

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

30-045-27441

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	Flo Jo #2 (Separator)	Facility Type	Permanent Pit
Surface Owner	Federal	Mineral Owner	Federal
		Lease No.	NM-36952

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
C	1	23N	11W	660	North	1980	West	San Juan

Latitude 36.26100 N Longitude 107.95636 W

NATURE OF RELEASE

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

If a Watercourse was Impacted, Describe Fully.*

N/A

Describe Cause of Problem and Remedial Action Taken.*

During permanent pit closure a chloride impact was discovered. A five-point composite sample tested 992-mg/kg chlorides which exceeds the threshold limits as per subsection B of 19.15.17.13 (B) (1) (b). See attached sample results.

Describe Area Affected and Cleanup Action Taken *Contamination was addressed under the "spill rule", 19.15.30. C-144 ranking=0. 54.0-yds of contaminated soil was dug and hauled to Envirotech land farm. The chloride release does not pose a threat to contamination of groundwater. See attachment to "Final C-141" and invoice #23049.

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the NMOCD marked as "Final Report" does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.

Signature: <i>Kurt Fagrelus</i>	OIL CONSERVATION DIVISION	
Printed Name: Kurt Fagrelus	Approved by District Supervisor: <i>Jonah D. Kelly</i>	
Title: VP Exploration	Approval Date: 11/30/2011	Expiration Date:
E-mail Address: kfragrelus@duganproduction.com	Conditions of Approval:	Attached <input type="checkbox"/>
Date: November 11, 2010	Phone: 505-325-1821	

* Attach Additional Sheets If Necessary

1133456910


**ARDINAL
LABORATORIES**

PHONE (575) 383-2326 • 101 E. MARLAND • HOBBS, NM 88240

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

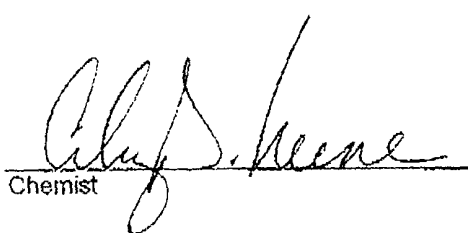
Receiving Date: 12/23/09
Reporting Date: 12/31/09
Project Number: NOT GIVEN
Project Name: EARTH PIT CLOSURE
Project Location: NOT GIVEN

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

LAB NO	SAMPLE ID	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.


 Chemist


 Date

H18943 BTEX DUGAN

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



CARDINAL LABORATORIES

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

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

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

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

LAB NUMBER SAMPLE ID		418.1 TOTAL TPH (mg/kg)
ANALYSIS DATE		12/29/09
H18943-1	ROADRUNNER #1 SEP.	<100
H18943-2	FLO JO #2 SEP.	<100
H18943-3	FLO JO #4	<100
H18943-4	PIERRE #1 SEP.	<100
H18943-5	HOSS #1 SEP.	136
H18943-6	HERRY MONSTER #1	<100
H18943-7	PLATERO NAVAJO #1 PROD. TANK	<100
H18943-8	PLATERO NAVAJO #1 SEP.	<100
H18943-9	RACHET #2 SEP.	113
H18943-10	CHACO PLANT 90 SEP.	<100
Quality Control		315
True Value QC		300
% Recovery		105
Relative Percent Difference		0.6

METHODS: EPA 418.1

Not accredited for TPH 418.1 Reported on wet weight.

Chemist

Date

H18943 418.1 DUGAN

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



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

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

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

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

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

METHOD: Standard Methods

4500-ClB

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

Cheryl Hume
Chemist

12/31/09
Date

H18943 Dugan

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



Client: Degan PRODUCTION
 Contact: FRED CORNISH
 Address: _____

Phone Number: 505-330-0929

FAX Number: 505-325-4873

CHAIN OF CUSTODY RECORD

Page 1 of 1

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 Cornish

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		Collected by: (Init.)	Miscellaneous			Preservative(s)				Benzene	BTEX	418.1	Chlorides	
	Date	Time		Matrix Type From Table 1	No. of Containers	Sample Filtered ? Y/N	Unpreserved (Ice Only)	HNO3	HCL	H2SO4					NAOH
H18943-															
1. Roadrunner #1 Sep	12-22-09	1:58 PM		3											
2. Elk Sc #2 Sep.	12-22-09	2:15 PM													
3. Elk Sc #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. Herby Monster #1	12-22-09	10:35 AM													
7. Platero Navajo #1 Prod	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 #2 Sep	12-22-09	1:20 PM													
Relinquished by: <u>Fred Cornish</u>			Date: <u>12-22-09</u>	Time: <u>2:48 PM</u>			Received by: <u>Christina Plana</u>			Date: <u>12/22/09</u>	Time: <u>1448</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 23049
Job: 06094-0057
DATE: March 10, 2009

Flo Jo #2- 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>
02/26/2009					
Landfarm					
		BOL# 32791	5.00 EA	10.00	50.00
Paint Filter Test		BOL# 32791	5.00 EA	15.00	75.00
Chloride Analysis-Water		BOL# 32791	54.00 CY	18.00	972.00
Contaminated Soil Reveal					
Landfarm Total:			64.00		1,097.00
02/26/2009 Total:			64.00		1,097.00
Invoice Sub-total					1,097.00
Sales Tax					67.88
Amount due this Invoice					\$1,164.88

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

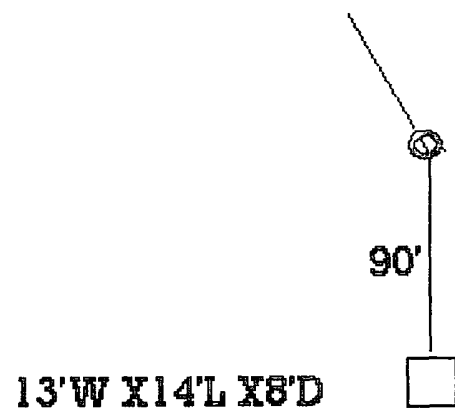
This may not be the final bill - if charges are received after this invoice has been mailed, you will receive a separate invoice for those costs

Dugan Production

Flo Jo # 2
Seperator Pit



Reference Point: Well Head



From Reference Point Go Due S For
a distance of 90' to Center of Pit.



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

December 31, 2009

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

Re: Earth Pit Closure

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

Cardinal Laboratories is accredited through Texas NELAP for:

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

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

Cardinal Laboratories is accredited 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.

Permanent pit: Flo Jo #2 (Separator)
API number: 30-045-27441

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: Flo Jo #2 (Separator)						
API No.: 30-045-27441.						
Site Specific Information						
Depth to	120-ft	Distance to Surface	3000-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			0
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.	992	
Note: Analytical methods used for Benzene SW-846, BTEX SW-846, TPH 418.1 and Chlorides 4500-C1-B.						
C-144 ranking = 0. Chloride release does not pose a threat to groundwater contamination.						

Flo Jo #2 (Seperator) Hydrogeologic Report

The Flo Jo #2 (Seperator) is located on Federal land on the Chaco Slope area in San Juan County, New Mexico. The region is characterized as a high arid mesa broken by numerous, deep cutting arroyos. The mesa tops are dominated by tall stands of sage with sparse grass in the arroyos and low-lying areas.

A records search of the NM Office of the State Engineer –iWATERS database was conducted on a three square mile area centered on the Flo Jo #2 (Seperator) location (Exhibit 2). No water wells were located within 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 layers at the confluence and upper reaches of arroyos. The below grade tank is not located in an arroyo; the closest arroyo is 3,000 feet to the southeast (Exhibit 2).

The Nacimiento extends from the surface down to a depth of approximately 70 feet and is comprised of mudstone / shale with a trace of siltstone.

The Ojo Alamo Sandstone extends 70 down to 160 feet and is comprised of a coarse grained sandstone inter-bedded with lenses of mudstone and occasional conglomeratic sandstone.

The Nacimiento and Ojo Alamo are not good sources of water in the area, the Nacimiento section does not have rocks capable of storing groundwater and the underlying Ojo Alamo section has been breached to a depth of 120 feet by arroyos ½-miles to the south and west. If the Ojo Alamo contains groundwater, it would be in the lower sands below a depth of about 100 feet.

The Kirtland Shale interval is from 160-720 feet in depth and is comprised entirely of mudstone / shale with a few thin siltstone layers inter-bedded with shale from 230-355 feet. These thin stringers of siltstone might contain very minimal amounts of ground water.

The Fruitland coal and Pictured Cliffs Sandstone from 900 down to 1030 feet contain larger amounts of very poor quality ground water. Analysis of this water is available upon request from Dugan Production Corp.

Excessive drilling depth, unpredictable variations in reservoir quality and water quality have discouraged the drilling of water wells in the in the subject area.

Based on electric open hole logs, the iWATERS database and literature reviewed, very minor amounts of poor quality ground water might be found at a depth below 100 feet from the lowermost Ojo Alamo Sandstone. A deeper and larger source of poor quality groundwater occurs in the Fruitland Coals and Pictured Cliffs Sandstone below 900 feet.

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. Geological Survey, Atlas HA-720-B, Sheet 1 and 2.

For Emergency Call (505) 325-1823

DUGAN PRODUCTION CORP.

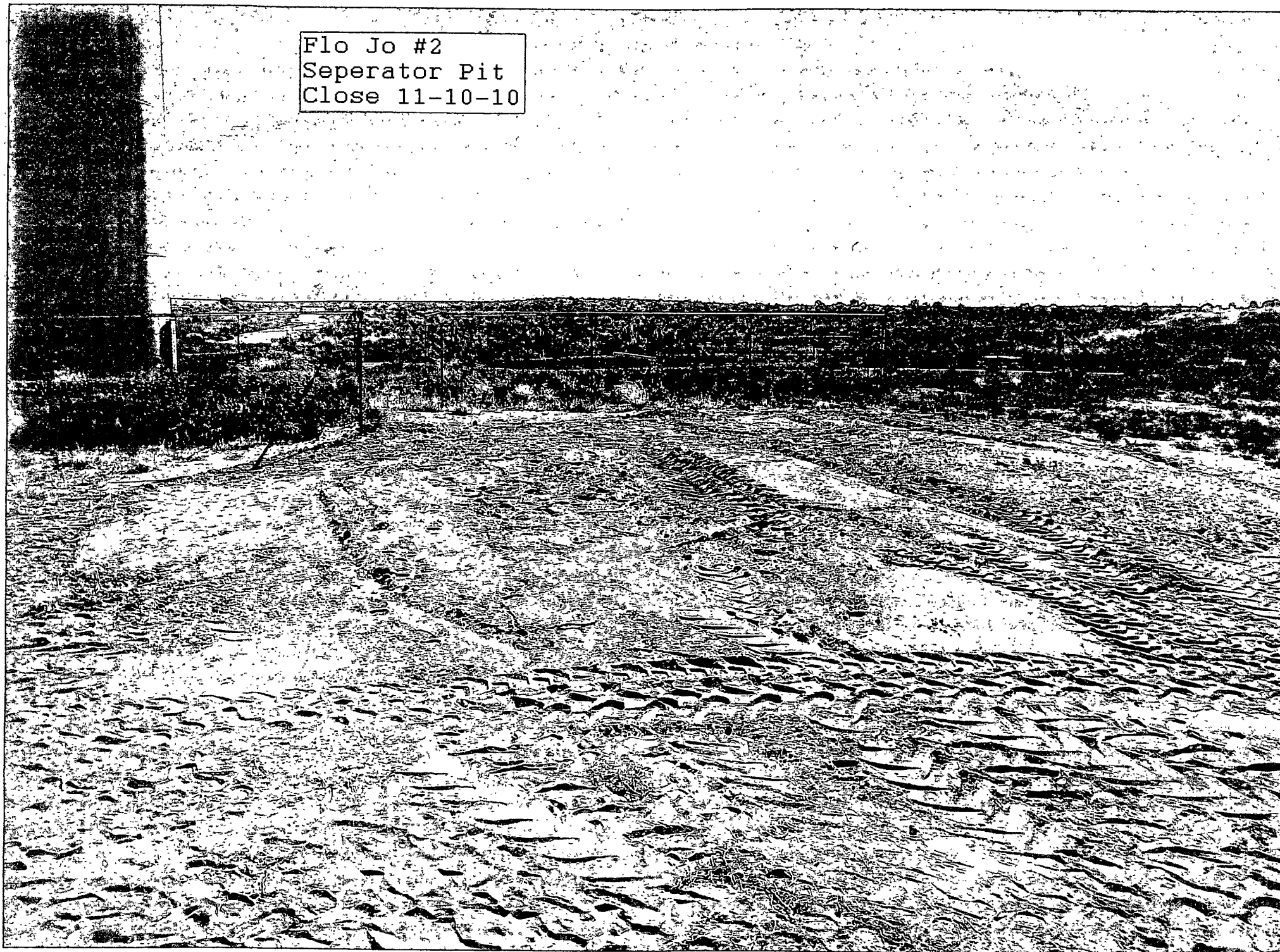
FLO-JO #2

FEDERAL LS. #NM-36952

660' FNL & 1980' FWL
SEC. I T23N R11W, NMPM
SAN JUAN CO. NM

[Signature]

Flo Jo #2
Seperator Pit
Close 11-10-10



Kurt Fagrelius

From: Kurt Fagrelius
Sent: Thursday, November 11, 2010 3:49 PM
To: Kurt Fagrelius; Powell, Brandon, EMNRD; Evan Rowland (erowland@slo.state.nm.us); 'dave_mankiewicz@nm.blm.gov'; Mark_Kelly@nm.blm.gov; lucas_vargo@blm.gov
Cc: Johnny Lane; Mike Sandoval
Subject: RE: 72-Hour Notice to Close Permanent Pits
Attachments: 72-Hour Notice to Close 11-16-2010.xls

I am sorry everyone, I failed to include the attachment on the previous mailing.

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

From: Kurt Fagrelius
Sent: Thursday, November 11, 2010 11:59 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'
Cc: Johnny Lane; Mike Sandoval
Subject: 72-Hour Notice to Close Permanent Pits

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 permanent pits on the following well pads:

- 1) Champ #7 (Separator)
- 2) Champ #7 (Production)
- 3) Champ #9
- 4) Flo Jo #2 (Separator)
- 5) Flo Jo #4
- 6) Hoss #1 (Separator)
- 7) LH #174 (Separator)
- 8) LH #174 (Production)
- 9) Luna #3

11/11/2010

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

Those highlighted in blue (#'s 1 - 6) are located on Federal Surface, and those highlighted in red (#'s 7-9) are located on NM State surface

Permanent pits will be closed starting Tuesday November 16, 2010 thru Thursday November 18, 2010.

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

Sincerely,

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

11/11/2010

Dugan Production Corp. Permanent Pits to be Closed on November 18, 2010

Lease Name	Champ #7 Separator	Champ #7 Production	Champ #9	Flo Jo #2 Separator	Flo Jo #4
API Number	30-045-28241	30-045-28241	30-045-29287	30-045-27441	30-045-28645
Surface Owner - Notice Sent	Federal	Federal	Federal	Federal	Federal
Location - UL, Sec., Twp, Rge	K-5-23N-10W	K-5-23N-10W	O-1-23N-10W	C-1-23N-11W	I-1-23N-11W
Latitude	36.25383 N	36.25383 N	36.25096 N	36.26100 N	36.25434 N
Longitude	107.92136 W	107.92136 W	107.84501 W	107.95636 W	107.94865 W
C-144 Ranking Score	10	10	10	0	10
Benzene (mg/kg)	<0.050	<0.050	<0.050	<0.050	<0.050
Betex (mg/kg)	<0.300	<0.300	0.473	<0.300	<0.300
TPH (mg/kg) - Analy Mthd	<100 - 418.1	<100 - 418.1	<20 - 8015	<100 - 418.1	<100 - 418.1
Chlorides (mg/kg)	608	864	608	992	800
Total Yards Contaminated	60-yds	60-yds	N.A.	54-yds	124-yds
Soil Hauled to Landfarm					

Dugan Production Corp. Permanent Pits to be Closed on November 8, 2010

Hoss #1 Separator	LH #174 Separator	LH #174 Production	Luna #3
30-045-29376	30-045-28533	30-045-28533	30-045-29215
Federal	State	State	State
H-11-23N-11W	A-32-23N-8W	A-32-23N-8W	C-16-23N-9W
36.24188 N	36.18909 N	36.18909 N	36.23237 N
107.9649 W	107.69714 W	107.69714 W	107.79659 W
10	10	10	10
<0.025	<0.100	<0.100	0.041
0.485	<0.300	<0.300	<0.075
<10 - 418.1	54.3 - 8015	368 - 8015	286 - 8015
176	976	416	864
90-yds	N.A.	N.A.	36-yds

Kurt Fagrelus

From: Kurt Fagrelus
Sent: Thursday, November 11, 2010 3:49 PM
To: Kurt Fagrelus; 'Powell, Brandon, EMNRD'; Evan Rowland (erowland@slo.state.nm.us); 'dave_mankiewicz@nm.blm.gov'; 'Mark_Kelly@nm.blm.gov'; 'lucas_vargo@blm.gov'
Cc: Johnny Lane; Mike Sandoval
Subject: RE: 72-Hour Notice to Close Permanent Pits
Attachments: 72-Hour Notice to Close 11-16-2010.xls

Tracking:	Recipient	Delivery	Read
	Kurt Fagrelus	Delivered: 11/11/2010 3:49 PM	Read: 11/11/2010 3:49 PM
	'Powell, Brandon, EMNRD'		
	Evan Rowland (erowland@slo.state.nm.us)		
	'dave_mankiewicz@nm.blm.gov'		
	'Mark_Kelly@nm.blm.gov'		
	'lucas_vargo@blm.gov'		
	Johnny Lane	Delivered: 11/11/2010 3:49 PM	
	Mike Sandoval	Delivered: 11/11/2010 3:49 PM	

I am sorry everyone, I failed to include the attachment on the previous mailing.

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

From: Kurt Fagrelus
Sent: Thursday, November 11, 2010 11:59 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'
Cc: Johnny Lane; Mike Sandoval
Subject: 72-Hour Notice to Close Permanent Pits

11/30/2010

Kurt Fagrelius

From: postmaster@duganproduction.com
Sent: Thursday, November 11, 2010 3:49 PM
To: Kurt Fagrelius
Subject: Delivery Status Notification (Relay)

Attachments: ATT14381.txt; RE: 72-Hour Notice to Close Permanent Pits



ATT14381.txt (407 RE: 72-Hour Notice
B) to Close Pe...

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 Fagrelus

From: postmaster@duganproduction.com
Sent: Thursday, November 11, 2010 3:49 PM
To: Kurt Fagrelus
Subject: Delivery Status Notification (Relay)

Attachments: ATT14372.txt; RE: 72-Hour Notice to Close Permanent Pits



ATT14372.txt (422 RE: 72-Hour Notice
B) to Close Pe...

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

Kurt Fagrelius

From: Lucas_Vargo@blm.gov
Sent: Tuesday, November 16, 2010 8.36 AM
To: Kurt Fagrelius
Subject: 72-Hour Notice to Close Permanent Pits

Return Receipt

Your 72-Hour Notice to Close Permanent Pits
document:

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

at: 11/16/2010 08:35:53 AM

Kurt Fagrelus

From: System Administrator
To: Kurt Fagrelus; Johnny Lane; Mike Sandoval
Sent: Thursday, November 11, 2010 3:49 PM
Subject: Delivered. RE: 72-Hour Notice to Close Permanent Pits

Your message

To: Kurt Fagrelus; Powell, Brandon, EMNRD; Evan Rowland (erowland@slo.state.nm.us); dave_mankiewicz@nm.blm.gov; Mark_Kelly@nm.blm.gov; lucas_vargo@blm.gov
Cc: Johnny Lane; Mike Sandoval
Subject: RE: 72-Hour Notice to Close Permanent Pits
Sent: 11/11/2010 3:49 PM

was delivered to the following recipient(s):

Kurt Fagrelus on 11/11/2010 3:49 PM
Johnny Lane on 11/11/2010 3:49 PM
Mike Sandoval on 11/11/2010 3:49 PM