

District I  
1625 N. French Dr , Hobbs, NM 88240  
District II  
1301 W. Grand Avenue, 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 October 10, 2003

Submit 2 Copies to appropriate  
District Office in accordance  
with Rule 116 on back  
side of form

### Release Notification and Corrective Action

API# 30-045-32086

#### OPERATOR

☒ Initial Report ☒ Final Report

Name of Company Dugan Production Corp.	Contact Roger Mullins
Address PO Box 420, Farmington, NM 87499+0420	Telephone No. (505) 325-1821
Facility Name Mesa #4 SWD	Facility Type Salt Water Disposal

Surface Owner State of New Mexico	Mineral Owner State of New Mexico	Lease No. LG1917
-----------------------------------	-----------------------------------	------------------

#### LOCATION OF RELEASE

Unit Letter 1	Section 16	Township 24N	Range 8W	Feet from the 1450	North/South Line South	Feet from the 1245	East/West Line East	County San Juan
------------------	---------------	-----------------	-------------	-----------------------	---------------------------	-----------------------	------------------------	--------------------

Latitude 36.31111 Longitude 107.68194

#### NATURE OF RELEASE

Type of Release Produced water	Volume of Release approx. 15 bbls	Volume Recovered -0- bbls.
Source of Release Swage on wellhead	Date and Hour of Occurrence 6/19/08 at approx. 1:00 PM	Date and Hour of Discovery 6/20/08 at approx. 1:00 PM
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? Brandon Powell	
By Whom? Roger Mullins	Date and Hour 6/20/08 at 2:00PM	
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.\*

RCVD JUN 24 '08  
OIL CONS. DIV.  
DIST. 3

Describe Cause of Problem and Remedial Action Taken.\*

The swage on the wellhead began to leak.  
A new swage was installed.

Describe Area Affected and Cleanup Action Taken.\*

Produced water stayed on the location. Approximately 100 sq. ft. was contaminated.  
Gypsum was spread on contaminated area.

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>Roger Mullins</i>		OIL CONSERVATION DIVISION	
Printed Name: Roger Mullins		Approved by District Supervisor: <i>Bob Roll</i> For: <i>Charlie Perrin</i>	
Title: Production Forman		Approval Date: 6/24/08	Expiration Date:
E-mail Address: rmullins@duganproduction.com		Conditions of Approval:	
Date: 6/23/2008 Phone: (505) 325-1821		Attached <input type="checkbox"/>	

\* Attach Additional Sheets If Necessary

Incident # NFM50928626816