

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.: |
|--|------------------------------------|------------|

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 | | |
| Title: Field Technician | Approval Date: | Expiration Date: |
| E-mail Address: bblevins@chkenergy.com | Conditions of Approval: | Attached <input type="checkbox"/> |
| Date: 10-11-05 Phone: (505) 391-1462 ext. 24 | | |

* Attach Additional Sheets If Necessary

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



ENVIRONMENTAL PLUS, INC.

Micro-Blaze

Micro-Blaze Out™

STATE APPROVED LAND FARM AND ENVIRONMENTAL SERVICES

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' 06.83" 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.

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



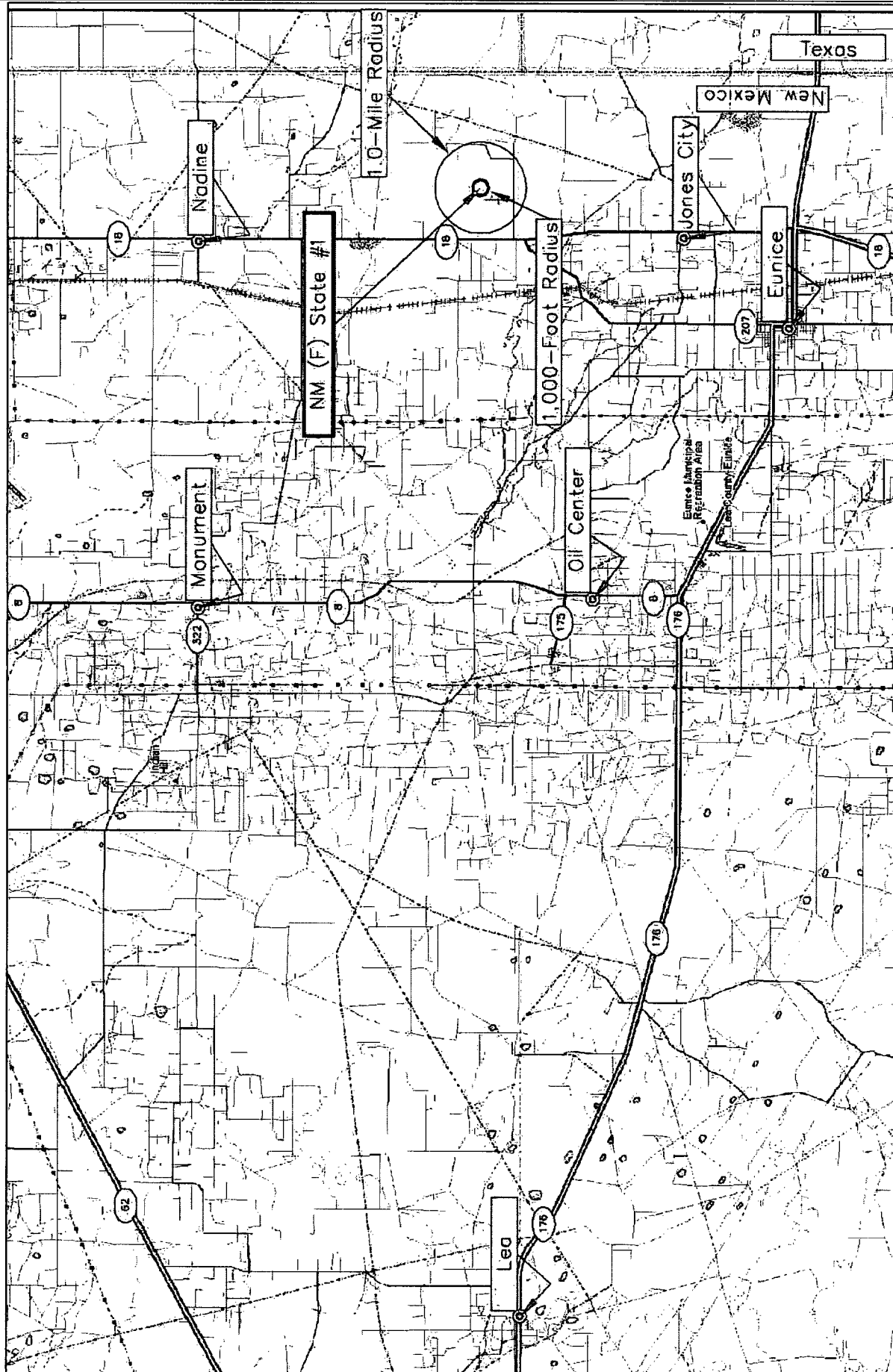
Information and Metrics

Incident Date:
7 October 2005

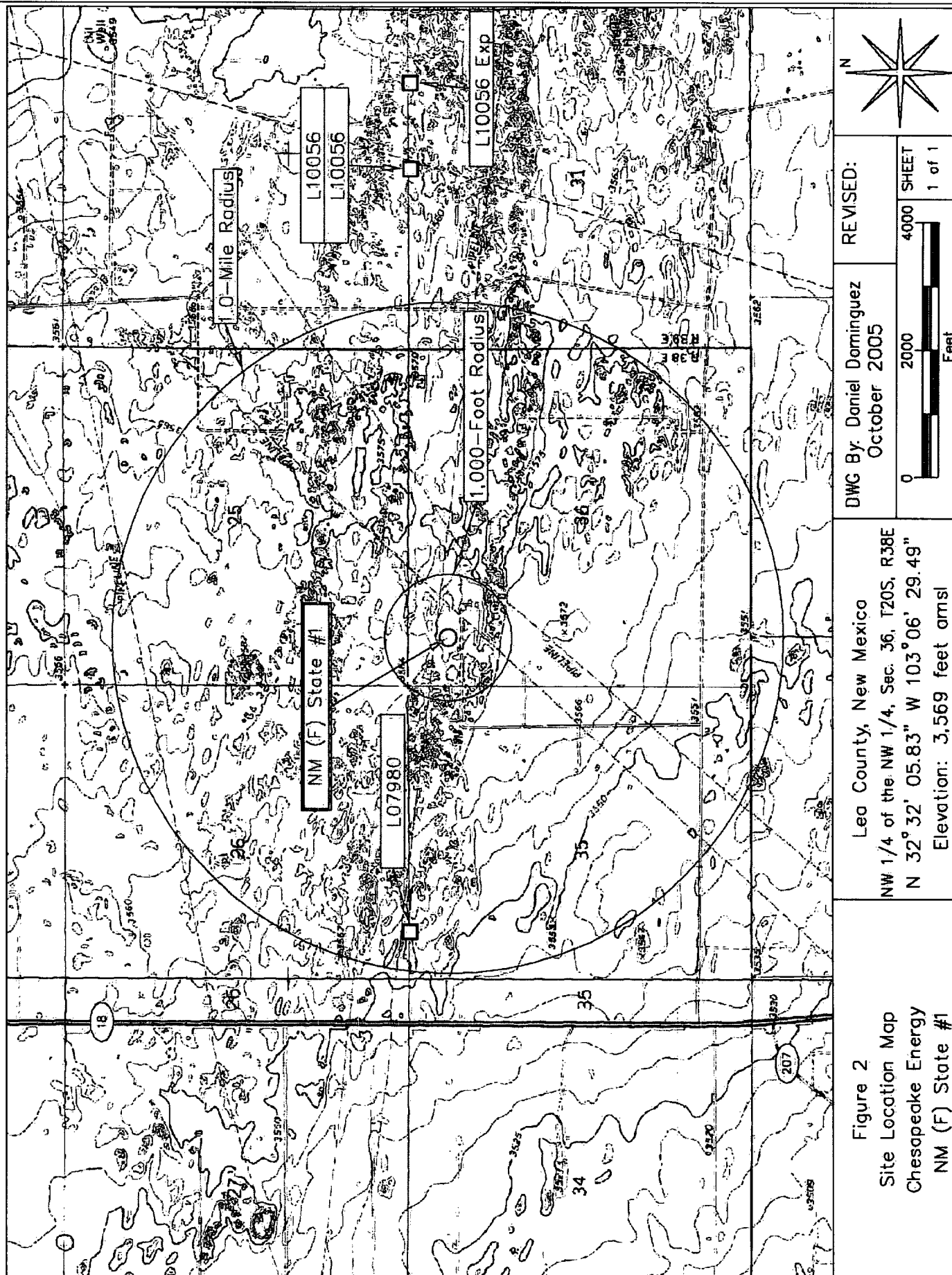
NMOCD Notified:
10 October 2005

| | | | |
|---|---------|--|-----------|
| 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: 20 points | | If <1000' from water source, or; <200' from private domestic water source: 20 points | |
| If Depth to GW 50 to 99 feet: 10 points | | If >1000' from water source, or; >200' from private domestic water source: 0 points | |
| If Depth to GW >100 feet: 0 points | | | |
| Ground water Score = 20 | | Wellhead Protection Area Score= 0 | |
| Site Rank (1+2+3) = 20 | | Surface Water Score= 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 |

¹100 ppm field VOC headspace measurement may be substituted for lab analysis



| | | | | | |
|---|---|--|--|-----------------|--|
| <p>Figure 1 Area 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>REVISED:</p> | <p>0 3 6 Miles</p> <p>SHEET 1 of 1</p> |
| | <p>0 3 6 Miles</p> | | | | |



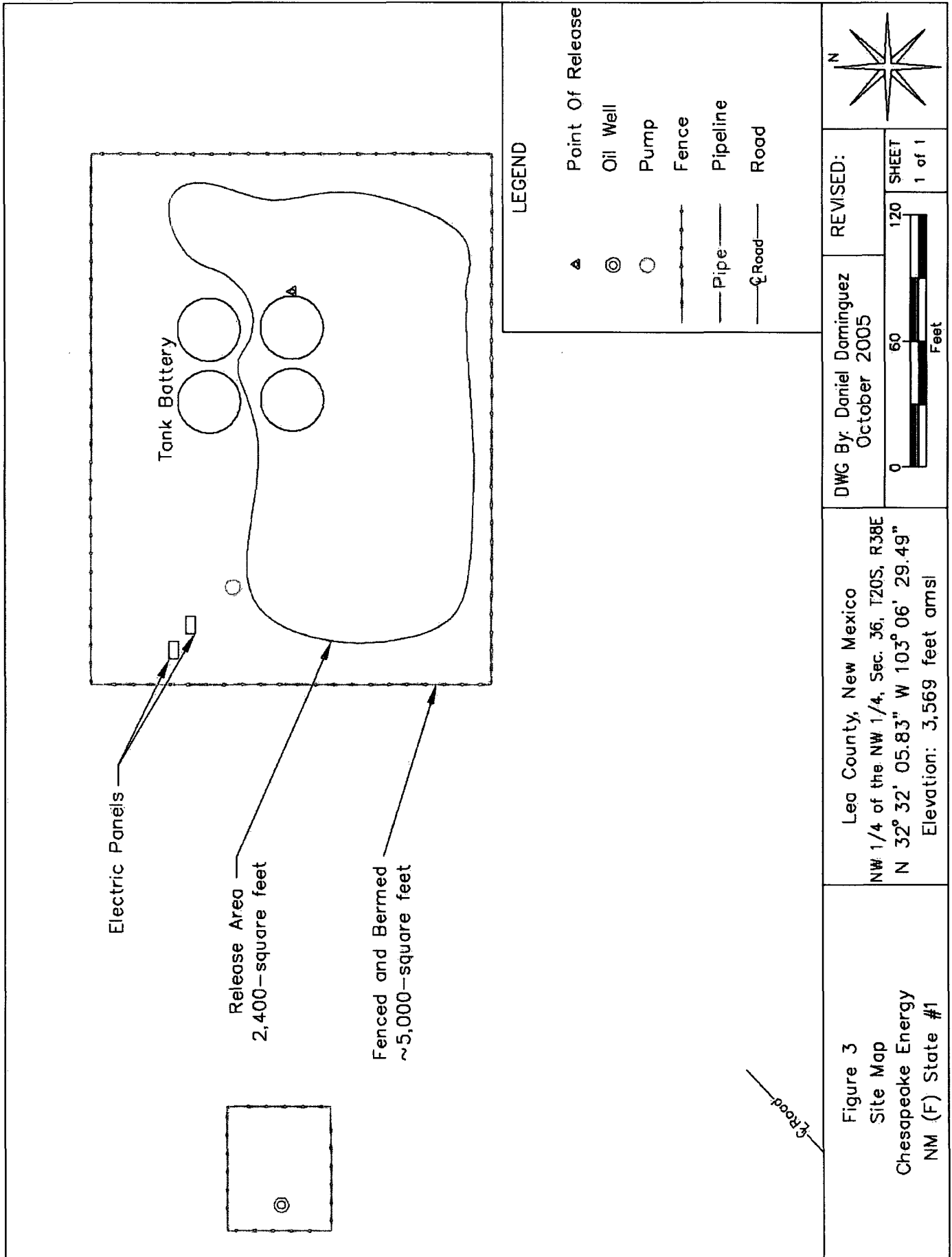


TABLE 1

Well Data

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

| Well Number | Diversion ^A | Owner | Use | Twp | 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 Deck | 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/WATERS/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

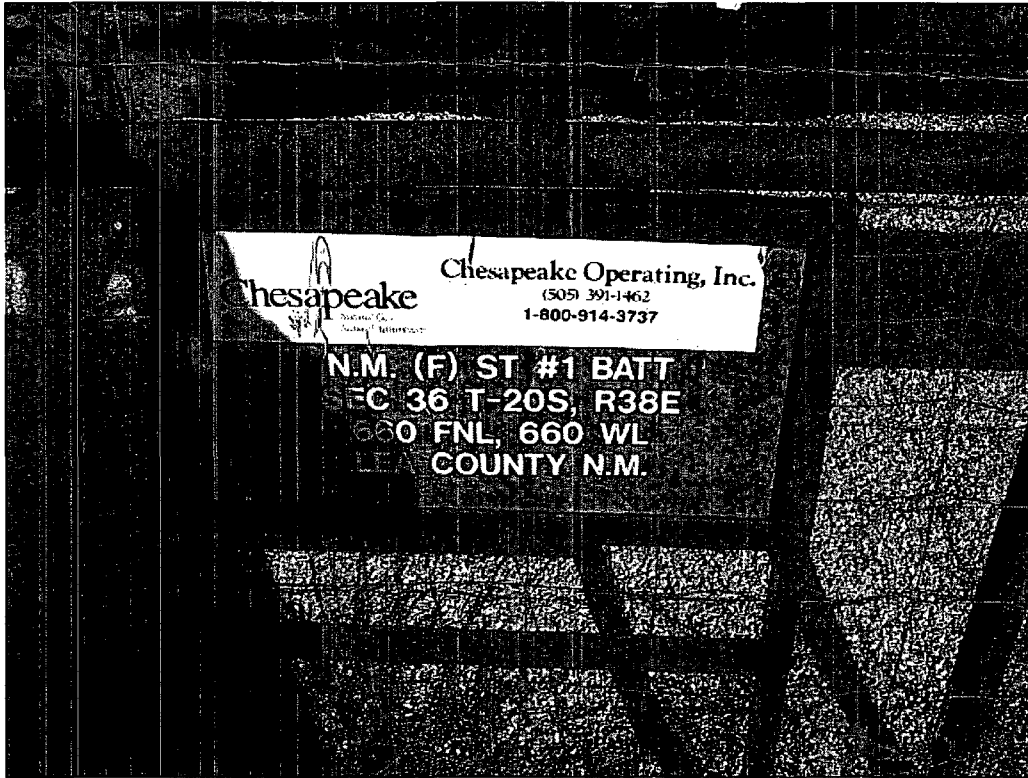
^B = Elevation interpolated from USGS topographical map based on referenced location.

STK = Livestock Watering.

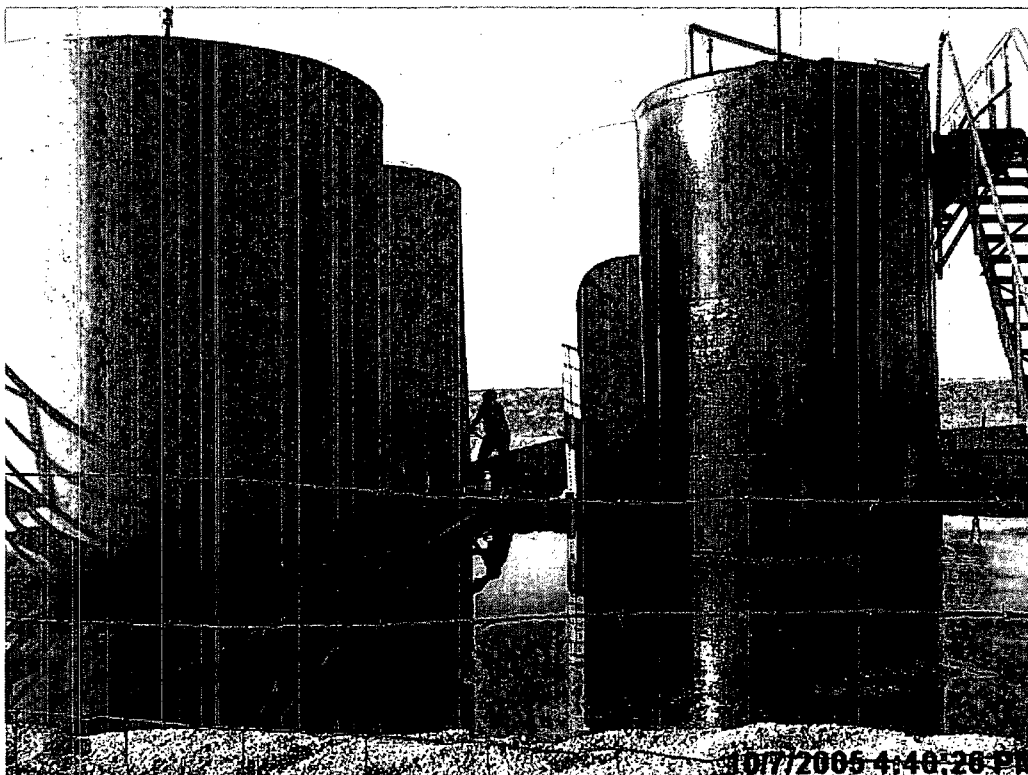
DOM = 72-12-1 Domestic One Household

EXP = Exploration

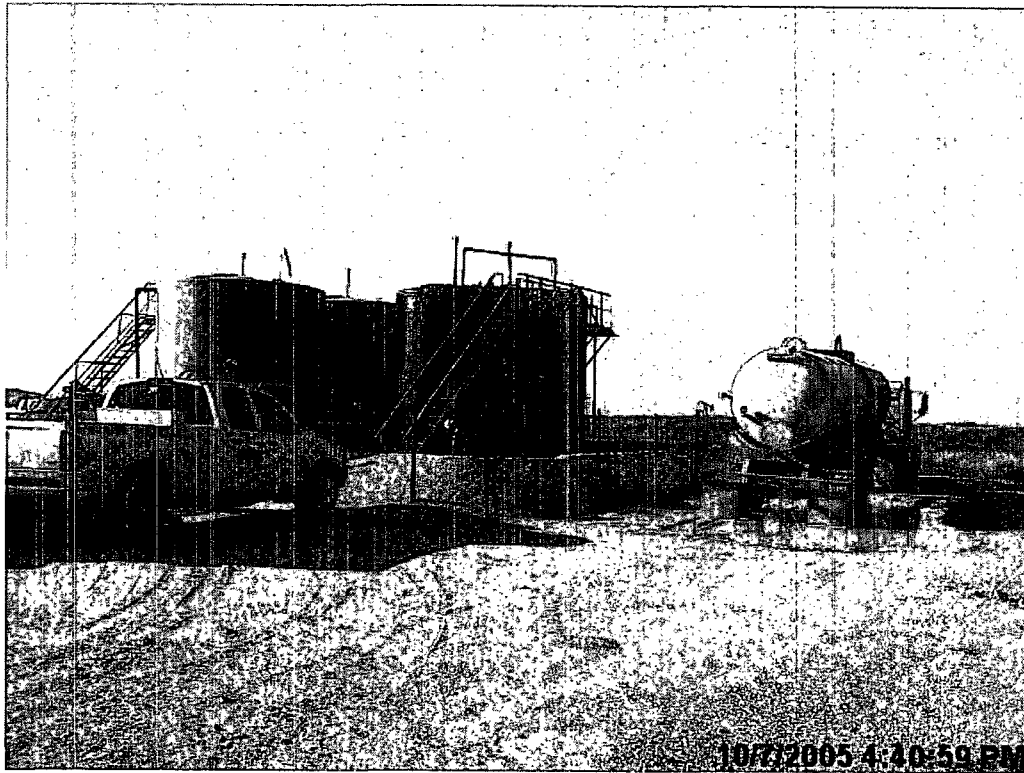
quarters are 1=NW, 2=NE, 3=SW, 4=SE; quarters are biggest to smallest



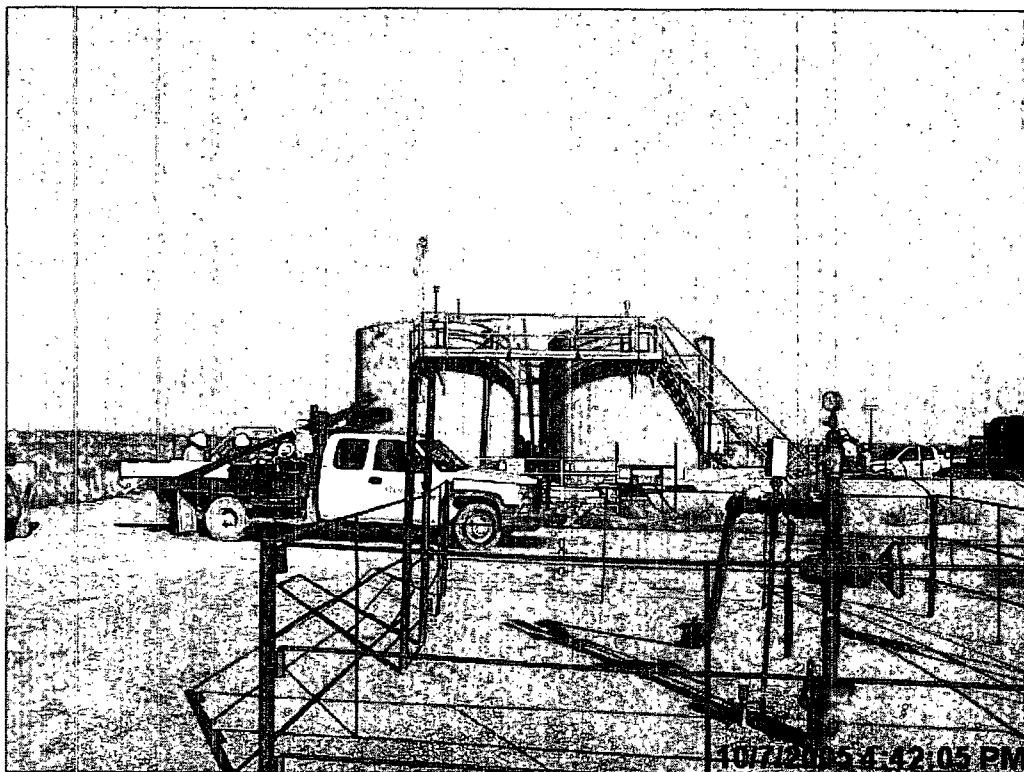
Photograph #1- Lease sign.



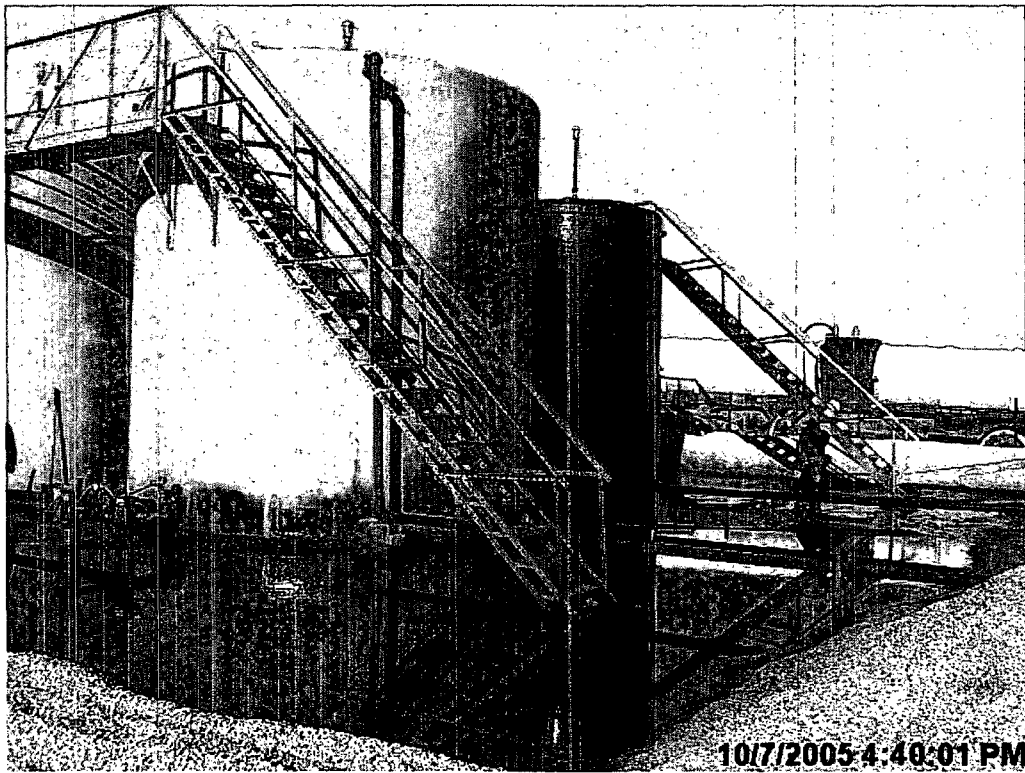
Photograph #2- Looking northerly at tank battery. Fluid and dark stained soil indicate contamination.



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.