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APPLICATION FOR EXCEPTION TO NO-FLARE RULE 306

OCT 24 1996

OIL CON. DIV.
DIST. 2

NFO Permit No.

2-874
(For Division Use Only)

A. Applicant, Pogo Producing Company

whose address is P. O. Box 10340, Midland, TX 79702-7340

hereby requests an exception to Rule 306 for _____ days or until

_____, 19____, for the following described tank battery (or LACT):

Name of Lease Cedar Canyon 28 Fed. #4 Name of Pool Corral Draw Delaware

Location of Battery: Unit Letter K Section 28 Township 24S Range 29E

Number of wells producing into battery 1

B. Based upon oil production of 40 barrels per day, the estimated* volume

of gas to be flared is 1 MCF; Value \$1.35 per day.

C. Name and location of the nearest gas gathering facility:

Pogo Cedar Canyon Gas Gathering

D. Distance 1/2 mile Estimated cost of connection \$140,000

E. This exception is requested for the following reasons: The cost to install a gas line to connect to the above gathering system is \$140,000. This is due to having to bore and lay conduit for the gas line under the Pecos River. The subject well only makes 3-4 mcfpd which most of the gas is needed to run the pumping unit engine and burn the heater treater. Based on a revenue of only \$1.35/day this project will never pay out. Thus Pogo Producing Company request permission to vent gas while producing oil and water.

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.

Bennett Smith
(Signature)

Senior Operations Engineer

October 22, 1996
(Date)

Approved Until *P&T*

NEW MEXICO OIL CONSERVATION DIVISION

By ORIGINAL SIGNED BY TIM W. GUM
DISTRICT II SUPERVISOR

Title _____

Date OCT 25 1996

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