



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
DISTRICT I HOBBS
1625 N. French Drive, Hobbs, NM 88241
(505) 393-6161
FAX (505) 393-0720

Jennifer A. Salisbury
CABINET SECRETARY

September 21, 1999

Pronghorn Mgmt Corp.
P O Box 1772
Hobbs, NM 88241

RE: State T # 1, #2 and #4
Section 6, Township 16 South, Range 36 East

Gentlemen:

Through routine inspection it has come to our attention that the above referenced wells have been shut in for an extended period of time. A review of our records show that these wells has not been Temporarily Abandoned. Producing wells can not be shut in for longer than a year.

The following options are available regarding the future disposition of this well:

1. Restore the well to production.
2. Set plug, conduct mechanical integrity test, and request temporary abandoned status.
3. Submit a proposal to plug and abandon the well, proceed with plugging on a timely basis after the proposal has been evaluated, amended and or approved.

To avoid further action, we request that you exercise one of the above options no later than December 21, 1999. We request that you notify this office 24 hours prior to any operation in order to witness the operation, either repair or plugging and pressure test upon completion of repairs or to request TXA status.

Very truly yours
OIL CONSERVATION DIVISION

Billy Prichard
Deputy Inspector, District 1

Xc: Chris Williams
Gary Wink
File

BEFORE EXAMINER
OIL CONSERVATION DIVISION
<u>OCD</u> EXHIBIT NO. <u>7</u>
CASE NO. <u>12771-A</u>