

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1600 Rio Brazos Rd., 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-103
May 27, 2004

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)		WELL API NO. 30-015-32987
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>		5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
2. Name of Operator Chesapeake Operating Inc.		6. State Oil & Gas Lease No.
3. Address of Operator P.O. Box 11050 Midland, TX 79702-8050		7. Lease Name or Unit Agreement Name Teledyne 20
4. Well Location Unit Letter <u>F</u> : <u>1650</u> feet from the <u>North</u> line and <u>1980</u> feet from the <u>West</u> line Section <u>20</u> Township <u>23S</u> Range <u>29E</u> NMPM County <u>Eddy</u>		8. Well Number <u>002</u>
11. Elevation (Show whether DR, RKB, RT, GR, etc.) <u>2958 GR</u>		9. OGRID Number <u>147179</u>
Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input checked="" type="checkbox"/>		10. Pool name or Wildcat Undes Harroun Ranch; Delaware, NE
Pit type _____ Depth to Groundwater <u>100 +</u> Distance from nearest fresh water well _____ Distance from nearest surface water _____ Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____		

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/>		SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS: <input type="checkbox"/> P AND A <input type="checkbox"/> CASING/CEMENT JOB <input type="checkbox"/>	
OTHER: Close Pit <input checked="" type="checkbox"/>		OTHER: <input type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Chesapeake, respectfully, request to close the drilling pit for this well. As per OCD rule 50 we will dig the hole to encapsule mud using 20 mil plastic in pit and 20 mil on top. We will then top with 3' of clean dirt off of site.

**USGS information
shows this area to be
water sensitive.**

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE [Signature] TITLE Production/Regulatory Asst. DATE 02/13/2006
 Type or print name S Please submit a plan that can be approved for a sensitive area or
For State Use Only schedule a meeting where other
 APPROVED BY: [Signature] Conditions of Approval water data can be reviewed.

1 address: sstricklin@chkenegy.com Telephone No. (432)687-2992

DATE _____

Approved

10 April, 2006



PHONE (915) 673-7001 • 2111 BEECHWOOD • ABILENE, TX 79603

PHONE (505) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

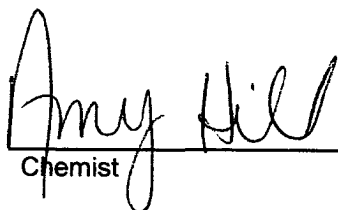
ANALYTICAL RESULTS FOR
BBC INTERNATIONAL, INC.
ATTN: CLIFF BRUNSON
P.O. BOX 805
HOBBS, NM 88241
FAX TO: (505) 397-0397

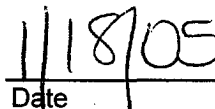
Receiving Date: 01/14/05
Reporting Date: 01/18/05
Project Owner: BIRD CREEK LLC
Project Name: LOVING SWD
Project Location: LOVING, NM

Analysis Date: 01/17/05
Sampling Date: 01/14/05
Sample Type: SOIL
Sample Condition: COOL & INTACT
Sample Received By: AH
Analyzed By: AH

LAB NUMBER	SAMPLE ID	Cl ⁻ (mg/L)
H9473-1	REID 1/10	3899
H9473-2	REID 9/10	2499
Quality Control		970
True Value QC		1000
% Recovery		97.0
Relative Percent Difference		4.0

METHOD: Standard Methods	4500-Cl ⁻ B
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Chemist


Date

PLEASE NOTE: **Liability and Damages.** Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise.

H9473



2111 Beechwood, Abilene, TX 79603 101 East Marland, Hobbs, NM 88240
(915) 673-7001 Fax (915) 673-7020 (505) 393-2326 Fax (505) 393-2476

Page 1 of 1

CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

[illegible]

+ Cardinal cannot accept verbal changes. Please fax written changes to 505-393-2476.



ARDINAL LABORATORIES

PHONE (915) 673-7001 • 2111 BEECHWOOD • ABILENE, TX 79603

PHONE (505) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
BBC INTERNATIONAL, INC.
ATTN: CLIFF BRUNSON
P.O. BOX 805
HOBBS, NM 88241
FAX TO: (505) 397-0397

Receiving Date: 01/14/05
Reporting Date: 01/18/05
Project Owner: BIRD CREEK LLC
Project Name: LOVING SWD
Project Location: LOVING, NM

Analysis Date: 01/17/05
Sampling Date: 01/14/05
Sample Type: SOIL
Sample Condition: COOL & INTACT
Sample Received By: AH
Analyzed By: AH

LAB NUMBER	SAMPLE ID	TDS (mg/L)
H9472-1	REID 1/10	10136
H9472-2	REID 9/10	5792
Quality Control		NR
True Value QC		NR
% Recovery		NR
Relative Percent Difference		1.4

METHOD: EPA 600/4-79-020	160.1
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Amy Hill
Chemist

1/18/05
Date

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H9472



CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

2111 Beechwood, Abilene, TX 79603 101 East Marland, Hobbs, NM 88240
(915) 673-7001 Fax (915) 673-7020 (505) 393-2326 Fax (505) 393-2476

Page 1 of 1

[illegible]

† Cardinal cannot accept verbal changes. Please fax written changes to 505-393-2476.



PHONE (505) 397-6388 • FAX (505) 397- 0397 • 1324 W. MARLAND • P.O. BOX 805 • HOBBS, NM 88241-0805
E-MAIL: cbrunson@bbcinternational.com

April 3, 2006

Van Barton
New Mexico Oil Conservation Division
1301 W. Grande Ave.
Artesia, New Mexico 88210

RECEIVED
APR 07 2006
900-ARTESIA

**RE: Chesapeake Teledyne 20 Well #002, API No.: 30-015-32987
Unit Letter F, Section 20, Township 23S, Range 29E
Eddy County, NM**

Dear Mr. Barton:

On behalf of Chesapeake Operating, Inc, (Chesapeake), BBC International, Inc. (BBC) submits this letter for the purpose to request another review of the enclosed C-103 for the closure of the drilling reserve pit at the above referenced well site.

The initial C-103 submitted on February 13, 2006 that requested the pit to be closed using Rule 50 Guidelines IV.B.3.b for deep burial utilizing a 20 mil plastic liner in the deep burial trench, a 20 mil liner cap, then 3 feet of clean soil on top was denied by the NMOCD using information from the USGS showing this area to be water sensitive.

Chesapeake would like to point out that this well location is located right at the edge of the vast salt lake that exists in this area. This location is located just east of Fisherman's Lane road and south of Highway 31 in Eddy County.

Chesapeake respectfully requests the approval for deep burial of the pit contents at this well location due to the fact that the surrounding area is highly impacted by salt and chloride and the pit contents in a lined burial trench will not adversely impact the environment.

In addition, BBC obtained ground water samples from two water wells on January 14, 2005 during a remediation project for Chesapeake at the East Loving SWD facility that is just west of the Teledyne 20 Well #002 location that showed groundwater to be highly impacted by Chloride and TDS. I have enclosed this laboratory data for your review. The groundwater is approximately at a depth of 50 feet and has a range of TDS from 5,792 to 10,136 ppm and chloride concentrations that range from 2,499 to 3,899 ppm. In addition, Mike Bratcher of the NMOCD reported sampling the Pecos River and receiving chloride levels in excess of 1,100 ppm. This groundwater data is from wells that have been in existence long before the SWD facility was built and the owner of the wells reported that the water has been bad for a long time and even his livestock will not drink it.

The condition of the water in this area is why the City of Loving does not obtain its water from this area, but instead receives it further north toward the City of Carlsbad.

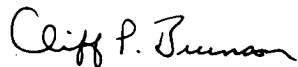
April 3, 2006

When considering all of the information submitted, Chesapeake believes that this information warrants the approval of utilizing deep burial for the pit contents at this well.

I appreciate your help in reviewing this matter. I look forward to the NMOCD's approval granting the use of deep burial at this site.

If you have any questions, please do not hesitate to contact either myself at: (505) 397-6388 or cbrunson@bbcinternational.com or Bradley Blevins with Chesapeake at: 505-391-1462, ext. 6224 or bblevins@chkenergy.com.

Sincerely,
BBC International, Inc.



Cliff P. Brunson, CEI, CRS
President

CPB:jg

enclosures

cc: Bradley Blevins-Chesapeake Operating, Inc., Hobbs