

"Blue" Wells:

Violations Alleged:

- False reporting (NMSA 1978, Section 70-2-31(B)(2) and 19.15.13.1115.A NMAC)
- Inactive wells (19.15.4.201 NMAC)

Wells at issue:

1. Fields #004*
2. J F Black #001
3. Marshall #007*
4. New Mexico BZ State NCT 5 #001
5. New Mexico BZ State NCT 5 #002
6. New Mexico BZ State NCT 5 #003
7. New Mexico DL State #001*
8. New Mexico DL State #002*
9. New Mexico EF State #001*
10. State C #001
11. State HL #001

History of Compliance Action by OCD:

10-23-06	Notice of Violation
12-6-06	Case 13859 filed (covers the 11 wells at issue)
3-1-07	Case 13859 heard
6-15-07	Order R-12768 Issued in Case 13859 (covers 11 wells at issue)
9-13-07	Commission dismisses De Novo Application
11-15-07	Case 13859 re-opened (subject of de novo review)
11-15-07	Case 14052 filed (subject of de novo review)
1-10-08	Case 14052 heard
1-10-08	Hearing on Motion for Order to Show Cause in Case 13859
6-23-08	Order R-12768-C issued in Case 13859 and Case 14052

Pending Orders:

- R-12768: Requires operator to return 11 wells at issue to compliance with inactive well rule by 12-30-07; file corrected production reports on the 11 wells by 7-30-07 (no C-104s are to be issued until operator corrects false reports); provide contact information by 7-30-07 for private lessors affected by false reports; pay \$72,000 penalty by 7-30-07.
- R-12768-C: Requires operator to plug or transfer all wells by 12-31-08

Compliance Action by Operator:

- Filed corrected reports for all wells after deadline
- Returned two wells to compliance: NM DL State #001 and NM EF State #001
- Transferred 5 wells to TriTex, including 2 returned to compliance

Compliance Action Not Taken:

*Oil Conservation Commission
Cases 13859 & 14052 De Novo
Pronghorn Management Corp.
OCD Exhibit 4*

- Nine wells have not been returned to compliance with inactive well rule
- Private lessor contact information has not been provided.
- Penalty has not been paid.
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~~Wells transferred to Fri-Tex Resources, LLC, effective 9/15/08.~~