

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

Form C-144 CLEZ
July 21, 2008

For closed-loop systems that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure, submit to the appropriate NMOCD District Office.

Closed-Loop System Permit or Closure Plan Application

(that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure)

Type of action: ☐ Permit ☒ Closure

Instructions: Please submit one application (Form C-144 CLEZ) per individual closed-loop system request. For any application request other than for a closed-loop system that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure, please submit a Form C-144.

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: <u>Dugan Production Corp.</u> OGRID #: <u>6515</u>	
Address: <u>P.O.Box. 420, Farmington, NM</u>	
Facility or well name: <u>Hugh Lake # 002</u>	
API Number: <u>300-45-25711</u> OCD Permit Number: _____	
U/L or Qtr/Qtr <u>A</u> Section <u>29</u> Township <u>27N</u> Range <u>12W</u> County: <u>San Juan</u>	
Center of Proposed Design: Latitude <u>36.55038 N</u> Longitude <u>108.12868 W</u> NAD: <input checked="" type="checkbox"/> 1927 <input type="checkbox"/> 1983	
Surface Owner: <input checked="" type="checkbox"/> Federal <input type="checkbox"/> State <input type="checkbox"/> Private <input type="checkbox"/> Tribal Trust or Indian Allotment	
2. <input checked="" type="checkbox"/> Closed-loop System: Subsection H of 19.15.17.11 NMAC Operation: <input type="checkbox"/> Drilling a new well <input type="checkbox"/> Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent) <input checked="" type="checkbox"/> P&A <input checked="" type="checkbox"/> Above Ground Steel Tanks or <input type="checkbox"/> Haul-off Bins	
3. Signs: Subsection C of 19.15.17.11 NMAC <input checked="" type="checkbox"/> 12"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers <input checked="" type="checkbox"/> Signed in compliance with 19.15.3.103 NMAC	
4. Closed-loop Systems 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. <input type="checkbox"/> Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC <input type="checkbox"/> Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC <input type="checkbox"/> Closure Plan (Please complete Box 5) - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC <input type="checkbox"/> Previously Approved Design (attach copy of design) API Number: _____ <input type="checkbox"/> Previously Approved Operating and Maintenance Plan API Number: _____	
5. Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only: (19.15.17.13.D NMAC) Instructions: Please identify the facility or facilities for the disposal of liquids, drilling fluids and drill cuttings. Use attachment if more than two facilities are required. Disposal Facility Name: _____ Disposal Facility Permit Number: _____ Disposal Facility Name: _____ Disposal Facility Permit Number: _____ Will any of the proposed closed-loop system operations and associated activities occur on or in areas that will not be used for future service and operations? <input type="checkbox"/> Yes (If yes, please provide the information below) <input type="checkbox"/> No Required for impacted areas which will not be used for future service and operations: <input type="checkbox"/> Soil Backfill and Cover Design Specifications - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC <input type="checkbox"/> Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC <input type="checkbox"/> Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC	
6. 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 belief. Name (Print): _____ Title: _____ Signature: _____ Date: _____ e-mail address: _____ Telephone: _____	

7. **OCD Approval:** ☐ Permit Application (including closure plan) ☒ Closure Plan (only)

OCD Representative Signature: Jonathan D. Kelly

Approval Date: 3/6/2013

Title: Compliance Officer

OCD Permit Number: _____

8. **Closure Report (required within 60 days of closure completion):** Subsection K of 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: 1/21/2013

9. **Closure Report Regarding Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:**

Instructions: Please identify the facility or facilities for where the liquids, drilling fluids and drill cuttings were disposed. Use attachment if more than two facilities were utilized.

Disposal Facility Name: Sanchez O' Brien SWD # 1

Disposal Facility Permit Number: SWD - 694

Disposal Facility Name: _____

Disposal Facility Permit Number: _____

Were the closed-loop system operations and associated activities performed on or in areas that *will not* be used for future service and operations?

☐ Yes (If yes, please demonstrate compliance to the items below) ☒ No

Required for impacted areas which will not be used for future service and operations:

☐ Site Reclamation (Photo Documentation)

☐ Soil Backfilling and Cover Installation

☐ Re-vegetation Application Rates and Seeding Technique

10. **Operator Closure Certification:**

I hereby certify that the information and attachments submitted with this closure report is true, accurate and complete to the best of my knowledge and belief. I also certify that the closure complies with all applicable closure requirements and conditions specified in the approved closure plan.

Name (Print): Aliph T Reena

Title: Production Engineer

Signature: [Signature]

Date: 03/04/2013

e-mail address: aliph.reena@duganproduction.com

Telephone: 505-325-1821

DETRICK SERVICES
P.O. Box 655 • Bloomfield, NM 87413
(505) 320-8169 • (505) 632-1453

42254

Customer Rep. _____
Service For DUGAN PRODUCTION CORP. Lease/Well _____
Truck/Trailer 109 Driver DUSTIN VALADEZ Date 1/21/2013
From HUGH LAKE #2 To SANXHEZ O'BRIAN
Produced Water ☐ Rig Water ☐ KCL ☐ Frac Water ☐ Tank Bottoms ☐ Pits ☐ Other ☐

	BBLs HAULED	START TIME	STOP TIME	STAND BY TIME	REMARKS:
RTO	XXX	7:30 <input checked="" type="checkbox"/> P.M.		A.M. P.M.	
1	40		10:30 <input checked="" type="checkbox"/> P.M.		Called to move fluid out to move pit
2				A.M. P.M.	
3				A.M. P.M.	
4				A.M. P.M.	
5				A.M. P.M.	
6				A.M. P.M.	
7				A.M. P.M.	
8				A.M. P.M.	
9				A.M. P.M.	
10				A.M. P.M.	
RTI	XXX			A.M. P.M.	
TOTAL	40		3		

ROAD CONDITIONS: ☒ CLEAR ☒ MUD ☒ SNOWPACK ☒ EXTRA ROUGH ☐ EXTRA STEEP ☐ CHAINS REQ.

Total Fluid	Water
Top Gauge _____	_____
Bottom Gauge _____	_____
Seal Off _____	On _____

SIGNED 
THE SIGNED EMPLOYEE ACKNOWLEDGES THAT THEY WERE NOT INVOLVED IN AN ON THE JOB ACCIDENT/INJURY TODAY