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

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-144
June 1, 2004

For drilling and production facilities, submit to appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe office

JUN 18 2007
OCD-ARTESIA

Pit 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 ☐ Closure of a pit or below-grade tank **X**

Operator **Parallel Petroleum Corporation** Telephone. **432-684-3905** e-mail address **ddurham@plll.com**
Address **1004 N. Big Spring Street, Suite 400, Midland, Texas 79701**
Facility or well name **Hope Unit 1821-16 State #1 Y** API # **30-015-35561** U/L or Qtr/Qtr **P** Sec **16** T **18S** R **21E**
County **Eddy** Latitude **32° 44' 33.14 N** Longitude **104° 47' 28.26 W** NAD 1927 **X** 1983 ☐
Surface Owner Federal ☐ State **X** Private ☐ Indian ☐

Pit
Type Drilling **X** Production ☐ Disposal ☐
Workover ☐ Emergency ☐
Lined **X** Unlined ☐
Liner type Synthetic **X** Thickness **12** mil Clay ☐
Pit Volume **25,000** bbl

Below-grade tank
Volume _____bbl Type of fluid: _____
Construction material: _____
Double-walled, with leak detection? Yes ☐ If not, explain why not

Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water) **750'**	Less than 50 feet 50 feet or more, but less than 100 feet 100 feet or more	(20 points) (10 points) **0** (0 points)
Wellhead protection area (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources)	Yes No	(20 points) (0 points) **0**
Distance to surface water (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses)	Less than 200 feet 200 feet or more, but less than 1000 feet 1000 feet or more	(20 points) (10 points) (0 points) **0**
	Ranking Score (Total Points)	**0**

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 X offsite ☐ 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.**
Pit will be reopened as a frac pit after drilling mud is removed. See second attached Pit Permit for information.

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 ☐, or an (attached) alternative OCD-approved plan ☐.**

Date **5-14-07**
Printed Name/Title **Gary Miller, Agent** 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

Notify OCD 24 hours prior to beginning pit closure.

Samples are to be obtained from pit area and analysis submitted to NMOCD prior to back-filling

Signed By Mike Bratcher
Signature _____ Date JUN 22 2007

Pit Closure Plan – Drilling Pit

Operator: **Parallel Petroleum Corporation**
Well Name: **Hope Unit 1821-16 State #1Y, API # 30-015-35561**
Location: **Unit P, Section 16, Township 18 S, Range 21 E, Eddy County, NM**

In order to construct a Fresh Water Storage Pit for completion activities on this site the closure of the drilling pit is required. The contents of the pit are to be removed and encapsulated onsite as per New Mexico OCD "Pit and Below-Grade Tank Guidelines" dated November 1, 2004. The visual inspection of the pit indicated that the pit liner has maintained its integrity. When the contents have been removed, the pit walls will be reconstructed and the pit site lined and filled with fresh water to be used during completion operations as a Fresh Water Storage Pit. The removal of the drill cuttings from the drilling pit will be performed as follows:

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 <u>encapsulation:</u>**

   Trench burial and capping will be performed for the drilling mud and cuttings that will be removed from the pit prior to using the site for fresh water storage. 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.

4. Upon completion of the well, the fresh water pit will be closed by removing all remaining fluids and the new pit liner. The surface area where the pit was located will be contoured to prevent erosion and ponding of rainwater over the site.