

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

30-045-26784

OPERATOR

☐ Initial Report ☒ Final Report

Name of Company	Dugan Production Corp.	Contact	Kurt Fagrelus
Address	P.O. Box 420	Telephone No	505-325-1821
Facility Name	Calgary #88 TB (Prod Tnk)	Facility Type	Permanent Pit

Surface Owner	Federal	Mineral Owner	Federal	Lease No.	NM-32124
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LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
A	6	23N	10W	660	North	660	East	San Juan

Latitude 36.77293 N Longitude 107.92965 W

NATURE OF RELEASE

Type of Release	Spill Clean-Up and Pit Closure	Volume of Release	Unknown	Volume Recovered	N.A.
Source of Release	Below grade permanent pit release	Date and Hour of Occurrence	?	Date and Hour of Discovery	N.A.
Was Immediate Notice Given?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Required	If YES, To Whom?	N/A		
By Whom?		Date and Hour			
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 \*

N/A

Describe Cause of Problem and Remedial Action Taken \*

During permanent pit closure a chloride and TPH impact was discovered. A five-point composite sample tested 1760-mg/kg chloride and 141-mg/kg TPH which exceed the threshold limits of 19.15.17.13.C. See attached sample results.

Describe Area Affected and Cleanup Action Taken \* Contamination was addressed under the "spill Rule" 19.15.30. 62-cubic yards of contaminated soil was hauled from site of release to Envirotech Landfarm. C-144 ranking=0. The chloride and TPH release does not pose a threat to the contamination of groundwater. See attachment to "Final C-141" and invoice #22782.

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>Kurt Fagrelus</i>	OIL CONSERVATION DIVISION	
Printed Name	Kurt Fagrelus	Approved by District Supervisor	<i>Jonathan D. Kelly</i>
Title	VP Exploration	Approval Date	11/30/2011
E-mail Address	kfagrelus@duganproduction.com	Expiration Date	
Date	12/13/2010	Conditions of Approval	Attached <input type="checkbox"/>
Phone	505-325-1821		

\* Attach Additional Sheets If Necessary

NJK 113344/1598



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PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

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December 31, 2009

Fred Cornish  
Dugan Production Corporation  
4100 Piedras Street  
Farmington, NM 87401

Re: Earth Pit Closure

Enclosed are the results of analyses for sample number HI 8942, received by the laboratory on 12/23/09 at 11:15 am.

Cardinal Laboratories is accredited through Texas NELAP for:

Method SW-846 8021	Benzene, Toluene, Ethyl Benzene, and Total Xylenes
Method SW-846 8260	Benzene, Toluene, Ethyl Benzene, and Total Xylenes
Method TX 1005	Total Petroleum Hydrocarbons

Certificate number T104704398-08-TX. Accreditation applies to solid and chemical materials and non-potable water matrices.

Cardinal Laboratories is accredited through the State of Colorado Department of Public Health and Environment for:

Method EPA 552.2	Haloacetic Acids (HAA-5)
Method EPA 524.2	Total Trihalomethanes (TTHM)
Method EPA 524.2	Regulated VOCs (V2, V3)

Accreditation applies to public drinking water matrices.

Total Number of Pages of Report: 6 (includes Chain of Custody)

Sincerely,

Celey D. Keene  
Laboratory Director

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This report conforms with NELAP requirements.



# CARDINAL LABORATORIES

4101 E. MARLBORO • HOBBES, NM 88340

ANALYTICAL RESULTS FOR  
DUGAN PRODUCTION CORP.  
ATTN: FRED CORNISH  
4100 PIEDRAS ST  
FARMINGTON, NM 87401  
FAX TO: (505) 325 4872

Receiving Date: 12/23/09  
Reporting Date: 12/30/09  
Project Number: NOT GIVEN  
Project Name: EARTH PIT CLOSURE  
Project Location: NOT GIVEN

Sampling Date: 12/21/09  
Sample Type: SOIL  
Sample Condition: COOL & INTACT @ 6°C  
Sample Received By: CK  
Analyzed By: AB

418.1  
TOTAL  
TPH  
(mg/kg)

LAB NUMBER	SAMPLE ID	ANALYSIS DATE
H18942-1	ST MORITZ #1	12/28/09
H18942-2	AUGUST #1 SEP	<100
H18942-3	GOLD MEDAL #1	<100
H18942-4	SILVER MEDAL #1 SEP	<100
H18942-5	GOLD MEDAL #2 SEP	<100
H18942-6	CHAMP #1 T.B. PROD. T	8,800
H18942-7	CHAMP #1 T.B. SEP	<100
H18942-8	CHAMP #7 T.B. PROD. T	<100
H18942-9	CHAMP #7 T.B. SEP	<100
H18942-10	MARY LOU T. BON #1	<100
H18942-11	CALGARY #88 T.B. P.T.	141
H18942-12	CALGARY #88 T.B. SEP	<100
H18942-13	GOLD MEDAL #5 T.B., P.T.	<100
H18942-14	GOLD MEDAL #5 T.B., SEP	713
H18942-15	FLO JO #1 PROD. T.	900
Quality Control		306
True Value QC		300
% Recovery		102
Relative Percent Difference		± 1

METHODS: EPA 418.1

Not accredited for: TPH 418.1 Reported on wet weight

Chemist

Date

H18942-118 T.OUGAR



# **ARDINAL LABORATORIES**

11111 1111 1111 1111 1111 1111 1111 1111 1111 1111

ANALYTICAL RESULTS FOR  
DUSAN PRODUCTION CORP  
ATTN: TREL CORNISH  
4100 PIEDRAS ST  
FARMINGTON, NM 87401  
FAX TO: (505) 325 4873

Receiving Date: 12/23/09  
Reporting Date: 12/31/09  
Project Number: NOT GIVEN  
Project Name: EARTH PIT CLOSURE  
Project Location: NOT GIVEN

Sampling Date: 12/21/09  
Sample Type: SOIL  
Sample Condition: COOL & INJECT @ 6°C  
Sample Received By: CK  
Analyzed By: ZL

LAB NO.	SAMPLE ID	BENZENE (mg/kg)	TOLUENE (mg/kg)	ETHYL BENZENE (mg/kg)	TOTAL XYLENES (mg/kg)
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ANALYSIS DATE:	12/30/09	12/30/09	12/30/09	12/30/09
H18942-1 ST. MORITZ #1	<0.050	<0.050	<0.050	<0.300
H18942-2 AUGUST #1 SEP.	<0.050	<0.050	<0.050	<0.300
H18942-3 GOLD MEDAL #1	<0.050	<0.050	<0.050	<0.300
H18942-4 SILVER MEDAL #1 SEP.	<0.050	<0.050	<0.050	<0.300
H18942-5 GOLD MEDAL #2 SEP.	<0.050	<0.050	<0.050	<0.300
H18942-6 CHAMP #1 T.B. PROD. T.	<0.050	<0.050	0.223	<0.300
H18942-7 CHAMP #1 T.B. SEP.	<0.050	<0.050	<0.050	<0.300
H18942-8 CHAMP #7 T.B. PROD. T.	<0.050	<0.050	<0.050	<0.300
H18942-9 CHAMP #7 T.B. SEP.	<0.050	<0.050	<0.050	<0.300
H18942-10 MARY LOU T. BON #1	<0.050	<0.050	<0.050	<0.300
H18942-11 CALGARY #88 T.B. P.T.	<0.050	<0.050	<0.050	<0.300
H18942-12 CALGARY #88 T.B. SEP.	<0.050	<0.050	<0.050	<0.300
H18942-13 GOLD MEDAL #5 T.B., P.T.	<0.050	<0.050	<0.050	<0.300
H18942-14 GOLD MEDAL #5 T.B., SEP.	<0.050	<0.050	<0.050	<0.300
H18942-15 FLO JO #1 PROD. T.	<0.050	<0.050	<0.050	<0.300
Quality Control	0.049	0.047	0.048	0.130
True Value QC	0.050	0.050	0.050	0.150
% Recovery	98.0	94.0	96.0	86.7
Relative Percent Difference	<1.0	<1.0	<1.0	<1.0

METHODS: BTEX SW-846 8021F

TEXAS NELAP ACCREDITATION T104704396-08-1X FOR BENZENE, TOLUENE, ETHYL BENZENE AND TOTAL XYLENES. Reported on wet weight

CHARTER

1111



**CARDINAL**  
LABORATORIES

11400 E. 24th Ave. Suite 100, Aurora, CO 80011

ANALYTICAL RESULTS FOR  
DUGAN PRODUCTION  
ATTN: FRED CORNISH  
4100 PIEDRAS STREET  
FARMINGTON, NM 87401  
FAX TO (505) 325-4873

Receiving Date 12/23/09  
Reporting Date 12/30/09  
Project Number: NOT GIVEN  
Project Name: EARTH PIT CLOSURE  
Project Location: NOT GIVEN

Analysis Date 12/30/09  
Sampling Date 12/21/09  
Sample Type SOIL  
Sample Condition COOL & INTACT @ 3.5°C  
Sample Received By CK  
Analyzed By HM

LAB NUMBER	SAMPLE ID	CF (mg/kg)
H18942-1	ST. MORITZ #1	8,200
H18942-2	AUGUST #1 SEP	6,800
H18942-3	GOLD MEDAL #1	1,340
H18942-4	SILVER MEDAL #1 SEP	992
H18942-5	GOLD MEDAL #2 SEP	448
H18942-6	CHAMP #1 T.B. PROD. T.	752
H18942-7	CHAMP #1 TB SEP	1,120
H18942-8	CHAMP #7 TB PROD T	864
H18942-9	CHAMP #7 TB SEP	608
H18942-10	MARY LOU T BON #1	880
H18942-11	CALGARY #38 T.B. SEP	1,700
H18942-12	CALGARY #38 T.B. SEP	352
H18942-13	GOLD MEDAL #5 T.B., P.T.	2,240
H18942-14	GOLD MEDAL #5 T.B., SEP	1,550
H18942-15	FLOJO #1 PROD. T	1,100
Quality Control		500
True Value QC		500
% Recovery		100
Relative Percent Difference		< 0.1

METHOD Standard Methods

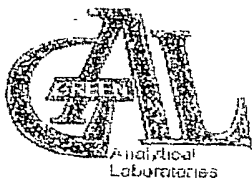
4500-ClB

Note: Analyses performed on 1:4 w/v aqueous extracts. Not accredited for Chloride

Chemist

Date

H. 8942 Dugan



## CHAIN OF CUSTODY RECORD

Page 2 of 2

Item Description: PRODUCTION

Sample ID: FRESH CORN 1319

Location:

Phone Number: 505-330-0929

Fax Number: 505-330-4873

### NOTES:

- 1) Ensure proper container packaging.
- 2) Ship samples promptly following collection.
- 3) Designate Sample Project/Disposition.

PO#

Project Name

Table 1. - Matrix Type

1 = Surface Water 2 = Ground Water  
3 = Soil/Sediment 4 = Biosolids 5 = Air  
6 = Waste 7 = Other (Specify)

Sampler's Signature:

*[Signature]*

Lab Name: Green Analytical Laboratories (970) 247-4220 FAX (970) 247-4227										Analyses Requested												
Address: 75 Suttle Street, Durango, CO 81303																						
Sample ID	Collection		Collected by: (init.)	Miscellaneous			Preservative(s)					Benzene	PPH BTX	418.1	Chlorides							
	Date	Time		Matrix Type From Table 1	No. of Containers	Sample Filtered Y/N	Unpreserved (Ice Only)	HNO3	HCL	H2SO4	NAOH											Other (Specify)
11/19/09 -																						
1. 11/19/09 1:31 PM	11-19-09	1:31 PM		2																		
2. 11/20/09 12:55 PM	12-21-09	12:55 PM																				
3. 12/21/09 1:12 PM	12-21-09	1:12 PM																				
4. 12/21/09 1:35 PM	12-21-09	1:35 PM																				
<del>5. 12/21/09 1:35 PM</del>																						
6. 12/21/09 1:35 PM	12-21-09																					
Transmitted by: <i>[Signature]</i>										Date: 12-21-09		Time: 4:14 PM		Received by: <i>[Signature]</i>		Date: 12/21/09		Time: 1:15 PM				
Relinquished by: Fed Ex										Date:		Time:		Received by: <i>[Signature]</i>		Date: 12/23/09		Time: 1:15 PM				

Sample: Report [ ] Return [ ] Dispose [ ] Store (30 Days)

Envirotech  
 5796 US Hwy 64  
 Farmington, NM 87401  
 Phone 505-632-0011  
 Fax 505-632-1861



To  
 Dugan Production Corp  
 PO Box 420  
 Farmington, NM 87401

**Invoice**

Invoice Number 22782  
 Job 06094-0050  
 DATE February 6, 2009

Calgary #88: accept exempt contaminated  
 soil and oil from production stream

Ordered by Fred Cornish

Project Manager April Pohl

<u>Employee</u>	<u>Staff Type</u>	<u>Description</u>	<u>Units</u>	<u>Rate</u>	<u>Total</u>
<b>01/28/2009</b>					
<b>Landfarm</b>					
		BOL# 32475	1.00 ea	10.00	10.00
		Paint Filter Test			
		BOL# 32475	1.00 ea	15.00	15.00
		Chloride Analysis-Water			
		BOL# 32475	10.00	18.00	180.00
		Contaminated Soil Removal			
<b>Landfarm Total</b>			<b>12.00</b>		<b>205.00</b>
<b>01/28/2009 Total</b>			<b>12.00</b>		<b>205.00</b>

<b>01/29/2009</b>					
<b>Landfarm</b>					
		BOL# 32485	2.00 ea	10.00	20.00
		Paint Filter Test			
		BOL# 32485	2.00 ea	15.00	30.00
		Chloride Analysis-Water			
		BOL# 32485	1.00	10.00	10.00
		Contaminated Soil Removal			
<b>Landfarm Total</b>			<b>24.00</b>		<b>410.00</b>
<b>01/29/2009 Total</b>			<b>24.00</b>		<b>410.00</b>

<b>01/30/2009</b>					
<b>Landfarm</b>					
		BOL# 32485	1.00 ea	10.00	10.00
		Paint Filter Test			
		BOL# 32485	1.00 ea	15.00	15.00
		Chloride Analysis-Water			
		BOL# 32485	1.00	10.00	10.00
		Contaminated Soil Removal			
<b>Landfarm Total</b>			<b>3.00</b>		<b>35.00</b>
<b>01/30/2009 Total</b>			<b>3.00</b>		<b>35.00</b>

Invoice # 22782 Job # 06094-0052

<u>Employee</u>	<u>Staff Type</u>	<u>Description</u>	<u>Units</u>	<u>Rate</u>	<u>Total</u>
		BOL# 32527	32.00 cy	18.00	576.00
Contaminated Soil Removal					
		<u>Landfarm Total</u>	<u>38.00</u>		<u>651.00</u>
		<u>1/30/2009 Total</u>	<u>38.00</u>		<u>651.00</u>
		Invoice Sub-total			1,266.00
		Sales Tax			78.33
Amount due this Invoice					<u>\$1,344.33</u>

*All invoices are due upon receipt. A late charge of 1.5% will be added to any unpaid balance after 30 days.*

**This may not be the final bill** - if charges are received after this invoice has been mailed, you will receive a separate invoice for those costs.



Dugan Production  
Calgary #88  
Tank Pit



13'W X14'L X10'D



85'

Reference Point: Well Head



From Reference Point Go N **15** degrees N.W. For  
a Distance of **85'** to Center of Pit.

Permanent pit: Calgary #88 TB (Production Tank)

API number: 30-045-26784

Results of sample analysis on the five-point composite sample collected on the subject permanent pit exceeded limits permissible under the "pit rule" (19.15.17.13.C) (see attached C-141 with analytic results).

The Environmental Bureau of the Oil Conservation Division (OCD) in Santa Fe is hereby provided a C-144 (closure report) and an "initial" C-141 (release notification) with analytic results of soil testing. The closure date on the C-144 (box 21) shows the date that the soil analysis did not meet pit rule standards. Also, this letter hereby provides notice that the subject permanent pit will be closed according to the requirements of the "spill rule" (19.15.30).

The OCD district office in Aztec is hereby provided a copy of the "initial report" C-141 (release notification) with analytic results of soil testing and also notice that the subject permanent pit will be closed according to the requirements of the "spill rule" (19.15.30). Assessment, clean-up and remediation of the reported spill will be done in accordance with the spill rule under the authority of the Aztec District office of the OCD. The "final report" C-141 with photo documentation of site reclamation will be sent to the Aztec District office of the OCD.

Following clean-up of the reported release and determination that the release is not a threat to groundwater contamination, the permanent pit will be closed in accordance with the approved C-144 (closure plan) and will include the following:

1. Stockpiled sub-surface soil will be used to backfill pit and re-contour (to a final or intermediate cover that blends with the surrounding topography). A minimum of four-feet of compacted, non-waste containing, earthen material will be used as backfill.
2. Stockpiled surface soil will be used as a cover over the backfilled pit and disturbed area no longer needed for production operations. The soil cover will include either the background thickness of top soil or one-foot of suitable material to establish vegetation at the site whichever is greater. The soil cover will be constructed to the sites existing grade and prevent water collection or ponding and erosion of the cover material.
3. Disturbed areas will be seeded the first growing season after the pit is closed. Seeding will be accomplished by drilling on contour whenever possible or by other division approved methods. BLM stipulated seed mixes will be used on all Federal lands and OCD approved seed mixes (administratively approved if required) will be used on all State or private lands. Vegetative cover will equal 70% of the native perennial vegetative cover (un-impacted) consisting of at least three native plant species, including at least one grass, but not including noxious weeds, and maintain that cover through two consecutive growing seasons. If alternate seed mix is required by the state, private owner or tribe, it will be implemented with administrative approval if needed. Seeding or planting will be continued until successful vegetative growth occurs.
4. The Aztec District office of the OCD will be notified after each re-seeding operation and after successful re-vegetation has been achieved

Kurt Fagrelus

VP – Exploration, Dugan Production Corp.

Farmington, New Mexico 87401

505-325-1821 (O), 505-320-8248 (C)

kfagrelus@duganproduction.com

<b>Lease Name: Calgary #88 (Production)</b>						
API No. 30-045-26784						
<b>Site Specific Information</b>						
Depth to	<b>130-ft</b>	Distance to Surface	<b>1400-ft</b>	Wellhead Protection Area	<b>&gt; 1000-ft</b>	
Groundwater		Water Body		Distance from Water Source		
<b>Total Ranking Score</b>						
Depth to	Ranking	Distance to Surface	Ranking	Wellhead Protection Area	Ranking Score	Total Ranking
Groundwater	Score	Water Body	Score	Distance from Water Source	Yes =20, No=0	Score
<50-feet	20	<200-feet	20	<1000-feet from water source	<b>0</b>	
50 - 99	10	200 - 1000	10	<200-feet domestic water	<b>0</b>	
>100-feet	<b>0</b>	>1000-feet	<b>0</b>			<b>0</b>
Total Ranking Score					<b>Sample</b>	
		>19	10 - 19	<b>0 - 9</b>	<b>Analysis</b>	
Benzene (mg/kg)		10	10	<b>10</b>	<b>&lt;0.050</b>	
BTEX (mg/kg)		50	50	<b>50</b>	<b>&lt;0.300</b>	
TPH (mg/kg)		100	1000	<b>5000</b>	<b>141</b>	
Chlorides (mg/kg)		N A	N A	<b>N.A.</b>	<b>1760</b>	
Note Analytical methods used for Benzene SW-846, BTEX SW-846, TPH 418 1 and Chlorides 4500-C1-B						
C-144 ranking =0. Chloride release does not pose a threat to groundwater contamination						

## Calgary #88 Hydrogeologic Report

The Calgary #88 is located on Federal land on the Chaco Slope area in San Juan County, New Mexico. The region is characterized as a high arid mesa broken by numerous, deep cutting arroyos. Mesa tops are dominated by tall stands of sage with sparse grass in the arroyos and low-lying areas.

A records search of the NM Office of the State Engineer –iWATERS database was conducted on a three square mile area centered on the Calgary #88 location (Exhibit 2). No water wells were located within the search area. The results of the search are shown on Exhibit 1.

The main source of stock water in the region is encountered in valley-fill deposits in existing arroyos at shallow depths of approximately 15 – 50 feet below the surface and stock tanks constructed on surface shale layers at the confluence and upper reaches of arroyos. The below grade tank is not located in an arroyo; the closest arroyo is 1,400 feet to the southeast (Exhibit 2).

The Nacimiento extends from the surface down to a depth of approximately 120 feet and is comprised of mudstone / shale with a trace of siltstone. The Nacimiento is not a good source of water in the area; the section does not have rocks capable of storing groundwater and has been breached to a depth of 100 feet by arroyos 3/4-miles to the southeast and southwest.

The Ojo Alamo Sandstone extends from 120 - 200 feet and is comprised of a coarse grained sandstone inter-bedded with lenses of mudstone and occasional conglomeratic sandstone. If the Ojo Alamo contains groundwater, it would be in the lower sands below a depth of about 130 feet.

The Kirtland Shale interval is from 200-650 feet in depth and is comprised entirely of mudstone / shale with a few thin siltstone layers inter-bedded with shale from 220-350 feet. These thin stringers of siltstone might contain very minimal amounts of ground water.

The Fruitland Formation and Pictured Cliffs Sandstone from 950-1050 feet contain larger amounts of very poor quality ground water. Analysis of this water is available upon request from Dugan Production Corp.

Excessive drilling depth, unpredictable variations in reservoir quality and water quality have discouraged the drilling of water wells in the subject area.

Based on electric open hole logs, the iWATERS database and literature reviewed, very minor amounts of poor quality ground water might be found at a depth below 130 feet from the lowermost Ojo Alamo Sandstone. A deeper and larger source of poor quality groundwater occurs in the Fruitland Coals and Pictured Cliffs Sandstone below 950 feet.

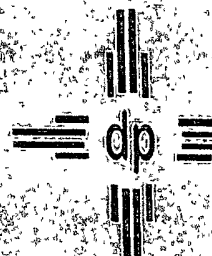
This Hydrogeologic Report was prepared by Mr. Kurt Fagrelus, Geologist for Dugan Production. Mr. Fagrelus has been employed as a geologist for Dugan for the past 31-years, received a MS in Geology from NMIMT in Socorro, NM and a BS in Geology from FLC in Durango, CO.

Stone, W.J., Lyford, F.P., Frenzel, P.F., Mizell, N.H., and Padgett, E.T., 1983, Hydrogeology and water resources of San Juan Basin, New Mexico: New Mexico Bureau of Mines and Mineral Resources Hydrologic Report 6, 70 p.

Brown, D.R., and Stone, W.J., 1979, Hydrogeology of Aztec quadrangle, San Juan County, New Mexico. New Mexico Bureau of Mines and Mineral Resources Hydrogeologic Sheet 1.

Levings, G.W., Craig, S.D., Dam, W.L., Kernodle, J.M., and Thorn, C.R., 1990, Hydrogeology of the San Jose, Nacimiento, and Animas Formations in the San Juan Structural Basin, New Mexico, Colorado, Arizona and Utah. U.S. Geological Survey, Atlas HA-720-A, Sheet 1 and 2.

Thorn, C.R., Levings, G.W., Craig, S.D., Dam, W.L., and Kernodle, J.M., 1990, Hydrogeology of the Ojo Alamo Sandstone in the San Juan Structural Basin, New Mexico, Colorado, Arizona and Utah: U.S. Geological Survey, Atlas HA-720-B, Sheet 1 and 2.



**DUGAN PRODUCTION CORP.**

**CALGARY # 88 TB**

**NM-32124**

**API # 30-045-26784**

**NE/4, NE/4, UNIT A**

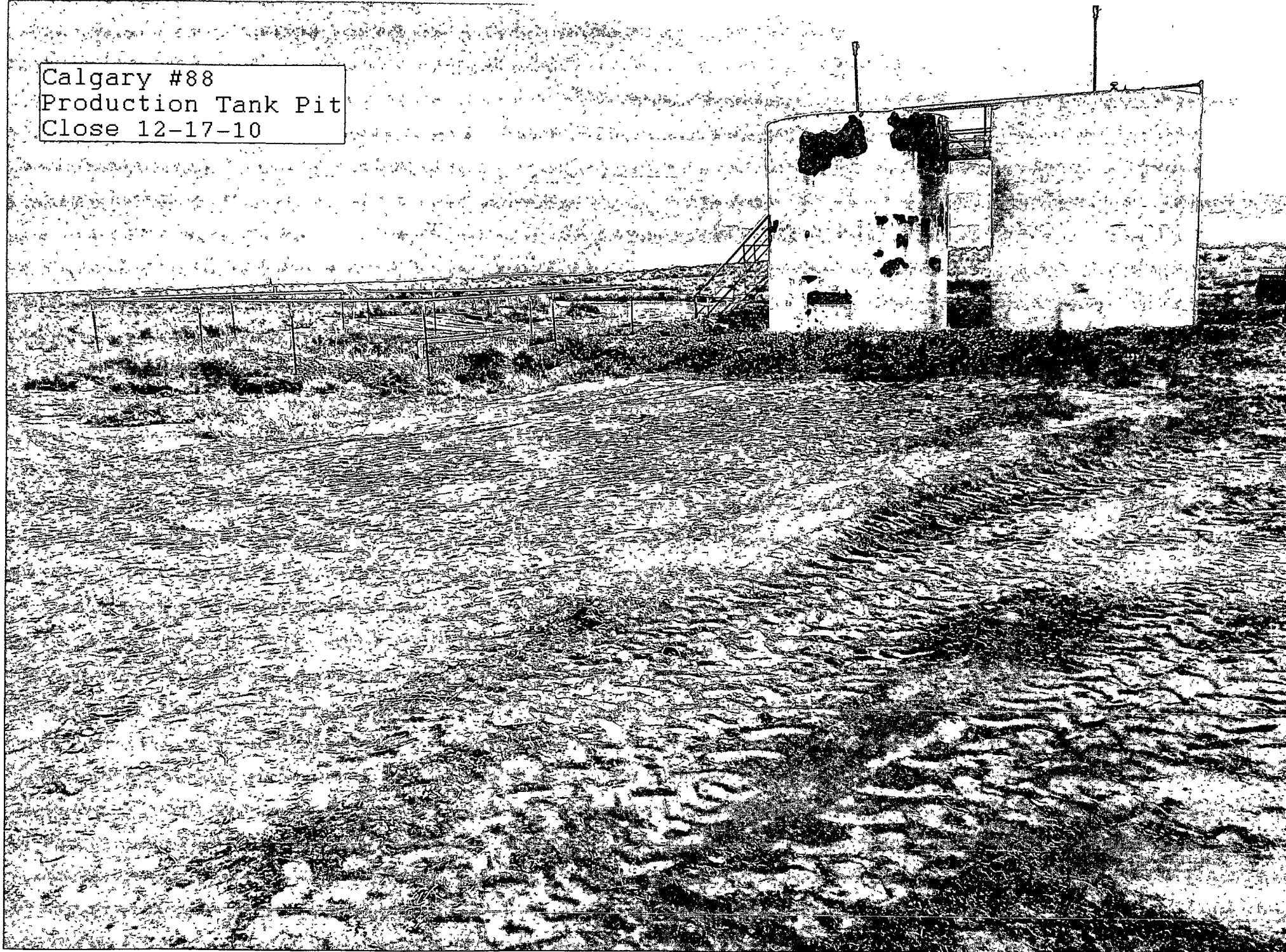
**SEC. 6, T23N, R10W**

**LAT. 36° 46' 22" LONG. 107° 55' 47"**

**SAN JUAN COUNTY, NM**

**FOR EMERGENCY CALL (505)325-1823**

Calgary #88  
Production Tank Pit  
Close 12-17-10



## Kurt Fagrelius

**From:** Kurt Fagrelius  
**Sent:** Friday, December 10, 2010 9:06 AM  
**To:** Powell, Brandon, EMNRD, dave\_mankiewicz@nm.blm.gov, Mark\_Kelly@nm.blm.gov, lucas\_vargo@blm.gov, Spencer, Bertha  
**Cc:** Johnny Lane, Mike Sandoval, Kurt Fagrelius  
**Subject:** 72-hr Notice to Close 12-14 to 12-17-2010  
**Attachments:** 72-Hour Notice to Close 12-14 to 12-17-2010.xls

Mr. Brandon Powell, Mr. Dave Mankiewicz, Mr. Mark Kelly, Mr. Lucas Vargo and Ms. Bertha Spencer

Dugan Production Corp. is hereby giving notice that Dugan will be closing the permanent pits on the following well pads:

- 1) Olympic #1 TB (Separator)
- 2) Olympic #1 TB (Prod. Tank)
- 3) Calgary #88 (Prod. Tank)
- 4) Calgary #88 (Separator)
- 5) Flo Jo #1 (Separator)
- 6) Gold Medal #1
- 7) Gold Medal #5 (Separator)
- 8) Gold Medal #5 (Prod. Tank)
- 9) Jim Thorpe #1 (Separator)
- 10) Road Runner #1

Site specific and soil analysis information for each permanent pit is included in the enclosed attachment.

Those highlighted in blue (#s 1 – 4, 6 – 8 and #10) are located on Federal Surface, and those highlighted in red (# 5 and #9) are located on Navajo Allotted Surface.

Permanent pits will be closed starting Tuesday, December 14, 2010, through Friday, December 17, 2010.

If you have any questions or require additional information, please contact me.

Kurt Fagrelius  
Dugan Production Corp.  
709 East Murray Drive  
Farmington, New Mexico 87401  
505-325-1821 (O), 505-320-8248 (C)  
kfagrelius@duganproduction.com

12/10/2010

<b>Dugan Production Corp. Permanent Pits to be Closed on December 14 to December 17, 2010</b>					
Lease Name	Olympic #1 TB Sep	Olympic #1 TB Prod	Calgary #88 Prod.	Calgary #88 Sep	Flo Jo #1 Sep
API Number	30-045-26007	30-045-26007	30-045-26784	30-045-26784	30-045-27463
Surface Owner - Notice Sent	Federal	Federal	Federal	Federal	Navajo Allotted
Location - UL, Sec , Twp, Rge	I-3-23N-10W	I-3-23N-10W	A-6-23N-10W	A-6-23N-10W	A-1-23N-11W
Latitude	36 2541 N	36 2541 N	36.77293 N	36.77293 N	36 26099 N
Longitude	107 87613 W	107 87613 W	107.92965 W	107.92965 W	107 9463 W.
C-144 Ranking Score	0	0	0	0	0
Benzene (mg/kg)	<0.050	<0.050	<0.050	<0.050	<0.050
Betex (mg/kg)	<0.300	<0.300	<0.300	<0.300	<0.300
TPH (mg/kg) - Analy Mthd	<100 - 418.1	<100 - 418.1	142 - 418.1	<100 - 418.1	900 - 418.1
Chlorides (mg/kg)	928	2360	1760	352	1100
Total Yards Contaminated	20	20	62	N.A.	60
Soil Hauled to Landfarm					



Gold Medal #1	Gold Medal #5 Sep	Gold Medal #5 Prod	Jim Thorpe #1 Sep	Road Runner #1
30-045-26035	30-045-26823	30-045-26823	30-045-26587	30-045-27693
Federal	Federal	Federal	Navajo Allotted	Federal
H-34-24N-10W	O-31-24N-10W	O-31-24N-10W	G-3-23N-10W	O-36-24N-11W
36 27290 N	36.26465 N	36.26465 N	36.25796 N	36 26461 N
107.87657 W	107 9341 W	107 9341 W	107.88081 W	107 95187 W
0	0	0	10	0
<0 050	<0 050	<0 050	<0.100	<0.050
<0.300	<0 300	<0 300	<0 300	<0 300
<100 - 418.1	713 - 418.1	<100 - 418 1	<10 - 418 1	<100 - 418.1
1340	1550	2240	1150	1440
30-yds	60-yds	60-yds	30-yds	90-yds

## Kurt Fagrelus

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**From:** postmaster@duganproduction.com  
**Sent:** Friday, December 10, 2010 9 06 AM  
**To:** Kurt Fagrelus  
**Subject:** Delivery Status Notification (Relay)

**Attachments:** ATT32033.txt, 72-hr Notice to Close 12-14 to 12-17-2010



ATT32033.txt (407 B) 72-hr Notice to  
Close 12-14 to...

This is an automatically generated Delivery Status Notification.

Your message has been successfully relayed to the following recipients, but the requested delivery status notifications may not be generated by the destination.

Brandon.Powell@state.nm.us

## Kurt Fagrelius

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**From:** postmaster@duganproduction.com  
**Sent:** Friday, December 10, 2010 9 06 AM  
**To:** Kurt Fagrelius  
**Subject:** Delivery Status Notification (Relay)

**Attachments:** ATT32045.txt, 72-hr Notice to Close 12-14 to 12-17-2010



ATT32045.txt (396 B) 72-hr Notice to  
Close 12-14 to...

This is an automatically generated Delivery Status Notification.

Your message has been successfully relayed to the following recipients, but the requested delivery status notifications may not be generated by the destination.

Bertha.Spencer@bia.gov

## Kurt Fagrelius

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**From:** Dave\_Mankiewicz@blm.gov  
**Sent:** Friday, December 10, 2010 11:08 AM  
**To:** Kurt Fagrelius  
**Subject:** 72-hr Notice to Close 12-14 to 12-17-2010

### Return Receipt

Your 72-hr Notice to Close 12-14 to 12-17-2010  
document:

was Dave Mankiewicz/FFO/NM/BLM/DOI  
received  
by:

at: 12/10/2010 11:07:32 AM

## Kurt Fagrelius

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**From:** Lucas\_Vargo@blm.gov  
**Sent:** Friday, December 10, 2010 11:20 AM  
**To:** Kurt Fagrelius  
**Subject:** 72-hr Notice to Close 12-14 to 12-17-2010

### Return Receipt

Your 72-hr Notice to Close 12-14 to 12-17-2010  
document:

was Lucas Vargo/FFO/NM/BLM/DOI  
received  
by:

at: 12/10/2010 11:19:49 AM

## Kurt Fagrelus

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**From:** System Administrator  
**To:** Johnny Lane, Kurt Fagrelus, Mike Sandoval  
**Sent:** Friday, December 10, 2010 9 06 AM  
**Subject:** Delivered 72-hr Notice to Close 12-14 to 12-17-2010

Your message

To: Powell, Brandon, EMNRD; dave\_mankiewicz@nm.blm.gov; Mark\_Kelly@nm.blm.gov; lucas\_vargo@blm.gov; Spencer, Bertha  
Cc: Johnny Lane, Mike Sandoval; Kurt Fagrelus  
Subject: 72-hr Notice to Close 12-14 to 12-17-2010  
Sent: 12/10/2010 9:06 AM

was delivered to the following recipient(s).

Johnny Lane on 12/10/2010 9:06 AM  
Kurt Fagrelus on 12/10/2010 9:06 AM  
Mike Sandoval on 12/10/2010 9 06 AM

## Kurt Fagrelus

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**From:** Mark\_Kelly@blm.gov  
**Sent:** Tuesday, December 14, 2010 5:59 AM  
**To:** Kurt Fagrelus  
**Subject:** 72-hr Notice to Close 12-14 to 12-17-2010

### Return Receipt

Your 72-hr Notice to Close 12-14 to 12-17-2010  
document:

was Mark Kelly/FFO/NM/BLM/DOI  
received  
by:

at: 12/14/2010 05:59:29 AM