

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

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OCT 21 2010

HOBBSOCD

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	Southern Union Gas Services, Ltd.	Contact	Rose Slade
Address	P.O. Box 1226 Jal, N.M. 88252	Telephone No.	432-940-5147
Facility Name	Sheperd #8	Facility Type	Natural Gas Gathering

Surface Owner: Jay Anthony	Mineral Owner: State of New Mexico	Lease No.
----------------------------	------------------------------------	-----------

API # 30-025-38822

LOCATION OF RELEASE

Unit Letter P	Section 36	Township 25S	Range 36E	Feet from the	North/South Line	Feet from the	East/West Line	County Lea
------------------	---------------	-----------------	--------------	---------------	------------------	---------------	----------------	---------------

Latitude N32 4.818 Longitude W103 12.658

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-inch natural gas pipeline had a release prior to the Southern Union Gas Services acquisition. The pipeline has been idle for approximately 5 years; the areas were impacted several years prior to placing the line out of service. The impacted 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 375 sq. ft. has a dry grey to white discoloration. The discolored soil was excavated to a depth sufficient to restore a root bearing zone. Please reference closure request dated October 18, 2010 for remediation details.

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: <i>Rose L. Slade</i>	OIL CONSERVATION DIVISION	
Printed Name: Rose L. Slade	Approved by District Supervisor ENVIRONMENTAL ENGINEER	
Title: EHS Compliance Specialist	Approval Date: 10-21-10	Expiration Date:
E-mail Address: rose.slade@sug.com	Conditions of Approval:	Attached <input type="checkbox"/>
Date: 10/18/2010 Phone: 432-940-5147		

* Attach Additional Sheets If Necessary

PCOHO814537758

IRP-1879



1507 W. 15th
Monahans, Texas 79756

432.943.1100 Fax: 432.943.1101

October 18, 2010

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OCT 21 2010

HOBBSOCD

Mr. Larry Johnson
New Mexico Oil Conservation Division
Hobbs District Office
1625 N. French Drive
Hobbs, New Mexico 88240

Re: Sheperd #8 (1RP-1879)

Mr. Johnson,

On July 1, 2008, Ocotillo Environmental, LLC (Ocotillo), on behalf of Southern Union Gas Services (SUG) completed the delineation and remediation of a historical release occurring on a four (4) inch natural gas pipeline. The release was located in Unit Letter "P", Section 36, Township 25 South and Range 36 East in rural Lea County, New Mexico. The release GPS coordinates were 32° 04.818' N, 103° 12.658' W and the property is owned by Mr. Jay Anthony. A site location map is attached for your reference. The release was discovered by the landowner on July 22, 2004, occurring on a natural gas pipeline which had been idle for several years prior to the discovery of the release. The volume of the release is unknown, with no recovery. On June 11, 2008, an initial C-141 was prepared and submitted to the New Mexico Oil Conservation Division (NMOCD) for approval. The initial C-141 is attached for your reference.

A water well is located approximately 3,822 feet north (up gradient) of the release. Available data indicates groundwater was encountered at approximately 186 feet below ground surface (bgs). The nearest water course is approximately 3.44 miles to the west of the release. Based on the NMOCD ranking classification, the release site score is zero (0). A release site with a ranking score of zero (0) requires the following NMOCD cleanup levels:

Benzene: 10 mg/Kg
BTEX : 50 mg/Kg
TPH: 5,000 mg/Kg
Chloride: 250 mg/Kg

On June 11, 2008, excavation of the release began; impacted soil was stockpiled adjacent to the release, pending transportation to the SUG Landfarm (NM2-19-0). The final dimensions of excavation were approximately fifteen (15) feet in width by twenty-five (25) feet in length

and three (3) feet bgs. On June 11, 2008, following the excavation activities, two (2) soil samples (P.R. @ 3' and B-Comp) were collected and submitted to the laboratory. A site map is attached and depicts the locations of the collected soil samples. The soil samples were analyzed for concentrations of total petroleum hydrocarbons (TPH) using EPA Method SW-846 8015M. The analytical results indicated TPH concentrations were less than the laboratory MDL for both soil samples. Soil sample P.R. @ 3' was analyzed for concentrations of benzene, toluene, ethyl benzene and xylene (BTEX) using EPA Method 8021b. The analytical results indicate benzene and BTEX concentrations were less than the appropriate laboratory MDL. The chloride concentration was 32.0 mg/Kg. Concentrations of Benzene, BTEX, TPH and Chloride are summarized on the attached table. The laboratory analytical reports are attached for your reference.

Following the collection of the soil samples, the excavation was backfilled with non-impacted soil purchased from the landowner. The backfilled soil was contoured to fit the surrounding topography. Approximately sixty (60) cubic yards (cy) of excavated soil was transported to the SUG Landfarm.

Based on the analytical results, Southern Union Gas Services requests NMOCD Site Closure for the Shepard #8 release. Attached to this letter are: photographs, laboratory analytical reports, a site location map, a site map and the Initial and Final C-141.



Photo 1



Photo 2

Southern Union Gas Services Site: Sheperd #8
Job # 2008-018
Site Assessment 5/5/08

TABLE 1

**CONCENTRATIONS OF BENZENE, BTEX, TPH AND CHLORIDE IN SOIL
SOUTHERN UNION GAS SERVICES
SHEPARD #8
LEA COUNTY, NEW MEXICO**

SAMPLE LOCATION	SAMPLE DEPTH (BGS)	SAMPLE DATE	SOIL STATUS	METHOD: EPA SW 846-8021B, 5030					METHOD: 8015M			METHOD: E300
				BENZENE (mg/Kg)	TOLUENE (mg/Kg)	ETHYL-BENZENE (mg/Kg)	TOTAL - XYLENES (mg/Kg)	TOTAL BTEX (mg/Kg)	GRO C ₆ -C ₁₀ (mg/Kg)	DRO C ₁₀ -C ₂₈ (mg/Kg)	TOTAL TPH C ₆ -C ₂₈ (mg/Kg)	CHLORIDE (mg/Kg)
P.R. @ 3'	3 ft bgs	06/12/08	In-Situ	<0.005	<0.005	<0.005	<0.015	<0.015	<10	<10	<10	32.0
B-Comp	-	06/12/08	In-Situ	-	-	-	-	-	<10	<10	<10	-



ANALYTICAL RESULTS FOR
SOUTHERN UNION GAS SERVICES
ATTN: TONY SAVOIE
P.O. BOX 1226
JAL, NM 88252
FAX TO: (575) 395-2092

Receiving Date: 06/12/08
Reporting Date: 06/13/08
Project Number: 2008-014
Project Name: SHEPERD #8 - 4"
Project Location: ANTHONY RANCH

Sampling Date: 06/12/08
Sample Type: SOIL
Sample Condition: COOL & INTACT
Sample Received By: KS
Analyzed By: CK/KS

LAB NUMBER	SAMPLE ID	GRO (C ₆ -C ₁₀) (mg/kg)	DRO (>C ₁₀ -C ₂₈) (mg/kg)	CI* (mg/kg)
ANALYSIS DATE		06/12/08	06/12/08	06/12/08
H14974-1	PR @ 3'	<10.0	<10.0	32
H14974-2	B - COMP.	<10.0	<10.0	---
Quality Control		569	584	490
True Value QC		500	500	500
% Recovery		114	117	98.0
Relative Percent Difference		2.6	4.9	2.0

METHODS: TPH GRO & DRO: EPA SW-846 8015 M; Std. Methods 4500-CFB
*Analyses performed on 1:4 w:v aqueous extracts.

Alan D. Keene

Chemist

06/13/08

Date

H14974TCL SUG

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. Results relate only to the samples identified above. This report shall not be reproduced except in full with written approval of Cardinal Laboratories.



CARDINAL LABORATORIES

101 East Marland, Hobbs, NM 88240

(575) 393-2326 Fax (575) 393-2476

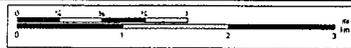
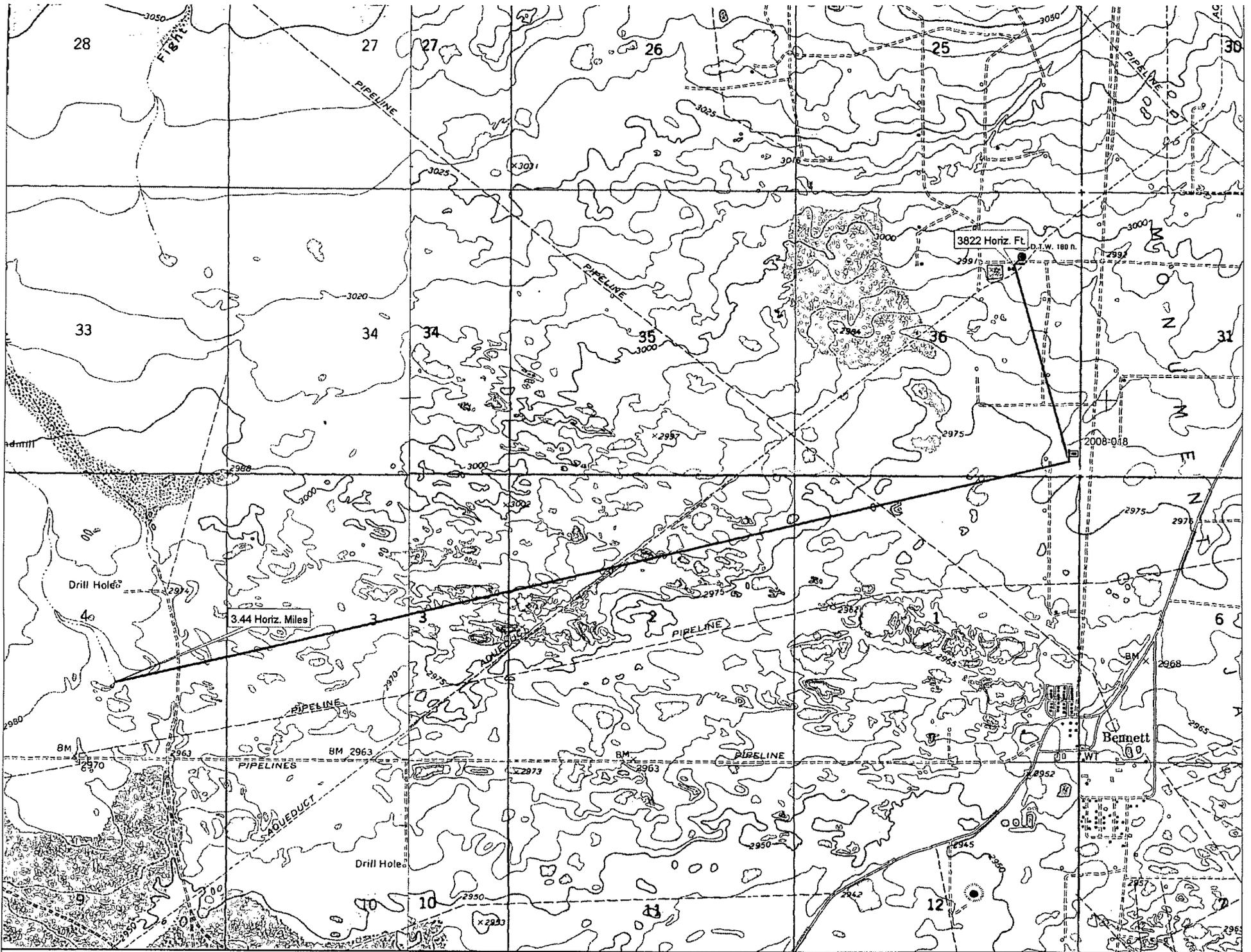
Company Name: <u>S.U.G.S.</u>			BILL TO			ANALYSIS REQUEST											
Project Manager: <u>TONY SAUDIE</u>			P.O. #:			<div style="display: flex; justify-content: space-around; font-size: 2em;"> TPH BTEX CL </div>											
Address: <u>610 COMMERCE PO Box 1226</u>			Company: <u>SAME</u>														
City: <u>JAL</u> State: <u>NM</u> Zip: <u>88252</u>			Attn:														
Phone #: <u>575-395-2116</u> Fax #:			Address:														
Project #: <u>2008-014</u> Project Owner: <u>SUGS</u>			City:														
Project Name: <u>SHEPARD #8 - 4"</u>			State: Zip:														
Project Location: <u>ANTHONY RANCH</u>			Phone #:														
Sampler Name: <u>Don Green</u>			Fax #:														
FOR LAB USE ONLY																	
Lab I.D.	Sample I.D.	(GRAB OR C)OMP.	# CONTAINERS	MATRIX	PRESERV.							SAMPLING					
				GROUNDWATER WASTEWATER SOIL OIL SLUDGE OTHER:	ACID/BASE: ICE / COOL OTHER:	DATE TIME											
<u>H14974-1</u>	<u>PR@3'</u>	<u>G</u>	<u>1</u>			<u>6/12/08</u>	<u>8:30</u>										
<u>-2</u>	<u>B-Comp.</u>	<u>C</u>	<u>1</u>			<u>11</u>	<u>11</u>										

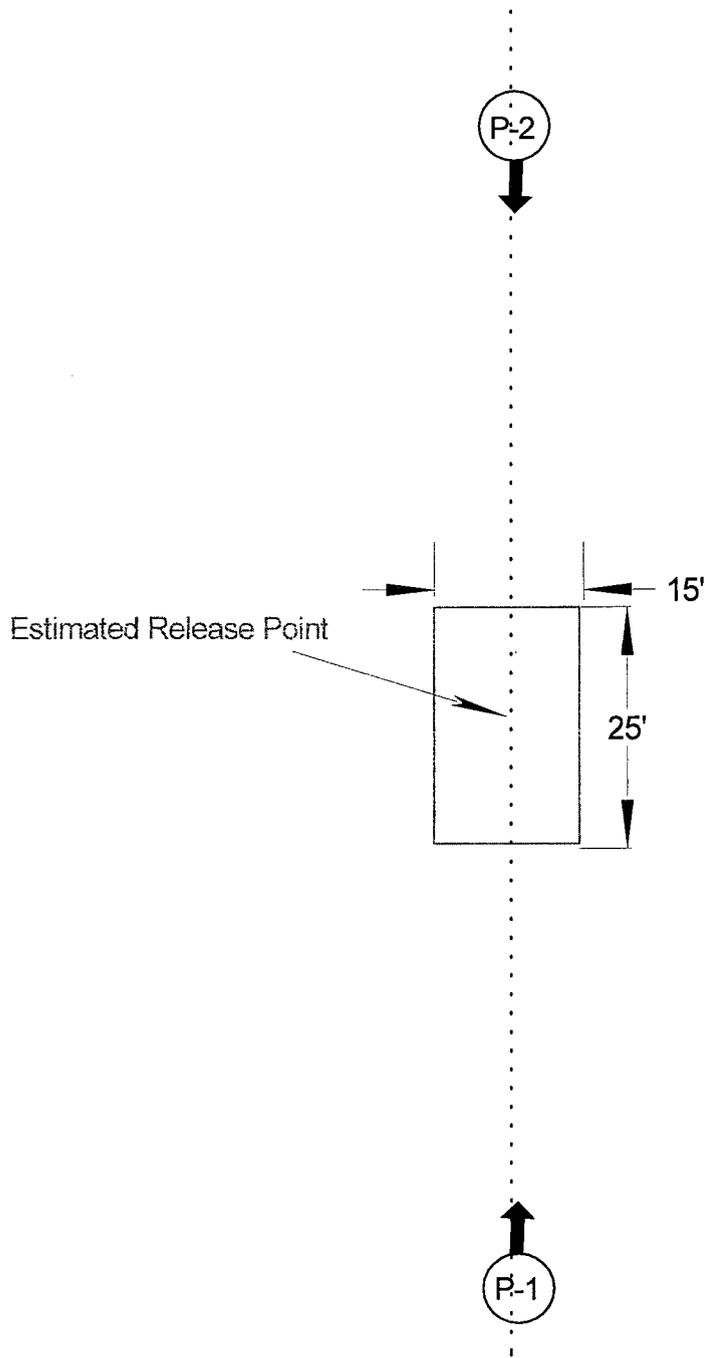
PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising whether based in contract or tort, shall be limited to the amount paid by the client for the analyses. All claims including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within 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.

Terms and Conditions: Interest will be charged on all accounts more than 30 days past due at the rate of 24% per annum from the original date of invoice, and all costs of collections, including attorney's fees.

Sampler Relinquished:	Date: <u>6/12/08</u>	Received By: <u>Buster Dupont</u>	Phone Result: <input type="checkbox"/> No Add'l Phone #:
<u>Don Green</u>	Time: <u>12:04</u>		Fax Result: <input type="checkbox"/> No Add'l Fax #:
Relinquished By:	Date:	Received By:	REMARKS:
	Time:		
Delivered By: (Circle One)	Temp.	Sample Condition	CHECKED BY:
Sampler - UPS - Bus - Other:		Cool, Intact <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> No <input type="checkbox"/> No	(Initials) <u>KS</u>

† Cardinal cannot accept verbal changes. Please fax written changes to 575-393-2476.





Approximate
Scale 1"= 20'



Unit tr."P"
Section 36
Twns.-25 S
Range 36E
County-Lea, N.M.
GPS
Lat- 32-04.818N
Long-103-12.658W

Southern Union
Gas Services

Site Plan-Sheperd #8
Lea County Area Jal, N.M.

2008-018

Figure 1

District I
1625 N French Dr, Hobbs, NM 88240
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1301 W Grand Avenue, Artesia, NM 88210
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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	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. 30-025-22033
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LOCATION OF RELEASE

Unit Letter P	Section 36	Township 25S	Range 36E	Feet from the	North/South Line	Feet from the	East/West Line	County Lea
------------------	---------------	-----------------	--------------	---------------	------------------	---------------	----------------	---------------

Latitude N32 4.818 Longitude W103 12.658

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 375 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: <i>Tony Savoie</i>	OIL CONSERVATION DIVISION	
Printed Name: John A. Savoie	Approved by District Supervisor: <i>Johnson</i>	
Title: Remediation Supervisor	ENVIRONMENTAL ENGINEER	
E-mail Address: tony.savoie@sug.com	Approval Date: 6.11.08	Expiration Date: 8.11.08
Date: 6/12/08 Phone: 575-395-2116	Conditions of Approval: SUBMIT FINAL C-141 BY 7/18/08 Attached <input type="checkbox"/>	

* Attach Additional Sheets If Necessary

FCDHO 81637428

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JUN 12 2008

HOBBS OCD