

rict I
 5 N. French Dr., Hobbs, NM 88240
 rict II
 S. First St., Artesia, NM 88210
 rict III
 0 Rio Brazos Road, Aztec, NM 87410
 rict IV
 0 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

OIL CONS. DIV DIST. 3

Form C-141

FEB 05 2018

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: Molly Pitcher #1	Facility Type: Gas well
Surface Owner: Federal	Mineral Owner: Federal
API No. 30-045-22084	

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
	14	30N	14W	1650	N	990	E	San Juan

Latitude: 36.816966; Longitude: -108.272939

NATURE OF RELEASE

Type of Release: Contaminated Soil	Volume of Release: UNK	Volume Recovered: UNK
Source of Release: Cellar of fiberglass BGT	Date and Hour of Occurrence: 12-4-17 0900	Date and Hour of Discovery: 12-19-17
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. None	
If a Watercourse was Impacted, Describe Fully.* NA.		

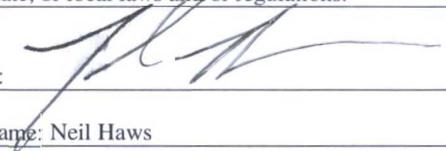
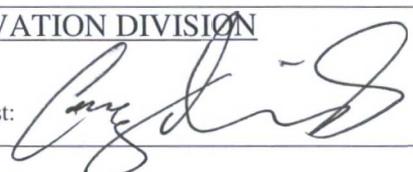
Describe Cause of Problem and Remedial Action Taken.* On 12-4-17 Dugan Production cleaned out soil from around fiberglass BGT at the Molly Pitcher #1. Removed soil was replaced onto the location. On 12-19-17 OCD inspector found "dark staining on the south side of the location and staining inside the cellar of the Below Grade Tank".

Remedial Action Taken: On 1-18-18 Soil Samples were taken and sent to Cardinal Laboratories, test results revealed contamination in the samples

Describe Area Affected and Cleanup Action Taken.*

On location) Stained soil will be removed and taken to an approved land farm, clean soil will be used for replacement as needed

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>OIL CONSERVATION DIVISION</u>	
Printed Name: Neil Haws	Approved by Environmental Specialist: 	
Title: Environmental	Approval Date: 2/7/18	Expiration Date:
E-mail Address: neil.haws@duganproduction.com	Conditions of Approval: Sample for	Attached <input type="checkbox"/>
Date: 2-1-18 Phone: 505-635-3124	T&H, Btex, Bowen	

Attach Additional Sheets If Necessary

#NCS1803830440

Start Remediation no later than 3/19/18

Notify OCD Atleast 24 Hour Prior to Sampling.

10

Operator/Responsible Party,

The OCD has received the form C-141 you provided on 2/5/18 regarding an unauthorized release. The information contained on that form has been entered into our incident database and remediation case number ACS1403830440 has been assigned. Please refer to this case number in all future correspondence.

It is the Division's obligation under both the Oil & Gas Act and Water Quality Act to provide for the protection of public health and the environment. Our regulations (19.15.29.11 NMAC) state the following,

The responsible person shall complete division-approved corrective action for releases that endanger public health or the environment. The responsible person shall address releases in accordance with a remediation plan submitted to and approved by the division or with an abatement plan submitted in accordance with 19.15.30 NMAC. [emphasis added]

Release characterization is the first phase of corrective action unless the release is ongoing or is of limited volume and all impacts can be immediately addressed. Proper and cost-effective remediation typically cannot occur without adequate characterization of the impacts of any release. Furthermore, the Division has the ability to impose reasonable conditions upon the efforts it oversees. As such, the Division is requiring a workplan for the characterization of impacts associated with this release be submitted to the OCD District III office in Aztec on or before N/A. If and when the release characterization workplan is approved, there will be an associated deadline for submittal of the resultant investigation report. Modest extensions of time to these deadlines may be granted, but only with acceptable justification.

The goals of a characterization effort are: 1) determination of the lateral and vertical extents along with the magnitude of soil contamination. 2) determine if groundwater or surface waters have been impacted. 3) If groundwater or surface waters have been impacted, what are the extents and magnitude of that impact. 4) The characterization of any other adverse impacts that may have occurred (examples: impacts on vegetation, impacts on wildlife, air quality, loss of use of property, etc.). To meet these goals as quickly as possible, the following items must, at a minimum, be addressed in the release characterization workplan and subsequent reporting:

- Horizontal delineation of soil impacts in each of the four cardinal compass directions. Adsorbed soil contamination must be characterized for the following constituents using the associated laboratory methods: benzene, toluene, ethylbenzene, and total xylenes by either Method 8260 or 8021, total petroleum hydrocarbons by Method 8015 extended range (GRO+DRO+MRO; C₆ thru C₃₆), and for chloride by Method 300. This is not an exclusive list of potential contaminants. Analyzed parameters should be modified based on the nature of the released substance(s). Soil sampling must be both within the impacted area and beyond.

- Vertical delineation of soil impacts. Adsorbed soil contamination must be characterized for the following constituents using the associated laboratory methods: benzene, toluene, ethylbenzene, and total xylenes by either Method 8260 or 8021, total petroleum hydrocarbons by Method 8015 extended range (GRO+DRO+MRO; C₆ thru C₃₆), and for chloride by Method 300. As above, this is not an exclusive list of potential contaminants and can be modified. Vertical characterization samples should be taken at depth intervals no greater than five feet apart. Lithologic description of encountered soils must also be provided. At least ten vertical feet of soils with contaminant concentrations at or below these values must be demonstrated as existing above the water table.

- Nominal detection limits for field and laboratory analyses must be provided.

- Composite sampling is not generally allowed.

- Field screening and assessment techniques are acceptable (headspace, titration, EC [include algorithm for validation purposes], EM, etc.), but the sampling and assay procedures must be clearly defined. Copies of field notes are highly desirable. A statistically significant set of split samples must be submitted for confirmatory laboratory analysis, including the laterally farthest and vertically deepest sets of soil samples. Make sure there are at least two soil samples submitted

or laboratory analysis from each borehole or test pit (highest observed contamination and deepest depth investigated). Copies of the actual laboratory results must be provided including chain of custody documentation.

- Probable depth to shallowest protectable groundwater and lateral distance to nearest surface water. If there is an estimate of groundwater depth, the information used to arrive at that estimate must be provided. If there is a reasonable assumption that the depth to protectable water is 50 feet or less, the responsible party should anticipate the need for at least one groundwater monitoring well to be installed in the area of likely maximum contamination.

- If groundwater contamination is encountered, an additional investigation workplan may be required to determine the extents of that contamination. Groundwater and/or surface water samples, if any, must be analyzed by a competent laboratory for volatile organic hydrocarbons (typically Method 8260 full list), total dissolved solids, pH, major anions and cations including chloride and sulfate, dissolved iron, and dissolved manganese. The investigation workplan must provide the groundwater sampling method(s) and sample handling protocols. To the fullest extent possible, aqueous analyses must be undertaken using nominal method detection limits. As with the soil analyses, copies of the actual laboratory results must be provided including chain of custody documentation.

- Accurately scaled and well-drafted site maps must be provided providing the location of borings, test pits, monitoring wells, potentially impacted areas, and significant surface features including roads and site infrastructure that might limit either the release characterization or remedial efforts. Field sketches may be included in subsequent reporting, but should not be considered stand-alone documentation of the site's layout. Digital photographic documentation of the location and fieldwork is recommended, especially if unusual circumstances are encountered.

Nothing herein should be interpreted to preclude emergency response actions or to imply immediate remediation by removal cannot proceed as warranted. Nonetheless, characterization of impacts and confirmation of the effectiveness of remedial efforts must still be provided to the OCD before any release incident will be closed.

Jim Griswold

OCD Environmental Bureau Chief

1220 South St. Francis Drive

Santa Fe, New Mexico 87505

505-476-3465

jim.griswold@state.nm.us

Smith, Cory, EMNRD

From: Smith, Cory, EMNRD
Sent: Wednesday, February 7, 2018 8:52 AM
To: 'Rodger Mullins'
Cc: 'Johnny Lane'; 'Mike Sandoval'; Fields, Vanessa, EMNRD
Subject: RE: MOLLY PITCHER #1
Attachments: Molly Pitcher #1 C-141 Conditions.pdf

Rodger,

OCD has received Dugan's C-141 for the release at the Molly Pitcher #1 on 2/5/18 and has approved it with the attached and following conditions of approval.

- Dugan will notify the OCD at least 72 hours but no more than 1 week prior to the start of remediation.
- Dugan will schedule with the OCD at least 24 hours prior to the collection of confirmation soil samples.
- Dugan will start remediation of both the south staining area and the historical release around the BGT no later than March 19, 2018.

If you have any additional questions please give me a call.

Cory Smith
Environmental Specialist
Oil Conservation Division
Energy, Minerals, & Natural Resources
1000 Rio Brazos, Aztec, NM 87410
(505)334-6178 ext 115
cory.smith@state.nm.us

From: Smith, Cory, EMNRD
Sent: Wednesday, January 31, 2018 10:47 AM
To: 'Rodger Mullins' <Rodger.Mullins@duganproduction.com>
Cc: Johnny Lane <Johnny.Lane@duganproduction.com>; Mike Sandoval <Mike.Sandoval@duganproduction.com>; Fields, Vanessa, EMNRD <Vanessa.Fields@state.nm.us>
Subject: RE: MOLLY PITCHER #1

Rodger,

Both samples are over the closure standards. Now that Dugan has confirmed a release please complete a C-141 and submit to the OCD District III office no later than February 12, 2018 please include the plans for going forward with remediation.

Cory Smith
Environmental Specialist
Oil Conservation Division
Energy, Minerals, & Natural Resources

1000 Rio Brazos, Aztec, NM 87410
(505)334-6178 ext 115
cory.smith@state.nm.us

From: Rodger Mullins [<mailto:Rodger.Mullins@duganproduction.com>]
Sent: Monday, January 29, 2018 8:25 AM
To: Smith, Cory, EMNRD <Cory.Smith@state.nm.us>
Cc: Johnny Lane <Johnny.Lane@duganproduction.com>; Mike Sandoval <Mike.Sandoval@duganproduction.com>
Subject: FW: MOLLY PITCHER #1

Hello Cory,

Here are the test results for the Molly Pitcher #1.

Thank you,

Rodger Mullins
Dugan Production Corp.
4100 West Piedras Street
Farmington, NM 87401
(505) 320-5443 Mobile
(505) 326-4548 Office
(505) 325-4873 Fax
Rodger.Mullins@DuganProduction.com

From: Mike Sandoval
Sent: Monday, January 29, 2018 8:16 AM
To: Rodger Mullins
Subject: Fwd: MOLLY PITCHER #1

Sent from my Verizon, Samsung Galaxy smartphone

----- Original message -----

From: Celey Keene <celey.keene@cardinallabsnm.com>
Date: 1/26/18 2:16 PM (GMT-07:00)
To: Mike Sandoval <Mike.Sandoval@duganproduction.com>
Subject: MOLLY PITCHER #1

THANK YOU,

Celey Keene
Lab Director
Cardinal Laboratories



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

January 26, 2018

MIKE SANDOVAL

DUGAN PRODUCTION

P. O. BOX 420

FARMINGTON, NM 87499

RE: MOLLY PITCHER #1

Enclosed are the results of analyses for samples received by the laboratory on 01/23/18 10:00.

Cardinal Laboratories is accredited through Texas NELAP under certificate number T104704398-17-10. 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,

A handwritten signature in cursive script that reads "Celey D. Keene".

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:	01/23/2018	Sampling Date:	01/18/2018
Reported:	01/26/2018	Sampling Type:	Soil
Project Name:	MOLLY PITCHER #1	Sampling Condition:	Cool & Intact
Project Number:	NONE GIVEN	Sample Received By:	Tamara Oldaker
Project Location:	NOT GIVEN		

Sample ID: MOLLY PITCHER #1 DIRT PILE (H800237-01)
EX 8021B **S-04**

		mg/kg		Analyzed By: MS						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
benzene*	<0.050	0.050	01/23/2018	ND	2.05	102	2.00	0.148		
toluene*	0.177	0.050	01/23/2018	ND	2.10	105	2.00	1.70		
ethylbenzene*	0.803	0.050	01/23/2018	ND	2.11	106	2.00	1.81		
total Xylenes*	12.4	0.150	01/23/2018	ND	6.52	109	6.00	1.55		
total BTEX	13.3	0.300	01/23/2018	ND						

surrogate: 4-Bromofluorobenzene (PIE) 150 % 72-148

		mg/kg		Analyzed By: AC						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
chloride, SM4500Cl-B	32.0	16.0	01/24/2018	ND	416	104	400	3.92		

EX 8015M **S-06**

		mg/kg		Analyzed By: MS						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
total O C6-C10*	407	50.0	01/24/2018	ND	209	104	200	1.31		
total O >C10-C28*	32700	50.0	01/24/2018	ND	228	114	200	2.89		
total T DRO >C28-C36	6180	50.0	01/24/2018	ND						

surrogate: 1-Chlorooctane 291 % 41-142

surrogate: 1-Chlorooctadecane 1480 % 37.6-147

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:	01/23/2018	Sampling Date:	01/18/2018
Reported:	01/26/2018	Sampling Type:	Soil
Project Name:	MOLLY PITCHER #1	Sampling Condition:	Cool & Intact
Project Number:	NONE GIVEN	Sample Received By:	Tamara Oldaker
Project Location:	NOT GIVEN		

Sample ID: MOLLY PITCHER #1 SEP- PIT (H800237-02)

EX 8021B	mg/kg	Analyzed By: MS							
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
nzene*	<0.050	0.050	01/23/2018	ND	2.05	102	2.00	0.148	
luene*	<0.050	0.050	01/23/2018	ND	2.10	105	2.00	1.70	
hylbenzene*	0.221	0.050	01/23/2018	ND	2.11	106	2.00	1.81	
ital Xylenes*	3.36	0.150	01/23/2018	ND	6.52	109	6.00	1.55	
ital BTEX	3.58	0.300	01/23/2018	ND					

surrogate: 4-Bromofluorobenzene (PIL) 132 % 72-148

chloride, SM4500CI-B	mg/kg	Analyzed By: AC							
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
chloride	16.0	16.0	01/24/2018	ND	416	104	400	3.92	

PH 8015M	mg/kg	Analyzed By: MS								S-06
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
RO C6-C10*	131	50.0	01/24/2018	ND	209	104	200	1.31		
RO >C10-C28*	7300	50.0	01/24/2018	ND	228	114	200	2.89		
XT DRO >C28-C36	1560	50.0	01/24/2018	ND						

surrogate: 1-Chlorooctane 119 % 41-142

surrogate: 1-Chlorooctadecane 389 % 37.6-147

Cardinal Laboratories

* = Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager

Notes and Definitions

- 06 The recovery of this surrogate is outside control limits due to sample dilution required from high analyte concentration and/or matrix interference's.
- 04 The surrogate recovery for this sample is outside of established control limits due to a sample matrix effect.
- .D Analyte NOT DETECTED at or above the reporting limit
- .PD 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



CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

(970) 247-4220
 Fax: (970) 247-4227

service@greenanalytical.com or dzufelt@greenanalytical.com
 75 Suttle St Durango, CO 81303

Page 5 of 5

Company Name (If Applicable): <i>Dugan Production</i>		Bill to (if different):		ANALYSIS REQUEST												
Contact Person: <i>Michael Sandover</i>		P.O. #:		<i>Betex - Cl - TPH - Benz</i>												
Address:		Company:														
City: State: Zip:		Attn:														
Phone #:		Address:														
Email:		City:														
Project Name (optional): <i>Molly Pitcher #1</i>		State: Zip:														
Project Number (optional):		Phone #:														
Sampler Name (Print): <i>Michael Sandover</i>		Email:														
For Lab Use	Sample Name or Location	Collected		Matrix (check one)							# of containers					
		Date	Time	GROUNDWATER	SURFACEWATER	WASTEWATER	PRODUCEDWATER	SOIL	DRINKING WATER	OTHER :	No preservation (general)	HNO ₃	HCl	H ₂ SO ₄	Other:	Other:
<i>H800237</i>	<i>1 Molly Pitcher #1 Dirt pile</i>	<i>1-18-18</i>	<i>9:20</i>													
	<i>2 Molly Pitcher #1 sep-pit</i>	<i>1-18-18</i>	<i>9:15</i>													

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Relinquished By: <i>[Signature]</i>	Date: <i>1-18-18</i>	Received By: <i>Christin Clau</i>	ADDITIONAL REMARKS:	Report to State? (Circle) Yes No
Relinquished By: <i>Christin Clau</i>	Date: <i>1/22/18</i>	Received By: <i>Fed Ex</i>		
Relinquished By:	Date: <i>1-23-18</i>	Received By: <i>Jamara [Signature]</i>		
Delivered By: (Circle One) <i>UPS</i>	Temperature at receipt: <i>4.7c</i>	Temperature at receipt: <i>5.8c #75 on 1/24</i>	CHECKED BY: <i>CC TO</i>	
Sampler - UPS - FedEx - Kangaroo - Other: <i>Corrected 4.95c</i>				

* GAL cannot always accept verbal changes. Please fax or email written change requests.