

*Amended
if approved*

PROPOSED AMENDMENTS TO PARAGRAPH 10 OF ORDER 520 AND
RULE 17 OF THE VARIOUS SPECIAL RULES AND REGULATIONS
FOR GAS POOLS IN SOUTHEAST NEW MEXICO

(10) That no gas shall be flared or vented from any well in the following pools ninety (90) days from the effective date of this rule or ninety (90) days from the date such well is completed, whichever is later, unless specifically authorized by the Commission:

Eunice-Monument Oil Pool
South Eunice Oil Pool
Hardy Oil Pool
Penrose-Skelly Oil Pool
Cooper-Jal Oil Pool
Arrowhead Oil Pool
Langlie-Mattix Oil Pool
Rhodes Oil Pool
Leonard Oil Pool
South Leonard Oil Pool
Eaves Oil Pool
Arrow Gas Pool
Eumont Gas Pool
Jalmat Gas Pool

This rule shall become effective January 1, 1955. Any operator desiring to obtain an exception to this rule shall submit a sworn statement setting forth the facts and circumstances justifying such exception. Unless the Commission, acting through its Secretary, grants such exception within 15 days after receipt of the operator's sworn statement, the matter shall be set for hearing at the next regular meeting of the Commission. Within 10 days after a beneficial use is found for gas produced from a well granted an exception under this rule or a well completed after the effective date of this rule, the operator shall file form C-110 designating the disposition of gas from the well.

Failure to comply with the provisions of this rule within the prescribed time limits will result in the suspension of any further allowable. Extraction plants processing any gas from any of the above designated pools shall comply with the "no-flare" provisions of this rule, provided however, that the restriction may be lifted when mechanical difficulties arise or when the gas flared is of no commercial value.

Rule 17. No gas, either dry gas or casinghead gas, produced from the _____ Pool shall be flared or vented unless specifically authorized by the Commission.

GENERAL OFFICES
120 BROADWAY NEW YORK

Re Case 790

WBM

MAIN OFFICE-QCC

AMERADA PETROLEUM CORPORATION

1954 OCT 29 PM 1:23

BEACON BUILDING

P. O. BOX 2040

TULSA 2, OKLA.

October 28, 1954

Mr. William B. Macey
Director, Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Dear Bill:

In line with our off-the-record conversation at the hearing in Hobbs last month, we are sending you suggested amendments of Paragraph 10 of Order 520 and Rule 17 of the various special rules and regulations for each of the gas pools. We think these amendments might be better proposed on the Commission's own motion, but if you prefer you may treat this as Amerada's application for the following amendments:

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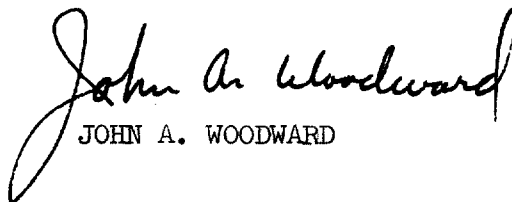
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"Rule 17. No gas, either dry gas or casinghead gas, produced from the _____ Pool shall be flared or vented unless specifically authorized by the Commission."

Our thought in permitting flaring or venting of gas for ninety (90) days after a well is completed is that the operator in every instance should be afforded some reasonable time to seek a pipeline connection. If he gets a connection during this time, there is no reason to burden the Commission with unnecessary applications. Only where gas from an oil well is produced in insignificant quantities or some exceptional difficulty is encountered in marketing production from a new well or the well is located on an isolated lease to which it is not economically feasible to run a pipeline - only in these cases, we feel, should the Commission be burdened with requests for exceptions to the no-flare rule. We are not particularly stuck on ninety (90) days as a reasonable grace period for seeking a pipeline connection if some other period of time is found more reasonable.

Bob and I are looking forward to seeing you next month and send our best regards.

Very truly yours,


JOHN A. WOODWARD

JAW:MT