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, Hobbs, NM 88240	**Telephone No.:** (505) 391-1462, ext. 6224
Facility Name: J.K. Rector Lease-Tank Battery No.1	**Facility Type:** Tank Battery

Surface Owner: Dasco Cattle Co. L.L.C.	**Mineral Owner:**	**Lease No.:**

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
A	31	21S	36E					Lea

~200'

Latitude: N 32° 26' 26.51" **Longitude:** W 103° 18' 00.42"

NATURE OF RELEASE

Type of Release: Oil	**Volume of Release:** 120 bbls	**Volume Recovered:** 30 bbls
Source of Release: Tank Battery	**Date and Hour of Occurrence:** 19 September 2007 @ 0900 hrs	**Date and Hour of Discovery:** 19 September 2007 @ 1000 hrs
Was Immediate Notice Given? ☒ Yes ☐ No ☐ Not Required	**If YES, To Whom?** Patricia Richards	
By Whom? Bradley Blevins	**Date and Hour:** 9-19-07 @ 1200 hrs	
Was a Watercourse Reached? ☐ Yes ☒ No	**If YES, Volume Impacting the Watercourse:** Not Applicable	

Depth to water: ~211 ft

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

Describe Cause of Problem and Remedial Action Taken.* Approximately 120 bbls of fluid were released with approximately 30 bbls of fluid recovered. Emergency Response crews immediately contained and vacuumed release fluids thus limiting size of the impacted area. EPI arrived with an Emergency Response team and began remedial activity on the release area. Emergency remedial activities are continuing.

Describe Area Affected and Cleanup Action Taken.* Approximately 5,750 square feet of surface area were affected by the release of ± 120-bbls of fluid. Emergency Response teams contained the release area and initiated remedial activities. Visibly impacted soil was excavated and placed on plastic sheets to prevent additional soil contamination. In conjunction with remedial activities, the release area is being delineated. Upon receipt of laboratory analytical data from soil samples collected during delineation operations, EPI will prepare a Remediation Proposal and present to the NMOCD for approval.

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: Bradley Blevins	OIL CONSERVATION DIVISION
Printed Name: Bradley Blevins	**Approved by District ~~Supervisor~~:** ENVIRENGR
Title: Field Supervisor	**Approval Date:** 9.25.07 **Expiration Date:** 12.3.07
E-mail Address: bblevins@chkenergy.com	**Conditions of Approval:** Attached ☐
Date: 9-21-07 **Phone:** (505) 391-1462 ext. 6224	COMPLETE & SUBMIT FINAL C-141 W/ DOCUMENTATION

* Attach Additional Sheets If Necessary

RP#1564

ENVIRONMENTAL PLUS, INC.
CONSULTING AND ENVIRONMENTAL REMEDIATION

21 September 2007

Mr. Chris Williams
District I Supervisor
New Mexico Oil Conservation Division
1625 North French Drive
Hobbs, New Mexico 88240

Re: Initial NMOCD Form C-141
Chesapeake Operating, Inc.
J.K. Rector Lease - Tank Battery No. 1 (EPI Ref. #160282)
UL-A, Section 31, Township 21 South, Range 36 East
Lea County, New Mexico

Dear Mr. Williams:

Environmental Plus, Inc., (EPI) on behalf of Mr. Bradley Blevins, Chesapeake Operating, Inc., submits the attached Initial New Mexico Oil Conservation Division (NMOCD) Form C-141 for the above referenced active Tank Battery located on land owned by the Dasco Cattle Company, L.L.C.

The site is located approximately five (5) miles southwest of Oil Center, New Mexico (reference *Figure 1*). Information obtained from the New Mexico Office of the State Engineer's website and United States Geological Survey (USGS) database indicates zero (0) water supply wells exist within a 1,000-foot radius. However, one (1) well (USGS #3) exists within a one (1) mile radius of the release site. Based on average depth of area water wells, groundwater is conservatively estimated at two hundred eleven (211) feet below ground surface (reference *Figure 2*). The attached Site Information and Metrics form ranks the site in accordance with NMOCD Guidelines for Remediation of Leaks, Spills and Releases (August 13, 1993).

EPI is in the process of delineating, excavating visibly impacted soil and collecting soil samples from the release area. Upon receipt of Laboratory Analytical Data, EPI will develop a Remediation Proposal and submit to NMOCD for approval.

P O BOX 1558 ••• 2100 WEST AVE O ••• EUNICE, NEW MEXICO 88231
TELEPHONE 505•394•3481 FAX 505•394•2601

ENVIRONMENTAL PLUS, INC.

Should you have any technical questions, concerns or need additional information, please contact me at (505) 394-3481 or via e-mail at dduncan@envplus.net. Official communications should be directed to Mr. Bradley Blevins at (505) 391-1462 ext. 6224 or via e-mail at bblevins@chkenergy.com. Official correspondence should be addressed to:

Mr. Bradley Blevins
Chesapeake Energy
P.O. Box 190
1616 West Bender
Hobbs, New Mexico 88240

Sincerely,

ENVIRONMENTAL PLUS, INC.

David P. Duncan
Civil Engineer

cc: Bradley Blevins, Chesapeake Energy – Hobbs, NM
Harlan Brown, Chesapeake Energy – Oklahoma City, OK
Dasco Cattle Company, L.L.C. - Landowner
File

Attachments: Figure 1 - Area Map
Figure 2 - Site Location Map
Figure 3 - Site Map
Table 1 - Well Information Report
Photographs
Information and Metrics
Initial NMOCD Form C-141

ATTACHMENTS

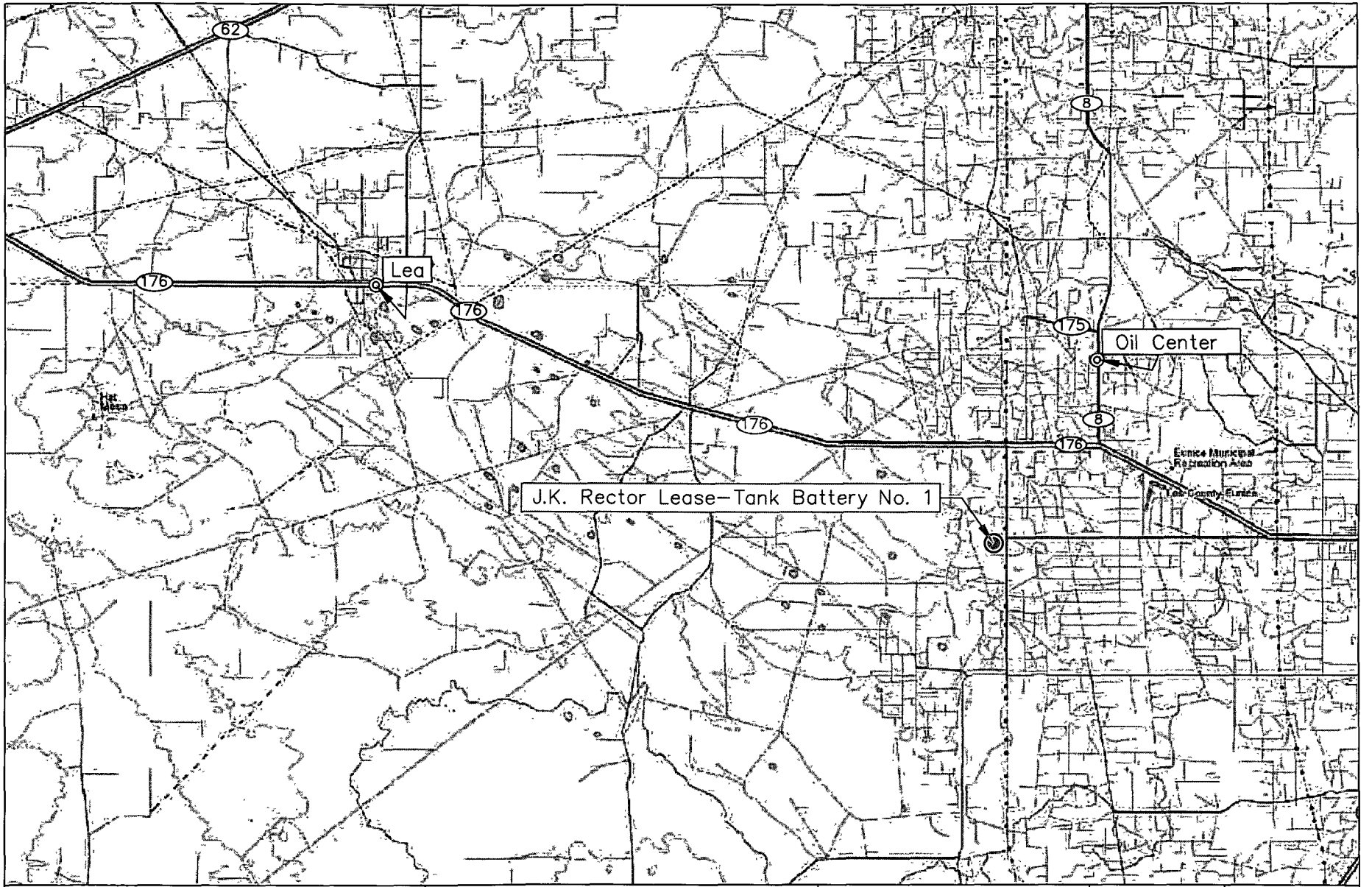


Figure 1 Area Map Chesapeake Operating Inc. J.K. Rector Lease–Tank Battery No. 1	Lea County, New Mexico NE 1/4 of the NE 1/4, Sec. 31, T21S, R36E N 32° 26' 26.51" W 103° 18' 00.42" Elevation: 3,629 feet amsl	DWG By: Daniel Dominguez September 2007	REVISED:	N
		0 3 6 Miles	SHEET 1 of 1	

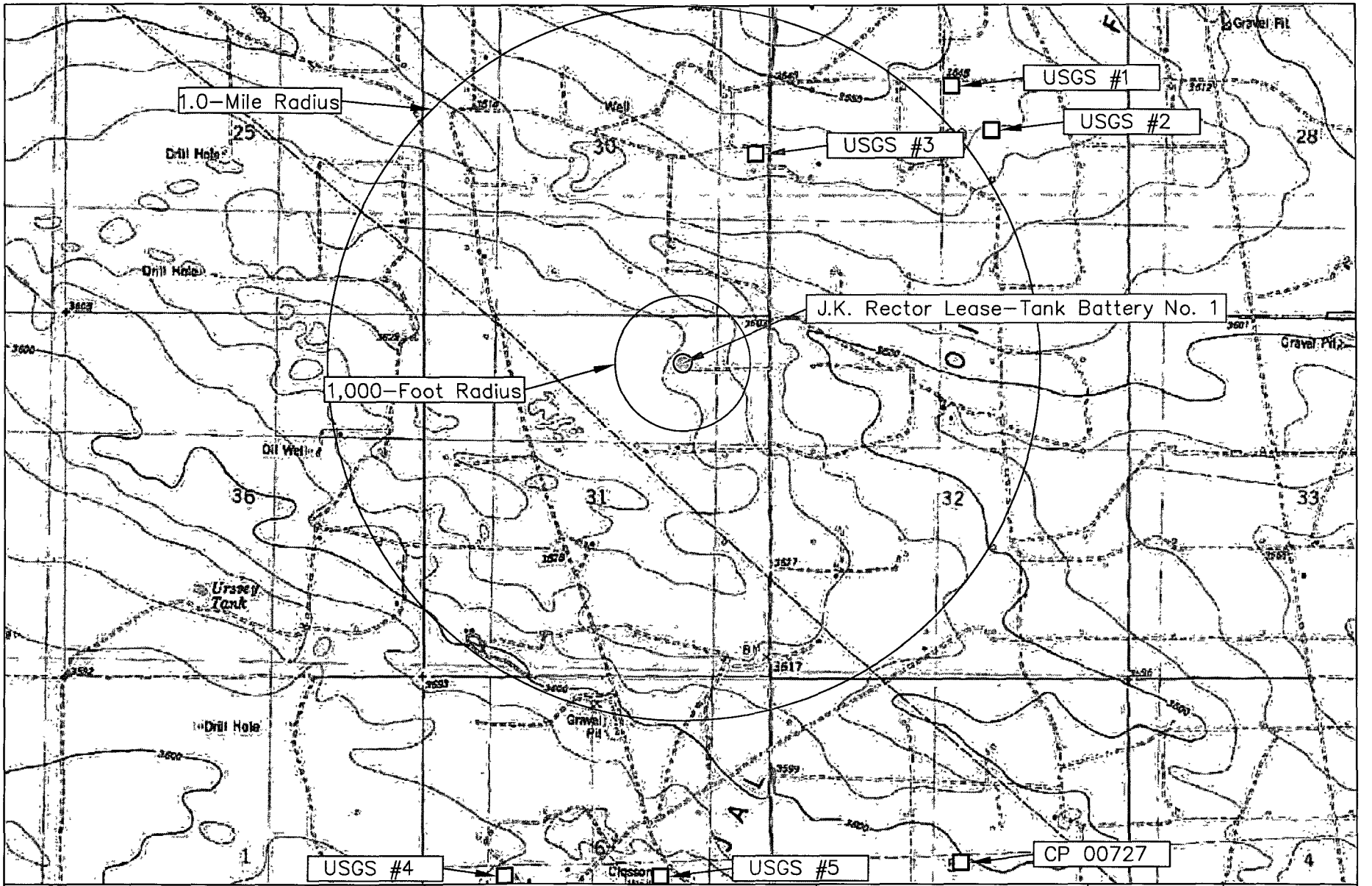


Figure 2
Site Location Map
Chesapeake Operating Inc.
J.K. Rector Lease–Tank Battery No. 1

Lea County, New Mexico
NE 1/4 of the NE 1/4, Sec. 31, T21S, R36E
N 32° 26' 26.51" W 103° 18' 00.42"
Elevation: 3,629 feet amsl

DWG By: Daniel Dominguez
September 2007

REVISED:

0 2,000 4,000
Feet

SHEET
1 of 1

N

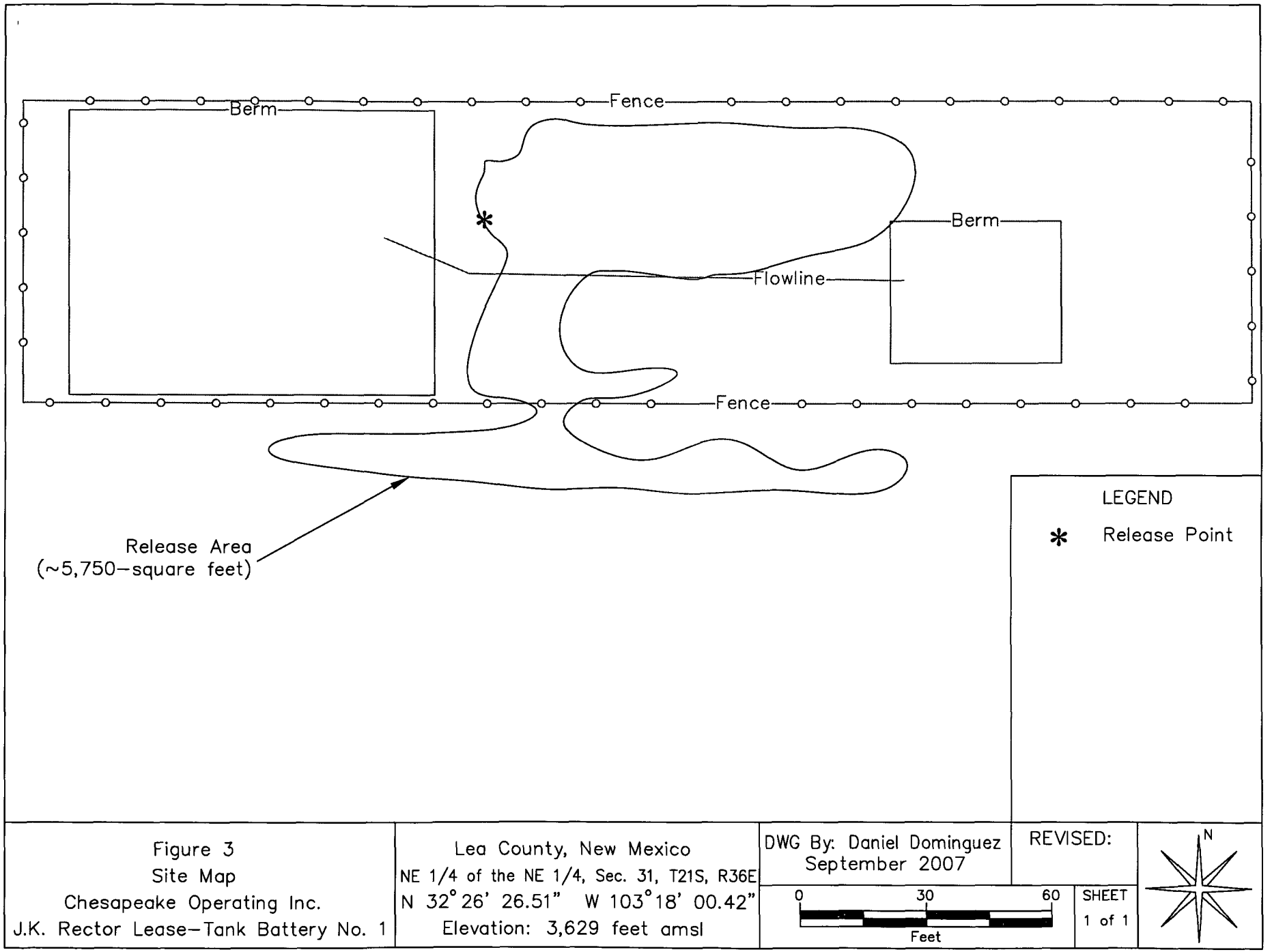

Berm
Fence
Berm
Flowline
Fence
Release Area
(~5,750-square feet)
LEGEND
Release Point
Figure 3
Site Map
Chesapeake Operating Inc.
J.K. Rector Lease-Tank Battery No. 1
Lea County, New Mexico
NE 1/4 of the NE 1/4, Sec. 31, T21S, R36E
N 32° 26' 26.51" W 103° 18' 00.42"
Elevation: 3,629 feet amsl
DWG By: Daniel Dominguez
September 2007
REVISED:
0
30
60
Feet
SHEET
1 of 1
N

TABLE 1

Well Data

Chesapeake Operating Inc. - J.K. Rector Lease-Tank Battery No. 1 (Ref. # 160282)

Well Number	Diversion[A]	Owner	Use	Twsp	Rng	Sec q q q	Latitude	Longitude	Date Measured	Surface Elevation[B]	Depth to Water (ft bgs)
CP 00727	3	DASCO LAND CORPORATION	STK	22S	36E	05 2 3 1	N32° 25' 14.38"	W103° 17' 12.71"	19-May-88	3,600	212
USGS #1				21S	36E	29 2 3 1			06-Apr-91	3,645	246.87
USGS #2				21S	36E	29 2 3 4			08-Sep-70	3,640	240.89
USGS #3				21S	36E	30 4 2 2			13-Feb-96	3,635	230.69
USGS #4				22S	36E	06 3 2 1			14-Feb-96	3,589	179.53
USGS #5				22S	36E	06 4 1 2			01-May-91	3,585	171.04
CP 00469	3	JR WAT. TEVIS	STK	22S	36E	06 3 2 1	N32° 25' 1.55"	W103° 18' 29.60"	07-Feb-69	3,575	195

* = Data obtained from the New Mexico Office of the State Engineer Website (http://iwaters.ose.state.nm.us:7001/iWATERS/wr_RegisServlet1) and USGS Database

[A] = In acre feet per annum

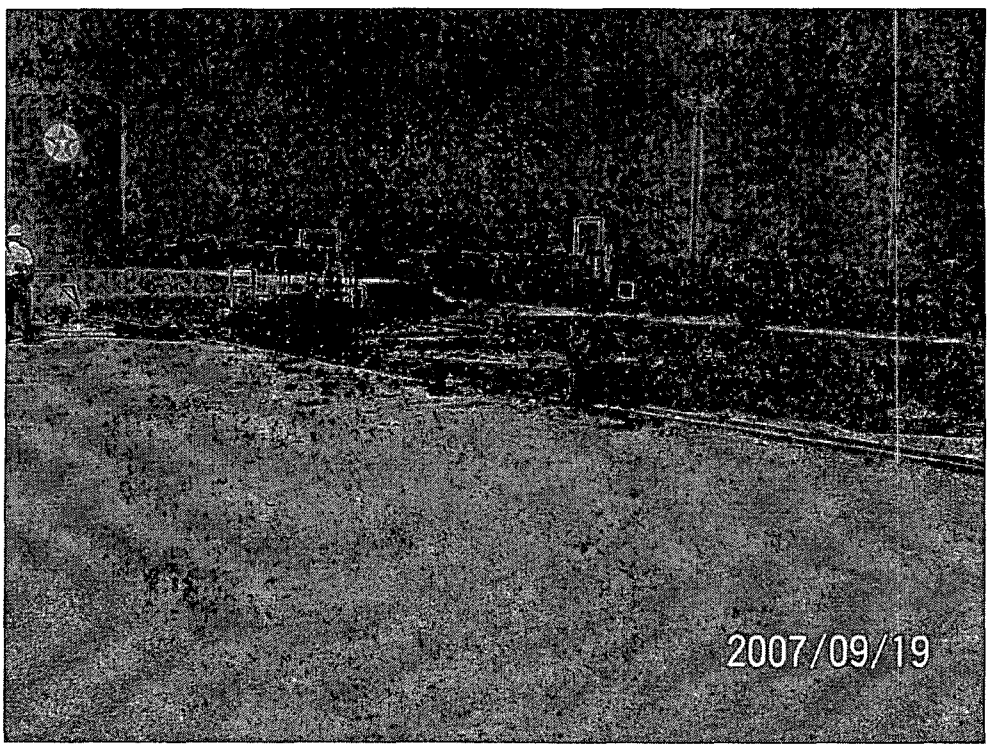
[B] = Elevation interpolated from USGS topographical map based on referenced location.

STK = Livestock watering

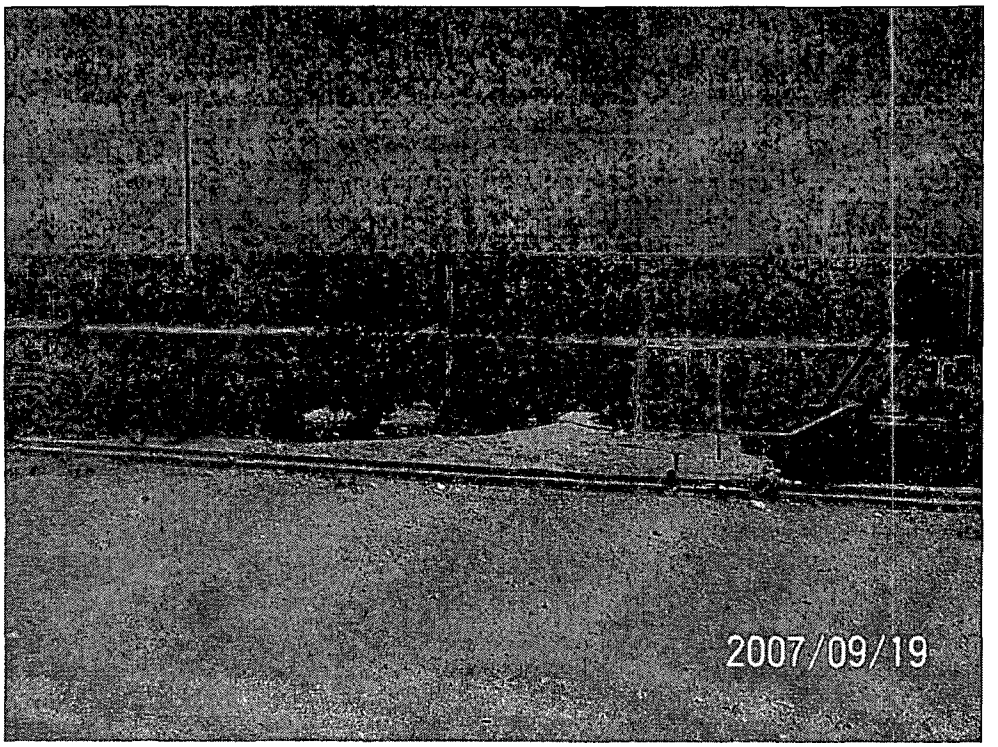
quarters are 1=NW, 2=NE, 3=SW, 4=SE; quarters are biggest to smallest

Shaded area indicates wells not shown in Figure 2

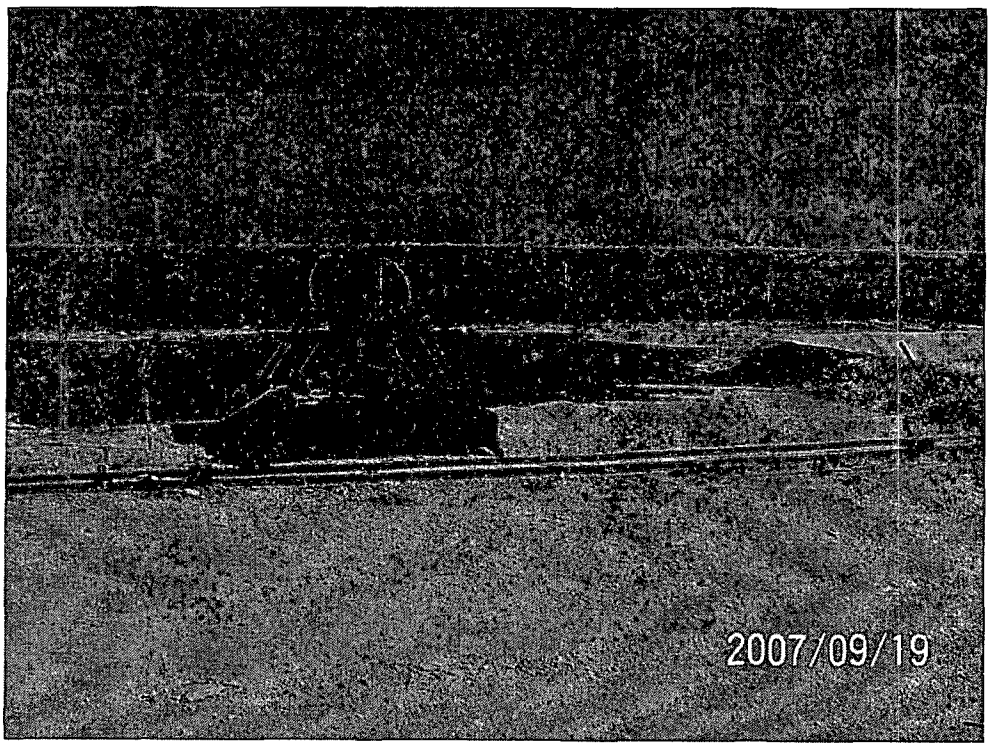
Photograph #1 – Lease sign



Photograph #2 - Looking northwesterly at impacted area



Photograph #3 - Looking northerly at impacted area



Photograph #4 - Looking northeasterly at impacted area

Chesapeake Information and Metrics	**Incident Date:** 9/19/07	**NMOCD Notified:** 9/19/07

Site: J.K. Rector Lease-Tank Battery No. 1	**Assigned Site Reference :** EPI Reference #160282
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): 120 bbls	**Recovered (bbls):** 30 bbls
>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: J.K. Rector Lease-Tank Battery No. 1	
Source of contamination: Tank Battery	
Land Owner, i.e., BLM, ST, Fee, Other: Dasco Cattle Company, L.L.C.	
LSP Dimensions:	
LSP Area: ~5,750 ft^2	
Location of Reference Point (RP):	
Location distance and direction from RP:	
Latitude: N 32° 26' 26.51"	
Longitude: W 103° 18' 00.42"	
Elevation above mean sea level: 3,629 feet	
Feet from North Section Line:	
Feet from West Section Line:	
Location- Unit or ¼¼: NE¼ of the NE¼	**Unit Letter:** A
Location- Section: 31	
Location- Township: T21S	
Location- Range: R36E	
Surface water body within 1000 ' radius of site: zero (0)	
Domestic water wells within 1000' radius of site: zero (0)	
Agricultural water wells within 1000' radius of site: zero (0)	
Public water supply wells within 1000' radius of site: zero (0)	
Depth from land surface to groundwater (DG): ~211 feet	
Depth of contamination (DC): unknown	
Depth to groundwater (DG – DC = DtGW): ~211 feet	

1. Groundwater	2. Wellhead Protection Area	3. Distance to Surface Water Body
If Depth to GW <50 feet: *20 points*	If <1000' from water source, or;<200' from private domestic water source: *20 points*	<200 horizontal feet: *20 points*
If Depth to GW 50 to 99 feet: *10 points*		200-1000 horizontal feet: *10 points*
If Depth to GW >100 feet: *0 points*	If >1000' from water source, or; >200' from private domestic water source: *0 points*	>1000 horizontal feet: *0 points*

Site Rank (1+2+3) = 0 + 0 + 0 = 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