

**Dugan Production Corp.**

4100 W. Piedras St.

Farmington, NM 87401

Phone: (505) 787-9832

Email: eileen.yates@duganproduction.com

June 19, 2025

New Mexico Oil Conservation Division

Attn: Nelson Velez

Subject: LH #174 Site - Delineation

1. Site Status Summary

Dugan Production Corp. has completed initial excavation activities at the LH #174 site in response to the identified release. Excavation was carried out in accordance with applicable NMOCD guidelines, with the objective of removing visibly impacted materials and reducing contaminant concentrations to below action levels.

2. Field Screening Results

During excavation, field screening was performed along the base and sidewalls using appropriate instrumentation (e.g., PID/FID or other field-approved methods). No contaminants of concern were detected in the field samples, indicating that surface-level impacts have been successfully removed based on field observations.

3. Pending Delineation and Analytical Confirmation

While field indicators suggest removal of impacted materials, full lateral and vertical delineation of the release is ongoing. Delineation will be documented through a structured sampling plan and laboratory analysis to confirm that all subsurface impacts have been adequately characterized in compliance with 19.15.29 NMAC.

4. Closure Report Commitments

The final Closure Report will include:

- A complete summary of delineation activities.
- Laboratory analytical results and QA/QC protocols.

- A site map showing the extent of the excavation and sample locations.
- Documentation confirming that the site meets applicable cleanup standards.

This approach ensures compliance with NMOCD regulations and provides a clear and defensible path toward site closure.

5. Contact Information

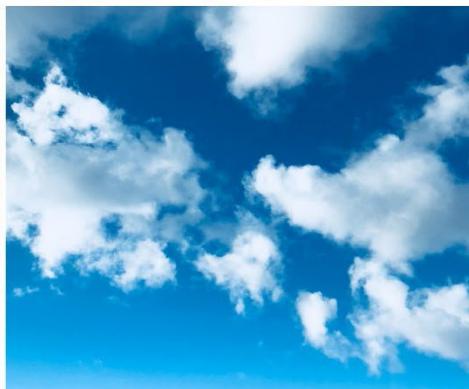
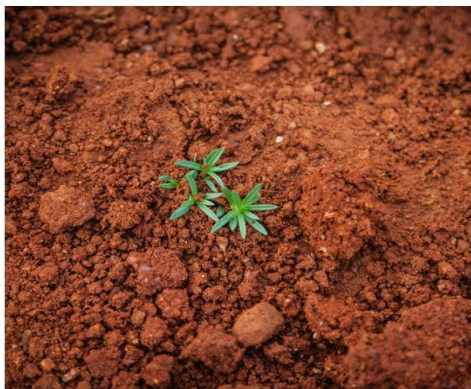
Please accept this statement as confirmation of the work completed to date and our intent to provide comprehensive delineation data in the forthcoming Closure Report. Should you have any questions or require additional information, please contact me directly.

Kindest Regards,

Eileen Yates

Environmental Health and Safety Manager
Dugan Production Corp.
eileen.yates@duganproduction.com
505-787-9832

Soil Remediation Plan



Dugan Production - Remediation Plan
LH #174 Well Site
Incident #nAPP2509838066
36.1890106, -107.6978607
Unit A. Sec 32. T23N. R08W.
San Juan County, New Mexico

June 3rd, 2025
Envirotech Project #06094-0222

Submitted To:
New Mexico Oil Conservation Division

On Behalf Of:
Mr. Neil Haws
Dugan Production
Farmington, New Mexico 87499
(505) 486-6207
Neil.Haws.com



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Incident #nAPP2509838066
36.1890106, -107.6978607
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San Juan County, New Mexico

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Site Location

The subject site is identified as the LH #174 and is located within Unit Letter A, Section 32, Township 23 North, Range 08 West, San Juan County, New Mexico. The site location is further described as latitude 36.1890106 and longitude -107.6978607; see **Figure 1, Vicinity Map**.

On April 7th, 2025, Dugan Production discovered a release to the environment. The release occurred in New Mexico State Trust Land ID #LH01740001, flowed onto and terminated on Navajo Nation off-reservation trust land through the *Betonnie Tsosie Wash*. The release also flowed through the adjacent Bureau of Land Management trust land. Notification of release (NOR) was submitted to the New Mexico Oil Conservation Division (OCD) on April 8th, 2025. The New Mexico State Land Office (SLO) was notified via their online reporting portal. The Navajo Nation via email was also notified when the release was discovered. Documentation of notification to the OCD and SLO are included in Appendix A.

A nearby frac operation by Enduring Resources occurred prior to the release of LH#174 well site. Dugan Production, unaware of the operation, did not have control measures set in place to compensate for the increased pressure of nearby fracking. In result, a major release occurred at the LH #174 well location. On April 14th, 2025, the Initial Form C-141 was submitted to the OCD detailing the initial response efforts and estimate release volumes. The initial C-141 is included in Appendix A. The OCD approved the initial C-141 and assigned incident #nAPP2509838066 to the release.

The total volume loss of oily water was calculated at 972 barrels (49 bbls of crude oil, and 923 bbls of produced water). A summary of waste manifests for oil water and impacted soil will be included in the Remediation Closure Report.

Site Characterization

The release flowed into the wash located directly south of the well pad and ultimately into the Betonnie Tsosie Wash which is considered a significant watercourse and is mapped as Riverine wetland. The flow path of the release occurred approximately 100 feet north of a stock pond, and a permanent residence. The release flow path also occurred within a 100-year floodplain (Zone A). Mapped wetlands are presented within Appendix B, *Siting Criteria Documentation*

An inactive groundwater well was identified on the United States Geological Survey (USGS) National Water information System Mapper located approximately 6 miles

Southwest of the release terminus (along the same wash) with a static water level documented to be 8.00 feet below ground surface (bgs) in 1986. The location of the water well relative to the site and documentation for the water level listed above is included in *Appendix B, Siting Criteria Documentation*.

In accordance with the Cultural Properties Protection Rule (19.2.24 New Mexico Administrative Code [NMAC]), Adkins Consulting Inc. of Durango, Colorado completed an archaeological survey of the release site. No new archaeological sites or historic properties were encountered during the survey. The archaeological survey is included in Appendix C.

In depth desktop review of potential impacts to threatened, endangered, and sensitive wildlife and plant species was conducted. No potential impacts were identified, and the closest threatened habitat resides approximately 53 miles to southeast of the subject well location. Mapped location of the nearest critical habitat is presented in *Appendix B, Siting Criteria Documentation*.

Delineation/Remediation Plan

Dugan Production has contracted Envirotech, Inc. and is currently in the process of simultaneously delineating and remediating chloride and total petroleum hydrocarbons (TPH) impacted soil via excavation. The aerial extent was mapped by Envirotech Field staff using a portable GPS unit and determined the release footprint to be approximately 351,452 square feet. Photographs collected during the initial site walk are included in *Appendix D, Site Photography*.

As the release impacted the Betonnie Tsosie Wash and groundwater is expected to be shallow, soil impacts will be delineated and remediated to the most stringent cleanup standards per 19.15.29.12.C.(4) NMAC:

Closure standards

Constituent	Method	Limit
Chloride	EPA 300.0	600 mg/kg
Total Petroleum Hydrocarbons (TPH)	EPA Method 8015D	100 mg/kg
Benzene, Toluene, Ethylbenzene, Total Xylenes (BTEX)	EPA Method 8021B	50 mg/kg
Benzene	EPA Method 8021B	10 mg/kg

-
- All chloride, TPH, benzene, toluene, ethylbenzene, and total xylenes (BTEX) exceedances will be removed and hauled offsite for disposal.

To ensure chloride and/or TPH-impacted soil is successfully and completely removed from the release area, upon variance approval from NMOCD, one 5-point composite confirmation soil sample will be collected for every 400 square feet of excavation floor and one 5-point composite confirmation sample will be collected for every 400 square feet of excavation sidewall. Should sidewall sampling indicate an increase in release footprint, additional floor and sidewall samples will be collected as required to maintain the sampling frequency specified above.

Field Screening

Field personnel will conduct field screening to evaluate, describe, and record lithology per the Unified Soil Classification System, hydrocarbon vapors, odors, and all other observations pertinent to the geology of the site. Information will be recorded on a field form and will be submitted with the final report. Field screening for VOC vapors will be conducted with a PID-OVM. Prior to commencing field screening activities, the PID-OVM will be calibrated with 100 ppm isobutylene gas. The following protocol outlines the steps in which the soil samples will be field screened:

- Use a clean, 32-oz glass jar and half-fill with sample (the volume ratio of soil to air is equal), then immediately seal it using aluminum foil and the jar lid ring. Lightly shake the jar to break up any soil clusters. Note: Immediately after opening the split spoon sampler or soil sample liner, transfer soil to field screening jars.
- Allow headspace development for at least 10 minutes in an area that is not exposed to direct sunlight (i.e., vehicle floor heater). Vigorously shake jar for 15 seconds at the beginning and end of the headspace development period.
- After headspace development, introduce the instrument sampling probe through a small opening in the foil seal to a point about one-half of the headspace depth. Keep the probe free of water droplets and soil particles.
- Record the highest meter response on a sampling form. Maximum response usually occurs within about two seconds. Erratic meter response may occur if high organic vapor concentrations or moisture is present. Note any erratic headspace data in the sampling form. Do not collect analytical samples from the jar.

Soil samples will also be screened in the field for TPH per United States Environmental Protection Agency (EPA) Method 418.1 using an Infracal Total Oil and Grease (TOG)/TPH Analyzer. A three-point calibration will be completed prior to conducting soil screening. The Infracal will also be bump checked periodically to ensure the calibration is still valid. Bump checks will be performed at a minimum of daily but could occur more frequently if field conditions warrant.

Laboratory Confirmation Samples

Each confirmation soil sample will be placed into laboratory-supplied 4-ounce glass jars, labeled, stored in a cooler on ice, and submitted to the laboratory via standard chain-of-custody protocol for analysis of chloride per United States Environmental Protection Agency (EPA) SW-846 Method 300.0, TPH (GRO+DRO+MRO) per EPA SW-846 Method 8015M, BTEX per EPA SW-846 8021B, and benzene per EPA SW-846 Method 8021B. Laboratory analytical results will be compared to the most stringent cleanup standards per 19.15.29.12.C.(4) NMAC. All areas disturbed by remediation, except areas reasonably needed for production operations or for subsequent drilling operations, will be restored, reclaimed, and revegetated per 19.15.29.13 NMAC.

Remediation results will be submitted in a *Remediation Closure Report*.

Reclamation

Per 19.15.29.13 NMAC, Dugan Production will reclaim all areas disturbed by remediation, except areas reasonably needed for production operations or for subsequent drilling operations, as early and as nearly as practical to their original condition and maintain those areas to control dust and minimize erosion to the extent practical. Areas reasonably needed for production operations or for subsequent drilling operations will be compacted, stabilized, and maintained to minimize dust and erosion. Reclamation will contain a minimum of 4 feet of non-waste containing, uncontaminated, earthen material with chloride concentrations less than 600 mg/kg as analyzed by EPA Method 300.0, TPH (GRO+DRO+MRO) concentrations less than 100 mg/kg per EPA SW-846 Method 8015M, total BTEX concentrations less than 50 mg/kg per EPA SW-846 8021B, and benzene concentrations less than 10 mg/kg per EPA SW-846 Method 8021B. The soil cover will include a top layer (top 1 foot), which is either the background thickness of topsoil or one foot of suitable material to establish vegetation at the site, whichever is greater. All other debris will be removed and impacted soils unearthed will be remediated.

Upon completion of remediation and backfill, the site will be reseeded with an appropriate seed mix for the area, one that is determined appropriate by the New Mexico State Land Office. All disturbed areas will be cross ripped to a depth of eight (8) inches in preparation for seed. The predetermined seed mix will then be applied by a broadcaster and disked into the topsoil. The areas not located on the drilling pad will be monitored for vegetative growth to ensure that reclamation is successful. Reclamation activities will be submitted in a *Remediation Closure Report*.

Variance Request

Per 19.15.29.14, Envirotech is formerly requesting a variance to the sampling requirement of 200 ft² as written in 19.15.29.12D(1)(c). Envirotech proposes using a sampling frequency of 400 ft² for this remediation project due to the extent of the release footprint.

Per 19.15.29.14, Envirotech also formerly requests a variance from 19.15.29.12.D(1)(a), requiring the responsible party notify the appropriate division district office two business days prior to conducting final sampling. Envirotech requests that OCD accept weekly sampling notifications that summarize the days, times, estimated square footage, and number of samples to be collected for the week.

This variance request is mostly pointed to suffice sampling requirements of NMOCD and NMSLO. FIMO and NNEPA will receive and approve of sampling requirements that apply to the Navajo Nation.

Final Reporting

Upon final receipt of all laboratory analytical results, a report will be prepared and submitted to the New Mexico Oil Conservation Division. The report will include, at a minimum, methods and procedures followed during excavation; waste disposal documentation; analytical results; field notes; and recommendations for continued remediation or site closure.

Envirotech appreciates the opportunity to provide environmental consulting services on behalf of Dugan Production. Please do not hesitate to contact our office at (505) 632-0615 should you have any questions or require additional information.

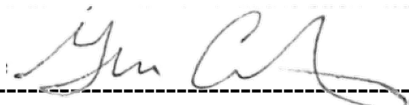
Respectfully Submitted,

ENVIROTECH, INC.



Diego Aragon
Environmental Staff Scientist
daragon@envirotech-inc.com

Reviewed by:



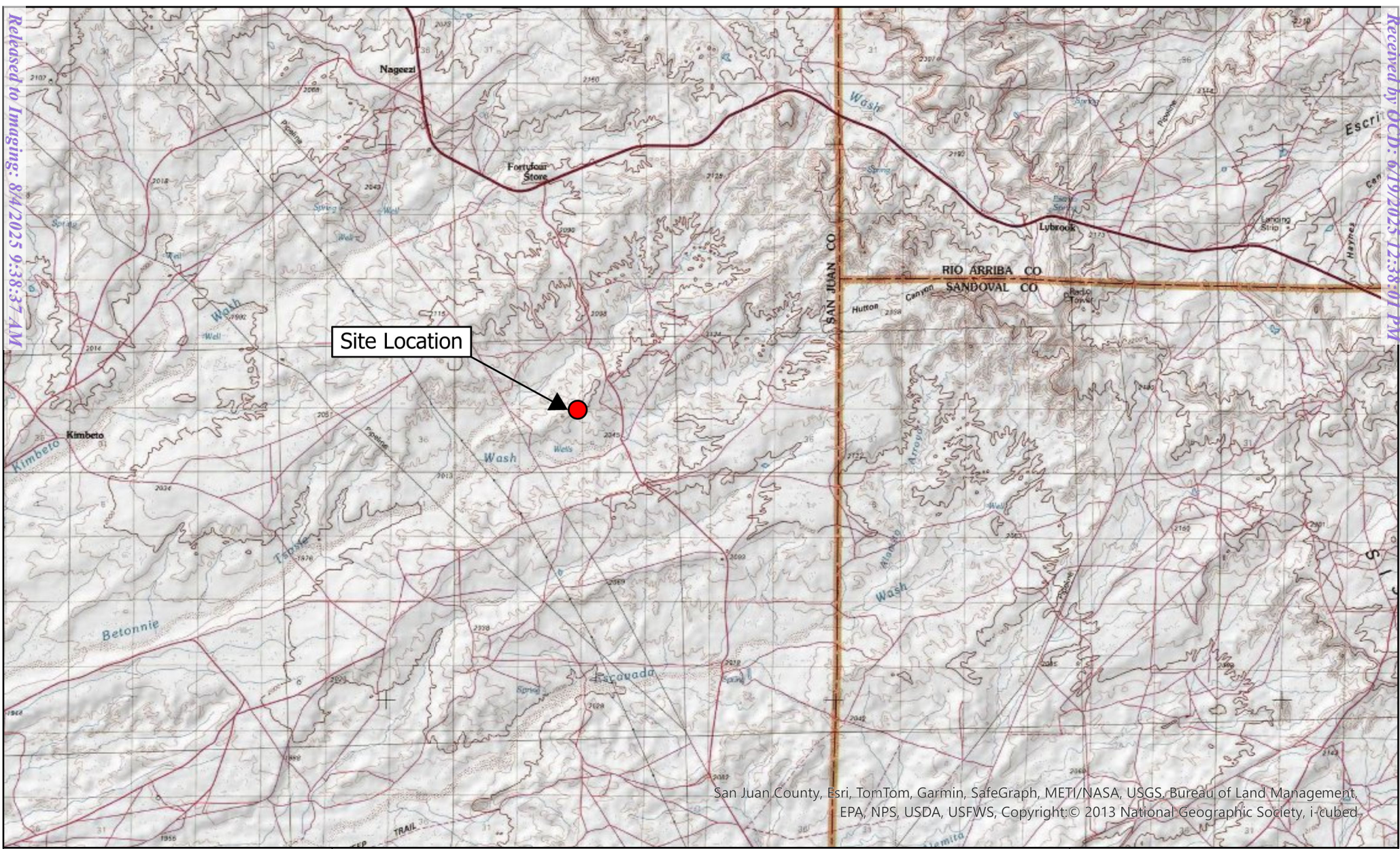
Greg Crabtree, PE
Environmental Project Manager
gcrabtree@envirotech-inc.com

Figures

Figure 1, Vicinity Map
Figure 2, Site Map



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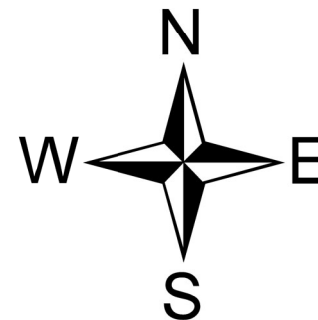


San Juan County, Esri, TomTom, Garmin, SafeGraph, METI/NASA, USGS, Bureau of Land Management, EPA, NPS, USDA, USFWS, Copyright: © 2013 National Geographic Society, i-cubed

Figure #1, Vicinity Map

Legend

● Site Location



0 1.25 2.5 5 Miles

San Juan County
Dugan Production
LH #174 well site
36.1890106, -107.6978607
Unit A, Sec 32, T23N, R08W
Project #06094-0222



Environmental Scientists and Engineers
5796 U.S Highway 64
Farmington, New Mexico 87401
505.632.0615
Date Drawn: 05/15/2025
Drawn by: D. Aragon

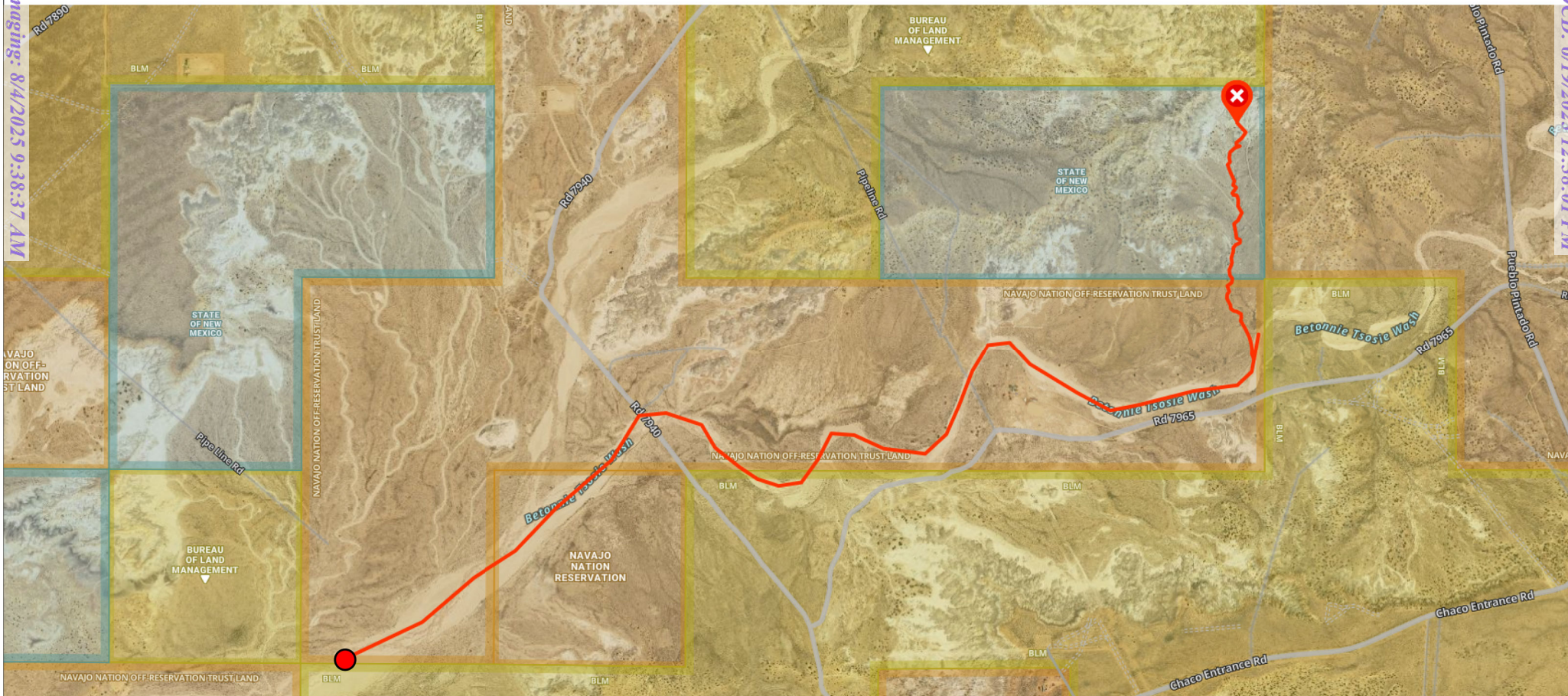


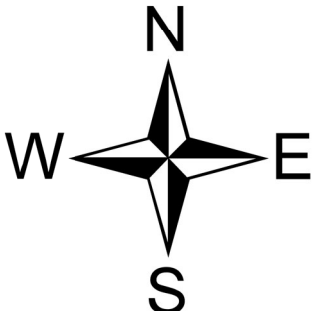


Figure #2, Site Map

-  Spill Beginning/Terminus
-  Spill Path

Legend



Environmental Scientists and Engineers
5796 U.S Highway 64
Farmington, New Mexico 87401
505.632.0615
Date Drawn: 05/15/2025
Drawn by: D, Aragon

San Juan County
Dugan Production
LH #174 well site
36.1890106, -107.6978607
Unit A. Sec 32. T23N. R08W
Project #06094-0222

Appendix A

Correspondence



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Outlook

FW: The Oil Conservation Division (OCD) has approved the application, Application ID: 451596

From Kevin Smaka <Kevin.Smaka@duganproduction.com>**Date** Mon 5/12/2025 2:37 PM**To** Diego Aragon <daragon@envirotech-inc.com>**Cc** Sean Dugan <Sean.Dugan@duganproduction.com>; Greg Crabtree <gcrabtree@envirotech-inc.com>

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Here Is the email from NMOCD noting they accepting our C-141.

Kevin Smaka P.E.
Regulatory Engineer
505-486-6207

From: Tyra Feil <Tyra.Feil@duganproduction.com>**Sent:** Monday, April 14, 2025 2:12 PM**To:** Kevin Smaka <Kevin.Smaka@duganproduction.com>**Subject:** FW: The Oil Conservation Division (OCD) has approved the application, Application ID: 451596

4/14/25

Kevin,

FYI - the OCD has approved the Initial C-141 for the LH #174.

Tyra

From: OCDOnline@state.nm.us <OCDOnline@state.nm.us>**Sent:** Monday, April 14, 2025 1:29 PM**To:** Tyra Feil <Tyra.Feil@duganproduction.com>**Subject:** The Oil Conservation Division (OCD) has approved the application, Application ID: 451596

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To whom it may concern (c/o Tyra Feil for DUGAN PRODUCTION CORP),

The OCD has approved the submitted *Application for administrative approval of a release notification and corrective action* (C-141), for incident ID (n#) nAPP2509838066, with the following conditions:

- **None**

The signed C-141 can be found in the OCD Online: Imaging under the incident ID (n#).

If you have any questions regarding this application, please contact me.

Thank you,

Robert Hamlet

575-748-1283

Robert.Hamlet@emnrd.nm.gov

New Mexico Energy, Minerals and Natural Resources Department

1220 South St. Francis Drive

Santa Fe, NM 87505



FW: [EXTERNAL] LH 174 Spill Notification

From Kevin Smaka <Kevin.Smaka@duganproduction.com>
Date Mon 5/12/2025 2:32 PM
To Diego Aragon <daragon@envirotech-inc.com>
Cc Sean Dugan <Sean.Dugan@duganproduction.com>; Greg Crabtree <gcrabtree@envirotech-inc.com>

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Here is what BLM sent for their portion.

Kevin Smaka P.E.
Regulatory Engineer
505-486-6207

From: Adeloye, Abiodun A <aadeloye@blm.gov>
Sent: Tuesday, April 15, 2025 2:45 PM
To: Kevin Smaka <Kevin.Smaka@duganproduction.com>
Cc: Tyra Feil <Tyra.Feil@duganproduction.com>; Jaquez, Laverna A <laverna.jaquez@bia.gov>
Subject: RE: [EXTERNAL] LH 174 Spill Notification

CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

Hi, Kevin, I am not sure if this particular well is in the federal database. All the BLM would need is just the progress of the cleanup updates. I am including my supervisor Chris Wenman with this reply so that he would be aware of what is going on. There is no provision in the AFMSS to enter the state wells into the federal database. Just keep un in the loop.
Thank you.

Abiodun Adeloye (Emmanuel)
Natural Resources Specialist (NRS)
6251 College Blvd., Suite A
Farmington, NM 87402
Office: 505-564-7665
Mobile: 505-635-0984

From: Kevin Smaka <Kevin.Smaka@duganproduction.com>
Sent: Tuesday, April 15, 2025 2:36 PM
To: Adeloye, Abiodun A <aadeloye@blm.gov>
Cc: Tyra Feil <Tyra.Feil@duganproduction.com>; Jaquez, Laverna A <laverna.jaquez@bia.gov>
Subject: [EXTERNAL] LH 174 Spill Notification



FW: Dugan LH #174 Spill Release Notification

From Kevin Smaka <Kevin.Smaka@duganproduction.com>

Date Mon 5/12/2025 2:31 PM

To Diego Aragon <daragon@envirotech-inc.com>

Cc Sean Dugan <Sean.Dugan@duganproduction.com>; Greg Crabtree <gcrabtree@envirotech-inc.com>

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Hey Diego,

I am gathering the correspondence we have from NMSLO, NMOCD, BIA FIMO and NRC. I will sending each thread shortly.

Kevin Smaka P.E.
Regulatory Engineer
505-486-6207

From: Knight, Tami C. <tknight@nmslo.gov>

Sent: Friday, April 11, 2025 9:05 AM

To: Kevin Smaka <Kevin.Smaka@duganproduction.com>; Bisbey-Kuehn, Elizabeth A. <ebisbeykuehn@nmslo.gov>

Cc: Tyra Feil <Tyra.Feil@duganproduction.com>

Subject: Dugan LH #174 Spill Release Notification

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Kevin

Thank you for the notification. There are no rules preventing emergency responses for spills on STL. However, before any earthwork can proceed, for areas previously undisturbed, compliance with the Cultural Properties Protection Rule is required. You can opt to have an archeological monitor on site during earth disturbing activities or you need to have an ARMs review and if needed a Cultural Survey before any further earthwork can occur.

Thank you



Tami Knight, CHMM
Environmental Specialist
Environmental Compliance Office
505.670 1638
New Mexico State Land Office



tknight@nmslo.gov
nmstatelands.org



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From: Kevin Smaka <Kevin.Smaka@duganproduction.com>

Sent: Friday, April 11, 2025 8:30 AM

To: SLO Spills <spills@nmslo.gov>

Cc: Tyra Feil <Tyra.Feil@duganproduction.com>

Subject: [EXTERNAL] LH #174 Spill Release Notification

Please find attached Dugan's Spill Notification for the LH #174 located in T-23N, R-8W, section 32.

I would like to provide additional detail on why this spill occurred. In my written statement on the form, it notes an offsetting operator was fracture stimulating a nearby well and we never received notice of the fracturing. As a result, our wellbore became a conduit for the frac to blow out the stuffing box and overflow the tanks on location.

The blame does not lie with the other operator. We started to investigate the matter and found they did submit an email on February 27th providing ample notice of the stimulation operation. There was a technological glitch that prevented the email from reaching our server. This missed notification created the perfect storm the resulted in this spill.

Remedial activities have begun. Currently we are installing multiple booms downstream of the spill across the watercourse to catch any hydrocarbons from spreading should there be any rain. In the arroyo that feeds the watercourse we are installing sorbent materials to prevent any precipitation from spreading oil into wash.

Kevin Smaka P.E.

Regulatory Engineer

505-486-6207



FW: [EXTERNAL] Notice of Release - LH 174 (30-045-28533)

From Kevin Smaka <Kevin.Smaka@duganproduction.com>

Date Mon 5/12/2025 2:38 PM

To Diego Aragon <daragon@envirotech-inc.com>

Cc Sean Dugan <Sean.Dugan@duganproduction.com>; Greg Crabtree <gcrabtree@envirotech-inc.com>

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Here is the initial Notification we provided to FIMO.

Kevin Smaka P.E.
Regulatory Engineer
505-486-6207

From: Thad Merrill <Thad.Merrill@duganproduction.com>

Sent: Friday, April 11, 2025 9:11 AM

To: Kevin Smaka <Kevin.Smaka@duganproduction.com>

Cc: Tyra Feil <Tyra.Feil@duganproduction.com>

Subject: FW: [EXTERNAL] Notice of Release - LH 174 (30-045-28533)

FYI

From: "Jaquez, Laverna A" <laverna.jaquez@bia.gov>

Date: Friday, April 11, 2025 at 9:04 AM

To: Thad Merrill <Thad.Merrill@duganproduction.com>

Subject: Re: [EXTERNAL] Notice of Release - LH 174 (30-045-28533)

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Good morning, Thad,

This well is on split surface - State and Allotted. No need to submit a UE notification to BLM.

Let me know the full details of this release and need to set up an inspection next week on the allotted portion.

Thanks,

Laverne Jaquez

Environmental Protection Specialist

BIA Navajo Region
Federal Indian Minerals Office (FIMO)
Office: (505) 564-7624

From: Jaquez, Laverna A
Sent: Thursday, April 10, 2025 4:20 PM
To: Thad Merrill <Thad.Merrill@duganproduction.com>
Subject: RE: [EXTERNAL] Notice of Release - LH 174 (30-045-28533)



Image removed by sender. like **Jaquez, Laverna A** reacted to your message:

From: Thad Merrill <Thad.Merrill@duganproduction.com>
Sent: Thursday, April 10, 2025 9:43:17 PM
To: Jaquez, Laverna A <laverna.jaquez@bia.gov>; Runnels, Micah C <Micah.Runnels@bia.gov>
Cc: Kevin Smaka <Kevin.Smaka@duganproduction.com>; Tyra Feil <Tyra.Feil@duganproduction.com>; Adeloye, Abiodun A <aadeloye@blm.gov>
Subject: Re: [EXTERNAL] Notice of Release - LH 174 (30-045-28533)

Good afternoon,

The FIMO leases are:

- NOG-1419-1980 ALT M71
- NOG 1419-1981 ALT M72

I will let Kevin answer the rest of your questions.

All the best,

Thad

From: "Jaquez, Laverna A" <laverna.jaquez@bia.gov>
Date: Thursday, April 10, 2025 at 3:23 PM
To: Thad Merrill <Thad.Merrill@duganproduction.com>, "Runnels, Micah C" <Micah.Runnels@bia.gov>
Cc: Kevin Smaka <Kevin.Smaka@duganproduction.com>, Tyra Feil <Tyra.Feil@duganproduction.com>, "Adeloye, Abiodun A" <aadeloye@blm.gov>
Subject: Re: [EXTERNAL] Notice of Release - LH 174 (30-045-28533)

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Hi Thad,

Did Dugan file an UE report with the BLM-FFO? What is the lease number and well data for this? What type of commodity was this?

I have included Emmanuel of BLM-FFO on this email response.

I will need to set up an inspection to look at this appears to have spilled off the authorized area into the waterway. Let me know who the contact person is for Dugan to set up this inspection next week.

Laverne Jaquez

Environmental Protection Specialist

BIA Navajo Region

Federal Indian Minerals Office (FIMO)

Office: (505) 564-7624

From: Thad Merrill <Thad.Merrill@duganproduction.com>

Sent: Thursday, April 10, 2025 11:38 AM

To: Runnels, Micah C <Micah.Runnels@bia.gov>; Jaquez, Laverne A <laverne.jaquez@bia.gov>

Cc: Kevin Smaka <Kevin.Smaka@duganproduction.com>; Tyra Feil <Tyra.Feil@duganproduction.com>

Subject: [EXTERNAL] Notice of Release - LH 174 (30-045-28533)

This email has been received from outside of DOI - Use caution before clicking on links, opening attachments, or responding.

Good morning,

A release occurred containing well fluids and oil into an arroyo and the Escavada wash that seep into the southern half of section 32-23N-8W.

We are currently remediating and cleaning the area.

Please advise the allottees therein as needed.

If you need anything else, please let me know.

Kind regards,

Thad D. Merrill
Land Manager
P.O. Box 420
Farmington, NM 87499-0420
(505) 543-0637 Office
(505) 543-3052 Cell



This email has been received from outside of DOI - Use caution before clicking on links, opening attachments, or responding.

Hello Emmanuel,

Dugan's LH 174 was the source of a spill that was discovered on April 7th. Initial estimates indicated the release was contained to New Mexico State Lands and allotted leases. After further efforts to delineate the release, it has been determined some of the release did reach federal lands.

How shall I proceed? Do you need a UE form completed?

Kevin Smaka P.E.

Regulatory Engineer

505-486-6207

Appendix B

Siting Criteria Documentation



Practical Solutions for a Better Tomorrow

Site Name:	Dugan Production - LH #174 well site	
API #:	nAPP2509838066	
Lat/Long:	36.1890106, -107.6978607	
Legal Description (Unit, Sec, TWN, RNG)	Unit A. Sec 32. T23N. R08W	
Land Jurisdiction:	State	
County:	San Juan	
Wellhead Protection Area Assessment		

Water Source Type (well/spring/stock pond)	ID	Latitude	Longitude	Distance
Stock Pond		36.17834	-107.70634	100 ft

Depth to Groundwater Determination: 0-50 ft (bgs)

Cathodic Report/Site Specific Hydrogeology	
Elevation Differential	
Water Wells	USGS Well within 6 miles indicates water is less than 50 feet

Sensitive Receptor Determination

Was groundwater or surface water impacted?	No			
<300' of any continuously flowing watercourse or any other significant watercourse	Yes			
<200' of any lakebed, sinkhole or playa lake (measured from the Ordinary High Water Mark)	No			
<300' of an occupied permanent residence, school, hospital, institution or church	Yes			
<500' of a spring or private/domestic water well used by <5 households for domestic or stock watering purposes	Yes			
<1000' of any water well or spring	No			
Within incorporated municipal boundaries or within a defined municipal fresh water well field	No			
<300' of a wetland	Yes			
Within the area overlying a subsurface mine	No			
Within an unstable area or karst topography	No			
Within a 100-year floodplain: Located in unmapped area	No			
Did the release impact areas NOT on an exploration, development, production, or storage site?	Yes			
DTW Determination	≤50 <input checked="" type="checkbox"/>	50-100 <input type="checkbox"/>	>100 <input type="checkbox"/>	
Benzene	10	10	10	
BTEX (mg/kg)	50	50	50	
8015 TPH (GRO/DRO) (mg/kg)	Not Applicable	1,000	1,000	
8015 TPH (GRO/DRO/MRO) (mg/kg)	100	2,500	2,500	
Chlorides (mg/kg)	600	10,000	20,000	




Practical Solutions of a Better Tomorrow



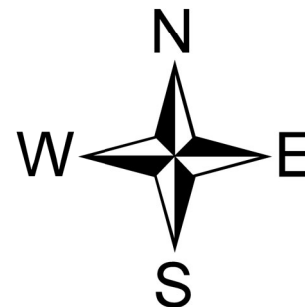
Figure - Nearest Residence
and Stock Pond

San Juan County
Dugan Production
LH #174 well site
36.1890106, -107.6978607
Unit A, Sec 32, T23N, R08W
Project #06094-0222

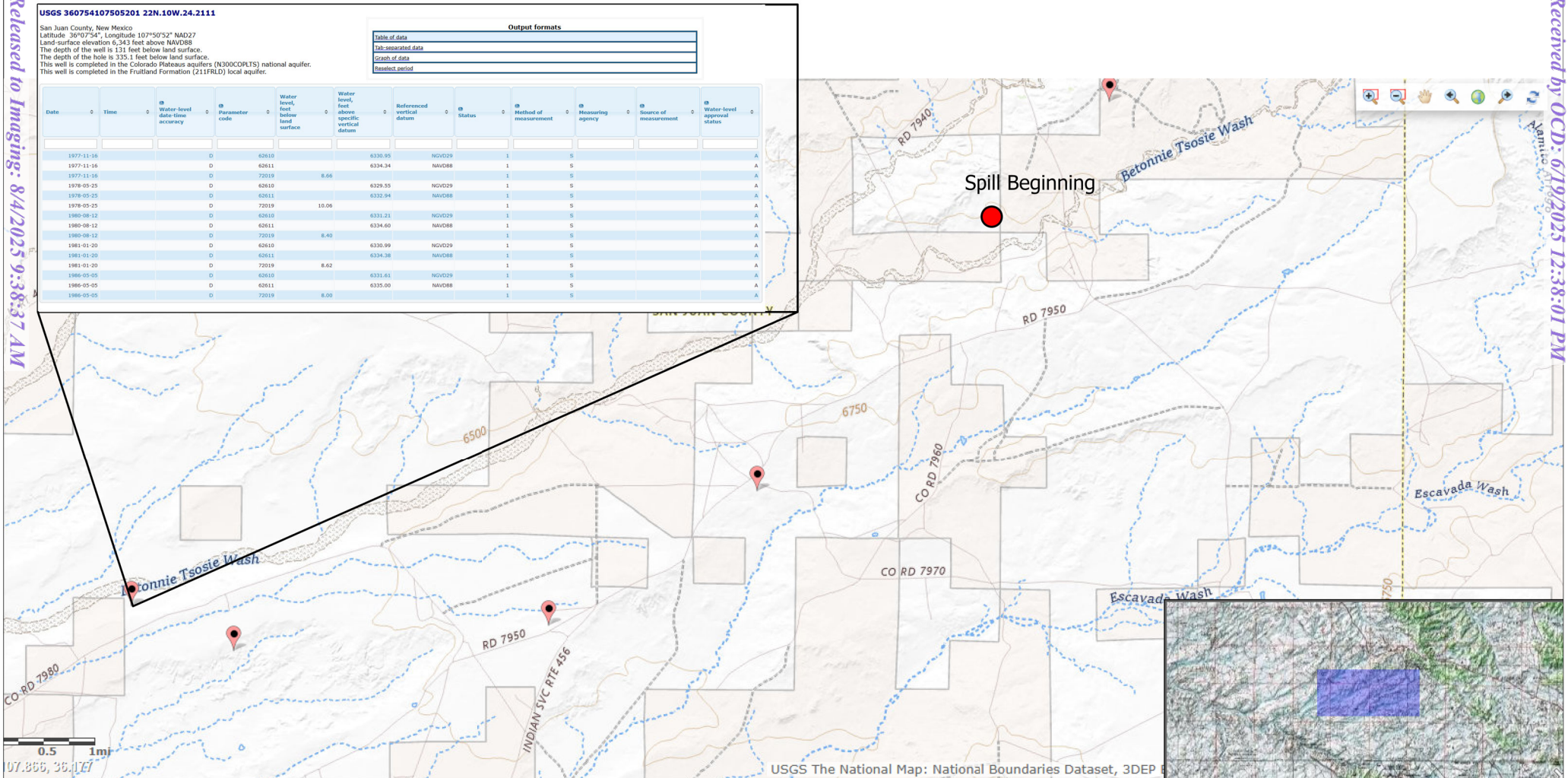
 Spill Path

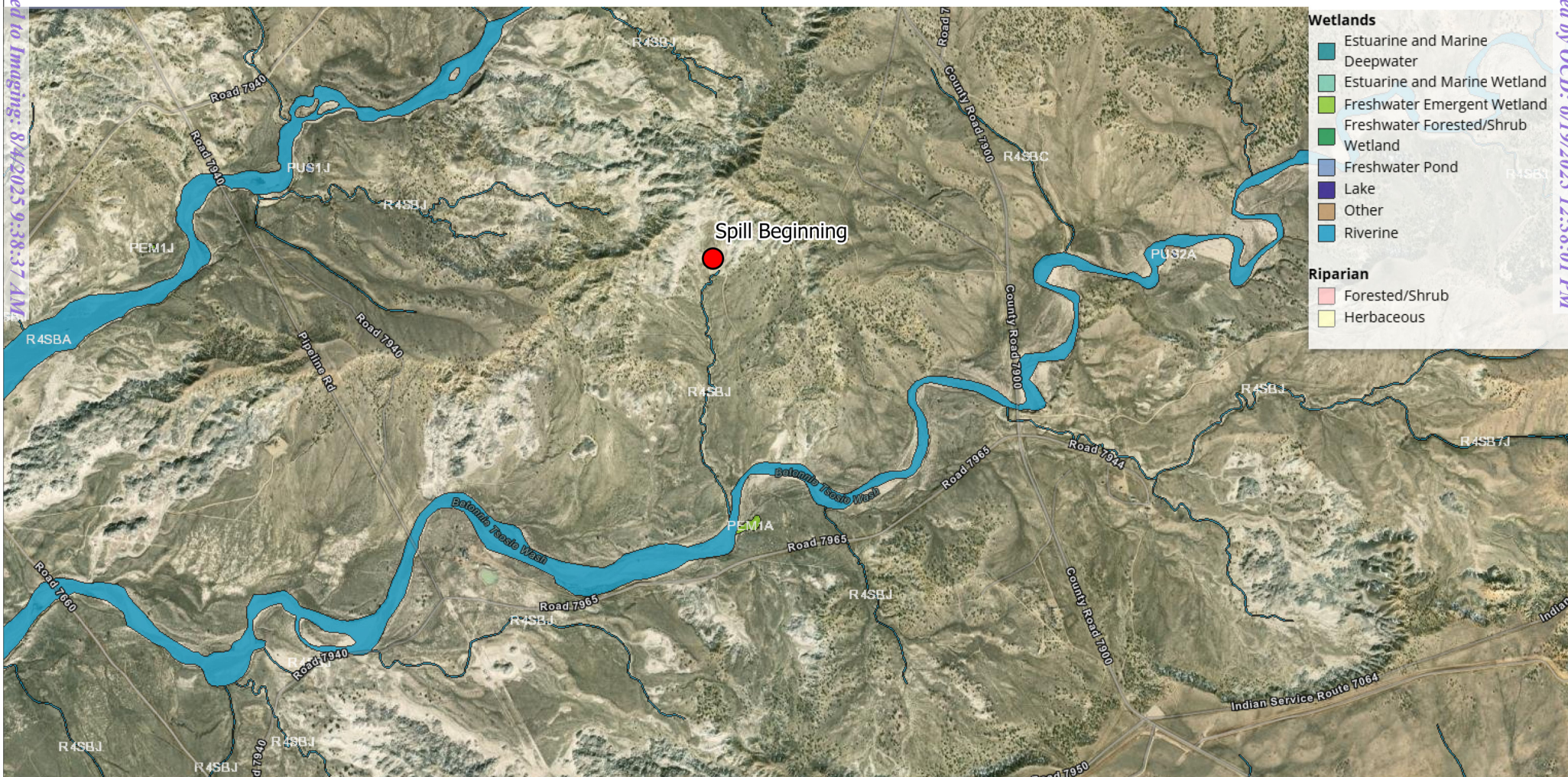
0 250 500 1,000 Feet


Legend



Environmental Scientists and Engineers
5796 U.S Highway 64
Farmington, New Mexico 87401
505.632.0615
Date Drawn: 05/15/2025
Drawn by: D, Aragon

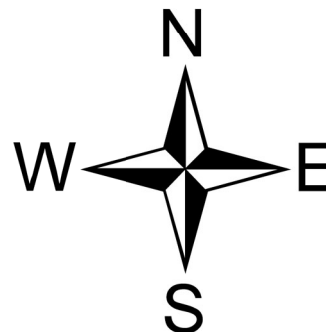




Figure, Nearest Wetland Map

San Juan County
Dugan Production
LH #174 well site
36.1890106, -107.6978607
Unit A, Sec 32, T23N, R08W
Project #06094-0222

- Legend**
- Spill Beginning
 - Riverine Wetland Impacted



Environmental Scientists and Engineers
5796 U.S Highway 64
Farmington, New Mexico 87401
505.632.0615
Date Drawn: 05/15/2025
Drawn by: D, Aragon

Legend

Critical Habitat for Threatened and Endangered Species

Critical Habitat - Polygon Features - Final

Endangered

Threatened

Critical Habitat - Linear Features - Final

Endangered

Threatened

Critical Habitat - Polygon Features - Proposed

Endangered

Threatened

Proposed Endangered

Proposed Threatened

USFWS Critical Habitat - Critical Habitat - Polygon Features - Final

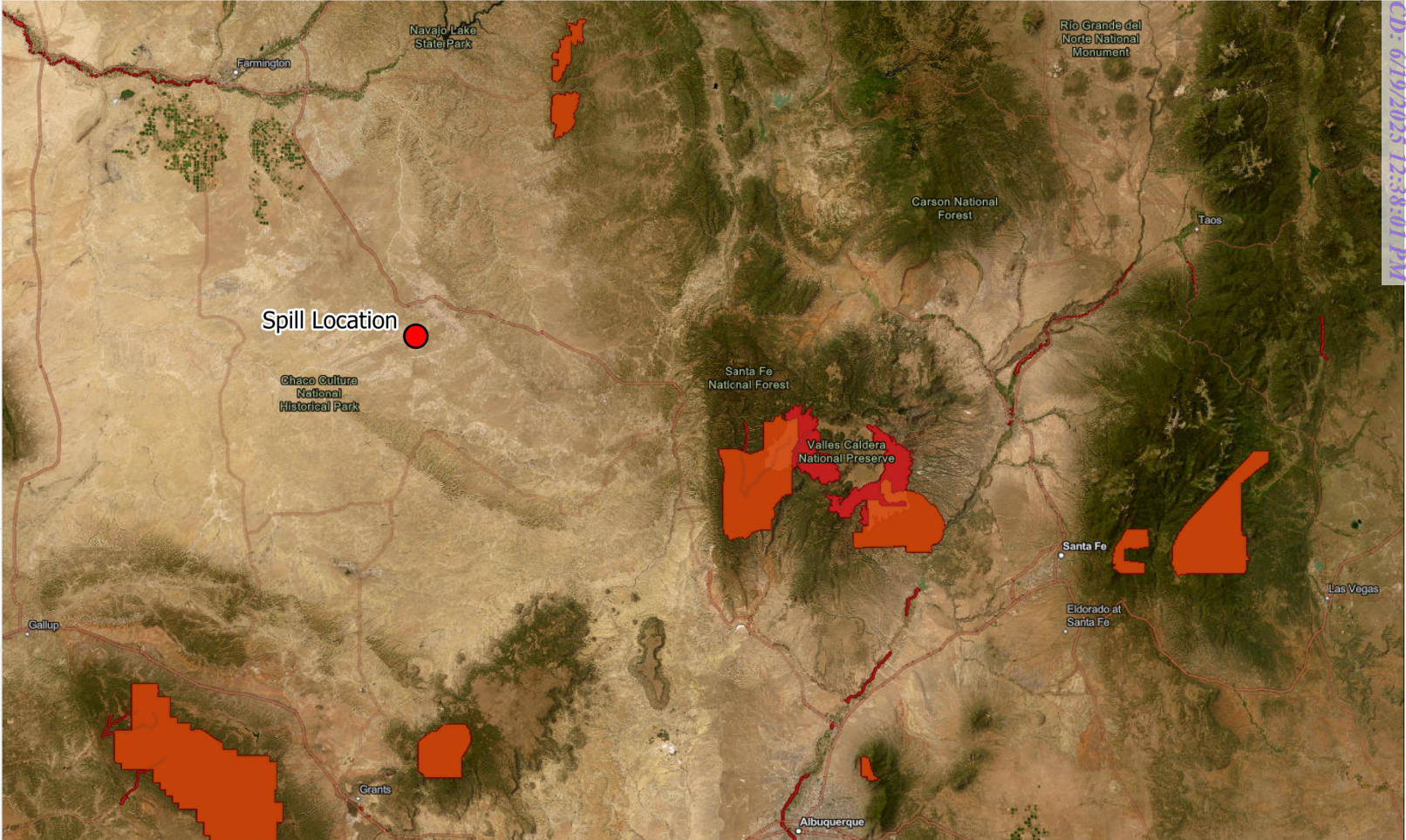
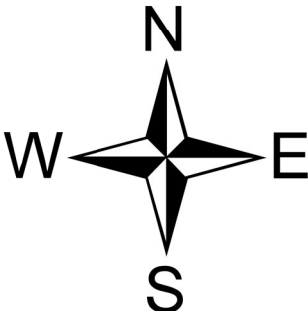


Figure - Nearest Critical Habitat

San Juan County
Dugan Production
LH #174 well site
36.1890106, -107.6978607
Unit A. Sec 32. T23N. R08W
Project #06094-0222

● Spill Location

Legend



Environmental Scientists and Engineers
5796 U.S Highway 64
Farmington, New Mexico 87401
505.632.0615
Date Drawn: 05/15/2025
Drawn by: D, Aragon

Appendix C

Archeological Survey



Practical Solutions for a Better Tomorrow

Appendix D

Site Photography



Practical Solutions for a Better Tomorrow

**Site Photography
Dugan Production – LH #174
Unit A. Sec 32. T23N. R08W.
36.1890106, -107.6978607
San Jaun County, New Mexico
May 2025**



Photo 1: Release Path



Photo 3: Release Source



Photo 4: Release Path



Photo 2: Release Source



Photo 5: Release Path

**Site Photography
Dugan Production – LH #174
Unit A. Sec 32. T23N. R08W.
36.1890106, -107.6978607
San Jaun County, New Mexico
May 2025**



Photo 6: Release Path



Photo 7: Release Path



Photo 8: Release Path



Photo 9: Release Path

**Site Photography
Dugan Production – LH #174
Unit A. Sec 32. T23N. R08W.
36.1890106, -107.6978607
San Jaun County, New Mexico
May 2025**



Photo 10: Release Path

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Phone: (505) 629-6116

Online Phone Directory
<https://www.emnrd.nm.gov/ocd/contact-us>

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

QUESTIONS

Action 476783

QUESTIONS

Operator: DUGAN PRODUCTION CORP PO Box 420 Farmington, NM 87499	OGRID: 6515
	Action Number: 476783
	Action Type: [C-141] Site Char./Remediation Plan C-141 (C-141-v-Plan)

QUESTIONS

Prerequisites	
Incident ID (n#)	nAPP2509838066
Incident Name	NAPP2509838066 LH #174 @ 30-045-28533
Incident Type	Oil Release
Incident Status	Remediation Plan Received
Incident Well	[30-045-28533] L H #174

Location of Release Source

Please answer all the questions in this group.

Site Name	LH #174
Date Release Discovered	04/07/2025
Surface Owner	State

Incident Details

Please answer all the questions in this group.

Incident Type	Oil Release
Did this release result in a fire or is the result of a fire	No
Did this release result in any injuries	No
Has this release reached or does it have a reasonable probability of reaching a watercourse	Yes
Has this release endangered or does it have a reasonable probability of endangering public health	No
Has this release substantially damaged or will it substantially damage property or the environment	No
Is this release of a volume that is or may with reasonable probability be detrimental to fresh water	No

Nature and Volume of Release

Material(s) released, please answer all that apply below. Any calculations or specific justifications for the volumes provided should be attached to the follow-up C-141 submission.

Crude Oil Released (bbls) Details	Cause: Other Tank (Any) Crude Oil Released: 49 BBL Recovered: 0 BBL Lost: 49 BBL.
Produced Water Released (bbls) Details	Cause: Other Tank (Any) Produced Water Released: 923 BBL Recovered: 0 BBL Lost: 923 BBL.
Is the concentration of chloride in the produced water >10,000 mg/l	No
Condensate Released (bbls) Details	Not answered.
Natural Gas Vented (Mcf) Details	Not answered.
Natural Gas Flared (Mcf) Details	Not answered.
Other Released Details	Not answered.
Are there additional details for the questions above (i.e. any answer containing Other, Specify, Unknown, and/or Fire, or any negative lost amounts)	Not answered.

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QUESTIONS, Page 2

Action 476783

QUESTIONS (continued)

Operator: DUGAN PRODUCTION CORP PO Box 420 Farmington, NM 87499	OGRID: 6515
	Action Number: 476783
	Action Type: [C-141] Site Char./Remediation Plan C-141 (C-141-v-Plan)

QUESTIONS

Nature and Volume of Release (continued)	
Is this a gas only submission (i.e. only significant Mcf values reported)	No, according to supplied volumes this does not appear to be a "gas only" report.
Was this a major release as defined by Subsection A of 19.15.29.7 NMAC	Yes
Reasons why this would be considered a submission for a notification of a major release	From paragraph A. "Major release" determine using: (1) an unauthorized release of a volume, excluding gases, of 25 barrels or more; (2) an unauthorized release of a volume that: (b) may with reasonable probability reach a watercourse.
With the implementation of the 19.15.27 NMAC (05/25/2021), venting and/or flaring of natural gas (i.e. gas only) are to be submitted on the C-129 form.	

Initial Response

The responsible party must undertake the following actions immediately unless they could create a safety hazard that would result in injury.

The source of the release has been stopped	True
The impacted area has been secured to protect human health and the environment	True
Released materials have been contained via the use of berms or dikes, absorbent pads, or other containment devices	True
All free liquids and recoverable materials have been removed and managed appropriately	True
If all the actions described above have not been undertaken, explain why	Not answered.

Per Paragraph (4) of Subsection B of 19.15.29.8 NMAC the responsible party may commence remediation immediately after discovery of a release. If remediation has begun, please prepare and attach a narrative of actions to date in the follow-up C-141 submission. If remedial efforts have been successfully completed or if the release occurred within a lined containment area (see Subparagraph (a) of Paragraph (5) of Subsection A of 19.15.29.11 NMAC), please prepare and attach all information needed for closure evaluation in the follow-up C-141 submission.

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.

I hereby agree and sign off to the above statement	Name: Tyra Feil Title: ENGINEERING ASSISTANT Email: Tyra.Feil@duganproduction.com Date: 04/14/2025
--	---

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QUESTIONS, Page 3

Action 476783

QUESTIONS (continued)

Operator: DUGAN PRODUCTION CORP PO Box 420 Farmington, NM 87499	OGRID: 6515
	Action Number: 476783
	Action Type: [C-141] Site Char./Remediation Plan C-141 (C-141-v-Plan)

QUESTIONS**Site Characterization**

Please answer all the questions in this group (only required when seeking remediation plan approval and beyond). 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 in feet below ground surface (ft bgs)	Less than or equal 25 (ft.)
What method was used to determine the depth to ground water	Estimate or Other
Did this release impact groundwater or surface water	No
What is the minimum distance, between the closest lateral extents of the release and the following surface areas:	
A continuously flowing watercourse or any other significant watercourse	Zero feet, overlying, or within area
Any lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark)	Between ½ and 1 (mi.)
An occupied permanent residence, school, hospital, institution, or church	Between 300 and 500 (ft.)
A spring or a private domestic fresh water well used by less than five households for domestic or stock watering purposes	Between ½ and 1 (mi.)
Any other fresh water well or spring	Between ½ and 1 (mi.)
Incorporated municipal boundaries or a defined municipal fresh water well field	Greater than 5 (mi.)
A wetland	Greater than 5 (mi.)
A subsurface mine	Greater than 5 (mi.)
An (non-karst) unstable area	Greater than 5 (mi.)
Categorize the risk of this well / site being in a karst geology	None
A 100-year floodplain	Zero feet, overlying, or within area
Did the release impact areas not on an exploration, development, production, or storage site	Yes

Remediation Plan

Please answer all the questions that apply or are indicated. This information must be provided to the appropriate district office no later than 90 days after the release discovery date.

Requesting a remediation plan approval with this submission	Yes
<i>Attach a comprehensive report demonstrating the lateral and vertical extents of soil contamination associated with the release have been determined, pursuant to 19.15.29.11 NMAC and 19.15.29.13 NMAC.</i>	
Have the lateral and vertical extents of contamination been fully delineated	Yes
Was this release entirely contained within a lined containment area	No

Soil Contamination Sampling: (Provide the highest observable value for each, in milligrams per kilograms.)

Chloride (EPA 300.0 or SM4500 Cl B)	0
TPH (GRO+DRO+MRO) (EPA SW-846 Method 8015M)	0
GRO+DRO (EPA SW-846 Method 8015M)	0
BTEX (EPA SW-846 Method 8021B or 8260B)	0
Benzene (EPA SW-846 Method 8021B or 8260B)	0

Per Subsection B of 19.15.29.11 NMAC unless the site characterization report includes completed efforts at remediation, the report must include a proposed remediation plan in accordance with 19.15.29.12 NMAC, which includes the anticipated timelines for beginning and completing the remediation.

On what estimated date will the remediation commence	04/14/2025
On what date will (or did) the final sampling or liner inspection occur	06/25/2025
On what date will (or was) the remediation complete(d)	07/31/2025
What is the estimated surface area (in square feet) that will be reclaimed	351452
What is the estimated volume (in cubic yards) that will be reclaimed	13017
What is the estimated surface area (in square feet) that will be remediated	351452
What is the estimated volume (in cubic yards) that will be remediated	13017

These estimated dates and measurements are recognized to be the best guess or calculation at the time of submission and may (be) change(d) over time as more remediation efforts are completed.

The OCD recognizes that proposed remediation measures may have to be minimally adjusted in accordance with the physical realities encountered during remediation. If the responsible party has any need to significantly deviate from the remediation plan proposed, then it should consult with the division to determine if another remediation plan submission is required.

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QUESTIONS, Page 4

Action 476783

QUESTIONS (continued)

Operator: DUGAN PRODUCTION CORP PO Box 420 Farmington, NM 87499	OGRID: 6515
	Action Number: 476783
	Action Type: [C-141] Site Char./Remediation Plan C-141 (C-141-v-Plan)

QUESTIONS

Remediation Plan (continued)	
<i>Please answer all the questions that apply or are indicated. This information must be provided to the appropriate district office no later than 90 days after the release discovery date.</i>	
This remediation will (or is expected to) utilize the following processes to remediate / reduce contaminants:	
<i>(Select all answers below that apply.)</i>	
(Ex Situ) Excavation and off-site disposal (i.e. dig and haul, hydrovac, etc.)	Yes
Which OCD approved facility will be used for off-site disposal	ENVIROTECH [fsc00000000048]
OR which OCD approved well (API) will be used for off-site disposal	<i>Not answered.</i>
OR is the off-site disposal site, to be used, out-of-state	<i>Not answered.</i>
OR is the off-site disposal site, to be used, an NMED facility	<i>Not answered.</i>
(Ex Situ) Excavation and on-site remediation (i.e. On-Site Land Farms)	No
(In Situ) Soil Vapor Extraction	No
(In Situ) Chemical processing (i.e. Soil Shredding, Potassium Permanganate, etc.)	No
(In Situ) Biological processing (i.e. Microbes / Fertilizer, etc.)	No
(In Situ) Physical processing (i.e. Soil Washing, Gypsum, Disking, etc.)	No
Ground Water Abatement pursuant to 19.15.30 NMAC	No
OTHER (Non-listed remedial process)	<i>Not answered.</i>
<i>Per Subsection B of 19.15.29.11 NMAC unless the site characterization report includes completed efforts at remediation, the report must include a proposed remediation plan in accordance with 19.15.29.12 NMAC, which includes the anticipated timelines for beginning and completing the remediation.</i>	
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.	
I hereby agree and sign off to the above statement	Name: Tyra Feil Title: ENGINEERING ASSISTANT Email: Tyra.Feil@duganproduction.com Date: 06/19/2025
<i>The OCD recognizes that proposed remediation measures may have to be minimally adjusted in accordance with the physical realities encountered during remediation. If the responsible party has any need to significantly deviate from the remediation plan proposed, then it should consult with the division to determine if another remediation plan submission is required.</i>	

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QUESTIONS, Page 5

Action 476783

QUESTIONS (continued)

Operator: DUGAN PRODUCTION CORP PO Box 420 Farmington, NM 87499	OGRID: 6515
	Action Number: 476783
	Action Type: [C-141] Site Char./Remediation Plan C-141 (C-141-v-Plan)

QUESTIONS

Deferral Requests Only	
Only answer the questions in this group if seeking a deferral upon approval this submission. Each of the following items must be confirmed as part of any request for deferral of remediation.	
Requesting a deferral of the remediation closure due date with the approval of this submission	No

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QUESTIONS, Page 6

Action 476783

QUESTIONS (continued)

Operator: DUGAN PRODUCTION CORP PO Box 420 Farmington, NM 87499	OGRID: 6515
	Action Number: 476783
	Action Type: [C-141] Site Char./Remediation Plan C-141 (C-141-v-Plan)

QUESTIONS

Sampling Event Information	
Last sampling notification (C-141N) recorded	489019
Sampling date pursuant to Subparagraph (a) of Paragraph (1) of Subsection D of 19.15.29.12 NMAC	07/31/2025
What was the (estimated) number of samples that were to be gathered	40
What was the sampling surface area in square feet	7200

Remediation Closure Request

Only answer the questions in this group if seeking remediation closure for this release because all remediation steps have been completed.

Requesting a remediation closure approval with this submission	No
--	----

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Santa Fe, NM 87505

CONDITIONS

Action 476783

CONDITIONS

Operator: DUGAN PRODUCTION CORP PO Box 420 Farmington, NM 87499	OGRID: 6515
	Action Number: 476783
	Action Type: [C-141] Site Char./Remediation Plan C-141 (C-141-v-Plan)

CONDITIONS

Created By	Condition	Condition Date
rhamlet	The Remediation Plan is Conditionally Approved. It's the OCD's understanding that a verbal agreement between Dugan Production Corp and the Federal Indian Minerals Office (FIMO) was reached for 500 linear ft sampling of the base of the wash. Any wet or discolored areas will require an individual grab sample to be analyzed for contaminants pursuant to 19.15.29.12 D.(1) NMAC. Please make sure that the edge of the release extent is accurately defined.	8/4/2025
rhamlet	Due to the sensitive nature of the release location, the site must be remediated to the strictest closure criteria from Table 1 of 19.15.29 NMAC and the variance for 400 ft2 confirmation sample size is denied. All samples must be analyzed for all constituents listed in Table I of 19.15.29.12 NMAC. As the site has been plugged and abandoned, the release must be reclaimed and revegetated at the time of remediation. The work will need to be completed in 90 days after the report has been reviewed.	8/4/2025
rhamlet	These conditions are specifically for incident (NAPP2509838066 LH #174) and only for this release. Future releases of this type will be reviewed on a case-by-case basis.	8/4/2025