

District I
1000 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

6130

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

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
☐ 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

1.
Operator: Dugan Production Corp. OGRID #: 006515
Address: 709 East Murray Drive, Farmington, New Mexico 87401
Facility or well name: Mary Rose Com #2
API Number 30-045-35147 OCD Permit Number: _____
U/L or Qn/Qtr P Section 20 Township 22N Range 8W County: San Juan County
Center of Proposed Design. Latitude 36.12089 N Longitude 107.70059 W NAD: ☐ 1927 ☒ 1983
Surface Owner: ☐ Federal ☐ State ☐ Private ☒ Tribal Trust or Indian Allotment

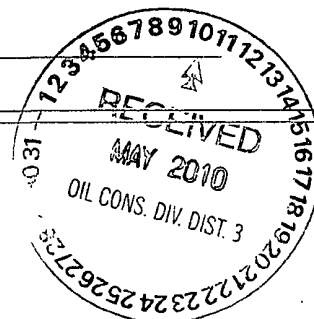
2.
☒ **Pit:** Subsection F or G of 19.15.17.11 NMAC
Temporary: ☒ Drilling ☐ Workover
☐ Permanent ☐ Emergency ☐ Cavitation ☐ P&A
☒ Lined ☐ Unlined Liner type: Thickness 20 mil ☒ LLDPE ☐ HDPE ☐ PVC ☐ Other _____
☒ String-Reinforced
Liner Seams: ☐ Welded ☒ Factory ☐ Other _____ Volume: 600 bbl Dimensions: L 76' x W 13' x D 8'

RCVD APR 20 '12
OIL CONS. DIV.
DIST. 3

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.
☐ **Below-grade tank:** Subsection I of 19.15.17.11 NMAC
Volume: _____ bbl Type of fluid: _____
Tank Construction material: _____
☐ Secondary containment with leak detection ☐ Visible sidewalls, liner, 6-inch lift and automatic overflow shut-off
☐ Visible sidewalls and liner ☐ Visible sidewalls only ☐ Other _____
Liner type: Thickness _____ mil ☐ HDPE ☐ PVC ☐ Other _____

5.
☐ **Alternative Method:**
Submittal of an exception request is required. Exceptions must be submitted to the Santa Fe Environmental Bureau office for consideration of approval



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
- ☒ Alternate. Please specify 4' Hogwire

7.

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)

8.

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

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:

- ☒ 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 acceptable source material are provided below. Requests regarding changes to certain siting criteria may require administrative approval from the appropriate district office or may be considered an exception which must be submitted to the Santa Fe Environmental Bureau office for consideration of approval. Applicant must attach justification for request. Please refer to 19.15.17.10 NMAC for guidance. Siting criteria does not apply to drying pads or above-grade tanks associated with a closed-loop system.

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	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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) - Topographic map, Visual inspection (certification) of the proposed site	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Within 300 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application. (<i>Applies to temporary, emergency, or cavitation pits and below-grade tanks</i>) - Visual inspection (certification) of the proposed site; Aerial photo, Satellite image	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> NA
Within 1000 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application (<i>Applies to permanent pits</i>) - Visual inspection (certification) of the proposed site; Aerial photo, Satellite image	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> NA
Within 500 horizontal 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. - NM Office of the State Engineer - iWATERS database search; Visual inspection (certification) of the proposed site	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Within 500 feet of a wetland - US Fish and Wildlife Wetland Identification map, Topographic map, Visual inspection (certification) of the proposed site	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Within the area overlying a subsurface mine. - Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Within an unstable area. - Engineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources; USGS; NM Geological Society; Topographic map	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Within a 100-year floodplain - FEMA map	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

11.

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. 30-045- or Permit Number. _____

12.

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.

- ☐ Geologic and Hydrogeologic Data (only for on-site closure) - based upon the requirements of Paragraph (3) of Subsection B of 19.15.17.9
☐ Siting Criteria Compliance Demonstrations (only for on-site closure) - 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 _____

☐ Previously Approved Operating and Maintenance Plan API Number. _____ (Applies only to closed-loop system that use above ground steel tanks or haul-off bins and propose to implement waste removal for closure)

13.

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 H₂S, 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

14.

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 ☐ Closed-loop System
☐ 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 (Exceptions must be submitted to the Santa Fe Environmental Bureau for consideration)

15.

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 F 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 I of 19.15.17.13 NMAC
☐ Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC

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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

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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 may require administrative approval from the appropriate district office or may be considered an exception which must be submitted to the Santa Fe Environmental Bureau office for consideration of approval. Justifications and/or demonstrations of equivalency are required. Please refer to 19.15.17.10 NMAC for guidance.

Ground water is less than 50 feet below the bottom of the buried waste - NM Office of the State Engineer - iWATERS database search; USGS. Data obtained from nearby wells	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> NA
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. Data obtained from nearby wells	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> 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	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
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	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Within 500 horizontal 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 - NM Office of the State Engineer - iWATERS database. Visual inspection (certification) of the proposed site	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Within 500 feet of a wetland - US Fish and Wildlife Wetland Identification map, Topographic map; Visual inspection (certification) of the proposed site	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Within the area overlying a subsurface mine - Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Within an unstable area - Engineering measures incorporated into the design, NM Bureau of Geology & Mineral Resources, USGS, NM Geological Society; Topographic map	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Within a 100-year floodplain - FEMA map	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

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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 F of 19.15.17.13 NMAC
- ☐ Construction/Design Plan of Burial Trench (if applicable) based upon the appropriate requirements 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 Subsection F of 19.15.17.13 NMAC
- ☒ Waste Material Sampling Plan - based upon the appropriate requirements of Subsection F 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 I of 19.15.17.13 NMAC
- ☒ Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC

19
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) Kurt Fagrelus Title: Vice President, Exploration

Signature: Kurt Fagrelus Date August 24, 2009

e-mail address kfagrelus@duganproduction.com Telephone: 505-325-1821 (o), 505-320-8248 (H)

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

OCB Representative Signature: Brandon Powell Approval Date: 1/3/11

Title: Envirolpce OCB Permit Number: Compliance Officer

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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: 4-5-2012

22.
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.

23.
Closure Report Regarding Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:
Instructions: Please identify 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 _____ Disposal Facility Permit Number: _____

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

24.
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)
☒ 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 36.12089° N Longitude 107.70059° W NAD: ☐ 1927 ☒ 1983

25.
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) Kurt Fagrelus Title: VP-Land & Expl.

Signature: Kurt Fagrelus Date: 4-9-2012

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

**Dugan Production Corp.
Closure Report**

Lease Name: Mary Rose Com #2
API No.: 30-045-35147

In accordance with Rule 10.15.17.13 NMAC the following information describes the closure of the temporary pit referenced above. All proper documentation concerning closure activities is included with the C-144. The temporary pit for this location was an approved design under Rule 19.15.17. **The closure plan for the temporary pit was submitted on 8-24-2009 and approved on 1-3-2011.**

1. Comply with siting criteria for temporary pits established by the State of New Mexico, Energy Minerals and Natural Resources Department 19.15.17.10 NMAC.

See approved permit dated 1-3-2011.

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).

See email notification dated 4-2-2012.

3. Provide the surface owner notice of the operator's proposal of an on-site closure method. Proof of notice will be attached to the permit application. Also, proof of closure notice will be provided by certified mail to surface owner after closure. Proof of notice will be attached to final closure report.

Federal surface, certified notification not applicable as per BLM/OCD MOU.

4. Remove all liquid from pit and reclaim, re-use or dispose of at an NMOCD approved facility. Upon completion of drilling operations, drilling mud will be vacuumed from pit and transported to the next reserve pit for re-use at another drilling location. After the remaining mud settles, the free water that shakes out and any free water left over from completion operations will be hauled to the Dugan Production operated Sanchez O'Brien #1 SWD 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 NMPM, San Juan County, New Mexico. The disposal facility was permitted by the NMOCD with Administrative Order SWD-694.

Drilling rig was released 11-19-2011 and settled drilling mud was transferred to the Lennon #1 for re-use (11-21-2011). Remaining free water was transferred to the Sanchez O'Brien SWD #1 salt water disposal well and Basin Disposal (invoice #15514 and 15798).

5. Remove all fluids from temporary pit within 30-days and close within 6-months following release of drilling rig.

Free water was removed within 30-days and temporary pit was closed (4-5-2012).

6. Air dry pit contents and stabilize or solidify to a load bearing capacity sufficient to support the temporary pit's final cover.

Pit contents were allowed to dry prior to temporary pit closure.

7. Collect a five point, composite sample of the pit contents to demonstrate that Benzene, BTEX, the GRO and DRO combined fraction, TPH, and chlorides (depth to groundwater from bottom of pit is greater than 100-feet), do not exceed the standards as specified in 19.15.17.9.B or the background concentration, whichever is greater.

A five point composite sample was taken of remaining cuttings in temporary pit and was tested in accordance with Subsection B of 19.15.17.13 (B)(1)(b)(ii). Depth from bottom of pit to top of ground-water is greater than 100-feet. Sample results are attached.

Components	Test Method	Limit (mg/kg)	*Results (mg/kg)
Benzene	EPA SW-846 8021B or 8260B	0.2	<0.050
BTEX	EPA SW-846 8021B or 8260B	50	<0.150
TPH	EPA SW-846 418.1	2500	372
GRO/DRO	EPA SW-846 8015M	500	31.7
Chlorides	EPA 300.1	1000 / 500	384

8. Other methods if the standards in 19.15.17.9.B can not be met will include: The pit contents may be mixed to a ratio not to exceed 3:1, un-contaminated soil or other material to pit contents. A second five point, composite sample of the contents after treatment or stabilization will be taken to demonstrate that the contents do not exceed the standards. If the second soil analyses do not satisfy the closure standards, the operator will close the temporary pit using the waste excavation and removal method.

Not applicable, testing standards of 19.15-17.9 were met.

9. Cut pit liner off at the mud line (solids level); remove liner and apron and transport to a NMOCD approved facility for disposal.

Pit liner was removed 4-5-2012 and disposed of at the Crouch Mesa Waste Management facility on 4-5-2012.

10. Stockpiled sub-surface soil will be used to backfill pit and re-contour well pad (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.

Stockpiled sub-surface soil was used to backfill temporary pit and re-contour well pad. A minimum of four-feet of compacted, non-waste containing, earthen material was used to backfill pit.

11. Stockpiled surface soil will be used as a cover over the backfilled pit and disturbed areas of the well pad 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.

Stockpiled surface soil was used to cover backfilled temporary pit and disturbed areas of the well pad no longer needed for production operations. The soil cover included the greater of either the background thickness or one foot of suitable material necessary to establish vegetation. The location was re-contoured to approximate the original topography of the site and diversions were constructed to protect soil cover and minimize erosion.

12. The area will be re-seeded as per BLM guidelines. Re-seeding will be repeated until 70% of the native natural cover is achieved and maintained for two successive growing seasons. The first growing season after the pit is closed the disturbed area will be re-seeded. The seeding method will be to drill on contour whenever possible.

Re-seeding will be done according to BLM guidelines as specified by BLM/OCD memorandum of understanding.

13. The NMOCD will be notified once successful re-vegetation has been achieved.

Re-seeding will be done according to BLM guidelines as specified by BLM/OCD memorandum of understanding.

14. A steel marker will be set at the center of the on-site burial following onsite-pit closure (see application for administrative approval). The marker will be (24" X 24") and will have the operator name, lease name, well number, location (UL, Sec., Twp. and Rge.) and that it designates an "on-site burial location" lettering welded on the top side with a 4" threaded collar welded to the bottom side. The marker will be set at ground level and attached to a 4" diameter pipe that is cemented in a hole three feet deep. When the well is abandoned, a steel riser that is 4" in diameter, extending 4'

above the ground will be welded to the pipe anchored in cement below the surface. The riser will have lettering welded on side showing operator name, well number, location (UL, Sec., Twp., and Rge.) and that it designates an on-site burial location.

A flat steel marker (24" X 24") with the lettering "on-site burial location" was set at ground-level in the center of the burial site. The marker is welded to a 4" pipe that is cemented in a 3-foot deep hole and is shown in the attached photographs (administrative approval was received). When the well is P&A'd, the steel plate will be removed and a riser that is 4" in diameter, extending 4' above the ground will be welded to the pipe anchored in cement below the surface. The riser will have lettering welded on the side showing operator name, well number, location (UL, Sec., Twp., and Rge.) and that it designates an on-site burial location.

15. Closure Report will be submitted within 60-days of completion of temporary pit closure. Closure report will include the following:
- 1) Proof of Closure Notice.
 - 2) Proof of Deed Notice (if applicable).
 - 3) Plot Plan.
 - 4) Confirmation Sampling Analytical Results.
 - 5) Waste Material Sampling Analytical Results.
 - 6) Disposal Facility Name and Permit Number.
 - 7) Soil Backfilling and Cover Installation.
 - 8) Re-vegetation Application Rates and Seeding Technique.

All items listed above if applicable are attached and submitted on this date.

16. A deed notice identifying the exact location of the on-site burial will be filed with the County clerk in the county where the on-site burial occurs.

Federal surface, deed notice identifying exact location of on-site burial is not applicable according to BLM/OCD MOU.

Dugan Production Corp.
709 East Murray Drive
Farmington, NM 87401

Well Name: *MAL of Res # 2*

Location:

Drilling Operator: *U.S.D.*

Rig #: *1*

Spud Date: *11-15-11*

Date:

Rig Moved Off *11-21-11*

Date to Remove Liquids by:
(30-days from rig release)

Date to Close Pit by:
(180-days from rig release)

Log Book of Daily inspections during Drilling/workover operations, weekly after rig is moved off.

Date:	Signature	Freeboard (> 2-ft.) Yes / No	Tears or Holes Yes / No	Oil Yes / No	Trash Yes / No	Remarks
<i>11-15-11</i>		<i>Yes 4'</i>	<i>NO</i>	<i>NO</i>	<i>NO</i>	<i>Total 4' 1/2" of water 1 hour & 30 minutes 8' 1/2"</i>
<i>11-16-11</i>	<i>[Signature]</i>	<i>✓</i>	<i>✓</i>	<i>✓</i>	<i>✓</i>	<i>Testing pit 2' 1/2" 10' 2" 5' 1/2"</i>
<i>11-17-11</i>	<i>[Signature]</i>	<i>✓</i>	<i>NO</i>	<i>NO</i>	<i>NO</i>	
<i>11-18-11</i>	<i>[Signature]</i>	<i>✓</i>	<i>NO</i>	<i>NO</i>	<i>NO</i>	<i>TD: Run 5' 1/2" casing & Cementing 2' 1/2" 1/2"</i>
<i>11-19-11</i>	<i>[Signature]</i>	<i>✓</i>	<i>✓</i>	<i>✓</i>	<i>✓</i>	<i>AFTER Cementing</i>
<i>11-20-11</i>	<i>[Signature]</i>	<i>3</i>	<i>✓</i>	<i>✓</i>	<i>✓</i>	<i>Time Full To Level #1 11-21-11</i>
<i>11-21-11</i>						

Kurt Fagrelius

From: Kurt Fagrelius
Sent: Monday, April 02, 2012 4:15 PM
To: 'Spencer, Bertha'; 'Powell, Brandon, EMNRD'; 'Kelly, Jonathan, EMNRD'; 'mkelly@blm.gov'; 'lucas_vargo@blm.gov'
Subject: Close Lennon #1 & #2 and Mary Rose #2 Temporary Pits on 4-5-2012
Attachments: 72-Hr Notice to Close Permanent Pits 4-5-2012.xls
April 2, 2012

Dear Ms. Bertha Spencer, Mr. Brandon Powell, Mr. Jonathan Kelly, Mr. Mark Kelly, and Mr. Lucas Vargo:

Dugan Production Corp. is hereby giving notice that Dugan will be closing the following drilling reserve pits (Temporary Pits):

- 1) Lennon Com #1 – Navajo Allotted Surface
- 2) Lennon Com #2 – Navajo Allotted Surface
- 3) Mary Rose Com #2 – Navajo Allotted Surface

Site specific and cuttings analysis information for each drilling reserve pit is included in the enclosed attachment.

Depending on prevailing weather conditions; the pits will be closed on Thursday April 5, 2012.

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

Kurt Fagrelius

Kurt Fagrelius
Dugan Production Corp.
505.325.1821 office
505.320.8248 cell
505.327.4613 fax

4/2/2012

Dugan Production Corp. Temporary Drilling Pits to be Closed on April 5, 2012

Lease Name	Lennon Com #1	Lennon Com #2	Mary Rose Com #2
API Number	30-045-35149	30-045-34758	30-045-34760
Surface Owner - Notice Sent	Navajo Allotted	Navajo Allotted	Navajo Allotted
Location - UL, Sec., Twp, Rge	A-19-T22N-R8W	I-19-T22N-R8W	P-20-T22N-R8W
Latitude	36.12887 N	36.12283 N	36.12093 N
Longitude	107.1834 W	107.7174 W	107.70048 W
Benzene (<0.2 mg/kg)	<0.050-mg/kg	<0.050-mg/kg	<0.050-mg/kg
Betex (<50 mg/kg)	<0.150-mg/kg	<0.150-mg/kg	<0.150-mg/kg
TPH - Analytic Mthd-418.1 (<2500 mg/kg)	193-mg/kg	178-mg/kg	372-mg/kg
TPH=GRO + DRO - Analytic Mthd-8015 (<500 mg/kg)	39.1-mg/kg	54.9-mg/kg	31.7-mg/kg
Chlorides (<1000 mg/kg)	608-mg/kg	464-mg/kg	384-mg/kg
Thresholds as per "Pit Rule" 19.15.17 NMAC are highlighted in red.			
Thresholds as per "Spill Rule" 19.15.30 NMAC are highlighted in blue.			

Kurt Fagrelius

From: postmaster@duganproduction.com
Sent: Monday, April 02, 2012 4:15 PM
To: Kurt Fagrelius
Subject: Delivery Status Notification (Relay)

Attachments: ATT27731.txt, Close Lennon #1 & #2 and Mary Rose #2 Temporary Pits on 4-5-2012



ATT27731.txt (400 Close Lennon #1 &
B) #2 and Mary ...

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 Fagrelus

From: postmaster@duganproduction.com
Sent: Monday, April 02, 2012 4:15 PM
To: Kurt Fagrelus
Subject: Delivery Status Notification (Relay)

Attachments: ATT27722.txt, Close Lennon #1 & #2 and Mary Rose #2 Temporary Pits on 4-5-2012



ATT27722.txt (541 Close Lennon #1 &
B) #2 and Mary ...

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
Jonathan.Kelly@state.nm.us

Kurt Fagrelius

From: Kelly, Mark C [mkelly@blm.gov]
To: Kurt Fagrelius
Sent: Tuesday, April 03, 2012 6:59 AM
Subject: Read: Close Lennon #1 & #2 and Mary Rose #2 Temporary Pits on 4-5-2012

Your message

To: mkelly@blm.gov
Subject:

was read on 4/3/2012 6:59 AM.

Kurt Fagrelius

From: Kelly, Jonathan, EMNRD [Jonathan.Kelly@state.nm.us]
To: Kurt Fagrelius
Sent: Tuesday, April 03, 2012 6:57 AM
Subject: Read: Close Lennon #1 & #2 and Mary Rose #2 Temporary Pits on 4-5-2012

Your message

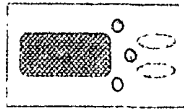
To: Jonathan.Kelly@state.nm.us
Subject:

was read on 4/3/2012 6:57 AM.

To: Dugan Production
PO BOX 420

FARMINGTON, NM, 87499

BASIN DISPOSAL, INC. Basin Disposal, Inc
P.O.Box 100
Aztec
New Mexico
87410



INVOICE BASI015514

DATE 2/29/2012

TERMS: Net 30 days following date of purchase.
18 per cent interest charged on all past due accounts.

Description	Unit	Qty.	Rate	Amount
LENNON 2 Your ref: KURT F				
2/27/2012 TICKET # 556853 Disposal Charges Hauler TRIPLE S	Barrels	70.00	0.8500	59.50
Sub-total				59.50
Sub-total				59.50
MANCINI 3 Your ref: KURT F				
2/24/2012 TICKET # 556618 Disposal Charges Hauler 505 WATER SERVICE	Barrels	60.00	0.8500	51.00
Sub-total				51.00
Sub-total				51.00
MARY ROSE COM 2 Your ref: KURT F				
2/29/2012 TICKET # 557052 Disposal Charges Hauler 505 WATER SERVICE	Barrels	60.00	0.8500	51.00
Sub-total				51.00
Sub-total				51.00
Sub-total				161.50
Bloomfield Tax @ 7.6875%				12.42
Total				173.92

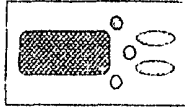
OK
KF

MAR 06 2012

To: Dugan Production
PO BOX 420

FARMINGTON, NM, 87499

BASIN DISPOSAL, INC. Basin Disposal, Inc.
P.O.Box 100
Aztec
New Mexico
87410




INVOICE BASI015798

DATE 3/29/2012

TERMS: Net 30 days following date of purchase.
18 per cent interest charged on all past due accounts.

Description	Unit	Qty.	Rate	Amount
MARY ROSS 2 Your ref: KURT FALRELIUS 3/27/2012 TICKET # 559134 Disposal Charges Hauler: 505 WATER SERVICE	Barrels	60.00	0 8500	51 00
Sub-total.				51.00
Sub-total				51.00
Sub-total				51.00
Bloomfield Tax @ 7.6875%				3.92
Total				54.92

Mary Ross #2

APPROVED FOR PAYMENT BY

DUGAN PRODUCTION CORP

APR 02 2012



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

March 07, 2012

KURT FAGRELIUS

DUGAN PRODUCTION

P. O. BOX 420

FARMINGTON, NM 87499

RE: DRILLING PIT ANALYSIS

Enclosed are the results of analyses for samples received by the laboratory on 03/02/12 11:30.

Cardinal Laboratories is accredited through Texas NELAP under certificate number T104704398-11-3. Accreditation applies to drinking water, non-potable water and solid and chemical materials. All accredited analytes are denoted by an asterisk (*). For a complete list of accredited analytes and matrices visit the TCEQ website at www.tceq.texas.gov/field/qa/lab_accred_certif.html.

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 (V1, 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
 KURT FAGRELIUS
 P. O. BOX 420
 FARMINGTON NM, 87499
 Fax To: (505) 327-4043

Received:	03/02/2012	Sampling Date:	03/01/2012
Reported:	03/07/2012	Sampling Type:	Soil
Project Name:	DRILLING PIT ANALYSIS	Sampling Condition:	Cool & Intact
Project Number:	NONE GIVEN	Sample Received By:	Jodi Henson
Project Location:	NOT GIVEN		

Sample ID: MARY ROSE #2 (H200557-06)

BTEX 8021B		mg/kg		Analyzed By: AP					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Benzene*	<0.050	0.050	03/05/2012	ND	1.88	93.8	2.00	4.76	
Toluene*	<0.050	0.050	03/05/2012	ND	2.04	102	2.00	4.10	
Ethylbenzene*	<0.050	0.050	03/05/2012	ND	2.09	104	2.00	3.65	
Total Xylenes*	<0.150	0.150	03/05/2012	ND	6.54	109	6.00	3.57	

Surrogate 4-Bromofluorobenzene (PIL) 101 % 64 4-134

Chloride, SM4500Cl-B		mg/kg		Analyzed By: AP					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	384	16.0	03/05/2012	ND	432	108	400	3.77	

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	372	100	03/06/2012	ND	2540	102	2500	1.25	

TPH 8015M		mg/kg		Analyzed By: MS					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
GRO C6-C10	<10.0	10.0	03/06/2012	ND	195	97.4	200	24.4	
DRO >C10-C28	31.7	10.0	03/06/2012	ND	196	98.2	200	16.7	
Total TPH C6-C28	31.7	10.0	03/06/2012	ND	391	97.8	400	20.6	

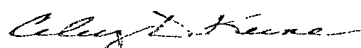
Surrogate 1-Chlorooctane 99.6 % 55 5-154

Surrogate 1-Chlorooctadecane 101 % 57 6-158

Cardinal Laboratories

* = Accredited Analyte

PLEASE NOTE: Liability and Damages: Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of the services hereunder by Cardinal, regardless of whether such claim is based upon any of the above stated reasons or otherwise. Results relate only to the samples identified above. This report shall not be reproduced except in full with written approval of Cardinal Laboratories.



Celey D. Keene, Lab Director/Quality Manager

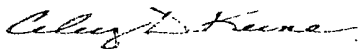
Notes and Definitions

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

PLEASE NOTE: Liability and Damages: Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analytes. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of the services hereunder by Cardinal, regardless of whether such claim is based upon any of the above stated reasons or otherwise. Results relate only to the samples identified above. This report shall not be reproduced except in full with written approval of Cardinal Laboratories.



Celey D. Keene, Lab Director/Quality Manager



CHAIN OF CUSTODY RECORD

Page ____ of ____

Client: Mountain View
Contact: Kurt Fegrelius
Address: 75 Suttle Street, Durango, CO 81303
Phone Number: 970-247-4220
FAX Number: 970-247-4227

NOTES:

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

PO#

Project Name

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: _____

Lab Name: Green Analytical Laboratories		(970) 247-4220 FAX (970) 247-4227		Analyses Required										Comments
Address: 75 Suttle Street, Durango, CO 81303		www.greenanalytical.com												
Sample ID	Collection	Miscellaneous			Preservative(s)									
	Date	Time	Collected by, (Init.)	Matrix Type From Table 1	No. of Containers	Sample Filtered ? Y/N	Unpreserved (Ice Only)	HNO3	HCL	H2SO4	NAOH	Other (Specify)		
H200557														
1. Lennex 41	3-1-12	11:00												
2. Lennex 52	3-1-12	11:05												
3. Mowin 57	3-1-12	11:10												
4. Mowin 57	3-1-12	11:15												
5. Mowin 53	3-1-12	11:20												
6. Mowin 52	3-1-12	11:25												
7.														
8.														
9.														
10.														
Relinquished by: <u>Kurt Fegrelius</u>			Date: <u>3-1-12</u>	Time: <u>2:45</u>	Received by: <u>John Nelson</u>			Date: <u>3/1/12</u>	Time: <u>11:45</u>					
Relinquished by: _____			Date: _____	Time: _____	Received by: _____			Date: <u>3/2/12</u>	Time: <u>11:30</u>					

* Sample Reject: [] Return [] Dispose [] Store (30 Days)

3.5 #26

Submit To Appropriate District Office
Two Copies
District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Rd., 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-105
Revised August 1, 2011

1. WELL API NO.

30-045-35147

2. Type of Lease

☐ STATE ☐ FEE ☒ FED/INDIAN

3 State Oil & Gas Lease No
Navajo Allotted NO-G-0912-1762

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

4. Reason for filing:

☐ COMPLETION REPORT (Fill in boxes #1 through #31 for State and Fee wells only)

☒ C-144 CLOSURE ATTACHMENT (Fill in boxes #1 through #9, #15 Date Rig Released and #32 and/or #33, attach this and the plat to the C-144 closure report in accordance with 19.15.17.13 K NMAC)

7 Type of Completion

☒ NEW WELL ☐ WORKOVER ☐ DEEPENING ☐ PLUGBACK ☐ DIFFERENT RESERVOIR ☐ OTHER

8 Name of Operator

Dugan Production Corp.

10 Address of Operator

5. Lease Name or Unit Agreement Name
Mary Rose Com

6 Well Number.

2

9 OGRID
006515

11 Pool name or Wildcat

12. Location	Unit Ltr	Section	Township	Range	Lot	Feet from the	N/S Line	Feet from the	E/W Line	County
Surface:										
Blk:										

13 Date Spudded	14 Date T.D. Reached	15. Date Rig Released 11/21/11	16 Date Completed (Ready to Produce)	17 Elevations (DF and RKB, RT, GR, etc.)
18 Total Measured Depth of Well	19. Plug Back Measured Depth	20 Was Directional Survey Made?	21 Type Electric and Other Logs Run	

22 Producing Interval(s), of this completion - Top, Bottom, Name

23 CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT LB./FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED

24. LINER RECORD					25. TUBING RECORD		
SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN	SIZE	DEPTH SET	PACKER SET

26 Perforation record (interval, size, and number)

27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC
DEPTH INTERVAL AMOUNT AND KIND MATERIAL USED

28 PRODUCTION

Date First Production		Production Method (Flowing, gas lift, pumping - Size and type pump)				Well Status (Prod. or Shut-in)	
Date of Test	Hours Tested	Choke Size	Prod'n For Test Period	Oil - Bbl	Gas - MCF	Water - Bbl.	Gas - Oil Ratio
Flow Tubing Press.	Casing Pressure	Calculated 24- Hour Rate	Oil - Bbl	Gas - MCF	Water - Bbl	Oil Gravity - API - (Corr.)	

29 Disposition of Gas (Sold, used for fuel, vented, etc.)

30. Test Witnessed By

31. List Attachments

32. If a temporary pit was used at the well, attach a plat with the location of the temporary pit.

33. If an on-site burial was used at the well, report the exact location of the on-site burial.

Latitude 36.12093 Longitude 107.70048 NAD 1983

I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief

Signature *Kurt Fagrelus* Printed Name Kurt Fagrelus Title Vice-President, Exploration Date 4/10/12

E-mail Address kfagrelus@duganproduction.com

District I
1625 N French Dr., Hobbs, NM 88240

District II
1301 W Grand Avenue, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
1220 S St Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised October 12, 2005
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code	*Property Name MARY ROSE COM		*Well Number 2
*OGRID No 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 6588'

¹⁰ Surface Location

UL or lot no	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	20	22N	8W		1095	SOUTH	1260	EAST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

UL or lot no	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres 320.0 Acres - (E/2)	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No
--	-------------------------------	----------------------------------	------------------------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

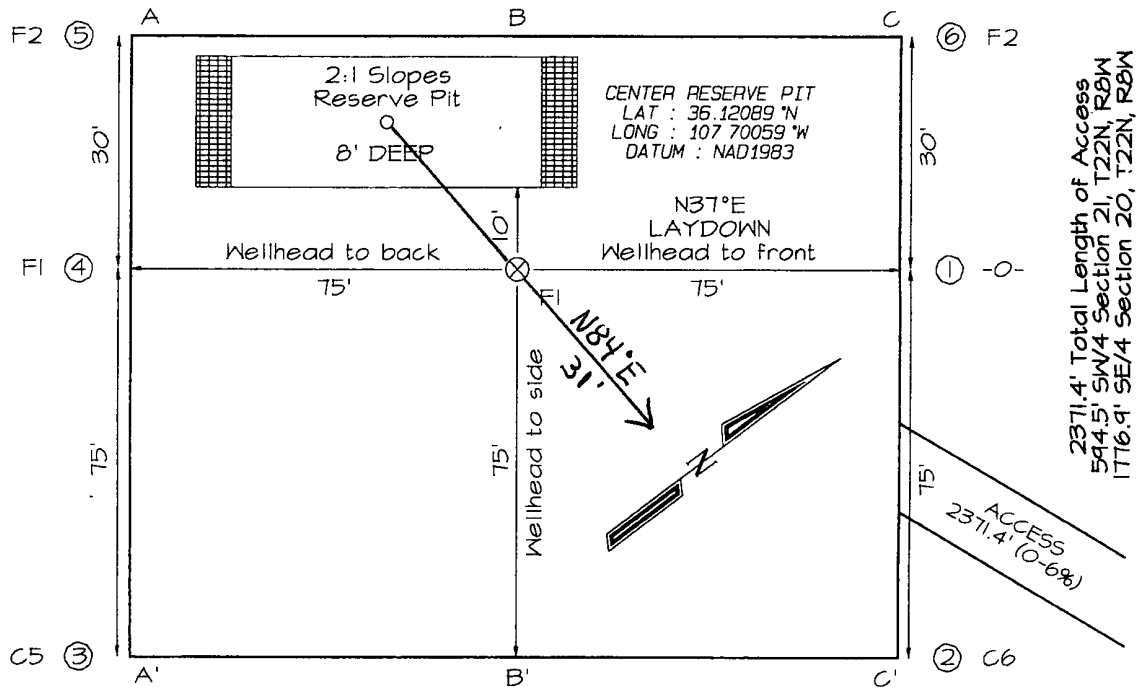
<div><p>¹⁶</p></div>	<div><p>¹⁷ OPERATOR CERTIFICATION</p><p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division</p><p>Signature _____ Date _____</p><p>Printed Name _____</p><p>¹⁸ SURVEYOR CERTIFICATION</p><p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief</p><p>Date of Survey: MAY 25, 2009</p><p>Signature and Seal of Professional Surveyor</p><div><p>JASON C. EDWARDS Certificate Number 15269</p></div></div>
---------------------------------	--

DUGAN PRODUCTION CORPORATION MARY ROSE COM #2
1095' FSL & 1260' FEL, SECTION 20, T22N, R8W, NMPM
SAN JUAN COUNTY, NEW MEXICO ELEVATION: 6588'

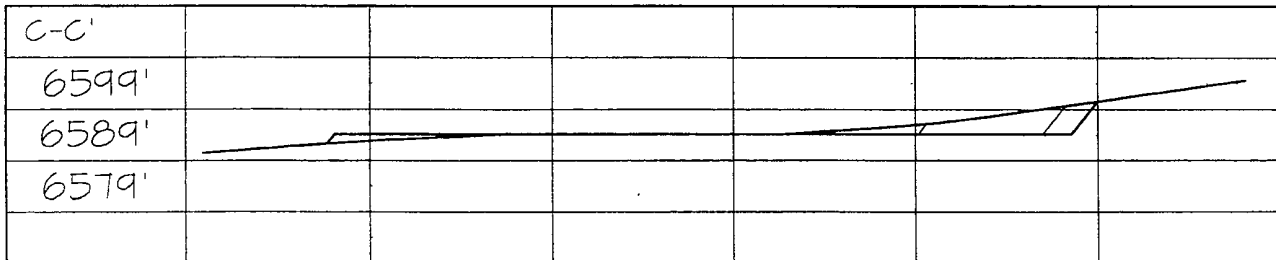
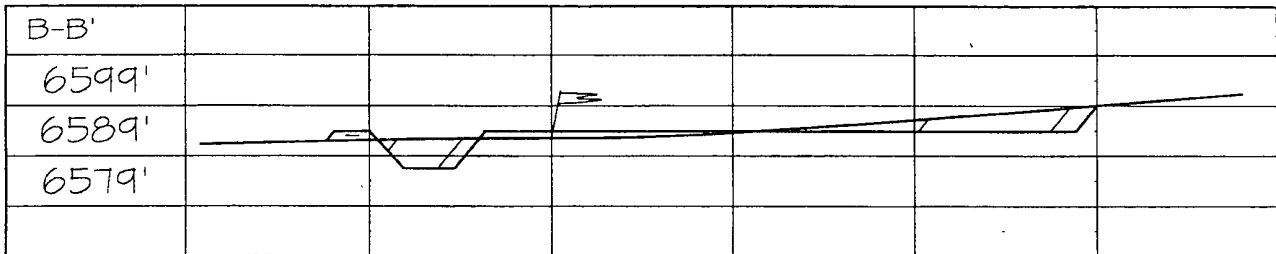
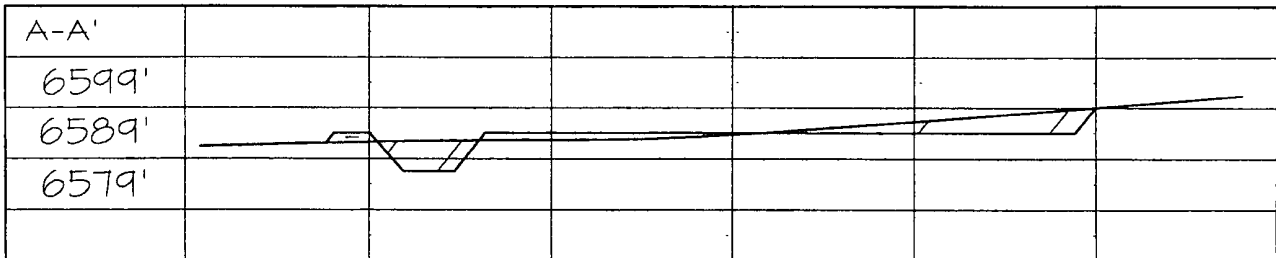
PLAT NOTE:

SURFACE OWNER
 Navajo Allotted Land

LATITUDE: 36.12093° N
LONGITUDE: 107.70048° W
 DATUM: NAD1983



Steel T-Posts have been set to define the Edge of Disturbance limits which are 50' offset from the edge of the staked wellpad.



Note: Contractor should call One-Call for location of any marked or unmarked buried pipelines or cables on well pad and/or access road at least two (2) working days prior to construction

