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

Form C-144
July 21, 2008

For temporary pits, closed-loop systems, and below-grade tanks, submit to the appropriate NMOCD District Office
For permanent pits and exceptions submit to the Santa Fe Environmental Bureau office and provide a copy to the appropriate NMOCD District Office

9554
96605

Pit, Closed-Loop System, Below-Grade Tank, or Proposed Alternative Method Permit or Closure Plan Application

Type of action
- ☐ Permit of a pit, closed-loop system, below-grade tank, or proposed alternative method
- ☒ Closure of a pit, closed-loop system, below-grade tank, or proposed alternative method
- ☐ Modification to an existing permit
- ☐ Closure plan only submitted for an existing permitted or non-permitted pit, closed-loop system, below-grade tank, or proposed alternative method

Instructions: Please submit one application (Form C-144) per individual pit, closed-loop system, below-grade tank or alternative request

Please be advised that approval of this request does not relieve the operator of liability should operations result in pollution of surface water, ground water or the environment Nor does approval relieve the operator of its responsibility to comply with any other applicable governmental authority's rules, regulations or ordinances

1

Operator Dugan Production Corp OGRID # 006515

Address 709 East Murray Drive, Farmington, New Mexico 87401

Facility or well name Morrison SWD #2

API Number 30-045-33684 OCD Permit Number

U/L or Qtr/Qtr A Section 13 Township 22N Range 9W County San Juan

Center of Proposed Design Latitude 36 14335 N Longitude 107 73297 W NAD ☐1927 ☒ 1983

Surface Owner ☒ Federal ☐ State ☐ Private ☐ Tribal Trust or Indian Allotment

2

☒ **Pit:** Subsection F or G of 19 15 17 11 NMAC

RCVD FEB 28 '12
OIL CONS. DIV.
DIST. 3

Temporary ☒ Drilling ☐ Workover

☐ Permanent ☐ Emergency ☐ Cavitation ☐ P&A

☒ Lined ☐ Unlined Liner type Thickness 20 mil ☒ LLDPE ☐ HDPE ☐ PVC ☐ Other

☐ String-Reinforced

Liner Seams ☐ Welded ☒ Factory ☐ Other Volume bbl Dimensions L 90' x W 50' x D 10'

3

☐ **Closed-loop System:** Subsection H of 19.15 17.11 NMAC

Type of Operation ☐ P&A ☐ Drilling a new well ☐ Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent)

☐ Drying Pad ☐ Above Ground Steel Tanks ☐ Haul-off Bins ☐ Other

☐ Lined ☐ Unlined Liner type Thickness mil ☐ LLDPE ☐ HDPE ☐ PVC ☐ Other

Liner Seams ☐ Welded ☐ Factory ☐ Other

4

☐ **Below-grade tank** Subsection I of 19 15 17 11 NMAC

Volume bbl Type of fluid

Tank Construction material

☐ Secondary containment with leak detection ☐ Visible sidewalls, liner 6-inch lift and automatic overflow shut-off

☐ Visible sidewalls and liner ☐ Visible sidewalls only ☐ Other

Liner type Thickness mil ☐ HDPE ☐ PVC ☐ Other

5

☐ **Alternative Method:**

Submittal of an exception request is required Exceptions must be submitted to the Santa Fe Environmental Bureau office for consideration of approval

31

6

Fencing: Subsection D of 19 15 17 11 NMAC *(Applies to permanent pits, temporary pits, and below-grade tanks)*

☐ Chain link, six feet in height, two strands of barbed wire at top *(Required if located within 1000 feet of a permanent residence, school hospital, institution or church)*

☐ Four foot height, four strands of barbed wire evenly spaced between one and four feet

☒ Alternate Please specify 4-foot hogwire

7

Netting: Subsection E of 19 15 17 11 NMAC *(Applies to permanent pits and permanent open top tanks)*

☐ Screen ☐ Netting ☐ Other_____

☐ Monthly inspections (If netting or screening is not physically feasible)

8

Signs: Subsection C of 19 15 17 11 NMAC

☒ 12"x 24", 2" lettering providing Operator's name, site location, and emergency telephone numbers

☐ Signed in compliance with 19 15 3 103 NMAC

9

Administrative Approvals and Exceptions:

Justifications and/or demonstrations of equivalency are required Please refer to 19 15 17 NMAC for guidance

Please check a box if one or more of the following is requested, if not leave blank:

☒ Administrative approval(s) Requests must be submitted to the appropriate division district or the Santa Fe Environmental Bureau office for consideration of approval

☐ Exception(s) Requests must be submitted to the Santa Fe Environmental Bureau office for consideration of approval

10

Siting Criteria (regarding permitting): 19 15 17 10 NMAC

Instructions: The applicant must demonstrate compliance for each siting criteria below in the application. Recommendations of acceptable source material are provided below. Requests regarding changes to certain siting criteria may require administrative approval from the appropriate district office or may be considered an exception which must be submitted to the Santa Fe Environmental Bureau office for consideration of approval. Applicant must attach justification for request. Please refer to 19.15.17.10 NMAC for guidance. **Siting criteria does not apply to drying pads or above-grade tanks associated with a closed-loop system.**

Ground water is less than 50 feet below the bottom of the temporary pit, permanent pit, or below-grade tank - NM Office of the State Engineer - iWATERS database search, USGS, Data obtained from nearby wells	☐ Yes ☒ No
Within 300 feet of a continuously flowing watercourse, or 200 feet of any other significant watercourse or lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark) - Topographic map, Visual inspection (certification) of the proposed site	☐ Yes ☒ No
Within 300 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application *(Applies to temporary, emergency, or cavitation pits and below-grade tanks)* - Visual inspection (certification) of the proposed site, Aerial photo, Satellite image	☐ Yes ☒ No ☐ NA
Within 1000 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application *(Applies to permanent pits)* - Visual inspection (certification) of the proposed site, Aerial photo; Satellite image	☐ Yes ☒ No ☐ NA
Within 500 horizontal feet of a private, domestic fresh water well or spring that less than five households use for domestic or stock watering purposes, or within 1000 horizontal feet of any other fresh water well or spring, in existence at the time of initial application - NM Office of the State Engineer - iWATERS database search, Visual inspection (certification) of the proposed site	☐ Yes ☒ No
Within incorporated municipal boundaries or within a defined municipal fresh water well field covered under a municipal ordinance adopted pursuant to NMSA 1978, Section 3-27-3, as amended - Written confirmation or verification from the municipality, Written approval obtained from the municipality	☐ Yes ☒ No
Within 500 feet of a wetland - US Fish and Wildlife Wetland Identification map, Topographic map, Visual inspection (certification) of the proposed site	☐ Yes ☒ No
Within the area overlying a subsurface mine - Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division	☐ Yes ☒ No
Within an unstable area - Engineering measures incorporated into the design NM Bureau of Geology & Mineral Resources, USGS, NM Geological Society, Topographic map	☐ Yes ☒ No
Within a 100-year floodplain - FEMA map	☐ Yes ☒ No

11

Temporary Pits, Emergency Pits, and Below-grade Tanks Permit Application Attachment Checklist: Subsection B of 19 15 17 9 NMAC

Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.

- ☐ Hydrogeologic Report (Below-grade Tanks) - based upon the requirements of Paragraph (4) of Subsection B of 19 15 17 9 NMAC
- ☒ Hydrogeologic Data (Temporary and Emergency Pits) - based upon the requirements of Paragraph (2) of Subsection B of 19 15 17 9 NMAC
- ☒ Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15 17 10 NMAC
- ☒ Design Plan - based upon the appropriate requirements of 19 15 17 11 NMAC
- ☒ Operating and Maintenance Plan - based upon the appropriate requirements of 19 15 17 12 NMAC
- ☒ Closure Plan (Please complete Boxes 14 through 18, if applicable) - based upon the appropriate requirements of Subsection C of 19 15 17 9 NMAC and 19 15.17 13 NMAC

☐ Previously Approved Design (attach copy of design) API Number 30-045-33684 or Permit Number _____

12

Closed-loop Systems Permit Application Attachment Checklist: Subsection B of 19 15 17 9 NMAC

Instructions. Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.

- ☐ Geologic and Hydrogeologic Data (only for on-site closure) - based upon the requirements of Paragraph (3) of Subsection B of 19 15 17 9
- ☐ Siting Criteria Compliance Demonstrations (only for on-site closure) - based upon the appropriate requirements of 19 15 17 10 NMAC
- ☐ Design Plan - based upon the appropriate requirements of 19 15 17 11 NMAC
- ☐ Operating and Maintenance Plan - based upon the appropriate requirements of 19.15 17 12 NMAC
- ☐ Closure Plan (Please complete Boxes 14 through 18, if applicable) - based upon the appropriate requirements of Subsection C of 19 15 17 9 NMAC and 19 15 17 13 NMAC

☐ Previously Approved Design (attach copy of design) API Number _____

☐ Previously Approved Operating and Maintenance Plan API Number _____ *(Applies only to closed-loop system that use above ground steel tanks or haul-off bins and propose to implement waste removal for closure)*

13

Permanent Pits Permit Application Checklist: Subsection B of 19 15 17 9 NMAC

Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.

- ☐ Hydrogeologic Report - based upon the requirements of Paragraph (1) of Subsection B of 19 15 17 9 NMAC
- ☐ Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19 15 17 10 NMAC
- ☐ Climatological Factors Assessment
- ☐ Certified Engineering Design Plans - based upon the appropriate requirements of 19 15 17 11 NMAC
- ☐ Dike Protection and Structural Integrity Design - based upon the appropriate requirements of 19 15 17 11 NMAC
- ☐ Leak Detection Design - based upon the appropriate requirements of 19 15 17 11 NMAC
- ☐ Liner Specifications and Compatibility Assessment - based upon the appropriate requirements of 19 15 17 11 NMAC
- ☐ Quality Control/Quality Assurance Construction and Installation Plan
- ☐ Operating and Maintenance Plan - based upon the appropriate requirements of 19.15 17 12 NMAC
- ☐ Freeboard and Overtopping Prevention Plan - based upon the appropriate requirements of 19 15 17 11 NMAC
- ☐ Nuisance or Hazardous Odors, including H_2S, Prevention Plan
- ☐ Emergency Response Plan
- ☐ Oil Field Waste Stream Characterization
- ☐ Monitoring and Inspection Plan
- ☐ Erosion Control Plan
- ☐ Closure Plan - based upon the appropriate requirements of Subsection C of 19 15 17 9 NMAC and 19 15 17 13 NMAC

14

Proposed Closure: 19 15 17 13 NMAC

Instructions: Please complete the applicable boxes, Boxes 14 through 18, in regards to the proposed closure plan.

Type ☒ Drilling ☐ Workover ☐ Emergency ☐ Cavitation ☐ P&A ☐ Permanent Pit ☐ Below-grade Tank ☐ Closed-loop System ☐ Alternative

Proposed Closure Method
- ☐ Waste Excavation and Removal
- ☐ Waste Removal (Closed-loop systems only)
- ☒ On-site Closure Method (Only for temporary pits and closed-loop systems)
  - ☒ In-place Burial ☐ On-site Trench Burial
- ☐ Alternative Closure Method (Exceptions must be submitted to the Santa Fe Environmental Bureau for consideration)

15

Waste Excavation and Removal Closure Plan Checklist: (19 15 17 13 NMAC) ***Instructions: Each of the following items must be attached to the closure plan. Please indicate, by a check mark in the box, that the documents are attached***

- ☐ Protocols and Procedures - based upon the appropriate requirements of 19 15 17 13 NMAC
- ☐ Confirmation Sampling Plan (if applicable) - based upon the appropriate requirements of Subsection F of 19 15 17 13 NMAC
- ☐ Disposal Facility Name and Permit Number (for liquids, drilling fluids and drill cuttings)
- ☐ Soil Backfill and Cover Design Specifications - based upon the appropriate requirements of Subsection H of 19 15 17 13 NMAC
- ☐ Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19 15 17 13 NMAC
- ☐ Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19 15 17 13 NMAC

16

Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only: (19 15 17 13 D NMAC)

Instructions: Please indentify the facility or facilities for the disposal of liquids, drilling fluids and drill cuttings. Use attachment if more than two facilities are required.

Disposal Facility Name _____ Disposal Facility Permit Number _____

Disposal Facility Name _____ Disposal Facility Permit Number _____

Will any of the proposed closed-loop system operations and associated activities occur on or in areas that *will not* be used for future service and operations?

☐ Yes (If yes, please provide the information below) ☐ No

Required for impacted areas which will not be used for future service and operations

☐ Soil Backfill and Cover Design Specifications - - based upon the appropriate requirements of Subsection H of 19 15 17 13 NMAC

☐ Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19 15 17 13 NMAC

☐ Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19 15 17 13 NMAC

17

Siting Criteria (regarding on-site closure methods only): 19 15 17 10 NMAC

Instructions: Each siting criteria requires a demonstration of compliance in the closure plan. Recommendations of acceptable source material are provided below. Requests regarding changes to certain siting criteria may require administrative approval from the appropriate district office or may be considered an exception which must be submitted to the Santa Fe Environmental Bureau office for consideration of approval. Justifications and/or demonstrations of equivalency are required. Please refer to 19.15.17.10 NMAC for guidance.

Ground water is less than 50 feet below the bottom of the buried waste - NM Office of the State Engineer - iWATERS database search, USGS, Data obtained from nearby wells	☐ Yes ☐ No ☒ NA
Ground water is between 50 and 100 feet below the bottom of the buried waste - NM Office of the State Engineer - iWATERS database search, USGS, Data obtained from nearby wells	☐ Yes ☐ No ☒ NA
Ground water is more than 100 feet below the bottom of the buried waste - NM Office of the State Engineer - iWATERS database search, USGS, Data obtained from nearby wells	☒ Yes ☐ No ☐ NA
Within 300 feet of a continuously flowing watercourse, or 200 feet of any other significant watercourse or lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark) - Topographic map, Visual inspection (certification) of the proposed site	☐ Yes ☒ No
Within 300 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application - Visual inspection (certification) of the proposed site, Aerial photo, Satellite image	☐ Yes ☒ No
Within 500 horizontal feet of a private, domestic fresh water well or spring that less than five households use for domestic or stock watering purposes, or within 1000 horizontal feet of any other fresh water well or spring, in existence at the time of initial application - NM Office of the State Engineer - iWATERS database, Visual inspection (certification) of the proposed site	☐ Yes ☒ No
Within incorporated municipal boundaries or within a defined municipal fresh water well field covered under a municipal ordinance adopted pursuant to NMSA 1978, Section 3-27-3, as amended - Written confirmation or verification from the municipality, Written approval obtained from the municipality	☐ Yes ☒ No
Within 500 feet of a wetland - US Fish and Wildlife Wetland Identification map, Topographic map, Visual inspection (certification) of the proposed site	☐ Yes ☒ No
Within the area overlying a subsurface mine - Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division	☐ Yes ☒ No
Within an unstable area - Engineering measures incorporated into the design, NM Bureau of Geology & Mineral Resources, USGS, NM Geological Society, Topographic map	☐ Yes ☒ No
Within a 100-year floodplain - FEMA map	☐ Yes ☒ No

18

On-Site Closure Plan Checklist: (19 15 17 13 NMAC) ***Instructions: Each of the following items must be attached to the closure plan. Please indicate, by a check mark in the box, that the documents are attached.***

☒ Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19 15 17 10 NMAC

☒ Proof of Surface Owner Notice - based upon the appropriate requirements of Subsection F of 19 15 17 13 NMAC

☐ Construction/Design Plan of Burial Trench (if applicable) based upon the appropriate requirements of 19 15 17 11 NMAC

☒ Construction/Design Plan of Temporary Pit (for in-place burial of a drying pad) - based upon the appropriate requirements of 19 15 17 11 NMAC

☒ Protocols and Procedures - based upon the appropriate requirements of 19 15 17 13 NMAC

☒ Confirmation Sampling Plan (if applicable) - based upon the appropriate requirements of Subsection F of 19 15 17 13 NMAC

☒ Waste Material Sampling Plan - based upon the appropriate requirements of Subsection F of 19 15 17 13 NMAC

☒ Disposal Facility Name and Permit Number (for liquids drilling fluids and drill cuttings or in case on-site closure standards cannot be achieved)

☒ Soil Cover Design - based upon the appropriate requirements of Subsection H of 19 15 17 13 NMAC

☒ Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19 15 17 13 NMAC

☒ Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19 15 17 13 NMAC

19
Operator Application Certification:

I hereby certify that the information submitted with this application is true, accurate and complete to the best of my knowledge and belief

Name (Print) Kurt Fagrelius Title VP Land and Exploration

Signature Kurt Fagrelius Date February 3, 2012

e-mail address kfagrelius@duganproduction.com Telephone 505-325-1821

20
OCD Approval: ☐ Permit Application (including closure plan) ☒ Closure Plan (only) ☐ OCD Conditions (see attachment)

OCD Representative Signature: Jonathan D. Kelly Jonathan D. Kelly 2/28/2012 **Approval Date:** 2/04/2012

Title: Compliance Officer **OCD Permit Number:**

21
Closure Report (required within 60 days of closure completion): Subsection K of 19 15 17 13 NMAC

***Instructions:** Operators are required to obtain an approved closure plan prior to implementing any closure activities and submitting the closure report The closure report is required to be submitted to the division within 60 days of the completion of the closure activities. Please do not complete this section of the form until an approved closure plan has been obtained and the closure activities have been completed*

☒ **Closure Completion Date:** 2-10-2012

22
Closure Method:

☐ Waste Excavation and Removal ☒ On-Site Closure Method ☐ Alternative Closure Method ☐ Waste Removal (Closed-loop systems only)

☐ If different from approved plan, please explain

23
Closure Report Regarding Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:

***Instructions:** Please indentify the facility or facilities for where the liquids, drilling fluids and drill cuttings were disposed. Use attachment if more than two facilities were utilized.*

Disposal Facility Name _____ Disposal Facility Permit Number _____

Disposal Facility Name _____ Disposal Facility Permit Number _____

Were the closed-loop system operations and associated activities performed on or in areas that *will not* be used for future service and operations?

☐ Yes (If yes, please demonstrate compliance to the items below) ☐ No

Required for impacted areas which will not be used for future service and operations

☐ Site Reclamation (Photo Documentation)
☐ Soil Backfilling and Cover Installation
☐ Re-vegetation Application Rates and Seeding Technique

24
Closure Report Attachment Checklist: ***Instructions: Each of the following items must be attached to the closure report. Please indicate, by a check mark in the box, that the documents are attached.***

☒ Proof of Closure Notice (surface owner and division)
☐ Proof of Deed Notice (required for on-site closure)
☒ Plot Plan (for on-site closures and temporary pits)
☒ Confirmation Sampling Analytical Results (if applicable)
☒ Waste Material Sampling Analytical Results (required for on-site closure)
☒ Disposal Facility Name and Permit Number
☒ Soil Backfilling and Cover Installation
☒ Re-vegetation Application Rates and Seeding Technique
☒ Site Reclamation (Photo Documentation)

On-site Closure Location Latitude 36° 14.335° N Longitude 107° 73297° W NAD ☐ 1927 ☒ 1983

25
Operator Closure Certification:

I hereby certify that the information and attachments submitted with this closure report is true, accurate and complete to the best of my knowledge and belief I also certify that the closure complies with all applicable closure requirements and conditions specified in the approved closure plan

Name (Print) Kurt Fagrelius Title VP- Exploration

Signature Kurt Fagrelius Date 2-27-2012

e-mail address Kfagrelius@duganproduction.com Telephone 505-325-1821

Dugan Production Corp.
Closure Report

Lease Name Morrison SWD #2
API No 30-045-333684

In accordance with Rule 10 15.17.13 NMAC the following information describes the closure of the temporary pit referenced above. All proper documentation concerning closure activities is included with the C-144. The temporary pit for this location was an approved design under Rule 19.15 17.

The closure plan for the temporary pit was submitted on 2-3-2012 and approved on 2-6-2012.

1 Comply with siting criteria for temporary pits established by the State of New Mexico, Energy Minerals and Natural Resources Department 19.15.17.10 NMAC.

See approved permit dated 2-3-2012.

2. Provide the NMOCD district office at least 72-hours notice but no greater than 1-week prior to any closure operations. Notice will include operator name, well name and number, API number, and location (unit letter, section, township and range)

See email notification dated 2-6-2012.

3. Provide the surface owner notice of the operator's proposal of an on-site closure method. Proof of notice will be attached to the permit application. Also, proof of closure notice will be provided by certified mail to surface owner after closure Proof of notice will be attached to final closure report.

Federal surface, certified notification not applicable as per BLM/OCD MOU.

4. Remove all liquid from pit and reclaim, re-use or dispose of at an NMOCD approved facility. Upon completion of drilling operations, drilling mud will be vacuumed from pit and transported to the next reserve pit for re-use at another drilling location. After the remaining mud settles, the free water that shakes out and any free water left over from completion operations will be hauled to the Dugan Production operated Sanchez O'Brien #1 SWD located 1650 feet from the South line and 990 feet from the West line (Unit L) of Section 6, Township 24 North, Range 9 West NMPM, San Juan County, New Mexico. The disposal facility was permitted by the NMOCD with Administrative Order SWD-694.

Drilling rig was released (9-19-2011) and drilling mud transferred to the St. Moritz SWD #2 for re-use. Remaining mud was allowed to settle and free water was hauled to Basin Disposal (see attached invoice #14289). Remaining water and wet mud was transferred by Riley Industrial and Badger Day Lighting Corp. to the Envirotech land farm from 10-28-2011 to 10-29-2011 (see attached invoice #29767).

5 Remove all fluids from temporary pit within 30-days and close within 6-months following release of drilling rig.

Free water was removed within 30-days and temporary pit was closed (2-10-2012).

6. Air dry pit contents and stabilize or solidify to a load bearing capacity sufficient to support the temporary pit's final cover.

Pit contents were allowed to dry prior to temporary pit closure.

7 Collect a five point, composite sample of the pit contents to demonstrate that Benzene, BTEX, the GRO and DRO combined fraction, TPH. and chlorides (depth to groundwater from bottom of pit is greater than 100-feet), do not exceed the standards as specified in 19 15.17.9.B or the background concentration, whichever is greater

A five point composite sample was taken of remaining cuttings in temporary pit and was tested

in accordance with Subsection B of 19.15.17.13 (B)(1)(b)(ii). Depth from bottom of pit to top of ground-water is greater than 100-feet. Sample results are attached.

Components	Test Method	Limit (mg/kg)	*Results (mg/kg)
Benzene	EPA SW-846 8021B or 8260B	0 2	**<0.050**
BTEX	EPA SW-846 8021B or 8260B	50	**0.296**
TPH	EPA SW-846 418 1	2500	**131**
GRO/DRO	EPA SW-846 8015M	500	**40.9**
Chlorides	EPA 300 1	1000 / 500	**416**

8. Other methods if the standards in 19.15.17.9 B can not be met will include. The pit contents may be mixed to a ratio not to exceed 3 1, un-contaminated soil or other material to pit contents A second five point, composite sample of the contents after treatment or stabilization will be taken to demonstrate that the contents do not exceed the standards If the second soil analyses do no satisfy the closure standards, the operator will close the temporary pit using the waste excavation and removal method

Not applicable, testing standards of 19.15-17.9 were met.

9 Cut pit liner off at the mud line (solids level), remove liner and apron and transport to a NMOCD approved facility for disposal.

Pit liner was removed 2-10-2012 and disposed of at the Crouch Mesa Waste Management facility on 2-18-2012 (see attached invoice #1421309).

10. Stockpiled sub-surface soil will be used to backfill pit and re-contour well pad (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

Stockpiled sub-surface soil was used to backfill temporary pit and re-contour well pad. A minimum of four-feet of compacted, non-waste containing, earthen material was used to backfill pit.

11 Stockpiled surface soil will be used as a cover over the backfilled pit and disturbed areas of the well pad 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.

Stockpiled surface soil was used to cover backfilled temporary pit and disturbed areas of the well pad no longer needed for production operations. The soil cover included the greater of either the background thickness or one foot of suitable material necessary to establish vegetation. The location was re-contoured to approximate the original topography of the site and diversions were constructed to protect soil cover and minimize erosion.

12. The area will be re-seeded as per BLM guidelines Re-seeding will be repeated until 70% of the native natural cover is achieved and maintained for two successive growing seasons. The first growing season after the pit is closed the disturbed area will be re-seeded The seeding method will be to drill on contour whenever possible

Re-seeding will be done according to BLM guidelines as specified by BLM/OCD memorandum of understanding.

13 The NMOCD will be notified once successful re-vegetation has been achieved

Re-seeding will be done according to BLM guidelines as specified by BLM/OCD memorandum of understanding.

14. A steel marker will be set at the center of the on-site burial following onsite-pit closure (see application for administrative approval) The marker will be (24" X 24") and will have the operator name, lease name, well number, location (UL, Sec., Twp. and Rge) and that it designates an "on-site burial location" lettering welded on the

top side with a 4" threaded collar welded to the bottom side. The marker will be set at ground level and attached to a 4" diameter pipe that is cemented in a hole three feet deep. When the well is abandoned, a steel riser that is 4" in diameter, extending 4' above the ground will be welded to the pipe anchored in cement below the surface The riser will have lettering welded on side showing operator name, well number, location (UL, Sec , Twp , and Rge.) and that it designates an on-site burial location.

A flat steel marker (24" X 24") with the lettering "on-site burial location" was set at ground-level in the center of the burial site. The marker is welded to a 4" pipe that is cemented in a 3-foot deep hole and is shown in the attached photographs (administrative approval was received). When the well is P&A'd, the steel plate will be removed and a riser that is 4" in diameter, extending 4' above the ground will be welded to the pipe anchored in cement below the surface. The riser will have lettering welded on the side showing operator name, well number, location (UL, Sec., Twp., and Rge.) and that it designates an on-site burial location.

15. Closure Report will be submitted within 60-days of completion of temporary pit closure. Closure report will include the following.
    1) Proof of Closure Notice.
    2) Proof of Deed Notice (if applicable).
    3) Plot Plan.
    4) Confirmation Sampling Analytical Results.
    5) Waste Material Sampling Analytical Results
    6) Disposal Facility Name and Permit Number.
    7) Soil Backfilling and Cover Installation.
    8) Re-vegetation Application Rates and Seeding Technique.

All items listed above if applicable are attached and submitted on this date.

16. A deed notice identifying the exact location of the on-site burial will be filed with the County clerk in the county where the on-site burial occurs.

Federal surface, deed notice identifying exact location of on-site burial is not applicable according to BLM/OCD MOU.

Kurt Fagrelius

From: Kurt Fagrelius
Sent: Monday, February 06, 2012 10 48 AM
To: Kelly, Jonathan, EMNRD, 'Powell, Brandon, EMNRD', 'Mark_Kelly@nm blm gov', 'lucas_vargo@blm gov', Kurt Fagrelius
Subject: Close Morrison SWD #2 Temp Pit
Attachments: 72-Hr Notice to Close Temp Drlg Pit Morrison SWD #2 2-10-2012 xls

February 6, 2012

Dear Mr Brandon Powell, Jonathan Kelly, Mr Mark Kelly and Mr Lucas Vargo

Dugan Production Corp is hereby giving notice that Dugan will be closing the following drilling reserve pit (Temporary Pit)

1) Morrison SWD #2 – Federal Surface

Site specific and cuttings analysis information for the drilling reserve pit is included in the enclosed attachment

Depending on prevailing weather conditions, the pit will be closed on Friday February 10, 2012

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

Kurt Fagrelius

Kurt Fagrelius
Dugan Production Corp
505 325 1821 office
505 320 8248 cell
505 327 4613 fax

Dugan Production Corp. Permanent Pit to be Closed on February 10, 2012

Lease Name	Morrison SWD #2
API Number	30-045-33684
Surface Owner - Notice Sent	Federal
Location - UL, Sec., Twp, Rge	A, Sec. 13, T22N, R9W
Latitude	36 14404 N
Longitude	107 73410 W
Benzene (<0.2 mg/kg)	<0 050-mg/kg
Betex (<50 mg/kg)	0.296-mg/kg
TPH - Analytic Mthd-418.1 (<2500 mg/kg)	131-mg/kg
GRO + DRO - Analytic Mthd-8015 (<200 mg/kg)	40.9-mg/kg
Chlorides (<1000 mg/kg)	416-mg/kg
Thresholds as per "Pit Rule" 19.15 17 NMAC are highlighted in red.	

Kurt Fagrelius

From: postmaster@duganproduction com
Sent: Monday, February 06, 2012 10 48 AM
To: Kurt Fagrelius
Subject: Delivery Status Notification (Relay)

Attachments: ATT07309 txt, Close Morrison SWD #2 Temp Pit


ATT07309.txt (541 B) Close Morrison SWD #2 Temp Pit...

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.

Jonathan.Kelly@state.nm.us
Brandon.Powell@state.nm.us

Kurt Fagrelius

From: Kurt Fagrelius
To: Kurt Fagrelius
Sent: Monday, February 06, 2012 10 50 AM
Subject: Read Close Morrison SWD #2 Temp Pit

Your message

To: Kelly, Jonathan, EMNRD; 'Powell, Brandon, EMNRD'; 'Mark_Kelly@nm.blm.gov'; 'lucas_vargo@blm.gov'; Kurt Fagrelius
Subject. Close Morrison SWD #2 Temp Pit
Sent. 2/6/2012 10:48 AM

was read on 2/6/2012 10:50 AM.

Kurt Fagrelius

From: Kelly, Jonathan, EMNRD [Jonathan Kelly@state nm us]
To: Kurt Fagrelius
Sent: Monday, February 06, 2012 10 52 AM
Subject: Read Close Morrison SWD #2 Temp Pit

Your message

To. Jonathan.Kelly@state.nm us
Subject

was read on 2/6/2012 10 52 AM

Kurt Fagrelius

From: Kelly, Mark C [mkelly@blm gov]
To: Kurt Fagrelius
Sent: Tuesday, February 07, 2012 6 15 AM
Subject: Read Close Morrison SWD #2 Temp Pit

Your message

To: mkelly@blm.gov
Subject:

was read on 2/7/2012 6:15 AM.

Kurt Fagrelius

From: Vargo, Lucas D [lvargo@blm gov]
To: Kurt Fagrelius
Sent: Tuesday, February 07, 2012 8 52 AM
Subject: Read Close Morrison SWD #2 Temp Pit

Your message

To: lvargo@blm.gov
Subject

was read on 2/7/2012 8.52 AM

Dugan Production Corp.
709 East Murray Drive
Farmington, NM 87401

Well Name: Morrison SWD #2
Location: Sec. 13, T22N, R9W
Drilling Operator: Aztec
Rig # : Rig #184

Spud Date: Monday 9-19-2011

Date :
Rig Moved Off

Date to Remove Liquids by:
(30-days from rig release)

Date to Close Pit by:
(180-days from rig release)

Log Book of Daily inspections during Drilling/workover operations, weekly after rig is moved off.

Date:	Signature	Freeboard (> 2-ft.) Yes / No	Tears or Holes Yes / No	Oil Yes / No	Trash Yes / No	Remarks
9/18/11		YES OVER	NO	NO	NO	
9-19-11		YES OVER	NO	NO	NO	
9/20/11		YES OVER	NO	NO	NO	
9-21-11		YES OVER	NO	NO	NO	
9-22-11	[signature]	YES / OVER 2'	NO	NO	NO	
9-23-11	[signature]	YES OVER 2'	NO	NO	NO	
9-24-11	[signature]	YES OVER 2'	NO	NO	NO	
9-25-11	[signature]	YES OVER 2'	NO	NO	NO	
9-26-11	[signature]	YES OVER 2'	NO	NO	NO	
9-27-11	[signature]	YES OVER 2'	NO	NO	NO	
9-28-11	[signature]	YES OVER 2'	NO	NO	NO	
9-29-11	[signature]	YES OVER 2'	NO	NO	NO	MOVE OFF LOC. Transfer mud to S1 Morritz SWD #2 for re-use.
9-30-11	Kurt Fagrelius					

Morrison SWD #2

CARDINAL Laboratories

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

January 18, 2012

KURT FAGRELIUS

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 01/10/12 9:15.

Cardinal Laboratories is accredited through Texas NELAP under certificate number T104704398-11-3. Accreditation applies to drinking water, non-potable water and solid and chemical materials. All accredited analytes are denoted by an asterisk (*). For a complete list of accredited analytes and matrices visit the TCEQ website at www.tceq.texas.gov/field/qa/lab_accred_certif.html.

Cardinal Laboratories is accreditated 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 (V1, 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

Celey D. Keene

Lab Director/Quality Manager

CARDINAL Laboratories

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

Analytical Results For:

DUGAN PRODUCTION
KURT FAGRELIUS
P. O. BOX 420
FARMINGTON NM, 87499
Fax To (505) 327-4043

Received:	01/10/2012	Sampling Date:	01/06/2012
Reported:	01/18/2012	Sampling Type:	Soil
Project Name.	PIT CLOSURES	Sampling Condition:	Cool & Intact
Project Number.	NONE GIVEN	Sample Received By:	Jodi Henson
Project Location.	NOT GIVEN		

Sample ID: MORRISON SWD #2 (H200048-02)

BTEX 8021B mg/kg **Analyzed By: AP**

Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Benzene*	<0 050	0.050	01/11/2012	ND	2 06	103	2.00	0 859	
Toluene*	**0.232**	0 050	01/11/2012	ND	2.15	108	2 00	1 46	
Ethylbenzene*	**0.093**	0.050	01/11/2012	ND	2 15	107	2.00	1.44	
Total Xylenes*	**0.296**	0.150	01/11/2012	ND	6.66	111	6.00	1 39	
Surrogate 4-Bromofluorobenzene (PIL	*114 %*	*64 4-134*							

Chloride, SM4500Cl-B mg/kg **Analyzed By: AP**

Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	**416**	16 0	01/10/2012	ND	432	108	400	7 14	

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	**131**	100	01/18/2012	ND	2510	101	2500	3.02	

TPH 8015M mg/kg **Analyzed By: MS**

Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
GRO C6-C10	<10 0	10.0	01/12/2012	ND	214	107	200	6.19	
DRO >C10-C28	**40.9**	10.0	01/12/2012	ND	200	100	200	5 58	
Total TPH C6-C28	**40.9**	10 0	01/12/2012	ND	414	104	400	5 89	
Surrogate 1-Chlorooctane	*113 %*	*55 5-154*							
Surrogate 1-Chlorooctadecane	*131 %*	*57 6-158*							

Cardinal Laboratories

*=Accredited Analyte

Celey D. Keene, Lab Director/Quality Manager

CARDINAL Laboratories

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

Notes and Definitions

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

Celey D. Keene, Lab Director/Quality Manager

CHAIN OF CUSTODY RECORD

Page ____ of ____

Client: Kim Dugan Prod. Corp
Contact: Kurt Fegreliis
Address: 709 E. Murray Dr.
Fmgt. NM
Phone Number: 505-320-8248
FAX Number:
KFegreliis@dugenproduction.com

NOTES
1) Ensure proper container packaging
2) Ship samples promptly following collection.
3) Designate Sample Reject Disposition.
PO#
Project Name
Samplers Signature

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 #

Lab Name: Green Analytical Laboratories (970) 247-4220 FAX (970) 247-4227
Address: 75 Suttle Street, Durango, CO 81303 www.greenanalytical.com

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: Pit Closures	TPH 418.1	TPH 8015	BTEX	Cl-					Comments
H2000448	1-6-12																					
1 St. Morits Stud #2		11:30 AM												✓	✓	✓	✓					
2																						
3 Morrison Stud #2		12:30 PM												✓	✓	✓	✓					
4.																						
5																						
6																						
7.																						
8.																						
9																						
10																						

Relinquished by: Kurt Fegreliis	Date: 1-6-12	Time: 1400	Received by: Crystal Clark	Date: 1/6/12	Time: 1400
Relinquished by:	Date:	Time:	Received by: Gail Hanson	Date: 1/10/12	Time: 9:15

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

2°C

#26

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: 29767
Job 06094-0103
DATE November 10,2011

Morrison SWD #2 - accept drilling mud from drilling operations

Ordered by Kurt Fagrelius

Project Manager April Pohl

Employee	Staff Type	Description	Units	Rate	Total
10/28/2011					
Landfarm					
Paint Filter Test (LF)		BOL# 40117	6 00 EA	10 00	60.00
Chloride (LF)		BOL# 40117	6 00 EA	15 00	90 00
Contaminated Barrel Receival		BOL# 40117	490 00 BR	18 00	8,820 00
		Landfarm Total:	**502.00**		**8,970.00**
		10/28/2011 Total:	**502.00**		**8,970.00**
10/29/2011					
Labor					
Jacob Johnson	Equipment Operator	Weekend Acceptance	2 00 Hrs	39 00	78 00
Jacob Johnson	Equipment Operator	Weekend Acceptance	2 00 Hrs	39 00	78 00
		Labor Total:	**4.00**		**156.00**
Equipment					
		Fuel Surcharge	1 00 EA	11 70	11 70
		Fuel Surcharge	1 00 EA	11 70	11.70
(959) Support Vehicle		JJohnson-Weekend Accept	2 00 Hours	15 00	30 00
(959) Support Vehicle		JJohnson-Weekend Accept	2 00 Hours	15 00	30 00
		Equipment Total:	**6.00**		**83.40**
Landfarm					
Paint Filter Test (LF)		BOL# 40129	12 00 EA	10 00	120 00
Chloride (LF)		BOL# 40129	12 00 EA	15 00	180 00
		BOL# 40129	390 00 BR	16 00	6,240 00

JK
KF

RECEIVED
NOV 14 2011

Invoice # 29767 Job # 06094-0103

Employee / Staff Type	Description	Units		Rate	Total
Contaminated Barrel Receival	BOL# 40129	510 00	BR	18 00	9,180 00
Contaminated Barrel Receival	BOL# 40132	3 00	EA	10 00	30 00
Paint Filter Test (LF)	BOL# 40132	3 00	EA	15 00	45 00
Chloride (LF)	BOL# 40132	255.00	BR	16 00	4,080 00
Contaminated Barrel Receival					
	Landfarm Total:	**1,185.00**			**19,875.00**
	10/29/2011 Total:	**1,195.00**			**20,114.40**

Invoice Sub-total	29,084.40
Sales Tax	1,835.95
Amount due this Invoice	$30,920.35

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

To: Dugan Production
PO BOX 420

FARMINGTON, NM, 87499

BASIN DISPOSAL, INC.

Basin Disposal, Inc
P O Box 100
Aztec
New Mexico
87410

INVOICE BASI014289 **DATE 11/17/2011**

TERMS: Net 30 days following date of purchase
18 per cent interest charged an all past due accounts

Description	Unit	Qty.	Rate	Amount
MORRISON 2 SWD **Your ref: KURT FEGRELIES**				
11/14/2011 TICKET # 546753				
Disposal Charges Hauler 505 WATER SERVICE	Barrels	80 00	0 8500	68.00
Sub-total				68 00
Sub-total				68.00
			Sub-total	**68.00**
			Bloomfield Tax @ 7.6875%	**5.23**
			Total	**73.23**

Morrison SWD #2

OK/KF

NOV 21 2011

WM of NM - San Juan County
78 County Road 3140
Aztec, NM, 87410
Ph: (505) 334-1121

Original
Ticket# 1421309

Customer Name DUGANPRODUCTION DUGAN PRODUCT Carrier Ace Services Ace Services
Ticket Date 02/10/2012 Vehicle# 15 Volume
Payment Type Credit Account Container
Manual Ticket# Driver
Hauling Ticket# Check#
Route Billing # 0000019
State Waste Code Gen EPA ID
Manifest 19676
Destination Grid
PO
Profile 101364NM (Dugan Production - Various Locations)
Generator 153-DUGANPRODUCTIONVARIOUS Dugan Production - Various Locations

	Time	Scale	Operator	Inbound		
In	02/10/2012 13:13:09	Inbound 301	lhenry2		Gross	37720 lb
Out	02/10/2012 13:37:05	Outbound 302	nbaca		Tare	33880 lb
					Net	3840 lb
					Tons	1.92

Comments

	Product	LD%	Qty	UOM	Rate	Tax	Amount	Origin
1	SpwasteSolidOth-Cu	100	15.00	Yards				FARM
2	EVFt-P-Standard En	100		%				FARM
3	FUEL-T-Fuel Surcha	100		%				FARM

Total Tax
Total Ticket

Driver's Signature

403WM

SPECIAL WASTE SHIPMENT RECORD

WASTE MANAGEMENT OF NEW MEXICO, INC.
SAN JUAN COUNTY REGIONAL LANDFILL
PERMIT #SWM-052426, #SWM-052426SP
#78 CR 3140 P.O. Box 1402
Aztec, New Mexico 87410
505/334-1121

Shipment # ____________

Profile # ____________ (Required)

1. Generator's Work site name and address (physical site address of waste generation)			
2. Generator's name and address [illegible] Farmington, NM [illegible]		**Generator's Telephone no.** [illegible]	
3. Authorized Agent name and address (if different from #2) Same as above		Agent's Telephone no.	
4. Description materials 20 mills pit liner (CLEAN)	**5. Container's** No. Type	**6. Total Quantity** (tons)	(yd3)
Morrison SWD #2		—	15
Sec. 13, T22N, R9W San Juan County			
7. Special handling instructions N/A			

8. GENERATOR or AUTHORIZED AGENT CERTIFICATION: I hereby declare that the contents of this consignment are fully and accurately described above and are classified, packed, marked and labeled, and are in all respects in proper condition for transport by highway in accordance with applicable international and government regulations. I hereby certify that the above named material does not contain free liquid as defined by 40CFR Part 258.28 and is not a hazardous waste as defined by 40CFR 261 or any applicable state law.

Generator or Agent (Printed/typed name and title)	Generator or Agents Signature	Month/Day/Year
Kurt Fagrelius VP Exploration	Kurt Fagrelius	2/10/12

9. Transporter 1 (Acknowledgement of receipt of materials)

Printed/typed name & title, address, telephone no.	Driver Signature	Month/Day/Year
[illegible] 1144 [illegible] Aztec, NM (505) 334-7274	[signature]	2/10/12

10. Transporter 2 (Acknowledgement of receipt of materials)

Printed/typed name & title, address, telephone no.	Driver Signature	Month/Day/Year
		/ /

11. Discrepancy indication space

12. Waste disposal site Location co-ordinates (X,Y,Z)
Elev 5863 N36° 46.016 W108° 02.337

Received by name and title (Printed/typed)	SJC Landfill Rep. Signature	Month / Day / Year
[illegible]	[signature]	2/10/12

Submit To Appropriate District Office
Two Copies
District I
1625 N French Dr , Hobbs NM 88240
District II
1301 W Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd , 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-105
July 17, 2008

1 WELL API NO 30-045-33684

2 Type of Lease ☐ STATE ☐ FEE ☒ FED/INDIAN

3 State Oil & Gas Lease No

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

4 Reason for filing

☐ **COMPLETION REPORT** (Fill in boxes #1 through #31 for State and Fee wells only)

☒ **C-144 CLOSURE ATTACHMENT** (Fill in boxes #1 through #9, #15 Date Rig Released and #32 and/or #33, attach this and the plat to the C-144 closure report in accordance with 19 15 17 13 K NMAC)

5 Lease Name or Unit Agreement Name: Morrison SWD

6 Well Number: #2

7 Type of Completion ☒ NEW WELL ☐ WORKOVER ☐ DEEPENING ☐ PLUGBACK ☐ DIFFERENT RESERVOIR ☐ OTHER

8 Name of Operator: Dugan Production Corp.

9 OGRID: 006515

10 Address of Operator: P.O. Box 420, Farmington, NM 87499-0420

11 Pool name or Wildcat: Entrada SWD

12.Location	Unit Ltr	Section	Township	Range	Lot	Feet from the	N/S Line	Feet from the	E/W Line	County
Surface:	A	13	22N	9W		1350	North	365	East	San Juan
BH: A.A										

13 Date Spudded	14 Date T D Reached	15 Date Rig Released	16 Date Completed (Ready to Produce)	17 Elevations (DF and RKB, RT, GR, etc)
9-19-2011	9-28-2011	9-29-2011	N.A.	

18 Total Measured Depth of Well	19 Plug Back Measured Depth	20 Was Directional Survey Made?	21 Type Electric and Other Logs Run
6523-ft.			

22 Producing Interval(s), of this completion - Top, Bottom, Name

23 **CASING RECORD** (Report all strings set in well)

CASING SIZE	WEIGHT LB /FT	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED

24 LINER RECORD

SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN

25 TUBING RECORD

SIZE	DEPTH SET	PACKER SET

26 Perforation record (interval, size, and number)

27 ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC

DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED

28 **PRODUCTION**

Date First Production	Production Method *(Flowing, gas lift, pumping - Size and type pump)*	Well Status *(Prod or Shut-in)*

Date of Test	Hours Tested	Choke Size	Prod'n For Test Period	Oil - Bbl	Gas - MCF	Water - Bbl	Gas - Oil Ratio

Flow Tubing Press	Casing Pressure	Calculated 24-Hour Rate	Oil - Bbl	Gas - MCF	Water - Bbl	Oil Gravity - API - *(Corr)*

29 Disposition of Gas *(Sold, used for fuel, vented, etc)*

30 Test Witnessed By

31 List Attachments

32 If a temporary pit was used at the well, attach a plat with the location of the temporary pit

33 If an on-site burial was used at the well, report the exact location of the on-site burial

Latitude 36.14335 N Longitude 107.73297 W NAD 1927 (1983)

I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief

Signature Kurt Fagrelius Printed Name Kurt Fagrelius Title Date

E-mail Address kfagrelius@duganproduction.com VP-Exploration 2-27-2012

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
PO Drawer DD, Artesia, NM 88211-0719

District III
1000 Rio Brazos Rd Aztec, NM 87410

District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

[1] API Number	[2] Pool Code	[3] Pool Name
		ENTRADA SWD

[4] Property Code	[5] Property Name	[6] Well Number
	MORRISON SWD	2

[7] OGRID No	[8] Operator Name	[9] Elevation
006515	DUGAN PRODUCTION CORPORATION	6598'

[10] Surface Location

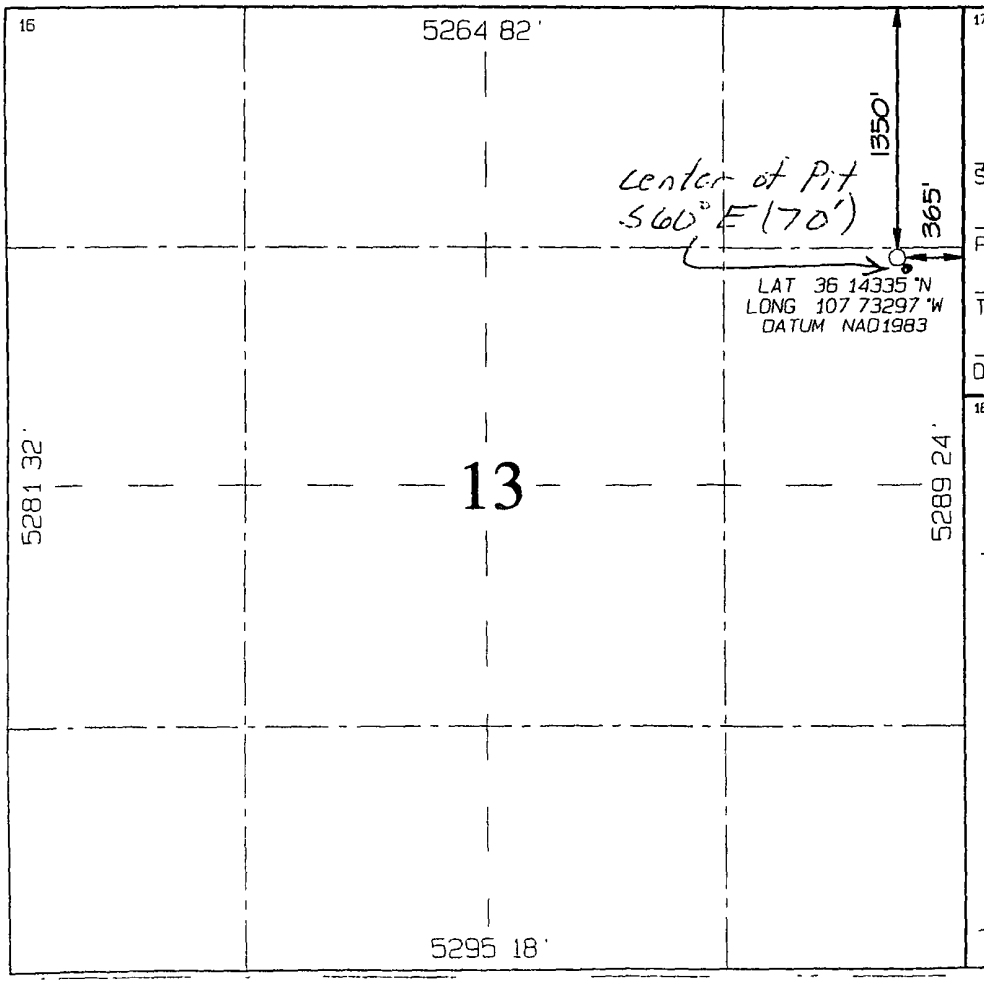
UL or lot no	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	13	22N	9W		1350	NORTH	365	EAST	SAN JUAN

[11] Bottom Hole Location If Different From Surface

UL or lot no	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

[12] Dedicated Acres	[13] Joint or Infill	[14] Consolidation Code	[15] Order No

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



[17] OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

Kurt Fagrelius
Signature

Kurt Fagrelius
Printed Name

Geology
Title

July 27, 2006
Date

[18] SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief

Date of Survey JUNE 5, 2006

Signature and Seal of Professional Surveyor

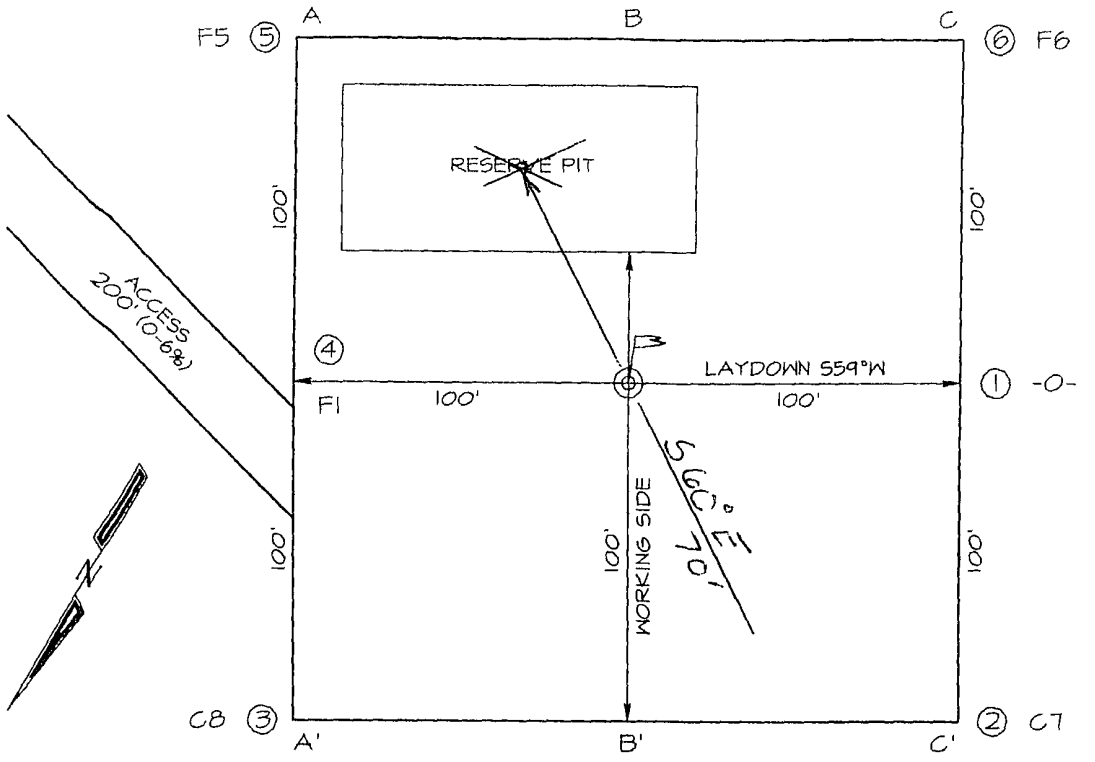
JASON C. EDWARDS
NEW MEXICO
15269
REGISTERED PROFESSIONAL SURVEYOR

JASON C. EDWARDS
Certificate Number 15269

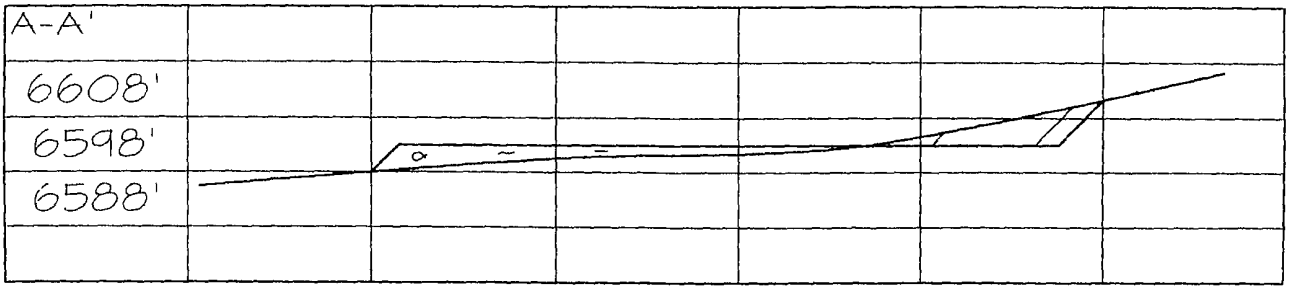
PLAT 3.

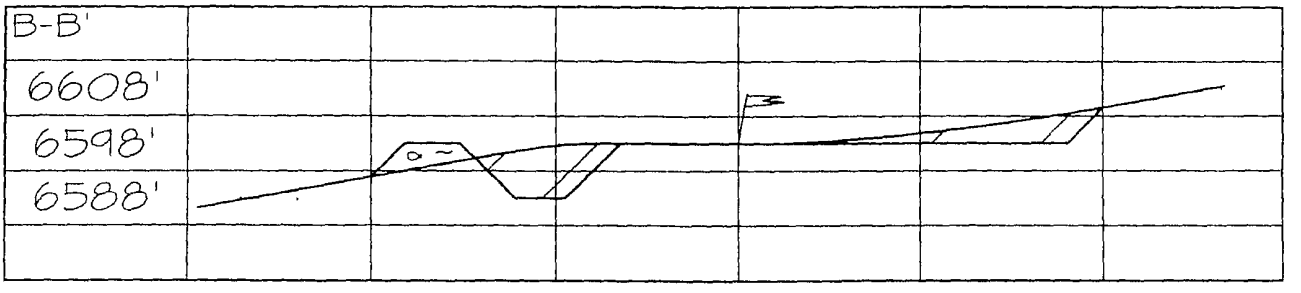
DUGAN PRODUCTION CORPORATION MORRISON SWD #2
1350' FNL, 365' FEL, SECTION 13, T22N, R9W, NMPM
SAN JUAN COUNTY, NEW MEXICO GROUND ELEVATION: 6598'

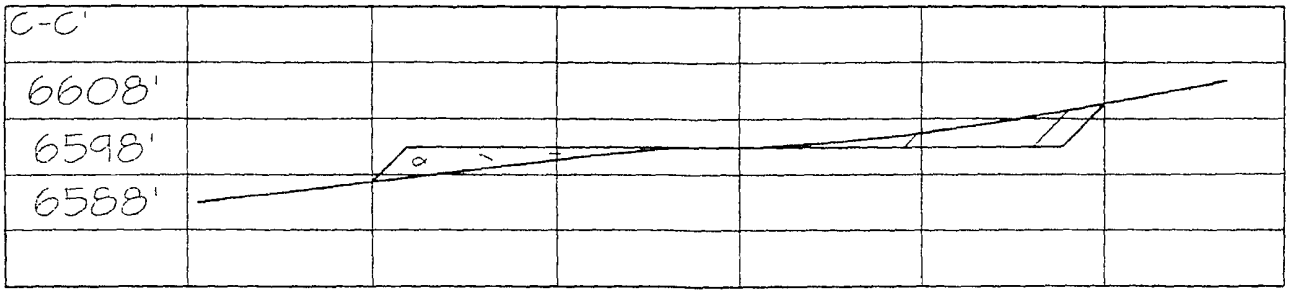
LATITUDE: 36.14335° N
LONGITUDE: 107.73297° W
DATUM NAD1983



PLAT NOTE:
SURFACE OWNER Bureau of Land Management







FILENAME 22913T2	SHEET 2 OF 4	NCE SURVEYS, INC.	DRAWN BY EDO	CHECKED BY JCE


DUGAN PRODUCTION CORP.
dp
MORRISON SWD #2
NM-90477
API # 30-045-33684
1350' FNL, 365' FEL
NENE SEC. 13, T22N, R9W
LAT. 36.14404 LONG. 107.73410
SAN JUAN COUNTY, NM
FOR EMERGENCY CALL (505)325-1823


ON SITE BURIAL
DUGAN PROD