

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
811 S. First St., Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy Minerals and Natural Resources  
Department  
Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-144 CLEZ  
Revised August 1, 2011

For closed-loop systems that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure, submit to the appropriate NMOCD District Office.

**Closed-Loop System Permit or Closure Plan Application**

(that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure)

Type of action: ☒ Permit ☐ Closure

**Instructions:** Please submit one application (Form C-144 CLEZ) per individual closed-loop system request. For any application request other than for a closed-loop system that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure, please submit a Form C-144.

Please be advised that approval of this request does not relieve the operator of liability should operations result in pollution of surface water, ground water or the environment. Nor does approval relieve the operator of its responsibility to comply with any other applicable governmental authority's rules, regulations or ordinances.

1.  
Operator: Parallel Petroleum LLC OGRID #: 230387  
Address: 1004 N. Big Spring, Ste 400, Midland, TX, 79701  
Facility or well name: High Calling 1821-15 State #1  
API Number: 30-015-40367 OCD Permit Number: 213036  
U/L or Qtr/Qtr UL M Section 15 Township 18-S Range 21-E County: Eddy  
Center of Proposed Design: Latitude 32 deg 44' 37.91"N Longitude 104 deg 47' 22.05" W NAD: ☒ 1927 ☐ 1983  
Surface Owner: ☐ Federal ☒ State ☐ Private ☐ Tribal Trust or Indian Allotment

2.  
☒ **Closed-loop System:** Subsection H of 19.15.17.11 NMAC  
Operation: ☒ Drilling a new well ☐ Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent) ☐ P&A  
☐ Above Ground Steel Tanks or ☒ Haul-off Bins

3.  
**Signs:** Subsection C of 19.15.17.11 NMAC  
☐ 12"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers  
☒ Signed in compliance with 19.15.16.8 NMAC

RECEIVED

JUN 04 2012

NMOCD ARTESIA

4.  
**Closed-loop Systems Permit Application Attachment Checklist:** Subsection B of 19.15.17.9 NMAC  
**Instructions:** Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.  
☒ Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC  
☒ Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC  
☒ Closure Plan (Please complete Box 5) - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC  
☐ Previously Approved Design (attach copy of design) API Number: \_\_\_\_\_  
☐ Previously Approved Operating and Maintenance Plan API Number: \_\_\_\_\_

5.  
**Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:** (19.15.17.13.D NMAC)  
**Instructions:** Please identify the facility or facilities for the disposal of liquids, drilling fluids and drill cuttings. Use attachment if more than two facilities are required.  
Disposal Facility Name: Controlled Recovery Inc Disposal Facility Permit Number: 6  
Disposal Facility Name: Lea Land Inc Disposal Facility Permit Number: 35  
Will any of the proposed closed-loop system operations and associated activities occur on or in areas that will not be used for future service and operations?  
☐ Yes (If yes, please provide the information below) ☒ No  
**Required for impacted areas which will not be used for future service and operations:**  
☐ Soil Backfill and Cover Design Specifications - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC  
☐ Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC  
☐ Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC

6.  
**Operator Application Certification:**  
I hereby certify that the information submitted with this application is true, accurate and complete to the best of my knowledge and belief.  
Name (Print): Brian McCurry Title: VP Operations  
Signature: Brian McCurry Date: May 29, 2012  
e-mail address: mccurry@p11.com Telephone: (432) 684-3727

7. **OCD Approval:** ☒ Permit Application (including closure plan) ☐ Closure Plan (only)

OCD Representative Signature: \_\_\_\_\_

Approval Date: 06/05/2012

Title: West II Sur

OCD Permit Number: 213036

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

*Instructions: Operators are required to obtain an approved closure plan prior to implementing any closure activities and submitting the closure report. The closure report is required to be submitted to the division within 60 days of the completion of the closure activities. Please do not complete this section of the form until an approved closure plan has been obtained and the closure activities have been completed.*

☐ Closure Completion Date: \_\_\_\_\_

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

*Instructions: Please indentify the facility or facilities for where the liquids, drilling fluids and drill cuttings were disposed. Use attachment if more than two facilities were utilized.*

Disposal Facility Name: \_\_\_\_\_ Disposal Facility Permit Number: \_\_\_\_\_

Disposal Facility Name: \_\_\_\_\_ Disposal Facility Permit Number: \_\_\_\_\_

Were the closed-loop system operations and associated activities performed on or in areas that *will not* be used for future service and operations?

☐ Yes (If yes, please demonstrate compliance to the items below) ☐ No

*Required for impacted areas which will not be used for future service and operations:*

☐ Site Reclamation (Photo Documentation)

☐ Soil Backfilling and Cover Installation

☐ Re-vegetation Application Rates and Seeding Technique

10. **Operator Closure Certification:**

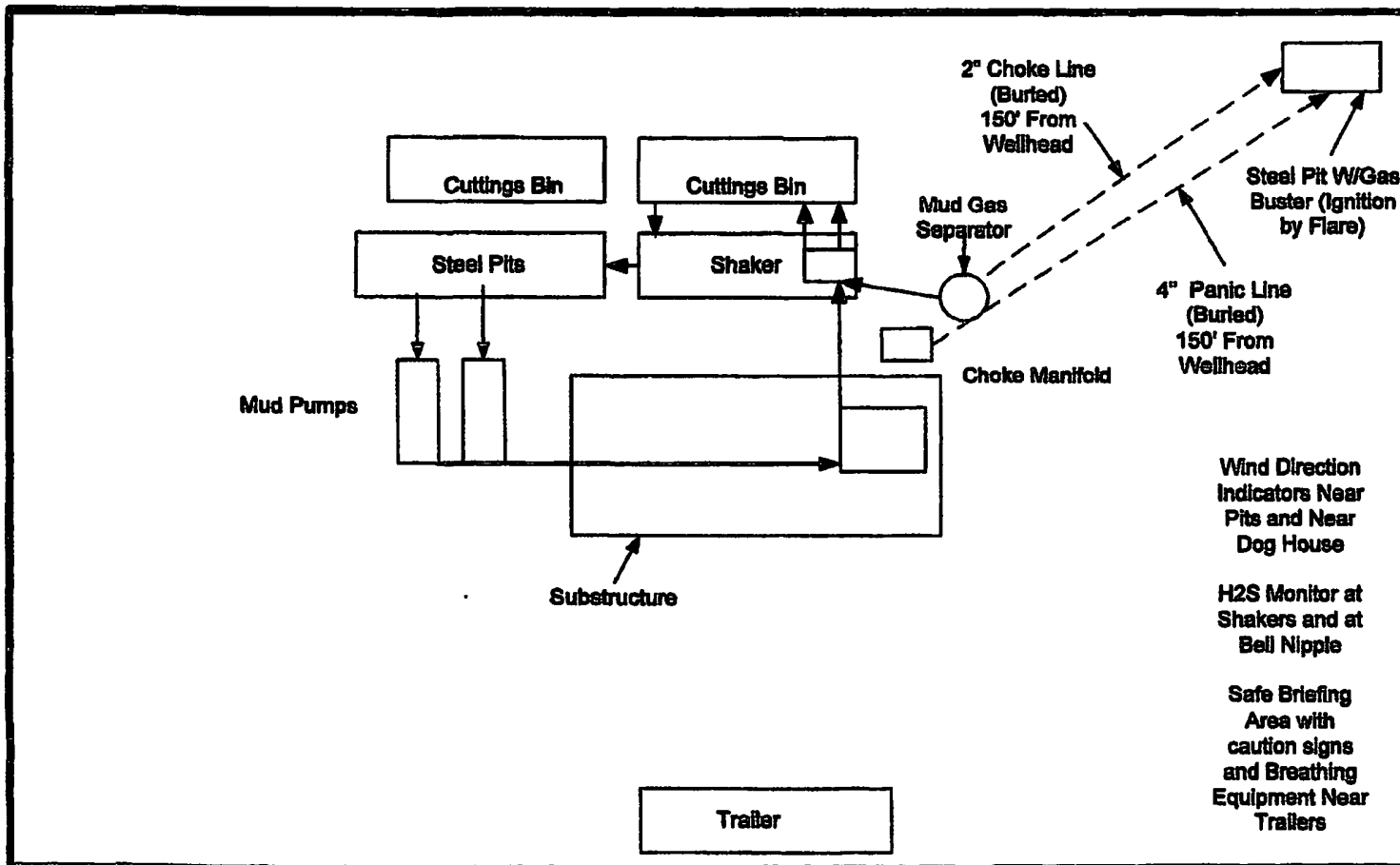
I hereby certify that the information and attachments submitted with this closure report is true, accurate and complete to the best of my knowledge and belief. I also certify that the closure complies with all applicable closure requirements and conditions specified in the approved closure plan.

Name (Print): \_\_\_\_\_ Title: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

e-mail address: \_\_\_\_\_ Telephone: \_\_\_\_\_

## Closed Loop Equipment Diagram



# **PARALLEL PETROLEUM LLC**

## **CLOSED-LOOP DESIGN PLAN**

Parallel Petroleum LLC ("Parallel") shall design and construct its closed-loop system closed-loop system to ensure the confinement of oil, gas or water to prevent uncontrolled releases.

The design plan for the closed-loop system shall use appropriate engineering principles and practices and follow applicable manufacturers' requirements. The plan shall include operating and maintenance procedures and a closure plan, as set out below. For further information on the closed-loop system design, please see the attached diagram.

Parallel's closed loop system will not use a drying pad, temporary pit, below grade tank or sump. It will use an aboveground haul-off bin suitable for holding solids and fluids from rig operations. No fencing will be constructed around the closed-loop system. Signage shall be posted per the C-144 form to which this plan is attached.

## **CLOSED-LOOP OPERATING AND MAINTENANCE PLAN**

Parallel shall operate and maintain the closed-loop system in a manner that will contain solids and liquids, maintain the system's integrity, prevent contamination of fresh water and protect public health and the environment. To attain this goal, the following procedures will be followed:

1. Parallel shall recycle, reuse or reclaim or dispose of all drilling fluids in a manner approved by NMOCD rules.
2. Parallel shall not discharge into or store any hazardous waste in the closed-loop system, including the haul-off bin, nor shall it allow miscellaneous solid waste or debris into same.
3. The haul-off bin will be of sufficient volume to maintain a safe freeboard prior to disposal of the solids and liquids from rig operations. Disposal will be done on a periodic basis, whenever a haul-off bin is determined to be at full volume capacity. The solids and liquids in the closed-loop system will be transported off the drill site and disposed at the NMOCD-permitted disposal facility or facilities listed below. The designated NMOCD-permitted disposal facility is:

Disposal Facility:

NMOCD Permit No.:

Controlled Recovery Inc.  
Lea land Inc.

6  
35

4. The closed-loop system will be inspected at least daily while the drilling or workover rig is on-site. Parallel shall maintain a log of such inspections.
5. If some component of the closed-loop system develops a leak, or if any penetration of a component occurs below the liquid's surface, then Parallel shall promptly remove all liquid above the damage or leak line, notify the appropriate NMOCD district office within 48 hours of the discovery and repair the damage or replace the affected closed-loop system component.

## **CLOSED-LOOP CLOSURE PLAN**

The closure for this drill site is not subject to the closure requirements for temporary pits specified in Subsection B of 19.15.17.13, NMAC, as Parallel will not use any temporary pits in conjunction with its closed-loop system. The closure for this drill site is not subject to the closure requirements for closed-loop systems using drying pads specified in Subsection D of 19.15.17.13, NMAC, as Parallel will not use any drying pads in conjunction with its closed-loop system. Further, the closed-loop system operations and associated activities will all be performed on the drilling pad, and will not be performed on or in areas that will not be used for future service and operations. The closure for the closed-loop system at this site will be performed as follows:

1. Immediately following termination of rig operations, all solids and liquids remaining in the closed-loop system will be transported in the haul-off bin or bins to the NMOCD-permitted facility(ies) listed above.
2. The closed-loop system components, including any and all haul-off bins, will be removed from the location in conjunction with the move of the drilling or completion rig from the well site.
3. Within six months from the date that Parallel releases the drilling or workover rig, Parallel will complete and execute items 9 and 10 of the attached C-144 CLEZ and file same with the appropriate NMOCD district office.