

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 | Southern Union Gas Services, Ltd. | Contact | Tony Savoie |
| Address | P.O. Box 1226 Jal, N.M. 88252 | Telephone No. | 575-395-2116 |
| Facility Name | Lea County Field Dept. | Facility Type | Natural Gas Gathering |

| | | |
|----------------------------|------------------------------------|------------------------------|
| Surface Owner: Jay Anthony | Mineral Owner: State of New Mexico | Lease No. 30-025-09838-00-00 |
|----------------------------|------------------------------------|------------------------------|

LOCATION OF RELEASE

| | | | | | | | | |
|------------------|--------------|-----------------|--------------|---------------|------------------|---------------|----------------|---------------|
| Unit Letter A | Section 1 | Township 26S | Range 36E | Feet from the | North/South Line | Feet from the | East/West Line | County Lea |
|------------------|--------------|-----------------|--------------|---------------|------------------|---------------|----------------|---------------|

Latitude N32 4.762 Longitude W103 12.657

NATURE OF RELEASE

| | | |
|--|---|---|
| Type of Release : Natural Gas | Volume of Release: Unknown | Volume Recovered None |
| Source of Release : 4" Natural Gas Pipeline | Date and Hour of Occurrence Unknown | Date and Hour of Discovery 7/22/04 Time: 9:00 a.m. |
| Was Immediate Notice Given? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Required | If YES, To Whom? | |
| By Whom? | Date and Hour: | |
| 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 4" Natural gas pipeline leaked prior to Southern Union Gas Services operations. The pipeline has been idle for approximately 5 years, and the leak areas were there several years prior to taking the line out of service. The leak areas were identified by the landowner and the worse case site was photographed and sampled in July 2004.

Describe Area Affected and Cleanup Action Taken. An area measuring approximately 180 sq. ft. has a dry grey to white discoloration. The discolored soil will be removed to a depth sufficient to restore a root bearing zone. All remediation activities will follow the NMOCD guidelines.

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: John A. Savoie | Approved by District Supervisor  | |
| Title: Waste Management and Remediation Specialist | ENVIRONMENTAL ENGINEER | |
| E-mail Address: tony.savoie@sug.com | Approval Date: 7-28-08 | Expiration Date: 9-29-08 |
| Date: 7/24/08 Phone: 575-395-2116 | Conditions of Approval: <input checked="" type="checkbox"/> Attached <input type="checkbox"/> 2 RP. 1915 | |

* Attach Additional Sheets If Necessary

SUBMIT FINAL C-141
w/DOCUMENTATION BY

PERL 0821942380

Site Remediation Plan

Southern Union Gas Services
Sheperd #9
2008-019

Unit ltr. A Section 1, Twns. 26S, Range 36E

Waste Management and Remediation Specialist

Signature Tony Savoie

Date: 7/24/08

Tony Savoie

P.O. Box 1226

Jal, New Mexico 88252

575-631-9376

E-mail: tony.savoie@sug.com



Remediation Plan

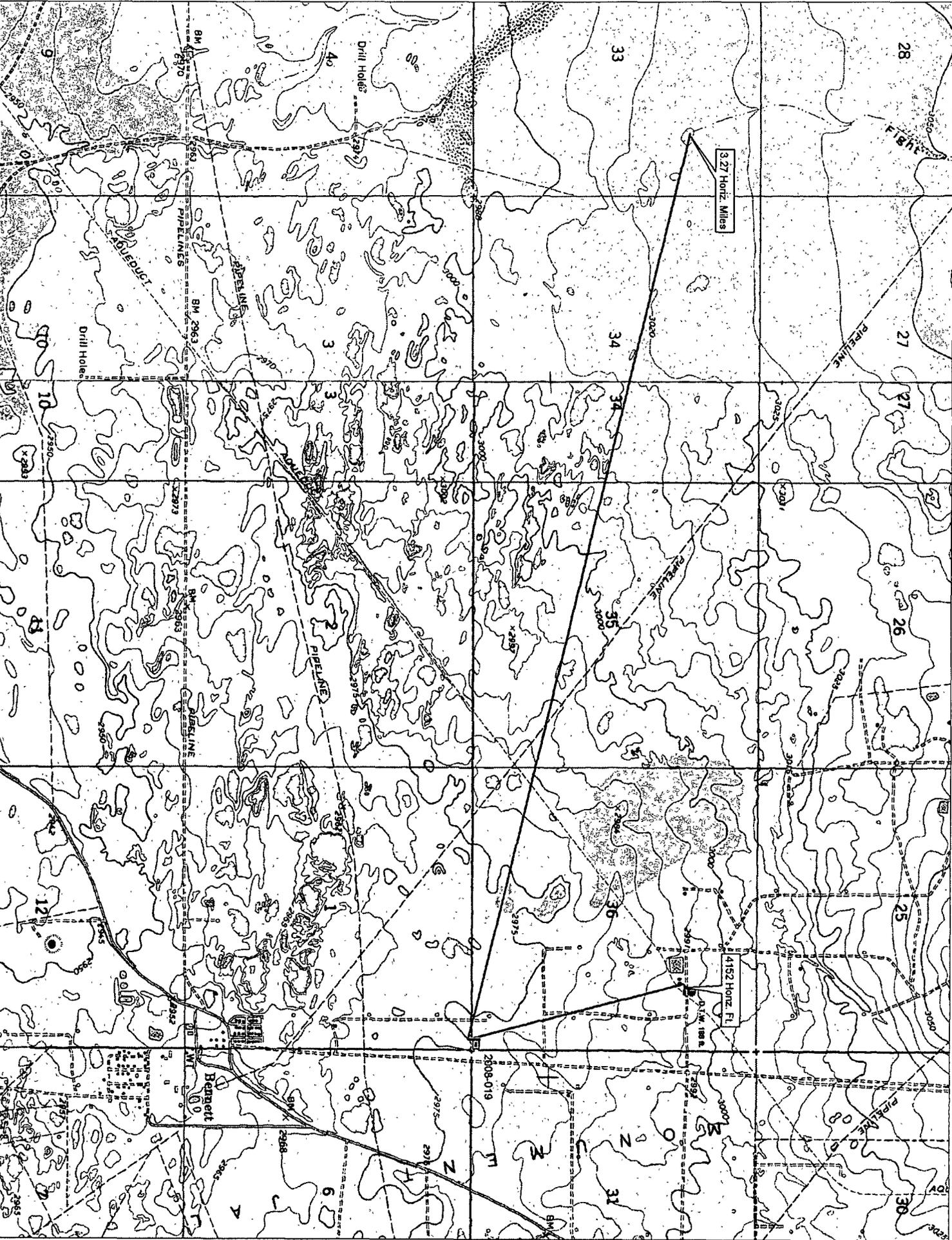
@

Sheperd #9

Project # 2008-019

Unit ltr."A" Section 1 Twns. 26S Range 36E

Lea County, New Mexico



3.27 Horiz. Miles

4.152 Horiz. Ft.

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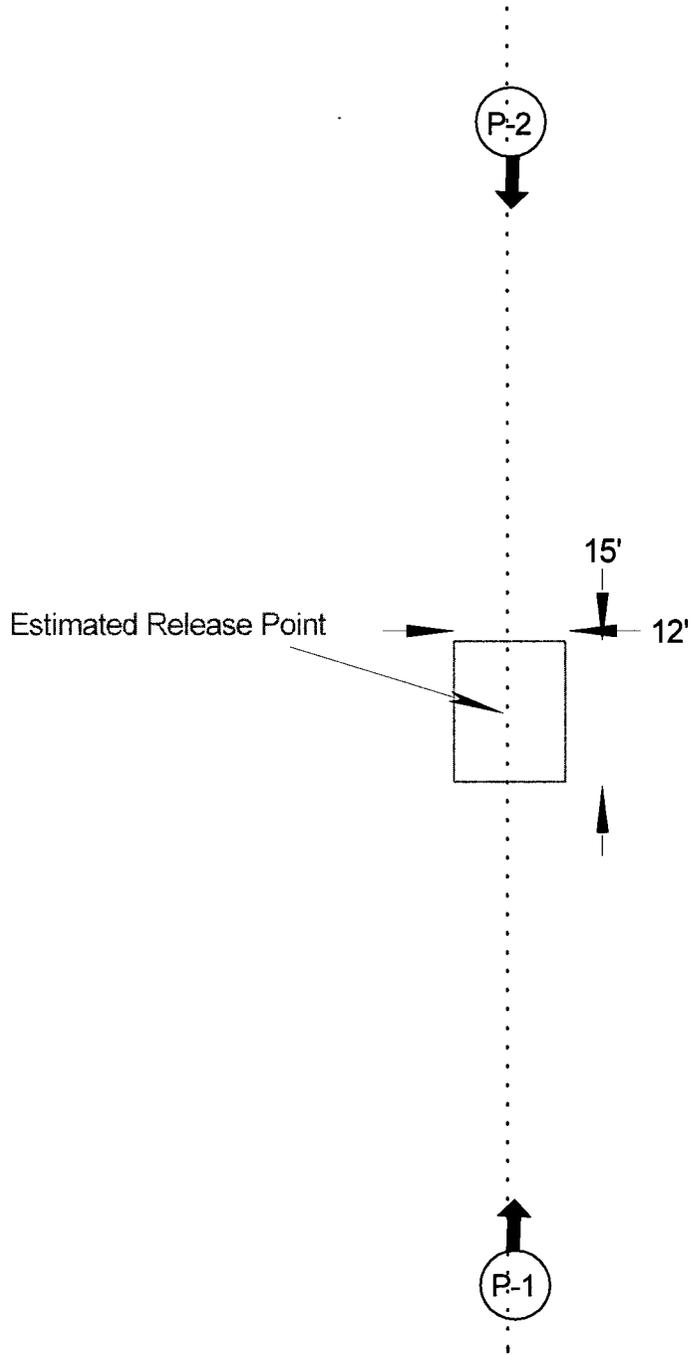
Sheperd #9 Job # 2008-019 Ranking Analysis

| NMOCD Standards | | | Points |
|--------------------------------|--|--------------|------------|
| Depth to Ground Water | Greater than 100 ft. | | 0 |
| Depth to Ground Water | Less than 100 ft. but greater than 50 ft. | | 10 |
| Depth to Ground Water | Less than 50 ft. | | 20 |
| Well Head Protection | Less than 1000 ft. from a water source, or; | Yes | 20 |
| | Less than 200 ft. from private domestic water source | No | 0 |
| Distance to Surface water body | Less than 200 Horizontal. ft. | | 20 |
| Distance to Surface water body | 200 to 1000 Horizontal ft. | | 10 |
| Distance to Surface water body | Greater than 1000 Horizontal ft. | | 0 |
| Action levels | >19 | 10-19 | 0-9 |
| Benzene (mg/kg) | 10 | 10 | 10 |
| BTEX (mg/kg) | 50 | 50 | 50 |
| TPH (mg/kg) | 100 | 1000 | 5000 |

| Site Ranking | | | Points |
|----------------------------|-----------------------|--|----------|
| Depth to Ground Water | 186 ft. | | 0 |
| Well Head Protection | 4152 Horizontal ft. | | 0 |
| Surface Water Body | 3.27 Horizontal Miles | | 0 |
| Total Ranking Score | | | 0 |

| Site Closure Objective | |
|------------------------|------|
| Benzene (mg/kg) | 10 |
| BTEX (mg/kg) | 50 |
| TPH (mg/kg) "Surface" | 5000 |

| Remediation Plan: |
|---|
| All affected soil will be excavated and sampled for the presence of Hydrocarbons EPA method (8015M) |
| Soil with TPH values greater than 5000 mg/kg will be transported to the S.U.G.S. Landfarm or remediated on-site. |
| Soil samples will be collected from the excavation and analyzed for Hydrocarbons EPA method (8015M) |
| All samples will be field screened with a "PID" The soil sample with the highest PID reading will be analyzed separately and tested for BTEX. |



Unit ltr. "A"
 Section 1
 Twns.-26 S
 Range 36E
 County-Lea, N.M.
 GPS
 Lat- 32-04.762N
 Long-103-12.657W

Approximate
 Scale 1"= 20' **N**



Site Plan-Sheperd #9
 Lea County Area Jal, N.M.

2008-019

Figure 1

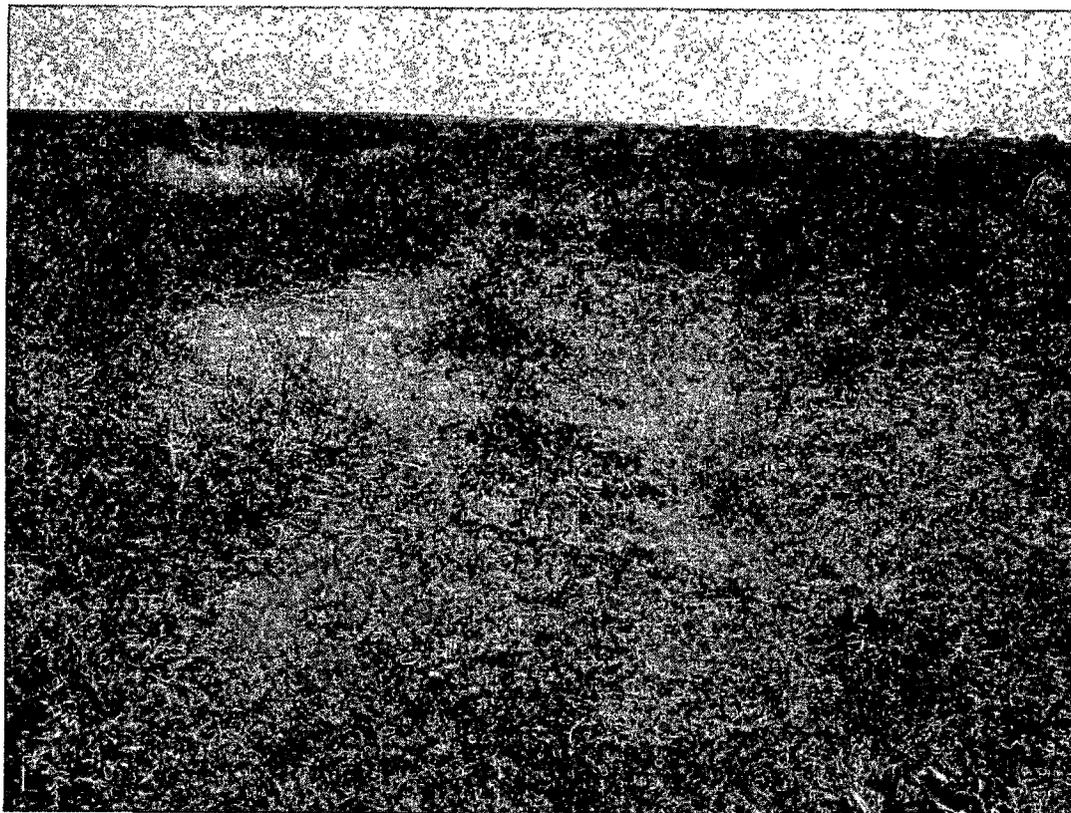


Photo 1

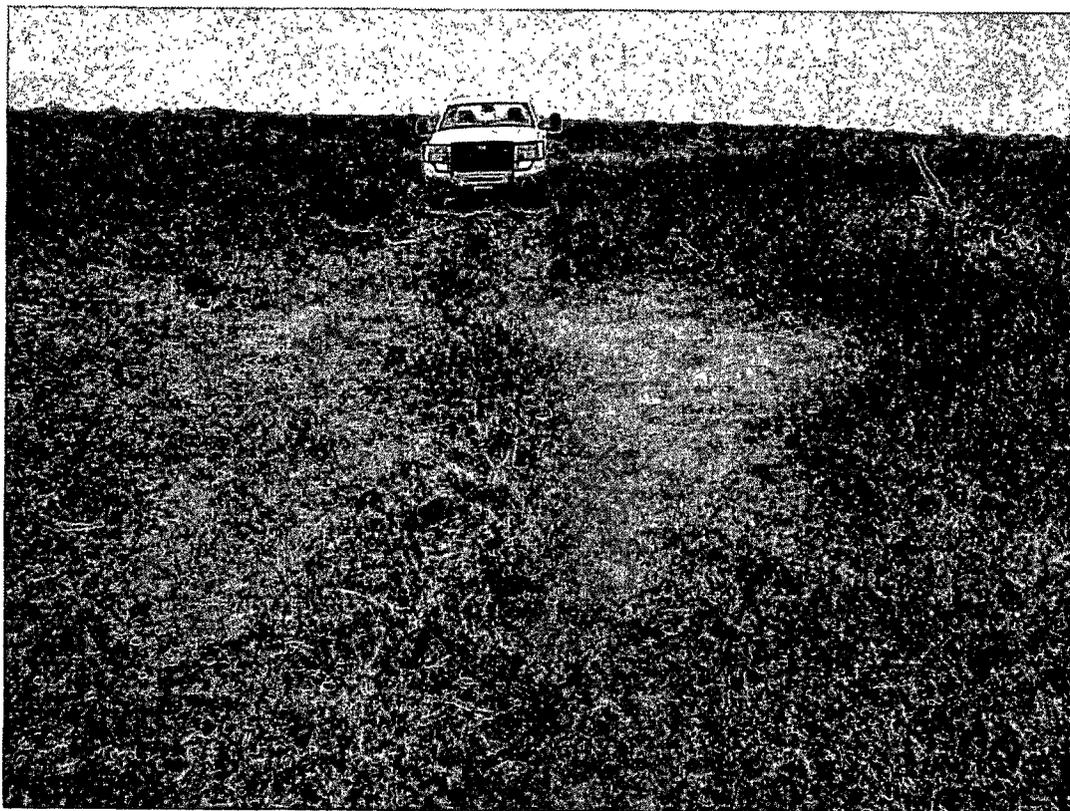


Photo 2

Southern Union Gas Services Site: Sheperd #9
Job # 2008-019
Site Assessment 5/5/08