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

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION FOR THE PURPOSE OF
CONSIDERING:

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 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) COMPLIANCE WITH 19.15.4.201 NMAC BY A DATE CERTAIN;
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 (De Novo)
Order No. R-12768-B

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on September 13, 2007, at Santa
Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter
referred to as the "Commission."

NOW, on this 13th day of September, the Commission, a quorum being present,
having considered the record and being fully advised in the premises,

FINDS THAT:

(1) On December 6, 2006, the Oil Conservation Division (Division) filed an
application seeking an order requiring Pronghorn Management Corporation (Pronghorn)
to bring eleven wells at various locations in Lea County, New Mexico, 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 by the operator.

(2)     The Division also sought a penalty of $72,000 for filing false production reports on the eleven wells, to require Pronghorn to file corrected production reports by a date certain, and to provide contact information for private lessors affected by filing false production reports.

(3)     The case was heard by an examiner on March 1, 2007, and Order No. R-12768 was issued by the Division on June 15, 2007, ordering Pronghorn to plug and abandon the eleven wells, or secure approved temporary abandonment status for the wells, or return the subject wells to Division approved beneficial use by December 30, 2007. The order also authorized the Division to plug and abandon the subject wells and forfeit the blanket cash plugging bond in the event of Pronghorn's failure to comply. Pronghorn was also assessed a penalty of $72,000 to be paid by July 30, 2007.

(4)     Rule 19.15.14.1221 NMAC provides that a party has the right to have a matter heard de novo before the Oil Conservation Commission if the party files a written application for de novo hearing within 30 days from the date the Oil Conservation Division issued its order. Pronghorn, by and through its counsel, filed its request for de novo hearing of this matter on July 24, 2007, more than 30 days after Order No. R-12768 was issued.

(5)     By Division Order No. R-12768-A, Pronghorn was ordered to show cause at the September 13, 2007 Oil Conservation Commission Meeting why the Commission should grant the request for de novo hearing given that Pronghorn did not timely file the request.
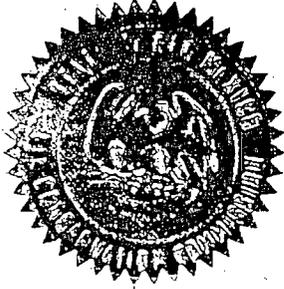
(6)     Pronghorn has requested dismissal of its request for a de novo hearing, thereby making the show cause hearing unnecessary.

IT IS THEREFORE ORDERED THAT:

(1)     Case 13859 De Novo is hereby dismissed and Division Order No. R-12768 is hereby continued in full force and effect until further notice.

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DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JAMI BAILEY, CPG, Member

WILLIAM OLSON, Member

MARK E. FESMIRE, P.E., Chair

SEAL