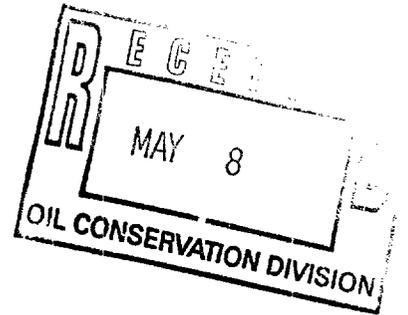


**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION COMMISSION**

**APPLICATION OF THE NEW MEXICO OIL
CONSERVATION DIVISION TO AMEND RULE
1115 OF ITS RULES TO REQUIRE
ELECTRONIC FILING OF FORM C-115**



CASE NO. 11557

APPLICATION

1. New Mexico Oil Conservation Division Rule 1115 requires that Form C-115 “Operator’s Monthly Report” be filed with the Division.

2. The ONGARD database system is now operational and the informational integrity of the ONGARD system as it relates to the needs of both the State and the oil and gas industry requires that the Form C-115 be filed with the Division in an electronic format to avoid the delay and additional potential for errors inherent in manually entering these forms into the ONGARD system.

3. Almost all operators within the State of New Mexico possess the computer capability to file Form C-115 electronically. Any hardship placed on such operators by requiring electronic filing is more than outweighed by the information needs of both the state and industry.

4. Without penalties to enforce the electronic filing requirement, operators will have no incentive to so file. The Division experience to date is that a lot of operators have not been filing correct Form C-115's and have not made much effort to correct mistakes. The Division believes that cancellation of allowable for any well in which the Form C-115 is not timely filed electronically or is not timely corrected upon notice of error is appropriate.

5. The Division acknowledges that many small operators do not have the computer capability to make their filings electronically and that this electronic filing requirement could operate as an economic hardship on them and therefore recognizes a need for an exemption from the requirement for reason of economic or other hardship.

6. The Division also recognizes that the new filing requirement should be phased in over a reasonable time period and that the largest operators should be required to comply with the new requirement first with the smaller operators to follow. January 1, 1997, is recommended as the deadline for electronic of C-115's by the largest operators, with a July 1, 1997 date for the next largest operators, and a January 1, 1998 deadline for all other operators.

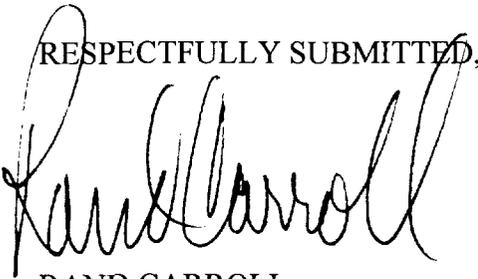
WHEREFORE, the Division respectfully requests that:

- (1) Rule 1115, Paragraph B. be amended by renumbering Subparagraph (1) as
- (2) and adding a new Subparagraph (1) to read as follows:

- (1) The C-115 report shall be filed in an electronic ONGARD-compatible form unless an exemption for economic or other hardship is obtained. Failure to timely file the C-115 report in such form or failure to correct such form within 30 days after an error message is received shall result in cancellation of the Form C-104 allowable for the affected well(s) and/or cancellation of authority to inject.

- (2) New Rule 1115.B.(1) be phased in by requiring that those operators operating 1,000 or more wells comply with the new rule by January 1, 1997; operators operating 250 or more wells comply with the rule by July 1, 1997; with operators operating 25 or more wells to comply by January 1, 1998. Small operators (those operating less than 25 wells) are exempted from the electronic filing requirement.

RESPECTFULLY SUBMITTED,



RAND CARROLL
Legal Counsel
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505
505/827-8156