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OCT 07 2008

OCD-ARTESIA

Form 3160-5
(August 2007)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010**SUNDRY NOTICES AND REPORTS ON WELLS**
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.**SUBMIT IN TRIPLICATE** - Other instructions on page 2.

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NM27279
2. Name of Operator Tandem Energy Corporation		6. If Indian, Allottee or Tribe Name
3a. Address P.O. Box 1559, Midland, TX 79702	3b. Phone No. (include area code) 432-686-7136	7. If Unit of CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 2310' FNL & 990' FWL, Sec 26, T18S, R30E, Unit Letter E		8. Well Name and No. Elliott #1
		9. API Well No. 30-015-21655
		10. Field and Pool or Exploratory Area North Benson-Queen Grayburg
		11. Country or Parish, State Eddy, NM

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

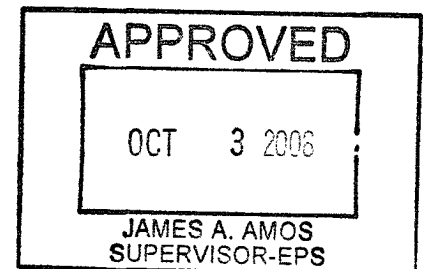
TYPE OF SUBMISSION	TYPE OF ACTION				
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off	
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity	
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other	
	<input type="checkbox"/> Change Plans	<input checked="" type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon		
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal		

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-5 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

Per discussion with Jim Amos please see attached plugging procedure and wellbore schematics

ACCEPTED FOR RECORD

OCT 7 2008

Gerry Guye, Deputy Field Inspector
NMOCD-District II ARTESIA**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

14. I hereby certify that the foregoing is true and correct. Name (Printed Typed)	
Randy Poston	Title Drilling Superintendent
Signature <i>Randy Poston</i>	Date 10/02/2008

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by	Title	Date
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.	Office	

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

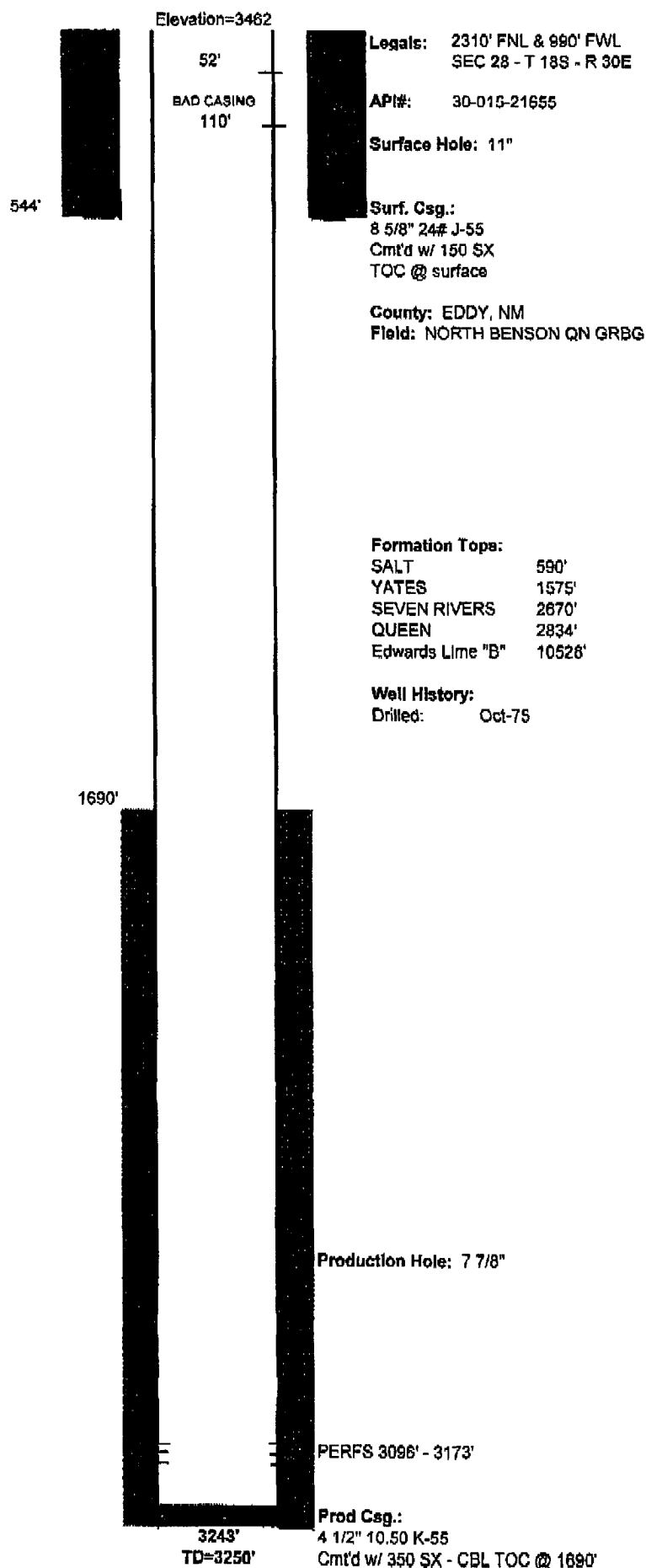
(Instructions on page 2)

TANDEM ENERGY CORP.**ELLIOTT #1****PLUGGING PROCEDURE****NOTIFY BLM @ 575-361-2822 PRIOR TO BEGINNING JOB**

1. GIH SET CEMENT RETAINER @ 2720'.
2. CEMENT WITH 30 SX CLASS "C" (14.2# / 1.32 YD) BELOW RETAINER AND 25 SX CLASS "C" (14.2# / 1.32 YD) ON TOP OF RETAINER. THIS WILL COVER INSIDE OF CASING FROM 2351' – 3173'. WE ARE NOT REQUIRED TO TAG THIS PLUG.
3. PERFORATE @ 1440'.
4. GIH W/ EOT @ 1340'.
5. SQUEEZE CEMENT WITH 25 SX CLASS "C" (14.2# / 1.32 YD). THIS WILL COVER 100' (1440'-1340') INSIDE AND 100' (1440'-1340') OUTSIDE OF CASING TO PROTECT BASE OF SALT ZONE.
6. AFTER SPOTTING PLUG MOVE UP HOLE 100' AND REVERSE CIRCULATE TUBING TO CLEAR ANY EXCESS CEMENT.
7. WOC 4 HOURS.
8. GIH TAG CEMENT. NOTIFY BLM IF TAG IS NOT @ 1340'
9. POOH WITH TUBING.
10. GIH – PERFORATE @ 640'
11. GIH W/ EOT @ 494'
12. SQUEEZE CEMENT WITH 50 SX CLASS "C" (14.2# / 1.32 YD). THIS WILL COVER 146' (640'-494') INSIDE CASING AND 245' (640'-395'), TO COVER TOP OF SALT SECTION AND SURFACE CASING SHOE.
13. WOC 4 HOURS.
14. GIH – TAG PLUG @ 494'. NOTIFY BLM IF UNABLE TO TAG.
15. MOVE UP HOLE TO 110'. ESTABLISH CIRCULATION TO SURFACE THROUGH BAD SPOT IN CASING. IF CIRCULATION CANNOT BE ESTABLISHED, WE WILL HAVE TO PERFORATE.
16. AFTER ESTABLISHING CIRCULATION. SQUEEZE CEMENT WITH 28 SX CLASS "C" (14.2# / 1.32 YD).
17. THIS WILL COVER INSIDE AND OUTSIDE OF CASING FROM 110' TO SURFACE.
18. POOH WITH TUBING.
19. TOP OFF PRODUCTION CASING WITH CEMENT TO SURFACE AFTER POOH.

20. VISUALLY VERIFY LAST PLUG.

21. RIG DOWN PULLING UNIT – CUT OFF WELLHEADS AND CAP / DRY HOLE MARKER.

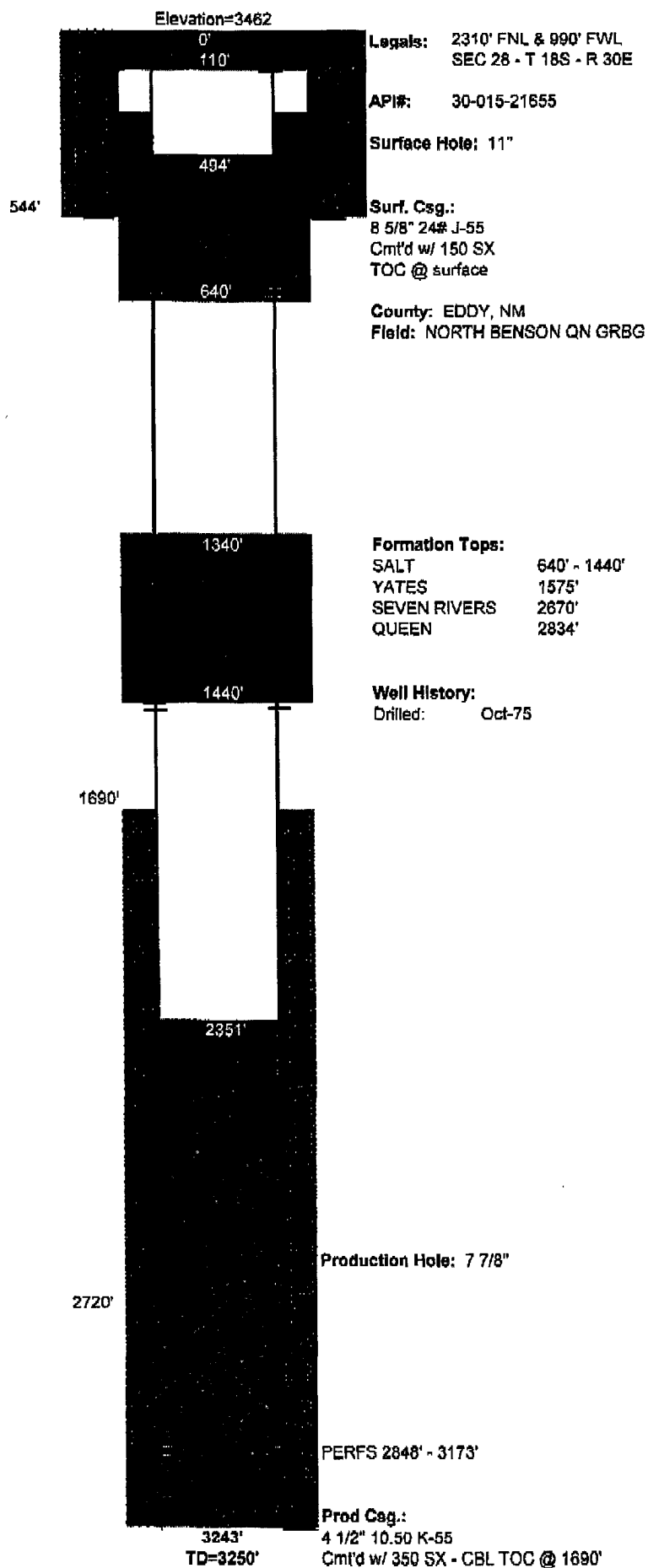
**TANDEM ENERGY CORPORATION
ELLIOTT FED #1****Wellbore Diagram**

TANDEM ENERGY CORPORATION

ELLIOTT FED #1

POST PLUGGING STATUS

Wellbore Diagram



BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972

Permanent Abandonment of Federal Wells
Conditions of Approval

Failure to comply with the following Conditions of Approval may result in a Notice of Incidents of Noncompliance (INC) in accordance with 43 CFR 3163.1.

1. Plugging operations shall commence within ninety (90) days from the approval date of this Notice of Intent to Abandon.

If you are unable to plug the well by the 90th day provide this office, prior to the 90th day, with the reason for not meeting the deadline and a date when we can expect the well to be plugged. Failure to do so will result in enforcement action.

2. **Notification:** Contact the appropriate BLM office at least 24 hours prior to the commencing of any plugging operations. For wells in Chaves and Roosevelt County, call 575-627-0272; Eddy County, call 575-361-2822; Lea County, call 575-393-3612.

3. **Blowout Preventers:** A blowout preventer (BOP), as appropriate, shall be installed before commencing any plugging operation. The minimum BOP requirement is a 2M system for a well not deeper than 9,090 feet; a 3M system for a well not deeper than 13,636 feet; and a 5M system for a well not deeper than 22,727 feet.

4. **Mud Requirement:** Mud shall be placed between all plugs. Minimum consistency of plugging mud shall be obtained by mixing at the rate of 25 sacks (50 pounds each) of gel per 100 barrels of water. Minimum nine (9) pounds per gallon.

5. **Cement Requirement:** Sufficient cement shall be used to bring any required plug to the specified depth and length. Any given cement volumes on the proposed plugging procedure are merely estimates and are not final. Unless specific approval is received, no plug except the surface plug shall be less than 25 sacks of cement. In lieu of a cement plug in a cased hole, a bridge plug set within 50 feet to 100 feet above the perforations shall be capped with 25 sacks of cement. If a bailer is used to cap this plug, 35 feet of cement shall be sufficient.

Unless otherwise specified in the approved procedure, the cement plug shall consist of either Neat Class "C", for up to 7,500 feet of depth or Neat Class "H", for deeper than 7,500 feet plugs.

6. **Dry Hole Marker:** All casing shall be cut-off at the base of the cellar or 3 feet below final restored ground level (whichever is deeper). The well bore shall then be capped with a 4-inch pipe, 10-feet in length, 4 feet above ground and embedded in cement. The following information shall be permanently inscribed on the dry hole marker: well name and number, name of the operator, lease serial number, surveyed location (quarter-quarter section, section, township and range or other authorized survey designation acceptable to the authorized officer such as metes and bounds).

7. **Subsequent Plugging Reporting:** Within 30 days after plugging work is completed, file one original and five copies of the Subsequent Report of Abandonment, Form 3160-5 to BLM. The report should give in detail the manner in which the plugging work was carried out, the extent (by depths) of cement plugs placed, and the size and location (by depths) of casing left in the well. **Show date well was plugged.**

8. **Trash:** All trash, junk and other waste material shall be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not permitted.

Following the submission and approval of the Subsequent Report of Abandonment, surface restoration conditions of approval will be developed and furnished to you.