

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 CLEZ
July 21, 2008

For closed-loop systems that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure, submit to the appropriate NMOCD District Office.

4751

Closed-Loop System Permit or Closure Plan Application

(that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure)

Type of action: ☐ Permit ☒ Closure

Instructions: Please submit one application (Form C-144 CLEZ) per individual closed-loop system request. For any application request other than for a closed-loop system that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure, please submit a Form C-144.

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 **RCVD JAN 14'10**
Address: P.O. Box 420 Farmington, NM 87499 **OIL CONS. DIV.**
Facility or well name: Betty C 3-31 **DIST. 3**
API Number: 30-039-22787 OCD Permit Number: _____
U/L or Qtr/Qtr K Section 31 Township 24N Range 7W County: Rio Arriba
Center of Proposed Design: Latitude 36.26918 Longitude 107.61694 NAD: ☒ 1927 ☐ 1983
Surface Owner: ☒ Federal ☐ State ☐ Private ☐ Tribal Trust or Indian Allotment

2. ☒ **Closed-loop System:** Subsection H of 19.15.17.11 NMAC
Operation: ☐ Drilling a new well ☐ Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent) ☒ P&A
☒ Above Ground Steel Tanks or ☐ Haul-off Bins

3. **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

4. **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.
☐ 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 Box 5) - 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: _____

5. **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

6. **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): _____ Title: _____
Signature: _____ Date: _____
e-mail address: _____ Telephone: _____

7. **OCD Approval:** ☐ Permit Application (including closure plan) ☐ Closure Plan (only)

OCD Representative Signature: _____ Approval Date: _____

Title: _____ OCD Permit Number: _____

8. **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: 12/2/2009

9. **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: Basin Disposal Disposal Facility Permit Number: NM-01-005

Disposal Facility Name: IEI Disposal Facility Permit Number: NM-01-001B

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

10. **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): John Alexander Title: Vice President

Signature: John Alexander Date: 1/13/2010

e-mail address: john.alexander@duganproduction.com Telephone: 505-325-1821

Approved Bob Hall NMOC 2/24/10



Copy

Invoice Number: 12927
Invoice Date: Dec 14, 2009
Page: 1

Industrial Ecosystems Inc.

P.O. Box 1202

Flora Vista, NM 87415

PH: (505) 632-1782 Fax: (505) 632-1876

TAX I.D. #94-3200034

PLEASE REMIT PAYMENT TO:

Industrial Ecosystems, Inc.

PO Box 1202

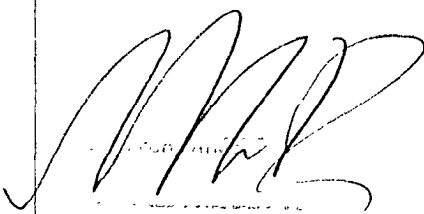
Flora Vista, NM 87415

Sold To: DUGAN PRODUCTION CORP
709 E MURRAY DRIVE
FARMINGTON, NM 87499-0420

Location: MARK BROWN
BETTY C 31#3

BET 03

Contact	Payment Terms	Due Date	Customer PO
MARK BROWN	Net 30 Days	1/13/10	

Quantity	Description	Unit Price	Extension
	DATE OF SERVICE: 12/02/09		
	IEI WO #11854		
	MATERIAL TRANSPORTED BY SCAT, 1301		
	DISPOSED OF DRILL MUD		
1.00	CHLORIDE TEST	15.00	15.00
35.00	DISPOSAL PER BARREL	17.50	612.50
 605-17 645-1700			

**FOR BILLING INQUIRIES PLEASE CALL
(505) 632-1782**

ACCOUNTS ARE DUE NET 30 DAYS. PURCHASER AGREES TO PAY
FINANCE CHARGES OF 1.5% PER MONTH (ANNUAL PERCENTAGE RATE
OF 18%) OR A MINIMUM CHARGE OF .50 PER MONTH. ACCOUNTS THAT
HAVE BEEN PLACED FOR COLLECTION WILL BE CHARGED A \$100.00
COLLECTION FEE IN ADDITION TO REASONABLE ATTORNEY FEES AND
COLLECTION CHARGES.

Subtotal 627.50
Sales Tax 38.83
Total Invoice Amount 666.33

TOTAL 666.33

DEC 14 2009

550 WATER SERVICE
12341 HWY 550 South
Bloomfield NM 87413

MARK BROWN
TO: KURT FAGRELIUS

INVOICE # 215

DATE: 11/27/2009

Ticket #	Date	Location (FROM)	Location (TO)	BBLs	Labor Hours	Labor Rate	Total
6049	11/24/2009	BETTY C 31-3	BASIN	50	4	60.00	240.00
6052	11/25/2009	BETTY C 31-3	BASIN	80	2 1/2	60.00	150.00
6052	11/25/2009	BETTY C 31-3	BASIN	80	4	60.00	240.00
6052	11/25/2009	BETTY C 31-3	BASIN	80	3 1/2	60.00	210.00
6054	11/27/2009	BETTY C 31-3	BASIN	40	4 1/2	60.00	270.00
6047	11/23/2009	GELLESPIE COM 1	BASIN	80	2 1/2	60.00	150.00
6051	11/24/2009	BASIN	OH HENRY 2	60	5 1/2	60.00	330.00
6048	11/23/2009	OH HENRY 2	BASIN	30	5 1/2	60.00	330.00

500 32.00

0.061875

1920.00

118.80

\$2,038.80

BETΦ3 645-1700 1178.68
GILΦ1 650-1800 159.28
OHEΦ2 650-1800 700.84



Check Date : 12/11/09

Check #

CA

516853

<u>Inv No</u>	<u>Date</u>	<u>Description</u>	<u>G/L Account</u>	<u>Amount</u>
215	11/27/09	Water Hauling Invoice	OHE#2 650-1800 700.84	\$2,038.80
			BET#3 645-1700 1178.68	
			GIL#1 650-1800 159.28	

Check Total: \$ 2,038.80

550 200

12/11/09

***** Two Thousand Thirty Eight & 80/100 Dollars

\$ 2,038.80

550 Water Service
12341 Hwy 550 South
Bloomfield NM 87413

550 Water Service, LLC

6049

505.947.2152

12341 Hwy. 550 S. • Bloomfield, NM 87413

☒ DUGAN

CUSTOMER _____ LEASE _____ WELL _____

TRUCK NO. 2 DRIVER Justin DATE 11-24-09RIG WATER ☐ FRAC WATER ☐ OIL ☐ PTS ☐ PROD WATER ☐ OTHER Flo BackFROM Betty C 31-3 TO Basin

BBLS HAULED	STARTING TIME		STOP TIME		OFF DUTY HOURS	STAND-BY HOURS	HAUL	RECEIVED BY
1. Road Time Out	Starting Time	AM PM	Starting Time	AM PM				
2. BBLS Hauled <u>50</u>	Starting Time <u>8:00</u>	<u>AM</u> PM	Starting Time <u>12:00</u>	<u>AM</u> PM			<u>4.0</u>	
3. BBLS Hauled	Starting Time	AM PM	Starting Time	AM PM				
4. BBLS Hauled	Starting Time	AM PM	Starting Time	AM PM				

ROAD CONDITIONS: CLEAR ☒ ICE ☐ SNOWING ☐ RAINING ☐ MUD ☐ CHAINS REQUIRED ☐REMARKS: 1st load

san juan reproduction - F

SIGNED JA

DRIVER

550 Water Service, LLC

6054

505.947.2152

12341 Hwy. 550 S. • Bloomfield, NM 87413

☐ DUGANCUSTOMER Dugan LEASE _____ WELL _____TRUCK NO. 2 DRIVER Justin Higgins DATE 11-27-09RIG WATER ☐ FRAC WATER ☒ OIL ☐ PTS ☐ PROD WATER ☐ OTHER _____FROM Betty C 31-3 TO Basin

BBLS HAULED	STARTING TIME		STOP TIME		OFF DUTY HOURS	STAND-BY HOURS	HAUL	RECEIVED BY
1. Road Time Out	Starting Time	AM PM	Starting Time	AM PM				
2. BBLS Hauled <u>40</u>	Starting Time <u>10:00</u>	<u>AM</u> PM	Starting Time <u>2:30</u>	<u>AM</u> PM			<u>4.5</u>	
3. BBLS Hauled	Starting Time	AM PM	Starting Time	AM PM				
4. BBLS Hauled	Starting Time	AM PM	Starting Time	AM PM				

ROAD CONDITIONS: CLEAR ☒ ICE ☐ SNOWING ☐ RAINING ☐ MUD ☐ CHAINS REQUIRED ☐REMARKS: Last load drive home

san juan reproduction - F

SIGNED JA

DRIVER

Kurt Fagrelins

550 Water Service, LLC

6052

505.947.2152

☒ DUGAN

12341 Hwy. 550 S. • Bloomfield, NM 87413

CUSTOMER Dugan LEASE _____ WELL _____

TRUCK NO. 2 DRIVER Justin DATE 11-25-09

RIG WATER ☐ FRAC WATER ☐ OIL ☐ PTS ☐ PROD WATER ☐ OTHER Flo Back / Frac

FROM Setty C 31-3 TO Basin

BBLS HAULED	STARTING TIME	STOP TIME	OFF DUTY HOURS	STAND-BY HOURS	HAUL	RECEIVED BY
1. Road Time Out	Starting Time	AM PM	Starting ime	AM PM		
2 BBLS Hauled <u>80</u>	Starting Time <u>8:00</u>	<u>AM</u> PM	Starting Time <u>10:30</u>	<u>AM</u> PM	<u>2.5</u>	
3 BBLS Hauled <u>80</u>	Starting Time <u>10:30</u>	<u>AM</u> PM	Starting Time <u>2:30</u>	<u>AM</u> PM	<u>4.0</u>	
4 BBLS Hauled <u>80</u>	Starting Time <u>2:30</u>	<u>AM</u> PM	Starting Time <u>5:00 / 4:00</u>	<u>AM</u> PM	<u>3.5</u>	

ROAD CONDITIONS: CLEAR ☒ ICE ☐ SNOWING ☐ RAINING ☐ MUD ☐ CHAINS REQUIRED ☐

REMARKS: 1st load

SIGNED

DRIVER