

**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

CASE NO. 12905
(de novo)

IN THE MATTER OF THE APPLICATION OF
PRONGHORN MANAGEMENT CORP. FOR
SALT WATER DISPOSAL, LEA COUNTY, NEW MEXICO

PRE-HEARING STATEMENT

This Prehearing Statement is submitted by Ernest L. Padilla, Padilla Law Firm,
PA as required by the Oil Conservation Commission.

APPEARANCES OF PARTIES

PRONGHORN MANAGEMENT CORP.

ATTORNEY

Ernest L. Padilla
PADILLA LAW FIRM, P.A.
P.O. Box 2523
Santa Fe, NM 87504
(505) 988-7577

OPPOSITION OR OTHER PARTY

ATTORNEY

1) DKD, L. L. C.

Paul Owen
MONTGOMERY &
ANDREWS P.A.
P.O. Box 2307
Santa Fe, NM 87504
(505) 982-3873

STATEMENT OF CASE

APPLICATION

(Please make a concise statement of what is being sought with this application
and the reasons therefore.)

Applicant requests authorization to dispose of produced salt water through its State "T" Well No. 2 (API No. 30-025-03735) located 4,290 feet from the south line and 500 feet from the west line (Unit L) of Section 6, T16S, R36E, NMPM, Lea County, New Mexico. This application has previously been approved under Administrative Order SWD-836, which was suspended by Division Order R-

OPPOSITION OR OTHER PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

The opposing party, DKD, L.L.C., an operator of a commercial salt water disposal well in the immediate area of Applicant's proposed salt water disposal well, has filed its objection to Administrative Order SWD-836 on the basis that it did not receive notice of the application. It further contends that Applicant's application is deficient.

PROPOSED EVIDENCE

APPLICANT

WITNESSES
(Name and Expertise)

EST. TIME

EXHIBITS

Applicant will ask that the exhibits introduced before the Division be included as part of the record before the Commission. Nevertheless, Applicant will introduce the following exhibits through the following witnesses:

G. A. Baber
(Mr. Baber is a principal in
the Applicant organization.)

30-45 minutes

(1) C-108
(2) C-103s
State T No. 1
State T No. 3
State T No. 4
(3) Warranty Deed
Moreno to
Gandy
Corporation
(4) Chesapeake letter
to Applicant 10/22/02

Larry R. Scott
(Petroleum Engineer)

30 minutes

(5) Outline of
Testimony
(6) 8/20/02 volume
calculation

Applicant may also call Dale Gandy of Gandy Corporation, Applicant's partner in the project as to the needs of additional salt water disposal facilities in the area.

OPPOSITION

WITNESSES

EST. TIME

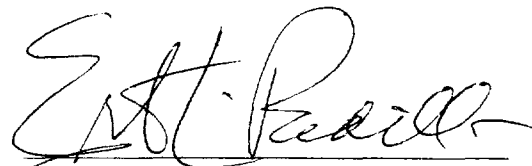
EXHIBITS

Unknown

PROCEDURAL MATTERS


(Please identify any procedural matters which need to be resolved prior to hearing)

None


Ernest L. Padilla

CERTIFICATE OF SERVICE

I hereby certify that I caused a copy of this Entry of Appearance to be served upon Paul R. Owen, MONTGOMERY & ANDREWS PA, P.O. Box 2307, Santa Fe, New Mexico 87504-2307, via facsimile (505) 982-2151 on this 13th day of March, 2003.


ERNEST L. PADILLA