				/	
6 BLM		avajo Nation 1	File /	Form approved	No. 1004–0135
Form 3:60-5 (November 1983)	UNITED STATES	SUBMIT IN T		Expires August	31, 1985
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	#ER FAP	MINGTON RESCURSE A NRMINGTON, NEW MEX	AFIZA ICO	S. PARM OR LEASE NAI	<u> </u>
DUGAN PRODUCTION	ON CORP.		1	Hogan	
P O Box 208, Farmi	naton NM 97800	,		9. WELL EO.	
4. LOCATION OF WELL (Report location	ition clearly and in accordance with	any State requirements.*		10. FIELD AND POOL, O	R WILDCAT
See also space 17 below.) At surface		Mesa			
2130' FSL & 360' FW	L .		·	11. ESC., T., B., M., OR I SURVEY OR ABSA	ILK. AND
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14. PERMIT NO.	16. ELEVATIONS (Show wheth	er DF, ET, GR, etc.)		12. COURTY OR PARISE	
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	INTENTION TO:	1	•	INT ESPORT OF:	
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FRACTURE TREAT	MULTIPLE COMPLETE	PRACTURE TRE	ATMENT	ALTERING CA	VRING
SHOOT OR ACIDIZE	ABANDON*	SHOOTING OR	<u> </u>	A MANDON ME	·
REPAIR WELL	CHANGE PLANS			rt & Future Pla of multiple completion o	
(Other)	D OPERATIONS (Clearly state all pert	<u>Completi</u>	on or Recomple	tion Report and Log for	m.)
intended activity t BLM letter due on Ar Stephen Ma also serve	sted in BLM lett to set forth Duga cowards completing was received on l pril 27, 1988 and ason of the Farmin e to update actived 2-19-87 reports	n Production the Hogan #1 March 28, 1988 I extended to ngton BLM off ity on the l	's plans The a with a May 2 ice. The ease sul s of the	s for continuous for continuous response be a factor of the continuous formal f	nued nced eing Mr. will
	(SEE ATT	ACHED SHEETS)	ИЦ М	AY051988 CON. DIV	
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			U)L (ON. DIV	
I hereby certify that the foregoli	g is true and correct		<u>. </u>	3	
SIGNED I I	TITLE_	Geologist	AC	CEPTED FOR TE	2048)
(This space for Federal or State	office use)	*		100)
APPROVED BY	TITLE			198	<i>y</i> .
CONDITIONS OF APPROVAL, I		NMOC C		KIMINGTUN KESUUKUI	: AKEA
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*See Instructions on Reverse Side

Sundry Dated 5-2-88
Dugan Production's Hogan #1
Page 2

With regards to our efforts to negotiate a gas sales contract for produced casinghead gas from the subject well and lease, Dugan Production has had several meetings and telephone conversations with the Navajo Tribal Utility Authority attempting to negotiate a gas purchase (NTUA) contract which is mutually acceptable. Our last correspondence with NTUA in this matter was on February 18, 1988 in which Dugan Production transmitted what we believed to be acceptable draft of the gas purchase agreement to NTUA for their approval. As of this writing, NTUA has not accepted our draft and we are currently waiting on a response from NTUA. indicated in our February 19, 1987 sundry, NTUA has verbally committed to purchasing the gas, however, I am sure that the uncertainty of the industrial development on the Navajo Agricultural Products Inc. (NAPI) Industrial Park may complicating the gas procurement on the part of NTUA. mentioned in our earlier sundry, arrangements for the sale of produced gas are very important since the BLM has previously refused to allow gas venting from another well on the subject At this writing, we have no idea as to when we will actually be able to secure a gas purchase contract and begin sales from the lease due to the many uncertainties involved.

We have negotiated an arrangement with Mr. Jim Woosley of Woosley Oil Company wherein Dugan Production will transport our gas to NTUA thru a gathering system previously installed by Woosley Oil Company.

On October 28, 1987, Dugan Production was served by certified mail with Notice of Civil Complaint for Damages #SR-CV-324-87 by four members of the Navajo Tribe who currently hold a grazing permit on, or on parts of, the subject lease.

In this civil complaint the plaintiffs are asking for a settlement totaling twelve million dollars from Dugan Production for punitive, compensatory and incidental damages. A copy of this civil complaint is presented on Attachment \$1. Since receiving notice of this civil suit, Dugan Production has actively been attempting to resolve this matter through our attorney, Mr. Thomas J. Haynes.

Dugan Production views this civil suit as being completely unjustified with no legal basis, however to date it has been a very frustrating experience dealing with the court system within the Navajo Nation. It is our understanding that nearly identical civil complaints have been filed against at least three other operators within this general area, which serves to confirm this case as simply being an example of the injustice and frustration of attempting to develop legitimate oil and gas leases on the Navajo reservation.

Sundry Dated 5-2-88
Re: Dugan Production's Hogan #1
Page 3

You may recall that Ms. Nellie John (a grazing rights holder and party to this civil complaint) was also the Navajo grazing rights holder that initially terminated drilling operations on this well at gunpoint on 10-30-78, and Mr. Jack Lee and Willie Begay (also parties of the current civil suit) were also parties in the earlier conflict with the grazing rights holders.

As of this writing, Dugan Production intends to work diligently towards resolving the civil complaint presented in Attachment #1, however, until such time as this complaint can be resolved, we view any further operations on the subject lease as being an imprudent operation. In the event that this civil complaint is resolved to Dugan Production's satisfaction, we would then work diligently towards finalizing arrangements for gas sales from the subject lease and it is our plan to finish drilling and to complete the Hogan #1 as well as possibly continue development on the lease. However, in the event this civil complaint (heard before a jury trial in a District Court of the $\bar{N}avajo$ Nation) is not settled in a manner that is satisfactory to Dugan Production, we will (under the on-site supervision of a representative from the BLM) abandon the Hogan #1 and will seriously re-evaluate continued operations on the subject lease.

AHACHMENT #1 D.P.C. Sunday 5-2-88

THE DISTRICT COURT OF THE NAVAJO NATION JUDICIAL DISTRICT OF SHIPROX, NEW MEXICO

	JUDIC	MAL DISTRICT	O.F. SHIPROOK, NEW MEXICO
Jack Te	e. Sr., et. al.,	C# 2943	No.5R_CV-324-8
Shiproch	k, New Mexico 87420		
		Plaintiff,	-) 25.75.77.28 23.3
	vs.		30-DAY CIVIL SUMMONS
Dugan Pr	roduction Consormition	C#	
	09. Farmirkitzh. Hewitzh	ত আঞা Defendant.	
TO		Opomoration, P.O. Bo	x 808. Farmington. AM 97401
	Defendant and Add	ress	
1.	A complaint has bee	n filed against y	ou in this Court demanding:
	Civil Complaint for Den	anoc	
	33 5 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6	oges	
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2.	You are given 30 day	vs from date MA	roceive tustay Certified Ucc.
3.		he claim and ha	ve the Court hear your side of the case,
	•		
4.	You should go at onc written answer for y	e to a legal cour ou.	nsel or advocate who will prepare the
5.	If vou do n othing, the	e Courtanay giv	e judgment for what the complaint controls.
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Data.			
Date:		· • • • • • • • • • • • • • • • • • • •	OLEDY Diction County Manager Notice
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hiprock,	Her Mexico 87420		•
	l for Plaintiff (35) 368-5735		
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IN THE DISTRICT COURT OF THE NAVAJO NATION CK, N. M. SHIPROCK, NEW MEXICO

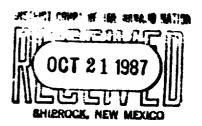
Jack Lee, Sr., C#29443 Jack Lee, Sr., C#29443, Personal Representative of the Estate of Willie Begay, C#30390, Deceased; Mary Ann Lee, C#30391 and Nellie John, C#31696

plaintiffs.

Dugan Production Corporation Post Office Box 208 Farmington, New Mexico 87401 JOHN DOE 1 through 50 Severally and Jointly

defendants.

No. SR-CY-324-81
CIVIL COMPLAINT
for DAMAGES



Comes now plaintiff by and through the undersigned Counsels, and hereto alleges and complains against the defendants named as follows:

JRISDICTION

I

- 1. Plaintiffs are enrolled members of the Navajo Tribe of Indians, and all times relevant hereto a permanent residents of the Navajo Indian Reservation approximately teached miles north of the town of Shiprock, New Mexico.
- 2. Plaintiff Willie Begay, CF30390 was deceased on April 12, 1986, and that a estate is being probated in the Shiprock District Court entitled in the Matter of the estate of Willie Begay, Deceased, SR-CV-111-87.
- 3. At all times relevant hereto, this cause of action arises from activities and occurances which took place within the interior boundries of the Navajo Indian Reservation, and upon the customary use land of Grazing Permit No. 12-2361 of which plaintiffs are legal holders.
- 4. Defendant is a Company doing business as Dugan Production Corporation, headquartered at Farmington, New Mexico. At all times relevant hereto, defendant conducted and currently

CIVIL COMPLAINT for DAMAGES
LEE, et. al., vs. DUGAN PRODUCTION CORPORATION
Page 2

continues to conduct business within the interior boundries of the Navajo Indian Reservation, primarily upon customary use land of plaintiffs.

- 5. At all times mentioned herein by virtue of Grazing Permit from Bureau of Indian Affairs executed on October 21, 1970 and recorded with Shiprock Branch of Land Operations, plaintiff are the lawful owners and are entitlted to the exclusive possission of lands located approximately ten (10) miles north of the town of Shiprock and hold by claim use number .0043, .0005, .0425, and .0505.
- 6. Defendants business consist of exploring, drilling, producing and transportation of oil and products related thereto. Therefore personal jurisdiction is effected pursuant to 7 N.T.C Section 253 (5) and the decision of the Navajo Supreme Court formerly the Court of Appeals cited as No. A-CV-22-80 <u>Deal vs. Blatchford</u>, 3 Nav. R. 159 (1982).

II

VENUE

- 7. All events complained of took place within the Shiprock Agency.
- 8. Venue in the Shiprock District Court is proper pursuant to Rule 26, Navajo Rules of Civil procedure.

III

COUNT 1

Plaintiffs for their cause of action incorporates paragraphs 1 through 8, and alleges can complains:

- 9. Defendant, Dugan Production Corporation currently operates several oil producing wells on plaintiffs customary use land, and said defendant have a valid contractual agreement with the Navajo Nation.
 - 10. Defendant has operated said oil wells for a period of years, yet to be ascertained.
 - 11. During this period of time, defendant has failed to maintained the oil wells, pipe-

lines, and storge tanks in good order and has failed to stop all leaks or repair such, and has failed to clean up oil spills or report such to proper authorities.

- 12. Defendants failure to obey contractual requirements, rules, regulations, and laws includes, <u>inter alia:</u>
 - a.) Deliberately and intentionally failing to maintain equipments, pipelines, storage tanks in proper order.
 - b.) Deliberately and intentionally permitting the profuse leaking of oil from the oil well heads.
 - c.) Deliberately and intentionally permitting the profuse leaking of oil from joints in the overground pipelines.
 - d.) Deliberately and intentionally permitting oil to leak profusely from unmaintained valves located at storage tanks and gang valve centers.
 - e.) Deliberately and intentionally discarding oil soaked rags, gloves, boards, pipe, cans and buckets and various other debris about the location and upon the customary use area of plaintiffs.
 - f.) Deliberately and intentionally permitting oil to spill and run into natural attributories leading into San Juan River.
 - g.) Deliberately and intentionally caused and permitted oil—to be dumped at various locations on plaintiffs customary use area.
 - h.) Deliberately and intentionally covered with dirt, oil that had deliberately been dumped in various areas of plaintiff's land.
 - i.) Deliberately and intentionally discarded, used oily pipes, tin cans, buckets, old vehicles bodies, cables, wires, bottles and other debris about plaintiffs customary use area.
 - j.) Deliberately and intentionally drove vehicles through oil soaked area, and purposely spreading oil about plaintiff's customary use land.
 - k.) Deliberately and intentionally drove vehicle off main roadway thereby destroyed vegetation, spread oil about the land, and rendered land unproductive.
 - 1.) Deliberately and intentionally failed to report oil spills and disping of oil to proper authorities.
 - m.) Deliberately and intentionally permitted oil pits to break and spilled oil upon plaintiff's customary use land which then drained into tributaries to the San Juan river.
 - n.) Deliberately and intentionally used illegal unauthorized and dangerous fiberglass pipes.
 - 0.) Deliberately and intentionally left large pieces of metals protruding upward from ground dangerous to humans, livestocks and wildlife.
 - 13. As a direct result and proximate cause of defendant's gross negligence, severe and

permanent destruction, loss of enjoyment, and loss of economic benefit from said land has been deprived from the plaintiffs.

- 14. Defendants conduct and standard of care, evidenced, a deliberate, indifferent and callous, gross negligence, wenton reckless disregard for plaintiffs rights and customary use land, thus causeing vegetation to die, rendering vast amounts of plaintiffs customary use land unproductive and depriving plaintiffs right to the enjoyment thereof.
- 15. The actions and wrongful conduct of defendants showed a wanton reckless and callous disregard for the traditional and customary use land of plaintiff's giving rise to the claim for compensatory damages in the amount of \$2,500,000.00.
- 16. The acts and ommissions of defendant and wrongful conduct gives rise to a claim for punitive damages in the amount of \$1,000,000.00.

IV

COUNT II

Plaintiffs realleges and incorporates, by references, the allegations contained in paragraphs 1 through 16 above complains and alleges against defendants, unknown to plaintiffs, however, to be ascertained, hereinafter referred to as John Doe 1 through 50, who may conduct business with defendant.

- 17. Defendants conduct and standard of care, evidenced a deliberate, indifferent and callous, gross negligence, wanton reckless disregard for plaintiffs rights and customer use lands, thus causing vegetation to die and rendering vast amounts of plaintiffs customer use land unproductive, and depriving plaintiffs right to enjoyment thereof.
- 18. The actions and wrongful conduct of defendants showed a wanton reckless and callous disregard for the traditional and customary use land of plaintiff's give rise to the claim for compensatory damages in the amount of \$2,500,000.00.
- 19. The acts and ommissions of defendant and their wrongful conduct gives rise to a claim for punitive damages in the amount of \$1,000,000.00.

PRAYER FOR RELIEF

WHEREFORE, plaintiff prays the Court as follows:

- 1. To adjudged defendant compensatory damages in the amount of \$2,500,000.00 and punitive damages in the amount of \$1,000,000.00 in Count I, and
- 2. To adjudged defendants compensatory damages in the amount of \$2,500,000,00 and punitive damages of \$1,000,000.00 in Count II, and
- 3. For incidental damages in the amount of \$5,000,000.00 for clean up of oil spills, clean up of debris, reclamation and revegetation.
 - 4. For attorney fees and cost of this suit, and
 - 5. For such further relief this Court may deem just and proper in the premises.

* * CERTIFICATE of ATTORNEYS * *

We, hereby certify and vouch to the Court that we are members of the Navajo Nation Bar Association in good standing and admitted to practice in all District Courts and the Supreme Court of the Navajo Nation.

That this pleading is submitted in good faith believing it to be true, accurate, and is based upon at adequate investigation of the law and statements of facts herein.

Dated this Jo day of Octobe

* * CERTIFICATE of SERVICE * *

We, hereby certify a copy of the foregoing Civil Complaint and Summons was sent to de-

CIVIL COMPLAINT for DAMAGES LEE, et. al., vs. DUGAN PRODUCTION CORPORATION Page 6



IN THE DISTRICT COURT OF THE NAVAJO NATION SHIPROCK, NEW MEXICO

Jack Lee, Sr., C#29443 Jack Lee, Sr., C#29443, Personal Representative of the Estate of Willie Begay, C#30390, Deceased, Mary Ann Lee, C#30391 and Nellie John, C#31696 No. SR-CV-324-87

BRIEF in

SUPPORT

plaintiffs,

Dugan Production Corporation Post Office Box 208 Farmington, New Mexico 87401 JOHN DOE 1 through 50 Severally and jointly

defendants,

LEGAL ARGUMENT

The service process, an important part, in a legal process is officially putting a defendant on notice.

Black's Law Dictionary defines it as:

"The service of Writs, Summons, etc., signifies the delivery to or leaving them with the party to whom or with whom they ought to be delivered they are said to have been served.... The service must furnish reasonable notice to defendint er proceedings to afford him an opportunity to appear and be heard."

(Emphasis Added)

Rule 3 of the Rules of Civil Procedure provides for service by certified mail as follows:

". . . If personal service cannot be effected within five days, notice may be given by registered mail (Certified Mail)."

(Emphasis Added)

Thus, it is reasonable that defendant be mailed a copy of Complaint and Summons by certified mail at: P.O. Box 208, Farmington, New Mexico 87401.

BRIEF in SUPPORT LEE, et. al., vs. DUGAN PRODUCTION CORPORATION

Submitted this day of October, 1987.

* * CERTIFICATE of SERVICE * *

We, hereby certify a copy of the foregoing was sent to defendant Dugan Production

Mehi D. Tafoya

MATION SHIPROCK N. M.

IN THE DISTRICT COURT OF THE NAVAJO NATION SHIPROCK, NEW MEXICO

Jack Lee, Sr., C#29443 Jack Lee, Sr., C#29443, Personal Representative of the Estate of Willie Begay, C#30390, Deceased Mary Ann Lee, C#30391 and Nellie John, C#31696 No. SR-CV-324-87

MOTION for SERVICE

by CERTIFIED MAIL

plaintiffs,

Dugan Production Corporation Post Office Box 208 Farmington, New Mexico 87401 JOHN DOE 1 through 50 Severally and jointly

defendants,

Comes now the plaintiffs and moves the Court as follows:

- I. Plaintiffs filed with this Court a Civil Complaint against defendant named above.
- 2. That personal service can be effectuated as required by <u>Rule 3</u> of the <u>Rules of Civil</u> Procedure.
- 3. Further, service of process can be made on defendant on certified mail. (<u>Rule 3</u> <u>Supra.</u>)
 - 4. Defendant can be served by certified mail at:

Dugan Production Corporation Post Office Box 208 Farmington, New Mexico 87401

Wherefore, plaintiffs pray the Court for an Order granting service by certified mail.

Submitted this _______day of October, 1987.

Wilbert 750sle

MOTION for SERVICE by CERTIFIED MAIL LEE, et. al., vs. DUGAN PRODUCTION CORPORATION Page 2

Mehl D. Tagoya

* * CERTIFICATE of SERVICE * *

Willers Isosie

Mehl D. Taroya

JUDICIAL BRANCH OCT 21 1987

In the district court of the Navajo Nation $\$ SHIPROCK, NEW MEXICO

SHIPROCK, N.

Jack Lee, Sr., C#29443 Jack Lee, Sr., C#29443, Personal Representative of the Estate of Willie Begay, C#30390, Deceased. Mary Ann Lee, C#30391 and Nellie John, C#31696

No. SR-CV-324-87

ORDER GRANTING SERVICE

by CERTIFIED MAIL

Dugan Production Corporation Post Office Box 208 Farmington, New Mexico 87401 JOHN DOE 1 through 50 Severally and jointly

defendants.

plaintiffs.

A motion having been presented to service defendant by certified mail at his mailing address; the Court having been advised, and for good cause appearing,

Therefore, it is hereby ORDERED motion is GRANTED: and

It is further ORDERED defendant be served process by certified mail.

ORDERED this <u>86</u> day of <u>Ostaber</u>

I HEREBY CERTIFY THAT THIS IS A TRUE AND CORRECT COPY OF THE INSTRUMENT ON FILE IN THE COURTS OF THE NAVAJO TRIBE. muselle

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OCT 21 1987

IN THE DISTRICT COURT OF THE NAVAJO NATION SHIPROCK, NEW MEXICO

SHIFROCK, N. M.

Jack Lee, Sr., C#29443 Jack Lee, Sr., C#29443, Personal Representative of the Estate of Willie Begay, C#30390, Deceased Mary Ann Lee, C#30391 and Nellie John, C#31696

No. SR-CY-327-87

DEMAND for

JURY TRIAL

plaintiffs.

Dugan Production Corporation Post Office Box 208 Farmington, New Mexico 87401 JOHN DOE 1 through 50 Severally and jointly

defendant,

Comes now plaintiffs and hereto demands trial by jury pursuant to Rule 17 of the Rules of Civil procedure, and this request is made upon filing of Complaint.

Wherefore, plaintiffs pray the Court for an Order granting Trial by Jury.

Submitted this _____ day of October, 1987.

dilbert Tsosie

* * CERTIFICATE of SERVICE * *

We, hereby certify that a copy of the foregoing Demand for Jury Trial was mailed to defendant, this 27th day of October, 1987.

DEMAND for JURY TRIAL LEE, et. al., vs. DUGAN PRODUCTION CORPORATION Page 2

Wilbert Tsosie

Mehl D. Taroya

JUDICIAL PRANCH

IN THE DISTRICT COURT OF THE NAVAJO NATION HIPROCK. No. SHIPROCK, NEW MEXICO

Jack Lee, Sr., C#29443
Jack Lee, Sr., C#29443, Personal
Representative of the Estate of
Willie Begay, C#30390, Deceased
Mary Ann Lee, C#30391 and
Nellie John, C#31696

No. SR-CV-327-87

ORDER GRANTING

JURY TRIAL

plaintiffs,

Dugan Production Corporation Post Office Box 208 Farmington, New Mexico 87401 JOHN DOE 1 through 50 Severally and jointly

defendants,

The Court having received the request for Jury Trial, and the Court having reviewed the same, the Court having been advised in the premises, and for good cause appearing.

Therefore, it is hereby ORDERED Jury Trial is GRANTED;

50 ORDERED this 86 day of 8 atober?

1997

District sidge

I HEREBY CERTIFY THAT THIS IS A TRUE AND CORRECT COPY OF THE INSTRUMENT ON FILE IN THE COURTS OF THE NAVAJO TRUE.

BLEEK, CONSIN OF THE MAYAND TRANS