



8 November, 2007

Mr. Chris Williams
District I Supervisor
New Mexico Oil Conservation Division - Hobbs
1625 North French Drive
Hobbs, New Mexico 88240

RE: **Remediation Closure Report**
Chesapeake Operating, Inc.
JK Rector Tank Battery
UL-A (NE ¼ of the NE ¼), Section 31, T 21 S, R 36 E
Latitude: 32° 26' 26.51"; Longitude: 103° 18' 00.42"
NMOCD 1RP#1586; EPI Ref. #160282

Dear Mr. Williams:

Environmental Plus, Inc., (EPI) on behalf of Mr. Bradley Blevins, Chesapeake Operating, Inc., submits the attached Remediation Closure Report for the above referenced active Tank Battery located on land owned by the Dasco Cattle Company, L.L.C.

Activities were initiated to bring the impacted area into conformance with NMOCD requirements. For clarity and cross reference elimination purposes, the following Letter Remediation Closure Report offers Site Background history, Site Delineation, Remediation Activities and Conclusion.

Site Background

The Site is located in UL-A (NE ¼ of the NE ¼) of Section 31, T21S, R36E at an elevation of approximately 3,629 feet above mean sea level (amsl). The property is owned by the Dasco Cattle Company, L.L.C. A search for water wells was completed utilizing the New Mexico Office of the State Engineers website and a database maintained by the United States Geological Survey (USGS). No domestic water wells or surface water exist within a 1,000 feet radius of the Site (reference *Figure 2*). Groundwater data indicates average water depth is approximately 211 feet below ground surface (bgs). Utilizing this information, the New Mexico Oil Conservation Division (NMOCD) Remedial Goals for this site were determined as follows:

Parameter	Remedial Goal
Benzene	10 parts per million
BTEX	50 parts per million
TPH	5,000 parts per million

* Chloride residuals may not be capable of impacting local Groundwater above NMWQCC of 250 mg/L

ENVIRONMENTAL PLUS, INC.



A. **Site Delineation** – Upon discovery of the release, Chesapeake Operating, Inc. contacted EPI for an emergency response team. The emergency response team worked on the release area continuous from September 19, 2007 to September 29, 2007. Standing liquid was solidified and impacted material loaded on plastic barriers. On September 26, 2007 soil samples were collected from the excavation area south of the tank battery perimeter at depths ranging from 1- to 2-ft bgs (reference *Figure 4*).

On September 28, 2007 soil samples were collected from the excavation within the confines of the tank battery perimeter at depths ranging from 1- to 2-ft bgs (reference *Figure 4*). BTEX and TPH constituent concentrations were reported below NMOCD remedial threshold goals of 50mg/Kg and 5,000 mg/Kg, respectively in all sampling events. Similarly, chloride concentrations were reported below remedial goal of 250 mg/Kg for all sampling events (reference *Table 2*).

B. **Remedial Activities** - From September 20, 2007 through September 29, 2007, approximately 1,050 yds³ of impacted soil were excavated from a surface area of 6,500-ft² at depths ranging from 1- to 2-ft bgs. Impacted soil was transported to EPI Landfarm for treatment. Laboratory analysis confirmed removal of impacted soils above NMOCD remedial goals in sidewalls and bottom of excavations. From October 18, 2007 through October 22, 2007, the excavations were backfilled with a combination of caliche (~578 yds³) and topsoil (~324 yds³) purchased from a pit located on the Dasco Cattle Company property. The disturbed areas were contoured to allow natural drainage.

C. **Conclusion** - Based on information presented within this report, Environmental Plus, Inc., on behalf of Chesapeake Operating, Inc., request the NMOCD require no further action at this site and issue Chesapeake Operating, Inc. a *Site Closure Letter*.

Please address questions, concerns and/or needs for additional technical information to David P. Duncan at (575) 394-3481 or via e-mail at dduncan@envplus.net. Official correspondence should be addressed to Mr. Bradley Blevins at (575) 391-1462, ext. 6224 (Office), (575) 441-0341 (Mobile) or via e-mail at bblevins@chkenergy.com.

Sincerely,

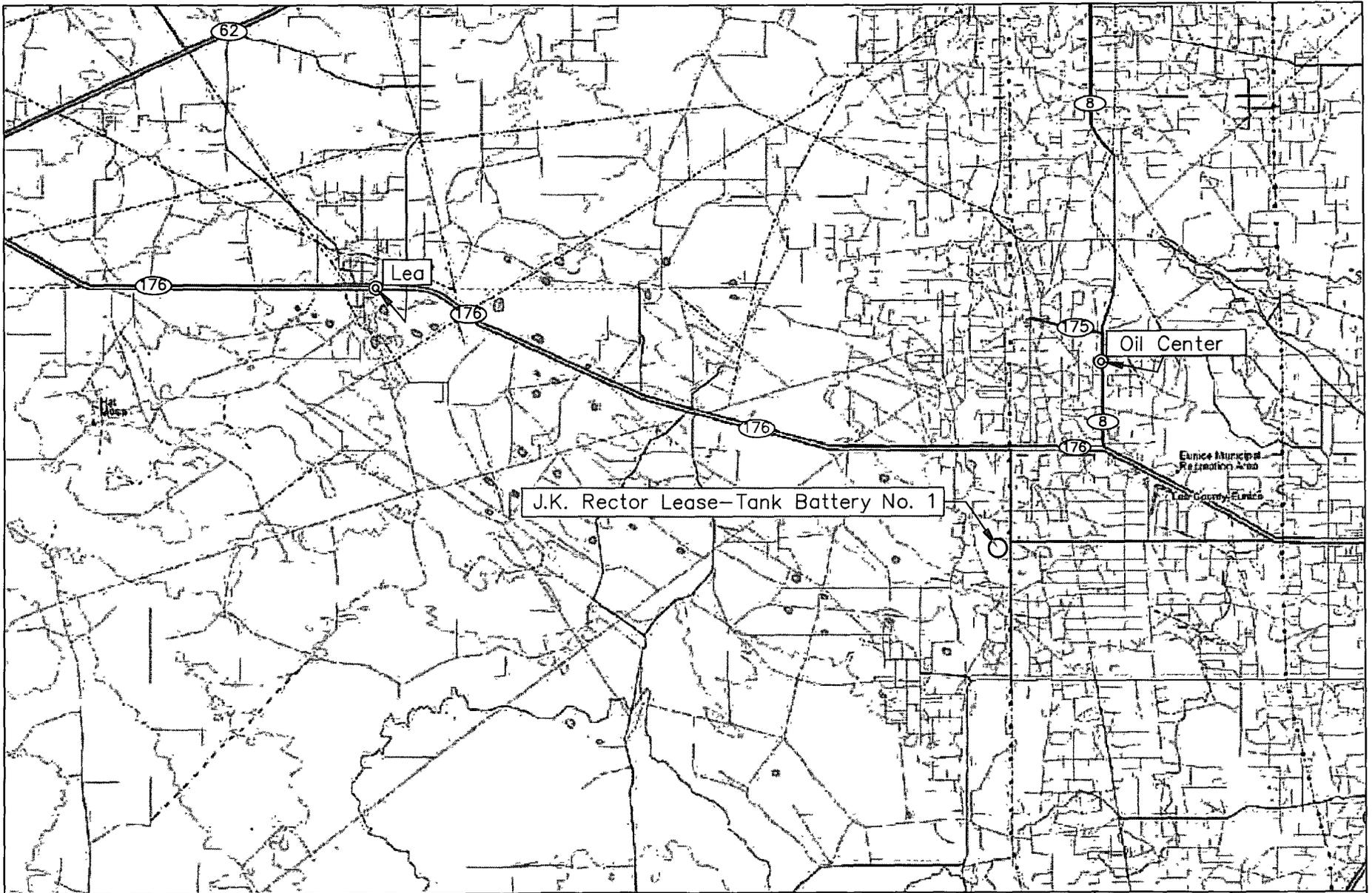
Brandon Farrar
Environmental Consultant

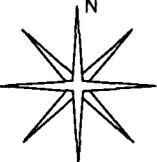
Cc: Bradley Blevins, Chesapeake Operating, Inc. - Hobbs, NM
Harlan Brown, Chesapeake Energy – Oklahoma City, OK
Dasco Cattle Company, L.L.C. c/o Atley Snyder, Tatum, NM
File



Encl: Figure 1 – Area Map
Figure 2 – Site Location Map
Figure 3 – Site Map
Figure 4 – Excavation and Sample Map
Table 1 – Well Data
Table 2 – Summary of Excavation Soil Sample Field Analyses and Laboratory
Analytical Results
Attachment I – Site Photographs
Attachment II – Laboratory Analytical Results and Chain-of-Custody Forms
Attachment III – Information and Metrics
Copy of Initial NMOCD Form C-141
Final NMOCD Form C-141

FIGURES



<p>Figure 1 Area Map Chesapeake Operating Inc. J.K. Rector Lease-Tank Battery No. 1</p>	<p>Lea County, New Mexico NE 1/4 of the NE 1/4, Sec. 31, T21S, R36E N 32° 26' 26.51" W 103° 18' 00.42" Elevation: 3,629 feet amsl</p>	<p>DWG By: Daniel Dominguez September 2007</p>	<p>REVISED:</p>	
		 <p>Miles</p>	<p>SHEET 1 of 1</p>	

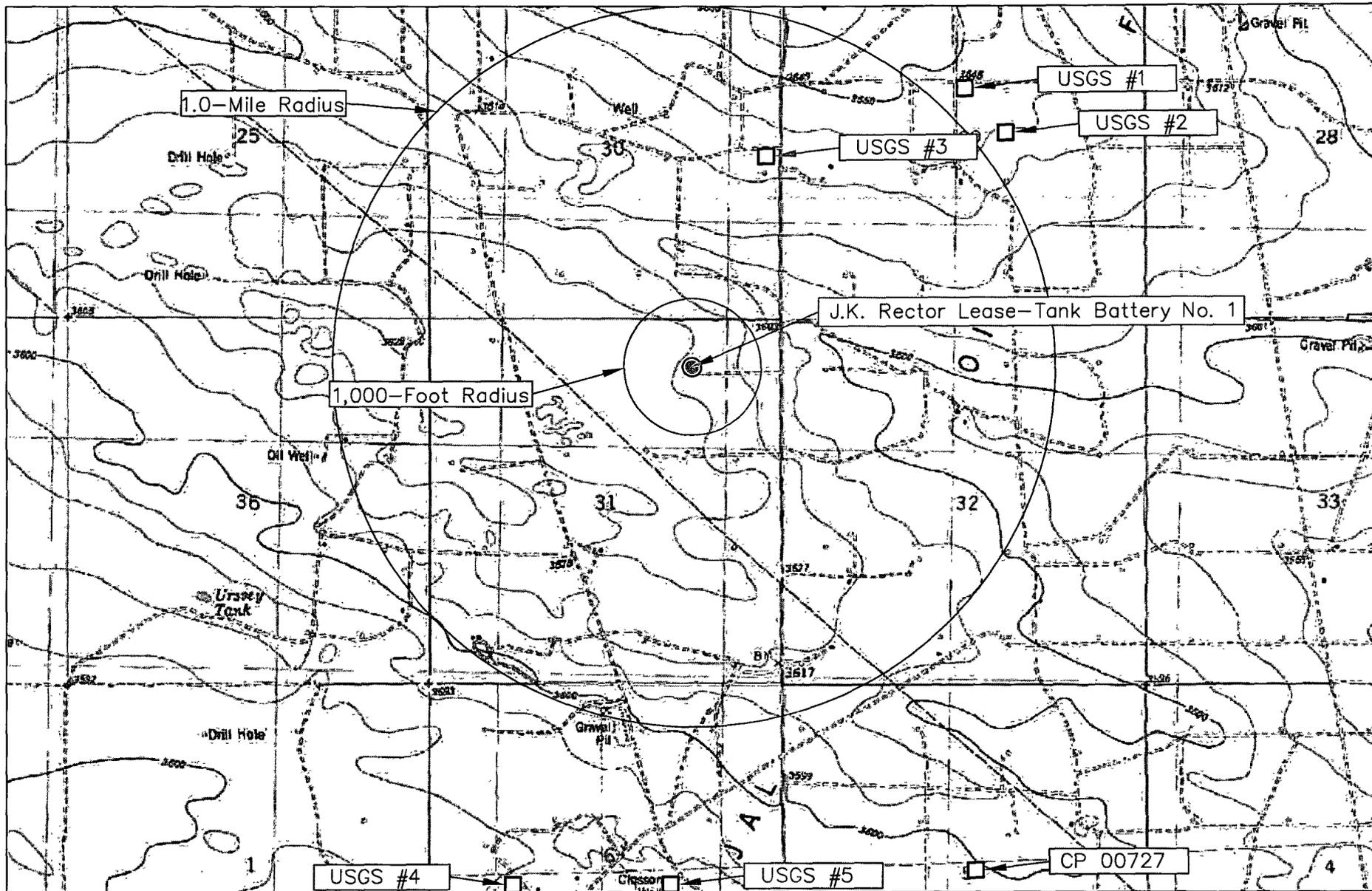
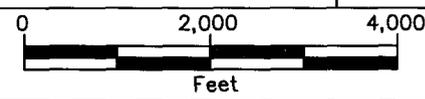


Figure 2
 Site Location Map
 Chesapeake Operating Inc.
 J.K. Rector Lease-Tank Battery No. 1

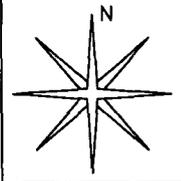
Lea County, New Mexico
 NE 1/4 of the NE 1/4, Sec. 31, T21S, R36E
 N 32° 26' 26.51" W 103° 18' 00.42"
 Elevation: 3,629 feet amsl

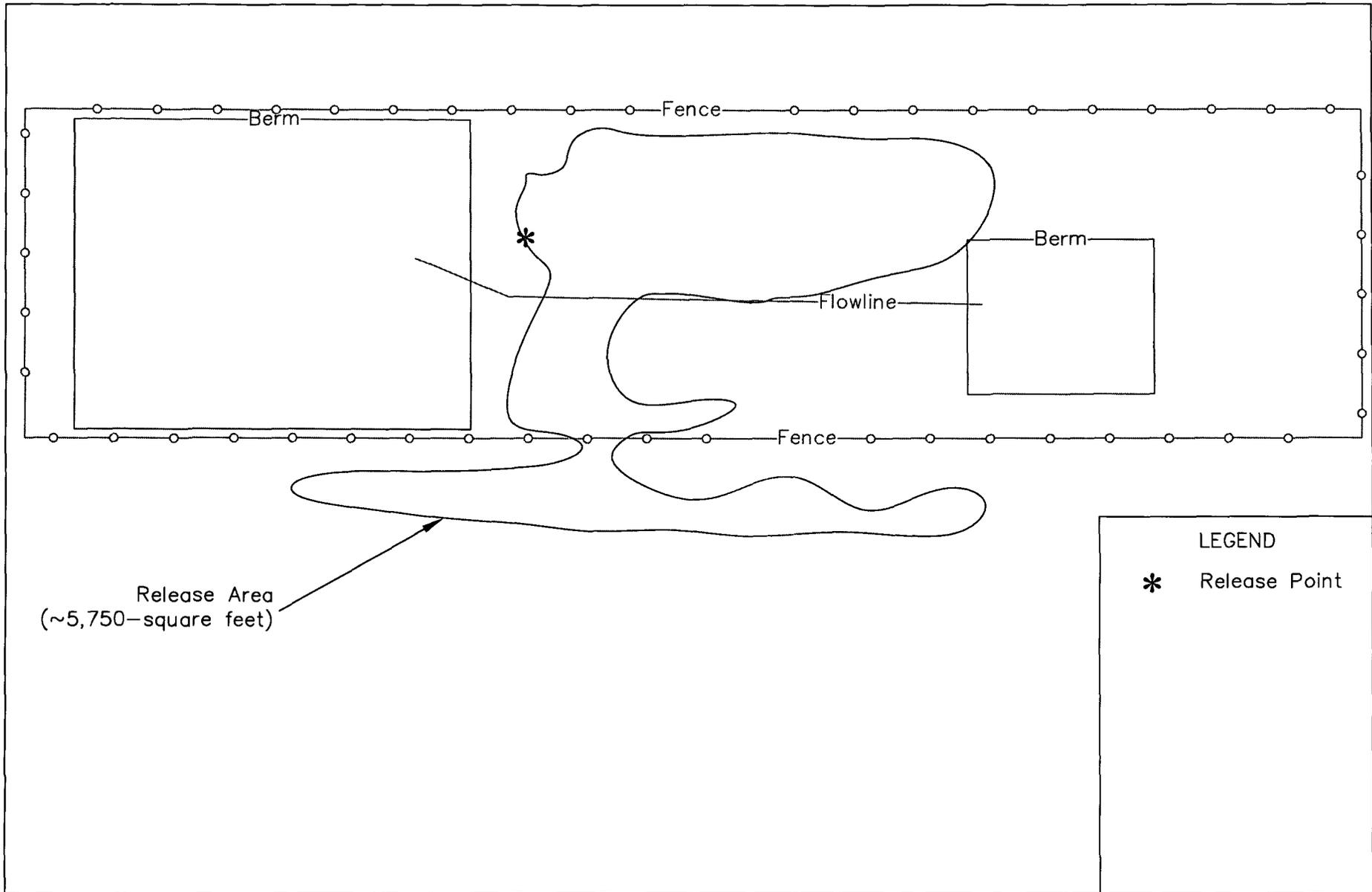
DWG By: Daniel Dominguez
 September 2007

REVISED:



SHEET
 1 of 1





LEGEND

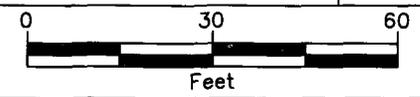
* Release Point

Figure 3
 Site Map
 Chesapeake Operating Inc.
 J.K. Rector Lease—Tank Battery No. 1

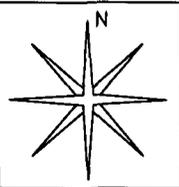
Lea County, New Mexico
 NE 1/4 of the NE 1/4, Sec. 31, T21S, R36E
 N 32° 26' 26.51" W 103° 18' 00.42"
 Elevation: 3,629 feet amsl

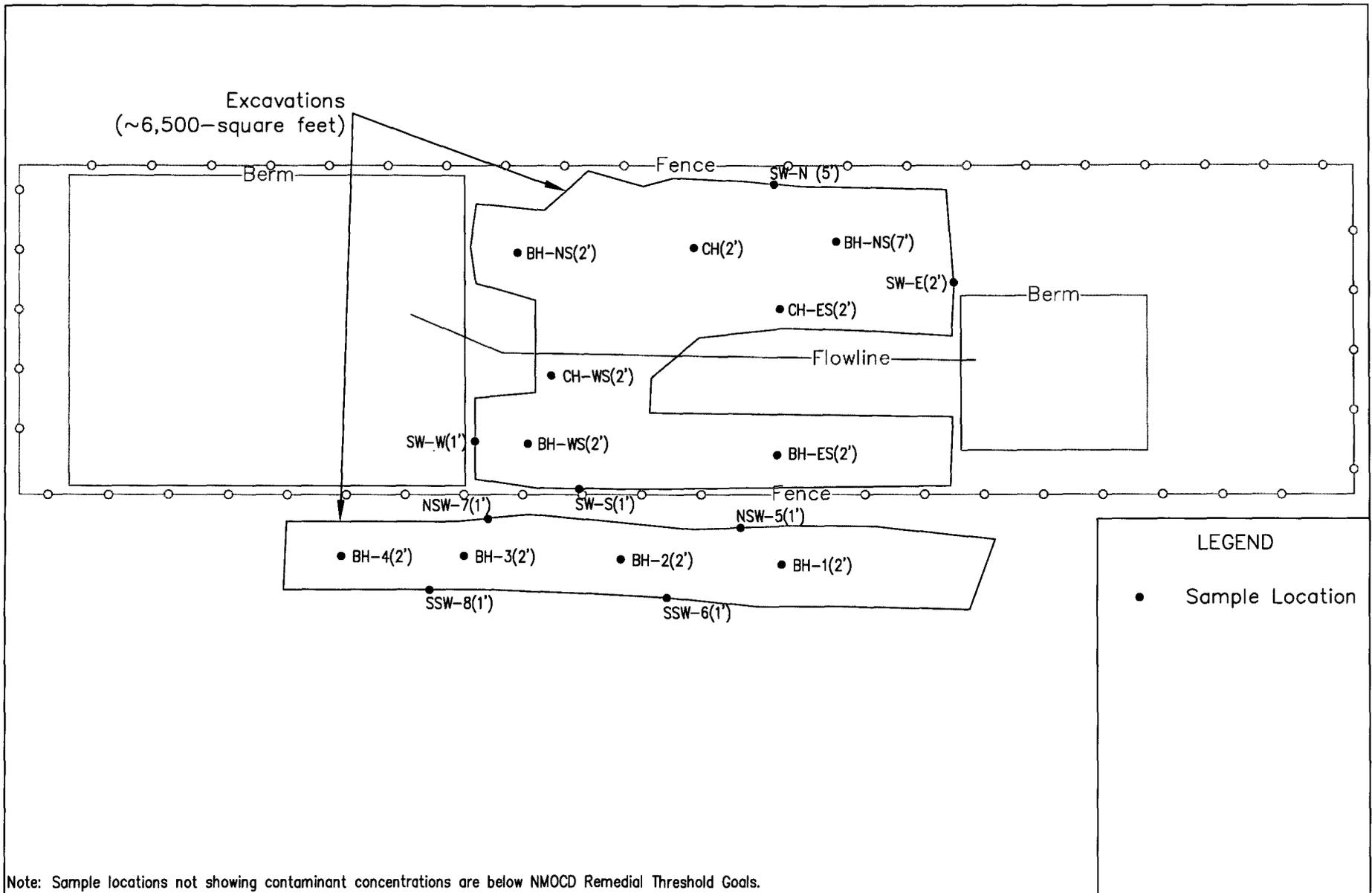
DWG By: Daniel Dominguez
 September 2007

REVISED:



SHEET
 1 of 1



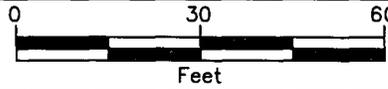


LEGEND

- Sample Location

Note: Sample locations not showing contaminant concentrations are below NMOCD Remedial Threshold Goals.

<p>Figure 4 Excavation and Sample Map Chesapeake Operating Inc. J.K. Rector Lease-Tank Battery No. 1</p>	<p>Lea County, New Mexico NE 1/4 of the NE 1/4, Sec. 31, T21S, R36E N 32° 26' 26.51" W 103° 18' 00.42" Elevation: 3,629 feet amsl</p>	<p>DWG By: Daniel Dominguez September 2007</p>	<p>REVISED: SHEET 1 of 1</p>	
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TABLES

TABLE 1

Well Data

Chesapeake Operating Inc. - J.K. Rector Lease-Tank Battery No. 1 (Ref. # 160282)

Well Number	Diversion ^A	Owner	Use	Twp	Rng	Sec q q q	Latitude	Longitude	Date Measured	Surface Elevation ^B	Depth to Water
											(ft bgs)
CP 00727	3	DASCO LAND CORPORATION	STK	22S	36E	05 2 3 1	N32° 25' 14.38"	W103° 17' 12.71"	19-May-88	3,600	212
USGS #1				21S	36E	29 2 3 1			06-Apr-91	3,645	246.87
USGS #2				21S	36E	29 2 3 4			08-Sep-70	3,640	240.89
USGS #3				21S	36E	30 4 2 2			13-Feb-96	3,635	230.69
USGS #4				22S	36E	06 3 2 1			14-Feb-96	3,589	179.53
USGS #5				22S	36E	06 4 1 2			01-May-91	3,585	171.04
CP:00469	3	JR W. T. TIMIS	STK	22S	36E	06 3 2 1	N32° 25' 1.55"	W103° 18' 29.60"	07-Feb-69	3,575	195

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

^A = In acre feet per annum

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

STK = Livestock watering

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

Shaded area indicates wells not shown in Figure 2

TABLE 2

Summary of Excavation Soil Sample Field Analyses and Laboratory Analytical Results

Chesapeake Operating, Inc.

J.K. Rector Lease - Tank Battery No. 1 (NMOCD Ref.1RP#1586;EPI Ref. #160282)

Sample ID	Depth (feet)	Soil Status	Sample Date	PID Reading (ppm)	Field Chloride (mg/Kg)	Benzene (mg/Kg)	Toluene (mg/Kg)	Ethylbenzene (mg/Kg)	Total Xylenes (mg/Kg)	Total BTEX (mg/Kg)	Carbon Ranges C6-C10 (mg/Kg)	Carbon Ranges >C10-C28 (mg/Kg)	TPH (mg/Kg)	Chloride (mg/Kg)
BH-ES	2	In situ	28-Sep-07	--	300	<0.001	<0.001	<0.001	<0.003	<0.006	<10.0	<10.0	<20.0	32
BH-WS	2	In situ	28-Sep-07	--	280	<0.025	0.098	<0.025	<0.075	0.0980	<10.0	164.0	164	<16
CH-WS	2	In situ	28-Sep-07	--	400	<0.001	<0.001	<0.003	<0.003	<0.006	<10.0	<10.0	<20.0	<16
BH-NS	2	In situ	28-Sep-07	--	320	<0.025	0.069	<0.025	<0.075	0.069	<10.0	41	41	<16
CH-ES	2	In situ	28-Sep-07	--	280	<0.001	<0.001	<0.001	<0.003	<0.006	<10.0	<10.0	<20.0	<16
CH	2	In situ	28-Sep-07	--	260	<0.001	<0.001	<0.001	<0.003	<0.006	<10.0	<10.0	<20.0	<16
BH-NS	7	In situ	28-Sep-07	--	320	<0.001	<0.001	<0.001	<0.003	<0.006	<10.0	<10.0	<20.0	<16
SW-N	5	In situ	28-Sep-07	--	320	<0.001	<0.001	<0.001	<0.003	<0.006	<10.0	<10.0	<20.0	<16
SW-S	1	In situ	28-Sep-07	--	380	<0.001	<0.001	<0.001	<0.003	<0.006	<10.0	<10.0	<20.0	<16
SW-E	2	In situ	28-Sep-07	--	300	<0.001	<0.001	<0.001	<0.003	<0.006	<10.0	<10.0	<20.0	<16
SW-W	1	In situ	28-Sep-07	--	380	<0.001	<0.001	<0.001	<0.003	<0.006	<10.0	<10.0	<20.0	<16
NMOCD Remedial Threshold Goals				100		10				50			5,000	250

-- = Not Analyzed

Bold values are in excess of NMOCD Remediation Threshold Goals

BG = Background Soil Boring

F = Field Analyses (Inside Tank Battery Perimeter)

BH = Bottom Hole, SW = Sidewall (E = East, W = West, N = North, S = South)

ATTACHMENT I

PHOTOGRAPHS



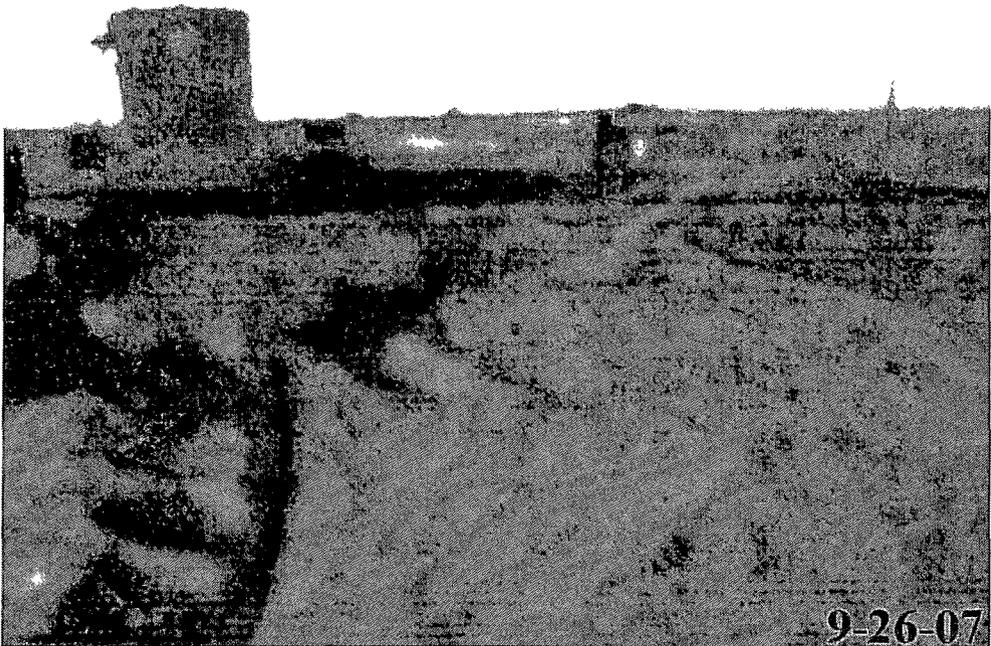
Photograph No. 1 – Lease Sign.



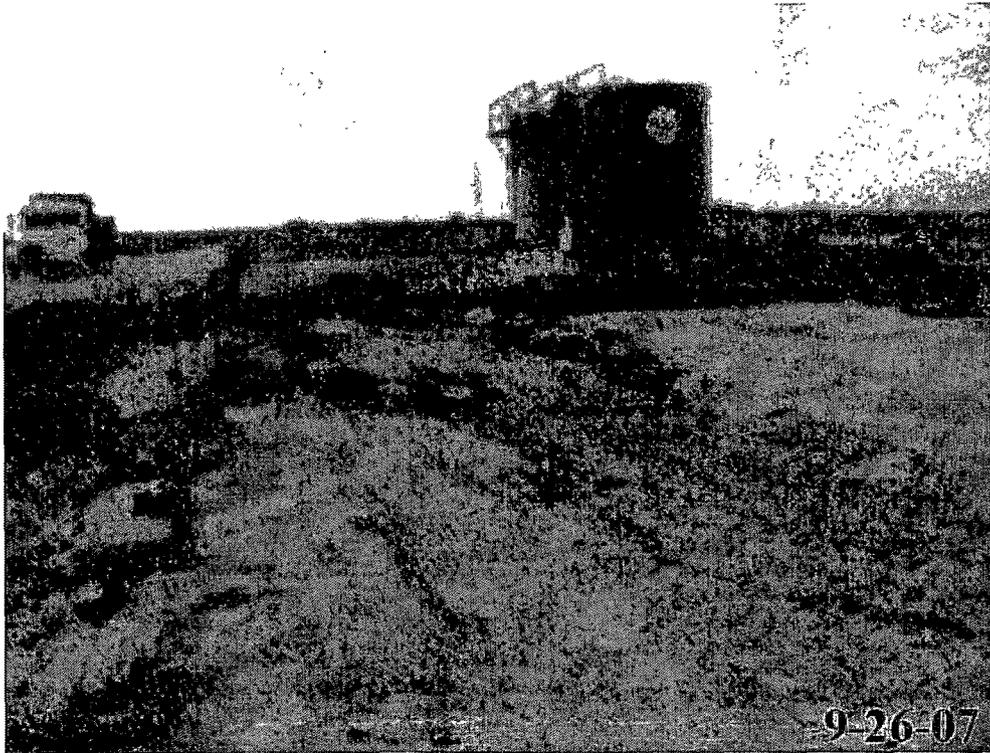
Photograph No. 2 – Looking westerly across release area.



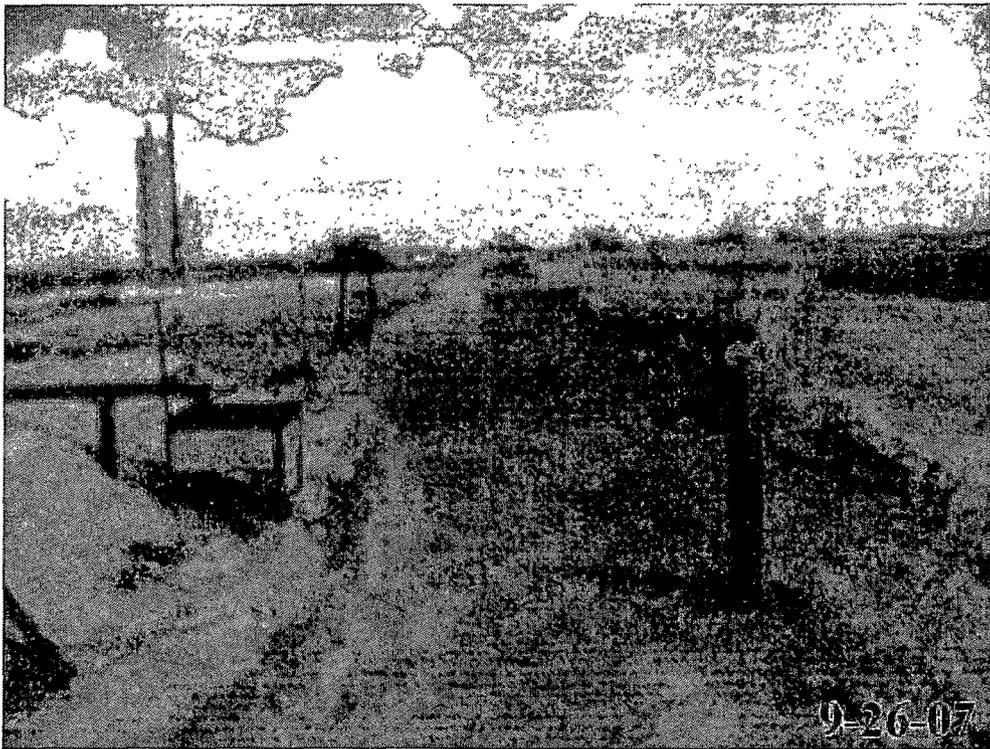
Photograph No. 3 – Looking northwesterly across release area.



Photograph No. 4 – Looking westerly across excavation area.



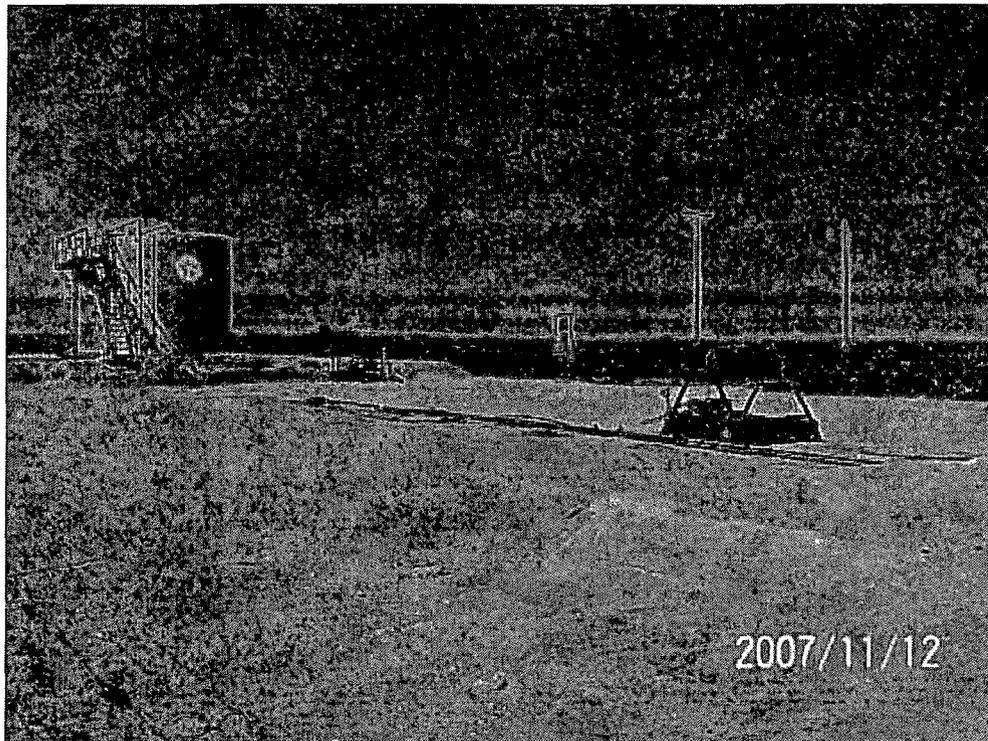
Photograph No. 5 – Looking northwesterly across excavation area.



Photograph No. 6 – Looking easterly across excavation area.



Photograph No. 7 – Looking westerly across remediated site.



Photograph No. 8 – Looking westerly across remediated site.

ATTACHMENT II

LABORATORY ANALYTICAL RESULTS

CHAIN-OF-CUSTODY FORM



ARDINAL LABORATORIES

PHONE (325) 673-7001 • 2111 BEECHWOOD • ABILENE, TX 79603

PHONE (505) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

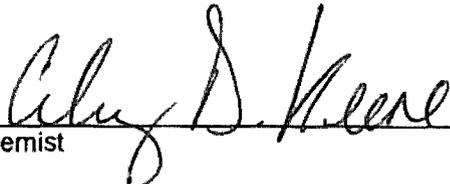
ANALYTICAL RESULTS FOR
ENVIRONMENTAL PLUS, INC.
ATTN: DAVID P. DUNCAN
P.O. BOX 1558
EUNICE, NM 88231
FAX TO: (505) 394-2601

Receiving Date: 09/28/07
Reporting Date: 10/01/07
Project Owner: CHESAPEAKE ENERGY (160282)
Project Name: J.K. RECTOR TANK BATTERY
Project Location: UL-A, SECT. 31, T 21 S, R 36 E

Sampling Date: 09/28/07
Sample Type: SOIL
Sample Condition: COOL & INTACT
Sample Received By: SB
Analyzed By: CK

LAB NUMBER	SAMPLE ID	BENZENE (mg/Kg)	TOLUENE (mg/Kg)	ETHYL BENZENE (mg/Kg)	TOTAL XYLENES (mg/Kg)
ANALYSIS DATE		09/28/07	09/28/07	09/28/07	09/28/07
H13405-1	BH-ES (2')	<0.001	<0.001	<0.001	<0.003
H13405-2	BH-WS (2')	<0.025	0.098	<0.025	<0.075
H13405-3	CH-WS (2')	<0.001	<0.001	<0.001	<0.003
H13405-4	BH-NS (2')	<0.025	0.069	<0.025	<0.075
H13405-5	CH-E (2')	<0.001	<0.001	<0.001	<0.003
H13405-6	CH (2')	<0.001	<0.001	<0.001	<0.003
H13405-7	BH-NS (7')	<0.001	<0.001	<0.001	<0.003
H13405-8	SW-N (5')	<0.001	<0.001	<0.001	<0.003
H13405-9	SW-S (1')	<0.001	<0.001	<0.001	<0.003
H13405-10	SW-E (2')	<0.001	<0.001	<0.001	<0.003
H13405-11	SW-W (1')	<0.001	<0.001	<0.001	<0.003
Quality Control		0.107	0.104	0.104	0.318
True Value QC		0.100	0.100	0.100	0.300
% Recovery		107	104	104	106
Relative Percent Difference		12.1	17.7	16.7	13.4

METHOD: EPA SW-846 8021B



Chemist

10/1/07

Date

H13405B EPI

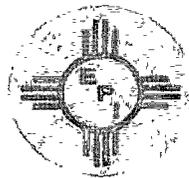
PLEASE NOTE: **Liability and Damages.** Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise.

Environmental Plus, Inc.

2100 Avenue O, Eunice, NM 88231
 (505) 394-3481 FAX: (505) 394-2601

P.O. Box 1558, Eunice, NM 88231

Chain of Custody Form

Company Name		Environmental Plus, Inc.		Bill To				ANALYSIS REQUEST															
EPI Project Manager		David P. Duncan		 Attn: David P. Duncan PO Box 1558 Eunice, NM 88231																			
Mailing Address		P.O. BOX 1558																					
City, State, Zip		Eunice New Mexico 88231																					
EPI Phone#/Fax#		505-394-3481 / 505-394-2601																					
Client Company		Chesapeake Operating																					
Facility Name		J.K. Rector Tank Battery																					
Location		UL-A, Sect. 31, T 21 S, R 36 E																					
Project Reference		160282																					
EPI Sampler Name		Sebastian Romero																					

LAB I.D.	SAMPLE I.D.	(G)RAB OR (C)OMP.	# CONTAINERS	MATRIX							PRESERV.			SAMPLING		BTEX 8021B	TPH 8015M	CHLORIDES (Cl)	SULFATES (SO ₄)	PH	TCLP	OTHER >>>	PAH													
				GROUND WATER	WASTEWATER	SOIL	CRUDE OIL	SLUDGE	OTHER:	ACID/BASE	ICE/COOL	OTHER	DATE	TIME																						
413405 - 1	SW-W (1')	G	1			1									28-Sep-07	11:35	X	X	X																	
2																																				
3																																				
4																																				
5																																				
6																																				
7																																				
8																																				
9																																				
10																																				

Sampler Relinquished:	9/28/2007 Time	Received By:	E-mail results to: dduncan@envplus.net
Relinquished by:	9/28/2007 Time 3:45	Received By: (lab staff) <i>Sebastian Romero 9/28/07 3:47pm</i>	
Delivered by:	Sample Cool & Intact <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Checked By: <i>SD</i>	

NOTE: RUSH ORDER - *24-HR. TURN-A-ROUND REQUESTED*. E-mail results to David P. Duncan at dduncan@envplus.net

ATTACHMENT III

INFORMATION AND METRICS

COPY OF INITIAL NMOCD FORM C-141

FINAL NMOCD FORM C-141

 Chesapeake Information and Metrics	Incident Date: 9/19/07	NMOCD Notified: 9/19/07											
	Assigned Site Reference : NMOCD Ref. 1RP#1586;EPI Ref. #160282												
Site: J.K. Rector Lease-Tank Battery No. 1													
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): 120 bbls		Recovered (bbls): 30 bbls											
>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: J.K. Rector Lease-Tank Battery No. 1													
Source of contamination: Tank Battery													
Land Owner, i.e., BLM, ST, Fee, Other: Dasco Cattle Company, L.L.C.													
LSP Dimensions:													
LSP Area: ~5,750 ft ²													
Location of Reference Point (RP):													
Location distance and direction from RP:													
Latitude: N 32° 26' 26.51"													
Longitude: W 103° 18' 00.42"													
Elevation above mean sea level: 3,629 feet													
Feet from North Section Line:													
Feet from West Section Line:													
Location- Unit or ¼: NE¼ of the NE¼		Unit Letter: A											
Location- Section: 31													
Location- Township: T21S													
Location- Range: R36E													
Surface water body within 1000' radius of site: zero (0)													
Domestic water wells within 1000' radius of site: zero (0)													
Agricultural water wells within 1000' radius of site: zero (0)													
Public water supply wells within 1000' radius of site: zero (0)													
Depth from land surface to groundwater (DG): ~211 feet													
Depth of contamination (DC): unknown													
Depth to groundwater (DG - DC = DtGW): ~211 feet													
<table border="1"> <thead> <tr> <th>1. Groundwater</th> <th>2. Wellhead Protection Area</th> <th>3. Distance to Surface Water Body</th> </tr> </thead> <tbody> <tr> <td>If Depth to GW <50 feet: 20 points</td> <td rowspan="2">If <1000' from water source, or; <200' from private domestic water source: 20 points</td> <td><200 horizontal feet: 20 points</td> </tr> <tr> <td>If Depth to GW 50 to 99 feet: 10 points</td> <td>200-1000 horizontal feet: 10 points</td> </tr> <tr> <td>If Depth to GW >100 feet: 0 points</td> <td>If >1000' from water source, or; >200' from private domestic water source: 0 points</td> <td>>1000 horizontal feet: 0 points</td> </tr> </tbody> </table>			1. Groundwater	2. Wellhead Protection Area	3. Distance to Surface Water Body	If Depth to GW <50 feet: 20 points	If <1000' from water source, or; <200' from private domestic water source: 20 points	<200 horizontal feet: 20 points	If Depth to GW 50 to 99 feet: 10 points	200-1000 horizontal 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	>1000 horizontal feet: 0 points
1. Groundwater	2. Wellhead Protection Area	3. Distance to Surface Water Body											
If Depth to GW <50 feet: 20 points	If <1000' from water source, or; <200' from private domestic water source: 20 points	<200 horizontal feet: 20 points											
If Depth to GW 50 to 99 feet: 10 points		200-1000 horizontal 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	>1000 horizontal feet: 0 points											
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										

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, Hobbs, NM 88240	Telephone No.: (505) 391-1462, ext. 6224
Facility Name: J.K. Rector Lease-Tank Battery No.1	Facility Type: Tank Battery

Surface Owner: Dasco Cattle Co. L.L.C.	Mineral Owner:	Lease No.:
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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
A	31	21S	36E					Lea

Latitude: N 32° 26' 26.51"

Longitude: W 103° 18' 00.42"

NATURE OF RELEASE

Type of Release: Oil	Volume of Release: 120 bbls	Volume Recovered: 30 bbls
Source of Release: Tank Battery	Date and Hour of Occurrence: 19 September 2007 @ 0900 hrs	Date and Hour of Discovery: 19 September 2007 @ 1000 hrs
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? Patricia Richards	
By Whom? Bradley Blevins	Date and Hour: 9-19-07 @ 1200 hrs	
Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse: Not Applicable	

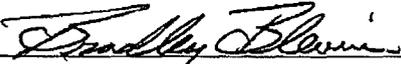
Depth to water: ~211 ft

If a Watercourse was Impacted, Describe Fully.* Not Applicable

Describe Cause of Problem and Remedial Action Taken.* Approximately 120 bbls of fluid were released with approximately 30 bbls of fluid recovered. Emergency Response crews immediately contained and vacuumed release fluids thus limiting size of the impacted area. EPI arrived with an Emergency Response team and began remedial activity on the release area. Emergency remedial activities are continuing.

Describe Area Affected and Cleanup Action Taken.* Approximately 5,750 square feet of surface area were affected by the release of ± 120-bbls of fluid. Emergency Response teams contained the release area and initiated remedial activities. Visibly impacted soil was excavated and placed on plastic sheets to prevent additional soil contamination. In conjunction with remedial activities, the release area is being delineated. Upon receipt of laboratory analytical data from soil samples collected during delineation operations, EPI will prepare a Remediation Proposal and present to the NMOCD for 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: 	OIL CONSERVATION DIVISION	
Printed Name: Bradley Blevins	Approved by District Supervisor:	
Title: Field Supervisor	Approval Date:	Expiration Date:
E-mail Address: bblevins@chkenergy.com	Conditions of Approval:	Attached <input type="checkbox"/>
Date: 9-21-07 Phone: (505) 391-1462 ext. 6224		

* Attach Additional Sheets If Necessary

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, Hobbs, NM 88240	Telephone No.: (505) 391-1462, ext. 6224
Facility Name: J.K. Rector Lease-Tank Battery No.1	Facility Type: Tank Battery

Surface Owner: Dasco Cattle Co. L.L.C.	Mineral Owner:	Lease No.: 1RP#1586
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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
A	31	21S	36E					Lea

Latitude: N 32° 26' 26.51"

Longitude: W 103° 18' 00.42"

NATURE OF RELEASE

Type of Release: Oil	Volume of Release: 120 bbls	Volume Recovered: 30 bbls
Source of Release: Tank Battery	Date and Hour of Occurrence: 19 September 2007 @ 0900 hrs	Date and Hour of Discovery: 19 September 2007 @ 1000 hrs
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? Patricia Richards	
By Whom? Bradley Blevins	Date and Hour: 9-19-07 @ 1200 hrs	
Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse: Not Applicable	

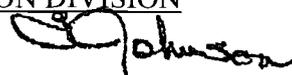
Depth to water: ~211 ft

If a Watercourse was Impacted, Describe Fully.* Not Applicable

Describe Cause of Problem and Remedial Action Taken.* Approximately 120 bbls of fluid were released with approximately 30 bbls of fluid recovered. Upon discovery of the release, Chesapeake Operating, Inc. contacted EPI for an emergency response team. The emergency response team worked on the release area continuous from September 19, 2007 to September 29, 2007. Standing liquid was solidified and impacted material loaded on plastic barriers.

Describe Area Affected and Cleanup Action Taken.* From September 20, 2007 through September 29, 2007, approximately 1,050 yds³ of impacted soil were excavated from a surface area of 6,500-ft² at depths ranging from 1- to 2-ft bgs. Impacted soil was transported to EPI Landfarm for treatment. Laboratory analysis confirmed removal of impacted soils above NMOCD remedial goals in sidewalls and bottom of excavations. From October 18, 2007 through October 22, 2007, the excavations were backfilled with a combination of caliche (~578 yds³) and topsoil (~324 yds³) purchased from a pit located on the Dasco Cattle Company property. The disturbed areas were contoured to allow natural drainage.

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:  ENVIRONMENTAL ENGINEER	
Title: Field Supervisor	Approval Date: 12/13/07	Expiration Date:
E-mail Address: bblevins@chkenergy.com	Conditions of Approval:	Attached <input type="checkbox"/>
Date: 12-11-07 Phone: (505) 391-1462 ext. 6224		

* Attach Additional Sheets If Necessary