

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: 5014 Carlsbad Highway	Telephone No.: (505) 391-1462 ext. 24
Facility Name: NM (F) State #1	Facility Type: Tank Battery

Surface Owner: State of New Mexico-leased to Snyder Ranches	Mineral Owner: State of New Mexico	Lease No.:
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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
D	36	20S	38E	660	North	660	West	Lea

Latitude: N 32° 32' 05.83" Longitude: W 103° 06' 29.49"

NATURE OF RELEASE

Type of Release: Oil and Water	Volume of Release: 65 barrels	Volume Recovered: 60 barrels
Source of Release: Tank Battery	Date and Hour of Occurrence: October 7, 2005 A.M.	Date and Hour of Discovery: October 7, 2005 P.M.
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? NMOCD- Hobbs.	
By Whom? Iain Olness, Environment Plus	Date and Hour: October 10, 2005 @ 0700 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.* Leak from 500 bbl tank battery. Wells were shut in upon discovery.

Describe Area Affected and Cleanup Action Taken.* Approximately 2,400 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: <i>Bradley Blevins</i>	Approved by District Supervisor:	
Printed Name: Bradley Blevins	Approval Date:	Expiration Date:
Title: Field Technician	Conditions of Approval:	
E-mail Address: bblevins@chkenergy.com	Attached <input type="checkbox"/>	
Date: 10-11-05 Phone: (505) 391-1462 ext. 24		

* Attach Additional Sheets If Necessary

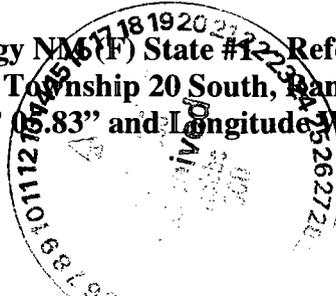
facility - FPAC 0613752692
incident - NPAC 0613752777
application - PPAC 0613753026



11 October, 2005

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

Re: **Initial C-141**
Chesapeake Energy NM (F) State #1- Reference #160033
UL-D, Section 36, Township 20 South, Range 38 East
Latitude N 32° 32' 08.83" and Longitude W 103° 06' 29.49"



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 State of New Mexico.

The site is located approximately 12 miles southeast of Hobbs, 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 that there are no water supply wells within a 1,000-foot radius of the release site. However, there is one water supply well located within a 1.0-mile radius of the release site (reference *Figure 2*). The average depth to water for all wells with recorded groundwater level data is approximately 48 feet bgs (reference *Table 1*). Based on this information, it is estimated that the depth to groundwater at the site is less than 50 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 65 barrels of oil and water was the result of a tank overflowing. 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 60 barrels of oil and water were recovered from the release.

ENVIRONMENTAL PLUS, INC.

Mr Larry Johnson
11 October, 2005

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@chkenergy.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

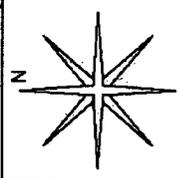
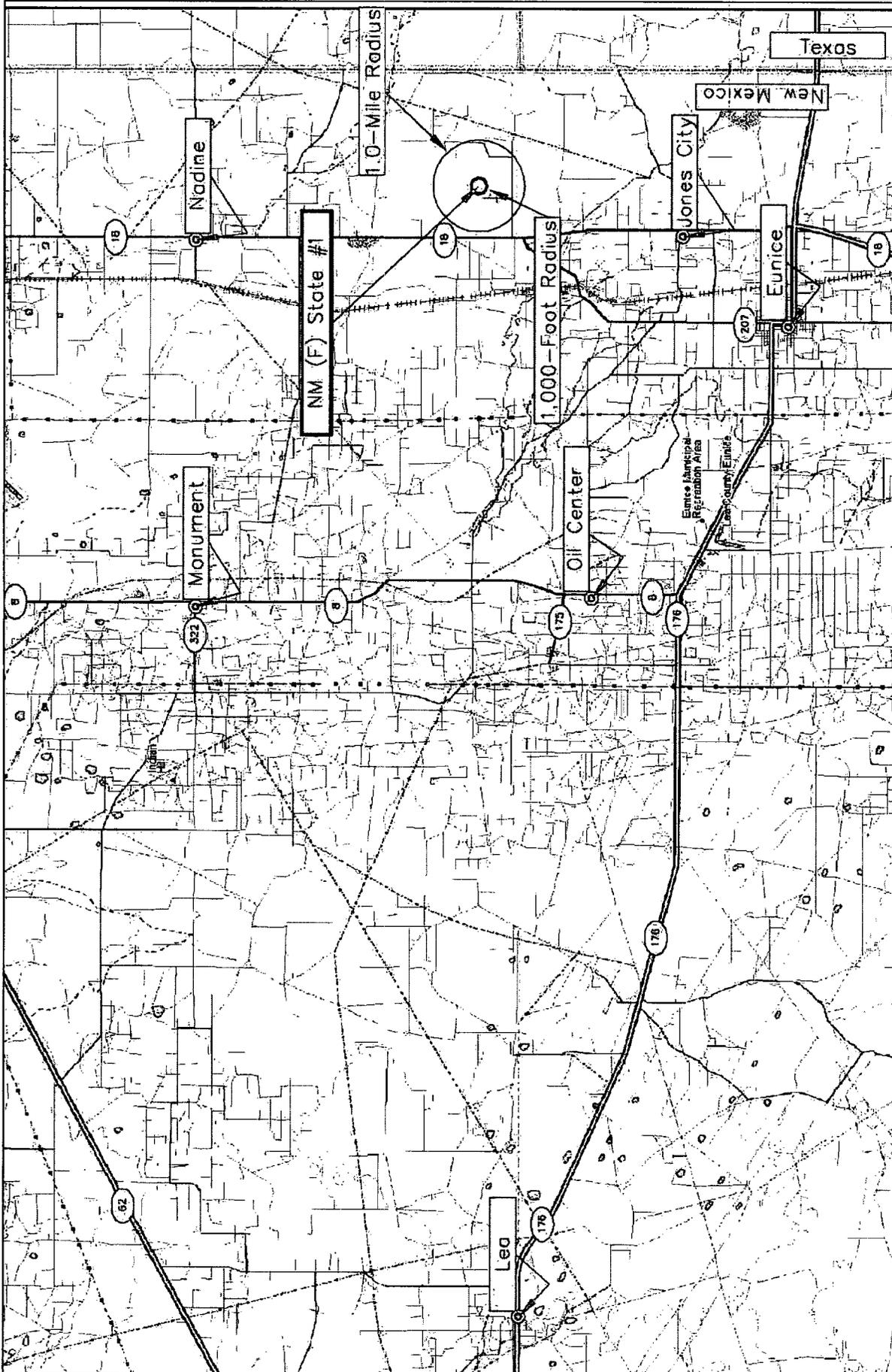
cc: Bradley Blevins, Chesapeake Energy – Hobbs, NM
Curtis Blake, Chesapeake Energy – Hobbs, NM
Jace Marshall, Chesapeake Energy – Oklahoma City, OK
Myra Meyers, New Mexico State Land Office, Hobbs, NM
Cody Morrow, New Mexico State Land Office, Surface Resource Division – Albuquerque, NM
File



Information and Metrics

Incident Date: 7 October 2005	NMOCD Notified: 10 October 2005
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Site: NM (F) State #1		Assigned Site Reference #: 160033	
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): 65 barrels		Recovered (bbls): 60 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: NM (F) State #1			
Source of contamination: 500 barrel Tank Battery			
Land Owner, i.e., BLM, ST, Fee, Other: State of New Mexico			
LSP Dimensions: 60 feet by 40 feet			
LSP Area: ≈2,400 ft ²			
Location of Reference Point (RP):			
Location distance and direction from RP:			
Latitude: N 32° 32' 05.83"			
Longitude: W 103° 06' 29.49"			
Elevation above mean sea level: 3,569 feet			
Feet from North Section Line: 660			
Feet from West Section Line: 660			
Location- Unit or ¼¼: NW¼ of the NW¼		Unit Letter: D	
Location- Section: 36			
Location- Township: T20S			
Location- Range: R38E			
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): < 50 feet			
Depth of contamination (DC): Unknown			
Depth to ground water (DG - DC = DtGW): < 50 feet			
1. Ground Water		2. Wellhead Protection Area	
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>	
If Depth to GW 50 to 99 feet: <i>10 points</i>		If >1000' from water source, or; >200' from private domestic water source: <i>0 points</i>	
If Depth to GW >100 feet: <i>0 points</i>			
<i>Ground water Score = 20</i>		<i>Wellhead Protection Area Score= 0</i>	
<i>Site Rank (1+2+3) = 20</i>		<i>Surface Water Score= 0</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			



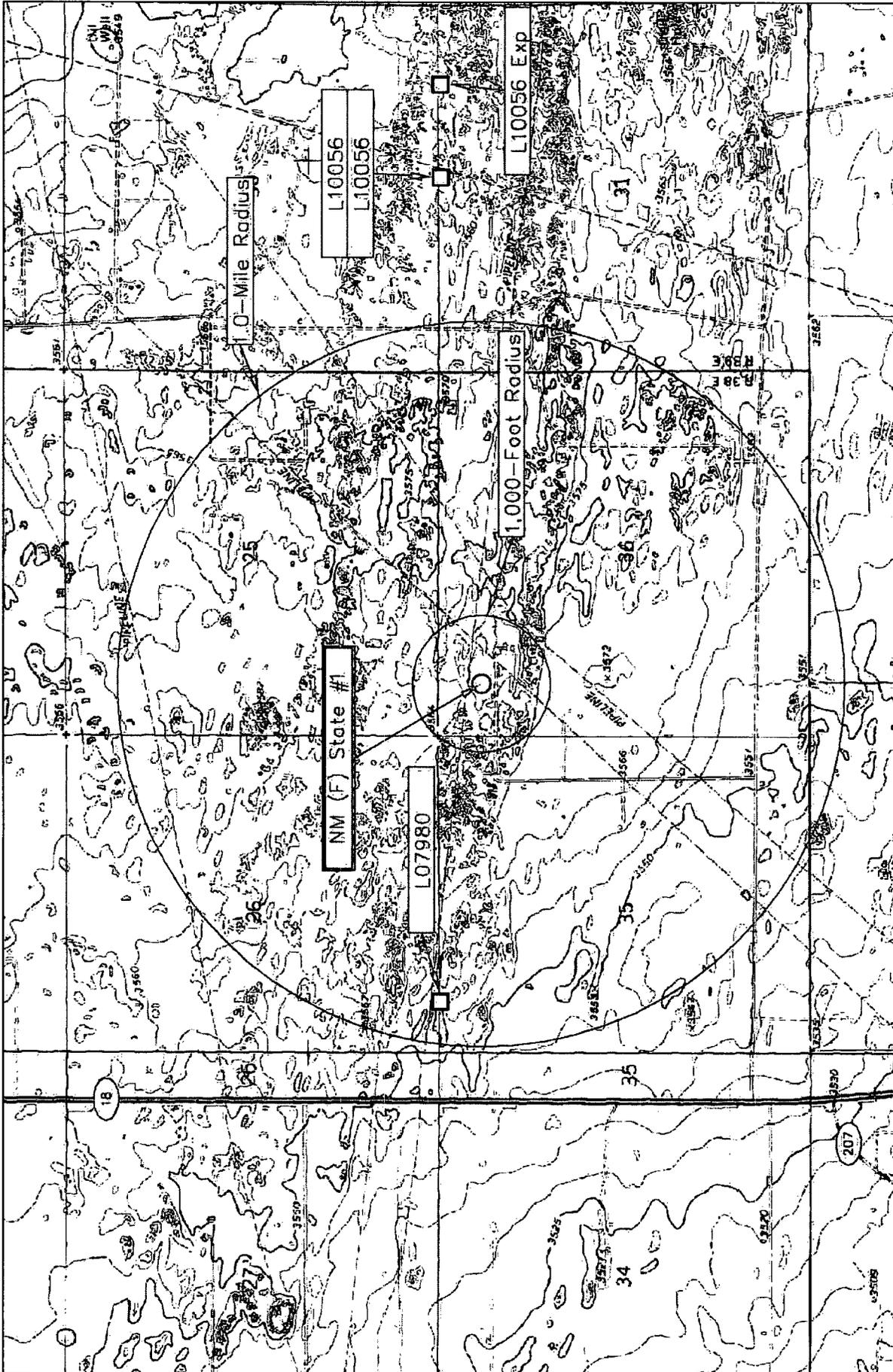
REvised: Daniel Dominguez
October 2005

6 SHEET
1 of 1

0 3 6 Miles

Leona County, New Mexico
NW 1/4 of the NW 1/4, Sec. 36, T20S, R38E
N 32° 32' 05.83" W 103° 06' 29.49"
Elevation: 3,569 feet amsl

Figure 1
Area Map
Chesapeake Energy
NM (F) State #1



<p>Figure 2 Site Location Map Chesapeake Energy NM (F) State #1</p>	<p>Lea County, New Mexico NW 1/4 of the NW 1/4, Sec. 36, T20S, R38E N 32° 32' 05.83" W 103° 06' 29.49" Elevation: 3,569 feet amsl</p>	<p>DWG By: Daniel Dominguez October 2005</p>	<p>REVISD:</p>	
	<p>0 2000 4000 Feet</p>	<p>0 2000 4000 SHEET 1 of 1</p>		

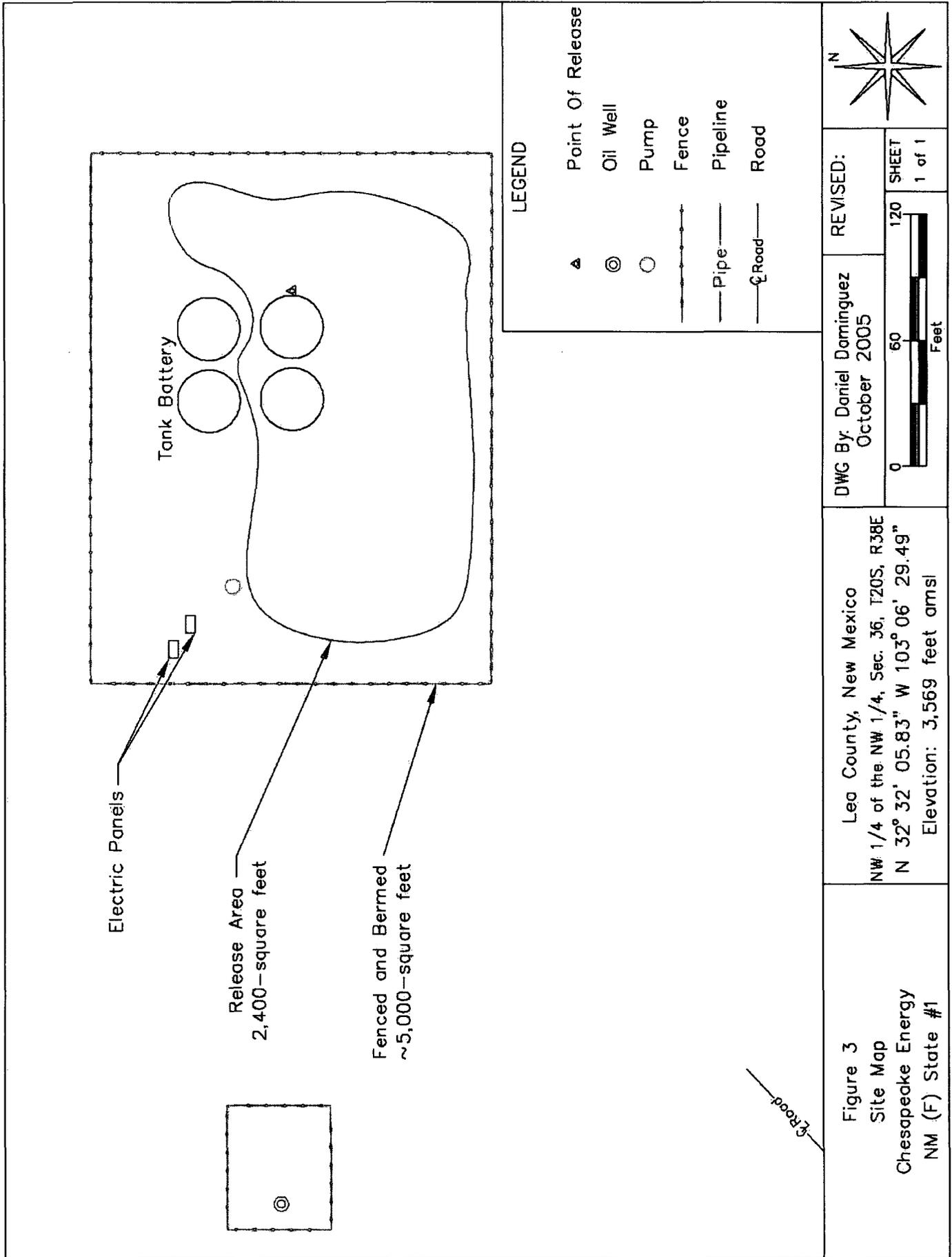


TABLE 1
Well Data
Chesapeake Energy N.M. (F) State #1 Battery (Ref. #160033)

Well Number	Diversion ^A	Owner	Use	Twsp	Rng	Sec q q q	Latitude	Longitude	Date Measured	Surface Elevation ^B	Well Depth (ft bgs)	Depth to Water (ft bgs)
L 07980	3	Millard Deek	DOM	20 S	38 E	26 3 4	N 32° 32' 11.72"	W 103° 07' 22.93"	05-Jun-78	3,563	130	65
L 10056	0	Dallas McCasland	EXP	20 S	39 E	30 4 3	N 32° 32' 11.74"	W 103° 05' 4.33"	17-Dec-88	3,564	90	40
L 10056	3	Dallas McCasland	STK	20 S	39 E	30 4 3	N 32° 32' 11.74"	W 103° 05' 4.33"	17-Dec-88	3,564	90	40
L 10056) EXP		Dallas McCasland	EXP	20 S	39 E	30 4 4 2	N 32° 32' 11.71"	W 103° 04' 48.89"		3,566		
CP 00197 DCL	0	George W. Sims	DOM	21 S	37 E	01 1 4 1	N 32° 30' 28.06"	W 103° 07' 13.8"		3,520		
CP 00442 EXPL	3	Clayton Basin Water Co. Inc.	EXP	21 S	38 E	05 4	N 32° 30' 2.04"	W 103° 04' 55"	01-Jan-67	3,580	532	17

* = Data obtained from the New Mexico Office of the State Engineer Website (http://iwaters.ose.state.nm.us:7001/AWATERS/wr_RegisServlet) and the USGS website (<http://waterdata.usgs.gov/nwis/>)
Shaded areas indicate well locations shown on Figure 2

^A = in acre feet per annum

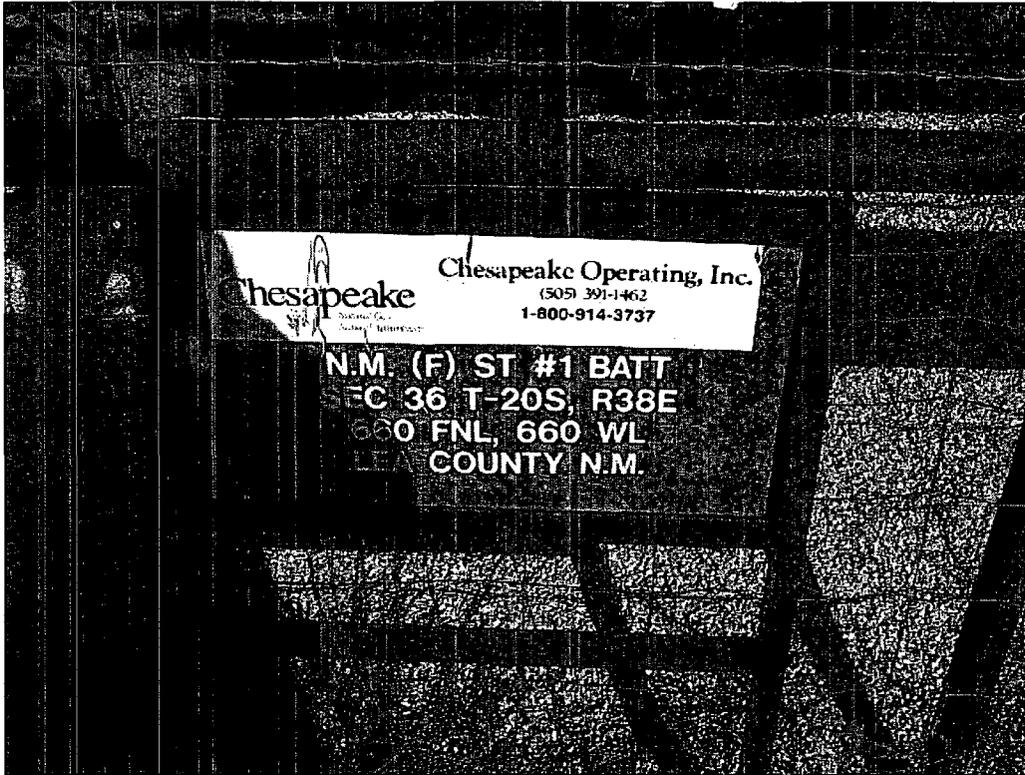
^B = Elevation interpolated from USGS topographical map based on referenced location.

STK = Livestock Watering.

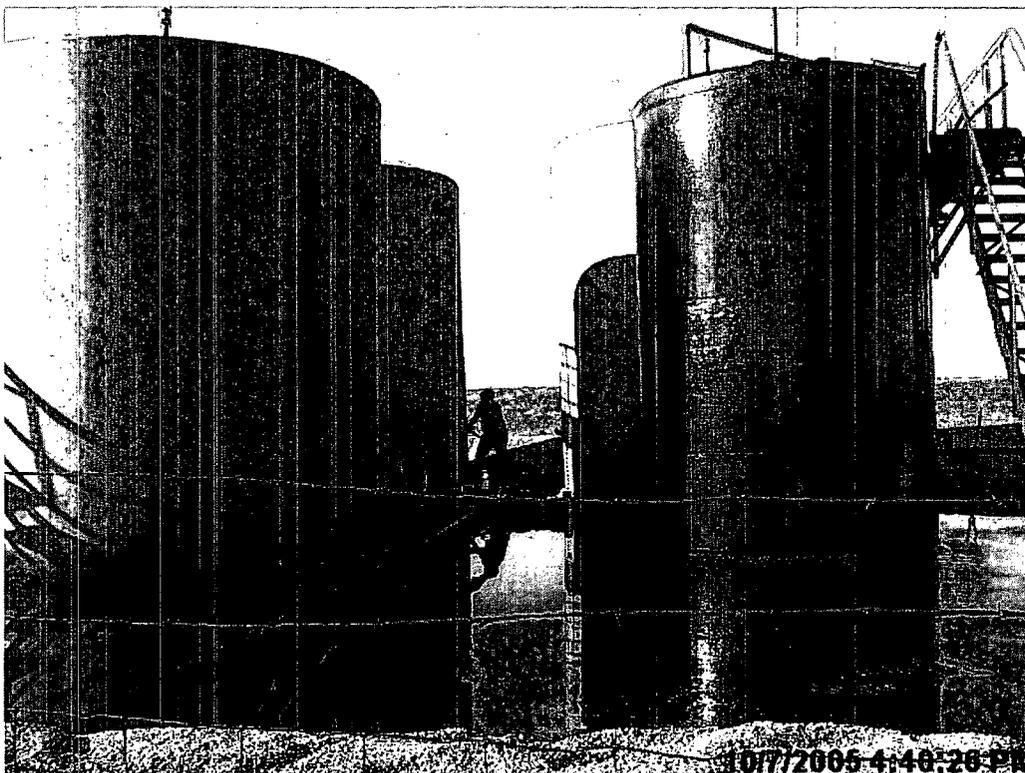
DOM = 72-12-1 Domestic One Household

EXP = Exploration

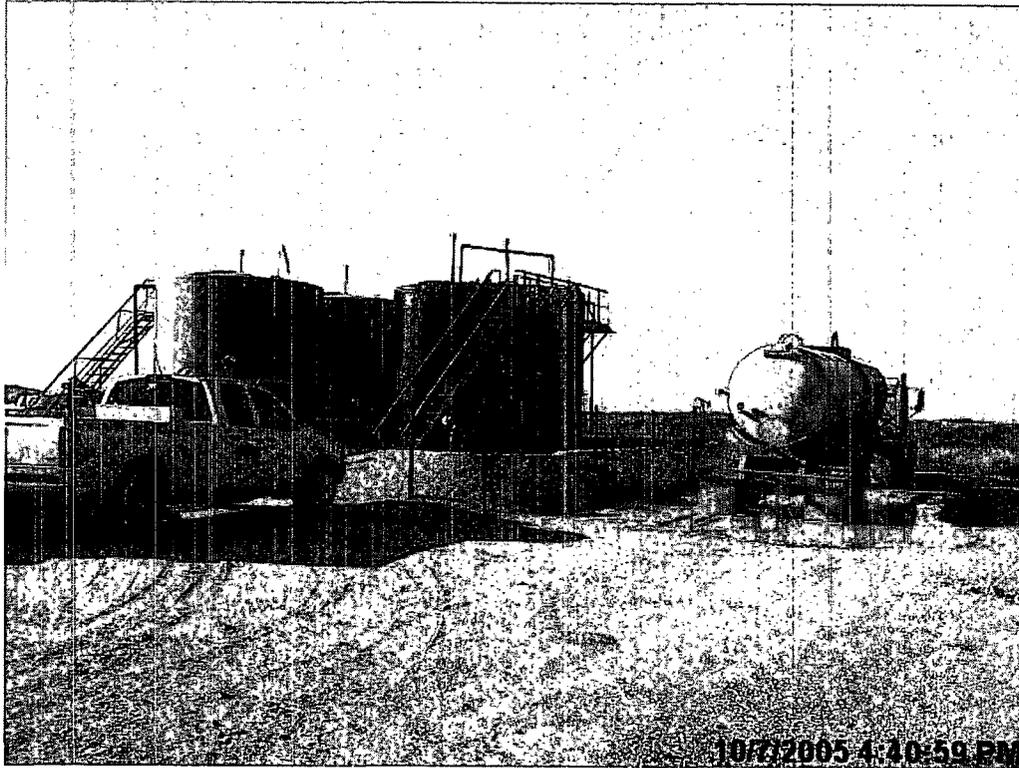
quarters are 1=NW, 2=NE, 3=SW, 4=SE; quarters are biggest to smallest



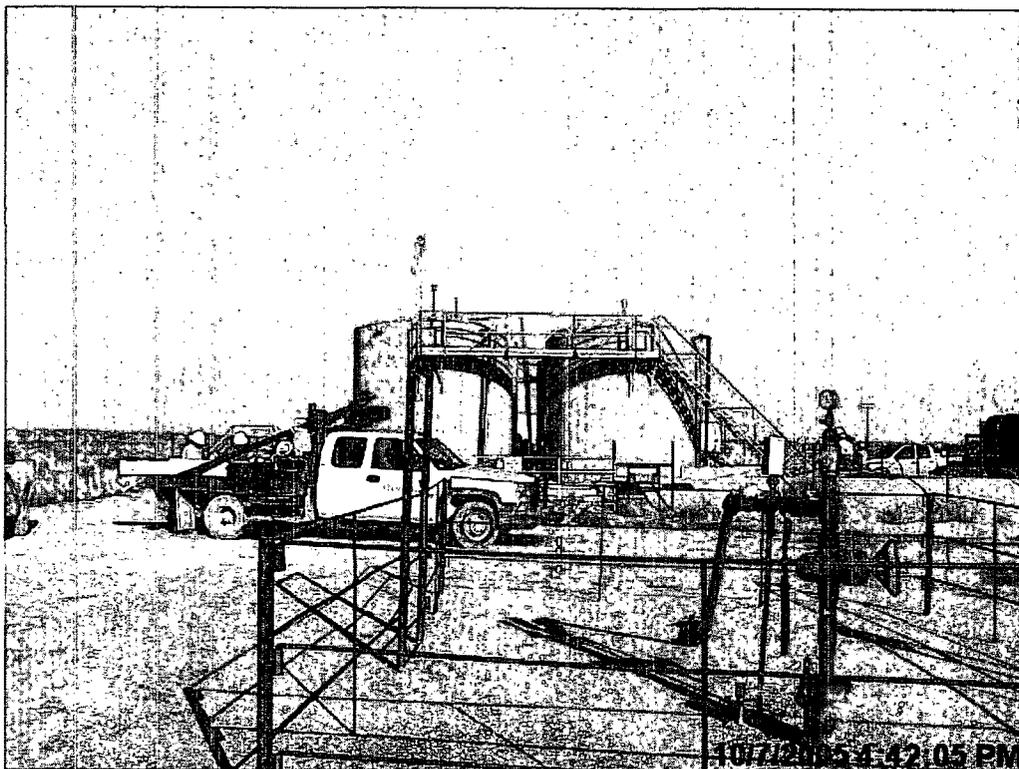
Photograph #1- Lease sign.



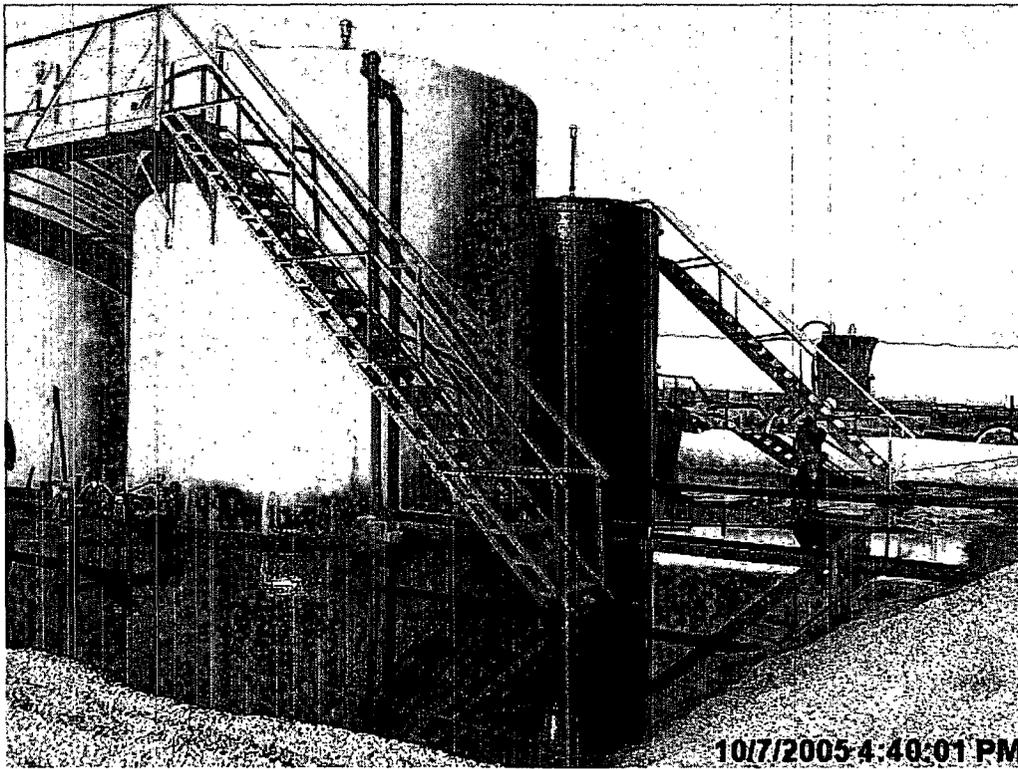
Photograph #2- Looking northerly at tank battery. Fluid and dark stained soil indicate contamination.



Photograph #3- Tank battery, looking northerly.



Photograph #4- Oil well, fenced area, and tank battery looking easterly.



Photograph #5- Tank battery and berm, looking northeasterly. Fluid and dark stained soil indicate contamination.



Photograph #4- Tank battery, fence, and berm looking westerly. Fluid and dark stained soil indicate contamination.