

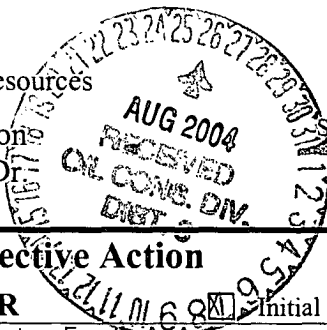
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

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 March 17, 1999

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



Release Notification and Corrective Action

30 045 09138

OPERATOR

☒ Initial Report ☐ Final Report

Name of Company	Dugan Production Corp.	Contact	<input type="checkbox"/> Marty Foutz
Address	709 E. Murray Dr. Farmington	Telephone No.	<input type="checkbox"/> 505-325-1821
Facility Name	Federal B #1	Facility Type	<input type="checkbox"/> Gas well/Oil well
Surface Owner	Mineral Owner	Federal	Lease No. <input type="checkbox"/> SF078977

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
N	28	30N	13W	890 S	South	2340	West	San Juan

NATURE OF RELEASE

Type of Release	Oil	Volume of Release	4'-7" (90 bbls)	Volume Recovered	<input type="checkbox"/> 15 bbls
Source of Release	Oil tank	Date and Hour of Occurrence		Date and Hour of Discovery	8-23-04 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?	BLM & OCD		
By Whom?	<input type="checkbox"/> Pumper	Date and Hour	<input type="checkbox"/> 8-24-04 12:30 pm		
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.*

Describe Cause of Problem and Remedial Action Taken.*

Lightning struck tank and ruptured releasing oil into burn, with a small amount spilling out of burn.

Describe Area Affected and Cleanup Action Taken.*

Burn area and right around area. Got a vacuum truck & recovered 15 bbls of fluid. Cleaned up old dirt, took it to land farm (about 15 yards of dirt). Hauled in new dirt. Set new tank. Land farmed on site

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:	Martin D. Foutz	Approved by <input type="checkbox"/> District Supervisor:	
Title:	Production Foreman	Approval Date:	8/30/04
Date:	8-25-04	Phone:	505-325-1821
Conditions of Approval:		Attached <input type="checkbox"/>	

* Attach Additional Sheets If Necessary

NDGF 0423726657

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993**SUNDRY NOTICES AND REPORTS ON WELLS**Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT -" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Designation and Serial No. SF 078214
2. Name of Operator Dugan Production Corp.		6. If Indian, Allotted or Tribe Name
3. Address and Telephone No. P.O. Box 420, Farmington, NM 87499 (505) 325 - 1821		7. If Unit or CA, Agreement Designation
Location of Well (Footage, Sec., T., R., M., or Survey Description) 890' FSL & 2340' FWL (SE/4 SW/4) Unit N, Sec. 28, T30N, R13W, NMPM		8. Well Name and No. Federal B #1
		9. API Well No. 30 045 09138
		10. Field and Pool, or Exploratory Area Basin Dakota
		11. County or Parish, State San Juan, NM

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment <input type="checkbox"/> Recompletion <input type="checkbox"/> Plugging Back <input type="checkbox"/> Casing Repair <input type="checkbox"/> Altering Casing <input checked="" type="checkbox"/> Other <u>Clean & remediate condensate spill</u>
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Change of Plans <input type="checkbox"/> New Construction <input type="checkbox"/> Non-Routine Fracturing <input type="checkbox"/> Water Shut-Off <input type="checkbox"/> Conversion to Injection <input type="checkbox"/> Dispose Water
<input type="checkbox"/> Final Abandonment Notice	

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

On 8/23/04 the condensate storage tank was struck by lightning during a thunderstorm. The tank ruptured, releasing approximately 92 bbls condensate & 11 bbls water, most of which was contained within the tank berm, allowing the recovery of approximately 15 bbls condensate. A small amount of condensate did spill over the berm and entered a small southeasterly drainage (\pm 3' wide with either sandstone and/or 1" to 6" of sand on bottom) for \pm 1200'. The condensate storage tank has been replaced and relocated. The condensate stained dirt within the old tank berm will be land farmed on site and because of the rough surface topography, the condensate stained sandstone and sand within the wash will be treated in place using liquid fertilizer and as much as possible turned using a garden type rototiller until the condensate staining is remediated to acceptable levels. A site diagram is attached. The surface is privately owned by La Plata Cliffs Partnership who will also be advised of our remediation plans.

14. I hereby certify that the foregoing is true and correct

 Signed John D. Roe Title Engineering Manager Date 09/16/2004
 John D. Roe

(This space for Federal or State office use)

Approved by _____ Title _____ Date _____

Conditions of approval, if any:

