

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

Form C-144  
June 1, 2004

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

For drilling and production facilities, submit to appropriate NMOCD District Office.  
For downstream facilities, submit to Santa Fe office

**Pit or Below-Grade Tank Registration or Closure**

Is pit or below-grade tank covered by a "general plan"? Yes ☐ No ☒

Type of action: Registration of a pit or below-grade tank ☐ Closure of a pit or below-grade tank ☒

Operator: Dugan Production Corp. Telephone: (505)325-1821 e-mail address: paulsikora@duganproduction.com  
Address: P. O. Box 420, Farmington, NM 87499-0420  
Facility or well name: Bonanza #91 API #: 30-045-33066 U/L or Qtr/Qtr A Sec 26 T 23N R 11W  
County: San Juan Latitude 36.20222 Longitude 107.96888 NAD: 1927 ☒ 1983 ☐ Surface Owner Federal ☒ State ☐ Private ☐ Indian ☐

**Pit**

Type: Drilling ☒ Production ☐ Disposal ☐  
Workover ☐ Emergency ☐  
Lined ☒ Unlined ☐  
Liner type: Synthetic ☒ Thickness 12 mil Clay ☐  
Pit Volume 4278 bbl

**Below-grade tank**

Volume:        bbl Type of fluid:         
Construction material:         
Double-walled, with leak detection? Yes ☐ If not, explain why not:       

|                                                                                                                                                 |                                           |             |    |
|-------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|-------------|----|
| Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)                                  | Less than 50 feet                         | (20 points) |    |
|                                                                                                                                                 | 50 feet or more, but less than 100 feet   | (10 points) |    |
|                                                                                                                                                 | 100 feet or more                          | ( 0 points) | 0  |
| Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)       | Yes                                       | (20 points) |    |
|                                                                                                                                                 | No                                        | ( 0 points) | 0  |
| Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.) | Less than 200 feet                        | (20 points) |    |
|                                                                                                                                                 | 200 feet or more, but less than 1000 feet | (10 points) |    |
|                                                                                                                                                 | 1000 feet or more                         | ( 0 points) | 10 |
| <b>Ranking Score (Total Points)</b>                                                                                                             |                                           |             | 10 |

**If this is a pit closure:** (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: (check the onsite box if you are burying in place) onsite ☒ offsite ☐ If offsite, name of facility       . (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No ☒ Yes ☐ If yes, show depth below ground surface        ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

The drilling/reserve pit at the Bonanza #91 closure. The pit liner cut off at the mudline and disposed of at the Waste Management Landfill substation. The pits dimensions are approx. 6' deep x 85' wide x 100' length with a center island uprising approx. 5' wide and 100' length to surface level. Pit has two centers approx. 20' and 60' S of wellhead, respectively. See attached. Until a general permit is prepared and approved, Dugan Production Corp. intends to follow NMOCD guidelines modified only as necessary to comply with stipulations imposed by the Bureau of Land Management.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☐, or an (attached) alternative OCD-approved plan ☒.

Date: May 9, 2006

Printed Name/Title Paul Sikora, Production Foreman Signature [Signature]

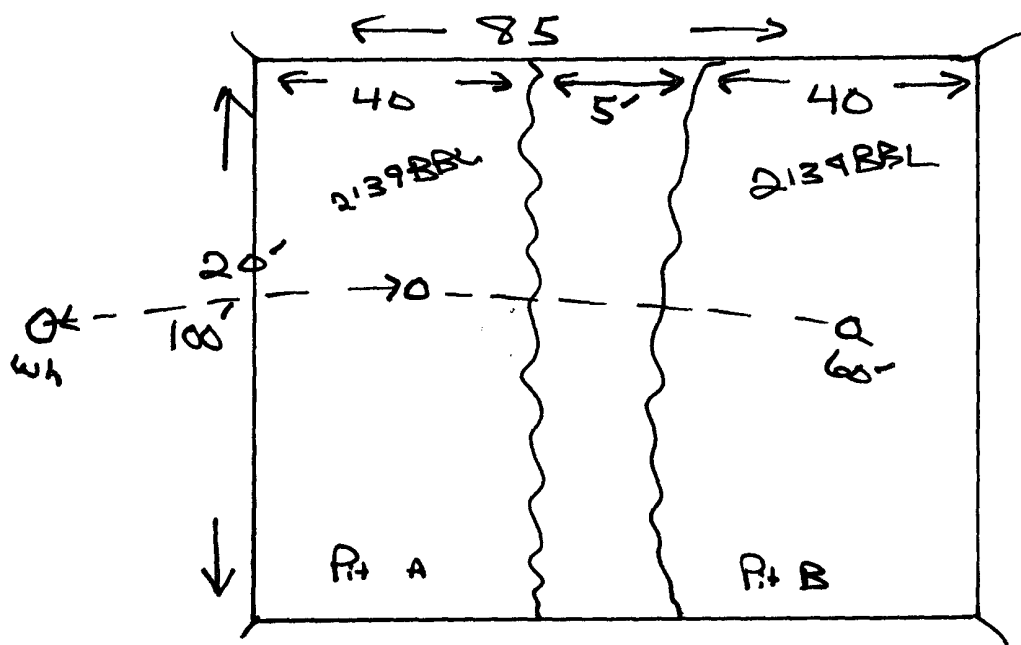
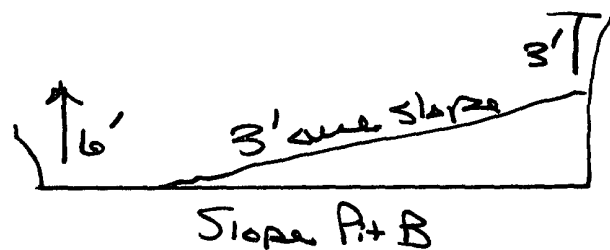
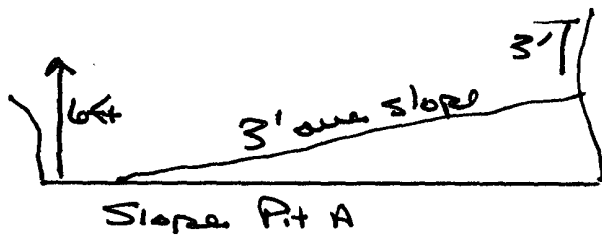
Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval: DEPUTY OIL & GAS INSPECTOR, DIST. 4

Printed Name/Title        Signature [Signature] Date: MAY 10 2006

BONONZA 91

Lease name



Not to scale.