

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

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

Form C-144 CLEZ
July 21, 2008

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

5773

Closed-Loop System Permit or Closure Plan Application

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

Type of action: Permit Closure

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

Please be advised that approval of this request does not relieve the operator of liability should operations result in pollution of surface water, ground water or the environment. Nor does approval relieve the operator of its responsibility to comply with any other applicable governmental authority's rules, regulations or ordinances.

1. Operator: Dugan Production Corp OGRID #: 006515 RCVD MAR 23 '10
Address: P.O. Box 420 Farmington, NM 87499 OIL CONS. DIV.
Facility or well name: Dome Navajo 12-26-13 #1 DIST. 3
API Number: 30-045-23804 OCD Permit Number: _____
U/L or Qtr/Qtr M Section 12 Township 26N Range 13W County: San Juan
Center of Proposed Design: Latitude 36.49749 Longitude 108.17627 NAD: 1927 1983
Surface Owner: Federal State Private Tribal Trust or Indian Allotment

2. **Closed-loop System:** Subsection H of 19.15.17.11 NMAC
Operation: Drilling a new well Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent) P&A
 Above Ground Steel Tanks or Haul-off Bins

3. **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

4. **Closed-loop Systems Permit Application Attachment Checklist:** Subsection B of 19.15.17.9 NMAC
Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.
 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 Box 5) - 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: _____

5. **Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:** (19.15.17.13.D NMAC)
Instructions: Please identify the facility or facilities for the disposal of liquids, drilling fluids and drill cuttings. Use attachment if more than two facilities are required.
Disposal Facility Name: _____ Disposal Facility Permit Number: _____
Disposal Facility Name: _____ Disposal Facility Permit Number: _____
Will any of the proposed closed-loop system operations and associated activities occur on or in areas that will not be used for future service and operations?
 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

6. **Operator Application Certification:**
I hereby certify that the information submitted with this application is true, accurate and complete to the best of my knowledge and belief.
Name (Print): _____ Title: _____
Signature: _____ Date: _____
e-mail address: _____ Telephone: _____

7. **OCD Approval:** Permit Application (including closure plan) Closure Plan ~~(only)~~
OCD Representative Signature: [Signature] Approval Date: 2/10/14
Title: Compliance Officer OCD Permit Number: _____

8. **Closure Report (required within 60 days of closure completion):** Subsection K of 19.15.17.13 NMAC
Instructions: Operators are required to obtain an approved closure plan prior to implementing any closure activities and submitting the closure report. The closure report is required to be submitted to the division within 60 days of the completion of the closure activities. Please do not complete this section of the form until an approved closure plan has been obtained and the closure activities have been completed.
 Closure Completion Date: 03/02/10

9. **Closure Report Regarding Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:**
Instructions: Please indentify 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: Basin Disposal Inc. Disposal Facility Permit Number: NM-001-0005
Disposal Facility Name: IEI Disposal Facility Permit Number: NM-01-001B
Were the closed-loop system operations and associated activities performed on or in areas that will not be used for future service and operations?
 Yes (If yes, please demonstrate compliance to the items below) No
Required for impacted areas which will not be used for future service and operations:
 Site Reclamation (Photo Documentation)
 Soil Backfilling and Cover Installation
 Re-vegetation Application Rates and Seeding Technique

10. **Operator Closure Certification:**
I hereby certify that the information and attachments submitted with this closure report is true, accurate and complete to the best of my knowledge and belief. I also certify that the closure complies with all applicable closure requirements and conditions specified in the approved closure plan.
Name (Print): Mark S Brown Title: Drilling Superintendant
Signature: [Signature] Date: 02/18/1010
e-mail address: msbtbbrown@duganproduction.com Telephone: 505-320-5707



No. 32368

DATE: 3.2.10

1206 E. MURRAY DRIVE · FARMINGTON, NEW MEXICO 87401
 PHONE (505) 325-8292 · FAX (505) 327-6446

CUSTOMER: DUGAN

WORK ORDER

AFE NO.:

PAY KEY NO.:

LOCATION: Dome NAVAJO 12-26-13 Well #1/sec. 12T26NR13W

COMPANY REP: Mark Brown

NAME:

PHONE NO.

DESCRIPTION OF WORK: VACUUM. out CEMENT pit TANK, & WATER about 20 bbls. Unload T.E.I

OPERATOR	EMP. I.D.	HOURS	EMPLOYEE SIGNATURE
<u>VIRGIL TSOSIE</u>			<u>[Signature]</u>
CRW MN <u>Anthony Cepeda</u>			<u>[Signature]</u>
CRW MN			
CRW MN			
CRW MN			
EQUIPMENT	UNIT NO.	HOURS	BY SIGNING ABOVE THE EMPLOYEE STATES: I WAS NOT INVOLVED IN A JOB RELATED ACCIDENT, I SUFFERED NO JOB RELATED INJURY ON THIS WORKDAY!
<u>SUPERSUCKER</u>	<u>#1304</u>	<u>1.0</u>	
<u>STEAMER & TRUCK</u>		<u>4.0</u>	
<u>SS. 001 VACUUM HRS</u>			
<u>SS. 002 TRAVEL LOC.</u>			
<u>Loc to IET Round Trip / Waiting to unload.</u>			

MATERIAL

TRI-GAS Monitor

CUSTOMER SIGNATURE:

DATE:

CUSTOMER NAME:

JOB SITE:	OTHER:	HIGHWAY MILES		TOTAL MILES	
<u>By CHAS BLANK</u>					
STATE: <u>NM</u>	STATE:	CO:	CO.:	HIGHWAY MILES	TOTAL MILES
					<u>87</u>



Invoice Number: 13354
 Invoice Date: Mar 9, 2010
 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

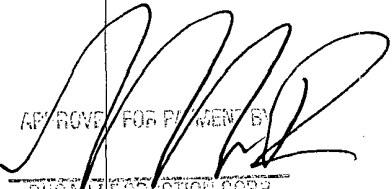
PLEASE REMIT PAYMENT TO:
 Industrial Ecosystems, Inc.
 PO Box 1202
 Flora Vista, NM 87415

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

Location: MARK BROWN
 DOME NAVAJO 12-26-13 #1

Contact	Payment Terms	Due Date	Customer PO
MARK BROWN	Net 30 Days	4/8/10	

Quantity	Description	Unit Price	Extension
	DATE OF SERVICE: 03/02/10		
	IEI WO# 12369		
	MATERIAL TRANSPORTED BY SCAT, 13011		
	DISPOSED OF DRILL MUD		
1.00	CHLORIDE TEST	15.00	15.00
20.00	DISPOSAL PER BARREL	17.50	350.00

APPROVE FOR PAYMENT BY

 DUGAN PRODUCTION CORP
 LDE-17

**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 365.00
 Sales Tax 22.58
 Total Invoice Amount 387.58
TOTAL 387.58

RECEIVED
 MAR 11 2010