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

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

Form C-144
Revised April 3, 2017

For temporary pits, below-grade tanks, and multi-well fluid management pits, submit to the appropriate NMOCD District Office.
For permanent pits submit to the Santa Fe Environmental Bureau office and provide a copy to the appropriate NMOCD District Office.

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

Type of action:
- ☐ Below grade tank registration
- ☐ Permit of a pit or proposed alternative method
- ☒ Closure of a pit, below-grade tank, or proposed alternative method
- ☐ Modification to an existing permit/or registration
- ☐ Closure plan only submitted for an existing permitted or non-permitted pit, below-grade tank, or proposed alternative method

BGT1

Instructions: Please submit one application (Form C-144) per individual pit, below-grade tank or alternative request

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

1.
Operator: Dugan Production Corp. OGRID #: 006515
Address: PO Box 420, Farmington, NM 87499-0420
Facility or well name: Grigsby Federal #3
API Number: 30-045-21623 OCD Permit Number:
U/L or Qtr/Qtr D Section 8 Township 25N Range 10W County: San Juan
Center of Proposed Design: Latitude 36.4204865 Longitude 107.9258118 NAD83
Surface Owner: ☒ Federal ☐ State ☐ Private ☐ Tribal Trust or Indian Allotment

2.
☐ **Pit:** Subsection F, G or J of 19.15.17.11 NMAC
Temporary: ☐ Drilling ☐ Workover
☐ Permanent ☐ Emergency ☐ Cavitation ☐ P&A ☐ Multi-Well Fluid Management Low Chloride Drilling Fluid ☐ yes ☐ no
☐ Lined ☐ Unlined Liner type: Thickness _____mil ☐ LLDPE ☐ HDPE ☐ PVC ☐ Other _____
☐ String-Reinforced
Liner Seams: ☐ Welded ☐ Factory ☐ Other _____ Volume: _____bbl Dimensions: L_____ x W_____ x D_____

3.
☒ **Below-grade tank:** Subsection I of 19.15.17.11 NMAC
Volume: 60 bbl Type of fluid: Produced Water
Tank Construction material: Fiberglass
☐ Secondary containment with leak detection ☐ Visible sidewalls, liner, 6-inch lift and automatic overflow shut-off
☐ Visible sidewalls and liner ☐ Visible sidewalls only ☒ Other No visible sidewalls, no leak detection
Liner type: Thickness _____mil ☒ HDPE ☐ PVC ☐ Other _____

4.
☐ **Alternative Method:**
Submittal of an exception request is required. Exceptions must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.

5.
Fencing: Subsection D of 19.15.17.11 NMAC *(Applies to permanent pits, temporary pits, and below-grade tanks)*
☐ Chain link, six feet in height, two strands of barbed wire at top *(Required if located within 1000 feet of a permanent residence, school, hospital, institution, or church)*
☐ Four foot height, four strands of barbed wire evenly spaced between one and four feet
☐ Alternate. Please specify 4'=3' Hog wire + 1 strand barbed wire

6.

Netting: Subsection E of 19.15.17.11 NMAC *(Applies to permanent pits and permanent open top tanks)*

☐ Screen ☒ Netting ☐ Other_____

☒ Monthly inspections (If netting or screening is not physically feasible)

7.

Signs: Subsection C of 19.15.17.11 NMAC

☒ 12"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers

☐ Signed in compliance with 19.15.16.8 NMAC

8.

Variances and Exceptions:

Justifications and/or demonstrations of equivalency are required. Please refer to 19.15.17 NMAC for guidance.

Please check a box if one or more of the following is requested, if not leave blank:

☐ Variance(s): Requests must be submitted to the appropriate division district for consideration of approval.

☐ Exception(s): Requests must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.

9.

Siting Criteria (regarding permitting): 19.15.17.10 NMAC

Instructions: The applicant must demonstrate compliance for each siting criteria below in the application. Recommendations of acceptable source material are provided below. **Siting criteria does not apply to drying pads or above-grade tanks.**

General siting	
Ground water is less than 25 feet below the bottom of a low chloride temporary pit or below-grade tank. - ☐ NM Office of the State Engineer - iWATERS database search; ☐ USGS; ☐ Data obtained from nearby wells	☐ Yes ☐ No ☐ NA
Ground water is less than 50 feet below the bottom of a Temporary pit, permanent pit, or Multi-Well Fluid Management pit. NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells	☐ Yes ☐ No ☐ NA
Within incorporated municipal boundaries or within a defined municipal fresh water well field covered under a municipal ordinance adopted pursuant to NMSA 1978, Section 3-27-3, as amended. **(Does not apply to below grade tanks)** - Written confirmation or verification from the municipality; Written approval obtained from the municipality	☐ Yes ☐ No
Within the area overlying a subsurface mine. **(Does not apply to below grade tanks)** - Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division	☐ Yes ☐ No
Within an unstable area. **(Does not apply to below grade tanks)** - Engineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources; USGS; NM Geological Society; Topographic map	☐ Yes ☐ No
Within a 100-year floodplain. **(Does not apply to below grade tanks)** - FEMA map	☐ Yes ☐ No
Below Grade Tanks	
Within 100 feet of a continuously flowing watercourse, significant watercourse, lake bed, sinkhole, wetland or playa lake (measured from the ordinary high-water mark). - Topographic map; Visual inspection (certification) of the proposed site	☐ Yes ☐ No
Within 200 horizontal feet of a spring or a fresh water well used for public or livestock consumption;. - NM Office of the State Engineer - iWATERS database search; Visual inspection (certification) of the proposed site	☐ Yes ☐ No
Temporary Pit using Low Chloride Drilling Fluid (maximum chloride content 15,000 mg/liter)	
Within 100 feet of a continuously flowing watercourse, or any other significant watercourse or within 200 feet of any lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark). (Applies to low chloride temporary pits.) - Topographic map; Visual inspection (certification) of the proposed site	☐ Yes ☐ No
Within 300 feet from a occupied permanent residence, school, hospital, institution, or church in existence at the time of initial application. - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image	☐ Yes ☐ No
Within 200 horizontal feet of a spring or a private, domestic fresh water well used by less than five households for domestic or stock watering purposes, or 300feet of any other fresh water well or spring, in existence at the time of the initial application. NM Office of the State Engineer - iWATERS database search; Visual inspection (certification) of the proposed site	☐ Yes ☐ No

Within 100 feet of a wetland. - US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site	☐ Yes ☐ No
Temporary Pit Non-low chloride drilling fluid	
Within 300 feet of a continuously flowing watercourse, or any other significant watercourse, or within 200 feet of any lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark). - Topographic map; Visual inspection (certification) of the proposed site	☐ Yes ☐ No
Within 300 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application. - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image	☐ Yes ☐ No
Within 500 horizontal feet of a spring or a private, domestic fresh water well used by less than five households for domestic or stock watering purposes, or 1000 feet of any other fresh water well or spring, in the existence at the time of the initial application; - NM Office of the State Engineer - iWATERS database search; Visual inspection (certification) of the proposed site	☐ Yes ☐ No
Within 300 feet of a wetland. - US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site	☐ Yes ☐ No
Permanent Pit or Multi-Well Fluid Management Pit	
Within 300 feet of a continuously flowing watercourse, or 200 feet of any other significant watercourse, or lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark). - Topographic map; Visual inspection (certification) of the proposed site	☐ Yes ☐ No
Within 1000 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application. - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image	☐ Yes ☐ No
Within 500 horizontal feet of a spring or a fresh water well used for domestic or stock watering purposes, in existence at the time of initial application. - NM Office of the State Engineer - iWATERS database search; Visual inspection (certification) of the proposed site	☐ Yes ☐ No
Within 500 feet of a wetland. - US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site	☐ Yes ☐ No

10.

Temporary Pits, Emergency Pits, and Below-grade Tanks Permit Application Attachment Checklist: Subsection B of 19.15.17.9 NMAC

Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.

☐ Hydrogeologic Report (Below-grade Tanks) - based upon the requirements of Paragraph (4) of Subsection B of 19.15.17.9 NMAC
☐ Hydrogeologic Data (Temporary and Emergency Pits) - based upon the requirements of Paragraph (2) of Subsection B of 19.15.17.9 NMAC
☐ Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC
☐ Design Plan - based upon the appropriate requirements of 19.15.17.11 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: _____ or Permit Number: _____

11.

Multi-Well Fluid Management Pit Checklist: Subsection B of 19.15.17.9 NMAC

Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.

☐ Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC
☐ Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC
☐ A List of wells with approved application for permit to drill associated with the pit.
☐ Closure Plan (Please complete Boxes 14 through 18, if applicable) - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC
☐ Hydrogeologic Data - based upon the requirements of Paragraph (4) of Subsection B of 19.15.17.9 NMAC
☐ Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC

☐ Previously Approved Design (attach copy of design) API Number: _____ or Permit Number: _____

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

- ☐ Hydrogeologic Report - based upon the requirements of Paragraph (1) of Subsection B of 19.15.17.9 NMAC
- ☐ Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC
- ☐ Climatological Factors Assessment
- ☐ Certified Engineering Design Plans - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Dike Protection and Structural Integrity Design - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Leak Detection Design - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Liner Specifications and Compatibility Assessment - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Quality Control/Quality Assurance Construction and Installation Plan
- ☐ Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC
- ☐ Freeboard and Overtopping Prevention Plan - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Nuisance or Hazardous Odors, including H_2S, Prevention Plan
- ☐ Emergency Response Plan
- ☐ Oil Field Waste Stream Characterization
- ☐ Monitoring and Inspection Plan
- ☐ Erosion Control Plan
- ☐ Closure Plan - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC

13.
Proposed Closure: 19.15.17.13 NMAC
Instructions: Please complete the applicable boxes, Boxes 14 through 18, in regards to the proposed closure plan.

Type: ☐ Drilling ☐ Workover ☐ Emergency ☐ Cavitation ☐ P&A ☐ Permanent Pit ☒ Below-grade Tank ☐ Multi-well Fluid Management Pit ☐ Alternative

Proposed Closure Method: ☐ Waste Excavation and Removal
☐ Waste Removal (Closed-loop systems only)
☐ On-site Closure Method (Only for temporary pits and closed-loop systems)
☐ In-place Burial ☐ On-site Trench Burial
☐ Alternative Closure Method

14.
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 C of 19.15.17.13 NMAC
- ☐ Disposal Facility Name and Permit Number (for liquids, drilling fluids and drill cuttings)
- ☐ Soil Backfill and Cover Design Specifications - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC
- ☐ Re-vegetation Plan - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC
- ☐ Site Reclamation Plan - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC

15.
Siting Criteria (regarding on-site closure methods only): 19.15.17.10 NMAC
Instructions: Each siting criteria requires a demonstration of compliance in the closure plan. Recommendations of acceptable source material are provided below. Requests regarding changes to certain siting criteria require justifications and/or demonstrations of equivalency. Please refer to 19.15.17.10 NMAC for guidance.

Ground water is less than 25 feet below the bottom of the buried waste. - NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells	☐ Yes ☐ No ☐ NA
Ground water is between 25-50 feet below the bottom of the buried waste - NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells	☐ Yes ☐ No ☐ NA
Ground water is more than 100 feet below the bottom of the buried waste. - NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells	☐ Yes ☐ No ☐ NA
Within 100 feet of a continuously flowing watercourse, or 200 feet of any other significant watercourse, lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark). - Topographic map; Visual inspection (certification) of the proposed site	☐ Yes ☐ No
Within 300 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application. - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image	☐ Yes ☐ No
Within 300 horizontal feet of a private, domestic fresh water well or spring used for domestic or stock watering purposes, in existence at the time of initial application. - NM Office of the State Engineer - iWATERS database; Visual inspection (certification) of the proposed site	☐ Yes ☐ No
Written confirmation or verification from the municipality; Written approval obtained from the municipality	☐ Yes ☐ No
Within 300 feet of a wetland. US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site	☐ Yes ☐ 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	☐ Yes ☐ No
Within the area overlying a subsurface mine. - Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division	☐ Yes ☐ No
Within an unstable area. - Engineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources; USGS; NM Geological Society; Topographic map	☐ Yes ☐ No
Within a 100-year floodplain. - FEMA map	☐ Yes ☐ No

16.
On-Site Closure Plan Checklist: (19.15.17.13 NMAC) ***Instructions: Each of the following items must be attached to the closure plan. Please indicate, by a check mark in the box, that the documents are attached.***

- ☐ Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC
- ☐ Proof of Surface Owner Notice - based upon the appropriate requirements of Subsection E of 19.15.17.13 NMAC
- ☐ Construction/Design Plan of Burial Trench (if applicable) based upon the appropriate requirements of Subsection K of 19.15.17.11 NMAC
- ☐ Construction/Design Plan of Temporary Pit (for in-place burial of a drying pad) - based upon the appropriate requirements of 19.15.17.11 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 19.15.17.13 NMAC
- ☐ Waste Material Sampling Plan - based upon the appropriate requirements of 19.15.17.13 NMAC
- ☐ Disposal Facility Name and Permit Number (for liquids, drilling fluids and drill cuttings or in case on-site closure standards cannot be achieved)
- ☐ Soil Cover Design - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC
- ☐ Re-vegetation Plan - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC
- ☐ Site Reclamation Plan - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC

17.
Operator Application Certification:

I hereby certify that the information submitted with this application is true, accurate and complete to the best of my knowledge and belief.

Name (Print): Kevin Smaka Title: Regulatory Engineer

Signature: Date:

e-mail address: Kevin.Smaka@duganproduction.com Telephone: 505-325-1821 x1049

18.
OCD Approval: ☐ Permit Application (including closure plan) ☒ Closure Plan (only) ☐ OCD Conditions (see attachment)

Report

OCD Representative Signature: Jaclyn Burdine **Approval Date:** 02/08/2023

Title: Environmental Specialist-A **OCD Permit Number:** BGT1

19.
Closure Report (required within 60 days of closure completion): 19.15.17.13 NMAC

Instructions: Operators are required to obtain an approved closure plan prior to implementing any closure activities and submitting the closure report. 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:**

20.
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.

21.
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 for private land only)
- ☐ Plot Plan (for on-site closures and temporary pits)
- ☒ Confirmation Sampling Analytical Results (if applicable)
- ☐ Waste Material Sampling Analytical Results (required for on-site closure)
- ☒ Disposal Facility Name and Permit Number
- ☒ Soil Backfilling and Cover Installation
- ☒ Re-vegetation Application Rates and Seeding Technique
- ☒ Site Reclamation (Photo Documentation)

On-site Closure Location: Latitude Longitude NAD: ☐1927 ☐ 1983

22.
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): Kevin Smaka Title: Regulatory Engineer

Signature: Kevin Smaka Date: 2-7-23

e-mail address: kevin.smaka@duganproduction.com Telephone: 505-325-1821 x1049

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

State of New Mexico
Energy Minerals and Natural Resources Department

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-141
Revised August 24, 2018
Submit to appropriate OCD District office

Incident ID	
District RP	
Facility ID	
Application ID	

Release Notification

Responsible Party

Responsible Party Dugan Production Corp.	OGRID 006515
Contact Name Kevin Smaka	Contact Telephone 505-325-1821 x1049
Contact email Kevin.Smaka@duganproduction.com	Incident # *(assigned by OCD)*
Contact mailing address PO Box 420, Farmington	

Location of Release Source

Latitude 36.4204865 Longitude -108.9258118
(NAD 83 in decimal degrees to 5 decimal places)

Site Name Grigsby Federal #3	Site Type Gas Well
Date Release Discovered	API# *(if applicable)* 30-045-21623

Unit Letter	Section	Township	Range	County
D	8	25N	10W	San Juan

Surface Owner: ☒ State ☐ Federal ☐ Tribal ☐ Private (*Name:* _____)

Nature and Volume of Release

Material(s) Released (Select all that apply and attach calculations or specific justification for the volumes provided below)

☒ Crude Oil	Volume Released (bbls) unknown	Volume Recovered (bbls) 0
☐ Produced Water	Volume Released (bbls)	Volume Recovered (bbls)
	Is the concentration of dissolved chloride in the produced water >10,000 mg/l?	☐ Yes ☐ No
☐ Condensate	Volume Released (bbls)	Volume Recovered (bbls)
☐ Natural Gas	Volume Released (Mcf)	Volume Recovered (Mcf)
☐ Other (describe)	Volume/Weight Released (provide units)	Volume/Weight Recovered (provide units)

Cause of Release

historical release found as part of BGT closure. Small seep in BGT.

Form C-141
Page 2

State of New Mexico
Oil Conservation Division

Incident ID	
District RP	
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Was this a major release as defined by 19.15.29.7(A) NMAC? ☐ Yes ☐ No	If YES, for what reason(s) does the responsible party consider this a major release?
If YES, was immediate notice given to the OCD? By whom? To whom? When and by what means (phone, email, etc)?	

Initial Response

The responsible party must undertake the following actions immediately unless they could create a safety hazard that would result in injury

- ☒ The source of the release has been stopped.
- ☒ The impacted area has been secured to protect human health and the environment.
- ☒ Released materials have been contained via the use of berms or dikes, absorbent pads, or other containment devices.
- ☒ All free liquids and recoverable materials have been removed and managed appropriately.

If all the actions described above have not been undertaken, explain why:

Per 19.15.29.8 B. (4) NMAC the responsible party may commence remediation immediately after discovery of a release. If remediation has begun, please attach a narrative of actions to date. If remedial efforts have been successfully completed or if the release occurred within a lined containment area (see 19.15.29.11(A)(5)(a) NMAC), please attach all information needed for closure evaluation.

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to OCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the OCD does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to groundwater, surface water, human health or the environment. In addition, OCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.

Printed Name: Kevin Smaka Title: Regulatory Engineer

Signature: Kevin Smaka Date: 2-7-23

email: Kevin.Smaka@duganproduction.com Telephone: 505-325-1821 x1049

OCD Only

Received by: _____ Date: _____

State of New Mexico
Oil Conservation Division

Incident ID	
District RP	
Facility ID	
Application ID	

Site Assessment/Characterization

This information must be provided to the appropriate district office no later than 90 days after the release discovery date.

What is the shallowest depth to groundwater beneath the area affected by the release?	_____ (ft bgs)
Did this release impact groundwater or surface water?	☐ Yes ☐ No
Are the lateral extents of the release within 300 feet of a continuously flowing watercourse or any other significant watercourse?	☐ Yes ☐ No
Are the lateral extents of the release within 200 feet of any lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark)?	☐ Yes ☐ No
Are the lateral extents of the release within 300 feet of an occupied permanent residence, school, hospital, institution, or church?	☐ Yes ☐ No
Are the lateral extents of the release within 500 horizontal feet of a spring or a private domestic fresh water well used by less than five households for domestic or stock watering purposes?	☐ Yes ☐ No
Are the lateral extents of the release within 1000 feet of any other fresh water well or spring?	☐ Yes ☐ No
Are the lateral extents of the release within incorporated municipal boundaries or within a defined municipal fresh water well field?	☐ Yes ☐ No
Are the lateral extents of the release within 300 feet of a wetland?	☐ Yes ☐ No
Are the lateral extents of the release overlying a subsurface mine?	☐ Yes ☐ No
Are the lateral extents of the release overlying an unstable area such as karst geology?	☐ Yes ☐ No
Are the lateral extents of the release within a 100-year floodplain?	☐ Yes ☐ No
Did the release impact areas **not** on an exploration, development, production, or storage site?	☐ Yes ☐ No

Attach a comprehensive report (electronic submittals in .pdf format are preferred) demonstrating the lateral and vertical extents of soil contamination associated with the release have been determined. Refer to 19.15.29.11 NMAC for specifics.

Characterization Report Checklist: ***Each of the following items must be included in the report.***

- ☐ Scaled site map showing impacted area, surface features, subsurface features, delineation points, and monitoring wells.
- ☐ Field data
- ☐ Data table of soil contaminant concentration data
- ☐ Depth to water determination
- ☐ Determination of water sources and significant watercourses within ½-mile of the lateral extents of the release
- ☐ Boring or excavation logs
- ☐ Photographs including date and GIS information
- ☐ Topographic/Aerial maps
- ☐ Laboratory data including chain of custody

If the site characterization report does not include completed efforts at remediation of the release, the report must include a proposed remediation plan. That plan must include the estimated volume of material to be remediated, the proposed remediation technique, proposed sampling plan and methods, anticipated timelines for beginning and completing the remediation. The closure criteria for a release are contained in Table 1 of 19.15.29.12 NMAC, however, use of the table is modified by site- and release-specific parameters.

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State of New Mexico
Oil Conservation Division

Incident ID	
District RP	
Facility ID	
Application ID	

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to OCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the OCD does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to groundwater, surface water, human health or the environment. In addition, OCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.

Printed Name: _____ Title: _____

Signature: _____ Date: _____

email: _____ Telephone: _____

OCD Only

Received by: _____ Date: _____

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State of New Mexico
Oil Conservation Division

Incident ID	
District RP	
Facility ID	
Application ID	

Remediation Plan

Remediation Plan Checklist: ***Each of the following items must be included in the plan.***

- ☐ Detailed description of proposed remediation technique
- ☐ Scaled sitemap with GPS coordinates showing delineation points
- ☐ Estimated volume of material to be remediated
- ☐ Closure criteria is to Table 1 specifications subject to 19.15.29.12(C)(4) NMAC
- ☐ Proposed schedule for remediation (note if remediation plan timeline is more than 90 days OCD approval is required)

Deferral Requests Only: ***Each of the following items must be confirmed as part of any request for deferral of remediation.***

☐ Contamination must be in areas immediately under or around production equipment where remediation could cause a major facility deconstruction.

☐ Extents of contamination must be fully delineated.

☐ Contamination does not cause an imminent risk to human health, the environment, or groundwater.

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to OCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the OCD does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to groundwater, surface water, human health or the environment. In addition, OCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.

Printed Name: _____ Title: _____

Signature: _____ Date: _____

email: _____ Telephone: _____

OCD Only

Received by: _____ Date: _____

☐ Approved ☐ Approved with Attached Conditions of Approval ☐ Denied ☐ Deferral Approved

Signature: _____ Date: _____

Form C-141
Page 6

State of New Mexico
Oil Conservation Division

Incident ID	
District RP	
Facility ID	
Application ID	

Closure

The responsible party must attach information demonstrating they have complied with all applicable closure requirements and any conditions or directives of the OCD. This demonstration should be in the form of a comprehensive report (electronic submittals in .pdf format are preferred) including a scaled site map, sampling diagrams, relevant field notes, photographs of any excavation prior to backfilling, laboratory data including chain of custody documents of final sampling, and a narrative of the remedial activities. Refer to 19.15.29.12 NMAC.

Closure Report Attachment Checklist: ***Each of the following items must be included in the closure report.***

☒ A scaled site and sampling diagram as described in 19.15.29.11 NMAC

☒ Photographs of the remediated site prior to backfill or photos of the liner integrity if applicable (Note: appropriate OCD District office must be notified 2 days prior to liner inspection)

☒ Laboratory analyses of final sampling (Note: appropriate ODC District office must be notified 2 days prior to final sampling)

☒ Description of remediation activities

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to OCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the OCD does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to groundwater, surface water, human health or the environment. In addition, OCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations. The responsible party acknowledges they must substantially restore, reclaim, and re-vegetate the impacted surface area to the conditions that existed prior to the release or their final land use in accordance with 19.15.29.13 NMAC including notification to the OCD when reclamation and re-vegetation are complete.

Printed Name: Kevin Smoky Title: Engineer

Signature: [signature] Date: 2-7-23

email: _____ Telephone: _____

OCD Only

Received by: _____ Date: _____

Closure approval by the OCD does not relieve the responsible party of liability should their operations have failed to adequately investigate and remediate contamination that poses a threat to groundwater, surface water, human health, or the environment nor does not relieve the responsible party of compliance with any other federal, state, or local laws and/or regulations.

Closure Approved by: _____ Date: _____

Printed Name: _____ Title: _____

Grigsby Federal #3 BGT Closure Report

1. On 12/29/22 Soil samples were collected as part of BGT closure at the Grigsby Federal #3 well site.
2. During the sampling it was noted there was staining of the soil below the BGT and the soil smelled like it was contaminated.
3. A 5-point composite sample was collected from the soils directly beneath the BGT and taken to the lab. The lab analyzed the samples for TPH, BTEX and Chlorides. The samples were collected by JAKD Solutions.
4. Lab results indicated there was a historical spill that required remediation.
5. Dugan elected to excavate and remove the soil to the Envirotech land farm. Waste excavation and removal occurred on 1/10/23.
6. Confirmation sampling is scheduled for 1/16/23. Crews reported that all soils appear to be free of odor and visual contamination. Dugan is awaiting results to determine if further work is needed to clean the soil.
7. Soils were sampled on 1/16/23. JAKD Solutions was again hired to collect samples. 5 5-point composite samples were collected. The 5 samples were collected from the 4 walls and bottom of the pit at a depth of 5 feet below grade surface.
8. Dugan received sampling results that indicate the spill has been remediated. Due to the lab results being slightly higher than the most stringent standards of NMOCD rule Dugan is providing site specific depths to groundwater and nearest homes to demonstrate Dugan my continue with backfilling and closure of the BGT.
9. Dugan will seed this location in the coming spring. As part of reclamation efforts Dugan will follow all NMOCD guidelines relating to soil cover and topping to ensure the soil will be able to sustain vegetation once the site is permanently abandoned. Once successful reseeding has occurred Dugan will provide photos of successful reclamation.

As part of this report Dugan has included the following items:

1. A copy of the labs results
2. A table of the labs results that are grouped by sample ID. **(Table 1)**
3. A copy of the notice of sampling
4. Pictures of the BGT vault prior to backfilling

Kevin Smaka

From: Kevin Smaka
Sent: Thursday, December 22, 2022 10:37 AM
To: 'James McDaniel'; 'Victoria.Venegas@state.nm.us'; 'Joyner, Ryan N'; 'Adeloye, Abiodun A'; 'Velez, Nelson, EMNRD'
Cc: Neil Haws; Carlos Ramos; Alvaro Alba
Subject: BGT Closure and Notice of Sampling

Dugan will be removing a below grade tank and collecting soil samples located at Dugan's Grigsby Federal #3 wellsite this coming Wednesday, 12/28/22 @ 10:00 AM.
Dugas has verified a BGT registration and closure plan are on file with the division.

As required in NMAC 19.15.17 the following is included with this notice.

GRIGSBY FED #003
30-045-21623
D-08-25N-10W
840 FNL 850 FWL

Should you have questions please contact me.

Kevin Smaka P.E.
Regulatory Engineer
Dugan Production Corp.
505-486-6207

Kevin Smaka

From: Kevin Smaka
Sent: Wednesday, January 11, 2023 4:07 PM
To: 'James McDaniel'; 'Burdine, Jaclyn, EMNRD'; 'Adeloye, Abiodun A'; 'Velez, Nelson, EMNRD'
Cc: Neil Haws; Carlos Ramos; Marty Foutz; Alvaro Alba
Subject: Notice Of Sampling

Everyone,

Dugan intends to collect soil samples this coming Monday, 1/16/23, starting at 10:00 AM from two well sites. The first location will be the Grigsby Federal #3. The second will be the McDougal #2.
Sampling at the Grigsby is related to a historical spill found under the recently closed BGT.

Sampling at the McDougal #2 is related to a planned BGT Closure.

Here are the wells' information:

Grigsby Federal #3
30-045-21623
D-08-25N-10W
840 FNL 850 FWL

McDougal #2
30-045-28619
I-09-23N-10W
1980 FSL 790 FEL

Please contact me if you have any questions.

Kevin Smaka P.E.
Regulatory Engineer
Dugan Production Corp.
505-486-6207

Analytical Report
Lab Order **2301584**
Date Reported:

Hall Environmental Analysis Laboratory, Inc.

CLIENT: JAKD Solutions
Project: Grigsby Fed 3
Lab ID: 2301584-001 **Matrix:** SOIL

Client Sample ID: North Wall Comp
Collection Date: 1/16/2023 10:00:00 AM
Received Date: 1/17/2023 7:10:00 AM

Analyses	Result	PQL	Qual	Units	DF	Date Analyzed
EPA METHOD 8015M/D: DIESEL RANGE ORGANICS						Analyst: **DGH**
Diesel Range Organics (DRO)	ND	9.5		mg/Kg	1	1/20/2023 2:30:22 PM
Motor Oil Range Organics (MRO)	ND	48		mg/Kg	1	1/20/2023 2:30:22 PM
Surr: DNOP	115	69-147		%Rec	1	1/20/2023 2:30:22 PM
EPA METHOD 8015D: GASOLINE RANGE						Analyst: **CCM**
Gasoline Range Organics (GRO)	ND	4.9		mg/Kg	1	1/23/2023 12:05:00 PM
Surr: BFB	90.4	37.7-212		%Rec	1	1/23/2023 12:05:00 PM
EPA METHOD 8021B: VOLATILES						Analyst: **CCM**
Benzene	ND	0.024		mg/Kg	1	1/23/2023 12:05:00 PM
Toluene	ND	0.049		mg/Kg	1	1/23/2023 12:05:00 PM
Ethylbenzene	ND	0.049		mg/Kg	1	1/23/2023 12:05:00 PM
Xylenes, Total	ND	0.098		mg/Kg	1	1/23/2023 12:05:00 PM
Surr: 4-Bromofluorobenzene	88.7	70-130		%Rec	1	1/23/2023 12:05:00 PM
EPA METHOD 300.0: ANIONS						Analyst: **JTT**
Chloride	ND	60		mg/Kg	20	1/21/2023 1:11:54 AM

Refer to the QC Summary report and sample login checklist for flagged QC data and preservation information.

Qualifiers:

*	Value exceeds Maximum Contaminant Level.
D	Sample Diluted Due to Matrix
H	Holding times for preparation or analysis exceeded
ND	Not Detected at the Reporting Limit
PQL	Practical Quanitative Limit
S	% Recovery outside of standard limits. If undiluted results may be estimated.
B	Analyte detected in the associated Method Blank
E	Above Quantitation Range/Estimated Value
J	Analyte detected below quantitation limits
P	Sample pH Not In Range
RL	Reporting Limit

Analytical Report
Lab Order **2301584**
Date Reported:

Hall Environmental Analysis Laboratory, Inc.

CLIENT: JAKD Solutions
Project: Grigsby Fed 3
Lab ID: 2301584-002 **Matrix:** SOIL

Client Sample ID: East Wall Comp
Collection Date: 1/16/2023 10:05:00 AM
Received Date: 1/17/2023 7:10:00 AM

Analyses	Result	PQL	Qual	Units	DF	Date Analyzed
EPA METHOD 8015M/D: DIESEL RANGE ORGANICS						Analyst: **DGH**
Diesel Range Organics (DRO)	48	9.7		mg/Kg	1	1/20/2023 3:02:14 PM
Motor Oil Range Organics (MRO)	53	48		mg/Kg	1	1/20/2023 3:02:14 PM
Surr: DNOP	103	69-147		%Rec	1	1/20/2023 3:02:14 PM
EPA METHOD 8015D: GASOLINE RANGE						Analyst: **CCM**
Gasoline Range Organics (GRO)	ND	4.8		mg/Kg	1	1/23/2023 12:25:00 PM
Surr: BFB	89.4	37.7-212		%Rec	1	1/23/2023 12:25:00 PM
EPA METHOD 8021B: VOLATILES						Analyst: **CCM**
Benzene	ND	0.024		mg/Kg	1	1/23/2023 12:25:00 PM
Toluene	ND	0.048		mg/Kg	1	1/23/2023 12:25:00 PM
Ethylbenzene	ND	0.048		mg/Kg	1	1/23/2023 12:25:00 PM
Xylenes, Total	ND	0.096		mg/Kg	1	1/23/2023 12:25:00 PM
Surr: 4-Bromofluorobenzene	89.0	70-130		%Rec	1	1/23/2023 12:25:00 PM
EPA METHOD 300.0: ANIONS						Analyst: **NAI**
Chloride	ND	60		mg/Kg	20	1/21/2023 10:20:03 AM

Refer to the QC Summary report and sample login checklist for flagged QC data and preservation information.

Qualifiers:

*	Value exceeds Maximum Contaminant Level.	B	Analyte detected in the associated Method Blank
D	Sample Diluted Due to Matrix	E	Above Quantitation Range/Estimated Value
H	Holding times for preparation or analysis exceeded	J	Analyte detected below quantitation limits
ND	Not Detected at the Reporting Limit	P	Sample pH Not In Range
PQL	Practical Quanitative Limit	RL	Reporting Limit
S	% Recovery outside of standard limits. If undiluted results may be estimated.		

Analytical Report
Lab Order **2301584**
Date Reported:

Hall Environmental Analysis Laboratory, Inc.

CLIENT: JAKD Solutions
Project: Grigsby Fed 3
Lab ID: 2301584-003 **Matrix:** SOIL

Client Sample ID: South Wall Comp
Collection Date: 1/16/2023 10:10:00 AM
Received Date: 1/17/2023 7:10:00 AM

Analyses	Result	PQL	Qual	Units	DF	Date Analyzed
EPA METHOD 8015M/D: DIESEL RANGE ORGANICS						Analyst: **DGH**
Diesel Range Organics (DRO)	75	9.4		mg/Kg	1	1/20/2023 3:12:55 PM
Motor Oil Range Organics (MRO)	99	47		mg/Kg	1	1/20/2023 3:12:55 PM
Surr: DNOP	110	69-147		%Rec	1	1/20/2023 3:12:55 PM
EPA METHOD 8015D: GASOLINE RANGE						Analyst: **CCM**
Gasoline Range Organics (GRO)	ND	4.9		mg/Kg	1	1/23/2023 12:45:00 PM
Surr: BFB	88.4	37.7-212		%Rec	1	1/23/2023 12:45:00 PM
EPA METHOD 8021B: VOLATILES						Analyst: **CCM**
Benzene	ND	0.025		mg/Kg	1	1/23/2023 12:45:00 PM
Toluene	ND	0.049		mg/Kg	1	1/23/2023 12:45:00 PM
Ethylbenzene	ND	0.049		mg/Kg	1	1/23/2023 12:45:00 PM
Xylenes, Total	ND	0.099		mg/Kg	1	1/23/2023 12:45:00 PM
Surr: 4-Bromofluorobenzene	88.2	70-130		%Rec	1	1/23/2023 12:45:00 PM
EPA METHOD 300.0: ANIONS						Analyst: **NAI**
Chloride	ND	60		mg/Kg	20	1/21/2023 10:57:05 AM

Refer to the QC Summary report and sample login checklist for flagged QC data and preservation information.

Qualifiers:

*	Value exceeds Maximum Contaminant Level.
D	Sample Diluted Due to Matrix
H	Holding times for preparation or analysis exceeded
ND	Not Detected at the Reporting Limit
PQL	Practical Quanitative Limit
S	% Recovery outside of standard limits. If undiluted results may be estimated.
B	Analyte detected in the associated Method Blank
E	Above Quantitation Range/Estimated Value
J	Analyte detected below quantitation limits
P	Sample pH Not In Range
RL	Reporting Limit

Analytical Report
Lab Order **2301584**
Date Reported:

Hall Environmental Analysis Laboratory, Inc.

CLIENT: JAKD Solutions
Project: Grigsby Fed 3
Lab ID: 2301584-004 **Matrix:** SOIL

Client Sample ID: West Wall Comp
Collection Date: 1/16/2023 10:15:00 AM
Received Date: 1/17/2023 7:10:00 AM

Analyses	Result	PQL	Qual	Units	DF	Date Analyzed
EPA METHOD 8015M/D: DIESEL RANGE ORGANICS						Analyst: **DGH**
Diesel Range Organics (DRO)	55	9.5		mg/Kg	1	1/20/2023 3:34:07 PM
Motor Oil Range Organics (MRO)	75	48		mg/Kg	1	1/20/2023 3:34:07 PM
Surr: DNOP	115	69-147		%Rec	1	1/20/2023 3:34:07 PM
EPA METHOD 8015D: GASOLINE RANGE						Analyst: **CCM**
Gasoline Range Organics (GRO)	ND	4.7		mg/Kg	1	1/23/2023 1:04:00 PM
Surr: BFB	90.9	37.7-212		%Rec	1	1/23/2023 1:04:00 PM
EPA METHOD 8021B: VOLATILES						Analyst: **CCM**
Benzene	ND	0.023		mg/Kg	1	1/23/2023 1:04:00 PM
Toluene	ND	0.047		mg/Kg	1	1/23/2023 1:04:00 PM
Ethylbenzene	ND	0.047		mg/Kg	1	1/23/2023 1:04:00 PM
Xylenes, Total	ND	0.094		mg/Kg	1	1/23/2023 1:04:00 PM
Surr: 4-Bromofluorobenzene	87.9	70-130		%Rec	1	1/23/2023 1:04:00 PM
EPA METHOD 300.0: ANIONS						Analyst: **NAI**
Chloride	65	60		mg/Kg	20	1/21/2023 11:09:25 AM

Refer to the QC Summary report and sample login checklist for flagged QC data and preservation information.

Qualifiers:

*	Value exceeds Maximum Contaminant Level.
D	Sample Diluted Due to Matrix
H	Holding times for preparation or analysis exceeded
ND	Not Detected at the Reporting Limit
PQL	Practical Quanitative Limit
S	% Recovery outside of standard limits. If undiluted results may be estimated.
B	Analyte detected in the associated Method Blank
E	Above Quantitation Range/Estimated Value
J	Analyte detected below quantitation limits
P	Sample pH Not In Range
RL	Reporting Limit

Analytical Report
Lab Order **2301584**
Date Reported:

Hall Environmental Analysis Laboratory, Inc.

CLIENT: JAKD Solutions
Project: Grigsby Fed 3
Lab ID: 2301584-005 **Matrix:** SOIL

Client Sample ID: Bottom Composite
Collection Date: 1/16/2023 10:20:00 AM
Received Date: 1/17/2023 7:10:00 AM

Analyses	Result	PQL	Qual	Units	DF	Date Analyzed
EPA METHOD 8015M/D: DIESEL RANGE ORGANICS						Analyst: **DGH**
Diesel Range Organics (DRO)	110	10		mg/Kg	1	1/20/2023 3:55:22 PM
Motor Oil Range Organics (MRO)	53	50		mg/Kg	1	1/20/2023 3:55:22 PM
Surr: DNOP	113	69-147		%Rec	1	1/20/2023 3:55:22 PM
EPA METHOD 8015D: GASOLINE RANGE						Analyst: **CCM**
Gasoline Range Organics (GRO)	19	4.7		mg/Kg	1	1/23/2023 1:24:00 PM
Surr: BFB	170	37.7-212		%Rec	1	1/23/2023 1:24:00 PM
EPA METHOD 8021B: VOLATILES						Analyst: **CCM**
Benzene	ND	0.023		mg/Kg	1	1/23/2023 1:24:00 PM
Toluene	ND	0.047		mg/Kg	1	1/23/2023 1:24:00 PM
Ethylbenzene	ND	0.047		mg/Kg	1	1/23/2023 1:24:00 PM
Xylenes, Total	0.42	0.093		mg/Kg	1	1/23/2023 1:24:00 PM
Surr: 4-Bromofluorobenzene	132	70-130	S	%Rec	1	1/23/2023 1:24:00 PM
EPA METHOD 300.0: ANIONS						Analyst: **NAI**
Chloride	160	59		mg/Kg	20	1/21/2023 11:21:46 AM

Refer to the QC Summary report and sample login checklist for flagged QC data and preservation information.

Qualifiers:

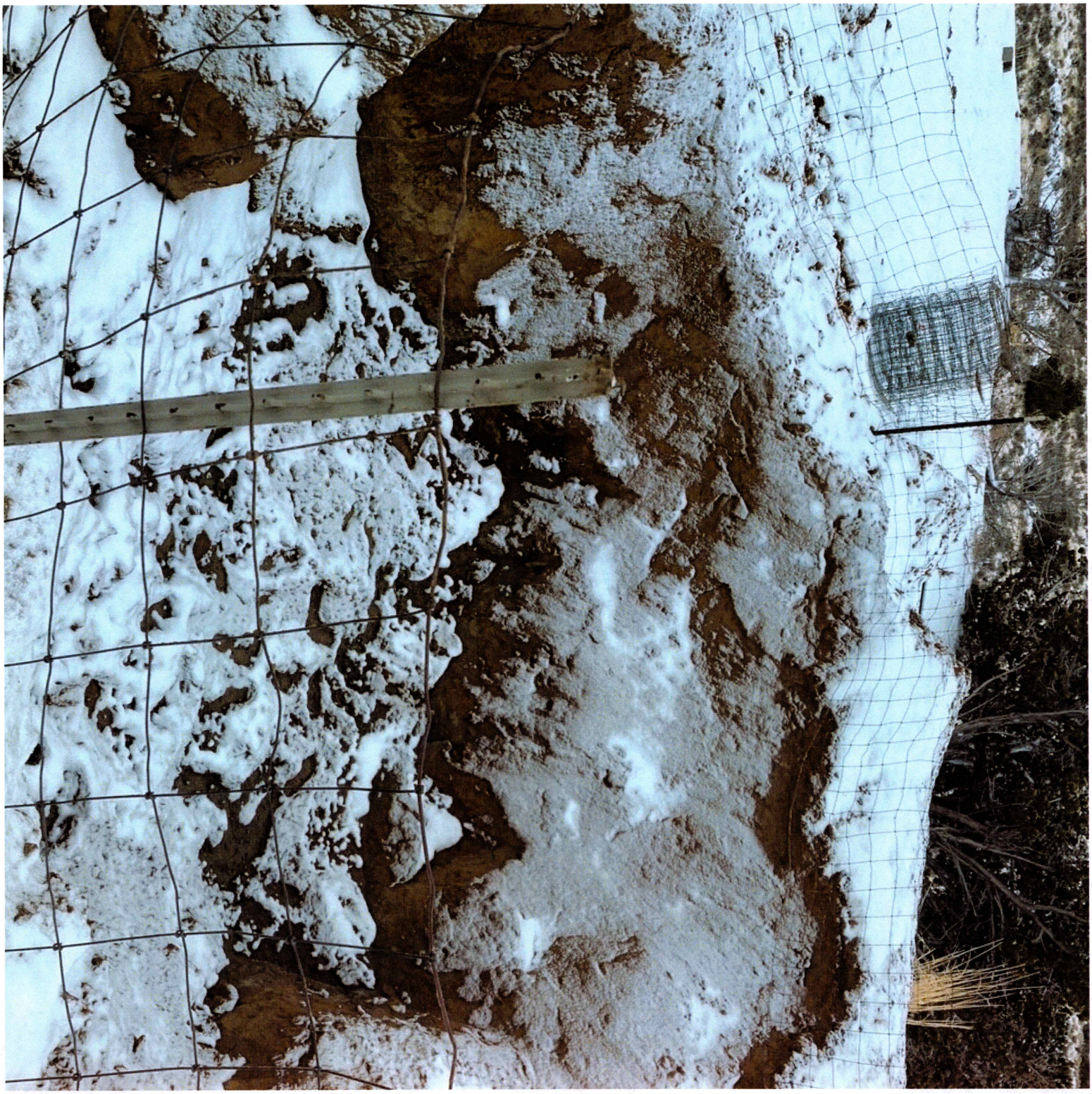
*	Value exceeds Maximum Contaminant Level.
D	Sample Diluted Due to Matrix
H	Holding times for preparation or analysis exceeded
ND	Not Detected at the Reporting Limit
PQL	Practical Quanitative Limit
S	% Recovery outside of standard limits. If undiluted results may be estimated.
B	Analyte detected in the associated Method Blank
E	Above Quantitation Range/Estimated Value
J	Analyte detected below quantitation limits
P	Sample pH Not In Range
RL	Reporting Limit

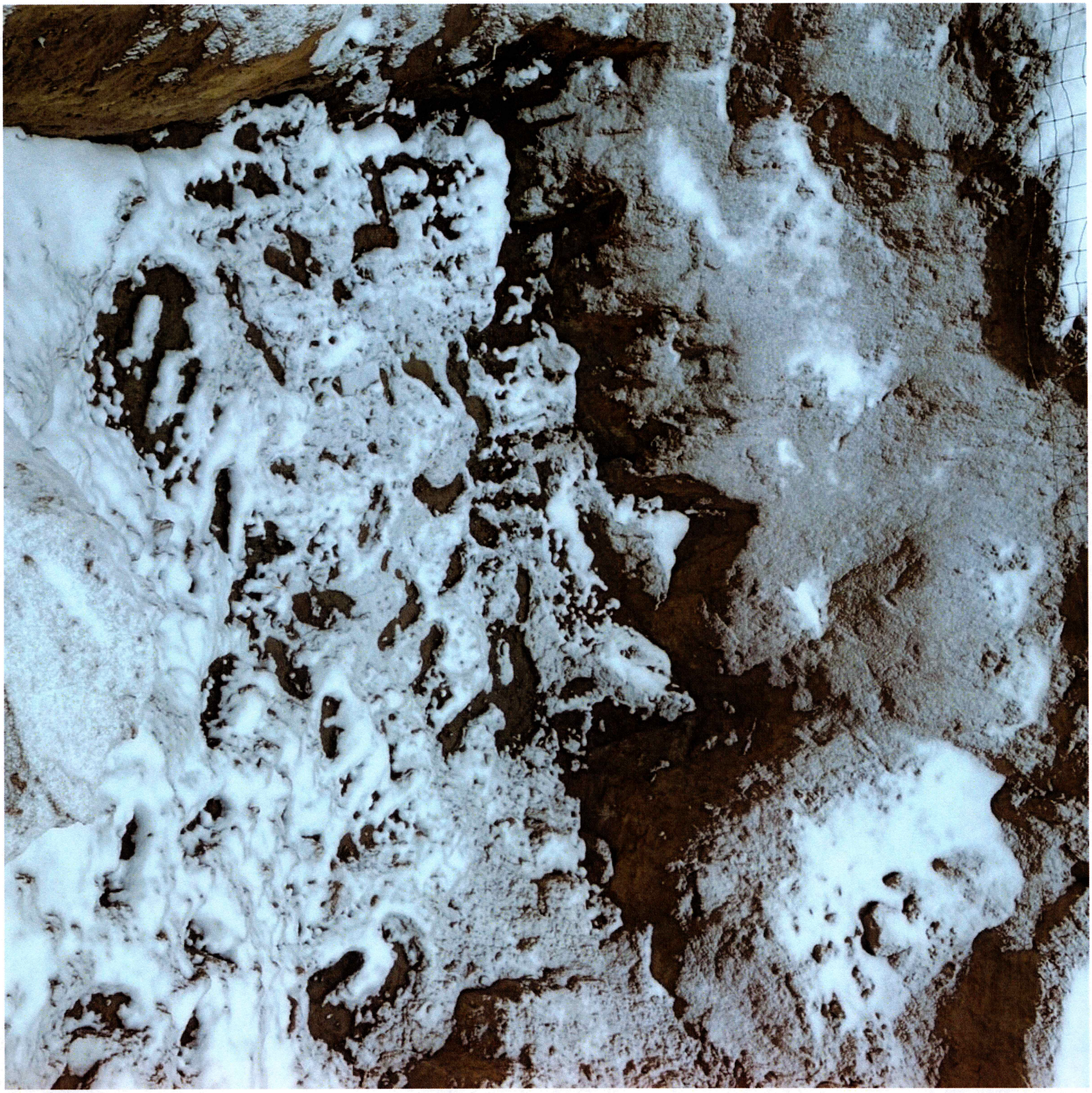
Table 1: Soil Sampling Results

Sample ID	Chlorides Result	Chlorides Target	TPH Result	TPH Target	BTEX Result	BTEX Target
North Wall Comp	0	20000	0	2500	0	50
East Wall Comp	0	20000	101	2500	0	50
West Wall Comp	0	20000	174	2500	0	50
West Wall Comp	65	20000	130	2500	0	50
North Wall Comp	160	20000	182	2500	0.42	50


36° 25' 13" N -103° 55' 33" W
1988.05m 6522.47ft
Dec 28, 2022 at 9:07 AM


36° 25' 13" N, 107° 55' 32" W
1987.74m 6522.11ft
Dec 28, 2022 at 10:16 AM





Closure Standard Proposed Change

The closure plan on file with the division included the closure standards from the older version of the pit rule. Dugan proposes that the current days closure standards be followed for this BGT closure. A copy of those standards are provided below:

Table I Closure Criteria for Soils Impacted by a Release			
Minimum depth below any point within the horizontal boundary of the release to ground water less than 10,000 mg/l TDS	Constituent	Method*	Limit**
≤ 50 feet	Chloride***	EPA 300.0 or SM4500 Cl B	600 mg/kg
	TPH (GRO+DRO+MRO)	EPA SW-846 Method 8015M	100 mg/kg
	BTEX	EPA SW-846 Method 8021B or 8260B	50 mg/kg
	Benzene	EPA SW-846 Method 8021B or 8260B	10 mg/kg
51 feet-100 feet	Chloride***	EPA 300.0 or SM4500 Cl B	10,000 mg/kg
	TPH (GRO+DRO+MRO)	EPA SW-846 Method 8015M	2,500 mg/kg
	GRO+DRO	EPA SW-846 Method 8015M	1,000 mg/kg
	BTEX	EPA SW-846 Method 8021B or 8260B	50 mg/kg
	Benzene	EPA SW-846 Method 8021B or 8260B	10 mg/kg
>100 feet	Chloride***	EPA 300.0 or SM4500 Cl B	20,000 mg/kg
	TPH (GRO+DRO+MRO)	EPA SW-846 Method 8015M	2,500 mg/kg
	GRO+DRO	EPA SW-846 Method 8015M	1,000 mg/kg
	BTEX	EPA SW-846 Method 8021B or 8260B	50 mg/kg
	Benzene	EPA SW-846 Method 8021B or 8260B	10 mg/kg

In the case of the Grigsby Federal 3 we will be following the >100 feet to groundwater closure standards. After reviewing the applicable data, it was determined the nearest watercourse

was a wash 1 mile to the south. There were no homes, water wells, wetlands or other sources of water near the site. The BGT is not sitting above an underground mine nor does it sit in a 100 year flood plan. In addition, the Hydrogeologic report identifies ground water is found nearly 600 feet below surface. For these reasons, Dugan will use >100 feet standard for closure.

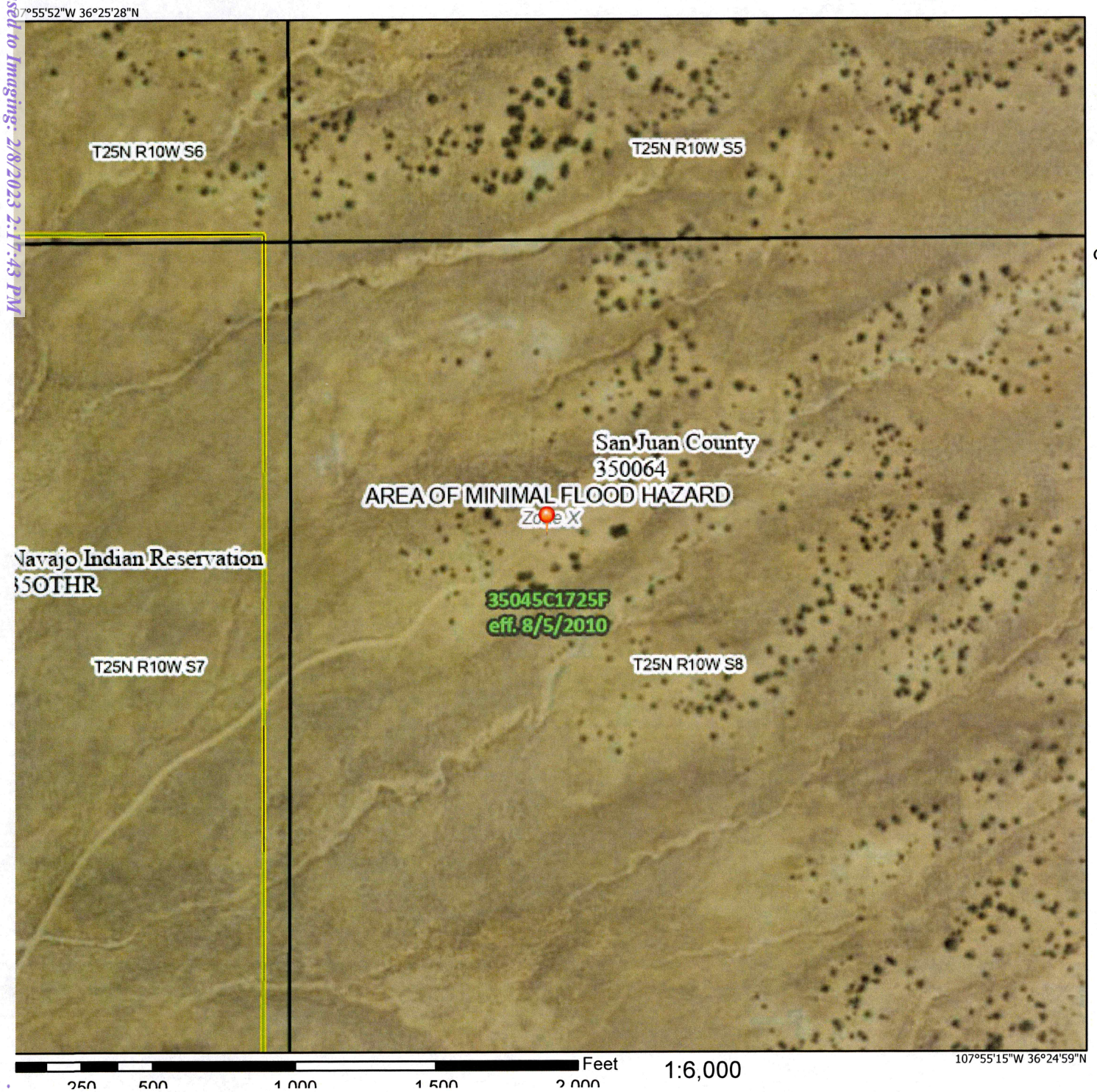
The following items are included that supports Dugan's proposal to use the less stringent standards of closure for this BGT closure:

1. A copy of the hydrogeologic report
2. An aerial map showing the nearby wash nearly 1 mile to the south
3. A topo map showing no nearby water courses or other sources of water
4. A map showing no nearby wetlands
5. A map from FEMA showing the site is not part of a 100 year flood plain
6. Another map showing no underground mines in the area
7. A copy of the iWaters database search. No wells are located nearby
8. A map from the NMOSE showing no domestic water wells are near the location.

Wetlands Map

National Flood Hazard Layer FIRMette

FEMA



Legend

SEE FIS REPORT FOR DETAILED LEGEND AND INDEX MAP FOR FIRM PANEL LAYOUT

SPECIAL FLOOD HAZARD AREAS
- Without Base Flood Elevation (BFE) *Zone A, V, A99*
- With BFE or Depth *Zone AE, AO, AH, VE, AR*
- Regulatory Floodway

OTHER AREAS OF FLOOD HAZARD
- 0.2% Annual Chance Flood Hazard, Ar of 1% annual chance flood with avera depth less than one foot or with drain areas of less than one square mile *Zon*
- Future Conditions 1% Annual Chance Flood Hazard *Zone X*
- Area with Reduced Flood Risk due to Levee. See Notes. *Zone X*
- Area with Flood Risk due to Levee *Zon*

OTHER AREAS
- NO SCREEN Area of Minimal Flood Hazard *Zone X*
- Effective LOMRs
- Area of Undetermined Flood Hazard *Z*

GENERAL STRUCTURES
- Channel, Culvert, or Storm Sewer
- Levee, Dike, or Floodwall

OTHER FEATURES
- 20.2 / 17.5 Cross Sections with 1% Annual Chanc / Water Surface Elevation
- Coastal Transect
- Base Flood Elevation Line (BFE)
- Limit of Study
- Jurisdiction Boundary
- Coastal Transect Baseline
- Profile Baseline
- Hydrographic Feature

MAP PANELS
- Digital Data Available
- No Digital Data Available
- Unmapped

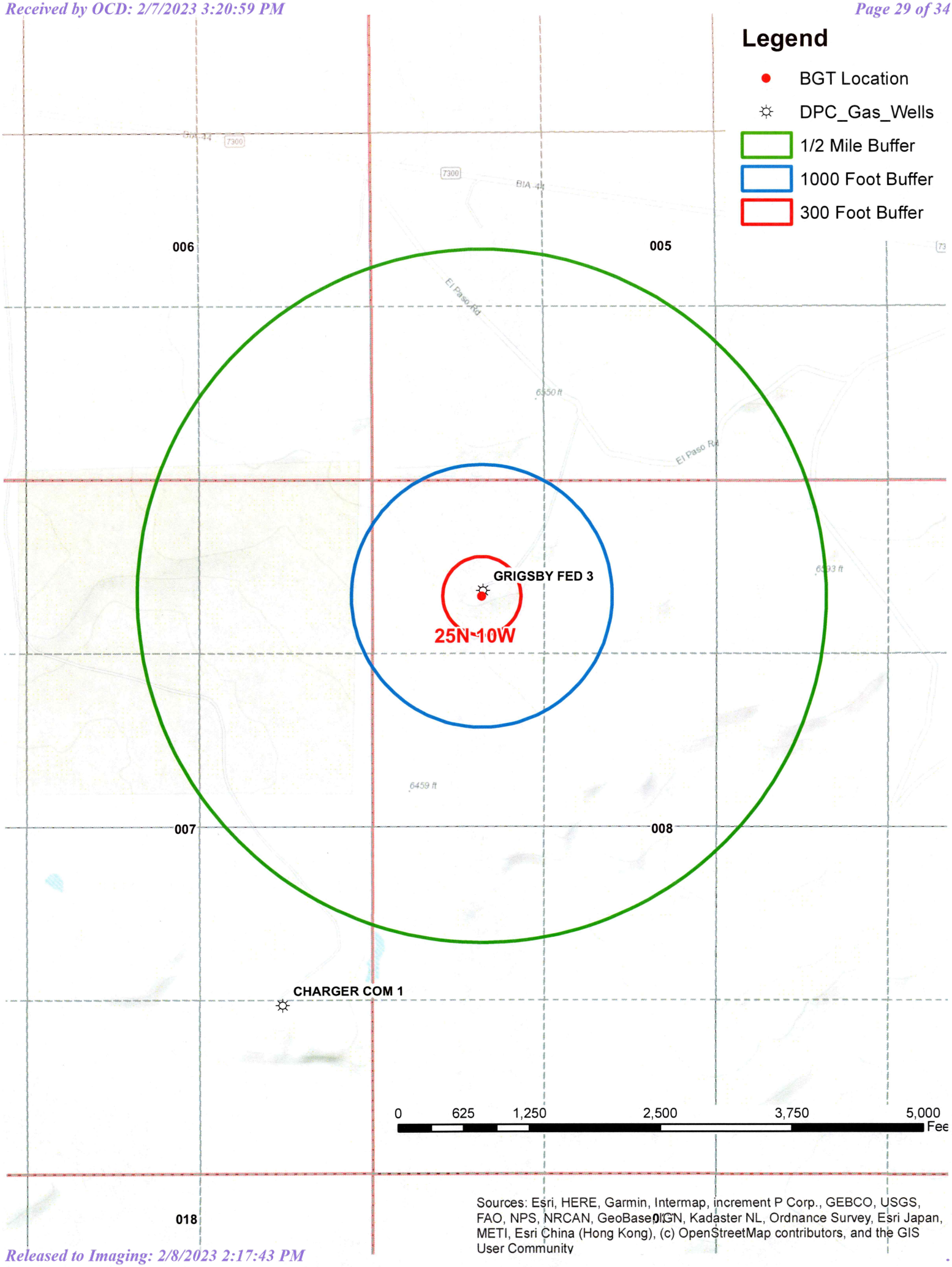
N

The pin displayed on the map is an approxima point selected by the user and does not repre an authoritative property location.

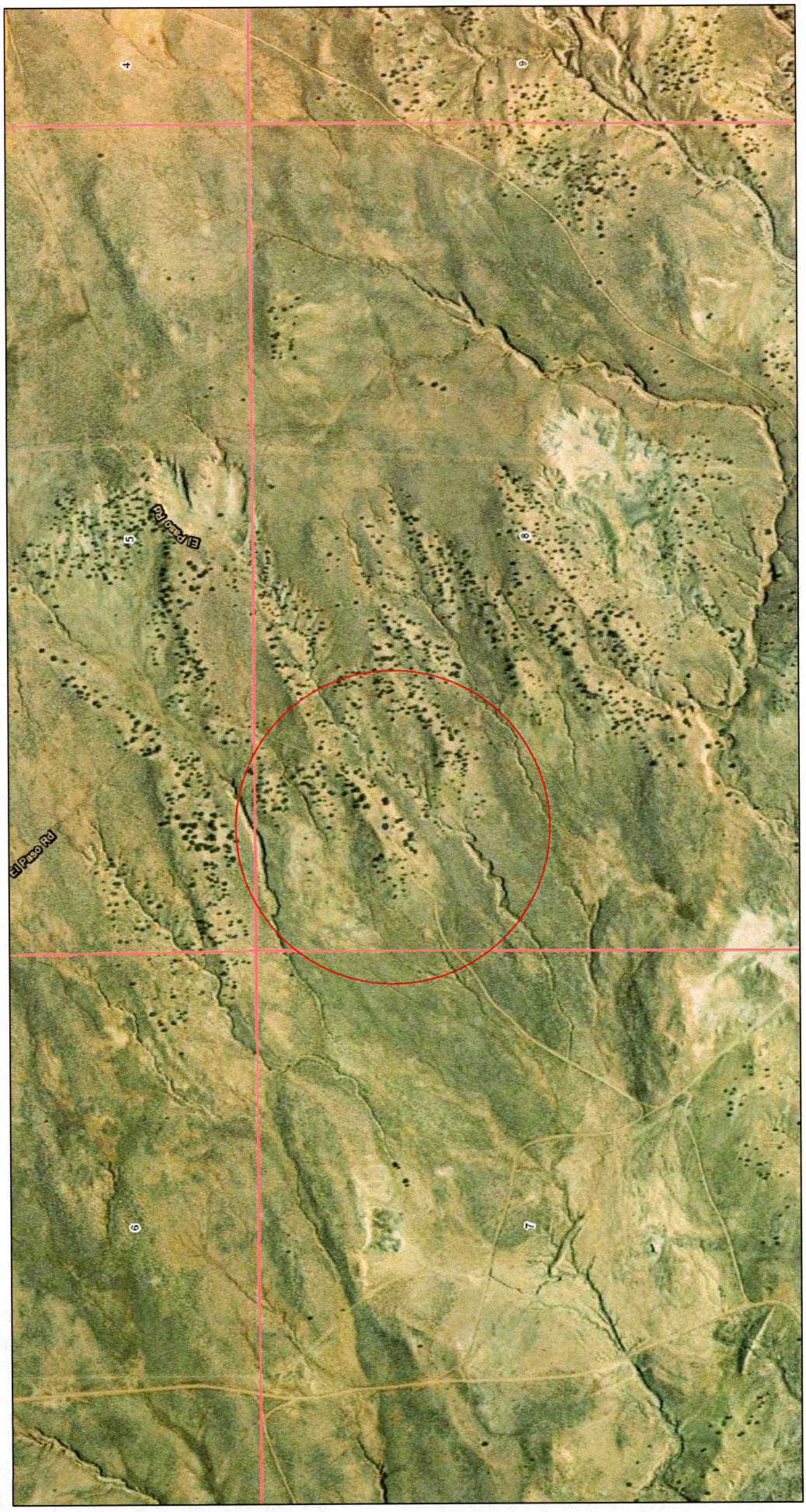
This map complies with FEMA's standards for the use of digital flood maps if it is not void as described below. The basemap shown complies with FEMA's basemap accuracy standards

The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was exported on 1/25/2023 at 5:09 PM and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by new data over time.

This map image is void if the one or more of the following map elements do not appear: basemap imagery, flood zone labels, legend, scale bar, map creation date, community identifiers, FIRM panel number, and FIRM effective date. Map images for unmapped and unmodernized areas cannot be used for regulatory purposes.


Legend
BGT Location
DPC_Gas_Wells
1/2 Mile Buffer
1000 Foot Buffer
300 Foot Buffer
006
005
007
008
018
GRIGSBY FED 3
25N-10W
CHARGER COM 1
BIA 44
7300
El Paso Rd
6550 ft
6593 ft
6459 ft
0
625
1,250
2,500
3,750
5,000
Fee
Sources: Esri, HERE, Garmin, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey, Esri Japan, METI, Esri China (Hong Kong), (c) OpenStreetMap contributors, and the GIS User Community

OSE POD Locations Map



1/25/2023, 3:07:03 PM

OSE District Boundary

SiteBoundaries

Sections

1:9,028

0 0.07 0.15 0.3 mi

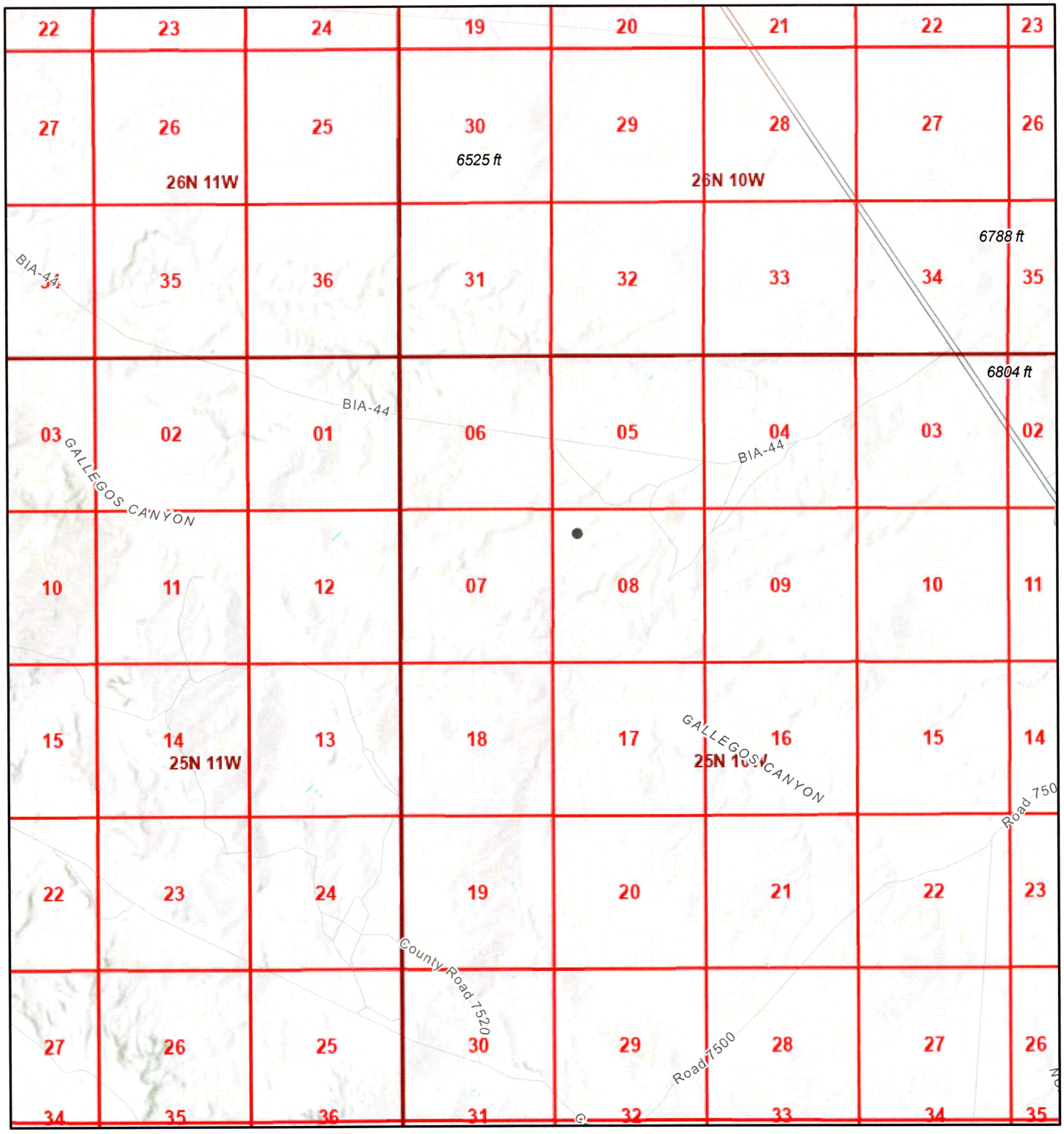
0 0.13 0.25 0.5 km

Esri, HERE, iPC, OSE SLO, U.S. Department of Energy Office of Legacy Management, Esri, HERE, Garmin, iPC, Maxar

Web Generated Map

Map is generated by web users.

Active Mines in New Mexico



1/25/2023, 3:11:50 PM

PLSS First Division

PLSS Townships

1:72,224

0 0.5 1 2 mi

0 0.75 1.5 3 km

Esri, NASA, NGA, USGS, FEMA, New Mexico State University, San Juan County, NM, Esri, HERE, Garmin, SafeGraph, GeoTechnologies, Inc, METI/NASA, USGS, Bureau of Land Management, EPA, NPS, USDA, BLM

EMNRD MMD GIS Coordinator

Grigsby Federal #3 - 8 Hydrogeologic Data

The Grigsby Federal #3 - 8 is on Federal land on the Chaco Slope area of the San Juan Basin, San Juan County, New Mexico. The area is characterized by a very broad, flat lying plane with sparse stands of juniper on the ridge lines and sage with grass in the low-lying areas. The area is drained by small arroyos which feed into the larger Gallegos Wash 1-mile to the south and west.

A records search of the NM Office of the State Engineer –iWATERS database was conducted on a three square mile area centered on the Grigsby Federal #3 - 8 location (Exhibit 2). No water wells were located in the area of the below grade tank. The results of the search are shown on Exhibit 1.

The main source of stock water in the region is encountered in valley-fill deposits in existing arroyos at shallow depths of approximately 15 – 50 feet below the surface. The proposed below grade tank is not located in an arroyo. A very small arroyo is located 350 feet to the south and east.

The Nacimiento Formation extends from the surface down to a depth of approximately 700 feet. From the surface down to a depth of 200 feet, the interval consists of mudstone / shale. From 200 feet down to a depth of 700 feet, there are several shaly sands (20 – 30 feet thick) inter-bedded with mudstones (40 – 60 feet thick).

The underlying Ojo Alamo Sandstone ranges from approximately 700 feet down to a depth of approximately 815 feet and is comprised of a coarse grained alluvial sandstone inter-bedded with lenses of mudstone and occasional conglomeratic sandstone. The Ojo Alamo may yield marginal quantities of water for livestock, however, the water quality is typically greater than 1,000 ppm total dissolved solids and high in sulfate.

Based on electric open hole logs, the iWATERS database and literature reviewed, poor quality ground water might be found at a depth below 200 feet from thin, discontinuous sands of the lowermost Nacimiento Formation or the underlying Ojo Alamo Sandstone.

The excessive drilling depth to reservoirs with unpredictable variations in reservoir quality and water quality has discouraged the drilling of water wells in the area.

Stone, W.J., Lyford, F.P., Frenzel, P.F., Mizell, N.H., and Padgett, E.T., 1983, Hydrogeology and water resources of San Juan Basin, New Mexico: New Mexico Bureau of Mines and Mineral Resources Hydrologic Report 6, 70 p.

Brown, D.R., and Stone, W.J., 1979, Hydrogeology of Aztec quadrangle, San Juan County, New Mexico: New Mexico Bureau of Mines and Mineral Resources Hydrogeologic Sheet 1.

Levings, G.W., Craigg, S.D., Dam, W.L. Kernodle, J.M., and Thorn, C.R., 1990, Hydrogeology of the San Jose, Nacimiento, and Animas Formations in the San Juan Structural Basin, New Mexico, Colorado, Arizona and Utah: U.S. Geological Survey, Atlas HA-720-A, Sheet 1 and 2.

Thorn, C.R., Levings, G.W., Craigg, S.D., Dam, W.L., and Kernodle, J.M., 1990, Hydrogeology of the Ojo Alamo Sandstone in the San Juan Structural Basin, New Mexico, Colorado, Arizona and Utah: U.S. Geological Survey, Atlas HA-720-B, Sheet 1 and 2.

EXHIBIT 1.

New Mexico Office of the State Engineer
POD Reports and Downloads

Township: 25N Range: 10W Sections: 4,5,6,7,8,9,16,17,18

NAD27 X: Y: Zone: Search Radius:

County: Basin: Number: Suffix:

Owner Name: (First) (Last) ○Non-Domestic ○Domestic ◉All

POD / Surface Data Report | Avg Depth to Water Report | Water Column Report

Clear Form | iWATERS Menu | Help

WATER COLUMN REPORT 07/17/2008

(quarters are 1=NW 2=NE 3=SW 4=SE)
(quarters are biggest to smallest)

POD Number	Tws	Rng	Sec	q	q	q	Zone	X	Y	Depth Well	Depth Water	Water Column (in feet)

No Records found, try again

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720
District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

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

CONDITIONS

Operator: DUGAN PRODUCTION CORP PO Box 420 Farmington, NM 87499	OGRID: 6515
	Action Number: 183785
	Action Type: [C-144] Below Grade Tank Plan (C-144B)

CONDITIONS

Created By	Condition	Condition Date
jburdine	Closure report shows that historic release occurred. Operator remediated through excavation of soil 5 feet below the BGT. Re-sampling after excavation showed that BGT samples were within the 19.15.29 and 19.15.17 NMAC table limits for remediation requirements. All other closure protocols were met BGT Closure report approved.	2/8/2023