

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. 14052

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

Affidavit of Dorothy Phillips

STATE OF NEW MEXICO)
) SS.
COUNTY OF SANTA FE)


Dorothy Phillips, being first duly sworn on oath, states as follows:

1. I have been employed at the Santa Fe, New Mexico office of the Oil Conservation Division ("OCD") since 1981.
2. My current duties include maintaining records of financial assurance documents filed by operators pursuant to NMSA 1978, Section 70-2-14.
3. I have reviewed OCD's financial assurance records to determine if the wells operated by Pronghorn Management Corp., OGRID 122811, are covered by a financial assurance.
4. Pronghorn Management Corp. posted a \$50,000 cash blanket plugging bond, No. OCD-482. The cash collateral for the bond was deposited with the Lea County State Bank in Hobbs, New Mexico.
5. The OCD forfeited the \$50,000 cash blanket plugging bond pursuant to NMSA 1978, Section 70-2-14, as partial payment of plugging costs incurred by the state. The \$50,000 was deposited in the oil and gas reclamation fund.

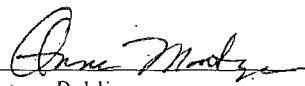
6. Pronghorn Management Corp. currently does not have a blanket financial assurance in effect to cover the plugging of its wells in New Mexico.

7. Attached as Exhibit A to this affidavit is the Inactive Well Additional Financial Assurance Report for Pronghorn Management Corp. As of the date of this affidavit, Pronghorn Management Corp. has not posted single well financial assurances for any of its wells. Wells identified in Exhibit A that have a "Y" in the column marked "in violation" are state or fee wells that have been inactive for more than two years and require a single well financial assurance under 19.15.3.101.B NMAC.

THIS CONCLUDES MY AFFIDAVIT.


Dorothy Phillips

SUBSCRIBED AND SWORN before me this 27 day of October, 2008.


Notary Public

My Commission Expires:

3-14-2010

Inactive Well Additional Financial Assurance Report

122811 PRONGHORN MANAGEMENT CORP

Total Well Count: 21

Printed On: Monday, October 27 2008

Property	Well Name	Lease Type	ULSTR	OCD Unit Letter	API	Well Type	Last Prod/Inj	Inactive Additional Bond Due	Measured Depth	Required Bond Amount	Bond Required Now	Bond In Place	In Violation
16106	ATLANTIC STATE #001	S	N-4 -17S-28E	N	30-015-10266	G	09/2000	10/01/2002	1368	6368	Y	0	Y
15356	EDDY STATE #001	S	G-6 -19S-25E	G	30-015-23248	O	07/2008	08/01/2010	Unknown	Unknown		0	
14992	FOWLER B #001	P	K-6 -19S-38E	K	30-025-28197	O	09/1985	10/01/1987	4303	9303	Y	0	Y
16105	HANNAFIN STATE #001	S	L-17-19S-29E	L	30-015-26727	O	07/2006	08/01/2008	2112	7112	Y	0	Y
14995	HOWSE C #001	P	H-11-20S-38E	H	30-025-22165	O	07/2008	08/01/2010	7810	12810		0	
14988	J F BLACK #001	P	G-21-24S-37E	G	30-025-11178	O	12/2001	01/01/2004	3495	8495	Y	0	Y
	J F BLACK #003	P	B-21-24S-37E	B	30-025-11182	O	12/1993	01/01/1996	3600	8600	Y	0	Y
	J F BLACK #004	P	F-21-24S-37E	F	30-025-11183	O	10/1987	11/01/1989	3617	8617	Y	0	Y
	J F BLACK #005	P	K-21-24S-37E	K	30-025-21401	O	01/1984	02/01/1986	3700	8700	Y	0	Y
	J F BLACK #006	P	F-21-24S-37E	F	30-025-21478	I	07/1991	08/01/1993	3696	8696	Y	0	Y
	J F BLACK #007	P	C-21-24S-37E	C	30-025-21479	I	05/1985	06/01/1987	3635	8635	Y	0	Y
15327	LONG BOX COM #001	F	H-30-20S-24E	H	30-015-22624	G	10/2005		8649			0	
14987	NEW MEXICO BZ STATE NCT 5 #001	S	D-29-21S-35E	D	30-025-03521	O	12/2001	01/01/2004	3899	8899	Y	0	Y
	NEW MEXICO BZ STATE NCT 5 #002	S	C-29-21S-35E	C	30-025-03522	O	12/2001	01/01/2004	3900	8900	Y	0	Y
	NEW MEXICO BZ STATE NCT 5 #003	S	E-29-21S-35E	E	30-025-03523	O	12/1992	01/01/1995	3951	8951	Y	0	Y
	NEW MEXICO BZ STATE NCT 5 #004	S	F-29-21S-35E	F	30-025-03524	O	06/1986	07/01/1988	3941	8941	Y	0	Y
	NEW MEXICO BZ STATE NCT 5 #005	S	D-29-21S-35E	D	30-025-32362	O	06/2008	07/01/2010	3963	8963		0	
16104	SIVLEY STATE #001	S	M-17-19S-29E	M	30-015-26837	O	04/2006	05/01/2008	99999	Unknown	Y	0	Y
14984	STATE C #001	S	M-20-21S-35E	M	30-025-03485	O	12/2001	01/01/2004	3921	8921	Y	0	Y
15000	STATE HL #001	S	L-2 -23S-33E	L	30-025-26492	O	12/2001	01/01/2004	15640	20640	Y	0	Y
15358	STATE M #001	S	M-36-17S-27E	M	30-015-24612	O	11/1995	12/01/1997	1451	6451	Y	0	Y

WHERE Ogrid:122811

Exhibit A