

3R-1042

Dugan Pipeline's

Date 8/22/2016

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

JUL 09 2015

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:	Pinon Mesa/Big Field 9	Facility Type: Pipeline
Surface Owner: Federal	Mineral Owner: Federal	API No. N/A

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
UNK	15	30N	14W					San Juan

Latitude: 36.809920 Longitude: -108.291963

NATURE OF RELEASE

Type of Release: Produced Water	Volume of Release: unknown	Volume Recovered: None
Source of Release: Pipeline	Date and Hour of Occurrence unknown	Date and Hour of Discovery 7/1/15 @ approx. 1600 hrs.
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? Shari Ketchum and Roger Herrera (BLM); Cory Smith (NMOCD)	
By Whom? Rodger Mullins	Date and Hour: 7/2/15 @ 0900 hrs.	
Was a Watercourse Reached? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	If YES, Volume Impacting the Watercourse. Unknown (minimal)	

If a Watercourse was Impacted, Describe Fully.* The ground was wet from the line into a small wash, the produced water spill traveled in the wash in a southwest direction for 635 feet. The spill area was 6-12 inches wide down the wash.

Describe Cause of Problem and Remedial Action Taken.* source of the spill which was the underground 8 inch steel line. Employees shut in that section of pipeline to prevent further spillage. On 7-2-15 employees responded to the site and dug up the line locating a small hole on the top side of the steel line, welders immediately began repairing the line.

Describe Area Affected and Cleanup Action Taken.* (Off Location) Water went directly into the wash traveling southwest 635 feet. Cleanup pending test results

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>Neil Haws</i>	OIL CONSERVATION DIVISION	
Printed Name: Neil Haws	Approved by Environmental Specialist: <i>[Signature]</i>	
Title: Environmental	Approval Date: <i>8/3/15</i>	Expiration Date:
E-mail Address: neil.haws@duganproduction.com	Conditions of Approval:	Attached <input type="checkbox"/>
Date: 7/2/15 Phone: 505-635-3124	<i>Soil must be Sampled For</i>	

* Attach Additional Sheets If Necessary

TPH, BTEX, Benzene, AND chlorides.

#WCS 1521538451

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State of New Mexico
Energy Minerals and Natural Resources

AUG 15 2016

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

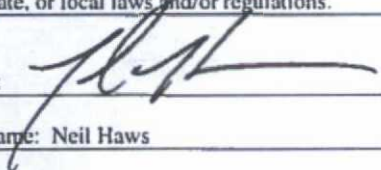
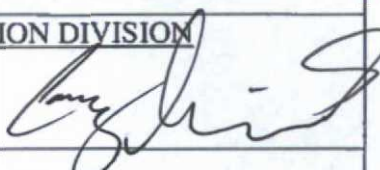
Name of Company	Dugan Production Corp	Contact: Neil Haws
Address PO Box 420, Farmington NM 87499-0420	Telephone No. 505-635-3124	
Facility Name: Pinon Mesa/Big Field 9	Facility Type: Pipeline	
Surface Owner: Federal	Mineral Owner: Federal	API No. N/A

LOCATION OF RELEASE

Unit Letter UNK	Section 15	Township 30N	Range 14W	Feet from the	North/South Line	Feet from the	East/West Line	County San Juan
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Latitude: 36.809920 Longitude: -108.291963

NATURE OF RELEASE

Type of Release: Produced Water	Volume of Release: unknown	Volume Recovered: None
Source of Release: Pipeline	Date and Hour of Occurrence unknown	Date and Hour of Discovery 7/1/15 @ approx. 1600 hrs.
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? Shari Ketchum and Roger Herrera (BLM); Cory Smith (NMOCD)	
By Whom? Rodger Mullins	Date and Hour: 7/2/15 @ 0900 hrs.	
Was a Watercourse Reached? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	If YES, Volume Impacting the Watercourse. Unknown (minimal)	
If a Watercourse was Impacted, Describe Fully.* The ground was wet from the line into a small wash, the produced water spill traveled in the wash in a southwest direction for 635 feet. The spill area was 6-12 inches wide down the wash.		
Describe Cause of Problem and Remedial Action Taken.* source of the spill which was the underground 8 inch steel line. Employees shut in that section of pipeline to prevent further spillage. On 7-2-15 employees responded to the site and dug up the line locating a small hole on the top side of the steel line, welders immediately began repairing the line.		
Final Report: As per e-mail received on 7/21/15, from Shari Ketcham (BLM) advising that the soil samples were below regulatory standards, authorizing backfill if needed; remediation is completed.		
Describe Area Affected and Cleanup Action Taken.* (Off Location) Water went directly into the wash traveling southwest 635 feet. Cleanup pending test results		
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: 8/22/16	Expiration Date:
E-mail Address: neil.haws@duganproduction.com	Conditions of Approval:	Attached <input type="checkbox"/>
Date: 1/11/16	Phone: 505-326-4548	

* Attach Additional Sheets If Necessary #HCS1521538451

7

AUG 16 2015



PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

July 14, 2015

MIKE SANDOVAL

DUGAN PRODUCTION

P. O. BOX 420

FARMINGTON, NM 87499

RE: PIPELINE

Enclosed are the results of analyses for samples received by the laboratory on 07/07/15 9:49.

Cardinal Laboratories is accredited through Texas NELAP under certificate number T104704398-13-5. Accreditation applies to drinking water, non-potable water and solid and chemical materials. All accredited analytes are denoted by an asterisk (*). For a complete list of accredited analytes and matrices visit the TCEQ website at www.tceq.texas.gov/field/qa/lab_accred_certif.html.

Cardinal Laboratories is accredited through the State of Colorado Department of Public Health and Environment for:

Method EPA 552.2	Haloacetic Acids (HAA-5)
Method EPA 524.2	Total Trihalomethanes (TTHM)
Method EPA 524.4	Regulated VOCs (V1, V2, V3)

Accreditation applies to public drinking water matrices.

This report meets NELAP requirements and is made up of a cover page, analytical results, and a copy of the original chain-of-custody. If you have any questions concerning this report, please feel free to contact me.

Sincerely,

Celey D. Keene

Lab Director/Quality Manager

Analytical Results For:

DUGAN PRODUCTION
MIKE SANDOVAL
P. O. BOX 420
FARMINGTON NM, 87499
Fax To: (505) 327-4043

Received: 07/07/2015
Reported: 07/14/2015
Project Name: PIPELINE
Project Number: PINON/BIGFIELD
Project Location: NOT GIVEN

Sampling Date: 07/02/2015
Sampling Type: Soil
Sampling Condition: Cool & Intact
Sample Received By: Jodi Henson

Sample ID: PINON/BIGFIELD LOT #1 (H501720-01)

BTEX 8021B		mg/kg		Analyzed By: MS						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Benzene*	<0.050	0.050	07/14/2015	ND	2.46	123	2.00	1.05		
Toluene*	<0.050	0.050	07/14/2015	ND	2.21	110	2.00	0.366		
Ethylbenzene*	<0.050	0.050	07/14/2015	ND	2.17	108	2.00	1.47		
Total Xylenes*	<0.150	0.150	07/14/2015	ND	6.46	108	6.00	1.94		
Total BTEX	<0.300	0.300	07/14/2015	ND						

Surrogate: 4-Bromofluorobenzene (PIL) 113 % 61-154

Chloride, SM4500Cl-B		mg/kg		Analyzed By: AP						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	992	16.0	07/10/2015	ND	400	100	400	3.92		

TPH 8015M		mg/kg		Analyzed By: MS					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
GRO C6-C10	<10.0	10.0	07/09/2015	ND	178	88.9	200	0.656	
DRO >C10-C28	<10.0	10.0	07/09/2015	ND	175	87.4	200	0.406	
Total TPH C6-C28	<10.0	10.0	07/09/2015	ND	352	88.1	400	0.532	

Surrogate: 1-Chlorooctane 71.4 % 47.2-157

Surrogate: 1-Chlorooctadecane 75.7 % 52.1-176

Cardinal Laboratories

*=Accredited Analyte

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of the services hereunder by Cardinal, regardless of whether such claim is based upon any of the above stated reasons or otherwise. Results relate only to the samples identified above. This report shall not be reproduced except in full with written approval of Cardinal Laboratories.



Celey D. Keene, Lab Director/Quality Manager

Analytical Results For:

DUGAN PRODUCTION
MIKE SANDOVAL
P. O. BOX 420
FARMINGTON NM, 87499
Fax To: (505) 327-4043

Received: 07/07/2015
Reported: 07/14/2015
Project Name: PIPELINE
Project Number: PINON/BIGFIELD
Project Location: NOT GIVEN

Sampling Date: 07/02/2015
Sampling Type: Soil
Sampling Condition: Cool & Intact
Sample Received By: Jodi Henson

Sample ID: PINON/BIGFIELD LOT #2 (H501720-02)

BTEx 8021B		mg/kg		Analyzed By: MS						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Benzene*	<0.050	0.050	07/14/2015	ND	2.46	123	2.00	1.05		
Toluene*	<0.050	0.050	07/14/2015	ND	2.21	110	2.00	0.366		
Ethylbenzene*	<0.050	0.050	07/14/2015	ND	2.17	108	2.00	1.47		
Total Xylenes*	<0.150	0.150	07/14/2015	ND	6.46	108	6.00	1.94		
Total BTEX	<0.300	0.300	07/14/2015	ND						

Surrogate: 4-Bromofluorobenzene (PIL) 113 % 61-154

Chloride, SM4500Cl-B		mg/kg		Analyzed By: AP					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	512	16.0	07/10/2015	ND	400	100	400	3.92	

TPH 8015M		mg/kg		Analyzed By: MS					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
GRO C6-C10	<10.0	10.0	07/09/2015	ND	178	88.9	200	0.656	
DRO >C10-C28	<10.0	10.0	07/09/2015	ND	175	87.4	200	0.406	
Total TPH C6-C28	<10.0	10.0	07/09/2015	ND	352	88.1	400	0.532	

Surrogate: 1-Chlorooctane 85.1 % 47.2-157

Surrogate: 1-Chlorooctadecane 89.2 % 52.1-176

Cardinal Laboratories

*=Accredited Analyte

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of the services hereunder by Cardinal, regardless of whether such claim is based upon any of the above stated reasons or otherwise. Results relate only to the samples identified above. This report shall not be reproduced except in full with written approval of Cardinal Laboratories.



Celey D. Keene, Lab Director/Quality Manager

Analytical Results For:

DUGAN PRODUCTION
MIKE SANDOVAL
P. O. BOX 420
FARMINGTON NM, 87499
Fax To: (505) 327-4043

Received: 07/07/2015
Reported: 07/14/2015
Project Name: PIPELINE
Project Number: PINON/BIGFIELD
Project Location: NOT GIVEN

Sampling Date: 07/02/2015
Sampling Type: Soil
Sampling Condition: Cool & Intact
Sample Received By: Jodi Henson

Sample ID: PINON/BIGFIELD LOT #3 (H501720-03)

BTEX 8021B		mg/kg		Analyzed By: MS						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Benzene*	<0.050	0.050	07/14/2015	ND	2.46	123	2.00	1.05		
Toluene*	<0.050	0.050	07/14/2015	ND	2.21	110	2.00	0.366		
Ethylbenzene*	<0.050	0.050	07/14/2015	ND	2.17	108	2.00	1.47		
Total Xylenes*	<0.150	0.150	07/14/2015	ND	6.46	108	6.00	1.94		
Total BTEX	<0.300	0.300	07/14/2015	ND						

Surrogate: 4-Bromofluorobenzene (PIL) 112 % 61-154

Chloride, SM4500Cl-B		mg/kg		Analyzed By: AP						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	576	16.0	07/10/2015	ND	400	100	400	3.92		

TPH 8015M		mg/kg		Analyzed By: MS					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
GRO C6-C10	<10.0	10.0	07/09/2015	ND	178	88.9	200	0.656	
DRO >C10-C28	<10.0	10.0	07/09/2015	ND	175	87.4	200	0.406	
Total TPH C6-C28	<10.0	10.0	07/09/2015	ND	352	88.1	400	0.532	

Surrogate: 1-Chlorooctane 89.8 % 47.2-157

Surrogate: 1-Chlorooctadecane 96.8 % 52.1-176

Cardinal Laboratories

*=Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager

Notes and Definitions

ND	Analyte NOT DETECTED at or above the reporting limit
RPD	Relative Percent Difference
**	Samples not received at proper temperature of 6°C or below.
***	Insufficient time to reach temperature.
-	Chloride by SM4500Cl-B does not require samples be received at or below 6°C
	Samples reported on an as received basis (wet) unless otherwise noted on report

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*=Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager

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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

OIL CONS. DIV DIST. 3

AUG 15 2016

Form C-141
Revised August 8, 2011

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	Rodger Mullins
Address	P O Box 420, Farmington, NM 87499-0420	Telephone No.	505-326-4548
Facility Name	Pinon Mesa/Big Field #9	Facility Type	Pipeline

Surface Owner	Federal	Mineral Owner	Federal	API No.	
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** Big Field #9 Transfer Station #2 located at the Pole's Paradise #90S well location.

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
Unknown	15	30N	14W					San Juan

Latitude 36.80988 Longitude 108.29194

NATURE OF RELEASE

Type of Release Produced Water	Volume of Release unknown	Volume Recovered none
Source of Release Pipeline	Date and Hour of Occurrence unknown	Date and Hour of Discovery 1/16/14 @ approx. 1330 hrs
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? Brandon Powell – NMOCD & Shari Ketcham - BLM	
By Whom? Rodger Mullins	Date and Hour 1/16/14 @ 1500 hrs	
Was a Watercourse Reached? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	If YES, Volume Impacting the Watercourse.	

If a Watercourse was Impacted, Describe Fully.*

Water ran approximately 20 feet then went into a wash and ran approximately one-half mile.

Describe Cause of Problem and Remedial Action Taken.*

Pipeline split open possibly from freeze. Incoming water to pipeline was shut off. Temporary dike was built to stop flow of water while pipeline was draining.

Describe Area Affected and Cleanup Action Taken.*

Water went directly into wash and ran approximately one-half mile. Clean up pending test results.

Soil samples were taken (witnessed by Jonathan Kelly, NMOCD) and tested (see attached results). On 1/28/14 I was advised by Shari Ketcham of the BLM that the test results were below risk standards and that no further action for cleanup was necessary.

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>Rodger Mullins</i>	OIL CONSERVATION DIVISION	
Printed Name: Rodger Mullins	Approved by Environmental Specialist: <i>[Signature]</i>	
Title: Production Foreman	Approval Date: 8/22/16	Expiration Date: <i>[Signature]</i>
E-mail Address: rmullins@duganproduction.com	Conditions of Approval: —	Attached <input type="checkbox"/>
Date: August 8, 2016 Phone: 505-327-4648		

* Attach Additional Sheets If Necessary

#NCS 141 252 8765

10



PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

January 27, 2014

RODGER MULLINS

DUGAN PRODUCTION

P. O. BOX 420

FARMINGTON, NM 87499

RE: BIG FIELD PIPELINE SPILL

Enclosed are the results of analyses for samples received by the laboratory on 01/21/14 11:00.

Cardinal Laboratories is accredited through Texas NELAP under certificate number T104704398-13-5. Accreditation applies to drinking water, non-potable water and solid and chemical materials. All accredited analytes are denoted by an asterisk (*). For a complete list of accredited analytes and matrices visit the TCEQ website at www.tceq.texas.gov/field/qa/lab_accred_certif.html.

Cardinal Laboratories is accredited through the State of Colorado Department of Public Health and Environment for:

Method EPA 552.2	Haloacetic Acids (HAA-5)
Method EPA 524.2	Total Trihalomethanes (TTHM)
Method EPA 524.4	Regulated VOCs (V1, V2, V3)

Accreditation applies to public drinking water matrices.

This report meets NELAP requirements and is made up of a cover page, analytical results, and a copy of the original chain-of-custody. If you have any questions concerning this report, please feel free to contact me.

Sincerely,

Celey D. Keene

Lab Director/Quality Manager

Analytical Results For:

DUGAN PRODUCTION
RODGER MULLINS
P. O. BOX 420
FARMINGTON NM, 87499
Fax To: (505) 327-4043

Received:	01/21/2014	Sampling Date:	01/17/2014
Reported:	01/27/2014	Sampling Type:	Soil
Project Name:	BIG FIELD PIPELINE SPILL	Sampling Condition:	Cool & Intact
Project Number:	NONE GIVEN	Sample Received By:	Jodi Henson
Project Location:	NOT GIVEN		

Sample ID: #1 (H400183-01)

BTEx 80218		mg/kg		Analyzed By: MS					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Benzene*	<0.050	0.050	01/24/2014	ND	1.99	99.5	2.00	4.14	
Toluene*	<0.050	0.050	01/24/2014	ND	1.95	97.7	2.00	4.54	
Ethylbenzene*	<0.050	0.050	01/24/2014	ND	1.94	96.8	2.00	4.05	
Total Xylenes*	<0.150	0.150	01/24/2014	ND	5.66	94.3	6.00	4.10	
Total BTEX	<0.300	0.300	01/24/2014	ND					

Surrogate: 4-Bromofluorobenzene (PIE) 106 % 89.4-126

Chloride, SM4500Cl-B		mg/kg		Analyzed By: AP					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	160	16.0	01/23/2014	ND	416	104	400	0.00	

TPH 8015M		mg/kg		Analyzed By: ms					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
GRO C6-C10	<10.0	10.0	01/23/2014	ND	205	103	200	1.62	
DRO >C10-C28	<10.0	10.0	01/23/2014	ND	199	99.7	200	2.03	
Total TPH C6-C28	<10.0	10.0	01/23/2014	ND	404	101	400	1.82	

Surrogate: 1-Chlorooctane 86.7 % 65.2-140

Surrogate: 1-Chlorooctadecane 95.8 % 63.6-154

Cardinal Laboratories

*=Accredited Analyte

PLEASE NOTE: Liability and Damages: Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of the services hereunder by Cardinal, regardless of whether such claim is based upon any of the above stated reasons or otherwise. Results relate only to the samples identified above. This report shall not be reproduced except in full with written approval of Cardinal Laboratories.



Celey D. Keene, Lab Director/Quality Manager

Analytical Results For:

DUGAN PRODUCTION
RODGER MULLINS
P. O. BOX 420
FARMINGTON NM, 87499
Fax To: (505) 327-4043

Received: 01/21/2014
Reported: 01/27/2014
Project Name: BIG FIELD PIPELINE SPILL
Project Number: NONE GIVEN
Project Location: NOT GIVEN

Sampling Date: 01/17/2014
Sampling Type: Soil
Sampling Condition: Cool & Intact
Sample Received By: Jodi Henson

Sample ID: #2 (H400183-02)

BTEX 80218		mg/kg	Analyzed By: MS						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Benzene*	<0.050	0.050	01/24/2014	ND	1.99	99.5	2.00	4.14	
Toluene*	<0.050	0.050	01/24/2014	ND	1.95	97.7	2.00	4.54	
Ethylbenzene*	<0.050	0.050	01/24/2014	ND	1.94	96.8	2.00	4.05	
Total Xylenes*	<0.150	0.150	01/24/2014	ND	5.66	94.3	6.00	4.10	
Total BTEX	<0.300	0.300	01/24/2014	ND					

Surrogate: 4-Bromofluorobenzene (PIL) 108 % 89.4-126

Chloride, SM4500Cl-B		mg/kg	Analyzed By: AP						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	320	16.0	01/23/2014	ND	416	104	400	0.00	

TPH 8015M		mg/kg	Analyzed By: ms						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
GRO C6-C10	<10.0	10.0	01/23/2014	ND	205	103	200	1.62	
DRO >C10-C28	<10.0	10.0	01/23/2014	ND	199	99.7	200	2.03	
Total TPH C6-C28	<10.0	10.0	01/23/2014	ND	404	101	400	1.82	

Surrogate: 1-Chlorooctane 91.7 % 65.2-140

Surrogate: 1-Chlorooctadecane 95.6 % 63.6-154

Cardinal Laboratories

*=Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager

Analytical Results For:

 DUGAN PRODUCTION
 RODGER MULLINS
 P. O. BOX 420
 FARMINGTON NM, 87499
 Fax To: (505) 327-4043

 Received: 01/21/2014
 Reported: 01/27/2014
 Project Name: BIG FIELD PIPELINE SPILL
 Project Number: NONE GIVEN
 Project Location: NOT GIVEN

 Sampling Date: 01/17/2014
 Sampling Type: Soil
 Sampling Condition: Cool & Intact
 Sample Received By: Jodi Henson

Sample ID: #3 (H400183-03)

BTEX 80218		mg/kg		Analyzed By: MS					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Benzene*	<0.050	0.050	01/24/2014	ND	1.99	99.5	2.00	4.14	
Toluene*	<0.050	0.050	01/24/2014	ND	1.95	97.7	2.00	4.54	
Ethylbenzene*	<0.050	0.050	01/24/2014	ND	1.94	96.8	2.00	4.05	
Total Xylenes*	<0.150	0.150	01/24/2014	ND	5.66	94.3	6.00	4.10	
Total BTEX	<0.300	0.300	01/24/2014	ND					

Surrogate: 4-Bromofluorobenzene (PIL) 107 % 89.4-126

Chloride, 5M4500CI-B		mg/kg		Analyzed By: AP					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	256	16.0	01/23/2014	ND	416	104	400	0.00	

TPH 8015M		mg/kg		Analyzed By: ms					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
GRO C6-C10	<10.0	10.0	01/24/2014	ND	205	103	200	1.62	
DRO >C10-C28	<10.0	10.0	01/24/2014	ND	199	99.7	200	2.03	
Total TPH C6-C28	<10.0	10.0	01/24/2014	ND	404	101	400	1.82	

Surrogate: 1-Chlorooctane 91.2 % 65.2-140

Surrogate: 1-Chlorooctadecane 93.4 % 63.6-154

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* = Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager

Analytical Results For:

DUGAN PRODUCTION
RODGER MULLINS
P. O. BOX 420
FARMINGTON NM, 87499
Fax To: (505) 327-4043

Received:	01/21/2014	Sampling Date:	01/17/2014
Reported:	01/27/2014	Sampling Type:	Soil
Project Name:	BIG FIELD PIPELINE SPILL	Sampling Condition:	Cool & Intact
Project Number:	NONE GIVEN	Sample Received By:	Jodi Henson
Project Location:	NOT GIVEN		

Sample ID: #4 (H400183-04)

BTEX 80218		mg/kg		Analyzed By: MS					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Benzene*	<0.050	0.050	01/24/2014	ND	1.99	99.5	2.00	4.14	
Toluene*	<0.050	0.050	01/24/2014	ND	1.95	97.7	2.00	4.54	
Ethylbenzene*	<0.050	0.050	01/24/2014	ND	1.94	96.8	2.00	4.05	
Total Xylenes*	<0.150	0.150	01/24/2014	ND	5.66	94.3	6.00	4.10	
Total BTEX	<0.300	0.300	01/24/2014	ND					

Surrogate: 4-Bromofluorobenzene (PIL) 108 % 89.4-126

Chloride, SM4500CI-B		mg/kg		Analyzed By: AP					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	320	16.0	01/23/2014	ND	416	104	400	0.00	

TPH 8015M		mg/kg		Analyzed By: ms					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
GRO C6-C10	<10.0	10.0	01/24/2014	ND	205	103	200	1.62	
DRO >C10-C28	<10.0	10.0	01/24/2014	ND	199	99.7	200	2.03	
Total TPH C6-C28	<10.0	10.0	01/24/2014	ND	404	101	400	1.82	

Surrogate: 1-Chlorooctane 92.8 % 65.2-140

Surrogate: 1-Chlorooctadecane 97.4 % 63.6-154

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Celey D. Keene, Lab Director/Quality Manager

Analytical Results For:

 DUGAN PRODUCTION
 RODGER MULLINS
 P. O. BOX 420
 FARMINGTON NM, 87499
 Fax To: (505) 327-4043

Received:	01/21/2014	Sampling Date:	01/17/2014
Reported:	01/27/2014	Sampling Type:	Soil
Project Name:	BIG FIELD PIPELINE SPILL	Sampling Condition:	Cool & Intact
Project Number:	NONE GIVEN	Sample Received By:	Jodi Henson
Project Location:	NOT GIVEN		

Sample ID: #5 (H400183-05)

BTEX 8021B		mg/kg		Analyzed By: MS					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Benzene*	<0.050	0.050	01/24/2014	ND	1.99	99.5	2.00	4.14	
Toluene*	<0.050	0.050	01/24/2014	ND	1.95	97.7	2.00	4.54	
Ethylbenzene*	<0.050	0.050	01/24/2014	ND	1.94	96.8	2.00	4.05	
Total Xylenes*	<0.150	0.150	01/24/2014	ND	5.66	94.3	6.00	4.10	
Total BTEX	<0.300	0.300	01/24/2014	ND					

Surrogate: 4-Bromofluorobenzene (PIC) 108 % 89.4-126

Chloride, SM4500Cl-B		mg/kg		Analyzed By: AP					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	96.0	16.0	01/23/2014	ND	416	104	400	0.00	

TPH 8015M		mg/kg		Analyzed By: ms					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
GRO C6-C10	<10.0	10.0	01/24/2014	ND	205	103	200	1.62	
DRO >C10-C28	<10.0	10.0	01/24/2014	ND	199	99.7	200	2.03	
Total TPH C6-C28	<10.0	10.0	01/24/2014	ND	404	101	400	1.82	

Surrogate: 1-Chlorooctane 91.6 % 65.2-140

Surrogate: 1-Chlorooctadecane 97.1 % 63.6-154

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Celey D. Keene, Lab Director/Quality Manager

Notes and Definitions

ND	Analyte NOT DETECTED at or above the reporting limit
RPD	Relative Percent Difference
**	Samples not received at proper temperature of 6°C or below.
***	Insufficient time to reach temperature.
-	Chloride by SM4500Cl-B does not require samples be received at or below 6°C
	Samples reported on an as received basis (wet) unless otherwise noted on report

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Celey D. Keene, Lab Director/Quality Manager



CHAIN OF CUSTODY RECORD

Page ____ of ____

Page 8 of 8

Client: DUGAN PRODUCTION CORP.
 Contact: RODGER MULLINS
 Address: 4100 W. PIEDRAS ST.
FARMINGTON, NM 87401
 Phone Number: OFF (505) 336-4548
CELL (505) 330-5443
 FAX Number: (505) 335-

NOTES:

- 1) Ensure proper container packaging.
- 2) Ship samples promptly following collection.
- 3) Designate Sample Reject Disposition.

PO# PINON MESA / BIG FIELD 4 PIPELINE

Project Name: SALT WATER SPILL

Table 1. - Matrix Type

- 1 = Surface Water, 2 = Ground Water
 3 = Soil/Sediment, 4 = Rinsate, 5 = Oil
 6 = Waste, 7 = Other (Specify) _____

FOR GAL USE ONLY

GAL JOB # _____

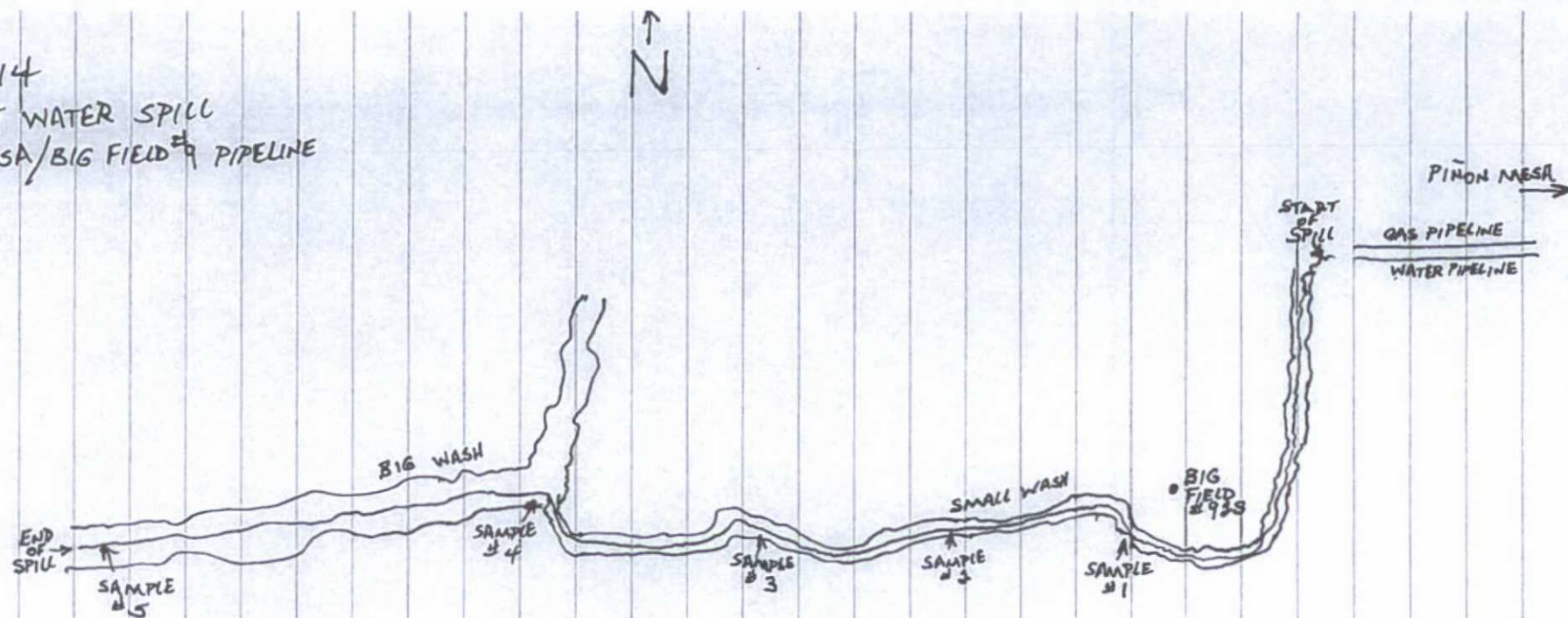
Samplers Signature: Rodger V. Mullins

Lab Name: Green Analytical Laboratories (970) 247-4220 FAX (970) 247-4227		Analyses Required										Comments	
Address: 75 Suttle Street, Durango, CO 81303													
Sample ID	Collection		Miscellaneous			Preservative(s)					TPH, BTEX, CHLORIDES		
	Date	Time	Collected by: (Init.)	Matrix Type From Table 1	No. of Containers	Sample Filtered ? Y/N	Unpreserved (Ice Only)	HNO3	HCL	H2SO4		NAOH	Other (Specify)
H400182													
1. #1	01-17-14	1053	RVM		1	ND	✓						#1
2. #2	"	1119	RVM		1	"	✓						#2
3. #3	"	1132	RVM		1	"	✓						#3
4. #4	"	1147	RVM		1	"	✓						#4
5. #5	"	1155	RVM		1	"	✓						#5
6.													
7.													
8.													
9.													
10.													
Relinquished by: <u>Rodger V. Mullins</u>			Date: <u>01-17-14</u>		Time: <u>1507</u>		Received by: <u>Christina Clark</u>			Date: <u>1/17/14</u>		Time: <u>1507</u>	
Relinquished by: _____			Date: _____		Time: _____		Received by: <u>Jodi Benson</u>			Date: <u>1/21/14</u>		Time: <u>11:00</u>	

* Sample Reject: [] Return [] Dispose [] Store (30 Days)

2.4% #54

01-16-14
SALT WATER SPILL
PINON MESA/BIG FIELD² PIPELINE



TESTED FOR TPH, BTEX & CHLORIDES
(JONATHAN FROM OCD 10-13 FOR SAMPLING)

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

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

Form C-141
Revised August 8, 2011

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	John Roe
Address	P O Box 420, Farmington, NM 87499-0420	Telephone No.	505-325-1821
Facility Name	Turk's Toast 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
F	24	30N	15W	±1650'	North	±2450'	West	San Juan

Latitude N 36°48.174' Longitude W 108°19.867'

NATURE OF RELEASE

Type of Release	Natural Gas	Volume of Release	56 mcf	Volume Recovered	None
Source of Release	Controlled system blow down	Date and Hour of Occurrence	9-29-15 7:00 a.m.	Date and Hour of Discovery	N/A
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.			

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

Describe Cause of Problem and Remedial Action Taken.*

To accommodate anticipated ground level subsidence resulting from BHP's underground mining of the Fruitland Coal in the vicinity of Dugan's Turk's Toast Gathering System, it was necessary to replace 11,150' of 8", plus 7000' of 4½" gas lines located in Sections 17, 18, 19 of T30N, R14W, plus Section 24 of T30N, R15W. The lines to be replaced were isolated from the gathering system by shutting system vales and on 9/29/15, the lines were blow down from 2.5 psi in the 8", and 6 psig in the 4½". New lines were installed and connected to the gathering system at the SI vales and subsequently purged of oxygen prior to returning the gathering system to service on 10/4/15.

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 calculating the gas volumes contained in the lines replaced, plus the volume vented while purging for oxygen. All gas volumes were at fairly low pressure, ranging from 2.5 to 10 psig, and confirmed 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 September & October, 2015.

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>[Signature]</i>	
Title: Engineering Manager	Approval Date: <i>8/22/16</i>	Expiration Date:
E-mail Address: johnroe@duganproduction.com	Conditions of Approval:	Attached <input type="checkbox"/>
Date: November 12, 2015 Phone: 505-325-1821		

* Attach Additional Sheets If Necessary

#NCS 1623555957

①

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

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

Form C-141
Revised August 8, 2011

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	John Roe
Address	P O Box 420, Farmington, NM 87499-0420	Telephone No.	505-325-1821
Facility Name	Hugh Lake Gathering System	Facility Type	Gas Gathering System
Surface Owner	Federal	Mineral Owner	Federal
		API No.	**

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
M	33	27N	12W	±880'	South	±915'	West	San Juan

Latitude N 36.52698° Longitude W 108.12209°

NATURE OF RELEASE

Type of Release	Natural Gas	Volume of Release	58 mcf	Volume Recovered	None
Source of Release	Leak at CDP compressor	Date and Hour of Occurrence	9/4/15 @ 12:30 p.m.	Date and Hour of Discovery	9/4/15 @ 12:30 p.m.
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.			
If a Watercourse was Impacted, Describe Fully.* N/A					
Describe Cause of Problem and Remedial Action Taken.* The gathering system compressor was shut down at 12:30 p.m. on 9/4/15. The gathering system pressure bled from 9 psig to 1 psig and it was found to be leaking through the compressor valves. The compressor was isolated from the gathering system by shutting system valves and will be repaired or replaced.					
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 considered to be a loss to the gathering system and will be included in gathering system allocations for September, 2015					

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: <u>John D. Roe</u>		OIL CONSERVATION DIVISION	
Printed Name: John D. Roe		Approved by Environmental Specialist: <u>[Signature]</u>	
Title: Engineering Manager		Approval Date: <u>8/22/16</u>	Expiration Date:
E-mail Address: johnroe@duganproduction.com		Conditions of Approval:	
Date: November 23, 2015 Phone: 505-325-1821		Attached <input type="checkbox"/>	

* Attach Additional Sheets If Necessary

#NCS 1623556249

①