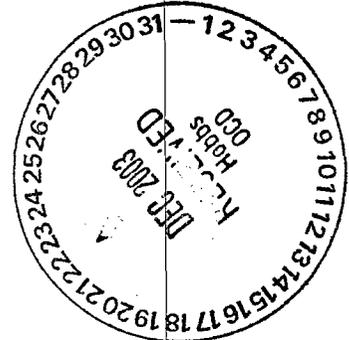




Highlander Environmental Corp.

Midland, Texas

October 20, 2003



Mr. Paul Sheeley
Environmental Bureau
Oil Conservation Division
1625 N. French Drive
P.O. Box 1980
Hobbs, New Mexico 88240

RE: Assessment Report and Request for Closure for the Pipeline Leak Located at the Duke G-Loop, Section 7, Township 22 South, Range 36 East, Lea County, New Mexico.

Dear Mr. Sheeley:

Highlander Environmental Corp. (Highlander) was contacted by Duke Energy Field Services, LP (Duke) to assess a pipeline leak, which occurred at the Duke G-Loop in Lea County, New Mexico. The Site is located in ~~Section 7, Township 22 South, Range 36 East~~ at location ~~32° 24' 17.9" N, 103° 18' 25.5" W~~. The Site location is shown in Figure 1. Copies of the Form C-141 (Initial and Final) are enclosed in Appendix A.

Groundwater & Regulatory

According to the New Mexico State Engineers Office database, there are water wells in Sections 5, 6 and 16, Township 22 South, Range 36 East. All three wells reportedly had depths to groundwater greater than 100 feet below surface. The Well reports are included in Appendix B.

A risk-based evaluation was performed for the Site in accordance with the New Mexico Oil Conservation Division (NMOCD) Guidelines for Remediation of Leaks, Spills and Releases, dated August 13, 1993. The guidelines require a risk-based evaluation of the site to determine recommended remediation action levels (RRAL) for benzene, toluene, ethylbenzene and xylene (collectively referred to as BTEX) and total petroleum hydrocarbons (TPH) in soil. The proposed RRAL for benzene was determined to be 10 parts per million (ppm) or milligrams per kilogram (mg/kg) and 50 ppm for total BTEX (sum of benzene, toluene, ethylbenzene and xylene). Based on the regional groundwater data, the proposed RRAL for TPH is 5,000 mg/kg.

Background

In April 2001, a leak was discovered in the G-Loop line. A bell hole was excavated to facilitate installing a clamp when on April 24, 2001 liquid flowed out of the leak into the bell hole. The leak released approximately 2,730 gallons (65 barrels) of petroleum oils and liquids.

Duke - 229153
Facility - FPAC0605337897
1910 N. Big Spring Midland, Texas 79705
Incident - a PAC0605338038

Application - pPAC0605338424
(915) 682-4559 Fax (915) 682-3946

~~Approximately 2310 gallons (55 barrels) of liquids were recovered~~ and the pipeline leak was immediately isolated. The leak affected the bell hole and the adjoining trench in a ~~15' x 2'~~ area. The soils in this area were excavated during line repair/replacement and the impacted soil became blended with the clean overburden. All of the soil was placed back into the excavation. The spill area was allowed to naturally degrade.

Assessment

On October 1, 2003, Highlander inspected the leak area and collected soil samples using a stainless steel bucket-type hand auger. Due to the confined nature of the spill, a single auger hole was installed in the center of the release point to define the extent of the impact. The auger hole was advanced to a depth of 6' below ground surface into what appeared to be native soil. Soil samples were collected at two intervals, 2'-4' and 4'-6' for evaluation of TPH by method 8015M, BTEX by method SW 846-8021B and chloride by method 9253. Neither of the TPH samples exceeded the RRAL, with TPH concentrations of 16.8 mg/kg and 15.0 mg/kg. The BTEX and chloride concentrations were both below the method detection limits. The auger hole location is shown on Figure 2.

Sampling Protocol

All samples were collected with either a stainless steel bucket-type hand auger or stainless steel trowel. All samples for laboratory analysis were collected and preserved according to EPA protocols, and analyzed within appropriate holding times. The laboratory reports are shown in Appendix B. All sampling equipment was washed between sampling events using distilled water and laboratory grade detergent.

Conclusions

Based upon having augered down to native soil in the center of the release area and the sample results showing BTEX and TPH below the RRAL, Duke requests closure for this Site.

If you require any additional information or have any questions or comments concerning the closure report, please call.

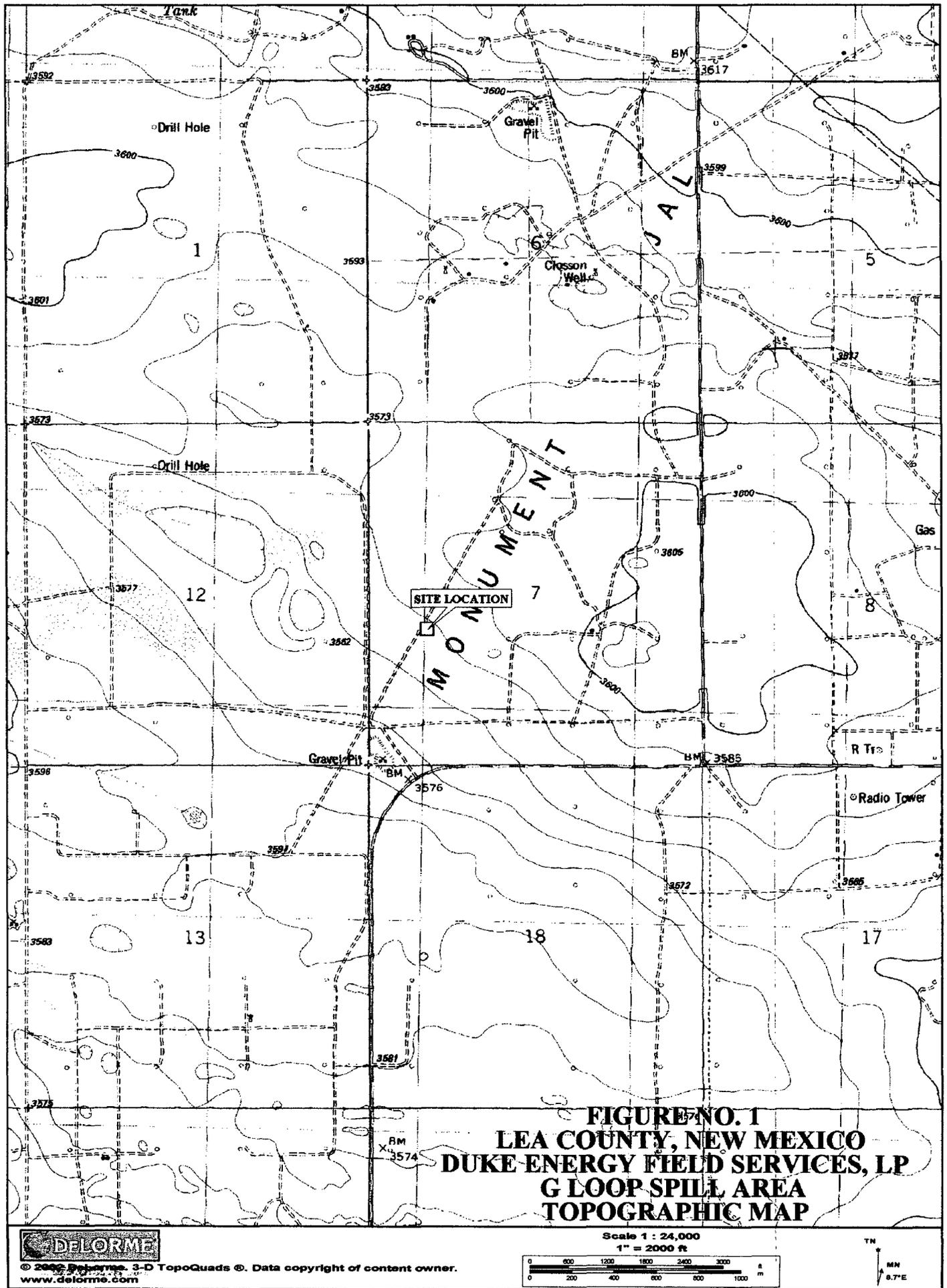
Very truly yours,

Tim Reed
Timothy M. Reed, REM
Vice President

cc: Steve Weathers - Duke



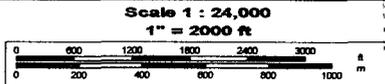
FIGURES

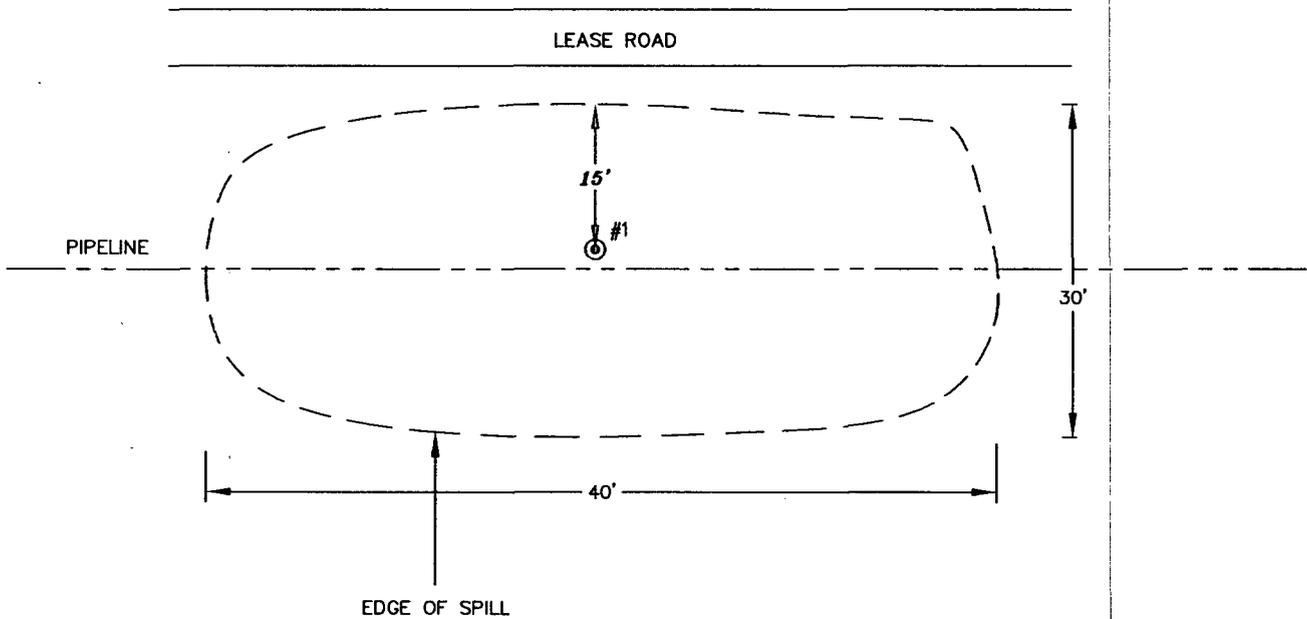


**FIGURE NO. 1
LEA COUNTY, NEW MEXICO
DUKE ENERGY FIELD SERVICES, LP
G LOOP SPILL AREA
TOPOGRAPHIC MAP**



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www.delorme.com





LEGEND
⊙ AUGERHOLE LOCATION

NOT TO SCALE

DATE:
10/2/03
DWG. BY:
JDA
FILE:
C:\DUKE\1714\
FD-2

FIGURE NO. 2

LEA COUNTY, NEW MEXICO
DUKE ENERGY FIELD SERVICES, LP
G-LOOP SPILL
HIGHLANDER ENVIRONMENTAL CORP. MIDLAND, TEXAS

APPENDIX A

State of New Mexico Form C-141

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 June 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 : Duke Energy Field Service, LP	Contact: Polo Rendon
Address: 1625 W. Marland, Hobbs, New Mexico	Telephone No.: (505) 397-5601
Facility Name: NMR Regional Unit N/A (G-Loop)	Facility Type: Gathering System Line

Surface Owner:	Mineral Owner:	Lease No.:
----------------	----------------	------------

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
N	7	22S	36E					Lea

NATURE OF RELEASE

Type of Release: Petroleum Oil and Liquids	Volume of Release: 2,730 gallons	Volume Recovered: 2,310 gallons
Source of Release: Gathering Pipeline	Date and Hour of Occurrence 4/24/01 10:25 AM	Date and Hour of Discovery 4/24/01 10:25 AM
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? NMOCD - Buddy Hill	
By Whom? : Stan Shaver - Duke	Date and Hour: 4/24/01	
Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse.	

If a Watercourse was Impacted, Describe Fully.*

Describe Cause of Problem and Remedial Action Taken.*

A leak in the G-Loop gathering line. A bell hole was dug out to facilitate installing a clamp on the line when liquids migrated and filled up the bell hole. The line was isolated and the free liquids were removed from the hole. The leak at the line was repaired. Soil remediation of the soil would be performed after the line is replaced.

Describe Area Affected and Cleanup Action Taken.*

The pipeline was repaired and majority of the fluids were confined to the to the bell area and a 2' x15' section where the liquids flowed out of the bell hole. No remedial action was taken for the impacted soil, other than mixing the soil during the line repair. The spill was allowed to naturally degrade. On October 1, 2002, assessment was performed at the release. Installed one auger hole the evaluate the subsurface soils. The soil samples collected were all below the RRAL. A Closure Report was submitted the NMOCD for review.

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.

OIL CONSERVATION DIVISION

Signature:	Approved by District Supervisor:		
Printed Name: Ike Tavarez	Approval Date:	Expiration Date:	
Title: Senior Geologist	Conditions of Approval:		
E-mail Address: itavarez@hec-enviro.com			Attached <input type="checkbox"/>
Date:	Phone:		

* Attach Additional Sheets If Necessary

G-Loop

FORM C-141

Release Notification and Corrective Action

 Initial Report Final Report

OPERATOR

Name Duke Energy Field Services, LP	Contact Vicki Gunter
Address PO Box 50020 Midland, Tx 79710-0020	Telephone No. 915-620-4142
Facility Name NMR Regional Unit N/A	Facility Type Gathering System Line

Surface Owner	Mineral Owner	Lease No
----------------------	----------------------	-----------------

LOCATION OF RELEASE

Unit Letter	Section 7	Township 22S	Range 36E	Feet from N/S Line	Feet from E/W Line	County Lea
--------------------	---------------------	------------------------	---------------------	---------------------------	---------------------------	----------------------

NATURE OF RELEASE:

Release Type Pipeline Liquids	Volume Released 2,730 Gallons 0 Pounds	Volume Recovered 2,310 Gallons 0 Pounds
Release Source	Date/Hour of Occurrence 04/24/2001 10:25 AM	Date/Hour of Discovery 04/24/2001 10:25 AM
Immediate Notice Given? <input checked="" type="radio"/> Yes <input type="radio"/> No <input type="radio"/> Not Required	To Whom? NMOCD, Buddy Hill	
By Whom? Stan Shaver	When? 04/24,2001	
Watercourse Reached? <input type="radio"/> Yes <input checked="" type="radio"/> No	Impact Volume 0	
If Watercourse was Impacted, Describe Fully N/A		
Cause of Problem and Remedial Action Taken The G Loop line was leaking a bell hole had been dug to facilitate installing a clamp on the line when liquid migrated to the leak and filled up the bell hole. The line was isoiated and the free liquid was removed from the bell hole.		
Area Affected and Cleanup Action Taken The affected area was confined to the bell hole and 15' x 2' section where the liquid ran out of the bell hole. A vacuum truck recovered the free liquid from the bell hole and the surface. A remediation plan will be developed and submitted to the OCD for approval.		
<small>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.</small>		
Signature:	OIL CONSERVATION DIVISION	
Printed Name:	Approved by District Supervisor:	
Title:	Approval Date:	Expiration Date:
Date:	Phone:	Conditions of Approval:
		Attached:

APPENDIX B

Well Reports

**New Mexico Office of the State Engineer
Well Reports and Downloads**

Township: Range: Sections:

NAD27 X: Y: Zone: Search Radius:

County: Basin: Number: Suffix:

Owner Name: (First) (Last) Non-Domestic
 Domestic All

AVERAGE DEPTH OF WATER REPORT 08/31/2001

Bsn	Tws	Rng	Sec	Zone	X	Y	Wells	(Depth Water in Feet)		
								Min	Max	Avg
CP	22S	36E	01				1	137	137	137
CP	22S	36E	05				1	212	212	212
CP	22S	36E	06				1	195	195	195
CP	22S	36E	16				1	170	170	170
CP	22S	36E	22				1	22	22	22
CP	22S	36E	27				1	160	160	160

Record Count: 6

New Mexico Office of the State Engineer
Well Reports and Downloads

Township: Range: Sections:

NAD27 X: Y: Zone: Search Radius:

County: Basin: Number: Suffix:

Owner Name: (First) (Last) Non-Domestic
 Domestic All

WATER COLUMN REPORT 08/31/2001

(quarters are 1=NW 2=NE 3=SW 4=SE)
(quarters are biggest to smallest)

Well Number	Tws	Rng	Sec	q	q	q	Zone	X	Y	Depth Well	Depth Water	Wat Colu
CP 00763 EXP	22S	36E	01	3	2	2				265	137	1
CP 00727	22S	36E	05	2	3	1				228		
CP 00727 CLW	22S	36E	05	2	3	1				267	212	
CP 00469	22S	36E	06	3	2	1				220	195	
CP 00070 2	22S	36E	16	1	2	2				220	170	
CP 00609	22S	36E	22	4	3	1				199	22	1
CP 00575	22S	36E	27	4	3					198	160	
L 11013	22S	36E	10	3						250		

Record Count: 8

APPENDIX C

Analytical Results

ANALYTICAL REPORT

Prepared for:

IKE TAVAREZ
HIGHLANDER ENVIRONMENTAL CORP.
1910 N. BIG SPRING STREET
MIDLAND, TX 79705

Project: Duke/G-Loop

PO#:

Order#: G0307635

Report Date: 10/09/2003

Certificates

US EPA Laboratory Code TX00158

ENVIRONMENTAL LAB OF TEXAS

SAMPLE WORK LIST

HIGHLANDER ENVIRONMENTAL CORP.
1910 N. BIG SPRING STREET
MIDLAND, TX 79705
682-3946

Order#: G0307635
Project: 1714
Project Name: Duke/G-Loop
Location: Lea County, N.M.

The samples listed below were submitted to Environmental Lab of Texas and were received under chain of custody. Environmental Lab of Texas makes no representation or certification as to the method of sample collection, sample identification, or transportation/handling procedures used prior to the receipt of samples by Environmental Lab of Texas, unless otherwise noted.

<u>Lab ID:</u>	<u>Sample :</u>	<u>Matrix:</u>	<u>Date / Time</u> <u>Collected</u>	<u>Date / Time</u> <u>Received</u>	<u>Container</u>	<u>Preservative</u>
0307635-01	AH-1 (2.0'-4.0')	SOIL	10/1/03 15:30	10/2/03 16:40	4 oz glass	ice
	<u>Lab Testing:</u> 8015M 8021B/5030 BTEX Chloride	Rejected: No		Temp: 14.5 C		
0307635-02	AH-1 (4.0'-6.0')	SOIL	10/1/03 15:35	10/2/03 16:40	4 oz glass	ice
	<u>Lab Testing:</u> 8015M Chloride	Rejected: No		Temp: 14.5 C		

ENVIRONMENTAL LAB OF TEXAS

ANALYTICAL REPORT

IKE TAVAREZ
 HIGHLANDER ENVIRONMENTAL CORP.
 1910 N. BIG SPRING STREET
 MIDLAND, TX 79705

Order#: G0307635
 Project: 1714
 Project Name: Duke/G-Loop
 Location: Lea County, N.M.

Lab ID: 0307635-01
 Sample ID: AH-1 (2.0'-4.0')

8015M

<u>Method</u>	<u>Date</u>	<u>Date</u>	<u>Sample</u>	<u>Dilution</u>	<u>Analyst</u>	<u>Method</u>
<u>Blank</u>	<u>Prepared</u>	<u>Analyzed</u>	<u>Amount</u>	<u>Factor</u>		
		10/3/03	1	1	JLH	8015M

Parameter	Result mg/kg	RL
GRO, C6-C12	<10.0	10.0
DRO, >C12-C35	16.8	10.0
TOTAL, C6-C35	16.8	10.0

Surrogates	% Recovered	QC Limits (%)	
1-Chlorooctane	98%	70	130
1-Chlorooctadecane	107%	70	130

8021B/5030 BTEX

<u>Method</u>	<u>Date</u>	<u>Date</u>	<u>Sample</u>	<u>Dilution</u>	<u>Analyst</u>	<u>Method</u>
<u>Blank</u>	<u>Prepared</u>	<u>Analyzed</u>	<u>Amount</u>	<u>Factor</u>		
0007090-02		10/8/03	1	25	CK	8021B

Parameter	Result mg/kg	RL
Benzene	<0.025	0.025
Toluene	<0.025	0.025
Ethylbenzene	<0.025	0.025
p/m-Xylene	<0.025	0.025
o-Xylene	<0.025	0.025

Surrogates	% Recovered	QC Limits (%)	
aaa-Toluene	98%	80	120
Bromofluorobenzene	100%	80	120

ENVIRONMENTAL LAB OF TEXAS

ANALYTICAL REPORT

IKE TAVAREZ
HIGHLANDER ENVIRONMENTAL CORP.
1910 N. BIG SPRING STREET
MIDLAND, TX 79705

Order#: G0307635
Project: 1714
Project Name: Duke/G-Loop
Location: Lea County, N.M.

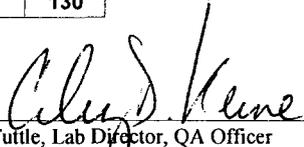
Lab ID: 0307635-02
Sample ID: AH-1 (4.0'-6.0')

8015M

Method Blank	Date Prepared	Date Analyzed	Sample Amount	Dilution Factor	Analyst	Method
		10/3/03	1	1	JLH	8015M

Parameter	Result mg/kg	RL
GRO, C6-C12	<10.0	10.0
DRO, >C12-C35	15.0	10.0
TOTAL, C6-C35	15.0	10.0

Surrogates	% Recovered	QC Limits (%)	
1-Chlorooctane	94%	70	130
1-Chlorooctadecane	103%	70	130

Approval:  10/9/03
Raland K. Tuttle, Lab Director, QA Officer
Caley D. Keene, Org. Tech. Director
Jeanne McMurrey, Inorg. Tech. Director
Sandra Biezugbe, Lab Tech.
Sara Molina, Lab Tech.

ENVIRONMENTAL LAB OF TEXAS

ANALYTICAL REPORT

IKE TAVAREZ
HIGHLANDER ENVIRONMENTAL CORP.
1910 N. BIG SPRING STREET
MIDLAND, TX 79705

Order#: G0307635
Project: 1714
Project Name: Duke/G-Loop
Location: Lea County, N.M.

Lab ID: 0307635-01
Sample ID: AH-1 (2.0'-4.0')

Test Parameters

<u>Parameter</u>	<u>Result</u>	<u>Units</u>	<u>Dilution Factor</u>	<u>RL</u>	<u>Method</u>	<u>Date Analyzed</u>	<u>Analyst</u>
Chloride	<20	mg/kg	1	20	9253	10/3/03	SB

Lab ID: 0307635-02
Sample ID: AH-1 (4.0'-6.0')

Test Parameters

<u>Parameter</u>	<u>Result</u>	<u>Units</u>	<u>Dilution Factor</u>	<u>RL</u>	<u>Method</u>	<u>Date Analyzed</u>	<u>Analyst</u>
Chloride	<20	mg/kg	1	20	9253	10/3/03	SB

Approval: Celey D. Keene 10/9/03

Raland K. Tuttle, Lab Director, QA Officer
Celey D. Keene, Org. Tech. Director
Jeanne McMurrey, Inorg. Tech. Director
Sandra Biezugbe, Lab Tech.
Sara Molina, Lab Tech.

Date

ENVIRONMENTAL LAB OF TEXAS

QUALITY CONTROL REPORT

8015M

Order#: G0307635

BLANK	SOIL	LAB-ID #	Sample Concentr.	Spike Concentr.	QC Test Result	Pct (%) Recovery	RPD
		0007055-02			<10.0		
CONTROL	SOIL	LAB-ID #	Sample Concentr.	Spike Concentr.	QC Test Result	Pct (%) Recovery	RPD
		0007055-03		952	772	81.1%	
MS	SOIL	LAB-ID #	Sample Concentr.	Spike Concentr.	QC Test Result	Pct (%) Recovery	RPD
		0307635-01	16.8	952	1054	108.9%	
MSD	SOIL	LAB-ID #	Sample Concentr.	Spike Concentr.	QC Test Result	Pct (%) Recovery	RPD
		0307635-01	16.8	952	1046	108.1%	0.8%
SRM	SOIL	LAB-ID #	Sample Concentr.	Spike Concentr.	QC Test Result	Pct (%) Recovery	RPD
		0007055-05		1000	921	92.1%	

ENVIRONMENTAL LAB OF TEXAS

QUALITY CONTROL REPORT

8021B/5030 BTEX

Order#: G0307635

BLANK	SOIL	LAB-ID #	Sample Concentr.	Spike Concentr.	QC Test Result	Pct (%) Recovery	RPD
Benzene-mg/kg		0007090-02			<0.025		
Toluene-mg/kg		0007090-02			<0.025		
Ethylbenzene-mg/kg		0007090-02			<0.025		
p/m-Xylene-mg/kg		0007090-02			<0.025		
o-Xylene-mg/kg		0007090-02			<0.025		
MS	SOIL	LAB-ID #	Sample Concentr.	Spike Concentr.	QC Test Result	Pct (%) Recovery	RPD
Benzene-mg/kg		0307635-01	0	0.1	0.108	108.%	
Toluene-mg/kg		0307635-01	0	0.1	0.106	106.%	
Ethylbenzene-mg/kg		0307635-01	0	0.1	0.103	103.%	
p/m-Xylene-mg/kg		0307635-01	0	0.2	0.207	103.5%	
o-Xylene-mg/kg		0307635-01	0	0.1	0.100	100.%	
MSD	SOIL	LAB-ID #	Sample Concentr.	Spike Concentr.	QC Test Result	Pct (%) Recovery	RPD
Benzene-mg/kg		0307635-01	0	0.1	0.110	110.%	1.8%
Toluene-mg/kg		0307635-01	0	0.1	0.111	111.%	4.6%
Ethylbenzene-mg/kg		0307635-01	0	0.1	0.104	104.%	1.%
p/m-Xylene-mg/kg		0307635-01	0	0.2	0.208	104.%	0.5%
o-Xylene-mg/kg		0307635-01	0	0.1	0.097	97.%	3.%
SRM	SOIL	LAB-ID #	Sample Concentr.	Spike Concentr.	QC Test Result	Pct (%) Recovery	RPD
Benzene-mg/kg		0007090-05		0.1	0.102	102.%	
Toluene-mg/kg		0007090-05		0.1	0.100	100.%	
Ethylbenzene-mg/kg		0007090-05		0.1	0.093	93.%	
p/m-Xylene-mg/kg		0007090-05		0.2	0.188	94.%	
o-Xylene-mg/kg		0007090-05		0.1	0.092	92.%	

ENVIRONMENTAL LAB OF TEXAS

QUALITY CONTROL REPORT

Test Parameters

Order#: G0307635

BLANK	SOIL	LAB-ID #	Sample Concentr.	Spike Concentr.	QC Test Result	Pct (%) Recovery	RPD
Chloride-mg/kg		0007031-01			<20		
MS	SOIL	LAB-ID #	Sample Concentr.	Spike Concentr.	QC Test Result	Pct (%) Recovery	RPD
Chloride-mg/kg		0307632-01	177	500	674	99.4%	
MSD	SOIL	LAB-ID #	Sample Concentr.	Spike Concentr.	QC Test Result	Pct (%) Recovery	RPD
Chloride-mg/kg		0307632-01	177	500	674	99.4%	0.0%
SRM	SOIL	LAB-ID #	Sample Concentr.	Spike Concentr.	QC Test Result	Pct (%) Recovery	RPD
Chloride-mg/kg		0007031-04		5000	4960	99.2%	

