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

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.

	_			ow-Grade Tank	<del></del>		
· NB	Proposed Alternative Method Permit or Closure Plan Application						
1000	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 a	lternative method			······	,	
	Instructions: I	Please submit one app	olication (Form	C-144) per individual	pit, below-grade tank or d	alternative reques	et .
environment. No					ons result in pollution of su pplicable governmental auth		
Operator: Dug	gan Productio	n Corp.		00	GRID #: 006515		
Address: 70	9 East Murray	Drive, Farmin	gton, New I	Mexico 87401			
Facility or wel	l name: Hoss Co	om #97					
API Number:	30-045-345 <b>3</b> 4	<u> </u>		OCD Permit Numb	er:		
U/L or Qtr/Qtr	E	Section 12	Township	23N Range	L1W County: S	an Juan	
Center of Prop	osed Design: Latit	ude <u>36.24233</u> N		Longitude _ 107	.96223 W	NAD: [	]1927 🗓 1983
Surface Owner	r: 🗵 Federal 🗌 St	ate 🗌 Private 🔲 Tri	bal Trust or Ind	ian Allotment			
Temporary: 🗵  Permanent  Lined  String-Reir	Drilling   Wor   Emergency   Unlined Liner typenforced	Cavitation P&A	mil 🔲 L	LDPE   HDPE   P	Low Chloride Dr		
3,				<del></del>	<del></del>		
	<del></del>	ion I of 19.15.17.11 N				RCVD JA	N 29'14
						OIL CON	S. DIV.
Secondary containment with leak detection  Visible sidewalls, liner, 6-inch lift and automatic overflow shut-off  Visible sidewalls and liner  Visible sidewalls only  Other							
Liner type: Th	HEKHESS	mu U	HUTE LIFY	C			
4.  Alternative Submittal of an		is required. Excepti	ons must be sub	omitted to the Santa Fe	Environmental Bureau off	ice for considerat	ion of approval.
Chain link,	six feet in height, t	• • •	wire at top (Red		d below-grade tanks) 1000 feet of a permanent	residence, school	hospital,

Alternate. Please specify

6.  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				
8. 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:  \[ \times \] 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.				
9. 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 and the state of the sta	otable 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.  - 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	□ NA			
Within incorporated municipal boundaries or within a defined municipal fresh water well field covered under a municipal ordinance	☐ Yes ☐ No			
adopted pursuant to NMSA 1978, Section 3-27-3, as amended. ( <b>Does not apply to below grade tanks</b> )  - 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	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	☐ Yes ☐ No			
Society; Topographic map				
Within a 100-year floodplain. (Does not apply to below grade tanks)	☐ Yes ☐ No			
- FEMA map				
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				
<ul> <li>Within 200 horizontal feet of a spring or a fresh water well used for public or livestock consumption;</li> <li>NM Office of the State Engineer - iWATERS database search; Visual inspection (certification) of the proposed site</li> </ul>	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.)	☐ Yes ☐ No			
- 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.	☐ Yes ☐ No			
- Visual inspection (certification) of the proposed site; Aerial photo; Satellite image				
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			
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	☐ 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	☐ Yes ☐ No		
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		
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 19.15.17.12 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 and 19.15.17.13 NMAC			
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 document 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 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:	.15.17.9 NMAC		

Permanent Pits Permit Application 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		
<ul> <li>attached.</li> <li>Hydrogeologic Report - based upon the requirements of Paragraph (1) of Subsection B of 19.15.17.9 NMAC</li> <li>Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC</li> <li>Climatological Factors Assessment</li> </ul>			
Certified 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  Freeboard and Overtopping Prevention Plan - based upon the appropriate requirements of 19.15.17.11 NMAC			
Nuisance or Hazardous Odors, including H <sub>2</sub> S, Prevention Plan  Emergency Response Plan			
☐ Oil Field Waste Stream Characterization ☐ Monitoring and Inspection Plan ☐ Erosion Control Plan			
Closure Plan - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC			
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 Fl	uid 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 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  Site Reclamation 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 sour provided below. Requests regarding changes to certain siting criteria require justifications and/or demonstrations of equivalency. F 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			
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			
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			

- 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					
Within an unstable area.  - Engineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources; USGS; NM Geological Society; Topographic map					
Within a 100-year floodplain.					
- FEMA map					
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  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					
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 bel	ief.				
Name (Print): Kurt Fagrelius Title: VP-Land & Exploration					
Signature: Kurt Fzgrum Date: January 27, 2014	<del>.</del>				
1 11 beauticalized					
e-mail address: kfagrelius@duganproduction.com Telephone: 505-325-1821					
18.  OCD Approval: Permit Application (including dosure plan) Closure Plan (only) OCD Conditions (see attachment)  OCD Representative Signature:  Approval Date: //3   Title: OCD Permit Number:	12014				
18.  OCD Approval: Permit Application (including dosure plan), Closure Plan (only) OCD Conditions (see attachment)  OCD Representative Signature:  Approval Date: 1/31					
18.  OCD Approval: Permit Application (including dosure plan). Closure Plan (only) OCD Conditions (see attachment)  OCD Representative Signature: Approval Date: //3   Title: 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 is required to be submitted to the division within 60 days of the completion of the closure activities. Please do not section of the form until an approved closure plan has been obtained and the closure activities have been completed.	t complete this				
18. OCD Approval: Permit Application (including flosure plan), Closure Plan (only) OCD Conditions (see attachment) OCD Representative Signature: Approval Date: 31. Title: 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 is required to be submitted to the division within 60 days of the completion of the closure activities. Please do not 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-location)	pop systems only)				

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):	Title:	
Signature:	Date:	
e-mail address:	Telephone:	

## 8. Variances and Exceptions Attachment:

A variance to change the requirements of the burial marker is requested.

The variance request will read as follows: A steel marker will be set at the center of the on-site burial following onsite-pit closure (see application for administrative approval). The marker will be (24" X 24") and will have the "operator name" and that it designates an "on-site burial" lettering welded on the top side. The marker will be set at ground level and attached to a 4" diameter pipe that is cemented in a hole three feet deep. When the well is abandoned, a steel riser that is 4" in diameter, extending 4' above the ground will be welded to the pipe anchored in cement below the surface. The riser will have lettering welded on side showing the operator name, well number, location (UL, Sec., Twp. and Rge.) and that it designates an on-site burial location.

At all times during the production phase of the well, there will be a well sign showing the following: operator name, well name, lease number, API number, Qtr/Qtr, Sec., Twp., Rge., Latitude, Longitude, county, state and an emergency phone number on location.