State Of New Mexico
Energy, Minerals and Natural Resources Department

26-Jan-26

DUGAN PRODUCTION CORP
PO Box 420
Farmington, NM 87499

Pre Enforcement Notification

Dear Operator:

The following inspection indicates that the well, equipment, location or operational status of the well failed to meet standards of the New Mexico Oil Conservation Division as described in the detail section below. To comply with standards imposed by Rules and Regulations of the Division, corrective action must be taken immediately and the situation brought into compliance. The detail section indicates preliminary findings and/or probable nature of the violation. This determination is based on an inspection of your well or facility by an inspector employed by the Oil Conservation Division on the date indicated.

Please notify the Compliance Officer copied on this letter, in writing, of the date corrective actions are scheduled to be made so that arrangements can be made to reinspect the well and/or facility.

INSPECTION DETAIL SECTION

[30-045-29393] KAIBAB TRAIL COM #090 OGRID: 6515 N-20-24N-08W 990 FSL 1850 FWL

Inspection Date	Type Inspection	Inspector	Inspection No.
1/26/2026	Routine Inspection	[JVH] Jason Heslop	iJVH262634001

Violation	Title	Corrective Action Due
cJVH262659757	19.15.29 Releases Surface Leaks/Spills	4/26/2026
	(There is staining around the wellhead and around the PJ skid, especially under the PJ motor area. Please remove these stains.)	
cJVH262659758	19.15.17 Pits, Closed-Loop Systems, Below Grade Tanks and Sumps Noncompliance with Requirements (Construction, Operations or Closure)	4/26/2026
	(The bottom of the BGT cannot be seen and there is dry weeds in containment area. Please expose the bottom of the BGT and clean out the weeds around the BGT.)	

In the event that a satisfactory response is not received to this letter of direction by the "Corrective Action Due By:" date shown above, further enforcement will occur. Such enforcement may include this office applying to the Division for an order summoning you to a hearing before a Division Examiner in Santa Fe to show cause why you should not be ordered to permanently plug and abandon this well.

Note: Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data.