District II
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

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.

7857

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 he 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 com	ply with any other applicable governmental authority's rules, regulations or ordinances.
Operator: Dugan Production Corp.	OGRID #: 006515
Address: 709 East Murray Drive, Farmington, New Me	exico 87401 RCVD JUL 15'08
Facility or well name: Squaw Valley Com #90	OIL CONS. DIV.
API Number: 30-045-3450	OCD Permit Number: DIST. 3
U/L or Qtr/Qtr N Section 4 Township 23	N Range 10W County: San Juan
Center of Proposed Design: Latitude 36.25185 North	Longitude 107.90435 West NAD: □1927 🗵 1983
Surface Owner: Federal State Private Tribal Trust or Indian	Allotment
X Pit: Subsection F or G of 19.15.17.11 NMAC	Closed-loop System: Subsection H of 19.15.17.11 NMAC
Temporary: X Drilling Workover	Drying Pad Tanks Haul-off Bins Other
☐ Permanent ☐ Emergency ☐ Cavitation	Lined Unlined
☑ Lined ☐ Unlined	Liner type: Thicknessmil
Liner type: Thickness 20 mil X LLDPE HDPE PVC	Other
Other X String-Reinforced	Seams: Welded Factory Other
Seams: Welded A Factory Other	Volume:bblyd³
Volume: 600 bbl Dimensions: L 76' x W 13' x D 8'	Dimensions: Lengthx Width
Below-grade tank: Subsection I of 19.15.17.11 NMAC	Fencing: Subsection D of 19.15.17.11 NMAC
Volume:bbl	Chain link, six feet in height, two strands of barbed wire at top
Type of fluid:	Four foot height, four strands of barbed wire evenly spaced between one and
Tank Construction material:	four feet
Secondary containment with leak detection	Netting: Subsection E of 19.15.17.11 NMAC
☐ Visible sidewalls, liner, 6-inch lift and automatic overflow shut-off	Screen Netting Other
☐ Visible sidewalls and liner	☐ Monthly inspections
☐ Visible sidewalls only	Signs: Subsection C of 19.15.17.11 NMAC
Other	12'x24', 2' lettering, providing Operator's name, site location, and
Liner type: Thicknessmil	emergency telephone numbers
Other	Signed in compliance with 19.15.3.103 NMAC
Alternative Method: Submittal of an exception request is required. Exceptions must be submitted to the Santa Fe Environmental Bureau office for consideration	Administrative Approvals and Exceptions: Justifications and/or demonstrations of equivalency are required. Please refer to 19.15.17 NMAC for guidance.
of approval.	Please check a box if one or more of the following is requested, if not leave
of approval. RECEIVED APP 2010	blank: Administrative approval(s): Requests must be submitted to the appropriate division district or the Santa Fe Environmental Bureau office for consideration of approval. Exception(s): Requests must be submitted to the Santa Fe
APP 2010	Environmental Bureau office for consideration of approval.

CONS DIV. DIST. 3 (Conservation Division

Page 1 of 4

Siting Criteria (regarding permitting): 19.15.17.10 MAC 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 X No
Within the area overlying a subsurface mine. - Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division	Yes X 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 X No
Temporary Pits, Emergency Pits, and Below-grade Tanks Permit Application Attachment Checklist: Subsection B of 19.15.17.9 Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the do 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: 30-045-3456/ or Permit Number:	ocuments are
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 do attached. Geologic and Hydrogeologic Data (required for on-site closure) - based upon the requirements of Paragraph (3) of Subsection B of Siting Criteria Compliance Demonstrations (required for on-site closure) - based upon the appropriate requirements of 19.15.17.10 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:	19.15.17.15
Treviously Approved Design (added copy of design) Art Number:	

Permanent Pits Permit Application Checklist: Sussection 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 description of the following items must be attached to the application.	ocuments are
### Authors 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 cor	nsideration)
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	☐ Yes ☐ No ☒ 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	☐ Yes ☐ No ☑ 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	☐ Yes ☐ No ☐ 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	☐ Yes ☒ 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	☐ Yes ☒ 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	Yes X 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.	☐ Yes ☒ No

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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 G 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 indentify 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 19.15.17.13 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 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 G 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 Fagrelius Title: Vice President, Exploration
Signature: Kurt Fagrelin Date: 7-14-2008
e-mail address: kfagrelius@duganproduction.com Telephone: 505-325-1821 (0), 505-320-8248 (C)
OCD Approval: VI Permit Application (including closure plan) Closure Plan (ont)
OCD Representative Signature: Bell Sell) algl 3/3/11 Approval Date: 9-29-08
OCD Representative Signature: Back Sell) and 1 3/3/11 Approval Date: 9-29-08 Title: Enviro / Spec OCD Permit Number:
Title: Enviro/spec OCD Permit Number:
Title: Enviro Spec OCD Permit Number: Classical Parasit (associated within 60 days of Joseph Computation): Subsection K of 10 15 17 12 NMAC
Closure Report (required within 60 days of closure completion): Closure Method: Waste Excavation and Removal On-Site 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 Reseveretation Amplication Rates and Speding Technique
Title:
Title:
Closure Report (required within 60 days of closure completion): Subsection K of 19.15.17.13 NMAC Closure Completion Date: 4-3-2609 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 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 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.
Closure Report (required within 60 days of closure completion): Subsection K of 19.15.17.13 NMAC Closure Completion Date: 4-3-2009 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 Closure Notice Proof of Closure Notice Proof of Deed Notice (if applicable) Plot Plan Confirmation Sampling Analytical Results Waste Material Sampling Analytical Results Soil Backfilling and Cover Installation Re-vegetation Application Rates and Seeding Technique Site Reclamation (Photo Documentation) On-site Closure Location: Latitude 36-25/90 N Longitude 107-90429 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 Fagrelius Title: Vice President, Exploration
Closure Report (required within 60 days of closure completion): Subsection K of 19.15.17.13 NMAC Closure Completion Date: 4-3-2609 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 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 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.

Dugan Production Corp. Closure Report

Lease Name: Squaw Valley Com #90

API No.: 30-045-34561

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 7-14-2008 and approved on 9-29-2008.**

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 9-29-2008

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 4-1-2009

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 Allotted surface, certified notification not applicable as per BLM/OCD MOU.

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 (11-20-2008), mud was allowed to set, free water settled out and was transferred to the Sanchez O'Brien SWD #1salt water disposal well.

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 (4-3-2009).

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.

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A	T 4 MH . 41	1 : :4 / (1)	*** +
│ Components │	Test Method	Limit (mg/kg)	*Results (mg/kg)
			11000110 (1110)

Benzene	EPA SW-846 8021B or 8260B	0.2	<0.0009
BTEX	EPA SW-846 8021B or 8260B	50	0.021
TPH	EPA SW-846 418.1	2500	168
GRO/DRO	EPA SW-846 8015M	500	8.1
Chlorides	EPA 300.1	1000 / 500	90

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 no 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 4-3-2009 and disposed of at the Crouch Mesa Waste Management facility on 4-3-2009 (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 May of 2009. 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 Allotted surface, deed notice identifying exact location of on-site burial is not applicable according to BLM/OCD MOU.

Kurt Fagrelius

From: Kurt Fagrelius

Sent: Wednesday, April 01, 2009 7:01 AM

₽. 'Powell, Brandon, EMNRD'; 'bertha.spencer@bia.gov'; 'Mark_Kelly@nm.blm.gov'

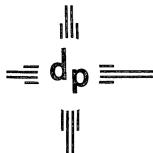
Subject: Temporary Drilling Pit Closures

Ladies and Gentlemen,

On Friday April 3, 2009 Dugan Production Corp. will close the temporary drilling pits on the Marathon Com #91 and Squaw Valley Com #90. Both are located in Sec. 4, T23N, R10W on Navajo Allotted surface.

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

Sincerely, Kurt Fagrelius 505-320-8248



dugan production corp.

ATTACHMENT TO CLOSURE REPORT

Squaw Velley Com#90 Well Name

- Proof of Deed Notice is not applicable

Re-vegetation Application Rates and Seeding Technique - will be provided upon completion

Site Reclamation (Photo Documentation) - will be provided upon completion

Signature

April 13, 2009

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11-14 11=17-05 11-15	DB DB	54'		NO NO	NO NO NO	NO NO NO	BPUT 160 Bornles PUT 30 Bacrles
11-14 11=17-02 11-18 11-18	DB DB	54'		NO NO	NO NO	00 00 00 00	Put 30 Barrle>
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11-14 11=17-02 11-18 11-14	DB DB	54'		NO NO	NO NO NO	00 00 00 00	Ria Released
11-14 11=17-02 11-18 11-14	DB DB	54'		NO NO	NO NO NO	00 00 00 00	Put 30 Barrle>
11-14 11=17-02 11-18 11-14	DB DB	54'		NO NO	NO NO NO	00 00 00 00	Ria Released
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11-14 11=17-07 11-16 11-14	DDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDD	54'		NO NO	NO NO NO	00 00 00 00	Ria Released
11-14 11=17-07 11-16 11-14	DDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDDD	54'		NO NO	NO NO NO	00 00 00 00	Ria Released
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EPA METHOD 8015 Modified Nonhalogenated Volatile Organics Total Petroleum Hydrocarbons

Client:	Dugan Prod. Corp	Project #:	06094-0003
Sample ID:	Squaw Valley Com #90	Date Reported:	03-05-09
Laboratory Number:	49162	Date Sampled:	02-27-09
Chain of Custody No:	6429	Date Received:	02-27 - 09
Sample Matrix:	Soil	Date Extracted:	03-03-09
Preservative:	Cool	Date Analyzed:	03-04-09
Condition:	Intact	Analysis Requested:	8015 TPH

Parameter	Concentration (mg/Kg)	Det. Limit (mg/Kg)
Gasoline Range (C5 - C10)	ND	0.2
Diesel Range (C10 - C28)	8.1	0.1
Total Petroleum Hydrocarbons	8.1	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:

Squaw Valley Com #90.

Analyst

Mustum Wasters
Review



EPA Method 8015 Modified Nonhalogenated Volatile Organics Total Petroleum Hydrocarbons

Quality Assurance Report

Client:	QA/QC		Project #:		N/A
Sample ID:	03-04-09 QA/	oc.	Date Reported:		03-05-09
Laboratory Number:	49154	Q.O	Date Sampled:		N/A
Sample Matrix:	Methylene Chio	ride ·	Date Received:		N/A
Preservative:	N/A	nde	Date Analyzed:		03-04-09
Condition:	N/A		Analysis Reques	tod:	7PH
Conquon.	INIA		Arialysis Reques	leu.	1 F FI
	AN PEGALDATOR	60 JEGENRES	Calcal Ets	% Einerence	*Acqept.Range
Gasoline Range C5 - C10	05-07-07	9.8250E+002	9.8289E+002	0.04%	0 - 15%
Diesel Range C10 - C28	05-07-07	1.0662E+003	1.0667E+003	0.04%	0 - 15%
•					
Blank Cone (mojie imojikg)		Concentration		Détection Lim	iit
Gasoline Range C5 - C10		ND		0.2	
Diesel Range C10 - C28		ND		0.1	
Total Petroleum Hydrocarbons		ND		0.2	
Duplicate Conca(mg/kg)	dare Sample at	(W.Ouplicate)	%ADifference	Accept Rang	
Gasoline Range C5 - C10	3.9	3.8	2.6%	0 - 30%	
Diesel Range C10 - C28	00.0	~- ~		~ ~~~	
Diesei Kange Cit - Czo	99.9	97.2	2.7%	0 - 30%	
Dieser Range CT0 - C20	99.9	97.2	2.7%	0 - 30%	
Spike:Conc (mg///g)			2.7%		e sAccept Range
Now then because and the second secon					**Accept Range 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 49154 - 49155 and 49158 - 49163.

Analyst



EPA METHOD 8021 AROMATIC VOLATILE ORGANICS

Client:	Dugan Prod. Corp	Project#:	06094-0003
Sample ID:	Squaw Valley Com #90	Date Reported:	03-05-09
Laboratory Number:	49162	Date Sampled:	02-27-09
Chain of Custody:	6429	Date Received:	02-27-09
Sample Matrix:	Soil	Date Analyzed:	03-04-09
Preservative:	Cool	Date Extracted:	03-03-09
Condition:	Intact	Analysis Requested:	BTEX

Parameter	Concentration (ug/Kg)	Det. Limit (ug/Kg)
Benzene	ND	0.9
Toluene	8.6	1.0
Ethylbenzene	1.9	1.0
p,m-Xylene	4.1	1.2
o-Xylene	7.0	0.9
Total BTEX	21.6	

ND - Parameter not detected at the stated detection limit.

Surrogate Recoveries:	Parameter	Percent Recovery
	Fluorobenzene	98.0 %
	1,4-difluorobenzene	98.0 %
	Bromochlorobenzene	98.0 %

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:

Squaw Valley Com #90.

Analyst

(<u>hastre</u> Wasters



EPA METHOD 8021 AROMATIC VOLATILE ORGANICS

Client:	N/A	Project #:	N/A
Sample ID:	03-04-BT QA/QC	Date Reported:	03-05-09
Laboratory Number:	49154	Date Sampled:	N/A
Sample Matrix:	Soil	Date Received:	N/A
Preservative:	N/A	Date Analyzed:	03-04-09
Condition:	N/A	Analysis:	BTEX

Calibration and was 44	The LOCALITY OF THE STATE OF TH	© Califer	a Wadiff of	# - Elank-	🐃 V. Defect. 🧺
eleteolion Limits (úgil)		AGGERI Rem	ie i 1 <i>511.</i>	aras Concias	Limit
Benzene	1.8263E+005	1.8300E+005	0.2%	ND	0.1
Toluene	2.0961E+005	2.1003E+005	0.2%	ND	0.1
Ethylbenzene	2.1066E+005	2.1109E+005	0.2%	ND	0.1
p,m-Xylene	5.6979E+005	5.7093E+005	0.2%	ND	0.1
o-Xylene	2.3028E+005	2.3075E+005	0.2%	ND	0.1

Duplicate/Conc. (ug/Kg) 445 4178	Samplew 35-Di	iplicates si	, 7 /00116	Accept Range	Detect/Limit
Benzene	6.9	6.7	2.9%	0 - 30%	0.9
Toluene	10.9	10.5	3.7%	0 - 30%	1.0
Ethylbenzene	10.7	10.5	1.9%	0 - 30%	1.0
p,m-Xylene	62.2	61.7	0.8%	0 - 30%	1.2
o-Xylene	30.2	29.6	2.0%	0 - 30%	0.9

Spike Conc. (ug/Kg): 1. /m/m/	Sample, 195 Amo	unt Spiked** Spil	ed Sample).	% Recovery	: Accept Range
Benzene	6.9	50.0	56.5	99.3%	39 - 150
Toluene	10.9	50.0	57.9	95.1%	46 - 148
Ethylbenzene	10.7	50.0	59.7	98.4%	32 - 160
p,m-Xylene	62.2	100	157	96.9%	46 - 148
o-Xylene	30.2	50.0	77.1	96.1%	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 49154 - 49163.

Analyst

Ph (505) 632-0615 Fr (800) 362-1879 Fx (505) 632-1865 lab@envirotech-inc.com envirotech-inc.com



EPA METHOD 418.1 TOTAL PETROLEUM HYDROCARBONS

Client:	Dugan Prod. Corp	Project #:	06094-0003
Sample ID:	Squaw Valley Com #90	Date Reported:	03-05-09
Laboratory Number:	49162	Date Sampled:	02-27-09
Chain of Custody No:	6429	Date Received:	02-27-09
Sample Matrix:	Soil	Date Extracted:	03-03-09
Preservative:	Cool	Date Analyzed:	03-03-09
Condition:	Intact	Analysis Needed:	TPH-418.1

		Det.
	Concentration	Limit
Parameter	(mg/kg)	(mg/kg)

Total Petroleum Hydrocarbons

168

5.0

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:

Squaw Valley Com #90.

Analyst

Review



EPA METHOD 418.1 TOTAL PETROLEUM HYROCARBONS QUALITY ASSURANCE REPORT

Client:	QA/QC	Project #:	N/A
Sample ID:	QA/QC	Date Reported:	03-05-09
Laboratory Number:	03-03-TPH.QA/QC 49158	Date Sampled:	N/A
Sample Matrix:	Freon-113	Date Analyzed:	03-03-09
Decomplian	N1/A	D. J. E. towards de	20.00.00

Preservative: N/A Date Extracted: 03-03-09
Condition: N/A Analysis Needed: TPH

 Calibration
 I-Cal Date
 C-Cal Date
 I-Cal RF:
 C-Cal RF:
 % Difference
 Accept. Range

 02-13-09
 03-03-09
 1,500
 1,600
 6.7%
 +/- 10%

Blank Conc. (mg/Kg)	Concentration	Detection Limit	
TPH	ND	21.6	

Duplicate Conc. (mg/Kg)SampleDuplicate% DifferenceAccept. RangeTPH22827621.1%+/- 30%

Spike Conc. (mg/Kg)	Sample	Spike Added	Spike Result	% Recovery	Accept Range
TPH	228	2,000	1,860	83.5%	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 49158 - 49163.

Analyst

Muster Walter



Chloride

Client: Dugan Prod. Corp Project #: 06094-0003 Sample ID: Squaw Valley Com #90 Date Reported: 03-05-09 Lab ID#: 49162 Date Sampled: 02-27-09 Sample Matrix: Soil Date Received: 02-27-09 Preservative: Cool 03-03-09 Date Analyzed: Condition: Intact 6429 Chain of Custody:

Parameter

Concentration (mg/Kg)

Total Chloride

90

Reference:

U.S.E.P.A., 4500B, "Methods for Chemical Analysis of Water and Wastes", 1983. Standard Methods For The Examination of Water And Waste Water", 18th ed., 1992.

Comments:

Squaw Valley Com #90.

Analyst

Review

CHAIN OF CUSTODY RECORD

6429

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	Relinquished by: (Signature)	Relinquished by: (Signature)	Kurt F	Relinquished by: (Signature)				The state of the s			American in the second of the						Con 20	Sough Velley	Identification	Sample No./		Client Phone No.:	705 E-M.	Client Address:	Dogol P	Client:
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WM of NM - San Juan County 78 Cour Road 3140 Aztec, M7, 87410 Ph: (505) 334-1121 Ticket# 11 Eustomer Name DUGAN PRODUCTION DUGAN PRODUC Carrier Ticket Date 04/03/2009 DUGPRO DUGAN PRODUCTION CORP Payment: Type Credit Account Vehicle# Volume Manual Ticket# Container Hauling Ticket# Driver Roufe Check# State Waste Code Billing # 0000019 Manifest Gen EPA ID Destination Grid rofile Semerator Time 71me 04/03/2009/12:07:11 Scale Operator Inbound Inbound 301 dutz.04/03/2009 12:23:04 Gross MMORGAN Outbound 302 nbaca 10580 Tare 10020 Net ouments Tons MASTEMANIAMENT Product LD% UOM Rate Amount MLY-MSW-Loose- Yds 100 5.00 Yards 4.21 121.05 SANJ 1.30 Kunt togelis Squam VIlles 850, Dogon Sonor Monothers Com #91 Original in Squaw Valley #50 well file Total Tax Total Ticket Driver's Signature

Submit To Appropr Two Copies	iate District O	ffice	F		State of Ne										orm C-105 July 17, 2008				
District I 1625 N. French Dr., District II	, Hobbs, NM 8	88240	En	ergy,	Minerals an	a matu	irai Ke	sources	Ì	1. WELL		1 О.			July 17, 2006				
1301 W. Grand Ave District III	enue, Artesia, l	NM 88210			l Conserva				ļ	30-045-345 2. Type of Lo									
1000 Rio Brazos Ro <u>District IV</u>				12	20 South S			r.		STATE FEE FED/INDIAN 3. State Oil & Gas Lease No.									
1220 S. St. Francis					Santa Fe, 1					Indian Lease NOO-C-14-20-7310									
WELL (4. Reason for fili		TION O	R RECC	MPL	ETION RE	POR	AND	LOG		5. Lease Name or Unit Agreement Name									
COMPLETI	· ·	T (Eill in bo	vas #1 throi	ah #21	for State and Ea	a walle o	nls:/\			Squaw Valley Com 6. Well Number:									
				_				1,420	,										
Ø C-144 CLOS #33; attach this ar	nd the plat to								or	r 90									
7. Type of Completion: ☑ NEW WELL ☐ WORKOVER ☐ DEEPENING ☐ PLUGBACK ☐ DIFFERENT RESERVOI																			
8. Name of Opera Dugan Production										9. OGRID 006515									
10. Address of Op										11. Pool name	or Wi	ldcat							
P. O. Box 420, Fa											,								
12.Location Surface:	Unit Ltr	Section	Towns	ship	Range	Lot	Feet from the		he	N/S Line	Feet	from the	E/W	Line	County				
вн:																			
13. Date Spudded	14. Date	T.D. Reached	1 15. I	Date Rig	g Released 11/20/08	<u> </u>	16.1	Date Compl	eted	(Ready to Prod	luce)		7. Eleva T, GR, 6		and RKB,				
18. Total Measured Depth of Well 19. Plug Back Measured Depth 20. Was Directional Survey Made? 21. Type Electric and O												ic and Ot	her Logs Run						
22. Producing Interval(s), of this completion - Top, Bottom, Name																			
23.					ING REC	ORD			ing										
CASING SIZ	ZE	WEIGHT L	B./FT.		DEPTH SET		HOI	LE SIZE	•	CEMENTIN	G REG	CORD	Al	MOUNT	PULLED				
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24. SIZE	ТОР		ВОТТОМ	LIN	ER RECORD SACKS CEM	ENT C	CREEN		25. SIZ			IG REC	ECORD PACKER SET						
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Date First Produc	tion	Proc	luction Met	nod (Fla	owing, gas lift, p	umping -	Size and	type pump)	,	Well Status	(Proa	l. or Shut	-ın)						
Date of Test	Hours Te	sted	Choke Size		Prod'n For Test Period		Dil - Bbl		Gas	- MCF	Wa	iter - Bbl		Gas - C	Pil Ratio				
Flow Tubing Press.	Casing Pr		Calculated 2 Hour Rate	24-	Oil - Bbl.	!	Gas -	MCF	,	Water - Bbl.	<u> </u>	Oil Gra	vity - A	PI - (Cori	•.)				
29. Disposition of	Gas (Sold, u	ised for fuel,	vented, etc.)		<u> </u>						30. T	est Witne	essed By	;					
31. List Attachme	nts																		
32. If a temporary	pit was used	at the well,	attach a plat	with th	e location of the	tempora	ry pit.												
33. If an on-site be			-												$\overline{}$				
I hereby certif	y that the	informatio	n shown c	on both	Latitude h sides of this	36.25 form i.	1 90 s true a	Longitude nd compl	107 ete	1,904 29 to the best o	f mv	knowle	NAD dge an	1927 y 9 d belief	83				
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E-mail Addres	•	/	,			<i>3</i>				, — 									

District I 1625 N. French Dr., Hobbs, NM 88240 District II 1301°W. Gränd Aveñue, Artesia, NM 88210 District III 1000 Alo Brazos Ad., Aztec, NM 87410 District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico Jy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505

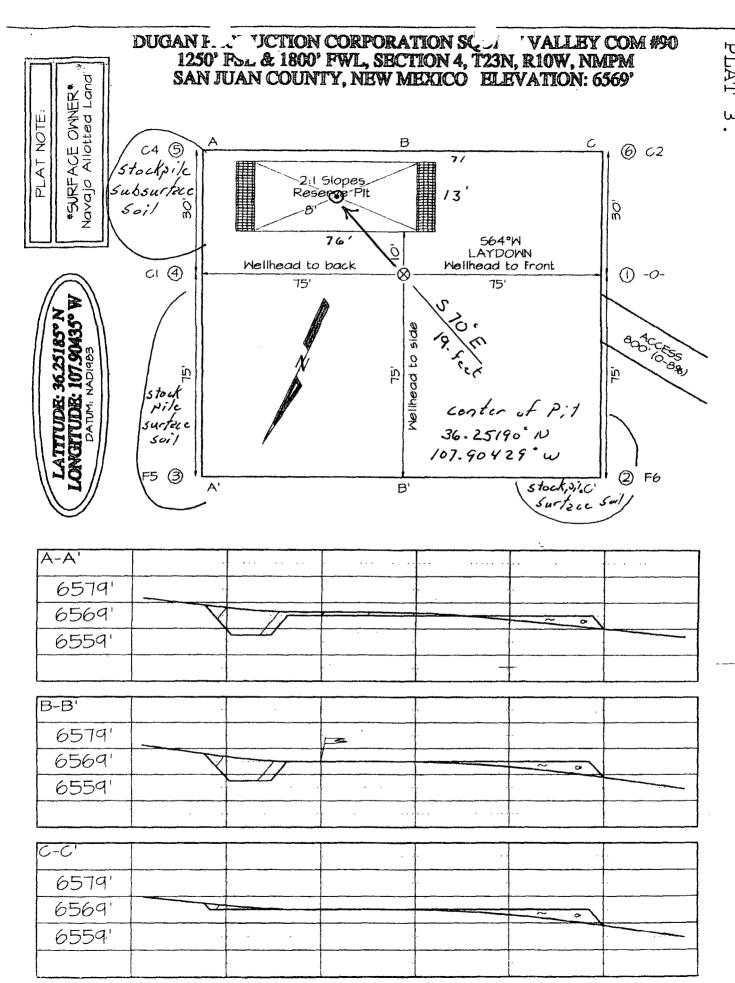
Form C-102 Revised October 12, 2005 Instructions on back Submit to Appropriate District Office State Lease - 4 Copies Fee Lease - 3 Copies

Certificate Number

AMENDED REPORT

			WELL	LOCAT	ION AND) A	CREAGE DED:	ICA ⁻	TION PL	AT				
'API Number				Pool Cod	te		Pool Name							
	1	71629	BASIN FRUITLAND COAL											
'Property Code					y Name				Well Number					
			SQUAW VAL				LLEY COM				90			
OGRID No.			*Operator Name								Elevation			
006515		DUGAN PRODUCTION CORPORATION									6569			
					¹⁰ Surfa	ce	Location							
UL or lot no. Section		Township	Range	Lot Idn	Feet from the		North/South line	Feet from the		East/West line		Co	unty	
N 4		23N -	10W		1250		SOUTH	1800		WE	ST	SAN	JUAN	
<u></u>		¹¹ Bo	ttom	Hole L	ocation	ı I	f Different	Fro	om Surf	ace				
UL or lot no.	Section	Township	Range	Lot Idn	Feet from	the	North/South line	Fee	et from the	East/We	st line	Co	unty	
												<u> </u>		
¹² Dedicated Acres).O Acres	- (S	- (S/2) 19 Joint of			¹⁴ Coreolidation Code	²⁵ Order No.							
NO ALLOW	ABLE W	ILL BE AS	SIGNED NON-ST	TO THE	IS COMPL UNIT HAS	ETI	ON UNTIL ALL EN APPROVED I	INTE	ERESTS H	AVE BE	EN CO	VSOL ID	ATED	
16		5245.68					<u> </u>		" OPER	ATOR	CERTI	FICA	TION	
LOT 4		LOT 3			LOT 2		LOT 1	1323.96	I hereby certify that the herein is true and comple knowledge and belief, and either owns a working in mineral interest in the proposed bottom-hole loca			e information contained ate to the best of my that this organization terest or unleased land including the ation or has a right is location pursuent me of such a mineral or a voluntary pooling		
								1314.06	Signature Kurt Printed	Fagrel: Name	lus	1/11/2 Date		

1318.68 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. Dugan Dugan NOO-14-20-7310 NOO-C-14-20-7311 Survey Date: DECEMBER 17, 2007 Signature and Seal of Professional Surveyor SON C. EDWARDS SY MEXICO LAT: 36.25185 N LONG: 107.90435 W 50 DATUM: NAD1983 POWER PROPERTY. AND ESSION 2628. 2623. 1800 Location 36.25196 N 107.90429°W 19' 570'E 5254.92 15269



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

