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February 24, 2003
VIA HAND DELIVERY

RECEIVED

FEB 27 2003

Oil Conservation Division

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South St. Francis Dr.,
Santa Fe, New Mexico 87505

Re: *New Mexico Oil Conservation Commission Case No. 12905 (de novo)*
In the Matter of the Application of Pronghorn Management Corporation for
Approval of a Salt Water Disposal Well, Lea County, New Mexico.

Dear Ms. Wrotenbery:

Attached please find the Prehearing Statement of DKD, L.L.C., an interested party in the above-referenced case.

Pursuant to a letter from Steve Ross, Esq., dated November 25, 2002, please be advised that the exhibits which DKD anticipates introducing at the February 27, 2003 hearing are the same documents which DKD introduced as Exhibits 1 through 5 at the September 5, 2002 Division hearing. In addition, DKD may introduce a letter from Elliott & Waldron Title & Abstract Co., Inc., which is enclosed herewith.

Please let me know if you have any questions.

Very truly yours,



Paul R. Owen

cc: DKD, LLC (via facsimile)

Lori Wrotenbery, Director
New Mexico Oil Conservation Division
February 24, 2003
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Ernest Padilla, Esq. (via facsimile)

117 N. Shipp St.
Hobbs, N.M. 88240
Phone (505) 393-7706
Fax (505) 393-7725
Web Page: www.ewtitle.com



P.O. Box 817
Lovington, N.M. 88260
Phone (505) 396-5846
Fax (505) 396-2490
E-Mail: ew@ewtitle.com

ELLIOTT & WALDRON TITLE & ABSTRACT CO., INC.

January 6, 2003

Danny Watson
P.O. Box 682
Tatum, NM 88267

Dear Mr. Watson

We have made a search of our records and the records of the Lea County Clerk from January 1, 2002 to January 3, 2003 and we find no assignment out of Chesapeake Operating, Inc., Chesapeake Exploration Limited Partnership and/or Chesapeake Investments as to State of New Mexico Lease No. VO4886 covering Lots 11, 12, 13, 14, E/2 SW/4 Section 6, Township 16 South, Range 36 East, N.M.P.M., Lea County, New Mexico filed of record except for the Assignment you are aware of to DKD, L.L.C. recorded 5/14/02 in Book 1146 Page 724, Lea County Records, Lea County, New Mexico.

Please let us know if we can be of any other assistance.

Sincerely,

Elliott & Waldron Title & Abstract Co., Inc.

By:


Kay Hardin, Assistant Secretary

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

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FEB 21 2003

APPLICATION OF PRONGHORN
MANAGEMENT CORPORATION FOR
APPROVAL OF A SALT WATER DISPOSAL
WELL, LEA COUNTY, NEW MEXICO.

Oil Conservation Division

CASE NO.: 12905 (*de novo*)

PREHEARING STATEMENT

DKD, LLC, an interested party herein, by and through counsel, Montgomery & Andrews, P.A., submits this prehearing statement as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

ATTORNEY

OPPOSITION OR OTHER PARTY

ATTORNEY

DKD, L.L.C.
Post Office Box 682
Tatum, New Mexico 88267
(505) 398-3490

Paul R. Owen, Esq.
Montgomery & Andrews, P.A.
Post Office Box 2307
Santa Fe, New Mexico 87504-2307
(505) 982-3873

STATEMENT OF CASE

APPLICANT

OTHER PARTY

DKD, L.L.C. anticipates examining the validity of Applicant's rights to inject in the subject formation, including any rights assigned by the surface owner and/or the lessee of the mineral estate underlying the subject acreage.

PROPOSED EVIDENCE

APPLICANT

Applicant's proposed evidence should be reflected in Applicant's Prehearing Statement.

OTHER PARTY

WITNESSES

(Name and expertise)

EST. TIME

EXHIBITS


Danny R. Watson
(Lay Witness)

Approx. 30 min.

Approx. 5

PROCEDURAL MATTERS

None known at this time.

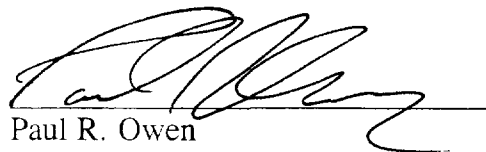

Paul R. Owen
ATTORNEY FOR DKD, L.L.C.

CERTIFICATE OF SERVICE

I hereby certify that on this 24th day of February, 2003, I have caused a copy of our Prehearing Statement in the above-captioned case to be served via facsimile and U.S. Mail upon the following named parties:

Earnest L. Padilla, Esq.
Padilla Law Firm, P.A.
Post Office Box 2523
Santa Fe, NM 87504-2523
facsimile: (505) 988-7592

ATTORNEYS FOR APPLICANT PRONGHORN MANAGEMENT CORPORATION



Paul R. Owen