

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88201
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

HOBBS OCD

SEP 05 2012

RECEIVED

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.

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 #: 6515
Address: P.O. Box 420, Farmington, NM 87499
Facility or well name: Bilbrey 51 # 001 SWD ✓
API Number: 300-25-24321 ✓ OCD Permit Number: _____
U/L or Qtr/Qtr A Section 23 Township 9S Range 37E County: Lea ✓
Center of Proposed Design: Latitude 33.5251 N Longitude 103.1168 W 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

RCVD AUG 31 '12
OIL CONS. DIV.
DIST. 3

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: _____ Approval Date: _____

Title: _____ 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: 7/24/2012

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: Gary Marley Land Farm Disposal Facility Permit Number: NM-001-0019

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

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): Aliph T Reena Title: Production Engineer

Signature:  Date: 08/30/2012

e-mail address: aliph.reena@duganproduction.com Telephone: 505-325-1821



A.C.D. FIELD TICKET

No. T 24951

1902 Tatum Hwy
P.O. Box 553
Lovington, NM
88260Office: 575-396-0008
Fax: 575-396-0280
Cell: 575-390-4885Date: 7/20/2012

PO#: _____

Contact: _____

Phone: _____

Company: Dream ProductionLease: Bilberry #51 SWD Well #1

DESCRIPTION OF WORK

Start Time	Top Gauge	End Time	Bottom Gauge	SWD
<u>Brought 70 Bbl's of Brine water from the yard to location. Unloaded into pump truck. Also got 130 Bbl's of oil and water fixed together from pit. took to Gordy's well out.</u>				

Company Man: Aliph Riera

ITEM	QTY/HRS	DESCRIPTION	RATE	AMOUNT
Vacuum Truck	<u>6 1/2 hrs</u>		<u>90</u> Per Hr	
Kill Truck			Per Hr	
Hot Oiler			Per Hr	
Disposal	<u>130 Bbl's</u>		<u>95</u> Per Bbl	
Fresh Water			Per Bbl	
Brine Water	<u>70 Bbl's</u>		<u>2.00</u> Per Bbl	
K.C.L.			Per Gal	
Chemical			Per Gal	
Steamer			Per Hr	
Helper			Per Hr	

Email: acd@acdoilfieldservices.com. Thank you for your business!
Web: www.acdoilfieldservices.comACD Representative X E. J. [Signature]

SUB-TOTAL

TOTAL TAX

TICKET

TOTAL

Company Representative X _____

Date _____

**A.C.D. FIELD TICKET**No. T **25888**1902 Tatum Hwy
P.O. Box 553
Lovington, NM
88260Office: 575-396-0008
Fax: 575-396-0280
Cell: 575-390-4885Date: **7-24-12**
PO#: _____
Contact: _____
Phone: _____Company: **DUGAN PRODUCTION**
Lease: **BILBRY #51 SWD WELL #1****DESCRIPTION OF WORK**

Start Time	Top Gauge	End Time	Bottom Gauge	SWD
2:30 pm		8:00 pm		

**I Drove To Location and Picked up
CEMENT OF R/PIT. (60) barrels
To Disposal Gandy and Jet wash.**

ITEM	QTY/HRS	DESCRIPTION	RATE	AMOUNT
Vacuum Truck	5 1/2	TRUCK 25	90 Per Hr	
Kill Truck			Per Hr	
Hot Oiler			Per Hr	
Disposal	60 barrels	PLC	Per Bbl	
Fresh Water			Per Bbl	
Brine Water			Per Bbl	
K.C.L.			Per Gal	
Chemical			Per Gal	
Steamer			Per Hr	
Helper			Per Hr	

Email: acd@acdoilfieldservices.com Thank you for your business!
Web: www.acdoilfieldservices.com

ACD Representative X

J. Carren

SUB-TOTAL

TOTAL TAX

TICKET

TOTAL

Company Representative X

Date

**Hauled To Gandy Marley
Land Farm**



A.C.D. FIELD TICKET

No. T 25887

1902 Tatum Hwy
P.O. Box 853
Lovington, NM
88260

Office: 575-396-0008
Fax: 575-396-0280
Cell: 575-390-4885

Date: 7-24-12
PO#: _____
Contact: _____
Phone: _____

Company: DUGAN
Lease: yates federal "69" Lease

DESCRIPTION OF WORK

Start Time	Top Gauge	End Time	Bottom Gauge	SWD
<u>5:00am</u>		<u>2:30pm</u>		

I Drove To Location To Steam
The Heater and Picked up water.
60 barrels To Disposal I move
To Disposal #51 The DUGAN and
Picked up To barrels cement To
Disposal Gandy

ITEM	QTY/HRS	DESCRIPTION	RATE	AMOUNT
Vacuum Truck	<u>9 1/2 hrs.</u>		<u>90</u> Per Hr	
Kill Truck			Per Hr	
Hot Oiler			Per Hr	
Disposal	<u>130 barrels etc</u>		Per Bbl	
Fresh Water			Per Bbl	
Brine Water			Per Bbl	
K.C.L.			Per Gal	
Chemical			Per Gal	
Steamer			Per Hr	
Helper			Per Hr	

Email: acd@acdoilfieldservices.com Thank you for your business!
Web: www.acdoilfieldservices.com

ACD Representative X

SUB-TOTAL	
TOTAL TAX	
TICKET TOTAL	

Company Representative X

Date