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
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.

~~32782~~
C0024
REVISED ON 2/15/11

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: ~~OK~~ Henry #2
API Number: 30-045-34922 OCD Permit Number:
U/L or Qtr/Qtr L Section 36 Township 30N Range 14W County: San Juan County
Center of Proposed Design: Latitude 36.76890 N Longitude 108.26732 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'

RECEIVED
MAR 2009
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

RECEIVED
MAR 2009
OIL CONS. DIV. DIST. 3

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	☐ Yes ☒ 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	☐ Yes ☒ No
Within 300 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application. *(Applies to temporary, emergency, or cavitation pits and below-grade tanks)* - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image	☐ Yes ☒ No ☐ NA
Within 1000 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application *(Applies to permanent pits)* - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image	☐ Yes ☐ No ☒ 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	☐ Yes ☒ 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	☐ Yes ☒ No
Within 500 feet of a wetland - US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site	☐ Yes ☒ No
Within the area overlying a subsurface mine - Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division	☐ Yes ☒ No
Within an unstable area. - 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. - FEMA map	☐ Yes ☒ 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 H_2S, 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

16.
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 indentify 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

17.
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	☐ Yes ☐ No ☒ 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	☐ Yes ☐ No ☒ 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	☒ Yes ☐ No ☐ 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	☐ Yes ☒ 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	☐ Yes ☒ 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	☐ Yes ☒ 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	☐ Yes ☒ No
Within 500 feet of a wetland - US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site	☐ Yes ☒ No
Within the area overlying a subsurface mine. - Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division	☐ Yes ☒ No
Within an unstable area. - 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 - FEMA map	☐ Yes ☒ No

18.
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 Fagrelius Title: Vice President, Exploration

Signature: Kurt Fagrelius Date: March 9, 2009

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

20.
OCD Approval: ☒ Permit Application (including closure plan) ☒ Closure Plan (only) ☐ OCD Conditions (see attachment)

OCD Representative Signature: Brandon Powell 2/16/11 **Approval Date:** 3-30-09

Title: Enviro Spec **OCD Permit Number:**

21.
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:** 4-7-2010

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 indentify 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 36.76896° N Longitude 108.26722° 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 Fagrelius Title: VP-Exploration

Signature: Kurt Fagrelius Date: 4-19-2010

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

Dugan Production Corp.
Closure Report

Lease Name: Oh Henry #2
API No.: 30-045-34922

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 3-9-2009 and approved on 3-30-2009.**

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 3-30-2009.

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 4-5-2010.

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.

   State 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 (11-9-2009) and drilling mud was transferred to IEI Industrial Ecosystems Inc. on 11-12-2009 and 11-16-2009. Remaining mud was allowed to settle out and free water was transferred to Basin Disposal Inc. on 11-24-2009. Remaining free water was transferred to the Sanchez O'Brien SWD #1 salt water disposal well. See attached IEI invoices.

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 (4-7-2010).

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.

Analysis of Pit Contents

Components	Test Method	Limit (mg/kg)	*Results (mg/kg)
Benzene	EPA SW-846 8021B or 8260B	0.2	**0.143**
BTEX	EPA SW-846 8021B or 8260B	50	**1.41**
TPH	EPA SW-846 418.1	2500	**<100**
GRO/DRO	EPA SW-846 8015M	500	**<170**
Chlorides	EPA 300.1	1000 / 500	**160**

While removing and hauling drilling mud to disposal facility, two leaks were noted below mud line on the northeast and northwest corner of the pit. The NMOCD in Aztec was notified of the release (See email 11-12-2009).

A five point composite sample was taken from the soil outside of the pit liner at the location of each leak and was tested in accordance with Subsection B of 19.15.17.13 (B)(1)(b)(ii). Depth from the soil tested to the top of ground-water is greater than 100-feet. Sample results are attached. See attached C-141 report form.

Analysis of soil (outside of liner) at leak on NE corner of pit.

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	**<0.300**
TPH	EPA SW-846 418.1	2500	**<100**
GRO/DRO	EPA SW-846 8015M	500	**<20**
Chlorides	EPA 300.1	1000 / 500	**288**

Analysis of soil (outside of liner) at leak on NW corner of pit.

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	**<0.300**
TPH	EPA SW-846 418.1	2500	**<100**
GRO/DRO	EPA SW-846 8015M	500	**<20**
Chlorides	EPA 300.1	1000 / 500	**48**

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 no 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 4-7-2010 and disposed of at the Crouch Mesa Waste Management facility on 4-7-2010 (see attached invoice).

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.

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

Kurt Fagrelius

From: Kurt Fagrelius
Sent: Thursday, November 12, 2009 3:52 PM
To: 'Powell, Brandon, EMNRD'
Subject: Oh Henry #2

Brandon, as per our phone conversation at 4:15 pm on November 12, 2009, I am sending you this email to confirm our notification to the NMOCD that while pulling the drilling mud from the Oh Henry #2 today, we discovered two small holes in the pit liner 3-4 feet below the mud line. One hole is approximately 1-1/2" X ¼" and the second is approximately ¼" wide by ¼" high. We have pulled the mud in the pit so that the fluid level is below the holes. I will cut a small hole at the location of the leaks, grab a sample and send it in for analysis tomorrow.

The Oh Henry #2 is located in Sect. 36, T30 N, R14 W. The well was drilled with a fresh water based gel-mud. Drill pipe became stuck at TD and slick rite, high viscosity mud and a small amount of diesel were used to free the pipe up.

I will communicate with you on the results of the soil sample taken from behind the hole in the liner prior to taking any further actions on closing the pit.

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

Sincerely, Kurt Fagrelius

Kurt Fagrelius

From: Kurt Fagrelius
Sent: Monday, April 05, 2010 3:43 PM
To: 'Powell, Brandon, EMNRD'; 'Mark_Kelly@nm.blm.gov'
Subject: FW: Temporary drilling pit closures.

Dear Sirs: I Failed to include the surface location on previous e-mail, it is as follows: Unit L of Sec. 36, T30N, R14W.

Thanks, Kurt Fagrelius

Subject: Temporary drilling pit closure.

Dear Sirs: Dugan Production will close the temporary drilling pit on the Oh Henry #2 (located on NM State surface) on April 7, 2010.

If you have any questions or require additional information, please contact me at 505-325-1821 or 505-320-8248.

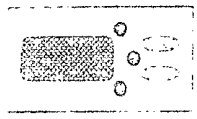
Sincerely, Kurt Fagrelius

Continued...

To: Dugan Production
PO BOX 420

FARMINGTON, NM, 87499

BASIN DISPOSAL, INC.



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

INVOICE BASI003818 **DATE 11/30/2009**

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

Description	Unit	Qty.	Rate	Amount
Oh Henry 2				
11/24/2009 TICKET # 51954				
Fresh Water - Barrels	Barrel	60.00	0.2500	15.00
Sub-total				15.00
Sub-total				**15.00**

OHE02

#51692.2

AFE 18
658-1800

Sub-Total	**15.00**
Bloomfield Tax @ 7.5625%	**1.13**
Total	**16.13**

Industrial Ecosystems Inc.

Invoice Number: 12752
Invoice Date: Nov 19, 2009
Page: 1

Industrial Ecosystems Inc.
P.O. Box 1202
Flora Vista, NM 87415
PH: (505) 632-1782 Fax: (505) 632-1876

TAX I.D. #94-3200034

PLEASE REMIT PAYMENT TO:
Industrial Ecosystems, Inc.
PO Box 1202
Flora Vista, NM 87415

Sold To: DUGAN PRODUCTION CORP
709 E MURRAY DRIVE
FARMINGTON, NM 87499-0420

Location: KURT FAGRELIUS
OH HENRY #2

OHE#2

Contact	Payment Terms	Due Date	Customer PO
KURT FAGRELIUS	Net 30 Days	12/19/09	

Quantity	Description	Unit Price	Extension
	DATE OF SERVICE: 11/16/09		
	IEI WO #11562		
	MATERIAL TRANSPORTED BY 550, #2		
	DISPOSED OF DRILL MUD		
40.00	DISPOSAL PER BARREL	17.50	700.00

650-5300
KF

DEC 10 2009
#5467

FOR BILLING INQUIRIES PLEASE CALL
(505) 632-1782

ACCOUNTS ARE DUE NET 30 DAYS. PURCHASER AGREES TO PAY FINANCE CHARGES OF 1.5% PER MONTH (ANNUAL PERCENTAGE RATE OF 18%) OR A MINIMUM CHARGE OF .50 PER MONTH. ACCOUNTS THAT HAVE BEEN PLACED FOR COLLECTION WILL BE CHARGED A $100.00 COLLECTION FEE IN ADDITION TO REASONABLE ATTORNEY FEES AND COLLECTION CHARGES.

Subtotal	700.00
Sales Tax	43.31
Total Invoice Amount	743.31
TOTAL	743.31

NOV 23 2009

Industrial Ecosystems Inc.

Invoice Number: 12728
Invoice Date: Nov 17, 2009
Page: 1

Industrial Ecosystems Inc.
P.O. Box 1202
Flora Vista, NM 87415
PH: (505) 632-1782 Fax: (505) 632-1876

TAX I.D. #94-3200034

PLEASE REMIT PAYMENT TO:
Industrial Ecosystems, Inc.
PO Box 1202
Flora Vista, NM 87415

Sold To: DUGAN PRODUCTION CORP
709 E MURRAY DRIVE
FARMINGTON, NM 87499-0420

Location: KURT FAGRELIUS
OH HENRY #2 OHEØ2

Contact	Payment Terms	Due Date	Customer PO
KURT FAGRELIUS	Net 30 Days	12/17/09	

Quantity	Description	Unit Price	Extension
	DATE OF SERVICE; 11/12/09		
	IEI WO #11511		
	MATERIAL TRANSPORTED BY 550 TRUCKING, 2		
	DISPOSED OF DRILL CUTTINGS AND MUD		
1.00	CHLORIDE TEST	15.00	15.00
160.00	DISPOSAL PER BARREL	17.50	2,800.00

650-5300
APPROVED FOR PAYMENT BY
KF

DEC 10 2009
#516757

FOR BILLING INQUIRIES PLEASE CALL
(505) 632-1782

ACCOUNTS ARE DUE NET 30 DAYS. PURCHASER AGREES TO PAY FINANCE CHARGES OF 1.5% PER MONTH (ANNUAL PERCENTAGE RATE OF 18%) OR A MINIMUM CHARGE OF .50 PER MONTH. ACCOUNTS THAT HAVE BEEN PLACED FOR COLLECTION WILL BE CHARGED A $100.00 COLLECTION FEE IN ADDITION TO REASONABLE ATTORNEY FEES AND COLLECTION CHARGES.

Subtotal	2,815.00
Sales Tax	174.18
Total Invoice Amount	2,989.18
TOTAL	2,989.18

NOV 19 2009

WASTE MANAGEMENT

WM of NM - San Juan County
78 County Road 3140
Aztec, NM, 87410
Ph: (505) 334-1121

Original
Ticket# 1265558

Customer Name DUGAN PRODUCTION DUGAN PRODUC
Ticket Date 04/07/2010
Payment Type Credit Account
Manual Ticket#
Hauling Ticket#
Route
State Waste Code
Manifest
Destination
PO
Profile ()
Generator

Carrier DUGPRO DUGAN PRODUCTION CORP.
Vehicle# XXX
Container
Driver
Check#
Billing # 0000019
Gen EPA ID
Grid
Volume

	Time	Scale	Operator	Inbound		
In	04/07/2010 13:47:01	Inbound 301	MMORGAN		Gross	8320 lb*
Out	04/07/2010 14:00:03	Outbound 302	vickyq		Tare	8080 lb
			* Manual Weight		Net	240 lb
					Tons	0.12

Comments

	Product	LDF	Qty	UOM	Rate	Tax	Amount	Origin
1	MLY-MSW-Loose- Yds	100	2.00	Yards	4.21	0.52	$8.42	SANJ

Oh Henry Con #2

Kurt Fegueler

Total Tax $0.52
Total Ticket $8.94

Driver's Signature

403WM

CARDINAL LABORATORIES

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

April 5, 2010

Kurt Fagrelius
Dugan Production Corporation
P.O. Box 420
Farmington, NM 87401

Re: Soil Samples

Enclosed are the results of analyses for sample number H19576, received by the laboratory on 03/30/10 at 9:30 am.

Cardinal Laboratories is accredited through Texas NELAP for:

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

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

Cardinal Laboratories is accredited though 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 524.2	Regulated VOCs (V2, V3)

Accreditation applies to public drinking water matrices.

Total Number of Pages of Report: 4 (includes Chain of Custody)

Sincerely,

Celey D. Keene
Laboratory Director

This report conforms with NELAP requirements.

CARDINAL LABORATORIES

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

ANALYTICAL RESULTS FOR
DUGAN PRODUCTION CORP.
ATTN: KURT FAGRELIUS
P.O. BOX 420
FARMINGTON, NM 87401
FAX TO: (505) 320-4565

Receiving Date: 03/30/10
Reporting Date: 04/01/10
Project Owner: NOT GIVEN
Project Name: NOT GIVEN
Project Location: NOT GIVEN

Sampling Date: 03/29/10
Sample Type: SOIL
Sample Condition: INTACT @ 12 °C
Sample Received By: JH
Analyzed By: ZL

LAB NO.	SAMPLE ID	BENZENE (mg/kg)	TOLUENE (mg/kg)	ETHYL BENZENE (mg/kg)	TOTAL XYLENES (mg/kg)
ANALYSIS DATE:		03/31/10	03/31/10	03/31/10	03/31/10
H19576-1	OH HENRY 2	0.143	0.514	0.378	1.41
H19576-2	O HENRY 2 NE	<0.050	<0.050	<0.050	<0.300
H19576-3	OH HENRY 2 NW	<0.050	<0.050	<0.050	<0.300
Quality Control		0.046	0.057	0.053	0.164
True Value QC		0.050	0.050	0.050	0.150
% Recovery		92.0	114	106	109
Relative Percent Difference		3.2	4.3	2.2	1.6

METHODS: BTEX - SW-846 8021B;

TEXAS NELAP ACCREDITATION T104704398-08-TX FOR BENZENE, TOLUENE, ETHYL BENZENE, AND TOTAL XYLENES. Reported on wet weight.

Lab Director

04/05/10
Date

H19576 BTEX DUGAN

CARDINAL LABORATORIES

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

ANALYTICAL RESULTS FOR
DUGAN PRODUCTION CORP.
ATTN: KURT FAGRELIUS
P.O. BOX 420
FARMINGTON, NM 87401
FAX TO: (505) 320-4565

Receiving Date: 03/30/10
Reporting Date: 04/05/10
Project Number: NOT GIVEN
Project Name: NOT GIVEN
Project Location: NOT GIVEN

Sampling Date: 03/29/10
Sample Type: SOIL
Sample Condition: INTACT @ 12°C
Sample Received By: JH
Analyzed By: CK/HM

LAB NUMBER	SAMPLE ID	GRO (C_6-C_{10}) (mg/kg)	DRO (>C_{10}-C_{28}) (mg/kg)	418.1 TOTAL TPH (mg/kg)	Cl* (mg/kg)
ANALYSIS DATE		03/31/10	03/31/10	03/31/10	03/30/10
H19576-1**	OH HENRY 2	<10.0	160	<100	160
H19576-2**	O HENRY 2 NE	<10.0	<10.0	<100	288
H19576-3	OH HENRY 2 NW	<10.0	<10.0	<100	48
Quality Control		559	545	333	490
True Value QC		500	500	300	500
% Recovery		112	109	111	98.0
Relative Percent Difference		1.1	2.0	5.6	2.0

METHODS: TPH GRO & DRO: EPA SW-846 8015 M; EPA 418.1; Cl-: Std. Methods 4500-Cl-B
*Analyses performed on 1:4 w:v aqueous extracts. Reported on wet weight.
Not accredited for GRO/DRO, Chloride, and TPH 418.1.
**One or more of the TPH 8015 surrogates outside historical limits due to matrix interference.

Chemist

04/05/10
Date

H19576 TPH2CL DUGAN

Please email analysis
cell # for ?

CHAIN OF CUSTODY RECORD

Page ____ of ____

Client: Dugan Production
Contact: Kurt Fagrelius
Address: 709 E. Murray Drive

Phone Number: 505-325-1821
~~FAX Number:~~ cell 320-8248
kfagrelius@duganproduction.com

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:

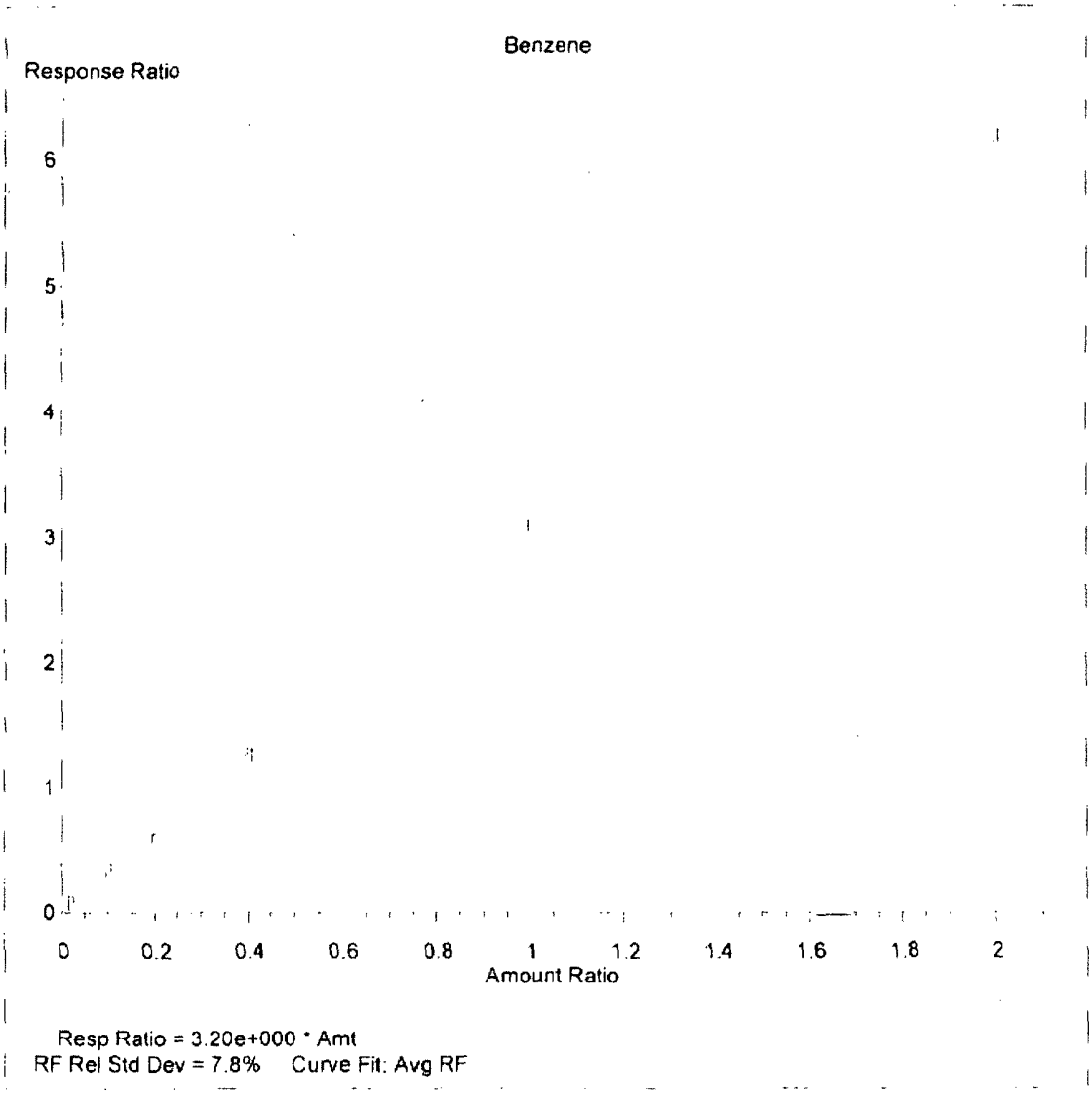
Lab Name: Green Analytical Laboratories (970) 247-4220 FAX (970) 247-4227
Address: 75 Suttle Street, Durango, CO 81303

Sample ID	Collection: Date	Collection: Time	Misc: Collected by: (Init.)	Misc: Matrix Type From Table 1	Misc: No. of Containers	Misc: Sample Filtered ? Y/N	Preservative(s): Unpreserved (Ice Only)	Preservative(s): HNO3	Preservative(s): HCL	Preservative(s): H2SO4	Preservative(s): NAOH	Preservative(s): Other (Specify)	Analyses Required: * Quality Control data	Analyses Required: Petroleum	Analyses Required: Chlorides	Analyses Required: BTEX	Analyses Required: TPH / 418.1	Analyses Required: GRO / DRO	Comments
H19576-																			
-1 1. On Hwy 2	3-29-10	10:00 AM													✓	✓	✓	✓	
-2 2. Hwy 2 NE	"	"													✓	✓	✓	✓	
-3 3. On Hwy 2 NW	"	"													✓	✓	✓	✓	
4.																			
5.																			
6.																			
7.																			
8.																			
9.																			
10.																			

Relinquished by: Kurt Fagrelius	Date: 3-29-10	Time: 12:00	Received by: Heidi Clark	Date: 3/30/10	Time: 1200
Relinquished by:	Date:	Time:	Received by: Heidi Henson	Date: 3/30/10	Time: 9:30

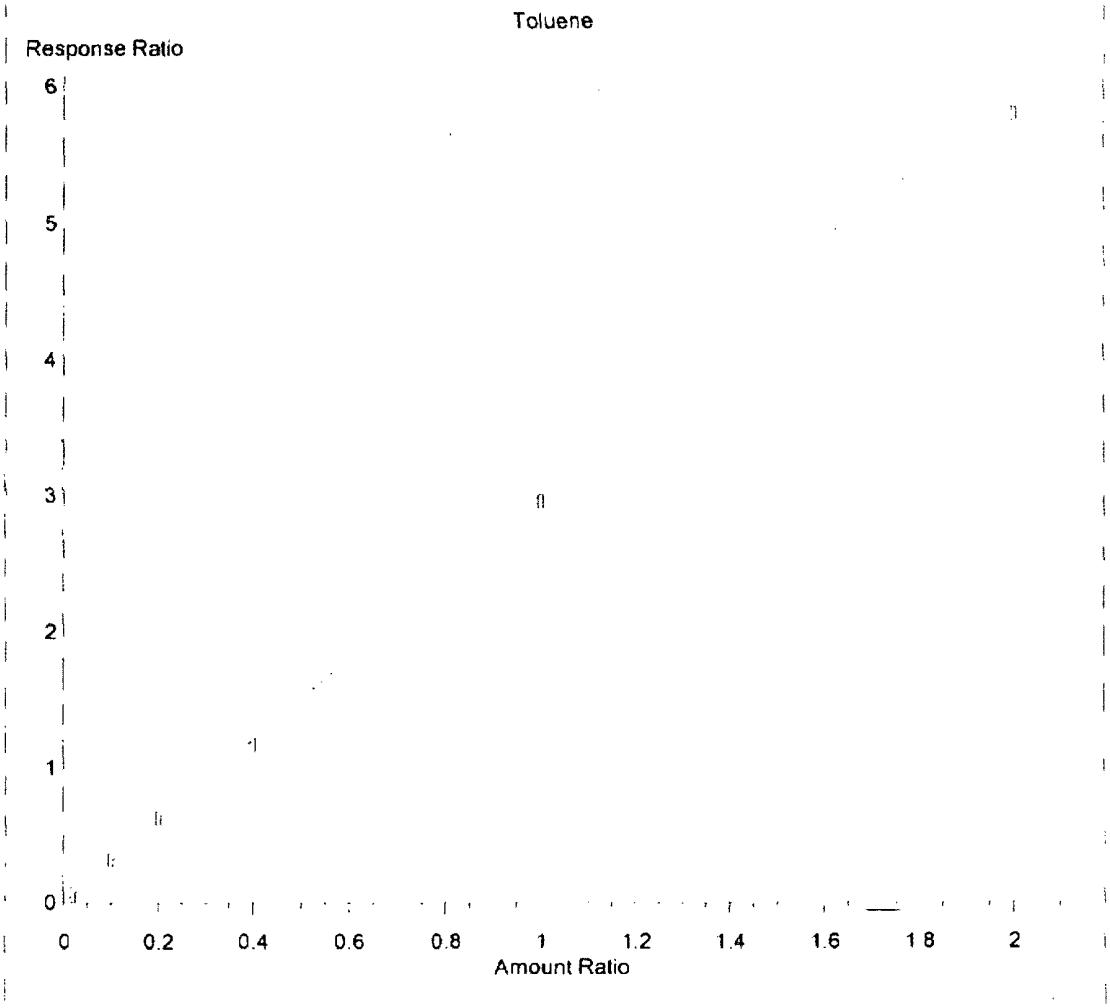
12°C #26

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



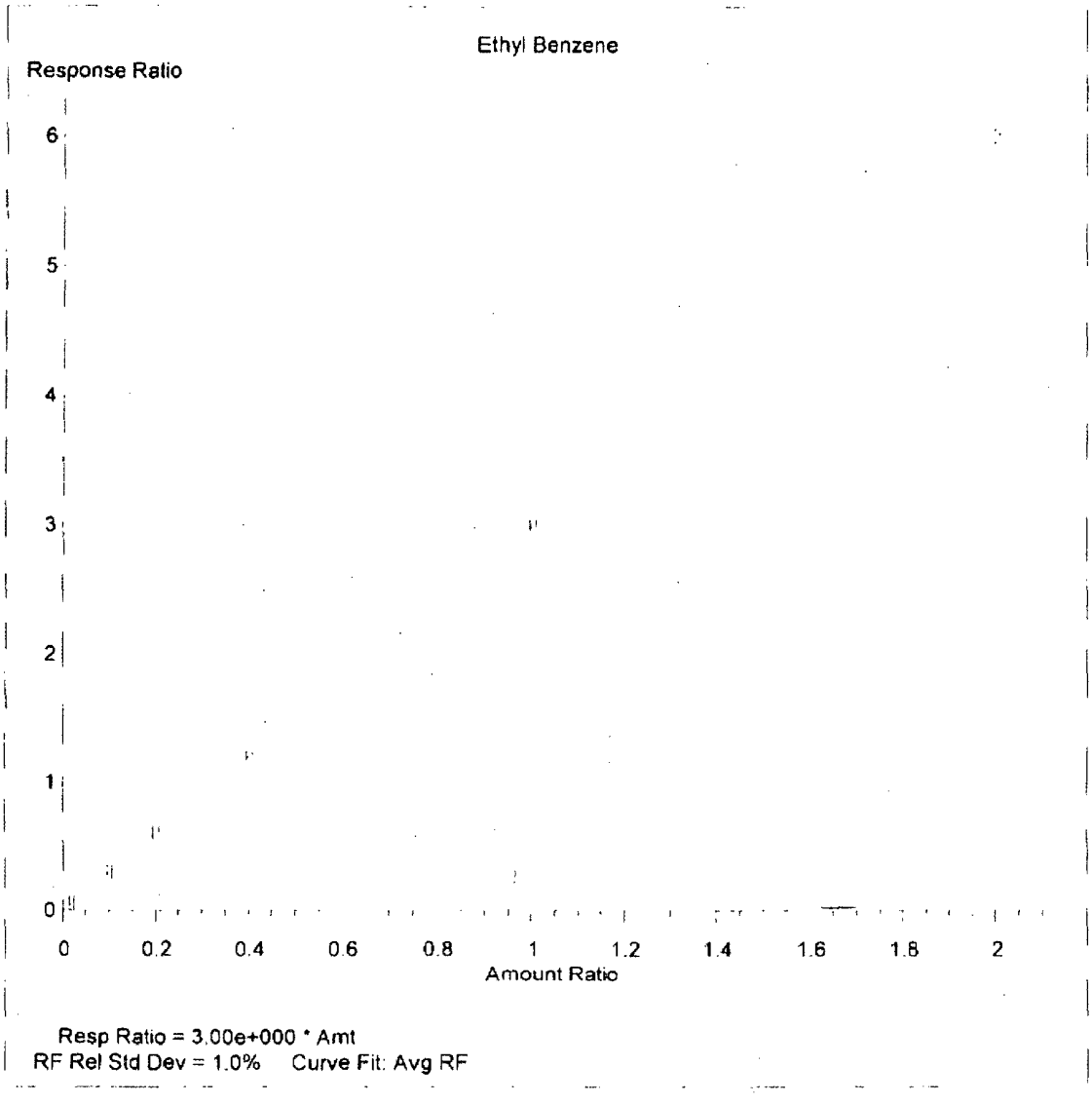
Resp Ratio = 3.20e+000 * Amt
RF Rel Std Dev = 7.8% Curve Fit: Avg RF

Method Name: C:\HPCHEM\1\METHODS\032410.M
Calibration Table Last Updated: Thu Mar 25 14:07:26 2010



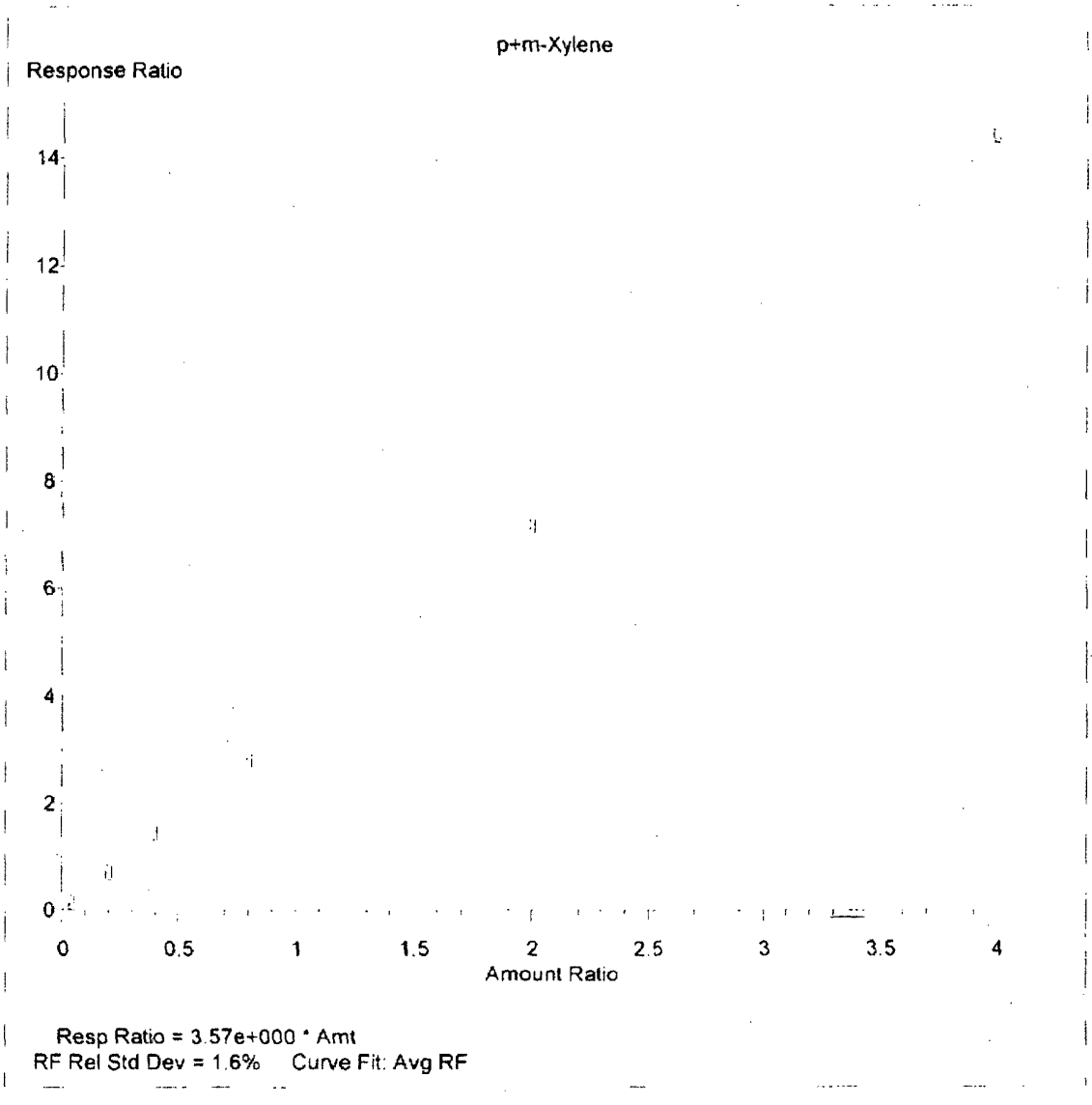
Resp Ratio = 3.00e+000 * Amt
RF Rel Std Dev = 3.8% Curve Fit: Avg RF

Method Name: C:\HPCHEM\1\METHODS\032410.M
Calibration Table Last Updated: Thu Mar 25 14:07:26 2010



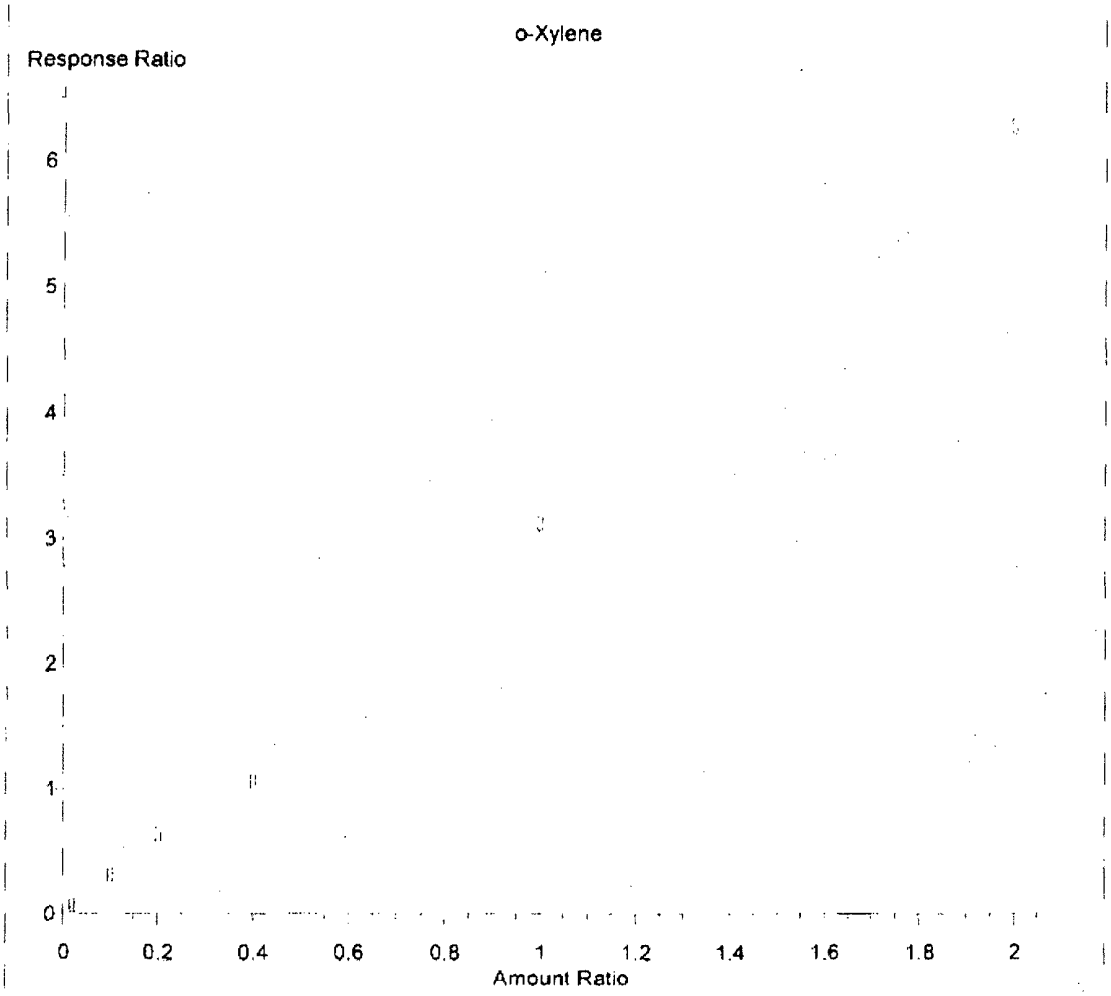
Resp Ratio = 3.00e+000 * Amt
RF Rel Std Dev = 1.0% Curve Fit: Avg RF

Method Name: C:\HPCHEM\1\METHODS\032410.M
Calibration Table Last Updated: Thu Mar 25 14:07:26 2010



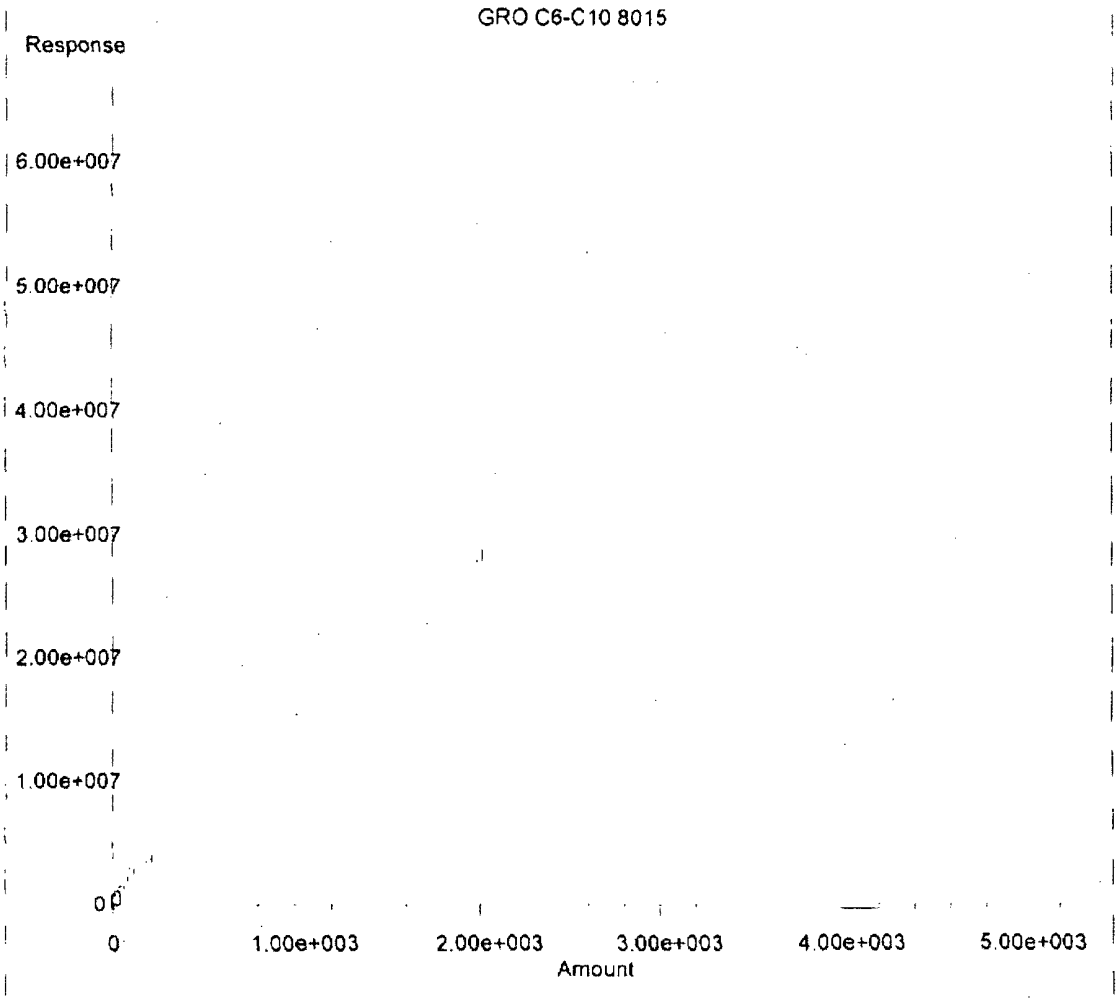
Resp Ratio = 3.57e+000 * Amt
RF Rel Std Dev = 1.6% Curve Fit: Avg RF

Method Name: C:\HPCHEM\1\METHODS\032410.M
Calibration Table Last Updated: Thu Mar 25 14:07:26 2010



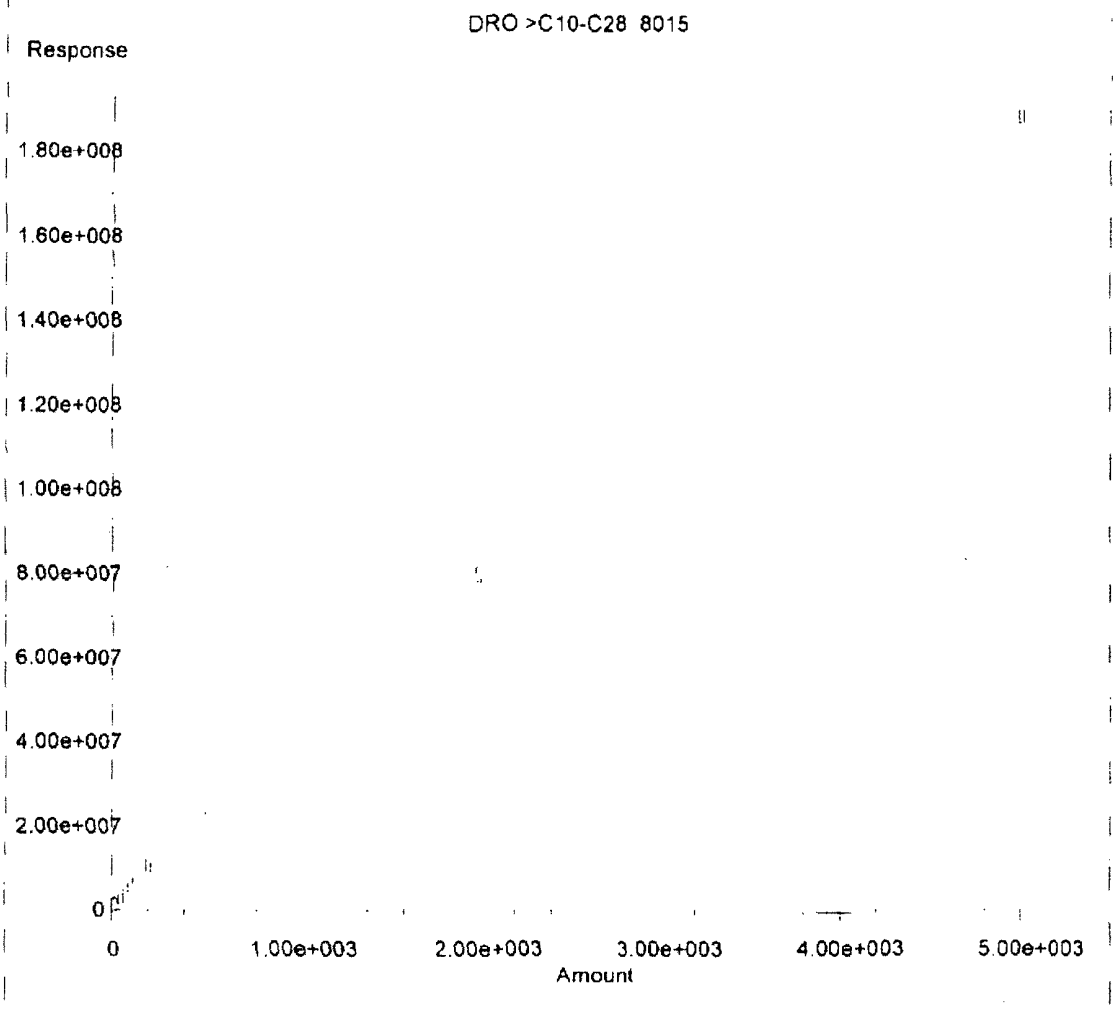
Resp Ratio = 3.06e+000 * Amt
RF Rel Std Dev = 6.8% Curve Fit: Avg RF

Method Name: C:\HPCHEM\1\METHODS\032410.M
Calibration Table Last Updated: Thu Mar 25 14:07:26 2010



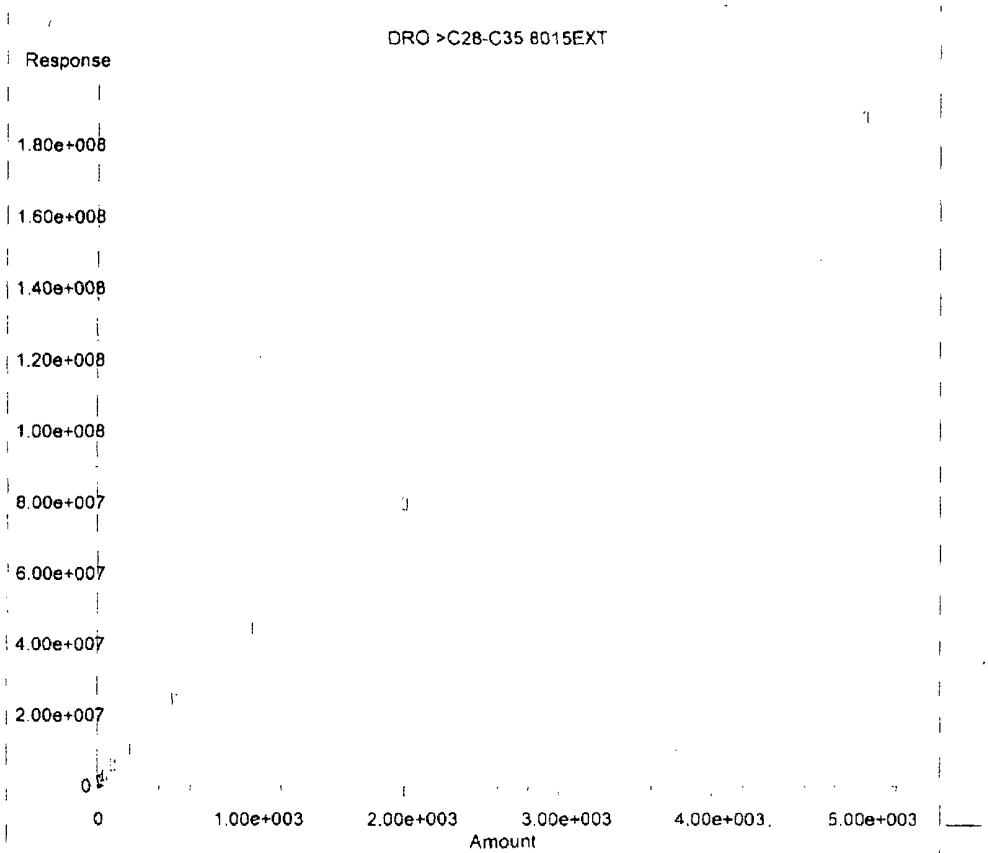
Response = 1.28e+004 * Amt + 1.05e+006
Coef of Det (r^2) = 0.996 Curve Fit: Linear

Method Name: C:\HPCHEM\1\METHODS\REAR3H.M
Calibration Table Last Updated: Sat Mar 27 16:16:37 2010



Response = 3.75e+004 * Amt + 2.43e+006
Coef of Det (r^2) = 0.998 Curve Fit: Linear

Method Name: C:\HPCHEM\1\METHODS\REAR3H.M
Calibration Table Last Updated: Sat Mar 27 16:16:37 2010



Response = 3.75e+004 * Amt + 2.43e+006
Coef of Det (r^2) = 0.998 Curve Fit: Linear

Method Name: C:\HPCHEM\1\METHODS\REAR3H.M
Calibration Table Last Updated: Sat Mar 27 16:16:37 2010

[illegible]
[illegible] Method for
[illegible]
[illegible]

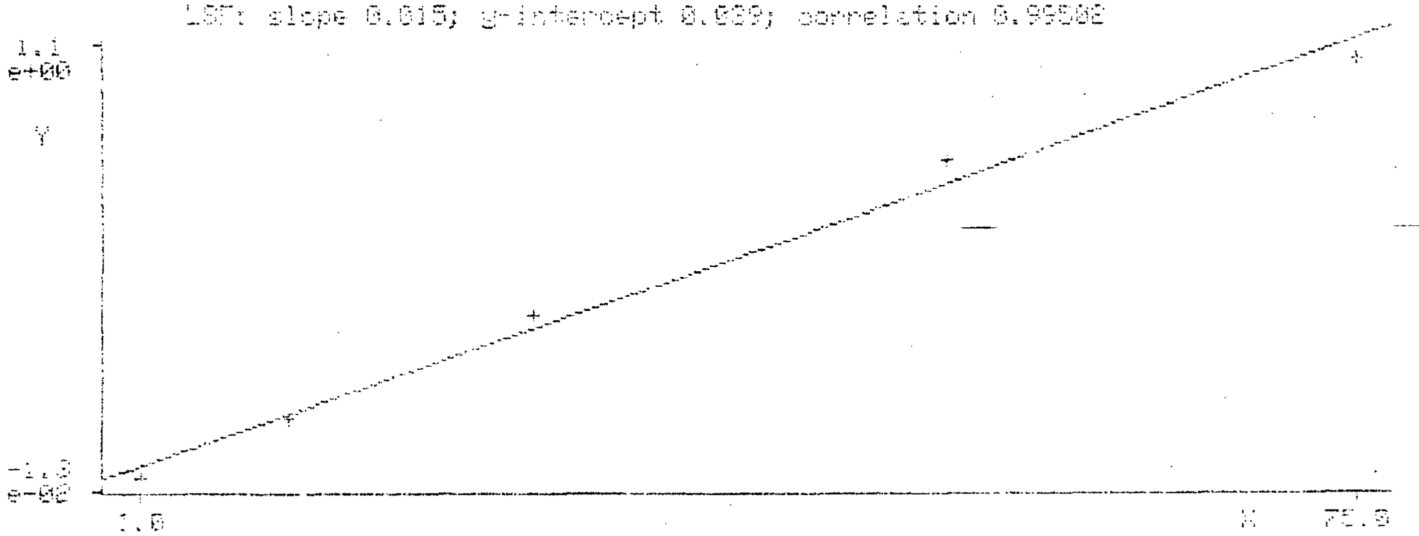
[illegible]
[illegible]

10/03/11 13.30

Concentrations of standards, ug/100 ml
1.000
10.000
25.000
50.000
75.000

Net absorbance of standards
0.010
0.180
0.[illegible]
0.846
1.111

LSF: slope 0.015; y-intercept 0.039; correlation 0.99502



ck
3/31/10

Submit To Appropriate District Office
Two Copies
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 and Natural Resources

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

Form C-105
July 17, 2008

1. WELL API NO. 30-045-34933
2. Type of Lease ☐ STATE ☐ FEE ☒ FED/INDIAN
3. State Oil & Gas Lease No.

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)

5. Lease Name or Unit Agreement Name: Oh Henry
6. Well Number: #2

7. Type of Completion: ☒ NEW WELL ☐ WORKOVER ☐ DEEPENING ☐ PLUGBACK ☐ DIFFERENT RESERVOIR ☐ OTHER

8. Name of Operator: Dugan Production Corp.
9. OGRID: 006515
10. Address of Operator: P.O. Box 420, Farmington, NM 87499-0420
11. Pool name or Wildcat: Basin Fruitland Coal

12. Location	Unit Ltr	Section	Township	Range	Lot	Feet from the	N/S Line	Feet from the	E/W Line	County
Surface:	L	36	30N	13W						
BH:										

13. Date Spudded	14. Date T.D. Reached	15. Date Rig Released	16. Date Completed (Ready to Produce)	17. Elevations (DF and RKB, RT, GR, etc.)
		11-9-2009		

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

SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN

25. TUBING RECORD

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 36.76896 N Longitude 108.26722W NAD 1927 (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	Printed Name	Title	Date
Kurt Fagrelius			
E-mail Address kfagrelius@duganproduction.com		VP-Exploration	12-14-2009

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

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

Form C-141
Revised October 10, 2003

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

Release Notification and Corrective Action

OPERATOR

☐ Initial Report ☒ Final Report

Name of Company Dugan Production Corp.	Contact
Address P.O. Box 420	Telephone No. 505-325-1821
Facility Name Oh Henry #2	Facility Type Temporary Pit

Surface Owner State	Mineral Owner Dugan Prod.	Lease No. B-11571

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
L	36	30N	14W			Pit-outside NW & NE corner		San Juan

Latitude 36.76896 N Longitude 108.26722 W

NATURE OF RELEASE

Type of Release Reporting Pit Sampling	Volume of Release 75TM	Volume Recovered Vacuumed up
Source of Release 2-holes in pit liner	Date and Hour of Occurrence	Date and Hour of Discovery 11-12-2009 4:15 PM
Was Immediate Notice Given? ☒ Yes ☐ No ☐ Not Required	If YES, To Whom? Brandon Powell	
By Whom? Kurt Fagrelius	Date and Hour	
Was a Watercourse Reached? ☐ Yes ☒ No	If YES, Volume Impacting the Watercourse. N/A	

If a Watercourse was Impacted, Describe Fully.*

N/A

Describe Cause of Problem and Remedial Action Taken.*

N/A

Describe Area Affected and Cleanup Action Taken.*

N/A

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the NMOCD marked as "Final Report" does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.

Signature: Kurt Fagrelius	OIL CONSERVATION DIVISION	
Printed Name: Kurt Fagrelius	Approved by District Supervisor:	
Title: VP-Exploration	Approval Date:	Expiration Date:
E-mail Address: kfagrelius@duganproduction.com	Conditions of Approval:	Attached ☐
Date: 12-14-2009 Phone: 505-325-1821		

* Attach Additional Sheets If Necessary

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

1 API Number	2 Pool Code	3 Pool Name
30-045-34922	78160	HARPER HILL FRUITLAND SAND PICTURED CLIFFS

4 Property Code	5 Property Name	6 Well Number
13868	OX HENRY	2

7 OGRID No	8 Operator Name	9 Elevation
006515	DUGAN PRODUCTION CORPORATION	5553'

10 Surface Location

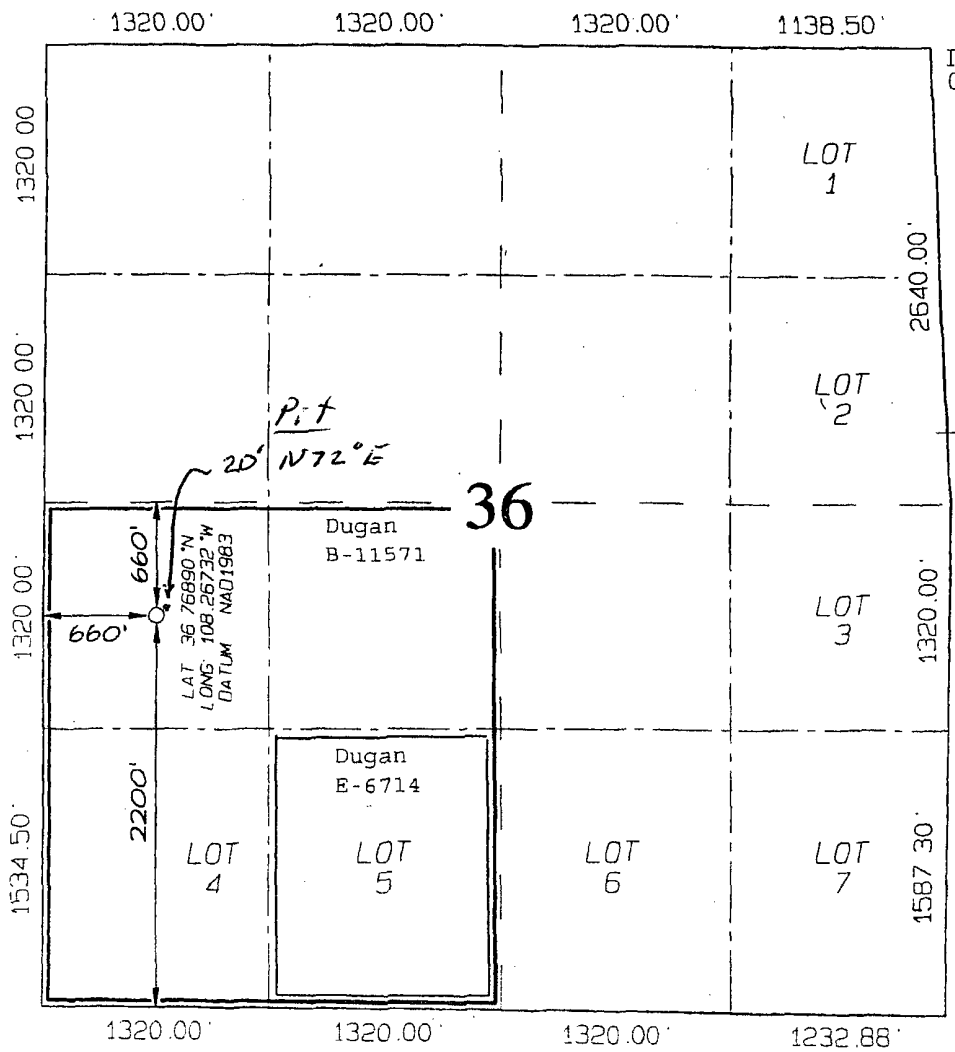
UL or lot no	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	36	30N	14W		2200	SOUTH	660	WEST	SAN JUAN

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	13 Joint or Infill	14 Consolidation Code	15 Order No
173.80 Acres - SW/4			

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



17 OPERATOR CERTIFICATION

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

Kurt Fagrelius 3-9-2009
Signature Date

Kurt Fagrelius
Printed Name

18 SURVEYOR CERTIFICATION

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

Survey Date: FEBRUARY 13, 2009

Signature and Seal of Professional Surveyor

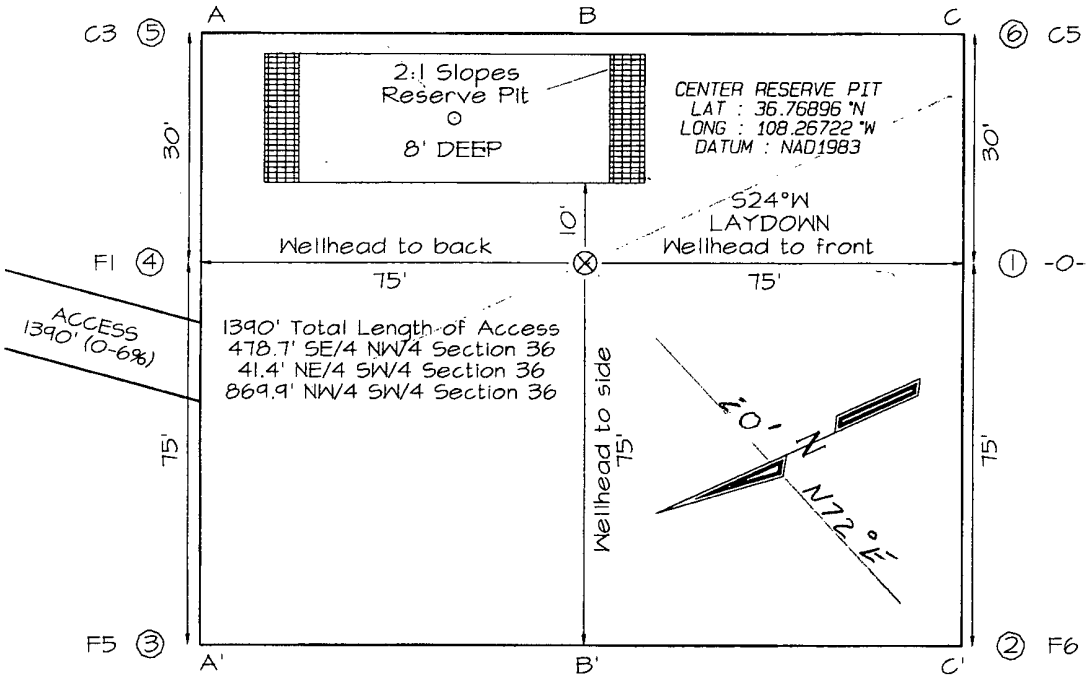
JASON C. EDWARDS
NEW MEXICO
15269
REGISTERED PROFESSIONAL SURVEYOR

JASON C. EDWARDS
Certificate Number 15269

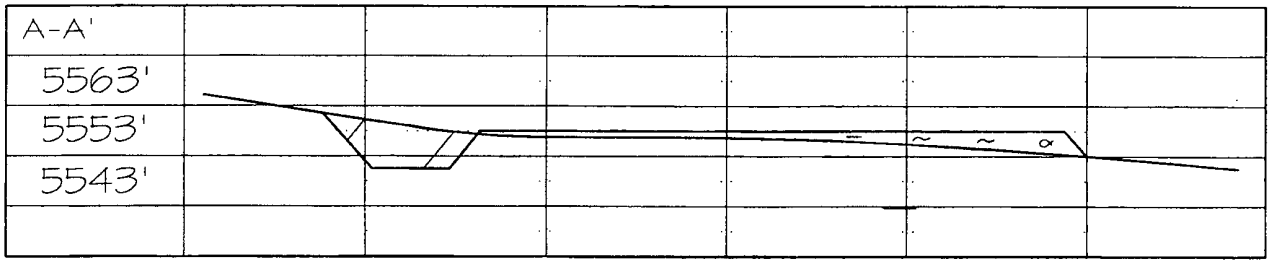
DUGAN PRODUCTION CORPORATION OH HENRY #2
2200' FSL & 660' FWL, SECTION 36, T30N, R14W, NMPM
SAN JUAN COUNTY, NEW MEXICO ELEVATION: 5553'

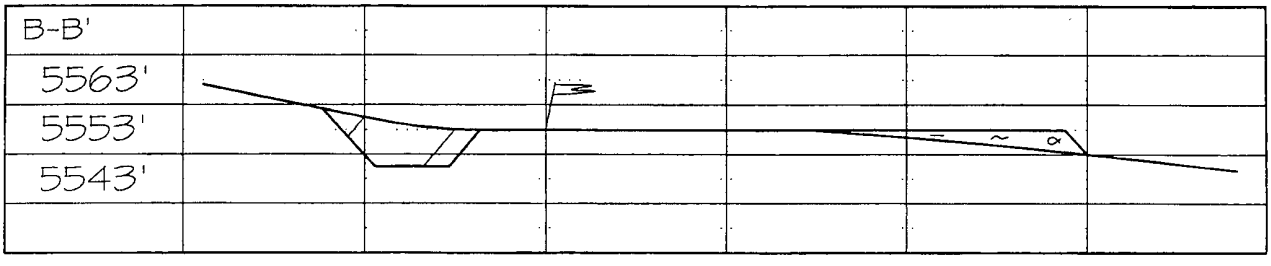
PLAT NOTE:

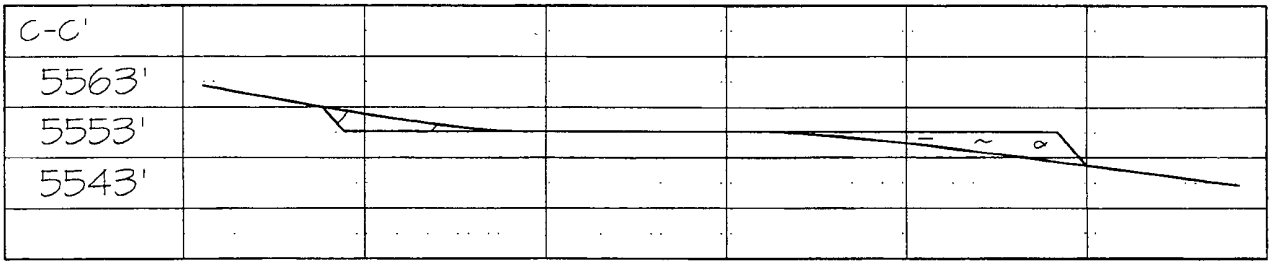
SURFACE OWNER State of New Mexico



LATITUDE: 36.76890° N
LONGITUDE: 108.26732° W
DATUM : NAD1983







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

DUGAN PRODUCTION CORP.

O' HENRY # 2

B-11571

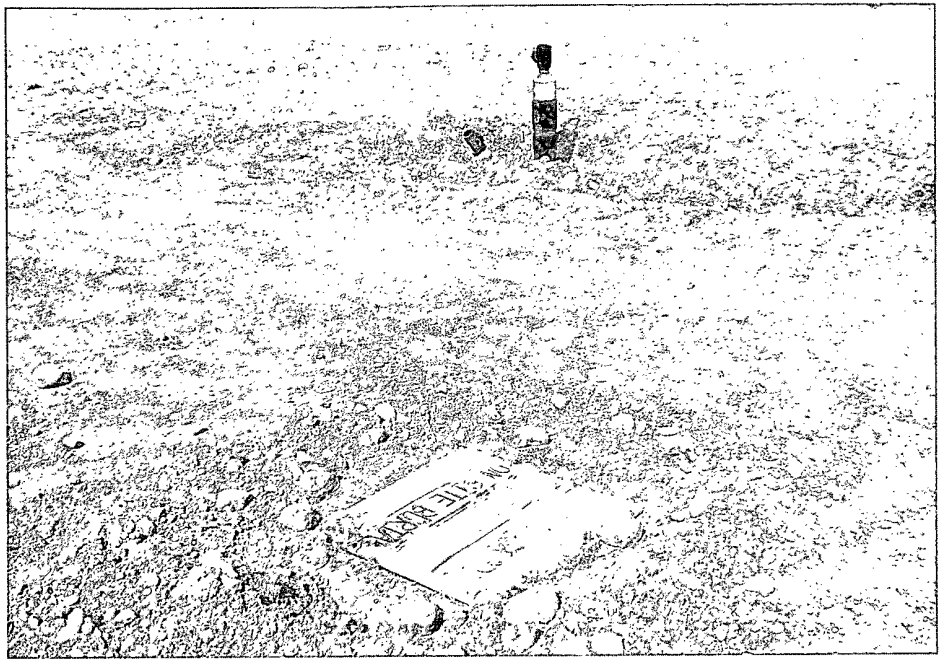
API # 30-045-34922

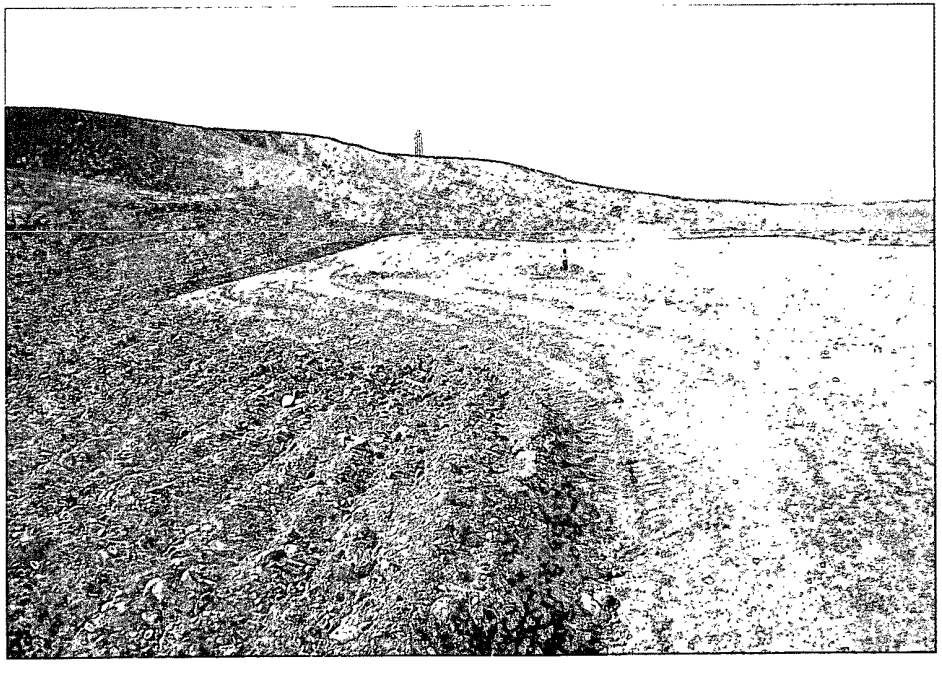
NW/4, SW/4, UNIT L

SEC. 36, T30N, R14W

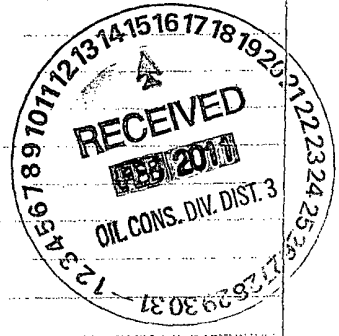
LAT. 36°46'8" LONG. 108°16'2"

SAN JUAN COUNTY, NM





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



Lease Name: O'Henry #2
Location:
Drilling Operator: Wayne Smith Drlg Co.
Rig #:

Spud Date: 10-13-09

Date:
Rig Moved Off

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

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

Keep 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
10-12	DB	6'	NO	NO	NO	TDH Found 3 Load 1 Load Fresh
13	DB	3	No	No	No	TDH Found 2 Loads
14	DB	3	No	No	No	TDH Found 2 Load mud
15	DB	2	NO	NO	NO	SHUT Down
16	DB	2	No	No	NO	V
17	DB	2	No	No	NO	V
18	DB	2	No	No	NO	V
19	DB	2	No	No	NO	Drlg
20	DB	2	NO	No	NO	V
21	DB	2	No	No	NO	V
22	DB	2	No	No	NO	TD 1390 - Lost 3 bbls circ
23	DB	2 1/2	No	Yes	NO	LDDP - TGH hole Added 3 gal Dese 2 SX. Dispersi
24	WS	3'	No	yes	NO	295 gal 50 gal mill Lube
25	WS	3'	No	yes	NO	10 gal mill Lube
26	WS	3'	No	yes	NO	63 gal 10 gal mill Lube
27	WS	3'	NO	yes	NO	10 SX Lube Beads - 5 gal mill Lube
28	WS	3'	NO	yes	NO	10 SX Nut Shells 8 gal mill Lube
29	WS	3'	NO	yes	NO	
10/30	KF	3'	No	yes	No	work stuck pipe
11/1	KF	3	No	yes	No	work stuck pipe
1/2	KF	3'	No	yes	No	Move off W.S move in D & D #1
11/3	KF	3'	No	yes	No	work stuck pipe & mud

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

Well Name:	O'Henry #2
Location:	L-Sec.36, T30N, R14W
Drilling Operator:	
Rig # :	D&D
Spud Date:	10/13/2009
Date :	
Rig Moved Off	Move Wayne Smith off 11/2/2009 and move D&D on.
	D&D moved off 11/9/2009
Date to Remove Liquids by: (30-days from rig release)	12/9/09
Date to Close Pit by: (180-days from rig release)	5/9/2009

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
Continued:						
11/4/09	KF	3'	No	yes	No	work stuck pipe circulate
11/5/09	KF	3'	No	yes	No	Ran free point tool & back off @ 6052'.
11/6/09	KF	3	No	yes	No	wash bridges down to top of fish.
11/7/09	KF	3'	No	yes	No	Latch on to fish and pull free.
11/8/09	KF	3'	No	yes	No	Ream hole clean
11/5/09	KF	3'	No	yes	No	Run Csg. Rig Released
11/12/09	KF	NA	Pull mud and transfer to IEI & Basin Disposal			
11/16/09		Yes	No	No	No	E-mail & phone call to Armoa Bueno attempting
11/24/09	KF	Pull remaining free wtr & transfer to Sanchez O'Brien SWD #1. Remaining mud transfered to Basin Disposal				