



## Pogo Producing Company

600 Travis • Post Office Box 61289 • Houston, Texas 77208 • 713-651-4300

RECEIVED  
FEB 11 1991  
O. C. D.  
ARTESIA, OFFICE

GUY N. WILLIAMS  
Manager  
Drilling and Production

February 6, 1991

New Mexico Oil Conservation Division  
District One  
324 W. Main  
Artesia, New Mexico 88210

Attention: Mr. Mike Williams  
District Supervisor

Re: Application for Exception to No-Flare  
Rule 306  
Pogo Producing Company Urquidez #2 Well  
East Loving Delaware Reservoir

Gentlemen:

On January 22, 1991, Pogo completed the Urquidez #2 well in the BC-1 East Loving Delaware oil reservoir and commenced testing to evaluate the reservoir potential. After only seven (7) days, Pogo was advised by your office that it should cease flaring the associated casinghead gas, thereby shutting down all oil production and preventing further testing. Pogo notes the language of New Mexico OCD Rule 306-A, which allows the flaring or venting of casinghead gas for up to 60 days following completion. Pogo respectfully requests that Pogo be allowed the benefit of Rule 306-A. In the alternative, if for some reason you believe Rule 306-A is inapplicable, Pogo has filed Form C-129, Application for Exemption to No-Flare Rule 306, requesting an exception to Rule 306 for a period of 60 days.

Pogo's application for the 60-day exception to Rule 306 is necessary for the following reasons:

1. To protect the correlative rights of the applicant and the landowner to produce their reserves from the Uriquidez #2 because of the drainage from the competing Oryx Pardue Farms #3 offset well currently producing in excess of 140 BOPD from the East Loving Delaware reservoir.

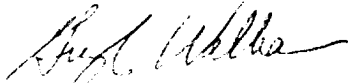
New Mexico Oil Conservation Division  
Page Two  
February 6, 1991

2. To evaluate the well's reservoir potential by flow testing which requires production of the oil and the unavoidable production of the associated casinghead gas, which is not yet connected to a gas-gathering facility.
3. To provide a reasonable amount of time in which to evaluate the oil and gas potential from this well, acquire pipeline rights-of-way and actually lay the pipeline in.

In view of our conversation on February 4, 1991, Pogo is willing to pay severance tax on estimated gas volumes flared during this 60-day test period.

Pogo requests your earliest consideration of this application and will be glad to meet with you to answer any questions.

Respectfully submitted,



Guy N. Williams

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APPLICATION FOR EXCEPTION TO NO-FLARE RULE 306  
FEB 11 1991 FORM C-129

O. C. D.  
ARTESIA, OFFICE  
STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION  
P. O. BOX 2088  
SANTA FE, NEW MEXICO 87501


Form C-129  
Revised 10-1-78

APPLICATION FOR EXCEPTION TO NO-FLARE RULE 306

NFO Permit No. \_\_\_\_\_  
(For Division Use Only)

- A. Applicant, Pogo Producing Company  
whose address is P.O. Box 10340 Midland, Texas 79701  
hereby requests an exception to Rule 306 for 60 days or until  
April 4, 1991, for the following described tank battery (or LACT):  
Name of Lease Urquidez #2 Name of Pool Brushy Canyon  
Location of Battery: Unit Letter \_\_\_\_\_ Section 10 Township 23 S Range 28 E  
Number of wells producing into battery 1
- B. Based upon oil production of 140 barrels per day, the estimated \* volume  
of gas to be flared is 300/100 MCF; Value \$450 / \$150 per day.
- C. Name and location of the nearest gas gathering facility:  
Presently under negotiation (Llano & Continental gas)
- D. Distance 2+ miles Estimated cost of connection To be determined
- E. This exception is requested for the following reasons: This is the first well in the area  
for Pogo as operator and is structurally different compared to  
surrounding wells. 30 days testing is required to determine if  
the well is economic and to geologically evaluate offset potential.  
An additional 30 days is required to connect to a pipeline. Pogo  
requests permission to flare the well for 30 days at DBA of 140  
BOPD and 30 days at a gas rate less than 100 MCF/D. Severance  
tax will be paid on flared gas.

- F. I hereby certify that the rules and regulations of the Oil  
Conservation Division have been complied with and  
that the information given above is true and complete to  
the best of my knowledge and belief.

  
(Signature)  
Manager, Drilling & Production  
(Title)  
February 4, 1991  
(Date)

Approved Until \_\_\_\_\_  
\_\_\_\_\_  
NEW MEXICO OIL CONSERVATION DIVISION  
By \_\_\_\_\_  
Title \_\_\_\_\_  
Date \_\_\_\_\_

\*Gas-Oil ratio test may be required to verify estimated gas volume.

RULE 1129. APPLICATION FOR EXCEPTION TO NOFLARE  
RULE 306 (Form C-129)  
Form C-129, when applicable, shall be filed in accordance with Rule  
306.

RULE 306. CASINGHEAD GAS  
(a) No casinghead gas produced from any well in this state shall be  
flared or vented after 60 days following completion of the well.  
(b) Any operator seeking an exception to the foregoing shall file an

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APPLICATION FOR EXCEPTION TO NO-FLARE RULE 306  
FORM C-129, D.

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ENERGY AND MINERALS DEPARTMENT

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