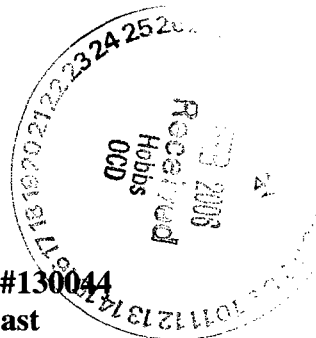




ENVIRONMENTAL PLUS, INC.
CONSULTING AND REMEDIAL CONSTRUCTION

1 February 2006

Mr. Larry Johnson, Environmental Engineer
New Mexico Oil Conservation Division
1625 North French Drive
Hobbs, New Mexico 88240



Re: Initial C-141
Duke Energy C-23-10 Line – Leak #1 – Reference #130044
UL-A, Section 13, Township 20 South, Range 35 East
Latitude N 32° 34' 46.65" and Longitude W 103° 24' 14.66"

Dear Mr. Johnson:

Environmental Plus, Inc. (EPI), on behalf of Ms. Lynn Ward, Duke Energy Field Services (DEFS), submits the attached New Mexico Oil Conservation Division (NMOCD) form C-141 for the above-referenced leak site, located on land owned by Aline Sims.

The site is located approximately 18 miles southwest of Hobbs, New Mexico (reference *Figure 1*). Information obtained from the New Mexico Office of the State Engineer's website and a United States Geological Survey (USGS) database indicates that there are no water supply wells within a 1,000-foot radius of the release site. However, there are two water supply well located within a 1.0-mile radius of the release site (reference *Figure 2*). Groundwater level data indicates an average depth to water of approximately 34 feet below ground surface (reference *Table 1*). The attached site information and metrics form ranks the site in accordance with the NMOCD Guidelines for Remediation of Leaks, Spills and Releases (August 13, 1993).

An unknown amount of natural gas was released as the result of the structural integrity of the pipeline failing as the pressure was increased on the line, with no amount recovered.

Duke - 229153
Facility - PPAC0603734789
Incident - nPPAC0603734987
Application - pPPAC0603735192

Should you have any questions or concerns please feel free to contact me at (505) 394-3481 or via e-mail at iolness@envplus.net or Ms. Lynn Ward at (432) 620-4207 or via e-mail at lcward@duke-energy.com. All official communication should be addressed to:

Ms. Lynn Ward
Duke Energy Field Services
10 Desta Drive, Suite 400-W
Midland, TX 79705

Sincerely,

ENVIRONMENTAL PLUS, INC.



Iain Olness, P.G.
Hydrogeologist

cc: Lynn Ward, Duke Energy Field Services, Midland, TX
Polo Rendon, Duke Energy Field Services, Hobbs, NM
Steve Weathers, Duke Energy Field Services – Denver, CO
Aline Sims, Landowner
File

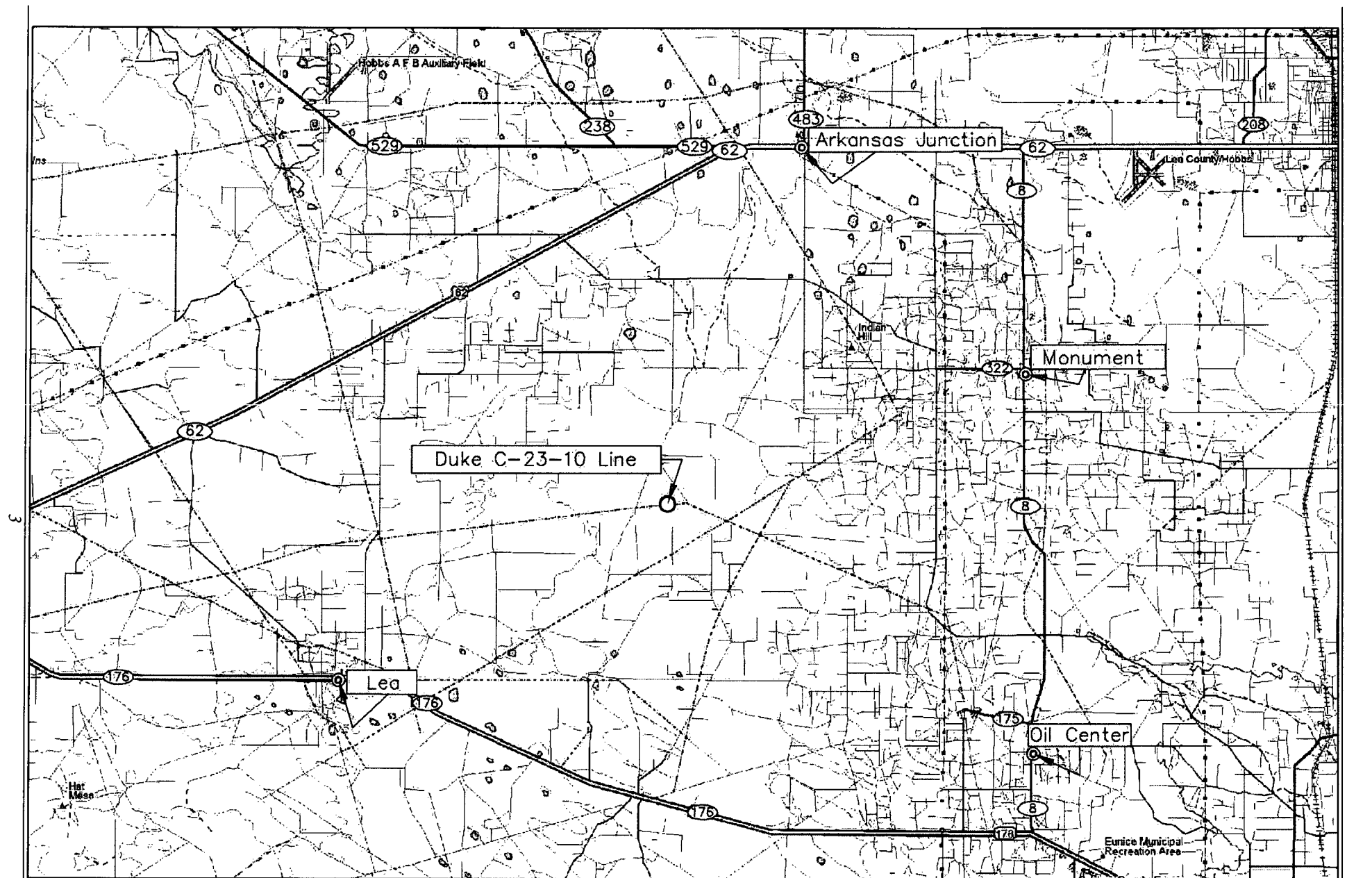
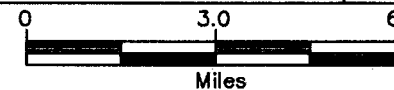


Figure 1
Area Map
Duke Energy
C-23-10 Line - Leak #1

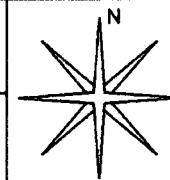
Lea County, New Mexico
NE 1/4 of the NE 1/4, Sec. 13, T20S, R35E
N 32° 24' 46.65" W 103° 24' 14.66"
Elevation: 3,642 feet amsl

DWG By: Daniel Dominguez
January 2006

REVISED:



SHEET
1 of 1



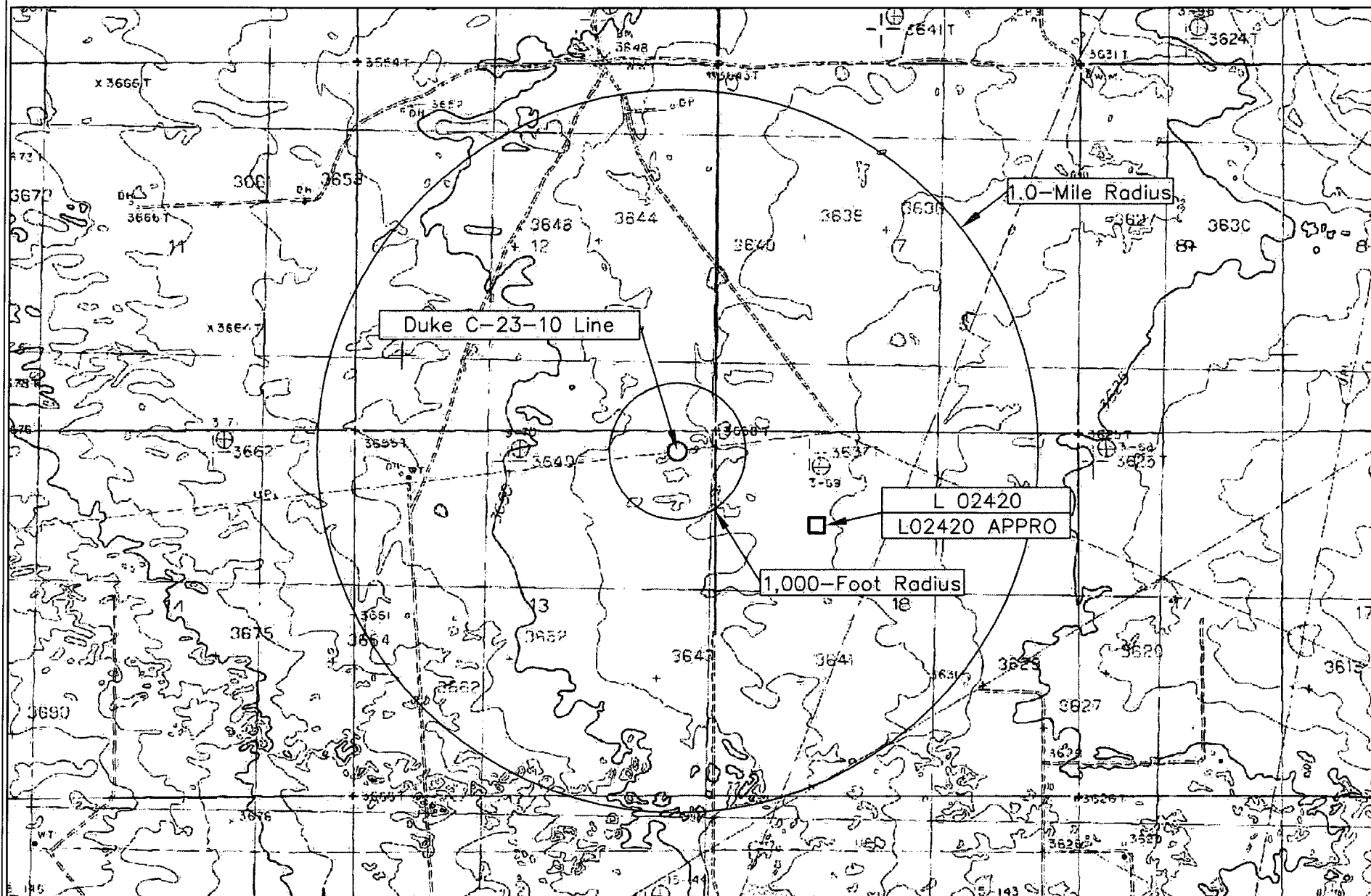
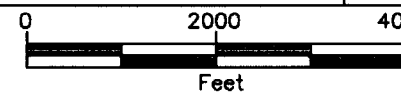


Figure 2
Site Location Map
Duke Energy
C-23-10 Line - Leak #1

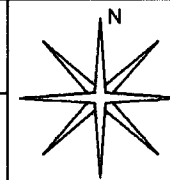
Lea County, New Mexico
NE 1/4 of the NE 1/4, Sec. 13, T20S, R35E
N 32° 24' 46.65" W 103° 24' 14.66"
Elevation: 3,642 feet amsl

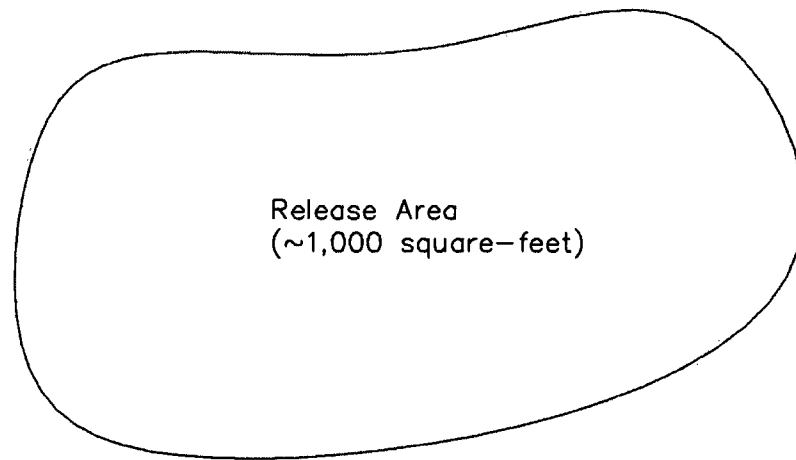
DWG By: Daniel Dominguez
January 2006

REVISED:



SHEET
1 of 1





Release Area
(~1,000 square-feet)

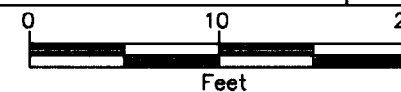
LEGEND

Figure 3
Site Map
Duke Energy
C-23-10 Line - Leak #1

Lea County, New Mexico
NE 1/4 of the NE 1/4, Sec. 13, T20S, R35E
N 32° 24' 46.65" W 103° 24' 14.66"
Elevation: 3,642 feet amsl

DWG By: Daniel Dominguez
January 2006

REVISED:



SHEET
1 of 1

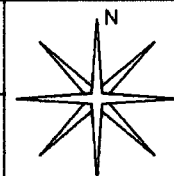


TABLE 1

Well Data

Duke Energy - C-23-10 Line #1 (Ref. # 130044)

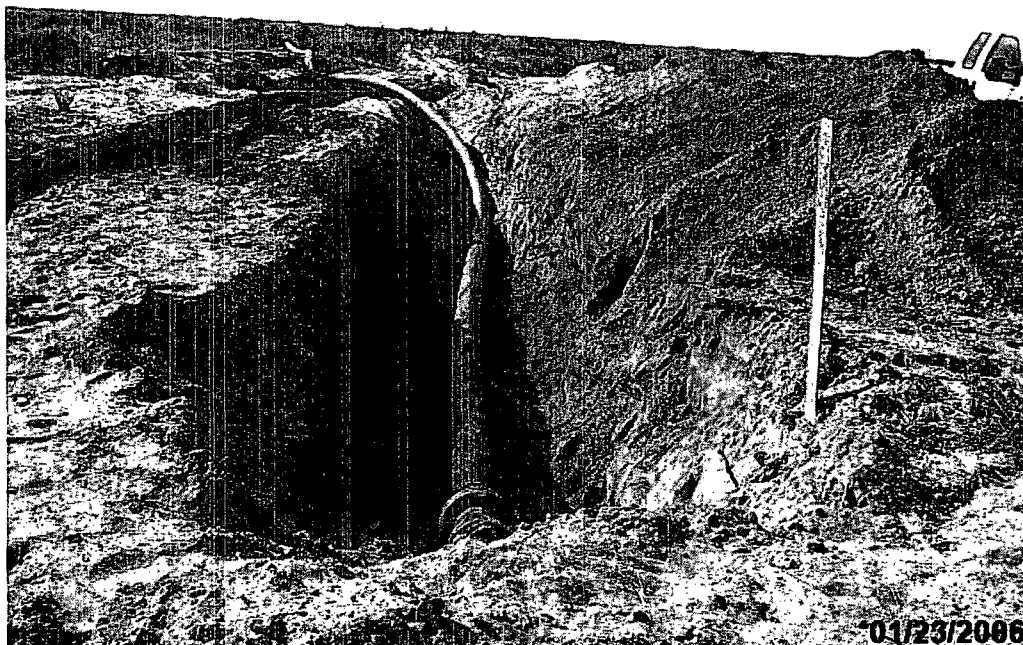
Well Number	Diversion ^A	Owner	Use	Twsp	Rng	Sec q q q	Latitude	Longitude	Date Measured	Surface Elevation ^B	Depth to Water
											(ft bgs)
L 02420	3	MORAN DRILLING CO.	PRO	20S	36E	18 1 2	N32° 34' 36.14"	W103° 23' 50.87"	25-Nov-53	3,642	34
L 02420 APPRO				20S	36E	18 1 2	N32° 34' 36.14"	W103° 23' 50.87"	25-Nov-53	3,642	34

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

PRO = 72-12-1 Prospecting or development of natural resource

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

Shaded area indicates wells not shown in Figure 2



Photograph #1-Looking west at the release area.



Information and Metrics

Incident Date:
Unknown

NMOCD Notified:
13 January 2006

Site: C-23-10 Line – Leak #1		Assigned Site Reference : #130044	
Company: Duke Energy Field Services			
Street Address: 10 Desta Drive, Suite 400-W			
Mailing Address:			
City, State, Zip: Midland, TX 79705			
Representative: Lynn Ward			
Representative Telephone: (432) 620-4207			
Telephone:			
Fluid volume released (bbls): unknown		Recovered (bbls): none	
>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: C-23-10 Line – Leak #1			
Source of contamination: Natural Gas Pipeline			
Land Owner, i.e., BLM, ST, Fee, Other: Aline Sims			
LSP Dimensions: 100 feet by 10 feet			
LSP Area: ~1,000 ft ²			
Location of Reference Point (RP):			
Location distance and direction from RP:			
Latitude: N 32° 34' 46.65"			
Longitude: W 103° 24' 14.66"			
Elevation above mean sea level: 3,642 feet			
Feet from North Section Line:			
Feet from West Section Line:			
Location- Unit or ¼¼: NE¼ of the NE¼		Unit Letter: A	
Location- Section: 13			
Location- Township: T20S			
Location- Range: R35E			
Surface water body within 1000' radius of site: none			
Domestic water wells within 1000' radius of site: none			
Agricultural water wells within 1000' radius of site: none			
Public water supply wells within 1000' radius of site: none			
Depth from land surface to groundwater (DG): ~34 feet			
Depth of contamination (DC): unknown			
Depth to groundwater (DG – DC = DtGW): ~34 feet			
1. Groundwater		2. Wellhead Protection Area	
If Depth to GW <50 feet: <i>20 points</i>		If <1000' from water source, or; <200' from private domestic water source: <i>20 points</i>	
If Depth to GW 50 to 99 feet: <i>10 points</i>		If >1000' from water source, or; >200' from private domestic water source: <i>0 points</i>	
If Depth to GW >100 feet: <i>0 points</i>			
		3. Distance to Surface Water Body	
		<200 horizontal feet: <i>20 points</i>	
		200-1000 horizontal feet: <i>10 points</i>	
		>1000 horizontal feet: <i>0 points</i>	
Site Rank (1+2+3) = 20			
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
¹ 100 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: Duke Energy Field Services	Contact: Lynn Ward
Address: 10 Desta Drive, Suite 400-W	Telephone No.: (432) 620-4207
Facility Name: C-23-10 Line - Leak #1	Facility Type: Natural Gas Pipeline

Surface Owner: Aline Sims	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
A	13	20S	35E					Lea

Latitude: N 32° 34' 46.65" **Longitude:** W 103° 24' 14.66"

NATURE OF RELEASE

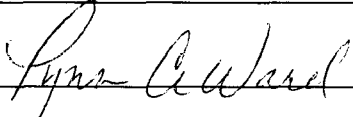
Type of Release: Natural Gas	Volume of Release: unknown	Volume Recovered: none
Source of Release: Pipeline	Date and Hour of Occurrence: unknown	Date and Hour of Discovery: January 13, 2006
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? Larry Johnson, NMOCD	
By Whom? Lynn Ward	Date and Hour: January 13, 2006 @ 11:59 A.M.	
Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse: Not Applicable	

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

Describe Cause of Problem and Remedial Action Taken.* An unknown amount of natural gas was released as the result of the structural integrity of the natural gas line failing when the pressure was increased on the line, with no amount recovered from the site. The line was shut in and is scheduled to be replaced.

Describe Area Affected and Cleanup Action Taken.* Approximately 1,000 square-feet of surface area was impacted by the release. Remediation of the site will be in accordance with 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: Lynn Ward	Approved by District Supervisor:		
Title: Environmental Specialist-Western Division	Approval Date:	Expiration Date:	
E-mail Address: lcward@duke-energy.com	Conditions of Approval:		Attached <input type="checkbox"/>
Date: 2/2/06 Phone: (432) 620-4207			

* Attach Additional Sheets If Necessary