

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

Form C-141
Revised August 8, 2011

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

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:	Seoul 88	Facility Type:	Gas well
Surface Owner:	Federal	Mineral Owner:	Indian
		API No.	30-0452663000S1

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
A	9	23N	10W	330	N	330	E	San Juan

Latitude: 36.247527 Longitude: -107.893804

NATURE OF RELEASE

Type of Release:	Contaminated Soil	Volume of Release:	UNK	Volume Recovered:	UNK
Source of Release:	ORIGINAL RESERVE PIT	Date and Hour of Occurrence	UNK	Date and Hour of Discovery	4-27-18
Was Immediate Notice Given?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom?			
By Whom?		Date and Hour:			
Was a Watercourse Reached?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse.			
		None			
If a Watercourse was Impacted, Describe Fully.* NA.		DISTRICT III			
Describe Cause of Problem and Remedial Action Taken.* On 4-27-2018 Dugan Production crew was replacing a fiberglass BGT with a larger steel BGT at Seoul 88. While cleaning out cellar area the crew noticed stained soil. Crew removed soil within the cellar area to the mechanical limits of the equipment. Approximately 30 yards of dirt has been removed at this time.					
Describe Area Affected and Cleanup Action Taken.* (On location) Stained soil will be removed and taken to an approved land farm, clean soil will be used for replacement as needed.					
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: 6/12/18	Expiration Date:
E-mail Address: neil.haws@duganproduction.com		Conditions of Approval: Sample for T&T	Attached <input checked="" type="checkbox"/>
Date: 6-7-18	Phone: 505-635-3124	BTEX, chlorides, schedule with	

* Attach Additional Sheets If Necessary

#NCS 1816332174

BCD DIT for closure samples.

Smith, Cory, EMNRD

From: Smith, Cory, EMNRD
Sent: Tuesday, June 12, 2018 9:27 AM
To: 'Neil Haws'
Cc: Fields, Vanessa, EMNRD; Kevin Smaka
Subject: RE: Seoul 88 pit closure
Attachments: Dugan Seoul #88.pdf

Neil,

OCD has received an Initial C-141 on 6/11/18 for a release that occurred at the Dugan Seoul #88 (API# 30-05-266300). OCD has reviewed the submittal and has approved it with the following attached and below conditions of approval.

Conditions of approval:

- Dugan will sample for TPH(DRO+GRO+MRO), BTEX and Benzene.
- Dugan will schedule with OCD District III prior to the collection of any confirmation sampling.
- Dugan indicated that dig and haul remediation is currently underway, if Dugan chooses to change remediation methods, Dugan will submit an additional Work plan for approval prior to change in remediation methods.

Cory Smith
Environmental Specialist
Oil Conservation Division
Energy, Minerals, & Natural Resources
1000 Rio Brazos, Aztec, NM 87410
(505)334-6178 ext 115
cory.smith@state.nm.us

From: Fields, Vanessa, EMNRD
Sent: Wednesday, June 6, 2018 1:34 PM
To: Kevin Smaka <Kevin.Smaka@duganproduction.com>
Cc: Smith, Cory, EMNRD <Cory.Smith@state.nm.us>
Subject: RE: Seoul 88 pit closure

Kevin,

Could you please provide the OCD with the date this BGT was removed? The BGT was removed without proper notification to the OCD, as well the C-144 was denied on May 4, 2018. As of today, the OCD has not received a completed C-144 for the Seoul #088.

A inspection was conducted on May 2, 2018 by an OCD inspector and noted an open excavation of 12 feet deep. Dugan Production needs to submit a C-141 for the release.

Thank you,

Operator/Responsible Party,

The OCD has received the form C-141 you provided on 6/11/18 regarding an unauthorized release. The information contained on that form has been entered into our incident database and remediation case number #NCS 1816332174 has been assigned. **Please refer to this case number in all future correspondence.**

It is the Division's obligation under both the Oil & Gas Act and Water Quality Act to provide for the protection of public health and the environment. Our regulations (19.15.29.11 NMAC) state the following,

The responsible person shall complete division-approved corrective action for releases that endanger public health or the environment. The responsible person shall address releases in accordance with a remediation plan submitted to and approved by the division or with an abatement plan submitted in accordance with 19.15.30 NMAC. [emphasis added]

Release characterization is the first phase of corrective action unless the release is ongoing or is of limited volume and all impacts can be immediately addressed. Proper and cost-effective remediation typically cannot occur without adequate characterization of the impacts of any release. Furthermore, the Division has the ability to impose reasonable conditions upon the efforts it oversees. **As such, the Division is requiring a workplan for the characterization of impacts associated with this release be submitted to the OCD District III office in Aztec on or before N/A. If and when the release characterization workplan is approved, there will be an associated deadline for submittal of the resultant investigation report. Modest extensions of time to these deadlines may be granted, but only with acceptable justification.**

The goals of a characterization effort are: 1) determination of the lateral and vertical extents along with the magnitude of soil contamination. 2) determine if groundwater or surface waters have been impacted. 3) If groundwater or surface waters have been impacted, what are the extents and magnitude of that impact. 4) The characterization of any other adverse impacts that may have occurred (examples: impacts on vegetation, impacts on wildlife, air quality, loss of use of property, etc.). To meet these goals as quickly as possible, the following items must, at a minimum, be addressed in the release characterization workplan and subsequent reporting:

- Horizontal delineation of soil impacts in each of the four cardinal compass directions. Adsorbed soil contamination must be characterized for the following constituents using the associated laboratory methods: benzene, toluene, ethylbenzene, and total xylenes by either Method 8260 or 8021, total petroleum hydrocarbons by Method 8015 extended range (GRO+DRO+MRO; C₆ thru C₃₆), and for chloride by Method 300. This is not an exclusive list of potential contaminants. Analyzed parameters should be modified based on the nature of the released substance(s). Soil sampling must be both within the impacted area and beyond.
- Vertical delineation of soil impacts. Adsorbed soil contamination must be characterized for the following constituents using the associated laboratory methods: benzene, toluene, ethylbenzene, and total xylenes by either Method 8260 or 8021, total petroleum hydrocarbons by Method 8015 extended range (GRO+DRO+MRO; C₆ thru C₃₆), and for chloride by Method 300. As above, this is not an exclusive list of potential contaminants and can be modified. Vertical characterization samples should be taken at depth intervals no greater than five feet apart. Lithologic description of encountered soils must also be provided. At least ten vertical feet of soils with contaminant concentrations at or below these values must be demonstrated as existing above the water table.
- Nominal detection limits for field and laboratory analyses must be provided.
- Composite sampling is not generally allowed.
- Field screening and assessment techniques are acceptable (headspace, titration, EC [include algorithm for validation purposes], EM, etc.), but the sampling and assay procedures must be clearly defined. Copies of field notes are highly desirable. A statistically significant set of split samples must be submitted for confirmatory laboratory analysis, including the laterally farthest and vertically deepest sets of soil samples. Make sure there are at least two soil samples submitted

for laboratory analysis from each borehole or test pit (highest observed contamination and deepest depth investigated). Copies of the actual laboratory results must be provided including chain of custody documentation.

- Probable depth to shallowest protectable groundwater and lateral distance to nearest surface water. If there is an estimate of groundwater depth, the information used to arrive at that estimate must be provided. If there is a reasonable assumption that the depth to protectable water is 50 feet or less, the responsible party should anticipate the need for at least one groundwater monitoring well to be installed in the area of likely maximum contamination.

- If groundwater contamination is encountered, an additional investigation workplan may be required to determine the extents of that contamination. Groundwater and/or surface water samples, if any, must be analyzed by a competent laboratory for volatile organic hydrocarbons (typically Method 8260 full list), total dissolved solids, pH, major anions and cations including chloride and sulfate, dissolved iron, and dissolved manganese. The investigation workplan must provide the groundwater sampling method(s) and sample handling protocols. To the fullest extent possible, aqueous analyses must be undertaken using nominal method detection limits. As with the soil analyses, copies of the actual laboratory results must be provided including chain of custody documentation.

- Accurately scaled and well-drafted site maps must be provided providing the location of borings, test pits, monitoring wells, potentially impacted areas, and significant surface features including roads and site infrastructure that might limit either the release characterization or remedial efforts. Field sketches may be included in subsequent reporting, but should not be considered stand-alone documentation of the site's layout. Digital photographic documentation of the location and fieldwork is recommended, especially if unusual circumstances are encountered.

Nothing herein should be interpreted to preclude emergency response actions or to imply immediate remediation by removal cannot proceed as warranted. Nonetheless, characterization of impacts and confirmation of the effectiveness of remedial efforts must still be provided to the OCD before any release incident will be closed.

Jim Griswold

OCD Environmental Bureau Chief
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