

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

Form C-141
Revised August 24, 2018
Submit to appropriate OCD District office

Incident ID	
District RP	
Facility ID	
Application ID	

Release Notification

Responsible Party

Responsible Party Dugan Production Corp.	OGRID 006515
Contact Name Kevin Smaka	Contact Telephone 505-325-1821 x1049
Contact email Kevin.Smaka@duganproduction.com	Incident # (assigned by OCD) nAPP2211737422
Contact mailing address PO Box 420, Farmington, NM 87499	

Location of Release Source

Latitude 36.7460747 Longitude -108.2825623
(NAD 83 in decimal degrees to 5 decimal places)

Site Name Federal I #8	Site Type Gas Well
Date Release Discovered 4/26/22	API# (if applicable) 30-045-30178

Unit Letter	Section	Township	Range	County
C	11	29N	14W	San Juan

Surface Owner: ☐ State ☒ Federal ☐ Tribal ☐ Private (Name: _____)

Nature and Volume of Release

Material(s) Released (Select all that apply and attach calculations or specific justification for the volumes provided below)

<input type="checkbox"/> Crude Oil	Volume Released (bbls)	Volume Recovered (bbls)
<input checked="" type="checkbox"/> Produced Water	Volume Released (bbls) 11	Volume Recovered (bbls) 0
	Is the concentration of dissolved chloride in the produced water >10,000 mg/l?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Condensate	Volume Released (bbls)	Volume Recovered (bbls)
<input type="checkbox"/> Natural Gas	Volume Released (Mcf)	Volume Recovered (Mcf)
<input type="checkbox"/> Other (describe)	Volume/Weight Released (provide units)	Volume/Weight Recovered (provide units)

Cause of Release

Stuffing box leak

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Site Assessment/Characterization

This information must be provided to the appropriate district office no later than 90 days after the release discovery date.

What is the shallowest depth to groundwater beneath the area affected by the release?	_____ (ft bgs)
Did this release impact groundwater or surface water?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Are the lateral extents of the release within 300 feet of a continuously flowing watercourse or any other significant watercourse?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Are the lateral extents of the release within 200 feet of any lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark)?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Are the lateral extents of the release within 300 feet of an occupied permanent residence, school, hospital, institution, or church?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Are the lateral extents of the release within 500 horizontal feet of a spring or a private domestic fresh water well used by less than five households for domestic or stock watering purposes?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Are the lateral extents of the release within 1000 feet of any other fresh water well or spring?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Are the lateral extents of the release within incorporated municipal boundaries or within a defined municipal fresh water well field?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Are the lateral extents of the release within 300 feet of a wetland?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Are the lateral extents of the release overlying a subsurface mine?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Are the lateral extents of the release overlying an unstable area such as karst geology?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Are the lateral extents of the release within a 100-year floodplain?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Did the release impact areas not on an exploration, development, production, or storage site?	<input type="checkbox"/> Yes <input type="checkbox"/> No

Attach a comprehensive report (electronic submittals in .pdf format are preferred) demonstrating the lateral and vertical extents of soil contamination associated with the release have been determined. Refer to 19.15.29.11 NMAC for specifics.

Characterization Report Checklist: *Each of the following items must be included in the report.*

- ☐ Scaled site map showing impacted area, surface features, subsurface features, delineation points, and monitoring wells.
- ☐ Field data
- ☐ Data table of soil contaminant concentration data
- ☐ Depth to water determination
- ☐ Determination of water sources and significant watercourses within ½-mile of the lateral extents of the release
- ☐ Boring or excavation logs
- ☐ Photographs including date and GIS information
- ☐ Topographic/Aerial maps
- ☐ Laboratory data including chain of custody

If the site characterization report does not include completed efforts at remediation of the release, the report must include a proposed remediation plan. That plan must include the estimated volume of material to be remediated, the proposed remediation technique, proposed sampling plan and methods, anticipated timelines for beginning and completing the remediation. The closure criteria for a release are contained in Table 1 of 19.15.29.12 NMAC, however, use of the table is modified by site- and release-specific parameters.

State of New Mexico
Oil Conservation Division

Incident ID	
District RP	
Facility ID	
Application ID	

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to OCD 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 OCD does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to groundwater, surface water, human health or the environment. In addition, OCD 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.

Printed Name: _____ Title: Engineer

Signature: _____ Date: _____

email: Kevin.Smaka@duganproduction.com Telephone: 505-325-1821 x1049

OCD Only

Received by: _____ Date: _____

Incident ID	NAPP2211737422
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Remediation Plan

Remediation Plan Checklist: Each of the following items must be included in the plan.

- ☒ Detailed description of proposed remediation technique
- ☒ Scaled sitemap with GPS coordinates showing delineation points
- ☒ Estimated volume of material to be remediated
- ☒ Closure criteria is to Table 1 specifications subject to 19.15.29.12(C)(4) NMAC
- ☒ Proposed schedule for remediation (note if remediation plan timeline is more than 90 days OCD approval is required)

Deferral Requests Only: Each of the following items must be confirmed as part of any request for deferral of remediation.

- ☐ Contamination must be in areas immediately under or around production equipment where remediation could cause a major facility deconstruction.
- ☐ Extents of contamination must be fully delineated.
- ☐ Contamination does not cause an imminent risk to human health, the environment, or groundwater.

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to OCD 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 OCD does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to groundwater, surface water, human health or the environment. In addition, OCD 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.

Printed Name: Kevin Smaka Title: Engineer
Signature: Kevin Smaka Date: 8-15-2023
email: Kevin.Smaka@duganproduction.com Telephone: 505-325-1821 x1049

OCD Only

Received by: Shelly Wells Date: 8/16/2023

☐ Approved ☐ Approved with Attached Conditions of Approval ☐ Denied ☐ Deferral Approved

Signature: _____ Date: _____

Incident ID	
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Facility ID	
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Closure

The responsible party must attach information demonstrating they have complied with all applicable closure requirements and any conditions or directives of the OCD. This demonstration should be in the form of a comprehensive report (electronic submittals in .pdf format are preferred) including a scaled site map, sampling diagrams, relevant field notes, photographs of any excavation prior to backfilling, laboratory data including chain of custody documents of final sampling, and a narrative of the remedial activities. Refer to 19.15.29.12 NMAC.

Closure Report Attachment Checklist: *Each of the following items must be included in the closure report.*

- ☐ A scaled site and sampling diagram as described in 19.15.29.11 NMAC
- ☐ Photographs of the remediated site prior to backfill or photos of the liner integrity if applicable (Note: appropriate OCD District office must be notified 2 days prior to liner inspection)
- ☐ Laboratory analyses of final sampling (Note: appropriate ODC District office must be notified 2 days prior to final sampling)
- ☐ Description of remediation activities

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to OCD 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 OCD does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to groundwater, surface water, human health or the environment. In addition, OCD 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. The responsible party acknowledges they must substantially restore, reclaim, and re-vegetate the impacted surface area to the conditions that existed prior to the release or their final land use in accordance with 19.15.29.13 NMAC including notification to the OCD when reclamation and re-vegetation are complete.

Printed Name: _____ Title: _____

Signature: _____ Date: _____

email: _____ Telephone: _____

OCD Only

Received by: _____ Date: _____

Closure approval by the OCD does not relieve the responsible party of liability should their operations have failed to adequately investigate and remediate contamination that poses a threat to groundwater, surface water, human health, or the environment nor does not relieve the responsible party of compliance with any other federal, state, or local laws and/or regulations.

INFORMATION ONLY

Closure Approved by: _____ Date: 02/06/2024

Printed Name: Nelson Velez Title: Environmental Specialist – Adv

Accepted for the record. Operator will submit a remediation closure report in the near future. Remediation has met 19.15.29 NMAC requirements. Soil impacts exceeding the reclamation standards have been left in place and are required to meet 19.15.29.13D (1) NMAC once the site is no longer reasonably needed for production or subsequent drilling ops.

Federal I 8

Updated Site Characterization and Remediation Plan

30-045-30178

C-11-29N-14W

790 FNL 1530 FWL

Spill Background

There was a produced water spill at the Federal I 8 on April 26th, 2022. The spill area was most nearly 1000 feet square. In response to the spill, the well was shut in, a vacuum truck was dispatched to collect free standing water. A fence was erected to prevent wildlife from drinking the water. No injuries, deaths or fires occurred in consequence of this spill.

Site Characterization and Remediation Plan

On 10/14/22 Dugan submitted a C-141 site characterization and remediation plan to NMOCD which was subsequently approved.

Field Data

As noted above the spill was found on April 26th. The spill was mapped, and test holes were dug with a shovel to determine the depth the water soaked to. It was found that the average depth of wet soil was found was 1 foot. Dugan erected a fence to prevent additional access to the spill site. No further excavation or boring took place and in consequence no boring/excavation logs are available. The total affected volume of soil is most nearly 1000 cubic feet.

Dugan collected soil samples on August 30th, 2022. A tabulation of those results is here:

Table 1: Soil Sample Results

Sample ID	Chlorides	TPH	BTEX
Fed I8-1	82.1	0	0
Fed I8-2	18400	0	0
Fed I8-3	4600	81	0
Fed I8-4	58	0	0
Fed I8-5	2630	0	0

Results indicated that 3 sample areas did not have the standards for closure. Work will continue to ensure the site is remediated and that the spill is delineated laterally and horizontally.

No boring or excavation took place and as a result those logs are not available.

On November 4th, 2022 Dugan collected soil samples for closure purposes. Dugan sampled for chlorides, total petroleum hydrocarbons, benzene, toluene, ethylbenzene and xylene. A copy of the lab report is included with this report as well as a tabulation of the results here:

Sample Name	Map ID	BTEX Result (mg/kg)	BTEX Standard (mg/kg)	TPH Result (mg/kg)	TPH Standard (mg/kg)	Chlorides Result (mg/kg)	Chlorides Standard (mg/kg)
FI 1	179	0	50	0	2500	44.2	600
FI 2	186	0	50	0	2500	27.5	600
FI 3	181	0	50	0	2500	80.2	600
FI 4	182	0	50	0	2500	26.9	600
FI 5	183	0	50	0	2500	73.8	600
FI 6	184	0	50	0	2500	151	600
FI 7	185	0	50	0	2500	138	600
FI 8	180	0	50	0	2500	101	600

These lab results were collected as 5-point composite samples at 2' BGS

The soil sampling locations are found on Map 1: Spill site map.

Prior to receiving OCD approval for closure, it was noted that delineation efforts were inadequate. To correct this additional testing was ordered for areas outside of the known spill area.

On July 6th, 2023, Dugan gathered additional soil samples only testing for chlorides since sampling always indicated no contaminants present were above the values in table 1 of NMAC 19.15.29

A tabulation of the results is given here:

Federal I 8	Chlorides Results (mg/kg)
BH 1 @1'	2000
BH 1 @2'	2300
BH 2 @1'	3200
BH 2 @2'	1800
BH 3 @ 6"	320
BH 3 @ 1'	0
BH 4 @6"	0
BH4 @ 1'	0
BH5 @6"	0
BH 5 @1'	67
BH 6 @6"	78
BH 6 @ 1'	69

The samples were collected with a hand auger. Initial bore holes were sampled at 1' and 2' below grade surface (BGS) but due to the rocky soil it became impractical to continue sampling at 1' and 2' BGS. The decision was made to sample at 6" and 1' BGS. These results indicate that the areas surrounding bore holes 1 and 2 are not successfully remediated and further work is required. A map showing each bore hole location and the lab results have been included.

Updated Remediation Plan

Dugan is proposing the following actions be taken:

1. The site will be delineated laterally and vertically on the eastern portion of the site located near boreholes 1 and 2 prior to resuming remedial activities. At the boreholes it is proposed samples be collected at 3 and 4 feet to determine if there is additional contamination under the spill site. To laterally delineate it is proposed that samples be collected at grade and 1' BGS. Dugan will collect 3 delineation samples approximately 5' east of borehole 1 and 2 more delineation samples 5' south of bore hole 2.
2. Dugan will apply gypsum and water to area surrounding boreholes 1 and 2. No remedial actions will be taken in the areas surrounding boreholes 3,4,5 or 6 since these areas meet the standards for closure in NMAC 19.15.29.
3. Dugan will collect soil samples every 6 months until successful remediation has been achieved. Dugan will sample chlorides only. Prior lab results have not shown

contamination for total petroleum hydrocarbons (TPH) and benzene, toluene, ethylbenzene and xylene (BTEX). The standard for closure will be 600 mg/kg since the remaining contaminants are found in the top 4' of the spill site. Dugan anticipates closure will be achieved by August 15th, 2024.

Attachments

Three new maps are included as part of this submittal. Their details are provided below:

1. Map 1 shows the sampling locations for the sampling event on 11/4/2022.
2. Map 2 shows the proposed delineation points to fully delineate the site.
3. Map 3 shows the delineation points relative to the spill area.
4. Map 4 is the contractors site map for the sampling event on 7/6/2023.

Map 1: Spill Site Map



Map 2: Proposed Delineation Locations



Legend

- Proposed Delineation Locations
- Spill Area
- DPC_Gas_Wells

0 30 60 120 180 240 Feet

Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AeroGRID, IGN, and the GIS User Community

Map 3: Delineation Locations

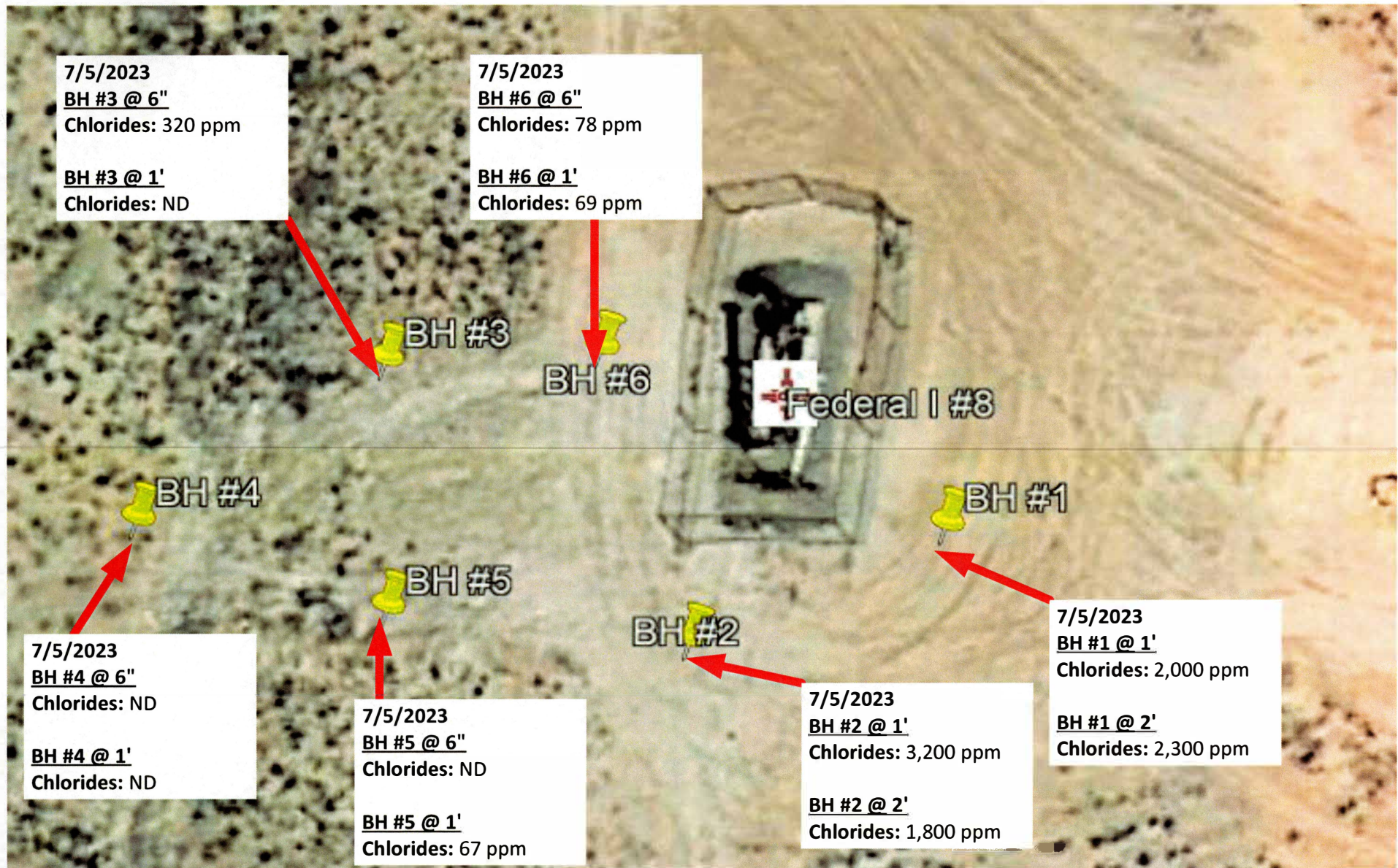


Legend

- Delineation Locations
- Spill Area
- DPC_Gas_Wells

0 30 60 120 180 240 Feet

Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AeroGRID, IGN, and the GIS User Community



Drawn By: James McDaniel
 Date: 7/20/2023



SITE FACILITY DIAGRAM

Company: **Dugan Production**
 Well Name: **Federal I #8**
 API: **30-045-30178**
 Sec **11**, Twn **29N**, Rge **14W**
 San Juan County, New Mexico
 Lease: **PRIVATE**
 Lat: **36.7460747**, Long: **-108.2825623**



WELLHEAD

LEGEND

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720
District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Action 252463

CONDITIONS

Operator: DUGAN PRODUCTION CORP PO Box 420 Farmington, NM 87499	OGRID: 6515
	Action Number: 252463
	Action Type: [C-141] Release Corrective Action (C-141)

CONDITIONS

Created By	Condition	Condition Date
nvelez	Accepted for the record. Operator will submit a remediation closure report in the near future. Remediation has met 19.15.29 NMAC requirements. Soil impacts exceeding the reclamation standards have been left in place and are required to meet 19.15.29.13D (1) NMAC once the site is no longer reasonably needed for production or subsequent drilling ops.	2/6/2024