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NEW MEXICO ENERGY, MINERALS and
NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Response Required – Deadline Enclosed

29-May-08

TANDEM ENERGY CORPORATION

P.O. BOX 1559

MIDLAND, TX 79702-

LOV NO. 2-8-106

**LETTER OF VIOLATION
Delinquent Regulatory Filings**

Dear Operator:

Oil Conservation Division ("OCD") records indicate that you failed to file the required reports identified below, or that your filings were incomplete or inaccurate.

NON-COMPLIANT WELL DETAIL SECTION

BALLARD GRAYBURG SAN ANDRES UNIT No.235

Location: 5-18S-29E

30-015-35970-00-00

Original Well Type: Oil (Producing)

Well Status: Active

Determination or Violation Date: 5/28/2008

**Delinquent Report or Filing(s): - Other Paperwork or Filing - Other
Monitoring and Reporting Violation**

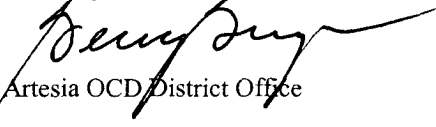
**Comments: A review of the well file indicates no completion documents submitted as required by OCD Rule
19.15.3.117. Drilling Pit Open, liner intact. Contains hydrocarbons, drill cuttings and trash. LOV # -**

CORRECTIVE ACTION ON THIS WELL DUE BY: 6/27/2008

Please file or correct the reports identified above by the corrective action due date indicated. If you fail to file or correct the reports by that date, the OCD will take enforcement action that may include but is not limited to applying for an order assessing civil penalties and/or requiring you to plug and abandon the wells associated with those reports.

Thank you for your prompt attention to this matter and your efforts in helping to protect our environment and the infrastructure of the oil and gas industry.

Sincerely,



Artesia OCD District Office