

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: XTO Energy, Inc. | Contact: James McDaniel |
| Address: 382 Road 3100, Aztec, New Mexico 87410 | Telephone No.: (505) 333-3701 |
| Facility Name: Dugan Federal #4 (30-039-27766) | Facility Type: Gas Well (Fruitland Coal) |

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

LOCATION OF RELEASE

| | | | | | | | | |
|------------------|--------------|-----------------|-------------|----------------------|-------------------------|-----------------------|-----------------------|--------------------|
| Unit Letter O | Section 3 | Township 29N | Range 5W | Feet from the 970 | North/South Line FSL | Feet from the 2435 | East/West Line FEL | County San Juan |
|------------------|--------------|-----------------|-------------|----------------------|-------------------------|-----------------------|-----------------------|--------------------|

Latitude: 36.7499 Longitude: -107.3442

NATURE OF RELEASE

| | | |
|--|--|---|
| Type of Release: Produced Water | Volume of Release: 40 bbls | Volume Recovered: 20 |
| Source of Release: Corrosion Hole in Water Tank | Date and Hour of Occurrence: July 22, 2011 - 1415 | Date and Hour of Discovery: July 22, 2011 - 1415 |
| Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required | If YES, To Whom? Brandon Powell | RCVD AUG 10 '11 |
| By Whom? James McDaniel | Date and Hour: July 23, 2011 - 1626 | OIL CONSV. DIV. |
| Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | If YES, Volume Impacting the Watercourse. | DIST. 3 |

If a Watercourse was Impacted, Describe Fully.*

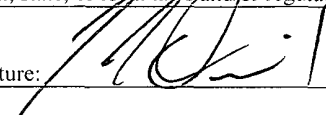
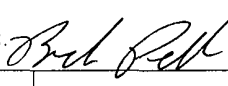
Describe Cause of Problem and Remedial Action Taken.*

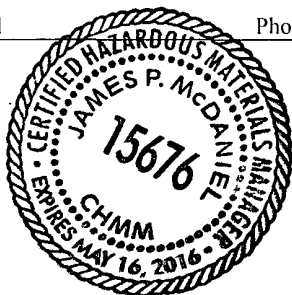
On July 22, 2011, an XTO lease operator noticed a small corrosion hole in the 500 bbls on-site water tank. Approximately 40 bbls of water was released, with 20 bbls being recovered from inside the tank's bermed area. All water inside the tank was removed, and the water tank will be repaired and put back into service. The site was ranked according to the NMOCD Guidelines for the Remediation of Leaks, Spills and Releases. The site was ranked a 40 due to an estimated depth to groundwater of less than 50 feet, and a distance of less than 200 feet to a significant watercourse. This set the closure standard to 100 ppm TPH, 10 ppm benzene, and 50 ppm total BTEX.

Describe Area Affected and Cleanup Action Taken.*

On July 23, 2011, a composite sample was collected of the spill area and analyzed for DRO/GRO via USEPA Method 8015, and for benzene and total BTEX via USEPA Method 8021. The sample returned results below the regulatory standard for all constituents analyzed. No further action is required regarding this incident. Analytical results are attached for your reference.

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: James McDaniel, CHMM #15676 | Approved by District Supervisor:  | |
| Title: EH&S Supervisor | Approval Date: 8/15/11 | Expiration Date: |
| E-mail Address: James.McDaniel@xtoenergy.com | Conditions of Approval: | Attached <input type="checkbox"/> |
| Date: 8/8/2011 | Phone: 505-333-3701 | |



AJK112342777



12065 Lebanon Rd
Mt. Juliet, TN 37122
(615) 758-5858
1-800-767-5859
Fax (615) 758-5859

Tax I.D. 62-0814289

Est. 1970

James McDaniel
XTO Energy - San Juan Division
382 Road 3100
Aztec, NM 87410

Report Summary

Thursday July 28, 2011

Report Number: L527792

Samples Received: 07/26/11

Client Project:

Description: Dugan Federal 004

The analytical results in this report are based upon information supplied by you, the client, and are for your exclusive use. If you have any questions regarding this data package, please do not hesitate to call.

Entire Report Reviewed By:

Daphne Richards, ESC Representative

Laboratory Certification Numbers

A2LA - 1461-01, AIHA - 100789, AL - 40660, CA - I-2327, CT - PH-0197, FL - E87487
GA - 923, IN - C-TN-01, KY - 90010, KYUST - 0016, NC - ENV375/DW21704, ND - R-140
NJ - TN002, NJ NELAP - TN002, SC - 84004, TN - 2006, VA - 00109, WV - 233
AZ - 0612, MN - 047-999-395, NY - 11742, WI - 998093910, NV - TN000032008A,
TX - T104704245, OK-9915

Accreditation is only applicable to the test methods specified on each scope of accreditation held by ESC Lab Sciences.

Note The use of the preparatory EPA Method 3511 is not approved or endorsed by the CA ELAP

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Where applicable, sampling conducted by ESC is performed per guidance provided
in laboratory standard operating procedures. 060302, 060303, and 060304



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REPORT OF ANALYSIS

July 28, 2011

James McDaniel
XTO Energy - San Juan Division
382 Road 3100
Aztec, NM 87410

ESC Sample # . L527792-01

Date Received . July 26, 2011
Description : Dugan Federal 004

Site ID :

Sample ID : SPILL COMPOSITE SURFACE

Project # :

Collected By : Joshua Kirchner
Collection Date : 07/23/11 09:30

| Parameter | Dry Result | Det. Limit | Units | Method | Date | Dil. |
|------------------------------|------------|------------|--------|-----------|----------|------|
| Total Solids | 82. | | % | 2540G | 07/28/11 | 1 |
| Benzene | BDL | 0.031 | mg/kg | 8021/8015 | 07/26/11 | 50 |
| Toluene | BDL | 0.31 | mg/kg | 8021/8015 | 07/26/11 | 50 |
| Ethylbenzene | 0.056 | 0.031 | mg/kg | 8021/8015 | 07/26/11 | 50 |
| Total Xylene | 2.1 | 0.092 | mg/kg | 8021/8015 | 07/26/11 | 50 |
| TPH (GC/FID) Low Fraction | 9.0 | 6.1 | mg/kg | GRO | 07/26/11 | 50 |
| Surrogate Recovery-% | | | | | | |
| a,a,a-Trifluorotoluene (FID) | 95.8 | | % Rec. | 8021/8015 | 07/26/11 | 50 |
| a,a,a-Trifluorotoluene (PID) | 101. | | % Rec. | 8021/8015 | 07/26/11 | 50 |
| TPH (GC/FID) High Fraction | 42. | 4.9 | mg/kg | 3546/DRO | 07/27/11 | 1 |
| Surrogate recovery(%) | | | | | | |
| o-Terphenyl | 52.3 | | % Rec | 3546/DRO | 07/27/11 | 1 |

Results listed are dry weight basis.

BDL - Below Detection Limit

Det. Limit - Practical Quantitation Limit (PQL)

Note:

This report shall not be reproduced, except in full, without the written approval from ESC.

The reported analytical results relate only to the sample submitted

Reported: 07/28/11 15:03 Printed: 07/28/11 15:03

Summary of Remarks For Samples Printed
07/28/11 at 15:03:56

TSR Signing Reports: 288
R3 - Rush: Two Day

drywt

Sample: L527792-01 Account: XTORNM Received: 07/26/11 09:00 Due Date: 07/28/11 00:00 RPT Date: 07/28/11 15:03



YOUR LAB OF CHOICE

XTO Energy - San Juan Division
James McDaniel
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Aztec, NM 87410

Quality Assurance Report
Level II

L527792

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Est. 1970

July 28, 2011

| Analyte | Result | Laboratory Blank Units % Rec | Limit | Batch | Date Analyzed |
|------------------------------|---------|---------------------------------|--------|----------|----------------|
| Benzene | < .0005 | mg/kg | | WG547415 | 07/26/11 17:00 |
| Ethylbenzene | < .0005 | mg/kg | | WG547415 | 07/26/11 17:00 |
| Toluene | < .0005 | mg/kg | | WG547415 | 07/26/11 17:00 |
| TPH (GC/FID) Low Fraction | < .1 | mg/kg | | WG547415 | 07/26/11 17:00 |
| Total Xylene | < .0015 | mg/kg | | WG547415 | 07/26/11 17:00 |
| a,a,a-Trifluorotoluene (FID) | | % Rec. 97.50 | 59-128 | WG547415 | 07/26/11 17:00 |
| a,a,a-Trifluorotoluene (PID) | | % Rec. 100.7 | 54-144 | WG547415 | 07/26/11 17:00 |
| TPH (GC/FID) High Fraction | < 4 | ppm | | WG547531 | 07/27/11 18:59 |
| o-Terphenyl | | % Rec. 86.15 | 50-150 | WG547531 | 07/27/11 18:59 |
| Total Solids | < 1 | % | | WG547468 | 07/28/11 10:36 |

| Analyte | Units | Duplicate Result Duplicate RPD | Limit | Ref Samp | Batch |
|--------------|-------|-----------------------------------|-------|------------|----------|
| Total Solids | % | 85.0 84.1 0.649 | 5 | L527766-09 | WG547468 |

| Analyte | Units | Laboratory Control Known Val | Sample Result | % Rec | Limit | Batch |
|------------------------------|-------|---------------------------------|------------------|-------|--------|----------|
| Benzene | mg/kg | .05 | 0.0482 | 96.4 | 76-113 | WG547415 |
| Ethylbenzene | mg/kg | .05 | 0.0547 | 109. | 78-115 | WG547415 |
| Toluene | mg/kg | .05 | 0.0521 | 104. | 76-114 | WG547415 |
| Total Xylene | mg/kg | 15 | 0.160 | 107. | 81-118 | WG547415 |
| a,a,a-Trifluorotoluene (PID) | | | | 100.1 | 54-144 | WG547415 |
| TPH (GC/FID) Low Fraction | mg/kg | 5.5 | 5.86 | 106. | 67-135 | WG547415 |
| a,a,a-Trifluorotoluene (FID) | | | | 103.1 | 59-128 | WG547415 |
| TPH (GC/FID) High Fraction | ppm | 60 | 52.4 | 87.3 | 50-150 | WG547531 |
| o-Terphenyl | | | | 75.71 | 50-150 | WG547531 |
| Total Solids | % | 50 | 50.0 | 100. | 85-155 | WG547468 |

| Analyte | Units | Laboratory Control Result Ref | Sample %Rec | Duplicate | Limit | RPD | Limit | Batch |
|------------------------------|-------|----------------------------------|----------------|-----------|--------|------|-------|----------|
| Benzene | mg/kg | 0.0466 | 0.0482 | 93.0 | 76-113 | 3.35 | 20 | WG547415 |
| Ethylbenzene | mg/kg | 0.0522 | 0.0547 | 104 | 78-115 | 4.84 | 20 | WG547415 |
| Toluene | mg/kg | 0.0490 | 0.0521 | 98.0 | 76-114 | 5.99 | 20 | WG547415 |
| Total Xylene | mg/kg | 0.153 | 0.160 | 102. | 81-118 | 4.93 | 20 | WG547415 |
| a,a,a-Trifluorotoluene (PID) | | | | 102.5 | 54-144 | | | WG547415 |
| TPH (GC/FID) Low Fraction | mg/kg | 5.69 | 5.86 | 103 | 67-135 | 2.97 | 20 | WG547415 |
| a,a,a-Trifluorotoluene (FID) | | | | 102.7 | 59-128 | | | WG547415 |
| TPH (GC/FID) High Fraction | ppm | 49.6 | 52.4 | 83.0 | 50-150 | 5.43 | 25 | WG547531 |
| o-Terphenyl | | | | 69.61 | 50-150 | | | WG547531 |

| Analyte | Units | Matrix Spike MS Res Ref Res TV | % Rec | Limit | Ref Samp | Batch |
|--------------|-------|-----------------------------------|----------|--------|------------|----------|
| Benzene | mg/kg | 0.222 0 | .05 88.8 | 32-137 | L527769-01 | WG547415 |
| Ethylbenzene | mg/kg | 0.231 0 | .05 92.3 | 10-150 | L527769-01 | WG547415 |
| Toluene | mg/kg | 0.227 0 | .05 91.0 | 20-142 | L527769-01 | WG547415 |

* Performance of this Analyte is outside of established criteria
For additional information, please see Attachment A 'List of Analytes with QC Qualifiers'



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L527792

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Tax I D. 62-0814289

Est. 1970

July 28, 2011

| Analyte | Units | Matrix Spike | | | % Rec | Limit | Ref Samp | Batch |
|-----------------------------|-------|--------------|---------|-----|-------|--------|------------|----------|
| | | MS Res | Ref Res | TV | | | | |
| Total Xylene | mg/kg | 0.680 | 0 | .15 | 90.7 | 16-141 | L527769-01 | WG547415 |
| a,a,a-Trifluorotoluene(PID) | | | | | 100.0 | 54-144 | | WG547415 |
| TPH (GC/FID) Low Fraction | mg/kg | 24.1 | 0.148 | 5 5 | 87.0 | 55-109 | L527769-01 | WG547415 |
| a,a,a-Trifluorotoluene(FID) | | | | | 101.9 | 59-128 | | WG547415 |
| TPH (GC/FID) High Fraction | ppm | 49.9 | 0 | 60 | 83.1 | 50-150 | L527450-04 | WG547531 |
| o-Terphenyl | | | | | 72.76 | 50-150 | | WG547531 |

| Analyte | Units | MSD | Matrix Spike Duplicate | | Limit | RPD | Limit | Ref Samp | Batch |
|-----------------------------|-------|-------|------------------------|-------|--------|-------|-------|------------|----------|
| | | | Ref | %Rec | | | | | |
| Benzene | mg/kg | 0.226 | 0.222 | 90.3 | 32-137 | 1.68 | 39 | L527769-01 | WG547415 |
| Ethylbenzene | mg/kg | 0.237 | 0.231 | 94.7 | 10-150 | 2.57 | 44 | L527769-01 | WG547415 |
| Toluene | mg/kg | 0.232 | 0.227 | 92.9 | 20-142 | 2.12 | 42 | L527769-01 | WG547415 |
| Total Xylene | mg/kg | 0.696 | 0.680 | 92.8 | 16-141 | 2.22 | 46 | L527769-01 | WG547415 |
| a,a,a-Trifluorotoluene(PID) | | | | 100.5 | 54-144 | | | | WG547415 |
| TPH (GC/FID) Low Fraction | mg/kg | 24.3 | 24.1 | 87.6 | 55-109 | 0.750 | 20 | L527769-01 | WG547415 |
| a,a,a-Trifluorotoluene(FID) | | | | 102.1 | 59-128 | | | | WG547415 |
| TPH (GC/FID) High Fraction | ppm | 46.7 | 49.9 | 77.8 | 50-150 | 6.55 | 25 | L527450-04 | WG547531 |
| o-Terphenyl | | | | 65.64 | 50-150 | | | | WG547531 |

Batch number / Run number / Sample number cross reference

WG547415: R1785370: L527792-01
WG547531: R1788532: L527792-01
WG547468: R1789251: L527792-01

* * Calculations are performed prior to rounding of reported values.
* Performance of this Analyte is outside of established criteria.
For additional information, please see Attachment A 'List of Analytes with QC Qualifiers'



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July 28, 2011

The data package includes a summary of the analytic results of the quality control samples required by the SW-846 or CWA methods. The quality control samples include a method blank, a laboratory control sample, and the matrix spike/matrix spike duplicate analysis. If a target parameter is outside the method limits, every sample that is effected is flagged with the appropriate qualifier in Appendix B of the analytic report.

Method Blank - an aliquot of reagent water carried through the entire analytic process. The method blank results indicate if any possible contamination exposure during the sample handling, digestion or extraction process, and analysis. Concentrations of target analytes above the reporting limit in the method blank are qualified with the "B" qualifier.

Laboratory Control Sample - is a sample of known concentration that is carried through the digestion/extraction and analysis process. The percent recovery, expressed as a percentage of the theoretical concentration, has statistical control limits indicating that the analytic process is "in control". If a target analyte is outside the control limits for the laboratory control sample or any other control sample, the parameter is flagged with a "J4" qualifier for all effected samples.

Matrix Spike and Matrix Spike Duplicate - is two aliquots of an environmental sample that is spiked with known concentrations of target analytes. The percent recovery of the target analytes also has statistical control limits. If any recoveries that are outside the method control limits, the sample that was selected for matrix spike/matrix spike duplicate analysis is flagged with either a "J5" or a "J6". The relative percent difference (%RPD) between the matrix spike and the matrix spike duplicate recoveries is all calculated. If the RPD is above the method limit, the effected samples are flagged with a "J3" qualifier.

| | | | | | | | | | | | | | |
|--|--|--|--------|---|---------|------|-------|--|------|---------------------|-----------|---|--|
| Company Name/Address XTO Energy, Inc. 382 County Road 3100 Aztec, NM 87410 | | | | Alternate Billing Report to James McDaniel E-mail to james_mcdaniel@xtoenergy.com | | | | Analysis/Container/Preservative <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <div style="border: 1px solid black; height: 100px; margin-bottom: 5px;"></div> <div style="border: 1px solid black; height: 100px;"></div> </div> <div style="width: 45%;"> <div style="border: 1px solid black; height: 100px; margin-bottom: 5px;"></div> <div style="border: 1px solid black; height: 100px;"></div> </div> </div> | | | | C244 Chain of Custody Page ___ of ___ | |
| Project Description: Dugan Federal #004 | | | | City/State Collected | | | | Prepared by ENVIRONMENTAL Science corp 12065 Lebanon Road Mt. Juliet TN 37122 Phone (615)758-5858 Phone (800) 767-5859 FAX (615)758-5859 | | | | | |
| PHONE 505-333-3701 FAX | | Client Project No. | | Lab Project # | | | | | | | | | |
| Collected by Joshua Kirchner | | Site/Facility ID# | | P O # | | | | | | | | | |
| Collected by (signature) | | <div style="border: 1px solid black; padding: 2px;"> Rush? (Lab MUST be Notified) </div> <div style="margin-left: 20px;"> <input checked="" type="checkbox"/> Next Day ... 100% <input type="checkbox"/> Two Day .. 50% <input type="checkbox"/> Three Day ... 25% </div> | | Date Results Needed <div style="border: 1px solid black; padding: 2px; display: inline-block;">7/26/11</div> | | | | | | | | | |
| Packed on Ice N <input checked="" type="checkbox"/> Y | | Email? <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes FAX? <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes | | No of Cntrs | | | | | | | | | |
| Sample ID | | Comp/Grab | Matrix | Depth | Date | Time | Cntrs | 8015 | 8021 | Remarks/contaminant | | Sample # (lab only) | |
| Spill Composite (surface) | | Comp | soil | | 7/23/11 | 930 | 1 | X | X | SAME DAY | CS7792-01 | | |
| | | | | | | | | | | | | | |
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|--|--|------------------|---------------|--------------------------------------|--|--|---------------------------|---------------------------------|--|
| Matrix: SS-Soil/Solid GW-Groundwater WW-Wastewater DW-Drinking Water OT- Other _____ | | | | pH _____ Temp _____ | | | | | |
| Remarks: "ONLY 1 COC Per Site!!" | | | | Flow _____ Other _____ | | | | | |
| Relinquisher by (Signature) | | Date: 7-25-11 | Time: 1500 | Received by (Signature) | | Samples returned via FedEx <input checked="" type="checkbox"/> UPS _____ Other _____ | | Condition: _____ (lab use only) | |
| Relinquisher by (Signature) | | Date: | Time: | Received by (Signature) | | Temp: 4.9°C | Bottles Received: 1402 | | |
| Relinquisher by (Signature) | | Date: | Time: | Received for lab by: (Signature) | | Date: 7/26/11 | Time: 09:00 | pH Checked: _____ NCF | |