

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

CASE NO. 13858
ORDER NO. R-12767

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION ("DIVISION") THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER FOR A COMPLIANCE ORDER AGAINST PRONGHORN MANAGEMENT CORP; (1) FINDING THAT OPERATOR KNOWINGLY AND WILLFULLY VIOLATED 19.15.4.201 NMAC AS TO SIXTEEN WELLS; (2) REQUIRING OPERATOR TO BRING THE SIXTEEN WELLS INTO COMPLIANCE WITH 19.15.4.201 NMAC BY A DATE CERTAIN; AND (3) AUTHORIZING THE DIVISION TO PLUG SAID WELLS AND FORFEIT THE APPLICABLE FINANCIAL ASSURANCE IN THE EVENT OF NON-COMPLIANCE; LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on March 1, 2007, at Santa Fe, New Mexico, before Examiner Richard I. Ezeanyim.

NOW, on this 15th day of June 2007, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.

(2) Division Case Nos. 13858 and 13859 were consolidated for the purpose of testimony, however, separate orders will be issued in each case.

(3) In Case No. 13858, the New Mexico Oil Conservation Division ("Division") seeks an order requiring Pronghorn Management Corporation to bring each of the following sixteen listed wells into compliance with 19.15.4.201 NMAC within a date certain by either plugging and abandoning the wells in accordance with 19.15.4.202 NMAC, or securing approved temporary abandonment status for the subject wells in accordance with 19.15.4.203, or returning the subject wells to Division approved beneficial use.

*Oil Conservation Commission
Cases 13859 & 14052 De Novo
Pronghorn Management Corp.
OCD Exhibit 20*

Well Name	API Number	Location
(a) Fowler B #001	30-025-28197	K-6-19S-38E
(b) JF Black #003	30-025-11182	B-21-24S-37E
(c) JF Black #004	30-025-11183	F-21-24S-37E
(d) JF Black #005	30-025-21401	K-21-24S-37E
(e) JF Black #006	30-025-21478	F-21-24S-37E
(f) JF Black #007	30-025-479	C-21-24S-37E
(g) Marshall #001	30-025-08358	4-19-23S-33E
(h) Marshall #005	30-025-25000	F-19-23S-33E
(i) Marshall #008	30-025-25642	3-19-23S-33E
(j) New Mexico BZ State	30-025-03524	F-29-21S-35E
(k) New Mexico DL state #003	30-025-28608	H-18-23S-33E
(l) New Mexico DL state #004	30-025-28609	N-18-23S-33E
(m) New Mexico DL state #005	30-025-28610	J-18-23S-33E
(n) New Mexico DL state #006	30-025-28659	P-18-23S-33E
(o) New Mexico DL state #007	30-025-28681	A-18-23S-33E
(p) New Mexico EF State #003	30-025-28697	M-17-23S-33E

(4) The Division also seeks an order determining that Pronghorn Management Corporation ("operator") knowingly and willfully violated 19.15.4.201 NMAC as to the subject wells, and if the wells are not brought into compliance with 19.15.4.201 by a date set in the order, the Division should be authorized to plug and abandon the wells and declare forfeiture of applicable financial assurance.

(5) The Division appeared at the hearing through legal counsel and presented the following testimony.

(a) Pronghorn Management Corporation is the current operator of the sixteen wells listed in finding paragraph (3):

- (b) The sixteen wells have been inactive for at least a continuous period of one (1) year plus ninety (90) days;
- (c) Pronghorn Management Corporation knowingly and willfully violated 19.15.4.201 NMAC as to the subject wells because it failed to comply with the terms and conditions of Agreed Compliance Orders ACOI 77, and ACOI 77-A; and
- (d) The subject wells are neither plugged and abandoned in accordance with 19.15.4.202 NMAC, nor placed on approved temporary abandonment status in accordance with 19.15.4.203

(6) The Division records indicate that Pronghorn Management Corporation posted \$50,000 cash blanket plugging bond number OCD-482 which is deposited with the Lea County State Bank in Hobbs, New Mexico.

(7) Pronghorn Management Corporation appeared at the hearing through legal counsel but did not contest the testimony presented by the Division in Case No. 13858.

(8) The Division concludes that Pronghorn Management Corporation is the operator of the sixteen wells listed in Finding Paragraph (3). The Division also finds that Pronghorn Management Corporation knowingly and willfully violated 19.15.4.201 by failure to comply with the terms and conditions set forth in the Agreed Compliance Order Nos. ACOI 77, and ACOI 77-A, and therefore it should be ordered to plug and abandon the wells.

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the application of the Division, Pronghorn Management Corporation is hereby ordered to plug and abandon the following listed sixteen wells, or secure approved temporary abandonment status for the wells, or return the subject wells to Division approved beneficial use by October 2, 2007.

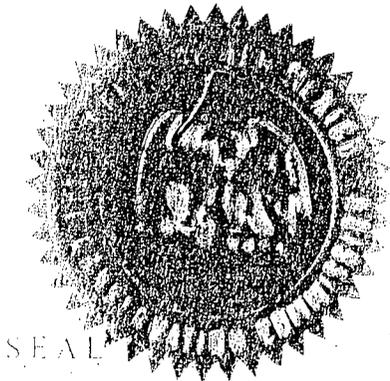
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(2) Should Pronghorn Management Corporation fail to comply with the Ordering Paragraph (1) above, the Division shall be authorized to plug and abandon the subject wells, and the blanket cash plugging bond number OCD-482 shall be forfeited.

(3) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read "Mark E. Fesmire", is written over a horizontal line.

MARK E. FESMIRE, P.E.
Director