

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 NMOC District Office.

5774

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>	<u>RCVD MAR 23 '10</u>
Address: <u>P.O. Box 420 Farmington, NM 87499</u>		<u>OIL CONS. DIV.</u>	
Facility or well name: <u>Gentle 4</u>		<u>DIST. 2</u>	
API Number: <u>30-045-20927</u>		OCD Permit Number: _____	
U/L or Qtr/Qtr <u>B</u> Section <u>9</u> Township <u>28N</u> Range <u>11W</u> County: <u>San Juan</u>			
Center of Proposed Design: Latitude <u>36.67149</u> Longitude <u>108.00600</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"/> Closed-loop System: 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. Signs: 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. 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 checked="" type="checkbox"/> Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC	
<input checked="" type="checkbox"/> Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC	
<input checked="" 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 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: <u>Sanchez O'Brien 1 SWD</u>	Disposal Facility Permit Number: <u>SWD 694</u>
Disposal Facility Name: <u>IEI</u>	Disposal Facility Permit Number: <u>NM-01-001B</u>
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): <u>Mark S Brown</u>	Title: <u>Drilling Superintendant</u>
Signature: _____	Date: <u>02/22/2010</u>
e-mail address: <u>mstbbrown@duganproduction.com</u>	Telephone: <u>505-326-4548</u>

7. **OCD Approval:** ☒ Permit Application (including closure plan) ☐ Closure Plan (only)
OCD Representative Signature: [Signature] **Approval Date:** 2/10/11
Title: Compliance Officer **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:** 03/06/10

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:** 03/09/10
e-mail address: mstbbrown@duganproduction.com **Telephone:** 505-320-5707



Invoice Number: 13374
Invoice Date: Mar 10, 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.

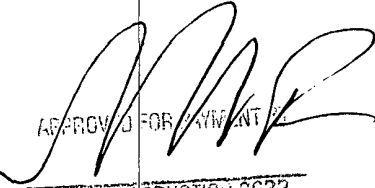
PO Box 1202

Flora Vista, NM 87415

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

Location: MARK BROWN
GENTLE #4

Contact	Payment Terms	Due Date	Customer PO
MARK BROWN	Net 30 Days	4/9/10	

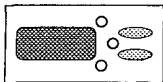
Quantity	Description	Unit Price	Extension
	DATE OF SERVICE: 3/05/10		
	IEI WO \$12404		
	MATERIAL TRANSPORTED BY SCAT, 1301		
	DISPOSED OF CEMENT		
1.00	CHLORIDE TEST	15.00	15.00
5.00	DISPOSAL PER BARREL	17.50	87.50
 APPROVED FOR PAYMENT DUGAN PRODUCTION CORP LOE-17			

**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	102.50
Sales Tax	6.34
Total Invoice Amount	108.84
TOTAL	108.84

RECEIVED
MAR 11 2010



BASIN DISPOSAL, INC.
"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD"
P.O. BOX 100 • AZTEC, NEW MEXICO 87410 • PHONE (505) 832-8936

NO. **483816**

NMOC D PERMIT: NM-001-0005

Oil Field Waste Document, Form C138

INVOICE:

DEL. TKT#.

BILL TO:

DRIVER:

(Print Full Name)

CODES:

DATE

GENERATOR:

HAULING CO.

ORDERED BY:

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	127	GENTLE #4	80			850	6100	MAR 5 7:28AM
2	127	Gentle #4	80			850	6800	MAR 5 8:25AM
3								
4								
5								
TOTAL							136000	

I, [Signature] 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]