

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

2007 JAN 9 AM 9 05

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER, FOR A COMPLIANCE ORDER AGAINST PRONGHORN MANAGEMENT CORP. 1) FINDING THAT OPERATOR KNOWINGLY AND WILLFULLY VIOLATED 19.15.4.201 NMAC AS TO SIXTEEN WELLS AND ASSESSING PENALTIES FOR THOSE VIOLATIONS; 2) REQUIRING OPERATOR TO BRING THE SIXTEEN WELLS INTO COMPLIANCE WITH 19.15.4.201 NMAC BY A DATE CERTAIN; AND 3) AUTHORIZING THE DIVISION TO PLUG SAID WELLS AND FORFEIT THE APPLICABLE FINANCIAL ASSURANCE IN THE EVENT OF NON-COMPLIANCE; LEA COUNTY, NEW MEXICO.

CASE NO. 13858

**ENTRY OF APPEARANCE AND
PRE-HEARING STATEMENT**

The Oil Conservation Division submits this entry of appearance and pre-hearing statement pursuant to OCD Rule 1211 [19.15.14.1211 NMAC].

APPEARANCES

APPLICANT

Oil Conservation Division

APPLICANT'S ATTORNEY

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Oil Conservation Division
Energy, Minerals and Natural
Resources Department
1220 S. St. Francis Drive
Santa Fe, NM 87505
(505) 476-3451
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RESPONDENT

Pronghorn Management Corp.

Pronghorn Management Corp.
P.O. Box 1772
Hobbs, NM 88241
(505) 392-2495
FAX: 505-392-2592

STATEMENT OF THE CASE

The Oil Conservation Division (OCD) seeks an order finding that Pronghorn Management Corp. (Pronghorn) knowingly and willfully violated 19.15.4.201 NMAC as to sixteen inactive wells and assessing penalties for those violations. In addition, the OCD seeks an order requiring Pronghorn to return those wells to compliance by a date certain, and authorizing the OCD to plug the wells and forfeit the applicable financial assurance if Pronghorn does not comply. Pronghorn has posted \$50,000 cash plugging bond.

The wells at issue in this case were the subject of inactive well agreed compliance orders 77 and 77-A. Those orders expired on May 31, 2006.

APPLICANT'S PROPOSED EVIDENCE

WITNESS:

ESTIMATED TIME:

Daniel Sanchez, Enforcement and Compliance
Manager

10 min.

Dorothy Phillips, Financial Assurance Administrator

by affidavit

PROCEDURAL MATTERS

The OCD requests that case 13858 be consolidated with case 13859 for purposes of testimony, because the testimony in the two cases will overlap.

Case 13859 is a compliance action against Pronghorn as to eleven inactive wells not covered by case 13858. Case 13859 alleges that Pronghorn falsely reported that the eleven wells were producing when they were not capable of production.

Respectfully submitted
this 9th day of January 2007 by




Gail MacQuesten
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Attorney for the Oil Conservation Division

CERTIFICATE OF SERVICE

9th I hereby certify that a copy of the foregoing pleading was served upon the following this
day of January 2007:

Pronghorn Management Corp.
P.O. Box 1772
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505-392-2592 (Fax)
(By first class mail and FAX)


Gail MacQuesten