

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

APPROVED BY: 1211-9-678, 33

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 THE OPERATOR KNOWINGLY AND WILLFULLY VIOLATED NMSA 1978, SECTION 70-2-31(B)(2), 19.15.13.1115.A NMAC, AND 19.15.4.201 NMAC AS TO ELEVEN WELLS; 2) ASSESSING PENALTIES FOR THE VIOLATIONS; 3) REQUIRING OPERATOR TO FILE CORRECTED PRODUCTION REPORTS BY A DATE CERTAIN; 4) REQUIRING OPERATOR TO BRING THE ELEVEN WELLS INTO COMPLIANCE WITH 19.15.4.201 NMAC BY A DATE CERTAIN AND AUTHORIZING THE DIVISION TO PLUG SAID WELLS AND FORFEIT THE APPLICABLE FINANCIAL ASSURANCE IN THE EVENT OF NON-COMPLIANCE; AND REQUIRING OPERATOR TO PROVIDE CONTACT INFORMATION FOR PRIVATE LESSORS AFFECTED BY THE VIOLATIONS; LEA COUNTY, NEW MEXICO.

CASE NO. 13859

**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

Gail MacQuesten
Oil Conservation Division
Energy, Minerals and Natural
Resources Department
1220 S. St. Francis Drive
Santa Fe, NM 87505
(505) 476-3451
FAX: 476-3462

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 NMSA 1978, Section 70-2-31(B)(2), 19.15.13.1115.A NMAC and 19.15.4.201 NMAC as to eleven inactive wells by filing false

reports of production for the wells when the wells were incapable of production, and failing to comply with the OCD's inactive well rules.


The OCD also requests that the order impose penalties for those knowing and willful violations, require Pronghorn to file corrected reports by a date certain, require Pronghorn to bring the wells into compliance with 19.115.4.201 NMAC by a date certain and authorize the OCD to plug the wells and forfeit the applicable financial assurance if Pronghorn fails to comply, and require Pronghorn to provide contact information for private lessors affected by the violations.

Pronghorn has posted \$50,000 cash plugging bond.

APPLICANT'S PROPOSED EVIDENCE

WITNESS:	ESTIMATED TIME:
Daniel Sanchez, Enforcement and Compliance Manager	30 minutes
Dorothy Phillips, Financial Assurance Administrator	by affidavit
Larry ("Buddy") Hill, District I Well production and activity	20 minutes
Chris Williams, District I Well production and activity	10 minutes

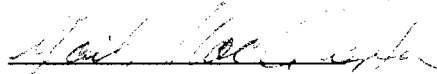
PROCEDURAL MATTERS

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

Case 13858 is a compliance action against Pronghorn as to sixteen inactive wells not covered by case 13859. Case 13858 alleges that Pronghorn knowingly and willfully failed to comply with 19.15.4.201 NMAC as to the sixteen wells by failing to plug them, place them on approved temporary abandonment status or return them to beneficial use after more than 15 months of inactivity.

In addition, the OCD requests that Mr. Hill and Mr. Williams be allowed to testify by telephone.

Respectfully submitted
this 7th day of January 2007 by



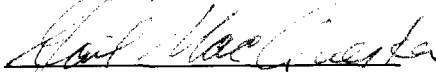
Gail MacQuesten
Oil Conservation Division
Energy, Minerals and Natural
Resources Department
1220 S. St. Francis Drive
Santa Fe, NM 87505
(505) 476-3451

Attorney for the Oil Conservation Division

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following this
2nd day of January 2007:

Pronghorn Management Corp.
P.O. Box 1772
Hobbs, NM 88241
505-392-2592 (Fax)
(By first class mail and FAX)


Gail MacQuesten