

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.

5772

**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	ROVD MAR 28 '10
Address: P.O. Box 420 Farmington, NM 87499		OIL CONS. DIV.	
Facility or well name: San Juan S Federal Com 2		APR 2	
API Number: 30-045-25435		OCD Permit Number:	
U/L or Qtr/Qtr: G	Section: 32	Township: 26N	Range: 12W
Center of Proposed Design: Latitude 36.44675		Longitude: 108.13177	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			

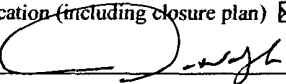
2. <input checked="" type="checkbox"/> <b>Closed-loop System:</b> Subsection H of 19.15.17.11 NMAC
Operation: <input type="checkbox"/> Drilling a new well <input type="checkbox"/> Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent) <input checked="" 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 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: _____

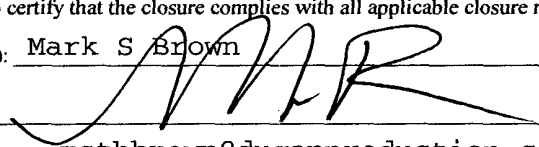
5. <b>Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:</b> (19.15.17.13.D NMAC)
<b>Instructions:</b> Please identify the facility or facilities for the disposal of liquids, drilling fluids and drill cuttings. Use attachment if more than two facilities are required.
Disposal Facility Name: 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
<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): Mark S Brown Title: Drilling Superintendant
Signature: _____ Date: 02/22/2010
e-mail address: mstbbrown@duganproduction.com Telephone: 505-326-4548

7. **OCD Approval:** ☐ Permit Application (including closure plan) ☒ Closure Plan (only)  
**OCD Representative 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:** 03/02/2010

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



Invoice Number: 13355  
Invoice Date: Mar 9, 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.

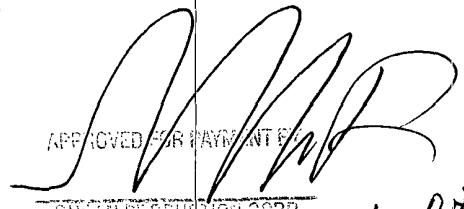
PO Box 1202

Flora Vista, NM 87415

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

Location: MARK BROWN  
SJ S FEDERAL COM #2

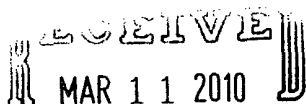
Contact	Payment Terms	Due Date	Customer PO
MARK BROWN	Net 30 Days	4/8/10	

Quantity	Description	Unit Price	Extension
5.00	DATE OF SERVICE: 03/02/10 IEI WO# 12368 MATERIAL TRANSPORTED BY 3 RIVERS, 158 DISPOSED OF DRILL MUD DISPOSAL PER BARREL	17.50	87.50
 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	87.50
Sales Tax	5.41
Total Invoice Amount	92.91
<b>TOTAL</b>	<b>92.91</b>





Invoice Number: 13356  
Invoice Date: Mar 9, 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.

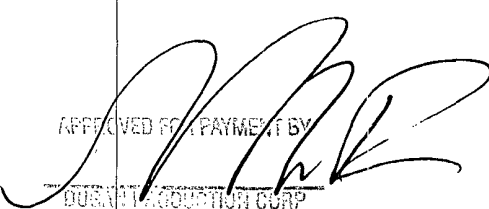
PO Box 1202

Flora Vista, NM 87415

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

Location: MARK BROWN  
SJ S FEDERAL COM #2

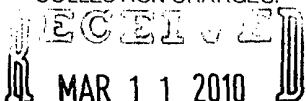
Contact	Payment Terms	Due Date	Customer PO
MARK BROWN	Net 30 Days	4/8/10	

Quantity	Description	Unit Price	Extension
	DATE OF SERVICE: 03/01/10		
	IEI WO# 12320		
	MATERIAL TRANSPORTED BY 3 RIVERS, 158		
	DISPOSED OF DRILL MUD		
1.00	CHLORIDE TEST	15.00	15.00
40.00	DISPOSAL PER BARREL	17.50	700.00
 APPROVED FOR PAYMENT BY DUGAN PRODUCTION CORP 20E-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	715.00
Sales Tax	44.24
Total Invoice Amount	759.24
<b>TOTAL</b>	<b>759.24</b>



OIL & WATER HAULING  
NMSCC 3561

# THREE RIVERS TRUCKING, INC.

P.O. BOX 2728  
FARMINGTON, NEW MEXICO 87499  
(505) 632-5300

428707

CUSTOMER Dugan LEASE ST-S Fed Com WELL #2  
TRUCK NO. 158 DRIVER Emerson Reed DATE 3-01-10  
RIG WATER ☐ FRAC WATER ☐ OIL ☐ PITS ☐ OTHER Mark Brown  
FROM Cement Pit TO F.E.I.

BBLs. HAULED		STARTING TIME		STOP TIME		OFF DUTY HOURS	STAND-BY HOURS	HAUL HOURS	RECEIVED BY	
1. Road Time Out		Starting Time	A.M. P.M.	Stop Time	A.M. P.M.					
2. BBLs. Hauled	<u>40</u>	Starting Time	A.M. P.M.	Stop Time	A.M. P.M.					
3. BBLs. Hauled		Starting Time	A.M. P.M.	Stop Time	A.M. P.M.					
4. BBLs. Hauled		Starting Time	A.M. P.M.	Stop Time	A.M. P.M.					
5. BBLs. Hauled		Starting Time	A.M. P.M.	Stop Time	A.M. P.M.					
6. BBLs. Hauled		Starting Time	A.M. P.M.	Stop Time	A.M. P.M.					
7. BBLs. Hauled		Starting Time	A.M. P.M.	Stop Time	A.M. P.M.					
8. BBLs. Hauled		Starting Time	A.M. P.M.	Stop Time	A.M. P.M.					
9. BBLs. Hauled		Starting Time	A.M. P.M.	Stop Time	A.M. P.M.					
10. BBLs. Hauled		Starting Time	A.M. P.M.	Stop Time	A.M. P.M.					
11. BBLs. Hauled		Starting Time	A.M. P.M.	Stop Time	A.M. P.M.					
12. BBLs. Hauled		Starting Time	A.M. P.M.	Stop Time	A.M. P.M.					
13. ROAD TIME IN	<u>XXXXX</u>	Starting Time	A.M. P.M.	Stop Time	A.M. P.M.					
TOTAL BBLs.	<u>40</u>					<u>XXXXX</u> <u>XXXXX</u>			<u>8.0</u>	TOTAL HOURS

ROAD CONDITIONS: CLEAR ☐ ICE ☐ SNOWING ☐ RAINING ☐ MUD ☐ CHAINS REQ. ☐

REMARKS: Breaking ice in pit and clean-out, load and unload into pit, wait at Ditch to unload

FUEL \_\_\_\_\_ KEY NUMBER OR TANK \_\_\_\_\_

(OFFICE USE ONLY: CHECKED BY \_\_\_\_\_) SIGNED \_\_\_\_\_

DRIVER

OIL & WATER HAULING  
NMSCC 3561

# THREE RIVERS TRUCKING, INC.

P.O. BOX 2728  
FARMINGTON, NEW MEXICO 87499  
(505) 632-5300

428708

CUSTOMER DUGAN PRODUCTION LEASE S.J. "S" Fed. Com WELL #2  
TRUCK NO. 158 DRIVER Emerson Reed DATE 3-2-10  
RIG WATER ☐ FRAC WATER ☐ OIL ☐ PITS ☐ OTHER Mark Brown  
FROM Cement Pit TO I.E.I yard

BBLS. HAULED	STARTING TIME	STOP TIME	OFF DUTY HOURS	STAND-BY HOURS	HAUL HOURS	RECEIVED BY
1. Road Time Out	Starting Time A.M. P.M.	Stop Time A.M. P.M.				
2. BBLS. Hauled	Starting Time A.M. P.M.	Stop Time A.M. P.M.				
3. BBLS. Hauled	Starting Time A.M. P.M.	Stop Time A.M. P.M.				
4. BBLS. Hauled	Starting Time A.M. P.M.	Stop Time A.M. P.M.				
5. BBLS. Hauled	Starting Time A.M. P.M.	Stop Time A.M. P.M.				
6. BBLS. Hauled	Starting Time A.M. P.M.	Stop Time A.M. P.M.				
7. BBLS. Hauled	Starting Time A.M. P.M.	Stop Time A.M. P.M.				
8. BBLS. Hauled	Starting Time A.M. P.M.	Stop Time A.M. P.M.				
9. BBLS. Hauled	Starting Time A.M. P.M.	Stop Time A.M. P.M.				
10. BBLS. Hauled	Starting Time A.M. P.M.	Stop Time A.M. P.M.				
11. BBLS. Hauled	Starting Time A.M. P.M.	Stop Time A.M. P.M.				
12. BBLS. Hauled	Starting Time A.M. P.M.	Stop Time A.M. P.M.				
13. ROAD TIME IN	Starting Time A.M. P.M.	Stop Time A.M. P.M.				
TOTAL BBLS.			XXXXXX XXXXXX			2.5 TOTAL HOURS

ROAD CONDITIONS: CLEAR ☐ ICE ☐ SNOWING ☐ RAINING ☐ MUD ☐ CHAINS REQ. ☐

REMARKS: Meet up with Scot Hot Wash at I.E.I yard for wash-out.

FUEL \_\_\_\_\_ KEY NUMBER OR TANK \_\_\_\_\_

(OFFICE USE ONLY: CHECKED BY \_\_\_\_\_) SIGNED \_\_\_\_\_

DRIVER



No. 32367

DATE: 3.2.10

1206 E. MURRAY DRIVE · FARMINGTON, NEW MEXICO 87401  
PHONE (505) 325-8292 · FAX (505) 327-6446

CUSTOMER: 3 RIVERS TRUCKING CO.

Bill to Duggan S.J. Feb 14

AFE NO:

PAY KEY NO:

LOCATION: J.E.I. Land Farm

## WORK ORDER

COMPANY REP: Mark Brown

NAME:

PHONE NO:

DESCRIPTION OF WORK: WASH OUT 3 RIVER TRUCK #158 WASH OUT CEMENT  
MUD, WATER — REUSE

OPERATOR	EMP.I.D.	HOURS	EMPLOYEE SIGNATURE
Virgil Tsock			Virgil Tsock
CRW MN Anthony Caputo			Anthony Caputo
CRW MN			
CRW MN			
CRW MN			
EQUIPMENT	UNIT NO.	HOURS	BY SIGNING ABOVE THE EMPLOYEE STATES: I WAS NOT INVOLVED IN A JOB RELATED ACCIDENT, I SUFFERED NO JOB RELATED INJURY ON THIS WORKDAY!
VACUUM & STEAMER TRUCK	#1844	2 1/2	
Antifreeze Machine			

MATERIAL

TRI. GAS Motor

CUSTOMER SIGNATURE:

DATE:

CUSTOMER NAME:

JOB SITE: Crouch Mesa				OTHER:			
STATE: NM	CO:	HIGHWAY MILES	TOTAL MILES	STATE:	CO:	HIGHWAY MILES	TOTAL MILES