

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

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

Form C-141
Revised October 10, 2003

Submit 2 Copies to appropriate
District Office in accordance
with Rule 116 on back
side of form

Release Notification and Corrective Action

30-045-23545

OPERATOR

☐ Initial Report ☒ Final Report

Name of Company	Dugan Production Corp.	Contact	Kurt Fagrelus
Address	P.O. Box 420	Telephone No	505-325-1821
Facility Name	Western Federal #8Y	Facility Type	Permanent Pit
Surface Owner	Tribal Trust	Mineral Owner	Federal
		Lease No.	SF-0788970

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
B	18	26N	11W	790	North	1850	East	San Juan

Latitude 36.4929 N Longitude 108.04185 W

NATURE OF RELEASE

Type of Release	Spill Clean-Up and Pit Closure	Volume of Release	Unknown	Volume Recovered	N.A.
Source of Release	Below grade permanent pit release	Date and Hour of Occurrence	?	Date and Hour of Discovery	N.A.
Was Immediate Notice Given?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Required	If YES, To Whom?	N/A		
By Whom?		Date and Hour			
Was a Watercourse Reached?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse			

If a Watercourse was Impacted, Describe Fully *	N/A
---	-----

Describe Cause of Problem and Remedial Action Taken *

During permanent pit closure a chloride and TPH impact were discovered. A five-point composite sample tested 416-mg/kg chloride and 36800-mg/kg TPH which exceed the threshold limits of 19.15.17.13 C. See attached sample results.

Describe Area Affected and Cleanup Action Taken * Contamination was addressed under the "spill rule" 19.15 30 Following "preliminary" sample analysis data, 36-yards of contaminated soil was hauled from site of release to Envirotech Landfarm. Pit was then re-sampled and "confirmation" sample analysis data tested 48-mg/kg chloride and <10-mg/kg TPH. The chloride and TPH release do not pose a threat to groundwater contamination See attachment to "Final" C-141 and invoice #27145 C-144 ranking=20.

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD 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 NMOCD marked as "Final Report" does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment In addition, NMOCD 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

Signature	Kurt Fagrelus		
Printed Name	Kurt Fagrelus	Approved by District Supervisor	Jonathan D. Kelly
Title	VP Exploration	Approval Date	11/30/2011
E-mail Address	kfagrelus@duganproduction.com	Expiration Date	
Date	1/4/2011	Conditions of Approval	Attached <input type="checkbox"/>
Phone	505-325-1821		

* Attach Additional Sheets If Necessary

nJK 1133453197



Preliminary
Sample Analysis

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

September 15, 2010

MIKE SANDOVAL

DUGAN PRODUCTION

P. O. BOX 420

FARMINGTON, NM 87499

RE. PIT CLOSURES

Enclosed are the results of analyses for samples received by the laboratory on 09/08/10 10:30.

Cardinal Laboratories is accredited through Texas NELAP for

Method SW-846 8021 Benzene, Toluene, Ethyl Benzene, and Total Xylenes

Method SW-846 8260 Benzene, Toluene, Ethyl Benzene, and Total Xylenes

Method TX 1005 Total Petroleum Hydrocarbons

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

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

Method EPA 552.2 Haloacetic Acids (HAA-5)

Method EPA 524.2 Total Trihalomethanes (TTHM)

Method EPA 524.4 Regulated VOCs (V2, V3)

Accreditation applies to public drinking water matrices.

This report meets NELAP requirements and is made up of a cover page, analytical results, and a copy of the original chain-of-custody. If you have any questions concerning this report, please feel free to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Celey D. Keene".

Celey D. Keene

Lab Director/Quality Manager

Analytical Results For:

DUGAN PRODUCTION
MIKE SANDOVAL
P. O. BOX 420
FARMINGTON NM, 87499
Fax To (505) 327-4043

Received	09/08/2010	Sampling Date	09/07/2010
Reported	09/15/2010	Sampling Type	Soil
Project Name	PIT CLOSURES	Sampling Condition	** (See Notes)
Project Number	WESTERN FED #8Y	Sample Received By	Jodi Henson
Project Location	NOT GIVEN		

Sample ID: WESTERN FED #8Y (H020813-01)

BTEX 8021B		mg/kg		Analyzed By: CK					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Benzene*	<0.050	0.050	09/13/2010	ND	2150	85.9	2500	2.16	
Toluene*	<0.050	0.050	09/13/2010	ND	2000	79.9	2500	2.19	
Ethylbenzene†	<0.050	0.050	09/13/2010	ND	2090	83.5	2500	2.15	
Total Xylenes*	<0.150	0.150	09/13/2010	ND	6080	81.1	7500	2.55	

Surrogate 4-Bromofluorobenzene (PII) 102 % 80-120

Chloride, SM4500Cl-B		mg/kg		Analyzed By: HM					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	416	16.0	09/08/2010	ND	432	108	400	0.00	

TPH 418.1		mg/kg		Analyzed By: AB					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
TPH 418.1	36800	500	09/10/2010	ND	926	90.8	1020	4.02	

TPH 8015M		mg/kg		Analyzed By: AB					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
GRO C6-C10	<10.0	10.0	09/15/2010	ND	196	98.1	200	1.07	
DRO >C10-C28	245	10.0	09/15/2010	ND	167	83.6	200	3.54	
Total TPH C6-C28	245	10.0	09/15/2010						

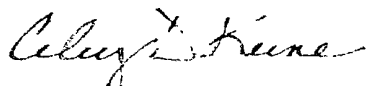
Surrogate 1-Chlorooctane 85.5 % 70-130

Surrogate 1-Chlorooctadecane 123 % 70-130

Cardinal Laboratories

*=Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager

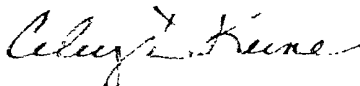
Notes and Definitions

- S-04 The surrogate recovery for this sample is outside of established control limits due to a sample matrix effect
- ND Analyte NOT DETECTED at or above the reporting limit
- RPD Relative Percent Difference
- ↗ Samples not received at proper temperature of 6°C or below
- ↑↑↑ Insufficient time to reach temperature
- Chloride by SM4500Cl-B does not require samples be received at or below 6°C
- Samples reported on an as received basis (wet) unless otherwise noted on report

Cardinal Laboratories

* = Accredited Analyte

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Caley D. Keene, Lab Director/Quality Manager

Client *James Bond*

Contact *Mr. K. S. ...*

Address

Phone Number: 530-11929 *

FAA Number 827-4652

NOTES

- 1) Ensure proper container packaging
- 2) Ship samples promptly following collection
- 3) Designate Sample Reject Disposition

PO# *Western Fed #87*

Project Name *P. t. 10/10/10*

Table 1 - Matrix Type

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

FOR GMAIL USE ONLY

GALJOB #

Sampler's Signature *[Signature]*

Lab Name		Green Analytical Laboratories		(970) 247-4220 FAX (970) 247-4227		Analyses Required								Comments											
Address		75 Suttle Street, Durango CO 81303																							
Sample ID	Collection		Miscellaneous			Preservative(s)																			
	Date	Time	Collected by (init.)	Matrix Type From Table I	No. of Containers	Sample Filtered Y/N	Unpreserved (Ice Only)	HNO ₃	HCl	H ₂ SO ₄	NaOH	Other (Specify)													
H2D813-	9-1-10	3:52											50% F.T.	BTEX	TPH 418.1	TPH 8015	CL-								
1																									
2																									
3																									
4																									
5																									
6																									
7																									
8																									
9																									
10																									
Relinquished by			Date			Time			Received by			Date			Time										
<i>[Signature]</i>			9-7-10			3:52			<i>[Signature]</i>			9/7/10			12:52										
Relinquished by			Date			Time			Received by			Date			Time										
<i>[Signature]</i>									<i>[Signature]</i>			9/8/10			10:30										

^a Sample Reject | | Return | | Dispose | | Store (30 Days)

10°C #26



West. Fed. & Y
Confirmation Sample
Analysis

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

November 01, 2010

MIKE SANDOVAL

DUGAN PRODUCTION

P. O. BOX 420

FARMINGTON, NM 87499

RE. PIT CLOSURES

Enclosed are the results of analyses for samples received by the laboratory on 10/22/10 9.30.

Cardinal Laboratories is accredited through Texas NELAP for.

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

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

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

Method EPA 552.2	Haloacetic Acids (HAA-5)
Method EPA 524.2	Total Trihalomethanes (TTHM)
Method EPA 524.4	Regulated VOCs (V2, V3)

Accreditation applies to public drinking water matrices.

This report meets NELAP requirements and is made up of a cover page, analytical results, and a copy of the original chain-of-custody. If you have any questions concerning this report, please feel free to contact me.

Sincerely,

Celey D. Keene
Lab Director/Quality Manager

Analytical Results For:

DUGAN PRODUCTION
MIKE SANDOVAL
P. O. BOX 420
FARMINGTON NM, 87499
Fax To (505) 327-4043

Received.	10/22/2010	Sampling Date:	10/20/2010
Reported:	11/01/2010	Sampling Type:	Soil
Project Name.	PIT CLOSURES	Sampling Condition.	Cool & Intact
Project Number.	WESTERN FED #8Y SEP PIT	Sample Received By.	Jodi Henson
Project Location	NOT GIVEN		

Sample ID: WESTERN FED #8Y (H021128-01)

BTEx 8021B		mg/kg		Analyzed By: cms						
Analyte		Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Benzene*		<0.050	0.050	10/29/2010	ND	2.05	102	2.00		
Toluene*		<0.050	0.050	10/29/2010	ND	1.85	92.4	2.00		
Ethylbenzene*		<0.050	0.050	10/29/2010	ND	1.75	87.3	2.00		
Total Xylenes*		<0.150	0.150	10/29/2010	ND	5.25	87.4	6.00		

Surrogate 4-Bromofluorobenzene (PIL) 84.6% 80-120

Chloride, SM4500Cl-B		mg/kg		Analyzed By: HM					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	48.0	16.0	10/25/2010	ND	432	108	400	0.00	

TPH 418.1		mg/kg		Analyzed By: CK						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
TPH 418.1	<10.0	10.0	10/27/2010	ND	120	91.6	131	8.00	SUB-SS	

TPH 8015M		mg/kg		Analyzed By: AB					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
GRO C6-C10	<10.0	10.0	10/23/2010	ND	182	91.1	200	1.70	
DRO >C10-C28	<10.0	10.0	10/23/2010	ND	189	94.3	200	0.425	
Total TPH C6-C28	<10.0	10.0	10/23/2010	ND	371	92.7	400	0.627	

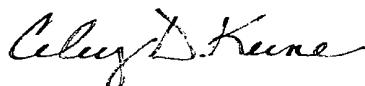
Surrogate 1-Chlorooctane 107% 70-130

Surrogate 1-Chlorooctadecane 106% 70-130

Cardinal Laboratories

*=Accredited Analyte

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Caley D. Keene, Lab Director/Quality Manager

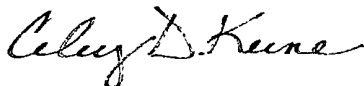
Notes and Definitions

SUB-SS	Analysis subcontracted to SunStar Laboratories, Inc
ND	Analyte NOT DETECTED at or above the reporting limit
RPD	Relative Percent Difference
**	Samples not received at proper temperature of 6°C or below
***	Insufficient time to reach temperature
-	Chloride by SM4500Cl-B does not require samples be received at or below 6°C Samples reported on an as received basis (wet) unless otherwise noted on report

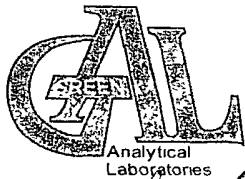
Cardinal Laboratories

*=Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager



CHAIN OF CUSTODY RECORD

Page ____ of ____

Client Dugan Fred
 Contact Blake Santowid
 Address _____
 Phone Number 330-0929
 FAX Number 327-4043

NOTES

- 1) Ensure proper container packaging
 - 2) Ship samples promptly following collection
 - 3) Designate Sample Reject Disposition
- PO# Western Fed #8 Y
 Project Name: SUP P.T

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

FOR GAL USE ONLY
 GAL JOB # _____

Samplers Signature: [Signature]

Lab Name		Green Analytical Laboratories		(970) 247-4220		FAX (970) 247-4227		Analyses Required										Comments		
Address		75 Suttle Street, Durango, CO 81303																		
Sample ID	Collection		Collected by: (Init)	Miscellaneous			Preservative(s)					Unpreserved (Ice Only)	HNO3	HCL	H2SO4	NAOH	Other (Specify)			
	Date	Time		Matrix Type From Table 1	No of Containers	Sample Filtered Y/N														
H21128																				
Western Fed #8 Y	10/20/10	3:20																		
2																				
3																				
4																				
5																				
6																				
7																				
8																				
9																				
10																				
Relinquished by: <u>[Signature]</u>			Date: <u>10-20-10</u>		Time: <u>3:58</u>		Received by: <u>[Signature]</u>			Date: <u>10/20/10</u>		Time: <u>1:55.8</u>								
Relinquished by: _____			Date: _____		Time: _____		Received by: <u>[Signature]</u>			Date: <u>10/22/10</u>		Time: <u>9:30</u>								

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

5°C #26

Envirotech
 5796 US Hwy 64
 Farmington, NM 87401
 Phone 505-632-0615
 Fax 505-632-1865



To
 Dugan Production Corp
 PO Box 420
 Farmington, NM 87401

Invoice

Invoice Number 27145
 Job 06094-0083
 DATE October 29,2010

Western Fed #8Y - accept exempt
 contaminated soil from cleaning out old
 earthen pit

Ordered by Mike Sandoval

Project Manager April Pohl

<u>Employee</u>	<u>Staff Type</u>	<u>Description</u>	<u>Units</u>	<u>Rate</u>	<u>Total</u>
10/20/2010					
Landfarm					
		BOL# 36831	1 00 EA	10 00	10 00
Paint Filter Test (LF)		BOL# 36831	1 00 EA	15 00	15 00
Chloride (LF)		BOL# 36831	12 00 CY	18 00	216 00
Contaminated Soil Receival					
Landfarm Total			14.00		241.00
10/20/2010 Total:			14.00		241.00
10/21/2010					
Landfarm					
		BOL# 36835	1 00 EA	10 00	10 00
Paint Filter Test (LF)		BOL# 36835	1 00 EA	15 00	15 00
Chloride (LF)		BOL# 36835	24 00 CY	18 00	432 00
Contaminated Soil Receival					
Landfarm Total.			26.00		457.00
10/21/2010 Total:			26.00		457.00
Invoice Sub-total					698 00

Invoice # 27145 Job # 06094-0083

<u>Employee</u>	<u>Staff Type</u>	<u>Description</u>	<u>Units</u>	<u>Rate</u>	<u>Total</u>
		Sales Tax			44 06
Amount due this Invoice					<u>\$742.06</u>

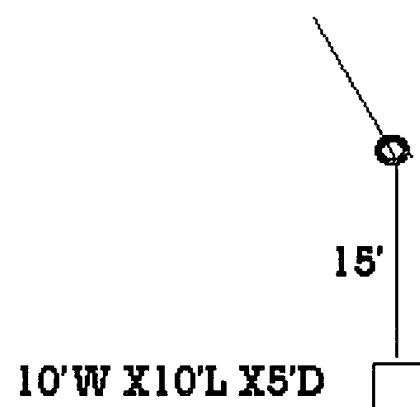
All invoices are due upon receipt A late charge of 1 5% will be added to any unpaid balance after 30 days

This may not be the final bill - if charges are received after this invoice has been mailed, you will receive a separate invoice for those costs

**Dugan Production
Western Fed #8 Y
Seperator Pit**



Reference Point: Well Head



From Reference Point Go Due S For
a distance of 15' to Center of Pit.

Permanent pit: Western Federal #8Y
API number: 30-045-23545

Results of sample analysis on the five-point composite sample collected on the subject permanent pit exceeded limits permissible under the "pit rule" (19.15.17.13.C) (see attached C-141 with analytic results).

The Environmental Bureau of the Oil Conservation Division (OCD) in Santa Fe is hereby provided a C-144 (closure report) and an "initial" C-141 (release notification) with analytic results of soil testing. The closure date on the C-144 (box 21) shows the date that the soil analysis did not meet pit rule standards. Also, this letter hereby provides notice that the subject permanent pit will be closed according to the requirements of the "spill rule" (19.15.30).

The OCD district office in Aztec is hereby provided a copy of the "initial report" C-141 (release notification) with analytic results of soil testing and also notice that the subject permanent pit will be closed according to the requirements of the "spill rule" (19.15.30). Assessment, clean-up and remediation of the reported spill will be done in accordance with the spill rule under the authority of the Aztec District office of the OCD. The "final report" C-141 with photo documentation of site reclamation will be sent to the Aztec District office of the OCD.

Following clean-up of the reported release and determination that the release is not a threat to groundwater contamination, the permanent pit will be closed in accordance with the approved C-144 (closure plan) and will include the following:

1. Stockpiled sub-surface soil will be used to backfill pit 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.
2. Stockpiled surface soil will be used as a cover over the backfilled pit and disturbed area no longer needed for production operations. The soil cover will include either the background thickness of top soil or one-foot of suitable material to establish vegetation at the site whichever is greater. The soil cover will be constructed to the sites existing grade and prevent water collection or ponding and erosion of the cover material.
3. Disturbed areas will be seeded the first growing season after the pit 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 OCD 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 consecutive 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.
4. The Aztec District office of the OCD will be notified after each re-seeding operation and after successful re-vegetation has been achieved.

Kurt Fagrelus
VP – Exploration, Dugan Production Corp.
Farmington, New Mexico 87401
505-325-1821 (O), 505-320-8248 (C)
kfagrelus@duganproduction.com

Lease Name: Western Federal #8Y						
API No 30-045-23545						
Site Specific Infromation						
Depth to	>100-ft	Distance to Surface	100-ft	Wellhead Protection Area	>1,000-ft	
Groundwater		Water Body		Distance from Water Source		
Total Ranking Score						
Depth to	Ranking	Distance to Surface	Ranking	Wellhead Protection Area	Ranking Score	Total Ranking
Groundwater	Score	Water Body	Score	Distance from Water Source	Yes =20, No=0	Score
<50-feet	20	<200-feet	20	<1000-feet from water source	0	
50 - 99	10	200 - 1000	10	<200-feet domestic water	0	
>100-feet	0	>1000-feet	0			20
Total Ranking Score					Sample	
		>19	10 - 19	0 - 9	Analysis	
Benzene (mg/kg)		10	10	10	<0.050	
BTEX (mg/kg)		50	50	50	<0.150	
TPH (mg/kg)		100	1000	5000	<10	
Chorides (mg/kg)		N.A.	N A	N A	48	
Note: Analytical methods used for Benzene SW-846, BTEX SW-846, TPH 418 1 and Chlorides 4500-C1-B.						
C-144 ranking = 20 The release does not pose a threat to groundwater contamination						

Western Federal #8Y Hydrogeologic Report

The Western Federal #8Y is located on Navajo Nation Trust Lands within the Navajo Indian Irrigation Project (NIIP), San Juan County, New Mexico. Water used for irrigation on NIIP is transported to the area from Cutter Dam and Navajo Dam over 25-30 miles to the north and east through an elaborate, cement lined canal system

A records search of the NM Office of the State Engineer –iWATERS database was conducted on a three square mile area centered on the Western Federal #8Y location (Exhibit 1). No water wells were located within the search area. The results of the search are shown on Exhibit 1 and 2

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 and stock tanks constructed on surface shale layers at the confluence and upper reaches of arroyos. The below grade tank is not located in an arroyo, the closest arroyo is 100-feet to the south (Exhibit 2) (See Visual Inspection Certification).

The Nacimiento Formation extends from the surface down to a depth of 280-feet and is comprised of dominantly mudstones with thin inter-beds of siltstone and laterally discontinuous, fine grained sandstones. Near the base of the Nacimiento (100-125 feet), thin silty sandstones occur, which may contain minimal amounts of poor quality groundwater. However, the sands are discontinuous, have high silt content and would not be expected to be a good source of water.

The underlying Ojo Alamo Sandstone ranges from 280-feet down to 400-feet and is comprised of a coarse grained 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 (Stone, 1983).

Both the Nacimiento and Ojo Alamo are potential sources of water in the area, however, unpredictable variations in reservoir quality and water quality have discouraged the drilling of water wells in the in the subject area.

Based on a review electric open hole logs, the iWATERS database and literature reviewed, depth to ground water is estimated to be from thin, discontinuous, silty sands in the Nacimiento at 100-125 feet. The Ojo Alamo would provide a larger amount of poor quality from 280-400 feet below surface.

This Hydrogeologic Report was prepared by Mr. Kurt Fagrelus, Geologist for Dugan Production. Mr. Fagrelus has been employed as a geologist for Dugan for the past 31-years, received a MS in Geology from NMIMT in Socorro, NM and a BS in Geology from FLC in Durango, CO.

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., Craig, 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., Craig, 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

DUGAN PRODUCTION CORP.

WESTERN FEDERAL #8Y

SF 078897-A

NW/4 NE/4 UNIT. B

SEC. 18 T26N R11W. NMPM

SAN JUAN CO. NM

For Emergency Call (505) 325-1823

Western Federal #8Y
Earthen Pit
Closed 12-22-10



Kurt Fagrelius

From: Kurt Fagrelius
Sent: Wednesday, December 15, 2010 9 49 AM
To: 'Powell, Brandon, EMNRD', 'Spencer, Bertha', 'dave_mankiewicz@nm blm gov', 'Mark_Kelly@nm blm gov', 'lucas_vargo@blm gov'
Cc: Johnny Lane, Mike Sandoval
Attachments: 72-Hour Notice to Close 12-20 to 12-23-2010 xls

Dear Mr Brandon Powell, Ms Bertha Spencer, Mr Dave Mankiewicz, Mr Mark Kelly and Mr Lucas Vargo,

Dugan Production Corp is hereby giving notice that Dugan will be closing the permanent pits on the following well pads

- 1) Western Federal #8Y
- 2) Bisti State Com #1
- 3) Olson #1
- 4) Herry Monster #1

Site specific and soil analysis information for each permanent pit is included in the enclosed attachment

Those highlighted in blue (#'s 1 & 2) are located on Tribal Trust Surface, and those highlighted in red (# 3 & #4) are located on Federal Surface

Permanent pits will be closed starting Monday December 20, 2010 thru Thursday December 23, 2010

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

Kurt Fagrelius
Dugan Production Corp
709 East Murray Drive
Farmington, New Mexico 87401
505-325-1821 (O), 505-320-8248 (C)
kfagrelius@duganproduction.com

12/15/2010

Dugan Production Corp. Permanent Pits to be Closed on December 20 to December 23, 2010

Lease Name	Western Federal #8Y	Bisti State Com #1	Olson #1	Herry Monster #1	
API Number	30-045-23545	30-045-25835	30-045-26516	30-045-25515	
Surface Owner - Notice Sent	Tribal Trust	Tribal Trust	Federal	Federal	
Location - UL, Sec , Twp, Rge	B-18-26N-11W	M-2-25N-13W	I-11-23N-10W	M-12-24N-11W	
Latitude	36 4929 N	36 42369 N	36.23965 N	36 32284 N	
Longitude	108 04185 W	108 19594 W	107 85847 W	107 96014 W	
C-144 Ranking Score	20	0	10	10	
Benzene (mg/kg)	<0.050	<0.050	<0.050	<0.050	
Betex (mg/kg)	<0.150	<0.150	<0.300	<0.300	
TPH (mg/kg) - Analy Mthd	<10 - 8015	27.8 - 8015	<100 - 418.1	<100 - 418.1	
Chlorides (mg/kg)	48	1040	1960	1490	
Total Yards Contaminated	36	N A	N A	60	
Soil Hauled to Landfarm					

Kurt Fagrelus

From: postmaster@duganproduction.com
Sent: Wednesday, December 15, 2010 9:49 AM
To: Kurt Fagrelus
Subject: Delivery Status Notification (Relay)

Attachments: ATT35410.txt, Untitled Attachment



ATT35410.txt (407 Untitled Attachment
B)

This is an automatically generated Delivery Status Notification.

Your message has been successfully relayed to the following recipients, but the requested delivery status notifications may not be generated by the destination.

Brandon.Powell@state.nm.us

Kurt Fagrelius

From: postmaster@duganproduction.com
Sent: Wednesday, December 15, 2010 9 51 AM
To: Kurt Fagrelius
Subject: Delivery Status Notification (Relay)

Attachments: ATT35422.txt, Untitled Attachment



ATT35422.txt (396 Untitled Attachment
B)

This is an automatically generated Delivery Status Notification.

Your message has been successfully relayed to the following recipients, but the requested delivery status notifications may not be generated by the destination.

Bertha.Spencer@bia.gov

Kurt Fagrelius

From: lvargo@blm.gov
Sent: Wednesday, December 15, 2010 10:01 AM
To: Kurt Fagrelius

Return Receipt

Your
document:

was Lucas Vargo/FFO/NM/BLM/DOI
received
by:

at: 12/15/2010 10:00:55 AM

Kurt Fagrelus

From: dmankiew@blm.gov
Sent: Wednesday, December 15, 2010 10:28 AM
To: Kurt Fagrelus

Return Receipt

Your
document:

was Dave Mankiewicz/FFO/NM/BLM/DOI
received
by:

at: 12/15/2010 10:28:12 AM

Kurt Fagrelius

From: Spencer, Bertha [Bertha.Spencer@bia.gov]
To: Kurt Fagrelius
Sent: Wednesday, December 15, 2010 11:59 AM
Subject: Read

Your message

To: Bertha.Spencer@bia.gov
Subject:

was read on 12/15/2010 11:59 AM.