



Pogo Producing Company

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

GUY N. WILLIAMS
Manager
Drilling and Production

RECEIVED

FEB 25 1991

O. C. D.
ARTESIA OFFICE

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:

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

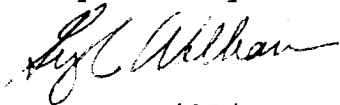
Page Two

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.

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

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Guy N. Williams", is written over the typed name.

Guy N. Williams

APPLICATION FOR EXCEPTION TO NO-FLARE RULE 306 FEB 11 1991
FORM C-129STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION

P. O. BOX 2088
SANTA FE, NEW MEXICO 87501 87504-2088O. C. D.
ARTESIAN
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 30 days or until
April 4, 19 91, for the following described tank battery (or LACT):
Name of Lease Uriquidez #2 Name of Pool Brushy Canyon
Location of Battery: Unit Letter _____ Section 10 Township 23 S Range 28E
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 continued
- 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. Pogo requests permission to flare the well for 30
days at DBA of 140 BOPD.

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



Manager, Drilling & Production

(Title)

February 6, 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

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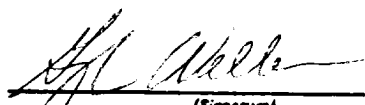
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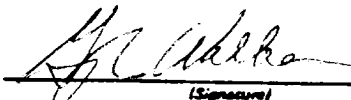
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