

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

Form C-101
May 27, 2004

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

RECEIVED
JUN 21 2006
SANTA FE, NM

Submit to appropriate District Office

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address Tandem Energy Corporation P.O. Box 1559, Midland, Texas 79702-1559		² OGRID Number 236183
³ Property Code 302006	⁴ Property Name Ballard Grayburg San Andres Unit	⁵ API Number 30 - 015 - 34961
		⁶ Well No. 265
⁹ Proposed Pool 1 Loco Hills Queen-Grayburg-San Andres ("Metex & Premier") (39520)		¹⁰ Proposed Pool 2

7 Surface Location

UL or lot no	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	4	18-S	29-E		511	South	397	West	Eddy

8 Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Additional Well Information

¹¹ Work Type Code N	¹² Well Type Code O	¹³ Cable/Rotary R	¹⁴ Lease Type Code P	¹⁵ Ground Level Elevation 3535'
¹⁶ Multiple No	¹⁷ Proposed Depth 3400'	¹⁸ Formation San Andres	¹⁹ Contractor Mixon Drlg., Inc.	²⁰ Spud Date ASAP
Depth to Groundwater 100'		Distance from nearest fresh water well 1/2 mile		Distance from nearest surface water 3 miles
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 mils thick Clay <input type="checkbox"/> Pit Volume: 300 bbls Drilling Method:				
Closed-Loop System <input type="checkbox"/> Fresh Water <input type="checkbox"/> Brine <input checked="" type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

21 Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12 1/4"	8 5/8"	24#	360'	165	Surface
7 7/8"	5 1/2"	17#	3400'	700	Surface

22 Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Drill 12 1/4" hole to 360' with fresh water. Set 8 5/8" 24# casing at 360' and cement to surface with 165 sacks class "C" + 2% CaCl₂. Drill out with 9.4+ ppg saltwater to total depth at 3400'. Log open hole. Run 5 1/2" 17# casing to total depth and cement to surface with approx. 425 sacks 35/65 class "C" + 5 % salt and 50/50 class "C" + 5 % salt.

23 I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOC guidelines ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

OIL CONSERVATION DIVISION	
Approved by: BRYAN G. ARANT DISTRICT II GEOLOGIST	
Title: JUN 22 2006	Expiration Date: JUN 22 2007
Approval Date:	
Conditions of Approval Attached <input type="checkbox"/>	

Printed name: Carol A. Cook
Title: Administrative Assistant
E-mail Address: ccook@tanem-energy.com
Date: 6-20-2006
Phone: (432) 686-7136

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State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name BALLARD GRAYBURG - SAN ANDRES UNIT	Well Number 265
OGRID No.	Operator Name TANDEM ENERGY CORPORATION	Elevation 3535'

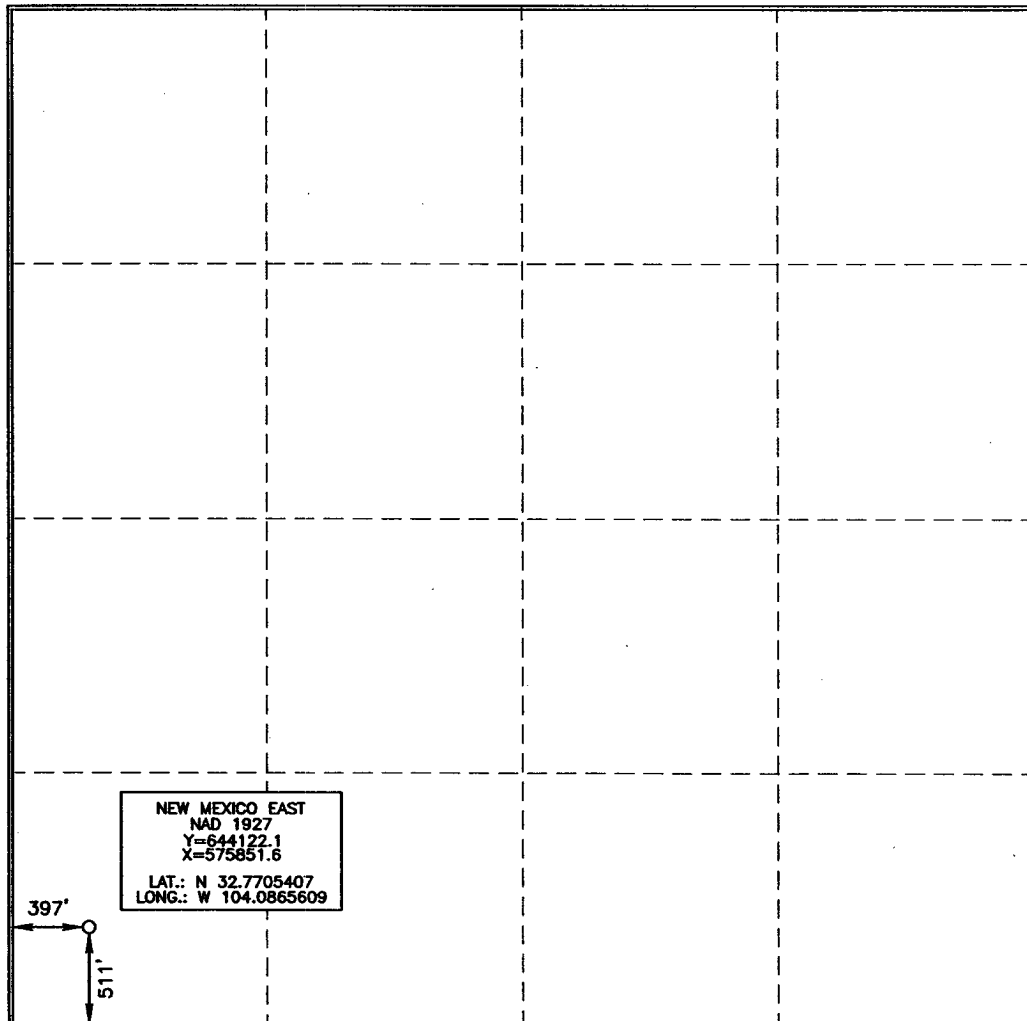
Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	4	18 SOUTH	29 EAST, N.M.P.M.		511	SOUTH	397	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres		Joint or Infill	Consolidation Code	Order No.					

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Todd M. Yocham 6/20/06
Signature Date

Todd M. Yocham
Printed Name

SURVEYOR CERTIFICATION

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.

15079
JANUARY 10, 2006
Date of Survey

Signature and Seal of Professional Surveyor

Terry J. Asel 1/21/2006
Certificate Number 15079

TANDEM ENERGY
c o r p o r a t i o n

RECEIVED
JUN 21 2006
COUNTY CLERK

June 20, 2006

Bryan Arrant
District II Geologist
NMOCD
1301 W. Grand Avenue
Artesia, NM 88210

Re: Forms C-101, C-102 - Ballard Grayburg San Andres Unit Well Nos. 26-5, 26-7.

Dear Mr. Arrant:

In response to your email dated June 15, 2006 addressed to Robbie O'Donnel Office Manager for Tandem Energy Corporation, please find the referenced forms enclosed as requested.

Also, regarding NMOCD Rule 118. Tandem Energy operates the Ballard Grayburg San Andres Unit (BGS AU). Twenty five producers in the field make approximately 100 BOPD and 50 MCFD. None of the gas is sold, but is used to fire gas powered injection pumps. Assuming a high H2S concentration of 5% or 0.05, the 100 ppm radius of exposure only calculates 180'. The BGS AU proposed wells 26-5 & 26-7 are over 1 mile to any public area or road, and therefore, we believe that no danger requiring an H2S Contingency Plan is posed.

I believe all areas of concern have been addressed and appreciate your attention to this matter.

Sincerely,



Carol Cook
ccook@tandem-energy.com
Administrative Assistant