

District I  
625 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.

5321

**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: <u>Dugan Production Corp</u>		OGRID #: <u>006515</u>	RCVD FEB 24 '10
Address: <u>P.O. Box 420 Farmington, NM 87499</u>		OIL CONS. DIV.	
Facility or well name: <u>West Bisti Unit # 125</u>		DIST. 3	
API Number: <u>30-045-05682</u>		OCD Permit Number: _____	
U/L or Qtr/Qtr <u>G</u> Section <u>27</u> Township <u>26N</u> Range <u>13 W</u> County: <u>San Juan</u>			
Center of Proposed Design: Latitude <u>36.46048</u> Longitude <u>108.20367</u>		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"/> <b>Closed-loop System:</b> Subsection H of 19.15.17.11 NMAC
Operation: <input type="checkbox"/> Drilling a new well <input 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. <b>Signs:</b> Subsection C of 19.15.17.11 NMAC
<input checked="" type="checkbox"/> 12"x 24", 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. <b>Closed-loop Systems Permit Application Attachment Checklist:</b> Subsection B of 19.15.17.9 NMAC
<b>Instructions:</b> 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: _____

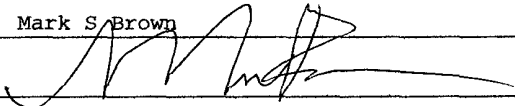
5. <b>Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:</b> (19.15.17.13.D NMAC)
<b>Instructions:</b> Please identify the facility or facilities for the disposal of liquids, drilling fluids and drill cuttings. Use attachment if more than two facilities 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 <i>will not</i> be used for future service and operations? <input type="checkbox"/> Yes (If yes, please provide the information below) <input type="checkbox"/> No
<b>Required for impacted areas which will not be used for future service and operations:</b>
<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

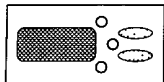
6. <b>Operator Application Certification:</b>
I hereby certify that the information submitted with this application is true, accurate and complete to the best of my knowledge and belief.
Name (Print): _____ Title: _____
Signature: _____ Date: _____
e-mail address: _____ Telephone: _____

7. **OCD Approval:** ☐ Permit Application (including closure plan) ☒ **Closure Plan (only)**  
OCD Representative Signature:  Approval Date: 4-9-10  
Title: Enviro/spec 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: 02/01/1010

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 Inc. Disposal Facility Permit Number: NM-001-0005  
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): Mark S. Brown Title: Drilling Superintendant  
Signature:  Date: 02/18/1010  
e-mail address: mstbbrown@duganproduction.com Telephone: 505-320-5707



# **BASIN DISPOSAL, INC.**

"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD"  
P.O. BOX 100 • AZTEC, NEW MEXICO 87410 • PHONE (505) 632-8936

NO. **481148**

NMOC D PERMIT. NM -001-0005

Oil Field Waste Document, Form C138

INVOICE:

DATE 1-28-10

DEL. TKT# 480160

GENERATOR: Evergen Dugan

BILL TO: Evergen

HAULING CO. 3 Rivers

DRIVER: Frankie Topcho

(Print Full Name)

ORDERED BY: Mark Brown

CODES: \_\_\_\_\_

WASTE DESCRIPTION: ☒ **Exempt Oilfield Waste**

☐ Produced Water

☒ Drilling/Completion Fluids

☐ Reserve Pit

STATE: ☒ NM

☐ CO

☐ AZ

☐ UT

TREATMENT/DISPOSAL METHODS: ☒ EVAPORATION ☒ INJECTION ☒ TREATING PLANT

NO.	TRUCK	LOCATION(S)	VOLUME	AM	PM	COST	TOTAL	TIME
1	158	WBU #125	80		1	854	68	JAN 28 1:09pm
2								
3								
4								
5								
TOTAL								

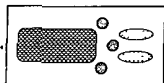
Frankie Topcho

representative or authorized agent for the above generator and hauler hereby certify that according to the Resource Conservation and Recovery Act (RCRA) and the US Environmental Protection Agency's July 1988 regulatory determination that the above described waste is RCRA Exempt, Oil field wastes generated from oil and gas exploration and production operations and not mixed with non-exempt waste, per OCD's mixing policy.

☒ Approved

☐ Denied

ATTENDANT SIGNATURE: Mark Brown



# **BASIN DISPOSAL, INC.**

"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD"  
P.O. BOX 100 • AZTEC, NEW MEXICO 87410 • PHONE (505) 632-8936

NO. **481109**

NMOC D PERMIT. NM -001-0005

Oil Field Waste Document, Form C138

INVOICE:

DATE

**1/27/10**

DEL. TKT#

**419936**

GENERATOR:

**Dugan Corp**

BILL TO:

**Dugan Corp**

HAULING CO.

**Three Rivers**

DRIVER:

**Larry Bayale**  
(Print Full Name)

ORDERED BY:

**Mark Brown**

CODES:

WASTE DESCRIPTION: ☒ **Exempt Oilfield Waste**

☐ Produced Water

☒ Drilling/Completion Fluids

☐ Reserve Pit

STATE: ☒ NM

☐ CO

☐ AZ

☐ UT

TREATMENT/DISPOSAL METHODS:

☒ EVAPORATION

☒ INJECTION

☒ TREATING PLANT

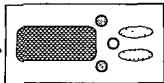
NO.	TRUCK	LOCATION(S)	VOLUME	AM	PM	COST	TOTAL	TIME
1	153	West Basin Unit #125	50		x	85	48 <sup>00</sup>	JAN 27 6:26 PM
2								
3								
4								
5								
TOTAL								

I, **L. Bayale** representative or authorized agent for the above generator and hauler hereby certify that according to the Resource Conservation and Recovery Act (RCRA) and the US Environmental Protection Agency's July 1988 regulatory determination that the above described waste is RCRA Exempt, Oil field wastes generated from oil and gas exploration and production operations and not mixed with non-exempt waste, per OCD's mixing policy.

☒ Approved

☐ Denied

ATTENDANT SIGNATURE:



# BASIN DISPOSAL, INC.

"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD"  
P.O. BOX 100 • AZTEC, NEW MEXICO 87410 • PHONE (505) 632-8936

NO. **480983**

NMOCD PERMIT: NM -001-0005

Oil Field Waste Document, Form C138

INVOICE:

DATE 1 26 10

DEL. TKT# 422898

GENERATOR: Dugan

BILL TO: Dugan

HAULING CO. 3 Rivers

DRIVER: Cody Hockenfull  
(Print Full Name)

ORDERED BY: Mark Brown

CODES: \_\_\_\_\_

WASTE DESCRIPTION: ☒ Exempt Oilfield Waste

☐ Produced Water

☒ Drilling/Completion Fluids

☐ Reserve Pit

STATE: ☒ NM

☐ CO

☐ AZ

☐ UT

TREATMENT/DISPOSAL METHODS: ☒ EVAPORATION ☒ INJECTION ☒ TREATING PLANT

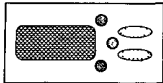
NO.	TRUCK	LOCATION(S)	VOLUME	AM	PM	COST	TOTAL	TIME
1	104	WBBV 125	80			85	68	
2								
3								
4								
5								
TOTAL								

I, Cody Hockenfull representative or authorized agent for the above generator and hauler hereby certify that according to the Resource Conservation and Recovery Act (RCRA) and the US Environmental Protection Agency's July 1988 regulatory determination that the above described waste is RCRA Exempt, Oil field wastes generated from oil and gas exploration and production operations and not mixed with non-exempt waste, per OCD's mixing policy.

☒ Approved

☐ Denied

ATTENDANT SIGNATURE: [Signature]



# **BASIN DISPOSAL, INC.**

\*SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD  
P.O. BOX 100 • AZTEC, NEW MEXICO 87410 • PHONE (505) 632-8936

NO. **480919**

NMOC D PERMIT: NM -001-0005

Oil Field Waste Document, Form C138

INVOICE:

DATE 1-25-10

DEL. TKT# 4228916

GENERATOR: Dugan

BILL TO: Dugan

HAULING CO. 3 Rivers

DRIVER: Cody Hockenbuhl

(Print Full Name)

ORDERED BY: Mark Brown

CODES: \_\_\_\_\_

WASTE DESCRIPTION: ☒ **Exempt Oilfield Waste**

☒ Produced Water

☐ Drilling/Completion Fluids

☐ Reserve Pit

STATE: ☒ NM

☐ CO

☐ AZ

☐ UT

TREATMENT/DISPOSAL METHODS: ☒ EVAPORATION ☒ INJECTION ☒ TREATING PLANT

NO.	TRUCK	LOCATION(S)	VOLUME	AM	PM	COST	TOTAL	TIME
1	104	WBU 125	80	<input checked="" type="checkbox"/>		85¢	68	10 JAN 25 10:15AM
2								
3								
4								
5								
TOTAL								

I, Cody Hockenbuhl representative or authorized agent for the above generator and hauler hereby certify that according to the Resource Conservation and Recovery Act (RCRA) and the US Environmental Protection Agency's July 1988 regulatory determination that the above described waste is RCRA Exempt, Oil field wastes generated from oil and gas exploration and production operations and not mixed with non-exempt waste, per OCD's mixing policy.

☒ Approved

☐ Denied

ATTENDANT SIGNATURE: B. J. R. A.



Invoice Number: 13171  
Invoice Date: Feb 4, 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.

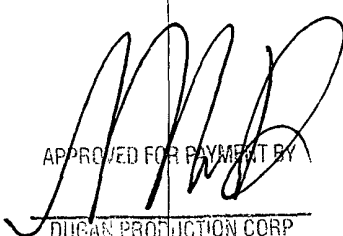

PO Box 1202

Flora Vista, NM 87415

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

Location: MARK BROWN  
WEST BISTI #125

Contact	Payment Terms	Due Date	Customer PO
MARK BROWN	Net 30 Days	3/6/10	

Quantity	Description	Unit Price	Extension
	DATE OF SERVICE; 2/01/10		
	IEI WO #12009		
	MATERIAL TRANSPORTED BY SCAT, 1301		
	DISPOSED OF CEMENT		
1.00	CHLORIDE TEST	15.00	15.00
45.00	DISPOSAL PER BARREL	17.50	787.50
 APPROVED FOR PAYMENT BY DUGAN PRODUCTION CORP			
LOE-17			

**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	802.50
Sales Tax	49.65
Total Invoice Amount	852.15
<b>TOTAL</b>	<b>852.15</b>

RECEIVED  
FEB 08 2010