

District I  
1625 N French Dr, Hobbs, NM 88240  
District II  
136 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

30-045-29376

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	Hoss #1 (Separator)	Facility Type	Permanent Pit

Surface Owner	Federal	Mineral Owner	Federal	Lease No.	NM-36952
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LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
H	11	23N	11W	2310	North	340	East	San Juan

Latitude 36.24188 N Longitude 107.9649 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 688-mg/kg chlorides and 136-mg/kg TPH 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=10. 60.0-yds of contaminated soil was dug and hauled to Envirotech land farm Chlorides then tested 176-mg/kg and TPH tested <10-mg/kg (418.1 analytic method). Chloride and TPH releases do not pose a threat to contamination of groundwater. See attachment to "Final C-141" and invoice #23052.

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

\* Attach Additional Sheets If Necessary

nJK1133456088

**Analytical Results For:**

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

Received: 10/08/2010  
Reported: 10/22/2010  
Project Name: PIT CLOSURES  
Project Number: HOSS #1 TANK & SEP PIT  
Project Location: NOT GIVEN

Sampling Date: 10/06/2010  
Sampling Type: Soil  
Sampling Condition: Cool & Intact  
Sample Received By: Jodi Henson

**Sample ID: HASS #1 (H021008-01)**

BTX 80218		mg/kg		Analyzed By: cms						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Benzene*	<0.025	0.025	10/12/2010	ND	2.16	108	2.00			
Toluene*	0.092	0.025	10/12/2010	ND	2.14	107	2.00			
Ethylbenzene*	0.084	0.025	10/12/2010	ND	2.20	110	2.00			
Total Xylenes*	0.485	0.075	10/12/2010	ND	6.38	106	6.00			

Surrogate: 4-Bromofluorobenzene (PIL) 98.6 % 80-120

Chloride, SM4500Cl-B		mg/kg		Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	176	16.0	10/08/2010	ND	416	104	400	0.00		

TPH 418.1		mg/kg		Analyzed By: CK						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
TPH 418.1	<10.0	10.0	10/19/2010	ND	150	115	131	6.45	SUB-SS	

TPH 8015M		mg/kg		Analyzed By: AB					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
GRO C6-C10	<10.0	10.0	10/14/2010	ND	192	96.0	200	17.6	
DRO >C10-C28	<10.0	10.0	10/14/2010	ND	181	90.6	200	8.48	
Total TPH C6-C28	<10.0	10.0	10/14/2010	ND	373	93.3	400	4.20	

Surrogate: 1-Chlorooctane 99.1 % 70-130

Surrogate: 1-Chlorooctadecane 98.2 % 70-130

Cardinal Laboratories

\*=Accredited Analyte

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 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.



Celey D. Keene, Lab Director/Quality Manager

## Notes and Definitions

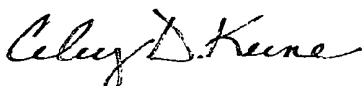
SUB-SS	Analysis subcontracted to SunStar Laboratories, Inc.
ND	Analyte NOT DETECTED at or above the reporting limit
RPD	Relative Percent Difference
**	Samples not received at proper temperature of 6°C or below.
***	Insufficient time to reach temperature.
-	Chloride by SM4500Cl-B does not require samples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

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Cardinal Laboratories

\*=Accredited Analyte

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 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.



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Celey D. Keene, Lab Director/Quality Manager



## CHAIN OF CUSTODY RECORD

Page \_\_\_\_ of \_\_\_\_

Client: Dugan Prod.  
Contact: Mike Sandaval  
Address: \_\_\_\_\_  
Phone Number: 330-0427  
FAX Number: 327-4045

### NOTES:

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

PO# Hoss #1

Project Name: Tank & Sep Pit

### 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: [Signature]

Lab Name: Green Analytical Laboratories (970) 247-4220 FAX (970) 247-4227		Analyses Required										Comments		
Address: 75 Suttle Street, Durango, CO 81303		Collection		Miscellaneous			Preservative(s)							
Sample ID	Date	Time	Collected by: (init.)	Matrix Type From Table 1	No. of Containers	Sample Filtered ? Y/N	Unpreserved (Ice Only)	HNO3	HCL	H2SO4	NAOH		Other (Specify)	
H21008-1	10-6-10	3:00											Tank & Sep Pit BTEX TPH 418.1 TPH 4015 CL-	
1. Hoss #1														
2.														
3.														
4.														
5.														
6.														
7.														
8.														
9.														
10.														
Relinquished by: <u>[Signature]</u>			Date: <u>10-6-10</u>		Time: <u>3:47</u>		Received by: <u>Christy Clark</u>			Date: <u>10/6/10</u>		Time: <u>15:47</u>		
Relinquished by: _____			Date: _____		Time: _____		Received by: <u>[Signature]</u>			Date: <u>10/8/10</u>		Time: <u>9:30</u>		

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

6°C #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 23052  
Job. 06094-0060  
DATE March 10, 2009

Hoss #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>
<b>03/04/2009</b>					
<b>Landfarm</b>					
		BOL# 32869	5.00 EA	10.00	50 00
Paint Filter Test		BOL# 32869	5.00 EA	15.00	75 00
Chloride Analysis-Water		BOL# 32869	60.00 CY	18 00	1,080 00
Contaminated Soil Reveal					
<b>Landfarm Total:</b>			<b>70.00</b>		<b>1,205.00</b>
<b>03/04/2009 Total:</b>			<b>70.00</b>		<b>1,205.00</b>
Invoice Sub-total					1,205.00
Sales Tax					74.56
<b>Amount due this Invoice</b>					<b>\$1,279.56</b>

*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

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: 27093  
Job: 06094-0080  
DATE: October 21, 2010

Hoss #1 - Accept exempt contaminated soil  
from closing earthen pit

Ordered by Mike Sandoval

Project Manager: April Pohl

<u>Employee</u>	<u>Staff Type</u>	<u>Description</u>	<u>Units</u>	<u>Rate</u>	<u>Total</u>
<b>10/06/2010</b>					
<b>Landfarm</b>					
		BOL# 36720	1.00 EA	10.00	10.00
Paint Filter Test (LF)		BOL# 36720	1.00 EA	15.00	15.00
Chloride (LF)		BOL# 36720	30.00 CY	18.00	540.00
Contaminated Soil Reveal					
<b>Landfarm Total:</b>			<b>32.00</b>		<b>565.00</b>
<b>10/06/2010 Total:</b>			<b>32.00</b>		<b>565.00</b>

Invoice Sub-total: 565.00  
Sales Tax: 35.67

Amount due this Invoice: **\$600.67**

*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.



October 22, 2010

MIKE SANDOVAL

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 10/08/10 9:30.

Cardinal Laboratories is accredited through Texas NELAP for:

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

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

Cardinal Laboratories is accredited through the State of Colorado Department of Public Health and Environment for:

Method EPA 552.2	Haloacetic Acids (HAA-5)
Method EPA 524.2	Total Trihalomethanes (TTHM)
Method EPA 524.4	Regulated VOCs (V2, V3)

Accreditation applies to public drinking water matrices.

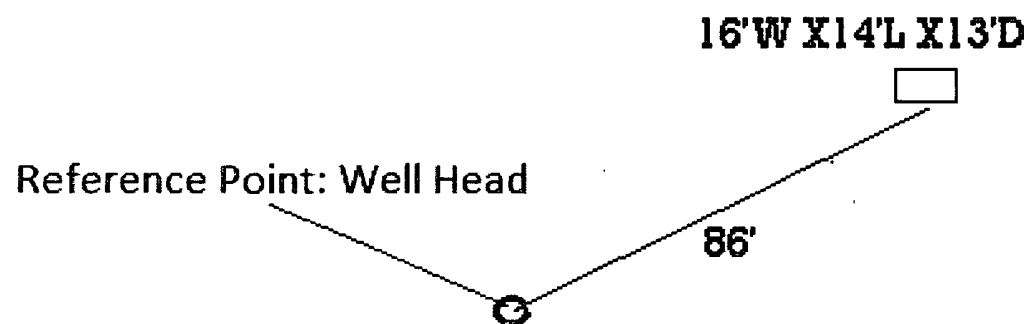
This report meets NELAP requirements and is made up of a cover page, analytical results, and a copy of the original chain-of-custody. If you have any questions concerning this report, please feel free to contact me.

Sincerely,

Celey D. Keene  
Lab Director/Quality Manager

Dugan Production

Hoss #1  
Seperator Pit



From Reference Point Go N. 40 Degrees NE. For  
a Distance of 86' to Center of Pit.



Permanent pit: Hoss #1 (Separator)  
API number: 30-045-29376

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

<b>Lease Name: Hoss #1 (Separator)</b>						
API No.: 30-045-29376.						
<b>Site Specific Information</b>						
Depth to	<b>608-ft</b>	Distance to Surface	<b>400-ft</b>	Wellhead Protection Area	<b>&gt;1000-ft</b>	
Groundwater		Water Body		Distance from Water Source		
<b>Total Ranking Score</b>						
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	<b>0</b>	
50 - 99	10	200 - 1000	<b>10</b>	<200-feet domestic water	<b>0</b>	
>100-feet	<b>0</b>	>1000-feet	0			<b>10</b>
<b>Total Ranking Score</b>					<b>Sample</b>	
		>19	<b>10 - 19</b>	0 - 9	<b>Analysis</b>	
Benzene (mg/kg)		10	<b>10</b>	10	<b>&lt;0.025</b>	
BTEX (mg/kg)		50	<b>50</b>	50	<b>0.485</b>	
TPH (mg/kg)		100	<b>1000</b>	5000	<b>&lt;10</b>	
Chorides (mg/kg)		N.A.	<b>N.A.</b>	N.A.	<b>176</b>	
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.						

## **Hoss #1 Hydrogeologic Report**

The Hoss #1 is located on Federal land on the Chaco Slope area in San Juan County, New Mexico. The region is characterized as a flat, Kirtland shale (badlands topography) area bordered by a high arid mesa broken by numerous, deep cutting arroyos. Very sparse grass and sage grow on the low-lying flat areas and thin stands of juniper and pinon exist on the mesa tops.

A records search of the NM Office of the State Engineer –iWATERS database was conducted on a three square mile area centered on the Hoss #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 layers at the confluence and upper reaches of arroyos. The proposed below grade tank is not located in an arroyo; the closest arroyo is over 400 feet to the northwest (Exhibit 2).

The Kirtland Shale extends from the surface down to a depth of approximately 425 feet and is comprised of an upper shale member, middle sandstone member (Farmington Ss.) and a lower shale member. The Kirtland interval is comprised entirely of mudstone / shale. The middle sandstone member is either absent or not developed. There is no siltstone or sand in the section at this location.

The underlying Fruitland Formation extends from 425 down to 766 feet. The Fruitland interval contains shale down to 608 feet then has very thin (2-4 feet thick), inter-bedded silt and sand with shale down to 720 feet. These thin stringers of sand and silt might contain very minimal amounts of ground water. The Fruitland coals from 720-766 feet and the Pictured Cliffs below 766 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 of approximately 608 feet from very thin, stringers of sand and silt in the Fruitland Formation. A deeper and larger source of poor quality groundwater occurs in the Fruitland Coals and Pictured Cliffs Sandstone below 720 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**

FORGOTTEN

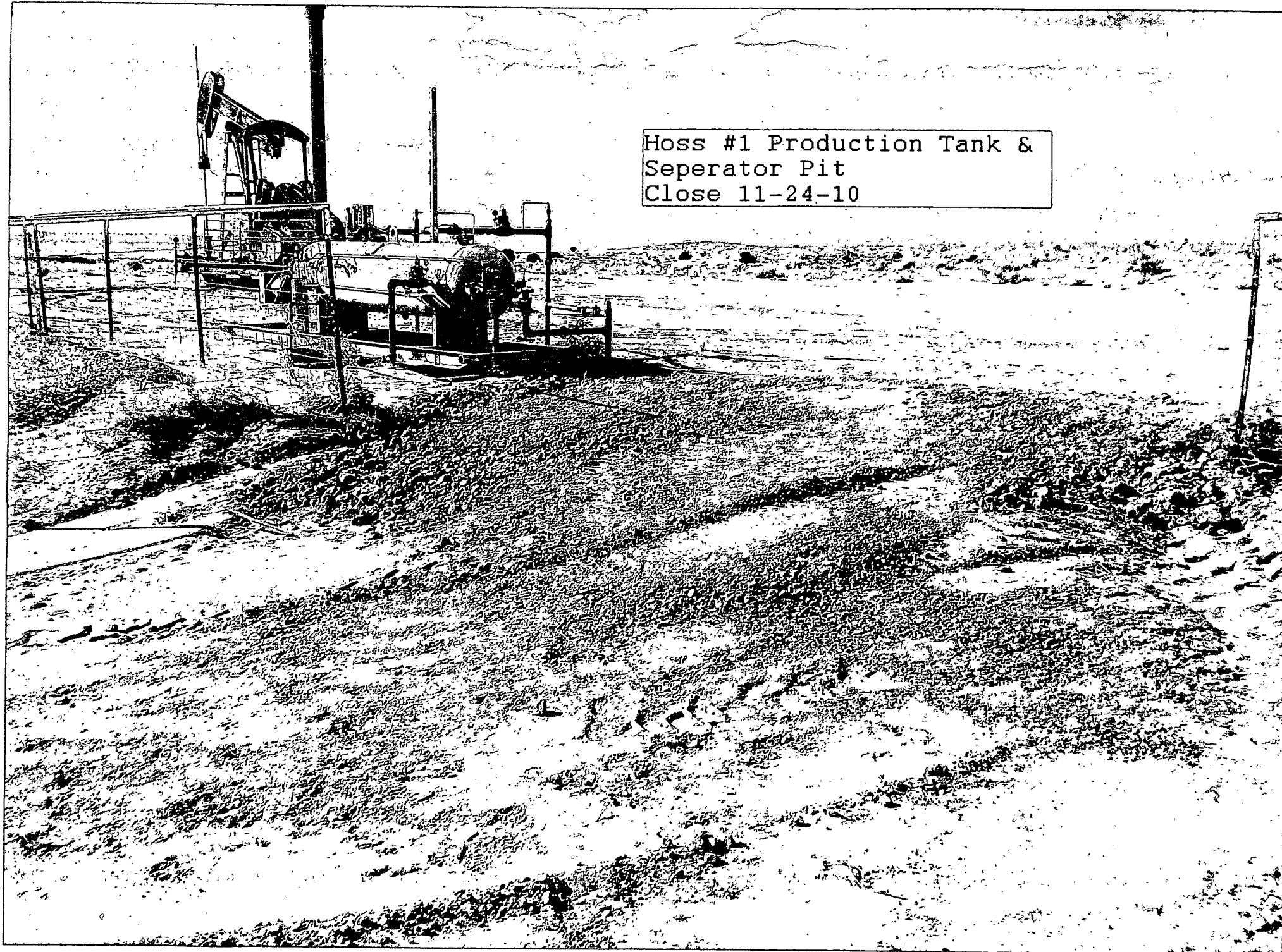
HOSS

96800

NEA

23

Hoss #1 Production Tank &  
Seperator Pit  
Close 11-24-10



## 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 18, 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

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**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

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**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 Fagrelius

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**From:** postmaster@duganproduction.com  
**Sent:** Thursday, November 11, 2010 3:49 PM  
**To:** Kurt Fagrelius  
**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

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**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

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**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