

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88201
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
220 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.

2008 SEP 22 AM 8 13

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: Pierre #1 (Seperator)
API Number: 30-045-29237 OCD Permit Number: _____
U/L or Qtr/Qtr D Section 12 Township 23N Range 11W County: San Juan
Center of Proposed Design: Latitude 36.24673 North Longitude 107.96174 West 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 (Taken out of commission 11-26-2007)
Temporary: Drilling Workover
 Permanent Emergency Cavitation P&A
 Lined Unlined Liner type: Thickness _____ mil LLDPE HDPE PVC Other _____
 String-Reinforced
Liner Seams: Welded Factory Other _____ Volume: 80 bbl Dimensions: L 12' x W 12' x D 4'

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 _____

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' = 3'Hog Wire + One Strand Barbed Wire

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 | <input type="checkbox"/> Yes <input type="checkbox"/> 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 | <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. (Applies to temporary, emergency, or cavitation pits and below-grade tanks) - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image | <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> 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 | <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> 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 | <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 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 500 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 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 |

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: _____ 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 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

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 | <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> 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 | <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 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 | <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 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 | <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 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 500 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 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 |

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: 09-09-2008

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

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

OCD Representative Signature: [Signature] Approval Date: 10/28/08

Title: Env. Engineer 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.

Date soil analysis did not meet "pit rule" standards (19.15.17).

Closure Completion Date: 12-31-09

Release will be handled under "spill rule" (19.15.30).

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 identify the facility or facilities for where the liquids, drilling fluids and drill cuttings were disposed. Use attachment if more than two facilities were utilized.

Disposal Facility Name: 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 36.24673 N Longitude 107.96174 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: Vice President, Exploration

Signature: Kurt Fagrelius Date: 10-11-10

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

Kurt Fagrelius

From: Kurt Fagrelius
Sent: Monday, September 13, 2010 5:40 PM
To: 'Powell, Brandon, EMNRD'; 'brad.a.jones@state.nm.us.'; 'dave_mankiewicz@nm.blm.gov'
Subject: Pierre #1 Separator Permanent Pit Closure Notice

Mr. Brandon Powell, Mr. Brad Jones and Mr. Dave Mankiewicz,

We are giving notice that Dugan will be closing the permanent pit on Dugan Production Corp.'s "Pierre #1" (separator); API #30-045-29237 on Federal Lease NM-80498; on Federal Surface; Location Unit D of S12, T23N, R11W; on September 16, 2010.

This permanent pit will be closed according to the guidelines of the "Spill Rule" (19.15.30 NMAC). Sample testing results were not within acceptable limits of the pit rule and are as follows: Benzene 0.112-mg/kg, BTEX <0.300-mg/kg, TPH – <100-mg/kg and Chloride 336-mg/kg. NM State Form C-141 with analytical results will be included with the C-144 final closure report and submitted to the Santa Fe office of the NMOCD, and the cleanup of contamination will be addressed under guidelines of the spill rule with a final C-141 sent to the NMOCD district office.

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

Sincerely,

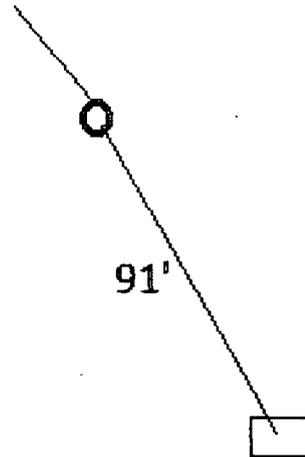
Kurt Fagrelius
Dugan Production Corp.
709 East Murray Drive
Farmington, New Mexico 87401
505-325-1821 (O), 505-320-8248 (C)
kfagrelius@duganproduction.com

10/11/2010

Dugan Production
Pierre #1
Seperator & Tank Pit



Reference Point: Well head



From Reference Point Go S.30' degrees SE. For
a Distance of 91' to Center of Pit.

Pierre #1 Separator Permanent Pit Closure Report—Methods, Procedures and Protocols

- Comply with deadlines for closure of a permanent pit 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 Applc. Submittal or | File Closure Plan | Stop Use By | Close By |
|--|--|-----------------------------------|---|-------------------------|
| On June 16, 2008 | Modification Request | By | | |
| 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 or Registered with NMOCD | 7/16/2008 | 6-16-2008 | 12/16/2008 |
| Permanent Pit – Unlined | Permitted or Registered with NMOCD | 12-16-2008 | 6-16-2010 | 6-16-2011 |
| BGT-Apprvd. Design | Not Permtd under 19.15.17 Applc. by 9-16-2008 | 12/16/2008 | fail 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 | 12/16/2008 | 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 | Mod. Rqust by 12-16-2008 | 12/16/2008 | fail integrity replc | 60-days after cessation |
| Does not comply w/19.15.17 permitted and lined | Comply w/in 18-mos of aprvl | submit w/mod request | w/apprvd design | |
| Permanent Pit-Design and Constr | Permit Applc by 12-16-2008 | 12/16/2008 | | 60-days after cessation |
| Does not comply w/19.15.17 Registered and Lined | Comply w/in 18-mos of aprvl | submit w/permit Applc | | |
| 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 |

- The Pierre #1 separator permanent pit is an approved design registered under rule 50, but was not permitted under rule 19.15.17. The permanent pit is not in use; it was taken out of commission on 11/26/2007 but has not been closed yet. ***This report serves as the closure plan and final closure report for the pit. Permanent pit was closed on 12-31-09 (date soil analysis did not met “pit rule” standards (19.15.17). Release will be handled under “spill rule” (19.15.30).***
- 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). ***Notification is attached (sent 9-13-10, via e-mail).***

4. Provide the Environmental Bureau in the NMOCD Santa Fe office a closure plan with this notice. Upon approval of this closure plan, provide the Environmental Bureau in the NMOCD Santa Fe office a proposed schedule for closure at least 60-days prior to closing the permanent pit.

10/29/2008 and 11/15/2008 e-mails to NMOCD Santa Fe office.

5. Proof of closure notice will be provided by certified mail to surface owner prior to closing the permanent pit. Proof of notice will be attached to final closure report.

The closure notification was sent to the surface owner via e-mail (9-13-10), prior to closing the permanent pit (See attached e-mail). Well is located on Federal surface, certified mail is not required per BLM/OCD MOU.

6. Remove all liquid from the permanent pit prior to closure and dispose of at the Dugan Production operated Sanchez O'Brien #1 SWD (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.

Permanent pit did not have any fluids in it to be hauled.

7. All solids from the permanent pit will be excavated, hauled to and disposed of at either the Envirotech facility (permit #NM-01-0011) 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.

104.00-cubic yards of contaminated soil was hauled prior to initial sampling. Copy of invoice to Envirotech (#23051) is attached.

8. Remove pit liner system, if applicable and dispose of in a NMOCD approved facility (Waste Management's Crouch Mesa facility).

Permanent pit did not have a liner system.

9. On site equipment associated with the permanent pit will be removed unless it is needed for some other purpose.

10. 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) | Results (mg/kg) |
|------------|---------------------------|-------------------|------------------|
| Benzene | EPA SW-846 8021B or 8260B | 0.2 | 0.112 |
| BTEX | EPA SW-846 8021B or 8260B | 50 | <0.300 |
| TPH | EPA SW-846 418.1 | 100 | <100 |
| GRO/DRO | EPA SW-846 8015M | NS | |
| Chlorides | EPA 300.1 | 250 or Background | 336 |

11. The NMOCD will be notified of the testing results on form C-141.

C-141 with results of sample analysis is attached. Sample analyses exceeded limits permissible under 19.15.17.13. Chlorides tested 336-mg/kg, exceeding the limit of 250- mg/kg.

12. If it is determined that a release has occurred, rules 19.15.3.116 NMAC and 19.15.1.19 NMAC will be complied with as required.

A release of Chlorides did occur. Contamination will be addressed under the "spill rule" 19.15.30

13. 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 pit will be backfilled with compacted, non-waste containing, earthen material.

There was a release of Chlorides.

14. Stockpiled sub-surface soil will be used to backfill pit 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.

Stockpiled sub-surface soil was used to backfill permanent pit and re-contour. A minimum of four-feet of compacted, non-waste containing, earthen material was used as backfill.

15. Stockpiled surface soil will be used as a cover over the backfilled pit 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.

Stockpiled surface soil was used to cover over the backfilled permanent pit and disturbed area no longer needed for production operations. The soil cover included background thickness of topsoil (which was greater than 1-foot thick) to establish vegetation at the site. The soil cover was constructed to the site's existing grade and will prevent water collection or ponding and erosion of the cover material.

16. 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.

Disturbed areas will be seeded the first growing season after the pit 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 OCD 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 consecutive 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.

This provision will/has been accomplished through complying with BLM seeding requirements as allowed by the BLM/OCD MOU.

17. The NMOCD will be notified within 60-days of closure of the permanent pit. 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)

18. The NMOCD will be notified once successful re-vegetation has been achieved.
The Aztec District office of the OCD will be notified after each re-seeding operation and after successful re-vegetation has been achieved.

Envirotech
 5796 US Hwy 64
 Farmington, NM 87401
 Phone: 505-632-0615
 Fax: 505-632-1865



To:
 Dugan Production Corp.
 PO Box 420
 Farmington, NM 87401

Invoice

Invoice Number: 23051
 Job: 06094-0059
 DATE: March 10,2009

Pierre #1- accept exempt contaminated soil
 and oil from production stream

Ordered by Fred Cornish

Project Manager: April Pohl

| <u>Employee</u> | <u>Staff Type</u> | <u>Description</u> | <u>Units</u> | <u>Rate</u> | <u>Total</u> |
|--------------------------|-------------------|----------------------------|--------------|-------------|-----------------|
| 03/02/2009 | | | | | |
| Landfarm | | | | | |
| | | BOL# 32840 | 2.00 EA | 10.00 | 20.00 |
| | | Paint Filter Test | | | |
| | | BOL# 32840 | 2.00 EA | 15.00 | 30.00 |
| | | Chloride Analysis-Water | | | |
| | | BOL# 32840 | 24.00 CY | 18.00 | 432.00 |
| | | Contaminated Soil Receival | | | |
| | | BOL# 32844 | 1.00 EA | 10.00 | 10.00 |
| | | Paint Filter Test | | | |
| | | BOL# 32844 | 1.00 EA | 15.00 | 15.00 |
| | | Chloride Analysis-Water | | | |
| | | BOL# 32844 | 10.00 CY | 18.00 | 180.00 |
| | | Contaminated Soil Receival | | | |
| Landfarm Total: | | | 40.00 | | 687.00 |
| 03/02/2009 Total: | | | 40.00 | | 687.00 |
| 03/03/2009 | | | | | |
| Landfarm | | | | | |
| | | BOL# 32851 | 6.00 EA | 10.00 | 60.00 |
| | | Paint Filter Test | | | |
| | | BOL# 32851 | 6.00 EA | 15.00 | 90.00 |
| | | Chloride Analysis-Water | | | |
| | | BOL# 32851 | 70.00 CY | 18.00 | 1,260.00 |
| | | Contaminated Soil Receival | | | |
| Landfarm Total: | | | 82.00 | | 1,410.00 |
| 03/03/2009 Total: | | | 82.00 | | 1,410.00 |

Invoice # 23051 Job # 06094-0059

| <u>Employee</u> | <u>Staff Type</u> | <u>Description</u> | <u>Units</u> | <u>Rate</u> | <u>Total</u> |
|-------------------------|-------------------|--------------------|--------------|-------------|--------------------------|
| | | Invoice Sub-total | | | 2,097.00 |
| | | Sales Tax | | | 129.75 |
| Amount due this Invoice | | | | | <u><u>\$2,226.75</u></u> |

All invoices are due upon receipt. A late charge of 1.5% will be added to any unpaid balance after 30 days.

This may not be the final bill - if charges are received after this invoice has been mailed, you will receive a separate invoice for those costs.

Permanent pit: Pierre #1 (Separator)
API number: 30-045-29237

Results of sample analysis on the five-point composite sample collected on the subject permanent pit exceeded limits permissible under the "pit rule" (19.15.17.13.C) (see attached C-141 with analytic results).

The Environmental Bureau of the Oil Conservation Division (OCD) in Santa Fe is hereby provided a C-144 (closure report) and an "initial" C-141 (release notification) with analytic results of soil testing. The closure date on the C-144 (box 21) shows the date that the soil analysis did not meet pit rule standards. Also, this letter hereby provides notice that the subject permanent pit will be closed according to the requirements of the "spill rule" (19.15.30).

The OCD district office in Aztec is hereby provided a copy of the "initial report" C-141 (release notification) with analytic results of soil testing and also notice that the subject permanent pit will be closed according to the requirements of the "spill rule" (19.15.30). Assessment, clean-up and remediation of the reported spill will be done in accordance with the spill rule under the authority of the Aztec District office of the OCD. The "final report" C-141 with photo documentation of site reclamation will be sent to the Aztec District office of the OCD.

Following clean-up of the reported release and determination that the release is not a threat to groundwater contamination, the permanent pit will be closed in accordance with the approved C-144 (closure plan) and will include the following:

1. Stockpiled sub-surface soil will be used to backfill pit 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.
2. Stockpiled surface soil will be used as a cover over the backfilled pit 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 sites existing grade and prevent water collection or ponding and erosion of the cover material.
3. Disturbed areas will be seeded the first growing season after the pit 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 OCD 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 consecutive 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.
4. The Aztec District office of the OCD will be notified after each re-seeding operation and after successful re-vegetation has been achieved.

Kurt Fagrelus
VP – Exploration, Dugan Production Corp.
Farmington, New Mexico 87401
505-325-1821 (O), 505-320-8248 (C)
kfagrelus@duganproduction.com

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 | Kurt Fagrelus |
| Address | P.O. Box 420 | Telephone No. | 505-325-1821 |
| Facility Name | Pierre #1 (Separator) | Facility Type | Permanent Pit |
| Surface Owner | Federal | Mineral Owner | Federal |
| | | Lease No. | NM-80498 |

LOCATION OF RELEASE

| Unit Letter | Section | Township | Range | Feet from the | North/South Line | Feet from the | East/West Line | County |
|-------------|---------|----------|-------|---------------|------------------|---------------|----------------|----------|
| D | 12 | 23N | 11W | 545 | North | 565 | West | San Juan |

Latitude 36.24673 N Longitude 107.96174 W

NATURE OF RELEASE

| | | | | | |
|-----------------------------|---|---|---------|----------------------------|---------|
| Type of Release | Reporting Pit Sampling | Volume of Release | Unknown | Volume Recovered | Unknown |
| Source of Release | Below grade permanent pit release | Date and Hour of Occurrence ? | | Date and Hour of Discovery | Unknown |
| Was Immediate Notice Given? | <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Required | If YES, To Whom? | N/A | | |
| By Whom? | | Date and Hour | | | |
| Was a Watercourse Reached? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | If YES, Volume Impacting the Watercourse. | | | |

If a Watercourse was Impacted, Describe Fully.*
N/A

Describe Cause of Problem and Remedial Action Taken.*
During permanent pit closure a chloride impact was discovered. A five-point composite sample tested 336-mg/kg chlorides which exceeds the threshold limits as per subsection B of 19.15.17.13(B) (1) (b). See attached sample results.

Describe Area Affected and Cleanup Action Taken.*
Contamination will be addressed under the "spill rule", 19.15.30.

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: <i>Kurt Fagrelus</i> | OIL CONSERVATION DIVISION | | |
| Printed Name: Kurt Fagrelus | Approved by District Supervisor: | | |
| Title: VP Exploration | Approval Date: | Expiration Date: | |
| E-mail Address: kfagrelus@duganproduction.com | Conditions of Approval: | | Attached <input type="checkbox"/> |
| Date: September 7, 2010 | Phone: 505-325-1821 | | |

* Attach Additional Sheets If Necessary

Picnic 1 Sep.



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

December 31, 2009

Fred Cornish
Dugan Production Corporation
4100 Piedras Street
Farmington, NM 87401

Re: Earth Pit Closure

Enclosed are the results of analyses for sample number H18943, received by the laboratory on 12/23/09 at 11:15 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: 5 (includes Chain of Custody)

Sincerely,

Celey D. Keene
Laboratory Director

This report conforms with NELAP requirements.



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

ANALYTICAL RESULTS FOR
 DUGAN PRODUCTION CORP.
 ATTN: FRED CORNISH
 4100 PIEDRAS ST.
 FARMINGTON, NM 87401
 FAX TO: (505) 325-4873

Receiving Date: 12/23/09
 Reporting Date: 12/31/09
 Project Number: NOT GIVEN
 Project Name: EARTH PIT CLOSURE
 Project Location: NOT GIVEN

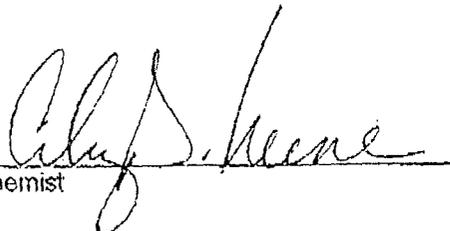
Sampling Date: 12/22/09
 Sample Type: SOIL
 Sample Condition: COOL & INTACT @ 6 °C
 Sample Received By: CK
 Analyzed By: ZL

| LAB NO. | SAMPLE ID | BENZENE (mg/kg) | TOLUENE (mg/kg) | ETHYL BENZENE (mg/kg) | TOTAL XYLENES (mg/kg) |
|---------|-----------|--------------------|--------------------|-----------------------------|-----------------------------|
|---------|-----------|--------------------|--------------------|-----------------------------|-----------------------------|

| ANALYSIS DATE: | 12/30/09 | 12/30/09 | 12/30/09 | 12/30/09 |
|---------------------------------------|----------|----------|----------|----------|
| H18943-1 ROADRUNNER #1 SEP. | <0.050 | <0.050 | <0.050 | <0.300 |
| H18943-2 FLO JO #2 SEP. | <0.050 | <0.050 | <0.050 | <0.300 |
| H18943-3 FLO JO #4 | <0.050 | <0.050 | <0.050 | <0.300 |
| H18943-4 PIERRE #1 SEP. | 0.112 | 0.132 | <0.050 | <0.300 |
| H18943-5 HOSS #1 SEP. | <0.050 | <0.050 | <0.050 | <0.300 |
| H18943-6 HERRY MONSTER #1 | <0.050 | <0.050 | <0.050 | <0.300 |
| H18943-7 PLATERO NAVAJO #1 PROD. TANK | <0.050 | <0.050 | <0.050 | <0.300 |
| H18943-8 PLATERO NAVAJO #1 SEP. | <0.050 | <0.050 | <0.050 | <0.300 |
| H18943-9 RACHET #2 SEP. | <0.050 | <0.050 | <0.050 | <0.300 |
| H18943-10 CHACO PLANT 90 SEP. | 0.101 | <0.050 | <0.050 | <0.300 |
| Quality Control | 0.047 | 0.047 | 0.048 | 0.149 |
| True Value QC | 0.050 | 0.050 | 0.050 | 0.150 |
| % Recovery | 94.0 | 94.0 | 96.0 | 99.3 |
| Relative Percent Difference | 4.1 | 3.3 | 3.1 | 3.5 |

METHODS: BTEX - SW-846 8021B.

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


 Chemist

12/31/09
 Date

H18943 BTEX DUGAN

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal; regardless of whether such claim is based upon any of the above-stated reasons or otherwise. Results relate only to the samples identified above. This report shall not be reproduced except in full with written approval of Cardinal Laboratories.



CARDINAL LABORATORIES

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

ANALYTICAL RESULTS FOR
DUGAN PRODUCTION CORP.
ATTN: FRED CORNISH
4100 PIEDRAS ST.
FARMINGTON, NM 87401
FAX TO: (505) 325-4873

Receiving Date: 12/23/09
Reporting Date: 12/30/09
Project Number: NOT GIVEN
Project Name: EARTH PIT CLOSURE
Project Location: NOT GIVEN

Sampling Date: 12/22/09
Sample Type: SOIL
Sample Condition: COOL & INTACT @ 6°C
Sample Received By: CK
Analyzed By: AB

418.1
TOTAL
TPH

| LAB NUMBER | SAMPLE ID | (mg/kg) |
|-----------------------------|------------------------------|----------|
| ANALYSIS DATE | | 12/29/09 |
| H18943-1 | ROADRUNNER #1 SEP. | <100 |
| H18943-2 | FLO JO #2 SEP. | <100 |
| H18943-3 | FLO JO #4 | <100 |
| H18943-4 | PIERRE #1 SEP. | <100 |
| H18943-5 | HOSS #1 SEP. | 136 |
| H18943-6 | HERRY MONSTER #1 | <100 |
| H18943-7 | PLATERO NAVAJO #1 PROD. TANK | <100 |
| H18943-8 | PLATERO NAVAJO #1 SEP. | <100 |
| H18943-9 | RACHET #2 SEP. | 113 |
| H18943-10 | CHACO PLANT 90 SEP. | <100 |
| Quality Control | | 315 |
| True Value QC | | 300 |
| % Recovery | | 105 |
| Relative Percent Difference | | 0.6 |

METHODS: EPA 418.1

Not accredited for TPH 418.1. Reported on wet weight.

Cheryl Keene
Chemist

Date 12/31/09

H18943 418.1 DUGAN

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates, or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise. Results relate only to the samples identified above. This report shall not be reproduced except in full with written approval of Cardinal Laboratories.



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

ANALYTICAL RESULTS FOR
 DUGAN PRODUCTION
 ATTN: FRED CORNISH
 4100 PIEDRAS STREET
 FARMINGTON, NM 87401
 FAX TO: (505) 325-4873

Receiving Date: 12/23/09
 Reporting Date: 12/30/09
 Project Number: NOT GIVEN
 Project Name: EARTH PIT CLOSURE
 Project Location: NOT GIVEN

Analysis Date: 12/29/09
 Sampling Date: 12/22/09
 Sample Type: SOIL
 Sample Condition: COOL & INTACT @ 6°C
 Sample Received By: CK
 Analyzed By: HM

| LAB NUMBER | SAMPLE ID | Cl ⁻ (mg/kg) |
|-----------------------------|------------------------------|----------------------------|
| H18943-1 | ROADRUNNER #1 SEP. | 1,440 |
| H18943-2 | FLO JO #2 SEP. | 992 |
| H18943-3 | FLO JO #4 | 800 |
| H18943-4 | PIERRE #1 SEP. | 336 |
| H18943-5 | HOSS #1 SEP. | 688 |
| H18943-6 | HERRY MONSTER #1 | 1,490 |
| H18943-7 | PLATERO NAVAJO #1 PROD. TANK | 224 |
| H18943-8 | PLATERO NAVAJO #1 SEP. | 112 |
| H18943-9 | RACHET #2 SEP. | 896 |
| H18943-10 | CHACO PLANT 90 SEP. | 768 |
| Quality Control | | 500 |
| True Value QC | | 500 |
| % Recovery | | 100 |
| Relative Percent Difference | | < 0.1 |

METHOD: Standard Methods 4500-Cl⁻B

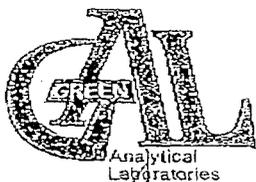
Note: Analyses performed on 1:4 w:v aqueous extracts. Not accredited for Chloride.

Cheryl Stone
 Chemist

12/31/09
 Date

H18943 Dugan

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the enumerated reasons or otherwise. Results



CHAIN OF CUSTODY RECORD

Client: Dugan PRODUCTION

Contact: FRED CORNISH

Address: _____

Phone Number: 505-330-0929

FAX Number: 505-325-4873

NOTES:

- 1) Ensure proper container packaging.
 - 2) Ship samples promptly following collection.
 - 3) Designate Sample Reject Disposition.
- PO# _____

| 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 # _____

Project Name: EARTH Pit Closure Samplers Signature: Fred Cornish

CARDINAL LABS

5753932476

12/31/2009 14:21

| Lab Name: Green Analytical Laboratories (970) 247-4220 FAX (970) 247-4227 | | Analyses Required | | | | | | | | | | Comments | | | |
|---|-----------------------|----------------------|-------------------------------------|--------------------------|--------------------|-----------------------|------------------------|------|-----|-------|------|----------|-----------------|--|--|
| Address: 75 Suttle Street, Durango, CO 81303 | | Collection | | Miscellaneous | | | Preservative(s) | | | | | | | | |
| Sample ID | Date | Time | Collected by: (Init.) | Matrix Type From Table 1 | No. of Containers | Sample Filtered ? Y/N | Unpreserved (Ice Only) | HNO3 | HCL | H2SO4 | NAOH | | Other (Specify) | | |
| H18943- | | | | | | | | | | | | | | | |
| 1. Roadrunner #1 Sep | 12-22-09 | 1:58 PM | | 3 | | | | | | | | | Benzene | | |
| 2. Flo. So #2 Sep. | 12-22-09 | 2:15 PM | | | | | | | | | | | BTX | | |
| 3. Flo. So #4 | 12-22-09 | 2:45 PM | | | | | | | | | | | 418.1 | | |
| 4. Pierre #1 Sep. | 12-22-09 | 9:12 AM | | | | | | | | | | | Chlorides | | |
| 5. Moss #1 Sep. | 12-22-09 | 9:30 AM | | | | | | | | | | | | | |
| 6. Harry Monster #1 | 12-22-09 | 10:35 AM | | | | | | | | | | | | | |
| 7. Platero Navajo #1 Sep | 12-22-09 | 11:41 AM | | | | | | | | | | | | | |
| 8. Platero Navajo #1 Sep | 12-22-09 | 12:10 AM | | | | | | | | | | | | | |
| 9. Racket #2 Sep | 12-22-09 | 1:00 PM | | | | | | | | | | | | | |
| 10. Chaco Plant #30 Sep | 12-22-09 | 1:20 PM | | | | | | | | | | | | | |
| Relinquished by: <u>Fred Cornish</u> | Date: <u>12-22-09</u> | Time: <u>2:48 PM</u> | Received by: <u>Christina Clark</u> | Date: <u>12/22/09</u> | Time: <u>11:48</u> | | | | | | | | | | |
| Relinquished by: <u>Fed Ex</u> | Date: _____ | Time: _____ | Received by: <u>Cal Greene</u> | Date: <u>12/23/09</u> | Time: <u>11:05</u> | | | | | | | | | | |

* Sample Reject: [] Return [] Dispose [] Store (30 Days)

6°C C+I #26