AP- 33

STAGE 1 & 2 REPORTS

DATE: 2/11/2004

ELDRIDGE/SECTION 21 REPORT

SID RICHARDSON ENERGY SERVICES CO. Jal, N.M.

SECTION 21&16, TOWNSHIP 19 SOUTH, RANGE 37 EAST LEA COUNTY, NEW MEXICO

PREPARED FOR:

SID RICHARDSON ENERGY SERVICES CO. P.O. BOX 1226 JAL, NEW MEXICO 88252

Mr. Randall Dunn

PREPARED BY:

Tony Savoie
SRESCo. - E.H.S. Compliance Coordinator
February 11, 2004

TABLE OF CONTENTS

Pages 1-3	History of Lines in Sections 21 & 16					
Page 4	Line Inventory map Township 19 South, Range 36 East					
Page 5	Line Inventory map Township 19 South, Range 37 East					
Page 6	Line Inventory map Township 19 South, Range 38 East					
Page 7	Topography map 4000 ft. scale					
Page 8	Topography map 1000 ft. scale					
Page 9	Figure 1 drawing of the junction of Hobbs lines to L-6					
Page 10	Photos of the junction of Hobbs lines to L-6 before excavation					
Page 11	Photos of the junction of Hobbs lines to L-6 after excavation					
Page 12	Figure 2 drawing of the junction of Hobbs lines to Monastate 6					
Page 13	Photos of the junction of Hobbs lines to Monastate 6" before excavation					
Page 14	Photos of the junction of Hobbs lines to Monastate 6" after excavation					
Page 15	Figure 3 drawing of the junction of the 4" lateral to L-6					
Page 16	Photos of meter run #60571					
Page 17	Photos of 4" lateral junction to L-6					

Purpose:

This report is to provide information on the history and status of pipelines in Sections 21 and 16, Township 19 South, Range 37 East, Lea County, New Mexico. Sid Richardson has information about 5 natural gas pipelines that it presently own that cross Sections 21 and 16. These lines are discussed separately below.

The "Hobbs Lines":

Two 8" lines enter the southwest corner of Section 21 and continue in a northeast direction, entering Section 16 in its southwest corner. These two lines are known as the Hobbs line and Hobbs loop line. Because these two lines are believed to originate at the El Paso Monument plant, Unit letter "A" Section 1, T-20-S, R-36-E, and terminate near Hobbs at Unit letter "D" Section 4, T-19-S, R-38-E, it appears that the sole purpose of these two lines when they were in operation was to transport natural gas from the Monument plant to the Hobbs plant. Available information indicates that El Paso Natural Gas Company laid these lines in the 1950's. When Sid Richardson took an assignment of these lines in 1991, in connection with an asset purchase from El Paso, no other lines connected to these lines for the entire course of the pipeline and they were believed to be inactive. Documents available to Sid Richardson list these lines as inactive in 1987, and also indicate that pipe was removed from the casing at Highway 8 on the Hobbs line on 8/21/87. As discussed later in **Limited use of** Sections of the Hobbs Lines, Sid Richardson has used only portions of these lines from time to time, but neither line has ever been fully returned to service.

L-6 Lines:

Two other lines that enter and exit in the very southwest corner of Section 21 in a northwest-southeast trending direction are known as the L-6 and L-6 loop lines. These are active trunk lines and their adjoining laterals start south of Highway 62-180 in Section 5, T-19-S, R-37-E and terminate at a tie in junction to Trunk "M" in Section 7, T-20-S, R-37-E. Sid Richardson also purchased the L-6 lines,

as well as a 4" line, from El Paso in 1990. The area where the L-6 lines cross the southwest corner of Section 21 have not had any leaks or remedial actions taken while being operated by Sid Richardson.

4" Line from Meter #60571:

The 4" line that starts at Unit letter "K" of Section 21 (a meter station for the Houston Well #1 identified as meter #60571) and terminates at a tie-in junction to the L-6 line at Unit letter "J" of Section 28, T-19-S, R-37-E, presently is inactive. This pipe was placed out of service and blinded off from the system 6/24/96. Also, the 4" line was not connected at any time to either of the Hobbs lines.

The 5,019' section of 4" pipe (that formerly connected the meter run #60571 to the L-6 line) was walked and the tie-in blind was verified on 1/23/04. This area is referenced as Figure 3 on the attached line inventory and Topo maps. There are no records of any leaks while the line was in operation.

Limited use of Sections of the Hobbs Lines:

The only portion of the Hobbs 8" line that is currently in-service is located in the southwest quarter of the southwest quarter of Section 21, T-19-S, R-37-E. The Hobbs loop line, from the Monastate 6" connection to the L-6 6" loop connection, has been out of service since 1996. Since acquisition, Sid Richardson never placed the Hobbs loop line from L-6 6" loop connection to the Hobbs Plant in service. This area is referenced to as Figure 1 on the attached pipeline inventory map and the Topo map.

The two Hobbs 8" lines just clip the southwest corner of southwest quarter section of Section 21 and only the Hobbs 8" line is currently moving low pressure, raw field natural gas in a southerly direction.

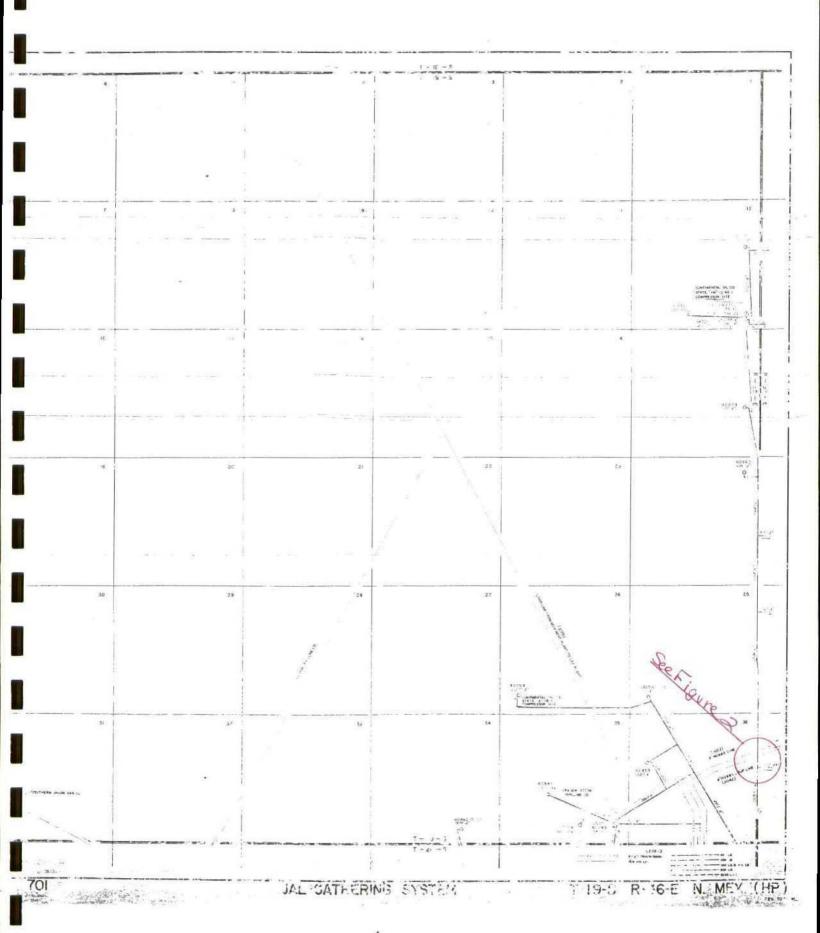
On 1/24/04 the areas where both Hobbs lines intersect the Monastate 6" and L-6 lines were excavated to verify the status of these lines. Those excavated areas

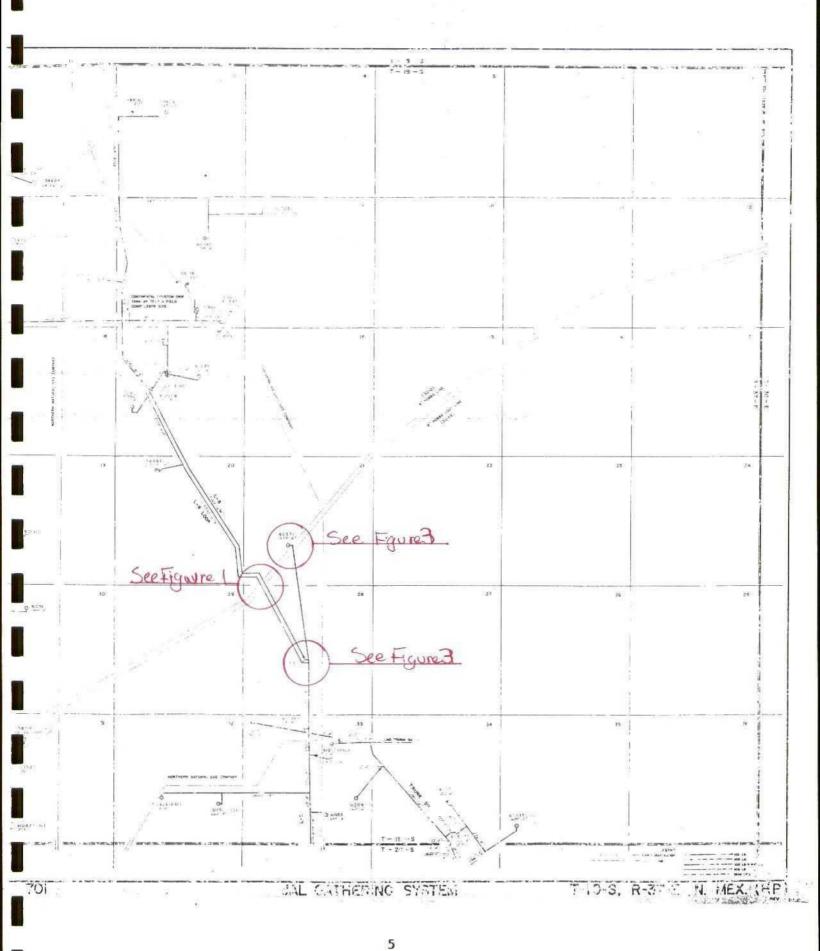
were photographed and the piping was sketched. The results of the excavations showed that both the Hobbs line and the Hobbs loop line had been cut and left open-ended where it crosses into section 21. This area is referenced to as Figure 1 and Figure 2 on the attached pipeline inventory map and the Topo map

Summary:

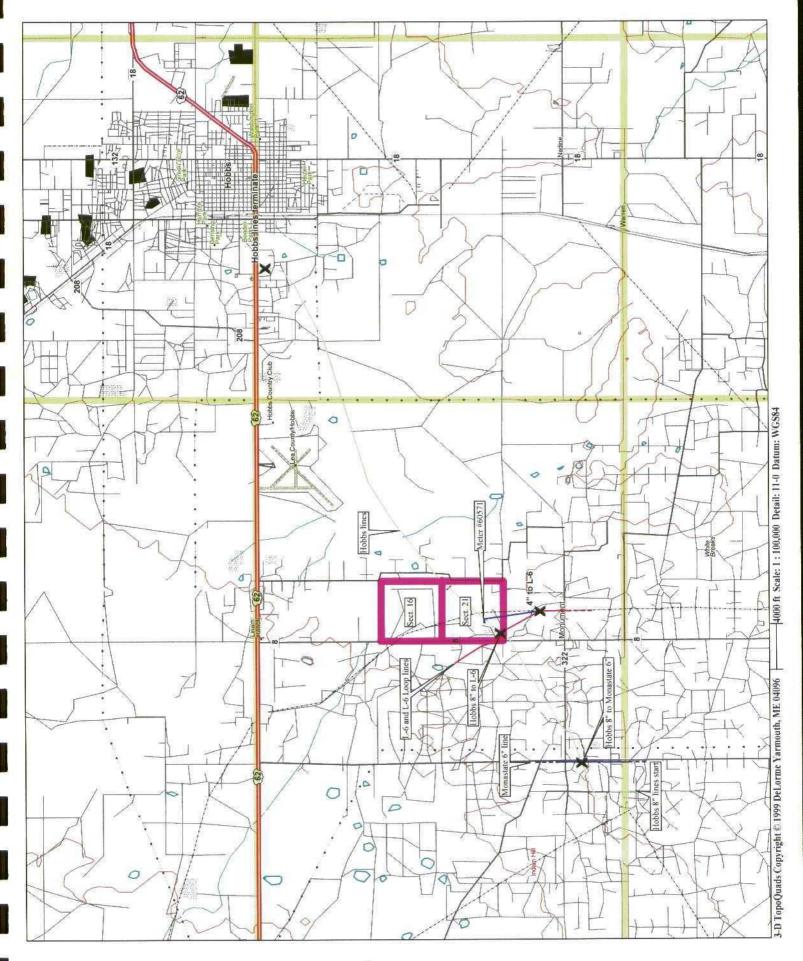
Based on the location of the L-6 and L-6 loop lines, as well as their operational history, they would not have contributed to any ground water issues in Sections 21 and 16.

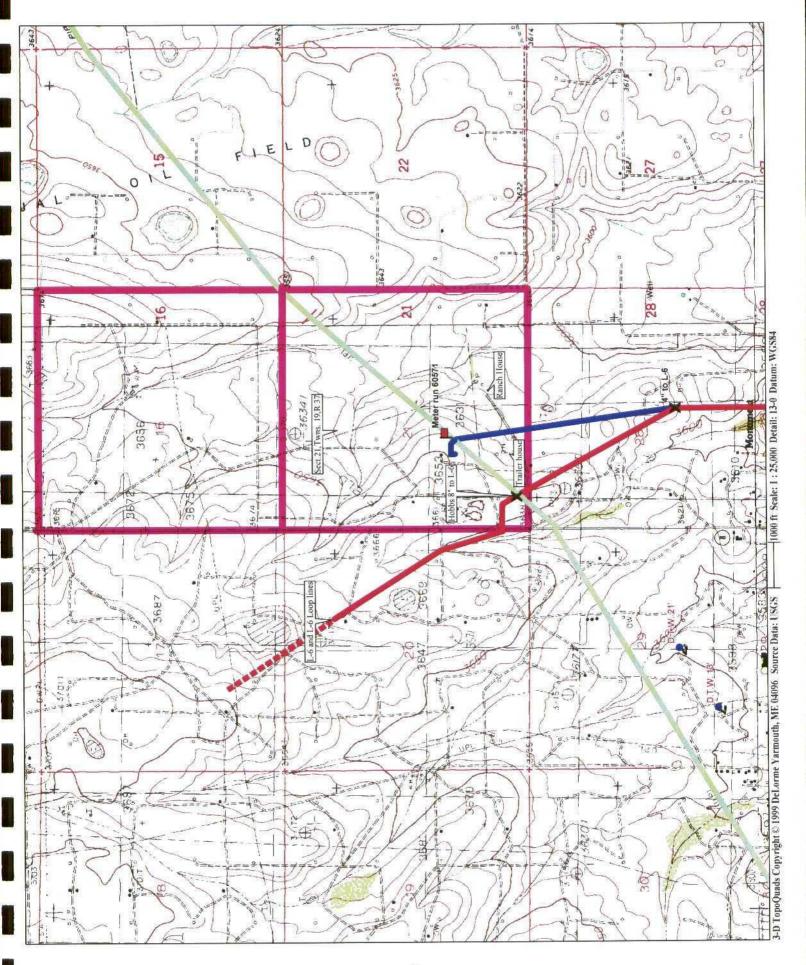
During the entire period of Sid Richardson ownership, the portions of the two Hobbs lines in Sections 16 and 21 have never been active except in the very southwest corner of Section 21. From a period beginning in 1987 to date, no natural gas was delivered into either of the Hobbs lines east of the points referenced to as Figure 1. The rights of ways of both Hobbs lines were walked two times in 2003 and 2004. There was no evidence of any areas where leaks or remedial actions had occurred. Also, there were no records located that were produced by El Paso Natural Gas Company of any leaks on either of the Hobbs lines.

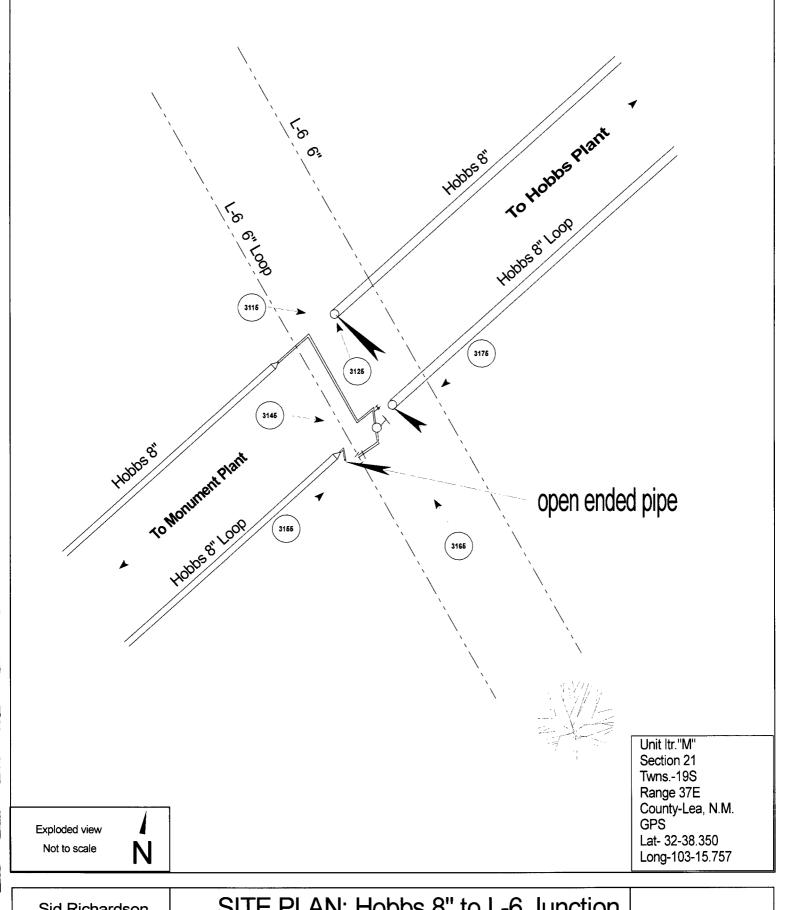




6	5	F777	T-19-5			2	ı
		HOBBS		İ			
					-		
	,				•		
	S. Wees The						1
	6 mae look unit						Í
	6 months and the	6.5		. <u> </u>	<u> </u>	* - 1	
٠ - نست	0		9	. 10		D.	12
				1			100 A
	*						-
						.	
			<u>. </u>				
	. ~			.15			
	The second contract the se	The second secon					
							1
				}		1	
19	20	2	21	22		23	24
	<u> </u>						
						1	, , , , , , , , , , , , , , , , , , ,
	,					1/	- 39· - 38-
						×1	m
THE THE TANK OF THE PERSON OF	and the transfer of the same of Agents and the					/-	
					^^	_	1
30	29	21	9	27	/_	26	25
							- "
			٠.	. /			·
			and division of the state of th	<i>^</i> '		i i	ì
			MINOS LIN				
			July Box 1 July				
31	32	33	• • /	34		35	36 🖟 -
		J.					
	•						1
			,				
			.				
					60209 6770-14	I I	
		// ***	T-19-5 T-20-5				LEGYES HOS LE
Market 1	mark (1976), Significant socialistic of the	A Committee of the Comm	1.				100 LA 200 LA 20
final comments of the second		The wife of the State of	RING SYSTEM			୨-ର, ନ-38-I	







Sid Richardson Energy Service Co. Jal, N.M. SITE PLAN: Hobbs 8" to L-6 Junction

Lea County Area Figure 1



Photo 2995 Looking South at the L-6 To Hobbs 8" Junction 1/19/04

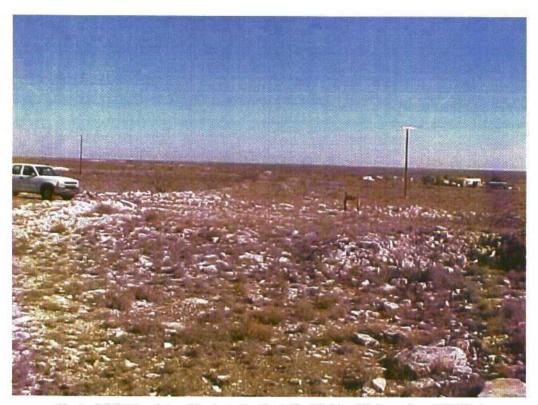


Photo 3005 Looking East at the L-6 To Hobbs 8" Junction 1/19/04



Photo 3115 Looking East Hobbs 8"



Photo 3125 Looking North Hobbs 8"



Photo 3145 Looking S.E. Hobbs 8" loop



Photo 3155 Looking East Hobbs 8" Loop

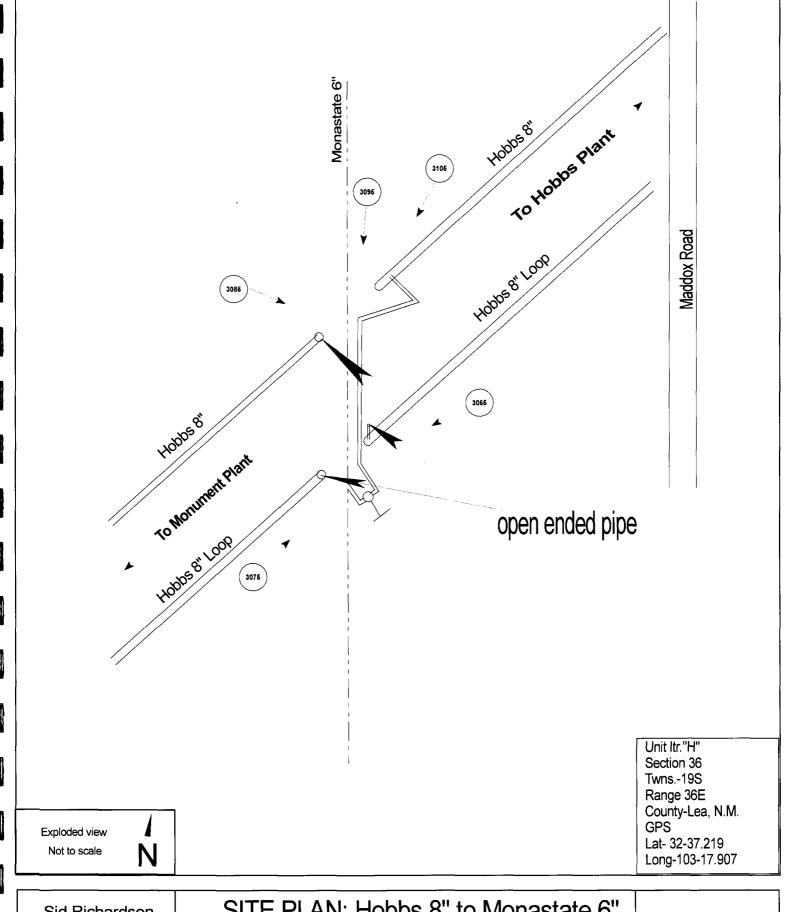


Photo 3165 Looking North Hobbs 8" Loop



Photo 3175 Looking West Hobbs 8" Loop

Photos taken 1/24/04 With Piping Exposed at the Hobbs 8" Junction to the L-6



Sid Richardson Energy Service Co.	SITE PLAN: Hobbs 8" to Monastate 6"	
Jal, N.M.	Lea County Area	Figure 2

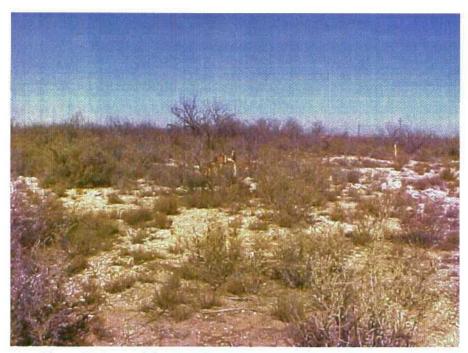


Photo 3045 Looking North at the Hobbs 8" To Monastate 6" Junction 1/19/04

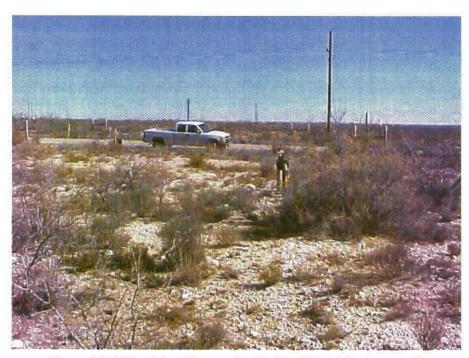


Photo 3055 Looking East at the Hobbs 8" to Monastate 6" Junction 1/19/04



Photo 3065 Looking West 8" Loop



Photo 3075 Looking East 8" loop



Photo 3085 Looking S.E. Hobbs 8"



Photo 3095 Looking South Hobbs 8"



Photo 3105 Looking West Hobbs 8"

Photos taken 1/24/04 With Piping Exposed at the Hobbs 8" Junction to the Monastate 6"

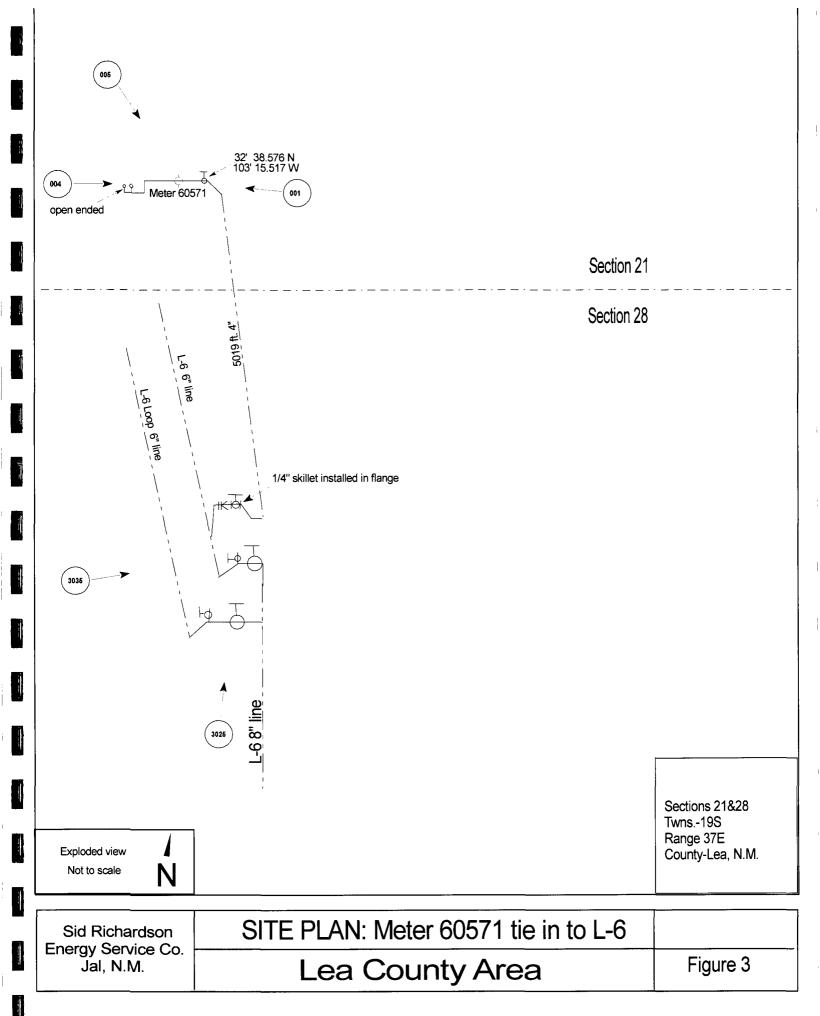




Photo 001 At meter run 60571 looking West



Photo 004 At meter run 60571 looking East



Photo 005 At meter run 60571 looking S.E.

Photos taken 1/23/04 "Out of Service" meter run in Section 21

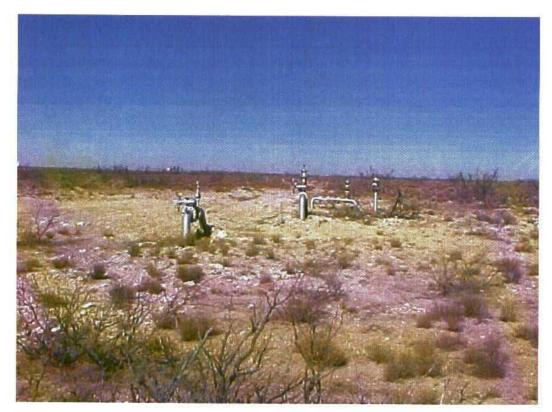


Photo 3025 Looking North at the 4" lateral to L-6 Junction 1/19/04



Photo 3035 Looking East at the 4" lateral to L-6 Junction 1/19/04