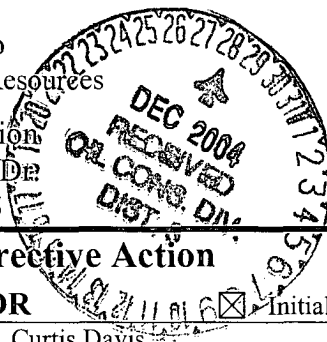


District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

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	Dugan Production Corp.	Contact	Curtis Davis
Address	P.O. Box 420	Telephone No.	505-325-1821
Facility Name	Big Field No. 9 SWD	Facility Type	Produced water Disposal facility

Surface Owner - Federal	Mineral Owner - Federal	Lease No. NM-10561
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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
L	15	30N	14W	1960	South	660	West	San Juan

Latitude N 36.48440 Longitude W 108.18100

NATURE OF RELEASE

Type of Release	Produced Water	Volume of Release	± 500 bbl	Volume Recovered	None
Source of Release	Water storage tanks	Date and Hour of Occurrence	12/24/04 5:00 AM	Date and Hour of Discovery	12/24/04 9:00 AM
Was Immediate Notice Given?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom?	BLM- Farmington Answering Machine		
By Whom?	Curtis Davis	Date and Hour	BLM - 10:00 AM 12/24/04; NMOCD - 8:45 AM 12/27/04		
Was a Watercourse Reached?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	If YES, Volume Impacting the Watercourse.	Estimated 150 bbl		

If a Watercourse was Impacted, Describe Fully.*

Water ran down bar ditch to road approximately ¼ mile and then approximately 1100' down a dry sand wash. No surface water is believed to have been impacted.

Describe Cause of Problem and Remedial Action Taken.*

A 4" ball valve on tank load line froze and the valve body broke allowing the produced water stored in the tank to be released. The water flow washed out the berm which then allowed the water to run across the location and into the ditch area along the road. Upon discovery, all incoming water was shut off and the BLM & NMOCD notified. The valve was replaced and the facility berm rebuilt.

Describe Area Affected and Cleanup Action Taken.*

Upon review onsite with BLM's Roger Herrera, it appears the road bar ditch and the dry sand wash have not been significantly affected. Soil samples will be taken and analyzed to determine impact.

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>John D. Roe</i>	OIL CONSERVATION DIVISION	
Printed Name: John D. Roe	Approved by District Supervisor: <i>Denny Zent</i> <i>for Charlie Perovich Acty</i>	
Title: Engineer Manager	Approval Date: <i>12/29/04</i>	Expiration Date:
E-mail Address: johnroe@duganproduction.com	Conditions of Approval: <i>Submit</i>	Attached <input type="checkbox"/>
Date: 12/27/04	Phone: 505-325-1821	

* Attach Additional Sheets If Necessary

N D G F 0436 430 080