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.

Pit, Closed-Loop System, Below-Grade Tank, o	<u>or</u>
Proposed Alternative Method Permit or Closure Plan A	pplication

1 toposed Attendative Method 1 chill of Closure 1 lan Apphearion
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
BGT 1 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.
Operator: Dugan Production Corp. OGRID#: 006515
Address: 709 East Murray Drive, Farmington, New Mexico 87401
Facility or well name: Bonnie And Ed #1
API Number: 30-045-25120 OCD Permit Number:
U/L or Qtr/Qtr J Section 4 Township 29N Range 15W County: San Juan
Center of Proposed Design: Latitude 36.75464 North Longitude 108.41839 West NAD: X 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: Thicknessmil ☐ LLDPE ☐ HDPE ☐ PVC ☐ Other
☐ String-Reinforced
Liner Seams: Welded Factory Other Volume: bbl Dimensions: L x W x D
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. [57] D
Below-grade tank: Subsection I of 19.15.17.11 NMAC
Volume: 45 bbl Type of fluid: Producer H2O (See Closure Plan #3)
Tank Construction material: Steel (See Closure Plan #3)

5. Alternative Method:

Liner type: Thickness

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

Secondary containment with leak detection Usible sidewalls, liner, 6-inch lift and automatic overflow shut-off

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	
7.	4,414, 739,52
Netting: Subsection E of 19.15.17.11 NMAC (Applies to permanent pits and permanent open top tanks)	
X Screen Netting Other	
Monthly inspections (If netting or screening is not physically feasible)	
8.	
Signs: Subsection C of 19.15.17.11 NMAC	
X 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:	
X 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 accematerial are provided below. Requests regarding changes to certain siting criteria may require administrative approval from the appro-	ptable source
office or may be considered an exception which must be submitted to the Santa Fe Environmental Bureau office for consideration of a	approval.
Applicant must attach justification for request. Please refer to 19.15.17.10 NMAC for guidance. Siting criteria does not apply to dry above-grade tanks associated with a closed-loop system.	ing pads or
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	Yes X 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).	☐ Yes 🏻 No
- Topographic map; Visual inspection (certification) of the proposed site	
Within 300 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application.	Yes X No
(Applies to temporary, emergency, or cavitation pits and below-grade tanks) - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image	∐ NA
Within 1000 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application.	☐ Yes ☐ No
(Applies to permanent pits) - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image	X NA
Within 500 horizontal feet of a private, domestic fresh water well or spring that less than five households use for domestic or stock	☐ Yes ☒ No
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	
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.	Yes X No
- Written confirmation or verification from the municipality; Written approval obtained from the municipality	
Within 500 feet of a wetland. - US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site	☐ Yes 🗓 No
Within the area overlying a subsurface mine.	Yes X No
- Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division	[] res [] 140
Within an unstable area. - Engineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources; USGS; NM Geological	☐ Yes 🏻 No
Society; Topographic map	
Within a 100-year floodplain FEMA map	☐ Yes 🗓 No
• 2000 1000	1

Temporary Pits, Emergency Pits, and Below-grade Tanks Permit Application Attachment Chec Instructions: Each of the following items must be attached to the application. Please indicate, by a attached.	klist: Subsection B of 19.15.17.9 NMAC a check mark in the box, that the documents are
 ☑ Hydrogeologic Report (Below-grade Tanks) - based upon the requirements of Paragraph (4) of S ☐ Hydrogeologic Data (Temporary and Emergency Pits) - based upon the requirements of Paragra ☑ Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15. ☑ 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 and 19.15.17.13 NMAC 	ph (2) of Subsection B of 19.15.17.9 NMAC 17.10 NMAC
Previously Approved Design (attach copy of design) API Number:	or Permit Number:
12. Closed-loop Systems Permit Application Attachment Checklist: Subsection B of 19.15.17.9 NM. Instructions: Each of the following items must be attached to the application. Please indicate, by a attached. Geologic and Hydrogeologic Data (only for on-site closure) - based upon the requirements of P.	check mark in the box, that the documents are
☐ Siting Criteria Compliance Demonstrations (only for on-site closure) - based upon the appropria ☐ 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 NM ☐ Closure Plan (Please complete Boxes 14 through 18, if applicable) - based upon the appropriate and 19.15.17.13 NMAC	ate requirements of 19.15.17.10 NMAC
Previously Approved Design (attach copy of design) API Number:	
Previously Approved Operating and Maintenance Plan API Number:	_
above ground steel tanks or haul-off bins and propose to implement waste removal for closure)	
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 attached. Hydrogeologic Report - based upon the requirements of Paragraph (1) of Subsection B of 19.15 Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15. Climatological Factors Assessment Certified Engineering Design Plans - based upon the appropriate requirements of 19.15.17.11 N Dike Protection and Structural Integrity Design - based upon the appropriate requirements of 19 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 Quality Control/Quality Assurance Construction and Installation Plan Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMA Freeboard and Overtopping Prevention Plan - based upon the appropriate requirements of 19.15 Nuisance or Hazardous Odors, including H ₂ S, 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 the appropriate requirements of Subsection C of 19.15.17.9 NMAC and the appropriate requirements of Subsection C of 19.15.17.9 NMAC and the appropriate Plan - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and the appropriate Plan - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and the appropriate Plan - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and the appropriate Plan - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and the appropriate Plan - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and the appropriate Plan - based upon the appropriate requirements of Subsection C o	.17.9 NMAC 17.10 NMAC MAC .15.17.11 NMAC .f 19.15.17.11 NMAC AC .17.11 NMAC
Proposed Closure: 19.15.17.13 NMAC Instructions: Please complete the applicable boxes, Boxes 14 through 18, in regards to the proposed	
Type: Drilling Workover Emergency Cavitation P&A Permanent Pit E Bel 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 only) In-place Burial On-site Trench Burial Alternative Closure Method (Exceptions must be submitted to the Sant	ems)
Waste Excavation and Removal Closure Plan Checklist: (19.15.17.13 NMAC) Instructions: Each 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 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 I of 19.15.17.13 NM Re-vegetation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13	etion F of 19.15.17.13 NMAC section H of 19.15.17.13 NMAC

16. Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Instructions: Please indentify the facility or facilities for the disposal of liquids facilities are required.	d Steel Tanks or Haul-off Bins Only: (19.15.17.13.E., drilling fluids and drill cuttings. Use attachment if t	O NMAC) more than two
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 ☐ Yes (If yes, please provide the information below) ☐ No	occur on or in areas that will not be used for future serv	vice and operations?
Required for impacted areas which will not be used for future service and operate Soil Backfill and Cover Design Specifications based upon the appropriat Re-vegetation Plan - based upon the appropriate requirements of Subsectio Site Reclamation Plan - based upon the appropriate requirements of Subsection	te requirements of Subsection H of 19.15.17.13 NMA(n I of 19.15.17.13 NMAC	С
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 provided below. Requests regarding changes to certain siting criteria may required considered an exception which must be submitted to the Santa Fe Environment demonstrations of equivalency are required. Please refer to 19.15.17.10 NMAC.	e closure plan. Recommendations of acceptable sour ire administrative approval from the appropriate dist al Bureau office for consideration of approval. Justi	rict office or may be
Ground water is less than 50 feet below the bottom of the buried waste. - NM Office of the State Engineer - iWATERS database search; USGS; Database search; USG	ata obtained from nearby wells	Yes No
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; Database search;	ata 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; December 2015.		☐ Yes ☐ No ☐ NA
Within 300 feet of a continuously flowing watercourse, or 200 feet of any other s lake (measured from the ordinary high-water mark). - Topographic map; Visual inspection (certification) of the proposed site	ignificant watercourse or lakebed, sinkhole, or playa	☐ Yes ☐ No
Within 300 feet from a permanent residence, school, hospital, institution, or churchy Visual inspection (certification) of the proposed site; Aerial photo; Satell	ch in existence at the time of initial application. ite image	☐ Yes ☐ No
Within 500 horizontal feet of a private, domestic fresh water well or spring that le watering purposes, or within 1000 horizontal feet of any other fresh water well or - NM Office of the State Engineer - iWATERS database; Visual inspection	spring, in existence at the time of initial application.	☐ Yes ☐ No
Within incorporated municipal boundaries or within a defined municipal fresh was adopted pursuant to NMSA 1978, Section 3-27-3, as amended. - Written confirmation or verification from the municipality; Written approx		☐ Yes ☐ No
Within 500 feet of a wetland US Fish and Wildlife Wetland Identification map; Topographic map; Vis	tual inspection (certification) of the proposed site	☐ Yes ☐ No
Within the area overlying a subsurface mine. - Written confirmation or verification or map from the NM EMNRD-Mini	ng and Mineral Division	☐ Yes ☐ No
Within an unstable area. - Engineering measures incorporated into the design; NM Bureau of Geold Society; Topographic map	egy & Mineral Resources; USGS; NM Geological	☐ Yes ☐ No
Within a 100-year floodplain FEMA map		☐ Yes ☐ No
On-Site Closure Plan Checklist: (19.15.17.13 NMAC) Instructions: Each of by a check mark in the box, that the documents are attached. Siting Criteria Compliance Demonstrations - based upon the appropriate requirements Construction/Design Plan of Burial Trench (if applicable) based upon the Construction/Design Plan of Temporary Pit (for in-place burial of a drying Protocols and Procedures - based upon the appropriate requirements of 19 Confirmation Sampling Plan (if applicable) - based upon the appropriate requirements of Disposal Facility Name and Permit Number (for liquids, drilling fluids and Soil Cover Design - based upon the appropriate requirements of Subsection Re-vegetation Plan - based upon the appropriate requirements of Subsection Site Reclamation Plan - based upon the appropriate requirements of Subsection	equirements of 19.15.17.10 NMAC of Subsection F of 19.15.17.13 NMAC appropriate requirements of 19.15.17.11 NMAC spad) - based upon the appropriate requirements of 19. 15.17.13 NMAC equirements of Subsection F of 19.15.17.13 NMAC of Subsection F of 19.15.17.13 NMAC d drill cuttings or in case on-site closure standards cann n H of 19.15.17.13 NMAC on I of 19.15.17.13 NMAC	.15.17.11 NMAC

Signature:			ember 5, 2008
e-mail address: kfagrelius@d 20. OCD Approval: Permit Applicat			
OCD Approval: Permit Applicat		Telephone: 505	-325-1821(0), 505-320-8248(0
	ion (including closure plan)	Closure Plan (only) OCD Co	onditions (see attachment)
OCD Representative Signature:	CRWhitehead		Approval Date: August 16, 2021
Title: Environmental Spec		OCD Permit Number	.:BGT 1
	to obtain an approved closure published to the division within (plan prior to implementing any clo 60 days of the completion of the clo	sure activities and submitting the closure reposure activities. Please do not complete this
		☐ Closure Comple	tion Date:
22. Closure Method: Waste Excavation and Removal If different from approved plan, pl		☐ Alternative Closure Method ☐	Waste Removal (Closed-loop systems onl
Instructions: Please indentify the factwo facilities were utilized. Disposal Facility Name: Disposal Facility Name:	illity or facilities for where the last and associated activities performance to the items below) Il not be used for future service to the items below) allation	Disposal Facility Pern	round Steel Tanks or Haul-off Bins Only: tings were disposed. Use attachment if more nit Number: used for future service and operations?
mark in the box, that the documents at Proof of Closure Notice (surface Proof of Deed Notice (required Plot Plan (for on-site closures at Confirmation Sampling Analytic Waste Material Sampling Analytic Disposal Facility Name and Per Soil Backfilling and Cover Instate Re-vegetation Application Rate:	are attached. e owner and division) for on-site closure) and temporary pits) cal Results (if applicable) rtical Results (required for on-si mit Number allation s and Seeding Technique	te closure)	the closure report. Please indicate, by a che
25. Operator Closure Certification:			
	nd attachments submitted with the omplies with all applicable closu	nis closure report is true, accurate ar ure requirements and conditions spe	nd complete to the best of my knowledge and cified in the approved closure plan.
Name (Print): Kurt Fagreliu			resident, Exploration
Signature:		Date:	
e-mailaddress: kfagrelius@du			

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			ports and Dow	O	meer			
	Township: 29N	Range: 15W	Sections: 3,4,	5,8,9,10				
1	NAD27 X:	Y:	Zone:		Search R	adius:		
County:	Ba	asin:		Numbe	r.	Suffix	:	
Owner Name:	(First)	(Last)		0	Non-Don	nestic C	Domesti	c ® All
	POD / Surface i	Data Report Avg	Depth to Water I	Report	Water C	Column Rep	oort	
		Clear Form	iWATERS Men	u He	elp			
				100100				
(quarters are	WATER COL	UMN REPORT 11	/26/20	008			
	_	oiggest to small			Depth	Depth	Water	(in feet)
OD Number J 00931	Tws Rng S	ecqqq Zone 4 3 4	e X	Y	Well 44	Water 22	Column 22	

Record Count: 1

New Mexico Office of the State Engineer **POD Reports and Downloads**

	1 OD Reports and Downtoaus
	Township: 30N Range: 15W Sections: 32,33,34
1	NAD27 X: Zone: Search Radius:
County:	Basin: Number: Suffix:
Owner Name:	(First) Onn-Domestic Onnestic
	POD / Surface Data Report
	Clear Form iWATERS Menu Help
	WATER COLUMN REPORT 11/26/2008
	(quarters are 1=NW 2=NE 3=SW 4=SE)
POD Number	(quarters are biggest to smallest) Depth Depth Water (in feet) Tws Rng Sec q q q Zone X Y Well Water Column

Released to Imaging: 8/16/2021 1:45:40 PM

Siting Criteria for the Bonnie And Ed #1 Below Grade Tank

- 1. Ground water is not less than 50-feet below the bottom of the below grade tank. Ground water is greater than 100-feet below the bottom of the below grade tank (See Hydrogeologic Report).
- 2. The below grade tank is not within 300-feet of a continuously flowing water course, or 200 feet of any other watercourse, lakebed, sinkhole, or playa lake (measured from ordinary high water mark). See the attached Topographic map (Exhibit 2) and Visual Inspection Certification of the location and area around the subject below grade tank.
- 3. The below grade tank is not within 300-feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application. See the attached Satellite Image (Exhibit 3) and Visual Inspection certification of the location and area around the subject below grade tank.
- 4. The below grade tank is not within 500-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. See the attached NM Office of the State Engineer iWATERS database search (Exhibit 4) and Visual Inspection certification of the location and area around the subject below grade tank.
- 5. The below grade tank is not located within the 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. See the attached Topographic map of the location and area around the subject below grade tank.
- 6. The below grade tank is not located within 500-feet of a wetland. See the attached Topographic map and Visual Inspection Certification of the location and area around the subject below grade tank.
- 7. The below grade tank is not located within the area overlying a subsurface mine. See the attached Mine, Mills and Quarry Map of New Mexico (New Mexico, EMND 2008) (Exhibit 5) showing the location and area around the subject pit.
- 8. The below grade tank is not located within an unstable area. See the attached Topographic map of the location and area around the subject below grade tank.
- 9. The below grade tank is not located within a 100-year floodplain area. See the attached FEMA map (Exhibit 6) of the 100-year floodplain showing the location and area around the subject pit.

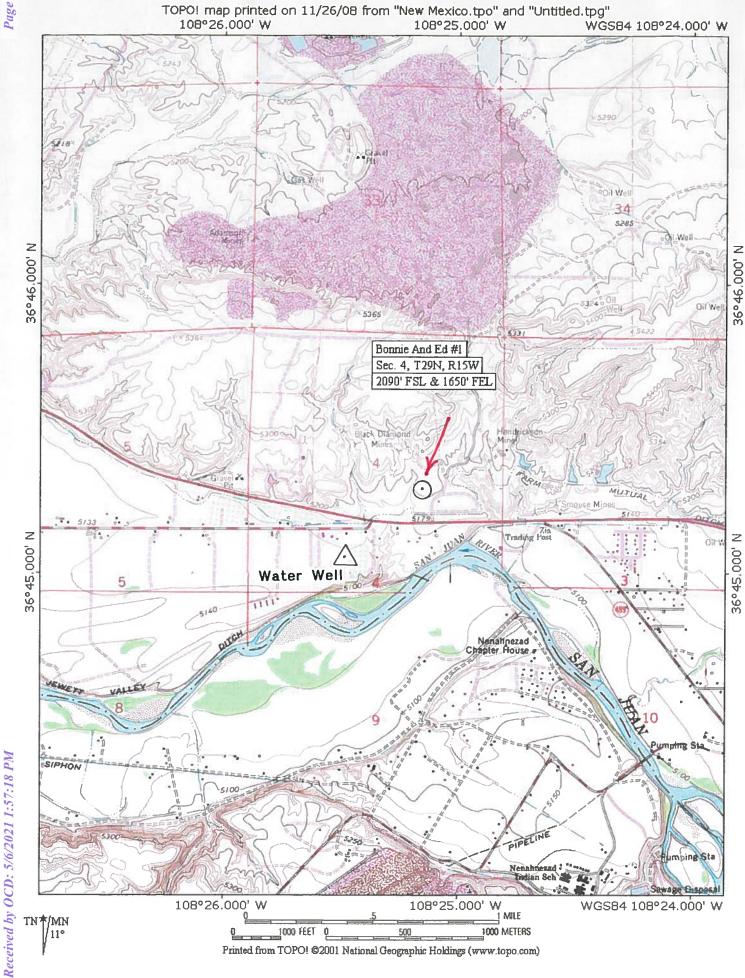
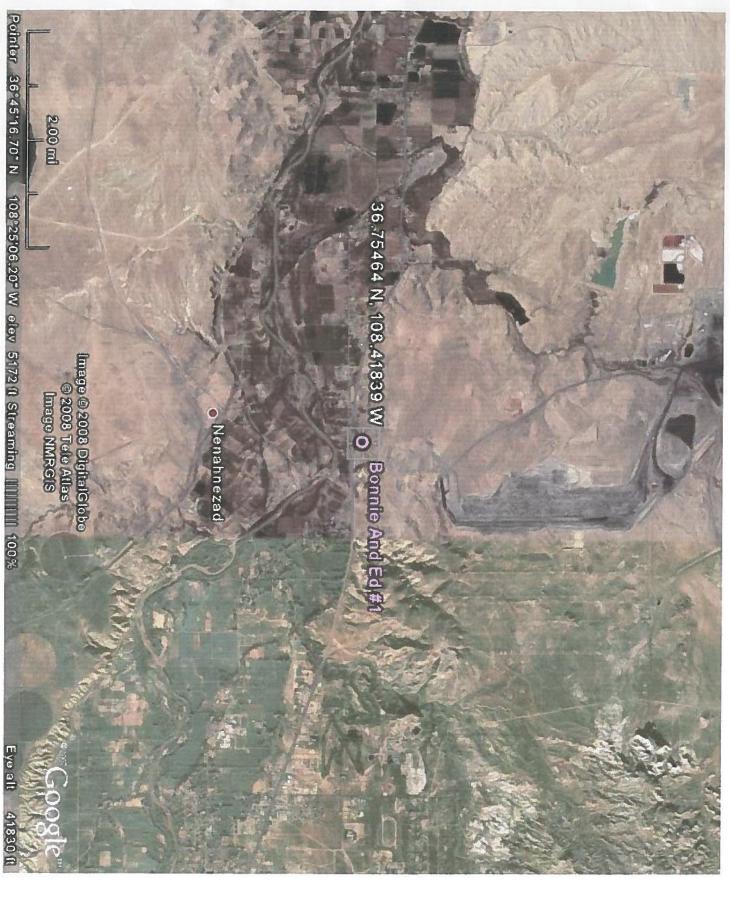
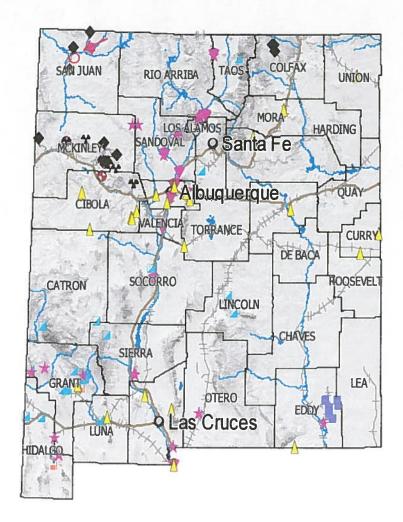


EXHIBIT 3.



		New Mexico POD I		he State Eng Downloads	,			
	Township: 29	N Range: 15W	Section	s: 4				
NA	AD27 X:	Y:	Zon	e:	Search R	adius:		
County:	1	Basin:		Numb	er.	Suffix		
Owner Name:		(Las		•	Non-Doi		Domesti	ic ® All
	POD / Surface		\vg Depth to \			Column Rep	oort	
		Clear Form	iWATER	S Menu F	lelp			
		WATER CO	OLUMN REPO	RT 11/26/2	008			
(qı	uarters are	1=NW 2=NE 3=		,,				
(qı	uarters are	biggest to si	mallest)		Depth	Depth	Water	(in feet)
OD Number J 00931	Tws Rng 29N 15W		one X	Y	Well 44	Water 22	Column 22	



Mine, Mills and Quarry Map of New Mexico

Dugan Production Corp.

Bonnie And Ed #1

Taken from the New Mexico Energy, Minerals and Natural Resources Department.

Mining and Minerals Division.

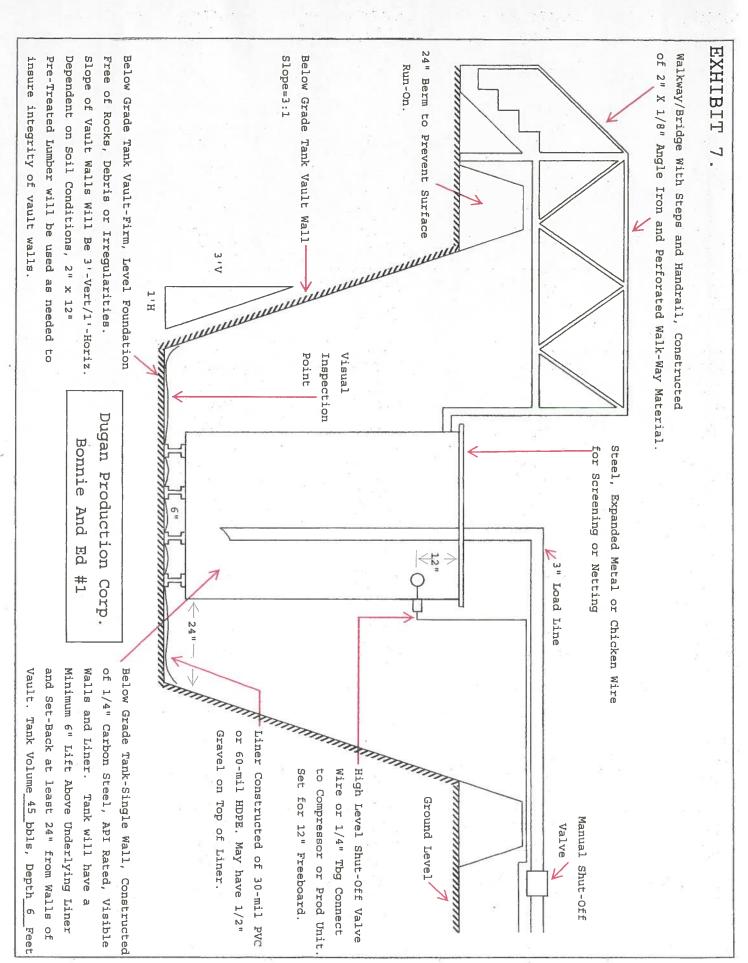
EXHIBIT 6.

FEMA 100-Year Floodplain Map Bonnie And Ed #1

Bonnie And Ed #1 Below Grade Tank Design and Construction Plan

The Bonnie And Ed #1 below grade tank will be designed and constructed in accordance with the following requirements:

- 1. Below grade tank will be designed and constructed to contain liquids and solids, prevent contamination of fresh water and protect the public health and environment (Exhibit 7).
- 2. Stockpile topsoil prior to digging below grade tank vault, keep separate from subsoil and use as final cover and fill when closing below grade tank vault.
- 3. Sign-12" by 24" with operator name, lease name, well #, location (unit letter, qtr/qtr, Sect., Twp., and Rge.) and emergency phone #'s will be posted on location. Sign will be posted in a location where it can be easily read.
- 4. Fencing around the Bonnie And Ed #1 below grade tank will be constructed and operated in a manner that prevents unauthorized access and shall be maintained in good condition to protect the public and wildlife. Fencing will include a 4-foot hog wire fencing with two strands of barbed wire or top rail of re-bar or pipe on top. See the attached request for Administrative Approval. If the Bonnie And Ed #1 below grade tank were located within 1000 feet of a house, school, hospital or church, a chain link fence at least six feet in height with at least two strands of bared wire on top would be constructed.
- 5. The Bonnie And Ed #1 below grade tank will be covered with steel, expanded metal or chicken wire for screening or netting on top of the tank.
- 6. Bonnie And Ed #1 below grade tank will be designed and constructed to ensure the confinement of liquids and prevent unauthorized releases. Pit will be constructed with a firm, level foundation and interior slopes, smooth and free of rocks or sharp edges to prevent punctures, cracks or indentations of the liner or tank bottom. Slope walls of the below grade tank vault will be constructed with a 3'vertical x 1' horizontal slope to prevent collapse of the walls. Dependent on soil conditions, 2"x12" pre-treated lumber will be used as needed to insure integrity of vault walls. Properly operating, high level shut off valve and manual control valves will be installed (valve will close when fluid reaches 12 inches from top of tank) to prevent overflow of tank. Berms (24 inches in height) will be constructed around the perimeter of the below grade tank vault to prevent overflow of the tank vault in the event the high level shut off valve fails and the below grade tank overflows and also prevent the collection and entrapment of surface water.
- 7. Bonnie And Ed #1 below grade tank will be constructed of materials resistant to the tank's particular contents and resistant to damage from sunlight. Tank will be API rated and constructed of carbon steel with a wall thickness of ½".
- 8. Liner will be 30-mil flexible PVC or 60-mil HDPE, string reinforced, impervious material, resistant to UV light, hydrocarbons, salt, acidic or basic liquids. The liner will have a hydraulic conductivity less than 1 x 10-9 cm/sec. Liner compatibility will comply with EPA SW-846 Method 9090A. A specification sheet on properties of liner material to be used will be provided to the NMOCD prior to installation.



- 9. The Bonnie And Ed #1 below grade tank will be constructed with single walled sides and bottom, which will be open for visual inspection for leaks. The below grade tank will be elevated a minimum of 6-inches above the underlying ground surface and set back at least 24" from walls of vault. The below grade tank will be underlain with a geo-membrane liner designed to divert any leaked fluid to a visual inspection point. Liner may be covered with gravel.
- 10. The Bonnie And Ed #1 below grade tank will be equipped with a properly operating automatic high-level shut-off control device (valve will close when fluid reaches 12 inches from top of tank) and manual controls to prevent overflows.
- 11. Diversionary berms, ditches or sloping will be constructed as necessary to prevent overflow and the collection of surface water entrapment.
- 12. A walkway/bridge with steps and handrail, will be constructed of 2"x1/8" angle iron and perforated walkway material to provide personnel access to the top of below grade tank.

Bonnie And Ed #1 Below Grade Tank Maintenance and Operation Plan

The Bonnie And Ed #1 below grade tank will be maintained and operated in accordance with the following requirements:

- 1. The Bonnie And Ed #1 below grade tank will be operated and maintained to contain liquids and solids and maintain the integrity of the tank / liner system or secondary containment system to prevent contamination of fresh water and protect public health and environment. Design features which include containment berms and high level shut off valves and manual shut off valves will be constructed to insure containment of liquids and solids (Exhibit 7). Steel tank will be set level, with a minimum of 6 inches of lift underlain by a liner (sloped to one corner) on top of a firm, smooth foundation bottom (vault floor) will be constructed providing visual leak detection to insure tank integrity.
- 2. All fluids collected in the below grade tank and below grade tank vault will be recycled, reused, reclaimed or disposed of in a manner approved by NMOCD rules.
- 3. Do not dispose of solid waste, trash, debris or hazardous material into the below grade tank or the below grade tank vault.
- 4. If the Bonnie And Ed #1 below grade tank develops a leak or if a penetration occurs below the liquids surface, all liquid will be removed above the damage or leak line within 48-hours. The NMOCD office will be notified within 48-hours of the discovery. The below grade tank / liner system or secondary containment system will then be either modified, retrofitted or replaced in accordance with Subsection I of 19.15.17.11 NMAC. If applicable, the replacement or retrofit below grade tank / liner system or secondary containment system will meet the design and construction requirements of rule 19.15.17.11 NMAC.

In the event a spill or undesirable event occurs, the provisions of rule 19.15.3.116 NMAC may apply. If considered a "Major Release" (any fluid greater than 25-bbls; any volume which results in fire, or will reach a water course, or may endanger public health, or results in substantial property or environmental damage; any gas greater than 500-mcf; any volume detrimental to water or exceeding established standards) verbal notice will be provided to the NMOCD Santa Fe Environmental Bureau Chief (Wayne Price at 505-476-3490) and Aztec District OCD (Brandon Powell at 505-334-6178) offices within 24-hours of discovery of leak, plus written notice will be provided to the NMOCD Aztec and Santa Fe Environmental Bureau within 15-days after discovery, using C-141. If considered a "Minor Release" (any fluid greater than 5-bbls but less than or equal to 25-bbls or any gas greater than 50-mcf but less than 500-mcf, written notice using Form C-141 will be provided to the NMOCD Santa Fe Environmental Bureau Chief in Santa Fe and the Aztec District OCD office. The Bureau of Land Management will be notified in accordance with the provisions of BLM NTL-3A.

- 5. Below grade tank will be constructed and operated in a manner that prevents the tank from over flow and prevents surface water from entering the pit. Diversion berms will be constructed around the sides of pit and an automatic high level shut-off will be installed.
- 6. Any measurable oil will be continuously removed from the Bonnie And Ed #1 below grade tank to prevent a significant accumulation of oil overtime.

7. The Bonnie And Ed #1 below grade tank will be inspected at least monthly and records of each inspection will be maintained for five years. The below grade monitoring report to be used, is shown below. Integrity inspections of fencing, berms, below grade tank, screening, below grade tank, vault slopes and leak detection will be made and recorded. Any solid waste, trash, debris or hazardous material in the below grade tank or below grade tank vault will be noted and removed. High level shut off valve and manual shut off valve will be tested to insure valves are operating properly. Freeboard and fluid levels in the below grade tank will be recorded, monitored and removed (See #2, Maintenance and Operation Plan) as needed. Records wills be used to assist in scheduling frequency of future fluid removal.

		Chec	k and f	Record Int	egrity		Trash Note and Pick-Up		Check for Pr	oper Operation	Freeboard	Fluid Level	Signature	
ate	Fence	Berms	Tank	Tank	Vault	Leak			Location	High Level	Manual	Minimum 12"		
				Screen	Slopes	Detect.				Shut off valve	Shut off valve		Battom - Up	
							-							
				= Fair, P					N = No		. B = Bad		Inches	Monitor's
/lo/Yr														

8. Adequate freeboard will be maintained to prevent overtopping of the Bonnie And Ed #1 below grade tank. High level shut off valves will close when fluid reaches 12 inches from top of tank.

Bonnie And Ed #1 Below Grade Tank Closure Plan-Methods, Procedures and Protocols

1. Comply with deadlines for closure of a pit or below grade tank established by the State of New Mexico, Energy Minerals and Natural Resources Department 19.15.17.13 NMAC, or an earlier date if required by the NMOCD in the case of imminent danger to fresh water, public health or the environment.

Existing	Permit Applc. Submittal or	File Closure Plan By	Stop Use By	Close By
On June 16, 2008	Modification Request			
Temporary Pit - Unlined	Not Permtd under 19.15.17	7/16/2008	Upon drlg rig release	9/16/2008
Permanent Pit - Unlined or Lined	Not permitted with NMOCD	7/16/2008	6-16-2008	12/16/2008
Permanent Pit - Unlined	Permitted with NMOCD	12-16-2008	6-16-2010	6-16-2011
BGT-Aprvd. Design	Not Permtd under 19.15.17	12/16/2008	failed integrity replc	
	Applc. by 9-16-2008		w/apprvd design	
BGT-Not Aprvd Design Nor Retrofit	Not Permtd under 19.15.17	12/31/2008	6/16/2013	6-16-2013
to Comply w/19.15.17	Mod. Rqust by 9-16-2008			
BGT-Not Aprvd Design Nor Retrofit	NA	12/16/2008	6/16/2013	6/16/2013
to comply w/19.15.17				, , , , , , , , , , , , , , , , , , , ,
Permanent Pit-Design and Constr	Mod. Rqust by 12-16-2008	12/16/2008	failed integrity replc	60-days after cessation
Does not comply w/19.15.17	Comply w/in 18-mos of aprvl	submit w/mod request	w/apprvd design	
Permitted and lined				
Permanent Pit-Design and Constr	Permit Apple by 12-16-2008	12/16/2008		60-days after cessation
Does not comply w/19.15.17	Comply w/in 18-mos of aprvl	submit w/permit Applc		
Registered and Lined				
Permanent Pit	Permitted under 19.15.17	60-Days prior to close		· · · · · · · · · · · · · · · · · · ·
Temporary Pit	Permitted under 19.15.17	Prior to closure	Upon drlg rig release	6-mos after rig release
BGT	Permitted under 19.15.17	12/16/2013	failed integrity replc	60-days after cessation
		or prior to closure	w/apprvd design	

- 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).
- 3. The Bonnie And Ed #1 below grade tank is not an approved design under rule 19.15.17. Upon approval of this application, the existing below grade tank will be closed and a new below grade tank that complies with the design requirements of rule 19.15.17 as illustrated in the design plan (Exhibit 7) will be constructed.

- 4. Below grade tank will be closed within 60-days after cessation of use or by 6-16-2013 whichever comes first.
- 5. Closure notice will be provided by certified mail to surface owner prior to closing the below grade tank. Proof of notice will be provided to the Environmental Bureau in the NMOCD Santa Fe office and attached to the final closure report.
- 6. Remove all liquid from below grade tank prior to closure and dispose of at the Dugan Production operated Sanchez O'Brien SWD #1 salt water disposal well (permit SWD-694) 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.
- 7. All solids from the below grade tank and all solids removed from the below grade tank vault will be excavated, hauled to and disposed of at either the Envirotech facility (permit #NM-01-0011) facility located in Section 6, Township 26 North, Range 10 West or the IEI facility (permit NM-01-0010B) located in Section 2, Township 29 North, Range 12 West.
- 8. Remove below grade tank and obtain prior approval from the NMOCD to dispose (in an approved NMOCD facility), recycle, reuse or reclaim the tank. Documentation of the final disposition of the tank will be provided to the NMOCD in the final closure report.
- 9. Remove pit liner system, if applicable and dispose of only the pit liner material at an NMOCD approved, solid waste facility (Waste Management's Crouch Mesa facility, San Juan County, New Mexico) in accordance with subparagraph (m) of Paragraph (1) of Subsection D of 19.15.9.712.
- 10. On site equipment associated with the below grade tank will be removed unless it is needed for some other purpose.
- 11. Collect at a minimum, a five point, composite sample; also, collect individual grab samples from any area that is wet, discolored or showing other evidence of a release; and analyze for Benzene, BTEX, TPH, GRO/DRO and chlorides to demonstrate that Benzene, BTEX, TPH, GRO/DRO and chlorides do not exceed the standards as specified in 19.15.17.13.E or the background chloride concentration, whichever is greater.

Components	Test Method	Limit (mg/kg)
Benzene	EPA SW-846 8021B or 8260B	0.2
BTEX	EPA SW-846 8021B or 8260B	50
TPH	EPA SW-846 418.1	100
GRO/DRO	EPA SW-846 8015M	NS
Chlorides	EPA 300.1	250 or Background

- 12. The NMOCD will be notified of the testing results on form C-141.
- 13. If it is determined that a release has occurred, rule 19.15.3.116 NMAC and 19.15.1.19 NMAC will be complied with as required.

- 14. If the sampling results demonstrate that a release has not occurred, or that any release does not exceed the concentrations specified above or background concentrations, the below grade tank vault will be backfilled with compacted, non-waste containing, earthen material.
- 15. Stockpiled sub-surface soil will be used to backfill below grade tank vault and re-contour (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.
- 16. Stockpiled surface soil will be used as a cover over the backfilled below grade tank vault and disturbed area no longer needed for production operations. The soil cover will include either the background thickness of topsoil or one foot of suitable material to establish vegetation at the site whichever is greater. The soil cover will be constructed to the site's existing grade and prevent water collection or ponding and erosion of the cover material.
- 17. Disturbed areas will be seeded the first growing season after the below grade tank is closed. Seeding will be accomplished by drilling on contour whenever possible or by other division approved methods. BLM stipulated seed mixes will be used on all Federal lands and NMOCD approved seed mixes (administratively approved if required) will be used on all State or private lands. Vegetative cover will equal 70% of the native perennial vegetative cover (un-impacted) consisting of at least three native plant species, including at least one grass, but not including noxious weeds, and maintain that cover through two successive growing seasons. If alternate seed mix is required by the state, private owner or tribe, it will be implemented with administrative approval if needed. Seeding or planting will be continued until successful vegetative growth occurs.
- 18. The NMOCD will be notified within 60-days of closure of the below grade tank. The closure report will be filed on form C-144 and will include the following:
 - a. Proof of Closure Notice (surface owner and division)
 - b. Confirmation Sampling Analytical Results (if applicable)
 - c. Disposal Facility Name and Permit Number
 - d. Soil Backfilling and Cover Installation
 - e. Re-vegetation Application Rates and Seeding Technique
 - f. Site Reclamation (Photo Documentation)
- 19. The NMOCD will be notified once successful re-vegetation has been achieved.

Bonnie And Ed #1 Below Grade Tank Request for Administrative Approval

Administrative approval is hereby requested for an alternative to the fencing design for the Bonnie And Ed #1 below grade tank.

The request for administrative approval cited above is needed to help minimize environmental impact and increase safety and protect wildlife and public health. The alternative proposed will protect fresh water, public health, safety and the environment more effectively than the design and construction specifications established by the State of New Mexico, Energy Minerals and Natural Resources Department do in rule 19.15.17.11 NMAC.

1. The proposed alternative fencing design will include T-posts spaced 10-feet apart. Hog wire / field fence 4-feet in height will be strung tightly and anchored to the top and bottom of each T-post. Small holes (3" high X 6" wide) in the hog-wire will be located at ground level with increasing larger holes (up to 7" high X 6" wide) located at the top of the fence. Anchor braces will be put at all four corners to strengthen and tighten the fence. Two strands of barbed wire or a pipe / re-bar top rail will be constructed above the hog wire. This fence design (developed over the last 30-years) has proven to be very effective controlling unauthorized access to below grade tanks.

The existing rule (19.15.17.11.D.3) would require the operator to fence the below grade tank with a four foot fence that has at least four strands of barbed wire evenly spaced in the interval between on foot and four feet above the ground level. The proposed fencing alternative would provide better security against unauthorized access to below grade tanks. The smaller holes in hog-wire (3" X 6" up to 7" X 6") is more effective at controlling unauthorized access by the public and wildlife than 4-strands of barbed wire spaced 12" apart.

The proposed fence around the below grade tank will be constructed and operated in a manner that prevents unauthorized access and shall maintain the fence in good condition to protect the public and wildlife.

The request for administrative approval cited above is needed to help minimize environmental impact, increase safety and protect wildlife and public health. The alternatives proposed will protect fresh water, public health, safety and the environment more effectively than the design and construction specifications established by the State of New Mexico, Energy Minerals and Natural Resources Department do in rule 19.15.17.11 NMAC.

<u>District I</u> 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

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**

QUESTIONS

Action 27153

QUESTIONS

Operator:	OGRID:
DUGAN PRODUCTION CORP	6515
709 E Murray Drive	Action Number:
Farmington, NM 87499	27153
	Action Type:
	[C-144] Legacy Below Grade Tank Plan (C-144LB)

QUESTIONS

Facility and Ground Water		
Please answer as many of these questions as possible in this group. More information will help us identify the appropriate associations in the system.		
Facility or Site Name	Bonnie and Ed #1	
Facility ID (f#), if known	Not answered.	
Facility Type	Below Grade Tank - (BGT)	
Well Name, include well number	Bonnie and Ed #1	
Well API, if associated with a well	30-045-25120	
Pit / Tank Type	Production	
Pit / Tank Name or Identifier	Not answered.	
Pit / Tank Opened Date, if known	Not answered.	
Pit / Tank Dimensions, Length (ft)	6	
Pit / Tank Dimensions, Width or Diameter (ft)	Not answered.	
Pit / Tank Dimensions, Depth (ft)	Not answered.	
Ground Water Depth (ft)	Not answered.	
Ground Water Impact	Not answered.	
Ground Water Quality (TDS)	Not answered.	

Below-Grade Tank		
Subsection I of 19.15.17.11 NMAC		
Volume / Capacity (bbls)	45	
Type of Fluid	Produced Water	
Pit / Tank Construction Material	Steel	
Secondary containment with leak detection	False	
Visible sidewalls, liner, 6-inch lift and automatic overflow shut-off	False	
Visible sidewalls and liner	True	
Visible sidewalls only	False	
Tank installed prior to June 18. 2008	True	
Other, Visible Notation. Please specify	Not answered.	
Liner Thickness (mil)	Not answered.	
HDPE (Liner Type)	Not answered.	
PVC (Liner Type)	Not answered.	
Other, Liner Type. Please specify (Variance Required)	Not answered.	

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)	Not answered.
Four foot height, four strands of barbed wire evenly spaced between one and four feet	Not answered.
Alternate, Fencing. Please specify (Variance Required)	4'=3' Hog wire + top rail

Netting	
Subsection E of 19.15.17.11 NMAC (Applies to permanent pits and permanent open top tanks)	
Screen	True
Netting	Not answered.
Other, Netting. Please specify (Variance May Be Needed)	Not answered.

Signs

Subsection C of 19.15.17.11 NMAC (If there are multiple operators at a site, each operator must have their own sign in compliance with Subsection C of 19.15.17.11 NMAC.)

Ì	12"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers	True
Ī	Signed in compliance with 19.15.16.8 NMAC	Not answered.

Variances and Exceptions	
Justifications and/or demonstrations ofequivalency 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.	Not answered.
Exception(s): Requests must be submitted to the Santa Fe Environmental Bureau office for consideration of approval	Not answered.

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.

Siting Criteria, General Siting	
Ground water is less than 25 feet below the bottom of a low chloride temporary pit or below-grade tank	No
NM Office of the State Engineer - iWATERS database search	True
USGS	Not answered.
Data obtained from nearby wells	Not answered.

Siting Criteria, Below Grade Tanks	
Within 100 feet of a continuously flowing watercourse, significant watercourse, lakebed, sinkhole, wetland or playa lake (measured from the ordinary high-water mark)	No
Within 200 horizontal feet of a spring or a fresh water well used for public or livestock consumption	No

Proposed Closure Method	
Below-grade Tank	Below Grade Tank - (BGT)
Waste Excavation and Removal	True
Alternate Closure Method. Please specify (Variance Required)	Not answered.

Operator Application Certification	
Registered / Signature Date	12/05/2008

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ACKNOWLEDGMENTS

Action 27153

ACKNOWLEDGMENTS

Operator:	OGRID:		
DUGAN PRODUCTION CORP	6515		
709 E Murray Drive	Action Number:		
Farmington, NM 87499	27153		
	Action Type:		
	[C-144] Legacy Below Grade Tank Plan (C-144LB)		

ACKNOWLEDGMENTS

1	I acknowledge that I have received prior approval from the OCD to submit documentation of a legacy below-grade tank on behalf of my operator.	
V	I hereby certify that the information submitted with this documentation is true, accurate and complete to the best of my knowledge and belief.	

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CONDITIONS

Action 27153

CONDITIONS

Operator:	OGRID:
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Farmington, NM 87499	27153
	Action Type:
	[C-144] Legacy Below Grade Tank Plan (C-144LB)

CONDITIONS

Created By	Condition	Condition Date
cwhitehead	None	8/16/2021