

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 87404
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

RECEIVED

State of New Mexico
Energy Minerals and Natural Resources

Form C-141
Revised October 10, 2003

APR 22 2008

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit 2 Copies to appropriate
District Office in accordance
with Rule 116 on back
side of form

HOBBS OGD

Release Notification and Corrective Action

OPERATOR

Initial Report Final Report

Name of Company: Chesapeake Energy	Contact: Bradley Blevins
Address: P.O. Box 190, Hobbs, NM 88240	Telephone No.: (575) 391-1462 ext. 6224
Facility Name: Keller 27 Federal #2	Facility Type: Production Well

Surface Owner: BLM	Mineral Owner:	Lease No.:
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LOCATION OF RELEASE

API 30 025 37906

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
K	27	23S	34E	1967	FSL	2055	FWL	Lea

Latitude: N 32° 16' 25.45" **Longitude:** W 103° 27' 35.28"

NATURE OF RELEASE

Type of Release: Petroleum	Volume of Release: 20 bbls	Volume Recovered: none
Source of Release: Casing valve	Date and Hour of Occurrence: 4-14-08 @ 6:30 AM	Date and Hour of Discovery: 4-14-08 @ 6:30 AM
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? Chris Williams, NMOCD - District 1	
By Whom? Bradley Blevins	Date and Hour: 4-15-08 via e-mail @ 8:25 AM	
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 water: ~253 bgs

Describe Cause of Problem and Remedial Action Taken.* Valve (without attached handle) located on the well head casing was opened by unauthorized individuals creating a possible case of vandalism

Describe Area Affected and Cleanup Action Taken.* Approximately 15,220 s.f. of surface area was inundated by the release of ±20-barrels of petroleum product (no recovery) with ±131,260 s.f. of pasture land receiving overspray mist. Majority of the inundated area was on the production and tank battery caliche pad. Three (3) minor sections of pasture land were affected. An EPI Emergency Response Team excavated and transported approximately 14 c.y. of surface contaminated material to EPI Land Farm for treatment. The overspray area vegetation was mowed to a manageable height by use of a brush hog. This area will receive a 6% solution of *Micro-Blaze™* to accelerate natural attenuation of surficial TPH contaminants. Three (3) minor sections of pasture land will be excavated to size (depth and width) necessary for remediation. Topsoil will be replaced and area seeded with a blend approved by the BLM. Caliche pad will be excavated a minimum six (6) inches depth and disturbed areas overlain with non-contaminated caliche. Contaminated caliche will be disposed at a State approved facility. Described remediation activities are contingent on NMOCD approval.

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:	<u>OIL CONSERVATION DIVISION</u> <i>[Signature]</i>	
Printed Name: Bradley Blevins	Approved by District Supervisor ENVIRONMENTAL ENGINEER	
Title: Field Supervisor	Approval Date: 4-28-08	Expiration Date: 6-28-08
E-mail Address: bblevins@chkenergy.com	Conditions of Approval:	
Date: 4-15-08 Phone: (575) 391-1462 ext. 6224	Attached <input type="checkbox"/> IRP# 1846	

* Attach Additional Sheets If Necessary

PCOHO 812339439



16 April 2008

RECEIVED

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

APR 22 2008
HOBBS OCD

**Re: Initial C-141
Keller 27 Federal No. 2 – EPI Reference #160097A
UL-K (NE ¼ of the SW ¼) of Section 27, Township 23 South, Range 34 East
Latitude N 32° 16' 25.45" and Longitude W 103° 27' 35.28"**

Dear Mr. Williams:

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 release area located on property owned by Bureau of Land Management (BLM). Approximately 20-barrels of petroleum products were released from a valve located on a well head casing with no recovery of product.

The site is located approximately 21 miles southwest of Eunice, 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 or 1.0-mile radius of the release site (Reference *Figure 2*). Groundwater level data indicates an average depth to water of approximately 253 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).

Should you have any questions or concerns please feel free to contact me at (575) 394-3481 (office), (575) 441-7802 (cellular) or via e-mail at dduncan@envplus.net or Mr. Bradley Blevins at (575) 391-1462 ext. 6224 (office), (575) 441-0341 (cellular) or via e-mail at bblevins@chkenergy.com. All official communication should be addressed to:



Mr. Bradley Blevins
Chesapeake Energy
P.O. Box 190
1616 West Bender
Hobbs, New Mexico 88240

Sincerely,

ENVIRONMENTAL PLUS, INC.

David P. Duncan
Civil Engineer

cc: Bradley Blevins, Chesapeake Energy – Hobbs, NM
Harlan Brown, Chesapeake Energy – Oklahoma City, OK
Trishia C. Bad Bear, BLM, Hobbs, New Mexico
File

Attachments: Figure 1 – Area Map
Figure 2 – Site Location Map
Figure 3 – Site Map
Table 1 – Well Data
Photographs
Information and Metrics Form
Initial NMOCD Form C-141

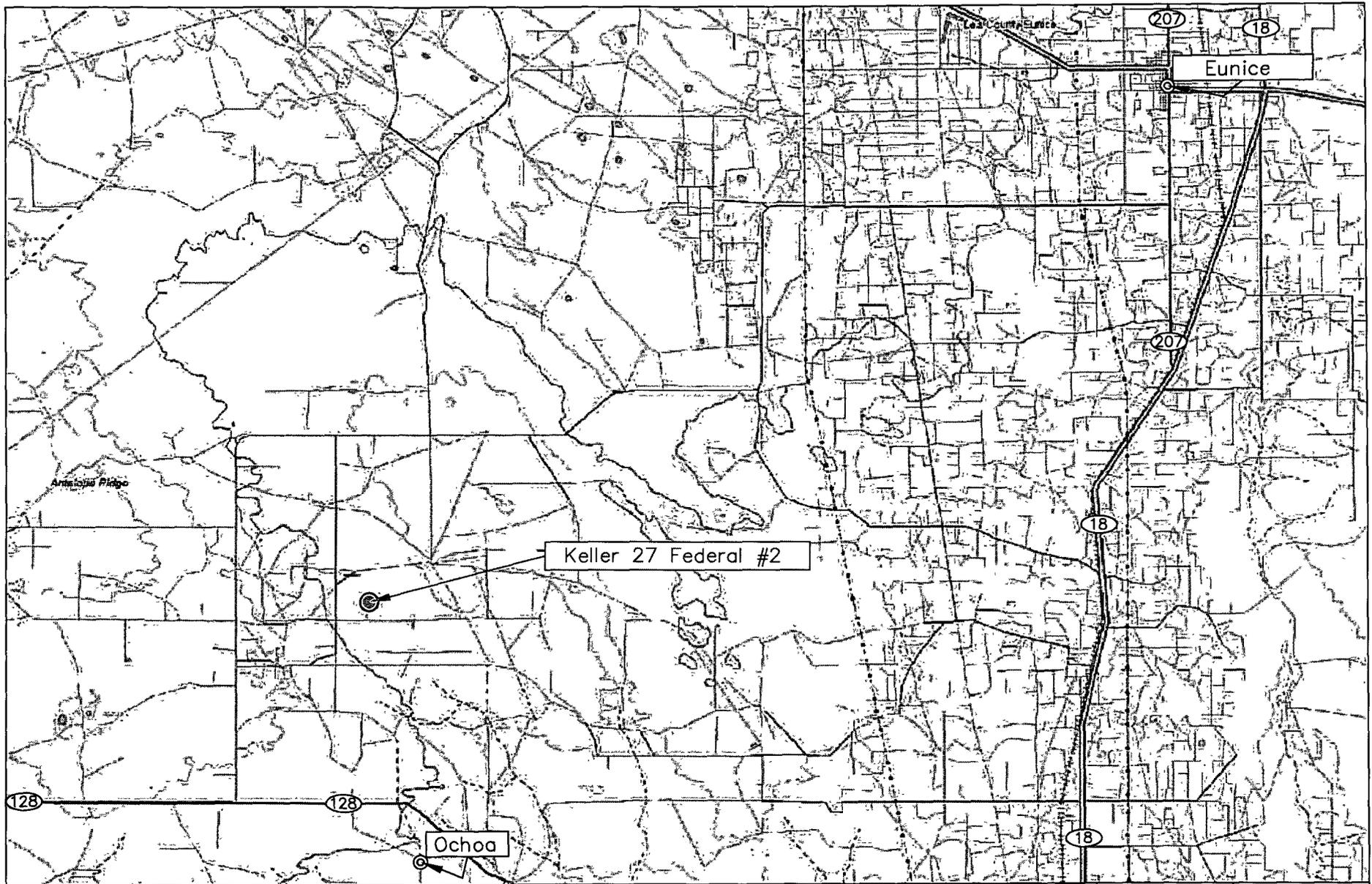


Figure 1
 Area Map
 Chesapeake Operating Inc.
 Keller 27 Federal #2

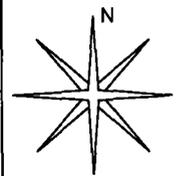
Lea County, New Mexico
 NE 1/4 of the SW 1/4, Sec. 27, T23S, R34E
 N 32°16' 25.45" W 103°27' 35.28"
 Elevation: 3,476 feet amsl

DWG By: D Dominguez
 April 2008

REVISED:



SHEET
 1 of 1



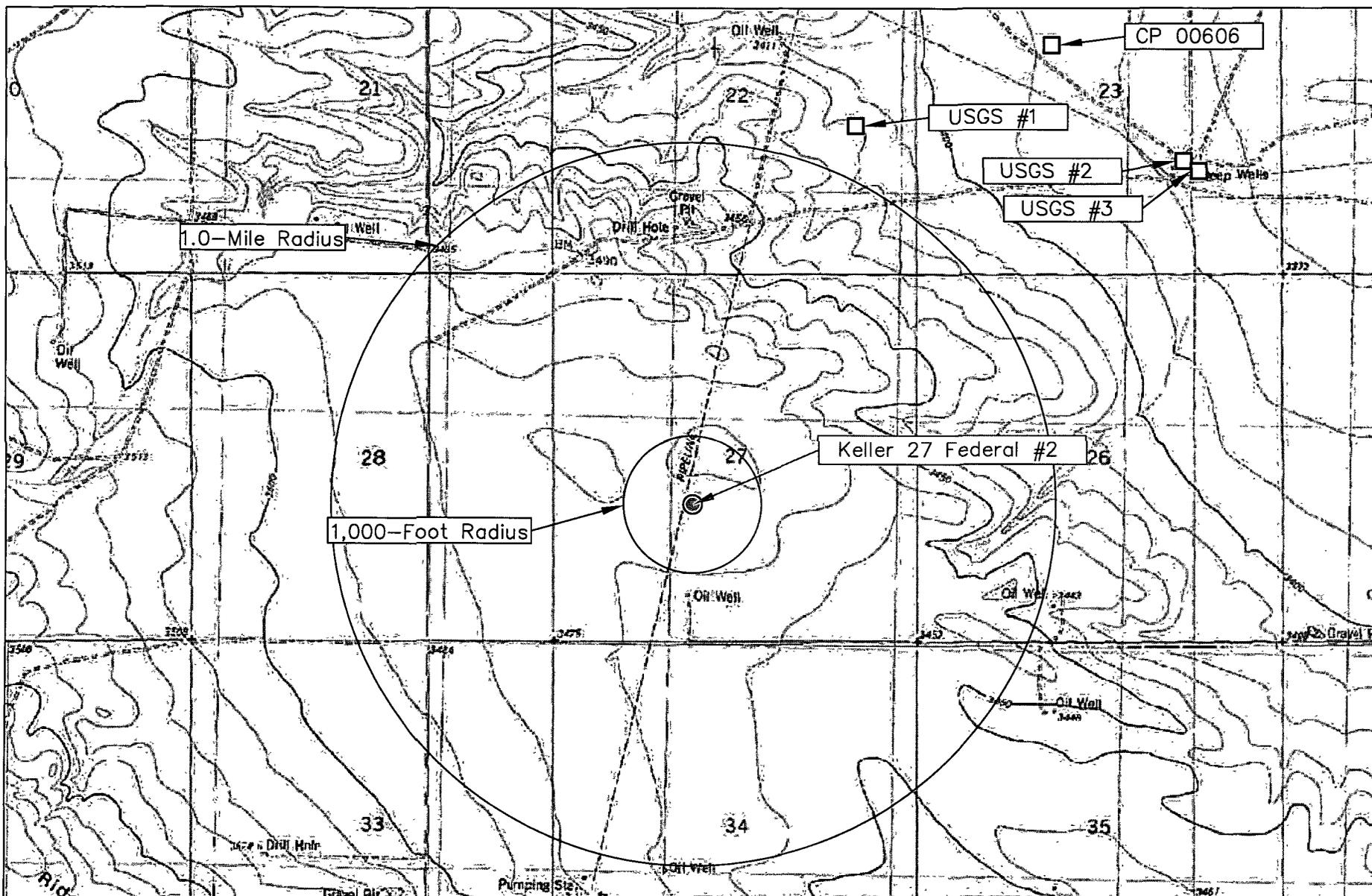


Figure 2
 Site Location Map
 Chesapeake Operating Inc.
 Keller 27 Federal #2

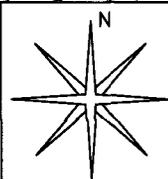
Lea County, New Mexico
 NE 1/4 of the SW 1/4, Sec. 27, T23S, R34E
 N 32°16' 25.45" W 103°27' 35.28"
 Elevation: 3,476 feet amsl

DWG By: D Dominguez
 April 2008

REVISED:



SHEET
 1 of 1



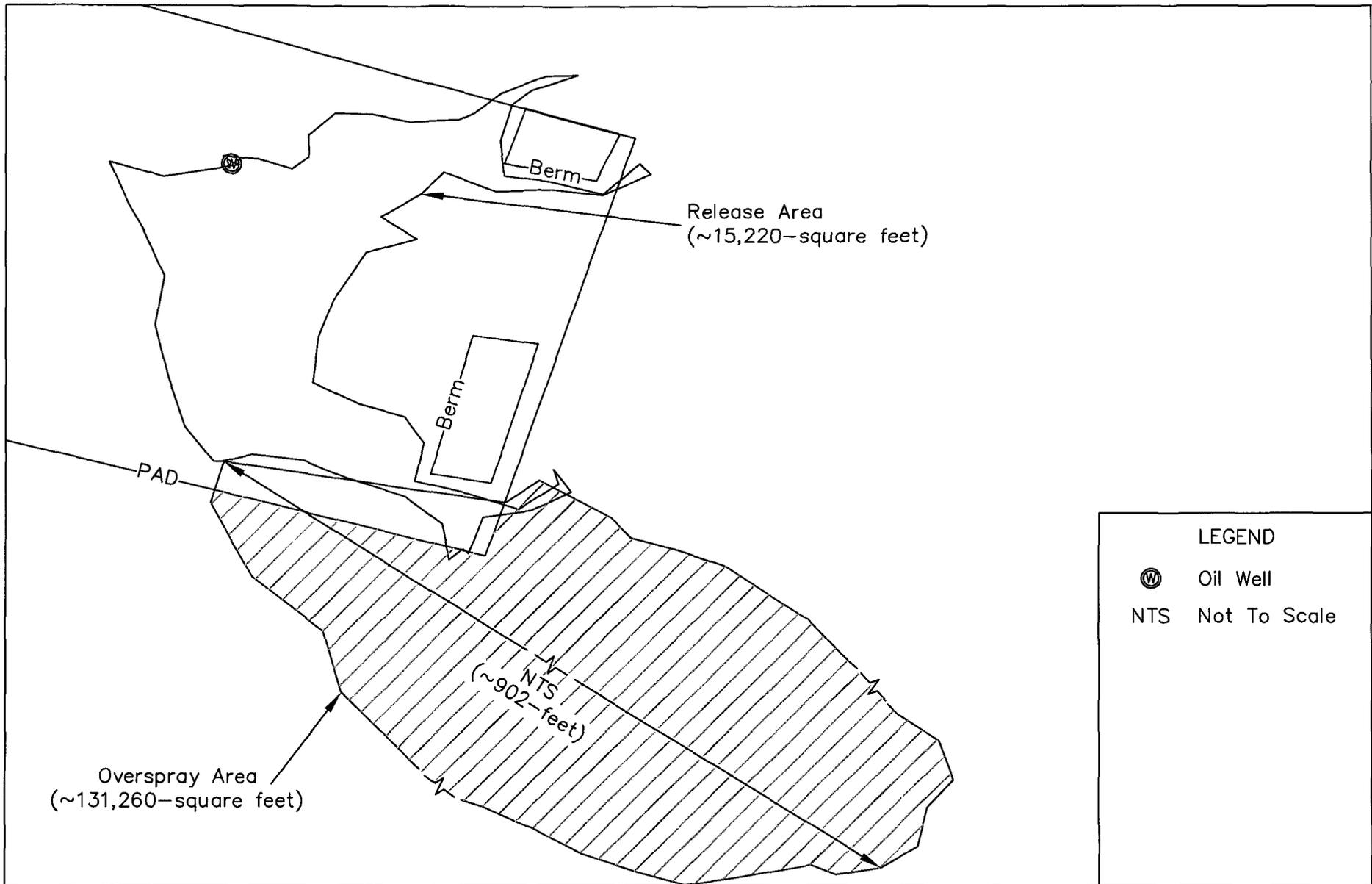
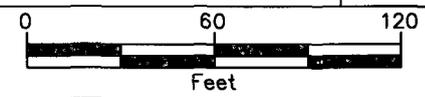


Figure 3
 Site Map
 Chesapeake Operating Inc.
 Keller 27 Federal #2

Lea County, New Mexico
 NE 1/4 of the SW 1/4, Sec. 27, T23S, R34E
 N 32°16' 25.45" W 103°27' 35.28"
 Elevation: 3,476 feet amsl

DWG By: D Dominguez
 April 2008

REVISED:



SHEET
 1 of 1

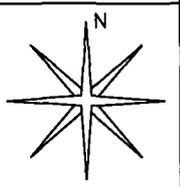


TABLE 1

Well Data

Chesapeake Operating Inc. - Keller 27 Federal #2 (EPI Ref. # 160097A)

Well Number	Diversion ^A	Owner	Use	Twsp	Rng	Sec q q q	Latitude	Longitude	Date Measured	Surface Elevation ^B	Depth to Water (ft bgs)
CP 00606	0	NATOMAS NORTH AMERCIA, INC.	PRO	23S	34E	23 1 4	N32° 17' 30.76"	W103° 26' 34.57"	26-Jul-79	3,389	265
USGS #1				23S	34E	22 4 2 1			08-Mar-96	3,420	282.2
USGS #2				23S	34E	23 4 2 3			30-Mar-81	3,375	234.91
USGS #3				23S	34E	23 4 2 3			13-Jan-71	3,375	233.06

* = Data obtained from the New Mexico Office of the State Engineer Website (http://iwaters.ose.state.nm.us:7001/iWATERS/wr_RegisServlet1) and USGS Database

^A = In acre feet per annum

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

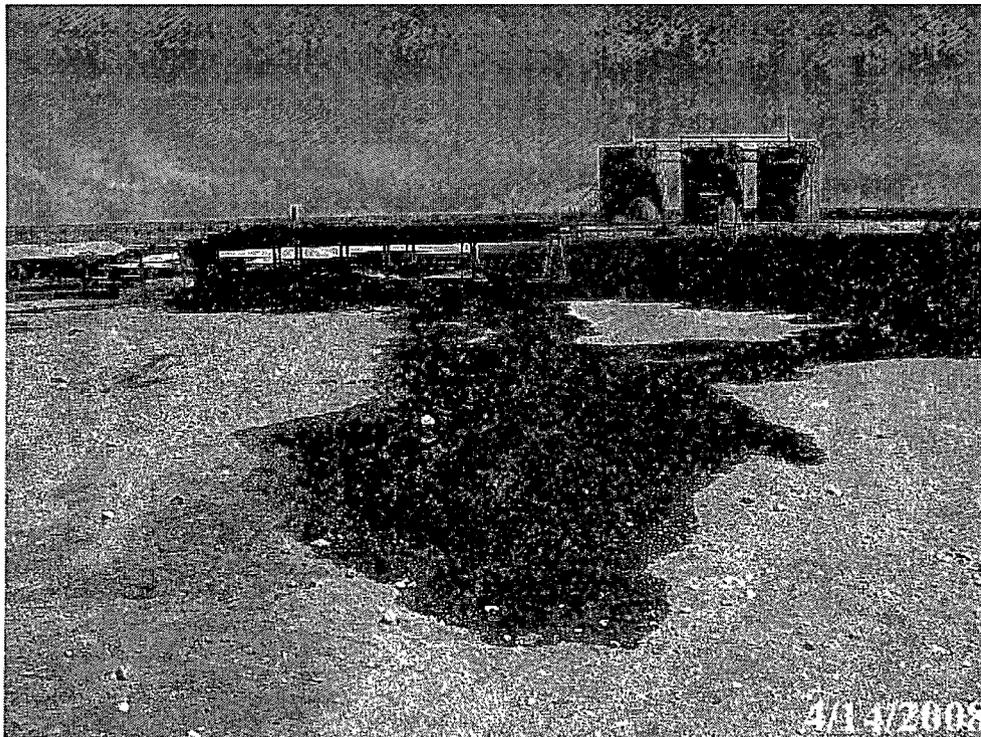
PRO = 72-12-1 Prospecting or development of natural resource

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

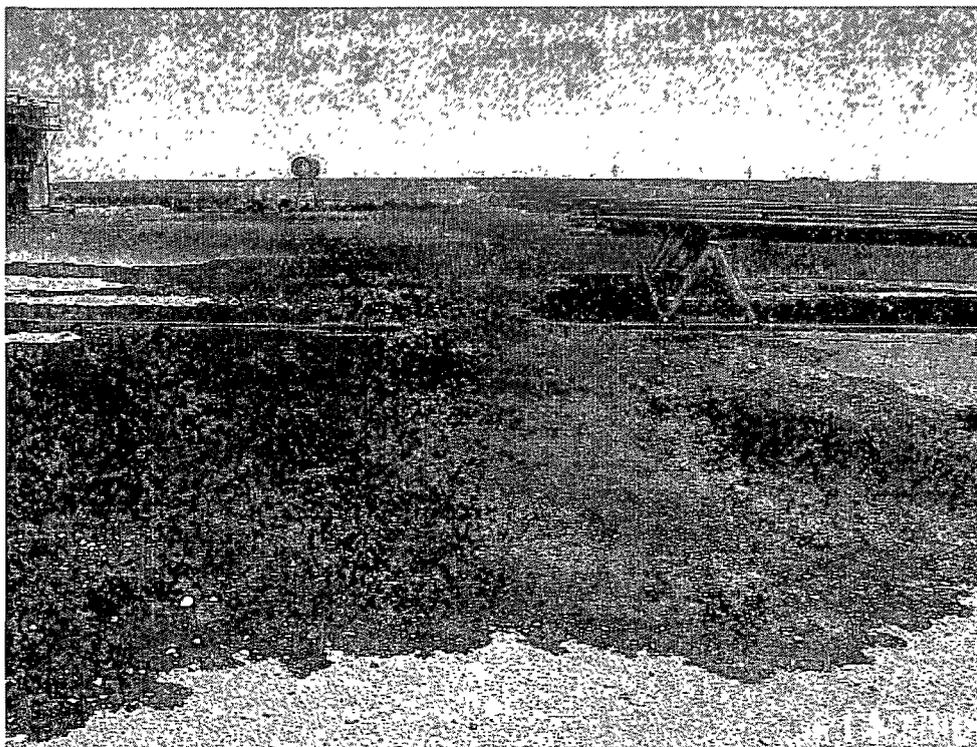
Shaded area indicates wells not shown in Figure 2



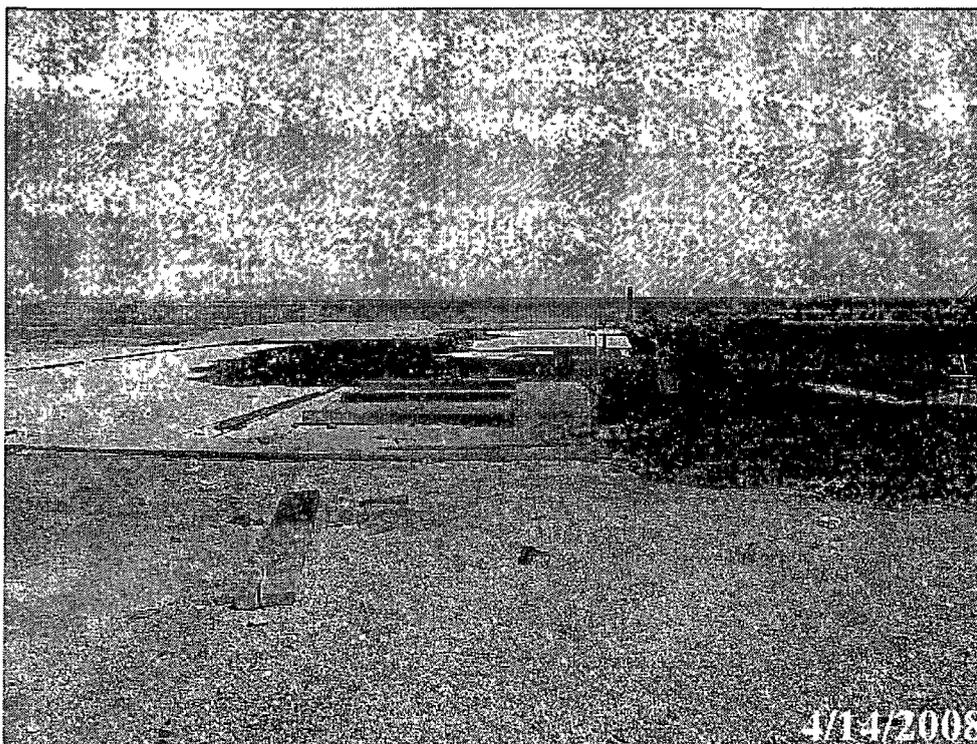
Photograph #1 – Lease sign.



Photograph #2 – Southeast view across release area.



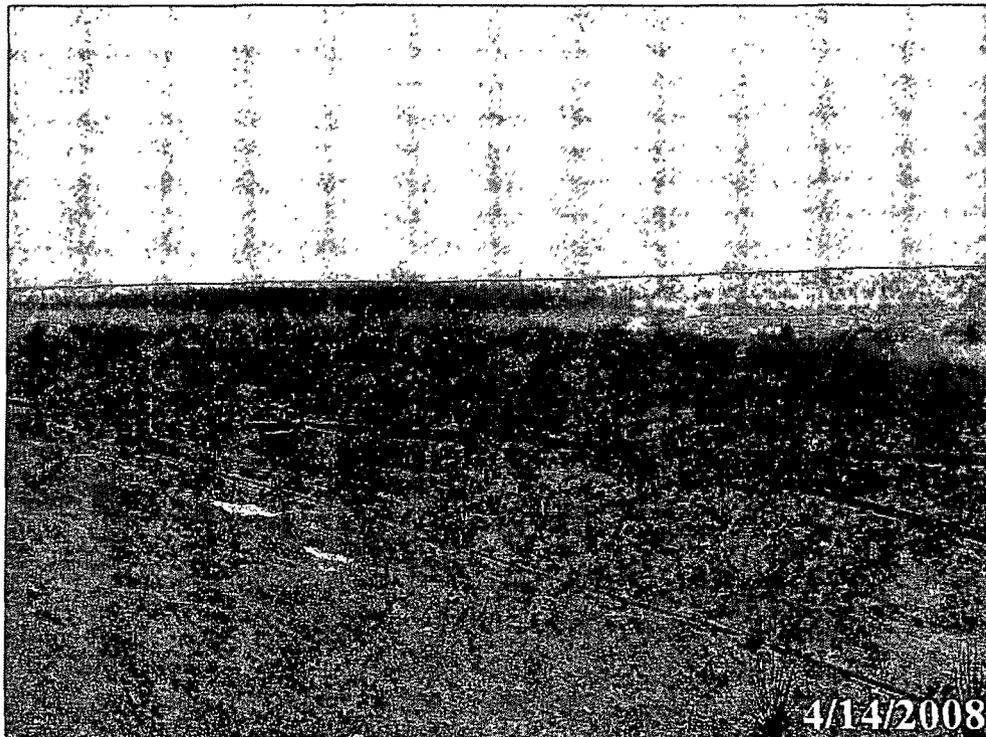
Photograph #3 - Looking east across release area.



Photograph #4 - Northeast view of release area.



Photograph #5 – Northeast corner of release area.



Photograph #6 – Southeast view of overspray area.



Information and Metrics

Incident Date 14 April 2008	NMOCD Notified: 15 April 2008
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Site: Keller 27 Federal No. 2		Assigned Site Reference : #160097A	
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: (575) 391-1462 ext. 6224			
Telephone:			
Fluid volume released (bbls): 20-bbls		Recovered (bbls): Zero (0)	
>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: Keller 27 Federal No. 2			
Source of contamination: Petroleum products			
Land Owner, i.e., BLM, ST, Fee, Other: BLM			
LSP Dimensions:			
LSP Area: Release Area ~15,220 s.f; Overspray Area ~ 131,260 s.f.			
Location of Reference Point (RP):			
Location distance and direction from RP:			
Latitude: N 32° 16' 25.45"			
Longitude: W 103° 27' 35.28"			
Elevation above mean sea level: 3,476 feet			
Feet from South Section Line: 1967'			
Feet from West Section Line: 2055'			
Location- Unit or ¼:NE ¼ of the SW ¼		Unit Letter: K	
Location- Section: 27			
Location- Township: T23S			
Location- Range: R34E			
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 groundwater (DG): ~253 feet			
Depth of contamination (DC): unknown			
Depth to groundwater (DG - DC = DtGW): <253 feet			
1. Groundwater		2. Wellhead Protection Area	
If Depth to GW <50 feet: <i>20 points</i>		If <1000' from water source, or; <200' from private domestic water source: <i>20 points</i>	
If Depth to GW 50 to 99 feet: <i>10 points</i>			
If Depth to GW >100 feet: <i>0 points</i>		If >1000' from water source, or; >200' from private domestic water source: <i>0 points</i>	
3. Distance to Surface Water Body			
<200 horizontal feet: <i>20 points</i>			
200-1000 horizontal feet: <i>10 points</i>			
>1000 horizontal feet: <i>0 points</i>			
Site Rank (1+2+3) = 0+0+0 = 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
¹ 100 ppm field VOC headspace measurement may be substituted for lab analysis			