

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

Form C-144
June 1, 2004

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

For drilling and production facilities, submit to appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes No

Type of action: Registration of a pit or below-grade tank Closure of a pit or below-grade tank

Operator: Dugan Production Corp Telephone: (505)325-1821 e-mail address: _____
Address: P.O. Box 420, Farmington, New Mexico 87401
Facility or well name: Nice No. 2 API #: 30-045-27025 U/L or Qtr/Qtr B Sec 4 T 30N R 14W
County: San Juan Latitude 36.84821 Longitude 108.31006 NAD: 1927 1983 Surface Owner Federal State Private Indian

Pit Type: Drilling <input type="checkbox"/> Production <input checked="" type="checkbox"/> Disposal <input type="checkbox"/> Workover <input type="checkbox"/> Emergency <input type="checkbox"/> Lined <input type="checkbox"/> Unlined <input checked="" type="checkbox"/> Liner type: Synthetic <input type="checkbox"/> Thickness _____ mil Clay <input type="checkbox"/> Pit Volume <u>77 ±</u> bbl	Below-grade tank Volume: _____ bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? Yes <input type="checkbox"/> If not, explain why not. _____		RCVD DEC 14 2006 OIL CONS. DIV. DIST. 3
	Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)	Less than 50 feet (20 points) 50 feet or more, but less than 100 feet (10 points) 0 100 feet or more (0 points)	
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes (20 points) No (0 points) 0		
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet (20 points) 200 feet or more, but less than 1000 feet (10 points) 0 1000 feet or more (0 points)		
Ranking Score (Total Points)		0	

If this is a pit closure: (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: (check the onsite box if you are burying in place) onsite offsite If offsite, name of facility _____. (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No Yes If yes, show depth below ground surface _____ ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

Additional Comments:
12' x 12' x 3'± deep unlined production pit, center located at approximately 126 feet North 47° East of wellhead.
Use backhoe to dig into pit and sample. Submit 5-point composite sample from pit walls and base
for laboratory testing. Firm bedrock sandstone at 6 feet below surface.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines , a general permit , or an (attached) alternative OCD-approved plan .

Date: December 11, 2006
Printed Name/Title Jeffrey C Blagg, Agent Signature Jeffrey C. Blagg

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval:
Printed Name/Title PROPERTY OIL & GAS INSPECTOR, DIST. 3 Signature Bob Pell Date: DEC 14 2006

CLIENT: DUGAN

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

LOCATION NO: _____
COCR NO: 14727

FIELD REPORT: PIT CLOSURE VERIFICATION

PAGE No: 1 of 1

LOCATION: NAME: NICE WELL #: 2 TYPE: PROD.
QUAD/UNIT: B SEC: 4 TWP: 30N RNG: 14W PM: NM CNTY: SJ ST: NM
QTR/FOOTAGE: 830 FNL x 1530 FEL CONTRACTOR: JPC-TAYLOR

DATE STARTED: 11-14-06
DATE FINISHED: 11-14-06
ENVIRONMENTAL SPECIALIST: JCB

EXCAVATION APPROX. NA FT. x NA FT. x NA FT. DEEP. CUBIC YARDAGE: 0
DISPOSAL FACILITY: NA REMEDIATION METHOD: CLOSE AS IS
LAND USE: RANGE-BLM LEASE: NM-16765 FORMATION: DK

FIELD NOTES & REMARKS: PIT LOCATED APPROXIMATELY 126 FT. N47E FROM WELLHEAD.
DEPTH TO GROUNDWATER: >100 NEAREST WATER SOURCE: >1000 NEAREST SURFACE WATER: >1000
NMOCD RANKING SCORE: 0 NMOCD TPH CLOSURE STD: 5000 PPM

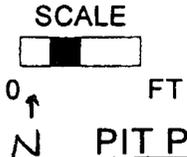
SOIL AND EXCAVATION DESCRIPTION:

OVM CALIB. READ. = 53.0 ppm
OVM CALIB. GAS = 100 ppm RF = 0.52
TIME: 1245 am/pm DATE: 11-14-06

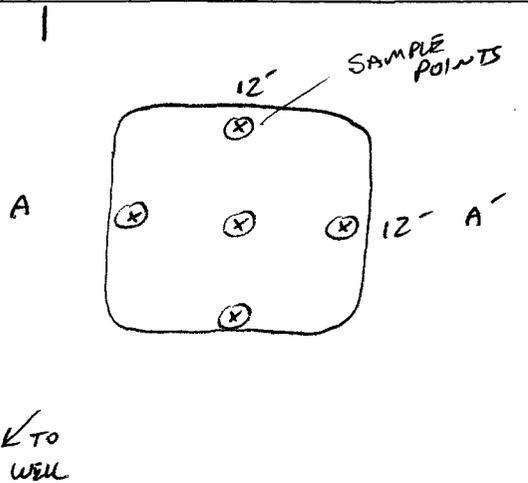
SOIL TYPE: SAND / SILTY SAND / SILT / SILTY CLAY / CLAY / GRAVEL / OTHER BEDROCK SANDSTONE @ 6'
SOIL COLOR: _____
COHESION (ALL OTHERS): NON COHESIVE / SLIGHTLY COHESIVE / COHESIVE / HIGHLY COHESIVE
CONSISTENCY (NON COHESIVE SOILS): LOOSE / FIRM / DENSE / VERY DENSE
PLASTICITY (CLAYS): NON PLASTIC / 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 - GRAY/BLACK 3'-6' - TAN @ 6'
HC ODOR DETECTED: YES NO EXPLANATION - MINOR
SAMPLE TYPE: GRAB / COMPOSITE - # OF PTS. 5
ADDITIONAL COMMENTS: 12x12x3± unlined Pit. USE BACKHOE TO DIG INTO PIT & SAMPLE

FIELD 418.1 CALCULATIONS

SAMP. TIME	SAMP. ID	LAB NO.	WEIGHT (g)	mL FREON	DILUTION	READING	CALC. (ppm)



PIT PERIMETER



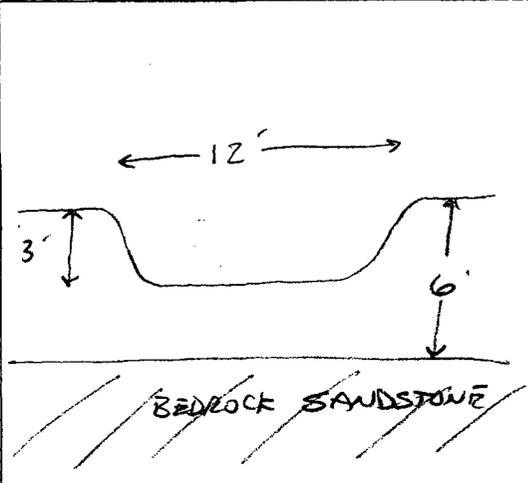
OVM READING

SAMPLE ID	FIELD HEADSPACE (ppm)
1 @	
2 @	
3 @	
4 @	
5 @	
5-pt @ 6'	81

LAB SAMPLES

SAMPLE ID	ANALYSIS	TIME
5-pt @		1230

PIT PROFILE



P.D. = PIT DEPRESSION; B.G. = BELOW GRADE; B = BELOW
T.H. = TEST HOLE; ~ = APPROX.; T.B. = TANK BOTTOM

TRAVEL NOTES: CALLOUT: _____ ONSITE: 11/14/06

ENVIROTECH LABS

PRACTICAL SOLUTIONS FOR A BETTER TOMORROW

EPA METHOD 8015 Modified Nonhalogenated Volatile Organics Total Petroleum Hydrocarbons

Client:	Blagg / Dugan	Project #:	94034-010
Sample ID:	Production Pit	Date Reported:	11-25-06
Laboratory Number:	39229	Date Sampled:	11-14-06
Chain of Custody No:	14727	Date Received:	11-17-06
Sample Matrix:	Soil	Date Extracted:	11-21-06
Preservative:	Cool	Date Analyzed:	11-25-06
Condition:	Cool and Intact	Analysis Requested:	8015 TPH

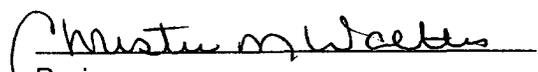
Parameter	Concentration (mg/Kg)	Det. Limit (mg/Kg)
Gasoline Range (C5 - C10)	2.1	0.2
Diesel Range (C10 - C28)	111	0.1
Total Petroleum Hydrocarbons	113	0.2

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: Nice #2 5 - Point @ 6'


Analyst


Review

ENVIROTECH LABS

PRACTICAL SOLUTIONS FOR A BETTER TOMORROW

EPA Method 8015 Modified Nonhalogenated Volatile Organics Total Petroleum Hydrocarbons

Quality Assurance Report

Client:	QA/QC	Project #:	N/A
Sample ID:	11-25-06 QA/QC	Date Reported:	11-25-06
Laboratory Number:	39221	Date Sampled:	N/A
Sample Matrix:	Methylene Chloride	Date Received:	N/A
Preservative:	N/A	Date Analyzed:	11-25-06
Condition:	N/A	Analysis Requested:	TPH

	I-Cal Date	I-Cal RF	C-Cal RF	% Difference	Accept. Range
Gasoline Range C5 - C10	07-11-05	1.0044E+003	1.0054E+003	0.10%	0 - 15%
Diesel Range C10 - C28	07-11-05	9.9732E+002	9.9932E+002	0.20%	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

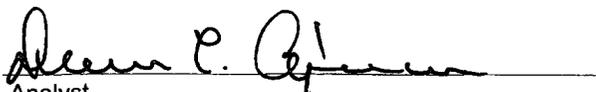
Duplicate Conc. (mg/Kg)	Sample	Duplicate	% Difference	Accept. Range
Gasoline Range C5 - C10	ND	ND	0.0%	0 - 30%
Diesel Range C10 - C28	ND	ND	0.0%	0 - 30%

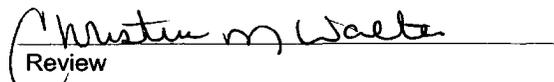
Spike Conc. (mg/Kg)	Sample	Spike Added	Spike Result	% Recovery	Accept. Range
Gasoline Range C5 - C10	ND	250	250	100.0%	75 - 125%
Diesel Range C10 - C28	ND	250	250	100.0%	75 - 125%

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 39221 - 39230


Analyst


Review

ENVIROTECH LABS

PRACTICAL SOLUTIONS FOR A BETTER TOMORROW

EPA METHOD 8021 AROMATIC VOLATILE ORGANICS

Client:	Blagg / Dugan	Project #:	94034-010
Sample ID:	Production Pit	Date Reported:	11-25-06
Laboratory Number:	39229	Date Sampled:	11-14-06
Chain of Custody:	14727	Date Received:	11-17-06
Sample Matrix:	Soil	Date Analyzed:	11-25-06
Preservative:	Cool	Date Extracted:	11-21-06
Condition:	Cool & Intact	Analysis Requested:	BTEX

Parameter	Concentration (ug/Kg)	Det. Limit (ug/Kg)
Benzene	10.1	1.8
Toluene	7.5	1.7
Ethylbenzene	23.7	1.5
p,m-Xylene	52.5	2.2
o-Xylene	5.9	1.0
Total BTEX	99.7	

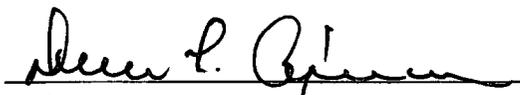
ND - Parameter not detected at the stated detection limit.

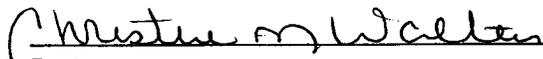
Surrogate Recoveries:	Parameter	Percent Recovery
	Fluorobenzene	97.0 %
	1,4-difluorobenzene	97.0 %
	Bromochlorobenzene	97.0 %

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: Nice #2 5-Point @ 6'


Analyst


Review

ENVIROTECH LABS

PRACTICAL SOLUTIONS FOR A BETTER TOMORROW

EPA METHOD 8021 AROMATIC VOLATILE ORGANICS

Client:	N/A	Project #:	N/A
Sample ID:	11-25-BTEX QA/QC	Date Reported:	11-25-06
Laboratory Number:	39221	Date Sampled:	N/A
Sample Matrix:	Soil	Date Received:	N/A
Preservative:	N/A	Date Analyzed:	11-25-06
Condition:	N/A	Analysis:	BTEX

Calibration and Detection Limits (ug/L)	I-Cal RF	G-Cal RF	%Diff	Blank Conc	Detect Limit
Benzene	3.9212E+007	3.9291E+007	0.2%	ND	0.2
Toluene	6.6986E+007	6.7120E+007	0.2%	ND	0.2
Ethylbenzene	3.3341E+007	3.3408E+007	0.2%	ND	0.2
p,m-Xylene	1.2654E+008	1.2680E+008	0.2%	ND	0.2
o-Xylene	6.1775E+007	6.1899E+007	0.2%	ND	0.1

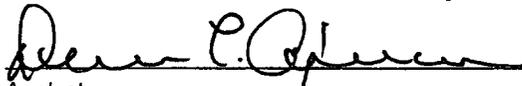
Duplicate Conc (ug/Kg)	Sample	Duplicate	%Diff	Accept Range	Detect Limit
Benzene	ND	ND	0.0%	0 - 30%	1.8
Toluene	ND	ND	0.0%	0 - 30%	1.7
Ethylbenzene	12.4	12.4	0.0%	0 - 30%	1.5
p,m-Xylene	57.1	57.0	0.2%	0 - 30%	2.2
o-Xylene	19.2	19.1	0.5%	0 - 30%	1.0

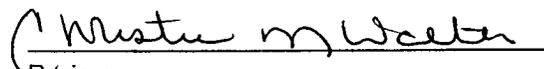
Spike Conc (ug/Kg)	Sample	Amount Spiked	Spiked Sample	% Recovery	Accept Range
Benzene	ND	50.0	49.9	99.8%	39 - 150
Toluene	ND	50.0	50.0	100.0%	46 - 148
Ethylbenzene	12.4	50.0	62.3	99.8%	32 - 160
p,m-Xylene	57.1	100	157	99.9%	46 - 148
o-Xylene	19.2	50.0	69.2	100.0%	46 - 148

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 39221 - 39230


Analyst


Review

ENVIROTECH LABS

PRACTICAL SOLUTIONS FOR A BETTER TOMORROW

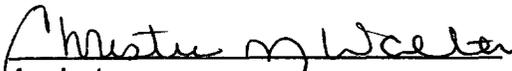
Chloride

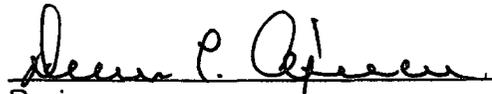
Client:	Blagg / Dugan	Project #:	94034-010
Sample ID:	Production Pit	Date Reported:	11-25-06
Lab ID#:	39229	Date Sampled:	11-14-06
Sample Matrix:	Soil	Date Received:	11-17-06
Preservative:	Cool	Date Analyzed:	11-22-06
Condition:	Cool and Intact	Chain of Custody:	14727

Parameter	Concentration (mg/Kg)
Total Chloride	260

Reference: Standard Methods For The Examination of Water And Waste Water", 18th ed., 1992.

Comments: Nice #2 5-Point @ 6'


Analyst


Review

