

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 OPERATING, INC.	Contact	BRADLEY BLEVINS
Address	P. O. BOX 190 HOBBS, NM 88241	Telephone No.	505-391-1462
Facility Name	Hudgens SWD #1	Facility Type	Disposal Well

Surface Owner	Mineral Owner	Lease No.
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LOCATION OF RELEASE, API #30-025-29712

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
J	11	16S	36E	1980	SOUTH	1980	EAST	LEA

63'

Latitude _____ Longitude _____

NATURE OF RELEASE

Type of Release	Produced water	Volume of Release	40 BBLS	Volume Recovered	32 BBLS
Source of Release	A valve froze and popped the ball valve	Date and Hour of Occurrence	1/1/08 7:00 A.M.	Date and Hour of Discovery	1/01/08 10:00 A.M.
Was Immediate Notice Given?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom?			
By Whom?		Date and Hour			
Was a Watercourse Reached?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse.			

If a Watercourse was Impacted, Describe Fully.*

Describe Cause of Problem and Remedial Action Taken.*
A valve freeze and popped the ball valve releasing produced water inside the tank battery containment. Vacuum trucks dispatched to recover as much of the produced water as possible, recovered 32 bbls.

Describe Area Affected and Cleanup Action Taken.*
32 BBLS of produced water was recovered. Soil remediation activities commenced on 1/3/08. Soil will be excavated, sampled, and backfilled upon approval from 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.

Signature: <i>Cliff P. Brunson</i> for Chesapeake Operating, Inc.		OIL CONSERVATION DIVISION	
Printed Name: CLIFF P. BRUNSON		Approved by District Supervisor: <i>Chris Williams</i>	
Title: PRESIDENT		Approval Date: <i>1/16/08</i>	Expiration Date: <i>4/16/08</i>
E-mail Address: CBRUNSON@BBCINTERNATIONAL.COM		Conditions of Approval:	
Date: 1/09/08 Phone: 505-397-6388		Attached <input type="checkbox"/>	

* Attach Additional Sheets If Necessary

RP#1712