

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

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER, FOR A COMPLIANCE AORDER 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. 13859

PRE-HEARING STATEMENT

This Pre-hearing statement is submitted by Pronghorn Management Corporation, by and through its undersigned counsel, Ernest L. Padilla, Padilla Law Firm, P.A. as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT:

OIL CONSERVATION DIVISION

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 CORPORATION

Ernest L. Padilla  
PADILLA LAW FIRM, P.A.  
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## **STATEMENT OF THE CASE**

### RESPONDENT:

Pronghorn Management Corporation's position is that it is substantially complying with the Division's compliance orders. Despite its limited financial resources, Pronghorn has spent over \$300,000.00 in the last four months on the New Mexico State D.L. and E.F. leases. This work and expenditures have been slowed by scheduling and availability of qualified and safe working contractors.

The D.L. #4 has been placed back in production and the E. F. #3 has been recompleted as a salt water injection well. Pumping units have been placed on the D.L. #3, #5 and the E.F. #1. Electricians are scheduled in have been working in the last three weeks installing electricity for these three wells and should be producing oil and gas in next two weeks.

Pronghorn has re-worked flow lines, set a S.W.D. pump, re-worked and replaced equipment and connections at the tank battery, cleaned and re-worked location and roads, among other work to prepare for having all wells in compliance.

## **RESPONDENT'S PROPOSED EVIDENCE**

### RESPONDENT'S WITNESSES:

G.A. Baber

### RESPONDENT'S EXHIBITS:

1. Spreadsheet showing status of all affected wells, including expenditures, work performed, production status.

## **PROCEDURAL MATTERS**

Respondent objects to assessment of penalties through administrative hearings. Penalties may only be assessed by the Oil Conservation Division in accordance with NMSA 1978, Section 70-2-31.

Respectfully submitted:

PADILLA LAW FIRM, P.A.

By:



Ernest L. Padilla

P.O. Box 2523

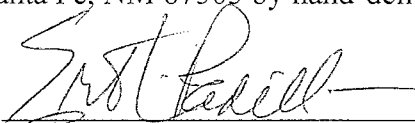
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**CERTIFICATE OF SERVICE**

I hereby certify that I caused a copy of this Pre-Hearing Statement to be served upon Gail MacQuesten, Oil Conservation Division, Energy, Minerals and Natural Resources Department, 1220 S. St. Francis Drive, Santa Fe, NM 87505 by hand-delivery this 14th day of January, 2008.



ERNEST L. PADILLA