



ENVIRONMENTAL PLUS, INC.
CONSULTING AND REMEDIAL CONSTRUCTION

20 June 2006

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

Re: **Resubmittal of Initial C-141**
Chesapeake Energy N. H. 35 #1 – Reference #160056
UL-O, Section 35, Township 15 South, Range 33 East
Latitude N 32° 58' 2.28" and Longitude W 103° 34' 55.20"

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 Dan Field.

The site is located approximately 14 miles west of Lovington, 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 there are no water supply wells within a 1,000-foot radius of the release site. In addition, there are no water supply wells located within a 1.0-mile radius of the release site (reference *Figure 2*). However, in light of recent information regarding the initial C-141, a water supply well was discovered within 200-feet of the release site. Groundwater level data indicates an average depth to water of approximately 88 feet below ground surface (reference *Table 1*). 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).

Approximately 135 barrels of oil was released due to a cow kicking a valve open on the tank battery.

incident - NPAC0614434084
application - NPAC0614434362

7.11.06 - DISCUSS CLOSURE
w/ EPI - ALL CONTAMINANTS REMOVED
TO DISPOSAL. THEY TO MEET w/
DAN FIELD TO
CLOSE.



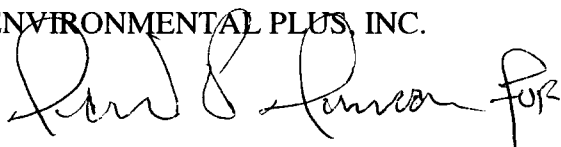
ENVIRONMENTAL PLUS, INC.

Should you have any questions or concerns 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. 6224 or via e-mail at bblevins@chkenergy.com. All official communication should be addressed to:

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

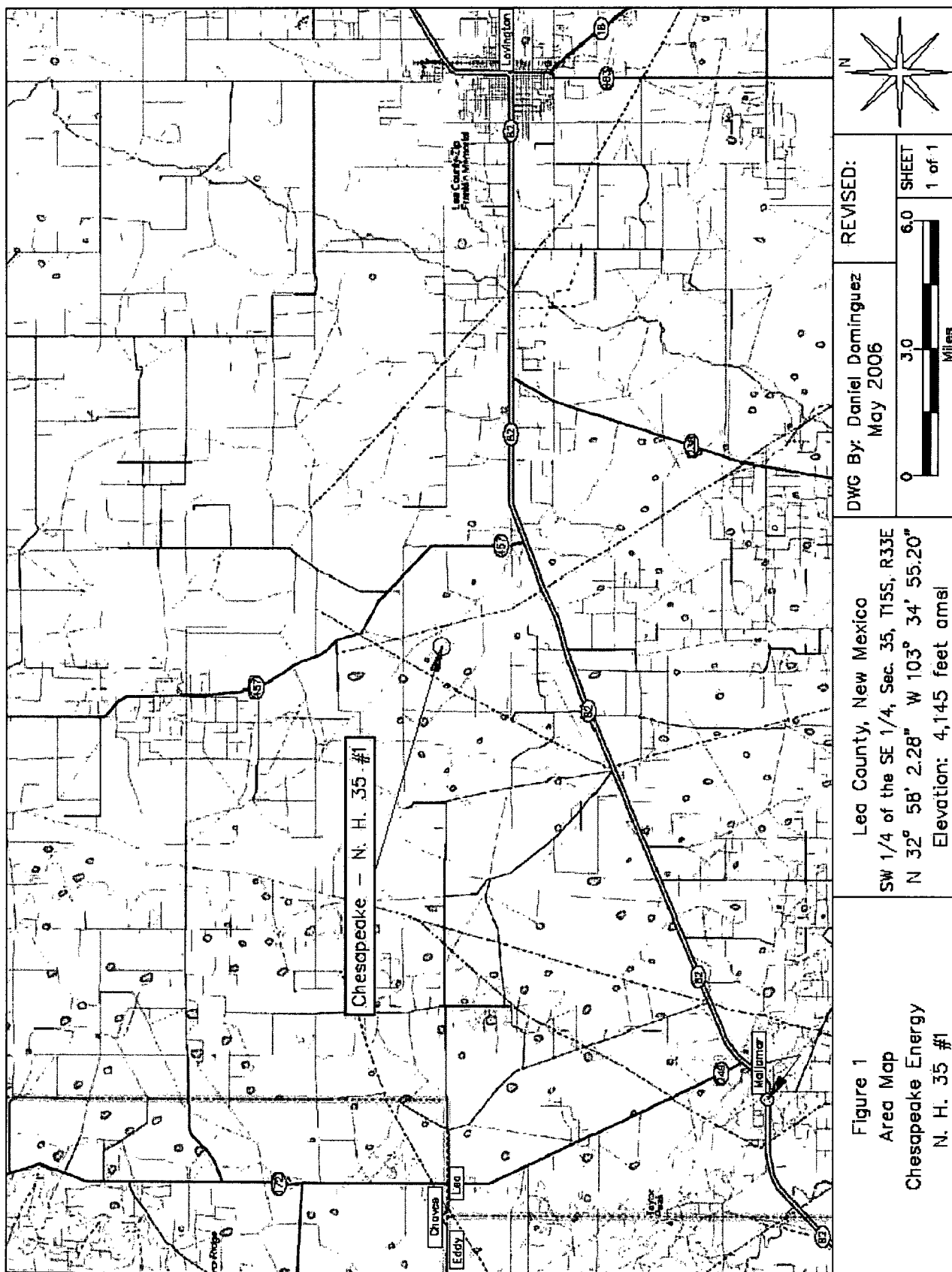
Sincerely,

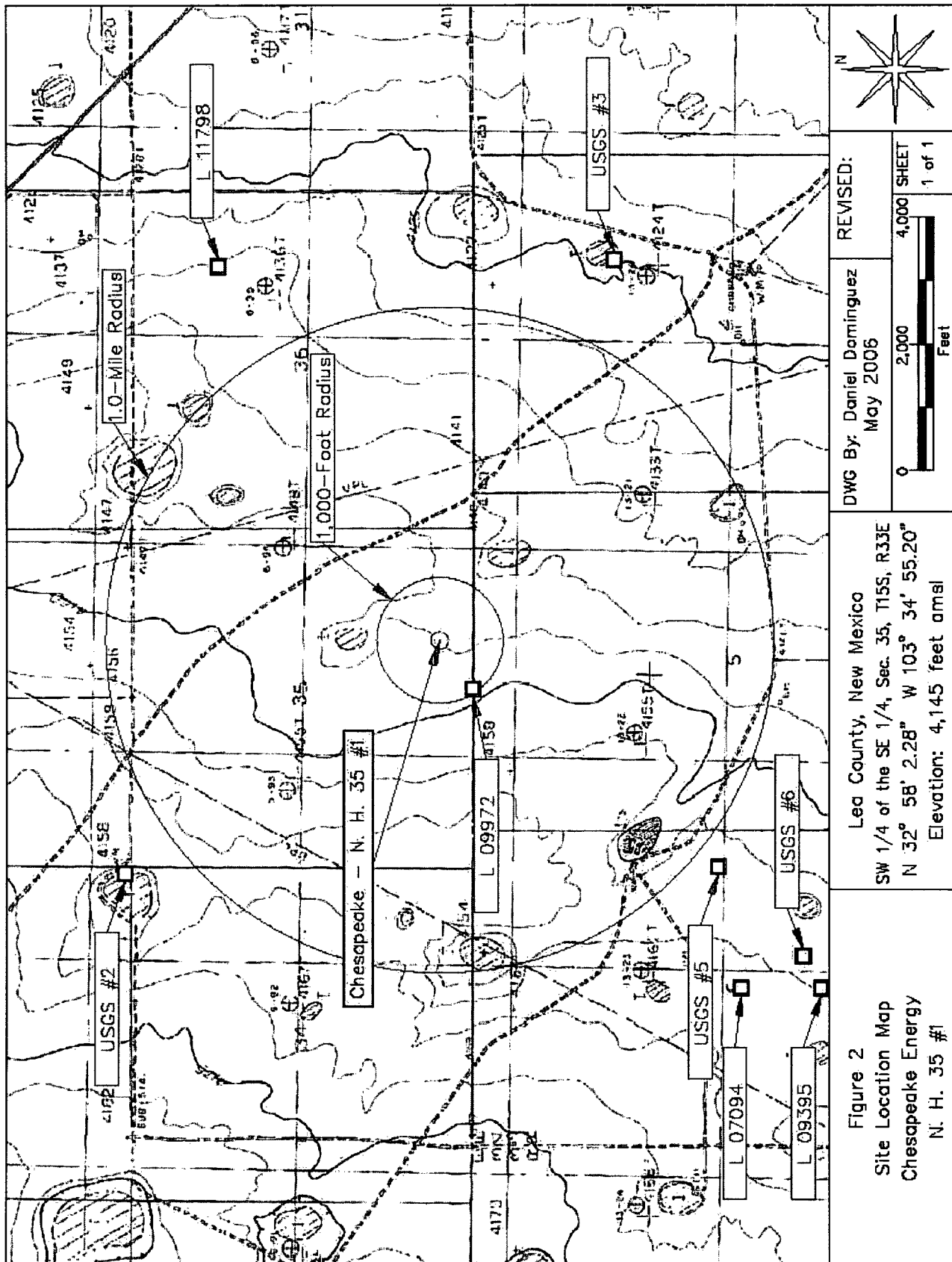
ENVIRONMENTAL PLUS, INC.

A handwritten signature in black ink, appearing to read "Iain Olness for".

Iain Olness, P.G.
Hydrogeologist

cc: Bradley Blevins, Chesapeake Energy – Hobbs, NM
Curtis Blake, Chesapeake Energy – Hobbs, NM
Harlan Brown, Chesapeake Energy – Oklahoma City, OK
Dan Field, Landowner
File





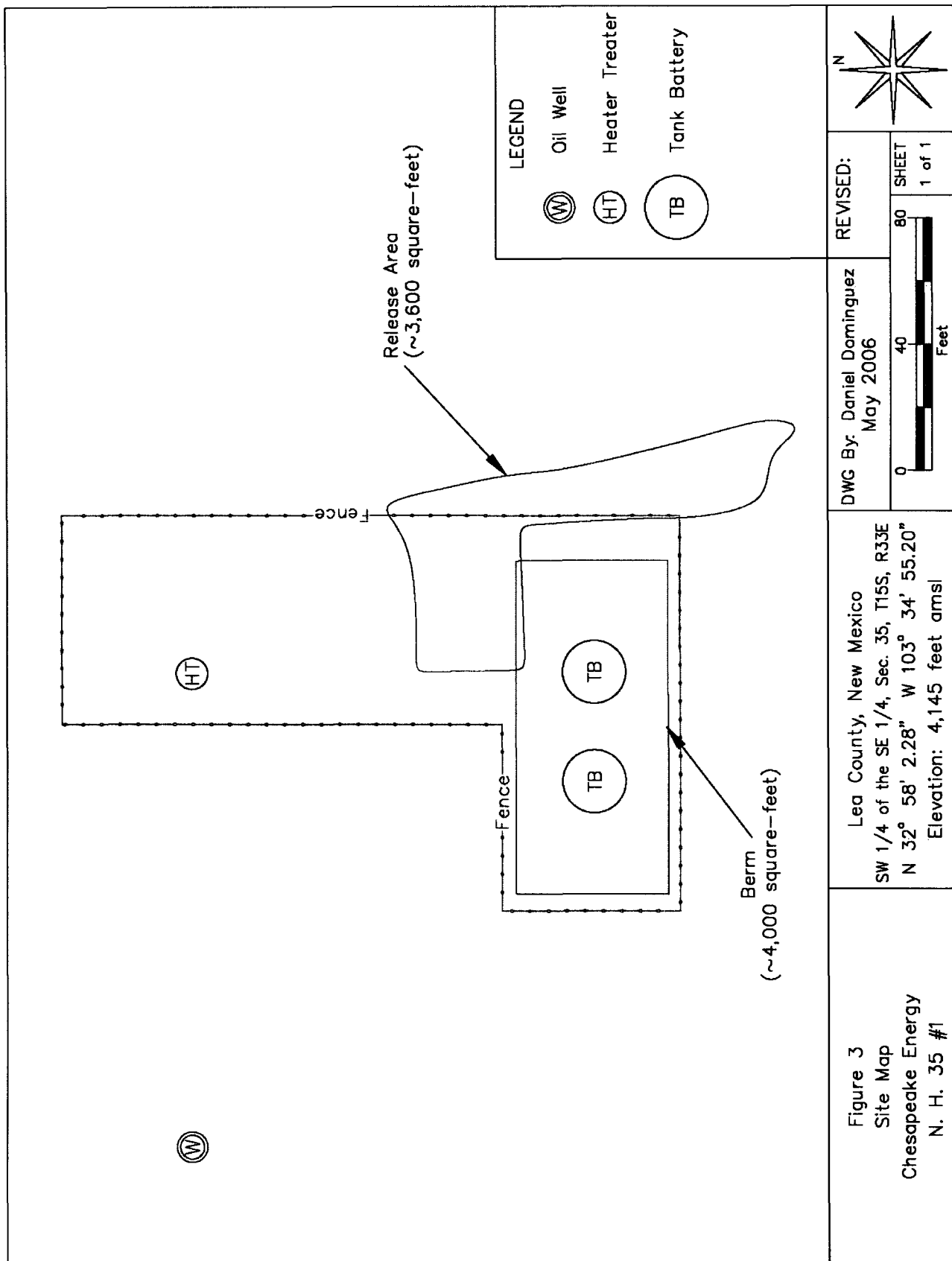


TABLE 1
Well Data
Chesapeake Energy - N. H. 35 #1 (Ref. # 160056)

| Well Number | Diversion ^A | Owner | Use | Twp | Rng | Sec | q | q | q | Latitude | Longitude | Date Measured | Surface Elevation ^B | Depth to Water (ft bgs) |
|-------------|------------------------|------------------------------|-----|-----|-----|-----|---|---|---|-----------------|------------------|---------------|--------------------------------|-------------------------|
| L 09972 | 0 | SANTA FE ENERGY OPERATING | PRO | 15S | 33E | 35 | 4 | 3 | 3 | N32° 57' 57.21" | W103° 35' 41.17" | 18-Dec-87 | 4,154 | 88 |
| L 11798 | 3 | BRANCH RANCH | STK | 15S | 33E | 36 | 2 | 2 | 2 | N32° 58' 36.40" | W103° 33' 46.39" | | 4,140 | |
| L 07094 | 0 | CONCHO RESOURCES | PRO | 16S | 34E | 6 | 2 | 1 | 3 | N32° 57' 16.10" | W103° 35' 59.36" | | 4,167 | |
| L 09395 | 3 | DAISY C. CLAYTON | STK | 16S | 34E | 6 | 2 | | | N32° 57' 3.03" | W103° 35' 59.37" | 15-Feb-84 | 4,163 | 115 |
| USGS #2 | | | | 15S | 33E | 27 | 4 | 4 | 4 | | | 23-Jan-81 | 4,163 | 99.07 |
| USGS #3 | | | | 16S | 34E | 4 | 2 | 3 | 2 | | | 20-Feb-96 | 4,129 | 88.56 |
| USGS #5 | | | | 16S | 34E | 6 | 2 | 4 | 4 | | | 01-Apr-81 | 4,160 | 105.62 |
| USGS #6 | | | | 16S | 34E | 6 | 4 | 1 | 3 | | | 01-Apr-81 | 4,163 | 112.23 |
| L 09919 EXP | 0 | WEK | PRO | 15S | 33E | 26 | 1 | | | N32° 59' 15.51" | W103° 35' 35.26" | | 4,177 | |
| L 04566 | 0 | CITY OF CARLSBAD | COM | 16S | 34E | 5 | | | | N32° 56' 37.07" | W103° 35' 28.32" | | 4,150 | |
| L 09973 | 0 | SANTA FE ENERGY | PRO | 16S | 34E | 5 | 4 | 3 | | N32° 56' 37.23" | W103° 34' 57.32" | 21-Jan-88 | 4,140 | 135 |
| L 05534 | 1372 | CITY OF CARLSBAD | IND | 16S | 34E | 6 | | | | N32° 56' 36.83" | W103° 36' 27.34" | | 4,167 | |
| L 07094 (E) | 0 | MORANCO | PRO | 16S | 34E | 6 | | | | N32° 56' 36.83" | W103° 36' 27.34" | 15-Jul-73 | 4,167 | 148 |
| L 07519 | 0 | MARK PRODUCTION CO. | PRO | 16S | 34E | 6 | 3 | 3 | 3 | N32° 56' 36.83" | W103° 36' 27.34" | 03-Feb-77 | 4,167 | 128 |
| L 08444 EXP | 0 | DAISY/TCH RANCH, INC/CLAYTON | STK | 16S | 34E | 6 | 4 | 1 | | N32° 56' 50.00" | W103° 35' 59.38" | | 4,163 | |
| L 10190 EXP | 0 | KAISER-FRANCIS OIL | PRO | 16S | 34E | 6 | 4 | 4 | | N32° 56' 37.01" | W103° 35' 43.85" | 31-May-91 | 4,157 | 80 |
| USGS #1 | | | | 15S | 33E | 25 | 2 | 3 | 2 | | | 02-Jan-96 | 4,140 | 82.56 |
| USGS #4 | | | | 16S | 34E | 4 | 4 | 3 | 4 | | | 09-Apr-91 | 4,121 | 89.86 |

^A = In acre feet per annum

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

PRO = 72-12-1 Prospecting or development of natural resource

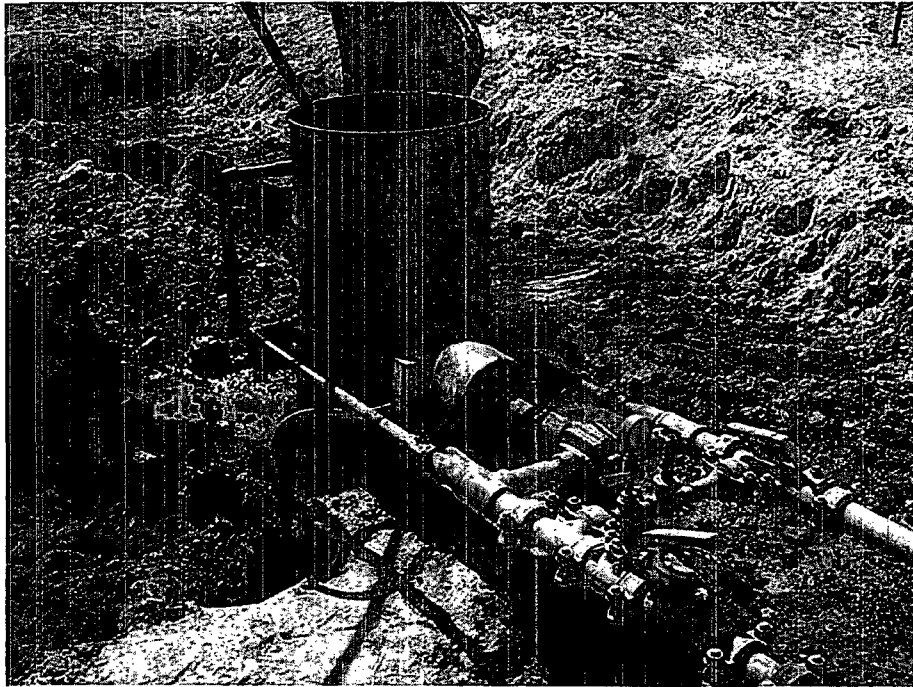
COM = Commercial

STK = 72-12-1 Livestock watering

IND = Industrial

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

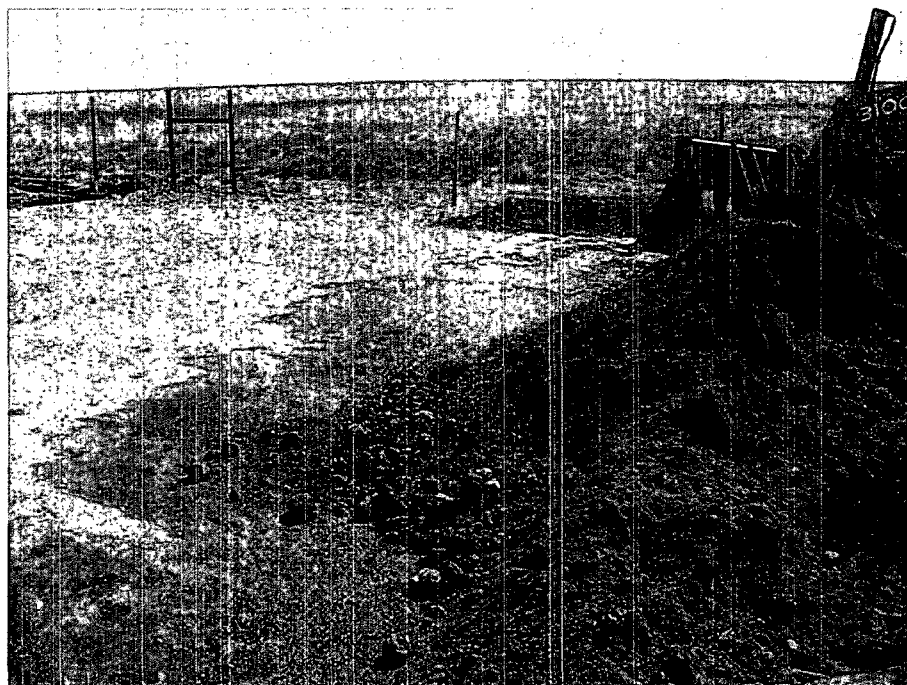
Shaded area indicates wells not shown in Figure 2



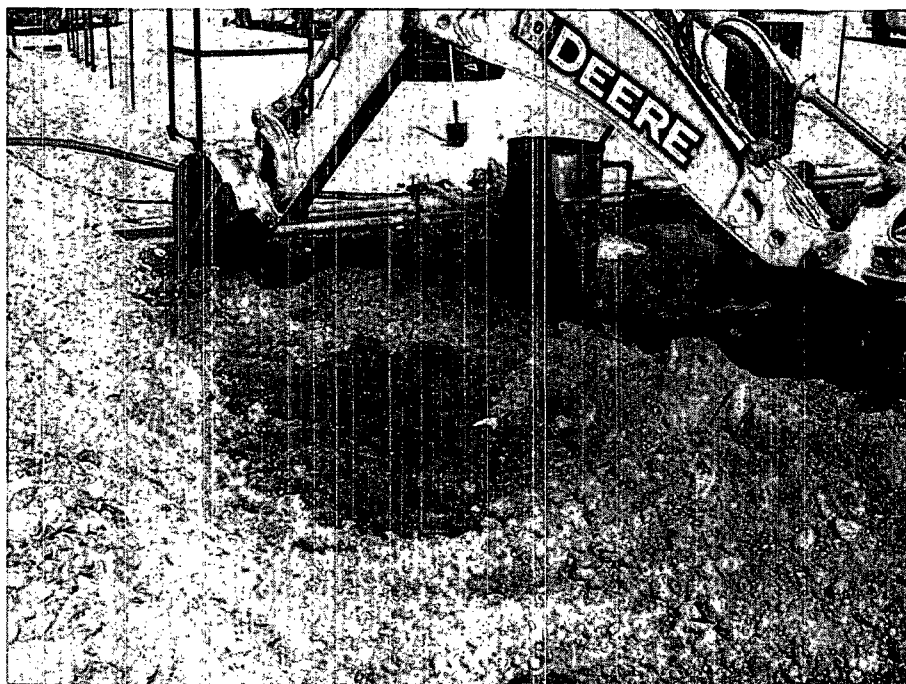
Photograph #1 – Release site.



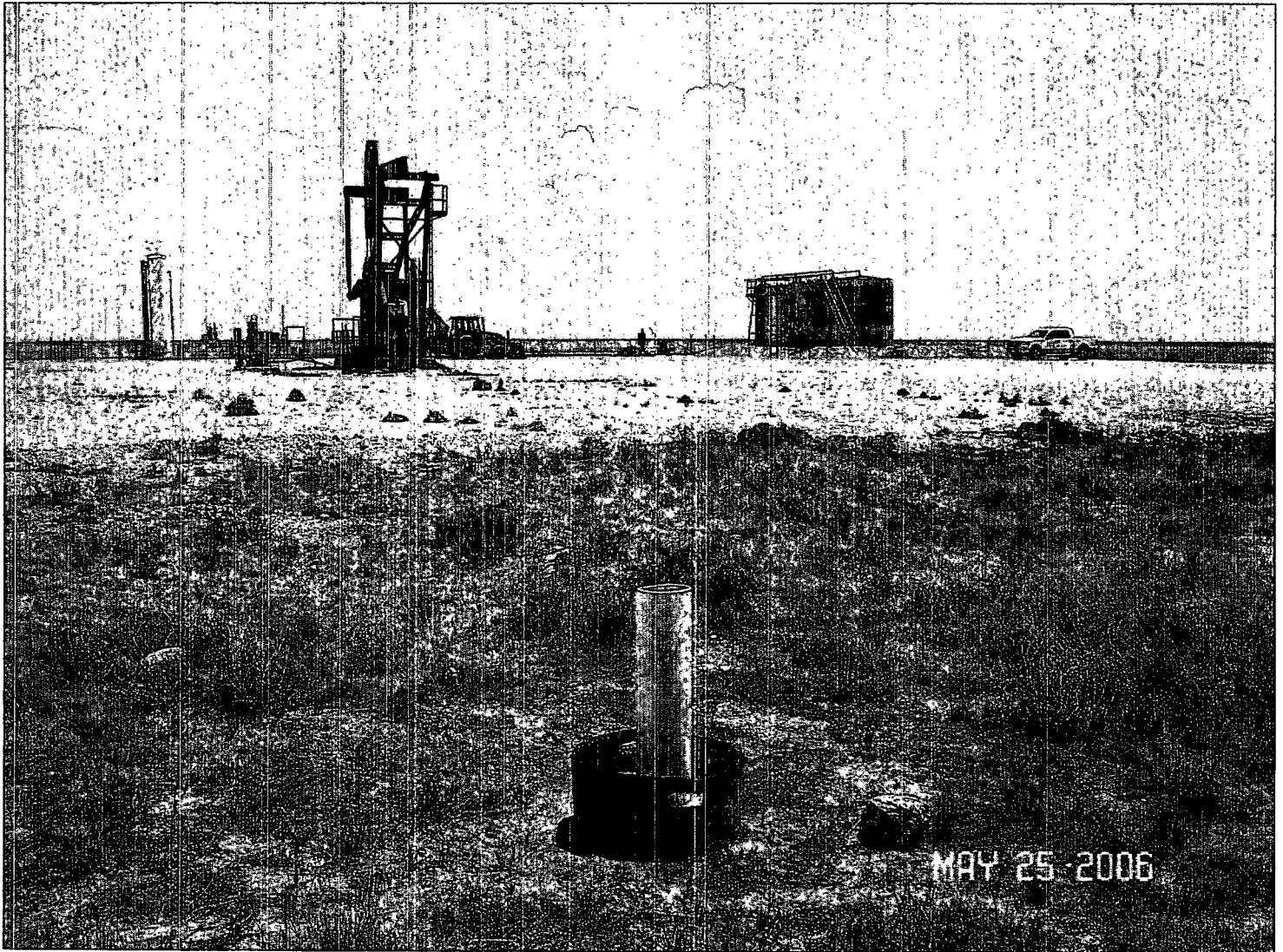
Photograph #2 - Looking north.



Photograph #3 - Looking east.



Photograph #4 - Looking west.



Photograph #5 - Looking east at water well.



Information and Metrics

Incident Date:
16 May 2006

NMOCD Notified:
17 May 2006

| | | | |
|---|---------|--|-----------|
| Site: N. H. 35 #1 | | Assigned Site Reference : #160056 | |
| 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): 135 | | Recovered (bbls): none | |
| >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: N. H. 35 #1 | | | |
| Source of contamination: Tank Battery | | | |
| Land Owner, i.e., BLM, ST, Fee, Other: Dan Field | | | |
| LSP Dimensions: 30 feet by 120 feet | | | |
| LSP Area: ~3,600 ft ² | | | |
| Location of Reference Point (RP): | | | |
| Location distance and direction from RP: | | | |
| Latitude: N 32° 58' 2.28" | | | |
| Longitude: W 103° 34' 55.20" | | | |
| Elevation above mean sea level: 4,145 feet | | | |
| Feet from South Section Line: 510 | | | |
| Feet from East Section Line: 1,980 | | | |
| Location- Unit or ¼: SW¼ of the SE¼ | | Unit Letter: O | |
| Location- Section: 35 | | | |
| Location- Township: 15 South | | | |
| Location- Range: 33 East | | | |
| 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: one | | | |
| Public water supply wells within 1000' radius of site: none | | | |
| Depth from land surface to groundwater (DG): ~88 feet | | | |
| Depth of contamination (DC): unknown | | | |
| Depth to groundwater (DG - DC = DtGW): ~88 feet | | | |
| 1. Groundwater | | 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 | | | |
| 3. Distance to Surface Water Body | | | |
| <200 horizontal feet: 20 points | | | |
| 200-1000 horizontal feet: 10 points | | | |
| >1000 horizontal feet: 0 points | | | |
| Site Rank (1+2+3) = 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

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 | Telephone No.: (505) 391-1462 ext. 6224 |
| Facility Name: N. H. 35 #1 | Facility Type: Battery |

| | | |
|---------------------------------|-----------------------|----------------------------|
| Surface Owner: Dan Field | Mineral Owner: | API No.: 3002530122 |
|---------------------------------|-----------------------|----------------------------|

LOCATION OF RELEASE

WTR 80'

| Unit Letter | Section | Township | Range | Feet from the | North/South Line | Feet from the | East/West Line | County |
|-------------|---------|----------|-------|---------------|------------------|---------------|----------------|--------|
| O | 35 | 15S | 33E | 510 | South | 1,980 | East | Lea |

Latitude: N 32° 58' 2.28" **Longitude:** W 103° 34' 55.20"

IRP# 894

NATURE OF RELEASE

| | | |
|--|--|--|
| Type of Release: Crude oil | Volume of Release: 135 bbls | Volume Recovered: none |
| Source of Release: Battery | Date and Hour of Occurrence: 16 May 2006 @ 23:30 p.m. | Date and Hour of Discovery: 17 May 2006 |
| Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Required | If YES, To Whom? Larry Johnson, NMOCD | |
| By Whom? Bradley Blevins | Date and Hour: May 17, 2006 | |
| 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

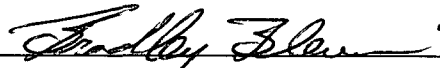
Describe Cause of Problem and Remedial Action Taken.* Approximately 135 bbls was released due to a cow kicking open a valve on the tank battery. The valve was shut off and saturated soil excavated and stockpiled.

Describe Area Affected and Cleanup Action Taken.* Approximately 3,600 square-feet of surface area was impacted by the release. The valve was shut off and saturated soil excavated and stockpiled.

1500 YRDS IMPACTED

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:  | Approved by District Supervisor: | |
| Printed Name: Bradley Blevins | | |
| Title: Field Supervisor | Approval Date: | Expiration Date: |
| E-mail Address: bblevins@chkenergy.com | Conditions of Approval: | |
| Date: 6-26-06 Phone: (505) 391-1462 ext. 6224 | Attached <input type="checkbox"/> | |

* Attach Additional Sheets If Necessary