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.		
BGT 1 Proposed Alternative 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 application (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 environment. Nor does approval relieve the operator of its responsibility to comply with any other applicable governmental authority's rules, regulations or ordinances. 1. Operator: Dugan Production Corp. OGRID #: 006515				
Facility or well name:Jicarilla Otero #5 API Number:30-039-21480 U/L or Qtr/QtrCSection28 Center of Proposed Design: Latitude _36.28847 N	420 OCD Permit Number: Township24NRange5WC C orthLongitude107.36923 West C Tribal Trust or Indian Allotment C	County: <u>Rio Arriba</u>		
Surface Owner: Federal State Private Tribal Trust or Indian Allotment 2. Conditions of Approal -At a minimum, a five point composite sample to Pit: Subsection F, G or J of 19.15.17.11 NMAC include any obvious stained or wet soils,or other evidence of contamination Temporary: Drilling Workover shall be taken under the liner or the below-grade tank and that sample shall be Permanent Emergency Cavitation P&A Multi-Well Fluid Management Lined Unlined Liner type: Thickness mil LLDPE HDPE PVC Other String-Reinforced Liner Seams: Welded Factory Other Volume: bbl Dimensions: Lx Wx D				
3. Selow-grade tank: Subsection I of 19.15.17.11 NMAC Volume: 55 bbl Type of fluid: Produced water Tank Construction material: Fiberglass Secondary containment with leak detection Visible sidewalls, liner, 6-inch lift Visible sidewalls and liner Visible sidewalls only Other				
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institution or church) Four foot height, four strands of barbed wire evenly spaced 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_

6.

7.

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 acceptable source material are provided below. Siting criteria does not apply to drying pads or above-grade tanks.

General siting		
Ground water is less than 25 feet below the bottom of a low chloride temporary pit or below-grade tank	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		
 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 	🗌 Yes 🗌 No	
 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 	🗌 Yes 🗌 No	
 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 	🗌 Yes 🗌 No	
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 	🗌 Yes 🗌 No	
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 	🗋 Yes 🗌 No	
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	🗋 Yes 🗌 No	

 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	Yes 🗌 No	
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 	🗌 Yes 🗌 No	
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	Yes No	
10. Temporary Pits, Emergency Pits, and Below-grade Tanks Permit Application Attachment 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 documents are attached. Hydrogeologic Report (Below-grade Tanks) - based upon the requirements of Paragraph (4) of Subsection B of 19.15.17.9 NMAC 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 19.15.17.10 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 19.15.17.9 NMAC nd 19.15.17.13 NMAC Previously Approved Design (attach copy of design) APl 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 documents 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 and 19.15.17.13 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:		

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Permanent Utits Permit Application Checklist: Subsection B of 19.15.17.9 NMAC Instruction 1: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached. Hyd Ingeologic Report - based upon the requirements of Paragraph (1) of Subsection B of 19.15.17.9 NMAC Sitir 2: Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC Clim 1: Mological Factors Assessment Certer illed 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 Line 1: Specifications and Compatibility Assessment - based upon the appropriate requirements of 19.15.17.11 NMAC Qua 1: V Control/Quality Assurance Construction and Installation Plan Oper staing and Maintenance Plan - based upon the appropriate requirements of 19.15.17.11 NMAC Muis=ance or Hazardous Odors, including H ₂ S, Prevention Plan Emergency Response Plan Oil Field Waste Stream Characterization Mon itering and Inspection Plan Error itering and Inspection Plan Error itering and Inspection Plan Clos ure Plan - based upon the appropriate requirements of 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 Alternative Proposed C losure 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 plan. 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 		
15. 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 source material are provided below. Requests regarding changes to certain siting criteria require justifications and/or demonstrations of equivalency. Please refer to 19.15.17.10 NMAC for guidance.		
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	☐ Yes ☐ No ☐ NA	
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	□ Yes □ No □ NA	
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 	🗌 Yes 🗌 No	
 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 	🗌 Yes 🗌 No	
Written confirmation or verification from the municipality; Written approval obtained from the municipality		
Within 300 feet of a wetland. JS Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site Yes 🗌 Yes 🗋 No		
Within incorporated municipal boundaries or within a defined municipal fresh water well field covered under a municipal ordinance		

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adopted pur suant to NMSA 1978, Section 3-27-3, as amended. - Written confirmation or verification from the municipality; Written approval obtained from the municipality	Yes No		
Within the area overlying a subsurface mine. • Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division	Yes No		
 Within an Unstable area. En gineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources; USGS; NM Geological 			
	🗋 Yes 🗌 No		
Within a 100-year floodplain. - FEIMA map	Yes No		
 16. 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. Sitin g 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 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 Construction/Design Plan in 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 Site Reclamation 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 beli	ef.		
Name (Print): <u>Kevin Smaka</u> Title: <u>Engineer</u>			
Signature: Man Date: 1/10/2020			
e-mail address: <u>kevin.smaka@duganproduction.com</u> Telephone: <u>505-325-1821 x1049</u>			
18. OCD Approval: Permit Application (including closure plan) CClosure Plan (only) CCD Conditions (see Attachment)			
OCD Representative Signature: Approval Date: Approval Date:	2020		
Title: Environmental Specalist OCD Permit Number: BGT 1			
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:			
 20. Closure Method: Waste Excavation and Removal On-Site Closure Method Alternative Closure Method Waste Removal (Closed-loo) If different from approved plan, please explain. 	op systems only)		
 21. <u>Closure Report Attachment Checklist</u>: Instructions: Each of the following items must be attached to the closure report. Please intermark in the box, that the documents are attached. Proof of Closure Notice (surface owner and division) 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) 	licate, by a check		
 Disposal Facility Name and Permit Number Soil Backfilling and Cover Installation 			
Re-vegetation Application Rates and Seeding Technique			
Site Reclamation (Photo Documentation)			

22. <u>Operator Closure Certification</u> : I hereby certify that the information and attachments submitted belief. I al Socertify that the closure complies with all applicable	with this closure report is true, accurate and complete to the best of my knowledge and e closure requirements and conditions specified in the approved closure plan.
Name (Prirat):	Title:
Signature:	Date:
e-mail address:	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.