

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 CLEZ
July 21, 2008

For closed-loop systems that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure, submit to the appropriate NMOCD District Office.

Closed-Loop System Permit or Closure Plan Application

(that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure)

Type of action: Permit Closure

Instructions: Please submit one application (Form C-144 CLEZ) per individual closed-loop system request. For any application request other than for a closed-loop system that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure, please submit a Form C-144.

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

1. Operator: Dugan Production Corp. OGRID #: 6515
Address: P.O.Box 420, Farmington, NM 87499
Facility or well name: Chaco # 003
API Number: 300-45-22472 OCD Permit Number: _____
U/L or Qtr/Qtr F Section 1 Township 24N Range 9W County: San Juan
Center of Proposed Design: Latitude 36.34579 N Longitude 107.7448 W NAD: 1927 1983
Surface Owner: Federal State Private Tribal Trust or Indian Allotment

2. **Closed-loop System:** Subsection H of 19.15.17.11 NMAC
Operation: Drilling a new well Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent) P&A
 Above Ground Steel Tanks or Haul-off Bins

3. **Signs:** Subsection C of 19.15.17.11 NMAC
 12"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers
 Signed in compliance with 19.15.3.103 NMAC

RCVD FEB 25 '14
OIL CONS. DIV.
DIST. 3

4. **Closed-loop Systems Permit Application Attachment Checklist:** Subsection B of 19.15.17.9 NMAC
Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.
 Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC
 Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC
 Closure Plan (Please complete Box 5) - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC
 Previously Approved Design (attach copy of design) API Number: _____
 Previously Approved Operating and Maintenance Plan API Number: _____

5. **Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:** (19.15.17.13.D NMAC)
Instructions: Please identify the facility or facilities for the disposal of liquids, drilling fluids and drill cuttings. Use attachment if more than two facilities are required.
Disposal Facility Name: _____ Disposal Facility Permit Number: _____
Disposal Facility Name: _____ Disposal Facility Permit Number: _____
Will any of the proposed closed-loop system operations and associated activities occur on or in areas that will not be used for future service and operations?
 Yes (If yes, please provide the information below) No
Required for impacted areas which will not be used for future service and operations:
 Soil Backfill and Cover Design Specifications - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC
 Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC
 Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC

6. **Operator Application Certification:**
I hereby certify that the information submitted with this application is true, accurate and complete to the best of my knowledge and belief.
Name (Print): _____ Title: _____
Signature: _____ Date: _____
e-mail address: _____ Telephone: _____

7

7. **OCD Approval:** Permit Application (including closure plan) Closure Plan (only)

OCD Representative Signature: Jonathan P. Kelly Approval Date: 3/11/2014

Title: Compliance Officer OCD Permit Number: _____

8. **Closure Report (required within 60 days of closure completion):** Subsection K of 19.15.17.13 NMAC

Instructions: Operators are required to obtain an approved closure plan prior to implementing any closure activities and submitting the closure report. The closure report is required to be submitted to the division within 60 days of the completion of the closure activities. Please do not complete this section of the form until an approved closure plan has been obtained and the closure activities have been completed.

Closure Completion Date: 02/05/2014

9. **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: Sanchez O' Brien SWD # 1 Disposal Facility Permit Number: SWD - 694

Disposal Facility Name: Envirotech Disposal Facility Permit Number: NM-01-0011

Were the closed-loop system operations and associated activities performed on or in areas that will not be used for future service and operations?
 Yes (If yes, please demonstrate compliance to the items below) No

Required for impacted areas which will not be used for future service and operations:

Site Reclamation (Photo Documentation)

Soil Backfilling and Cover Installation

Re-vegetation Application Rates and Seeding Technique

10. **Operator Closure Certification:**

I hereby certify that the information and attachments submitted with this closure report is true, accurate and complete to the best of my knowledge and belief. I also certify that the closure complies with all applicable closure requirements and conditions specified in the approved closure plan.

Name (Print): Aliph Reena Title: Production Engineer

Signature: [Signature] Date: 02/24/2014

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

550 Water Service, LLC

11320

505.947.2152

12341 Hwy. 550 S. • Bloomfield, NM 87413

DUGAN

CUSTOMER _____ LEASE _____ WELL _____

TRUCK NO. 4 DRIVER Dennis DATE 1-24-14

RIG WATER FRAC WATER OIL PTS PROD WATER OTHER Flowback

FROM Chaco #3 TO SOB Storage Tank on SOB # 90

BBLs HAULED	STARTING TIME	STOP TIME	OFF DUTY HOURS	STAND-BY HOURS	HAUL	RECEIVED BY
1. Road Time Out	Starting Time <u>10:30</u> ^{AM} PM	Starting Time	AM PM			
2. Hauled <u>80</u>	Starting Time	Starting Time <u>3:15</u> ^{AM} PM	AM PM			
3. BBLs Hauled	Starting Time	Starting Time	AM PM			<u>4.75</u>
4. BBLs Hauled	Starting Time	Starting Time	AM PM			

ROAD CONDITIONS: CLEAR ICE SNOWING RAINING MUD CHAINS REQUIRED

REMARKS: pulled collar by well head, on stand by, pulled half moon pit and took to storage tank by SOB.

SIGNED Dennis Dennis DRIVER

san juan reproduction - F

PJA

550 Water Service, LLC

11333

550 Water Service, LLC

11333

505.947.2152

12341 Hwy. 550 S. • Bloomfield, NM 87413

A DUGAN

CUSTOMER _____ LEASE _____ WELL _____

TRUCK NO. 4 DRIVER Dennis DATE 1-29-14

RIG WATER FRAC WATER OIL PTS PROD WATER OTHER _____

FROM Chaco #3 TO SOB SWD

BBLs HAULED	STARTING TIME	STOP TIME	OFF DUTY HOURS	STAND-BY HOURS	HAUL	RECEIVED BY
1. Road Time Out	Starting Time <u>8:00</u> AM <u>PM</u>	Starting Time	AM PM			
2. BBLs Hauled <u>80</u>	Starting Time	Starting Time	AM PM			
3. PPS Hauled <u>80</u>	Starting Time	Starting Time <u>6:30</u> AM <u>PM</u>	AM PM			<u>10.5</u>
4. S Hauled	Starting Time	Starting Time	AM PM			

ROAD CONDITIONS: CLEAR ICE SNOWING RAINING MUD CHAINS REQUIRED

REMARKS: Stand-by @ Chaco #3 w/ A+6 Rig to pull water fr. Cedar and pull Rig Pits.

PLA

SIGNED Dennis Dennis DRIVER

550 Water Service, LLC

11334

505.947.2152

12341 Hwy. 550 S. • Bloomfield, NM 87413

LEASE

WELL

DRIVER

Dennis

DATE

1-30-14

FRAC WATER OIL PTS PROD WATER OTHER

frac #3

TO

SOB SWD

HA	STARTING TIME	STOP TIME	OFF DUTY HOURS	STAND-BY HOURS	HAUL	RECEIVED BY
Out	Starting Time <i>9:30</i> <input checked="" type="radio"/> AM <input type="radio"/> PM	Starting Time	AM PM			
d <i>80</i>	Starting Time	Starting Time	AM PM			
d <i>80</i>	Starting Time	Starting Time <i>5:00</i> <input checked="" type="radio"/> AM <input type="radio"/> PM	AM PM			<i>7.5</i>
d	Starting Time	Starting Time	AM PM			

CONDITIONS: CLEAR ICE SNOWING RAINING MUD CHAINS REQUIRED

Stand-by @ Rig to pull cellar and pits

P & A

SIGNED

Dennis Dennis

DRIVER

Water truck
Marty

550 Water Service, LLC

11337

505.947.2152

12341 Hwy. 550 S. • Bloomfield, NM 87413

DUGAN

CUSTOMER _____ LEASE _____ WELL _____

TRUCK NO. 4 DRIVER Dennis DATE 1-31-14

RIG WATER FRAC WATER OIL PTS PROD WATER OTHER _____

FROM Chaco #3 TO SOB SWD

BBLS HAULED	STARTING TIME	STOP TIME	OFF DUTY HOURS	STAND-BY HOURS	HAUL	RECEIVED BY
1. Road Time Out	Starting Time <u>9:15</u> <input checked="" type="radio"/> AM <input type="radio"/> PM	Starting Time	AM PM			
2. BBLS Hauled <u>80</u>	Starting Time	Starting Time <u>10:45</u> <input checked="" type="radio"/> AM <input type="radio"/> PM				
3. BBLS Hauled	Starting Time	Starting Time	AM PM			<u>1.5</u>
4. BBLS Hauled	Starting Time	Starting Time	AM PM			

ROAD CONDITIONS: CLEAR ICE SNOWING RAINING MUD CHAINS REQUIRED

REMARKS: P & A

SIGNED _____

Dennis Dennis

DRIVER