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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.

Pit, Below-Grade Tank, or

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

X 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.

Operator: Dugan Production Corp. OGRID #: 006515					
Address: _ 709 East Murray Drive, Farmington, New Mexico 87401					
Facility or well name: Squaw Valley Com #90					
API Number: 30-045-34561 OCD Permit Number:					
U/L or Qtr/Qtr N Section 4 Township 23N Range 10W County: San Juan					
Center of Proposed Design: Latitude <u>36.25185 N</u> Longitude <u>107.90435 W</u> NAD: []1927 🕅 1983					
Surface Owner: 🔲 Federal 🔲 State 💭 Private 🖾 Tribal Trust or Indian Allotment					
2.					
X Pit: Subsection F, G or J of 19.15.17.11 NMAC					
Temporary: 🗵 Drilling 🔲 Workover					
Permanent Emergency Cavitation P&A Multi-Well Fluid Management Low Chloride Drilling Fluid yes no					
Lined Liner type: Thicknessmil LLDPE HDPE PVC Other					
String-Reinforced					
Liner Seams: Welded Factory Other Volume: bbl Dimensions: L x W x D					
Below-grade tank: Subsection 1 of 19.15.17.11 NMAC RCVD JAN 29'14					
Volume:bbl Type of fluid: OIL CONS. DIV.					
- Secondary containment with leak detection - visible side wans, inter, o men int and automate overhow shar on					
Visible sidewalls and liner Visible sidewalls only Other					
Liner type: Thicknessmil					
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4.					
 <u>Alternative Method</u>: Submittal of an exception request is required. Exceptions must be submitted to the Santa Fe Environmental Bureau office for consideration of approval. 					
 Alternative Method: Submittal of an exception request is required. Exceptions must be submitted to the Santa Fe Environmental Bureau office for consideration of approval. 5. Fencing: Subsection D of 19.15.17.11 NMAC (Applies to permanent pits, temporary pits, and below-grade tanks) Chain link, six feet in height, two strands of barbed wire at top (Required if located within 1000 feet of a permanent residence, school, hospital, 					

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:

X 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. - NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells	Yes No NA
Ground water is less than 50 fect 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.	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	TYes 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 	🗌 Yes 🗍 No		
 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 	🗌 Yes 🗌 No		
 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		
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 and 19.15.17.13 NMAC Previously Approved Design (attach copy of design) API Number:			
11. 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.			
Previously Approved Design (attach copy of design) API Number:			

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12. 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 attached. Hydrogeologic Report - based upon the requirements of Paragraph (1) of Subsection B of 19.15.17.9 NMAC Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC Climatological Factors Assessment 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 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 H₂S, 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
^{13.} <u>Proposed Closure</u> : 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 Fluid Management Pit
Alternative
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
14.
<u>Waste Excavation and Removal Closure Plan Checklist</u> : (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
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 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
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 Yes No 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 Yes No
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

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adopted pursuant 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. 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. - FEMA 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 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 19.15.1 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 Confirmation Sampling Plan (if applicable) - based upon the appropriate requirements of 19.15.17.13 NMAC Confirmation 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 ca Soil Cover Design - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC Site Reclamation Plan - based upon the appropriate requirements of 19.15.17.13 NMAC 	7.11 NMAC 9.15.17.11 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 b Name (Print): Kurt Fagrelius Title: VP-Land & Exploration Signature: Kurt Fagrelius Date: January 27, 2014 e-mail address: kfagrelius@duganproduction.com Telephone: 505-325-1821	elief
18. OCD Approval: Image: Permit Application (including closure plan) Image: Chrome Plan (only) Image: OCD Conditions (see attachment) OCD Representative Signature: Image: Chrome Plan (only) Image: OCD Conditions (see attachment) OCD Representative Signature: Image: Chrome Plan (only) Image: OCD Conditions (see attachment) Title: Image: OCD Conditions (see attachment) Image: OCD Conditions (see attachment) OCD Representative Signature: Image: OCD Conditions (see attachment) OCD Representative Signature: Image: OCD Conditions (see attachment) Image: Other Conditions (see attachment) Image: OCD Conditions (see attachment) Image: Other Conditions (see attachment) Image: Other Conditions (see attachment) Image: Other Conditions (see attachment) Image: Other Conditions (see attachment) Image: Other Conditions (see attachment) Image: Other Conditions (see attachment) Image: Other Conditions (see attachment) Image: Other Conditions (see attachment) Image: Other Conditions (see attachment) Image: Other Conditions (see attachment) Image: Other Conditions (see attachment) Image: Other Conditions (see attachment) Image: Other Conditions (see attachment) Image: Other Conditions (see attachment) Image: Other Conditions (see attachmen	12014
^{19.} <u>Closure Report (required within 60 days of closure completion)</u> : 19.15.17.13 NMAC Instructions: Operators are required to obtain an approved closure plan prior to implementing any closure activities and submittie The closure report is required to be submitted to the division within 60 days of the completion of the closure activities. Please do n section of the form until an approved closure plan has been obtained and the closure activities have been completed. Closure Completion Date:	ng the closure report. ot complete this
20. Closure Method: Waste Excavation and Removal On-Site Closure Method Alternative Closure Method Waste Removal (Closed If different from approved plan, please explain.	loop systems only)
21. Closure Report Attachment Checklist: Instructions: Each of the following items must be attached to the closure report. Please mark 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) Disposal Facility Name and Permit Number Soil Backfilling and Cover Installation Re-vegetation Application Rates and Seeding Technique	indicate, by a check

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22. Operator Closure Certification:

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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.