

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-141
Revised October 10, 2003

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

DEC 09 2008
Submit 2 Copies to appropriate District Office in accordance with Rule 116 on back side of form
OCD-ARTESIA

Release Notification and Corrective Action

OPERATOR

Initial Report Final Report

Name of Company – Tandem Energy	Contact – Brandi Barthels
Address – 120 S. Main Suite 350 Victoria, TX 77901	Telephone No. – 361-576-0180
Facility Name – East Red Lake #2 Battery	Facility Type – Battery

Surface Owner - BLM	Mineral Owner – BLM	Lease No.
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3004501297

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
C	1	17S	28E	660	FNL	330	FWL	Eddy

Latitude 32 52.246' N Longitude 104 08.230' W

NATURE OF RELEASE

Type of Release – Produced Water	Volume of Release – 8 bbls	Volume Recovered – 2 bbls
Source of Release – Water Tank ran Over	Date and Hour of Occurrence – 11/3/08	Date and Hour of Discovery – 11/3/08
Was Immediate Notice Given? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Required	If YES, To Whom?	
By Whom?	Date and Hour	
Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse.	

If a Watercourse was Impacted, Describe Fully.*

Describe Cause of Problem and Remedial Action Taken.* Produced water ran over from water tank. Area affected is 90' x 60'. Using the NMOCD Guidelines for Remediation of Leaks and Spills, the ranking criteria for the site is as follows. Wellhead protection – 0 points. Surface body of Water – 0 points. Groundwater – 10 points. The nearest groundwater data shows 79' using USGS Data; 53' using SEO Data and >70' using data submitted by Chi Operating. Total ranking criteria for the site is 10 points.

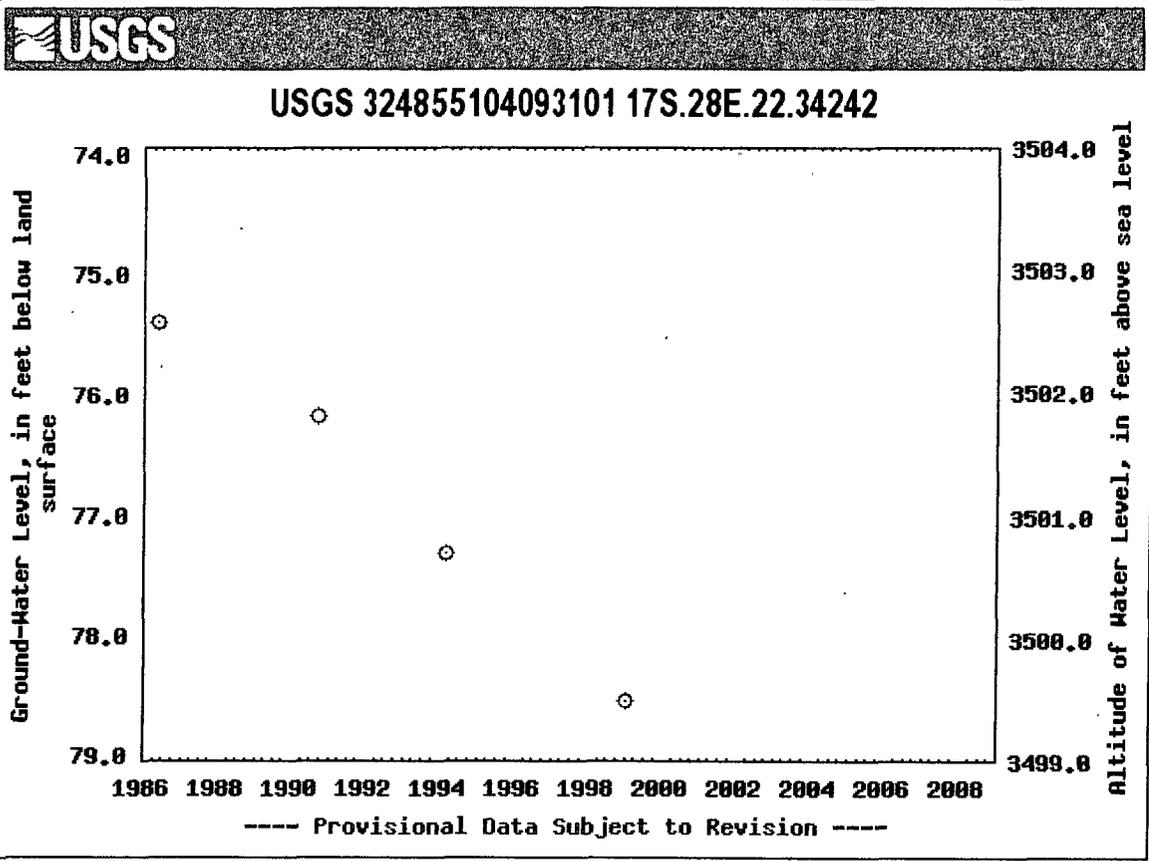
Describe Area Affected and Cleanup Action Taken.* Using a ranking criteria of 0 points, Tandem proposes to use the following Recommended Action Levels for the delineation of the spill. TPH 8015M – 1,000ppm, Benzene and BTEX 100ppm (using a field soil vapor headspace measurement). Chloride - 500 ppm. After vertical and horizontal delineation has been completed a remediation plan will be formulated and submitted to the NMOCD for approval.

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the NMOCD marked as "Final Report" does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.

Signature: <i>Brandi Barthels</i>	OIL CONSERVATION DIVISION	
Printed Name: Brandi Barthels	Approved by District Supervisor:	DENIED
Title: Regulatory & Environmental Affairs Manager	Approval Date:	Expiration Date:
E-mail Address: bbarthels@platenergy.com	Conditions of Approval:	Attached <input type="checkbox"/>
Date: <i>12-8-08</i> Phone: 361-576-0180		

* Attach Additional Sheets If Necessary

2RP-273



**New Mexico Office of the State Engineer
POD Reports and Downloads**

Township: Range: Sections:

NAD27 X: Y: Zone: Search Radius:

County: Basin: Number: Suffix:

Owner Name: (First) (Last) Non-Domestic Domestic
 All

AVERAGE DEPTH OF WATER REPORT 12/04/2008

Bsn	Tws	Rng	Sec	Zone	X	Y	Wells	(Depth Water in Feet)		
								Min	Max	Avg
L	17S	28E	34				1	53	53	53

Record Count: 1

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State of New Mexico
Energy Minerals and Natural Resources

Form C-144
June 1, 2004

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

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

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes No
Type of action: Registration of a pit or below-grade tank Closure of a pit or below-grade tank

JUN 13 2007

Operator: Chi Operating Inc. Telephone: 432-685-5001 e-mail address: _____
Address: P.O. Box 1799 Midland, TX 79702 **OCD-ARTESIA**
Facility or well name: Beaver Tail St Com API #: 3001532856 U/L or Qtr/Qtr D Sec 36 T 16 R 28
County: Eddy Latitude _____ Longitude _____ NAD: 1927 1983
Surface Owner: Federal State Private Indian

Pit Type: Drilling <input checked="" type="checkbox"/> Production <input type="checkbox"/> Disposal <input type="checkbox"/> Workover <input type="checkbox"/> Emergency <input type="checkbox"/> Lined <input checked="" type="checkbox"/> Unlined <input type="checkbox"/> Liner type: Synthetic <input checked="" type="checkbox"/> Thickness <u>12</u> mil Clay <input type="checkbox"/> Pit Volume _____ bbl	Below-grade tank Volume: _____ bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? Yes <input type="checkbox"/> If not, explain why not. _____	
	Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)	Less than 50 feet (20 points) <u>50 feet or more, but less than 100 feet</u> (10 points) 10 100 feet or more (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 (20 points) <u>No</u> (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 (20 points) 200 feet or more, but less than 1000 feet (10 points) 0 <u>1000 feet or more</u> (0 points)	
Ranking Score (Total Points)		10

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 you are burying in place) onsite 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 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: Chi Operating plans to close the drilling pit on the Beaver Tail AS per New Mexico Oil Conservation Division Rule 50 in the pit and Below Grade Tank Guidelines. Chi plans to trench bury the lined trench with 12 mil liner and bury pit contents and liner. Then cover with 20 mil plastic cap with 3' of native soils capable of supporting native plant growth. Will contour the area, to prevent erosion and ponding of rain water. Monitor well was drilled at the corner of reserve pit and location. Drilled 70' below surface. After 2d hrs, had NOT encountered any ground water.

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 , a general permit , or an (attached) alternative OCD-approved plan .

Date: 6-12-07
Printed Name/Title: Brad Larson / Agent Signature: Brad Larson
Your certification and NMOCD approval of this application/closure does not relieve the otherwise endanger public health or the environment. Nor does it relieve the operator regulations. Notify OCD 24 hours prior to beginning pit closure. Contaminate ground water or late, or local laws and/or

Approval: Jim W. Green Signature: _____
Printed Name/Title: District II Supervisor Date: 6/14/07
Samples are to be obtained from pit area and analysis submitted to NMOCD prior to back-filling