

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., 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
Revised April 3, 2017

For temporary pits, below-grade tanks, and multi-well fluid management pits, submit to the appropriate NMOCD District Office.
For permanent pits submit to the Santa Fe Environmental Bureau office and provide a copy to the appropriate NMOCD District Office.

16347

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

- Type of action: Below grade tank registration
 Permit of a pit or proposed alternative method
 Closure of a pit, below-grade tank, or proposed alternative method
 Modification to an existing permit/or registration
 Closure plan only submitted for an existing permitted or non-permitted pit, below-grade tank, or proposed alternative method

NMOCD

APR 30 2018

DISTRICT III

Instructions: Please submit one application (Form C-144) per individual pit, 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 OGRID #: _____
Address: 709 E. Murray Dr.
Facility or well name: Seoul #88
API Number: 30-045-26630 OCD Permit Number: _____
U/L or Qtr/Qtr A Section 9 Township 23N Range 10W County: San Juan
Center of Proposed Design: Latitude 36.2475586 Longitude -107.8938141 NAD83
Surface Owner: Federal State Private Tribal Trust or Indian Allotment

2.
 Pit: Subsection F, G or J of 19.15.17.11 NMAC
Temporary: Drilling Workover
 Permanent Emergency Cavitation P&I
 Lined Unlined Liner type: Thickness _____ mil LLDPE HDPE PVC Other _____
 String-Reinforced
Liner Seams: Welded Factory Other _____ Volume: _____ bbl Dimensions: L _____ x W _____ x D _____

DENIED *Administrative Incomplete
References old Rules
update to 2012 etc Discussed changes with operators.
w Chloride Drilling Fluid yes no

BY: Cory Smith
DATE: 5/4/14 (505) 334-6178 Ext. 115

3.
 Below-grade tank: Subsection I of 19.15.17.11 NMAC
Volume: 95 bbl Type of fluid: Produced water
Tank Construction material: Steel
 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 20 mil HDPE PVC Other _____

4.
 Alternative Method:
Submittal of an exception request is required. Exceptions must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.

5.
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 + top roll. (Field fence)

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6.

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)

7.

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 19.15.16.8 NMAC

8.

Variations 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:

- Variance(s): Requests must be submitted to the appropriate division district for consideration of approval.
- Exception(s): Requests must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.

9.

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.

General siting

Ground water is less than 25 feet below the bottom of a low chloride temporary pit or below-grade tank.

- NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells

- Yes No
- NA

Ground water is less than 50 feet below the bottom of a Temporary pit, permanent pit, or Multi-Well Fluid Management pit.

- NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells

- Yes No
- NA

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. **(Does not apply to below grade tanks)**

- Written confirmation or verification from the municipality; Written approval obtained from the municipality

- Yes No

Within the area overlying a subsurface mine. **(Does not apply to below grade tanks)**

- Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division

- Yes No

Within an unstable area. **(Does not apply to below grade tanks)**

- Engineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources; USGS; NM Geological Society; Topographic map

- Yes No

Within a 100-year floodplain. **(Does not apply to below grade tanks)**

- FEMA map

- Yes No

Below Grade Tanks

Within 100 feet of a continuously flowing watercourse, significant watercourse, lake bed, sinkhole, wetland or playa lake (measured from the ordinary high-water mark).

- Topographic map; Visual inspection (certification) of the proposed site

- Yes No

Within 200 horizontal feet of a spring or a fresh water well used for public or livestock consumption;

- NM Office of the State Engineer - iWATERS database search; Visual inspection (certification) of the proposed site

- Yes No

Temporary Pit using Low Chloride Drilling Fluid (maximum chloride content 15,000 mg/liter)

Within 100 feet of a continuously flowing watercourse, or any other significant watercourse or within 200 feet of any lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark). (Applies to low chloride temporary pits.)

- Topographic map; Visual inspection (certification) of the proposed site

- Yes No

Within 300 feet from a occupied 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

- Yes No

Within 200 horizontal feet of a spring or a private, domestic fresh water well used by less than five households for domestic or stock watering purposes, or 300feet of any other fresh water well or spring, in existence at the time of the initial application.

- NM Office of the State Engineer - iWATERS database search; Visual inspection (certification) of the proposed site

- Yes No

<p>Within 100 feet of a wetland.</p> <ul style="list-style-type: none"> - US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site 	<input type="checkbox"/> Yes <input type="checkbox"/> No
<p><u>Temporary Pit Non-low chloride drilling fluid</u></p>	
<p>Within 300 feet of a continuously flowing watercourse, or any other significant watercourse, or within 200 feet of any lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark).</p> <ul style="list-style-type: none"> - Topographic map; Visual inspection (certification) of the proposed site 	<input type="checkbox"/> Yes <input type="checkbox"/> No
<p>Within 300 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application.</p> <ul style="list-style-type: none"> - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image 	<input type="checkbox"/> Yes <input type="checkbox"/> No
<p>Within 500 horizontal feet of a spring or a private, domestic fresh water well used by less than five households for domestic or stock watering purposes, or 1000 feet of any other fresh water well or spring, in the existence at the time of the initial application;</p> <ul style="list-style-type: none"> - NM Office of the State Engineer - iWATERS database search; Visual inspection (certification) of the proposed site 	<input type="checkbox"/> Yes <input type="checkbox"/> No
<p>Within 300 feet of a wetland.</p> <ul style="list-style-type: none"> - US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site 	<input type="checkbox"/> Yes <input type="checkbox"/> No
<p><u>Permanent Pit or Multi-Well Fluid Management Pit</u></p>	
<p>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).</p> <ul style="list-style-type: none"> - Topographic map; Visual inspection (certification) of the proposed site 	<input type="checkbox"/> Yes <input type="checkbox"/> No
<p>Within 1000 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application.</p> <ul style="list-style-type: none"> - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image 	<input type="checkbox"/> Yes <input type="checkbox"/> No
<p>Within 500 horizontal feet of a spring or a fresh water well used for domestic or stock watering purposes, in existence at the time of initial application.</p> <ul style="list-style-type: none"> - NM Office of the State Engineer - iWATERS database search; Visual inspection (certification) of the proposed site 	<input type="checkbox"/> Yes <input type="checkbox"/> No
<p>Within 500 feet of a wetland.</p> <ul style="list-style-type: none"> - US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site 	<input type="checkbox"/> Yes <input type="checkbox"/> No

10.

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: _____ or Permit Number: _____

11.

Multi-Well Fluid Management Pit 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

A List of wells with approved application for permit to drill associated with the pit.

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

Hydrogeologic Data - based upon the requirements of Paragraph (4) of Subsection B of 19.15.17.9 NMAC

Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC

Previously Approved Design (attach copy of design) API Number: _____ or Permit Number: _____

12. **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

13. **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 Multi-well Fluid Management Pit
 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

14. **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 C 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 H of 19.15.17.13 NMAC
- Site Reclamation Plan - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC

15. **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 require justifications and/or demonstrations of equivalency. Please refer to 19.15.17.10 NMAC for guidance.

Ground water is less than 25 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 type="checkbox"/> NA
Ground water is between 25-50 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 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 type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
Within 100 feet of a continuously flowing watercourse, or 200 feet of any other significant watercourse, 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 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 type="checkbox"/> No
Within 300 horizontal feet of a private, domestic fresh water well or spring used for domestic or stock watering purposes, 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 type="checkbox"/> No
Written confirmation or verification from the municipality; Written approval obtained from the municipality	<input type="checkbox"/> Yes <input type="checkbox"/> No
Within 300 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 type="checkbox"/> No
Within incorporated municipal boundaries or within a defined municipal fresh water well field covered under a municipal ordinance	<input type="checkbox"/> Yes <input type="checkbox"/> No

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 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 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 type="checkbox"/> No
Within a 100-year floodplain. - FEMA map	<input type="checkbox"/> Yes <input type="checkbox"/> No

16. **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 E of 19.15.17.13 NMAC
- Construction/Design Plan of Burial Trench (if applicable) based upon the appropriate requirements of Subsection K 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 19.15.17.13 NMAC
- Waste Material Sampling Plan - based upon the appropriate requirements 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 H of 19.15.17.13 NMAC
- Site Reclamation Plan - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC

17. **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): Kevin Smaka Title: Production Engineer

Signature: Kevin Smaka Date: 4-25-18

e-mail address: Kevin.Smaka@cluganproduction.com Telephone: 325-1821

18. **OCD Approval:** Permit Application (including closure plan) Closure Plan (only) OCD Conditions (see attachment)

OCD Representative Signature: DENIED Approval Date: _____

Title: _____ OCD Permit Number: _____

19. **Closure Report (required within 60 days of closure completion):** 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: _____

20. **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.

21. **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 for private land only)
- 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 _____ Longitude _____ NAD: 1927 1983

22.

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): _____ Title: _____

Signature: _____ Date: _____

e-mail address: _____ Telephone: _____

Seoul #88 Hydrogeologic Report

The Seoul #88 is located on Navajo Indian Allotted land (checkerboard area) on the Chaco Slope in San Juan County, New Mexico. The region is characterized as a high arid mesa broken by numerous, deep cutting arroyos.

A records search of the NM Office of the State Engineer –iWATERS database was conducted on a three square mile area centered on the Seoul #88 location (Exhibit 2). No water wells were located in the data search. A map search of the area located one water well 5,900-feet to the north (total depth 373-feet, depth to water not reported) and a second well 10,700-feet to southwest but there is no available information on it. The results of the search are shown on Exhibit 1.

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. The below grade tank is not located in an arroyo; the closest arroyo is 800-feet to the south (Exhibit 2).

The Nacimiento Formation extends from the surface down to a depth of approximately 140-feet. Thin silty sands can occur near the base. However, the sands are discontinuous, have high silt content and would not be expected to contain any water.

The underlying Ojo Alamo Sandstone ranges from approximately 140 down to a depth of approximately 230-feet and is comprised of a coarse grained alluvial 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).

The Nacimiento and Ojo Alamo are potential sources of water in the area, however, nearby arroyos have breached the surface down to a depth of approximately 100 feet, there are no springs in the area, the Ojo Alamo outcrops approximately 1-mile away and the zones are not expected to contain significant amounts of water.

Based on electric open hole logs, the iWATERS database and literature reviewed, a small amount of poor quality ground water might be found at a depth of approximately 180-feet from the basal, Ojo Alamo Sandstone; however, the Fruitland Coal and Pictured Cliffs interval at 965-1050 feet should contain a larger quantity of very poor quality water.

This Hydrogeologic Report was prepared by Mr. Kurt Fagrelius, Geologist for Dugan Production. Mr. Fagrelius 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.

New Mexico Office of the State Engineer
POD Reports and Downloads

Township: 23N Range: 10W Sections: 3,4,5,8,9,10,15,16,17

NAD27 X: Y: Zone: Search Radius:

County: Basin: Number: Suffix:

Owner Name: (First) (Last) Non-Domestic Domestic All

WATER COLUMN REPORT 11/12/2008

(quarters are 1=NW 2=NE 3=SW 4=SE)
(quarters are biggest to smallest)

POD Number	Tws	Rng	Sec	q	q	q	Zone	X	Y	Depth Well	Depth Water	Water (in feet) Column
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No Records found, try again

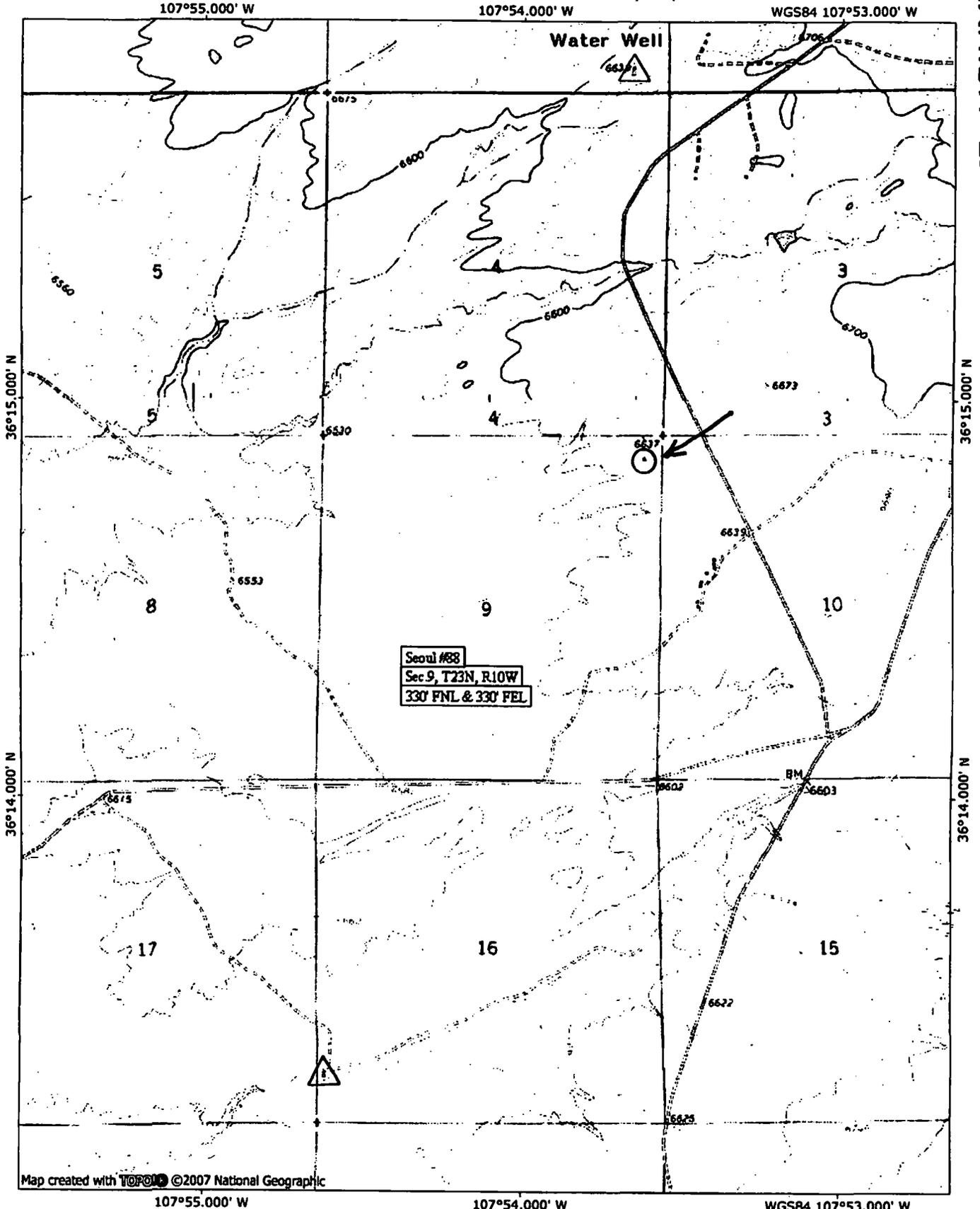
EXHIBIT 1.

Siting Criteria for the Seoul #88 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 below grade tank.

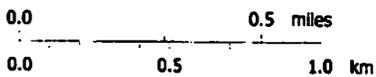
TOPO! map printed on 10/30/08 from "witty 1.tpo"

EXHIBIT 2.



Map created with TOPO! ©2007 National Geographic

NATIONAL GEOGRAPHIC

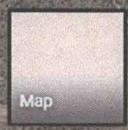


WGS84 107°53.000' W
TN* MN
10°
10/30/08

Exhibit #3

Seoul 88 36.2475586, -107.8938141

US 91 45B



Google



New Mexico Office of the State Engineer
POD Reports and Downloads

Township: 23N Range: 10W Sections: 3,4,9,10

NAD27 X: Y: Zone: Search Radius:

County: Basin: Number: Suffix:

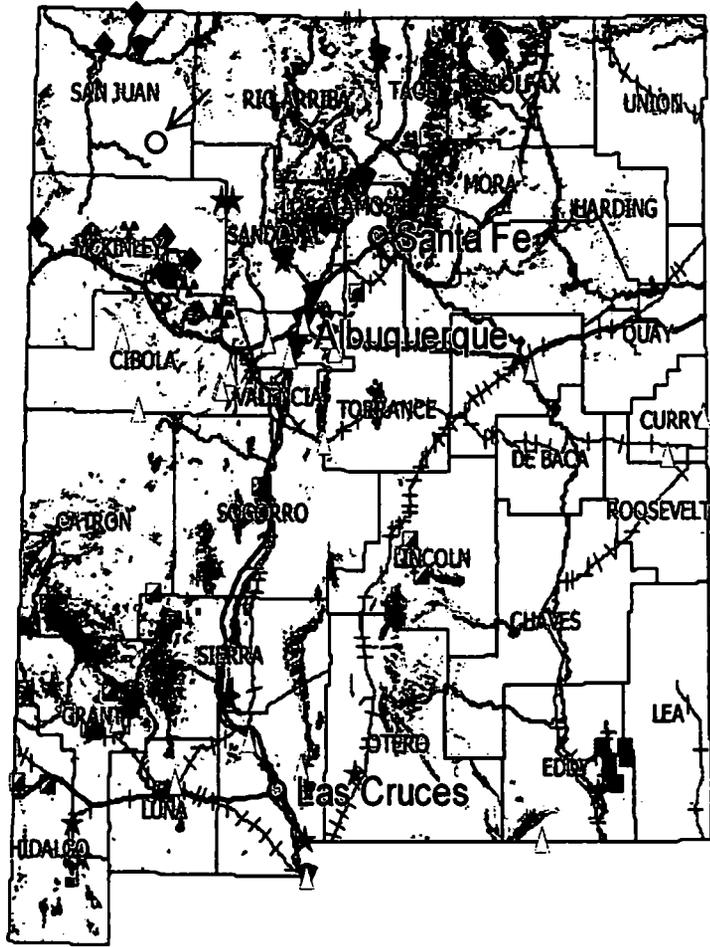
Owner Name: (First) (Last) Non-Domestic Domestic All

WATER COLUMN REPORT 11/21/2008

(quarters are 1=NW 2=NE 3=SW 4=SE)
(quarters are biggest to smallest)

POD Number	Tws	Rng	Sec	q	q	q	Zone	X	Y	Depth Well	Depth Water	Water (in feet) Column
------------	-----	-----	-----	---	---	---	------	---	---	------------	-------------	------------------------

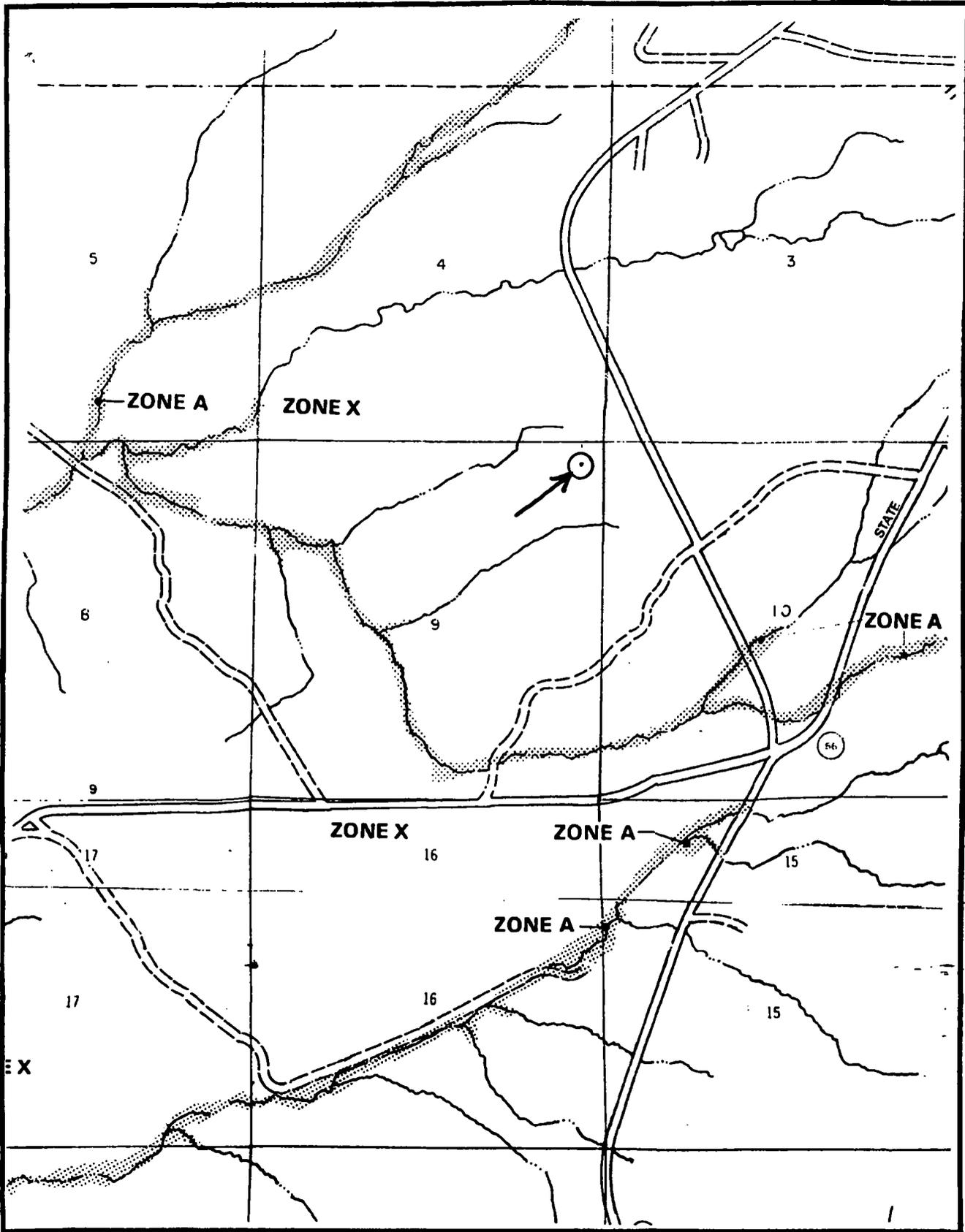
No Records found, try again



Mine, Mills and Quarry Map of New Mexico

Dugan Production Corp.
Seoul #88

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



FEMA 100-Year Floodplain Map
Seoul #88

Seoul #88 Below Grade Tank Design and Construction Plan

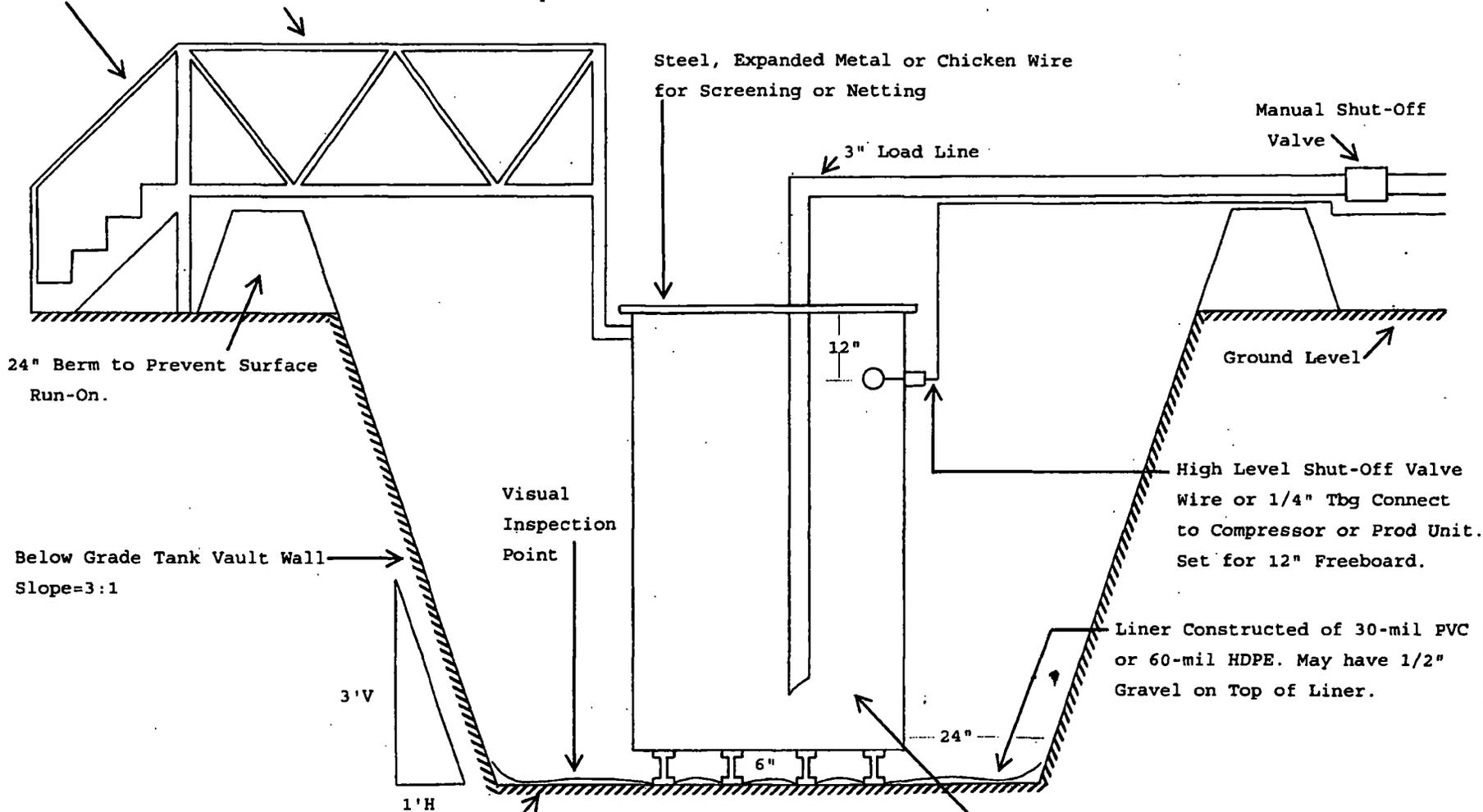
The Seoul #88 below grade tank will be designed and constructed in accordance with the following requirements:

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 Seoul #88 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 Seoul #88 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 Seoul #88 below grade tank will be covered with steel, expanded metal or chicken wire for screening or netting on top of the tank.
6. Seoul #88 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. Seoul #88 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 1/4".
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 1×10^{-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 Seoul #88 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 Seoul #88 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 walk-way material to provide personnel access to the top of below grade tank.

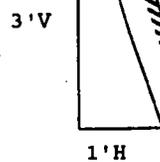
EXHIBIT 7.

Walkway/Bridge With Steps and Handrail, Constructed of 2" X 1/8" Angle Iron and Perforated Walk-Way Material.



24" Berm to Prevent Surface Run-On.

Below Grade Tank Vault Wall Slope=3:1



Visual Inspection Point

Below Grade Tank Vault-Firm, Level Foundation Free of Rocks, Debris or Irregularities. Slope of Vault Walls Will Be 3'-Vert/1'-Horiz. Dependent on Soil Conditions, 2" x 12" Pre-Treated Lumber will be used as needed to insure integrity of vault walls.

Steel, Expanded Metal or Chicken Wire for Screening or Netting

3" Load Line

Manual Shut-Off Valve

Ground Level

High Level Shut-Off Valve Wire or 1/4" Tbg Connect to Compressor or Prod Unit. Set for 12" Freeboard.

Liner Constructed of 30-mil PVC or 60-mil HDPE. May have 1/2" Gravel on Top of Liner.

Dugan Production Corp.
Seoul #88

Below Grade Tank-Single Wall, Constructed of 1/4" Carbon Steel, API Rated, Visible Walls and Liner. Tank will have a Minimum 6" Lift Above Underlying Liner and Set-Back at least 24" from Walls of Vault. Tank Volume 45 bbls, Depth 6 Feet

Seoul #88 Below Grade Tank Maintenance and Operation Plan

The Seoul #88 below grade tank will be maintained and operated in accordance with the following requirements:

1. The Seoul #88 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 Seoul #88 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 Seoul #88 below grade tank to prevent a significant accumulation of oil overtime.

7. The Seoul #88 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 will be used to assist in scheduling frequency of future fluid removal.

Dugan Production Corp.		Well Name and or Facility _____													
Below Grade Tank Monitoring Report															
Check and Record Integrity						Trash Note and Pick-Up			Check for Proper Operation		Freeboard		Fluid Level		Signature
Date	Fence	Berms	Tank	Tank	Vault	Leak	Tank (Vault)	Location	High Level	Manual	Minimum 12"		Bottom - Up		
				Screen	Slopes	Detect.			Shut off valve	Shut off valve	Top - Down				
D/Ma/Yr	G = Good, F = Fair, P = Poor					Y = Yes, N = No			G = Good, B = Bad		Feet & Inches		Monitor's		
Inspect at least once a month and maintain records for at least five years.															

8. Adequate freeboard will be maintained to prevent overtopping of the Seoul #88 below grade tank. High level shut off valves will close when fluid reaches 12 inches from top of tank.

Seoul #88 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 Applic. Submittal or Modification Request	File Closure Plan By	Stop Use By	Close By
On June 16, 2008				
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 Applic. by 9-16-2008	12/16/2008	failed integrity replc w/apprvd design	
BGT-Not Aprvd Design Nor Retrofit to Comply w/19.15.17	Not Permtd under 19.15.17 Mod. Rqust by 9-16-2008	12/31/2008	6/16/2013	6-16-2013
BGT-Not Aprvd Design Nor Retrofit to comply w/19.15.17	NA	12/16/2008	6/16/2013	6/16/2013
Permanent Pit-Design and Constr Does not comply w/19.15.17 permitted and lined	Mod. Rqust by 12-16-2008 Comply w/in 18-mos of aprvl	12/16/2008 submit w/mod request	failed integrity replc w/apprvd design	60-days after cessation
Permanent Pit-Design and Constr Does not comply w/19.15.17 Registered and Lined	Permit Applic by 12-16-2008 Comply w/in 18-mos of aprvl	12/16/2008 submit w/permit Applic		60-days after cessation
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 or prior to closure	failed integrity replc w/apprvd design	60-days after cessation

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 Seoul #88 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 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 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.

Seoul #88 Below Grade Tank Request for Administrative Approval

Administrative approval is hereby requested for an alternative to the fencing design for the Seoul #88 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 one 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.