

Pride Energy Company

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RECEIVED

November 15, 2007

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Bureau of Land Management
Farmington Field Office
1235 La Plata Highway
Farmington, NM 87401

Bureau of Land Management
Farmington Field Office



RE: NMNM-44453

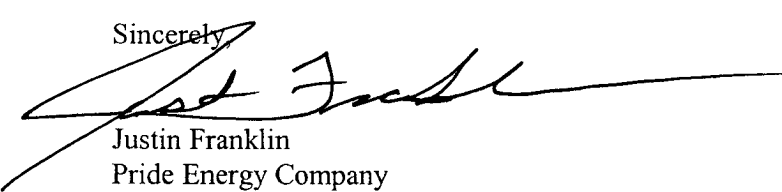
Mr. Mason,

AL

Your letter to Mr. Pride about the injection well San Isidro 7-11 (API # 30043207290) was correct. There were discrepancies reported on this lease due to incorrect filing procedures. The OGOR documents submitted to DOI-MMS were filed incorrectly. The injection well (API # 300432072900) and the oil well (API # 300432074200) were filed jointly under the same lease number (0300444530). The problem with the disposal well 7-11 was that it was reported each month as a WDW (status 05) with no activity and should have been reported on the OGOR part A as a WIW (status 04). As a result, on the OGOR part B the water production was reported incorrectly with a disposition code 17 (water injected/taken off lease). To correct the issue DOI-MMS was notified and the correct reporting procedures were explained. So, starting with the current reporting month the injection well on the OGOR part A shows that all water produced was reported as injected. Part B on the OGOR document has been reported using a code 4 (water injected on lease) which shows that all water produced was reported as injected. These changes have brought Pride Energy in compliance with DOI-MMS. In summary this will correct all future reporting discrepancies.

As for the State of New Mexico the volumes were omitted on the C115's because of employment changes and misunderstandings on the OGORs. I have since sent and included copies of the corrections to the C115 in order to be in compliance with the state. Please contact me if you have any other questions that you might have. I apologize again for the misunderstanding.

Sincerely,


Justin Franklin
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