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

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.

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Pit, Closed-Loop System, Below-Grade Tank, or Proposed Alternative Method Permit or Closure Plan Application DFC 2'11

Type of action: [7] Permit of a pit, closed-loop system, below-grade tank, or proposed alternative method [8] Closure of a pit, closed-loop system, below-grade tank, or proposed alternative method [9] Modification to an existing permit [10] 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.
Operator: Dugan Production Corp. OGRID#: 006515
Address: 709 East Murray Drive, Farmington, New Mexico
Facility or well name: Moncrief Com #101
API Number: 30-045- 35234. OCD Permit Number.
U/L or Qtr/Qtr P Section 2 Township 30N Range 13W County: San Juan
Center of Proposed Design: Latitude 36.83805 N Longitude 108.16746 W NAD: ☐ 1927 ☒ 1983
Surface Owner: Federal State Private Tribal Trust or Indian Allotment
Z Pit: Subsection F or G of 19.15.17 11 NMAC
Liner Seams: Welded Factory Other Other
Below-grade tank: Subsection I of 19.15.17.11 NMAC Volume:
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.

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, institution or church) Four foot height, four strands of barbed wire evenly spaced between one and four feet Alternate. Please specify 4-foot hogwire	hospital,
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)	
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	
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 consideration of approval. Exception(s): Requests must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.	office for
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 accept material are provided below. Requests regarding changes to certain siting criteria may require administrative approval from the appropriate or may be considered an exception which must be submitted to the Santa Fe Environmental Bureau office for consideration of a Applicant must attach justification for request. Please refer to 19.15.17.10 NMAC for guidance. Siting criteria does not apply to drying above-grade tanks associated with a closed-loop system.	priate district pproval.
Ground water is less than 50 feet below the bottom of the temporary pit, permanent pit, or below-grade tank. - NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells	☐ Yes ☒ No
Within 300 fect of a continuously flowing watercourse, or 200 feet of any other significant watercourse or lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark). - Topographic map; Visual inspection (certification) of the proposed site	Yes X No
Within 300 fect from a permanent residence, school, hospital, institution, or church in existence at the time of initial application. (Applies to temporary, emergency, or cavitation pits and below-grade tanks) - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image	☐ Yes 🖾 No ☐ NA
Within 1000 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application. (Applies to permanent pits) - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image	☐ Yes ☒ No ☐ NA
Within 500 horizontal feet of a private, domestic fresh water well or spring that less than five households use for domestic or stock watering purposes, or within 1000 horizontal feet of any other fresh water well or spring, in existence at the time of initial application. - NM Office of the State Engineer - iWATERS database search; Visual inspection (certification) of the proposed site	☐ Yes ☒ No
Within incorporated municipal boundaries or within a defined municipal fresh water well field covered under a municipal ordinance adopted pursuant to NMSA 1978, Section 3-27-3, as amended. - Written confirmation or verification from the municipality; Written approval obtained from the municipality	☐ Yes ☒ No
Within 500 fect of a wetland. - US Fish and Wildlife Wetland Identification map; Topographic map: Visual inspection (certification) of the proposed site	☐ Yes 🔀 No
Within the area overlying a subsurface mine. - Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division	☐ Yes ☒ No
Within an unstable area. - Engineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources; USGS; NM Geological Society. Topographic map	Yes X No
Within a 100-year floodplain - FEMA map	☐ Yes 🛣 No

Form C-144 Oil Conservation Division Page 2 of 5

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 19.15.17.12 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
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)
Permanent Pits Permit Application Checklist: Subsection B of 19.15.17.9 NMAC Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are
attached. Hydrogeologic Report - based upon the requirements of Paragraph (1) of Subsection B of 19.15.17.9 NMAC Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC Climatological Factors Assessment Certified Engineering Design Plans - based upon the appropriate requirements of 19.15.17.11 NMAC Dike Protection and Structural Integrity Design - based upon the appropriate requirements of 19.15.17.11 NMAC Leak Detection Design - based upon the appropriate requirements of 19.15.17.11 NMAC Liner Specifications and Compatibility Assessment - based upon the appropriate requirements of 19.15.17.11 NMAC Quality Control/Quality Assurance Construction and Installation Plan Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC Freeboard and Overtopping Prevention Plan - based upon the appropriate requirements of 19.15.17.11 NMAC Nuisance or Hazardous Odors, including H ₂ S, 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
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: X 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)
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 Inquids, 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 G of 19.15.17.13 NMAC

Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Instructions: Please indentify the facility or facilities for the disposal of liquids, 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 o Yes (If yes, please provide the information below) No		
Required for impacted areas which will not be used for future service and operation Soil Backfill and Cover Design Specifications based upon the appropriat Re-vegetation Plan - based upon the appropriate requirements of Subsection Site Reclamation Plan - based upon the appropriate requirements of Subsection	e requirements of Subsection H of 19.15.17.13 NMA 0 For 19.15.17.13 NMAC	0
Siting Criteria (regarding on-site closure methods only): 19.15.17.10 NMAC Instructions: Each siting criteria requires a demonstration of compliance in the provided below. Requests regarding changes to certain siting criteria may requiconsidered an exception which must be submitted to the Santa Fe Environmenta demonstrations of equivalency are required. Please refer to 19.15.17.10 NMAC	re administrative approval from the appropriate dist Il Bureau office for consideration of approval. Justi	rict office or may be
Ground water is less than 50 feet below the bottom of the buried waste NM Office of the State Engineer - iWATERS database search, USGS; Database search, USGS	a obtained from nearby wells	☐ Yes ☐ No ☒ NA
Ground water is between 50 and 100 feet below the bottom of the buried waste - NM Office of the State Engineer - iWATERS database search; USGS; Database search;	ta obtained from nearby wells	☐ Yes ☐ No ☑ NA
Ground water is more than 100 feet below the bottom of the buried waste. NM Office of the State Engineer - (WATERS database search; USGS; Database search)	a obtained from nearby wells	X Yes No
Within 300 feet of a continuously flowing watercourse, or 200 feet of any other signake (measured from the ordinary high-water mark). - Topographic map; Visual inspection (certification) of the proposed site	gnificant watercourse or lakebed, sinkhole, or playa	☐ Yes 🛭 No
Within 300 feet from a permanent residence, school, hospital, institution, or church - Visual inspection (certification) of the proposed site; Aerial photo; Satellit		☐ Yes 🏻 No
Within 500 horizontal feet of a private, domestic fresh water well or spring that les watering purposes, or within 1000 horizontal feet of any other fresh water well or - NM Office of the State Engineer - iWATERS database; Visual inspection	spring, in existence at the time of initial application.	Yes 🖾 No
Within incorporated municipal boundaries or within a defined municipal fresh wat adopted pursuant to NMSA 1978, Section 3-27-3, as amended. - Written confirmation or verification from the municipality; Written approx	•	☐ Yes ☒ No
Within 500 feet of a wetland. - US Fish and Wildlife Wetland Identification map; Topographic map; Visu	al inspection (certification) of the proposed site	☐ Yes 🗓 No
Within the area overlying a subsurface mine Written confirmation or verification or map from the NM EMNRD-Mining	g and Mineral Division	☐ Yes ☒ No
Within an unstable area. - Engineering measures incorporated into the design, NM Bureau of Geolog Society; Topographic map	y & Mineral Resources; USGS; NM Geological	☐ Yes 🖾 No
Within a 100-year floodplain FEMA map		☐ Yes ☑ No
On-Site Closure Plan Checklist: (19.15.17.13 NMAC) Instructions: Each of the by a check mark in the box, that the documents are attached. Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of Construction/Design Plan of Burial Trench (if applicable) based upon the a Construction/Design Plan of Temporary Pit (for in-place burial of a drying Protocols and Procedures - based upon the appropriate requirements of 19.1 Confirmation Sampling Plan (if applicable) - based upon the appropriate requirements of Confirmation Sampling Plan - based upon the appropriate requirements of Disposal Facility Name and Permit Number (for liquids. drilling fluids and Soil Cover Design - based upon the appropriate requirements of Subsection Re-vegetation Plan - based upon the appropriate requirements of Subsection Site Reclamation Plan - based upon the appropriate requirements of Subsection	quirements of 19.15.17 10 NMAC If Subsection F of 19.15.17.13 NMAC ppropriate requirements of 19.15.17.11 NMAC pad) - based upon the appropriate requirements of 19. 5.17.13 NMAC quirements of Subsection F of 19.15.17.13 NMAC If Subsection F of 19.15.17.13 NMAC drill cuttings or in case on-site closure standards cann H of 19.15.17.13 NMAC	15.17.11 NMAC

Operator Application Certification:	
I hereby certify that the information submitted with this application is true, accu	
Name (Print) Kurt Fagrelius	Title Vice President, Exploration
Signature: Karttagralin	Date 1/18/2011
c-mail address: kfagrelius@duganproduction.com	Telephone: _505-325-1821
OCD Approval: Permit Application (metading closure plan) Closure of OCD Representative Signature: Title: Sopplance OHico	Plan (only) OGD Conditions (see attachment) (201)
Closure Report (required within 60 days of closure completion): Subsection Instructions: Operators are required to obtain an approved closure plan prior The closure report is required to be submitted to the division within 60 days of section of the form until an approved closure plan has been obtained and the continued and the continu	to implementing any closure activities and submitting the closure report. The completion of the closure activities. Please do not complete this
22. Closure Method: Waste Excavation and Removal Con-Site Closure Method Altern If different from approved plan, please explain.	native Closure Method Waste Removal (Closed-loop systems only)
23. Closure Report Regarding Waste Removal Closure For Closed-loop System Instructions: Please indentify the facility or facilities for where the liquids, dra two facilities were utilized.	
Disposal Facility Name:	Disposal Facility Permit Number.
Disposal Facility Name.	
Were the closed-loop system operations and associated activities performed on c Yes (If yes, please demonstrate compliance to the items below) No	
Required for impacted areas which will not be used for future service and operated. Site Reclamation (Photo Documentation) Soil Backfilling and Cover Installation Re-vegetation Application Rates and Seeding Technique	tions .
Closure Report Attachment Checklist: Instructions: Each of the following is 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)	itude <u>108 • 16 786 ° W</u> NAD. □1927 K 1983
25 Operator Closure Certification:	
I hereby certify that the information and attachments submitted with this closure belief. I also certify that the closure complies with all applicable closure require	
Name (Print). Kurt Fagrelius	Title: VP Exploration
Signature. Kurt Fagration	Date: 12-1-2011

Dugan Production Corp. Closure Report

Lease Name: Moncrief #101 API No.: 30-045-35234

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 9-25-2011.

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.

State surface, certified notification not applicable as per BLM/OCD MOU.

4. Remove all liquid from pit and reclaim, re-use or dispose of at an NMOCD approved facility. Upon completion of drilling operations, drilling mud will be vacuumed from pit and transported to the next reserve pit for re-use at another drilling location. After the remaining mud settles, the free water that shakes out and any free water left over from completion operations will be hauled to the Dugan Production operated Sanchez O'Brien #1 SWD located 1650 feet from the South line and 990 feet from the West line (Unit L) of Section 6, Township 24 North, Range 9 West NMPM, San Juan County, New Mexico. The disposal facility was permitted by the NMOCD with Administrative Order SWD-694.

Drilling rig was released 6-2-2011 and drilling mud was transferred to the Moncrief #100 for re-use (6-2-2011) Remaining free water was transferred to the Sanchez O'Brien SWD #1 salt water disposal well.

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 (9-28-2011).

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	0.109
BTEX	EPA SW-846 8021B or 8260B	50	0.504
TPH	EPA SW-846 418.1	2500	381
GRO/DRO	EPA SW-846 8015M	500	51.9
Chlorides	EPA 300 1	1000 / 500	1250

8. Other methods if the standards in 19.15.17.9.B can not be met will include: The pit contents may be mixed to a ratio not to exceed 3:1, un-contaminated soil or other material to pit contents. A second five point, composite sample of the contents after treatment or stabilization will be taken to demonstrate that the contents do not exceed the standards. If the second soil analyses do no satisfy the closure standards, the operator will close the temporary pit using the waste excavation and removal method.

Initial sample testing did not meet "pit rule" standards. Chlorides tested 1250-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	0.208
TPH	EPA SW-846 418.1	2500	138
GRO/DRO	EPA SW-846 8015M	500	15.3
Chlorides	EPA 300.1	1000 / 500	496

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 9-28-2011 and disposed of at the Crouch Mesa Waste Management facility on 9-28-2011 (see attached invoice #1391729).

10. Stockpiled sub-surface soil will be used to backfill pit and re-contour well pad (to a final or intermediate cover that blends with the surrounding topography). A minimum of four-feet of compacted, non-waste containing, earthen material will be used as backfill.

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

11. Stockpiled surface soil will be used as a cover over the backfilled pit and disturbed areas of the well pad no longer needed for production operations. The soil cover will include either the background thickness of top soil or one foot of suitable material to establish vegetation at the site whichever is greater.

Stockpiled surface soil was used to cover backfilled temporary pit and disturbed areas of the well pad no longer needed for production operations. The soil cover included the greater of either the background thickness or one foot of suitable material necessary to establish vegetation. The location was re-contoured to approximate the original topography of the site and diversions were constructed to protect soil cover and minimize erosion.

12. The area will be re-seeded as per BLM guidelines. Re-seeding will be repeated until 70% of the native natural cover is achieved and maintained for two successive

growing seasons. The first growing season after the pit is closed the disturbed area will be re-seeded. The seeding method will be to drill on contour whenever possible.

Re-seeding will be done according to BLM guidelines as specified by BLM/OCD memorandum of understanding.

13. The NMOCD will be notified once successful re-vegetation has been achieved.

Re-seeding will be done according to BLM guidelines as specified by BLM/OCD memorandum of understanding.

14. A steel marker will be set at the center of the on-site burial following onsite-pit closure (see application for administrative approval). The marker will be (24" X 24") and will have the operator name, lease name, well number, location (UL, Sec., Twp. and Rge.) and that it designates an "on-site burial location" lettering welded on the top side with a 4" threaded collar welded to the bottom side. The marker will be set at ground level and attached to a 4" diameter pipe that is cemented in a hole three feet deep. When the well is abandoned, a steel riser that is 4" in diameter, extending 4' above the ground will be welded to the pipe anchored in cement below the surface. The riser will have lettering welded on side showing operator name, well number, location (UL, Sec., Twp., and Rge.) and that it designates an on-site burial location.

A flat steel marker (24" X 24") with the lettering "on-site burial location" was set at ground-level in the center of the burial site. The marker is welded to a 4" pipe that is cemented in a 3-foot deep hole and is shown in the attached photographs (administrative approval was received). When the well is P&A'd, the steel plate will be removed and a riser that is 4" in diameter, extending 4' above the ground will be welded to the pipe anchored in cement below the surface. The riser will have lettering welded on the side showing operator name, well number, location (UL, Sec., Twp., and Rge.) and that it designates an on-site burial location.

- 15. Closure Report will be submitted within 60-days of completion of temporary pit closure. Closure report will include the following: 1) Proof of Closure Notice.
 - 2) Proof of Deed Notice (if applicable).
 - 3) Plot Plan.
 - 4) Confirmation Sampling Analytical Results.
 - 5) Waste Material Sampling Analytical Results.
 - 6) Disposal Facility Name and Permit Number.
 - 7) Soil Backfilling and Cover Installation.
 - 8) Re-vegetation Application Rates and Seeding Technique.

All items listed above if applicable are attached and submitted on this date.

16. A deed notice identifying the exact location of the on-site burial will be filed with the County clerk in the county where the on-site burial occurs.

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

	Duga	an Production	Corp.			
	709 East Murray Drive					
Farmington, NM 87401						
Tarrington, 1401 07401						
Well Name:	Moncrief Com #101					
Location:	P-Sec. 2, T30N,					
Drilling/Operator:	1	·			The second of the state of the second of the	
Rig #:			1			
	 	 				
Spud Date:					CONTROL MARKET CONTROL OF STREET, STRE	
Date :	1					
Rig Moved Off						
A Marie Control of the Control of th						
Date to Remove Liq	uids by:					
(30-days from rig re	lease)					
Date to Close Pit by						
(180-days from rig r	elease)					
Log Book of Daily ins	pections during Di	rilling/workove	r operation	ns, weel	dy after rig is moved off.	
			T			
Date: Signature	Freeboard (> 2-ft.)			Trash	Remarks	
	Yes / No	Yes / No	Yes / No	Yes / No	Remarks	
5-24-11	Yes / No ソモら	Yes / No	Yes / No	Yes / No	Remarks	
5-24-11 5	Yes / No Yes Yes	Yes / No No No No	Yes / No	Yes / No	Remarks	
5-24-11 SD 5-25-11 SD 5-26-11 SD	¥es / No √ες У ες γ ες	Yes / No	Yes / No	Yes / No	Remarks	
5-24-11 SD 5-25-11 SD 5-26-11 SD	Yes/No Yes Yes Yes	Yes / No	Yes / No	Yes / No	Remarks	
5-24-11 SD 5-25-11 SD 5-26-11 SD 5-26-11 SD 5-28-11 SD	Yes / No Yes Yes Yes Yes Yes Yes	Yes / No	Yes / No	Yes / No	Remarks	
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5-24-11 50 5-25-11 50 5-26-11 50 5-28-11 50 5-28-11 50 5-31-11 50 6-1-11 50	Yes / No / Es / Es	Yes/No NO	Yes/No No N	Yes/No	Trensfer dela mud le	
5-24-11 50 5-25-11 50 5-26-11 50 5-28-11 50 5-28-11 50 5-31-11 50 6-1-11 50	Yes / No / Es / Es	Yes/No NO	Yes/No No N	Yes/No	Trensfer dela mud le	
5-24-11 50 5-25-11 50 5-26-11 50 5-28-11 50 5-28-11 50 5-31-11 50 6-1-11 50	Yes / No / Es / Es	Yes/No NO	Yes/No No N	Yes/No	Trensfer dela mud le	
5-24-11 50 5-25-11 50 5-26-11 50 5-28-11 50 5-28-11 50 5-31-11 50 6-1-11 50	Yes / No / Es / Es	Yes/No NO	Yes/No No N	Yes/No	Trensfer dela mud le	
5-24-11 50 5-25-11 50 5-26-11 50 5-28-11 50 5-28-11 50 5-31-11 50 6-1-11 50	Yes / No / Es / Es	Yes/No NO	Yes/No No N	Yes/No	Trensfer dela mud le	
5-24-11 50 5-25-11 50 5-26-11 50 5-28-11 50 5-28-11 50 5-31-11 50 6-1-11 50	Yes / No / Es / Es	Yes/No NO	Yes/No No N	Yes/No	Trensfer dela mud le	
5-24-11 50 5-25-11 50 5-26-11 50 5-28-11 50 5-28-11 50 5-31-11 50 6-1-11 50	Yes / No / Es / Es	Yes/No NO	Yes/No No N	Yes/No	Trensfer dela mud le	
5-24-11 50 5-25-11 50 5-26-11 50 5-28-11 50 5-28-11 50 5-31-11 50 6-1-11 50	Yes / No / Es / Es	Yes/No NO	Yes/No No N	Yes/No	Trensfer dela mud le	
5-24-11 50 5-25-11 50 5-26-11 50 5-28-11 50 5-28-11 50 5-31-11 50 6-1-11 50	Yes / No / Es / Es	Yes/No NO	Yes/No No N	Yes/No	Trensfer dela mud le	

From: Kurt Fagrelius

Sent: Sunday, September 25, 2011 7.13 PM

To: 'Powell, Brandon, EMNRD'; Evan Rowland (erowland@slo.state.nm.us); Kurt Fagrelius

Subject: 72-Hour Notice to Close Temporary Drilling Pits

Attachments: 72-Hr Notice to Close Temp Drlg Pits 9-28-2011.xls

Dear Mr. Brandon Powell and Evan Rowand,

Dugan Production Corp. is hereby giving notice that Dugan will be closing Temporary Drilling pits on the following well pads:

- 1) Moncrief Com #100
- 2) Moncrief Com #101

Site specific and soil analysis information for each temporary pit is included in the enclosed attachment.

Both of the permanent pits are located on State Surface.

Temporary pits will be closed starting Wednesday, September 28, 201.

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

Kurt Fagrelius Dugan Production Corp. 505.325 1821 office 505.320 8248 cell 505.327.4613 fax 2

Dugan Production Corp. Temporary Pits to be Closed on September 28, 2011

Lease Name	Moncrief Com #100	Moncrief Com #101
API Number	30-045-35235	30-045-35234
Surface Owner - Notice Sent	State	State
Location - UL, Sec., Twp, Rge	A-2-30N-13W	P-2-30N-13W
Latitude	36.84626 N	36.8381 N
Longitude	108.16738 W	108.11156 W
Benzene (<0.2 mg/kg)	0.116 mg/kg	<0.050 mg/kg
Betex (<50 mg/kg)	0.496 mg/kg	<0.208 mg/kg
TPH - Analytic Mthd-418.1 (<2500 mg/kg)	<100 mg/kg	138 mg/kg
GRO + DRO - Analytic Mthd-8015 (<200 mg/kg)	56.8 mg/kg	15.3 mg/kg
Chlorides (<1000 mg/kg)	192 mg/kg	496 mg/kg
Thresholds as per "Pit Rule" 19.15.17 NMAC are		
highlighted in red.		

From:

postmaster@duganproduction.com

Sent:

Sunday, September 25, 2011 7:15 PM

To:

Kurt Fagrelius

Subject:

Delivery Status Notification (Relay)

Attachments:

ATT09353.txt; 72-Hour Notice to Close Temporary Drilling Pits





ATT09353.txt (426 72-Hour Notice to

B)

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.

erowland@slo.state.nm.us

From:

postmaster@duganproduction.com

Sent:

Sunday, September 25, 2011 7:13 PM

To:

Kurt Fagrelius

Subject:

Delivery Status Notification (Relay)

Attachments:

ATT09362.txt; 72-Hour Notice to Close Temporary Drilling Pits





ATT09362.txt (413 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

System Administrator From:

Kurt Fagrelius To:

Sent:

Sunday, September 25, 2011 7:13 PM
Delivered: 72-Hour Notice to Close Temporary Drilling Pits Subject:

Your message

'Powell, Brandon, EMNRD'; Evan Rowland (erowland@slo.state.nm.us); Kurt Fagrelius To:

72-Hour Notice to Close Temporary Drilling Pits Subject:

Sent: 9/25/2011 7:13 PM

was delivered to the following recipient(s):

Kurt Fagrelius on 9/25/2011 7:13 PM



Moncrict #101 Prelminary Smpli

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

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 Hydorcarbons

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

Cardinal Laboratories is accreditated 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.

Lope S. Moreno

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,

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 NONE GIVEN

Project Number: Project Location:

NOT GIVEN

Sampling Date:

08/10/2011

Sampling Type:

Soil

Sampling Condition:

Cool & Intact

Sample Received By:

Jodi Henson

Sample ID: MONCRIEF #101 (H101697-02)

BTEX 8021B	mg,	/kg	Analyze	d By: CMS					
Analyte	Result	Reporting Limit	Analyzed .	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Benzene*	0.109	0.050	08/15/2011	· ND	1.82	91.1	2.00	5.65	
Toluene*	0.267	0.050	08/15/2011	ND	1.74	87.0	2.00	6.04	
Ethylbenzene*	0.164	0.050	08/15/2011	ND	1.77	88.3	2.00	6.91	
Total Xylenes*	0.504	0.150	08/15/2011	ND	5.28	88.1	6.00	7.29	
Surrogate 4-Bromofluorobenzene (PIL	119	% 70-130			With Happin Contraction		#		
Chloride, SM4500Cl-B	mg,	/kg	Analyze	d By: AP					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	1250	16.0	08/12/2011	ND	448	112	400	0.00	
TPH 418.1	mg,	/kg	Analyze	d By: AB					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
TPH 418.1	381	100	08/18/2011	ND	1060	97.2	1090	1.90	
TPH 8015M	mg,	/kg	Analyze	d By: ab					S-04
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
GRO C6-C10	12.7	10.0	08/14/2011	ND	201	101	200	0.248	
DRO >C10-C28	39.2	10.0	08/14/2011	ND	180	90.0	200	1.96	
Total TPH C6-C28	51.9	10.0	08/14/2011	ND	381	95.4	400	0.798	
Surrogate: 1-Chlorooctane	104	% 70-130						··	
Surrogate 1-Chlorooctadecane	131	% 70-130							,

Cardinal Laboratories

*=Accredited Analyte

PLEASE NOTE: Liability and Damages Cardnals liability and clients 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 whong and received by Cardnal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be failled for consequential damages, methods, limitabon, 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 the services hereunder by Cardinal, regardless of whether such claims 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 Laboratomes.

Hope S. Moreno

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 S. Moreno

Hope Moreno, Inorganic Technical Director



CHAIN OF CUSTODY RECORD

1 agc 01
FOR GAL USE ONLY GAL JOB #

Page 8 of 8

Client: Ducan Frod	
Contact: Kurt Fagrelius	
Address: 209 E Murrey Dr.	
Fermination NM.	
Phone Number 525-326-8246	نر

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

FAX Number:

Ensure proper container packaging.
 Ship complex promptly following or

2) Ship samples promptly following collection.

3) Designate Sample Reject Disposition.

PO#

Project Name.

NÒTES:

Samplers Signature.

Table 1. – Matrix Type

1 =Surface Water, 2 =Ground Water

3 = Soil/Sediment, 4 = Rinsate, 5 = Oil

6 = Waste, 7 = Other (Specify)

Ktagrelius Ado (970) 247-4220 FAX (970) 247-4227 Lab Name: Green Analytical Laboratories Analyses Required 75 Suttle Street, Durango, CO 81303 Address: Collection Miscellaneous Preservative(s) Unpreserved (Ice Only) Sample Filtered '' Y/N Collected by: (Init.) No. of Containers Other (Specify) Sample ID Date Time Comments Matrix Type From Table 1 H2S04 NAOH HN03 43c/AM Relinquished by: Date: Time: Received by: Date: Time. Date - 10 - 1 Time: Relinquished by:

Moncrict Com "101 Contirmation Smpl



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

September 06, 2011

KURT FAGRELIUS

DUGAN PRODUCTION

P. O. BOX 420

FARMINGTON, NM 87499

RE: DRILLING PIT ANALYSIS

Enclosed are the results of analyses for samples received by the laboratory on 08/30/11 10:45.

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 Hydorcarbons

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

Cardinal Laboratories is accreditated 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.

Celeg & Keine

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,

Celey D. Keene

Lab Director/Quality Manager



Analytical Results For:

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

Fax To:

Received:

08/30/2011

Sampling Date:

08/26/2011

Reported:

09/06/2011

Sampling Type:

Soil

Project Name:

DRILLING PIT ANALYSIS

Sampling Condition:

Cool & Intact

Project Number:

NONE GIVEN

Sample Received By:

Jodi Henson

Project Location:

NOT GIVEN

Sample ID: MONCRIEF COM #101 (H101837-01)

BTEX 8021B	mg	/kg	Analyze	d By: CMS					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD .	Qualifier
Benzene*	<0.050	0.050	08/31/2011	ND	1.94	96.9	2.00	0.411	
Toluene*	0.067	0.050	08/31/2011	ND	1.86	93.2	2.00	1.91	
Ethylbenzene*	0.065	0.050	08/31/2011	ND	1.89	94.4	2.00	0.835	
Total Xylenes*	0.208	0.150	08/31/2011	ND	5.65	94.2	6.00	0.138	
Surrogate 4-Bromofluorobenzene (PIL			4						
Chloride, SM4500CI-B	mg	/kg	Analyze	d By: HM					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	496	16.0	08/31/2011	ND	432	108	400	0.00	
TPH 418.1	mg	/kg	Analyze	d By: AB					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
TPH 418.1	138	100	08/31/2011	ND	970	89.0	1090	11.7	
TPH 8015M	mg	/kg	Analyze	d By: ab			-		
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
GRO C6-C10	<10.0	10.0	09/02/2011	ND	172	86.1	200	1.25	
DRO >C10-C28	15.3	10.0	09/02/2011	ND	181	90.6	200	3.69	
Total TPH C6-C28	15.3	10.0	09/02/2011	ND	353	88.4	400	2.49	
Surrogate 1-Chlorooctane	95 0	% 55 5-15						-	-
Surrogate, 1-Chlorooctadecane	103	% 57 6-15	8						

Cardinal Laboratories

*=Accredited Analyte

PLEASE NOTE Lability and Damages Cardinal's lability and client's exclusive remedy for any claim ansing, 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 whatspeever shall be deemed warved 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 the 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.

Celeg E. Keene

Celey D. Keene, Lab Director/Quality Manager

Page 2 of 4



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

PLEASE NOTE Liability and Damages. Cardinals liability and clent's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by clent for analysiss. All claims, including those for negligence and any other cause whatsoever shall be deemed valved 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 incidential or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by clent, its subsidiaries, affiliates or successors arising out of or related to the performance of the services hereunder by Cardinal, regardless of whether such claims 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.

Celeg Theme

Celey D. Keene, Lab Director/Quality Manager

Analytical
Laboratories

CHAIN OF CUSTODY RECORD

CORD	Page of
Table 1. – Matrix Type	FOR GAL USF ONLY
1 = Surface Water, 2 = Ground Water	GAL JOB #
3 = Soil/Sediment, 4 = Rinsate, 5 = Oil	
6 = Waste, 7 = Other (Specify)	

Samplers Signature

Client Dugan Prod. Corp.
Contact Kurt Facrolius
Address: 709 E. Marray Dr.
Fermineten, NM

1) Ensure proper container packaging 2) Ship samples promptly following collection

NOTES:

3) Designate Sample Reject Disposition. Phone Number 505 320-8248 PO#

FAX Number: Kfasrelius a dugan project Name:

production com

Lab Name. Green Analytical Laboratories (970) 247-4220 FAX (970) 247-4227							Analyses Required																		
Address: 75 Suttle S	Address: 75 Suttle Street, Durango, CO 81303																								
	Colle	ction]	Miscell	aneous	5	Preservative(s)																		
Sample ID HID1837	Date	Time	Collected by. (Init.)	Matrix Type From Table 1	No. of Containers	Sample Fittered ? Y/N	Unpreserved (Ice Only)	HNO3	IICL.	H2SO4	NAOII	Other (Specify)	1, 5 tid	And horis	BIEX	12718,	TH SOIS	3					Comme	ents Fav m	
Moncrict Com	8-26-11	2:30	W.		/				ĺ					1											
2. 7/01		7,,	111		-										1									-	
3.													3												
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10													\vdash	-	-										
	Fagu	01	L	Date.		- N	Time	، تد: ا	95	Rece	ved b	у С	\		lili		<u>-</u> -		11		Date:	-26-11	Tim	e. '50'	
Relinquished by	1090			Date.	, <u> </u>	<i></i>	Time				iyed <i>f</i> b		1	Le Ve	W	и 00	Z.	rf.l	14	-	Date:		Tip	10:45	<u>}_</u>

^{*} Sample Reject | | Return | | Dispose | | Store (30 Days)

3°c #26

Page 4 of 4

District I 1625 N French Dr., Hobbs, NM 88240

38240 Epopay N

State of New Mexico Energy, Minerals & Natural Resources Department Form C-102 Revised October 12, 2005 Instructions on back

District II 1301 W Grand Avenue, Artesia, NM 88210 District III 1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505 Submit to Appropriate District Office State Lease - 4 Copies Fee Lease - 3 Copies

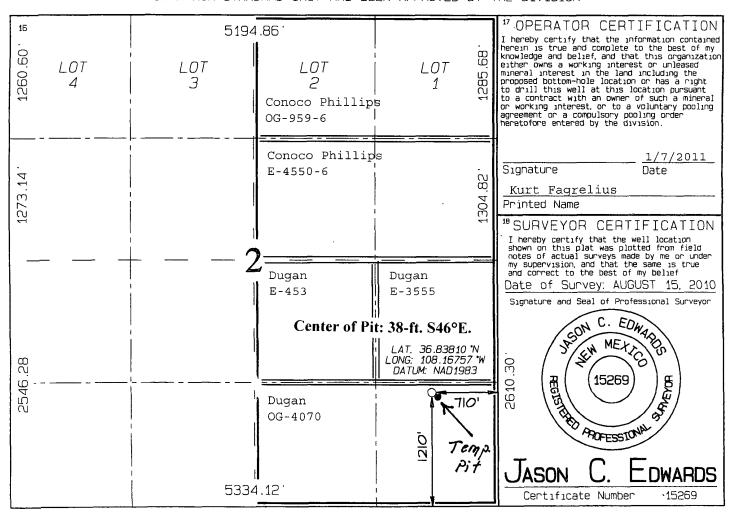
District IV 1220 S St Francis Dr., Santa Fe, NM 87505

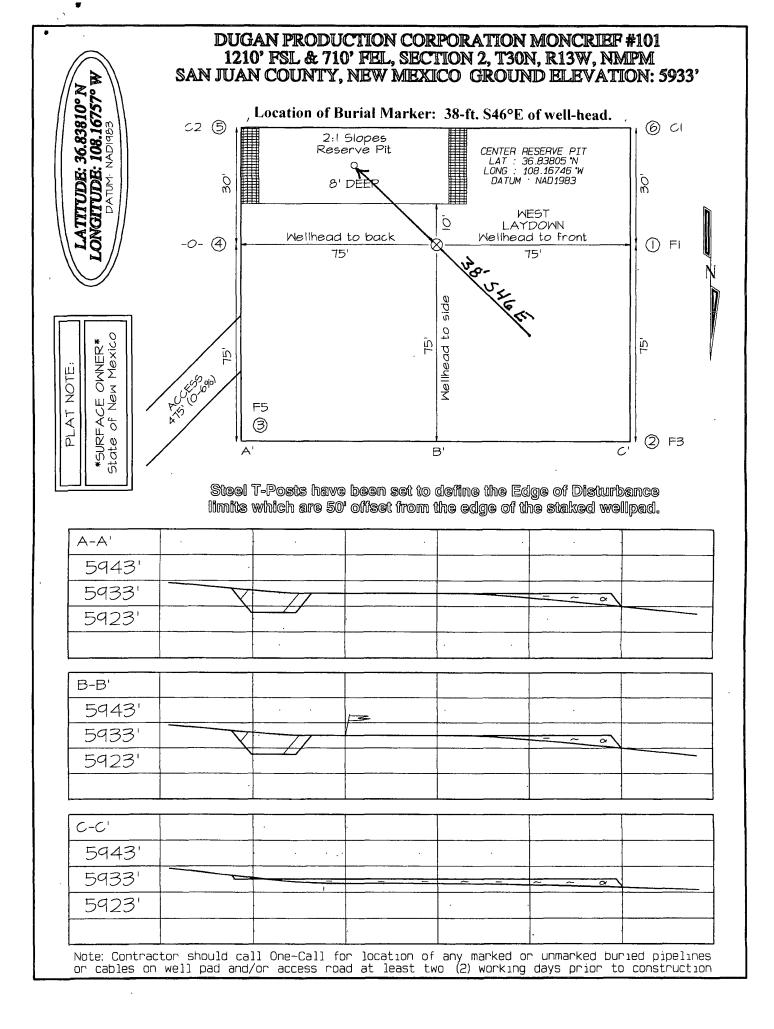
AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

Δ'	API Numbe	r		Pool Cod	е		³Pool Nam	e					
				71629		BASIN FRUITLAND COAL							
*Property Code *Property Name MONCRIEF									[©] Well Number 101				
'OGRID N	OGRID No Operator Name												
006515 DUGAN PRODUCTION CORPORATION 593									5933				
	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				
Р	2	30N	13W		1210	SOUTH	710	EAST	SAN JUAN				
	·	¹¹ Bo	ottom	Hole L	ocation I	f Different	From Surf	ace					
UL or lot no.	Section	Township	Range	Lat Idn	Feet from the	North/South line	Feet from the	East/West :	line County				
318.90 Acres - (E/2)					¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No						

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





Submit To Appropriate District Office State of New Mexico Form C-105 Two Copies Revised August 1, 2011 District I Energy, Minerals and Natural Resources 1625 N. French Dr., Hobbs, NM 88240 1. WELL API NO. District II 30-045-35234 811 S First St , Artesia, NM 88210 Oil Conservation Division District III 2. Type of Lease 1000 Rio Brazos Rd , Aztec, NM 87410 1220 South St. Francis Dr. ☐ FEE ☐ FED/INDIAN District IV Santa Fe, NM 87505 State Oil & Gas Lease No 1220 S St Francis Dr., Santa Fe, NM 87505 OG4070 WELL COMPLETION OR RECOMPLETION REPORT AND LOG CONTRACTOR OF THE STATE OF THE S 4. Reason for filing. 5. Lease Name or Unit Agreement Name Moncrief Com COMPLETION REPORT (Fill in boxes #1 through #31 for State and Fee wells only) 6. Well Number: C-144 CLOSURE ATTACHMENT (Fill in boxes #1 through #9, #15 Date Rig Released and #32 and/or 101 #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 9 OGRID Dugan Production Corp. 006515 10. Address of Operator 11 Pool name or Wildcat P O Box 420, Farmington, NM 87499-0420 (505)325-1821 Basin Fruitland Coal Unit Ltr Section Township 12.Location Range Lot Feet from the N/S Line Feet from the E/W Line County Surface: 2 30N 13W P 1210 South 710 East San Juan. RH. 13 Date Spudded 14 Date T.D Reached 15 Date Rig Released 16. Date Completed (Ready to Produce) 17. Elevations (DF and RKB, RT, GR, etc.) 6/2/11 18 Total Measured Depth of Well 19 Plug Back Measured Depth 20. Was Directional Survey Made? Type Electric and Other Logs Run 22 Producing Interval(s), of this completion - Top, Bottom, Name CASING RECORD (Report all strings set in well) 23 CASING SIZE WEIGHT LB./FT DEPTH SET HOLE SIZE CEMENTING RECORD AMOUNT PULLED LINER RECORD TUBING RECORD 24 2.5 SIZE TOP BOTTOM SACKS CEMENT | SCREEN SIZE DEPTH SET PACKER SET Perforation record (interval, size, and number) 27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC DEPTH INTERVAL AMOUNT AND KIND MATERIAL USED **PRODUCTION** Date First Production Production Method (Flowing, gas lift, pumping - Size and type pump) Well Status (Prod. or Shut-in) Hours Tested Choke Size Prod'n For Oil - Bbl Gas - MCF Water - Bbl. Gas - Oil Ratio Date of Test Test Period Oil Gravity - API - (Corr.) Calculated 24-Oil - Bbl. Gas - MCF Water - Bbl Flow Tubing Casing Pressure Hour Rate 30 Test Witnessed By 29 Disposition of Gas (Sold, used for fuel, vented, etc.) 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 36.8381 Longitude 108.16757 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 Printed Name Kurt Fagrelius Title Vice-President, Exploration Date 10/27/2011 Signature

E-mail Address kfagrelius@duganproduction.com



UM of NM - San Juan County

Original

Ticket# 1391729 78 County-Read 3140 Actec, NM, 87410 Ph: (505) 334-1121 Customer Name DUGANPRODUCTION DUGAN PRODUCT Carrier Ace Services Ace Services Vehicle# Ø7 Volume 09/28/2011 Ticket Date Container Payment Type Credit Account Driver Manual Ticket# Check# Hauling Ticket# Billing # 0000019 Route Gen EPA ID State Waste Code 19207 Manifest Grid Destination p_0 101364NM (Dugan Production - Various Locations) Profile Generator 153-DUGAMPRODUCTIONVARIOUS Dugan Production - Various Locations Operator Inbound Gross 13360 16 Scale Time Tare Inbound 301 nbaca 12840 lb 09/28/2011 10:55:54 In Net 520 lb Outbound 302 09/28/2011 11:09:12 nbaca Out Tone 0.26 Comments 11.

F	roduct	LD%	Qty	UOM	Rate	Тах	Amount	Origin
1	SpwasteSolidOth-Cu	100	5.00	Yards				FARM
ć	EVFt-P-Standard En	100		%				FARM
-	3 FUEL-T-Fuel Surcha	100		4				FARM

51.25 51.24 102.51 MONG 100 more 101

Total Tax Total Ticket

Driver's Signature

403WM

Month/Day/Year 小儿儿 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/GENy Yellow/LANDFILL Pink/TRANSPORTER Golden/GEN

san juan reproduction 98-165

(

19207

WASTE MANAGEMENT OF NEW MEXICO. INC.

SAN JUAN COUNTY REGIONAL LANDFILL

Aztec, New Mexico 87410

PERMIT #SWM-052426, #SWM-052426SP, #78 CR 3140 P.O. Box 1402

Shipment # _____

1. Generator's Work site name and address (phys	ical site address of waste generation	on)					
2. Generator's name and address		Generator's Telephone no.					
Dugan Production Corp. PO Box 420 Farmington, NM 87499	505–325–1821						
3. Authorized Agent name and address (if differen	Agent's Telephone no.						
Kurt Fagrelius VP Exploration PO Box 420 Farmington, NM 87499	505-320-8248						
4. Description materials	5. Container's	6. Total Quantity					
20 mills pit liner (CLEAN)	No. Type	(tons) (vd3)					
Monoriet Con \$100	Monoriet Con \$100						
Morcrief Control	5						
7. Special handling instructions N/A							
8. GENERATOR or AUTHORIZED AGENT CERTIF are fully and accurately described above and are on in proper condition for transport by highway in according the certify that the above named material does not a hazardous waste as defined by 40CFR 261 or any	classified, packed, marked and la dance with applicable international ot contain free liquid as defined by	beled, and are in all respects and government regulations.					
Generator or Agent (Printed/typed name and title)	Generator or Agents Signature	Month/Day/Year					
Kurt Fagrelius VP Exploration 9. Transporter 1 (Acknowledgement of receipt of ma	Murt Pagrile	1/2019					
Printed/typed name & title, address, telephone no. Kurt Fagrelius VP Exploration PO Box 420 505-320-8248 Farmington, NM 87499	Driver Signature	Month/Day/Year					
10. Transporter 2 (Acknowledgement of receipt of n	naterials)						
Printed/typed name & title, address, telephone no. Jonithan Couter - Thurston 1999 Alk Levius 5054860-4009 334-3234	Driver Signature	Month/Day/Year — 9 / 28/11					
11. Discrepancy indication space # 10 Smult De on #9							
12 Waste disposal site Location co-ordinates (X,	36 /W108°	02783					
Received by name and title (Printed typed) White/GEN Yellow/LANDFILL Pink/TRANSP	SJC Landfill Rep Signate ORTER Golden/GEN	ure Month / Day / Year 400 9 28 // san juan reproduction 98-165					

DUGAN PRODUCTION CORP.

| MONCRIEF COM #101
OG-4070
API # 30-045-35234
1210' FSL, 710' FEL
SESE SEC. 02, T30N, R13W
LAT. 36.83810 LONG. 108.16757
SAN JUAN COUNTY, NM
FOR EMERGENCY CALL (505)325-1823

