

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

Submit to appropriate District Office

JAN 24 2006

☐ AMENDED REPORT

OCU-ARTESIA

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, TX 79702-1559		² OGRID Number 236183
³ Property Code 302006	⁴ Property Name Ballard Grayburg San Andres Unit	⁵ API Number 30-015-31232
⁹ Proposed Pool 1 Loco Hills Queen-Grayburg-San Andres ("Metex & Premier") (39520)		⁶ Well No. 266
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
L	4	18-S	29-E		1450'	South	660'	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 Re-Entry	¹² Well Type Code O	¹³ Cable/Rotary R	¹⁴ Lease Type Code P	¹⁵ Ground Level Elevation 3525'
¹⁶ Multiple NO	¹⁷ Proposed Depth 3000'	¹⁸ Formation San Andres / Grayburg	¹⁹ Contractor Mixon Drilling	²⁰ Spud Date 2/20/2006
Depth to Groundwater		Distance from nearest fresh water well		Distance from nearest surface water
²¹ Proposed Casing and Cement Program				
Pit: Liner: Synthetic x <input type="checkbox"/> 10 mils thick Clay <input type="checkbox"/> Pit Volume: 1000 bbls Drilling Method:				
Closed-Loop System <input type="checkbox"/> Fresh Water x <input type="checkbox"/> Brine <input 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
17-1/2"	13-3/8"	48#	400'	575	surface
12-1/4"	8-5/8"	24#	3085'	1350	surface
7-7/8"	5-1/2"	17#	11,200'-1450'	1300 sx	1450' (temp surv.)

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.

Re-Enter P&A'd Harvey E. Yates—Loco Hills Welch #5 (API #30-015-31232). Drill out, with fresh water, surface plug (20 sx), 13-3/8" surface shoe plug (350'-450'), and 5-1/2" csg. stub plug (1400'-1500'). Dress off top of 5-1/2" csg. stub to assure that a pkr. will pass through it. Perforate Metex & Premier zones through 5-1/2" & 8-5/8" csg.. Stimulate zones under pkr. & 2-7/8" workstring. Produce well up 2-3/8" tbg. on pump. (Copy of existing wellbore diagram is on NMOCD electronic well file for the above API #).

Blowout prevention will be accomplished with 2K annular BOP on rig during the drill out process. Once desired TD is reached, a tbg. head will be placed on top of existing "B" section.

If an earthen pit(s) will be utilized
in association with this work, a
permit must be obtained prior to
pit construction.

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

Printed name: Toben Scott

Title: VP-Operations

E-mail Address: tscott@tandem-energy.com

Date: 1/18/06

Phone: 432-686-7136 ext. 1102

OIL CONSERVATION DIVISION

Approved by:

Jim W. Breen
District II Supervisor

Title:

Approval Date: JAN 26 2006

Expiration Date: JAN 26 2007

Conditions of Approval Attached ☐

OCD

Submit HCS Contingency Plan or letter of statement whichever applies

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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

¹ API Number 31-015-31232	² Pool Code 39520	³ Pool Name Loco Hills (Queen-Grayburg-San Andres)
⁴ Property Code LC-23200	⁵ Property Name Ballard Grayburg San Andres Unit	⁶ Well Number 26-6
⁷ OGRID No. 286183	⁸ Operator Name Tandem Energy Corporation	⁹ Elevation 3525'

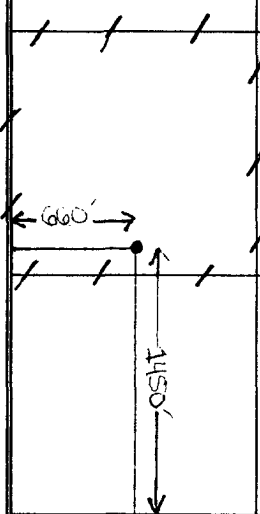
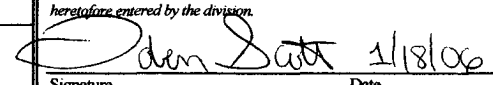
¹⁰ Surface Location

UL or lot no. L	Section 4	Township 18-S	Range 29-E	Lot Idn	Feet from the 1450'	North/South line South	Feet from the 660'	East/West line West	County Eddy
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¹¹ 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
¹² Dedicated Acres 40	¹³ Joint or Infill N	¹⁴ Consolidation Code	¹⁵ 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.

16 	17 OPERATOR CERTIFICATION <i>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.</i>  Signature _____ Date 1/18/06 Toben Scott—VP-Operations Printed Name _____			
	18 SURVEYOR CERTIFICATION <i>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.</i> Date of Survey _____ Signature and Seal of Professional Surveyor: _____ Certificate Number _____			

Arrant, Bryan, EMNRD

From: Toben Scott [tscott@tandem-energy.com]
Sent: Tuesday, January 31, 2006 3:54 PM
To: Arrant, Bryan, EMNRD
Cc: Runningoilman@aol.com
Subject: Tandem Energy--Ballard Unit--BGSAU # 26-6--Rule 118

Mr. Arrant,

Tandem Energy operates the Ballard Grayburg San Andres Unit (BGSAU) for which you have received a permit to re-enter the BGSAU #26-6. In response to your concerns for Rule 118, I have researched the following data. Twenty five producers in the field make approximately 100 bopd and 50 mcf/d. 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 BGSAU proposed re-entry is over 1 mile to any public area or road, and therefore, we believe that no danger requiring an H₂S Contingency Plan is posed.

Sincerely,

Toben Scott
VP-Operations

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2/1/2006