

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

RECEIVED OGD
2010 JAN 21 P 1:50
CASE NO. 13859

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER, FOR A COMPLIANCE ORDER AGAINST PRONGHORN MANAGEMENT CORPORATION, 1) FINDING THAT THE OPERATOR KNOWINGLY AND WILLFULLY VIOLATED NMSA 1978, SECTION 70-2-31(B)(2), 19.15.13.115.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. 14052

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER, FOR A COMPLIANCE ORDER AGAINST PRONGHORN MANAGEMENT CORPORATION PURSUANT TO NMSA 1978, SECTION 70-2-14(B) ORDERING PRONGHORN MANAGEMENT CORPORATION 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.

**DELONG, LC MOTION
TO REOPEN CASE NOS. 13859 AND 14052**

DeLong, LC (“DeLong”) moves the Division to reopen Case Nos. 13859 and 14052 for the sole purpose of removing from the plugging requirement in Order No. R-12768-C the four oil and gas wells that DeLong has acquired from Pronghorn Management Corporation (“Pronghorn”). In support of its motion, DeLong states:

1. DeLong, a New Mexico limited liability company, is a registered New Mexico oil and gas operator (OGRID 258950).

2. Following a hearing in Case No. 13859, the Division Director issued Order No. R-12768, which found that Pronghorn knowingly and willfully violated NMSA 1978, § 70-2-31(B)(2) and 19.15.13.115.A NMAC, required Pronghorn to bring twelve of its wells into compliance by a date certain, and assessed a \$72,000 penalty.

3. In companion Case No. 14052, the Division's Enforcement and Compliance Manager ("ECM") filed an application requesting: (a) the reopening of Case No. 13859 because Pronghorn failed to comply with the requirements in Order No. R-12768; and (b) an order requiring Pronghorn to plug and abandon all of its 39 oil and gas wells. In Order No. R-12768-C, the Division Director consolidated Case Nos. 13859 and 14052 and ordered that: (a) Pronghorn shall no longer be allowed to operate as an oil and gas operator in New Mexico; (b) Pronghorn must either (i) transfer all of its wells to another operator within six months or (ii) plug and abandon its wells no later than December 31, 2008; and (c) in the event that Pronghorn did not transfer or plug the wells within the specified deadlines, the Division should forfeit Pronghorn's financial assurance and plug the wells.

4. DeLong has been informed that Pronghorn failed to comply with the requirements set out in Order No. 12768-C and that the ECM is currently implementing a program for the plugging of all of Pronghorn's wells.

5. After the December 21, 2008 deadline in Order No. R-12768-C for Pronghorn to transfer its wells to another operator, DeLong acquired the following wells from Pronghorn:

<u>Well Name</u>	<u>API No.</u>
Atlantic State #001	30-015-10266
Eddy State #001	30-015-23248
Hannafin State #001	30-015-26727
Sivley State #001	30-015-26837

6. DeLong has not operated any of these wells since it acquired them from Pronghorn. DeLong believes that all of the wells can be put to beneficial use and desires to become the Division-approved operator of the wells in order to return them to production.

7. Accordingly, DeLong seeks to reopen Case Nos. 13859 and 14052 for the limited purpose of removing these wells from the plugging requirement in Order No. R-12768-C and the ECM's current plugging program and seeking Division approval of a change of operator for the wells.

8. Authorizing DeLong to become the operator of the wells it has acquired from Pronghorn and return the wells to production will preserve Division resources, prevent waste, and generate revenue for the State of New Mexico.

9. DeLong acknowledges and understands that it cannot operate the wells unless and until the Division approves the change of operator. Toward that end, DeLong is ready and willing to undertake all necessary actions, including entering into an inactive well agreed compliance order and posting single-well financial assurances, to obtain the Division's approval of the change of operator.

10. DeLong is contemporaneously filing a separate motion requesting a stay of the plugging requirement in Order No. R-12768-C for the wells listed in ¶5, above.

WHEREFORE, DeLong respectfully requests that the Division reopen Case Nos. 13859 and 14052 for the purpose of removing the four Pronghorn wells listed in ¶5, above, from the plugging requirement in Order No. 12768-C.

HINKLE HENSLEY, SHANOR &
MARTIN, L.L.P.



Gary W. Larson
Post Office Box 2068
Santa Fe, New Mexico 87504-2068
(505) 982-4554

Counsel for DeLong, LC

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing *Motion to Reopen Case Nos. 13859 and 14052* was hand delivered on this 21st day of January 2010, to:

Daniel Sanchez
Enforcement and Compliance Manager
Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505



Gary W. Larson