

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

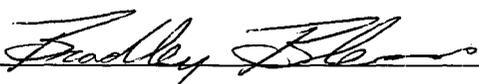
Name of Company: Chesapeake Energy		Contact: Bradley Blevins	
Address: P.O. Box 190		Telephone No.: (505) 391-1462 ext. 6224	
Facility Name: Papagayo Federal #1		Facility Type: Tank Battery	
Surface Owner: Federal		Mineral Owner:	Lease No.: LC071949

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
M	27	23S	34E	660	S	660	W	Lea

Latitude: N 32° 16' 12.55" **Longitude:** W 103° 27' 51.63"

NATURE OF RELEASE

Type of Release: Petroleum and/or production fluids		Volume of Release: Unknown		Volume Recovered: Unknown	
Source of Release: Various sources		Date and Hour of Occurrence: Historical		Date and Hour of Discovery:	
Was Immediate Notice Given? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Required		If YES, To Whom?			
By Whom? Bradley Blevins		Date and Hour:			
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.* The release is historical from various sources.					
Describe Area Affected and Cleanup Action Taken.* Approximately 900 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.					
Signature: 		OIL CONSERVATION DIVISION			
Printed Name: Bradley Blevins		Approved by District Supervisor:			
Title: Field Supervisor		Approval Date:		Expiration Date:	
E-mail Address: bblevins@chkenegy.com		Conditions of Approval:			Attached <input type="checkbox"/>
Date: 4-3-06 Phone: (505) 391-1462 ext. 6224					

* Attach Additional Sheets If Necessary

Chesapeake - 147 179
facility - PAC 0609634184
incident - PAC 0609634261



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 Papagayo Federal #1 – Reference #160049
UL-M, Section 27, Township 23 South, Range 34 East
Latitude N 32° 16' 12.55" and Longitude W 103° 27' 51.63"



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 the United States Federal Government and administered by the Bureau of Land Management.

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 no 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 265 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 or Mr. Bradley Blevins at (505) 391-1462 ext. 6224 or via e-mail at bblevins@chkenergy.com. All official communication should be addressed to:

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

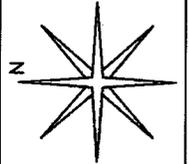
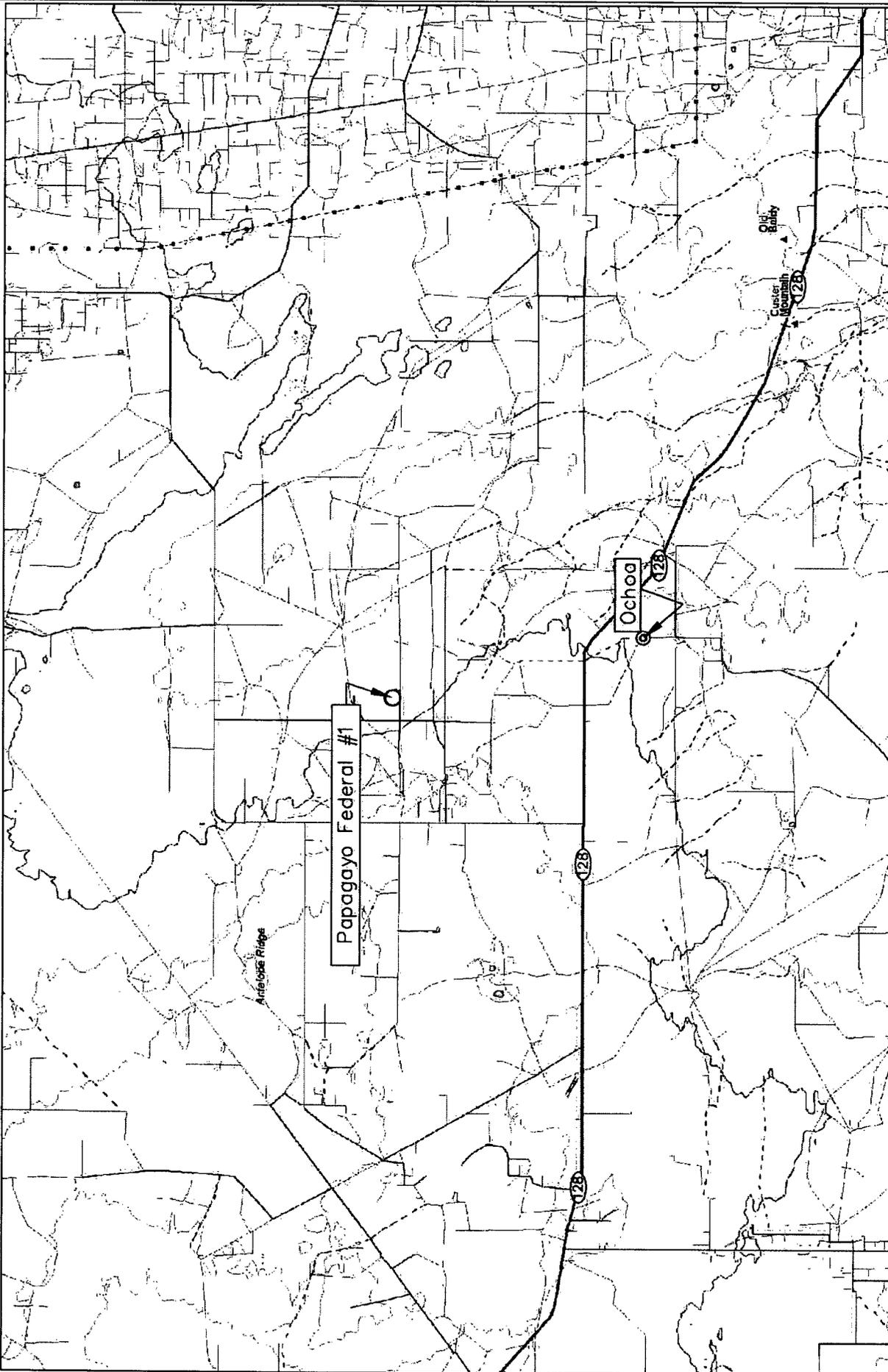
Sincerely,

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
Bureau of Land Management
File



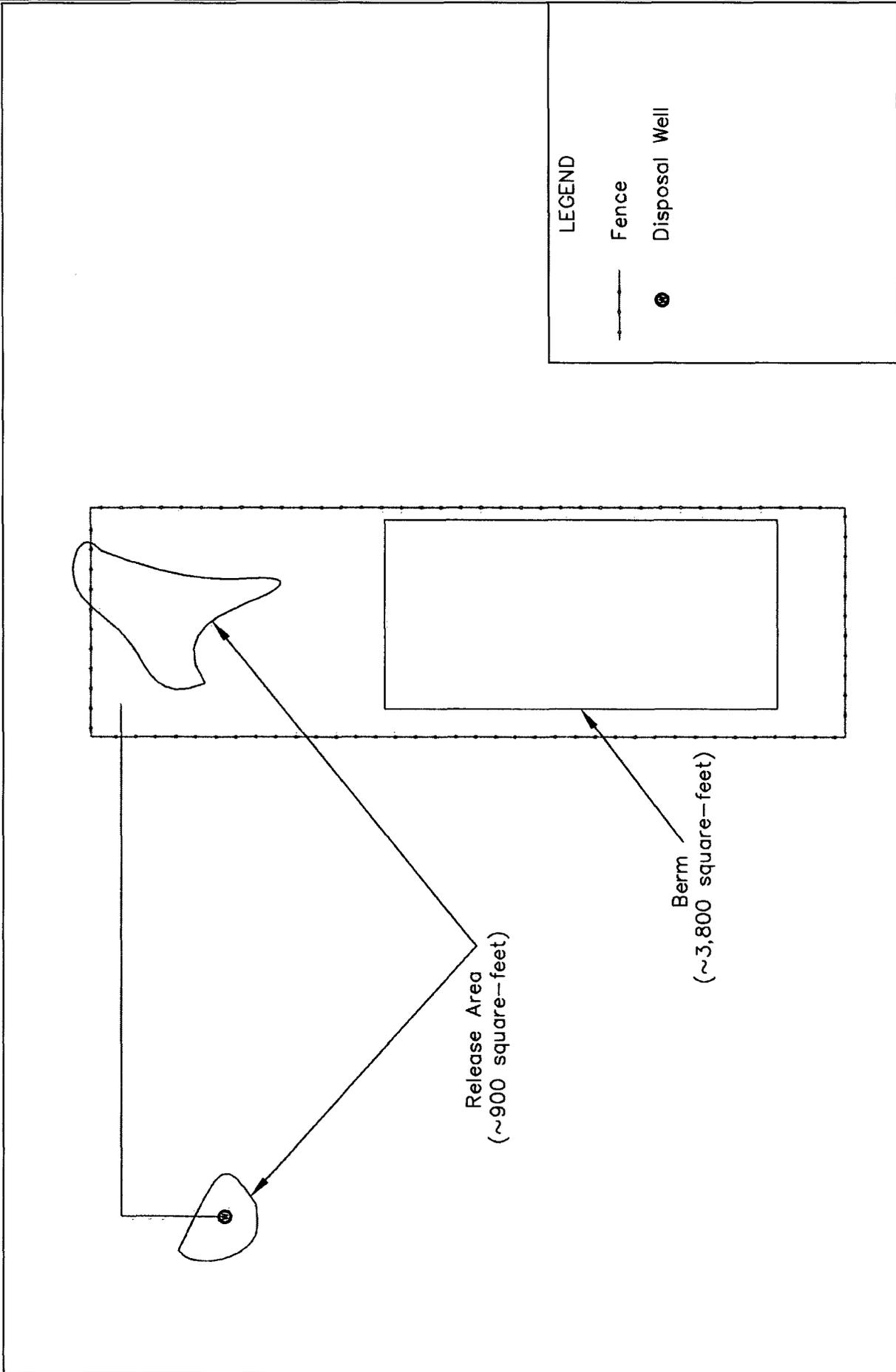
DWG By: Daniel Dominguez
January 2006

Lea County, New Mexico
SW 1/4 of the SW 1/4, Sec. 27, T23S, R34E
N 32° 16' 12.55" W 103° 27' 51.63"
Elevation: 3,472 feet amsl

Figure 1
Area Map
Chesapeake Energy
Papagayo Federal #1



REVISED:
SHEET
1 of 1



Lea County, New Mexico
 SW 1/4 of the SW 1/4, Sec. 27, T23S, R34E
 N 32° 16' 12.55" W 103° 27' 51.63"
 Elevation: 3,472 feet amsl

Figure 3
 Site Map
 Chesapeake Energy
 Papagayo Federal #1

TABLE 1
Well Data
Chesapeake Energy - Papagayo Federal #1 (Ref. # 160049)

Well Number	Diversion ^A	Owner	Use	Twap	Rng	Sec q q q	Latitude	Longitude	Date Measured	Surface Elevation ^B	Depth to Water (ft. bgs)
CP 00323 EXP	0	SHELL OIL COMPANY	PRO	23S	34E	22 2 3	N32° 17' 24.05"	W103° 27' 26.74"		3,445	
CP 00580	0	INC. NATOMAS NORTH AMERICA	PRO	23S	34E	23 3 4 3	N32° 16' 57.94"	W103° 26' 40.59"	09-Feb-79	3,417	
CP 00606	0	INC. NATOMAS NORTH AMERICA	PRO	23S	34E	23 1 4	N32° 17' 24.04"	W103° 26' 40.60"	26-Jul-79	3,396	265
CP 00606 (E) 1 EXP	ERROR	NATOMAS NORTH AMERICA	PRO	23S	34E	23 1 4	N32° 17' 24.04"	W103° 26' 40.60"			
CP 00606 (E) 2 EXP	ERROR	INC. NATOMAS NORTH AMERICA	PRO	23S	34E	23 1 4	N32° 17' 24.04"	W103° 26' 40.60"			
CP 00606 (E) 3 EXP	ERROR	INC. NATOMAS NORTH AMERICA	PRO	23S	34E	23 1 4	N32° 17' 24.04"	W103° 26' 40.60"			
CP 00606 (E) 4 EXP	ERROR	APACHE CORPORATION	PRO	23S	34E	23 1 4	N32° 17' 24.04"	W103° 26' 40.60"			

^B = Elevation interpolated from USGS topographical map based on referenced location.

PRO = 72-12-1 Prospecting or Development of natural resource quarters are 1=NW, 2=NE, 3=SW, 4=SE; quarters are biggest to smallest

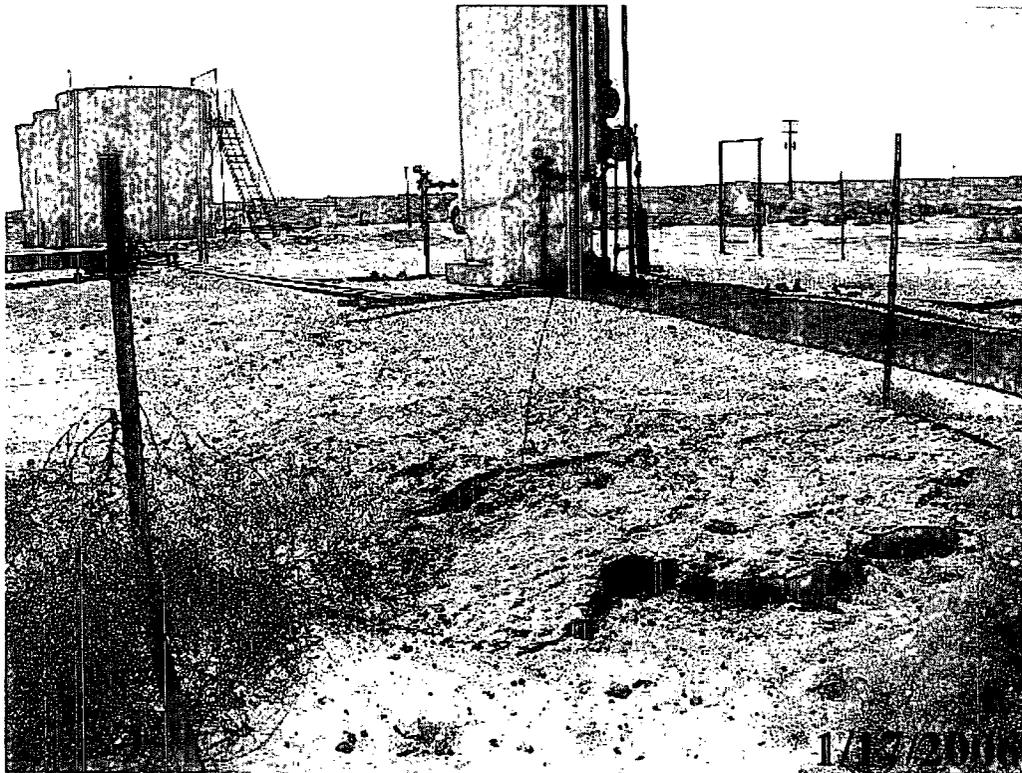
Shaded area indicates wells not shown in Figure 2



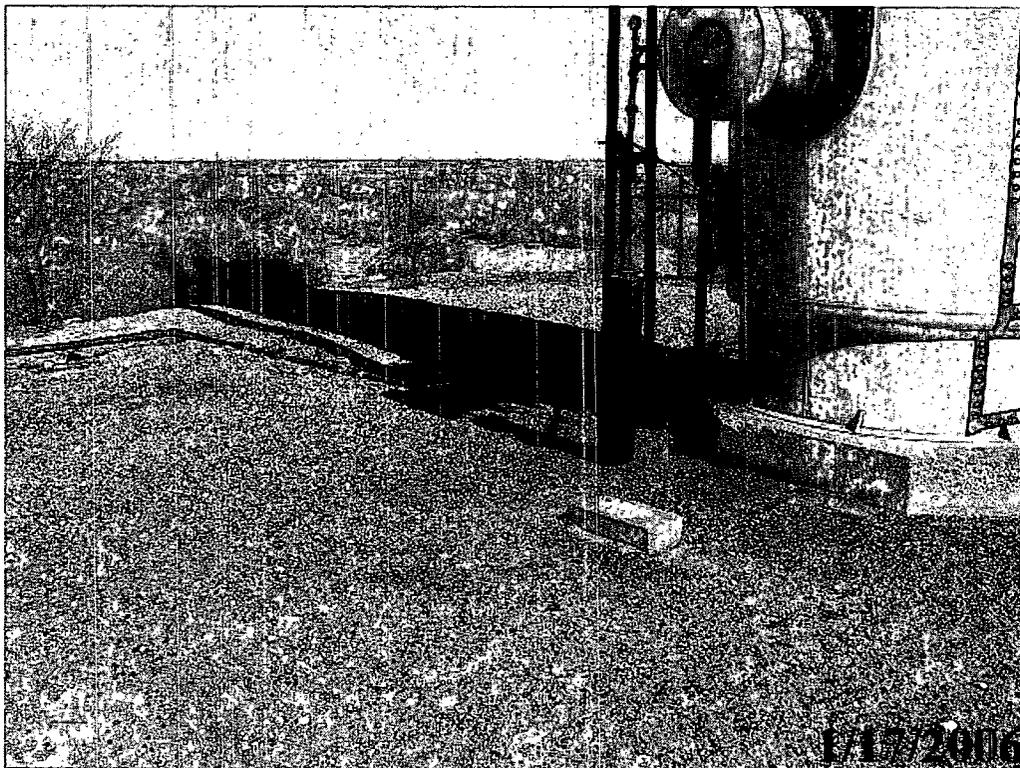
Photograph #1 - Lease sign.



Photograph #2 - Looking northwesterly at the release area.



Photograph #3 - Looking southwesterly at release area.



Photograph #4 - Looking northeasterly at the release area.



Information and Metrics

Incident Date: Historical	NMOCD Notified:
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Site: Papagayo Federal #1		Assigned Site Reference : #160049	
Company: Chesapeake Energy			
Street Address: 1616 West Bender			
Mailing Address: P.O. Box 190			
City, State, Zip: Hobbs, New Mexico 88240			
Representative: Bradley Blevins			
Representative Telephone: (505) 391-1462 ext. 6224			
Telephone:			
Fluid volume released (bbls): Unknown		Recovered (bbls): Unknown	
>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: Papagayo Federal #1			
Source of contamination:			
Land Owner, i.e., BLM, ST, Fee, Other: Federal			
LSP Dimensions: 10 feet by 70 feet, 10 feet by 20 feet			
LSP Area: ~700 ft ² , ~200 ft ²			
Location of Reference Point (RP):			
Location distance and direction from RP:			
Latitude: N 32° 16' 12.55"			
Longitude: W 103° 27' 51.63"			
Elevation above mean sea level: 3,472 feet			
Feet from South Section Line: 660			
Feet from West Section Line: 660			
Location- Unit or ¼¼: SW¼ of the SW¼		Unit Letter: M	
Location- Section: 27			
Location- Township: T23S			
Location- Range: R34E			
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 groundwater (DG): ~265 feet			
Depth of contamination (DC): unknown			
Depth to groundwater (DG - DC = DtGW): ~265 feet			
1. Groundwater			2. Wellhead Protection Area
If Depth to GW <50 feet: 20 points			If <1000' from water source, or; <200' from private domestic water source: 20 points If >1000' from water source, or; >200' from private domestic water source: 0 points
If Depth to GW 50 to 99 feet: 10 points			
If Depth to GW >100 feet: 0 points			
			3. Distance to Surface Water Body
			<200 horizontal feet: 20 points
			200-1000 horizontal feet: 10 points
			>1000 horizontal feet: 0 points
Site Rank (1+2+3) = 0			
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			