Form 3160-5
(August 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE – *Other instructions on page 2.*

5. Lease Serial No.
NM 78060

6. If Indian, Allottee or Tribe Name

7. If Unit of CA/Agreement, Name and/or No

1. Type of Well
☑ Oil Well ☐ Gas Well ☐ Other

8. Well Name and No.
St. Moritz # 1

2. Name of Operator
Dugan Production Corp.

9. API Well No.
30-045-2858400S1

3a. Address
PO Box 420 Farmington, NM 87499

3b. Phone No. *(include area code)*
505-325-1821

10. Field and Pool or Exploratory Area
Bisti Gallup, South

4. Location of Well *(Footage, Sec., T.,R.,M., or Survey Description)*
660' FSL 660' FWL Sec 26, T24N, R10W (SW/4 SW/4) Unit M

11. Country or Parish, State
San Juan, New Mexico

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
☑ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Subsequent Report	☐ Casing Repair	☐ New Construction	☐ Recomplete	☑ Other LANDFARM CLOSURE
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
☐ Final Abandonment Notice	☐ Convert to Injection	☐ Plug Back	☐ Water Disposal	

13 Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

Land Farm on location has been remediated and has passed all required soil testing and remediation is complete. The testing and remediation was carried out by DPC and Blagg Engineering Inc. The analytical data and information was generated using specified and selected methods for determinatin of organic compounds EPA-600/4-79-020, and test methods for evaluating solid wastes, sw846. All Samples were received by Encvirotcech Analytical Laboratories in good condition on 06/14/2010. This sundry serves notice that Dugan Production intends to close this land farm and use the remediated soils as needed on the lease. Land farm (100 cu yards) was initiated 03/14/2007.
See attachments.

ACCEPTED FOR RECORD RCVD NOV 23 '10
OIL CONS. DIV.
DIST. 3

* See attached Conditions of Approval

14 I hereby certify that the foregoing is true and correct
Name *(Printed/Typed)*
Rodger Mullins

Title Environmental Manager

Signature Rodger V. Mullins

Date 11/10/2010

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by Mark Kelly

Title EPS

Date 11-19-10

Conditions of approval, if any, are attached Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon

Office FFO

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false fictitious or fraudulent statements or representations as to any matter within its jurisdiction

(Instructions on page 2)

NMOCD

CLIENT: DUGAN

BLAGG ENGINEERING, INC.
P.O. BOX 87, BLOOMFIELD, NM 87413
(505) 632-1199

LOCATION NO: _____
C.O.C. NO: _____

FIELD REPORT: LANDFARM/COMPOST PILE CLOSURE VERIFICATION

LOCATION: NAME: ST. MORITZ WELL #: 1 PITS: —
QUAD/UNIT: M SEC: 26 TWP: 24N RNG: 10W PM: NM CNTY: SJ ST: NM
QTR/FOOTAGE: SW/SW CONTRACTOR: —

DATE STARTED: 6-10-2010
DATE FINISHED: 6-10-2010
ENVIRONMENTAL SPECIALIST: JCB

SOIL REMEDIATION:
REMEDIATION SYSTEM: NA APPROX. CUBIC YARDAGE: —
LAND USE: RANGE LIFT DEPTH (ft): —

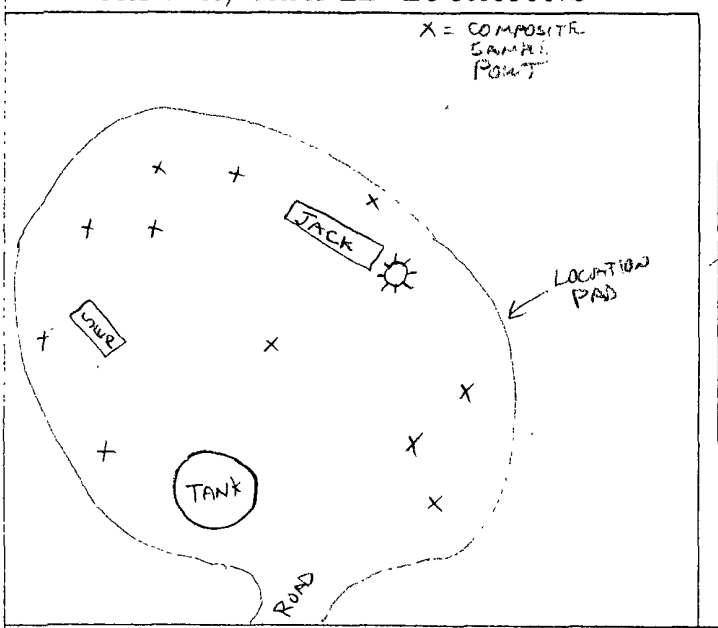
FIELD NOTES & REMARKS: NMOCD RANKING SCORE: 10 NMOCD TPH CLOSURE STD: 1000 PPM
DEPTH TO GROUNDWATER: >100 NEAREST WATER SOURCE: >100 NEAREST SURFACE WATER: >200

SOIL TYPE: SAND / (SILTY SAND) / SILT / SILTY CLAY / CLAY / GRAVEL / OTHER _____
SOIL COLOR: _____
COHESION (ALL OTHERS): NON COHESIVE / SLIGHTLY COHESIVE / COHESIVE / HIGHLY COHESIVE
CONSISTENCY (NON COHESIVE SOILS): LOOSE / FIRM / DENSE / VERY DENSE
PLASTICITY (CLAYS): NON PLASTIC / SLIGHTLY PLASTIC / COHESIVE / MEDIUM PLASTIC / HIGHLY PLASTIC
DENSITY (COHESIVE CLAYS & SILTS): SOFT / FIRM / STIFF / VERY STIFF / HARD
MOISTURE: (DRY) / SLIGHTLY MOIST / MOIST / WET / SATURATED / SUPER SATURATED
DISCOLORATION/STAINING OBSERVED: YES / (NO) EXPLANATION - _____
HC ODOR DETECTED: YES / (NO) EXPLANATION - _____
SAMPLING DEPTHS (LANDFARMS): 2"-6" (INCHES)
SAMPLE TYPE: GRAB / (COMPOSITE) - # OF PTS. 10
ADDITIONAL COMMENTS: NO LANDFARM EVIDENT. SAMPLE ENTIRE LOCATION

FIELD 418.1 CALCULATIONS

SAMP. TIME	SAMPLE I.D.	LAB No:	WEIGHT (g)	mL. FREON	DILUTION	READING	CALC. ppm

SKETCH/SAMPLE LOCATIONS



OVM CALIB. READ. _____ ppm
OVM CALIB. GAS = 100 ppm; RF = 0.52
TIME: _____ am/pm DATE: _____

OVM RESULTS

SAMPLE ID	FIELD HEADSPACE PID (ppm)

LAB SAMPLES

SAMPLE ID	ANALYSIS	TIME	RESULTS
10-PT	TPH	0830	
	BTEX	"	

SCALE
0 FT

TRAVEL NOTES: CALLOUT: _____ ONSITE: 6/10/2010

revised: 07/16/01 bei1006A.skd

CHAIN OF CUSTODY RECORD

09675

Client: BLAGG/DUGAN	Project Name / Location: ST. MORITZ #1
Client Address:	Sampler Name: J. BLAGG
Client Phone No.:	Client No.: 94034-0011

ANALYSIS / PARAMETERS

Sample No./ Identification	Sample Date	Sample Time	Lab No.	Sample Matrix	No./Volume of Containers	Preservative $HgCl_2$	Preservative HCl	Preservative	TPH (Method 8015)	BTEX (Method 8021)	VOC (Method 8260)	RCRA 8 Metals	Cation / Anion	RCI	TCLP with H/P	PAH	TPH (418.1)	CHLORIDE				Sample Cool	Sample Intact
LOCATION 10-pt COMP.	6/10/10	0830	54732	(Soil circled) Soil Solid Sludge Aqueous	1-4oz				X	X												Y	Y
				Soil Solid Sludge Aqueous																			
				Soil Solid Sludge Aqueous																			
				Soil Solid Sludge Aqueous																			
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				Soil Solid Sludge Aqueous																			
				Soil Solid Sludge Aqueous																			

Relinquished by: (Signature)	Date	Time	Received by: (Signature)	Date	Time
Jeff Blagg	6/14/2010	0835	[signature] Thompson	6/14/10	8:35
Relinquished by: (Signature)			Received by: (Signature)		
Relinquished by: (Signature)			Received by: (Signature)		

envirotech
Analytical Laboratory

5796 US Highway 64 • Farmington, NM 87401 • 505-632-0615 • lab@envirotech-inc.com

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Analytical Laboratory

EPA METHOD 8015 Modified
Nonhalogenated Volatile Organics
Total Petroleum Hydrocarbons

Client:	Blagg/Dugan	Project #:	94034-0011
Sample ID:	Location 10-pt Comp.	Date Reported:	06-24-10
Laboratory Number:	54732	Date Sampled:	06-10-10
Chain of Custody No:	9675	Date Received:	06-14-10
Sample Matrix:	Soil	Date Extracted:	06-15-10
Preservative:	Cool	Date Analyzed:	06-16-10
Condition:	Intact	Analysis Requested:	8015 TPH

Parameter	Concentration (mg/Kg)	Det. Limit (mg/Kg)
Gasoline Range (C5 - C10)	**1.0**	**0.2**
Diesel Range (C10 - C28)	**19.5**	**0.1**
Total Petroleum Hydrocarbons	**20.5**	**0.2**

ND - Parameter not detected at the stated detection limit.

References: Method 8015B, Nonhalogenated Volatile Organics, Test Methods for Evaluating Solid Waste, SW-846, USEPA, December 1996.

Comments: **St. Moritz #1**

Analyst

Review

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EPA METHOD 8021
AROMATIC VOLATILE ORGANICS

Client:	Blagg/Dugan	Project #:	94034-0011
Sample ID:	Location 10-pt Comp.	Date Reported:	06-24-10
Laboratory Number:	54732	Date Sampled:	06-10-10
Chain of Custody:	9675	Date Received:	06-14-10
Sample Matrix:	Soil	Date Analyzed:	06-16-10
Preservative:	Cool	Date Extracted:	06-15-10
Condition:	Intact	Analysis Requested:	BTEX

Parameter	Concentration (ug/Kg)	Det. Limit (ug/Kg)
Benzene	**1.1**	**0.9**
Toluene	**5.1**	**1.0**
Ethylbenzene	**5.4**	**1.0**
p,m-Xylene	**41.2**	**1.2**
o-Xylene	**14.5**	**0.9**
Total BTEX	**67.3**	

ND - Parameter not detected at the stated detection limit.

Surrogate Recoveries:	Parameter	Percent Recovery
	Fluorobenzene	**103 %**
	1,4-difluorobenzene	**101 %**
	Bromochlorobenzene	**106 %**

References: Method 5030B, Purge-and-Trap, Test Methods for Evaluating Solid Waste, SW-846, USEPA, December 1996.

Method 8021B, Aromatic Volatile Organics, Test Methods for Evaluating Solid Waste, SW-846, USEPA, December 1996.

Comments: **St. Moritz #1**

Analyst

Review

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EPA Method 8015 Modified
Nonhalogenated Volatile Organics
Total Petroleum Hydrocarbons

Quality Assurance Report

Client.	QA/QC	Project #:	N/A
Sample ID:	06-16-10 QA/QC	Date Reported:	06-24-10
Laboratory Number:	54700	Date Sampled:	N/A
Sample Matrix:	Methylene Chloride	Date Received:	N/A
Preservative:	N/A	Date Analyzed:	06-16-10
Condition:	N/A	Analysis Requested:	TPH

	I-Cal Date	I-Cal RF:	C-Cal RF:	% Difference	Accept. Range
Gasoline Range C5 - C10	05-07-07	9.9960E+002	1.0000E+003	**0.04%**	**0 - 15%**
Diesel Range C10 - C28	05-07-07	9.9960E+002	1.0000E+003	**0.04%**	**0 - 15%**

Blank Conc. (mg/L - mg/Kg)	Concentration	Detection Limit
Gasoline Range C5 - C10	**ND**	**0.2**
Diesel Range C10 - C28	**ND**	**0.1**
Total Petroleum Hydrocarbons	**ND**	**0.2**

Duplicate Conc. (mg/Kg)	Sample	Duplicate	% Difference	Accept. Range
Gasoline Range C5 - C10	**64.9**	**75.4**	**16.2%**	**0 - 30%**
Diesel Range C10 - C28	**13,800**	**14,600**	**5.8%**	**0 - 30%**

Spike Conc. (mg/Kg)	Sample	Spike Added	Spike Result	% Recovery	Accept. Range
Gasoline Range C5 - C10	**64.9**	**250**	**298**	**94.7%**	**75 - 125%**
Diesel Range C10 - C28	**13,800**	**250**	**17,200**	**122%**	**75 - 125%**

ND - Parameter not detected at the stated detection limit.

References: Method 8015B, Nonhalogenated Volatile Organics, Test Methods for Evaluating Solid Waste, SW-846, USEPA, December 1996.

Comments: **QA/QC for Samples 54731-54733, 54736-54738, 54700- 54702 and 54754.**

Analyst

Review

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EPA METHOD 8021
AROMATIC VOLATILE ORGANICS

Client:	N/A	Project #:	N/A
Sample ID:	0616BBL QA/QC	Date Reported:	06-24-10
Laboratory Number:	54753	Date Sampled:	N/A
Sample Matrix:	Soil	Date Received:	N/A
Preservative:	N/A	Date Analyzed:	06-16-10
Condition:	N/A	Analysis:	BTEX

Calibration and Detection Limits (ug/L)	I-Cal RF:	C-Cal RF:	%Diff. Accept. Range 0 - 15%	Blank Conc	Detect. Limit
Benzene	1 2597E+006	1.2622E+006	0.2%	ND	0.1
Toluene	1 1556E+006	1 1579E+006	0.2%	ND	0.1
Ethylbenzene	1.0366E+006	1 0387E+006	0.2%	ND	0.1
p,m-Xylene	2 5600E+006	2.5651E+006	0.2%	ND	0.1
o-Xylene	9 3669E+005	9 3857E+005	0.2%	ND	0.1

Duplicate Conc. (ug/Kg)	Sample	Duplicate	%Diff.	Accept Range	Detect. Limit
Benzene	2.4	2.3	4.2%	0 - 30%	0.9
Toluene	60.7	57.7	4.9%	0 - 30%	1.0
Ethylbenzene	172	169	1.9%	0 - 30%	1.0
p,m-Xylene	2,240	2,240	0.0%	0 - 30%	1.2
o-Xylene	570	564	1.1%	0 - 30%	0.9

Spike Conc. (ug/Kg)	Sample	Amount Spiked	Spiked Sample	% Recovery	Accept Range
Benzene	2.4	50.0	46.3	88.3%	39 - 150
Toluene	60.7	50.0	104	93.7%	46 - 148
Ethylbenzene	172	50.0	206	92.6%	32 - 160
p,m-Xylene	2,240	100	2,330	99.6%	46 - 148
o-Xylene	570	50.0	613	99.0%	46 - 148

ND - Parameter not detected at the stated detection limit.

References

Method 5030B, Purge-and-Trap, Test Methods for Evaluating Solid Waste, SW-846, USEPA, December 1996.
Method 8021B, Aromatic and Halogenated Volatiles by Gas Chromatography Using Photoionization and/or Electrolytic Conductivity Detectors, SW-846, USEPA December 1996

Comments: QA/QC for Samples 54700-54702, 54731and 54732.

Analyst

Review

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Conditions of Approval

Reclamation of Existing Land Farms

All land farms will be permitted, maintained and closed in accordance with FFO NTL 94-1 FDO/ADO "Closure Standards for Unlined Surface Impoundments".

No excavation or dirt work may be initiated prior to the approval of a Sundry Notice (Form 3160-5).

Material comprised of gravel mixed with remediated soils **Will Not** be spread on the location after the soil has been determined to be "clean". This material may be utilized on the day to day driving surface or access road only.

Where erosion of the cut and/or fill slopes has occurred, remediated soils tested and determined to be "clean" shall be utilized to remediate these areas on the location. Material utilized on cut and/or fill slopes shall be contoured to blend with the natural existing terrain as much as possible.

All disturbed surface areas associated with the construction, remediation and reclamation of the land farm must be reseeded utilizing the required seed mixture. This shall include ripping compacted areas, disking to prepare a proper seedbed and drilling the seed utilizing a disk type seed drill.