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FEB 2 5 1991 O. C. D. ARTESIA, OFFICE

Pogo Producing Company

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

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 30 days.

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

 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.

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

Respectfully submitted,

William

Guy N. Williams

APPLICATION FOR EXCEPTION TO NO-FLARE RULE 306

	ew mexico Hals department	OIL CONSERVATIO P. O. 60X 200 SANTA FE, NEW ME.		O. C. D. ARPESIN S FRO form C-129 Strike 18-1-78
	APPLI	CATION FOR EXCEPTION 1	O NO-FLARE RULE 306	
			NFO Permit No	
			(For Division Use Onl
A.	Applicant, Poo	go Producing Company	Y	
	whose address is	P.O. Box 10340 Midland	, Texas 79701	
		exception to Rule 306 for		
		, 19 <u>91</u> , for the fo		
		<u>Uriquidez #2</u> Nem		
		/: Unit Letter Section _10		-
		oducing into battery1		
ê.		duction of140 is300/100MCF; Value	CAEO (C1EO	
c				per day.
~		of the nearest gas gathering facility under-negotiation (l Gas)
D.		ilesEstimated cost of co		
E.	This exception is read for Pogo as surrounding the well is potential.	quested for the following reasons: s operator and is st wells. 30 days te s economic and to ge Pogo requests perm of 140 BOPD.	This is the first ructurally different esting is required to cologically evaluate	well in the nt compared t to determine e offset
F.	Conservation Division	the rules and regulations of the Oil Neve Boon compiled with and Ston above is true and compiles to dge and belief.	Approved Until	
	ALU.	alla-	NEW MEXICO OIL CONS	ERVATION DIVISION
	Manager, D	rilling & Productio	n Title	
	February 6	(Ticle)		

RULE 1129. APPLICATION FOR EXCEPTION TO NOFLARE RULE 306 (Form C-129)

RULE 306. CASINGHEAD GAS

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

APPLICATION FOR EXCEPTION TO NO-FLARE RULE 306	FFR95	1001
EORM C-120		1231

	NEW MEXICO RALS DEPARTMENT	OIL CONSERVATION P. O. BOK 2086 SANTA FE, NEW MEX		O. C. D. ARTESIA, OFF
	APPLIC	CATION FOR EXCEPTION TO	O NO-FLARE RULE 306	
			NFO Permit No (Fo	r Division Use Only
	Applicant, Poc	go Producing Company		· · · ·
		P.O. Box 10340, Midland,		
	hereby requests an	exception to Rule 306 for	days o	r until
		, 19 <u>91</u> , for the foll		
		Uriquidez #2Name		
	Location of Battery	: Unit Letter Section		<u>BE</u>
		oducing into battery1		
8.	Based upon oil prod	function of140	barrels per day, the estimated * w	olume
	of ges to be flared is	300/100 MCF; Value_	\$450/\$150	r day.
c.	Name and location of	of the nearest gas gathering facility:	:	
	Presently	under-negotiation (I	Llano & Continental	Gas)
D.	Distance 2+ mi	Les Estimated cost of con	nection <u>To be continue</u>	ed
E.	surrounding the well is potential.	operator and is str wells. 30 days tes economic and to geo Pogo requests permi of 140 BOPD.	cucturally different sting is required to plogically evaluate	compared to determine offset
F.	Conservation Division	the rules and regulations of the Oil Nove been compiled with and pren above is true and compilete to the bolief.	Approved Until	
·	Manager, Dr	Ille (Siman) rilling & Production	NEW MEXICO OIL CONSER	VATION DIVISION
	February 6	(17de)	Title	

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

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	NEW MEXICO RALS DEPARTMENT	OIL CONSERVATION P. O. BOX 2018 SANTA FE, NEW MEXI	DIVISION CO #7501 87504-2088	O. C. D. ARTESIA. OFFIC Form C-129 Revised 10-1-78
	APPLIC	CATION FOR EXCEPTION TO	NO-FLARE RULE 306	
			NFO Permit No.	
			(For	r Division Use Only
•	Applicant, Pog	o Producing Company		
	whose address is	P.O. Box 10340, Midland,	Texas 79701	
		exception to Rule 306 for		
	April 4	, 19. $\frac{91}{91}$, for the follow	mng described sank battery (or L)	ACT):
	Name of Lassa	<u>Uriquidez #2</u> Neme	Brushy Canyon	
	Location of Battery:	Unit Letter Section _10	Township 23 S Range 28	<u>BE</u>
		ducing into battery1		
B.	Based upon oil produ	uction ofbe	rrels per day, the estimated * vo	lume
	of gas to be flared is	300/100 MCF; Value	\$450/\$150	day.
c		f the nearest gas gathering facility:		
		under-negotiation (L)		
D.	Distance _2+ mil	Les Estimated cost of conne	ction <u>To be continue</u>	<u>d</u>
E.	surrounding the well is potential.	operator and is struwells. 30 days test economic and to geol Pogo requests permis of 140 BOPD.	icturally different ing is required to ogically evaluate	compared to determine i
F.	Conservation Division	Ne rules and regulations of the Oil Nave been complied with and non above is true and complete to prand ballof,	Approved Until	
	Manager, Dr.	Ikika Signami illing & Production	NEW MEXICO OIL CONSERV By	
	February 6,			

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FORM C-129	

APPLI	CATION FOR EXCEPTION TO NO-FL	ARE RULE 306
	N	FO Permit No(For Division (
A Applicant, Pog	go Producing Company	
	P.O. Box 10340, Midland, Texas	
hereby requests an	exception to Rule 306 for 30	days or until
April 4	, 19.91, for the following desci	riced tank battery (or LACT):
	Uriquidez #2 Name of Pool_I	
	: Unit Letter Section _10_ Township	
	oducing into battery1	
8. Based upon oil prod	duction ofbarrels per d	day, the estimated * volume
of gas to be flared in	300/100 MCF; Value \$45	50/\$150
	of the nearest gas gathering facility:	per day.
	under-negotiation (Llano &	Continental Gas)
	ilesEstimated cost of connection	
E. This exception is rec	quested for the following reasons: This i	
	Operator and is structure	l ly difforent .
Darrounding	wells. 30 days testing i economic and to geologica	s required to detail
Potential.	Pogo requests permission	to flare the well for
days at DBA	of 140 BOPD.	
_		
Concervation Division	the rules and regulations of the Oil Nove been complied with and New above is true and complete to	ved Until
the best of my knowled	igo and ballof,	
A.M.	than 1	ADICO OIL CONSERVATION DIV
Manager, Dr	(Signant) cilling & Production Tide	
	(Title_	

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