

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.

5251 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 Modification

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 FEB 12 '10
	Address: P.O. Box 320 Farmington, NM 87499		OIL CONS. DIV.
	Facility or well name: July Jubilee No. 3		DIST. 3
	API Number: 30-045-25904	OCD Permit Number:	
	U/L or Qtr/Qtr L	Section 29	Township 24N
		Range 9W	County: San Juan
	Center of Proposed Design: Latitude 36.28296N	Longitude 107.81756W	NAD: <input checked="" type="checkbox"/> 1927 <input type="checkbox"/> 1983
	Surface Owner: <input checked="" type="checkbox"/> Federal <input type="checkbox"/> State <input type="checkbox"/> Private <input type="checkbox"/> Tribal Trust or Indian Allotment		

2.	<input checked="" type="checkbox"/> Closed-loop System: Subsection H of 19.15.17.11 NMAC
	Operation: <input type="checkbox"/> Drilling a new well <input checked="" type="checkbox"/> Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent) <input checked="" type="checkbox"/> P&A
	<input checked="" type="checkbox"/> Above Ground Steel Tanks or <input type="checkbox"/> Haul-off Bins

3.	Signs: Subsection C of 19.15.17.11 NMAC
	<input checked="" type="checkbox"/> 12"x24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers
	<input checked="" type="checkbox"/> 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.
	<input type="checkbox"/> Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC
	<input type="checkbox"/> Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC
	<input type="checkbox"/> 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
	<input type="checkbox"/> Previously Approved Design (attach copy of design) API Number: _____
	<input type="checkbox"/> 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 indentify the facility or facilities for the disposal of liquids, drilling fluids and drill cuttings. Use attachment if more than two facilities are required.
	Disposal Facility Name: Sanchez O'Brien 1 SWD Disposal Facility Permit Number: SWD-694
	Disposal Facility Name: IEI Disposal Facility Permit Number: NM-01-001B
	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?
	<input type="checkbox"/> Yes (If yes, please provide the information below) <input checked="" type="checkbox"/> No
	Required for impacted areas which will not be used for future service and operations:
	<input type="checkbox"/> Soil Backfill and Cover Design Specifications - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC
	<input type="checkbox"/> Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC
	<input type="checkbox"/> 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: 1/13/2010

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: Sanchez O'Brien SWD 1 Disposal Facility Permit Number: SWD 694

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:  Date: 1/27/2010

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

Approved Brandon Bell NMOC 4-9-10



Invoice Number: 13089  
Invoice Date: Jan 20, 2010  
Page: 1

**Industrial Ecosystems Inc.**

P.O. Box 1202  
Flora Vista, NM 87415  
PH: (505) 632-1782 Fax: (505) 632-1876

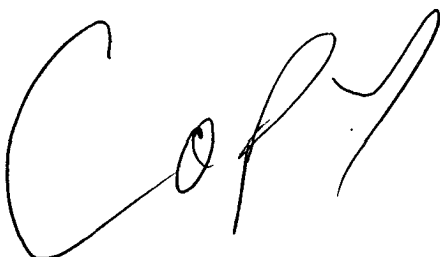
TAX I.D. #94-3200034

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  
JULY JUBILEE #3

Contact	Payment Terms	Due Date	Customer PO
MARK BROWN	Net 30 Days	2/19/10	

Quantity	Description	Unit Price	Extension
	DATE OF SERVICE: 1/13/10		
	IEI WO# 11798		
	MATERIAL TRANSPORTED BY SCAT, 1301		
	DISPOSED OF CEMENT		
1.00	CHLORIDE TEST	15.00	15.00
25.00	DISPOSAL PER BARREL	17.50	437.50
<div>APPROVED FOR PAYMENT BY  DUGAN PRODUCTION CORP</div>			

**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 452.50  
Sales Tax 28.00  
Total Invoice Amount 480.50

**TOTAL 480.50**

RECEIVED  
JAN 25 2010

Mark Brown

# 550 Water Service, LLC

6093

505.947.2152

12341 Hwy. 550 S. • Bloomfield, NM 87413

☒ DUGAN

CUSTOMER \_\_\_\_\_ LEASE \_\_\_\_\_ WELL \_\_\_\_\_

TRUCK NO. 2 DRIVER Justin DATE 1-12-10

RIG WATER ☐ FRAC WATER ☐ OIL ☐ PTS ☐ PROD WATER ☐ OTHER FLOWBACK

FROM July Jubilee #3 TO SORSW

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>80</u>	Starting Time <u>7:00</u>	<u>AM</u> PM	Starting Time	<u>AM</u> PM				
3. BBLS Hauled	Starting Time	AM PM	Starting Time <u>10:00</u>	<u>AM</u> PM			<u>3.0</u>	
4. BBLS Hauled	Starting Time	AM PM	Starting Time	AM PM				

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

REMARKS only load today

SIGNED

24

DRIVER

Mark

**550 Water Service, LLC**

6092

505.947.2152

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☒ DUGAN

CUSTOMER \_\_\_\_\_ LEASE \_\_\_\_\_ WELL \_\_\_\_\_

TRUCK NO. 2 DRIVER Justin DATE 1-28-10RIG WATER ☐ FRAC WATER ☐ OIL ☐ PTS ☒ PROD WATER ☐ OTHER FlowBackFROM July Jubilee #3 TO SORSWD

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>60</u>	Starting Time <u>4:30</u>	AM PM	Starting Time <u>7:30</u>	AM PM			<u>3.0</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: Last Load Split w/ Champ #1 TK# 6150  
Coming from Champ #1SIGNED Justin

DRIVER

san juan reproduction - F

Mark

**550 Water Service, LLC**

5413

505.947.2152

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☒ DUGAN

CUSTOMER \_\_\_\_\_ LEASE \_\_\_\_\_ WELL \_\_\_\_\_

TRUCK NO. 2 DRIVER Justin DATE 1-28-10RIG WATER ☐ FRAC WATER ☐ OIL ☐ PTS ☐ PROD WATER ☐ OTHER Cement Job/FlowBackFROM July Jubilee 3 TO SORSWD

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>80</u>	Starting Time <u>6:30</u>	AM PM	Starting Time <u>1:15</u>	AM PM			<u>6.75</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: Cement water 10-1 3hr wait at SOR  
Big storm last night knocked out power at SORSIGNED Justin

DRIVER

san juan reproduction - F

Mark

**550 Water Service, LLC**

5411

505.947.2152

12341 Hwy. 550 S. • Bloomfield, NM 87413

☒ DUGAN

CUSTOMER \_\_\_\_\_ LEASE \_\_\_\_\_ WELL \_\_\_\_\_

TRUCK NO. #2 DRIVER \_\_\_\_\_ DATE 1-18-10RIG WATER ☐ FRAC WATER ☒ OIL ☐ PTS ☐ PROD WATER ☐ OTHER \_\_\_\_\_FROM July Jubilee #3 TO SQB SWD

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>80</u>	Starting Time <u>6:30</u> <u>AM</u> PM	Starting Time <u>10:15</u> <u>AM</u> PM			<u>3.75</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: took load from 1665 15:00 M. at SQB  
Cement canceled empt frac tank

san juan reproduction - F

SIGNED [Signature]

DRIVER

Mark

**550 Water Service, LLC**

6094

505.947.2152

12341 Hwy. 550 S. • Bloomfield, NM 87413

☒ DUGAN

CUSTOMER \_\_\_\_\_ LEASE \_\_\_\_\_ WELL \_\_\_\_\_

TRUCK NO. 2 DRIVER Justin DATE 1-18-10RIG WATER ☐ FRAC WATER ☐ OIL ☐ PTS ☐ PROD WATER ☐ OTHER Flow BackFROM July Jubilee #3 TO SQB SWD

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>25</u>	Starting Time <u>6:00</u> <u>AM</u> PM	Starting Time <u>8:00</u> <u>AM</u> PM			<u>2.0</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: very rough roadsSIGNED [Signature]

DRIVER

san juan reproduction - F

mark

# 550 Water Service, LLC

505.947.2152

12341 Hwy. 550 S. • Bloomfield, NM 87413

223

6143

☒ DUGAN

CUSTOMER \_\_\_\_\_ LEASE \_\_\_\_\_ WELL \_\_\_\_\_

TRUCK NO. 2 DRIVER Justin DATE 1-7-18

RIG WATER ☐ FRAC WATER ☐ OIL ☐ PTS ☐ PROD WATER ☐ OTHER \_\_\_\_\_

FROM July Jubilee #3 TO SOR S&D

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>80</u>	Starting Time <u>1:30</u> AM PM <input checked="" type="radio"/>	Starting Time <u>3:00</u> AM PM <input checked="" type="radio"/>			<u>1.5</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: \_\_\_\_\_

SIGNED

san juan reproduction - F

DRIVER

Mark

# 550 Water Service, LLC

505.947.2152

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5412

☒ DUGAN

CUSTOMER \_\_\_\_\_ LEASE \_\_\_\_\_ WELL \_\_\_\_\_

TRUCK NO. 2 DRIVER Justin DATE 1-18-18

RIG WATER ☐ FRAC WATER ☒ OIL ☐ PTS ☐ PROD WATER ☐ OTHER \_\_\_\_\_

FROM July Jubilee #3 TO SOR S&D

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>70</u>	Starting Time <u>10:15</u> AM PM <input checked="" type="radio"/>	Starting Time <u>12:00</u> AM PM <input checked="" type="radio"/>			<u>1.75</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 haul

SIGNED

san juan reproduction - F

DRIVER