

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

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: Neil Haws
Address PO Box 420, Farmington NM 87499-0420	Telephone No. 505-635-3124
Facility Name Frazzle #1 SWD	Facility Type: Injection Well

Surface Owner Federal	Mineral Owner Federal	API No. 30-045-33865
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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
C	30	24N	10W	750	North	2180	West	San Juan

Latitude: 36.289260 Longitude: -107.938094

NATURE OF RELEASE

Type of Release: Produced Water	Volume of Release: UNK	Volume Recovered: Appx. 15 bbls
Source of Release: .Open filter valve	Date and Hour of Occurrence 5/31/15 @ 1700 hrs.	Date and Hour of Discovery 6/1/15 @ 1000 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 (BLM); Cory Smith and Jonathan Kelly (NMOCD)	
By Whom? Rodger Mullins	Date and Hour: 6/1/15 @ 1520 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 produced water that reached the wash both on the West and East side of the location entered the wash where the road crosses the wash however, the water did not travel down the wash outside of the roadway.

Describe Cause of Problem and Remedial Action Taken.* Cause was a hose that had popped loose allowing the below grade tank to overflow. Produced water spilled onto the ground. When spill was found valve closed and produced water pulled from the pit. Employees will be instructed to ensure all valves are closed before leaving SWD locations

Describe Area Affected and Cleanup Action Taken.*
(On location) water was on the ground on West and South of the SWD building staying in the approximate center of the location, approximately 30 Ft wide, flowing South to the road that runs East and West through the South end of the location approximately 181 Ft stopping at the South edge of the road. (Off Location) Water ran East along road approximately 91 Ft to the wash where it stopped. Water also ran West along south side of the road in a narrow stream approximately 382 Ft to a small dry wash where it stopped.
Cleanup action: After spill area dries, gypsum will be spread and raked into the contaminated area
Gypsum was spread and raked into the contaminated area. Soil Samples were taken of the spill area and sent to Cardinal Laboratories. all samples but one were free of contamination. Contaminated sample was from the east side of the berm of the below grade tank. 3 additional samples were taken along the east side of the below grade tank berm. samples sent to Cardinal laboratories. soil sample results are below regulatory standards of a ranking score of 20.

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>8/22/16</i>	Expiration Date:
E-mail Address: neil.haws@duganproduction.com (From initial reported 6/1/15) Date: 8/4/15 Phone: 505-635-3124	Conditions of Approval:	Attached <input type="checkbox"/>

* Attach Additional Sheets If Necessary

#NOSK 1515 255 965

8

July 20, 2015

MIKE SANDOVAL
DUGAN PRODUCTION
P. O. BOX 420
FARMINGTON, NM 87499

RE: FRAZZLE #1 SWD

Enclosed are the results of analyses for samples received by the laboratory on 07/14/15 13:21.

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:	07/14/2015	Sampling Date:	07/09/2015
Reported:	07/20/2015	Sampling Type:	Soil
Project Name:	FRAZZLE #1 SWD	Sampling Condition:	Cool & Intact
Project Number:	NONE GIVEN	Sample Received By:	Jodi Henson
Project Location:	AROUND PIT EAST SIDE		

Sample ID: FRAZZLE #1 SWD (1) (H501788-01)

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	07/17/2015	ND	1.93	96.5	2.00	2.49		
Toluene*	<0.050	0.050	07/17/2015	ND	1.93	96.5	2.00	1.73		
Ethylbenzene*	<0.050	0.050	07/17/2015	ND	2.03	101	2.00	3.30		
Total Xylenes*	<0.150	0.150	07/17/2015	ND	5.34	88.9	6.00	2.63		
Total BTEX	<0.300	0.300	07/17/2015	ND						

Surrogate: 4-Bromofluorobenzene (PIE) 118 % 85.6-137

Chloride, SM4500Cl-B		mg/kg		Analyzed By: AP						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	192	16.0	07/17/2015	ND	432	108	400	7.69		

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	07/15/2015	ND	205	103	200	1.44		
DRO >C10-C28	<10.0	10.0	07/15/2015	ND	208	104	200	6.94		
Total TPH C6-C28	<10.0	10.0	07/15/2015	ND	413	103	400	4.25		

Surrogate: 1-Chlorooctane 83.0 % 47.2-157

Surrogate: 1-Chlorooctadecane 92.7 % 52.1-176

Cardinal Laboratories

*=Accredited Analyte

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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:	07/14/2015	Sampling Date:	07/09/2015
Reported:	07/20/2015	Sampling Type:	Soil
Project Name:	FRAZZLE #1 SWD	Sampling Condition:	Cool & Intact
Project Number:	NONE GIVEN	Sample Received By:	Jodi Henson
Project Location:	AROUND PIT EAST SIDE		

Sample ID: FRAZZLE #1 SWD (2) (H501788-02)

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	07/17/2015	ND	1.93	96.5	2.00	2.49		
Toluene*	<0.050	0.050	07/17/2015	ND	1.93	96.5	2.00	1.73		
Ethylbenzene*	<0.050	0.050	07/17/2015	ND	2.03	101	2.00	3.30		
Total Xylenes*	<0.150	0.150	07/17/2015	ND	5.34	88.9	6.00	2.63		
Total BTEX	<0.300	0.300	07/17/2015	ND						

Surrogate: 4-Bromofluorobenzene (PIE) 116 % 85.6-137

Chloride, SM4500Cl-B		mg/kg		Analyzed By: AP						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	624	16.0	07/17/2015	ND	432	108	400	7.69		

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	07/15/2015	ND	205	103	200	1.44		
DRO >C10-C28	<10.0	10.0	07/15/2015	ND	208	104	200	6.94		
Total TPH C6-C28	<10.0	10.0	07/15/2015	ND	413	103	400	4.25		

Surrogate: 1-Chlorooctane 75.9 % 47.2-157

Surrogate: 1-Chlorooctadecane 83.4 % 52.1-176

Cardinal Laboratories

*=Accredited Analyte

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Analytical Results For:

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

Received:	07/14/2015	Sampling Date:	07/09/2015
Reported:	07/20/2015	Sampling Type:	Soil
Project Name:	FRAZZLE #1 SWD	Sampling Condition:	Cool & Intact
Project Number:	NONE GIVEN	Sample Received By:	Jodi Henson
Project Location:	AROUND PIT EAST SIDE		

Sample ID: FRAZZLE #1 SWD (3) (H501788-03)

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	07/17/2015	ND	1.93	96.5	2.00	2.49		
Toluene*	<0.050	0.050	07/17/2015	ND	1.93	96.5	2.00	1.73		
Ethylbenzene*	<0.050	0.050	07/17/2015	ND	2.03	101	2.00	3.30		
Total Xylenes*	<0.150	0.150	07/17/2015	ND	5.34	88.9	6.00	2.63		
Total BTEX	<0.300	0.300	07/17/2015	ND						

Surrogate: 4-Bromofluorobenzene (PIL) 115 % 85.6-137

Chloride, SM4500Cl-B		mg/kg		Analyzed By: AP						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	208	16.0	07/17/2015	ND	432	108	400	7.69		

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	07/15/2015	ND	205	103	200	1.44		
DRO >C10-C28	<10.0	10.0	07/15/2015	ND	208	104	200	6.94		
Total TPH C6-C28	<10.0	10.0	07/15/2015	ND	413	103	400	4.25		

Surrogate: 1-Chlorooctane 72.2 % 47.2-157

Surrogate: 1-Chlorooctadecane 75.4 % 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

Cardinal Laboratories

*=Accredited Analyte

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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 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
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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
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.

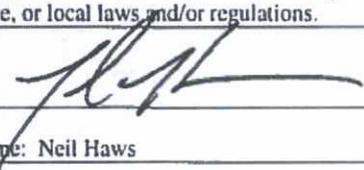
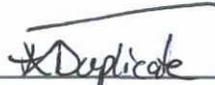
Describe Cause of Problem and Remedial Action Taken.* source of the spill which was the underground 8 inch steel line. Employees shut in that section of pipeline to prevent further spillage. On 7-2-15 employees responded to the site and dug up the line locating a small hole on the top side of the steel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

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.

OIL CONSERVATION DIVISION

Signature:			
Printed Name: Neil Haws	Approved by Environmental Specialist:		
Title: Environmental	Approval Date:	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