

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.

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 OGRID #: 6515 **RCVD MAR 3 '11**
Address: PO Box 420, Farmington NM 87499 **OIL CONS. DIV.**
Facility or well name: Tonkin 4 **DIST. 3**
API Number: 30-045-06574 OCD Permit Number: _____
U/L or Qtr/Qtr A Section 13 Township 27N Range 12W County: San Juan
Center of Proposed Design: Latitude 36.57977 Longitude -108.05655 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: [Signature] Approval Date: 3/13/11

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: 3/1/2011

9. **Closure Report Regarding Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:**

Instructions: Please identify 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-1-5

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: [Signature] Date: 3/2/2011

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

5053274613 DuganFax
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
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1220 S. St. Francis Dr., Santa Fe, NM 87505

DUGAN PRODUCTION
STATE OF NEW MEXICO
Energy Minerals and Natural Resources
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

09:43:51 a.m. 02-28-2011 1/1
Form C-138
Revised March 12, 2007
*Surface Waste Management Facility Operator
and Generator shall maintain and make
documentation available for Division inspect

REQUEST FOR APPROVAL TO ACCEPT SOLID WASTE

1. **Generator Name and Address:**
Dugan Production Corp. PO Box 420 Farmington, NM 87499 02/28/11

2. **Originating Site:**
Tonkin #4

3. **Location of Material (Street Address, City, State or ULSTR):**
A-13-27N-12W, San Juan County, NM

4. **Source and Description of Waste:**
Cement from a plug and abandonment job.
Estimated Volume 50 yd³ / bbls Known Volume (to be entered by the operator at the end of the haul) yd³ / bbls

5. **GENERATOR CERTIFICATION STATEMENT OF WASTE STATUS**
I, John C. Alexander, representative or authorized agent for Dugan Production Corp. do hereby certify that according to the Resource Conservation and Recovery Act (RCRA) and the US Environmental Protection Agency's July 1988 regulatory determination, the above described waste is: (Check the appropriate classification)

RCRA Exempt: Oil field wastes generated from oil and gas exploration and production operations and are not mixed with non-exempt waste. *Operator Use Only: Waste Acceptance Frequency* Monthly Weekly Per Load

RCRA Non-Exempt: Oil field waste which is non-hazardous that does not exceed the minimum standards for waste hazardous by characteristics established in RCRA regulations, 40 CFR 261.21-261.24, or listed hazardous waste as defined in 40 CFR, part 261, subpart D, as amended. The following documentation is attached to demonstrate the above-described waste is non-hazardous. (Check the appropriate items)

MSDS Information RCRA Hazardous Waste Analysis Process Knowledge Other (Provide description in Box 4)

GENERATOR 19.15.36.15 WASTE TESTING CERTIFICATION STATEMENT FOR LANDFARMS
I, [Signature], representative for [Signature] do hereby certify that representative samples of the oil field waste have been subjected to the paint filter test and tested for chloride content and that the samples have been found to conform to the specific requirements applicable to landfarms pursuant to Section 15 of 19.15.36 NMAC. The results of the representative samples are attached to demonstrate the above-described waste conform to the requirements of Section 15 of 19.15.36 NMAC.

5. **Transporter:**
Pace

OCD Permitted Surface Waste Management Facility

Name and Facility Permit #: IEI (Permit # NM-01-0010B)

Address of Facility: 49 County Road 3150, Aztec, NM 87410 (632-1782 phone; 334-1003 fax or 632-1876)

Method of Treatment and/or Disposal:

- Evaporation
- Injection
- Treating Plant
- Landfarm
- Landfill
- Other

Waste Acceptance Status:

- APPROVED
- DENIED (Must Be Maintained As Permanent Record)

PRINT NAME: _____

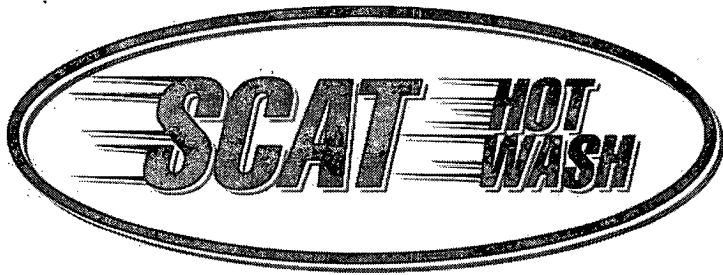
TITLE: _____

DATE: 02/28/2011

SIGNATURE: _____
Surface Waste Management Facility Authorized Agent

TELEPHONE NO.: _____

2-28-11



No. 31296

DATE: 2/22/11

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

CUSTOMER: Dugan

WORK ORDER

AFE NO.:

PAY KEY NO.:

LOCATION: TOKIN E4 SC. RT 21 N 12 W

COMPANY REP: Gerald Wright NAME:

PHONE NO.:

DESCRIPTION OF WORK: VACUUM UP, DRAINAGE & CLEANUP OF

PIT TRUCK TRUCK & PUMP - UP CLEANUP TRUCK
into Hole
included TET about 20 lbs.

	EMP.I.D.	HOURS
OPERATOR <u>Virgil T 30312</u>		
CRW MN <u>Hubert 112212</u>		
CRW MN <u>Gerald Tolini</u>		
CRW MN <u>Arlen 112312</u>		
CRW MN		

EMPLOYEE SIGNATURE
<u>[Signature]</u>
<u>[Signature]</u>
<u>[Signature]</u>

EQUIPMENT	UNIT NO.	HOURS
<u># 55-001 VACUUM HAS.</u>		<u>1 1/2</u>
<u># 55-002 TRAVEL TIME VACUUM</u>		<u>4 1/2</u>
<u>LOC. RUBBLING OUT TRUCK</u>		
<u>WASH TRUCK & VACUUM</u>	<u># 11221</u>	<u>6.0</u>
<u>C-111 TRUCK</u>	<u># 1574</u>	<u>1 1/2</u>

BY SIGNING ABOVE THE EMPLOYEE STATES:
I WAS NOT INVOLVED IN A JOB RELATED ACCIDENT,
I SUFFERED NO JOB RELATED INJURY ON THIS WORKDAY!

MATERIAL

Tire & Wash

CUSTOMER SIGNATURE: [Signature]

DATE: 3-1-11

CUSTOMER NAME: Lodola

JOB SITE:	STATE:	CO.:	HIGHWAY MILES	TOTAL MILES	OTHER:	STATE:	CO.:	HIGHWAY MILES	TOTAL MILES
<u>111</u>	<u>111</u>	<u>111</u>	<u>111</u>	<u>140</u>					

144

THREE RIVERS TRUCKING, INC.

Physical Address:
5929 HWY. 64
BLOOMFIELD, NM 87413

Mailing Address:
P.O. BOX 2728
FARMINGTON, NM 87499

INVOICE

(505) 632-5300

No.

To: Dugan Productions
P.O. Box 420
Farmington, NM 87499

12266-D

Date

P. O. No. 2/24/2011

Gerald Wright

From		To					
Tonkin #4		Basin					
Truck No.	Date	Service Rendered	Capacity	Ticket No.	Hours	Rate	Amount
123	2/23/11	Hauled to disposal	80	459465	3.75	\$60.00	\$225.00
						Total	\$225.00
						NM Sales Tax	\$14.20
						TOTAL CHARGES	\$239.20

Trucking

THREE RIVERS TRUCKING, INC.

Physical Address:
 5929 HWY. 64
 BLOOMFIELD, NM 87413

Mailing Address:
 P.O. BOX 2728
 FARMINGTON, NM 87499

INVOICE

(505) 632-5300

No.

To: Dugan Productions
 P.O. Box 420
 Farmington, NM 87499

12276-D

Date

P. O. No. 2/25/2011

Gerald Wright

From	To
Tonkin #4	Basin

Truck No.	Date	Service Rendered	Capacity	Ticket No.	Hours	Rate	Amount
147	2/24/11	Hauled to disposal	80	459432	2	\$60.00	\$120.00
Total							\$120.00
NM Sales Tax							\$7.58
TOTAL CHARGES							\$127.58

Trucking

THREE RIVERS TRUCKING, INC.

Physical Address:
 5929 HWY. 64
 BLOOMFIELD, NM 87413

Mailing Address:
 P.O. BOX 2728
 FARMINGTON, NM 87499

INVOICE

(505) 632-5300

No.

12279-D

To:

Dugan Productions
 P.O. Box 420
 Farmington, NM 87499

Date

2/28/2011

P. O. No.

Gerald Wright

From	To
Tonkin #4	Basin

Truck No.	Date	Service Rendered	Capacity	Ticket No.	Hours	Rate	Amount
165	2/26/11	Hauled to disposal	120	460810	3.5	\$60.00	\$210.00
105	2/25/11	Hauled to disposal	40	458713	2.25	\$60.00	\$135.00
Total							\$345.00
NM Sales Tax							\$21.78
TOTAL CHARGES							\$366.78

Trucking

THREE RIVERS TRUCKING, INC.

Physical Address:
5929 HWY. 64
BLOOMFIELD, NM 87413

Mailing Address:
P.O. BOX 2728
FARMINGTON, NM 87499

INVOICE

(505) 632-5300

No.

12278-D

Dugan Productions
P.O. Box 420
Farmington, NM 87499

Date

2/28/2011

P. O. No.

Gerald Wright

From	To
Tonkin #4	SOB

Truck No.	Date	Service Rendered	Capacity	Ticket No.	Hours	Rate	Amount
165	2/26/11	Hauled to disposal	140	460809	5	\$60.00	\$300.00
Total							\$300.00
NM Sales Tax							\$18.94
TOTAL CHARGES							\$318.94

Trucking