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

30-045-26784

Release Notification and Corrective Action

OPERATOR

☐ Initial Report ☒ Final Report

Name of Company	Dugan Production Corp.	Contact	Kurt Fagrelius
Address	P.O. Box 420	Telephone No	505-325-1821
Facility Name	Calgary #88 TB (Separator)	Facility Type	Permanent Pit

Surface Owner Federal	Mineral Owner Federal	Lease No NM-32124

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
A	6	23N	10W	660	North	660	East	San Juan

Latitude 36.77293 N **Longitude** 107.92965 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? ☐ Yes ☐ No ☒ Not Required	If YES, To Whom? N/A	
By Whom?	Date and Hour	
Was a Watercourse Reached? ☐ Yes ☒ No	If YES, Volume Impacting the Watercourse	

RECEIVED
JAN 2011

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 352-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. 62-cubic yards of contaminated soil was hauled from site of release to Envirotech LandFarm. C-144 ranking=0. The chloride release does not pose a threat to the contamination of groundwater. See attachment to "Final C-141" and invoice #22782.

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 Fagrelius	OIL CONSERVATION DIVISION
Printed Name Kurt Fagrelius	Approved by District Supervisor Jonathan D. Kelly
Title VP Exploration	Approval Date 1/30/2011 Expiration Date
E-mail Address kfagrelius@duganproduction.com	Conditions of Approval / Attached ☐
Date 12/13/2010 Phone 505-325-1821	

* Attach Additional Sheets If Necessary

nJK1133442067

CARDINAL LABORATORIES

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 H18942, 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 though 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: 6 (includes Chain of Custody)

Sincerely,

Celey D. Keene
Laboratory Director

This report conforms with NELAP requirements.

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 12/21/09
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		12/28/09
H18942-1	ST. MORITZ #1	<100
H18942-2	AUGUST #1 SEP	<100
H18942-3	GOLD MEDAL #1	<100
H18942-4	SILVER MEDAL #1 SEP.	<100
H18942-5	GOLD MEDAL #2 SEP.	<100
H18942-6	CHAMP #1 T.B. PROD. T	8,800
H18942-7	CHAMP #1 T.B. SEP.	<100
H18942-8	CHAMP #7 T.B. PROD. T	<100
H18942-9	CHAMP #7 T.B. SEP.	<100
H18942-10	MARY LOU T. BON #1	<100
H18942-11	CALGARY #88 T.B., P.T.	141
H18942-12	CALGARY #88 T.B. SEP	<100
H18942-13	GOLD MEDAL #5 T.B., P.T.	<100
H18942-14	GOLD MEDAL #5 T.B., SEP	713
H18942-15	FLO JO #1 PROD. T.	900
Quality Control		306
True Value QC		300
% Recovery		102
Relative Percent Difference		3.1

METHODS: EPA 418.1
Not accredited for TPH 418.1 Reported on wet weight

Chemist

12/31/09
Date

H18942 418.1 DUGAN

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CARDINAL LABORATORIES

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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: 12/21/09
Sample Type: SOIL
Sample Condition: COOL & INTACT @ 6°C
Sample Received By: CK
Analyzed By: ZL

LAB NO	SAMPLE ID	BENZENE (mg/kg)	TOLUENE (mg/kg)	ETHYL BENZENE (mg/kg)	TOTAL XYLENES (mg/kg)
ANALYSIS DATE:		12/30/09	12/30/09	12/30/09	12/30/09
H18942-1	ST. MORITZ #1	<0.050	<0.050	<0.050	<0.300
H18942-2	AUGUST #1 SEP.	<0.050	<0.050	<0.050	<0.300
H18942-3	GOLD MEDAL #1	<0.050	<0.050	<0.050	<0.300
H18942-4	SILVER MEDAL #1 SEP.	<0.050	<0.050	<0.050	<0.300
H18942-5	GOLD MEDAL #2 SEP.	<0.050	<0.050	<0.050	<0.300
H18942-6	CHAMP #1 T.B. PROD. T.	<0.050	<0.050	0.223	<0.300
H18942-7	CHAMP #1 T.B. SEP.	<0.050	<0.050	<0.050	<0.300
H18942-8	CHAMP #7 T.B. PROD. T.	<0.050	<0.050	<0.050	<0.300
H18942-9	CHAMP #7 T.B. SEP	<0.050	<0.050	<0.050	<0.300
H18942-10	MARY LOU T. BON #1	<0.050	<0.050	<0.050	<0.300
H18942-11	CALGARY #88 T.B., P.T.	<0.050	<0.050	<0.050	<0.300
H18942-12	CALGARY #88 T.B. SEP.	<0.050	<0.050	<0.050	<0.300
H18942-13	GOLD MEDAL #5 T.B., P.T.	<0.050	<0.050	<0.050	<0.300
H18942-14	GOLD MEDAL #5 T.B., SEP.	<0.050	<0.050	<0.050	<0.300
H18942-15	FLO JO #1 PROD. T.	<0.050	<0.050	<0.050	<0.300
Quality Control		0.049	0.047	0.048	0.130
True Value QC		0.050	0.050	0.050	0.150
% Recovery		98.0	94.0	96.0	86.7
Relative Percent Difference		<1.0	<1.0	<1.0	<1.0

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 12/31/09

H18942 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 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.

CARDINAL LABORATORIES

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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: 12/30/09
Sampling Date: 12/21/09
Sample Type: SOIL
Sample Condition: COOL & INTACT @ 3.5°C
Sample Received By: CK
Analyzed By: HM

LAB NUMBER	SAMPLE ID	Cl⁻ (mg/kg)
H18942-1	ST. MORITZ #1	8,200
H18942-2	AUGUST #1 SEP	6,800
H18942-3	GOLD MEDAL #1	1,340
H18942-4	SILVER MEDAL #1 SEP.	992
H18942-5	GOLD MEDAL #2 SEP	448
H18942-6	CHAMP #1 T.B. PROD T.	752
H18942-7	CHAMP #1 TB SEP.	1,120
H18942-8	CHAMP #7 TB PROD T	864
H18942-9	CHAMP #7 TB SEP.	608
H18942-10	MARY LOU T. BON #1	880
H18942-11	CALGARY #88 T.B., P.T.	1,760
H18942-12	CALGARY #88 T.B. SEP.	352
H18942-13	GOLD MEDAL #5 T.B., P.T.	2,240
H18942-14	GOLD MEDAL #5 T.B., SEP.	1,550
H18942-15	FLOJO #1 PROD. T	1,100
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

H18942 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 without written approval of Cardinal Laboratories.

CHAIN OF CUSTODY RECORD

Client: Dugan PRODUCTION

Contact: FRED CORNISH

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

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

Address: 75 Suttle Street, Durango, CO 81303

	Sample ID	Collection: Date	Collection: Time	Misc: Collected by. (Init.)	Misc: Matrix Type From Table 1	Misc: No. of Containers	Misc: Sample Filtered ? Y/N	Preservative(s): Unpreserved (Ice Only)	Preservative(s): HNO3	Preservative(s): HCL	Preservative(s): H2SO4	Preservative(s): NAOH	Preservative(s): Other (Specify)	Analyses Required: Benzene	Analyses Required: TPH BTEX	Analyses Required: 418.1	Analyses Required: Chlorides	Comments
	H18942-																	
11	1 Calgary #88 T.B.P.T	12-21-09	12:25 PM		3									✓	✓	✓	✓	
12	2 Calgary #88 T.B. Sep.	12-21-09	12:35 PM											✓	✓	✓	✓	
13	3 Gold Medal #5 T.B.P.T.	12-21-09	1:35 PM											✓	✓	✓	✓	
14	4 Gold Medal #5 T.B. Sep	12-21-09	1:35 PM											✓	✓	✓	✓	
15	5 ~~Flodo #1 Prod. T.~~													~~✓~~	~~✓~~	~~✓~~	~~✓~~	
15	6 Flodo #1 Prod. T	12-21-09												✓	✓	✓	–	
	7																	
	8.																	
	9																	
	10.																	

Relinquished by:	Date:	Time:	Received by:	Date:	Time:
Fred Cornish	12-21-09	7:14pm		12/21/09	1619
Relinquished by:	Date:	Time:	Received by:	Date:	Time:
FedEx				12/23/09	1145

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

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

envirotech

To
Dugan Production Corp
PO Box 420
Farmington, NM 87401

Invoice

Invoice Number 22782
Job 06094-0052
DATE February 6,2009

Calgary #88- accept exempt contaminated soil and oil from production stream

Ordered by Fred Cornish

Project Manager April Pohl

Employee	Staff Type	Description	Units		Rate	Total
01/28/2009						
Landfarm						
Paint Filter Test		BOL# 32475	1 00	ea	10 00	10 00
Chloride Analysis-Water		BOL# 32475	1 00	ea	15 00	15 00
Contaminated Soil Receival		BOL# 32475	10 00	cy	18 00	180 00
		Landfarm Total:	**12.00**			**205.00**
		01/28/2009 Total.	**12.00**			**205.00**
01/29/2009						
Landfarm						
Paint Filter Test		BOL# 32485	2 00	ea	10 00	20 00
Chloride Analysis-Water		BOL# 32485	2.00	ea	15 00	30 00
Contaminated Soil Receival		BOL# 32485	20 00	cy	18 00	360 00
		Landfarm Total	**24.00**			**410.00**
		01/29/2009 Total	**24 00**			**410.00**
01/30/2009						
Landfarm						
Paint Filter Tes		BOL# 3252[illegible]	3 00	ea	10 00	30 00
Chloride Analysis Wate		BOL# 3252[illegible]	3 00	ea	15 00	45 00

Invoice # 22782 Job # 06094-0052

Employee	Staff Type	Description	Units		Rate	Total
		BOL# 32527	32 00	cy	18 00	576 00
Contaminated Soil Receival						
		Landfarm Total:	**38.00**			**651.00**
		1/30/2009 Total:	**38.00**			**651.00**

Invoice Sub-total	1,266 00
Sales Tax	78 33
Amount due this Invoice	$1,344 33

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

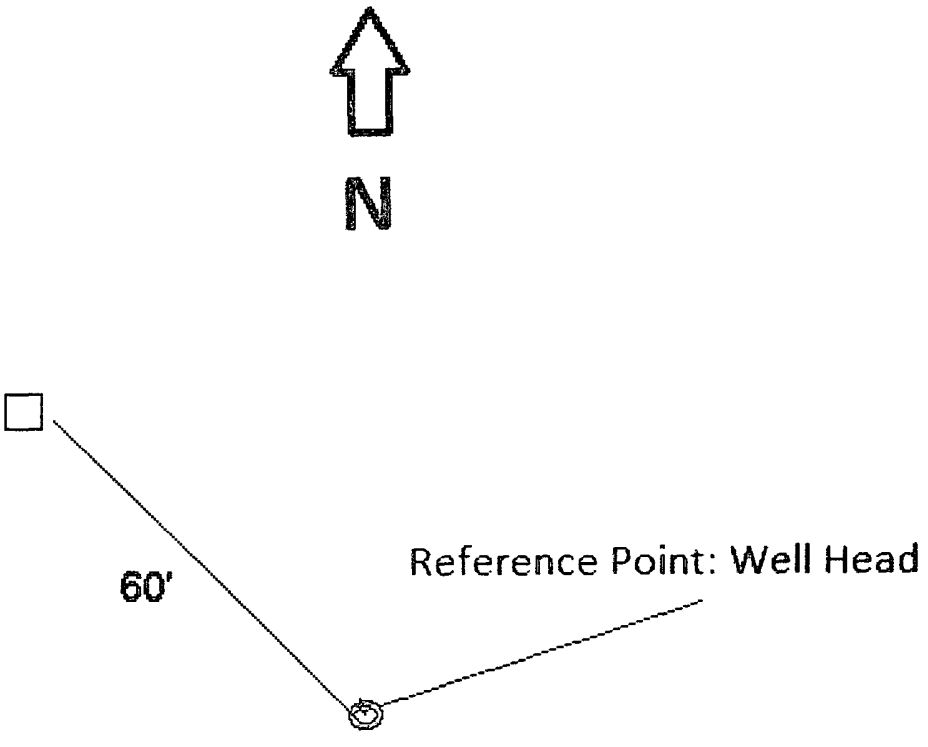
This may not be the final bill - if charges are received after this invoice has been mailed, you will receive a separate invoice for those costs

Dugan Production

Calgary #88

Seperator Pit

8'W X9'L X6'D



From Reference Point Go N 35 degrees N.W. For a Distance of 60' to Center of Pit.

Permanent pit: Calgary #88 TB (Separator)
API number: 30-045-26784

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

Lease Name: Calgary #88 (Separator)						
API No 30-045-26784						
Site Specific Infromation						
Depth to	**130-ft**	Distance to Surface	**1400-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.**	**352**	
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						

Calgary #88 Hydrogeologic Report

The Calgary #88 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 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 Calgary #88 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 1,400 feet to the southeast (Exhibit 2)

The Nacimiento extends from the surface down to a depth of approximately 120 feet and is comprised of mudstone / shale with a trace of siltstone. The Nacimiento is not a good source of water in the area; the section does not have rocks capable of storing groundwater and has been breeched to a depth of 100 feet by arroyos 3/4-miles to the southeast and southwest.

The Ojo Alamo Sandstone extends from 120 - 200 feet and is comprised of a coarse grained sandstone inter-bedded with lenses of mudstone and occasional conglomeratic sandstone. If the Ojo Alamo contains groundwater, it would be in the lower sands below a depth of about 130 feet

The Kirtland Shale interval is from 200-650 feet in depth and is comprised entirely of mudstone / shale with a few thin siltstone layers inter-bedded with shale from 220-350 feet. These thin stringers of siltstone might contain very minimal amounts of ground water

The Fruitland Formation and Pictured Cliffs Sandstone from 950-1050 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 130 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 950 feet.

This Hydrogeologic Report was prepared by Mr. Kurt Fagrelius, Geologist for Dugan Production. Mr Fagrelius 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

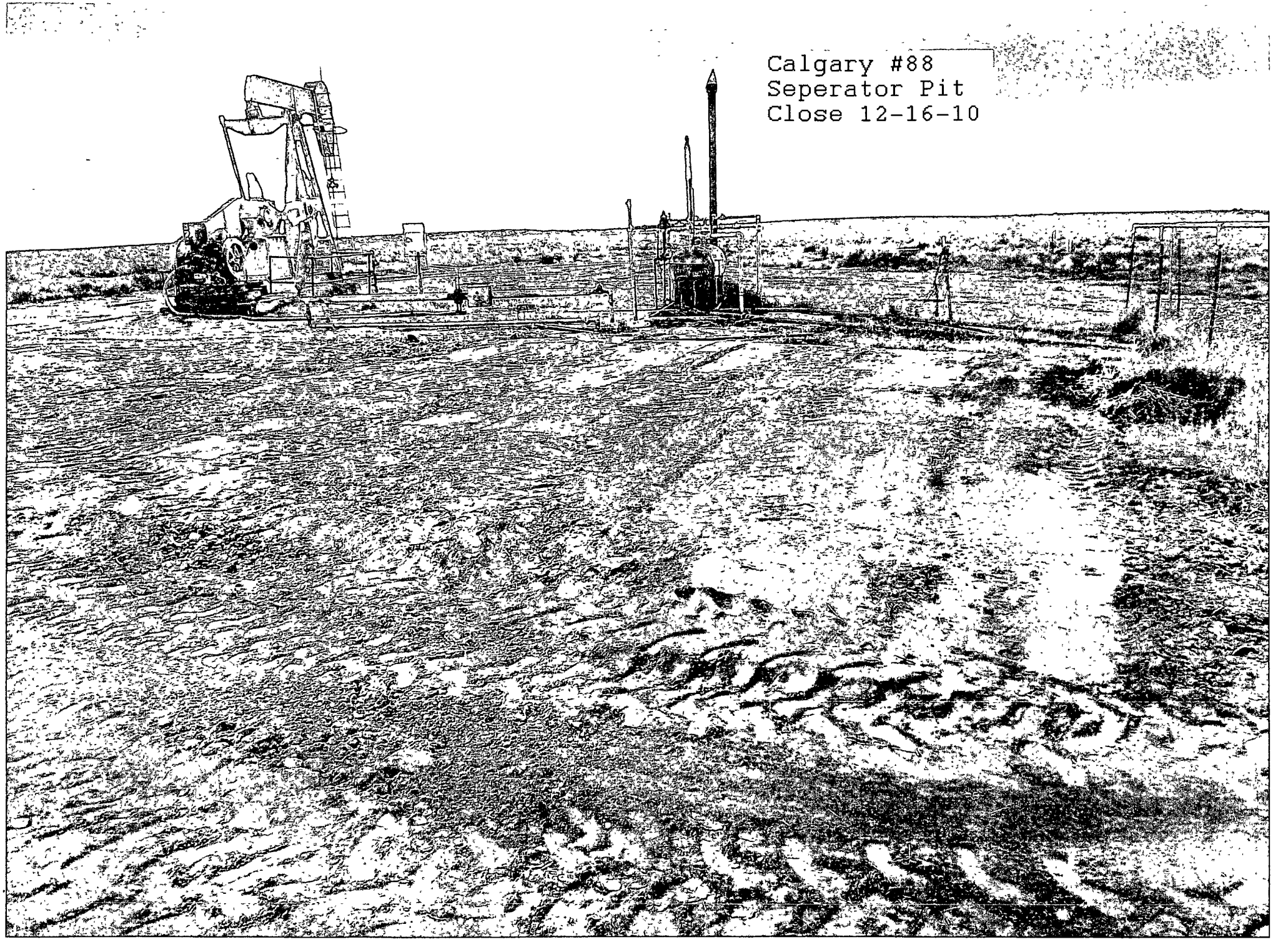
Stone, W.J , Lyford, F P., Frenzel, P.F., Mizell, N H., and Padgett, E T , 1983, Hydrogeology and water resources of San Juan Basin, New Mexico· New Mexico Bureau of Mines and Mineral Resources Hydrologic Report 6, 70 p

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., Craigg, 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 , Craigg, 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.


DUGAN PRODUCTION CORP.
dp
CALGARY # 88 TB
NM-32124
API # 30-045-26784
NE/4, NE/4, UNIT A
SEC. 6, T23N, R10W
LAT. 36°46'22" LONG. 107°55'47"
SAN JUAN COUNTY, NM
FOR EMERGENCY CALL (505)325-1823


Calgary #88
Seperator Pit
Close 12-16-10

Kurt Fagrelius

From: Kurt Fagrelius
Sent: Friday, December 10, 2010 9 06 AM
To: Powell, Brandon, EMNRD, dave_mankiewicz@nm blm gov, Mark_Kelly@nm blm gov, lucas_vargo@blm gov, Spencer, Bertha
Cc: Johnny Lane, Mike Sandoval, Kurt Fagrelius
Subject: 72-hr Notice to Close 12-14 to 12-17-2010
Attachments: 72-Hour Notice to Close 12-14 to 12-17-2010 xls

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

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

1) Olympic #1 TB (Separator)
2) Olympic #1 TB (Prod Tank)
3) Calgary #88 (Prod Tank)
4) Calgary #88 (Separator)
5) Flo Jo #1 (Separator)
6) Gold Medal #1
7) Gold Medal #5 (Separator)
8) Gold Medal #5 (Prod Tank)
9) Jim Thorpe #1 (Separator)
10) Road Runner #1

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

Those highlighted in blue (#'s 1 – 4, 6 – 8 and #10) are located on Federal Surface, and those highlighted in red (# 5 and #9) are located on Navajo Allotted Surface

Permanent pits will be closed starting Tuesday December 14, 2010 thru Friday December 17, 2010

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

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

Dugan Production Corp. Permanent Pits to be Closed on December 14 to December 17, 2010					
Lease Name	Olympic #1 TB Sep	Olympic #1 TB Prod	Calgary #88 Prod.	Calgary #88 Sep	Flo Jo #1 Sep
API Number	30-045-26007	30-045-26007	30-045-26784	30-045-26784	30-045-27463
Surface Owner - Notice Sent	Federal	Federal	Federal	Federal	Navajo Allotted
Location - UL, Sec., Twp, Rge	I-3-23N-10W	I-3-23N-10W	A-6-23N-10W	A-6-23N-10W	A-1-23N-11W
Latitude	36.2541 N	36.2541 N	36.77293 N	36.77293 N	36 26099 N
Longitude	107 87613 W	107.87613 W	107.92965 W	107 92965 W	107 9463 W
C-144 Ranking Score	0	0	0	0	0
Benzene (mg/kg)	<0 050	<0.050	<0 050	<0 050	<0 050
Betex (mg/kg)	<0 300	<0 300	<0.300	<0.300	<0 300
TPH (mg/kg) - Analy Mthd	<100 - 418 1	<100 - 418.1	142 - 418.1	<100 - 418 1	900 - 418 1
Chlorides (mg/kg)	928	2360	1760	352	1100
Total Yards Contaminated Soil Hauled to Landfarm	20	20	62	N A.	60

Gold Medal #1	Gold Medal #5 Sep.	Gold Medal #5 Prod	Jim Thorpe #1 Sep	Road Runner #1
30-045-26035	30-045-26823	30-045-26823	30-045-26587	30-045-27693
Federal	Federal	Federal	Navajo Allotted	Federal
H-34-24N-10W	O-31-24N-10W	O-31-24N-10W	G-3-23N-10W	O-36-24N-11W
36 27290 N	36 26465 N	36 26465 N	36 25796 N	36.26461 N
107.87657 W	107 9341 W	107 9341 W	107.88081 W	107.95187 W
0	0	0	10	0
<0.050	<0.050	<0 050	<0 100	<0 050
<0.300	<0.300	<0.300	<0.300	<0 300
<100 - 418 1	713 - 418.1	<100 - 418 1	<10 - 418 1	<100 - 418.1
1340	1550	2240	1150	1440
30-yds	60-yds	60-yds	30-yds	90-yds

Kurt Fagrelius

From: postmaster@duganproduction com
Sent: Friday, December 10, 2010 9 06 AM
To: Kurt Fagrelius
Subject: Delivery Status Notification (Relay)

Attachments: ATT32033 txt, 72-hr Notice to Close 12-14 to 12-17-2010

ATT32033.txt (407 B)

72-hr Notice to Close 12-14 to...

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: Friday, December 10, 2010 9 06 AM
To: Kurt Fagrelius
Subject: Delivery Status Notification (Relay)

Attachments: ATT32045 txt, 72-hr Notice to Close 12-14 to 12-17-2010


ATT32045.txt (396 B)


72-hr Notice to Close 12-14 to ..

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: Dave_Mankiewicz@blm gov
Sent: Friday, December 10, 2010 11 08 AM
To: Kurt Fagrelius
Subject: 72-hr Notice to Close 12-14 to 12-17-2010

Return Receipt

Your document:	72-hr Notice to Close 12-14 to 12-17-2010
was received by:	Dave Mankiewicz/FFO/NM/BLM/DOI
at:	12/10/2010 11:07:32 AM

Kurt Fagrelius

From: Lucas_Vargo@blm gov
Sent: Friday, December 10, 2010 11 20 AM
To: Kurt Fagrelius
Subject: 72-hr Notice to Close 12-14 to 12-17-2010

Return Receipt

Your document:	72-hr Notice to Close 12-14 to 12-17-2010
was received by:	Lucas Vargo/FFO/NM/BLM/DOI
at:	12/10/2010 11:19:49 AM

Kurt Fagrelius

From: System Administrator
To: Johnny Lane, Kurt Fagrelius, Mike Sandoval
Sent: Friday, December 10, 2010 9 06 AM
Subject: Delivered 72-hr Notice to Close 12-14 to 12-17-2010

Your message

To:	Powell, Brandon, EMNRD; dave_mankiewicz@nm.blm gov; Mark_Kelly@nm.blm.gov; lucas_vargo@blm.gov; Spencer, Bertha
Cc	Johnny Lane, Mike Sandoval; Kurt Fagrelius
Subject:	72-hr Notice to Close 12-14 to 12-17-2010
Sent.	12/10/2010 9.06 AM

was delivered to the following recipient(s):

Johnny Lane on 12/10/2010 9.06 AM
Kurt Fagrelius on 12/10/2010 9:06 AM
Mike Sandoval on 12/10/2010 9:06 AM

Kurt Fagrelius

From: Mark_Kelly@blm gov
Sent: Tuesday, December 14, 2010 5 59 AM
To: Kurt Fagrelius
Subject: 72-hr Notice to Close 12-14 to 12-17-2010

Return Receipt

Your document: 72-hr Notice to Close 12-14 to 12-17-2010

was received by: Mark Kelly/FFO/NM/BLM/DOI

at: 12/14/2010 05:59:29 AM