

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, LP | Contact | Ronnie Gilchrest/Lynn Ward |
| Address | 10 Desta Dr. Suite 400-W, Midland, TX 79705 | Telephone No. | 505-390-6188/432-620-4207 |
| Facility Name | J-7 Pipeline | Facility Type | Gathering 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 |
| K | 4 | 18S | 35E | | | | | Lea |

Latitude 32.77651 Longitude -103.46572

WTR
40-60

NATURE OF RELEASE

| | | |
|--|---|--|
| Type of Release: Natural Gas Liquids from a gathering line | Volume of Release: 20 bbl | Volume Recovered: 10 bbls |
| Source of Release: Low Pressure Natural Gas Gathering Line | Date and Hour of Occurrence: 7/13/2006 @ 3:15 pm MST | Date and Hour of Discovery: 7/13/2006 @ 3:15 pm MST |
| Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required | If YES, To Whom? Gary Wink, OCD Region 1, Hobbs, NM | |
| By Whom? Polo Rendon, DEFS Field Supervisor | Date and Hour: 7/13/2006 @ 4:25 pm MST | |
| Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | If YES, Volume Impacting the Watercourse: NA | |

If a Watercourse was Impacted, Describe Fully.*
NA

Describe Cause of Problem and Remedial Action Taken.*

The J-7 is a 6" diameter steel pipeline. Internal/external corrosion caused a leak which was discovered on 7/13/06 by a Conoco Phillips field employee who contacted a Duke Energy Field Services field operator (Charlie Joslin) who contacted the appropriate field operator (Travis Bruce). The line was blocked in to stop the release. The line was then excavated, a section of pipe was replaced and the line placed back in service.

Duke Energy Field Services, LP has contacted Highlander Environmental Corp. out of Midland, TX to oversee the delineation and prepare a closure proposal for the release site. The depth to water is indicated in the Office of the State Engineers database (iWaters) as greater than 50 feet below ground surface but less than 100 feet below ground surface. Recommended remedial action levels will be determined based on analytical data from delineation of the site.

Describe Area Affected and Cleanup Action Taken.*

The 6 inch section of pipeline has been replaced. A closure proposal will be prepared and submitted for approval.

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>Lynn Ward</i> | | OIL CONSERVATION DIVISION | |
| Printed Name: LYNN WARD | | Approved by District Supervisor: <i>[Signature]</i> | |
| Title: ENV. SPECIALIST | | Approval Date: 6.5.07 | Expiration Date: |
| E-mail Address: lward@duke-energy.com | | Conditions of Approval: | |
| Date: 7/24/06 | Phone: 432/620-4207 | Attached <input type="checkbox"/> | |

* Attach Additional Sheets If Necessary

Regional file 2.1.2.1

RP# 1418