

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

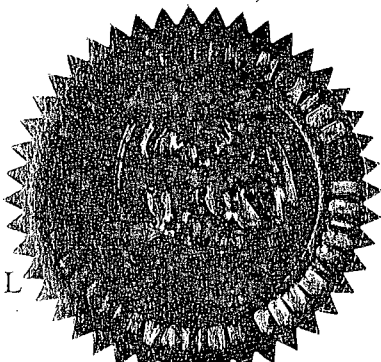
APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION,
THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER,
FOR A COMPLIANCE ORDER AGAINST PRONGHORN MANAGEMENT CORP.
1) FINDING THAT OPERATOR KNOWINGLY AND WILLFULLY VIOLATED
NMSA 1978 SECTION 70-2-31(B)(2), 19.15.13.1115.A NMAC, AND 19.15.4.201
NMAC AS TO ELEVEN WELLS; 2) ASSESSING PENALTIES FOR THE
VIOLATIONS; 3) REQUIRING OPERATOR TO FILE CORRECTED PRODUCTION
REPORTS BY A DATE CERTAIN; 4) 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
ORDER NO. R-12768-A

ORDER TO SHOW CAUSE

Pronghorn Management Corporation by and through its counsel, Ernest L. Padilla, filed a Request for De Novo Hearing of this matter with the Oil Conservation Commission Clerk on July 24, 2007. The Oil Conservation Division entered its order in this matter on June 15, 2007. 19.15.14.1221 NMAC provides that a party has the right to have a matter heard de novo before the Oil Conservation Commission if the party files a written application for a de novo hearing within 30 days from the date the Oil Conservation Commission issued its order. Pronghorn Management Corporation failed to file its request for de novo hearing within 30 days of June 15, 2007. Therefore, Pronghorn Management Corporation is ordered to show cause at the September 13, 2007 Oil Conservation Commission meeting why the Oil Conservation Commission should grant the request given that Pronghorn Management Corporation did not timely file the request.

DONE at Santa Fe, New Mexico on the 30th of July 2007.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

MARK E. FESMIRE, P.E., CHAIR