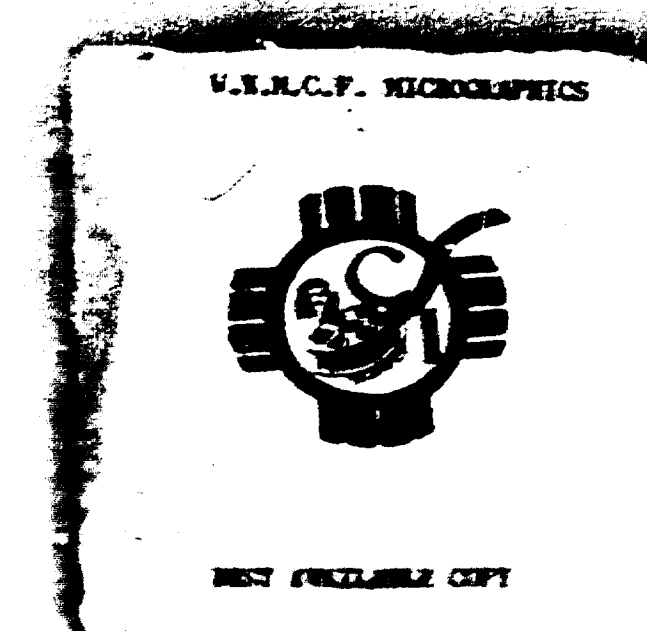


Case No
6198

Large Exhibits



RULE 1131. MONTHLY GAS STORAGE REPORT (Form C-131)

Each operator of an underground natural gas storage project shall report its operation monthly on Form C-131. Form C-131 shall be filed in duplicate (one copy to the Santa Fe Office of the Commission and one copy to the appropriate district office) and shall be postmarked not later than the 24th day of the next succeeding month.

RULE 405. STORAGE GAS

With the exception of the requirement to meter and report monthly the amount of gas injected and the amount of gas withdrawn from storage, in the absence of rules these rules and regulations shall not apply to gas being injected into or removed from storage. (See Rule 1131.)

RULE 406. CARBON DIOXIDE

The statewide regulations relating to gas and natural gas, gas wells, and gas reservoirs including, but not limited to, those provisions relating to well locations, acreage dedication requirements, casing and cementing requirements, and measuring and reporting of production shall also apply to carbon dioxide gas, carbon dioxide wells, and carbon dioxide reservoirs.

RULE 703. COMMENCEMENT, DISCONTINUANCE, AND ABANDONMENT OF INJECTION OPERATIONS.

The following provisions shall apply to all injection projects, storage projects, salt water disposal wells and special purpose injection wells:

A. Notice of Commencement and Discontinuance

- (1) Immediately upon the commencement of injection operations in any well, the operator shall notify the Commission of the date such operations begin.
- (2) Within 30 days after the discontinuance of injection operations in any well, the operator shall notify the Commission of the date of such discontinuance and the reasons therefor.
- (3) Before any injection well is plugged, the operator shall obtain approval for the well's plugging program from the appropriate District Office or the Commission in the same manner as when plugging oil and gas wells or dry holes.

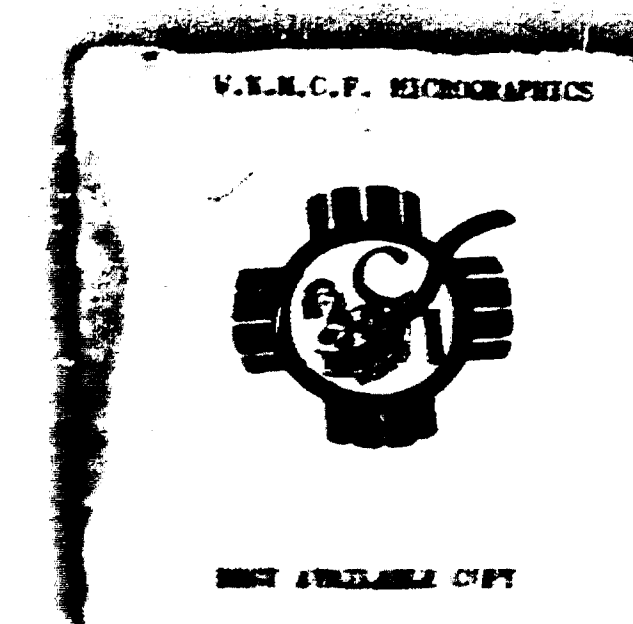
B. Abandonment of Injection Operations

- (1) Whenever there is a continuous six-month period of non-injection into any injection project, storage project, salt water disposal well, or special purpose injection well, such project or well shall be considered abandoned, and the authority for injection shall automatically terminate *ipso facto*.
- (2) For good cause shown, the Secretary-Director of the Commission may grant an administrative extension or extensions of injection authority as an exception to Paragraph (1) above.

RULE 704. RECORDS AND REPORTS

The operator of an injection well or project for secondary recovery or pressure maintenance, natural gas storage, salt water disposal, or injection of any other fluids shall keep accurate records and shall report monthly to the Commission gas or fluid volumes injected, stored, and/or produced as required on the appropriate form listed below:

- (1) Secondary Recovery on Form C-115;
- (2) Pressure Maintenance on a form prescribed by the Commission;
- (3) Salt Water Disposal on Form C-120-A;



- (4) Natural Gas Storage on Form C-131; and
- (5) Injection of other fluids on a form prescribed by the Commission.

RULE 705. STORAGE WELLS

The Secretary-Director of the Oil Conservation Commission shall have authority to grant an exception to the requirements of Rule 701-A for the underground storage of liquefied petroleum gas or liquid hydrocarbons in secure caverns within massive salt beds.

Applicant shall furnish each operator within a one-half mile radius of the proposed well with a copy of the application to the Commission, and applicant shall include with his application a written stipulation that all operators within said half-mile radius of the proposed well have been properly notified. The Secretary-Director of the Commission shall wait at least ten days before approving any such application, and shall approve any such application only in the absence of objection from any notified operator. In the event that an operator objects to the application the Commission shall consider the matter only after proper notice and hearing.

In addition to the filing requirements of Rule 701 B, the applicant for approval of a storage well under this rule shall file the following:

A. With the Secretary-Director:

- (1) A plugging bond in accordance with the provisions of Rule 101;

B. With the appropriate district office of the Commission in TRIPPLICATE:

- (1) Form C-101, Application for Permit to Drill, Deepen, or Plug Back;
- (2) Form C-102, Well Location and Acreage Dedication Plat; and,
- (3) Form C-105, Well Completion or Recompletion Report and Log.

RULE 1115. OPERATOR'S MONTHLY REPORT (Form C-115)

Operator's Monthly Report, Form C-115 or Form C-115-MDP, shall be filed on each producing lease and each secondary recovery project injection well within the State of New Mexico for each calendar month, setting forth complete information and data indicated on said forms in the order, format, and style prescribed by the Secretary-Director. Oil production from wells which are producing into common storage shall be estimated as accurately as possible on the basis of periodic tests.

The reports on this form shall be filed by the producer as follows:

Original to the Oil Conservation Commission at Santa Fe; one copy to the District Office of the Commission in which district the lease is located; and one copy to each transporter involved. Each report for each month shall be postmarked not later than the 24th day of next succeeding month. Failure of an operator to file this report in accordance with the provisions of this rule may result in cancellation of Form C-104 for the affected well or wells.

RULE 1120. MONTHLY WATER DISPOSAL REPORT (Form C-120-A)

Each operator of a salt water disposal system shall report such operations on Form C-120-A. Form C-120-A shall be filed in DUPLICATE (one copy with the Santa Fe Office and one copy with the appropriate district office) and shall be postmarked not later than the 15th day of the second succeeding month.

