Form 3160-5 (March 2012)

UNITED STATES DEPARTMENT OF THE INTERIOR

FORM APPROVED OMB No. 1004-0137

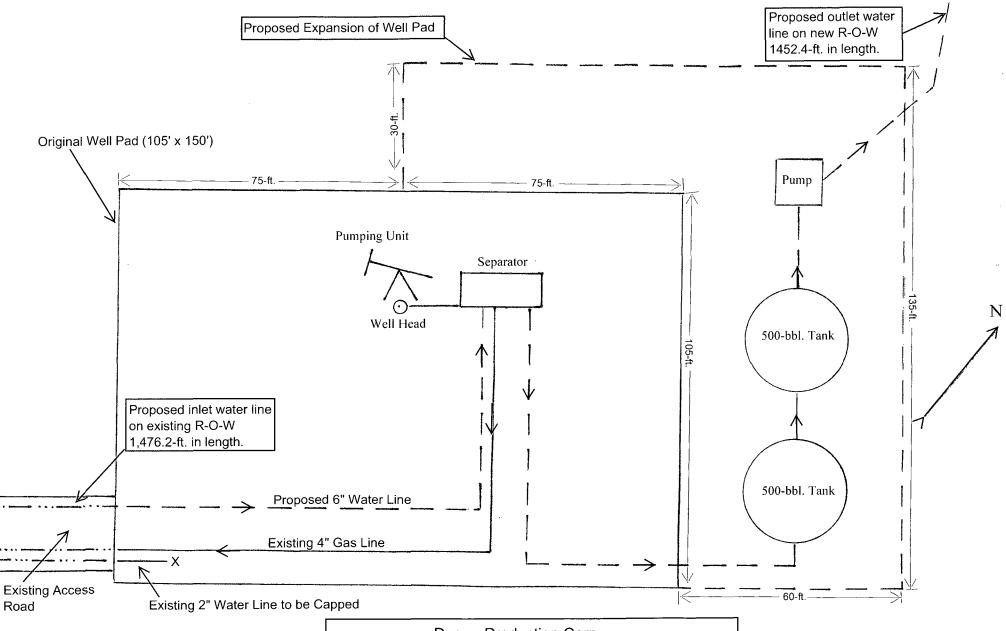
Expires: October 31, 2014

	EAU OF LAND MAN				5 Alease Serial No.	NM-078091		
Do not use this to	OTICES AND REPO orm for proposals t Use Form 3160-3 (A	o arııı or to	re-enter _{cal}	of Land i	6.11 Indian Allottee Navajo Tribal	or Tribe Name Trust Surface / Federal Minerals		
SUBMIT	IN TRIPLICATE – Other	instructions or	n page 2.		7. If Unit of CA/Agre	eement, Name and/or No.		
1. Type of Well								
Oil Well	cll Other			ļ	8. Well Name and No	o. Patriot #93-S		
Name of Operator Dugan Production	on Corp.			·-	9. API Well No.	30-045-32038		
3a. Address		3b. Phone No.	(include area co	ode)	10. Field and Pool or	Exploratory Area		
709 East Murray Drive, Farmington, New Me		L	25-1821			Basin Fruitland Coal		
4. Location of Well (Footage, Sec., T., F. 790' FSL & 790' FEL of Section 28, Township	R., M., or Survey Description, o 26 North, Range 13 West				11. County or Parish, State San Juan County, New Mexico			
12. CHEC	K THE APPROPRIATE BO	X(ES) TO IND	ICATE NATUR	E OF NOTIC	CE, REPORT OR OTI	HER DATA		
TYPE OF SUBMISSION		···	Т	YPE OF ACT	ION			
Notice of Intent	Acidize Alter Casing Casing Repair		en ure Treat Construction	Recla	uction (Start/Resume) umation umplete	Water Shut-Off Well Integrity Other Well Pad Expansion		
Subsequent Report	Change Plans		and Abandon	=	porarily Abandon	Construct water inlet &		
Final Abandonment Notice	Convert to Injection	Plug			r Disposal	outlet lines.		
the proposal is to deepen directional Attach the Bond under which the we following completion of the involve testing has been completed. Final Addeermined that the site is ready for Operator is proposing a well pad ex. The well-pad expansion is needed in The new water outlet pipeline is need 1,452.4-feet in length and constructed. The new water inlet pipeline is needed 1476.2-feet in length and will be concusing 6" poly pipe.	rork will be performed or project operations. If the operation Abandonment Notices must I final inspection.) pansion for a water transformed to construct facilities ded to transport produced ad using 4" steel pipe.	wide the Bond to on results in a more filed only after station, a new ses for a water to a certain water from near water from near the one of the state of the st	No. on file with nultiple completier all requirement water cransfer station intralized water arby wells into the nultiple complete.	BLM/BIA. Ron or recompose, including pipeline and (Exhibit 2). collection are the water tra	equired subsequent re letion in a new interva- reclamation, have been d an inlet water line and disposal system	eports must be filed within 30 days al, a Form 3160-4 must be filed once en completed and the operator has (Exhibit 1). (Exhibit 3). This pipeline will be		
14. I hereby certify that the foregoing is tr Kurt Fagrelius	rue and correct. Name (Printe	d/Typed)	Title VP Lan	d & Explorat	iion			
Signature Kurt Fagra	elis		Date 0 1 /07/2	2013				
	THIS SPACE	FOR FEDE	RAL OR S	TATE OF	FICE USE			
Approved by Conditions of approval, if any, are attached that the applicant holds legal or equitable the applicant to conduct operations are the applicant to conduct operations.	itle to those rights in the subje			Er Exacemen	endi Cliai	SEP 2 4 2014		

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.



EXHIBIT 1.

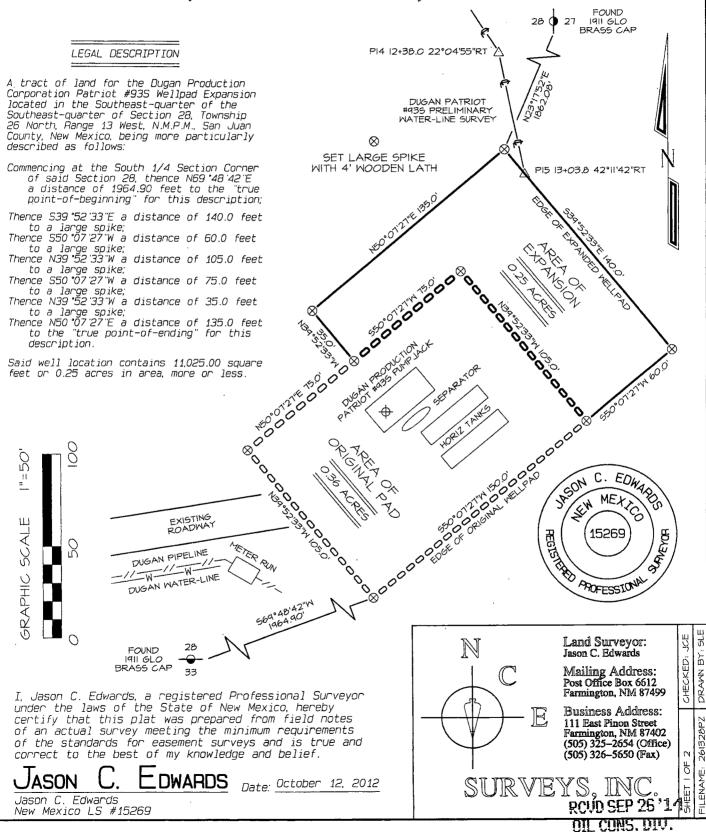


Dugan Production Corp. Patriot #93S

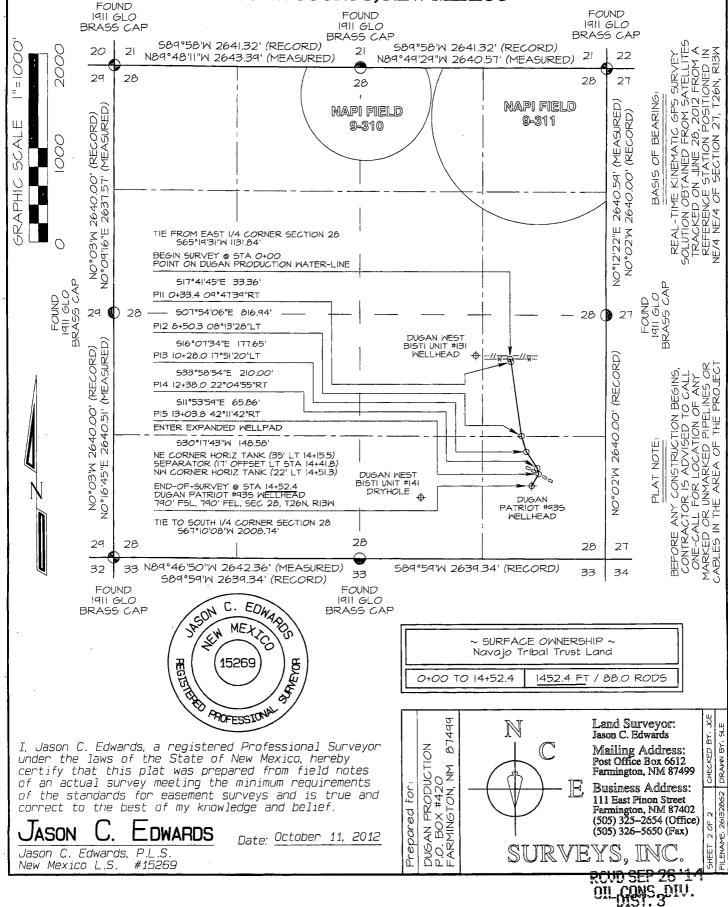
Proposed Well Pad Expansion and Water Line SE/4 SE/4 of Section 28, Township 26 North, Range 13W

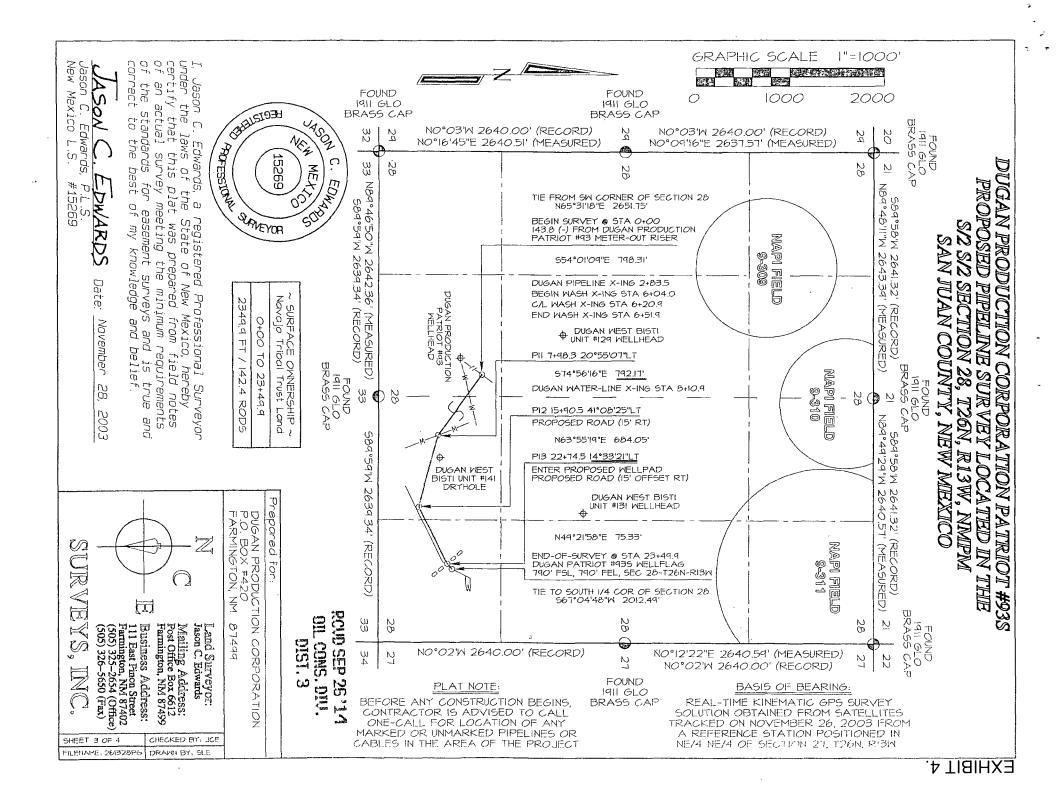
SURVEY OF WELLPAD EXPANSION

DUGAN PRODUCTION CORPORATION PATRIOT #93S LOCATED IN SE/4 SE/4 OF SECTION 28, T26N, R13W NMPM, SAN JUAN COUNTY, NEW MEXICO



DUGAN PRODUCTION CORPORATION PATRIOT #93S PROPOSED WATER-LINE SURVEY LOCATED IN THE E/2 SE/4 SECTION 28, T26N, R13W, NMPM SAN JUAN COUNTY, NEW MEXICO FOUND FOUND







United States Department of the Interior

BUREAU OF INDIAN AFFAIRS

Navajo Region
Division of Real Estate Services
P. O. Box 1060
Gallup, New Mexico 87305-1060

IN REPLY REFER TO: Leases/Permits (Minerals) N425

SEP 1 2 2014

7002 0510 0002 6003 8118 CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Bureau of Land Management Farmington District Office 6251 College Blvd., Suite A Farmington, NM 87402



SEP 22 2014

Famingian Field Office Sureau of Land Menageman

Dear Sir:

An administrative review has been conducted on the following proposed Sundry Notice submitted by **Dugan Production Corporation**:

Patriot #93S (Well Pad Expansion), Federal Lease No. NM-078091. The proposed well pad expansion drill site is described as 790' FSL/791" FEL in section 28, T. 26 N., R. 13 W., San Juan County, New Mexico. Included in the approved disturbance is a well pad expansion containing 0.25 acres and water line pipeline is 1,452.4 feet in length and 20 feet wide, containing 0.67 acres, combined total of 0.92 acres, more or less. This location is in the Navajo Nation Trust Lands and within the Navajo Indian Irrigation Project (NIIP) designated boundaries.

Resolution of the Resources Committee on the Navajo Nation Council No.: RDCJN-05-11 passed on June 14, 2011, authorized the Navajo Nation Land Department to issue consent letters to Sundry Notices to construct, operate and maintain of Associated Ancillary Facilities. Consent letter dated August 25, 2014, approves the enclosed Dugan Production Corporation's Sundry Notice. Please note that the Resources committee set certain terms and conditions which must be followed. The Navajo Nation Environmental Protection Agency also set specific terms and conditions which must be followed. Other required clearances from the Navajo Nation have been obtained and are on-file.

We recommend approval of the above referenced Sundry Notice, provided that the attached Bureau of Indian Affairs and the Navajo Nation stipulations are adhered to and made a part of pipeline plan.

Any questions, regarding this Sundry Notice application may be directed to Ms. Bertha Spencer, Supervisory Realty Specialist, Branch of Leases/Permits Section (Minerals) at 505/863-8336.

Sincerely,

Regional Director, Navajo

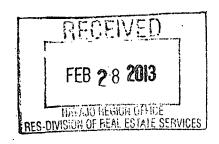
Enclosure

cc: Navajo Nation, Attn: Mineral Department, P.O. Box 1910, Window Rock, AZ 86515 Navajo Nation, Attn: Project Review Dept., P.O. Box 2249, Window Rock, AZ 86515 Dugan Production Corporation, 709 East Murray Drive, Farmington, NM 87401 BIA-Navajo Indian Irrigation Project, 304 N. Auburn, Suite B, Farmington, NM 87401

In reply refer to: 3162.3-1(NMF01210) 3160:0-9 (NMF01210)

UNITED STATES DEPARTMENT OF THE INTERIOR

Bureau of Land Management 6251 College Blvd, Ste. A Farmington, New Mexico 87402



Certified	Mail	Number:	7010	0780	0001	3203	9263

Date:

2/26/13

To:

Bureau of Indian Affairs, Navajo Region

Division of Real Estate Services

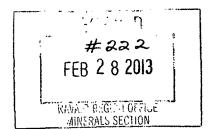
From:

Bureau of Land Management, Farmington Field Office

Environmental Protection

Subject:

Sundry Notice Transmittal



Attached for your review is a Sundry Notice submitted by the Operator. If the Sundry Notice meets with your approval, please acknowledge in the space below and return a copy of this transmittal sheet with any necessary documents for final processing by the Bureau of Land Management, Farmington Field Office (BLM-FFO).

If the proposed action does not meet with your approval, please notify the Operator for any corrective action required.

Pertinent Sundry Notice Information

BLM Sundry Notice Rec'd Date	Lease Number	Operator	Well Name and Number	Legal Description	Footage(s)	County
02/08/13	NM-078091	Dugan Production Company	Patriot #93S	T. 26 N., R. 13 W, Sec. 28	790' FSL & 790' FEL	San Juan
Description (se	e Sundry Notice form 3	3160-5 attached): Reque	est for additional surfac	e disturbance to construct a water	er transfer station.	

Bureau of Land Management _	1 Jack	7 Eller	Date <u>2/26/13</u>
	•	, ,	

I concur. No further action is necessary. Approve Sundry Notice and file in BLM official file records.

APPROVED: <u>SEP 1 2 2014</u>

Pursuant to Secretarial Redelegation Order 209 DM 8, 230 DM 1 and 3 IAM 4.

Regional Director, Navajo Region

Bureau of Indian Affairs

THE NAVAJO NATION



BEN SHELLY PRESIDENT REX LEE JIM VICE PRESIDENT

August 25, 2014

Ms. Sharon Pinto, Regional Director Bureau of Indian Affairs Navajo Region Post Office Box 1060 Gallup, New Mexico 87305

RE: Sundry Notice to Dugan Production Corporation on Navajo Nation Trust Lands

Dear Ms. Pinto,

Pursuant to Resolution RDCJN-05-11, approved by the Resources and Development Committee of the Navajo Nation Council on June 14, 2011, the Navajo Land Department hereby approves a Sundry Notice to construct, operate and maintain "Patriot #93S" pipeline and associated ancillary facilities submitted by Dugan Production Corporation on Federal Lease No. NM-078091 across Navajo Nation Trust Lands, San Juan County, Navajo Nation (New Mexico), attached hereto as Exhibits "A" through "D".

The Navajo Nation hereby approves Patriot #93S Sundry Notice to Dugan Production Corporation subject to, but not limited to, the terms and condition contained in Exhibit "D" and the specific requirements imposed by the Navajo Nation Environmental Protection Agency and the Navajo Nation Department of Fish and Wildlife. If you have any questions, please call (928) 871-6447 or 6695.

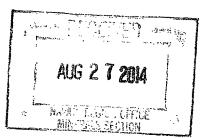
Sincerely

THE NAVAJO NATION

Mike Walona, Program Manager Navajo Land Department, DNR

ENCLOSURES

cc: Akhtar Zaman, Director, Navajo Minerals Department



Form 3160-5 -(March 2012)

UNITED STATES DEPARTMENT OF THE INTERIOR **BUREAU OF LAND MANAGEMENT**

Ban Carly The FORM APPROVED OMB No. 1004-0137 Expires: October 31, 2014

FEB 08 2013. Lease Serial No.

NM-078091

SUNDRY NOTICES AND REPORTS ON WELLS

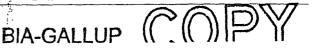
Do not use this form for proposals to drill or to regentle fand Manager Navajo Tribal Trust Surface / Federal Minerals abandoned well. Use Form 3160-3 (APD) for such proposals

anandoned wen.	USE FUIII 3100-3 (A	APD) for such proposi	ais.				
SUBMIT IN TRIPLICATE – Other instructions on page 2.				7. If Unit of CA/Agreement, Name and/or No.			
1. Type of Well Oil Well Gas	Well Other	8.	8. Well Name and No. Patriot #93-S				
2. Name of Operator Dugan Produc	tion Corp		9.	API Well No.	30-045-32038		
3a. Address		3b. Phone No. (include area o	code) 10	. Field and Pool or			
709 East Murray Drive, Farmington, New Mexico 87401 505-325-1821				Basin Fruitland Coal			
 Location of Well (Footage, Sec., T. 790' FSL & 790' FEL of Section 28, Towns 	.R.,M., or Survey Description hip 26 North, Rangé 13 West	1)	11	. County or Parish.	State San Juan County, New Mexico		
12. CHE	CK THE APPROPRIATE BO	DX(ES) TO INDICATE NATUI	RE OF NOTICE.	REPORT OR OTH	łer data		
TYPE OF SUBMISSION		TYPE OF ACTION					
Notice of Intent	Acidize Alter Casing				☐ Water Shut-Off ☐ Well Integrity		
Subsequent Report	Casing Repair	New Construction	Recompl	ete	Other Well Pad Expansion		
	Change Plans	Plug and Abandon	Tempora	rily Abandon	Construct water inlet &		
Final Abandonment Notice	Convert to Injection	Plug Back	Water Di	isposal	outlet lines.		
testing has been completed. Final determined that the site is ready for herator is proposing a well pad expension is needed in a new water outlet pipeline is needed in the second part of the second part	r final inspection.) (pansion for a water transform order to construct facilities ded to transport produced and using 4" steel pipe. ed to transport produced we transpo	er station, a new outlet water es for a water transfer station water to a centralized water water from nearby wells into the	pipeline and ar (Exhibit 2). collection and d	n inlet water line (isposal system (b er station (Exhibit	Exhibit 1). Exhibit 3). This pipeline will be 4). This pipeline will be		
hereby certify that the foregoing is true.		G 2 7 2014 A LO GIVE UFFICE Title VP Land	& Exploration	FEI NAVA MIN	B 2 8 2013 O REGION OFFICE FRALS SECTION		
11/1/	/ -						
ignature NWV 12910	les.	Date 0 2 /07/20)13				
	THIS SPACE F	OR FEDERAL OR STA	ATE OFFICE	USE			
ons of approval, if any, are attached.	Approval of this notice does r	Title		D	EXHIBIT "A"		
applicant holds legal or equitable titl he applicant to conduct operations th	e to those rights in the subject	lease which would Office			FAIIDIT V		

ILIS.C Section 1001 and Title 43 U.S.C Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false. is or fraudulent statements or representations as to any matter within its furisdiction

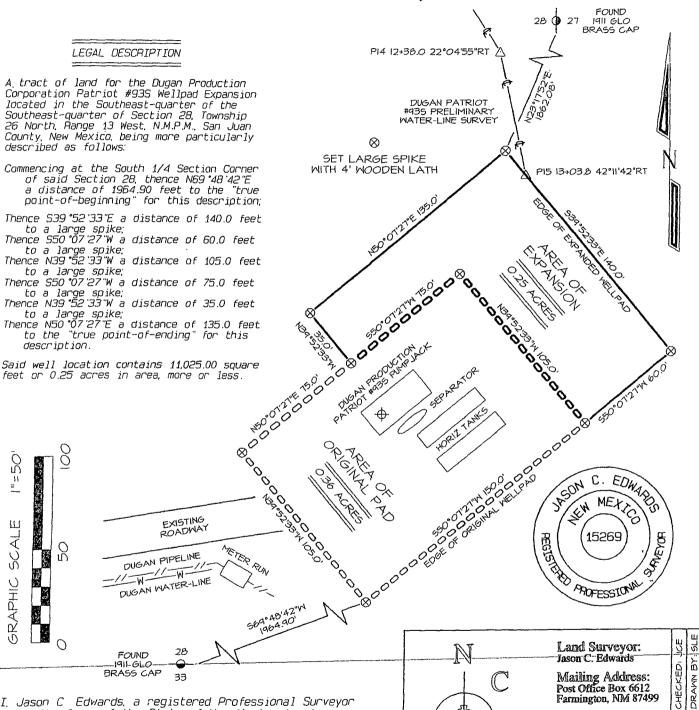






SURVEY OF WELLPAD EXPANSION - A STATE OF THE

DUGAN PRODUCTION CORPORATION PATRIOT #93S LOCATED IN SE/4 SE/4 OF SECTION 28, T26N, R13W NMPM, SAN JUAN COUNTY, NEW MEXICO



I. Jason C Edwards, a registered Professional Surveyor under the laws of the State of New Mexico, hereby certify that this plat was prepared from field notes of an actual survey meeting the minimum requirements of the standards for easement surveys and is true and correct to the best of my knowledge and belief.

DWARDS Date: October 12, 2012 IASON

Jason C. Edwards New Mexico LS #15269

FEB 2 8 2013

Business Address: 111 East Pinon Street Farmington, NM 87402 (505) 325-2654 (Office)

Mailing Address: Post Office Box 6612

Farmington, NM 87499

(505) 326-5650 (Fax)

SURVEYS

EXHIBIT

DRAMN

261328PZ

9 FILENAME.

SYEET

PRESIDENT

VICE-PRESIDENT

MEMORANDUM

TO

Howard P. Draper, Supervisor

Project Review Section, NLD

ether kee

FROM

Esther Kee, R/W Agent

Project Review Section, NLD

DATE

May 5, 2014

SUBJECT:

Dugan Patriot #93S Sundry Notice

Dugan Production Corporation, 709 East Murray Drive, Farmington, New Mexico 87401, submitted a Sundry Notice for a well pad expansion and construct water pipelines on Navajo Trust land within the Navajo Indian Irrigation Project (NIIP) designated boundaries.

The Patriot #93S well pad expansion will be 0.25 acres, the water pipeline will be 1452.4 feet in length, 20 feet in width, and 0.67 acres, in Section 28, Township 26 North, Range 13 West, NMPM, San Juan County, New Mexico.

The proposed project is located in District 19, Gallegos Range Unit 23, permitted to Pauline McCauley and Rueben Yazzie for grazing. Land users will be compensated \$1,540.42 (water pipeline) for surface damages.

Field clearance complete, all supporting documents are attached for your information and reference.

cc: Project file

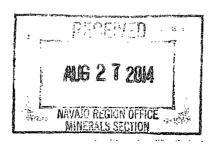


EXHIBIT "C"

EXHIBIT "D"

TERMS AND CONDITIONS For RIGHT-OF-WAY (ROW) TO CONSTRUCT WATER TRANSFER STATION FACILITIES

Dugan Production Corporation (Applicant)

"Patriot #93S" Well Pad Expansion, Pipeline and Ancillary Facilities (Project)

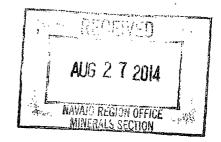
- 1. The term of the Permit shall not exceed twenty (20) years, beginning on the final approval date of the APD or Sundry Notice.
- 2. The Drilling Pad shall be limited to an area not to exceed two acres.
- 3. a. [X] Consideration to the Navajo Nation for the grant of the Permit and associated rights-of-way shall be

 \$20,856.00 and shall be paid in full to the Controller of the Navajo Nation, in lawful money of the

 United States, and a copy of the receipt for such payment provided to the Navajo Nation Minerals

 Department, or its successor, within 10 days of approval of and consents to the grant of the Permit by the

 Navajo Nation.
 - b. No consideration is assessed because the Applicant has a federal or state lease that was issued prior to March 30, 1990.
 - No consideration is assessed because the lease held by the Applicant was granted by the Navajo Nation, and the facilities are within the lease area.
- 4. The Applicant may use and occupy the area under the Permit for the purpose(s) of <u>Constructing</u>, <u>Operating and Maintaining a Water Transfer Station</u>, <u>Pipeline and Ancillary Facilities</u>. The Applicant may not develop, use or occupy the area under the Permit for any other purpose without the prior written approval of the Navajo Nation and the Secretary of the Interior in the case of trust land; the approval of the Navajo Nation may be granted, granted upon conditions or withheld in the sole discretion of the Navajo Nation. The Applicant may not use or occupy the area under the Permit for any unlawful purpose.
- 5. The Applicant or its assigns/operator shall provide the Navajo Nation Minerals Department the following technical information for each well drilled as soon as it becomes available:
 - a. Suites of electric logs and drilling log and mud log.
 - b. Results of any drill stem and pressure tests conducted.
 - c. Well completion report.
 - d. Gas analysis report.
 - e. Core analysis.
 - f. Water analysis reports.
 - Copies of any other special tests run on the wells.
 - h. Other information that may be requested by the Minerals Department.



- 6. The Permit shall not cover any use of land off the permitted area.
- 7. If the Applicant fails to drill within one (1) year after final approval of the APD is given by U.S. Bureau of Land Management (BLM) for trust land and one (1) year after final approval of the APD by the Navajo Nation-on-fee-land, the Permit-shall-be deemed to have expired unless extensions have been granted by BLM within the one (1) year time limit on trust land and by the Navajo Nation on fee land.
- 8. In all activities conducted by the Applicant within the Navajo Nation, the Applicant shall abide by all laws and regulations of the Navajo Nation and of the United States, now in force and effect or as hereinafter may come into force and effect, including but not limited to the following:
 - a. Title 25, Code of Federal Regulations, Part 169.

- b. All applicable federal and Navajo Nation antiquities laws and regulations, with the following additional condition: In the event of a discovery all operations in the immediate vicinity of the discovery must cease and the Navajo Nation Elistoric Preservation Department must be notified immediately. As used herein, "discovery" means any previously unidentified or incorrectly identified cultural resources, including but not limited to archaeological deposits, human remains, or location reportedly associated with Native American religious/traditional beliefs or practices;
- c. The Navajo Preference in Employment Act, 15 N.N.C. §§ 601 et seq., and the Navajo Nation Business Preference Law, 5 N.N.C. §§ 201 et seq.; and
- d. The Navajo Nation Water Code, 22 N.N.C. §§ 1101 et seq. Applicant shall apply for and submit all applicable Permit and information to the Navajo Nation Water Development Department, or its successor.
- 9. The Applicant shall ensure that the air quality of the Navajo Nation is not jeopardized due to violation of applicable laws and regulations by its operations pursuant to the Permit.
- 10. The Applicant shall clear and keep clear the lands within the Permit area to the extent compatible with the purpose of the Permit, and shall dispose of all vegetation and other materials cut, uprooted, or otherwise accumulated during any surface disturbance activities.
- The Applicant shall reclaim all surface lands disturbed lands related to the Permit, as outlined in a restoration and revegetation plan, which shall be approved by the Navajo Nation Environmental Protection Agency (NNEPA) prior to any surface disturbance. The Applicant shall comply with all provisions of such restoration and revegetation plan and shall notify the Director of the NNEPA immediately upon completion of the surface disturbance activities so that a site inspection can be made.
- 12. The Applicant shall at all times during the term of the Permit and at the Applicant's sole cost and expense, properly maintain the land subject to the Permit and all improvements located thereon and make all necessary and reasonable repairs.
- 13. The Applicant shall obtain prior written permission to cross existing rights-of-way area, if any, from the appropriate parties.
- 14. The Applicant shall be responsible for and promptly pay all damages when they are sustained.
- 15. The Applicant shall indemnify and hold harmless the Navajo Nation and the Secretary of the Interior on trust land their respective authorized agent, employees, landusers and occupants, against any liability for loss of life, personal injury and property damages arising from the development, use or occupancy or use of the area under the Permit by the Applicant.
- 16. The Applicant shall not assign, convey or transfer, in any manner whatsoever, the Permit or any interest therein, or in or to any of the improvements on the land subject to the Permit, without the prior written consent of the Navajo Nation and the Secretary of the Interior if applicable. Any such attempted assignment, conveyance or transfer without such prior written consent shall be void and of no effect. The consent of the Navajo Nation may be granted, granted upon conditions or withheld in the sole discretion of the Navajo Nation.
- 17. The Navajo Nation may terminate the Permit for violation of any of the terms and conditions stated herein. In addition, the Permit shall be terminable in whole or part by the Navajo Nation for any of the following causes:
 - a. Failure to comply with any terms and conditions of the Permit or of applicable laws or regulations;
 - b. An abandonment of the Permit; and
 - c. The use of the land subject to the Permit for any purpose inconsistent with the purpose for which the Permit is granted.
- 18. At the termination of the Permit, the Applicant shall peaceably and without legal process deliver up the possession of the premises, in good condition, usual wear an tear excepted. Upon the written request of the Navajo Nation, the Applicant shall provide the Navajo Nation, at the Applicant's sole cost and expense with an environmental audit assessment of the premises at least sixty (60) days prior to delivery of said premises.
- 19. Holding over by the Applicant after the termination of the Permit shall not constitute a renewal or extension thereof or give the Applicant any rights hereunder or into the land subject to the Permit or to any improvements located thereon.
- 20. The Navajo Nation and the Secretary (on trust land only) shall have the right, at any reasonable time during the term of the Permit, to enter upon the premises, or any part thereof, to inspect the same and any improvement located thereon.
- 21. By acceptance of the grant of Permit, the Applicant consents to the full territorial legislative, executive and judicial jurisdiction of the Navajo Nation, including but not limited to the jurisdiction to levy fines and to enter judgements for compensatory and

- punitive damages and injunctive renef, in connection with all activities conducted by the pplicant within the Navajo Nation or which have a proximate (legal) effect on persons or property within the Navajo Nation.
- By acceptance of the grant of the Permit, the Applicant covenants and agrees never to contest or challenge the legislative, executive or judicial jurisdiction of the Navajo Nation on the basis that such jurisdiction is inconsistent with the status of the Navajo Nation as an Indian nation, or that the Navajo Nation government does not possess full police power, (i.e. the power to legislate and regulate for the general health and welfare) over all lands, persons and activities within its territorial boundaries, or on any other basis not generally applicable to a similar challenge to the jurisdiction of a state government. Nothing contained in this provision shall be construed to negate or impair federal responsibilities with respect to the land subject to the Permit or to the Navajo Nation.
- Any action or proceeding brought by the Applicant against the Navajo Nation in connection with or arising out of the terms and conditions of the Permit shall be brought only in the Courts of the Navajo Nation, and no such action or proceeding shall be brought by the Applicant against the Navajo Nation in any court of any state.
- 24. Nothing contained herein shall be interpreted as constituting a waiver, express or implied, of the sovereign immunity of the Navajo Nation.
- 25. Except as prohibited by applicable federal law, the law of the Navajo Nation shall govern the construction, performance and enforcement of the terms and conditions contained herein.
- 26. The terms and conditions contained herein shall extend to and be binding upon the successors, heirs, assigns, executors, administrators, employees and agents, including all contractors and subcontractors, of the Applicant, and the term "Applicant," whenever used herein, shall be deemed to include all such successors, heirs, assigns, executors, administrators, employees and agents.
- 27. There is expressly reserved to the Navajo Nation full territorial legislative, executive and judicial jurisdiction over the area under the Permit and all lands burdened by the Permit, including without limitation over all persons, including the public, and all activities conducted or otherwise occurring within the area under the Permit; and the area under the Permit and all lands burdened by the Permit shall be and forever remain Navajo Indian Country for purposes of Navajo Nation jurisdiction.
- 28. Permittee shall comply with NNEPA "Specific Terms and Conditions of Approval", attached and incorporated into these terms and conditions.
- 29. The applicant shall cover all settling, evaporation, and reserve pits to exclude waterfowl and other birds.
- 30. The applicant will record all water zones encountered during the drilling by depth, case and properly seal to prevent any cross contamination of aquifers or loss of water on the surface due to artesian flow. The applicant will provide all such information to the Navajo Nation Department of Water Resources.

THE NAVAJO NATION







ENVIRONMENTAL PROTECTION AGENCY

OFFICE OF THE EXECUTIVE DIRECTOR/ADMINISTRATION
OFFICE OF ENVIRONMENTAL REVIEW
PO BOX 339 WINDOW ROCK ARIZONA 86515 Office: 928/871-7188 Fax: 928/729-4323
Website: www.navajonationepa.org

MEMORAND UM

TO: Esther Kee, Right-of-Way Agent Project Review Office Navajo Land Department Division of Natural Resources AUG 2 7 2004

ANAVAL REGISTION OFFICE ASSESSMENT AND RESALS SECTION

FROM:

Rita Whitehorse-Larsen, Senior Environmental Specialist Office of Environmental Review Office of the Executive Director/Administration

NNEPA

DATE: July 24, 2014

SUBJECT: 164 EOR 001851 Dugan Production Corp Sundry Notice

Dugan Production Corp (Dugan), 709 East Murray Drive, Farmington, New Mexico, 87401, submitted a sundry notice for a well pad expansion and construct water pipelines on Navajo Trust land within the Navajo Indian Irrigation Project (NIIP). The Patriot #93S well pad expansion will be 0.25 acres, the water pipeline will be 1452.40 feet in length, 20 feet in width and 0.67 acres, in Section 28, T26N, R13W, NMPM, San Juan County, New Mexico.

The Navajo Nation Environmental Protection Agency (NNEPA) has reviewed¹,² and recommends conditional approval due to the proposed well head expansion and water pipelines project.

- 1. Navajo Nation Clean Water Act:
 - a. There are no perennial water sources within the proposed action area.

164 EOR 001851 Dugan Production Corp Sundry Notice Patriot 93S Page 1 of 4 7/24/14

¹ Adkins Consulting, Inc. <u>Environmental Assessment for Grant of ROW and Notice of Intent on Navajo Tribal Trust (NIIP) Lands-Dugan-Production-Gorp.-Patriot-93S-Well-Pad-Expansion and Water Pipeline Lease No. NM=078091</u>. April 2013.

² USDOI BIA Navajo Region – Div of Environmental, Cultural and Safety Management. <u>Addendum FONSI Patriot 93S Well Pad Expansion & Water Pipeline Lease No. NM-078091</u>. November 2013.

- b. Gallegos Canyon is located approximately 5.0 miles northeast of the proposed action area.
- c. The proposed area contains no wetlands, seeps, springs or riparian areas.
- d. 402 "The federal General Construction Permit requirements for storm water discharges applicable if more than 1.0 acre new land disturbance occurs (road building, clearing etc.)" as determined by Patrick Antonio, Principal Hydrologist, NNEPA, Surface & Groundwater Protection Department, Water Quality.
- e. NNEPA recommends the voluntary application of Best Management Practices for oil and gas field activities and operation to minimize the discharge of pollutants in storm water runoff and protect water quality (excerpt from EA page 1).
- f. Adequate drainage features will be installed where necessary in compliance with US EPA and Navajo EPA guidelines to control run-off from the proposed project area.
- g. Drainage ditches will be installed above the cut to direct water around the pad reducing sediment loading from disturbed soils from the well pad.

2. Navajo Nation Safe Drinking Water Act:

a. Dugan should call before digging to ensure there are no existing drinking waterlines and/or domestic waste waterlines are located within the premises of the proposed site to avoid significant impacts to the Aneth and surrounding communities' safe drinking water resources.

3. Navajo Nation Air Pollution Prevention and Control Act:

- a. Suppressing dust to lessen air impacts to community members and public located in or near the proposed action.
- b. Complete and submit the enclosed Air Quality Activity Application directly to address as stated on the application.

4. Navajo Nation Pesticide Act:

- a. Dugan is required to monitor and prevent invasive and noxious weeds either by manual or chemical control.
- b. Before applying any chemicals, contact the NNEPA Pesticide Program at 928/871-7815/7810/7892 to ensure the product is in compliance and appropriately applied by a certified and licensed applicator.
- c. Pesticide staff will also may need to be onsite to monitor during pesticide/herbicide application.

5. Navajo Nation Solid Waste Act:

- a. Solid waste generated from the construction and operation activities will be collected and transported by contractor to a designated trash bins to minimize significant impacts to human and wildlife resources.
- b. If a sub-contractor will be hired to transport waste, ensure the contractors are certified and licensed with the Navajo Nation Business Regulatory Office.
- c. The contractor must submit a copy of the landfill receipt/ticket to guarantee the construction waste has been properly disposed.
- d. Do not allow public to take construction_and_opeation_waste. Cumulatitively_ NNEPA gets complaints and reports on illegal trash dumpings on rural areas and in the waters of the US and Navajo Nation.
- e. All illegal waste currently on the proposed site is the responsibility of the land user.

- 6. Navajo Nation Comprehensive Environmental Response, Compensation and Liability Act (NNCERCLA)
 - a. Hazardous substances that may be found at the site may include minimal quantities of materials that may be necessary for welding or gluing, and flammable or combustible substances, fuels and acids/gels (corrosives) associated with vehicles. This may include oil, fuel, hydraulic fluid and coolants.
 - b. Non-hazardous solid waste generated at the proposed project area will be stored in appropriate containers and disposed of at an approved facility on as needed.
 - c. Approved by the Navajo Nation Council, CF-07-08, February 26, 2008, the NN CERCLA includes petroleum (including crude oil or any fraction thereof, natural gas, natural gas liquids, liquefied natural gas or synthetic gas usable for fuel (or mixtures of natural gas and synthetic gas)) unlike the US CERCLA or the Superfund Law and mandates petroleum, operator and guarantor to report petroleum release ≥ 25 gallons at the site and/or during transport immediately to the Navajo Nation Department of Emergency Management within the Navajo Nation Division of Public Safety.
 - d. In the event of a hazardous material spill, releases would be contained and disposed of in accordance with federal and tribal regulations, the project representative shall contact NNEPA Waste Regulatory and Compliance Department, Superfund Office, at 928/871-6859 or NNEPA OER at 928/871-7188 to report hazardous waste spills as defined according to the NN CERCLA.
 - e. If production fluids (gasoline, diesel and propane) will be stored on the project site, preventative and precautionary measures will need to be taken to avoid risks and impacts to the Navajo Nation environmental resources.
 - f. Dugan's disposal of any liquid and solid waste generated during construction, operation and maintenance activities will be transported to permitted facilities.
 - g. Dugan will implement measures for safe handling and storage of materials.

7. Navajo Nation Storage Tank Act:

- a. Amended and approved by the Navajo Nation Council, CJA-09-12, February 2012, the aboveground tanks are included to be regulated.
- b. No underground or aboveground greater than 100 gallons is expected to be at the proposed site.
- c. If there will be any plans to install an UST or AST, NNEPA Storage Tank Program will be informed. The design specifications must meet the requirements listed in the Storage Tank Act. Mr. Warren Roan, Tanya Yazzie or Nathaniel Yazzie can be reached at 928/871-7993/7995/7763/7808.

8. Others:

a. Dugan is subject to comply with the vegetative reclamation per Navajo Agriculture Department's recommended seed mix within the disturbed areas of the ROW corridors. Ms. Judy Willeto is the contact person for the vegetation seeding reclamation activities. She can be reached at 928/871-6592/6593.

- b. NNEPA recommends Dugan to backfill and re-contour the soil material as naturally as possible to lessen the impact to the natural drainages (i.e. redirecting the natural direction of the watershed, creating standing water, creating flooding to the existing roads, etc.) of the land.
- c. Avoid unnecessary ground disturbance and removal of vegetation within and adjacent to the ROW corridors.
- d. NNEPA recommends Dugan to minimize establishing new access roads for the proposed waterline. In the past, we received complaints from community members about company(ies) blading and removing soil to establish roads to gain access to install the water lines. We recommend that if Dugan will clear the vegetation cover, the disturbed areas will need to be reclaimed.
- e. Road safety must be enforced for the proposed project site. The existing road is used by Navajo Community members, buses from surrounding local schools and the public therefore traffic signs and good eye sight distance from the turnout are required.
- f. The pit will be fenced sheep tight on three sides with woven wire fence topped with barbed wire. The fourth side will be fenced once the rig moves off site.
- g. The reserve pit will be lined with a minimum 8 mil plastic liner.
- b. Water zones will be protected with casing, cement and weighted mud. Fresh water encountered during drilling will be recorded by depth, cased and cemented.
- i. Following all the construction activities, the disturbed areas will be re-contoured to as near as possible pre-construction conditions. Reclamation and installation of erosion control devices would also lessen long-term impacts.
- j. All hazards to livestock and wildlife would be fenced or contained.
- k. The surface equipment will be painted to blend into the surrounding ecosystem however due to safety reasons; some equipment or parts of equipment may be required to be painted with appropriate colors.

If there are any questions, please contact Rita Whitehorse-Larsen at 928/871-7188 or email rwhitehorseL@navajo-nsn.gov. Thank you.

Cc: Dugan Production Corp (Dugan), 709 East Murray Drive, Farmington, New Mexico, 87401 NNEPA Water Quality; UIC; Air Quality, OPP; Pesticides; RCRP; Storage Tank Program; Superfund; Administration chrono file

Contact: Kurt Fagrelius, VP Land & Exploration, 505/793-1140 (Adkins Consulting Inc.)

COMPANY: <u>DUGAN PRODUCTION CORPORATION LEASE NO. NM-078091</u> WELL NAME: <u>Patriot #93</u> FOOTAGE: 790' FSL / 790' FEL LOCATION: Section 28, Township 26 North, Range 13 West,

COUNTY: San Juan STATE: New Mexico

BUREAU OF INDIAN AFFAIRS Surface Management Stipulations

 Lessee will carry on all operations in a workmanlike manner in accordance with approved methods and practices.

- Lessees will abide by and conform to appropriate provisions of Titles 25, 36 and 43 Code of Federal Regulations, and any and other applicable regulations and manuals of the Secretary now or hereafter in force relative to surface leasing, rights-of-way and oil and gas leases (including the National Environmental Protection Act, as amended, and National Area Environmental Protection guidelines; the National Historic Preservation Act of 1966, as amended, and Archaeological Resources Protection Act, hereinafter referred to as NEPA, NHPA, ARPA and other applicable laws, 36 CFR 800 43 CFR 7)
 - a. Prior to issuing any cultural clearance, the Bureau of Land Management will consult with the Navajo Nation Historic Preservation Department, P. O. Box 2898, Window Rock, Arizona 86515, and provide copies of all historic preservation and related documents associated with an undertaking. The Navajo Nation contracted the Navajo Area Archaeology Office under Public Law 93-638.
 - b. Prior to entry upon the land or the disturbance of the surface thereof for drilling or other purposes, Lessee will submit a development plan for surface use to the Area Manager, Farmington Resource Area, Bureau of Land Management, 6251 College Blvd., Suite A, Farmington, New Mexico 87402. An Environmental Analysis will be made by the Bureau of Land Management in consultation with the BIA Navajo Regional office for the purpose of ensuring proper protection of the surface, the natural resources, the environment and existing improvements, and for assuring timely reclamation of disturbed lands. Upon completion of said environmental analysis, the Oil and Gas District Manager will notify Lessee of the conditions to which the proposed surface disturbing operations will be subject. (Note: Prior to start of operations, Lessee will furnish a copy of its development plan and Bureau of Land Management conditions to the BIA. The BIA reserves the right to require site specific archeological surveys and environmental reviews on tracts selected for development prior to giving concurrence to proposed action(s). The BIA will consult with the Navajo Nation prior to concurring in such action(s).
- 3. The Lessee will not use or permit to be used any part of said leased land for any unlawful conduct or purpose whatsoever. Lessee will not use or permit to be used any of said leased land for the manufacture, sale, gift, transportation, or storage of intoxicating liquors, beverages or drugs. In the event any representative of Lessee or its contractor or subcontractor, employed in connection with the operations on the lease premises will be responsible for any of the unlawful acts described in this clause, the Bureau of Land Management will give Lessee information as to such violation(s) with a copy of the notice to BIA and the Navajo Nation. Lessee will immediately take steps to cure the violation, including the termination or transfer of such employee. [25CFR 162.604; 18 U.S.C. Sections 1151, 1154 and 1156, as amended)]
- 4. Vehicular access to the well site will be limited to the approved access road. Additional unapproved accesses to the well site materializing during the existence of the well, will be processed as trespass.
- 5. Reserve pits or any other lined or unlined open-direct pit(s) will not be used to store produced water. Produced water will be stored in metal tanks or fiber glass enclosures.
- 6. Erosions forming in the access roads will be corrected. Preventive measures will be the operator's discretion. A permanent side road of the erosion is prohibited.
- 7. Except as otherwise state herein, copies of correspondence and notices will be mailed to the Bureau of Indian Affairs in care of the Regional Director, Navajo Regional Office, Attention: Branch of Real Estate Services, Bureau of Indian Affairs, P. O. Box 1060, Gallup, New Mexico 87305-1060.

COMPANY: <u>DUGAN PRODUCTION CORPORATION LEASE NO. NM-078091</u> WELL NAME: <u>Patriot #93</u> FOOTAGE: 790' FSL / 790' FEL LOCATION: Section 28, Township 26 North, Range 13 West,

COUNTY: San Juan STATE: New Mexico

NAVAJO NATION STIPULATIONS Surface Management Stipulations

- 1. The surface ownership and/or jurisdiction of lands contained in this lease may be all or partly in the Navajo Nation. Site specific rights-of-way clearances and/or inventories may be required prior from the Navajo Nation before entry upon the surface for operation of the lease holdings. Prior contact with an approval of the Navajo Nation will be required before operations beginning. All applicable laws of the Navajo Nation (including tax laws, water codes, archaeological clearance, requirements of Environmental Protection Administration, etc.) must be complied with by the Lessee.
- 2. The Navajo Nation Minerals Department requires a copy of complete exploration and development data (drilling logs, seismic data, etc.) that are obtained by the Lessee on the subject lands be submitted as the information is available, at no cost. Such materials and data will be held confidential as described in 43 CFR 3162.8.
- 3. Navajo grazing rights will be protected, and the Navajo Nation's rights respecting the use of water will be unimpaired.
- 4. Lessee will not use <u>any</u> waters of the Navajo Nation (e.g., wells, tanks, rivers, springs, washes, creeks, stock water reservoirs, etc. without a water use permit issued by the Navajo Nation Water Code Administration. Lessee will not drill any water wells for its use without a drilling permit from the Water Code Administration.
- 5. Lessee will compensate the Navajo Nation and its grazing permittees (if any), for all surface use(s) as well as damages to crops, buildings, and other improvements of a surface landowner, including loss of grazing lands, occasioned by the lessee's operations, except that the lessee will not be held responsible for casualties occasioned by causes beyond the lessee's control. Compensation for surface use will be negotiated by Lessee and the Navajo Nation and will be based upon the area and level of disturbance, and duration of activity on the land.
- 6. Lessee will not drill any well within 500 feet of any house, structure, or reservoir of water, live stream, or other body of water without the written consent of the Navajo Nation Minerals Department and the Water Code Administration.
- 7. Lessee will bury, at minimum of four feet, all pipelines crossing tillable lands below plow depth unless other arrangements are made with the Navajo Nation.
- 8. Upon the request of the Navajo Nation Water Code Administration, or if so required by Navajo Regional Director or his authorized representative, and under the direction of the Field Manager, Bureau of Land Management, Lessee will condition any well drilled which does not produce oil or gas in paying quantities, but which is capable of producing water satisfactorily for domestic, agricultural or livestock use by the Navajo Nation. Otherwise, after the expiration or termination of the lease, Lessee will remove all pumping equipment installed by Lessee at any well.



United States Department of the Interior

Bureau of Indian Affairs Navajo Region P. O. Box 1060 Gallup, New Mexico 87305



RES-DIVISION OF REAL ESTATE SERVICES MAVAJO REGION OFFICE

NC . 1 2 5013

MC 620: Division of Environmental, Cultural & Safety Management

MEMORANDUM

To:

Regional Realty Officer

From:

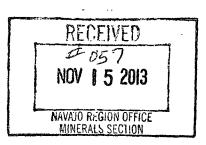
Regional NEPA Coordinator

Through: Regional Environmental Scientist

ADDENDUM FONSI-Patriot 93S-Well Pad Expansion & Water Pipeline-Lease No. NM-078091

The supplemental environmental documents, designated as EA-13-068, received on September 9, 2013, for the proposed Patriot 93S Well Pad Expansion & Water Pipeline, an addendum to EA-04-089, Patriot # 93-S Natural Gas Well, Access Road, Waterline and Pipeline, San Juan County, New Mexico have been reviewed in the Division of Environmental, Cultural and Safety Management, Navajo Regional Office. A Finding of No Significant Impact (FONSI) previously issued (EA-04-089) also applies to the current proposed action. It will not have a significant impact on the quality of the natural and human environment. An environmental impact statement for the proposed project is not required.

If you have questions, you may contact Ms. Harrilene J. Yazzie, Regional NEPA Coordinator, at (505) 863-8287.



Attachment

ADDENDUM

SUPPLEMENTAL ENVIRONMENTAL DOCUMENTS, EA-13-068 FOR THE PROPOSED PATRIOT 93S WELL PAD EXPANSION & WATER PIPELINE ADDENDUM TO THE PATRIOT #93-S NATURAL GAS WELL, ACCESS TROAD, WATERLINE AND PIPELINE ENVIRONMENTAL ASSESSMENT AND FINDING NO SIGNIFICANT IMPACT, EA-04-089

DUGAN PRODUCTION CORPORATION

This addendum serves to notify the Navajo people, general public and the Navajo Nation Government that additional information about the Proposed Patriot 93S Well Pad Expansion & Water Pipeline, San Juan County, New Mexico was received by the Navajo Regional Office. The project environmental assessment, EA-04-089, was revisited to incorporate the new information.

The new information provided by Adkins Consulting, Inc. for its proposed project, is as follows:

- 1. The proposed project is to expand the right-of-way (ROW) grant for the construction of the existing Patriot 93S well pad for a water transfer facility and associated outlet water pipeline from 2.23 acres to 3.81 acres. The expansion will extend the northeastern edge out to 60 feet and add 35 by 135-rectangle onto the northwest. A water collection pipeline approximately 1,452 feet within 40-foot wide corridor will be connected to the existing Patriot 93S water tanks. The total area of Navajo Tribal Trust-NIIP land to be affected in this expansion is 3.81 acres. The proposed project is located on Huerfano Chapter, NM, Quadrangle, USGS 7.5 Minute Series Map, in Section 28, T26N, R13W, NMPM.
- 2. In compliance with the Endangered Species Act of 1973, informal consultation was held with the Navajo Nation Department of Fish and Wildlife (NNDFW), Natural Heritage Program (NHP). The NNDFW, Natural Heritage Program, issued Biological Resources Compliance Form, NNDF & WL Review No. 12ADKI-13, indicating Approval with Tribal and Federal laws protecting biological resources (EA, Appendix-A-BRCF).
- 3. In compliance with the National Historic Preservation Act of 1966, as amended, Section 106 and 36 CFR 800.9 (b), a cultural resources inventory was conducted on the project area by Complete Archaeological Service Associates (CASA). The Navajo Nation Historic Preservation Department (NNHPD) issued Cultural Resources Compliance Form (CRCF), NNHPD No. HPD-12-906 indicating, "No historic properties affected" (EA, Appendix B-CRCF).

In the event of a discovery [discovery means any previously unidentified or incorrectly identified cultural resources including, but not limited to, archaeological deposits, human remains, or locations reportedly associated with Native American religious/traditional beliefs or practices] all operations in the immediate vicinity of the discovery must cease, and the Navajo Nation Historic Preservation Department must be notified.

No other changes to the environmental assessment or the Finding of No Significant Impact (FONSI) are expected. The addendum, with supporting documents designated as EA-13-068, is on file and available for review in Room 129, Division of Environmental, Cultural and Safety-Management, Navajo-Regional Office, Bureau of Indian Affairs, 301 West Hill Street, Gallup, New Mexico, 87301.

Regional NEPA Coordinator

NOV 1 5 2013

NAVAJO REGION OFFICE
MINERALS SECTION

N48-2013-003

