



ENVIRONMENTAL PLUS, INC.
CONSULTING AND REMEDIAL CONSTRUCTION

22 May 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 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*). 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.

Facility - PPAC0614434009
Incident - nPPAC0614434084
Application - pPPAC0614434362

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@chkenegy.com. All official communication should be addressed to:

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

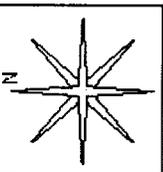
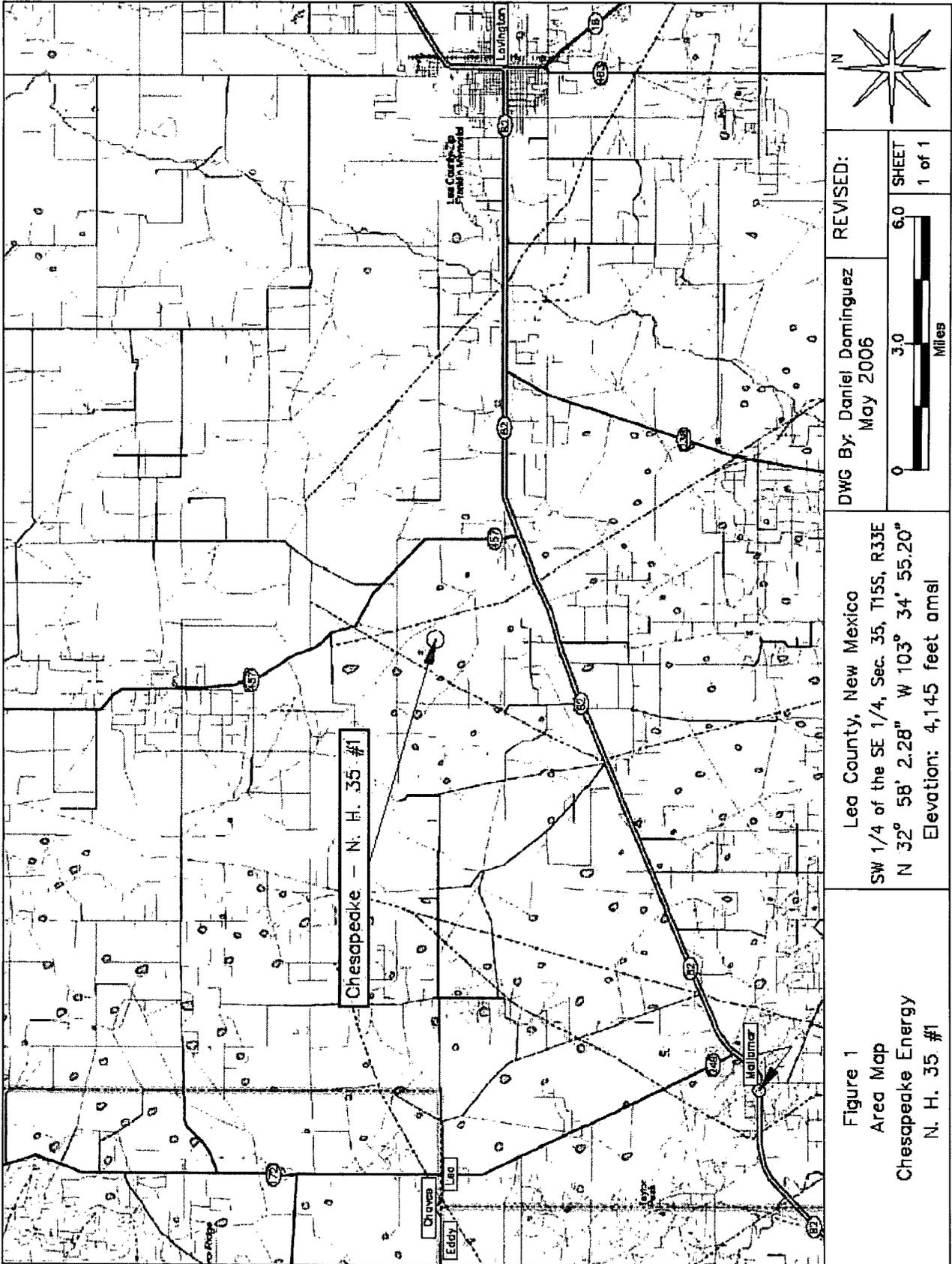
Sincerely,

ENVIRONMENTAL PLUS, INC.

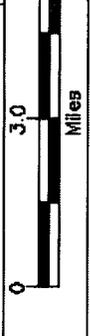


Iain Olness, P.G.
Hydrogeologist

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

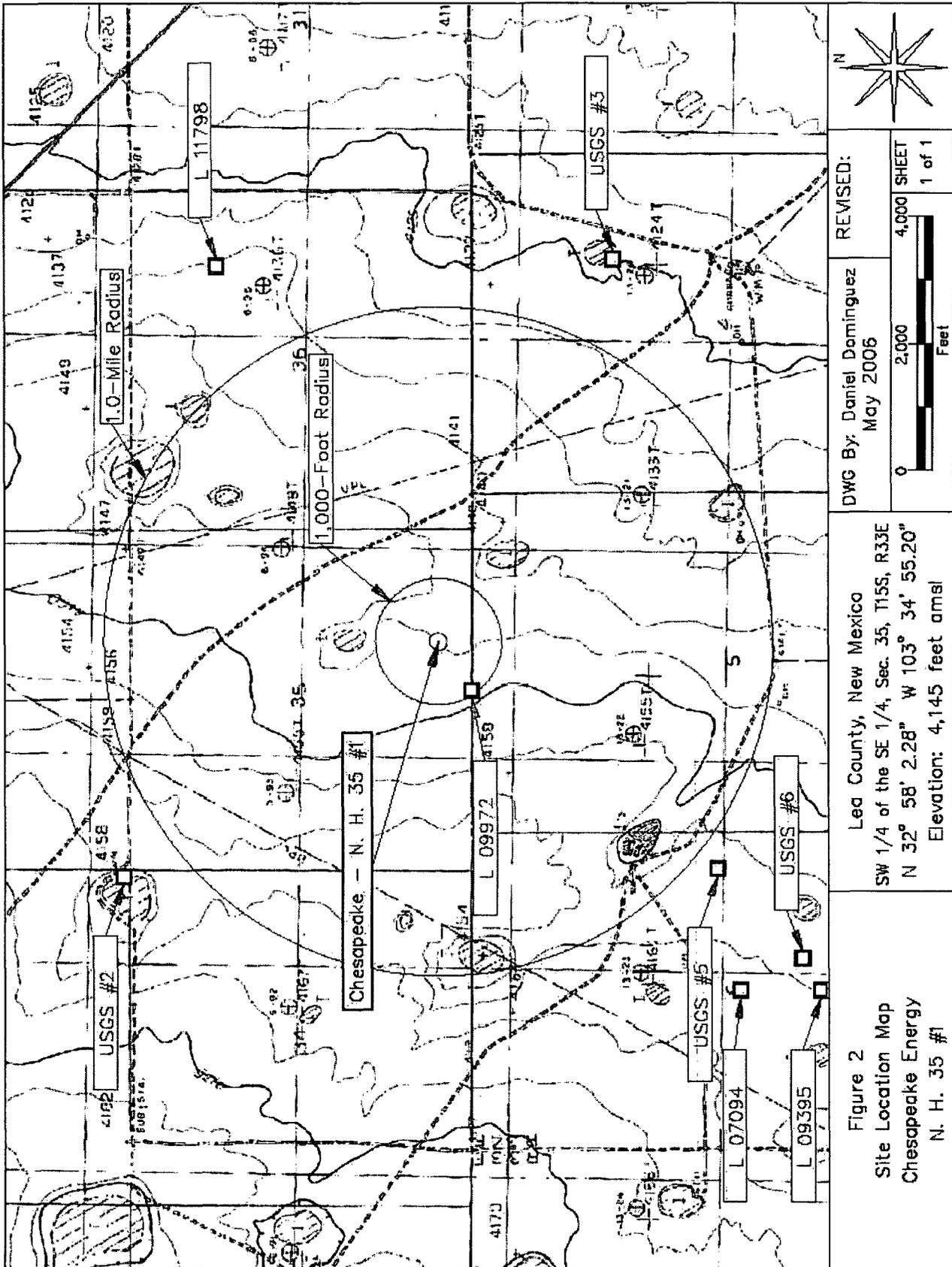


REVISED:
 DWG By: Daniel Dominguez
 May 2006



Lea County, New Mexico
 SW 1/4 of the SE 1/4, Sec. 35, T15S, R33E
 N 32° 58' 2.28" W 103° 34' 55.20"
 Elevation: 4,145 feet amsl

Figure 1
 Area Map
 Chesapeake Energy
 N. H. 35 #1



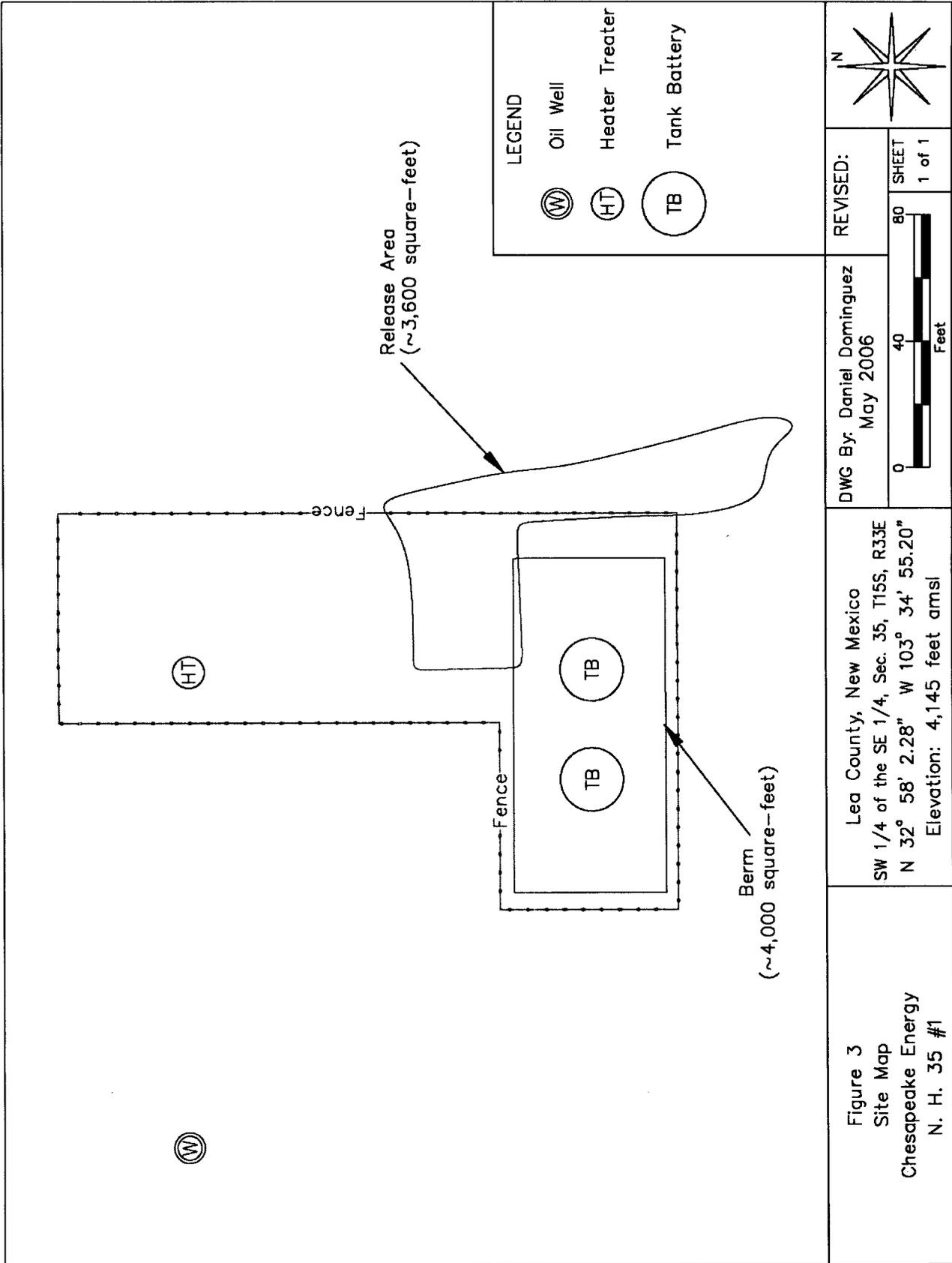


TABLE 1
Well Data
Chesapeake Energy - N. H. 35 #1 (Ref. # 160056)

Well Number	Diversions ^A	Owner	Use	Twp	Rng	Sec	q	q	q	Latitude	Longitude	Date Measured	Surface Elevation ^B	Depth to
														Water
														(ft. b.g.)
L 09972	0	SANTA FE ENERGY OPERATING	PRO	15S	33E	35	43	3		N32° 57' 57.21"	W103° 35' 41.7"	18-Dec-87	4,154	88
L 11798	3	BRANCH RANCH	STK	15S	33E	36	22	2		N32° 58' 36.40"	W103° 33' 46.39"		4,140	
L 07094	0	CONCHO RESOURCES	PRO	16S	34E	6	2	13		N32° 57' 16.10"	W103° 35' 59.36"		4,167	
L 09395	3	DAISY C. CLAYTON	STK	16S	34E	6	2			N32° 57' 3.05"	W103° 35' 59.37"	15-Feb-84	4,163	115
USGS #2				15S	33E	27	44	4				23-Jan-81	4,163	99.07
USGS #3				16S	34E	4	23	2				20-Feb-96	4,129	88.56
USGS #5				16S	34E	6	24	4				01-Apr-81	4,160	105.62
USGS #6				16S	34E	6	41	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	43			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		N32° 56' 36.83"	W103° 36' 27.34"	03-Feb-77	4,167	128
L 08444 EXP.	0	DAISY (CH RANCH), INC/CLAYTON	STK	16S	34E	6	41			N32° 56' 50.00"	W103° 35' 59.38"		4,163	
L 10190 EXP	0	KAISER-FRANCOISIL	PRO	16S	34E	6	44			N32° 56' 37.01"	W103° 35' 45.85"	31-May-91	4,157	80
USGS #1				15S	33E	25	23	2				02-Jan-96	4,140	82.56
USGS #4				16S	34E	4	43	4				09-Apr-91	4,121	89.86

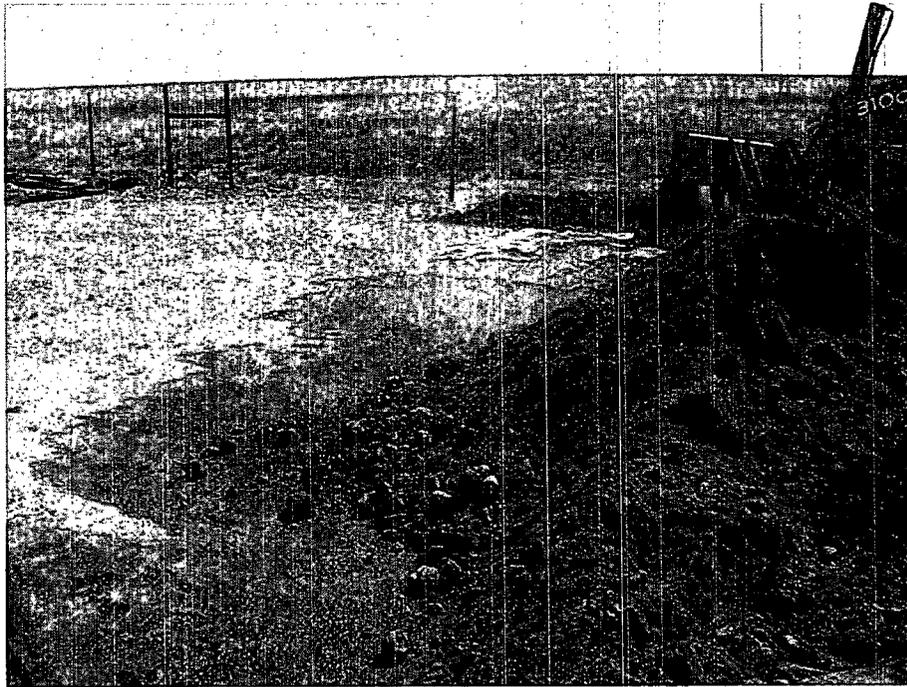
^A = In acre feet per annum
^B = Elevation interpolated from USGS topographical map based on referenced location.
 PRO = 72-12-1 Prospecting or development of natural resource
 COM = Commercial
 STK = 72-12-1 Livestock watering
 IND = Industrial
 quarters are 1=NW, 2=NE, 3=SW, 4=SE; quarters are biggest 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.



Information and Metrics

Incident Date: 16 May 2006	NMOCD Notified: 17 May 2006
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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 ¼¼: 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: none			
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) = 10			
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

Form C-141
Revised October 10, 2003

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

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
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LOCATION OF RELEASE

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"

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 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.

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:	Expiration Date:
E-mail Address: bblevins@chkenegy.com	Conditions of Approval:	Attached <input type="checkbox"/>
Date: 5-19-06 Phone: (505) 391-1462 ext. 6224		

* Attach Additional Sheets If Necessary