

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

30-045-28533

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	LH #174 (Production)	Facility Type	Permanent Pit
Surface Owner	State	Mineral Owner	State
		Lease No.	LH-174

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
A	32	23N	8W	570	North	645	East	San Juan

Latitude 36.18909 N Longitude 107.69714 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 and TPH impact were discovered. A five-point composite sample tested 416-mg/kg chlorides and 3010-mg/kg TPH (418.1 analytic method) which exceed 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. Chloride 416-mg/kg and TPH 368-mg/kg (8015 analytic method) releases do not pose a threat to contamination of groundwater. See attachment to "Final C-141".

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>Jonath D. Kelly</i>
Title	VP Exploration	Approval Date	1/11/2012
E-mail Address	kfagrelus@duganproduction.com	Expiration Date	
Date	November 12, 2010	Conditions of Approval	Attached <input type="checkbox"/>
Phone	505-325-1821		

\* Attach Additional Sheets If Necessary

nJK1201149375



PHONE (505) 393-2146 101 E. MARLAND HOBBBS NM 88401

August 07, 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 08/03/10 10:15

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



### Analytical Results For:

DUGAN PRODUCTION  
MIKE SANDOVAL  
F. O. BOX 420  
FARMINGTON NM 87499  
Fa. Te. (505) 320-4043

Received	08/03/2010
Reported	08/07/2010
Project Name	PIT CLOSURES
Project Number	LH 174 TANK PIT
Project Location	NOT GIVEN

Sampling Date	07/30/2011
Sampling Type	Soil
Sampling Condition	Cool & Intact
Sample Received By	Jodi Henson

Sample ID: LH 174 (H020538-01)

BTEX 8021B		mg/kg		Analyzed By: ZL					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPI	Quality
Benzene <sup>1</sup>	7.110	0.100	08/04/2010	ND	1.07	107	1.00	4.63	
Toluene <sup>2</sup>	<0.100	0.100	08/04/2010	ND	1.14	114	1.00	1.04	
Ethylbenzene <sup>3</sup>	<0.100	0.100	08/04/2010	ND	1.11	111	1.00	0.903	
Total Xylenes <sup>4</sup>	7.790	0.300	08/04/2010	ND	3.30	110	3.00	2.21	

Surrogate 4-Bromofluorobenzene (PIL)	91.7%	80/120
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Chloride, SM4500Cl-B		mg/kg	Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPL	Qualifier
Chloride	416	16.0	08/06/2010	ND	432	108	400	0.00	

TPH 418.1	mg/kg		Analyzed By: AB						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
TPH 418.1	3010	100	08/04/2010	ND	1030	101	1020	4.74	

TPH 8015M	mg/kg		Analyzed By: AB						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value Qc	RPL	Qualifier
GRO C6-C10	<10.0	10.0	08/05/2010	ND	166	83.0	200	0.157	
<b>DRO &gt;C10-C28</b>	368	10.0	08/05/2010	ND	163	81.4	200	2.94	

Surrogate 1-Chlorooctane	83.1%	70-130
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Surrogate 1-Chlorooctadecane	107%	70-130
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Cardinal Laboratories

\* = Accredited Analyte

[illegible]

City & County

[illegible]



PHONE (575, 393 1326 101 E. MARLAND HOBBS NM 88340

QM-17	The spike recovery was outside acceptable limits for this test. The batch is accepted based on acceptable recovery.
NI	Analyte NOT DETECTED at or above the reporting limit.
RPL	Relative Percent Difference
**	Samples not received at proper temperature (at or below)
***	Insufficient time to reach temperature.
-	Chloride by SM4500-Cl-B does not require samples be received at or below 6°C. Samples reported on an as received basis (wet) unless otherwise noted on report.

Cardinal Laboratories

<sup>a</sup> = Accredited Analyte[illegible]

Chas. E. Keene

1947, 1948, 1949, 1950, 1951, 1952, 1953, 1954, 1955, 1956, 1957, 1958, 1959, 1960, 1961, 1962, 1963, 1964, 1965, 1966, 1967, 1968, 1969, 1970, 1971, 1972, 1973, 1974, 1975, 1976, 1977, 1978, 1979, 1980, 1981, 1982, 1983, 1984, 1985, 1986, 1987, 1988, 1989, 1990, 1991, 1992, 1993, 1994, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 26



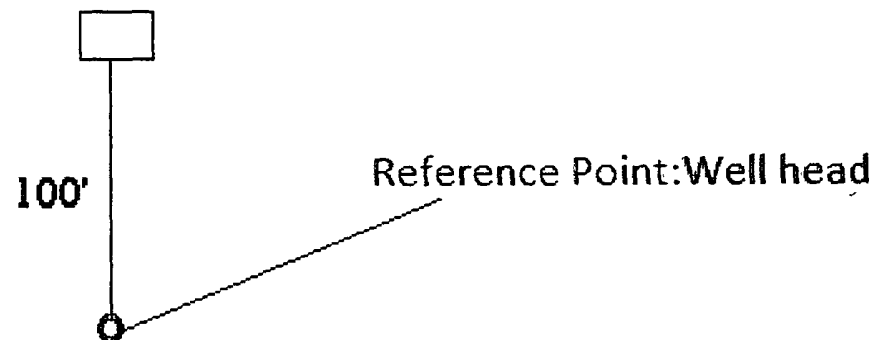
**Dugan Production**

**LH #174**

**Production Tank**



**10'W X 11L X 5'D**



**From Reference Point Go Due N. For a  
Distance of 100' to Center of Pit.**

Permanent pit: LH #174 (Production Tank)  
API number: 30-045-28533

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

<b>Lease Name: LH #174 (Production)</b>						
API No.: 30-045-28533						
<b>Site Specific Information</b>						
Depth to	<b>120-ft</b>	Distance to Surface	<b>300-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;0.100</b>	
BTEX (mg/kg)		50	<b>50</b>	50	<b>&lt;0.300</b>	
TPH (mg/kg)		100	<b>1000</b>	5000	<b>368</b>	
Chlorides (mg/kg)		N.A.	<b>N.A.</b>	N.A	<b>416</b>	
Note Analytical methods used for Benzene SW-846, BTEX SW-846, TPH 8015 and Chlorides 4500-C1-B.						
C-144 ranking = 10 Chloride release does not pose a threat to groundwater contamination						



## **LH #174 Hydrogeologic Report**

The LH #174 is located on State land in the southeast of the San Juan Basin in San Juan County, New Mexico. The area is characterized by a very narrow, ridge line bordered on the northwest and southeast by broad, northeast trending valleys. Dominant vegetation in the area is sage with pockets of grass in the low-lying areas. The area is well drained by two large washes that drain water during seasonal periods (snow melt and rain storms) to the southwest

A records search of the NM Office of the State Engineer –iWATERS database was conducted on a three square mile area centered on the LH #174 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 in surface shale layers along the upper reaches and confluences of arroyos. The below grade tank is not located in an arroyo; the closest arroyo is 300 feet to the east (Exhibit 2). Two large washes ½-mile to the northwest and southeast have breeched the surface down to 100-feet

The Nacimiento extends from surface down to 395-feet and might possibly contain silty sands (15-30 feet thick) in the intervals 30-80, 120-135 and 210-315 feet that are inter-bedded with mudstone / shale (20-60 feet thick). Only those sands below 120-feet could possibly contain poor quality groundwater. The zone from 30-80 feet could not since it has been breeched by nearby erosion.

The Nacimiento Formation 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).

The underlying Ojo Alamo Sandstone ranges from 395 to 510 feet and is comprised of a coarse grained alluvial sandstone inter-bedded with lenses of mudstone and occasional conglomeratic sandstone. The Ojo Alamo may yield marginal quantities of water for livestock use, the water quality is typically greater than 1,000 ppm total dissolved solids and high in sulfate (Stone, 1983)

Based on electric open hole logs, the iWATERS database, literature reviewed, depth to ground water ranges from 15 - 50 feet below the surface in major arroyos in the area. Moving away from the wash ground water depth drops rapidly to greater than 200 feet below the surface. At the location of the below grade tank, marginal amounts of groundwater might be found below 120-feet in laterally discontinuous, silty sand stringers in the Nacimiento Formation. A deeper source of ground water would be the Ojo Alamo Sandstone from 395-510 feet.

Due to the excessive drilling depth, high silt content in the sands, poor water and reservoir quality and unpredictable nature of sand occurrence, there has not been any Nacimiento or Ojo Alamo water wells drilled in the area of the below grade tank.

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.

## 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

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

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 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

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

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**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

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

---

**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

**NO SMOKING**

**For Emergency Call (505) 325-1823**

**DUGAN PRODUCTION CORP.**

**LH #174**

**LH-174**

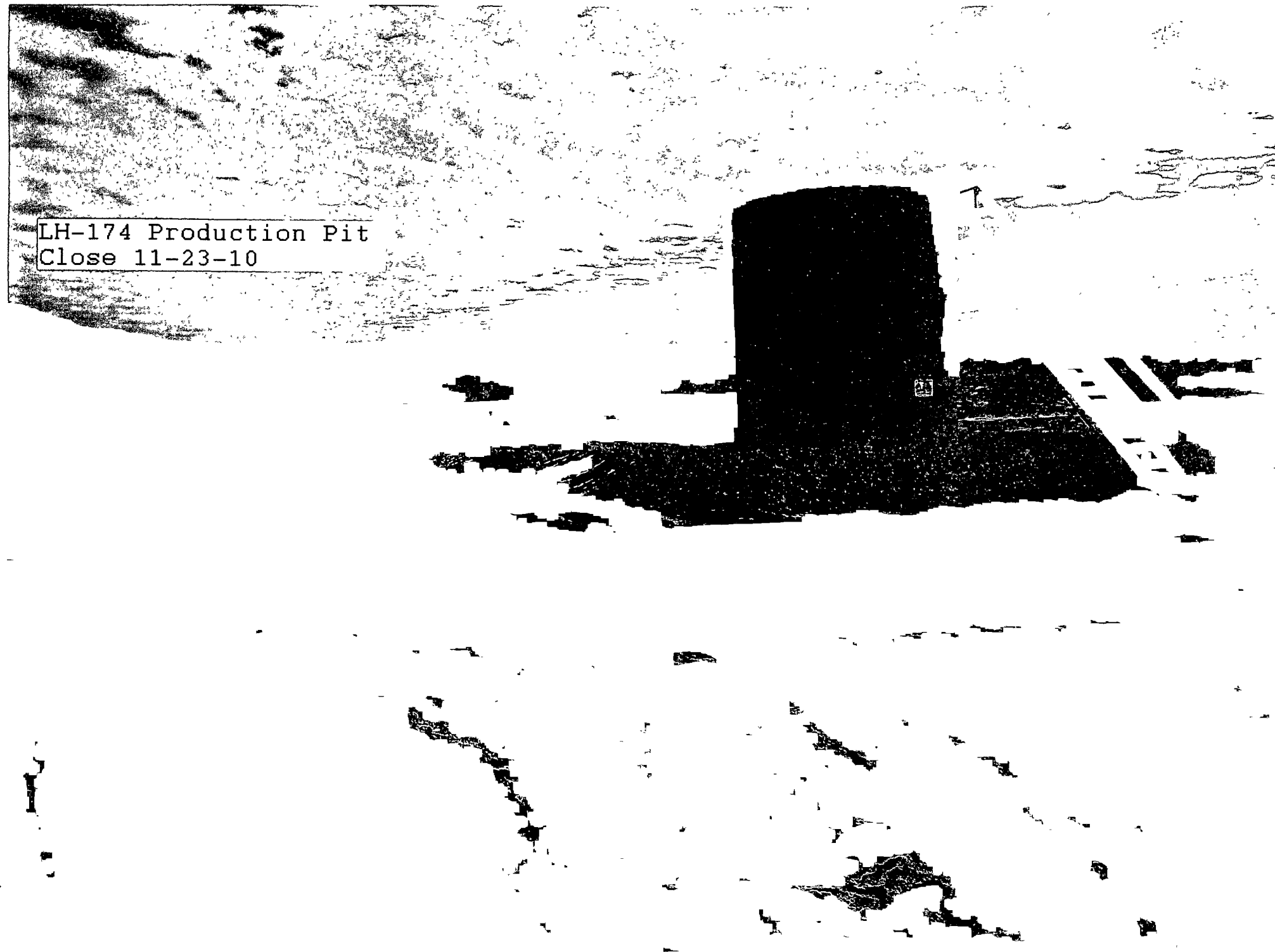
**API#30-045-28533**

**NE/4 NE/4, Unit A**

**ec.32,T-23-N,R-8-W,NMP**

**San Juan County, NM**

LH-174 Production Pit  
Close 11-23-10



LH-174 Seperator Pit  
Close 11-23-10

