

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.

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 proposed alternative method.

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

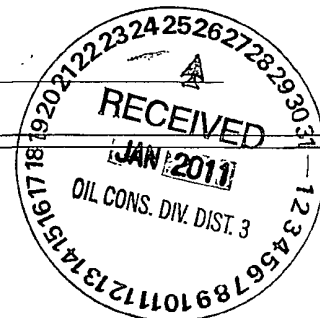
1. Operator: Dugan Production Corp. OGRID #: 006515
Address: 709 East Murray Drive, Farmington, New Mexico
Facility or well name: Basie Com #1
API Number: 30-045-2112 OCD Permit Number: _____
U/L or Qtr/Qtr D Section 21 Township 22N Range 7W County: Sandoval
Center of Proposed Design: Latitude 36.12944 N Longitude 107.58669 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'

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-foot 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	<input type="checkbox"/> Yes <input checked="" 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 checked="" type="checkbox"/> No
Within 300 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application. (<i>Applies to temporary, emergency, or cavitation pits and below-grade tanks</i>) - Visual inspection (certification) of the proposed site; Aerial photo, Satellite image	<input type="checkbox"/> Yes <input checked="" 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 (<i>Applies to permanent pits</i>) - Visual inspection (certification) of the proposed site; Aerial photo, Satellite image	<input type="checkbox"/> Yes <input checked="" 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 checked="" 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 checked="" 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 checked="" 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 checked="" 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 checked="" type="checkbox"/> No
Within a 100-year floodplain. - FEMA map	<input type="checkbox"/> Yes <input checked="" 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 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 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 checked="" 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 checked="" 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 checked="" 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 checked="" 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 checked="" 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 checked="" 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 checked="" 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 checked="" 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 checked="" 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 checked="" type="checkbox"/> No
Within a 100-year floodplain - FEMA map	<input type="checkbox"/> Yes <input checked="" 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 Fagrelus Title Vice President, Exploration
 Signature Kurt Fagrelus Date 1/18/2011
 e-mail address: kfagrelus@duganproduction.com Telephone 505-325-1821

20. **OCD Approval:** ☒ Permit Application (including closure plan) ☒ Closure Plan (only) ☐ OCD Conditions (see attachment)
 OCD Representative Signature: Brandi Zell Jonath P. Kelly 12/05/2011 Approval Date: 1-28-11
 Title: _____ Compliance Officer
 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: 8-26-2011

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 36.12944° N Longitude 107.58665° 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 Fagrelus Title VP Exploration
 Signature Kurt Fagrelus Date 12-1-2011
 e-mail address: kfagrelus@duganproduction.com Telephone 505-325-1821

**Dugan Production Corp.
Closure Report**

Lease Name: Basie Com #1
API No.: 30-043-21112

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 1-18-2011 and approved on 1-28-2011.**

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 1-28-2011.

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 8-22-2011.

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.

Federal 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 5-13-2011 and drilling mud was transferred to the Shaw Com #1 for re-use (5-13-2011) Remaining free water was transferred to the Sanchez O'Brien SWD #1 salt water disposal well. Remaining

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 (8-26-2011).

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.

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	<0.150
TPH	EPA SW-846 418.1	2500	187
GRO/DRO	EPA SW-846 8015M	500	21.3
Chlorides	EPA 300.1	1000 / 500	1620

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 not satisfy the closure standards, the operator will close the temporary pit using the waste excavation and removal method.

Initial sample testing did not meet "pit rule" standards. Chlorides tested 1620-mg/kg exceeding 1000-mg/kg (groundwater is greater than 100-feet below bottom of pit. One foot of clean soil was mixed to a ratio of 1:5 with pit contents (1-ft. clean to 5-ft. dirty) while maintaining a minimum of 4-foot freeboard to accommodate a minimum of 4-feet of compacted, non-waste containing, earthen material to be used for backfill.

A second, 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. Confirmation sample results are attached.

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	0.151
TPH	EPA SW-846 418.1	2500	166
GRO/DRO	EPA SW-846 8015M	500	13.8
Chlorides	EPA 300.1	1000 / 500	896

Testing standards of 19.15-17.9 were met as shown in confirmation sample results.

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 8-26-2011 and disposed of at the Crouch Mesa Waste Management facility on 8-26-2011 (see attached invoice #131351695 and 1383117).

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.

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

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

Well Name: *BASIC Com #1*

Location:

Drilling Operator: *Wayne Smith Drilling Co*

Rig #: *#1*

Spud Date: *5-4-11*

Date:

Rig Moved Off *5-16-11*

Date to Remove Liquids by: *5-16-11 TIAN Fuel 2 loads to Shaw Com #1*
 (30-days from rig release)

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

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
<i>5-3-11</i>	<i>Wayne Smith</i>	<i>yes - 4'</i>	<i>NO</i>	<i>NO</i>	<i>NO</i>	<i>TIAN Fuel 2 loads to Shaw Com #1</i>
<i>5-4-11</i>	<i>Wayne Smith</i>	<i>yes 3'</i>	<i>NO</i>	<i>NO</i>	<i>NO</i>	<i>2 loads w/te. RRRR Com #1</i>
<i>5-5-11</i>	<i>Wayne Smith</i>	<i>yes 3'</i>	<i>NO</i>	<i>NO</i>	<i>NO</i>	<i>Set 8 5/8 SURFACE CASING</i>
<i>5-6-11</i>	<i>Wayne Smith</i>	<i>✓ ✓</i>	<i>✓</i>	<i>✓</i>	<i>✓</i>	<i>N. Appl. w/ BOP</i>
<i>5-9-11</i>	<i>Wayne Smith</i>	<i>✓ ✓</i>	<i>✓</i>	<i>✓</i>		<i>Pressure Test MIX 155K strength</i>
<i>5-10-11</i>	<i>Wayne Smith</i>	<i>✓ ✓</i>	<i>✓</i>	<i>✓</i>	<i>✓</i>	<i>Added 1 load w/te</i>
<i>5-11-11</i>	<i>Wayne Smith</i>	<i>✓ ✓</i>	<i>✓</i>	<i>✓</i>	<i>✓</i>	
<i>5-12-11</i>	<i>Wayne Smith</i>	<i>✓ ✓</i>	<i>✓</i>	<i>✓</i>	<i>✓</i>	<i>Dily Cool- Added 1 load w/te.</i>
<i>5-13-11</i>	<i>Wayne Smith</i>	<i>✓ 2 1/2</i>	<i>✓</i>	<i>✓</i>	<i>✓</i>	<i>RUN 5 1/2 CASING - TIAN Fuel</i>
						<i>2 loads TO Shaw Com #1</i>
<i>9-16-11</i>	<i>Wayne Smith</i>	<i>✓ 4</i>	<i>✓</i>	<i>✓</i>	<i>✓</i>	<i>MOVED TO Shaw Com #1</i>

RECEIVED
SEP 29 2011

Kurt Fagrelius

From: Kurt Fagrelius
Sent: Monday, August 22, 2011 8:50 AM
To: 'Powell, Brandon, EMNRD'; Evan Rowland (erowland@slo.state.nm.us); 'dave_mankiewicz@nm.blm.gov'; 'Mark_Kelly@nm.blm.gov'; 'lucas_vargo@blm.gov'
Subject: 72-hour Notice to Close Temporary Drilling Pits
Attachments: Copy of 72-Hr Notice to Close Temp Drlg Pits 8-26-2011.xls
August 22, 2011

Mr. Brandon Powell, Mr. Evan Rowland, Mr. Dave Mankiewicz, Mr. Mark Kelly and Mr. Lucas Vargo,

Dugan Production Corp. is hereby giving notice that Dugan will be closing the following drilling reserve pits (Temporary Pits).

- 1) Shaw Com #1 - State Surface
- 2) Basie Com #1 – Federal Surface

Site specific and cuttings analysis information for each drilling reserve pit is included in the enclosed attachment.

Depending on prevailing weather conditions; the pits will be closed on Friday, August 26, 2011.

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

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

8

8/22/2011

Dugan Production Corp. Permanent Pits to be Closed on August 26, 2011

Lease Name	Shaw Com #1	Basie Com #1
API Number	30-045-38465	30-043-21112
Surface Owner - Notice Sent	NM State	Federal
Location - UL, Sec., Twp, Rge	M-16-22N-7W	D-21-22N-7W
Latitude	36.13486 N	36.12943 N
Longitude	107.58700 W	107.58657 W
Benzene (<0.2 mg/kg)	<0.050-mg/kg	<0.050-mg/kg
Betex (<50 mg/kg)	<0.150-mg/kg	0.151-mg/kg
TPH - Analytic Mthd-418.1 (<2500 mg/kg)	403-mg/kg	166-mg/kg
GRO + DRO - Analytic Mthd-8015 (<200 mg/kg)	24.8- mg/kg	13.8-mg/kg
Chlorides (<1000 mg/kg)	256-mg/kg	896-mg/kg
Thresholds as per "Pit Rule" 19.15.17 NMAC are highlighted in red.		

Kurt Fagrelius

From: postmaster@duganproduction.com
Sent: Monday, August 22, 2011 8:50 AM
To: Kurt Fagrelius
Subject: Delivery Status Notification (Relay)

Attachments: ATT14730.txt, 72-hour Notice to Close Temporary Drilling Pits



ATT14730.txt (413 B) 72-hour Notice to
Close Tempor...

This is an automatically generated Delivery Status Notification.

Your message has been successfully relayed to the following recipients, but the requested delivery status notifications may not be generated by the destination.

Brandon.Powell@state.nm.us

Basic Com #1
Preliminary



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

July 25, 2011

KURT FAGRELIUS

DUGAN PRODUCTION

P. O. BOX 420

FARMINGTON, NM 87499

RE: PIT CLOSURES

Enclosed are the results of analyses for samples received by the laboratory on 07/19/11 9:15.

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 through 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 524.4	Regulated VOCs (V2, V3)

Accreditation applies to public drinking water matrices.

This report meets NELAP requirements and is made up of a cover page, analytical results, and a copy of the original chain-of-custody. If you have any questions concerning this report, please feel free to contact me.

Sincerely,

A handwritten signature in cursive script, reading "Celey D. Keene".

Celey D. Keene

Lab Director/Quality Manager

Analytical Results For:

 DUGAN PRODUCTION
 KURT FAGRELIUS
 P. O. BOX 420
 FARMINGTON NM, 87499
 Fax To: (505) 327-4043

Received:	07/19/2011	Sampling Date:	07/18/2011
Reported:	07/25/2011	Sampling Type:	Soil
Project Name:	PIT CLOSURES	Sampling Condition:	Cool & Intact
Project Number:	NONE GIVEN	Sample Received By:	Jodi Henson
Project Location:	NOT GIVEN		

Sample ID: BASIC COM #1 (H101491-02)

BTEX 8021B		mg/kg		Analyzed By: CMS					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Benzene*	<0.050	0.050	07/21/2011	ND	1.51	75.7	2.00	29.5	
Toluene*	<0.050	0.050	07/21/2011	ND	1.63	81.5	2.00	28.3	
Ethylbenzene*	<0.050	0.050	07/21/2011	ND	1.73	86.7	2.00	29.0	
Total Xylenes*	<0.150	0.150	07/21/2011	ND	5.21	86.9	6.00	27.7	

Surrogate 4-Bromofluorobenzene (PIL) 109 % 70-130

Chloride, SM4500Cl-B		mg/kg		Analyzed By: HM					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	1620	16.0	07/19/2011	ND	448	112	400	0.00	

TPH 418.1		mg/kg		Analyzed By: AB					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
TPH 418.1	187	100	07/24/2011	ND	1260	125	1010	3.23	

TPH 8015M		mg/kg		Analyzed By: ab					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
GRO C6-C10	<10.0	10.0	07/21/2011	ND	175	87.4	200	0.597	
DRO >C10-C28	21.3	10.0	07/21/2011	ND	157	78.5	200	1.02	
Total TPH C6-C28	21.3	10.0	07/21/2011						

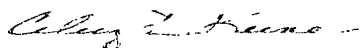
Surrogate 1-Chlorooctane 106 % 70-130

Surrogate 1-Chlorooctadecane 125 % 70-130

Cardinal Laboratories

* = Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager

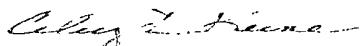
Notes and Definitions

ND	Analyte NOT DETECTED at or above the reporting limit
RPD	Relative Percent Difference
**	Samples not received at proper temperature of 6°C or below
***	Insufficient time to reach temperature.
-	Chloride by SM4500Cl-B does not require samples be received at or below 6°C
	Samples reported on an as received basis (wet) unless otherwise noted on report

Cardinal Laboratories

* = Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager



CHAIN OF CUSTODY RECORD

Page ____ of ____

Client: Rugen Truck Co., Inc.
 Contact: Kurt Fogel
 Address: 707 E. Murray Dr.
 Phone Number: 505-326-5245
 FAX Number: _____

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 _____

Ktagre has a Superproduction.com

Lab Name: Green Analytical Laboratories (970) 247-4220 FAX (970) 247-4227										Analyses Required										Comments	
Address: 75 Suttle Street, Durango, CO 81303																					
Sample ID	Collection		Miscellaneous			Preservative(s)															
	Date	Time	Collected by: (Init.)	Matrix Type from Table 1	No. of Containers	Sample Filtered? Y/N	Unpreserved (See Only)	HNO ₃	HCL	H ₂ SO ₄	NaOH	Other (Specify)									
H101491																					
1. <u>Subs. Cont #1</u>	<u>7-15-11</u>	<u>4:00 AM</u>		<u>3</u>	<u>1</u>									<u>not analyzed</u>	<u>TPH 418</u>	<u>TPH 8015</u>	<u>BTEX</u>				
2. <u>Subs. Cont #1</u>	<u>7-15-11</u>	<u>10:00 AM</u>		<u>3</u>	<u>1</u>																
3. <u>Subs. Cont #1</u>	<u>7-15-11</u>	<u>10:00 AM</u>		<u>3</u>	<u>1</u>																
4. <u>Subs. Cont #1</u>	<u>7-15-11</u>	<u>1:00 PM</u>		<u>3</u>	<u>1</u>																
5. <u>Subs. Cont #1</u>	<u>7-15-11</u>	<u>1:00 PM</u>		<u>3</u>	<u>1</u>																
6. <u>Subs. Cont #1</u>	<u>7-15-11</u>	<u>1:00 PM</u>		<u>3</u>	<u>1</u>																
7. <u>Subs. Cont #1</u>	<u>7-15-11</u>	<u>1:00 PM</u>		<u>3</u>	<u>1</u>																
8. <u>Subs. Cont #1</u>	<u>7-15-11</u>	<u>1:00 PM</u>		<u>3</u>	<u>1</u>																
9. <u>Subs. Cont #1</u>	<u>7-15-11</u>	<u>1:00 PM</u>		<u>3</u>	<u>1</u>																
10. <u>Subs. Cont #1</u>	<u>7-15-11</u>	<u>1:00 PM</u>		<u>3</u>	<u>1</u>																
Relinquished by <u>Kurt Fogel</u>			Date: <u>7-15-11</u>	Time: <u>2:00 PM</u>		Received by: <u>John Denson</u>		Date: <u>7/15/11</u>		Time: <u>1:26</u>		Date: <u>7/19/11</u>		Time: <u>9:15</u>							

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

50c #26



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

-asic con
confirmation

August 19, 2011

KURT FAGRELIUS

DUGAN PRODUCTION

P. O. BOX 420

FARMINGTON, NM 87499

RE: PIT CLOSURES

Enclosed are the results of analyses for samples received by the laboratory on 08/12/11 11:30.

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 through 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 524.4	Regulated VOCs (V2, V3)

Accreditation applies to public drinking water matrices.

This report meets NELAP requirements and is made up of a cover page, analytical results, and a copy of the original chain-of-custody. If you have any questions concerning this report, please feel free to contact me.

Sincerely,

A handwritten signature in black ink that reads "Hope S. Moreno". The signature is fluid and cursive, with the first name "Hope" being the most prominent.

Hope Moreno

Inorganic Technical Director

Analytical Results For:

 DUGAN PRODUCTION
 KURT FAGRELIUS
 P. O. BOX 420
 FARMINGTON NM, 87499
 Fax To: (505) 327-4043

 Received: 08/12/2011
 Reported: 08/19/2011
 Project Name: PIT CLOSURES
 Project Number: NONE GIVEN
 Project Location: NOT GIVEN

 Sampling Date: 08/10/2011
 Sampling Type: Soil
 Sampling Condition: Cool & Intact
 Sample Received By: Jodi Henson

Sample ID: BASIC #1 (H101697-05)

BTEX 8021B		mg/kg	Analyzed By: CMS						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Benzene*	<0.050	0.050	08/15/2011	ND	1.82	91.1	2.00	5.65	
Toluene*	<0.050	0.050	08/15/2011	ND	1.74	87.0	2.00	6.04	
Ethylbenzene*	0.051	0.050	08/15/2011	ND	1.77	88.3	2.00	6.91	
Total Xylenes*	0.151	0.150	08/15/2011	ND	5.28	88.1	6.00	7.29	

Surrogate 4-Bromofluorobenzene (PIL) 101 % 70-130

Chloride, SM4500Cl-B		mg/kg	Analyzed By: AP						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	896	16.0	08/12/2011	ND	448	112	400	0.00	

TPH 418.1		mg/kg	Analyzed By: AB						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
TPH 418.1	166	100	08/18/2011	ND	1060	97.2	1090	1.90	

TPH 8015M		mg/kg	Analyzed By: ab							S-04
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
GRO C6-C10	<10.0	10.0	08/14/2011	ND	201	101	200	0.248		
DRO >C10-C28	13.8	10.0	08/14/2011	ND	180	90.0	200	1.96		
Total TPH C6-C28	13.8	10.0	08/14/2011	ND	381	95.4	400	0.798		

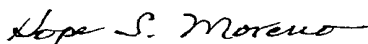
Surrogate 1-Chlorooctane 102 % 70-130

Surrogate 1-Chlorooctadecane 133 % 70-130

Cardinal Laboratories

* = Accredited Analyte

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Hope Moreno, Inorganic Technical Director

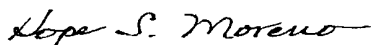
Notes and Definitions

- S-04 The surrogate recovery for this sample is outside of established control limits due to a sample matrix effect
- ND Analyte NOT DETECTED at or above the reporting limit
- RPD Relative Percent Difference
- ** Samples not received at proper temperature of 6°C or below.
- *** Insufficient time to reach temperature.
- Chloride by SM4500Cl-B does not require samples be received at or below 6°C
- Samples reported on an as received basis (wet) unless otherwise noted on report

Cardinal Laboratories

* = Accredited Analyte

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Hope Moreno, Inorganic Technical Director

Client: Dugan Prod.
Contact: Kurt Fegrelius
Address: 209 E. Murray Dr.
Farmington, NM
Phone Number: 505-320-8240
FAX Number: _____

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 GAI USE ONLY

GAL JOB #

FAX Number:

Project Name:

Samplers Signature:

Project Name: Ktagrelus Productions.com

Lab Name: Green Analytical Laboratories (970) 247-4220 FAX (970) 247-4227						Analyses Required								Comments						
Address: 75 Suttle Street, Durango, CO 81303																				
Sample ID	Collection		Miscellaneous			Preservative(s)														
	Date	Time	Collected by: (Init.)	Matrix Type From Table 1	No. of Containers	Sample Filtered ? Y/N	Unpreserved (Ice Only)	HNO ₃	HCL	H ₂ SO ₄	NAOH	Other (Specify)								
H101697													Pit closure							
¹ Marathon #400	8-10-11	10 ⁵⁵ AM											BTEX							
² Marathon #401	(9 ³⁰ AM											TPH 4015							
³ Marathon #402	}	3 ²⁰ PM											TPH 418.1							
⁴ Sunco Valley #91	}	3 ³⁰ PM											CL-							
⁵ Basic #1		1 ⁰⁰ PM																		
6.																				
7.																				
8.																				
9.																				
10.																				
Relinquished by:			Date:			Time:		Received by:					Date:			Time:				
Relinquished by: Kurt Fearey			Date: 8-10-11			Time: 10:25		Received by: [Signature]					Date: 8/10/11			Time: 10:25				

* Sample Reject: ☐ Return ☒ Dispose ☐ Store (30 Days)

Godi Benson 8/12/11
504 #26



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

Original
Ticket# 1251695

Customer Name DUGAN PRODUCTION DUGAN PRODUCE Carrier DUGPRO DUGAN PRODUCTION CORP.
Ticket Date 04/28/2011 Vehicle# 8 Volume
Payment Type Credit Account Container
Manual Ticket# Driver
Hauling Ticket# Check#
Route Billing # 0000019
State Waste Code Gen EPA ID
Manifest Grid
Destination
PO
Profile ()
Generator

	Time	Scale	Operator	Inbound	Gross	
In	04/28/2011 15:01:11	Inbound 301	vickyq			10720 lb
Out	04/28/2011 15:10:47	Outbound 302	mgonzales		Tare	9700 lb
					Net	1020 lb
					Tons	0.51

Comments

Product	LD%	Rty	UOM	Rate	Tax	Amount	Origin
1 MLV-MSW-Louise- Yds	100	2.00	Yards	4.25	0.54	\$8.50	SANJ

Shaw Com #90
Susan Com #1
Raele Com #90

Clean
Liner
Scraps

Kurt Fagrellis

Driver's Signature

Total Tax \$0.54
Total Ticket \$9.04





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

Original
Ticket# 1383117

Customer Name DUGANPRODUCTION DUGAN PRODUCT Carrier Ace Services Ace Services
Ticket Date 08/26/2011 Vehicle# 7 Volume
Payment Type Credit Account Container
Manual Ticket# Driver
Hauling Ticket# Check#
Route Billing # 0000019
State Waste Code Gen EPA ID
Manifest 19205
Destination Grid
PO
Profile 101364NM (Dugan Production - Various Locations)
Generator 153-DUGANPRODUCTIONVARIOUS Dugan Production - Various Locations

	Time	Scale	Operator	Inbound	Gross	
In	08/26/2011 12:00:06	Inbound 301	mgonzales		Tare	25240 lb
Out	08/26/2011 12:15:00	Outbound 302	nbaca		Net	24780 lb
					Tons	460 lb
						0.23

Comments

Product	LD%	Qty	UOM	Rate	Tax	Amount	Origin
1 SpwasteSolidOth-Cu	100	20.00	Yards				FARM
2 EVFt-P-Standard En	100		%				FARM
3 FUEL-T-Fuel Surcha	100		%				FARM

Total Tax
Total Ticket

Driver's Signature

403WM

Printed name & title, address, telephone, fax		Driver Signature		Month/Day/Year
11. Discrepancy indication space				
12. Waste disposal site Location co-ordinates (X,Y,Z)				
Received by name and title (Printed/typed)		SJC Landfill Rep. Signature		Month / Day / Year

White/GEN

Yellow/LANDFILL

Pink/TRANSPORTER

Golden/GEN

san juan reproduction 98-165

SPECIAL WASTE SHIPMENT RECORD

TICKET# 1383117
19205

WASTE MANAGEMENT OF NEW MEXICO, INC.
SAN JUAN COUNTY REGIONAL LANDFILL
PERMIT #SWM-052426, #SWM-052426SP
#78 CR 3140 P.O. Box 1402
Aztec, New Mexico 87410
505/334-1121

Shipment # _____

Profile # 1D1364 W.M
(Required)

ACE SERVICES #7

1. Generator's Work site name and address (physical site address of waste generation)		
2. Generator's name and address Dugan Production Corp. PO Box 420 Farmington, NM 87499		Generator's Telephone no. 505-325-1821
3. Authorized Agent name and address (if different from #2) Kurt Fagrelus VP Exploration PO BOX 420 Farmington, NM 87499		Agent's Telephone no. 505-320-8248
4. Description materials 20 mills pit liner (CLEAN)	5. Container's No. Type	6. Total Quantity (tons) (yd3)
<i>Show Com #1</i>	<i>Pit Liner Clean</i>	<i>#2 2nd 3rd</i>
<i>Basin Com #1</i>	<i>Pit Liner Clean</i>	<i>#2 3rd</i>
7. Special handling instructions N/A		
8. GENERATOR or AUTHORIZED AGENT CERTIFICATION: I hereby declare that the contents of this consignment are fully and accurately described above and are classified, packed, marked and labeled, and are in all respects in proper condition for transport by highway in accordance with applicable international and government regulations. I hereby certify that the above named material does not contain free liquid as defined by 40CFR Part 258.28 and is not a hazardous waste as defined by 40CFR 261 or any applicable state law.		
Generator or Agent (Printed/typed name and title) Kurt Fagrelus VP Exploration	Generator or Agents Signature <i>Kurt Fagrelus</i>	Month/Day/Year <i>8/26/11</i>
9. Transporter 1 (Acknowledgement of receipt of materials)		
Printed/typed name & title, address, telephone no. Kurt Fagrelus VP Exploration PO Box 420 505-320-8248 Farmington, NM 87499	Driver Signature	Month/Day/Year / /
10. Transporter 2 (Acknowledgement of receipt of materials)		
Printed/typed name & title, address, telephone no. <i>Jonathan Coulter</i> <i>ACE</i>	Driver Signature <i>[Signature]</i>	Month/Day/Year <i>8/26/11</i>
11. Discrepancy indication space		
12. Waste disposal site Location co-ordinates (X,Y,Z) <i>Elev. 5829 N36°46.003 W 108°02.791</i>		
Received by name and title (Printed/typed) <i>Nichelle Gonzales</i>	SJO Landfill Rep. Signature <i>Nichelle Gonzales</i>	Month / Day / Year <i>8/26/11</i>

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 71629	³ Pool Name BASIN FRUITLAND COAL
⁴ Property Code	⁵ Property Name BASIE COM	⁶ Well Number 1
⁷ GRID No. 006515	⁸ Operator Name DUGAN PRODUCTION CORPORATION	⁹ Elevation 6882'

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
D	21	22N	7W		990	NORTH	800	WEST	SANDOVAL

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 320.0 Acres - (N/2)	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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

<div><p>16</p><p>Temp Pit</p><p>800'</p><p>Center of Pit: 38-ft. N66°W.</p><p>LA: 36.12943°N LONG: 107.58657°W DATUM: NAD1983</p><p>Dugan NM-109393</p><p>5231.82'</p><p>5297.82'</p><p>5321.58'</p><p>21</p></div>	<div><p>¹⁷ OPERATOR CERTIFICATION</p><p>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.</p><p>Signature _____ Date <u>1/10/2011</u></p><p>Kurt Fagrelus</p><p>Printed Name _____</p><p>¹⁸ SURVEYOR CERTIFICATION</p><p>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</p><p>Date of Survey: AUGUST 16, 2010</p><p>Signature and Seal of Professional Surveyor</p><div><p>JASON C. EDWARDS NEW MEXICO 15269 REGISTERED PROFESSIONAL SURVEYOR</p></div><p>JASON C. EDWARDS</p><p>Certificate Number 15269</p></div>
---	---

PLAT 3.

C



DATUM: NAD1983

SURFACE OWNER
Bureau of Land
Management

②

$$A - A^T$$

B-B'

 $C-C'$

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

Submit To Appropriate District Office
Two Copies
District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S First St., 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
Revised August 1, 2011

1. WELL API NO.

30-043-21112

2. Type of Lease

☐ STATE ☐ FEE ☒ FED/INDIAN

3. State Oil & Gas Lease No.
Fed Lease NMNM-109393

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)

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 (505)325-1821

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:	D	21	22N	7W		990	North	800	West	Sandoval
BH:										

13. Date Spudded	14. Date T.D. Reached	15. Date Rig Released 5/13/11	16. Date Completed (Ready to Produce)	17. Elevations (DF and RKB, RT, GR, etc.)
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18. Total Measured Depth of Well	19. Plug Back Measured Depth	20. Was Directional Survey Made?	21. Type Electric and Other Logs Run
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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					25. TUBING RECORD		
SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN	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
--	-----------------------

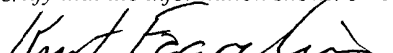
31. List Attachments

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 36.129430 Longitude 107.586570 NAD 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 Kurt Fagrelus Title Vice-President, Exploration Date 10/27/2011

E-mail Address kfagrelus@duganproduction.com



DUGAN PRODUCTION CORP.

BASIE COM #1

NM109393

API # 30-043-21112

990' FNL, 800' FWL

NWNW SEC. 21, T22N, R07W

LAT. 36.12943 LONG. 107.58657

SANDOVAL COUNTY, NM

FOR EMERGENCY CALL (505)325-1823

