

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

**APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION,
THROUGH THE SUPERVISOR OF DISTRICT I, FOR AN ORDER REQUIRING
PRONGHORN MANAGEMENT CORPORATION TO PROPERLY PLUG
ELEVEN (11) WELLS, AUTHORIZING THE DIVISION TO PLUG SAID
WELLS AND ORDERING A FORFEITURE OF APPLICABLE PLUGGING
BOND; LEA COUNTY, NEW MEXICO.**

2005 JUN 17
CASE NO. 13524

APPLICATION FOR PLUGGING AND FORFEITURE OF BOND

1. Pronghorn Management Corporation ("Operator") is the operator of one well or wells specifically identified on Exhibit A hereto (which Exhibit is incorporated herein by this reference for all purposes) located in Lea County, New Mexico. The said well or wells are hereinafter called the "subject well(s)," whether one or more.

2. Operator has posted financial assurance in the form of a blanket cash bond in the amount of \$50,000 to secure its obligation to properly plug and abandon all wells in the State of New Mexico in compliance with NMSA 1978, Sec. 70-2-14 and O.C.D. Rule 101, which cash bond is conditioned upon compliance with the statutes of the State of New Mexico and the Rules of the Oil Conservation Division ("Division") with respect to the proper plugging and abandonment of wells.

3. The subject well(s) have not produced any hydrocarbon or carbon dioxide substance nor been used for injection for more than one year and are no longer being used for beneficial purposes. No permit for temporary abandonment has been requested by the Operator or approved by the Division with respect to any of the subject well(s).

4. By virtue of Operator's failure to use the subject well(s) for production or other beneficial purposes or to secure a current temporary abandonment permit, the subject well or wells are presumed abandoned, and are required to be plugged.

5. Division Rule 201.B, issued pursuant to the authority of NMSA 1978, Secs. 70-2-12 and 70-2-14, requires that wells that are inactive for more than one year or are no longer usable for beneficial purposes, and not temporarily abandoned pursuant to Rule 203, be properly plugged.

6. Division Rule 101.M, issued pursuant to the same authority, authorizes the Division, after notice and hearing, to order the operator to plug and abandon any well or wells not in compliance with Rule 201 in accordance with a Division approved plugging program, and to direct the Division to cause such well or wells to be plugged and the operator's financial assurance to be forfeited if, after the time provided in such order, the operator and its surety, if any, have failed to comply.

WHEREFORE, the Supervisor of District I of the Division hereby applies to the Director to enter an order:

- A. Determining whether the subject well(s) should be plugged and abandoned in accordance with a Division-approved plugging program.
- B. Upon a determination that the subject well(s) should be plugged, directing the Operator to plug the wells by a date certain.
- C. Further ordering that if the Operator fails to plug and abandon the subject well(s) as ordered by the Director, the Division be authorized: (i) to plug the subject wells in accordance with a division-approved plugging

program; (ii) to declare forfeit the security furnished by the Operator, if any; and (iii) to take necessary and appropriate measures to recover from the Operator any costs of plugging the subject well(s) in excess of the amount of the bond or other security, if any.

- D. For such other and further relief as the Director deems just and proper under the circumstances.

RESPECTFULLY SUBMITTED,

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Conservation Division

CASE NO. _____

EXHIBIT A to Application

API No.	Well Name and Number	LN/ULSTR	Footage Location
	Pronghorn Management Corporation		
30-025-28197	Fowler "B" Well No. 1	K-6-19S-38E	2310' FSL & 2317' FWL
30-025-11182	J. F. Black Well No. 3	B-21-24S-37E	660' FNL & 1980' FEL
30-025-11183	J. F. Black Well No. 4	F-21-24S-37E	1980' FN & WL
30-025-21401	J. F. Black Well No. 5	K-21-24S-37E	1980' FSL & 2030' FWL
30-025-08358	Marshall Well No. 1	4/M-19-23S-33E	660' FS & WL
30-025-25000	Marshall Well No. 5	F-19-23S-33E	1980' FN & WL
30-025-03524	New Mexico "BZ" State (NCT-5) Well No. 4	F-29-21S-35E	1980' FN & WL
30-025-32362	New Mexico "BZ" State (NCT-5) Well No. 5	D-29-21S-35E	40' FNL & 750' FWL
30-025-28659	New Mexico "DL" State Well No. 6	P-18-23S-33E	660' FS & EL
30-025-21478	J. F. Black Well No. 6	F-21-24S-37E	2630' FNL & 1340' FWL
30-025-21479	J. F. Black Well No. 7	C-21-24S-37E	1310' FNL & 2626' FWL

Case No. 13524. **Application of the New Mexico Oil Conservation Division for an Order Requiring Pronghorn Management Corporation to Properly Plug Eleven Well(s), Authorizing the Division to Plug Said Well(s) in Default of Compliance by Operator, and Ordering a Forfeiture of Applicable Security, if Any, Lea County, New Mexico.** The Applicant seeks an order requiring Pronghorn Management Corporation, the operator of Eleven inactive well(s) in Lea County, New Mexico, to properly plug and abandon the same, authorizing the Division to plug said well or wells if the operator fails to do so, and forfeiting Operator's plugging security. The affected wells are the following:

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