District I 1625 N. French Dr., Hobbs, NM 88240 District II 811 S. First St., 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

OIL CONS. DIV DIST. 3

Form C-141 Revised August 8, 2011

JUN 2 4 2016

Submit 1 Copy to appropriate District Office in accordance with 19.15.29 NMAC.

Release Notification and Corrective Action OPERATOR Final Report Contact: Neil Haws **Dugan Production Corp** Name of Company Telephone No. 505-635-3124 Address PO Box 420, Farmington NM 87499-0420 Facility Type: Pipeline Facility Name: Tabor Discharge line Surface Owner: Federal Mineral Owner: Federal API No. 30. 045.24265 LOCATION OF RELEASE North/South Line Feet from the East/West Line Unit Letter Section Township Range Feet from the County 990 San Juan 35 30N 14W Latitude: 36.765473 Longitude: -108.273008 NATURE OF RELEASE Type of Release: Produced water Volume of Release: Approx 100 Volume Recovered: None Source of Release: Pipeline Date and Hour of Occurrence Date and Hour of Discovery 6/20/16 @ 1900 hrs 6/20/16 @ 2000 hrs Was Immediate Notice Given? If YES, To Whom? Katherina Diemer (BLM)voicemail; Cory Smith (NMOCD) Date and Hour: 6/21/16 @ 0735 hrs By Whom? Neil Haws If YES, Volume Impacting the Watercourse. Was a Watercourse Reached? X Yes No 100 bbls If a Watercourse was Impacted, Describe Fully.* From point on the line where leak occurred (36.765473,-108.273008) produced water traveled SW in a small drainage for 947 feet. Water did not make it to the large wash to the west. Describe Cause of Problem and Remedial Action Taken.* Pipeline leak, when leak was discovered Employees immediately shut in that section of pipeline to prevent further spillage, on 6/21/16 a crew was sent to repair the pipeline. Describe Area Affected and Cleanup Action Taken.* (On location) (Off Location) 947 feet of small waterway, cleanup pending test results 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, NMQCD 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. OIL CONSERVATION DIVISION Signature: Approved by Environmental Specialist: Printed Name: Title: Environmenta Approval Date: Expiration Date: E-mail Address: 1911. ha ws@ dugan production. com Conditions of Approval: Attached Phone: 505-635-3124 Test Release PAth FOR TPH, Ctex, chlorides * Attach Additional Sheets If Necessary HNCS 1618646322

Additional Remedication

May be Regard Base From Results.

