

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 ORDER AGAINST PRONGHORN MANAGEMENT CORP.
PURSUANT TO NMSA 1978, SECTION 70-2-14(B) ORDERING PRONGHORN
MANAGEMENT CORP. TO PLUG AND ABANDON ALL WELLS IT
OPERATES IN NEW MEXICO BY A DATE CERTAIN AND AUTHORIZING
THE DIVISION TO PLUG SAID WELLS AND FORFEIT THE APPLICABLE
FINANCIAL ASSURANCE IN THE EVENT OF NON-COMPLIANCE; LEA AND
EDDY COUNTIES, NEW MEXICO.

CASE NO. 1405

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

ATTORNEY

APPLICANT:

OIL CONSERVATION DIVISION

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.
P.O. Box 2523
Santa Fe, NM 87504
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(505) 988-7592 Fax

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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.

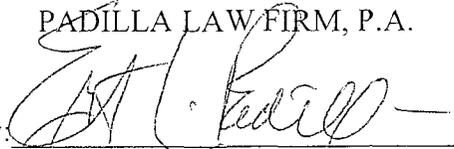
PROCEDURAL MATTERS

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

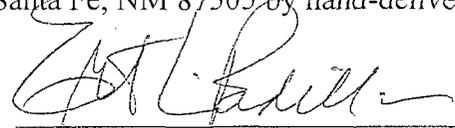
Santa Fe, New Mexico 87504

(505) 988-7577

FAX: 988-7592

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 4th day of January, 2008.


ERNEST L. PADILLA