

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

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

8391

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 St. Moritz #90
API Number 30-045-35282 OCD Permit Number _____
U/L or Qtr/Qtr N Section 26 Township 24N Range 10W County San Juan County
Center of Proposed Design Latitude 36.28031 N Longitude 107.86841 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
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 600 bbl Dimensions L 76' x W 13' x D 8'

RCVD JAN 21 '14
OIL CONS. DIV.
DIST. 3

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



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' Hogwire

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)

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

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

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	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> 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	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> 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	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Within 500 feet of a wetland - US Fish and Wildlife Wetland Identification map, Topographic map, Visual inspection (certification) of the proposed site	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Within the area overlying a subsurface mine - Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Within an unstable area - Engineering measures incorporated into the design, NM Bureau of Geology & Mineral Resources, USGS, NM Geological Society, Topographic map	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Within a 100-year floodplain - FEMA map	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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- 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 H₂S, 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

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 identify 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

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 | <input type="checkbox"/> Yes <input type="checkbox"/> No
<input checked="" type="checkbox"/> 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 | <input type="checkbox"/> Yes <input type="checkbox"/> No
<input checked="" type="checkbox"/> 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 | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> 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 | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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 | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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 | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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 | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Within 500 feet of a wetland
- US Fish and Wildlife Wetland Identification map, Topographic map, Visual inspection (certification) of the proposed site | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Within the area overlying a subsurface mine
- Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Within an unstable area
- Engineering measures incorporated into the design. NM Bureau of Geology & Mineral Resources, USGS, NM Geological Society, Topographic map | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Within a 100-year floodplain
- FEMA map | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |

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 Vice President, Exploration

Signature Kurt Fagrelius Date May 20, 2011

e-mail address kfagrelius@duganproduction.com Telephone 505-325-1821 (o), 505-320-8248 (H)

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

OCD Representative Signature: Jonathan D. Kelly Approval Date: 6/15/2011
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: 11/8/2013

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 36.28037° N Longitude 107.86851° 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- Land & Exploration

Signature Kurt Fagrelius Date 1/20/2014

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

Dugan Production Corp. Closure Report

Lease Name: St. Moritz Com #90
API No.: 30-045-35282

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 5-20-2011 and approved on 6-15--2011.**

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 6-15-2011.

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 11-5-2013

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 8-15-2013 and drilling mud was transferred to the Hoss Com #96 for re-use (8-20-2013) Remaining free water was transferred to the Sanchez O'Brien SWD #1 salt water disposal well.

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 (11/8/2013).

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	<0.300
TPH	EPA SW-846 418.1	2500	100
GRO/DRO	EPA SW-846 8015M	500	36.6
Chlorides	EPA 300.1	1000 / 500	592

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 not 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 11-8-2013 and disposed of at the Crouch Mesa Waste Management facility on 11-8-2013 (see attached invoice #1584252).

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.

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State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised October 12, 2005
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 71629		³ Pool Name BASIN FRUITLAND COAL	
⁴ Property Code		⁵ Property Name ST. MORITZ		⁶ Well Number 90	
⁷ OGRID No. 006515		⁸ Operator Name DUGAN PRODUCTION CORPORATION		⁹ Elevation 6749'	

¹⁰ Surface Location

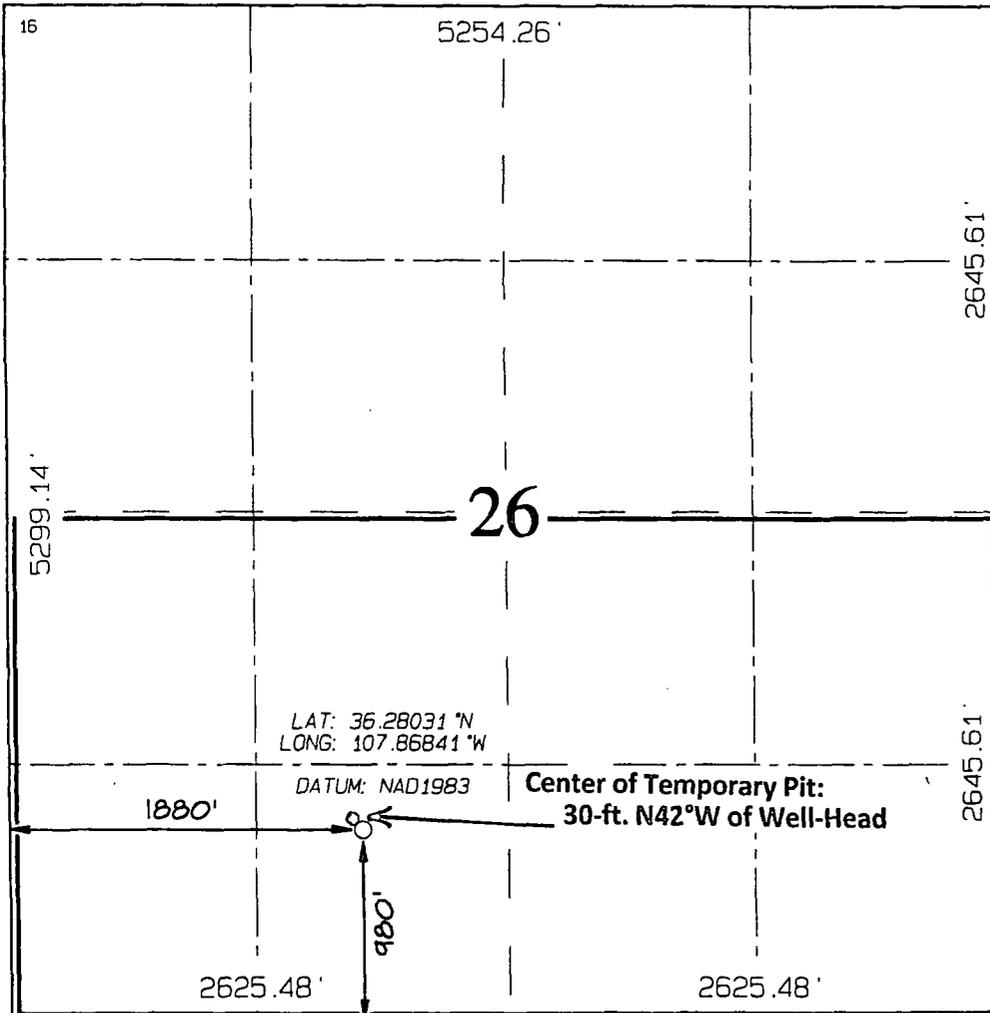
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	26	24N	10W		980	SOUTH	1880	WEST	SAN JUAN

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 320.0 Acres - (S/2)	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____
Printed Name _____

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: MARCH 29, 2011
Signature and Seal of Professional Surveyor

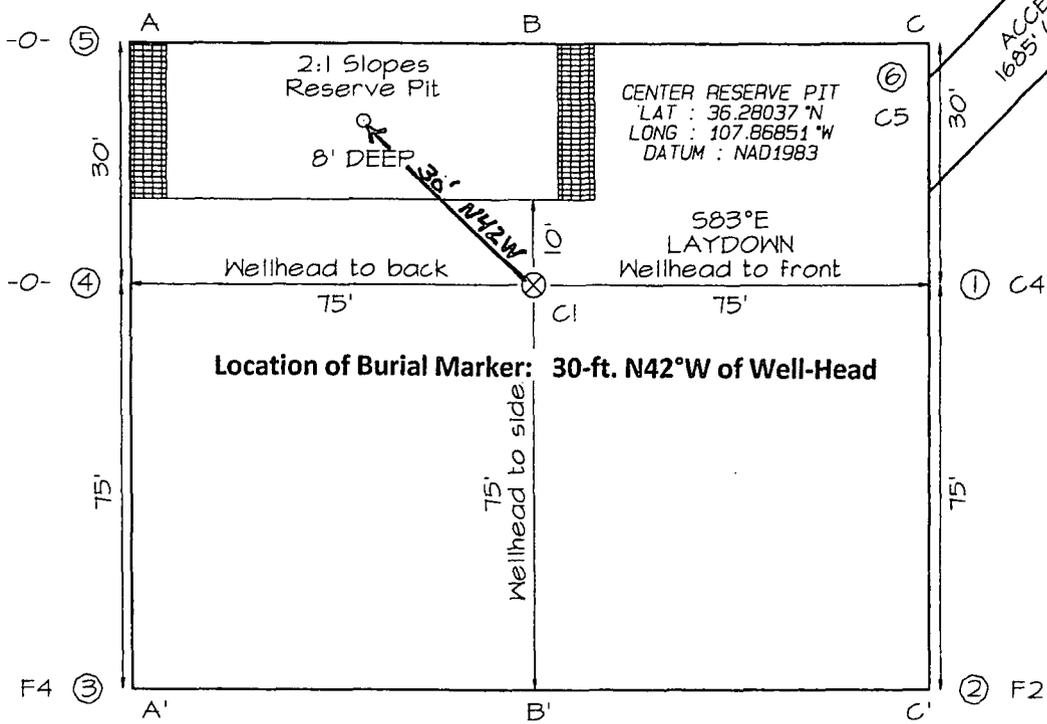


JASON C. EDWARDS
Certificate Number 15269

**DUGAN PRODUCTION CORPORATION ST. MORITZ #90
 980' FSL & 1880' FWL, SECTION 26, T24N, R10W, NMPM
 SAN JUAN COUNTY, NEW MEXICO ELEVATION: 6749'**

**LATITUDE: 36.28301° N
 LONGITUDE: 107.86841° W
 DATUM: NAD1983**

**PLAT NOTE:
 SURFACE OWNER
 Bureau of Land
 Management**



Steel T-Posts have been set to define the Edge of Disturbance limits which are 50' offset from the edge of the staked wellpad.

A-A'					
6758'					
6748'					
6738'					

B-B'					
6758'					
6748'					
6738'					

C-C'					
6758'					
6748'					
6738'					

Note: Contractor should call One-Call for location of any marked or unmarked buried pipelines or cables on well pad and/or access road at least two (2) working days prior to construction

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

Well Name: St. Moritz #90

Location:

Drilling Operator: R. D. Services

Rig #: 1

Spud Date: 8-7-13

Date:

Rig Moved Off 8-15-13

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.)	Tears or Holes	Oil	Trash	Remarks
		Yes / No	Yes / No	Yes / No	Yes / No	
8-7-13	[Signature]	Yes	NO	NO	NO	Gain 6" Puro cut Job
8-8-13	[Signature]	Yes	NO	NO	NO	- 0 - #
8-11-13	[Signature]	Yes	NO	NO	NO	0 movement
8-12-13	[Signature]	Yes	NO	NO	NO	1/4" Lost
8-13-13	[Signature]	Yes	NO	NO	NO	1 1/2" Loss
8-14-13	[Signature]	Yes	NO	NO	NO	3" Loss thru coal
8-20-13	[Signature]	Yes	NO	NO	NO	80 BBIS pulled
9-4-13	[Signature]	Yes	NO	NO	NO	60 BBIS pulled
9-10-13	[Signature]	Yes	NO	NO	NO	10 BBIS mud pulled
9-13-13	[Signature]	Yes	NO	NO	NO	25 BBIS mud pulled
9-16-13	[Signature]	Yes	NO	NO	NO	20 BBIS mud pulled
9-23-13	[Signature]	Yes	NO	NO	NO	50 BBIS mud pulled
9-26-13	[Signature]	Yes	NO	NO	NO	10 BBIS mud pulled
9-30-13	[Signature]	Yes	NO	NO	NO	10 Swabbing
10-1-13	[Signature]	Yes	NO	NO	NO	10 Swabbing
10-2-13	[Signature]	Yes	NO	NO	NO	10 Mud pulled
10-9-13	[Signature]	Yes	NO	NO	NO	2 Mud pulled
10-10-13	[Signature]	Yes	NO	NO	NO	60 Mud pulled
10-11-13	[Signature]	Yes	NO	NO	NO	10 Mud pulled
10-16-13	[Signature]	Yes	NO	NO	NO	40 Mud pulled
10-29-13	[Signature]	Yes	NO	NO	NO	9 mud pulled
10-30-13	[Signature]	Yes	NO	NO	NO	1 Mud pulled
11-1-13	[Signature]	Yes	NO	NO	NO	2 Mud pulled
11-4-13	[Signature]	Yes	NO	NO	NO	10 Mud pulled
11-5-13	[Signature]	Yes	NO	NO	NO	

90. 11-6-13 1 Mud pulled
 • 11-7-13 1 Mud pulled

134/5

11-6-13	1	Mud pulled					
11-7-13	1	Mud pulled					
11-8-13	1	Mud pulled					
11-9-13	1	Mud pulled					
11-10-13	1	Mud pulled					
11-11-13	1	Mud pulled					
11-12-13	1	Mud pulled					
11-13-13	1	Mud pulled					
11-14-13	1	Mud pulled					
11-15-13	1	Mud pulled					
11-16-13	1	Mud pulled					
11-17-13	1	Mud pulled					
11-18-13	1	Mud pulled					
11-19-13	1	Mud pulled					
11-20-13	1	Mud pulled					
11-21-13	1	Mud pulled					
11-22-13	1	Mud pulled					
11-23-13	1	Mud pulled					
11-24-13	1	Mud pulled					
11-25-13	1	Mud pulled					
11-26-13	1	Mud pulled					
11-27-13	1	Mud pulled					
11-28-13	1	Mud pulled					
11-29-13	1	Mud pulled					
11-30-13	1	Mud pulled					

30110 11-12-13
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

11841#
 1584252

19683

Shipment # _____

Profile # 101364 NM
 (Required)

Dugan Production

1. Generator's Work site name and address (physical site address of waste generation) <i>St. Montez Com #90 - Sec 26-T24N, R10W, San Juan Co, NM. (See attached)</i>		
2. Generator's name and address <i>Dugan Production Corp - Kurt Fogrelius</i> P O Box 420 Farmington NM 87499		Generator's Telephone no. 505-325-1821
3. Authorized Agent name and address (if different from #2) <i>Same as above</i>		Agent's Telephone no. 505-325-1821
4. Description materials 20 mills Pit Liner (CLEAN)	5. Container's No. Type 1-B	6. Total Quantity (tons) (yd3) 3
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) Kurt Fogrelius (VP Exploration)	Generator or Agents Signature <i>Kurt Fogrelius</i>	Month/Day/Year 11 18 13
9. Transporter 1 (Acknowledgement of receipt of materials)		
Printed/typed name & title, address, telephone no. <i>Kurt Fogrelius 505-325-1821 PO Box 420, Farmington, NM 87499 Dugan Production</i>	Driver Signature <i>Kurt Fogrelius</i>	Month/Day/Year 11 12 13
10. Transporter 2 (Acknowledgement of receipt of materials)		
Printed/typed name & title, address, telephone no.	Driver Signature	Month/Day/Year / /

11. Discrepancy indication space
#8) date signed different than date delivered.

12. Waste disposal site Location co-ordinates (X,Y, Z)
E76 S840 N36 W15 994 W108 04.556

Received by name and title (Printed/typed) <i>Nikolita Johnson</i>	SJC Landfill Rep. Signature <i>[Signature]</i>	Month / Day / Year 11 12 13
---	---	--------------------------------

1. Generator's Work site name and address (physical site address of waste generation)

St. Moritz Com #91- Sec. 26, T24N, R10W, San Juan Co;

2. Generator's name and address

Generator's Telephone no.

1. Generator's Work site name and address (physical site address of waste generation)

Hess Com #96, Sec. 12, T23N, R11W- San Juan County, New Mexico

2. Generator's name and address

Generator's Telephone no.



WM of NM - San Juan County

78 County Road 3140
Aztec, NM, 87410

Ticket# 1584252

Ph: (505) 334-1121

Customer Name DUGANPRODUCTION DUGAN PRODUCT Carrier DUGPRO DUGAN PRODUCTION CORP.
 Ticket Date 11/12/2013 Vehicle# 8 Volume
 Payment Type Credit Account Container
 Manual Ticket# Driver
 Route Check#
 Hauling Ticket# Billing# 0000019
 Destination Grid
 PO#

	Time	Scale	Operator	Inbound	Gross	9980 lb*
In	11/12/2013 14:47:42	Inbound 301	njohnson		Tare	9160 lb
Out	11/12/2013 15:13:21	Outbound 302	vickyq		Net	820 lb
			* Manual Weight		Tons	0.41

Comments

Product	LD%	Qty	UDM	Rate	Tax	Amount	Origin
1 SpwasteSolidOth-Cubic Ya	100	3.00	Yards				FARM
2 EVFt-P-Standard Environm	100		%				FARM
3 FUEL-T-Fuel Surcharge -	100		%				FARM
4 RCR-P-Regulatory Cost Re	100		%				FARM

Total Tax
Total Ticket

Driver's Signature

St. Moritz Com #90
St. Moritz Com #91
Hoss Com #96

Kurt Fegler



Submit to Appropriate District Office Two Copies District I 1625 N. French Dr., Hobbs, NM 88240 District II 811 S. First St., 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 Revised August 1, 2011
--	---	---

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

4. Reason for filing: <input type="checkbox"/> COMPLETION REPORT (Fill in boxes #1 through #31 for State and Fee wells only) <input checked="" type="checkbox"/> 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 St. Moritz Com 6. Well Number: #90
7. Type of Completion: <input checked="" type="checkbox"/> NEW WELL <input type="checkbox"/> WORKOVER <input type="checkbox"/> DEEPENING <input type="checkbox"/> PLUGBACK <input type="checkbox"/> DIFFERENT RESERVOIR <input type="checkbox"/> OTHER	
8. Name of Operator Dugan Production Corp.	
9. OGRID 00615	
10. Address of Operator P.O. Box 420, Farmington, NM 87499-0420 505-325-1821	
11. Pool name or Wildcat	
12. Location Surface: Unit Ltr Section Township Range Lot Feet from the BH:	N/S Line Feet from the E/W Line County S 1880 W SJ
13. Date Spudded 14. Date T.D. Reached 15. Date Rig Released 8-15-2013	16. Date Completed (Ready to Produce) 17. Elevations (DF and RKB, RT, GR, etc.)
18. Total Measured Depth of Well 19. Plug Back Measured Depth 20. Was Directional Survey Made?	21. Type Electric and Other Logs Run
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	25. TUBING RECORD																								
<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <th>SIZE</th> <th>TOP</th> <th>BOTTOM</th> <th>SACKS CEMENT</th> <th>SCREEN</th> </tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td></tr> </table>	SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN											<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <th>SIZE</th> <th>DEPTH SET</th> <th>PACKER SET</th> </tr> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> </table>	SIZE	DEPTH SET	PACKER SET						
SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN																					
SIZE	DEPTH SET	PACKER SET																							

26. Perforation record (interval, size, and number)	27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC. <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <th>DEPTH INTERVAL</th> <th>AMOUNT AND KIND MATERIAL USED</th> </tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> </table>	DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED						
DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED								

28. PRODUCTION

Date First Production	Production Method (<i>Flowing, gas lift, pumping - Size and type pump</i>)	Well Status (<i>Prod. or Shut-in</i>)					
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 - (<i>Corr.</i>)	
29. Disposition of Gas (<i>Sold, used for fuel, vented, etc.</i>)						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 36.28031 N Longitude 107.86481 W NAD 1927 1983 X

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 Fagrelis* Printed Name Kurt Fagrelis Title VP Land & Exploration Date 1-20-2013

E-mail Address kfagrelis@duganproduction.com

Kurt Fagrelius

From: Kurt Fagrelius
Sent: Tuesday, November 05, 2013 12:24 PM
To: Brandon.Powell@state.nm.us; Kelly, Jonathan, EMNRD <Jonathan.Kelly@state.nm.us> (Jonathan.Kelly@state.nm.us); bertha.spencer@bia.gov; 'mkelley@blm.gov'; 'dmankiewicz@blm.gov'
Subject: 72-Hr Notice to Close Temp Drlg Pits 11-8-2013
Attachments: Copy of 72-Hr Notice to Close Temp Drlg Pits 11-8-2013.xls

November 5, 2013

Mr. Brandon Powel, Mr. Johnathan Kelley, Ms. Bertha Spencer, Mr. Mark Kelly and Mr. Dave Mankiewicz: ...

Dugan Production Corp. is hereby giving notice that Dugan will be closing the following drilling reserve pits (Temporary Pits):

- 1) St. Moritz Com #90 – Federal Surface
- 2) St. Moritz Com #91 – Federal Surface
- 3) Hoss Com #96 – Navajo Allotted Surface

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

Depending on prevailing weather conditions; this pits will be closed on Friday, November 8, 2013.

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

Sincerely, Kurt Fagrelius

Dugan Production Corp. Permanent Pits to be Closed on November 8, 2010

Lease Name	St. Moritz Com #90	St. Moritz Com #91	Hoss Com #96
API Number	30-045-35282	30-045-35285	30-045-34601
Surface Owner - Notice Sent	Federal	Federal	Navajo Allotted
Location - UL, Sec., Twp, Rge	N-26-24N-10W	D-26-24N-10W	M-12-23N-11W
Latitude	36.28031 N	36.29034 N	36.23642 N
Longitude	107.86841 W	107.87090 W	107.96067 W
Benzene (<0.2 mg/kg)	<0.050 mg/kg	<0.050 mg/kg	<0.050 mg/kg
Betex (<50 mg/kg)	<0.300 mg/kg	<0.300 mg/kg	<0.3.00 mg/kg
TPH - Analytic Mthd-418.1 (<2500 mg/kg)	100 mg/kg	300 mg/kg	88 mg/kg
GRO + DRO - Analytic Mthd-8015 (<200 mg/kg)	36.6 mg/kg	43.7 mg/kg	<10 mg/kg
Chlorides (<1000 mg/kg)	592 mg/kg	496 mg/kg	864 mg/kg
Thresholds as per "Pit Rule" 19.15.17 NMAC are highlighted in red.			

Kurt Fagrelus

From: Microsoft Outlook
To: Brandon.Powell@state.nm.us; Kelly, Jonathan, EMNRD <Jonathan.Kelly@state.nm.us> (Jonathan.Kelly@state.nm.us)
Sent: Tuesday, November 05, 2013 12:24 PM
Subject: Relayed: 72-Hr Notice to Close Temp Drlg Pits 11-8-2013

Delivery to these recipients or groups is complete, but no delivery notification was sent by the destination server:

Brandon.Powell@state.nm.us (Brandon.Powell@state.nm.us)

Kelly, Jonathan, EMNRD <Jonathan.Kelly@state.nm.us> (Jonathan.Kelly@state.nm.us) (Jonathan.Kelly@state.nm.us)

Subject: 72-Hr Notice to Close Temp Drlg Pits 11-8-2013

Kurt Fagrelus

From: Microsoft Outlook
To: bertha.spencer@bia.gov
Sent: Tuesday, November 05, 2013 12:24 PM
Subject: Relayed: 72-Hr Notice to Close Temp Drlg Pits 11-8-2013

Delivery to these recipients or groups is complete, but no delivery notification was sent by the destination server:

bertha.spencer@bia.gov (bertha.spencer@bia.gov)

Subject: 72-Hr Notice to Close Temp Drlg Pits 11-8-2013

Kurt Fagrelus

From: Microsoft Outlook
To: mkelley@blm.gov; dmankiewicz@blm.gov
Sent: Tuesday, November 05, 2013 12:24 PM
Subject: Relayed: 72-Hr Notice to Close Temp Drlg Pits 11-8-2013

Delivery to these recipients or groups is complete, but no delivery notification was sent by the destination server:

mkelley@blm.gov (mkelley@blm.gov)

dmankiewicz@blm.gov (dmankiewicz@blm.gov)

Subject: 72-Hr Notice to Close Temp Drlg Pits 11-8-2013



October 24, 2013

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 10/11/13 10:30.

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 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 (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,

A handwritten signature in cursive script that reads "Celey D. Keene".

Celey D. Keene

Lab Director/Quality Manager

Analytical Results For:

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

 Received: 10/11/2013
 Reported: 10/24/2013
 Project Name: PIT CLOSURES
 Project Number: NOT GIVEN
 Project Location: NOT GIVEN

 Sampling Date: 10/09/2013
 Sampling Type: Soil
 Sampling Condition: Cool & Intact
 Sample Received By: Jodi Henson

Sample ID: ST. MORITZ 90 (H302469-03)

BTEX 8021B		mg/kg		Analyzed By: MS						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Benzene*	<0.050	0.050	10/16/2013	ND	1.90	95.1	2.00	1.49		
Toluene*	<0.050	0.050	10/16/2013	ND	1.97	98.5	2.00	1.87		
Ethylbenzene*	<0.050	0.050	10/16/2013	ND	2.00	100	2.00	1.58		
Total Xylenes*	<0.150	0.150	10/16/2013	ND	5.96	99.4	6.00	1.35		
Total BTEX	<0.300	0.300	10/16/2013	ND						

Surrogate: 4-Bromofluorobenzene (PIL) 109 % 89.4-126

Chloride, SM4500Cl-B		mg/kg		Analyzed By: AP						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	592	16.0	10/14/2013	ND	432	108	400	0.00		

TPH 418.1		mg/kg		Analyzed By: CK						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
TPH 418.1	100	10.0	10/22/2013						SUB-SS	

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	10/11/2013	ND	206	103	200	6.70		
DRO >C10-C28	36.6	10.0	10/11/2013	ND	197	98.3	200	7.58		
Total TPH C6-C28	36.6	10.0	10/11/2013	ND	403	101	400	7.13		

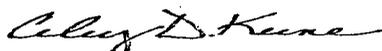
Surrogate: 1-Chlorooctane 87.4 % 65.2-140

Surrogate: 1-Chlorooctadecane 98.0 % 63.6-154

Cardinal Laboratories

*=Accredited Analyte

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of the services hereunder by Cardinal, regardless of whether such claim is based upon any of the above stated reasons or otherwise. Results relate only to the samples identified above. This report shall not be reproduced except in full with written approval of Cardinal Laboratories.



Celey D. Keene, Lab Director/Quality Manager

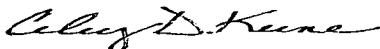
Notes and Definitions

SUB-SS	Analysis subcontracted to SunStar Laboratories, Inc.
QM-4X	The spike recovery was outside of QC acceptance limits for the MS and/or MSD due to analyte concentration at 4 times or greater the spike concentration. The QC batch was accepted based on LCS and/or LCSD recoveries within the acceptance limits.
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

Cardinal Laboratories

* = Accredited Analyte

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of the services hereunder by Cardinal, regardless of whether such claim is based upon any of the above stated reasons or otherwise. Results relate only to the samples identified above. This report shall not be reproduced except in full with written approval of Cardinal Laboratories.



Celey D. Keene, Lab Director/Quality Manager



CHAIN OF CUSTODY RECORD

Page ____ of ____

Page 6 of 6

Client: Dugan Prod. Corp.
 Contact: Kurt Fegrelius
 Address: _____
 Phone Number: _____
 Email: KFegrelius@duganproduction.com

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

Table 1. - Matrix Type

1 = Surface Water, 2 = Ground Water
 3 = Soil/Sediment, 4 = Prod.W., 5 = Oil
 6 = Waste, 7 = Other (Specify) _____

FOR GAL USE ONLY
 GAL JOB # _____

Samplers Signature: _____

Lab Name: Green Analytical Laboratories (970) 247-4220 FAX (970) 247-4227		Analyses Required										Comments	
Address: 75 Suttle Street, Durango, CO 81303 www.greenanalytical.com		Collection		Miscellaneous			Preservative(s)						
Sample ID	Date	Time	Collected by: (Init.)	Matrix Type From Table 1	No. of Containers	Sample Filtered ? Y/N	Unpreserved (Ice Only)	HNO3	HCL	H2SO4	NAOH	Other (Specify)	
H3024109													20.3 c NO: 4 e
1. Hass Com 96	10-9-13	4:30											
2.													
3. St. Maritz 91	10-9-13	2:30											
4.													
5. St. Maritz 90	10-9-13	1:30											
6.													
7.													
8.													
9.													
10.													
Relinquished by:			Date:	Time:	Received by:			Date:	Time:				
Relinquished by:			Date:	Time:	Received by:			Date:	Time:				
Relinquished by: Kurt Fegrelius			Date: 10-9-13	Time: 4:45	Received by: [Signature]			Date: 10/9/13	Time: 1645				

* Sample Reject: [] Return [] Dispose [] Store (30 Days)
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◦ **Kurt Fagrelus**

From: Microsoft Outlook
To: Brandon.Powell@state.nm.us
Sent: Wednesday, January 15, 2014 1:47 PM
Subject: Relayed: Temporary Pit Closure Reports St.Moritz Com #90 and #91, Hoss Com #96

Delivery to these recipients or groups is complete, but no delivery notification was sent by the destination server:

Brandon.Powell@state.nm.us (Brandon.Powell@state.nm.us)

Subject: Temporary Pit Closure Reports St.Moritz Com #90 and #91, Hoss Com #96

Kurt Fagrelus

From: Kurt Fagrelus
Sent: Wednesday, January 15, 2014 1:47 PM
To: Brandon.Powell@state.nm.us
Subject: Temporary Pit Closure Reports St.Moritz Com #90 and #91, Hoss Com #96

Hello Brandon, on November 8, 2013 Dugan Production Corp. closed the temporary pits on the St. Moritz Com #90 (30-045-35282), St. Moritz Com #91 (30-045-35285) and the Hoss Com #96 (30-045-34601). Due to inclement winter weather conditions, interim reclamation on the sites was delayed until the first two weeks of January, 2014. On Friday January 17, 2014 we will install the "temporary pit burial markers" and take the required photographs documenting the completion of pit closure and interim reclamation. The final closure reports will be delivered to your office on January 20, 2014. Thank you for your consideration on this matter (reports will be turned in 12-days past overdue).

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

Sincerely,

Kurt Fagrelus
Dugan Production Corp.
505-325-1821 office
505-320-8248 cell



DUGAN PRODUCTION CORP.

ST. MORITZ #90

NM-78060

API # 30-045-35282

980' FSL, 1880' FWL

SESW SEC. 26, T24N, R10W

LAT. 36.28031 LONG. 107.86841

SAN JUAN COUNTY, NM

FOR EMERGENCY CALL (505)325-1823

