

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

State of New Mexico
Energy Minerals and Natural Resources

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

Form C-141
Revised October 10, 2003

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

Release Notification and Corrective Action

30-045-25515

OPERATOR

☐ Initial Report ☒ Final Report

Name of Company	Dugan Production Corp.	Contact	Kurt Fagrelus
Address	P.O. Box 420	Telephone No	505-325-1821
Facility Name	Herry Monster #1	Facility Type	Permanent Pit
Surface Owner	Federal	Mineral Owner	Federal
		Lease No	NM-17015

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
M	12	24N	11W	790	South	790	West	San Juan

Latitude 36.32284 N Longitude 107.96014 W

NATURE OF RELEASE

Type of Release	Spill Clean-Up and Pit Closure	Volume of Release	Unknown	Volume Recovered	N.A.
Source of Release	Below grade permanent pit release	Date and Hour of Occurrence	?	Date and Hour of Discovery	N.A.
Was Immediate Notice Given?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Required	If YES, To Whom?	N/A		
By Whom?		Date and Hour			
Was a Watercourse Reached?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse			
If a Watercourse was Impacted, Describe Fully *					
N/A					
Describe Cause of Problem and Remedial Action Taken *					
During permanent pit closure a chloride impact was discovered. A five-point composite sample tested 1490-mg/kg chloride which exceeds the threshold limits of 19.15.17.13.C. See attached sample results.					
Describe Area Affected and Cleanup Action Taken * Contamination was addressed under the "spill rule" 19.15.30. 60-cubic yards of contaminated soil was hauled from site of release to Envirotech Landfarm. C-144 ranking=10. The Chloride release does not pose a threat to groundwater contamination. See attachment to "Final C-141" and invoice #23053.					
I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the NMOCD marked as "Final Report" does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations					
Signature	Kurt Fagrelus				
Printed Name	Kurt Fagrelus	Approved by District Supervisor			
Title	VP Exploration	Approval Date	11/30/2011	Expiration Date	
E-mail Address	kfagrelus@duganproduction.com	Conditions of Approval		Attached <input type="checkbox"/>	
Date	1/4/2011	Phone		505-325-1821	

* Attach Additional Sheets If Necessary

NSK 1133452925

**CARDINAL
LABORATORIES**

PHONE (505) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

December 31, 2009

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

Re: Earth Pit Closure

Enclosed are the results of analyses for sample number H18943, received by the laboratory on 12/23/09 at 11:15 am.

Cardinal Laboratories is accredited through Texas NELAP for:

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

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

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

Accreditation applies to public drinking water matrices.

Total Number of Pages of Report: 5 (includes Chain of Custody)

Sincerely,

Celey D. Keene
Laboratory Director

This report conforms with NELAP requirements.



CARDINAL LABORATORIES

PHONE (505) 393-2326 • 101 E. MAPLAND • HOBBS, NM 88241

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

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

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

LAB NO	SAMPLE ID	ETHYL TOTAL			
		BENZENE	TOLUENE	BENZENE	XYLENES
		(mg/kg)	(mg/kg)	(mg/kg)	(mg/kg)
ANALYSIS DATE:		12/30/09	12/30/09	12/30/09	12/30/09
H18943-1	ROADRUNNER #1 SEP	<0.050	<0.050	<0.050	<0.300
H18943-2	FLO JO #2 SEP	<0.050	<0.050	<0.050	<0.300
H18943-3	FLO JO #4	<0.050	<0.050	<0.050	<0.300
H18943-4	PIERRE #1 SEP	0.112	0.132	<0.050	<0.300
H18943-5	HOSS #1 SEP	<0.050	<0.050	<0.050	<0.300
H18943-6	HERRY MONSTER #1	<0.050	<0.050	<0.050	<0.300
H18943-7	PLATERO NAVAJO #1 PROD. TANK	<0.050	<0.050	<0.050	<0.300
H18943-8	PLATERO NAVAJO #1 SEP	<0.050	<0.050	<0.050	<0.300
H18943-9	RACHET #2 SEP	<0.050	<0.050	<0.050	<0.300
H18943-10	CHACO PLANT 90 SEP	0.101	<0.050	<0.050	<0.300
Quality Control		0.047	0.047	0.048	0.149
True Value QC		0.050	0.050	0.050	0.150
% Recovery		94.0	94.0	96.0	99.3
Relative Percent Difference		4.1	3.3	3.1	3.5

METHODS: BTEX - SW-846 8021B

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

Ally S. Keene
Chemist

12/31/09
Date

H18943 BTEX DUGAN

PLEASE NOTE: Liability and Damages. Cardinal's liability, and client's exclusive remedy, shall be limited to the amount of the fee paid by the client for the service rendered, including thereon negligence and any other claim whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after the date of the report. In no event shall Cardinal be liable for, or consequences of, any delay, loss, or damage, including but not limited to, loss of profits, income, or other consequential damages, arising from the use of the service rendered by Cardinal. The client shall be responsible for the accuracy of the data provided to Cardinal. Cardinal's liability shall be limited to the amount of the fee paid by the client for the service rendered by Cardinal.



ARDINAL LABORATORIES

PHONE (575) 395-2226 • 101 E. MARLTON • HOBBS, NM 88241

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

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

418.1
TOTAL
TPH
(mg/kg)

LAB NUMBER	SAMPLE ID	(mg/kg)
ANALYSIS DATE		12/29/09
H18943-1	ROADRUNNER #1 SEP.	<100
H18943-2	FLO JO #2 SEP	<100
H18943-3	FLO JO #4	<100
H18943-4	PIERRE #1 SEP.	<100
H18943-5	HOSS #1 SEP.	136
H18943-6	HERRY MONSTER #1	<100
H18943-7	PLATERO NAVAJO #1 PROD TANK	<100
H18943-8	PLATERO NAVAJO #1 SEP	<100
H18943-9	RACHET #2 SEP	113
H18943-10	CHACO PLANT 90 SEP.	<100
Quality Control		315
True Value QC		300
% Recovery		105
Relative Percent Difference		0.5

METHODS EPA 418 1

Not accredited for TPH 418.1 Reported on wet weight.

Chemist

Date _____

H16943 4187 DUGAN

PLEASE NOTE: Liability and Damages. Cardinal is not, and does not exclusively remain, for any claim arising whatsoever based in contract or tort that may result in the recovery of the following: (1) All claims involving injury for negligence and any other cause whatsoever shall be deemed not to arise or made in writing and released in accordance with the applicable policy or policies of the insurance carrier. In no event shall Cardinal be liable for any claim or damages arising from any cause, including, without limitation, the release of these materials, in any form or by any means, in whole or in part, by any person or entity, except as may be stated in writing by Cardinal. Cardinal general and specific releases such claims and damages, including reasonable attorneys' fees, and agrees to defend and indemnify Cardinal accordingly. Such release and the complete discharge of Cardinal shall be binding on all persons, including those who may be named in any lawsuit, and shall not be subject to challenge in any court of law.



ARDINAL LABORATORIES

PHONE (505) 305-2526 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
DUGAN PRODUCTION
ATTN: FRED CORNISH
4100 PIEDRAS STREET
FARMINGTON, NM 87401
FAX TO: (505) 325-4673

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

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

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

METHOD: Standard Methods

4500-Cl⁻B

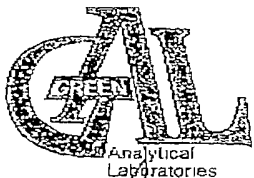
Note: Analyses performed on 1:4 w/v aqueous extracts. Not accredited for Chloride

Chemist

12/31/09
Date

H18943 Dugan

PLEASE NOTE: Liability and Coverage: Cardinal's liability and coverage are limited to the amount paid by client for each per-
mit. This includes those for negligence and/or other cause wherever shall be deemed with no unless made in writing and received by Cardinal within (30) days of the completion of the analytical
method. In no event shall Cardinal's liability be limited to the amount paid by client for each permit. Cardinal's liability shall be limited to the amount paid by client for each permit. Cardinal's liability shall be limited to the amount paid by client for each permit. Cardinal's liability shall be limited to the amount paid by client for each permit.



CHAIN OF CUSTODY RECORD

Page 1 of 1

Client Dugan PRODUCTION

Contact FRED CARNISH

Address _____

Phone Number: 505-330-0929

FAX Number 505-325-4873

NOTES:

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

PO# _____

Project Name: EARTH PIT Closure

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: Fred Carnish

Lab Name: Green Analytical Laboratories (970) 247-4220 FAX (970) 247-4227											Analyses Required					Comments					
Address: 75 Suttle Street, Durango, CO 81303											Benzene	TEX	418.1	Chlorides							
Sample ID	Date	Time	Collected by: (Init.)	Matrix Type From Table 1	No. of Containers	Sample Filtered ? Y/N	Unpreserved (Ice Only)	HNO3	HCL	H2SO4											
H18943-																					
1 Roadrunner #1 Sep	12-22-09	1:58 PM		3																	
2 Fly So #2 Sep	12-22-09	2:15 PM																			
3 Floss #4	12-22-09	2:45 PM																			
4 Pierre #1 Sep	12-22-09	9:12 AM																			
5 Hoss #1 Sep	12-22-09	9:30 AM																			
6 Merry Monster #1	12-22-09	10:35 AM																			
7 Platero Navajo #1 Sep	12-22-09	11:41 AM																			
8 Platero Navajo #1 Sep	12-22-09	12:10 AM																			
9 Rachel #2 Sep	12-22-09	1:00 PM																			
10 Chaco Plant #1 Sep	12-22-09	1:20 AM																			
Relinquished by: <u>Fred Carnish</u>			Date: <u>12-22-09</u>			Time: <u>2:48 PM</u>			Received by: <u>Christa Lane</u>			Date: <u>12/22/09</u>			Time: <u>1:48</u>						
Relinquished by: <u>Fed EX</u>			Date: _____			Time: _____			Received by: <u>Cal Greene</u>			Date: <u>12/23/09</u>			Time: <u>11:15</u>						

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

6°C C+I #26

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



To
 Dugan Production Corp
 PO Box 420
 Farmington, NM 87401

Invoice

Invoice Number 23053
 Job 06094-0061
 DATE March 10, 2009

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

Ordered by Fred Cornish

Project Manager April Pohl

<u>Employee</u>	<u>Staff Type</u>	<u>Description</u>	<u>Units</u>	<u>Rate</u>	<u>Total</u>
03/04/2009					
Landfarm					
		BOL# 32878	1 00 EA	10 00	10 00
Paint Filter Test		BOL# 32878	1 00 EA	15 00	15 00
Chloride Analysis-Water		BOL# 32878	12.00 CY	18 00	216 00
Contaminated Soil Receival					
Landfarm Total:			14.00		241.00
03/04/2009 Total:			14.00		241.00
03/05/2009					
Landfarm					
		BOL# 32886	4 00 EA	10 00	40 00
Paint Filter Test		BOL# 32886	4 00 EA	15 00	60 00
Chloride Analysis-Water		BOL# 32886	48 00 CY	18 00	864 00
Contaminated Soil Receival					
Landfarm Total:			56.00		964.00
03/05/2009 Total:			56.00		964.00
Invoice Sub-total					1,205 00

Invoice # 23053 Job # 06094-0061

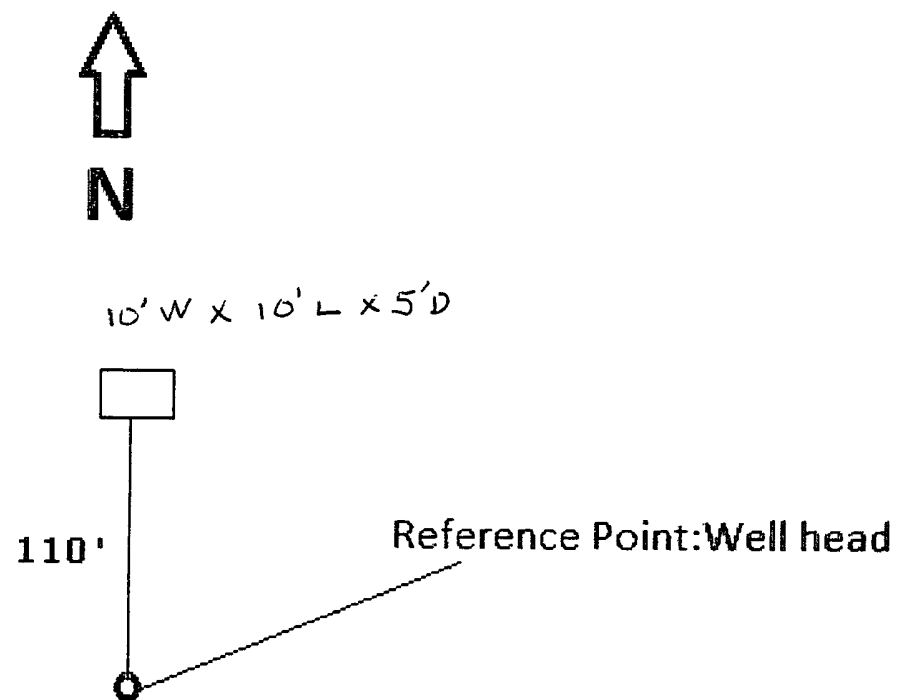
<u>Employee</u>	<u>Staff Type</u>	<u>Description</u>	<u>Units</u>	<u>Rate</u>	<u>Total</u>
		Sales Tax			74 56

Amount due this Invoice					<u>\$1,279 56</u>
-------------------------	--	--	--	--	-------------------

All invoices are due upon receipt A late charge of 1 5% will be added to any unpaid balance after 30 days

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

Dugan Production
Herry Monster #1
Seperator &
Production



From Reference Point Go Due N. For a
Distance of 110' to Center of Pit.

Permanent pit: Herry Monster #1
API number: 30-045-25515

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

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

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

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

1. Stockpiled sub-surface soil will be used to backfill pit and re-contour (to a final or intermediate cover that blends with the surrounding topography). A minimum of four-feet of compacted, non-waste containing, earthen material will be used as backfill.
2. Stockpiled surface soil will be used as a cover over the backfilled pit and disturbed area no longer needed for production operations. The soil cover will include either the background thickness of top soil or one-foot of suitable material to establish vegetation at the site whichever is greater. The soil cover will be constructed to the sites existing grade and prevent water collection or ponding and erosion of the cover material.
3. Disturbed areas will be seeded the first growing season after the pit is closed. Seeding will be accomplished by drilling on contour whenever possible or by other division approved methods. BLM stipulated seed mixes will be used on all Federal lands and OCD approved seed mixes (administratively approved if required) will be used on all State or private lands. Vegetative cover will equal 70% of the native perennial vegetative cover (un-impacted) consisting of at least three native plant species, including at least one grass, but not including noxious weeds, and maintain that cover through two consecutive growing seasons. If alternate seed mix is required by the state, private owner or tribe, it will be implemented with administrative approval if needed. Seeding or planting will be continued until successful vegetative growth occurs.
4. The Aztec District office of the OCD will be notified after each re-seeding operation and after successful re-vegetation has been achieved.

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

Lease Name: Herry Monster #1						
API No 30-045-25515						
Site Specific Information						
Depth to	245-ft	Distance to Surface	400-ft	Wellhead Protection Area	>1000-ft	
Groundwater		Water Body		Distance from Water Source		
Total Ranking Score						
Depth to	Ranking	Distance to Surface	Ranking	Wellhead Protection Area	Ranking Score	Total Ranking
Groundwater	Score	Water Body	Score	Distance from Water Source	Yes =20, No=0	Score
<50-feet	20	<200-feet	20	<1000-feet from water source	0	
50 - 99	10	200 - 1000	10	<200-feet domestic water	0	
>100-feet	0	>1000-feet	0			10
Total Ranking Score					Sample	
		>19	10 - 19	0 - 9	Analysis	
Benzene (mg/kg)		10	10	10	<0.050	
BTEX (mg/kg)		50	50	50	<0.300	
TPH (mg/kg)		100	1000	5000	<100	
Chorides (mg/kg)		N A	N.A.	N.A.	1490	
Note Analytical methods used for Benzene SW-846, BTEX SW-846, TPH 418 1 and Chlorides 4500-C1-B.						
C-144 ranking = 10. Chloride release does not pose a threat to groundwater contamination.						

Herry Monster #1 Hydrogeologic Report

The Herry Monster #1 is located on Federal land on the Chaco Slope area of the San Juan Basin, in San Juan County, New Mexico. The area is characterized by gentle rolling hills with flat lands of grass and sage, bordered by the De Na Wilderness area ½ mile to the west (Kirtland Shale, badlands topography). It is well drained by numerous arroyos that carry water during seasonal periods (rainstorms and snowmelt) to the south and west.

A records search of the NM Office of the State Engineer –iWATERS database was conducted on a three square mile area centered on the Herry Monster #1 location (Exhibit 2). No water wells were located in the search area. The results of the search are shown on Exhibit 1.

The main source of stock water in the region is encountered in valley-fill deposits in existing arroyos at shallow depths of approximately 15 – 50 feet below the surface and stock tanks constructed on surface shale in the upper reaches and confluences of arroyos. The below grade tank is not located in an arroyo. The closest arroyo is 400-feet northwest of the below grade tank (Exhibit 2). The surface has been breeched down to a depth of 180-feet below the surface in the badlands area ½-miles west.

The Nacimiento Formation extends from the surface down to a depth of approximately 245-feet. The interval consists primarily of mudstone / shale with a trace of thin siltstone stringers.

The Nacimiento is a source of ground water for livestock purposes and more rarely domestic use in some areas near the outcrop. With depth and distance from the outcrop, water quality decreases quickly and may be useful for livestock only (Stone, 1983). Due to the lack of reservoir rocks capable of storing water and that the section has been breeched to a depth of 180-feet, ½-miles west, the Nacimiento is not expected to contain ground water in the area of the below grade tank.

The underlying Ojo Alamo Sandstone ranges from 245-355 feet and is comprised of a coarse grained alluvial sandstone inter-bedded with lenses of mudstone and occasional conglomeratic sandstone. The Ojo Alamo sand has good reservoir qualities and is capable of producing poor quality ground water.

The Fruitland Coal and Pictured Cliffs Sandstone from 1155-1285 contain ground water and natural gas. The water quality is very poor (>15,000 ppm TDS), water recovered with natural gas production is disposed of in nearby salt water disposal wells (analysis of this water is available upon request from Dugan Production).

Based on electric open hole logs, the iWATERS database, literature reviewed, poor quality groundwater might be found at a depth of 245-355 feet from the Ojo Alamo Sandstone. A deeper source of poor quality groundwater would be 1155-1285-feet in the Fruitland Coal / Pictured Cliffs Sandstone interval.

This Hydrogeologic Report was prepared by Mr. Kurt Fagrelus, Geologist for Dugan Production. Mr. Fagrelus has been employed as a geologist for Dugan for the past 31-years, received a MS in Geology from NMIMT in Socorro, NM and a BS in Geology from FLC in Durango, CO.

Stone, W.J., Lyford, F.P., Frenzel, P.F., Mizell, N.H., and Padgett, E.T., 1983, Hydrogeology and water resources of San Juan Basin, New Mexico: New Mexico Bureau of Mines and Mineral Resources Hydrologic Report 6, 70 p.

Brown, D.R., and Stone, W.J., 1979, Hydrogeology of Aztec quadrangle, San Juan County, New Mexico: New Mexico Bureau of Mines and Mineral Resources Hydrogeologic Sheet 1

Levings, G.W., Craig, S.D., Dam, W.L., Kernodle, J.M., and Thorn, C.R., 1990, Hydrogeology of the San Jose, Nacimiento, and Animas Formations in the San Juan Structural Basin, New Mexico, Colorado, Arizona and Utah: U.S. Geological Survey, Atlas HA-720-A, Sheet 1 and 2.

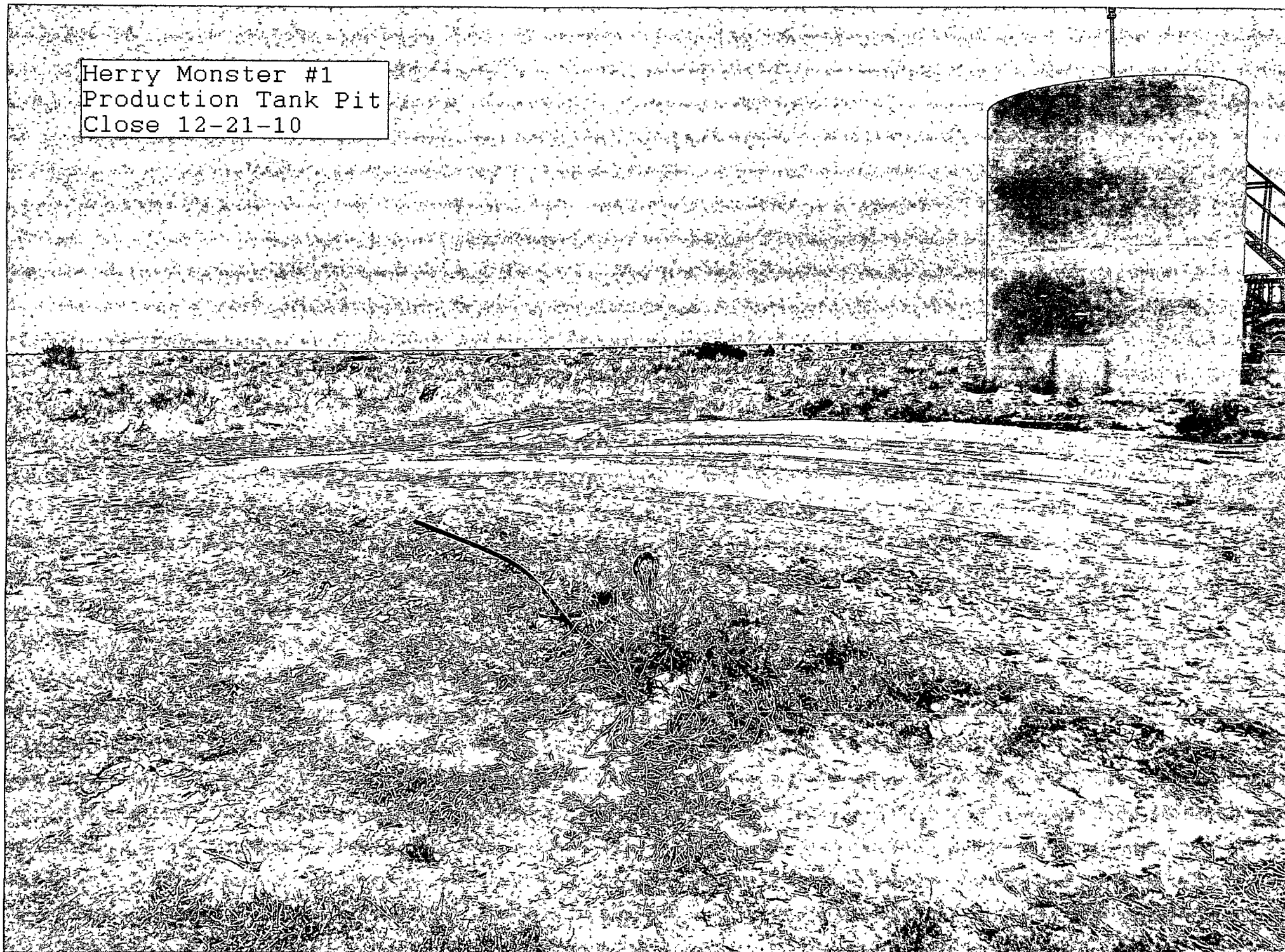
Thorn, C.R., Levings, G.W., Craig, S.D., Dam, W.L., and Kernodle, J.M., 1990, Hydrogeology of the Ojo Alamo Sandstone in the San Juan Structural Basin, New Mexico, Colorado, Arizona and Utah: U.S.G.S., Atlas HA-720-B, Sheet 1 and 2.

or emergency call (505)325-182

JUL 27

1967

Herry Monster #1
Production Tank Pit
Close 12-21-10



Kurt Fagrelus

From: Kurt Fagrelus
Sent: Wednesday, December 15, 2010 9 49 AM
To: 'Powell, Brandon, EMNRD', 'Spencer, Bertha', 'dave_mankiewicz@nm blm gov', 'Mark_Kelly@nm blm gov', 'lucas_vargo@blm gov'
Cc: Johnny Lane, Mike Sandoval
Attachments: 72-Hour Notice to Close 12-20 to 12-23-2010 xls

Dear Mr Brandon Powell, Ms Bertha Spencer, Mr Dave Mankiewicz, Mr Mark Kelly and Mr Lucas Vargo,

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

- 1) Western Federal #8Y
- 2) Bisti State Com #1
- 3) Olson #1
- 4) Herry Monster #1

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

Those highlighted in blue (#'s 1 & 2) are located on Tribal Trust Surface, and those highlighted in red (# 3 & #4) are located on Federal Surface

Permanent pits will be closed starting Monday December 20, 2010 thru Thursday December 23, 2010

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

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

12/15/2010

Dugan Production Corp. Permanent Pits to be Closed on December 20 to December 23, 2010

Lease Name	Western Federal #8Y	Bisti State Com #1	Olson #1	Herry Monster #1	
API Number	30-045-23545	30-045-25835	30-045-26516	30-045-25515	
Surface Owner - Notice Sent	Tribal Trust	Tribal Trust	Federal	Federal	
Location - UL, Sec , Twp, Rge	B-18-26N-11W	M-2-25N-13W	I-11-23N-10W	M-12-24N-11W	
Latitude	36 4929 N	36.42369 N	36.23965 N	36 32284 N	
Longitude	108 04185 W	108 19594 W	107 85847 W	107.96014 W	
C-144 Ranking Score	20	0	10	10	
Benzene (mg/kg)	<0.050	<0.050	<0.050	<0.050	
Betex (mg/kg)	<0.150	<0.150	<0.300	<0.300	
TPH (mg/kg) - Analy Mthd	<10 - 8015	27.8 - 8015	<100 - 418.1	<100 - 418.1	
Chlorides (mg/kg)	48	1040	1960	1490	
Total Yards Contaminated	36	N.A	N.A	60	
Soil Hauled to Landfarm					

Kurt Fagrelus

From: postmaster@duganproduction.com
Sent: Wednesday, December 15, 2010 9 49 AM
To: Kurt Fagrelus
Subject: Delivery Status Notification (Relay)

Attachments: ATT35410.txt, Untitled Attachment



ATT35410.txt (407 Untitled Attachment
B)

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

Kurt Fagrelius

From: postmaster@duganproduction.com
Sent: Wednesday, December 15, 2010 9 51 AM
To: Kurt Fagrelius
Subject: Delivery Status Notification (Relay)

Attachments: ATT35422.txt, Untitled Attachment



ATT35422.txt (396 Untitled Attachment
B)

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.

Bertha.Spencer@bia.gov

Kurt Fagrelius

From: lvargo@blm.gov
Sent: Wednesday, December 15, 2010 10:01 AM
To: Kurt Fagrelius

Return Receipt

Your
document:

was Lucas Vargo/FFO/NM/BLM/DOI
received
by:

at: 12/15/2010 10:00:55 AM

Kurt Fagrelus

From: dmankiew@blm.gov
Sent: Wednesday, December 15, 2010 10:28 AM
To: Kurt Fagrelus

Return Receipt

Your
document:

was Dave Mankiewicz/FFO/NM/BLM/DOI
received
by:

at: 12/15/2010 10:28:12 AM

Kurt Fagrelius

From: Spencer, Bertha [Bertha.Spencer@bia.gov]
To: Kurt Fagrelius
Sent: Wednesday, December 15, 2010 11:59 AM
Subject: Read

Your message

To: Bertha.Spencer@bia.gov
Subject:

was read on 12/15/2010 11:59 AM.