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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

JUL 10 2008
OCD-ARTESIA

29-May-08

TANDEM ENERGY CORPORATION

P.O. BOX 1559

MIDLAND TX 79702

LOV NO. 2-8-105

LETTER OF VIOLATION - Inspection

Dear Operator:

The following inspection(s) indicate that the well, equipment, location or operational status of the well(s) failed to meet standards of the New Mexico Oil Conservation Division as described in the detail section below. To comply with standards imposed by Rules and Regulations of the Division, corrective action must be taken immediately and the situation brought into compliance. The detail section indicates preliminary findings and/or probable nature of the violation. This determination is based on an inspection of your well or facility by an inspector employed by the Oil Conservation Division on the date(s) indicated.

Please notify the proper district office of the Division, in writing, of the date corrective actions are scheduled to be made so that arrangements can be made to reinspect the well and/or facility.

INSPECTION DETAIL SECTION

BALLARD GRAYBURG SAN ANDRES UNIT No.267

K-4-18S-29E

30-015-34962-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
05/28/2008	Routine/Periodic	Gerry Guye	Yes	No	7/1/2008	IGEG0814938731
Comments on Inspection: Well not drilled and APD has expired. Pits dug, not lined. Application for closure required. Violation of Rule 50.F						

As agreed, pit were covered June 20th, 2008
please advise if work was done to your approval.

ACCEPTED FOR RECORD

JUL 11 2008

Gerry Guye, Deputy Field Inspector
NMOCD-District II ARTESIA

6-26-08
Remaldo Hernandez
Tandem Energy Corp
505-626-9969