30-Oct-07.

Well Inspection History

API Number: 30-015-24612-00-00

Well Name & No.: STATE M

Operator: PRONGHORN MANAGEMENT CORP,

Hole in Ground (not capable of producing). PHOTO

District: ARTESIA

County Name: EDDY

Field: STATE M

Legal: S: 36 T: 17S R: 27E

Well Type: OIL (PRODUCING)

Insp. Dt.	Insp. Type	Insp. Purpose	Insp. No.	RmdyRqDt	Insp. By	Viol. SNC Failed C	odes
5/11/2007	Inactive Well Verification	Normal Routine Activity	iREI07131472		213	Υ	
	has not been properly plugge	Last reported production 11/01/ d. Operator must locate well he Please submit C-144 pit closure	ad and submit pa	aperwork to plug. I	Plugging mu	ist be witnessed. Viola	tion rule
•	Routine/Periodic	Normal Routine Activity	iREH0707544		214		
	Well sign indicates well is owned by Aspen oil. Well still idle. Historical contamination around tank. Location needs attention. Photos taken.						
	Routine/Periodic	Normal Routine Activity	iGEG0428249	•	209		
	Idle Well (Rule 201). Aspen Oil Co. Aspen in process of taking over well.						
	Compliance Verification	Normal Routine Activity	iPCH0401636		210	. · · · · · · · ·	
	CSG @ GROUND LEVEL .NO EQUIPTMENT OR POWER						
11/23/1998	Routine/Periodic		iMCS0000034		205		
11/23/1998	Routine/Periodic		iMCS0000025		205		

Total Inspections Performed: 6

Pronghorn Management Corp. Case 13859 Case 14052 OCD Exhibit No. 17



NEW MEXICO ENERGY, MINERALS NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor Joanna Prukop Cabinet Secretary

Mark E. Fesmire, P.E. Director Oil Conservation Division

04-Jun-07

PRONGHORN MANAGEMENT CORP

PO BOX 1772 HOBBS NM 88241 LOV NO. 02-147-07

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

STATE M No.001

M-36-17S-27E

30-015-24612-00-00

Inspection

Type Inspection

Violation?

*Significant

Corrective

6/22/2007

Date 05/11/2007

Inactive Well Verification

Inspector

Richard Inge

Non-Compliance? No

Inspection No. Action Due By:

iREI0713147270

Comments on Inspection:

Violation of rule 19.15.4.201. Last reported production 11/01/1995. Only steel fence post indicating where wellhead probably was. This well has not been properly plugged. Operator must locate well head and submit paperwork to plug. Plugging must be witnessed. Violation rule 50. Pit violation. Pit on site. Please submit C-144 pit closure form by compliance due date with

closure of pit to occur within one month of compliance due date.

e 17---

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. Such a hearing may result in imposition of CIVIL PENALTIES for your violation of OCD rules.

Sincerely,

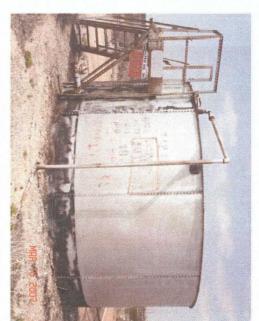
RICHARD INGE
Artesia OCD District Office

Note: Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data.

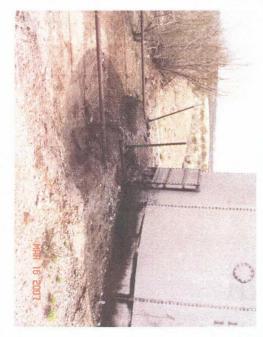
*Significant Non-Compliance events are reported directly to the EPA, Region VI, Dallas, Texas.











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