

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
June 16, 2008

For temporary pits, closed-loop systems, and below-grade tanks, submit to the appropriate NMOCD District Office.
For permanent pits and exceptions submit to the Santa Fe Environmental Bureau office and provide a copy to the appropriate NMOCD District Office.

**Pit, Closed-Loop System, Below-Grade Tank, or
Proposed Alternative Method Permit or Closure Plan Application**

Type of action: ☐ Permit of a pit, closed-loop system, below-grade tank, or proposed alternative method
☒ Closure of a pit, closed-loop system, below-grade tank, or proposed alternative method

Instructions: Please submit one application (Form C-144) per individual pit, closed-loop system, below-grade tank or alternative request

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.

Operator: Dugan Production Corp.	OGRID #: 006515	RCUD JUL 15 '08
Address: 709 East Murray Drive, Farmington, New Mexico 87401		OIL CONS. DIV.
Facility or well name: Waterford Com #90-S		DIST. 3
API Number: 30-045-33781	OCD Permit Number:	
U/L or Qtr/Qtr F Section 20 Township 26N Range 12W County: San Juan		
Center of Proposed Design: Latitude 36.47665 North Longitude 108.13842 West	NAD: <input type="checkbox"/> 1927 <input checked="" type="checkbox"/> 1983	
Surface Owner: <input type="checkbox"/> Federal <input type="checkbox"/> State <input type="checkbox"/> Private <input checked="" type="checkbox"/> Tribal Trust or Indian Allotment		

<input checked="" type="checkbox"/> Pit: Subsection F or G of 19.15.17.11 NMAC Temporary: <input checked="" type="checkbox"/> Drilling <input type="checkbox"/> Workover <input type="checkbox"/> Permanent <input type="checkbox"/> Emergency <input type="checkbox"/> Cavitation <input checked="" type="checkbox"/> Lined <input type="checkbox"/> Unlined Liner type: Thickness 20 mil <input checked="" type="checkbox"/> LLDPE <input type="checkbox"/> HDPE <input type="checkbox"/> PVC <input type="checkbox"/> Other <input checked="" type="checkbox"/> String-Reinforced Seams: <input type="checkbox"/> Welded <input checked="" type="checkbox"/> Factory <input type="checkbox"/> Other Volume: 600 bbl Dimensions: L 76' x W 13' x D 8'	<input type="checkbox"/> Closed-loop System: Subsection H of 19.15.17.11 NMAC <input type="checkbox"/> Drying Pad <input type="checkbox"/> Tanks <input type="checkbox"/> Haul-off Bins <input type="checkbox"/> Other <input type="checkbox"/> Lined <input type="checkbox"/> Unlined Liner type: Thickness mil <input type="checkbox"/> LLDPE <input type="checkbox"/> HDPE <input type="checkbox"/> PVC <input type="checkbox"/> Other Seams: <input type="checkbox"/> Welded <input type="checkbox"/> Factory <input type="checkbox"/> Other Volume: bbl yd ³ Dimensions: Length x Width
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<input type="checkbox"/> Below-grade tank: Subsection I of 19.15.17.11 NMAC Volume: bbl Type of fluid: Tank Construction material: <input type="checkbox"/> Secondary containment with leak detection <input type="checkbox"/> Visible sidewalls, liner, 6-inch lift and automatic overflow shut-off <input type="checkbox"/> Visible sidewalls and liner <input type="checkbox"/> Visible sidewalls only <input type="checkbox"/> Other Liner type: Thickness mil <input type="checkbox"/> HDPE <input type="checkbox"/> PVC <input type="checkbox"/> Other	<input type="checkbox"/> Fencing: Subsection D of 19.15.17.11 NMAC <input type="checkbox"/> Chain link, six feet in height, two strands of barbed wire at top <input type="checkbox"/> Four foot height, four strands of barbed wire evenly spaced between one and four feet <input type="checkbox"/> Netting: Subsection E of 19.15.17.11 NMAC <input type="checkbox"/> Screen <input type="checkbox"/> Netting <input type="checkbox"/> Other <input type="checkbox"/> Monthly inspections <input type="checkbox"/> 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 type="checkbox"/> Signed in compliance with 19.15.3.103 NMAC
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<input type="checkbox"/> Alternative Method: Submittal of an exception request is required. Exceptions must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.	Administrative Approvals and Exceptions: Justifications and/or demonstrations of equivalency are required. Please refer to 19.15.17 NMAC for guidance. Please check a box if one or more of the following is requested, if not leave blank: <input checked="" type="checkbox"/> Administrative approval(s): Requests must be submitted to the appropriate division district or the Santa Fe Environmental Bureau office for consideration of approval. <input type="checkbox"/> Exception(s): Requests must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.
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Siting Criteria (regarding permitting): 19.15.17.10 NMAC

Instructions: The applicant must demonstrate compliance for each siting criteria below in the application. Recommendations of acceptable source material are provided below. Requests regarding changes to certain siting criteria may require administrative approval from the appropriate district office or may be considered an exception which must be submitted to the Santa Fe Environmental Bureau office for consideration of approval. Applicant must attach justification for request. Please refer to 19.15.17.10 NMAC for guidance. Siting criteria does not apply to drying pads or above-grade tanks associated with a closed-loop system.

Ground water is less than 50 feet below the bottom of the temporary pit, permanent pit, or below-grade tank.

- NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells

☐ Yes ☒ No

Within 300 feet of a continuously flowing watercourse, or 200 feet of any other watercourse, lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark).

- Topographic map; Visual inspection (certification) of the proposed site

☐ Yes ☒ No

Within 300 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application. (Applies to temporary, emergency, or cavitation pits and below-grade tanks)

- Visual inspection (certification) of the proposed site; Aerial photo; Satellite image

☐ Yes ☒ No

☐ NA

Within 1000 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application. (Applies to permanent pits)

- Visual inspection (certification) of the proposed site; Aerial photo; Satellite image

☐ Yes ☒ No

☐ NA

Within 500 horizontal feet of a private, domestic fresh water well or spring that less than five households use for domestic or stock watering purposes, or within 1000 horizontal feet of any other fresh water well or spring, in existence at the time of initial application.

- NM Office of the State Engineer - iWATERS database search; Visual inspection (certification) of the proposed site

☐ Yes ☒ No

Within incorporated municipal boundaries or within a defined municipal fresh water well field covered under a municipal ordinance adopted pursuant to NMSA 1978, Section 3-27-3, as amended.

- Written confirmation or verification from the municipality; Written approval obtained from the municipality

☐ Yes ☒ No

Within 500 feet of a wetland.

- US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site

☐ Yes ☒ No

Within the area overlying a subsurface mine.

- Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division

☐ Yes ☒ No

Within an unstable area.

- Engineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources; USGS; NM Geological Society; Topographic map

☐ Yes ☒ No

Within a 100-year floodplain.

- FEMA map

☐ Yes ☒ No

Temporary Pits, Emergency Pits, and Below-grade Tanks 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.

- ☐ Hydrogeologic Report (Below-grade Tanks) - based upon the requirements of Paragraph (4) of Subsection B of 19.15.17.15 NMAC
- ☒ Hydrogeologic Data (Temporary and Emergency Pits) - based upon the requirements of Paragraph (2) of Subsection B of 19.15.17.15 NMAC
- ☒ Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC
- ☒ 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 - 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: 30-045- or Permit Number: _____

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.

- ☐ Geologic and Hydrogeologic Data (required for on-site closure) - based upon the requirements of Paragraph (3) of Subsection B of 19.15.17.15
- ☐ Siting Criteria Compliance Demonstrations (required for on-site closure) - based upon the appropriate requirements of 19.15.17.10 NMAC
- ☐ 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 - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC

NMAC

☐ Previously Approved Design (attach copy of design) API Number: _____

Permanent Pits Permit Application 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.

- ☐ Hydrogeologic Report - based upon the requirements of Paragraph (1) of Subsection B of 19.15.17.15 NMAC
- ☐ Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC
- ☐ Climatological Factors Assessment
- ☐ Certified Engineering Design Plans - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Dike Protection and Structural Integrity Design - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Leak Detection Design - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Liner Specifications and Compatibility Assessment - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Quality Control/Quality Assurance Construction and Installation Plan
- ☐ Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC
- ☐ Freeboard and Overtopping Prevention Plan - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Nuisance or Hazardous Odors, including H₂S, Prevention Plan
- ☐ Emergency Response Plan
- ☐ Oil Field Waste Stream Characterization
- ☐ Monitoring and Inspection Plan
- ☐ Erosion Control Plan
- ☐ Closure Plan - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC

Proposed Closure: 19.15.17.13 NMAC

Type: ☒ Drilling ☐ Workover ☐ Emergency ☐ Cavitation ☐ Permanent Pit ☐ Below-grade Tank ☐ Closed-loop System ☐ Alternative

Proposed Closure Method: ☐ Waste Excavation and Removal
☒ On-site Closure Method (only for temporary pits and closed-loop systems)
☒ In-place Burial ☐ On-site Trench Burial
☐ Alternative Closure Method (Exceptions must be submitted to the Santa Fe Environmental Bureau for consideration)

Siting Criteria (regarding on-site closure methods only): 19.15.17.10 NMAC

Instructions: Each siting criteria requires a demonstration of compliance in the closure plan. Recommendations of acceptable source material are provided below. Requests regarding changes to certain siting criteria may require administrative approval from the appropriate district office or may be considered an exception which must be submitted to the Santa Fe Environmental Bureau office for consideration of approval. Justifications and/or demonstrations of equivalency are required. Please refer to 19.15.17.10 NMAC for guidance.

- | | |
|---|--|
| Ground water is less than 50 feet below the bottom of the buried waste.
- NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells | <input type="checkbox"/> Yes <input type="checkbox"/> No
<input checked="" type="checkbox"/> NA |
| Ground water is between 50 and 100 feet below the bottom of the buried waste
- NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells | <input type="checkbox"/> Yes <input type="checkbox"/> No
<input checked="" type="checkbox"/> NA |
| Ground water is more than 100 feet below the bottom of the buried waste.
- NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> NA |
| Within 300 feet of a continuously flowing watercourse, or 200 feet of any other watercourse, lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark).
- Topographic map; Visual inspection (certification) of the proposed site | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Within 300 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application.
- Visual inspection (certification) of the proposed site; Aerial photo; Satellite image | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Within 500 horizontal feet of a private, domestic fresh water well or spring that less than five households use for domestic or stock watering purposes, or within 1000 horizontal feet of any other fresh water well or spring, in existence at the time of initial application.
- NM Office of the State Engineer - iWATERS database; Visual inspection (certification) of the proposed site | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Within incorporated municipal boundaries or within a defined municipal fresh water well field covered under a municipal ordinance adopted pursuant to NMSA 1978, Section 3-27-3, as amended.
- Written confirmation or verification from the municipality; Written approval obtained from the municipality | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Within 500 feet of a wetland.
- US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Within the area overlying a subsurface mine.
- Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Within an unstable area.
- Engineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources; USGS; NM Geological Society; Topographic map | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Within a 100-year floodplain.
- FEMA map | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |

Waste Excavation and Removal Closure Plan Checklist: (19.15.17.13 NMAC) *Instructions: Each of the following items must be attached to the closure plan. Please indicate, by a check mark in the box, that the documents are attached.*

- ☐ Protocols and Procedures - based upon the appropriate requirements of 19.15.17.13 NMAC
- ☐ Confirmation Sampling Plan (if applicable) - based upon the appropriate requirements of Subsection F of 19.15.17.13 NMAC
- ☐ Disposal Facility Name and Permit Number (or liquids, drilling fluids and drill cuttings)
- ☐ 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

Waste Removal Closure For Closed-loop Systems That Utilize 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.*

Disposal Facility Name: _____ Disposal Facility Permit Number: _____

On-Site Closure Plan Checklist: (19.15.17.13 NMAC) *Instructions: Each of the following items must be attached to the closure plan. Please indicate, by a check mark in the box, that the documents are attached.*

- ☒ Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC
- ☒ Proof of Surface Owner Notice - based upon the appropriate requirements of Subsection F of 19.15.17.13 NMAC
- ☐ Construction and Design of Burial Trench (if applicable) based upon the appropriate requirements of 19.15.17.11 NMAC
- ☒ Protocols and Procedures - based upon the appropriate requirements of 19.15.17.13 NMAC
- ☒ Confirmation Sampling Plan (if applicable) - based upon the appropriate requirements of Subsection F of 19.15.17.13 NMAC
- ☒ Waste Material Sampling Plan - based upon the appropriate requirements of Subsection F of 19.15.17.13 NMAC
- ☒ Disposal Facility Name and Permit Number (for liquids, drilling fluids and drill cuttings or in case on-site closure standards cannot be achieved)
- ☒ Soil Cover Design - 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

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): Kurt Fagrelus Title: Vice President, Exploration

Signature: Kurt Fagrelus Date: 7-10-08

e-mail address: kfagrelus@duganproduction.com Telephone: 505-325-1821 (O), 505-320-8248 (C)

OCD Approval: ☒ Permit Application (including closure plan) ☒ Closure Plan (only)

OCD Representative Signature: Branch Bell ^{3/3/11} Approval Date: 7-16-08

Title: Enviro Spec OCD Permit Number: _____

Closure Report (required within 60 days of closure completion): Subsection K of 19.15.17.13 NMAC

☒ Closure Completion Date: 9-13-2008

Closure Method:

- ☐ Waste Excavation and Removal ☒ On-Site Closure Method ☐ Alternative Closure Method
- ☐ If different from approved plan, please explain.

Closure Report Attachment Checklist: *Instructions: Each of the following items must be attached to the closure report. Please indicate, by a check mark in the box, that the documents are attached.*

- ☒ Proof of Closure Notice
- ☒ Proof of Deed Notice (if applicable)
- ☒ Plot Plan
- ☒ Confirmation Sampling Analytical Results
- ☒ Waste Material Sampling Analytical Results
- ☒ Disposal Facility Name and Permit Number
- ☒ Soil Backfilling and Cover Installation
- ☒ Re-vegetation Application Rates and Seeding Technique
- ☒ Site Reclamation (Photo Documentation)

On-site Closure Location: Latitude 34 47 68.8° N Longitude 108 13 83.8° W NAD: ☐ 1927 ☒ 1983

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): Kurt Fagrelus Title: Vice President, Exploration

Signature: Kurt Fagrelus Date: 2-18-2009

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

**Dugan Production Corp.
Closure Report**

Lease Name: Waterford Com #90-S
API No.: 30-045-33781

In accordance with Rule 10.15.17.13 NMAC the following information describes the closure of the temporary pit referenced above. All proper documentation concerning closure activities is included with the C-144. The temporary pit for this location was an approved design under Rule 19.15.17. **The closure plan for the temporary pit was submitted on 7-10-2008 and approved on 7-16-2008.**

1. Comply with siting criteria for temporary pits established by the State of New Mexico, Energy Minerals and Natural Resources Department 19.15.17.10 NMAC.

See approved permit dated 7-16-2008.

2. Provide the NMOCD district office at least 72-hours notice but no greater than 1-week prior to any closure operations. Notice will include operator name, well name and number, API number, and location (unit letter, section, township and range).

See email notification dated 9-12-2008.

3. Provide the surface owner notice of the operator's proposal of an on-site closure method. Proof of notice will be attached to the permit application. Also, proof of closure notice will be provided by certified mail to surface owner after closure. Proof of notice will be attached to final closure report.

Navajo Tribal Trust surface, certified notification not applicable as per BLM/OCD MOU, however, notification was made. Proof of notice is attached.

4. Remove all liquid from pit and reclaim, re-use or dispose of at an NMOCD approved facility. Upon completion of drilling operations, drilling mud will be vacuumed from pit and transported to the next reserve pit for re-use at another drilling location. After the remaining mud settles, the free water that shakes out and any free water left over from completion operations will be hauled to the Dugan Production operated Sanchez O'Brien #1 SWD located 1650 feet from the South line and 990 feet from the West line (Unit L) of Section 6, Township 24 North, Range 9 West NMPM, San Juan County, New Mexico. The disposal facility was permitted by the NMOCD with Administrative Order SWD-694.

Drilling rig was released (6-12-2008) and drilling mud was transferred to the Irish Com #90-S for re-use (6-13-2008). Remaining free water was transferred to the Sanchez O'Brien SWD #1 salt water disposal..

5. Remove all fluids from temporary pit within 30-days and close within 6-months following release of drilling rig.

Free water was removed within 30-days and temporary pit was closed (9-13-2008).

6. Air dry pit contents and stabilize or solidify to a load bearing capacity sufficient to support the temporary pit's final cover.

Pit contents were allowed to dry prior to temporary pit closure.

7. Collect a five point, composite sample of the pit contents to demonstrate that Benzene, BTEX, the GRO and DRO combined fraction, TPH, and chlorides (depth to groundwater from bottom of pit is greater than 100-feet), do not exceed the standards as specified in 19.15.17.9.B or the background concentration, whichever is greater.

A five point composite sample was taken of remaining cuttings in temporary pit and was tested in accordance with Subsection B of 19.15.17.13 (B)(1)(b)(ii). Depth from bottom of pit to top of ground-water is greater than 100-feet. Sample results are attached.

Components	Test Method	Limit (mg/kg)	*Results (mg/kg)
Benzene	EPA SW-846 8021B or 8260B	0.2	0.051
BTEX	EPA SW-846 8021B or 8260B	50	0.298
TPH	EPA SW-846 418.1	2500	57.6
GRO/DRO	EPA SW-846 8015M	500	50.1
Chlorides	EPA 300.1	1000 / 500	198

8. Other methods if the standards in 19.15.17.9.B can not be met will include: The pit contents may be mixed to a ratio not to exceed 3:1, un-contaminated soil or other material to pit contents. A second five point, composite sample of the contents after treatment or stabilization will be taken to demonstrate that the contents do not exceed the standards. If the second soil analyses do not satisfy the closure standards, the operator will close the temporary pit using the waste excavation and removal method.

Not applicable, testing standards of 19.15-17.9 were met.

9. Cut pit liner off at the mud line (solids level); remove liner and apron and transport to a NMOCD approved facility for disposal.

Pit liner was removed 9-13-2008 and disposed of at the Crouch Mesa Waste Management facility on 9-13-2008 (see attached invoice).

10. Stockpiled sub-surface soil will be used to backfill pit and re-contour well pad (to a final or intermediate cover that blends with the surrounding topography). A minimum of four-feet of compacted, non-waste containing, earthen material will be used as backfill.

Stockpiled sub-surface soil was used to backfill temporary pit and re-contour well pad. A minimum of four-feet of compacted, non-waste containing, earthen material was used to backfill pit.

11. Stockpiled surface soil will be used as a cover over the backfilled pit and disturbed areas of the well pad no longer needed for production operations. The soil cover will include either the background thickness of top soil or one foot of suitable material to establish vegetation at the site whichever is greater.

Stockpiled surface soil was used to cover backfilled temporary pit and disturbed areas of the well pad no longer needed for production operations. The soil cover included the greater of either the background thickness or one foot of suitable material necessary to establish vegetation. The location was re-contoured to approximate the original topography of the site and diversions were constructed to protect soil cover and minimize erosion.

12. The area will be re-seeded as per BLM guidelines. Re-seeding will be repeated until 70% of the native natural cover is achieved and maintained for two successive growing seasons. The first growing season after the pit is closed the disturbed area will be re-seeded. The seeding method will be to drill on contour whenever possible.

The area was re-seeded according to BLM/OCD guidelines in October of 2008. The BLM less than 10" seed mix was drilled in at a rate of 2.5# per acre. Re-seeding will be repeated if needed until 70% of the native natural cover is achieved. Re-seeding will be done according to BLM guidelines as specified by BLM/OCD memorandum of understanding.

13. The NMOCD will be notified once successful re-vegetation has been achieved.

Re-seeding will be done according to BLM guidelines as specified by BLM/OCD memorandum of understanding.

14. A steel marker will be set at the center of the on-site burial following onsite-pit closure (see application for administrative approval). The marker will be (24" X 24") and will have the operator name, lease name, well number, location (UL, Sec., Twp. and Rge.) and that it designates an "on-site burial location" lettering welded on the

top side with a 4" threaded collar welded to the bottom side. The marker will be set at ground level and attached to a 4" diameter pipe that is cemented in a hole three feet deep. When the well is abandoned, a steel riser that is 4" in diameter, extending 4' above the ground will be welded to the pipe anchored in cement below the surface. The riser will have lettering welded on side showing operator name, well number, location (UL, Sec., Twp., and Rge.) and that it designates an on-site burial location.

A flat steel marker (24" X 24") with the lettering "on-site burial location" was set at ground-level in the center of the burial site. The marker is welded to a 4" pipe that is cemented in a 3-foot deep hole and is shown in the attached photographs (administrative approval was received). When the well is P&A'd, the steel plate will be removed and a riser that is 4" in diameter, extending 4' above the ground will be welded to the pipe anchored in cement below the surface. The riser will have lettering welded on the side showing operator name, well number, location (UL, Sec., Twp., and Rge.) and that it designates an on-site burial location.

15. Closure Report will be submitted within 60-days of completion of temporary pit closure. Closure report will include the following:
- 1) Proof of Closure Notice.
 - 2) Proof of Deed Notice (if applicable).
 - 3) Plot Plan.
 - 4) Confirmation Sampling Analytical Results.
 - 5) Waste Material Sampling Analytical Results.
 - 6) Disposal Facility Name and Permit Number.
 - 7) Soil Backfilling and Cover Installation.
 - 8) Re-vegetation Application Rates and Seeding Technique.

All items listed above if applicable are attached and submitted on this date.

16. A deed notice identifying the exact location of the on-site burial will be filed with the County clerk in the county where the on-site burial occurs.

Navajo Tribal Trust surface, deed notice identifying exact location of on-site burial is not applicable according to BLM/OCD MOU, however, it was recorded with the San Juan County Clerk's office. See enclosed attachment.

Kurt Fagrellius

From: Kurt Fagrellius
Sent: Friday, September 12, 2008 7:03 AM
To: charlie.perrin@state.nm.us
Subject: Pit Closures

Dear Mr. Perrin:

Dugan Production Corp. would like to close the Western Federal Com #90 (30-045-33903), Waterford Com #90-S (30-045-33781) and Irish Com #90-S (30-045-33725) tomorrow on September 13, 2008. Our plans are to begin at 7 AM and close them in the order listed. They are small pits (13' X 76' X 8'), located on NAP1 and in close proximity to each other. These wells were spud prior to the effective date of rule 17. Pit permits and closure plans have been submitted and approved by the NMOCOD. Soil analysis on the pits has been completed and they all test below the thresholds established by rule 17.

Our equipment (dozer and blade) is being transported from the Star Lake Road area and an extended reach backhoe is being rented and transported from Farmington out to the Western Federal Com #90 location today. Our pit crew consists of 2-college students from Durango and myself, all of whom have scheduled to begin this work in the morning.

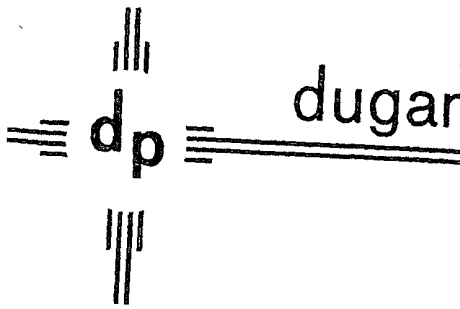
All liquids have been removed from the pits for some time now, the pits are stabelized and tomorrow we will be able to take down the fences, cut and remove all liner material above the mud line (including aprons), haul to the disposal facility and backfill the pits with the dozer. Monday, we will begin re-contouring the disturbed area with the blade.

I realize that rule 17 requires Dugan to provide the NMOCOD with a minimum of 72-hours but no greater than one week notice prior to commencement of closure activities. I will make my best effort to comply with that rule in the future.

If you have any questions or require additional information, please contact me.

Sincerely, Kurt Fagrellius

1/21/2010



December 10, 2008

Ms. Esther Kee
Navajo Nation Land Department
Navajo Nation Office Building -
Window Rock Boulevard
Window Rock, AZ 86515

SENDER: COMPLETE THIS SECTION

- ☒ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- ☒ Print your name and address on the reverse so that we can return the card to you.
- ☒ Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Ms. Esther Kee
Navajo Nation Land Department
Project Review Office
P.O. Box 9000
Window Rock, AZ 86515-9000

2. Article Number
(Transfer from service label)

7005 1820 0001 6168 8458

PS Form 3811, February 2004

COMPLETE THIS SECTION ON DELIVERY

- A. Signature ☒ Agent ☐ Addressee
Shawn Towne
- B. Received by (Printed Name) *Shawn Towne* C. Date of Delivery *12-19-08*
- D. Is delivery address different from item 1? ☐ Yes ☒ No
If YES, enter delivery address below:

3. Service Type

- ☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes ☒ No

Re: Certification Notice of On-Site Closure of Temporary Pit for the Waterford Com #90S
Return Receipt Certification Number - 7005-2570-0001-3772-1313

Dear Ms. Kee:

In accordance with the New Mexico Oil Conservation Division "Pit Rule" (19.15.17 NMAC), the Bureau of Land Management is hereby being notified that the "Temporary Pit" (drilling reserve pit for the Waterford Com #90S, located on Federal surface) was closed "On-Site" in accordance with 19.15.17 NMAC.

If you have any questions or require additional information on this matter, please contact me.

Sincerely,

Kurt Fagrelus

Kurt Fagrelus
Vice-President, Exploration
Dugan Production Corp.

U.S. Postal Service[™]	
CERTIFIED MAIL[™] RECEIPT	
(Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information visit our website at www.usps.com	
OFFICIAL USE	
Notice of On-Site Closure - Waterford Com #90S	
Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$
Sent To: <i>Esther Kee - NM Land Dept - Project Review Office</i>	
Street, Apt. No., or PO Box No. <i>P.O. Box 9000</i>	
City, State, ZIP+4 [®] <i>Window Rock, AZ 86515-9000</i>	
PS Form 3800, June 2002 See Reverse for Instructions	

Dugan Production Corp.
709 East Murray Drive
Farmington, NM 87401

Well Name: Waterford Com #90-S
Location: F-Sec.20, T26N, R13W
Drilling Operator: Smith Drilling
Rig #: 1

Spud Date: 6/6/2008

Date: 6/12/2008

Rig Moved Off

Date to Remove Liquids 7/12/2008
(30-days from rig release)

Date to Close Pit by: 12/6/2008
(180-days from rig release)

Log Book of Daily inspections during Drilling / workover operations, weekly after rig is moved off.

Date:	Signature	Freeboard (> 2-ft.) Yes / No	Tears or Holes Yes / No	Oil Yes / No	Trash Yes / No	Remarks
6/12/2008	KF	4'	No	No	No	Transfer Mud to Irish Com #90-S
6/16/2008	KF	4'	No	No	No	
6/24/2008	KF	4'	No	No	No	Pit is Drying Out See photos
7/1/2008	KF	4'	No	No	No	Pit is Drying Out
7/18/2008	YP & KF	4'	No	No	No	Pit is Dry Sampled Contents
8-22-08	KF	Swab 5-7 b/s into pit and perforate.				
8-23-08	KF	Pull free fluid out of pit.				
8-29-08	KF	Check pit- dry.				
9-12-08	KF	Check pit- dry. Notify NMCD of closure plan.				
9-13-08	KF	Cut pit liner off at mud line close pit				

Kurt Fagrelius

From: Perrin, Charlie, EMNRD [charlie.perrin@state.nm.us]
Sent: Friday, September 12, 2008 11:28 AM
To: Kurt Fagrelius
Subject: RE: Pit Closures

Kurt

Monica conducted an inspection on each of the sites, you are approved to do the closure tomorrow

Thanks
Charlie

From: Perrin, Charlie, EMNRD
Sent: Friday, September 12, 2008 8:14 AM
To: 'Kurt Fagrelius'
Subject: RE: Pit Closures

Mr. Fagrelius

Greetings:

When was the last visual inspection conducted that indicated no fluid in the pit?

Thanks
Charlie

From: Kurt Fagrelius [mailto:kfagrelius@duganproduction.com]
Sent: Friday, September 12, 2008 7:03 AM
To: Perrin, Charlie, EMNRD
Subject: Pit Closures

Dear Mr. Perrin:

Dugan Production Corp. would like to close the Western Federal Com #90 (30-045-33903), Waterford Com #90-S (30-045-33781) and Irish Com #90-S (30-045-33725) tomorrow on September 13, 2008. Our plans are to begin at 7 AM and close them in the order listed. They are small pits (13' X 76' X 8'), located on NAPI and in close proximity to each other. These wells were spud prior to the effective date of rule 17. Pit permits and closure plans have been submitted and approved by the NMOCD. Soil analysis on the pits has been completed and they all test below the thresholds established by rule 17.

Our equipment (dozer and blade) is being transported from the Star Lake Road area and an extended reach backhoe is being rented and transported from Farmington out to the Western Federal Com #90 location today. Our pit crew consists of 2-college students from Durango and myself, all of whom have scheduled to begin this work in the morning.

All liquids have been removed from the pits for some time now, the pits are stabelized and tomorrow we will be able to take down the fences, cut and remove all liner material above the mud line (including aprons), haul to the disposal facility and backfill the pits with the dozer. Monday, we will begin re-contouring the disturbed area with the blade.

I realize that rule 17 requires Dugan to provide the NMOCD with a minimum of 72-hours but no greater

9/15/2008

than one week notice prior to commencement of closure activities. I will make my best effort to comply with that rule in the future.

If you have any questions or require additional information, please contact me.

Sincerely, Kurt Fagrelus

This inbound email has been scanned by the MessageLabs Email Security System.

Confidentiality Notice: This e-mail, including all attachments is for the sole use of the intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure or distribution is prohibited unless specifically provided under the New Mexico Inspection of Public Records Act. If you are not the intended recipient, please contact the sender and destroy all copies of this message. -- This email has been scanned by the Sybari - Antigen Email System.

9/15/2008

ENVIROTECH LABS

PRACTICAL SOLUTIONS FOR A BETTER TOMORROW

Chloride

Client:	Dugan Production	Project #:	06094-0003
Sample ID:	Waterford Com #90-5	Date Reported:	07-22-08
Lab ID#:	46430	Date Sampled:	07-18-08
Sample Matrix:	Soil	Date Received:	07-18-08
Preservative:	Cool	Date Analyzed:	07-22-08
Condition:	Intact	Chain of Custody:	4818

Parameter	Concentration (mg/Kg)
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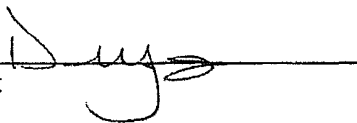
Total Chloride

198

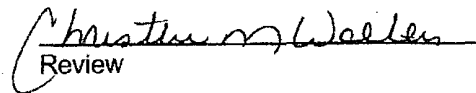
Reference: Standard Methods For The Examination of Water And Waste Water", 18th ed., 1992.

Comments:

Analyst



Review



ENVIROTECH LABS

PRACTICAL SOLUTIONS FOR A BETTER TOMORROW

EPA METHOD 8021 AROMATIC VOLATILE ORGANICS

Client:	Dugan Production	Project #:	06094-0003
Sample ID:	Waterford Com #90 -S	Date Reported:	07-24-08
Laboratory Number:	46430	Date Sampled:	07-18-08
Chain of Custody:	4818	Date Received:	07-18-08
Sample Matrix:	Soil	Date Analyzed:	07-23-08
Preservative:	Cool	Date Extracted:	07-22-08
Condition:	Intact	Analysis Requested:	BTEX

Parameter	Concentration (ug/Kg)	Det. Limit (ug/Kg)
Benzene	50.7	0.9
Toluene	132	1.0
Ethylbenzene	25.3	1.0
p,m-Xylene	67.2	1.2
o-Xylene	23.0	0.9
Total BTEX	298	

ND - Parameter not detected at the stated detection limit.

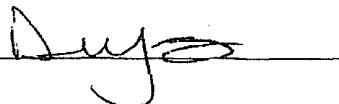
Surrogate Recoveries:	Parameter	Percent Recovery
	Fluorobenzene	99.0 %
	1,4-difluorobenzene	99.0 %
	Bromochlorobenzene	99.0 %

References: Method 5030B, Purge-and-Trap, Test Methods for Evaluating Solid Waste, SW-846, USEPA, December 1996.

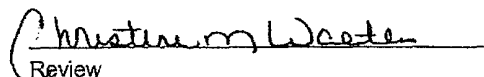
Method 8021B, Aromatic Volatile Organics, Test Methods for Evaluating Solid Waste, SW-846, USEPA, December 1996.

Comments:

Analyst



Review



Client:	Dugan Production	Project #:	06094-0003
Sample ID:	Waterford Com #90 - S	Date Reported:	07-22-08
Laboratory Number:	46430	Date Sampled:	07-18-08
Chain of Custody No:	4818	Date Received:	07-18-08
Sample Matrix:	Soil	Date Extracted:	07-21-08
Preservative:	Cool	Date Analyzed:	07-21-08
Condition:	Intact	Analysis Needed:	TPH-418.1

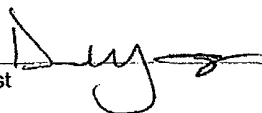
Parameter	Concentration (mg/kg)	Det. Limit (mg/kg)
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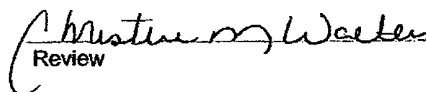
Total Petroleum Hydrocarbons	57.6	5.0
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ND = Parameter not detected at the stated detection limit.

References: Method 418.1, Petroleum Hydrocarbons, Total Recoverable, Chemical Analysis of Water and Waste, USEPA Storet No. 4551, 1978.

Comments:

Analyst 

Review 

EPA METHOD 8015 Modified Nonhalogenated Volatile Organics Total Petroleum Hydrocarbons

Client:	Dugan Production	Project #:	06094-0003
Sample ID:	Waterford Com #90 ~S	Date Reported:	07-25-08
Laboratory Number:	46430	Date Sampled:	07-18-08
Chain of Custody No:	4818	Date Received:	07-18-08
Sample Matrix:	Soil	Date Extracted:	07-22-08
Preservative:	Cool	Date Analyzed:	07-23-08
Condition:	Intact	Analysis Requested:	8015 TPH

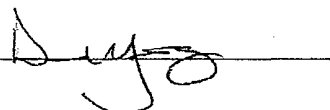
Parameter	Concentration (mg/Kg)	Det. Limit (mg/Kg)
Gasoline Range (C5 - C10)	1.2	0.2
Diesel Range (C10 - C28)	48.9	0.1
Total Petroleum Hydrocarbons	50.1	0.2

ND - Parameter not detected at the stated detection limit.

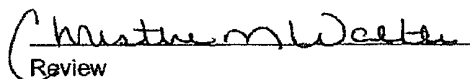
References: Method 8015B, Nonhalogenated Volatile Organics, Test Methods for Evaluating Solid Waste, SW-846, USEPA, December 1996.

Comments:

Analyst



Review



ENVIROTECH LABS

PRACTICAL SOLUTIONS FOR A BETTER TOMORROW

EPA METHOD 418.1
TOTAL PETROLEUM
HYDROCARBONS
QUALITY ASSURANCE REPORT

Client:	QA/QC	Project #:	N/A
Sample ID:	QA/QC	Date Reported:	07-22-08
Laboratory Number:	07-15-TPH.QA/QC 46228	Date Sampled:	N/A
Sample Matrix:	Freon-113	Date Analyzed:	07-21-08
Preservative:	N/A	Date Extracted:	07-21-08
Condition:	N/A	Analysis Needed:	TPH

Calibration	I-Cal Date	C-Cal Date	I-Cal RF:	C-Cal RF:	% Difference	Accept. Range
	07-02-08	07-21-08	1,440	1,330	7.6%	+/- 10%

Blank Conc. (mg/Kg)	Concentration	Detection Limit
TPH	ND	5.0

Duplicate Conc. (mg/Kg)	Sample	Duplicate	% Difference	Accept. Range
TPH	115	132	15.0%	+/- 30%

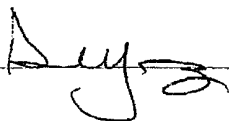
Spike Conc. (mg/Kg)	Sample	Spike Added	Spike Result	% Recovery	Accept Range
TPH	115	2,000	1,990	94.1%	80 - 120%

ND = Parameter not detected at the stated detection limit.

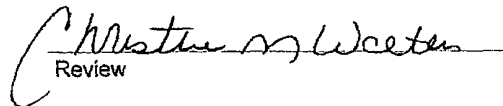
References: Method 418.1, Petroleum Hydrocarbons, Total Recoverable, Chemical Analysis of Water and Waste, USEPA Storet No. 4551, 1978.

Comments: QA/QC for Samples 46429 - 46431 and 46446 - 46448.

Analyst



Review



ENVIROTECH LABS

PRACTICAL SOLUTIONS FOR A BETTER TOMORROW

EPA METHOD 8021 AROMATIC VOLATILE ORGANICS

Client:	N/A	Project #:	N/A
Sample ID:	07-23-BT QA/QC	Date Reported:	07-24-08
Laboratory Number:	46429	Date Sampled:	N/A
Sample Matrix:	Soil	Date Received:	N/A
Preservative:	N/A	Date Analyzed:	07-23-08
Condition:	N/A	Analysis:	BTEX

Calibration and Detection Limits (ug/L)	E-Cal RF	G-Cal RF	%Diff.	Blank Conc	Detect Limit
		Accept Range: 0 - 15%			
Benzene	1.1082E+008	1.1104E+008	0.2%	ND	0.1
Toluene	8.7519E+007	8.7894E+007	0.2%	ND	0.1
Ethylbenzene	6.7950E+007	6.8086E+007	0.2%	ND	0.1
p,m-Xylene	1.3882E+008	1.3909E+008	0.2%	ND	0.1
o-Xylene	6.6609E+007	6.6743E+007	0.2%	ND	0.1

Duplicate Conc. (ug/Kg)	Sample	Duplicate	%Diff.	Accept Range	Detect Limit
Benzene	4.1	4.0	2.4%	0 - 30%	0.9
Toluene	11.2	10.9	2.7%	0 - 30%	1.0
Ethylbenzene	115	115	0.0%	0 - 30%	1.0
p,m-Xylene	79.4	78.2	1.5%	0 - 30%	1.2
o-Xylene	7.6	7.3	3.9%	0 - 30%	0.9

Spike Conc. (ug/Kg)	Sample	Amount Spiked	Spiked Sample	% Recovery	Accept Range
Benzene	4.1	50.0	53.7	99.3%	39 - 150
Toluene	11.2	50.0	59.2	96.7%	46 - 148
Ethylbenzene	115	50.0	162	98.1%	32 - 160
p,m-Xylene	79.4	100	173	96.5%	46 - 148
o-Xylene	7.6	50.0	52.6	91.3%	46 - 148

ND - Parameter not detected at the stated detection limit.

References: Method 5030B, Purge-and-Trap, Test Methods for Evaluating Solid Waste, SW-846, USEPA, December 1996.
Method 8021B, Aromatic and Halogenated Volatiles by Gas Chromatography Using Photoionization and/or Electrolytic Conductivity Detectors, SW-846, USEPA December 1996.

Comments: QA/QC for Samples 46429 - 46435 and 46446 - 46448.

Analyst

Review

ENVIROTECH LABS

PRACTICAL SOLUTIONS FOR A BETTER TOMORROW

EPA Method 8015 Modified Nonhalogenated Volatile Organics Total Petroleum Hydrocarbons

Quality Assurance Report

Client:	QA/QC	Project #:	N/A
Sample ID:	07-23-08 QA/QC	Date Reported:	07-25-08
Laboratory Number:	46429	Date Sampled:	N/A
Sample Matrix:	Methylene Chloride	Date Received:	N/A
Preservative:	N/A	Date Analyzed:	07-23-08
Condition:	N/A	Analysis Requested:	TPH

	I-Cal Date	I-Cal RE	C-Cal RE	% Difference	Accept Range
Gasoline Range C5 - C10	05-07-07	1.0044E+003	1.0048E+003	0.04%	0 - 15%
Diesel Range C10 - C28	05-07-07	9.8504E+002	9.8544E+002	0.04%	0 - 15%

Blank Conc. (mg/L - mg/Kg)	Concentration	Detection Limit
Gasoline Range C5 - C10	ND	0.2
Diesel Range C10 - C28	ND	0.1
Total Petroleum Hydrocarbons	ND	0.2

Duplicate Conc. (mg/Kg)	Sample	Duplicate	% Difference	Accept Range
Gasoline Range C5 - C10	8.2	8.1	1.2%	0 - 30%
Diesel Range C10 - C28	160	159	0.6%	0 - 30%

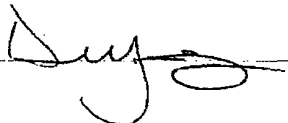
Spike Conc. (mg/Kg)	Sample	Spike Added	Spike Result	% Recovery	Accept Range
Gasoline Range C5 - C10	8.2	250	254	98.5%	75 - 125%
Diesel Range C10 - C28	160	250	408	99.5%	75 - 125%

ND - Parameter not detected at the stated detection limit.

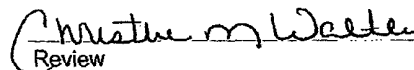
References: Method 8015B, Nonhalogenated Volatile Organics, Test Methods for Evaluating Solid Waste, SW-846, USEPA, December 1996.

Comments: QA/QC for Samples 46429 - 46435 and 46446 - 46448.

Analyst



Review



ENVIROTECH INC.

5796 U.S. Highway 64 • Farmington, New Mexico 87401 • (505) 632-0615



WM 15 154 - San Juan County
74 County Road 2100
Durham, NM 87410
PL 1505 154-1121

Original
Invoice# 157050

Customer Name DUGAN PRODUCTION DUGAN PRODUCTION Carrier DUGAN PRODUCTION DUGAN PRODUCTION
Ticket Date 09/13/2008 Vehicle# AXS Values
Payment Type Credit Account Container
Manual Ticket# Driver
Hauling Ticket# Check#
Route Billing # 0000019
State Waste Code Gen EPA ID
Manifest Grid
Destination
PO
Profile ()
Generator

	Time	Scale	Operator	Inbound	Gross	1750 15*
In	09/13/2008 15:40:05	Outbound	abaca		Tare	3000 15*
Out	09/13/2008 15:52:42	MANUAL WT	CSHREEVES		Net	700 15
			* Manual Weight		Tons	W. 35

Comments

Product	LDX	Qty	DOM	Rate	Tax	Amount	Origin
1	ML 140W-Loose-	Yrs 1.00	2.00	7.00	4.31	33.72	WNT

Handwritten: Kirt Fagerlin
Durham, NM

Handwritten: Waterford Com #90-S

Submit To Appropriate District Office Two Copies District I 1625 N. French Dr., Hobbs, NM 88240 District II 1301 W. Grand Avenue, Artesia, NM 88210 District III 1000 Rio Brazos Rd., Aztec, NM 87410 District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505	State of New Mexico Energy, Minerals and Natural Resources Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505	Form C-105 July 17, 2008 1. WELL API NO. 30-045-33781 2. Type of Lease <input type="checkbox"/> STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/> FED/INDIAN 3. State Oil & Gas Lease No. Federal Lease NM-10246																		
WELL COMPLETION OR RECOMPLETION REPORT AND LOG																				
4. Reason for filing: <input type="checkbox"/> COMPLETION REPORT (Fill in boxes #1 through #31 for State and Fee wells only) <input checked="" type="checkbox"/> C-144 CLOSURE ATTACHMENT (Fill in boxes #1 through #9, #15 Date Rig Released and #32 and/or #33; attach this and the plat to the C-144 closure report in accordance with 19.15.17.13.K NMAC)		5. Lease Name or Unit Agreement Name Waterford Com 6. Well Number: 90S																		
7. Type of Completion: <input checked="" type="checkbox"/> NEW WELL <input type="checkbox"/> WORKOVER <input type="checkbox"/> DEEPENING <input type="checkbox"/> PLUGBACK <input type="checkbox"/> DIFFERENT RESERVOIR <input type="checkbox"/> OTHER																				
8. Name of Operator Dugan Production Corp.		9. OGRID 006515																		
10. Address of Operator P. O. Box 420, Farmington, NM 87499-0420		11. Pool name or Wildcat Basin Fruitland Coal																		
12. Location	Unit Ltr	Section	Township	Range	Lot	Feet from the	N/S Line	Feet from the	E/W Line	County										
Surface:																				
BH:																				
13. Date Spudded	14. Date T.D. Reached	15. Date Rig Released 6/12/08		16. Date Completed (Ready to Produce)			17. Elevations (DF and RKB, RT, GR, etc.)													
18. Total Measured Depth of Well		19. Plug Back Measured Depth		20. Was Directional Survey Made?			21. Type Electric and Other Logs Run													
22. Producing Interval(s), of this completion - Top, Bottom, Name																				
23. CASING RECORD (Report all strings set in well)																				
CASING SIZE		WEIGHT LB./FT.		DEPTH SET		HOLE SIZE		CEMENTING RECORD		AMOUNT PULLED										
24. LINER RECORD																				
SIZE	TOP	BOTTOM	SACKS CEMENT		SCREEN		25. TUBING RECORD													
							SIZE	DEPTH SET	PACKER SET											
26. Perforation record (interval, size, and number)						27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC. <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <th style="width:50%;">DEPTH INTERVAL</th> <th style="width:50%;">AMOUNT AND KIND MATERIAL USED</th> </tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> </table>					DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED								
DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED																			
28. PRODUCTION																				
Date First Production		Production Method (<i>Flowing, gas lift, pumping - Size and type pump</i>)				Well Status (<i>Prod. or Shut-in</i>)														
Date of Test	Hours Tested	Choke Size	Prod'n For Test Period	Oil - Bbl	Gas - MCF	Water - Bbl.	Gas - Oil Ratio													
Flow Tubing Press.	Casing Pressure	Calculated 24-Hour Rate	Oil - Bbl.	Gas - MCF	Water - Bbl.	Oil Gravity - API - (<i>Corr.</i>)														
29. Disposition of Gas (<i>Sold, used for fuel, vented, etc.</i>)							30. Test Witnessed By													
31. List Attachments																				
32. If a temporary pit was used at the well, attach a plat with the location of the temporary pit.																				
33. If an on-site burial was used at the well, report the exact location of the on-site burial:																				
Latitude 36.47688 Longitude 108.13838 NAD 1927 983																				
I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief																				
Signature <i>Kurt Fagrelus</i>			Printed Name Kurt Fagrelus Title Vice-President, Exploration Date January 14, 2009																	
E-mail Address kfagrelus@duganproduction.com																				

District II
PO Drawer 00, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
PO Box 2088, Santa Fe, NM 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

'API Number	'Pool Code 71629	'Pool Name BASIN FRUITLAND COAL
'Property Code	'Property Name WATERFORD COM	'Well Number 90S
'OGRIID No 006515	'Operator Name DUGAN PRODUCTION CORPORATION	'Elevation 6000'

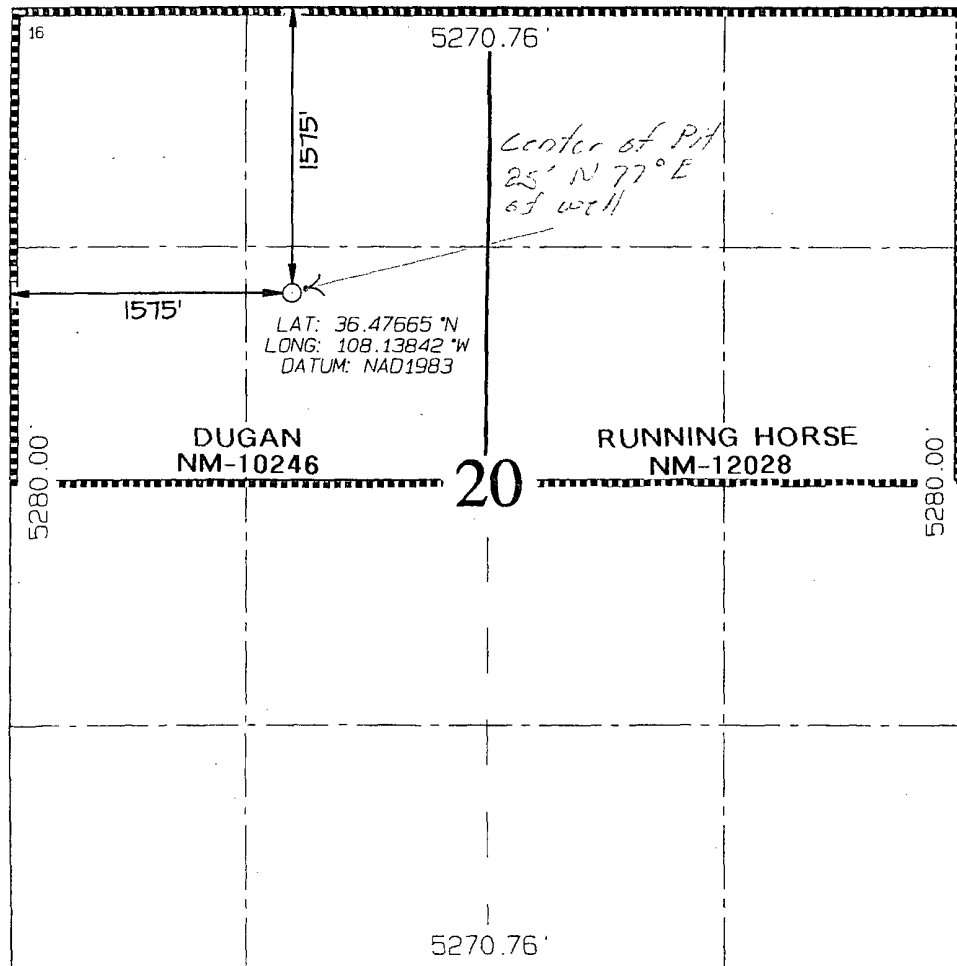
¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	20	26N	12W		1575	NORTH	1575	WEST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres					¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.		
320.0 Acres - (N/2)									

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



17 OPERATOR CERTIFICATION

I hereby certify that the information
contained herein is true and complete
to the best of my knowledge and belief

Kurt Fagrellin
Signature

Kurt Fagrellius

Printed Name _____ Geology

Title June 5, 2006

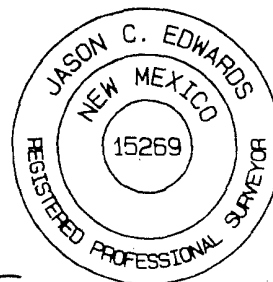
Date _____

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief

Date of Survey: APRIL 28, 2006

Signature and Seal of Professional Surveyor

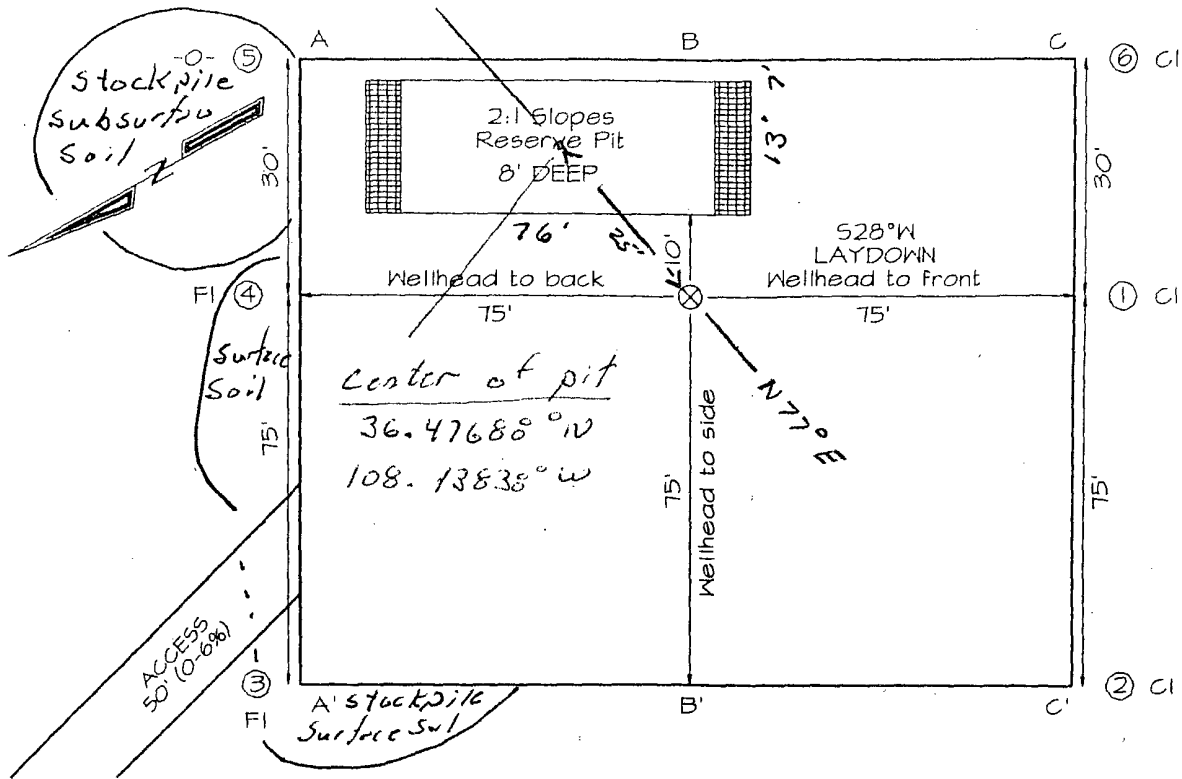


JASON C. EDWARDS
Certificate Number 15269

DUGAN PRODUCTION CORPORATION WATERFORD COM #90S
1575' FNL & 1575' FWL, SECTION 20, T26N, R12W, NMPM
SAN JUAN COUNTY, NEW MEXICO ELEVATION: 6000'

PLAT 3.

LATITUDE: 36.47665° N
LONGITUDE: 108.13842° W
 DATUM: NAD1983



PLAT NOTE:
 SURFACE OWNER
 Navajo Tribal Trust

A-A'			
6010'			
6000'			
5990'			

Center of Pit
 36.47688° W
 108.13838

B-B'			
6010'			
6000'			
5990'			

25' N. 77° E of
 well Head

C-C'						
6010'						
6000'						
5990'						

Note: Contractor should call One-Call for location of any marked or unmarked buried pipelines or cables on well pad and/or access road at least two (2) working days prior to construction

STATE OF NEW MEXICO }
COUNTY OF SAN JUAN }

RECORDATION NOTICE OF PIT BURIAL

In accordance with Section 19.15.17.13.F.1.f of the NMAC, operator hereby provides notice in the public record of an on-site burial of a temporary pit at the following location:

Well Name: Waterford Com #90
Latitude (DDD°MM.MMM'): 36.47688 N
Longitude (DDD°MM.MMM'): 108.13838 W (NAD 1983)
Unit Letter (1/4, 1/4): F (SE/NW)
Section: 20
Township: 26N
Range: 12W
County: San Juan
State: New Mexico

IN WITNESS WHEREOF, this Recordation Notice of Pit Burial has been executed on the date indicated below by the undersigned.

DUGAN PRODUCTION CORPORATION

Kurt Fagrelus
Kurt Fagrelus
Vice-President, Exploration

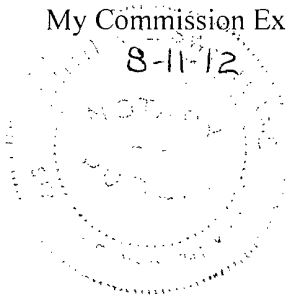
STATE OF NEW MEXICO }
COUNTY OF SAN JUAN }

This instrument was acknowledged before me this 20th of October, 2008 by Kurt Fagrelus, Vice - President, Exploration, on behalf of said corporation.

My Commission Expires:

8-11-12

Cynthia L Sweetland
Notary Public



DUGAN PRODUCTION CORP.

Waterford Com # 90 S

NM - 10246 API #30-045-33781

SE/4 NW/4, Unit F

Sec. 20, T26N, R12W

Lat. 36°28'35" Long. 108°8'18"

San Juan County, NM

