

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 Department

Form C-141
Revised August 24, 2018
Submit to appropriate OCD District office

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

Incident ID	
District RP	
Facility ID	
Application ID	

Release Notification

Responsible Party

Responsible Party Four Corners Exploration	OGRID 008090
Contact Name Kevin Smaka, Agent	Contact Telephone 505-325-1821 x1049
Contact email kevin.smaka@duganproduction.com	Incident # (assigned by OCD) NVF-1820036683
Contact mailing address c/o Dugan Production Corp. PO Box 420, Farmington, NM 87499-0420	

Location of Release Source

NMOCD

JAN 28 2019

DISTRICT III

Latitude 36.378546 Longitude -108.126871
(NAD 83 in decimal degrees to 5 decimal places)

Site Name South Bisti Federal 29 #1	Site Type Well
Date Release Discovered 7/18/18	API# (if applicable) 30-045-26730

Unit Letter	Section	Township	Range	County
A	29	25N	12W	San Juan

Surface Owner: State Federal Tribal Private (Name: _____)

Nature and Volume of Release

Material(s) Released (Select all that apply and attach calculations or specific justification for the volumes provided below)

<input type="checkbox"/> Crude Oil	Volume Released (bbls)	Volume Recovered (bbls)
<input checked="" type="checkbox"/> Produced Water	Volume Released (bbls)	Volume Recovered (bbls)
	Is the concentration of dissolved chloride in the produced water >10,000 mg/l?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Condensate	Volume Released (bbls)	Volume Recovered (bbls)
<input type="checkbox"/> Natural Gas	Volume Released (Mcf)	Volume Recovered (Mcf)
<input type="checkbox"/> Other (describe)	Volume/Weight Released (provide units)	Volume/Weight Recovered (provide units)

Cause of Release

The production pit leaked. The leak was caused by corrosion

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Smith, Cory, EMNRD

From: Smith, Cory, EMNRD
Sent: Thursday, January 31, 2019 11:23 AM
To: 'Kevin Smaka'
Cc: Fields, Vanessa, EMNRD
Subject: RE: South Bisiti Federal 29 31 Incident# nVF1820036683

Kevin,

OCD has received the remediation plan and has approved it with the following conditions of approval.

- Dugan dig and haul remediation must be continuous.
- Dugan will sample and notify OCD per 19.15.29.12 NMAC
- Dugan will submit to the OCD the final closure report for the excavation no later than April 1, 2019.
 - o OCD may grant an extension for good cause.

The rule was written to take into account possible bad weather and availability of equipment, however it is the operators responsibility to ensure that the time lines are kept. If this becomes common practice then the OCD may issue a formal compliance letter.

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: Tuesday, January 15, 2019 10:26 AM
To: 'Kevin Smaka' <Kevin.Smaka@duganproduction.com>
Cc: Fields, Vanessa, EMNRD <Vanessa.Fields@state.nm.us>
Subject: South Bisiti Federal 29 31 Incident# nVF1820036683

Kevin,

OCD received a remediation plan for the South Bisti Federal 29 #1 Incident# nVF1820036683 on December 11, 2018.

After review the OCD has denied the remediation plan for being incomplete. Please correct the following

C-141 form corrections

- Include OGRID for Four Corners Exploration
- Incident # needs corrected
- API#

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Was this a major release as defined by 19.15.29.7(A) NMAC? <input type="checkbox"/> Yes <input type="checkbox"/> No	If YES, for what reason(s) does the responsible party consider this a major release?
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If YES, was immediate notice given to the OCD? By whom? To whom? When and by what means (phone, email, etc)?

Initial Response

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

- The source of the release has been stopped.
- The impacted area has been secured to protect human health and the environment.
- Released materials have been contained via the use of berms or dikes, absorbent pads, or other containment devices.
- All free liquids and recoverable materials have been removed and managed appropriately.

If all the actions described above have not been undertaken, explain why:

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

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to OCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the OCD does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to groundwater, surface water, human health or the environment. In addition, OCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.

Printed Name: _____ Title: _____
 Signature: _____ Date: _____
 email: _____ Telephone: _____

OCD Only
 Received by: _____ Date: _____

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Site Assessment/Characterization

This information must be provided to the appropriate district office no later than 90 days after the release discovery date.

What is the shallowest depth to groundwater beneath the area affected by the release?	_____ (ft bgs)
Did this release impact groundwater or surface water?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are the lateral extents of the release within 300 feet of a continuously flowing watercourse or any other significant watercourse?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are the lateral extents of the release within 200 feet of any lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are the lateral extents of the release within 300 feet of an occupied permanent residence, school, hospital, institution, or church?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are the lateral extents of the release within 500 horizontal feet of a spring or a private domestic fresh water well used by less than five households for domestic or stock watering purposes?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are the lateral extents of the release within 1000 feet of any other fresh water well or spring?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are the lateral extents of the release within incorporated municipal boundaries or within a defined municipal fresh water well field?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are the lateral extents of the release within 300 feet of a wetland?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are the lateral extents of the release overlying a subsurface mine?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are the lateral extents of the release overlying an unstable area such as karst geology?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are the lateral extents of the release within a 100-year floodplain?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Did the release impact areas not on an exploration, development, production, or storage site?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Attach a comprehensive report (electronic submittals in .pdf format are preferred) demonstrating the lateral and vertical extents of soil contamination associated with the release have been determined. Refer to 19.15.29.11 NMAC for specifics.

Characterization Report Checklist: *Each of the following items must be included in the report.*

- Scaled site map showing impacted area, surface features, subsurface features, delineation points, and monitoring wells.
- Field data
- Data table of soil contaminant concentration data
- Depth to water determination
- Determination of water sources and significant watercourses within 1/2-mile of the lateral extents of the release
- Boring or excavation logs
- Photographs including date and GIS information
- Topographic/Aerial maps
- Laboratory data including chain of custody

If the site characterization report does not include completed efforts at remediation of the release, the report must include a proposed remediation plan. That plan must include the estimated volume of material to be remediated, the proposed remediation technique, proposed sampling plan and methods, anticipated timelines for beginning and completing the remediation. The closure criteria for a release are contained in Table 1 of 19.15.29.12 NMAC, however, use of the table is modified by site- and release-specific parameters.

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Printed Name: Kevin Smaka Title: Agent
 Signature: Kevin Smaka Date: 1-25-19
 email: Kevin.smaka@duganproduction.com Telephone: 505-325-1821

OCD Only

Received by: BCB Date: 1/28/19

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Remediation Plan

Remediation Plan Checklist: *Each of the following items must be included in the plan.*

- Detailed description of proposed remediation technique
- Scaled sitemap with GPS coordinates showing delineation points
- Estimated volume of material to be remediated
- Closure criteria is to Table 1 specifications subject to 19.15.29.12(C)(4) NMAC
- Proposed schedule for remediation (note if remediation plan timeline is more than 90 days OCD approval is required)

Deferral Requests Only: *Each of the following items must be confirmed as part of any request for deferral of remediation.*

- Contamination must be in areas immediately under or around production equipment where remediation could cause a major facility deconstruction.
- Extents of contamination must be fully delineated.
- Contamination does not cause an imminent risk to human health, the environment, or groundwater.

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to OCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the OCD does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to groundwater, surface water, human health or the environment. In addition, OCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.

Printed Name: Kevin Smaka Title: Agent
 Signature: [Handwritten Signature] Date: 1-25-19
 email: Kevin.Smaka@duganproduction.com Telephone: 505-325-1821

OCD Only

Received by: [Handwritten Signature] Date: _____

- Approved Approved with Attached Conditions of Approval Denied Deferral Approved

Signature: Cory Date: 1/31/19

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Closure

The responsible party must attach information demonstrating they have complied with all applicable closure requirements and any conditions or directives of the OCD. This demonstration should be in the form of a comprehensive report (electronic submittals in .pdf format are preferred) including a scaled site map, sampling diagrams, relevant field notes, photographs of any excavation prior to backfilling, laboratory data including chain of custody documents of final sampling, and a narrative of the remedial activities. Refer to 19.15.29.12 NMAC.

Closure Report Attachment Checklist: *Each of the following items must be included in the closure report.*

- A scaled site and sampling diagram as described in 19.15.29.11 NMAC
- Photographs of the remediated site prior to backfill or photos of the liner integrity if applicable (Note: appropriate OCD District office must be notified 2 days prior to liner inspection)
- Laboratory analyses of final sampling (Note: appropriate ODC District office must be notified 2 days prior to final sampling)
- Description of remediation activities

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to OCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the OCD does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to groundwater, surface water, human health or the environment. In addition, OCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations. The responsible party acknowledges they must substantially restore, reclaim, and re-vegetate the impacted surface area to the conditions that existed prior to the release or their final land use in accordance with 19.15.29.13 NMAC including notification to the OCD when reclamation and re-vegetation are complete.

Printed Name: _____ Title: _____

Signature: _____ Date: _____

email: _____ Telephone: _____

OCD Only

Received by: _____ Date: _____

Closure approval by the OCD does not relieve the responsible party of liability should their operations have failed to adequately investigate and remediate contamination that poses a threat to groundwater, surface water, human health, or the environment nor does not relieve the responsible party of compliance with any other federal, state, or local laws and/or regulations.

Closure Approved by: _____ Date: _____

Printed Name: _____ Title: _____

South Bisti Federal 29 #1

BGT Remediation plan

API: 30-045-26730

While removing dirt from the sidewalls of the BGT located at the Bisti Federal 29 #1 there was evidence of soil contamination. After further investigation it was found that the BGT integrity had failed and an unplanned release had occurred. The following actions are proposed to fully remediate the BGT area:

1. Excavate the contaminated soils.
2. Haul the contaminated soils to either IEI or Envirotech facilities for disposal/remediation.
3. Delineate the release along the 4 side walls as well as the bottom of the hole.
4. Once the release is delineated the walls will be tested according to table 1 in the "Spill Rule". Due to the proximity to a nearby watercourse the testing criteria will be the strictest as listed in table 1.
5. It is estimated that 125 cubic yards will be remediated.
6. Once samples meet the criteria established in table #1, BLM and OCD will receive the results and backfilling the hole will commence.
7. Once back filling is completed, form C-144 will be submitted for final BGT closure.
8. Form C-141 will be submitted with all data needed for final release closure.
9. It is proposed that remedial activity begins on 2/1/2019. All remedial and pit closure work should be completed no later than 4/1/2019.

Note* Due to weather and crew availability the operator was unable to remediate this spill in the time frame required by the "Spill Rule". The operator regrets this failure and accepts responsibility moving forward to remediate all spills in timely fashion.