

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

Form C-141
Revised August 8, 2011
OCT 02 2017
Submit 1 Copy to appropriate District Office in accordance with 19.15.29 NMAC.

Release Notification and Corrective Action

OPERATOR

Initial Report Final Report

Name of Company	Dugan Production Corp	Contact:	Neil Haws
Address	PO Box 420, Farmington NM 87499-0420	Telephone No.	505-635-3124
Facility Name:	Kingfish Com 90	Facility Type:	Gas Well

Surface Owner:	Federal	Mineral Owner:	Federal	API No.	30-045-29832
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LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
H	3	26N	13W	1600	N	790	E	San Juan

Latitude: __ Longitude: __

NATURE OF RELEASE

Type of Release:	Produced water	Volume of Release:	100-125 Barrels	Volume Recovered:	44 Barrels
Source of Release:	Fiberglass Produced water tank	Date and Hour of Occurrence	8-27-17 Unknown time	Date and Hour of Discovery	8/28/17 @ 0800 AM
Was Immediate Notice Given?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom?	Whitney Thomas (BLM); Cory Smith and Brandon Powell (NMOCD)		
By Whom?	Neil Haws	Date and Hour:	8/28/17 @ 0930 AM		
Was a Watercourse Reached?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse.	NO		

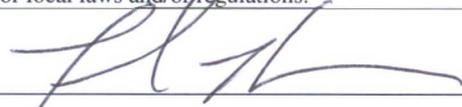
If a Watercourse was Impacted, Describe Fully.*

Describe Cause of Problem and Remedial Action Taken.* At 0900 I was advised by Johnny Lane of a produced water spill at the Kingfish com 90 sometime during the evening of 8/27/17. We believe that a lightning strike caused the fiberglass produced water tank to explode. The tank was estimated to be holding approximately 80-90 bbls of water which was blown out of the tank to the West, the water then flowed on the down slope across the location to the East. Pumping unit continued running, pumping water into the berm where the tank had been. Spill was found by a Dugan Production employee and pumping unit was shut immediately shut down, employee then contacted the office to report the damaged tank/spill.

No remedial action taken, no employee action at fault

Describe Area Affected and Cleanup Action Taken.*(On location) Area 235 ft. X 130 ft. affected on location (Off Location) Approximately 15 feet into the weeds on W side of the location and some water feet ran off of location to the East approximately 5 ft wide area for approximately 100 ft.
Cleanup: 40 bbls of standing water removed from the berm, 4 bbls was removed from a small pool of standing water on the east edge of the location. After spill area dries, soil samples will be taken and tested; gypsum will be spread and raked into the contaminated area.
On 9/28/17 gypsum was applied to the spill area and raked into the affected soil. Crews will repair firewall and replace water tank

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:	Neil Haws	Approved by Environmental Specialist:	
Title:	Environmental	Approval Date:	10/2/2017 Expiration Date:
E-mail Address:	neil.haws@duganproduction.com	Conditions of Approval:	Attached <input type="checkbox"/>
Date:	9/29/17	Phone:	505-635-3124

* Attach Additional Sheets If Necessary

NUT 1724252804

Dugan Production Corp.'s Remediation Plan for:

Produced water spill at Kingfish Com 90

Sec 3, T26N, R13W

GPS: 36.520003, -108.200292

On 8/28/17 at approximately 0800 hours, Dugan Production an employee discovered a produced water spill at the above location. At 0900 I was advised by Johnny Lane of a produced water spill at the Kingfish com 90 sometime during the evening of 8/27/17. We believe that a lightning strike caused the fiberglass produced water tank to explode. The tank was estimated to be holding approximately 80-90 bbls of water which was blown out of the tank to the West, the water then flowed on the down slope across the location to the East. Pumping unit continued running, pumping water into the berm where the tank had been. Spill was found by a Dugan Production employee and pumping unit was shut immediately shut down, employee then contacted the office to report the damaged tank/spill.

I notified Whitney Thomas (BLM) and Brandon Powell (NMOCD).

Soil samples were taken on 9/15/17 with Vanessa Fields of NMOCD present. Samples were sent to an approved lab for testing.

Test results were received and forwarded to both BLM and NMOCD. I have spoken with both Whitney Thomas and Vanessa Fields; who have advised that we can begin application of gypsum to the affected soil at this location.

On 9/28/17 gypsum was applied to the spill area and raked into the affected soil. Crews will repair firewall and replace water tank

September 25, 2017

MIKE SANDOVAL

DUGAN PRODUCTION

P. O. BOX 420

FARMINGTON, NM 87499

RE: KING FISH COM #90

Enclosed are the results of analyses for samples received by the laboratory on 09/19/17 9:30.

Cardinal Laboratories is accredited through Texas NELAP under certificate number T104704398-16-8. Accreditation applies to drinking water, non-potable water and solid and chemical materials. All accredited analytes are denoted by an asterisk (*). For a complete list of accredited analytes and matrices visit the TCEQ website at www.tceq.texas.gov/field/qa/lab_accred_certif.html.

Cardinal Laboratories is accredited through the State of Colorado Department of Public Health and Environment for:

Method EPA 552.2	Haloacetic Acids (HAA-5)
Method EPA 524.2	Total Trihalomethanes (TTHM)
Method EPA 524.4	Regulated VOCs (V1, V2, V3)

Accreditation applies to public drinking water matrices.

This report meets NELAP requirements and is made up of a cover page, analytical results, and a copy of the original chain-of-custody. If you have any questions concerning this report, please feel free to contact me.

Sincerely,



Celey D. Keene

Lab Director/Quality Manager

Analytical Results For:

 DUGAN PRODUCTION
 MIKE SANDOVAL
 P. O. BOX 420
 FARMINGTON NM, 87499
 Fax To: (505) 327-4043

 Received: 09/19/2017
 Reported: 09/25/2017
 Project Name: KING FISH COM #90
 Project Number: WATER SPILL
 Project Location: NONE GIVEN

 Sampling Date: 09/15/2017
 Sampling Type: Soil
 Sampling Condition: Cool & Intact
 Sample Received By: Tamara Oldaker

Sample ID: KING FISH COM #90 #1 (H702522-01)

BTEX 8021B		mg/kg		Analyzed By: MS						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Benzene*	<0.050	0.050	09/22/2017	ND	1.97	98.3	2.00	0.292		
Toluene*	<0.050	0.050	09/22/2017	ND	1.82	91.1	2.00	0.577		
Ethylbenzene*	<0.050	0.050	09/22/2017	ND	1.91	95.4	2.00	0.0216		
Total Xylenes*	<0.150	0.150	09/22/2017	ND	5.73	95.4	6.00	0.0613		
Total BTEX	<0.300	0.300	09/22/2017	ND						

Surrogate: 4-Bromofluorobenzene (PIL) 105 % 72-148

Chloride, SM4500CI-B		mg/kg		Analyzed By: AC						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	896	16.0	09/20/2017	ND	432	108	400	0.00		

TPH 8015M		mg/kg		Analyzed By: MS						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
GRO C6-C10	<10.0	10.0	09/21/2017	ND	183	91.7	200	0.349		
DRO >C10-C28	15.2	10.0	09/21/2017	ND	196	98.0	200	0.105		
Total TPH C6-C28	15.2	10.0	09/21/2017	ND	379	94.8	400	0.223		

Surrogate: 1-Chlorooctane 90.9 % 28.3-164

Surrogate: 1-Chlorooctadecane 103 % 34.7-157

Cardinal Laboratories

*=Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager

Analytical Results For:

 DUGAN PRODUCTION
 MIKE SANDOVAL
 P. O. BOX 420
 FARMINGTON NM, 87499
 Fax To: (505) 327-4043

 Received: 09/19/2017
 Reported: 09/25/2017
 Project Name: KING FISH COM #90
 Project Number: WATER SPILL
 Project Location: NONE GIVEN

 Sampling Date: 09/15/2017
 Sampling Type: Soil
 Sampling Condition: Cool & Intact
 Sample Received By: Tamara Oldaker

Sample ID: KING FISH COM #90 #2 (H702522-02)

BTEX 8021B		mg/kg		Analyzed By: MS						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Benzene*	<0.050	0.050	09/22/2017	ND	1.97	98.3	2.00	0.292		
Toluene*	<0.050	0.050	09/22/2017	ND	1.82	91.1	2.00	0.577		
Ethylbenzene*	<0.050	0.050	09/22/2017	ND	1.91	95.4	2.00	0.0216		
Total Xylenes*	<0.150	0.150	09/22/2017	ND	5.73	95.4	6.00	0.0613		
Total BTEX	<0.300	0.300	09/22/2017	ND						

Surrogate: 4-Bromofluorobenzene (PIC) 104 % 72-148

Chloride, SM4500Cl-B		mg/kg		Analyzed By: AC						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	1920	16.0	09/20/2017	ND	432	108	400	0.00		

TPH 8015M		mg/kg		Analyzed By: MS						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
GRO C6-C10	<10.0	10.0	09/21/2017	ND	190	95.0	200	0.677		
DRO >C10-C28	356	10.0	09/21/2017	ND	210	105	200	3.67	QM-07	
Total TPH C6-C28	356	10.0	09/21/2017	ND	400	100	400	2.24		

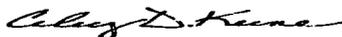
Surrogate: 1-Chlorooctane 92.8 % 28.3-164

Surrogate: 1-Chlorooctadecane 105 % 34.7-157

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* = Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager

Analytical Results For:

 DUGAN PRODUCTION
 MIKE SANDOVAL
 P. O. BOX 420
 FARMINGTON NM, 87499
 Fax To: (505) 327-4043

Received:	09/19/2017	Sampling Date:	09/15/2017
Reported:	09/25/2017	Sampling Type:	Soil
Project Name:	KING FISH COM #90	Sampling Condition:	Cool & Intact
Project Number:	WATER SPILL	Sample Received By:	Tamara Oldaker
Project Location:	NONE GIVEN		

Sample ID: KING FISH COM #90 #3 (H702522-03)

BTEX 8021B		mg/kg		Analyzed By: MS						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Benzene*	<0.050	0.050	09/22/2017	ND	1.97	98.3	2.00	0.292		
Toluene*	<0.050	0.050	09/22/2017	ND	1.82	91.1	2.00	0.577		
Ethylbenzene*	<0.050	0.050	09/22/2017	ND	1.91	95.4	2.00	0.0216		
Total Xylenes*	<0.150	0.150	09/22/2017	ND	5.73	95.4	6.00	0.0613		
Total BTEX	<0.300	0.300	09/22/2017	ND						

Surrogate: 4-Bromofluorobenzene (PII) 104 % 72-148

Chloride, SM4500CI-B		mg/kg		Analyzed By: AC						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	1760	16.0	09/20/2017	ND	432	108	400	0.00		

TPH 8015M		mg/kg		Analyzed By: MS						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
GRO C6-C10	<10.0	10.0	09/21/2017	ND	190	95.0	200	0.677		
DRO >C10-C28	30.6	10.0	09/21/2017	ND	210	105	200	3.67		
Total TPH C6-C28	30.6	10.0	09/21/2017	ND	400	100	400	2.24		

Surrogate: 1-Chlorooctane 108 % 28.3-164

Surrogate: 1-Chlorooctadecane 112 % 34.7-157

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*=Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager

Notes and Definitions

QM-07	The spike recovery was outside acceptance limits for the MS and/or MSD. The batch was accepted based on acceptable LCS recovery.
ND	Analyte NOT DETECTED at or above the reporting limit
RPD	Relative Percent Difference
**	Samples not received at proper temperature of 6°C or below.
***	Insufficient time to reach temperature.
-	Chloride by SM4500Cl-B does not require samples be received at or below 6°C Samples reported on an as received basis (wet) unless otherwise noted on report

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*=Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager



CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

(970) 247-4220
Fax: (970) 247-4227

service@greenanalytical.com or dzufelt@greenanalytical.com
75 Suttle St Durango, CO 81303

Page 6 of 6

Company Name(if Applicable): <i>Dugan</i>		Bill to (if different):		ANALYSIS REQUEST												
Contact Person: <i>Mike Sandoval</i>		P.O. #:														
Address:		Company:														
City:	State:	Zip:	Attn:													
Phone #:		Address:														
Email:		City:														
Project Name(optional): <i>King fish com #90</i>		State:												Zip:		
Project Number(optional): <i>water spill</i>		Phone #:		<i>Betex - CL-TPH-Beaz</i>												
Sampler Name (Print): <i>Michael Sandoval</i>		Email:														
For Lab Use	Sample Name or Location	Collected		Matrix (check one)							# of containers					
		Date	Time	GROUNDWATER	SURFACEWATER	WASTEWATER	PRODUCEDWATER	SOIL	DRINKING WATER	OTHER:	No preservation (general)	HNO ₃	HCl	H ₂ SO ₄	Other:	Other:
<i>H702522</i>																
	<i>1 King fish com #90 #1</i>	<i>9-15-17</i>	<i>9:00</i>													
	<i>2 King fish com #90 #2</i>	<i>9-15-17</i>	<i>9:15</i>													
	<i>3 King fish com #90 #3</i>	<i>9-15-17</i>	<i>9:20</i>													

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Relinquished By: <i>[Signature]</i>	Date: <i>9-15</i>	Received By: <i>Christin Clark</i>	ADDITIONAL REMARKS: Report to State? (Circle) Yes No
	Time: <i>4:55</i>		
	Relinquished By: <i>Christin Clark</i>	Date: <i>9/18/17</i>	
Relinquished By:	Date: <i>9-19-17</i>	Received By: <i>Jamara Oldaker</i>	
Delivered By: (Circle One)	Time: <i>9:30</i>	Temperature at receipt:	CHECKED BY:
Sampler - UPS - <u>FedEx</u> - Kangaroo - Other:	<i>4:30</i> <i>Corrected 4:55</i>	<i>#75</i>	<i>TO</i>

† GAL cannot always accept verbal changes. Please fax or email written change requests.
* Chain of Custody must be signed in "Relinquished By:" as an acceptance of services and all applicable charges.