

Tandem Energy Corp

Lease Name:

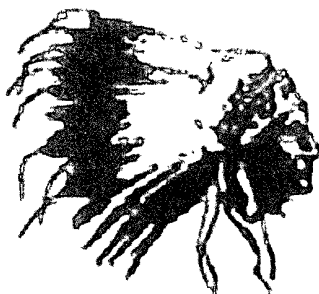
Texaco Federal

Well Number:

2

Service Type:

PTA



Chief Services

Customer Representative:

Mr. Rumaldo Hinojosa

Service Representative:

Joseph Reeves

Ticket No.:

Service Date:

This information is presented in good faith, but no warranty is given by and Chief assumes no liability for advice or recommendations made concerning results to be obtained from the use of any product or service. The information presented is Chief's best estimate of the actual results that may be achieved and should be used for comparison purposes rather than absolute values. Prices quoted are estimates only and are good for 30 days from the date of issue. Actual charges may vary depending upon time, equipment, and material ultimately required to perform these services.

Chief Services

					Depths
1st Plug					
Sacks:	5	Total Cmt	1.18	bbls	CIBP @4900'
Density:	14.8	Total cu/ft	6.60		
Yield:	1.32	Total H2O	0.75	bbls	
Water:	6.3	Hght	75'		
2nd Plug					
Sacks:	30	Total Cmt	7.05	bbls	250-150' P&S
Density:	14.8	Total cu/ft	39.60		
Yield:	1.32	Total H2O	4.50	bbls	
Water:	6.3	Hght	100'		
3rd Plug					
					30' Top
Sacks:	10	Total Cmt	2.35	bbls	Out
Density:	14.8	Total cu/ft	13.20		
Yield:	1.32	Total H2O	1.50	bbls	
Water:	6.3	Hght	30'		

August 28, 2009

Tandem Energy Corp

200 N. Loraine Ste. 400

Midland TX

Texaco Federal

Ticket No: 0

Serv Sup: Joseph Reeves

2 County: Lea State: NM

					After
					Discounted
		Quantity	Unit	Unit Price	Amount
Cement Pumping Charge					\$1,200.00
E1	0 - 500', 6 hr minimum	1	Ea	\$1,200.00	\$1,200.00
					\$900.00
Equipment Mileage Charge					\$675.00
E40	Equipment Mileage	75	Mile	\$5.00	\$375.00
E41	Pick-up Mileage Charge	75	Mile	\$4.00	\$300.00
					\$225.00
Bulk Cement Delivery					\$198.75
E50	Cement Delivery	159	T/M	\$1.25	\$198.75
					\$149.06
Bulk Cement and Additive Blending					\$56.25
E60	Cement Blending	45	Sks	\$1.25	\$56.25
					\$42.19
Casing Attachments					\$250.00
E71	Valve and Swage	1	Job	\$250.00	\$250.00
					\$187.50
Cement, Acid and Additives					\$861.50
E200	Class "C" Cement	45	Sks	\$15.00	\$675.00
E310	CaCl ²	85	Lbs	\$1.90	\$161.50
E311	Defoamer (Liquid)	1	Gal	\$25.00	\$25.00
					\$18.75

Thank You for using Chief Services

Price Book Total \$3,241.50
Discount \$810.38

x

Customer Rep.

After Disc \$2,431.13



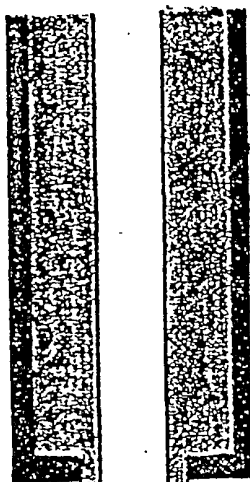
HANSON OPERATING COMPANY, INC.

United Bank Plaza, Suite 1200
Post Office Box 1515
Roswell, New Mexico 88202-1515

Phone: (505) 622-7330

WELL BORE SKETCH

OPERATOR/LEASE/WELL HANSON OPERATING COMPANY, INC. TEXACO FEDERAL #2
JOB NUMBER _____ DATE 7/18/84
FIELD/POOL Pearl / Queen
PLUG BACK DEPTH 4980' KB 11' ELEVATION 368



Hole Size 12-1/4"

SURFACE CASING:

Size 8-5/8" Weight 24# Grade _____
Set at 207 with 125 Sacks Cem
Circulate _____ Sacks to Surf
Remarks: _____

Hole Size 7-7/8"

PRODUCTION CASING:

Size 4-1/2" Weight 11.65# Grade _____
Set at 4998' with 200 Sacks Cem
Cement Top: Calculated _____ Temperature Survey _____
Remarks: _____

TUBING:

Size 2-3/8" Weight 4.5# Grade J-55
Number of Joints 159 Set at 4951'
Packer Set at _____
Bottom Arrangement: SN (1.10), 159 jts 2-3/8" tbgs (495
2 2-3/8" subs (10.00)

RODS:

Size 3/4" Number 195
Gas Anchor Set at _____
Pump Set at 4951'
Arrangement: Gas anchor (6.00), 2 x 1-1/2" x 12' pmf
195-3/4" rods (4875'), 2-3/4" pony rods (8.00),
1-1/4" polish rod (16.00)

PERFS:

4907' - 4914'
(4 SPF)

4954' - 4961'
(4 SPF)

cto
1/1

Tandem Energy Corp.
NM-0250: Texaco Federal #2
API: 30-025-20189
Lea County, New Mexico

RE: Plugging and Abandonment Procedure, Conditions of Approval

1. Set CIBP at 4850'. Bail at least 35' or pump at least 25 sx. (Perfs)
2. Perf and squeeze 130' plug (minimum 25 sx) at 3450'. If injection rate cannot be established, set plug 50' below perfs. WOC and tag at 3320' or shallower. (BOS)
3. Perf and squeeze 120' plug (minimum 25 sx) at 1990'. WOC and tag at 1870' or shallower. (TOS)
4. Perf and squeeze cement plug at 257' or deeper to surface. WOC and fill in fall back in casing and/or annulus. (Casing shoe – Surface)
5. Clean up location.
6. Install DHM.
7. Submit subsequent report, with details.

See attached standard COA.

It is recommended that H2S monitoring and protection is available on site.

Include accurate before and after diagrams of well for future plug and abandon NOIs.

DHW 092509

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 60th 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 BOP must be installed and maintained as per API and manufacturer recommendations. 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 **brine** 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 will be required. See attached reclamation procedure.

JDW 072709



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Carlsbad Field Office
620 E. Greene St
Carlsbad, New Mexico 88220-6292
www.blm.gov/nm



In Reply Refer To: 1310

Interim Reclamation Procedures

Reclamation Objective: Oil and gas development is one of many uses of the public lands and resources. While development may have a short- or long-term effect on the land, successful reclamation can ensure the effect is not permanent. During the life of the development, all disturbed areas not needed for active support of production operations should undergo "interim" reclamation in order to minimize the environmental impacts of development on other resources and uses.

Interim reclamation consists of minimizing the footprint of disturbance by reclaiming all portions of the well site not needed for production operations. The portions of the cleared well site not needed for operational and safety purposes are recontoured to a final or intermediate contour that blends with the surrounding topography as much as possible. Sufficient level area remains for setup of a workover rig and to park equipment. Topsoil is respread over areas not needed for all-weather operations. Production facilities should be clustered to maximize the opportunity for interim reclamation. In order to inspect and operate the well or complete workover operations, it may be necessary to drive, park, and operate on restored, interim vegetation within the previously disturbed area. This is generally acceptable provided damage is repaired and reclaimed following use.

To reduce final reclamation costs; maintain healthy, biologically active topsoil; and to minimize habitat, visual, and forage loss during the life of the well, all salvaged topsoil should be spread over the area of interim reclamation, rather than stockpiled.

1. The Application for Permit to Drill or Reenter (APD, Form 3160-3), Surface Use Plan of Operations must include adequate measures for stabilization and reclamation of disturbed lands. Oil and Gas operators must plan for reclamation, both interim and final, up front in the APD process as per Onshore Oil and Gas Order No. 1.
2. For wells and/or access roads not having an approved plan, or an inadequate plan for surface reclamation (either interim or final reclamation), the operator must submit a proposal describing the procedures for reclamation. For interim reclamation, the appropriate time for submittal would be when filing the Well Completion or Recompletion Report and Log (Form 3160-4). Interim reclamation is to be completed within 6 months of well completion.
3. If you have an approved Surface Use Plan of Operation and/or an approved Sundry Notice, you are free to proceed with interim reclamation as per approved APD or Sundry Notice. If you have issues or concerns, contact a BLM specialist to assist you. It would be in your interest to have a BLM specialist look at the location and access road prior to the removal of reclamation equipment to ensure that it meets BLM objectives. Upon conclusion submit a Form 3160-5, Subsequent Report of Reclamation. This will prompt a specialist to inspect the location to verify work was completed as per approved plans.
4. The approved Subsequent Report of Reclamation will be your notice that the native soils, contour and seedbed have been reestablished. If the BLM objectives have not been met the operator will be notified and corrective actions may be required.
5. It is the responsibility of the operator to monitor these locations and/or access roads until such time as the operator feels that the BLM objective has been met.

If there are any questions, please feel free to contact any of the following specialists:

Jim Amos
Supervisory Environmental Protection Specialist
575-234-5909, 575-361-2648 (Cell)

Cody Layton
Natural Resource Specialist
575-234-5959

Terry Gregston
Environmental Protection Specialist
575-234-5958

Trishia Bad Bear
Natural Resource Specialist
575-393-3612

Bobby Ballard
Environmental Protection Specialist
575-234-2230

Todd Suter
Surface Protection Specialist
575-234-5987

Randy Rust
Environmental Protection Specialist
575-234-5943

Doug Hoag
Civil Engineering Technician
575-234-5979

Linda Denniston
Environmental Protection Specialist
575-234-5974

Jennifer Van Curen
Environmental Protection Specialist
575-234-5905

Justin Frye
Environmental Protection Specialist
575-234-5922