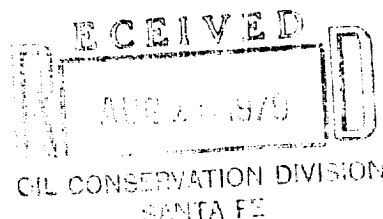


MANAGE -- OPERATE -- EVALUATE

Oil & Gas Producing Properties
Drilling, Completion, Workover Programs
Waterflood Projects

TALK ON THIS
8-13-79
Don M. Brazel
August 13, 1979



State of New Mexico
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501
Attn: Mr. Jerry Sexton

Re: Rule 306 Exception

Dear Mr. Sexton:

Attached for your review and approval is Form C-129 for Application for Exception to No-Flare Rule 306 for our Vada Pruitt No. 1, Lea County, New Mexico.

Due to the no-flare rule, approximately one year ago we were required to install a compressor to enter the gas sales line of 30 psi. The compressor is being rented at a rate of \$940.00 per month. Since the installation of the compressor, gas sales versus compressor rental has been a loss of over \$6,000. The well will produce only 20-30 MCFD with virtually no future for increased gas production. We are also tied into an old gas contract (currently receiving 55¢ per MCF) with almost no hope for increased prices. In addition to the obvious financial loss due to compressor charges, there have been several days of shut down due to compressor repairs. This means the pumping unit must be shut down and when this occurs, it invariably takes 1 to 2 weeks before the well will attain prior oil production levels. Therefore, the two situations coupled together result in a definite financial loss.

We, therefore, request the exception to the no-flare rule be approved. If I can be of any further help or if additional information is required, please advise.

Very truly yours,

S. M. Brazel
S. M. Brazel

Attachment
SMB/pm

RECEIVED

AUG 16 1979

O.C.D. HOBBS, OFFICE