

**3R-1017**

**Release Report/ General  
Correspondence**

**Dugan SA Pipelines**

**Date: 2014**

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 Copy to appropriate District Office in accordance with 19.15.29 NMAC.

AUG 1 2014

Release Notification and Corrective Action

OPERATOR  Initial Report  Final Report

Name of Company Dugan Production Corp.	Contact John Roe
Address P O Box 420, Farmington, NM 87499-0420	Telephone No. 505-325-1821
Facility Name Rusty Chacra Gathering System	Facility Type Gas Gathering System
Surface Owner **	Mineral Owner **
API No. **	

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
D	30	22N	6W	±75'	North	±875'	West	San Juan <i>Sandoval</i>

Latitude N 36°6.996' Longitude W 107°30.964'

*36.11660*  
*107.51606*

*JK 9/11/2014*

NATURE OF RELEASE

Type of Release Natural Gas	Volume of Release 179 mcf	Volume Recovered None
Source of Release Internal corrosion leak in gathering system line	Date and Hour of Occurrence May 6, 2014	Date and Hour of Discovery 11:00 a.m. 5/14/12
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.	

OIL CONS. DIV DIST. 3

AUG 05 2014

If a Watercourse was Impacted, Describe Fully.\*  
N/A

Describe Cause of Problem and Remedial Action Taken.\*  
On 5/14/14, while pigging the gathering system line connecting Dugan's Dome Federal 1-21-7 #1 well to the Rusty Chacra Gathering System (RCGS), a small gas leak (estimated to be 21 mcf/d) was discovered approximately 300' south of the tie-in to RCGS. The leak was isolated from the RCGS upon finding 5/14/14 by shutting in valves at the tie-in & at the well allocation meter. The leak is believed to have developed on 5/6/14. The leak site was excavated and repaired on 5/16/14. The leak was found to be the result of a small pin hole, from internal corrosion, on the bottom of the line. This section of the RCGS typically averages approximately 35 psia. The line was returned to service at 4:00 p.m. on 5/16/14.

Describe Area Affected and Cleanup Action Taken.\*  
The gas lost did not catch fire and there were no fluids lost. Very little cleanup was needed. Gas volumes lost were determined by comparing allocation meter to CDP sales meter volumes.

\*\* - gas lost is not considered to be a lease loss, but is a loss to the gathering system and will be included in gathering system allocations for May, 2014

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 Environmental Specialist: <i>Jonath D. Kelly</i>	
Title: Engineering Manager	Approval Date: <i>9/8/2014</i>	Expiration Date:
E-mail Address: johnroe@duganproduction.com	Conditions of Approval:	Attached <input type="checkbox"/>
Date: July 31, 2014 Phone: 505-325-1821		

\* Attach Additional Sheets If Necessary

*NJK 1425435760*

District I  
1625 N. French Dr., Hobbs, NM 88240  
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1301 W. Grand Avenue, Artesia, NM 88210  
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State of New Mexico  
Energy Minerals and Natural Resources  
Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505-**RECEIVED**

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	John Roe
Address	P. O. Box 420, Farmington, NM 87499-0420	Telephone No.	(505)325-1821
Facility Name	Rusty Chacra Gathering System	Facility Type	Gas Gathering System
Surface Owner	**	Mineral Owner	**
		Lease No.	**

**LOCATION OF RELEASE**

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
E	29	22N	6W	2630	North	925	West	<del>San Juan</del> Sandoval JK

Latitude \_\_\_\_\_ Longitude \_\_\_\_\_

**NATURE OF RELEASE**

Type of Release	Natural gas	Volume of Release	1216 mcf	Volume Recovered	None
Source of Release	Leak in gathering system line	Date and Hour of Occurrence	December, 2008	Date and Hour of Discovery	12/22/08
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. N/A			

**OIL CONS. DIV DIST. 3**

**JUN 19 2014**

If a Watercourse was Impacted, Describe Fully.\*  
N/A

Describe Cause of Problem and Remedial Action Taken.\*

On 12/22/08, a small internal corrosion hole was located in a 6-5/8" steel gathering system line which was repaired on 12/23/08. The leak is believed to have developed fairly close to the time of discovery.

Describe Area Affected and Cleanup Action Taken.\*

The gas lost did not catch fire and there was no fluid lost. Very little cleanup was needed. The gas volume lost was determined by comparing allocation meter to sales meter volumes.

\*\*Gas lost is not considered to be a lease loss but is considered to be a gathering system loss and will be included in allocation procedures for 12/08.

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>	<b>OIL CONSERVATION DIVISION</b>	
Printed Name: John Roe	Approved by District Supervisor: <i>Jonathan P. Kelly</i>	
Title: Engineering Manager	Approval Date: <i>9/18/2014</i>	Expiration Date:
E-mail Address: johnroe@duganproduction.com	Conditions of Approval:	Attached <input type="checkbox"/>
Date: January 31, 2009 Phone: (505)325-1821		

\* Attach Additional Sheets If Necessary

*nJK1425140615*

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1625 N. French Dr., Hobbs, NM 88240  
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State of New Mexico  
Energy Minerals and Natural Resources

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

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Revised October 10, 2003

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2009 JUL 13 AM 11 53

Release Notification and Corrective Action

OPERATOR

Initial Report  Final Report

Name of Company	Dugan Production Corp.	Contact	John Roe
Address	P. O. Box 420, Farmington, NM 87499-0420	Telephone No.	(505)325-1821
Facility Name	Rusty Chacra Gas Gathering System	Facility Type	steel gathering system line
Surface Owner	**	Mineral Owner	**
		Lease No.	**

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
E	29	22N	6W	±1750	North	±250	West	San Juan

Latitude \_\_\_\_\_ Longitude \_\_\_\_\_

NATURE OF RELEASE

Type of Release	natural gas	Volume of Release	1882 mcf	Volume Recovered	none
Source of Release	Leak in gathering system line	Date and Hour of Occurrence	June 3, 2009	Date and Hour of Discovery	June 3, 2009
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. N/A			

OIL CONS. DIV DIST. 3

JUN 19 2014

If a Watercourse was Impacted, Describe Fully.\*  
N/A

Describe Cause of Problem and Remedial Action Taken.\*

during 6/09, one small gathering system line leak was discovered on 6/3/09 & was repaired on 6/5/09. The leak was in a 6 5/8" steel gathering system line with pressures averaging 42 PSIA. The leak was from a 1/4" hole which was the result of internal corrosion.

Describe Area Affected and Cleanup Action Taken.\*

The gas lost did not catch fire & there were no fluids lost. Very little clean up was needed. Gas volumes lost were determined by comparing allocation meter to CDP sales meter volumes.

\*\*Gas lost is not considered to be a lease loss, but is considered to be a gathering system loss and the volumes lost will be included in gathering system allocation procedures for 6/09.

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>Joseph R. Kelly</i>
Title:	Engineering Manager	Approval Date:	<i>9/8/2014</i> Expiration Date:
E-mail Address:	<i>johnroe@duganproduction.com</i>	Conditions of Approval:	Attached <input type="checkbox"/>
Date:	August 11, 2009	Phone:	(505)325-1821

\* Attach Additional Sheets If Necessary

NJK 1425142436

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1625 N. French Dr., Hobbs, NM 88240  
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Release Notification and Corrective Action **2009 JUN 11 AM 11:33**

OPERATOR

Initial Report  Final Report

Name of Company	Dugan Production Corp.	Contact	John Roe
Address	P. O. Box 420, Farmington, NM 87499-0420	Telephone No.	(505)325-1821
Facility Name	Rusty Chacra Gathering System	Facility Type	gas gathering system

Surface Owner **	Mineral Owner **	Lease No. **
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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
A	30	22N	6W	1250	North	150	East	San Juan

Latitude \_\_\_\_\_ Longitude \_\_\_\_\_

NATURE OF RELEASE

Type of Release	natural gas	Volume of Release	1982 mcf	Volume Recovered	none
Source of Release	Leak in gathering system line	Date and Hour of Occurrence	April, 2009	Date and Hour of Discovery	4/23/09
*Upon assessing leak and determining volumes, notice was given	Was Immediate Notice Given? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom?			
By Whom?	Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Date and Hour	If YES, Volume Impacting the Watercourse.		
		N/A			

OIL CONS. DIV DIST. 3  
JUN 19 2014

If a Watercourse was Impacted, Describe Fully.\*  
N/A

Describe Cause of Problem and Remedial Action Taken.\*  
On 4/23/09, a small internal corrosion hole was located on a pipeline drip riser. The line was repaired and returned to service. In addition, a dump valve on the pipeline drip near the system compressor was found to be sticking open and allowing gas to vent. Repaired valve on 4/25/09.

Describe Area Affected and Cleanup Action Taken.\*  
The gas lost did not catch fire and there was no fluid lost. Very little clean up was needed.

\*\*Gas lost is not considered to be a lease loss, but is considered to be a gathering system loss and will be included in allocation procedures 4/09.

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 O. Roe</i>	<u>OIL CONSERVATION DIVISION</u>	
Printed Name: John Roe	Approved by District Supervisor: <i>Jonathan P. Kelly</i>	
Title: Engineering Manager	Approval Date: <i>9/8/2014</i>	Expiration Date:
E-mail Address: johnroe@duganproduction.com	Conditions of Approval:	Attached <input type="checkbox"/>
Date: June 10, 2009 Phone: (505)325-1821		

\* Attach Additional Sheets If Necessary

NJK 1425142654

District I  
1625 N. French Dr., Hobbs, NM 88240  
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JUL 16 PM 1 14

Release Notification and Corrective Action

OPERATOR

Initial Report  Final Report

Name of Company	Dugan Production Corp.	Contact	John Roe
Address	P. O. Box 420, Farmington, NM 87499-0420	Telephone No.	(505)325-1821
Facility Name	Rusty Chacra Gas Gathering System	Facility Type	steel gathering system line
Surface Owner	**	Mineral Owner	**
		Lease No.	**

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
K	29	22N	6W	±1850	South	±1670	West	San Juan
K	29	22N	6W	±1850	South	±1671	West	
G	29	22N	6W	±2625	North	±1525	West	

Latitude \_\_\_\_\_ Longitude \_\_\_\_\_

NATURE OF RELEASE

Type of Release	natural gas	Volume of Release	2560 mcf	Volume Recovered	none
Source of Release	controlled venting for system modification	Date and Hour of Occurrence	May 2009	Date and Hour of Discovery	5/1/09, 5/17/09, 5/22/09
Leaks in gathering system lines.					
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.			
		N/A			

OIL CONS. DIV DIST. 3

JUN 19 2014

Describe Cause of Problem and Remedial Action Taken.\*

During 5/09, three small gathering system line leaks were discovered & repaired. All leaks were in a 6 5/8" steel gathering system line with pressures between 36 & 45 PSIA. All leaks were between 1/8" and 1/2" diameter & were the result of internal corrosion. On 5/1/09 three holes, each about 1/8" diameter & about 1" apart were located at K-29-22N-6W & repaired on 5/4/09. On 5/17/09, a 1/4" diameter hole was located approximately 12" from the May 1st leaks and was repaired 5/19/09. The third leak which was a hole approximately 1/2" diameter at G-29-22N-6W, was discovered on 5/22/09 & repaired on 5/26/09.

Describe Area Affected and Cleanup Action Taken.\*

The gas lost at all 3 leaks did not catch fire & there were no fluids lost. Very little clean up was needed. Gas volumes lost were determined by comparing allocation meter to CDP sales meter volumes.

\*\*Gas lost is not considered to be a lease loss, but is considered to be a gathering system loss and the volumes lost will be included in gathering system allocation procedures for 5/09.

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>Jonathan D. Kelly</i>	
Title: Engineering Manager		Approval Date: <i>9/8/2014</i>	Expiration Date:
E-mail Address: <i>johnroe@duganproduction.com</i>		Conditions of Approval:	
Date: July 15, 2009 Phone: (505)325-1821		Attached <input type="checkbox"/>	

\* Attach Additional Sheets If Necessary

nJK14 25143131