



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

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

07-Apr-05

PRONGHORN MANAGEMENT CORP
PO BOX 1772
HOBBS NM 88241-

NOTICE OF VIOLATION - Inactive Well(s)

Dear Operator:

A review of our records and recent inspection(s) indicate that the subject well(s) has been shut-in for an extended period of time. Rule 201 of the Rules and Regulation of the Oil Conservation Division provides that a well may be shut-in no longer than sixty days after suspension of drilling operations, upon determining that the well is no longer usable (e.g., a dry hole), or one year after last production. To comply with guidelines as established in the Rules and Regulations, corrective actions must be taken immediately and the well(s) brought into compliance.

The detail section below indicates preliminary findings and/or probable nature of the violation.

The following options are available:

1. Immediately restore the well(s) to production, injection or disposal as applicable.
2. Request 'Temporary Abandoned' status pursuant to Rule 203, which requires that you set a plug and conduct a mechanical integrity test.
3. Submit a proposal to 'Plug and Abandon' the well(s) pursuant to Rule 202, proceed with plugging procedures on a timely basis after the proposal has been evaluated, amended and/or approved.

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 Division 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.

IDLE WELL INSPECTION DETAIL SECTION

STATE C 001	M-20-21S-35E	30-025-03485-00-00	Inspection No. iLWH0509159361
Inspection Date:	4/1/2005 4:29:16 PM	Corrective Action Due by:	5/18/2005
Type Inspection	Inspector	Violation?	*Significant Non-Compliance?
Compliance Verification	Buddy Hill	Yes	No
Comments on Inspection:	Idle Well (Rule 201), WELL IS SHUT IN ,DISCONNECTED. NEEDS T/A, P/A OR PUT BACK IN USE. SECOND NOTICE		

NEW MEXICO BZ STATE NCT 5 002	C-29-21S-35E	30-025-03522-00-00	Inspection No. iLWH0509159818
Inspection Date:	4/1/2005 4:36:54 PM	Corrective Action Due by:	5/18/2005
Type Inspection	Inspector	Violation?	*Significant Non-Compliance?
Compliance Verification	Buddy Hill	Yes	No
Comments on Inspection:	Idle Well (Rule 201),FLOW LINE OPEN, NEEDS T/A ,P/A OR PUT BACK I N USE,,SECOND NOTICE		

Oil Conservation Division * 1625 N. French Drive * Hobbs, New Mexico 88240
Phone: 505-393-6161 * Fax: 505-393-0720 * <http://www.emnrd.state.nm.us>

Pronghorn Management Corp.
Cases 13858 & 13859
OCD Ex. No. 34

NEW MEXICO DL STATE 001	I-18-23S-33E	30-025-28223-00-00	Inspection No. iELG0508844970
Inspection Date:	3/29/2005 12:29:25 PM	Corrective Action Due by: 7/2/2005	
Type Inspection	Inspector	Violation?	*Significant Non-Compliance?
Routine/Periodic	E.L. Gonzales	Yes	No
Comments on Inspection:	THIS WELL HAS BEEN IDLE A LONGTIME-- NO- ELEC. NEED TO T/A , P/A OR PUT WELL ON PRODUCTION. THIS IS THE 2ND LETTER OF NON-COMPLIANCE.		
NEW MEXICO DL STATE 002	O-18-23S-33E	30-025-28607-00-00	Inspection No. iELG0508843975
Inspection Date:	3/29/2005 12:12:48 PM	Corrective Action Due by: 7/2/2005	
Type Inspection	Inspector	Violation?	*Significant Non-Compliance?
Routine/Periodic	E.L. Gonzales	Yes	No
Comments on Inspection:	THIS WELL HAS BEEN IDLE A LONGTIME-- ALSO, NEEDS A WELL SIGN. THIS IS THE 2ND LETTER OF NON-COMPLIANCE.		
NEW MEXICO DL STATE 003	H-18-23S-33E	30-025-28608-00-00	Inspection No. iELG0508845798
Inspection Date:	3/29/2005 12:43:14 PM	Corrective Action Due by: 7/2/2005	
Type Inspection	Inspector	Violation?	*Significant Non-Compliance?
Routine/Periodic	E.L. Gonzales	Yes	No
Comments on Inspection:	THIS WELL HAS BEEN IDLE A LONGTIME--NEED TO T/A , P/A OR PUT ON PRODUCTION. THIS IS THE 2ND LETTER OF NON- COMPLIANCE.		
NEW MEXICO DL STATE 004	N-18-23S-33E	30-025-28609-00-00	Inspection No. iELG0508843416
Inspection Date:	3/29/2005 12:02:53 PM	Corrective Action Due by: 7/2/2005	
Type Inspection	Inspector	Violation?	*Significant Non-Compliance?
Routine/Periodic	E.L. Gonzales	Yes	No
Comments on Inspection:	THIS WELL HAS BEEN IDLE A LONGTIME-- NEED TO T/A , P/A OR PUT WELL ON PRODUCTION. THIS IS THE 2ND LETTER OF NON- COMPLIANCE.		
NEW MEXICO DL STATE 005	J-18-23S-33E	30-025-28610-00-00	Inspection No. iELG0508845350
Inspection Date:	3/29/2005 12:35:46 PM	Corrective Action Due by: 7/2/2005	
Type Inspection	Inspector	Violation?	*Significant Non-Compliance?
Routine/Periodic	E.L. Gonzales	Yes	No
Comments on Inspection:	THIS WELL HAS BEEN IDLE A LONGTIME-- NEED TO T/A , P/A OR PUT WELL ON PRODUCTION. THIS IS THE 2ND LETTER OF NON-COMPLIANCE.		
NEW MEXICO DL STATE 006	P-18-23S-33E	30-025-28659-00-00	Inspection No. iELG0508844617
Inspection Date:	3/29/2005 12:23:32 PM	Corrective Action Due by: 7/2/2005	
Type Inspection	Inspector	Violation?	*Significant Non-Compliance?
Routine/Periodic	E.L. Gonzales	Yes	No
Comments on Inspection:	THIS WELL HAS BEEN IDLE A LONGTIME-- NO FLOWLINE-- NEED TO T/A , P/A OR PUT WELL ON PRODUCTION. THIS IS THE 2ND LETTER OF NON-COMPLIANCE.		
NEW MEXICO EF STATE 001	L-17-23S-33E	30-025-28680-00-00	Inspection No. iELG0508846580
Inspection Date:	3/29/2005 12:56:15 PM	Corrective Action Due by: 7/2/2005	
Type Inspection	Inspector	Violation?	*Significant Non-Compliance?
Routine/Periodic	E.L. Gonzales	Yes	No
Comments on Inspection:	THIS WELL HAS BEEN IDLE A LONGTIME-- NO FLOWLINE-- NEED TO T/A , P/A OR PUT WELL ON PRODUCTION. WELL NEEDS A SIGN. THIS IS THE 2ND LETTER OF NON-COMPLIANCE.		
NEW MEXICO DL STATE 007	A-18-23S-33E	30-025-28681-00-00	Inspection No. iELG0508846123
Inspection Date:	3/29/2005 12:48:39 PM	Corrective Action Due by: 7/2/2005	
Type Inspection	Inspector	Violation?	*Significant Non-Compliance?
Routine/Periodic	E.L. Gonzales	Yes	No
Comments on Inspection:	THIS WELL HAS BEEN IDLE A LONGTIME-- NEED TO T/A , P/A OR PUT WELL ON PRODUCTION. THIS IS THE 2ND LETTER OF NON-COMPLIANCE.		

Inspection Date: 4/1/2005 4:33:57 PM

Corrective Action Due by: 5/18/2005

Type Inspection

Inspector

Violation?

*Significant Non-Compliance?

Compliance Verification

Buddy Hill

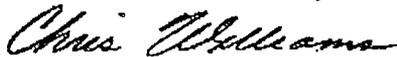
Yes

No

Comments on Inspection: Idle Well (Rule 201), SHUT IN. NEEDS T/A, P/A OR PUT BACK IN USE, SECOND NOTICE

Thank you for your prompt attention to this matter and your efforts in helping to protect our environment and the infrastructure of the oil and gas industry.

Sincerely,

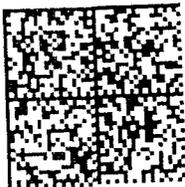

Chris Williams, District Supervisor

Hobbs OCD District Office

* Significant Non-Compliance events are reported directly to the U.S. Environmental Protection Agency, Region VI, Dallas, Texas.

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Oil Conservation Division
1625 N. French Drive
Hobbs, NM 88240

PRONGHORN MANAGEMENT CORP
P O BOX 1772
HOBBS, NM 88241



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