

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

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-141
Revised October 10, 2003

Submit 2 Copies to appropriate
District Office in accordance
with Rule 116 on back
side of form

AUG 11 2008

OCD-ARTESIA

Release Notification and Corrective Action

ISEB0822652862
nSEB0822652432

OPERATOR

☒ Initial Report ☐ Final Report

| | | |
|---|--------------------|------------------------------|
| Name of Company - Tandem Energy | 236183 | Contact - Brandi Barthels |
| Address - 120 S. Main Suite 350 | Victoria, TX 77901 | Telephone No. - 361-576-0180 |
| Facility Name - Ballard Grayburg San Andres #4Q | (6-4) | Facility Type - Drilling Pit |

| | | |
|-------------------------|---------------------|-----------|
| Surface Owner - Private | Mineral Owner - BLM | Lease No. |
|-------------------------|---------------------|-----------|

30-015-36203

LOCATION OF RELEASE

| | | | | | | | | |
|------------------|--------------|-----------------|--------------|---------------|------------------|---------------|----------------|----------------|
| Unit Letter O | Section 6 | Township 18S | Range 29E | Feet from the | North/South Line | Feet from the | East/West Line | County Eddy |
|------------------|--------------|-----------------|--------------|---------------|------------------|---------------|----------------|----------------|

Latitude 32.7693257 Longitude 104.1132799

NATURE OF RELEASE

| | | |
|--|---|------------------------------------|
| Type of Release - Drilling Fluids | Volume of Release - Unknown | Volume Recovered - None |
| Source of Release - Drilling Pit | Date and Hour of Occurrence N/A | Date and Hour of Discovery 7-17-08 |
| Was Immediate Notice Given? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Not Required | If YES, To Whom? | |
| By Whom? | Date and Hour | |
| Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | If YES, Volume Impacting the Watercourse. | |

If a Watercourse was Impacted, Describe Fully.*

Describe Cause of Problem and Remedial Action Taken.* Initial samples taken from bottom of drilling pit were above NMOCD Pit Rule Standards. Site was delineated using field analysis, lab samples will be submitted for confirmation.

Describe Area Affected and Cleanup Action Taken.* A remediation plan will be formulated and submitted to the NMOCD for approval.

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the NMOCD marked as "Final Report" does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.

| | | |
|--|---|--|
| Signature: Brandi Barthels | OIL CONSERVATION DIVISION | |
| Printed Name: Brandi Barthels | Approved by District Supervisor: TCum by SB | |
| Title: Environ + Regulatory Affairs Mgr | Approval Date: 8-13-08 | Expiration Date: |
| E-mail Address: bbarthels@platenergy.com | Conditions of Approval: | Attached <input checked="" type="checkbox"/> |
| Date: 8/3/08 Phone: 3615760180 | SEE ATTACHED STIPULATIONS | 2RP-215 |

* Attach Additional Sheets If Necessary

SEB0822653233

Notify OCD 48 hours prior to
obtaining samples where analyses
are to be presented to OCD

Bonham, Sherry, EMNRD

From: Bonham, Sherry, EMNRD
Sent: Friday, August 15, 2008 2:16 PM
To: bbarthels@platenergy.com
Subject: Ballard Grayburg San Andres #4Q 30 015 36203 2RP-215
Attachments: Ballard Grayburg San Andres 4Q.docx

Brandi,

This office is in receipt of your C-141 regarding the drilling fluids release. Please find attached a letter with stipulations outlined.

If I can be of further assistance or should you have any questions, please don't hesitate to contact me.

Sherry Bonham
NMOCD District II

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



August 15, 2008

Tandem Energy
120 S Main, Suite 350
Victoria, TX 77901

RE: Ballard Grayburg San Andres 004Q O-6-18S-29E
30-015-36203 Eddy County, New Mexico
2RP-215

Dear Operator:

This office is in receipt of your C-141 regarding the drilling fluids release at this facility.

NMOCD Rule 19.15.3.116 states in part, "...The responsible person must complete **division approved corrective action** for releases which endanger public health or the environment. Releases will be addressed in accordance with a **remediation plan** submitted to and approved by the division or with an abatement plan submitted in accordance with Section 19 of 19.15.1 NMAC."

Information and tools for proper corrective action may be found in the Environmental Handbook on our web site at the following link:
http://www.emnrd.state.nm.us/ocd/documents/7C_spill1.pdf

The following actions are **required** to be addressed in the **remediation plan**:

- Determine the horizontal and vertical delineation of the spill by sampling.
- Prepare a sketch of the site indicating where and at what depths the samples were taken.
- Submit laboratory results of sampling as well as the proposed remediation with the plan.

Notify the OCD 48 hours prior to obtaining samples where analyses of samples obtained are to be submitted to the OCD.

Remediation requirements may be subject to other federal, state, and local laws or regulations.

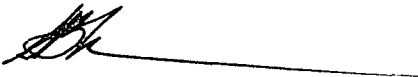


Within 30 days, **on or before September 15, 2008**, completion of a remediation work plan should be finalized and submitted to the Division summarizing all actions taken and/or to be taken to mitigate environmental damage related to the leak, spill or release for approval.

Please be advised that NMOCD acceptance and/or approval of documents or work plans does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD acceptance and/or approval of documents or work plans do not relieve the operator of responsibility for compliance with any other federal, state, local laws and/or regulations.

If I may be of further assistance with this matter or should you have any questions, please feel free to contact me.

Sincerely,



Sherry Bonham
NMOCD District II, Artesia
(505) 748-1283 ext 109
E-mail: sherry.bonham@state.nm.us