



ENVIRONMENTAL PLUS, INC.
CONSULTING AND REMEDIAL CONSTRUCTION

31 October 2006

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



Re: **Initial C-141**
Chesapeake Energy
#1 State L (EPI Reference #160078)
UL-C, Section 19, Township 17 South, Range 36 East

Dear Mr. Johnson:

Environmental Plus, Inc., 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 9 miles northeast 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 no water supply wells within a 1,000-foot radius of the release site. However, there are eleven water supply wells located within a 1.0-mile radius of the release site (reference *Figure 2*). Groundwater level data indicates an average depth to water of approximately 53 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 fifteen (15) barrels of oil were released when a union on a flow-line failed with zero (0) barrels recovered.

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 dduncan@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.

David P. Duncan
Civil Engineer

cc: Bradley Blevins, Chesapeake Energy – Hobbs, NM
Curtis Blake, Chesapeake Energy – Hobbs, NM
Harlan Brown, Chesapeake Energy – Oklahoma City, OK
Thaddeus Kostrubala – New Mexico State Land Office
Myra Meyers – New Mexico State Land Office
File

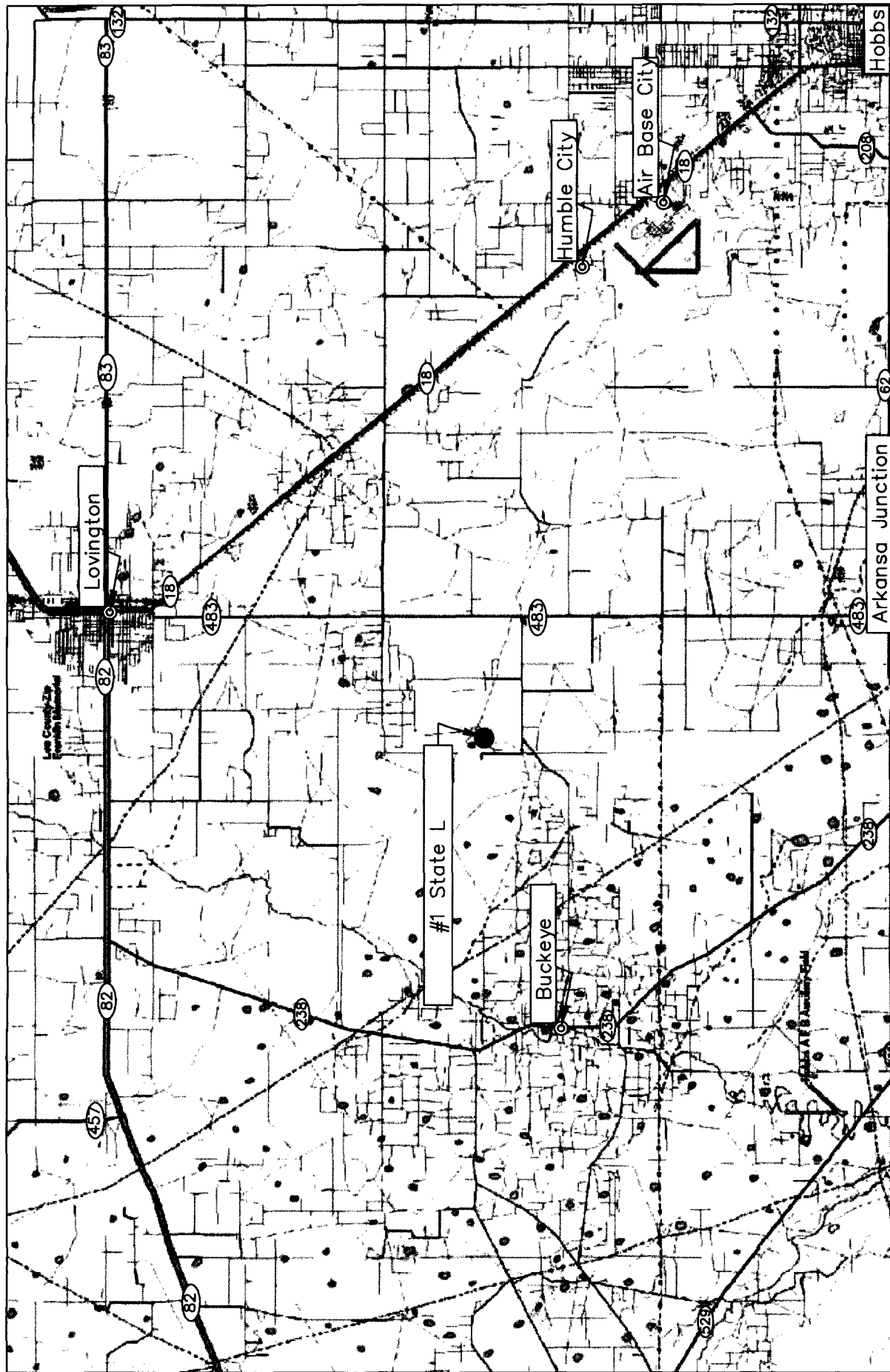


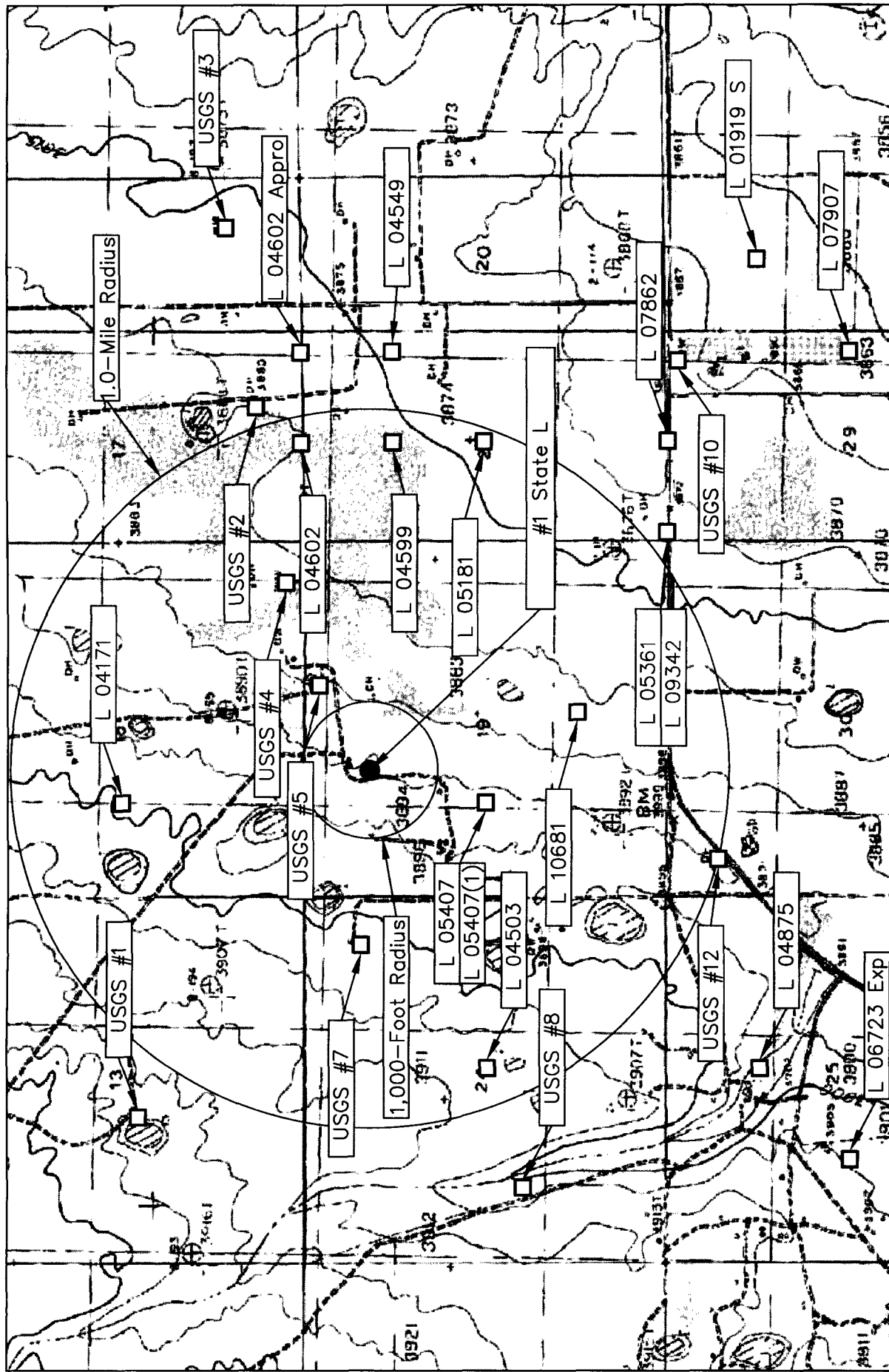
Figure 1
Area Map
Chesapeake Energy
#1 State L

Lea County, New Mexico
NE 1/4 of the NW 1/4, Sec. 19, T17S, R36E
N 32° 49' 29.16" W 103° 23' 46.41"
Elevation: 3,894 feet amsl

DWG By: Daniel Dominguez
October 2006

REVISED:

SHEET
1 of 1



<p>Figure 2</p> <p>Site Location Map</p> <p>Chesapeake Energy</p> <p>#1 State L</p>	<p>Lea County, New Mexico</p> <p>NE 1/4 of the NW 1/4, Sec. 19, T17S, R36E</p> <p>N 32° 49' 29.16" W 103° 23' 46.41"</p> <p>Elevation: 3,894 feet amsl</p>	<p>DWG By: Daniel Dominguez</p> <p>October 2006</p>	<p>REVISED:</p> <p>0 2,000 4,000 SHEET 1 of 1</p> <p>Feet</p> <p>N</p>
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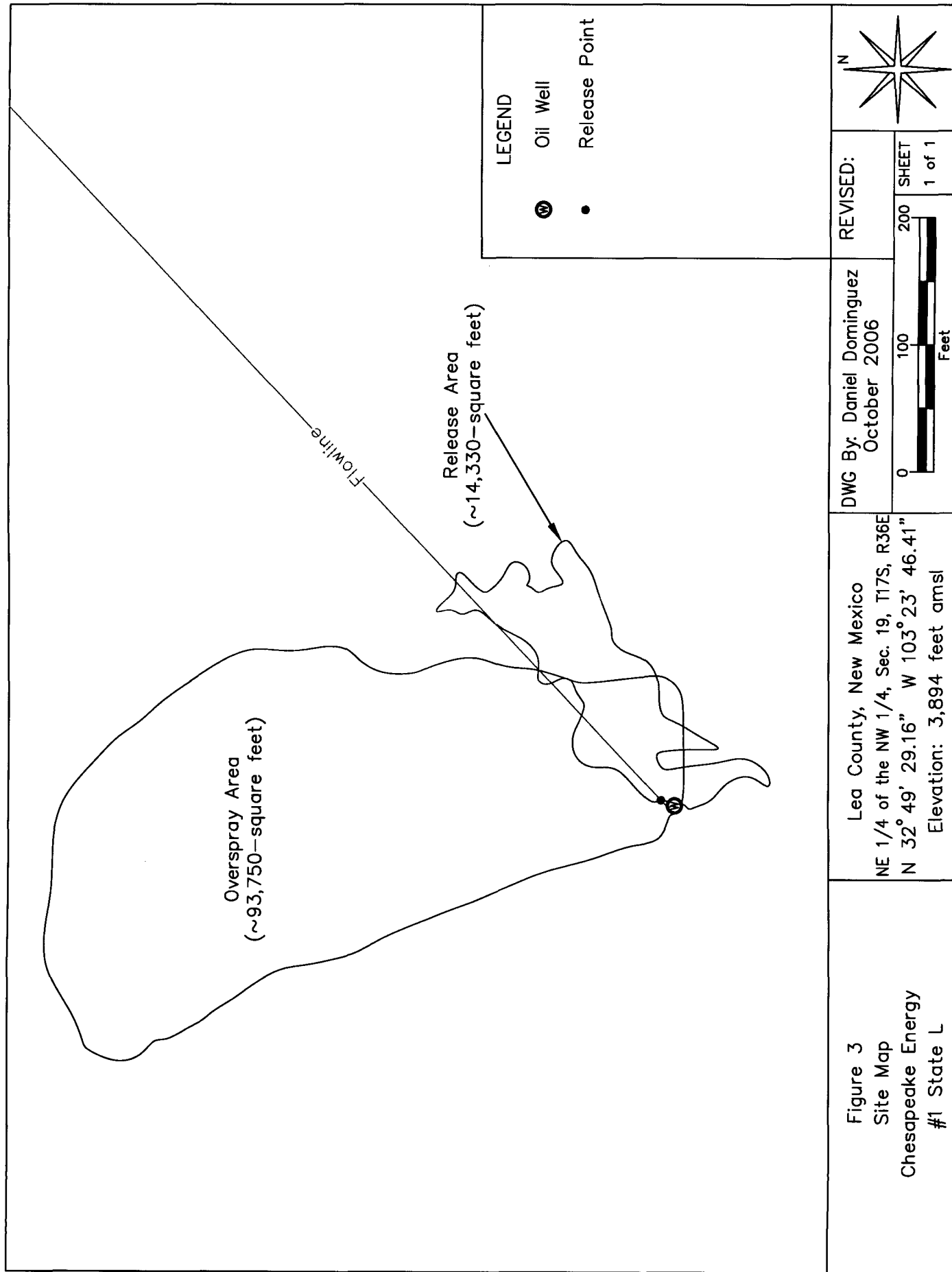


Figure 3
Site Map
Chesapeake Energy
#1 State L

Lea County, New Mexico
NE 1/4 of the NW 1/4, Sec. 19, T17S, R36E
N 32° 49' 29.16" W 103° 23' 46.41"
Elevation: 3,894 feet amsl

DWG By: Daniel Dominguez
October 2006

REVISED:

0 100 200 Feet
SHEET
1 of 1

LEGEND



Oil Well



Release Point

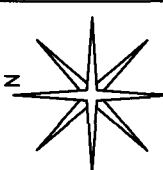


TABLE 1

Well Data

Chesapeake Energy - #1 State L (Ref. # 160078)

Well Number	Diversion ^A	Owner	Use	Twsp	Rng	Sec q q q	Latitude	Longitude	Date Measured	Surface Elevation ^B	Depth to Water (ft bgs)
L 05407	0	TRI SERVICE DRILLING COMPANY	PRO	17S	36E	19 1 4	N32° 49' 12.37"	W103° 23' 52.27"	10-Jun-64	3,894	49
L 05407 (1)	0	TRI-SERVICE DRILLING COMPANY	PRO	17S	36E	19 1 4	N32° 49' 12.37"	W103° 23' 52.27"		3,894	
L 10681	3	GOFF DAIRY	STK	17S	36E	19 4 1	N32° 48' 59.38"	W103° 23' 36.77"	02-Jul-97	3,885	40
L 04602	3	HUMBLE OIL & REFINING COMPANY	PRO	17S	36E	17 3 4 2	N32° 49' 39.02"	W103° 22' 50.42"	16-Feb-61	3,885	45
L 04602 APPRO											
L 04171	3	NORWOOD DRILLING COMPANY	PRO	17S	36E	17 4 3 2	N32° 49' 39.10"	W103° 22' 34.96"	16-Feb-61	3,881	45
L 04549	3	INC. CARPER DRILLING CO.	PRO	17S	36E	18 1 4	N32° 50' 4.77"	W103° 23' 52.25"	09-Jun-59	3,904	128
L 04599	3	GARDNER BROTHERS DRILLING CO.	PRO	17S	36E	20 2 1	N32° 49' 26.00"	W103° 22' 34.92"	05-Nov-60	3,878	48
L 05181	0	LOFFLAND BROTHERS COMPANY	PRO	17S	36E	20 1 2	N32° 49' 25.91"	W103° 22' 50.39"	16-Feb-61	3,881	38
L 05361	0	LOWE DRILLING CO.	PRO	17S	36E	20 1 4	N32° 49' 12.80"	W103° 22' 50.36"	21-Jun-63	3,878	75
L 07862	3	R. A. ROGERS	DOM	17S	36E	20 3 4	N32° 48' 46.48"	W103° 23' 5.79"	11-Apr-64	3,877	90
L 09342	3	GREAT WESTERN DRILLING CO.	STK	17S	36E	20 3 4	N32° 48' 46.59"	W103° 22' 50.30"	13-Apr-78	3,872	58
L 01919 S							N32° 48' 46.48"	W103° 23' 5.79"	28-Sep-83	3,877	60
L 07907	3	NOLAN H. JR. BRUNSON	DOM	17S	36E	29 2 2 2	N32° 48' 33.75"	W103° 22' 19.24"	14-Jun-01	3,868	110
L 04503	3	TRI SERVICE DRILLING CO.	PRO	17S	35E	24 2	N32° 48' 20.54"	W103° 22' 34.68"	05-Jun-78	3,865	45
L 04875	0	INC. A.W. THOMPSON	PRO	17S	35E	25 2 1 1	N32° 49' 12.51"	W103° 24' 37.95"	10-Sep-60	3,911	43
L 06723 EXP	0	GILES M. LEE	DOM	17S	35E	25 1 4 2	N32° 48' 33.26"	W103° 24' 38.04"	12-Apr-62	3,898	71
USGS #1				17S	35E	13 3 2 2	N32° 48' 20.27"	W103° 24' 53.61"	09-Feb-96	3,910	
USGS #2				17S	36E	17 3 4 3			26-Feb-76		44.5
USGS #3				17S	36E	17 4 4 1			25-Jan-96		39.99
USGS #4				17S	36E	18 4 4 4			25-Jan-96		44.2
USGS #5				17S	36E	19 2 1 1			25-Jan-96		38.36S
USGS #7				17S	35E	24 2 2 3			16-Jan-86		37.46
USGS #8				17S	35E	24 3 1 2			25-Jan-96		43.16
USGS #10				17S	35E	24 3 1 2			19-Dec-90		36.78
USGS #12				17S	36E	29 2 1 1			08-Feb-96		49.44
				17S	36E	30 1 1 3			03-Mar-61		39.4

* = Data obtained from the New Mexico Office of the State Engineer Website (http://iwaters.ose.state.nm.us:7001/iWATERS/wtr_RegisServlet1)

^A = In acre feet per annum

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

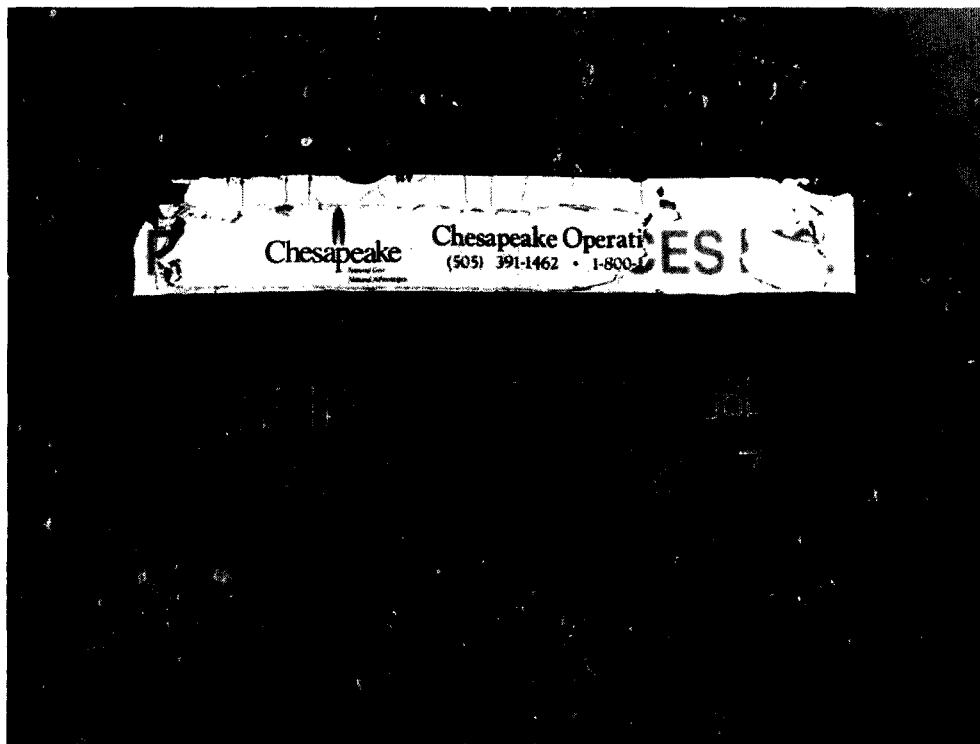
DOM = 72-12-1 Domestic one household

STK = 72-12-1 Livestock watering

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

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

Shaded area indicates wells not shown in Figure 2



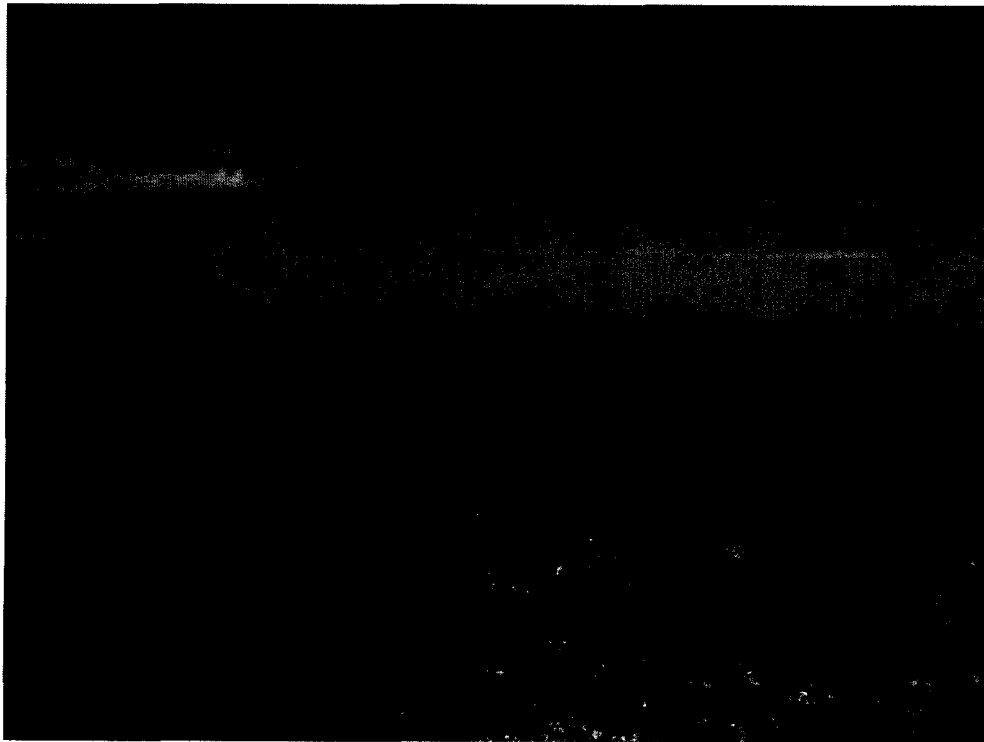
Photograph #1 – Lease sign.



Photograph #2 – Release area, looking northerly.



Photograph #3 - Looking northerly at the overspray area.



Photograph #4 - Looking northerly at the overspray area.



Information and Metrics

Incident Date:
26 October 2006

NMOCD Notified:
26 October 2006

Site: #1 State L		Assigned Site Reference : #160078	
Company: Chesapeake Operating			
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): 15 bbls		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: #1 State L			
Source of contamination: Flowline			
Land Owner, i.e., BLM, ST, Fee, Other: State			
LSP Dimensions: Unknown			
LSP Area: ~14,330 ft ²			
Location of Reference Point (RP):			
Location distance and direction from RP:			
Latitude: N 32° 49' 29.16"			
Longitude: W 103° 23' 46.41"			
Elevation above mean sea level: 3,894 feet			
Feet from South Section Line:			
Feet from East Section Line:			
Location- Unit or ¼: NE¼ of the NW¼		Unit Letter: C	
Location- Section: 19			
Location- Township: 17 South			
Location- Range: 36 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): ~53 feet			
Depth of contamination (DC): unknown			
Depth to groundwater (DG – DC = DtGW): ~53 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 Depth to GW >100 feet: 0 points		If >1000' from water source, or; >200' from private domestic water source: 0 points	
Site Rank (1+2+3) = 10+0+0=20			
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			

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	Contact: Bradley Blevins
Address: P.O. Box 190, Hobbs, NM 88240	Telephone No.: (505) 391-1462 ext. 6224
Facility Name: #1 State L	Facility Type: Flowline

Surface Owner: State of New Mexico	Mineral Owner:	API No.: 3002523719000
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LOCATION OF RELEASE

Unit Letter C	Section 19	Township 17S	Range 36E	Feet from the	North/South Line	Feet from the	East/West Line	County Lea
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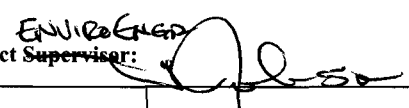

Latitude: N 32° 49' 29.16" **Longitude:** W 103° 23' 46.41"

NATURE OF RELEASE

Type of Release: Crude oil	Volume of Release: 15 bbls	Volume Recovered: 0 bbls
Source of Release: Pipeline	Date and Hour of Occurrence: 26 October 2006 in the a.m.	Date and Hour of Discovery: 26 October 2006 @ 6:00 a.m.
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? Pat Caperton, NMOCD	
By Whom? Bradley Blevins	Date and Hour: October 26, 2006 @ 11:00 a.m.	
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		

Depth to Groundwater: ~53 feet
Describe Cause of Problem and Remedial Action Taken.* Approximately fifteen (15) barrels of oil were released when a union on a flow-line failed. Zero (0) barrels of fluid were recovered. Upon discovery of the release, Chesapeake Operating contacted EPI for an Emergency Response team. The Emergency Response team worked on the release area continuous from 10/26/06 through 10/27/06. Standing liquid was solidified and the impacted material loaded on plastic barriers. EPI is continuing cleanup of the release area. Upon assessment of the vertical and horizontal extent of impacted soil, EPI will provide the NMOCD with a Remediation Proposal.

Describe Area Affected and Cleanup Action Taken.* Approximately 14,330 square feet of surface area was affected by the release.
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:		OIL CONSERVATION DIVISION	
Printed Name: Bradley Blevins		Approved by District Supervisor: 	
Title: Field Supervisor		Approval Date: 11-2-06	Expiration Date: 1-2-07
E-mail Address: bblevins@chkenergy.com		Conditions of Approval:	
Date: Phone: (505) 391-1462 ext. 6224		SUBMIT FINAL CLOSURE BY  Attached <input type="checkbox"/>	

* Attach Additional Sheets If Necessary

Incident - nPAC0431335214
Application - pPAC0431335320

RP# 1110