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

Form C-144 Revised April 3, 2017

For temporary pits, below-grade tanks, and multi-well fluid management pits, submit to the appropriate NMOCD District Office.

For permanent pits submit to the Santa Fe Environmental Bureau office and provide a copy to the appropriate NMOCD District Office.

	Stated 10, 1111 07505 to all appropriate Miloob District Office,			
BGT 1	Pit, Below-Grade Tank, or			
Proposed Alternati	ive Method Permit or Closure Plan Application			
Type of action: Below grade tank registration Permit of a pit or proposed alternative method Closure of a pit, below-grade tank, or proposed alternative method Modification to an existing permit/or registration Closure plan only submitted for an existing permitted or non-permitted pit, below-grade tank, or proposed alternative method				
Instructions: Please submit one appl	lication (Form C-144) per individual pit, below-grade tank or alternative request			
Please be advised that approval of this request does not relieve	the operator of liability should operations result in pollution of surface water, ground water or the sponsibility to comply with any other applicable governmental authority's rules, regulations or ordinances.			
Operator: <u>Dugan Production Corp.</u>	OGRID #: <u>006515</u>			
Address: PO Box 420, Farmington, NM 87499-0420				
Facility or well name: A New Dawn #3				
API Number: <u>30-039-22282</u>	OCD Permit Number:			
U/L or Qtr/Qtr D Section 23	_ Township24N Range5W County:Rio Arriba			
Center of Proposed Design: Latitude 36.30237 North				
Surface Owner: Federal State Private Triba	ıl Trust or Indian Allotment			
☐ Lined ☐ Unlined Liner type: Thickness ☐ String-Reinforced	shall be taken under the liner or the below-grade tank and that sample shall beapalyzed for the constituents listed in Table I of 19.15-17.13 NMAC. mil LLDPE HDPE PVC Other Volume:bbl Dimensions: Lx Wx D			
3.				
Below-grade tank: Subsection I of 19.15.17.11 NM				
Volume:bbl Type of fluid				
Tank Construction material: Steel				
	ible sidewalls, liner, 6-inch lift and automatic overflow shut-off			
☐ Visible sidewalls and liner ☐ Visible sidewalls onl				
Liner type: Thicknessmil H	HDPE PVC Other			
4. Alternative Method:				
	is must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.			
	apploval.			
5. Fencing: Subsection D of 19.15.17.11 NMAC (Applies t	to permanent pits, temporary pits, and below-grade tanks)			
	ire at top (Required if located within 1000 feet of a permanent residence, school, hospital,			
\square Four foot height, four strands of barbed wire evenly sp	paced between one and four feet			
Alternate. Please specify				

Netting: Subsection E of 19.15.17.11 NMAC (Applies to permanent pits and permanent open top tanks) Screen Netting Other				
Monthly inspections (If netting or screening is not physically feasible)				
Signs: Subsection C of 19.15.17.11 NMAC 12"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers Signed in compliance with 19.15.16.8 NMAC				
Variances and Exceptions: Justifications and/or demonstrations of equivalency are required. Please refer to 19.15.17 NMAC for guidance. Please check a box if one or more of the following is requested, if not leave blank: Variance(s): Requests must be submitted to the appropriate division district for consideration of approval. Exception(s): Requests must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.				
Siting Criteria (regarding permitting): 19.15.17.10 NMAC Instructions: The applicant must demonstrate compliance for each siting criteria below in the application. Recommendations of accematerial are provided below. Siting criteria does not apply to drying pads or above-grade tanks.	eptable source			
General siting				
Ground water is less than 25 feet below the bottom of a low chloride temporary pit or below-grade tank. - NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells	Yes No			
Ground water is less than 50 feet below the bottom of a Temporary pit, permanent pit, or Multi-Well Fluid Management pit. NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells	Yes No			
Within incorporated municipal boundaries or within a defined municipal fresh water well field covered under a municipal ordinance adopted pursuant to NMSA 1978, Section 3-27-3, as amended. (Does not apply to below grade tanks) - Written confirmation or verification from the municipality; Written approval obtained from the municipality				
Within the area overlying a subsurface mine. (Does not apply to below grade tanks) - Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division				
 Within an unstable area. (Does not apply to below grade tanks) Engineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources; USGS; NM Geological Society; Topographic map 				
Within a 100-year floodplain. (Does not apply to below grade tanks) - FEMA map	Yes No			
Below Grade Tanks				
Within 100 feet of a continuously flowing watercourse, significant watercourse, lake bed, sinkhole, wetland or playa lake (measured from the ordinary high-water mark). - Topographic map; Visual inspection (certification) of the proposed site	☐ Yes ☐ No			
Within 200 horizontal feet of a spring or a fresh water well used for public or livestock consumption; NM Office of the State Engineer - iWATERS database search; Visual inspection (certification) of the proposed site				
Temporary Pit using Low Chloride Drilling Fluid (maximum chloride content 15,000 mg/liter)				
Within 100 feet of a continuously flowing watercourse, or any other significant watercourse or within 200 feet of any lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark). (Applies to low chloride temporary pits.) - Topographic map; Visual inspection (certification) of the proposed site				
Within 300 feet from a occupied permanent residence, school, hospital, institution, or church in existence at the time of initial application. - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image	Yes No			
Within 200 horizontal feet of a spring or a private, domestic fresh water well used by less than five households for domestic or stock watering purposes, or 300feet of any other fresh water well or spring, in existence at the time of the initial application. NM Office of the State Engineer - iWATERS database search; Visual inspection (certification) of the proposed site				

Within 100 feet of a wetland.		
- US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site	☐ Yes ☐ No	
Temporary Pit Non-low chloride drilling fluid		
Within 300 feet of a continuously flowing watercourse, or any other significant watercourse, or within 200 feet of any lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark). - Topographic map; Visual inspection (certification) of the proposed site		
Within 300 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application. - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image		
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, or 1000 feet of any other fresh water well or spring, in the existence at the time of the initial application; - NM Office of the State Engineer - iWATERS database search; Visual inspection (certification) of the proposed site		
Within 300 feet of a wetland US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site		
Permanent Pit or Multi-Well Fluid Management Pit		
Within 300 feet of a continuously flowing watercourse, or 200 feet of any other significant watercourse, or lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark).		
- Topographic map; Visual inspection (certification) of the proposed site	☐ Yes ☐ No	
Within 1000 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application. - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image		
Within 500 horizontal feet of a spring or a fresh water well used for domestic or stock watering purposes, in existence at the time of initial application.		
- NM Office of the State Engineer - iWATERS database search; Visual inspection (certification) of the proposed site	☐ Yes ☐ No	
Within 500 feet of a wetland. - US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site		
10.		
Temporary Pits, Emergency Pits, and Below-grade Tanks Permit Application Attachment Checklist: Subsection B of 19.15.17.9 N Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the doc	MAC cuments are	
attached.		
Hydrogeologic Data (Temporary and Emergency Pits) - based upon the requirements of Paragraph (2) of Subsection B of 19.15.17.9 NMAC Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC		
Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC		
Closure Plan (Please complete Boxes 14 through 18, if applicable) - based upon the appropriate requirements of Subsection C of 19.1 and 19.15.17.13 NMAC	15.17.9 NMAC	
Previously Approved Design (attach copy of design) API Number: or Permit Number:		
II.		
Multi-Well Fluid Management Pit Checklist: Subsection B of 19.15.17.9 NMAC Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the doc	uments are	
attached. Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC		
Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC A List of wells with approved application for permit to drill associated with the pit.		
Closure Plan (Please complete Boxes 14 through 18, if applicable) - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC		
Hydrogeologic Data - based upon the requirements of Paragraph (4) of Subsection B of 19.15.17.9 NMAC Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC		
Previously Approved Design (attach copy of design) API Number: or Permit Number:		

12.				
Permanerat Pits Permit Application Checklist: Subsection B of 19.15.17.9 NMAC				
Instructio *25: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the attached.	documents are			
Hyd roseologic Report - based upon the requirements of Paragraph (1) of Subsection B of 19.15.17.9 NMAC Sitirg Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC				
☐ Clin Calological Factors Assessment ☐ Cert ifted Engineering Design Plans - based upon the appropriate requirements of 19.15.17.11 NMAC				
Dike Protection and Structural Integrity Design - based upon the appropriate requirements of 19.15.17.11 NMAC Leak Detection Design - based upon the appropriate requirements of 19.15.17.11 NMAC				
Liner Specifications and Compatibility Assessment - based upon the appropriate requirements of 19.15.17.11 NMAC				
Quality Control/Quality Assurance Construction and Installation Plan Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC				
Free board and Overtopping Prevention Plan - based upon the appropriate requirements of 19.15.17.11 NMAC Nuis-ance or Hazardous Odors, including H ₂ S, Prevention Plan				
☐ Emergency Response Plan				
☐ Oil Field Waste Stream Characterization ☐ Mornitoring and Inspection Plan				
Eros ion Control Plan Clos ure Plan - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC				
13.				
Proposed Closure: 19.15.17.13 NMAC				
Instructions: Please complete the applicable boxes, Boxes 14 through 18, in regards to the proposed closure plan.				
Type: Drilling Workover Emergency Cavitation P&A Permanent Pit Below-grade Tank Multi-well F	Fluid Management Pit			
Proposed Closure Method: Waste Excavation and Removal Waste Removal (Closed-loop systems only)				
On-site Closure Method (Only for temporary pits and closed-loop systems)				
☐ In-place Burial ☐ On-site Trench Burial ☐ Alternative Closure Method				
Waste Excavation and Removal Closure Plan Checklist: (19.15.17.13 NMAC) Instructions: Each of the following items must be attached to the closure plana. Please indicate, by a check mark in the box, that the documents are attached. ☐ Protocols and Procedures - based upon the appropriate requirements of 19.15.17.13 NMAC ☐ Confirmation Sampling Plan (if applicable) - based upon the appropriate requirements of Subsection C of 19.15.17.13 NMAC ☐ Disposal Facility Name and Permit Number (for liquids, drilling fluids and drill cuttings) ☐ Soil Backfill and Cover Design Specifications - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC ☐ Re-vegetation Plan - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC				
Siting Criteria (regarding on-site closure methods only): 19.15.17.10 NMAC Instructions: Each siting criteria requires a demonstration of compliance in the closure plan. Recommendations of acceptable south provided below. Requests regarding changes to certain siting criteria require justifications and/or demonstrations of equivalency. In 19.15.17.10 NMAC for guidance.	rce material are Please refer to			
Ground water is less than 25 feet below the bottom of the buried waste. - NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells	☐ Yes ☐ No ☐ NA			
Ground water is between 25-50 feet below the bottom of the buried waste - NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells				
Ground water is more than 100 feet below the bottom of the buried waste. - NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells				
Within 100 feet of a continuously flowing watercourse, or 200 feet of any other significant watercourse, lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark). - Topographic map; Visual inspection (certification) of the proposed site				
Within 300 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application. - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image				
Within 300 horizontal feet of a private, domestic fresh water well or spring used for domestic or stock watering purposes, in existence at the time of initial application. - NM Office of the State Engineer - iWATERS database; Visual inspection (certification) of the proposed site				
Written confirmation or verification from the municipality; Written approval obtained from the municipality	☐ Yes ☐ No			
Within 300 feet of a wetland.				
US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site				
Within incorporated municipal boundaries or within a defined municipal fresh water well field covered under a municipal ordinance				

adopted pursuant to NMSA 1978, Section 3-27-3, as amended. - W Titten confirmation or verification from the municipality; Written approval obtained from the municipality	☐ Yes ☐ No				
Within the area overlying a subsurface mine. - W ≠ itten confirmation or verification or map from the NM EMNRD-Mining and Mineral Division	Yes No				
Within an unstable area.					
- Era gineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources; USGS; NM Geological So ciety; Topographic map					
Within a 1 00-year floodplain.	Yes No				
- FE MA map	☐ Yes ☐ No				
On-Site Closure Plan Checklist: (19.15.17.13 NMAC) Instructions: Each of the following items must be attached to the closure plan. Please indicate, by a check mark in the box, that the documents are attached. Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC Proof of Surface Owner Notice - based upon the appropriate requirements of Subsection E of 19.15.17.13 NMAC Construction/Design Plan of Burial Trench (if applicable) based upon the appropriate requirements of Subsection K of 19.15.17.11 NMAC Construction/Design Plan of Temporary Pit (for in-place burial of a drying pad) - based upon the appropriate requirements of 19.15.17.13 NMAC Protocols and Procedures - based upon the appropriate requirements of 19.15.17.13 NMAC Confirmation Sampling Plan (if applicable) - based upon the appropriate requirements of 19.15.17.13 NMAC Waste Material Sampling Plan - based upon the appropriate requirements of 19.15.17.13 NMAC Disposal Facility Name and Permit Number (for liquids, drilling fluids and drill cuttings or in case on-site closure standards cannot be achieved) Soil Cover Design - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC Re-vegetation Plan - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC					
17.					
Operator Application Certification:					
I hereby certify that the information submitted with this application is true, accurate and complete to the best of my knowledge and belie	f.				
Name (Print): Kevin Smaka Title: Engineer					
Signature:					
e-mail address: kevin.smaka@duganproduction.com Telephone: 505-325-1821 x1049					
18. OCD Approval: ☐ Permit Application (including closure plan) ☒ Closure Plan (only) ☒ OCD Conditions (see attachment)					
OCD Representative Signature: Approval Date: 1/28/20	20				
Title: Environmental Specalist OCD Permit Number:					
19.					
Closure Report (required within 60 days of closure completion): 19.15.17.13 NMAC Instructions: Operators are required to obtain an approved closure plan prior to implementing any closure activities and submitting the closure report. The closure report is required to be submitted to the division within 60 days of the completion of the closure activities. Please do not complete this section of the form until an approved closure plan has been obtained and the closure activities have been completed.					
Closure Completion Date:					
Closure Method: Waste Excavation and Removal On-Site Closure Method Alternative Closure Method Waste Removal (Closed-loo If different from approved plan, please explain.	p systems only)				
21. <u>Closure Report Attachment Checklist</u> : <u>Instructions</u> : Each of the following items must be attached to the closure report. Please indi	icate, by a check				
mark in the box, that the documents are attached. Proof of Closure Notice (surface owner and division)	care, of a check				
Proof of Deed Notice (required for on-site closure for private land only)					
Plot Plan (for on-site closures and temporary pits)					
☐ Confirmation Sampling Analytical Results (if applicable) ☐ Waste Material Sampling Analytical Results (required for on-site closure)					
 ☐ Confirmation Sampling Analytical Results (if applicable) ☐ Waste Material Sampling Analytical Results (required for on-site closure) ☐ Disposal Facility Name and Permit Number 					
☐ Confirmation Sampling Analytical Results (if applicable) ☐ Waste Material Sampling Analytical Results (required for on-site closure)					

Operator Closure Certification: I hereby certify that the information and attachments submitted with this closure rebelief. I all 50 certify that the closure complies with all applicable closure requirements.	eport is true, accurate and complete to the best of my knowledge and ents and conditions specified in the approved closure plan.
Name (Pri 1t):	Title:
Signature:	Date:
e-mail add ress:	Telephone:

Below Grade Tank Closure Plan

Dugan Production Corp.

As directed by NMAC 19.15.17 the following plan/procedure has been prepared for closure of the below grade tank identified on the associated C-144.

- 1. Dugan will provide notice via-email to the NMOCD 72 hours prior to commencing closure activities. Dugan will also notify the appropriate surface owner by e-mail if possible or by certified letter.
- 2. Dugan will close the pit, drying pad or below-grade tank by first removing all contents and, if applicable, synthetic liners and transferring those materials to a division approved facility. In this case Dugan will haul solid waste to Envirotech (Permit # NM-01-0011) or IEI (Permit # NM-01-0010B). Liquid waste will be hauled to Dugan's Sanchez O'Brien SWD #1 (Permit # SWD-694). If needed the pit liner will be disposed of at Waste Management's Crouch Mesa facility.
- 3. Dugan will take a composite 5 point soil sample underneath the BGT liner. If the sample results do not exceed the limits in the applicable portion of table 1, found in NMAC 19.15.17, Dugan will continue with closure by backfilling the BGT vault and commencing reclamation activities. In the event the sampling results exceed the limits in table 1 Dugan will further delineate and remediate the soils in the BGT vault until samples are in the limits established in Table 1.
- 4. Concerning reclamation and revegetation Dugan will follow the guidelines in NMAC 19.15.17, specifically Dugan will:
- 5. All areas disturbed by the closure of pits and belowgrade tanks, except areas reasonably needed for production operations or for subsequent drilling operations, shall be reclaimed as early and as nearly as practicable to their original condition or their final land use and shall be maintained to control dust and minimize erosion to the extent practicable.
- 6. Topsoils and subsoils shall be replaced to their original relative positions and contoured so as to achieve erosion control, long-term stability and preservation of surface water flow patterns. The disturbed area then shall be reseeded in the first favorable growing season following closure of a pit, drying pad associated with a closed-loop system or below-grade tank.
- 7. Reclamation of all disturbed areas no longer in use shall be considered complete when all ground surface disturbing activities at the site have been completed, and a uniform vegetative cover has been established that reflects a life-form ratio of plus or minus fifty percent (50%) of pre-disturbance levels and a total percent plant cover of at least seventy percent (70%) of pre-disturbance levels, excluding noxious weeds.

- 8. Other regulatory requirements. The re-vegetation and reclamation obligations imposed by other applicable federal or tribal agencies on lands managed by those agencies shall supersede these provisions and govern the obligations of any operator subject to those provisions, provided that the other requirements provide equal or better protection of fresh water, human health and the environment.
- 9. The operator shall notify the division when reclamation and re-vegetation are complete.
- 10. Concerning soil cover designs for closures after site contouring, where the operator has removed the below-grade tank or drying pad contents and liner, and if necessary remediated the soil beneath the below-grade tank or drying pad liner to chloride concentrations less than 600 mg/kg as analyzed by EPA Method 300.0, shall consist of the background thickness of topsoil or one foot of suitable material, whichever is greater.
 - Dugan has elected to submit this closure plan without any depth to groundwater and citing information and has elected to have all sampling results conducted at the most stringent standards of table 1.
 - In the event samples exceed the allowable limits Dugan will review the results and correlate the results with actual groundwater data. The groundwater determination will also be submitted to the division. In the event the soil samples fall below the allowed limits in table 1 Dugan will proceed with closure and reclamation as outlined in this closure plan. If the samples exceed the limits Dugan will delineate and remediate the contaminated soil in question until it meets the thresholds established in table #1.