

District I
1625 N French Dr., Hobbs, NM 88240
District II
1301 W Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S St Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources
Department
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-144
July 21, 2008

For temporary pits, closed-loop systems, and below-grade tanks, submit to the appropriate NMOCD District Office.
For permanent pits and exceptions submit to the Santa Fe Environmental Bureau office and provide a copy to the appropriate NMOCD District Office.

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Pit, Closed-Loop System, Below-Grade Tank, or
Proposed Alternative Method Permit or Closure Plan Application

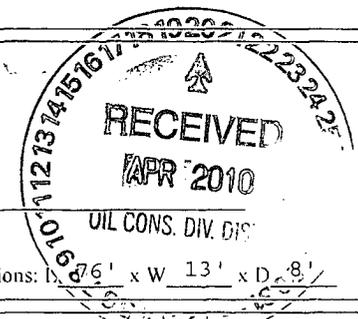
- Type of action: Permit of a pit, closed-loop system, below-grade tank, or proposed alternative method
 Closure of a pit, closed-loop system, below-grade tank, or proposed alternative method
 Modification to an existing permit
 Closure plan only submitted for an existing permitted or non-permitted pit, closed-loop system, below-grade tank, or proposed alternative method

Instructions: Please submit one application (Form C-144) per individual pit, closed-loop system, 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.

1. Operator: Dugan Production Corp. OGRID #: 006515
Address: 709 East Murray Drive, Farmington, New Mexico
Facility or well name: Wood Denn #2
API Number: 30-045-34924 OCD Permit Number: _____
U/L or Qtr/Qtr P Section 8 Township 22N Range 8W County: San Juan
Center of Proposed Design: Latitude 36.14914 N Longitude 107.69950 W NAD: 1927 1983
Surface Owner: Federal State Private Tribal Trust or Indian Allotment

2. Pit: Subsection F or G of 19.15.17.11 NMAC
Temporary: Drilling Workover
 Permanent Emergency Cavitation P&A
 Lined Unlined Liner type: Thickness 20 mil LLDPE HDPE PVC Other _____
 String-Reinforced
Liner Seams: Welded Factory Other _____ Volume: 600 bbl Dimensions: L 76' x W 13' x D 8'



3. Closed-loop System: Subsection H of 19.15.17.11 NMAC
Type of Operation: P&A Drilling a new well Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent)
 Drying Pad Above Ground Steel Tanks Haul-off Bins Other _____
 Lined Unlined Liner type: Thickness _____ mil LLDPE HDPE PVC Other _____
Liner Seams: Welded Factory Other _____



4. Below-grade tank: Subsection I of 19.15.17.11 NMAC
Volume: _____ bbl Type of fluid: _____
Tank Construction material: _____
 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: Thickness _____ mil HDPE PVC Other _____

5. Alternative Method:
Submittal of an exception request is required. Exceptions must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.

6.
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, institution or church*)
 Four foot height, four strands of barbed wire evenly spaced between one and four feet
 Alternate. Please specify 4-foot hogwire

7.
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)

8.
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 19.15.3.103 NMAC

9.
Administrative Approvals 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:
 Administrative approval(s): Requests must be submitted to the appropriate division district or the Santa Fe Environmental Bureau office for consideration of approval.
 Exception(s): Requests must be submitted to the Santa Fe Environmental Bureau office for consideration of approval

10.
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. Requests regarding changes to certain siting criteria may require administrative approval from the appropriate district office or may be considered an exception which must be submitted to the Santa Fe Environmental Bureau office for consideration of approval. Applicant must attach justification for request. Please refer to 19.15.17.10 NMAC for guidance. Siting criteria does not apply to drying pads or above-grade tanks associated with a closed-loop system.

Ground water is less than 50 feet below the bottom of the temporary pit, permanent pit, or below-grade tank. - NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
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	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Within 300 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application. (Applies to temporary, emergency, or cavitation pits and below-grade tanks) - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> NA
Within 1000 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application. (Applies to permanent pits) - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> NA
Within 500 horizontal feet of a private, domestic fresh water well or spring that less than five households use for domestic or stock watering purposes, or within 1000 horizontal feet of any other fresh water well or spring, in existence at the time of initial application. - NM Office of the State Engineer - iWATERS database search; Visual inspection (certification) of the proposed site	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
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. - Written confirmation or verification from the municipality; Written approval obtained from the municipality	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Within 500 feet of a wetland. - US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Within the area overlying a subsurface mine. - Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Within an unstable area. - Engineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources; USGS; NM Geological Society; Topographic map	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Within a 100-year floodplain. - FEMA map	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

11. **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 19.15.17.11 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: 30-045- or Permit Number: _____

12. **Closed-loop Systems Permit Application Attachment Checklist:** Subsection B of 19.15.17.9 NMAC
Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.

Geologic and Hydrogeologic Data (only for on-site closure) - based upon the requirements of Paragraph (3) of Subsection B of 19.15.17.9
 Siting Criteria Compliance Demonstrations (only for on-site closure) - based upon the appropriate requirements of 19.15.17.10 NMAC
 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
 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: _____
 Previously Approved Operating and Maintenance Plan API Number: _____ (Applies only to closed-loop system that use above ground steel tanks or haul-off bins and propose to implement waste removal for closure)

13. **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
 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 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

14. **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 Closed-loop System
 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 (Exceptions must be submitted to the Santa Fe Environmental Bureau for consideration)

15. **Waste Excavation and Removal 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.*

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 F 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 I of 19.15.17.13 NMAC
 Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC

16. **Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:** (19.15.17.13.D NMAC)

Instructions: Please indentify the facility or facilities for the disposal of liquids, drilling fluids and drill cuttings. Use attachment if more than two facilities are required.

Disposal Facility Name: _____ Disposal Facility Permit Number: _____

Disposal Facility Name: _____ Disposal Facility Permit Number: _____

Will any of the proposed closed-loop system operations and associated activities occur on or in areas that *will not* be used for future service and operations?
 Yes (If yes, please provide the information below) No

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

- 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 I of 19.15.17.13 NMAC
- Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC

17. **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 may require administrative approval from the appropriate district office or may be considered an exception which must be submitted to the Santa Fe Environmental Bureau office for consideration of approval. Justifications and/or demonstrations of equivalency are required. Please refer to 19.15.17.10 NMAC for guidance.

- | | |
|---|--|
| Ground water is less than 50 feet below the bottom of the buried waste.
- NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells | <input type="checkbox"/> Yes <input type="checkbox"/> No
<input checked="" type="checkbox"/> NA |
| Ground water is between 50 and 100 feet below the bottom of the buried waste
- NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells | <input type="checkbox"/> Yes <input type="checkbox"/> No
<input checked="" type="checkbox"/> 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 | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> NA |
| 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 | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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 | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Within 500 horizontal feet of a private, domestic fresh water well or spring that less than five households use for domestic or stock watering purposes, or within 1000 horizontal feet of any other fresh water well or spring, in existence at the time of initial application.
- NM Office of the State Engineer - iWATERS database; Visual inspection (certification) of the proposed site | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| 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.
- Written confirmation or verification from the municipality; Written approval obtained from the municipality | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Within 500 feet of a wetland.
- US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Within the area overlying a subsurface mine.
- Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Within an unstable area.
- Engineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources; USGS; NM Geological Society; Topographic map | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Within a 100-year floodplain.
- FEMA map | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |

18. **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 F of 19.15.17.13 NMAC
- Construction/Design Plan of Burial Trench (if applicable) based upon the appropriate requirements 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 19.15.17.11 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 Subsection F of 19.15.17.13 NMAC
- Waste Material Sampling Plan - based upon the appropriate requirements of Subsection F 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 I of 19.15.17.13 NMAC
- Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC

19. **Operator Application Certification:**
 I hereby certify that the information submitted with this application is true, accurate and complete to the best of my knowledge and belief.

Name (Print): Kurt Fagrelius Title: Vice President, Exploration
 Signature: Kurt Fagrelius Date: 2-23-2009
 e-mail address: kfagrelius@duganproduction.com Telephone: 505-325-1821

20. **OCD Approval:** Permit Application (including closure plan) Closure Plan (only) OCD Conditions (see attachment)

OCD Representative Signature: Brandon Powell Approval Date: 4-17-09
 Title: Enviro/Spec OCD Permit Number: _____

21. **Closure Report (required within 60 days of closure completion):** Subsection K of 19.15.17.13 NMAC
Instructions: Operators are required to obtain an approved closure plan prior to implementing any closure activities and submitting the closure report. The closure report is required to be submitted to the division within 60 days of the completion of the closure activities. Please do not complete this section of the form until an approved closure plan has been obtained and the closure activities have been completed.

Closure Completion Date: 11-21-2009

22. **Closure Method:**
 Waste Excavation and Removal On-Site Closure Method Alternative Closure Method Waste Removal (Closed-loop systems only)
 If different from approved plan, please explain.

23. **Closure Report Regarding Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:**
Instructions: Please identify the facility or facilities for where the liquids, drilling fluids and drill cuttings were disposed. Use attachment if more than two facilities were utilized.

Disposal Facility Name: _____ Disposal Facility Permit Number: _____
 Disposal Facility Name: _____ Disposal Facility Permit Number: _____

Were the closed-loop system operations and associated activities performed on or in areas that *will not* be used for future service and operations?
 Yes (If yes, please demonstrate compliance to the items below) No

Required for impacted areas which will not be used for future service and operations:
 Site Reclamation (Photo Documentation)
 Soil Backfilling and Cover Installation
 Re-vegetation Application Rates and Seeding Technique

24. **Closure Report Attachment Checklist:** *Instructions: Each of the following items must be attached to the closure report. Please indicate, by a check 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)
- 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
- Site Reclamation (Photo Documentation)

On-site Closure Location: Latitude 36.15175° N Longitude 107.71049° W NAD: 1927 1983

25. **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): Kurt Fagrelius Title: Geologist
 Signature: Kurt Fagrelius Date: 2-8-2010
 e-mail address: kfagrelius@duganproduction.com Telephone: 505-325-1821

**Dugan Production Corp.
Closure Report**

Lease Name: Wood Denn #2
API No.: 30-045-34924

In accordance with Rule 10.15.17.13 NMAC the following information describes the closure of the temporary pit referenced above. All proper documentation concerning closure activities is included with the C-144. The temporary pit for this location was an approved design under Rule 19.15.17. **The closure plan for the temporary pit was submitted on 2-23-2009 and approved on 4-17-2009.**

1. Comply with siting criteria for temporary pits established by the State of New Mexico, Energy Minerals and Natural Resources Department 19.15.17.10 NMAC.

See approved permit dated 4-17-2009.

2. Provide the NMOCD district office at least 72-hours notice but no greater than 1-week prior to any closure operations. Notice will include operator name, well name and number, API number, and location (unit letter, section, township and range).

See email notification dated 11-17-2009.

3. Provide the surface owner notice of the operator's proposal of an on-site closure method. Proof of notice will be attached to the permit application. Also, proof of closure notice will be provided by certified mail to surface owner after closure. Proof of notice will be attached to final closure report.

Navajo Allotted surface, certified notification not applicable as per BLM/OCD MOU.

4. Remove all liquid from pit and reclaim, re-use or dispose of at an NMOCD approved facility. Upon completion of drilling operations, drilling mud will be vacuumed from pit and transported to the next reserve pit for re-use at another drilling location. After the remaining mud settles, the free water that shakes out and any free water left over from completion operations will be hauled to the Dugan Production operated Sanchez O'Brien #1 SWD located 1650 feet from the South line and 990 feet from the West line (Unit L) of Section 6, Township 24 North, Range 9 West NMPM, San Juan County, New Mexico. The disposal facility was permitted by the NMOCD with Administrative Order SWD-694.

Drilling rig was released (10-3-2009) and drilling mud was transferred to the Gillespie Com #1 for re-use (10-4-2009). Free water was transferred to the Sanchez O'Brien SWD #1 salt water disposal well and the remaining water and wet mud was transferred to IEI Industrial Ecosystems Inc. (11-13-2009, 11-18-2009, 11-16-2009 and 11-19-2009). See attached invoices.

5. Remove all fluids from temporary pit within 30-days and close within 6-months following release of drilling rig.

Free water was removed within 30-days and temporary pit was closed (11-21-2009).

6. Air dry pit contents and stabilize or solidify to a load bearing capacity sufficient to support the temporary pit's final cover.

Pit contents were allowed to dry prior to temporary pit closure.

7. Collect a five point, composite sample of the pit contents to demonstrate that Benzene, BTEX, the GRO and DRO combined fraction, TPH, and chlorides (depth to groundwater from bottom of pit is greater than 100-feet), do not exceed the standards as specified in 19.15.17.9.B or the background concentration, whichever is greater.

A five point composite sample was taken of remaining cuttings in temporary pit and was tested in accordance with Subsection B of 19.15.17.13 (B)(1)(b)(ii). Depth from bottom of pit to top of ground-water is greater than 100-feet. Sample results are attached.

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 operator name, well number, location (UL, Sec., Twp., and Rge.) and that it designates an on-site burial location.

A flat steel marker (24" X 24") with the lettering "on-site burial location" was set at ground-level in the center of the burial site. The marker is welded to a 4" pipe that is cemented in a 3-foot deep hole and is shown in the attached photographs (administrative approval was received). When the well is P&A'd, the steel plate will be removed and a 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 the side showing operator name, well number, location (UL, Sec., Twp., and Rge.) and that it designates an on-site burial location.

15. Closure Report will be submitted within 60-days of completion of temporary pit closure. Closure report will include the following:
- 1) Proof of Closure Notice.
 - 2) Proof of Deed Notice (if applicable).
 - 3) Plot Plan.
 - 4) Confirmation Sampling Analytical Results.
 - 5) Waste Material Sampling Analytical Results.
 - 6) Disposal Facility Name and Permit Number.
 - 7) Soil Backfilling and Cover Installation.
 - 8) Re-vegetation Application Rates and Seeding Technique.

All items listed above if applicable are attached and submitted on this date.

16. A deed notice identifying the exact location of the on-site burial will be filed with the County clerk in the county where the on-site burial occurs.

Navajo Allotted surface, deed notice identifying exact location of on-site burial is not applicable according to BLM/OCD MOU.

Components	Test Method	Limit (mg/kg)	*Results (mg/kg)
Benzene	EPA SW-846 8021B or 8260B	0.2	<0.050
BTEX	EPA SW-846 8021B or 8260B	50	0.958
TPH	EPA SW-846 418.1	2500	151
GRO/DRO	EPA SW-846 8015M	500	<13.8
Chlorides	EPA 300.1	1000 / 500	176

8. Other methods if the standards in 19.15.17.9.B can not be met will include: The pit contents may be mixed to a ratio not to exceed 3:1, un-contaminated soil or other material to pit contents. A second five point, composite sample of the contents after treatment or stabilization will be taken to demonstrate that the contents do not exceed the standards. If the second soil analyses do not satisfy the closure standards, the operator will close the temporary pit using the waste excavation and removal method.

Not applicable, testing standards of 19.15-17.9 were met.

9. Cut pit liner off at the mud line (solids level); remove liner and apron and transport to a NMOCD approved facility for disposal.

Pit liner was removed 11-21-2009 and disposed of at the Crouch Mesa Waste Management facility on 11-21-2009 (see attached invoice).

10. Stockpiled sub-surface soil will be used to backfill pit and re-contour well pad (to a final or intermediate cover that blends with the surrounding topography). A minimum of four-feet of compacted, non-waste containing, earthen material will be used as backfill.

Stockpiled sub-surface soil was used to backfill temporary pit and re-contour well pad. A minimum of four-feet of compacted, non-waste containing, earthen material was used to backfill pit.

11. Stockpiled surface soil will be used as a cover over the backfilled pit and disturbed areas of the well pad no longer needed for production operations. The soil cover will include either the background thickness of top soil or one foot of suitable material to establish vegetation at the site whichever is greater.

Stockpiled surface soil was used to cover backfilled temporary pit and disturbed areas of the well pad no longer needed for production operations. The soil cover included the greater of either the background thickness or one foot of suitable material necessary to establish vegetation. The location was re-contoured to approximate the original topography of the site and diversions were constructed to protect soil cover and minimize erosion.

12. The area will be re-seeded as per BLM guidelines. Re-seeding will be repeated until 70% of the native natural cover is achieved and maintained for two successive growing seasons. The first growing season after the pit is closed the disturbed area will be re-seeded. The seeding method will be to drill on contour whenever possible.

Re-seeding will be done according to BLM guidelines as specified by BLM/OCD memorandum of understanding.

13. The NMOCD will be notified once successful re-vegetation has been achieved.

Re-seeding will be done according to BLM guidelines as specified by BLM/OCD memorandum of understanding.

14. 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, lease name, well number, location (UL, Sec., Twp. and Rge.) and that it designates an "on-site burial location" lettering welded on the top side with a 4" threaded collar welded to the bottom side. The marker will be set at ground level and attached to a 4" diameter pipe that is cemented in a hole three feet

Kurt Fagrelius

From: Tyra Feil
Sent: Tuesday, November 17, 2009 1:21 PM
To: Mark_Kelly@nm.blm.gov; Powell, Brandon, EMNRD
Cc: Kurt Fagrelius
Subject: Temporary Drilling Pit Closures

11/17/09

Mark & Brandon,

On Thursday, November 19, 2009, Dugan Production will be closing the temporary drilling pits on the following wells:

Tom Wood Denn #1
Tom Wood Denn #2
Wood Denn #1

On Saturday, November 21, 2009, Dugan Production will be closing the temporary drilling pits on the following wells:

Wood Denn #2
Gillespie Com #1

If you have any questions, or require additional information, please contact Kurt by e-mail at Kfagrelius@duganproduction.com or at 505-325-1821.

Thank you,

Tyra Feil
Dugan Production Corp.
505-325-1821
tyrafeil@duganproduction.com

1/21/2010

Kurt Fagrelius

From: Kurt Fagrelius
Sent: Friday, January 08, 2010 9:57 AM
To: 'Powell, Brandon, EMNRD'; 'Mark_Kelly@nm.blm.gov'
Subject: Temporary Drilling Pit Status

Dear Sirs, Dugan Production has closed the following temporary drilling pits: Fio Jo #92 (Nav. Allot. Surface)
Fio Jo #95 (Fed. Surface)
Road Runner #91, #92, and #93 (Fed. Surface)
Tom Wood Denn #1 and #2 (Nav. Allot. Surface)
Wood Denn #1 and #2 (Nav. Allot. Surface)
Martinez Begay Com #2 (Nav. Allot. Surface)
Gillespie Com #1 (Fed. Surface)

However, the onsite burial markers have not been installed yet due to the frozen soil conditions. Once the surface soils thaw, the burial markers will be installed.

The temporary drilling pit for the Oh Henry #2 (State Surface) has not been closed yet. All of the liquids had been hauled off, however, we are waiting for the remaining pit contents to thaw enough so that they can be sampled and analyzed properly. The pit will then be closed providing the analysis values of the pit are below the accepted threshold.

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

Sincerely, Kurt Fagrelius

Dugan Production Corp.
 709 East Murray Drive
 Farmington, NM 87401

Well Name: wood Penn #2
 Location:
 Drilling Operator: wayne smith drilling
 Rig #:

Spud Date: 9-29-09

Date:
 Rig Moved Off

Date to Remove Liquids by:
 (30-days from rig release)

Date to Close Pit by:
 (60-days from rig release)

Use Book of Daily inspections during Drilling / workover operations, weekly after rig is moved off.

Date	Signature	Freeboard (> 2-ft.) Yes / No	Tears or Holes Yes / No	Oil Yes / No	Trash Yes / No	Remarks
9-26-09						
9-29-09	DB	5 FT	NO	NO	NO	Transfer 3 Load's 2 Fresh
9-30-09	DB	4 FT	NO	NO	NO	
10-1-09	DB	3 FT	NO	NO	NO	2 Load Fresh
10-2-09	DB	3 FT	NO	NO	NO	
10-3-09	DB	4 FT	NO	NO	NO	
10-4-09	RF					Transf. mod to Gillogie #1



**ARDINAL
LABORATORIES**

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

November 13, 2009

Kurt Fagrelus
Dugan Production Corporation
709 East Murray Drive
Farmington, NM 87401

Re: Soil Samples

Enclosed are the results of analyses for sample number H18712, received by the laboratory on 11/12/09 at 11:15 am.

Cardinal Laboratories is accredited through Texas NELAP for:

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

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

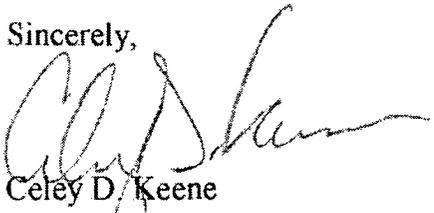
Cardinal Laboratories is accredited through the State of Colorado Department of Public Health and Environment for:

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

Accreditation applies to public drinking water matrices.

Total Number of Pages of Report: 4 (includes Chain of Custody)

Sincerely,


Caley D. Keene
Laboratory Director

This report conforms with NELAP requirements.



ARDINAL LABORATORIES

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

ANALYTICAL RESULTS FOR
DUGAN PRODUCTION CORP.
ATTN: KURT FAGRELIUS
709 E. MURRAY DRIVE
FARMINGTON, NM 87401
FAX TO: (505) 327-4613

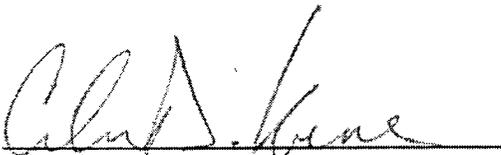
Receiving Date: 11/12/09
Reporting Date: 11/13/09
Project Number: NOT GIVEN
Project Name: NOT GIVEN
Project Location: NOT GIVEN

Sampling Date: 11/11/09
Sample Type: SOLID
Sample Condition: INTACT @ 8.5°C
Sample Received By: AB
Analyzed By: AB/HM

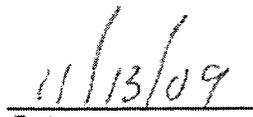
			418.1	
	GRO	DRO	TOTAL	
	(C ₆ -C ₁₀)	(>C ₁₀ -C ₂₈)	TPH	Cl*
LAB NUMBER	(mg/kg)	(mg/kg)	(mg/kg)	(mg/kg)

ANALYSIS DATE	11/13/09	11/13/09	11/12/09	11/12/09
H18712-1 TOM WOOD DENN #1	<10.0	36.2	<100	720
H18712-2 TOM WOOD DENN #2	<10.0	<10.0	<100	920
H18712-3 WOOD DENN #1	<10.0	<10.0	<100	272
H18712-4 WOOD DENN #2	<10.0	13.8	151	176
H18712-5 GILLESPIE #1	<10.0	<10.0	<100	640
Quality Control	516	565	304	500
True Value QC	500	500	300	500
% Recovery	103	113	101	100
Relative Percent Difference	2.1	2.9	3.3	<0.1

METHODS: TPH GRO & DRO: EPA SW-846 8015 M; EPA 418.1; Cl-: Std. Methods 4500-Cl-B
*Analyses performed on 1:4 w:v aqueous extracts. Reported on wet weight.
Not accredited for GRO/DRO, Chloride, and TPH 418.1.



Chemist



Date

H18712 TPH2CL DUGAN

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise. Results relate only to the samples identified above. This report shall not be reproduced except in full with written approval of Cardinal Laboratories.



ANALYTICAL RESULTS FOR
 DUGAN PRODUCTION CORP.
 ATTN: KURT FAGRELIUS
 4100 PIEDRAS ST.
 FARMINGTON, NM 87401
 FAX TO: (505) 325-4873

Receiving Date: 11/12/09
 Reporting Date: 11/13/09
 Project Number: NOT GIVEN
 Project Name: NOT GIVEN
 Project Location: NOT GIVEN

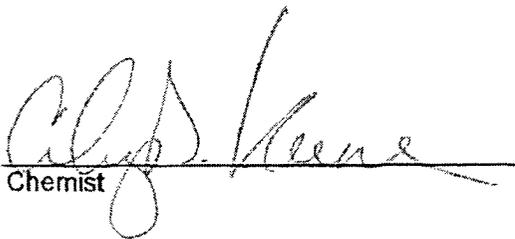
Sampling Date: 11/11/09
 Sample Type: SOIL
 Sample Condition: COOL & INTACT @ 8.5°C
 Sample Received By: AB
 Analyzed By: ZL

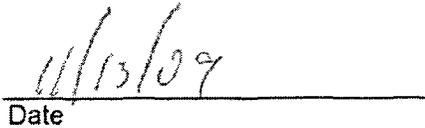
LAB NO.	SAMPLE ID	BENZENE (mg/kg)	TOLUENE (mg/kg)	ETHYL BENZENE (mg/kg)	TOTAL XYLENES (mg/kg)
---------	-----------	--------------------	--------------------	-----------------------------	-----------------------------

ANALYSIS DATE:	11/12/09	11/12/09	11/12/09	11/12/09
H18712-1 TOM WOOD DENN #1	<0.050	<0.050	<0.050	<0.300
H18712-2 TOM WOOD DENN #2	<0.050	<0.050	<0.050	<0.300
H18712-3 WOOD DENN #1	<0.050	0.094	0.145	0.582
H18712-4 WOOD DENN #2	<0.050	<0.050	0.156	0.702
H18712-5 GILLESPIE #1	<0.050	<0.050	<0.050	<0.300
Quality Control	0.047	0.046	0.049	0.152
True Value QC	0.050	0.050	0.050	0.150
% Recovery	94.0	92.0	98.0	101
Relative Percent Difference	<1.0	<1.0	<1.0	<1.0

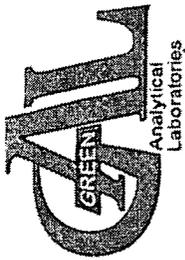
METHODS: BTEX - SW-846 8021B.

TEXAS NELAP ACCREDITATION T104704398-08-TX FOR BENZENE, TOLUENE, ETHYL BENZENE, AND TOTAL XYLENES. Reported on wet weight.


 Chemist


 Date

H18712 BTEX DUGAN



CHAIN OF CUSTODY RECORD

Page _____ of _____

Client: Deegan Production
 Contact: Kurt Fegelman
 Address: 709 E Murray Dr
Farmington, NM
 Phone Number: 505-320-8248

Project Name: _____
 Project Number: _____

Notes:
 1) Ensure proper container packaging.
 2) Ship samples promptly following collection.
 3) Designate Sample Reject Disposition.
 PO# _____

Table 1. - Matrix Type

- 1 = Surface Water, 2 = Ground Water
- 3 = Soil/Sediment, 4 = Rinsate, 5 = Oil
- 6 = Waste, 7 = Other (Specify) Slud

FOR GAL USE ONLY
 GAL JOB # _____

Samplers Signature: _____

Project Name: Kfagregus @ deeganproduction.com

Lab Name: Green Analytical Laboratories (970) 247-4220 FAX (970) 247-4227
 Address: 75 Suttle Street, Durango, CO 81303

Sample ID	Collection		Miscellaneous			Preservative(s)					Analyses Required					Comments				
	Date	Time	Collected by: (Init.)	Matrix Type	No. of Containers	Sample Filtered ? Y/N	Unpreserved (Ice Only)	HNO3	HCL	H2SO4	NAOH	Other (Specify)								
418712-1	11-11-09	10:00 AM		7	1		X						X	418.1	X	8015M	X	BTX	X	CI-
-2		10:30 AM		7	1		X													
-3		11:00 AM		7	1		X													
-4		11:30 AM		7	1		X													
-5		12:00 PM		7	1		X													
6.																				
7.																				
8.																				
9.																				
10.																				
Relinquished by: <u>Kurt Fegelman</u>			Date: <u>11-11-09</u>	Time: <u>3:00 PM</u>	Received by: <u>Al</u>	Date: <u>11/11/09</u>	Time: <u>1500</u>						Date: <u>11/11/09</u>	Time: <u>11:15 AM</u>						
Relinquished by:			Date:	Time:	Received by:	Date:	Time:						Date:	Time:						

* Sample Reject: | Return | | Dispose | | Store (30 Days)

Intact @ 8.5c * Received w/ ice.



Invoice Number: 12727
 Invoice Date: Nov 17, 2009
 Page: 1

Industrial Ecosystems Inc.

P.O. Box 1202
 Flora Vista, NM 87415
 PH: (505) 632-1782 Fax: (505) 632-1876

PLEASE REMIT PAYMENT TO:
 Industrial Ecosystems, Inc.
 PO Box 1202
 Flora Vista, NM 87415

TAX I.D. #94-3200034

Sold To: DUGAN PRODUCTION CORP
 709 E MURRAY DRIVE
 FARMINGTON, NM 87499-0420

Location: KURT FAGRELIUS
 WOOD DENN #2 WDD#2

Contact	Payment Terms	Due Date	Customer PO
KURT FAGRELIUS	Net 30 Days	12/17/09	

Quantity	Description	Unit Price	Extension
	DATE OF SERVICE: 11/13/09		
	IEI WO #11519		
	MATERIAL TRANSPORTED BY 550 TRUCKING, 2		
	DISPOSED OF DRILL MUD		
1.00	CHLORIDE TEST	15.00	15.00
80.00	DISPOSAL PER BARREL	17.50	1,400.00
650-5300 APPROVED FOR PAYMENT BY <i>KF</i>			# 516757

**FOR BILLING INQUIRIES PLEASE CALL
 (505) 632-1782**

Subtotal 1,415.00
 Sales Tax 87.55
Total Invoice Amount 1,502.55

ACCOUNTS ARE DUE NET 30 DAYS. PURCHASER AGREES TO PAY FINANCE CHARGES OF 1.5% PER MONTH (ANNUAL PERCENTAGE RATE OF 18%) OR A MINIMUM CHARGE OF .50 PER MONTH. ACCOUNTS THAT HAVE BEEN PLACED FOR COLLECTION WILL BE CHARGED A \$100.00 COLLECTION FEE IN ADDITION TO REASONABLE ATTORNEY FEES AND COLLECTION CHARGES.

TOTAL 1,502.55

NOV 19 2009



Invoice Number: 12753
 Invoice Date: Nov 19, 2009
 Page: 1

Industrial Ecosystems Inc.

P.O. Box 1202
 Flora Vista, NM 87415
 PH: (505) 632-1782 Fax: (505) 632-1876

TAX I.D. #94-3200034

PLEASE REMIT PAYMENT TO:
 Industrial Ecosystems, Inc.
 PO Box 1202
 Flora Vista, NM 87415

Sold To: DUGAN PRODUCTION CORP
 709 E MURRAY DRIVE
 FARMINGTON, NM 87499-0420

Location: KURT FAGRELIUS
 WOOD DENN #2

WOOD #2

Contact	Payment Terms	Due Date	Customer PO
KURT FAGRELIUS	Net 30 Days	12/19/09	

Quantity	Description	Unit Price	Extension
5.00	DATE OF SERVICE: 11/16/09 IEI WO #11563 MATERIAL TRANSPORTED BY 550, #2 DISPOSED OF DRILL MUD DISPOSAL PER BARREL	17.50	87.50
<i>650-5300</i> <i>KF</i>			
			<i># 5,167.57</i>

**FOR BILLING INQUIRIES PLEASE CALL
 (505) 632-1782**

ACCOUNTS ARE DUE NET 30 DAYS. PURCHASER AGREES TO PAY FINANCE CHARGES OF 1.5% PER MONTH (ANNUAL PERCENTAGE RATE OF 18%) OR A MINIMUM CHARGE OF .50 PER MONTH. ACCOUNTS THAT HAVE BEEN PLACED FOR COLLECTION WILL BE CHARGED A \$100.00 COLLECTION FEE IN ADDITION TO REASONABLE ATTORNEY FEES AND COLLECTION CHARGES.

Subtotal	87.50
Sales Tax	5.41
Total Invoice Amount	92.91
TOTAL	92.91

NOV 23 2009



Invoice Number: 12761
 Invoice Date: Nov 20, 2009
 Page: 1

Industrial Ecosystems Inc.

P.O. Box 1202
 Flora Vista, NM 87415
 PH: (505) 632-1782 Fax: (505) 632-1876

TAX I.D. #94-3200034

PLEASE REMIT PAYMENT TO:
 Industrial Ecosystems, Inc.
 PO Box 1202
 Flora Vista, NM 87415

Sold To: DUGAN PRODUCTION CORP
 709 E MURRAY DRIVE
 FARMINGTON, NM 87499-0420

Location: KURT FAGRELIUS
 WOOD DENN #2

WOOD #2

Contact	Payment Terms	Due Date	Customer PO
KURT FAGRELIUS	Net 30 Days	12/20/09	

Quantity	Description	Unit Price	Extension
20.00	DATE OF SERVICE; 11/18/09 IEI WO #11570 MATERIAL TRANSPORTED BY 550, #2 DISPOSED OF DRILL MUD DISPOSAL PER BARREL	17.50	350.00
<i>650-5300</i> PAID FOR PAYMENT <i>KF</i>			
			<i># 516757</i>

**FOR BILLING INQUIRIES PLEASE CALL
 (505) 632-1782**

ACCOUNTS ARE DUE NET 30 DAYS. PURCHASER AGREES TO PAY
 FINANCE CHARGES OF 1.5% PER MONTH (ANNUAL PERCENTAGE RATE
 OF 18%) OR A MINIMUM CHARGE OF .50 PER MONTH. ACCOUNTS THAT
 HAVE BEEN PLACED FOR COLLECTION WILL BE CHARGED A \$100.00
 COLLECTION FEE IN ADDITION TO REASONABLE ATTORNEY FEES AND
 COLLECTION CHARGES.

Subtotal	350.00
Sales Tax	21.66
Total Invoice Amount	371.66
TOTAL	371.66

NOV 24 2009



Invoice Number: 12796
 Invoice Date: Nov 24, 2009
 Page: 1

Industrial Ecosystems Inc.

P.O. Box 1202
 Flora Vista, NM 87415
 PH: (505) 632-1782 Fax: (505) 632-1876

TAX I.D. #94-3200034

PLEASE REMIT PAYMENT TO:
 Industrial Ecosystems, Inc.
 PO Box 1202
 Flora Vista, NM 87415

Sold To: DUGAN PRODUCTION CORP
 709 E MURRAY DRIVE
 FARMINGTON, NM 87499-0420

Location: KURT FAGRELIUS
 TOM WOOD DENN #1 AND #2

TOM #1 424.75
 TOM #2 424.75

Contact	Payment Terms	Due Date	Customer PO
KURT FAGRELIUS	Net 30 Days	12/24/09	

Quantity	Description	Unit Price	Extension
40.00	DATE OF SERVICE; 11/19/09 IEI WO #11580 MATERIAL TRANSPORTED BY 550, #2 DISPOSED OF DRILL MUD, 20 BBLs FROM EACH LOCATION DISPOSAL PER BARREL	20.00	800.00
L5E-535C KF		# 54-75	

**FOR BILLING INQUIRIES PLEASE CALL
 (505) 632-1782**

ACCOUNTS ARE DUE NET 30 DAYS. PURCHASER AGREES TO PAY FINANCE CHARGES OF 1.5% PER MONTH (ANNUAL PERCENTAGE RATE OF 18%) OR A MINIMUM CHARGE OF .50 PER MONTH. ACCOUNTS THAT HAVE BEEN PLACED FOR COLLECTION WILL BE CHARGED A \$100.00 COLLECTION FEE IN ADDITION TO REASONABLE ATTORNEY FEES AND COLLECTION CHARGES.

Subtotal	800.00
Sales Tax	49.50
Total Invoice Amount	849.50
TOTAL	849.50

NOV 25 2009



Invoice Number: 12795
 Invoice Date: Nov 24, 2009
 Page: 1

Industrial Ecosystems Inc.

P.O. Box 1202
 Flora Vista, NM 87415
 PH: (505) 632-1782 Fax: (505) 632-1876

TAX I.D. #94-3200034

PLEASE REMIT PAYMENT TO:
 Industrial Ecosystems, Inc.
 PO Box 1202
 Flora Vista, NM 87415

Sold To: DUGAN PRODUCTION CORP
 709 E MURRAY DRIVE
 FARMINGTON, NM 87499-0420

Location: KURT FAGRELIUS
 WOOD DENN #1 AND #2

WOOD #1 424.75
 WOOD #2 424.75

Contact	Payment Terms	Due Date	Customer PO
KURT FAGRELIUS	Net 30 Days	12/24/09	

Quantity	Description	Unit Price	Extension
40.00	DATE OF SERVICE: 11/19/09 IEI WO #11581 MATERIAL TRANSPORTED BY 550, #2 DISPOSED OF DRILL MUD, 20 BBLs FROM EACH LOCATION DISPOSAL PER BARREL	20.00	800.00

6505300
 KF

#516757

**FOR BILLING INQUIRIES PLEASE CALL
 (505) 632-1782**

Subtotal 800.00
 Sales Tax 49.50
 Total Invoice Amount 849.50

ACCOUNTS ARE DUE NET 30 DAYS. PURCHASER AGREES TO PAY FINANCE CHARGES OF 1.5% PER MONTH (ANNUAL PERCENTAGE RATE OF 18%) OR A MINIMUM CHARGE OF .50 PER MONTH. ACCOUNTS THAT HAVE BEEN PLACED FOR COLLECTION WILL BE CHARGED A \$100.00 COLLECTION FEE IN ADDITION TO REASONABLE ATTORNEY FEES AND COLLECTION CHARGES.

TOTAL 849.50

NOV 25 2009

Waste Management
12345 Main Street
City, State, ZIP
Phone: (555) 123-4567
Fax: (555) 987-6543

Waste Management
12345 Main Street
City, State, ZIP
Phone: (555) 123-4567
Fax: (555) 987-6543

Waste Management
12345 Main Street
City, State, ZIP

Waste Management
12345 Main Street
City, State, ZIP



District I
1725 N. French Dr., Hobbs, NM 88240

District II
1301 W. Grand Avenue, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised October 12, 2005
Instructions on Back
Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

RECEIVED

AMENDED REPORT

Bureau of Land Management
Farmington Field Office

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code	*Property Name WOOD GENN		*Well Number 2
*GRID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 6737'

¹⁰ Surface Location

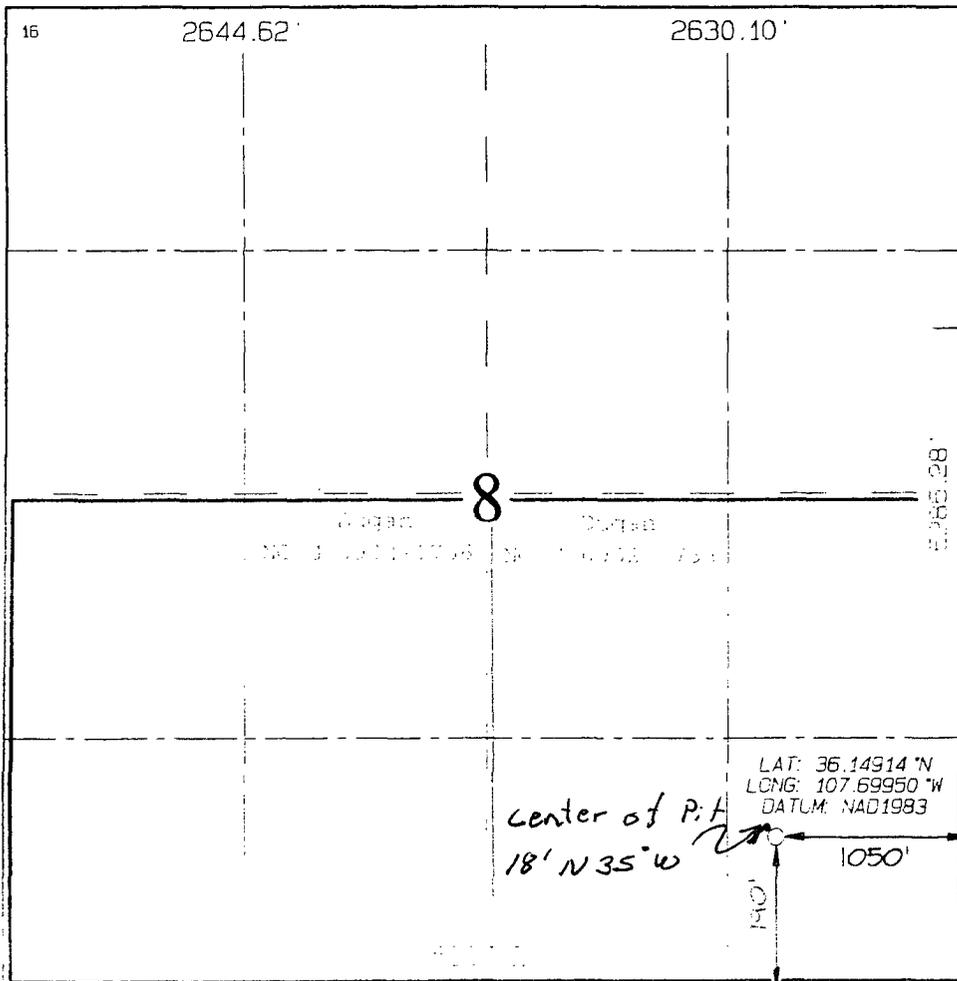
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	8	22N	8W		790	SOUTH	1050	EAST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres 320.0 Acres - (S/2)	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
--	-------------------------------	----------------------------------	-------------------------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



¹⁷ OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

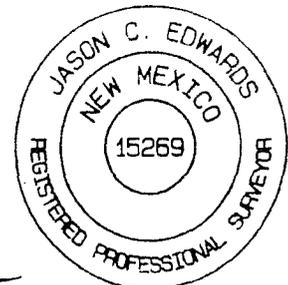
Kurt Fagrelis 2-23-2009
Signature Date

Kurt Fagrelis
Printed Name

¹⁸ SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey: JUNE 3, 2008
Signature and Seal of Professional Surveyor

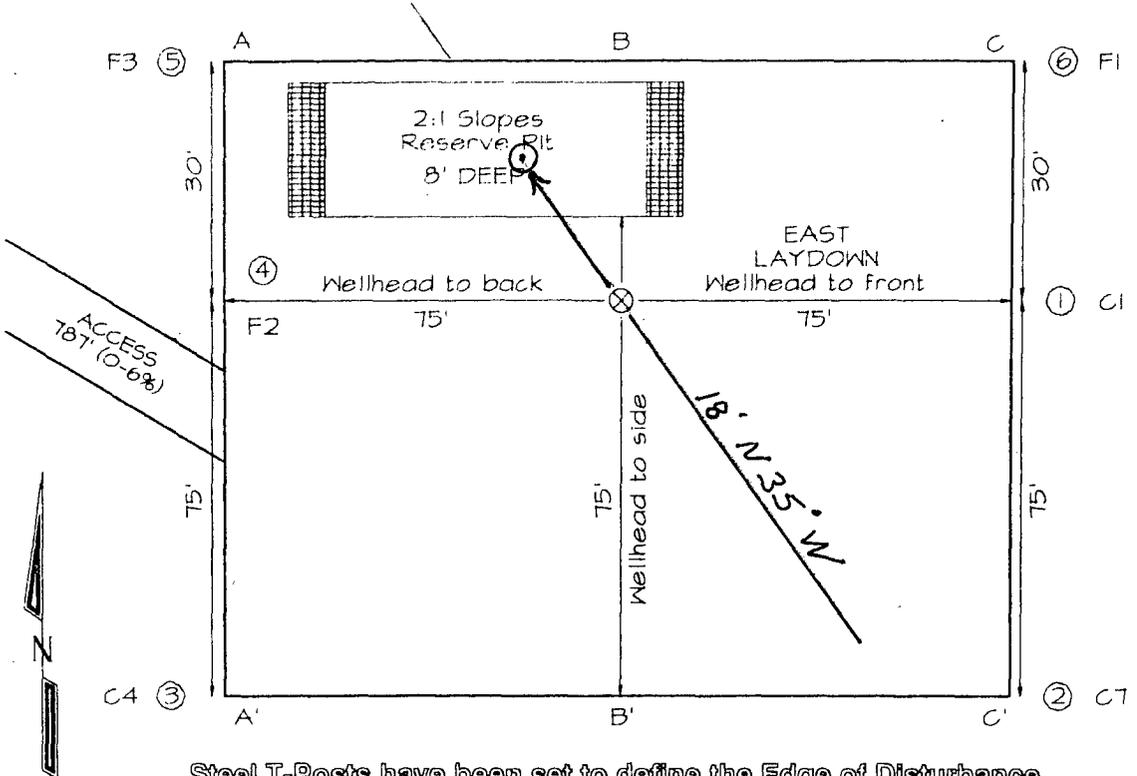


JASON C. EDWARDS
Professional Surveyor

DUGAN PRODUCTION CORPORATION WOOD DENN #2
790' FSL & 1050' FEL, SECTION 8, T22N, R8W, NMPM
SAN JUAN COUNTY, NEW MEXICO ELEVATION: 6737'

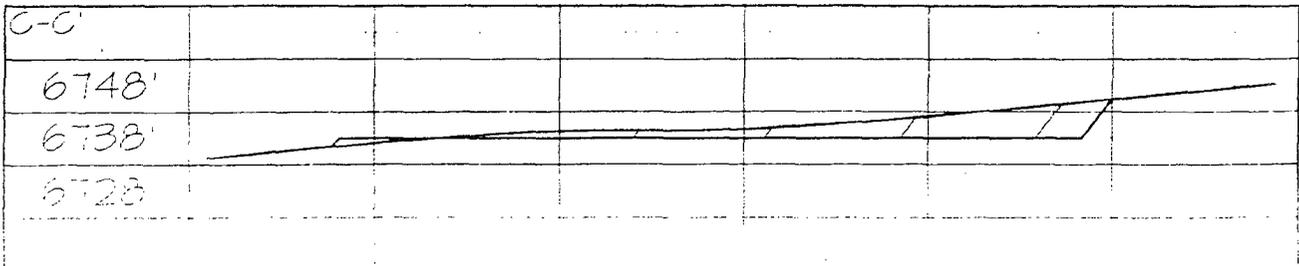
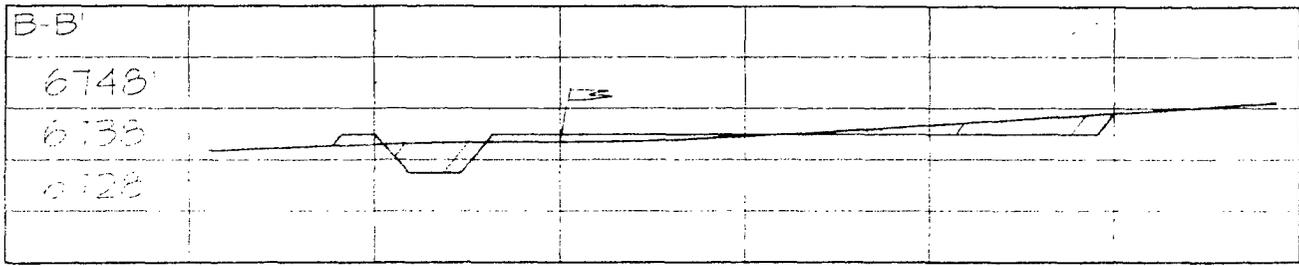
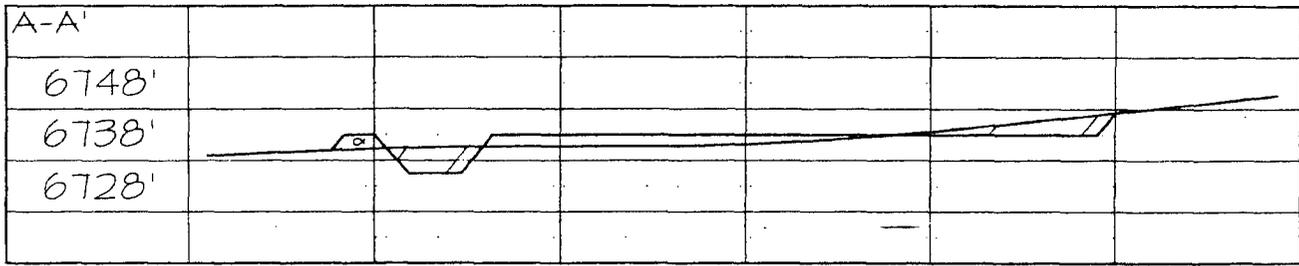
PLAT 3.

LATITUDE: 36.14914° N
LONGITUDE: 107.69950° W
 DATUM: NAD1983



PLAT NOTE:
 SURFACE OWNER
 Navajo Allotted Land

Steel T-Posts have been set to define the Edge of Disturbance limits which are 50' offset from the edge of the staked wellpad.



Note: DNR shall be notified immediately in writing of any notice of work and shall be notified of any cables on well pad and/or access road at least two (2) working days prior to construction.

