



**NEW MEXICO ENERGY, MINERALS and
NATURAL RESOURCES DEPARTMENT**

BILL RICHARDSON

Governor

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Director

Oil Conservation Division

Field Inspection Program

"Preserving the Integrity of Our Environment"

23-Feb-05

PRONGHORN MANAGEMENT CORP

PO BOX 1772

HOBBS NM 88241

NOTICE 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

HANNAFIN STATE No.001

L-17-19S-29E

30-015-26727-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
02/22/2005	Routine/Periodic Violations Surface Leaks/Spills	Mike Bratcher	Yes	No	3/22/2005	iMLB0505344453

Comments on Inspection: An approx 50'x25' area at wellhead on East side is covered with oil. Oil spray on vegetation is evident as far as an estimated 50 yards going East from wellhead. Tank battery consists of two upright storage tanks and a fiberglass netted top tank. The North storage tank appears to have been allowed to overflow with oil pooled at base and running out onto location. This well site has had two separate releases. There is no containment berm at tank battery. Well is in violation of Rule 13, Rule 116 and Rule 310. Delineation and remediation is required.

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.

Sincerely,



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.