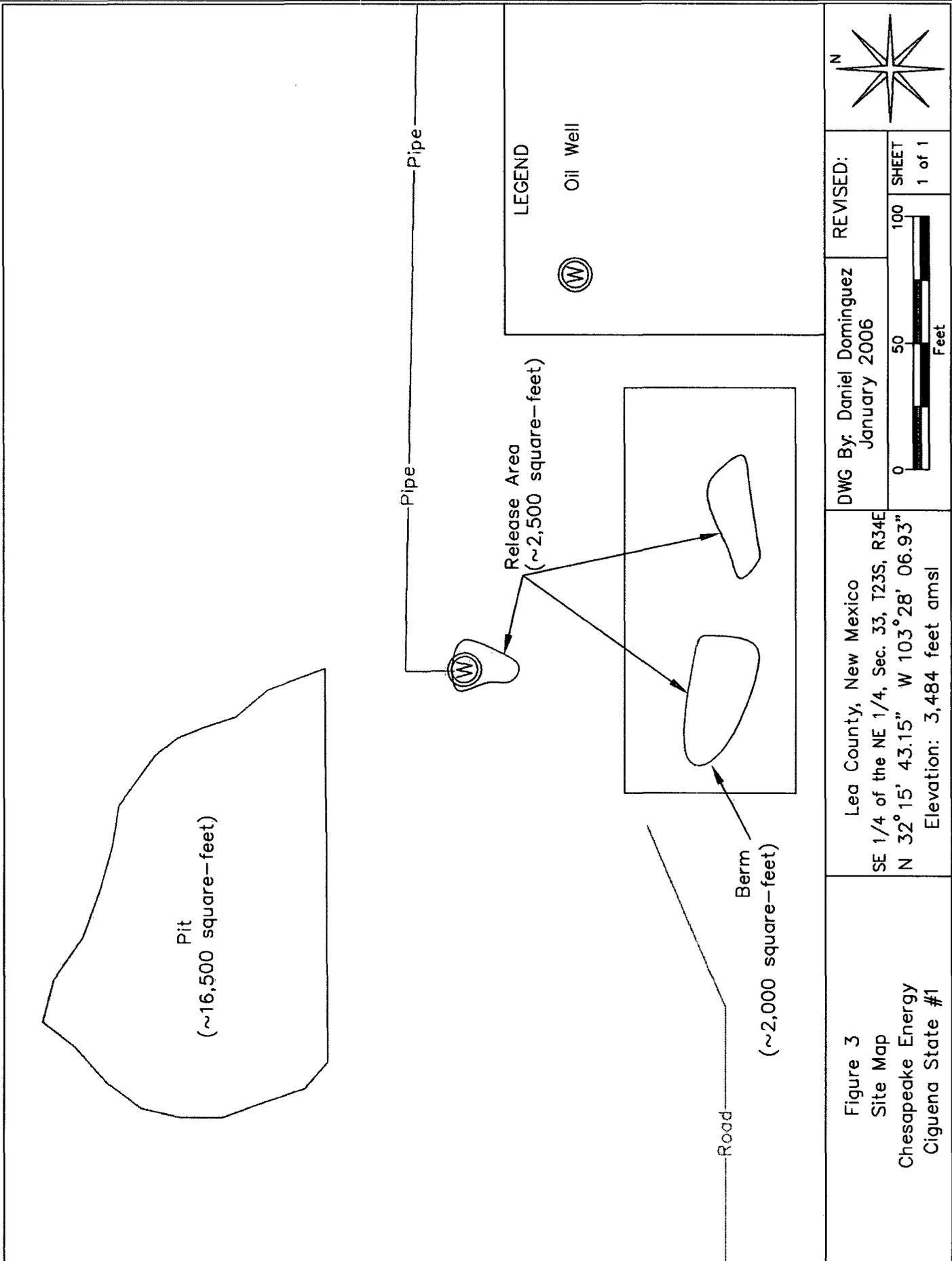


DWG By: Daniel Dominguez  
January 2006

Lea County, New Mexico  
SE 1/4 of the NE 1/4, Sec. 33, T23S, R34E  
N 32° 15' 43.15" W 103° 28' 06.93"  
Elevation: 3,484 feet amsl

Figure 2  
Site Location Map  
Chesapeake Energy  
Ciguena State #1

REVISED:  
0 2000 4000 SHEET  
1 of 1  
Feet



**TABLE 1**  
**Well Data**  
**Chesapeake Energy - Ciguena State #1 (Ref. # 160048)**

| Well Number | Diversion <sup>A</sup> | Owner         | Use | Twp | Rng | Sec | q | q | q | Latitude       | Longitude        | Date Measured | Surface Elevation <sup>B</sup> | Depth to Water |
|-------------|------------------------|---------------|-----|-----|-----|-----|---|---|---|----------------|------------------|---------------|--------------------------------|----------------|
|             |                        |               |     |     |     |     |   |   |   |                |                  |               |                                | (ft bgs)       |
| C 02386     | 3                      | RUBERT MADERA | DOM | 24S | 34E | 04  | 2 | 1 | 4 | N32° 15' 0.43" | W103° 28' 28.06" | 31-Jan-60     | 3,555                          | 475            |
| C 02397     | 30                     | BERT MADERA   | COM | 24S | 34E | 04  | 2 | 1 | 4 | N32° 15' 0.43" | W103° 28' 28.06" | 31-Jan-60     | 3,555                          | 475            |
| C 02397     | 3                      | BERT MADERA   | MUL | 24S | 34E | 04  | 2 | 1 | 4 | N32° 15' 0.43" | W103° 28' 28.06" | 31-Jan-60     | 3,555                          | 475            |

<sup>A</sup> = Elevation interpolated from USGS topographical map based on referenced location.

COM = Commercial

MUL = 72-12-1 Multiple domestic households

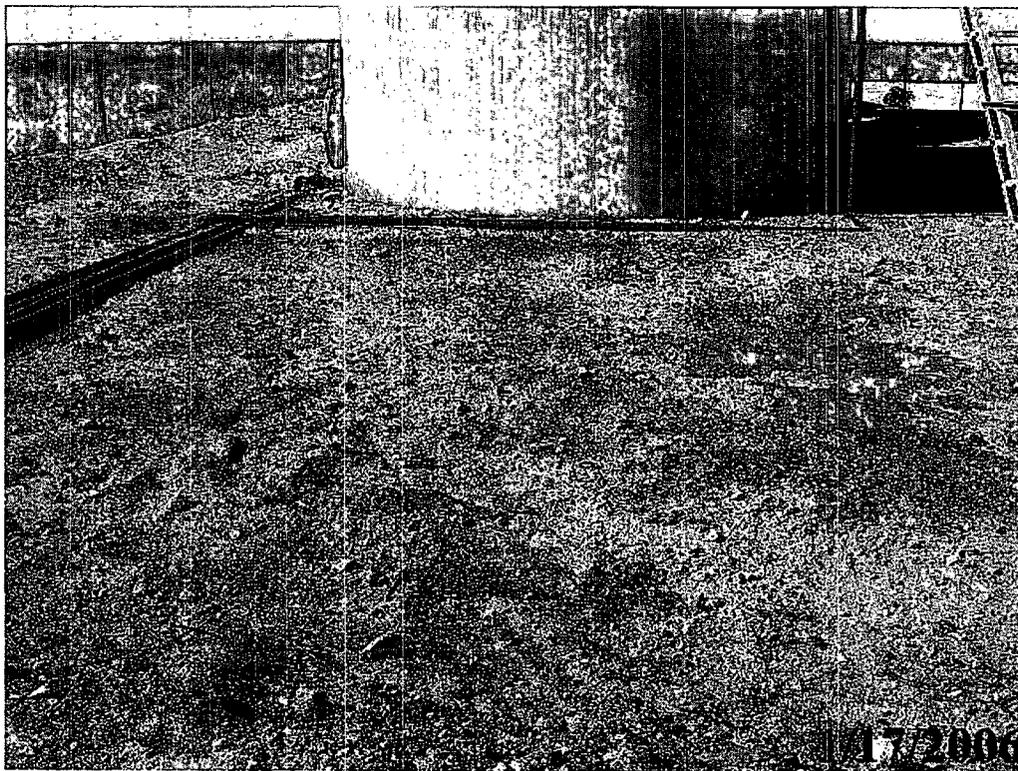
DOM = 72-12-1 Domestic

quarters are 1=NW, 2=NE, 3=SW, 4=SE; quarters are biggest to smallest

Shaded area indicates wells not shown in Figure 2



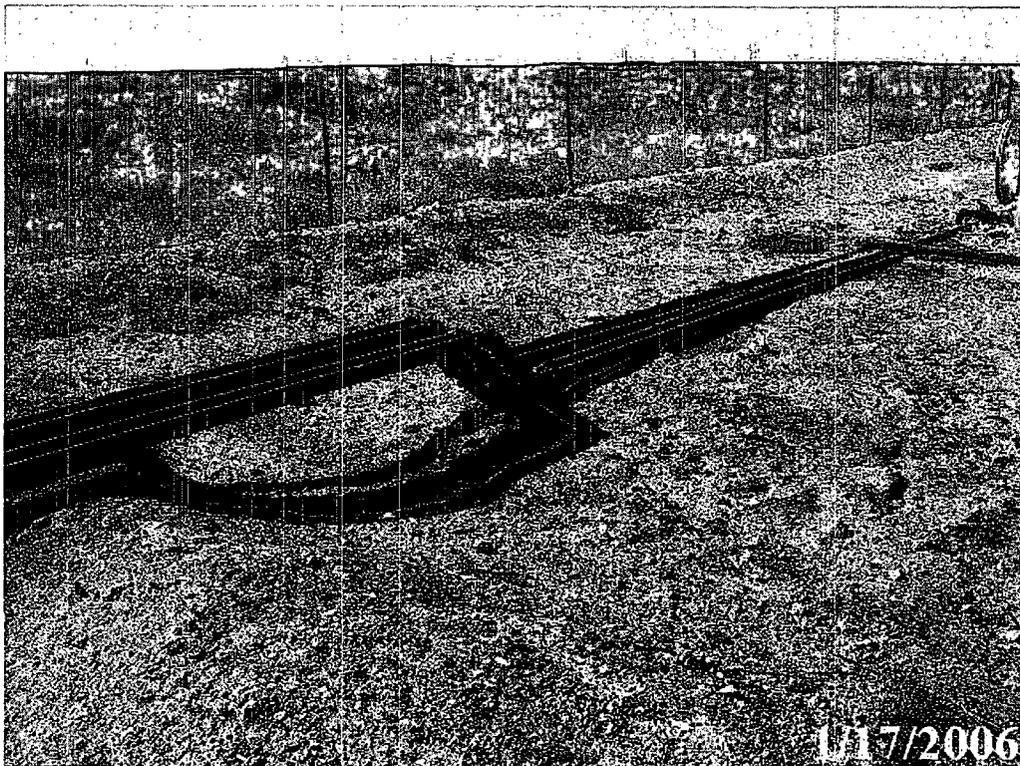
Photograph #1 – Lease sign.



Photograph #2 - Looking southwesterly at the release area and tank battery with berm.



Photograph #3-Looking northwesterly at release area.



Photograph #4- Looking southwesterly at the release area and berm.



Information and Metrics

|                                     |                        |
|-------------------------------------|------------------------|
| <b>Incident Date:</b><br>Historical | <b>NMOCD Notified:</b> |
|-------------------------------------|------------------------|

|   |   |  |           |
|---|---|--|-----------|
| <b>Site:</b> Ciguena State #1   | <b>Assigned Site Reference :</b> #160048  |  |           |
| <b>Company:</b> Chesapeake Energy   |   |  |           |
| <b>Street Address:</b> 1616 West Bender   |   |  |           |
| <b>Mailing Address:</b> P.O. Box 190  |   |  |           |
| <b>City, State, Zip:</b> Hobbs, New Mexico 88240  |   |  |           |
| <b>Representative:</b> Bradley Blevins  |   |  |           |
| <b>Representative Telephone:</b> (505) 391-1462 ext. 6224   |   |  |           |
| <b>Telephone:</b>   |   |  |           |
| <b>Fluid volume released (bbls):</b> Unknown  | <b>Recovered (bbls):</b> Unknown  |  |           |
| >25 bbls: Notify NMOCD verbally within 24 hrs and submit form C-141 within 15 days.<br>(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)                                       |   |  |           |
| <b>Leak, Spill, or Pit (LSP) Name:</b> Ciguena State #1   |   |  |           |
| <b>Source of contamination:</b>   |   |  |           |
| <b>Land Owner, i.e., BLM, ST, Fee, Other:</b> Jim Keller  |   |  |           |
| <b>LSP Dimensions:</b> 100 feet by 13 feet, 10 feet by 80 feet, 10 feet by 40 feet  |   |  |           |
| <b>LSP Area:</b> ~1,300 ft <sup>2</sup> , ~800 ft <sup>2</sup> , ~400 ft <sup>2</sup>   |   |  |           |
| <b>Location of Reference Point (RP):</b>  |   |  |           |
| <b>Location distance and direction from RP:</b>   |   |  |           |
| <b>Latitude:</b> N 32° 15' 43.15"   |   |  |           |
| <b>Longitude:</b> W 103° 28' 06.93"   |   |  |           |
| <b>Elevation above mean sea level:</b> 3,484 feet   |   |  |           |
| <b>Feet from North Section Line:</b> 2310   |   |  |           |
| <b>Feet from East Section Line:</b> 660   |   |  |           |
| <b>Location- Unit or ¼¼:</b> SE¼ of the NE¼   | <b>Unit Letter:</b> H   |  |           |
| <b>Location- Section:</b> 33  |   |  |           |
| <b>Location- Township:</b> T23S   |   |  |           |
| <b>Location- Range:</b> R34E  |   |  |           |
| <b>Surface water body within 1000' radius of site:</b> none   |   |  |           |
| <b>Domestic water wells within 1000' radius of site:</b> none   |   |  |           |
| <b>Agricultural water wells within 1000' radius of site:</b> none   |   |  |           |
| <b>Public water supply wells within 1000' radius of site:</b> none  |   |  |           |
| <b>Depth from land surface to groundwater (DG):</b> ~475 feet   |   |  |           |
| <b>Depth of contamination (DC):</b> unknown   |   |  |           |
| <b>Depth to groundwater (DG - DC = DtGW):</b> ~475 feet   |   |  |           |
| <b>1. Groundwater</b>   | <b>2. Wellhead Protection Area</b>  | <b>3. Distance to Surface Water Body</b>   |           |
| 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>  |   | 200-1000 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>     |           |
| <b>Site Rank (1+2+3) = 0</b>  |   |  |           |
| <b>Total Site Ranking Score and Acceptable Concentrations</b>   |   |  |           |
| Parameter   | >19   | 10-19                                      | 0-9       |
| Benzene <sup>1</sup>  | 10 ppm  | 10 ppm                                     | 10 ppm    |
| BTEX <sup>1</sup>   | 50 ppm  | 50 ppm                                     | 50 ppm    |
| TPH   | 100 ppm   | 1,000 ppm                                  | 5,000 ppm |
| <sup>1</sup> 100 ppm field VOC headspace measurement may be substituted for lab analysis  |   |  |           |