Energy, Minerals and Natural Resources Department

Susana Martinez Governor

David Martin Cabinet Secretary

Tony Delfin Deputy Cabinet Secretary ___

David Catanach, Director Oil Conservation Division



Response Required - Deadline Enclosed

Field Inspection Program "Preserving the Integrity of Our Environment"

22-Jul-16

TANDEM ENERGY CORPORATION 2700 POST OAK BLVD SUITE 1000 HOUSTON TX 77056

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.

		INSPECTIO	N DETAIL	L SECTION		
BALLARD Inspection	GRAYBURG SAN ANDRES			C-5-18S-29E *Significant	30-015-03295-00-00 Corrective	
Date	Type Inspection	Inspector	Violation?	Non-Compliance?	Action Due By:	Inspection No.
07/22/2016	Routine/Periodic	Tony Morales	Yes	No	10/25/2016	TM1620437944
	Violations	·				
	General Housekeeping (Rule 114)					
Comments	on Inspection: OK. All Equipme	ent and Location in	Good Shape	. PJ, STAINING ARC	OUND WELL HEAD	
BALLARD	GRAYBURG SAN ANDRES	UNIT No.001B		M-5-18S-29E	30-015-03303-00-00)
T + 41 + -+				*Significant	Corrective	
Inspection Date	Type Inspection	Inspector	Violation?	Non-Compliance?	Action Due By:	Inspection No.
-	Type Inspection Routine/Periodic	Inspector Tony Morales	Violation? Yes		Action Due By:	Inspection No. TM1620434589
Date	· ·	•		Non-Compliance?	Action Due By:	-
Date	Routine/Periodic	•		Non-Compliance?	Action Due By:	-

Inspection	Tunn I			12.1 4 9	E-5-18S-29E *Significant	30-015-03304-00 Corrective	Increation Bt-
Date	Type Inspection		Inspector	Violation?	Non-Compliance?	•	Inspection No.
07/22/2016	Routine/Peric Violations	Odic eeping (Rule 114)	Tony Morales	Yes	No	10/25/2016	iTM162043874
Commente			mant and Leastion is	Cool Shoo			
-	on Inspection:					OUND WELL HEAD	
Inspection			S UNIT No.002C		N-5-18S-29E *Significant	30-015-03306-00 Corrective	
Date	Type Inspection		Inspector	Violation?	Non-Compliance?	Action Due By:	Inspection No.
07/22/2016	Routine/Peric	odic	Tony Morales	Yes	No	10/25/2016	iTM162043547
	Violations General Houseke	eping (Rule 114)					
Comments o	on Inspection:		ment and Location in	Good Shane	DI STAINING AR	OUND WELL HEAI	`
	-	· · ·		i Ooou Shape			
	GRAYBURG	SAN ANDRE	S UNIT No.004B		J-5-18S-29E *Significant	30-015-20975-00- Corrective	00
Inspection Date	Type Inspection	a	Inspector	Violation?	Non-Compliance?	Action Due By:	Inspection No.
07/22/2016	Routine/Perio	odic	Tony Morales	Yes	No	10/25/2016	iTM162043943
	Violations						
		tification Signs (F	lule 103)				
Comments o	on Inspection:	OK. All Equip	nent and Location in	Good Shape	. LOCATION SIGN	NOT VISIBLE	
BALLARD	GRAYBURG	SAN ANDRE	S UNIT No.006A		C-5-18S-29E	30-015-24117-00-	00
Inspection	Type Inspectior	•	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
				, ioianon,	Non-Compliance:	Action Due by:	
Date			-	Ves	No	10/25/2016	iTM1620437742
Date 07/22/2016	Routine/Perio		Tony Morales	Yes	No	10/25/2016	iTM1620437742
		dic	-	Yes	No	10/25/2016	iTM1620437742
07/22/2016	Routine/Perio Violations	dic eping (Rule 114)	Tony Morales			10/25/2016 ROUND WELL HEAI	
07/22/2016 Comments o	Routine/Perio Violations General Houseke on Inspection:	dic eping (Rule 114) OK. All Equipr	Tony Morales		. PJO, STAINING AF	ROUND WELL HEAI	D.
07/22/2016 Comments o	Routine/Perio Violations General Houseke on Inspection: FEDERAL No	dic eping (Rule 114) OK. All Equipr .001	Tony Morales	Good Shape	. PJO, STAINING AF K-6-18S-29E *Significant	COUND WELL HEAI 30-015-24486-00- Corrective	D. 00
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In the event that a satisfactory response is not received to this letter of direction by the "Corrective Action Due By:" date shown above, further enforcement will occur. Such enforcement may include this office applying to the Division for an order summoning you to a hearing before a Divison Examiner in Santa Fe to show cause why you should not be ordered to permanently plug and abandon this well.

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Sincerely, CP, Artesia QCD District Office

Note: Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data. *Significant Non-Compliance events are reported directly to the EPA, Region VI, Dallas, Texas.