District 1 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**

For drilling and production facilities, Oil Conservation Division 1220 South St. Francis Dr. Office Santa Fe, NM 87505

Form C-144 June 1, 2004

submit to appropriate NMOCD District For downstream facilities, with 12/3 app Fe office

Pitl or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes No X Type of action: Registration of a pit or below-grade tank \(\subseteq\) Closure of a pit or below-grade tank \(\subseteq\) 432-684-3905 e-mail address: ddurham@parallel-petro.com Operator: Parallel Petroleum Corporation Telephone: 1004 N. Big Spring Street, Suite 400, Midland, Texas 79701 Facility or well name: Gate Dancer 1525-32 #1 API#: 30-005-63885 Sec 32 T 15S R 25E U/L or Qtr/Qtr A NAD: 1927 X 1983 □ Latitude 32°58'37.1"N Longitude 104°27'22.8"W County: Chaves Surface Owner: Federal

State Private X Indian Pit Below-grade tank Type: Drilling X Production Disposal D Volume: ____bbl Type of fluid: ___ Construction material: Double-walled, with leak detection? Yes If not, explain why not. Lined X Unlined Liner type: Synthetic X Thickness 12 mil Clay Pit Volume 10,000 bbl Less than 50 feet (20 points) Depth to ground water (vertical distance from bottom of pit to seasonal 50 feet or more, but less than 100 feet (10 points) 10 high water elevation of ground water.) 60' 100 feet or more (0 points) Yes X Within 1000' of a water well, irrigation (20 points) Wellhead protection area: (Less than 200 feet from a private domestic Nο (0 points) water source, or less than 1000 feet from all other water sources.) Less than 200 feet (20 points) Distance to surface water: (horizontal distance to all wetlands, playas, 200 feet or more, but less than 1000 feet (10 points) irrigation canals, ditches, and perennial and ephemeral watercourses.) 1000 feet or more (0 points) **Ranking Score (Total Points)** If this is a pit closure: (1) Attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: (check the onsite box if your are burying in place) onsite offsite X If offsite, name of facility . (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No X Yes 🔲 If yes, show depth below ground surface_ ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations. Additional Comments: The drilling pit for this site will be closed as per the attached Pit Closure Plan. I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines X, a general permit , a general permit , a (attached) alternative OCD-approved plan . Date: 1-15-07 Printed Name/Title Gary Miller, agent, Phone 432-682-4559 Signature Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations. Signature Signature Approval: Printed Name/Title

Pit Closure Plan – Drilling Pit

Operator: Parallel Petroleum Corporation

Well Name: Gate Dancer 1525-32 #1Y, API # 30-005-63885

Location: Unit A Section 32, Township 15 S, Range 25 E, Chaves County, NM

1. Any remaining liquids will be removed from the pit.

2. Remaining solid wastes (i.e. buckets, cans, miscellaneous trash, debris, contaminated solids, etc.) will be removed from the pit, except for dried mud and cuttings, cement, and frac materials in drilling and reserve pits which have been approved by the OCD for encapsulation.

3. This well did not penetrate a salt section and was drilled with less than 9.5 lb/gal brine. Therefore, the drilling pit will be closed by encapsulation:

It is proposed to bury the drill cutting in place and not remove or trench the cutting if it can be done so that a minimum of 3' of file can be placed over the material. A 20 mil liner will be placed over the drill cutting before the area is backfilled.

If this method can not be used, trench burial will be utilized for burial and capping of the drilling mud and cuttings. Up to two trenches (approximately 5 feet wide x 10 feet deep x 125 feet length) will be dug next to the pit and the cuttings buried and capped. The trenching and capping will be accomplished by lining the trench with an impervious, reinforced, synthetic or fabricated liner at least 12 mils in thickness; mixing earthen materials with the pit contents, as necessary to stiffen the pit contents sufficiently to provide stability and support for the trench cap; emplacing the stiffened mud and cuttings into the lined trench; capping the trench with a 20 mil minimum thickness impervious, fiber reinforced, synthetic or fabricated liner (the synthetic liner will overlap the trench area by at least 3 feet in all directions); and covering the trench with a minimum of 3 feet of clean soil that is capable of supporting native plant growth.