

Case Number
4687

Application

Transcripts

Small Exhibits

ETC.

dearnley-meier reporting

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS
209 SIMMS BLDG., P.O. BOX 1092, PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO 87103
FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87108

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
CONFERENCE ROOM, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO
April 5, 1972

EXAMINER HEARING

IN THE MATTER OF:

Application of Riggs Oil &
Gas Corporation for down-
hole commingling, San Juan
County, New Mexico.

Case No. 4687

BEFORE: Daniel S. Nutter
Alternate Examiner

TRANSCRIPT OF HEARING

dearnley-meier reporting

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS
 209 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO 87103
 FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87108

1 MR. NUTTER: Call case number 4687.

2 MR. HATCH: Case 4687. Application of
 3 Riggs Oil & Gas Corporation for downhole commingling, San
 4 Juan County, New Mexico.

5 MR. KELLAHIN: If the Examiner please, Jason
 6 Kellahin, Kellahin and Fox, Santa Fe, New Mexico appear-
 7 ing for the applicant, and we have one witness I would like
 8 to have sworn.

9 (THEREUPON, the witness was duly sworn.)

10
 11 ELLIOT RIGGS

12 was called as a witness in behalf of the applicant, and having
 13 been first duly sworn, testified upon his oath as follows,
 14 to-wit:

15
 16 DIRECT EXAMINATION

17 BY MR. KELLAHIN:

18 Q Would you state your name, please?

19 A My name is Elliot Riggs.

20 Q By whom are you employed and in what position,
 21 Mr. Riggs?

22 A I work for myself. I am self-employed.

23 Q You are representing a corporation or are you
 24 an officer of the Riggs Oil & Gas Corporation?

25 A I own the corporation. I am president of it.

dearnley-meier reporting

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS
 208 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO 87103
 FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87108

Q. Have you ever testified before the Oil Conservation Commission of New Mexico, or one of its Examiners?

A. No, sir, I have not.

Q. For the benefit of the Examiner, would you outline your education and experience?

A. I have a bachelor's degree in geology from the University of Wisconsin, master's degree in geology from the University of Wisconsin, graduate of the U. S. Naval Post-Graduate School.

I have another master's degree in geology from the University of Illinois, and a Ph.D. in geology from the University of Illinois.

Q. Now, have you worked as a geologist in the oil business?

A. Yes, sir. I have been employed by the Kansas Geological Survey, Ohio Oil Company, and more recently by Texaco, where I was an exploration and development geologist, and at the time I resigned to go into business for myself, I was division staff geologist.

Q. And how long have you been in business for yourself?

A. Since 1966.

Q. And has that work for yourself been largely in the Four Corners area of New Mexico?

A. Yes, sir.

dearnley-meier

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS
 209 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO 87103
 FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87108

1 MR. KEELLAHIN: Are the witness's qualifications
 2 acceptable?

3 MR. NUTTER: Yes, they are.

4 Q Mr. Riggs, referring to what has been marked
 5 as the Applicant's Exhibit "A", which is a multiple page
 6 exhibit, would you identify the first page of that exhibit
 7 and discuss it, please?

8 A The first page is a plat of the wells near
 9 Farmington. The well under question is the Riggs Oil & Gas
 10 number one federal, which we purchased in 1968, and is in the
 11 northwest quarter of Section 4, 29 North, 12 West, and is in
 12 the center of the hundred and sixty acre block that is
 13 colored yellow. This is a dual Fruitland pictured well.
 14 It has a T.D. of about eighteen hundred and fifty-six feet and
 15 is currently producing gas from both the Fruitland and the
 16 Pictured Cliff. The designated wells in the area that are
 17 completed in the Fruitland -- and you will see that there is
 18 only one other well in the area, about two miles to the south-
 19 west, the orange dots are wells that have been completed in
 20 the Pictured Cliffs, and are all designated as Pictured Cliffs
 21 wells.

22 To the southeast in Section 10 you will see
 23 there are two wells, one of which has been temporarily abandoned,
 24 the other one in the northwest quarter is still producing by
 25 El Paso.

dearnley-meier reporting

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS
209 SIMMS BLDG., P.O. BOX 1092 • PHONE 243-6651 • ALBUQUERQUE, NEW MEXICO 87103
FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87108

1 Q What are the figures adjacent to those wells
2 indicating?

3 A A larger figure in the upper one is the cumulative
4 in M.C.F. up to 1-1-71, in the larger figure, and the smaller
5 figure is the M.C.F. produced in 1970. These figures are
6 taken from New Mexico Oil and Gas publications.

7 Immediately below -- immediately east of our
8 well in Section 3 you will see there are four wells, the
9 southwest one has been plugged and then abandoned; the other
10 three are produced by Aztec and produce small amounts of gas
11 each year in the neighborhood of four to five million cubic
12 feet, to the northeast in Section 34, 30, and 12, there are
13 three completions, the one in the extreme southwest quarter
14 is currently shut-in, at -- had no production in 1970, and
15 is a Redfern well, currently operated by Redfern Development
16 Company. To the north in Section 33, there are four Pictured
17 Cliff completions, Oil and Gas Commission records indicate
18 that all wells are shut-in, or at least were shut-in, and did
19 not produce in 1970.

20 On the northwest, in Section 32, the wells have
21 either been plugged and abandoned or temporarily abandoned.
22 As far as I can tell, the closest producing Pictured Cliff
23 well is one mile away; that is to the east in Section 3, now,
24 and the closest producing Fruitland well is several miles
25 away to the southwest.

dearnley-meier reporting

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS
209 SIMMS BLDG., P.O. BOX 1092, PHONE 243-6691, ALBUQUERQUE, NEW MEXICO 87103
FIRST NATIONAL BANK BLDG. EAST ALBUQUERQUE, NEW MEXICO 87108

1 Q Now, what is the present status of your
2 well which is the subject of this application?

3 A Our well is currently producing, however, it
4 has been recently determined on packer leakage tests that
5 there is communication downhole. Apparently the packer is
6 leaking.

7 Q Now, have you been ordered by the Commission to
8 correct that situation?

9 A Yes, sir. Mr. Emory Arnold has sent me a letter
10 stating that it -- we must correct this condition, repair it.

11 Q And that is what occasioned your application,
12 then, for downhole commingling?

13 A Yes, sir.

14 Q And you want to leave the well in its present
15 state, is that correct?

16 A Yes, sir. There is a very small producer, and
17 it was indicated to me that the repair necessary is going to
18 be expensive, and probably very expensive, and that we desire
19 to leave it in its current condition.

20 Q Is there also a possibility you might lose that
21 Pictured Cliffs production if you attempt to repair it?

22 A Yes, sir. Early in the history of this well,
23 it was killed at the time of completion, and they almost
24 didn't get it back, and the petroleum engineers are fearful
25 that if we kill the well to do some work, we will either lose

dearnley-meier reporting

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS
 209 SIMMS BLDG., P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO 87103
 FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87108

1 it, based on mechanical problems or because of killing
 2 the well.

3 Q Now, on the basis of the production figures you
 4 have shown on your exhibit "A", page number one, would you
 5 consider this area marginal?

6 A It sure is.

7 Q In both the Pictured Cliffs and in the Fruit-
 8 land Pictured Cliffs and Fruitland?

9 A Yes, sir.

10 Q Now, turning to page two of exhibit "A", would
 11 you discuss that exhibit?

12 A Page two is the pressure data from the Oil and
 13 Gas Commission through the years on this well, and you will
 14 see that the sub sea is-- started out about three hundred
 15 pounds, and is diminished down into the neighborhood of two
 16 hundred pounds of the deliverability on the Pictured Cliff
 17 side of about thirty-four as indicated in the right-hand
 18 column.

19 The page number three, which is a similar presen-
 20 tation is the pressure information on the Fruitland side. It
 21 also started out about three hundred pounds and has diminished
 22 in the neighborhood of about two hundred pounds and the last
 23 figure we have is for 1970, which has a hundred and seventy-nine
 24 pounds for the sub sea.

25 Q With that pressure, would you anticipate losing

dearnley-meier reporting

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS
 209 SIMMS BLDG., P.O. BOX 1092, PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO 87103
 FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87108

1 the two zones in communication would cause you damage?

2 A. I have discussed this with Emory Arnold and
 3 he says no, that he -- rather than shut it in, he would prefer
 4 to keep it producing and that with this small differential
 5 that there should be no recharging of one or the other.

6 Q But if you shut it in there, there is a possi-
 7 bility?

8 A. Yes, sir.

9 Q Now, on page four of exhibit "A", would you
 10 discuss that exhibit?

11 A. Page four is an El Paso gas analysis that shows
 12 Picture Cliffs B.T.U. content is eleven thirty-five and is
 13 similar to the page five, which is a gas analysis of the
 14 Fruitland side, which is eleven hundred and fourteen B.T.U.'s,
 15 and is put in here for the purpose of indicating that the
 16 gases are similar and that we are being paid the same price
 17 for the gas from both zones.

18 Q Now, would you discuss the information, then,
 19 shown on this following six seven, eight, nine, and ten?

20 A. Pages -- the next several pages through page
 21 ten, is it not --

22 Q I believe you are right.

23 A. -- is a copy of the last gas element statement
 24 from El Paso and the I.B.M. printout. These are a little
 25 bit more difficult to read than the old ones, but basically

dearnley-meier reporting

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS
 209 SIMMS BLDG., P.O. BOX 1092, PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO 87103
 FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87108

1 what it shows is that the ownership of the two zones is
 2 the same, we are being paid on the same basis, and that the
 3 price for the gas is the same for both zones.

4 That is thirteen cents for both the Pictured
 5 Cliff and the Fruitland, and it shows that the ownership that
 6 is -- is the same, and the lease ownership, the royalty
 7 ownership is the same.

8 Q Then the working interest, the royalty interest
 9 and the overriding royalty interest are the same for both
 10 zones, is that correct?

11 A Yes, sir, that's correct. Working with royalty
 12 interest and gas price.

13 Q And the gas price is the same?

14 A Yes, sir.

15 Q So producing the two zones together would cause
 16 no problem in accounting insofar as the working and royalty
 17 interests are concerned?

18 A No, sir.

19 Q Now, turning to exhibit number fourteen of
 20 Exhibit "A", would you discuss that exhibit?

21 A This is a copy of the log in the -- on gas
 22 commission filed with the original log submitted by Devonian
 23 Gas and Oil Company which drilled this well back in '59, and
 24 it shows the Fruitland zone at fifteen -- approximately fifteen
 25 sixty in depth, and the Pictured Cliff zone, which is about

dearnley-meier reporting

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS
 209 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-0651 • ALBUQUERQUE, NEW MEXICO 87103
 FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87108

1 seventeen seventy-five in depth.

2 You will notice that Picture Cliff zone is a
 3 little bit thicker. I might point out that the lower half
 4 of that was water-productive and had been squeezed off, and
 5 so we have produced from just the upper portion of Picture
 6 Cliffs and the Fruitland.

7 Q Now, turning to the exhibit marked "B" and
 8 "C", would you discuss the information shown on these two
 9 exhibits?

10 A "B" and "C" are decline curves that we keep in
 11 the office on this well, "B" is decline curve and production
 12 figures over the year for the Picture Cliffs interval and you
 13 will see that in a general sense in the last few years, the
 14 Pictured Cliff has made -- seldom made more than fifteen
 15 hundred M.C.F. per month.

16 It ranges from one thousand to fifteen hundred
 17 M.C.F. per month, in the 1971, we made fourteen million,
 18 four hundred thousand out of that zone, and cumulative to
 19 date is only a hundred and sixty-three million, and exhibit
 20 "C" is a similar presentation on the Fruitland side, which
 21 shows that in 1971 we made six million five hundred
 22 thousand out of the Fruitland with a cumulative to date of
 23 about eighty-seven million, and produces on the average about
 24 five hundred M.C.F. a month.

25 Q Now, referring to exhibit "D", would you identify

dearnley-meier

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS
209 SIMMS BLDG. P.O. BOX 1092 PHONE 243-6691 ALBUQUERQUE, NEW MEXICO 87103
FIRST NATIONAL BANK BLDG. EAST ALBUQUERQUE, NEW MEXICO 87108

1 that exhibit?

2 A. This is a -- it is a poor copy, and I apologize
3 for it, but that is the best we can get. That is the original
4 copy that was on the Commission's file submitted by Devonian
5 Gas and Oil, the downhole equipment in this well when it was
6 completed back in '59, and it shows a string of one-inch
7 regular line pipe down to the Fruitland zone, a ~~stacker~~ ^{packer} of
8 sixteen fifty with a string of one and a quarter inch tubing
9 through it down through the Pictured Cliffs and this packer
10 at sixteen fifty is apparently leaking, and having talked
11 with several petroleum engineers in the Farmington area, they
12 inform me this is a type that we are apt to have trouble with
13 in the hole, and it is not going to be easy to retrieve, and
14 possibly quite expensive.

15 Q. Is there a possibility of damaging your tubing
16 If you attempt to remove it?

17 A. It has been indicated to me that the chances are
18 only one out of ten of getting this packer out with a tube
19 in it. We have got in there -- that we will have to get in
20 there and get tough with it and probably involve some fishing
21 operations.

22 Q. Now, would it be economical to abandon one or
23 the other of the two zones and just produce the remaining
24 one?

25 A. Well, it is going to be very expensive. The

dearnley-meier reporting

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS
 209 SIMMS BLDG. P.O. BOX 1092 PHONE 243-6391 ALBUQUERQUE, NEW MEXICO 87103
 FIRST NATIONAL BANK BLDG. EAST ALBUQUERQUE, NEW MEXICO 87106

1 alternative is to -- we have three alternatives here, one,
 2 repair the well, which is probably going to cost more than we
 3 paid for the well, second alternative is to squeeze the
 4 Fruitland perforation and abandon that zone and produce it as
 5 a single, the third alternative is to abandon the well.

6 Q And would it be economical to squeeze the
 7 Fruitland and abandon that gas?

8 A No, sir. We would probably seriously consider
 9 abandoning the well.

10 Q Would that result in waste, in your opinion, or
 11 the loss of gas that could otherwise be recovered?

12 A Yes, sir, it surely would.

13 Q And would an attempt to recomplete the well
 14 to shut off the leakage, in your opinion, be economically
 15 feasible?

16 A No, sir.

17 Q And now, in order to allocate the gas between
 18 the two zones, what would you recommend?

19 A I would suggest that -- I mean, we'll do whatever
 20 the Commission orders, but I would suggest that based on past
 21 production of fair allocation, would be twenty-five percent
 22 Fruitland and seventy-five percent Pictured Cliffs.

23 Q But as a practical matter, that would only apply
 24 to the records to be kept and would have no effect on the
 25 owners, is that correct?

dearnley-meier reporting

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS
 209 SIMMS BLDG. • P.O. BOX 1002 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO 87103
 FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87108

1 A. It would have no effect on the owners.

2 Q But at the time it would give exactly the same,
 3 no matter how it is allocated?

4 A. Yes, sir, correct.

5 Q Were exhibits "A", "B", "C", and "D" prepared
 6 by you or under your supervision?

7 A. Yes, sir, they were.

8 MR. KELLAHIN: I would like to offer at this
 9 time, exhibits "A", "B", "C", and "D".

10 MR. NUTTER: Exhibits "A", "B", "C", and "D"
 11 are admitted in evidence.

12
 13 CROSS EXAMINATION

14 BY MR. NUTTER:

15 Q Mr. Riggs, you mentioned that the quality of
 16 exhibit number "C" was not the best, but if I am reading
 17 correctly, that packer at sixteen fifty says it is a number
 18 forty-seven twenty-six Baker Model D retainer production packer,
 19 is that correct?

20 A. That is the way I read it, yes, sir.

21 Q That is commonly known as a permanent packer
 22 that you don't release to remove from the well, is that
 23 correct? That is the kind that has to be drilled out, I
 24 believe, is that correct?

25 A. Well, I'm not a production man, sir, and I have

dearnley-meier reporting

SPECIALIZING IN: DEPOSITIONS, HEARINGS, ST. TESTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS
 209 SIMMS BLDG., P.O. BOX 1092, PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO 87103
 FIRST NATIONAL BANK BLDG., EAST • ALBUQUERQUE, NEW MEXICO 87108

1 consulted with an engineer and he says you have got problems.

2 Q Well, it is a -- I believe this is the type that
 3 is more difficult to remove from the hole than some other
 4 sort?

5 A Yes, sir. Yes, sir, that is what they have
 6 indicated.

7 Q Now, all these other wells here on your exhibit
 8 "A" of page one of exhibit "A" that are in the same section
 9 and west and south and so forth, those are producing from some
 10 other formations other than Pictured Cliff and Fruitland,
 11 I presume?

12 A The ones that are uncolored?

13 Q Yes, sir.

14 A Yes, sir, those are different zones, primarily
 15 Dakota.

16 Q I see.

17 A Either Mesa Verde or Dakota.

18 Q I see. So in other words, what you have got
 19 separating your well from the main body of the Pictured Cliffs
 20 well is two temporarily abandoned wells in Thirty-two, four
 21 shut-in wells in Section 33, and then one well which is
 22 temporarily abandoned on its P and A. in the southwest
 23 quarter of Section 3?

24 A Yes, sir, because this producing well is in the
 25 northwest quarter of Section 3.

dearnley-meier reporting

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS
 209 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-8691 • ALBUQUERQUE, NEW MEXICO 87103
 FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87106

Q. And that is somewhat over a mile away, apparently?

A. Yes, sir.

Q. Just a little over a mile away?

A. Yes. It is a mile away, and that is the Aztec number two Walker well, and you can see it only made five million eight hundred thousand last year, which is, you know, five or six hundred dollars worth of gas.

Q. Well, even at that, it would -- it was the best well in that section.

A. Yes, sir, that's correct.

MR. NUTTER: Are there any further questions of the witness? He may be excused.

(THEREUPON, the witness was excused.)

MR. NUTTER: Do you have anything further, Mr. Kellahin?

MR. KELLAHIN: That's all, Mr. Nutter. Thank you.

MR. NUTTER: Does anyone have anything they wish to offer in this case?

MR. HATCH: I have got a letter to read.

MR. NUTTER: If you would read that letter, Mr. Hatch.

MR. HATCH: It is from Dugan Production Company, addressed to Mr. Porter:

dearnley-meier reporting

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS
 209 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO 87103
 FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87108

1 "Dear Pete:

2 "As an operator in the Fulcher

3 Pictured Cliff field, we would like to encourage the
 4 Oil Conservation Commission to approve the downhole
 5 commingling request by Riggs Oil and the gas opera-
 6 tion in the case 4687.

7 "We feel that the Commission should be more
 8 lenient in authorizing downhole commingling because
 9 this is a prime method of recovering additional hydro-
 10 carbons in an economical manner that would be otherwise
 11 lost to an energy-hungry nation.

12 "Thank you."

13 MR NUTTER: Thank you, Mr. Hatch. Take the
 14 case under advisement and the hearing is adjourned.
 15
 16
 17
 18
 19
 20
 21
 22
 23
 24
 25

dearnley-meier reporting

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

209 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO 87103
FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87108

1 STATE OF NEW MEXICO)
2 COUNTY OF BERNALILLO) SS.

3 I, LINDA MALONE, a certified Shorthand Reporter, do
4 hereby certify that the foregoing and attached Transcript of
5 Hearing before the New Mexico Oil Conservation Commission was
6 reported by me; and that the same is a true and correct
7 record of the said proceedings, to the best of my knowledge,
8 skill and ability.

Linda Malone
CERTIFIED SHORTHAND REPORTER

I do hereby certify that the foregoing is
a complete record of the proceedings in
the hearing before the New Mexico Oil Conservation Commission
heard by me on 4/5 1972

[Signature]
New Mexico Oil Conservation Commission

dearnley-meier reporting

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS
209 SIMMS BLDG., P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO 87103
FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87108

I N D E XPAGE

1.	The Witness - ELLIOT RIGGS	
	Direct Examination by Mr. Kellahin	3
	Cross Examination by Mr. Nutter	14
	Witness Excused	16
2.	Reporter's Certificate	18



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

**GOVERNOR
BRUCE KING
CHAIRMAN**

**LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER**

**STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR**

July 10, 1972

Mr. Jason Kellahin
Kellahin & Fox
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico

Re: Case No. 4687
Order No. R-4330
Applicant:
Riggs Oil & Gas Corporation

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. Porter, Jr.
A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x
Artesia OCC
Aztec OCC x

Other _____



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

GOVERNOR
BRUCE KING
CHAIRMAN

**LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER**

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

July 19, 1972

**Mr. Jason Kellahin
Kellahin & Fox
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico**

Re: Case No. 4687
Order No. R-4330-A
Applicant:
Riggs Oil & Gas

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. Porter, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC	<u>x</u>
Artesia OCC	
Aztec OCC	<u>x</u>

Other _____

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 4687
Order No. R-4330-A

APPLICATION OF RIGGS OIL & GAS
CORPORATION FOR DOWNHOLE COM-
MINGLING, SAN JUAN COUNTY,
NEW MEXICO.

NUNC PRO TUNC ORDER

BY THE COMMISSION:

It appearing to the Commission that due to clerical error
and inadvertance, Order No. R-4330, dated July 7, 1972, does
not correctly state the intended order of the Commission.

IT IS THEREFORE ORDERED:

(1) That Order (3) of Order No. R-4330, Case No. 4687,
be and the same is hereby corrected to read in its entirety as
follows:

"(3) That as to the above-described well, 25% of the
commingled production shall be allocated to the Fruitland zone
and 75% of the commingled production shall be allocated to the
Pictured Cliffs zone."

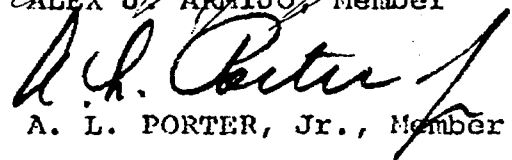
(2) That this order shall be effective nunc pro tunc as of
July 7, 1972.

DONE at Santa Fe, New Mexico, this 19th day of July, 1972.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


BRUCE KING, Chairman


ALEX J. ARMIJO, Member


A. L. PORTER, Jr., Member & Secretary


S E A L

dr/

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 4687
Order No. R-4330

APPLICATION OF RIGGS OIL & GAS
CORPORATION FOR DOWNHOLE COM-
MINGLING, SAN JUAN COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 5, 1972, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 7th day of July, 1972, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Riggs Oil & Gas Corporation, seeks authority to commingle production from an undesignated Fruitland gas pool and the Fulcher Kutz-Pictured Cliffs Gas Pool in the wellbore of its Federal Well No. 1, located in Unit F of Section 4, Township 29 North, Range 12 West, NMPM, San Juan County, New Mexico.

(3) That the subject well was completed as a dual completion (conventional) to produce gas from the undesignated Fruitland gas pool through 1-inch tubing and the Fulcher Kutz-Pictured Cliffs Gas Pool through 1 1/4-inch tubing with separation of zones by a permanent type production packer set at 1650 feet.

(4) That communication between the two zones has developed through a leak in the packer.

(5) That the applicant proposes to leave the well in its present condition, produce the two zones as a commingled zone, and to allocate the commingled production to the two zones on the basis of past production history.

(6) That each of the zones in the subject well is capable of only low marginal production.

-2-

CASE NO. 4687

Order No. R-4330

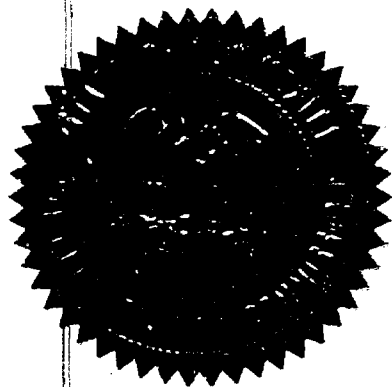
- (7) That the ownership of both zones is identical.
- (8) That the estimated well repair costs exceed the total estimated value of reserves from both zones combined.
- (9) That the subject well is more than one mile from the nearest well producing from the Pictured Cliffs formation.
- (10) That there are no other wells completed in the Fruitland formation in the area of the subject well.
- (11) That the quality and quantity of gas available from each is such that no waste will occur through commingling.
- (12) That past production history indicates that 25% of the commingled production should be allocated to the undesignated Fruitland gas pool and 75% of the commingled production should be allocated to the Fulcher Kutz-Pictured Cliffs Gas Pool.
- (13) That approval of the subject application will prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

- (1) That the applicant, Riggs Oil & Gas Corporation, is hereby authorized to operate its Federal Well No. 1, located in Unit F of Section 4, Township 29 North, Range 12 West, NMPM, San Juan County, New Mexico, in such a manner as to produce gas from an undesignated Fruitland gas pool and the Fulcher Kutz-Pictured Cliffs Pool through its existing equipment, commingling in the wellbore the production from each of said pools.
- (2) That the applicant shall complete, operate, and produce the above-described well in accordance with the provisions of Rule 112-A of the Commission Rules and Regulations insofar as said rule is not inconsistent with this order.
- (3) That as to the above-described well, 25% of the commingled production shall be allocated to the Fruitland zone and 75% of the commingled production shall be allocated to the Dakota zone.
- (4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

-3-
CASE NO. 4687
Order No. R-4330

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.



S E A L

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Bruce King
BRUCE KING, Chairman

Alex J. Armijo
ALEX J. ARMIJO, Member

A. L. Porter, Jr.
A. L. PORTER, Jr. Member & Secretary

dr/

CASE 4686: Application of Jack L. McClellan for a waterflood expansion, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks to expand the waterflood projects in the Sulimar-Queen Pool, Chaves County, New Mexico, authorized by Order No. R-4214, by the injection of water into said pool through three additional injection wells located in Township 15 South, Range 29 East, as follows:

Smernoff Federal No.	1 - Unit B - Section 24
Carthel Federal No.	2 - Unit P - Section 23
La Rue Federal No.	1 - Unit D - Section 25

Applicant further seeks amendment of the rules governing said projects to permit expansion administratively without a showing of well response.

CASE 4687: Application of Riggs Oil & Gas Corporation for down-hole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from an undesignated Fruitland gas pool and the Fulcher Kutz-Pictured Cliffs Gas Pool in the wellbore of its Federal Well No. 1 located in Unit F of Section 4, Township 29 North, Range 12 West, San Juan County, New Mexico.

Post Office Box 234
Zip Code 87401

DUGAN PRODUCTION CORP.

THOMAS A. DUGAN, President

709 BLOOMFIELD RD.
FARMINGTON, NEW MEXICO

March 28, 1972

325-0238
TELEPHONE: 325-9184 Office
325-5694 Home

Area Code 505

RECEIVED
MAR 30 1972
COMMUNICATIONS SECTION

YMA

Mr. A. L. Porter
Oil Conservation Commission
Box 2088
Santa Fe, New Mexico 87501

Dear Pete:

As an operator in the Fulcher Kutz-Pictured Cliffs field, we would like to encourage the Oil Conservation Commission to approve the downhole commingling request by Riggs Oil and Gas Corporation in Case 4687.

We feel that the commission should be more lenient in authorizing downhole commingling, as this is a prime method of recovering additional hydrocarbons in an economical manner that would otherwise be lost to an energy-hungry nation.

Sincerely,

Thomas A. Dugan

Thomas A. Dugan

dw

cc: Emery Arnold, Oil Cons. Com., Aztec
Riggs Oil and Gas Corp.



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
1000 RIO BRAZOS ROAD - AZTEC
87410

GOVERNOR
BRUCE KING
CHAIRMAN
LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER
STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

March 10, 1972

RECEIVED

MAR 11 1972

Mr. Elliott Riggs
Riggs Oil and Gas Co.
Box 711
Farmington, New Mexico

OIL CONSERVATION COMM.

Em
file core

Re: Riggs Oil & Gas Co., Federal #1, Communication Test

Dear Mr. Riggs:

The communication test submitted by Mr. W. B. Smith on March 10, 1971, for the above dually completed well indicates communication between the producing zones.

The dual completion order which was issued to authorize this dual completion specifically requires that segregation of the producing zones will be maintained. We are, therefore, directing you to take immediate remedial action to segregate the producing zones in this well.

Thank you.

Yours very truly,

Emery C. Arnold
Emery C. Arnold
Supervisor, District #3

ECA:mc

cc: Oil Conservation Commission
Santa Fe, New Mexico

[illegible]

Hearing Date 4.5.72

OFFICE: 505/325-9881
RES.: 505/325-8194

ELLIOTT A. RIGGS

Petroleum Geologist

P.O. BOX 711

FARMINGTON, NEW MEXICO 87401

RIGGS OIL & GAS #1 FEDERAL

F-4-29-12

Pictured Cliff Annual Deliverability Tests
(Fulcher Kutz Pictured Cliff Field)

	<u>Date</u>	<u>H</u>	<u>Pc</u>	<u>Q</u>	<u>Pw</u>	<u>Pd</u>	<u>D</u>
1959				20			
1960	8/29	---	310 ✓	53	234	155	84
1961	3/14	---	304	34	225	152	75
1962	4/27	253	276	30	253	138	112
1963			NRTT	42			112
1964	3/31	222	260	60	222	208	76
1965	4/26	199	244	53	199	195	57
1966	3/21	197	242	60	197	194	63
1967	12/5	218	245	20	218	196	32
1968	8/9	170	233	55	172	186	46
1969	3/5	163	224 ✓	58	165	179	48 ✓
1970	8/7	160	208 ✓	36	162	166	34 ✓
1971				40			

OFFICE: 505/325-9881

RES.: 505/325-8194

ELLIOTT A. RIGGS

Petroleum Geologist

P.O. BOX 711

FARMINGTON, NEW MEXICO 87401

RIGGS OIL & GAS #1 FEDERAL

F-4-29-12

Undesignated Fruitland Annual Deliverability Tests
(1960 Kutz Fruitland Field)

	<u>Date</u>	<u>H</u>	<u>Pc</u>	<u>Q</u>	<u>Pw</u>	<u>Pd</u>	<u>D</u>
1959				150			
1960	8/29	---	298 ✓	46	234	149	81
1961				30			
1962	4/27	256	274	18	256	137	81
1963				20			
1964				23			
1965	4/26	199	237	19	199	190	23
1966				20			
1967	3/16	209	244	16	209	195	21
1968	8/9	207	233	15	208	178	36
1969				27			
1970	8/7	160	179 ✓	12	162	143	22
1971				---			

Regis O & G #1 Fed
F-4-29-12

Pictured Cliffs

EL PASO NATURAL GAS COMPANY
CHROMATOGRAPHIC GAS ANALYSIS REPORT

RUN DATE 01 24 72
CALC DATE 02 01 72

METER 7254101
OPER 7575

TYPE CODE	SAMPLE DATE	EFF. DATE	USE MOS.	SCALE	H2S GRAINS	LOCATION
00	01 19 72	04 72	06	1	0000	F

	NORMAL MOL%	GPM
C. O. 2	00.34	0.000
H 2 S	00.00	0.000
N 2	00.38	0.000
METHANE	89.37	0.000
ETHANE	05.68	0.000
PROPANE	02.41	0.063
ISO-BUTANE	00.46	0.150
NORM-BUTANE	00.68	0.214
ISO-PENTANE	00.31	0.113
NORM-PENTANE	00.22	0.080
HEXANE PLUS	00.15	0.066
TOTALS	100.00	1.286

SPECIFIC GRAVITY 0.642

MIXTURE HEATING VALUE
(BTU/CF @ 14.73 PSIA, 60 DEGREES, DRY) 1135 ✓

RATIO OF SPECIFIC HEATS 1.291

EL PASO NATURAL GAS COMPANY
CHROMATOGRAPHIC GAS ANALYSIS REPORT

RUN DATE 01 24 72
CALC DATE 02 01 72

METER 7494901
OPER 1575

TYPE CODE 00 SAMPLE DATE 01 19 72 EFF. DATE 04 72 USE MOS. 06 SCALE 1 H2S GRAINS 0000 LOCATION F

NORMAL
MDL %

GPM

C O 2

00.20

0.000

H 2 S

00.00

0.000

N 2

00.69

0.000

METHANE

90.62

0.000

ETHANE

04.84

0.000

PROPANE

02.07

0.069

ISO-BUTANE

00.47

0.154

NORM-BUTANE

00.56

0.183

ISO-PENTANE

00.26

0.095

NORM-PENTANE

00.17

0.062

HEXANE PLUS

00.10

0.044

TOTALS

100.00

1.107

SPECIFIC GRAVITY

0.630

MIXTURE HEATING VALUE

(BTU/CF @ 14.73 PSIA, 60 DEGREES, DRY) 1114

RATIO OF SPECIFIC HEATS

1.295

GAS SETTLEMENT STATEMENT ACTIVITY 02-72 BUSINESS 02-72 PRINT 03-11-72

PAGE 1

EL PASO NATURAL GAS CC. WHPB-15.025 RESPB-15.025 SLC-72-541-55248 SAD-001
 OPERATOR-RIGGS OIL & GAS CORP PU-NO-08498 FCRW-PCCF LSE & WELL-75.000000
 LEASE NM014375 CM007956B 0000 SCH-DIST 05 COUNTY-SAN JUAN DIV-SAN JUAN-COMMON ST-NEW MEXICO
 WELL-FEDERAL #1 PC PLT-SAN JUAN

WI	PAYEE S P	PAYEE PCT	PD	CCNT	SF	SETL VOL	TOTAL
21881	0 1	37.500000	02	6879	CC	525	
GAS PR							
GAS VAL							
PROD VAL							
ROYL	74060	.130000	68.35	5.53			73.88
TAX	63570		8.54	.79			9.33-
NET	21881	0 1	3.99	.29			4.28-
PROPNT VAL							
CONT %							
IBUTN VAL							
CCNT %							
NBUTN VAL							
CONT %							
FBUTN VAL							
CONT %							
PENT+ VAL							
CONT %							
UPEN+ VAL							
CONT %							
3.12 33.330000 .04 33.330000							
WI PAYEE S P PAYEE PCT PD CCNT SF							
74060 0 1 37.500000 02 6879 CC							
GAS PR							
GAS VAL							
PROD VAL							
ROYL	74060	.130000	68.35	5.53			73.88
TAX	63570		8.54	.79			9.33-
NET	74060	0 1	3.99	.29			4.28-
PROPNT VAL							
CONT %							
IBUTN VAL							
CCNT %							
NBUTN VAL							
CONT %							
FBUTN VAL							
CONT %							
PENT+ VAL							
CONT %							
UPEN+ VAL							
CONT %							
3.12 33.330000 .04 33.330000							
LEASE GAS ROYL & PROD ROYL							
12.500000 12.500000							
WHMCF SETL MCF							
1051 1051							
GAS VAL							
PROD VAL							
PRCUCT							
G.P.M							
TEST GALS							
PRDVOL							
PROD VAL							
1008 1008							
PRCPN							
IBUTN							
.6400 .1200							
672 126							
58 14							
2.26 .84							
LEASE VALUE							
147.76							
49.34							
197.00							
74060							

	NBLTN	.1570	166	28	.98		
	FRLTN	.2780	292	18	.66		
	PENT+	.2770	292	106	6.24		
	UPEN+	.2770	292	2	.08		
	TAXEX GGP						TOTAL TAX
	18.66	ADV TAXRT	1.86	SCHL TAX	3.30	SEV TAX	3.24
		1.464050					.16
PD							
02							
	PRODUCT	PRICE	TEST	GALS	ACTL	GALS	
	PROP	.039411	37545204	12750240			
	18UTN	.061413	7604735	3305870			
	N8UTN	.033720	9725998	6804832			
	F8UTN	.033958	17330733	4529456			
	PENT+	.059037	11342618	12338996			
	UPEN+	.059037	11342618	148747			

74060

GAS SETTLEMENT STATEMENT ACTIVITY 02-72 BUSINESS 02-72 PRINT 03-11-72 PAGE 1
FL PASO NATURAL GAS CC. WHPB-15.025 RESPB-15.025
OPERATOR-RIGGS OIL & GAS CORP PU.NO-08498 FORM-PCCF
LEASE CMO37956 FEE SCH.DIST 05 COUNTY-SAN JUAN SLC-72-541-55249 SAO-001
WELL-FEDERAL #1 PC PLT-SAN JUAN DIV-SAN JUAN-COMMON ST-NEW MEXICO LSE % WELL- 25.000000

MI	FAYEE S P	PAYEE PCT	PD	CONT	SF	SETL VOL	TOTAL
	21881	0 1	12.500000	C2	6879 00	175	

	GAS PR	GAS VAL	PRCD	VAL			
		22.78		1.84			24.62
TAX	63570			1.51			1.60-

NET	21881	0 1	CONT %	IBUTN VAL	CONT %	NBUTN VAL	CONT %	FBUTN VAL	CONT %
			.38	25.000000	.14	25.000000	.16	25.000000	.11
									25.000000

PENT+ VAL 1.04 33.330000 .01 33.330000

MI	PAYEE S P	PAYEE PCT	PD	CONT	SF	SETL VOL	TOTAL
	74060	0 1	12.500000	C2	6879 00	176	

	GAS PR	GAS VAL	PROD	VAL			
		22.78		1.84			24.62
TAX	63570			1.51			1.60-

NET	74060	0 1	CONT %	IBUTN VAL	CONT %	NBUTN VAL	CONT %	FBUTN VAL	CONT %
			.38	25.000000	.14	25.000000	.16	25.000000	.11
									25.000000

PENT+ VAL 1.04 33.330000 .01 33.330000

LEASE	THEO RES	336	PRCDUCT	351	G.P.M	45.56	TEST GALS	3.68	PROD VOL	20	PROD VAL	LEASE VALUE
-------	----------	-----	---------	-----	-------	-------	-----------	------	----------	----	----------	-------------

	PRCPN				.6400		224		4		.76	
	IBUTN				.1200		42		4		.28	
	NBUTN				.1570		56		10		.32	
	FBUTN				.2780		98		6		.22	

74060

	PENT+	.2770	98	36	2.08	
	UPEN+	.2770	98		.02	
	ADV TAXRT	ADV TAX	SCHL TAX	SEV TAX	CON TAX	TOTAL TAX
	1.464050	.68	1.24	1.22	.06	3.20
PD						
02						
	PRODUCT	PRICE	TEST	GALS	ACTL	GALS
	PROP	.039411	375452C4	12750240		
	IBUTN	.061413	7604735	330587C		
	NBUTN	.033720	9725998	6804832		
	FBUTN	.033958	17330733	4529456		
	PENT+	.059037	11342618	12338996		
	UPEN+	.059037	11342618	148747		

74060

	NBLTN	.1250	56	10	.34		
	FBLTN	.2450	108	6	.24		
	PENT+	.2020	90	34	1.92		
	UPEN+	.2020	90		.02		
	TAXEX GEP						TOTAL TAX
	7.76	ADV TAXRT	ADV TAX	SCHL TAX	SEV TAX	CON TAX	3.50
		1.464050	.74	1.36	1.32	.08	
PD							PRODUCT PRICE TEST GALS ACTL GALS
02							PROPN .039411 37545204 12750240
							IBUTN .061413 7604735 3305870
							NBUTN .033720 9725998 6804832
							FBLTN .033958 17330733 4529456
							PENT+ .059037 11342618 12338996
							UPEN+ .059037 11342618 148747

74060

		PENT+	ADV TAX	SCHL TAX	SEV TAX	CON TAX	PRICE	TEST	GALS	ACTL	GALS	TOTAL TAX
		UPEN+										
PD 02	ADV TAXRT		1.464050									
				.30	.52	.50	.02					1.34
PRODUCT												
PROP							.039411	37545204	12750240			
IBUTN							.061413	7604735	3305870			
NBUTN							.033720	9725958	6804832			
FBUTN							.033958	17330733	4520456			
PENT+							.059037	11342618	12338996			
UPEN+							.059037	11342618	148747			

74060

RECEIVED

MAR 15 1972

... RECEIVED BY COMMISSIONER

BEFORE THE

OIL CONSERVATION COMMISSION OF NEW MEXICO

Case 4687

IN THE MATTER OF THE APPLICATION
OF RIGGS OIL & GAS CORP., FOR
APPROVAL OF DOWN-HOLE COMMINGLING,
SAN JUAN COUNTY, NEW MEXICO

A P P L I C A T I O N

Comes now Riggs Oil & Gas Corp., and applies to the Oil Conservation Commission of New Mexico for authority for down-hole commingling of gas production from an undesignated Fruitland gas pool and the Fulcher Kutz-Pictured Cliffs gas pool, San Juan County, New Mexico, and in support thereof would show the Commission:

1. Applicant is the operator of the Riggs Oil & Gas Corp., No. 1 Federal well, located in Unit F, Section 4, Township 29 North, Range 12 West, N.M.P.M., San Juan County, New Mexico.
2. The No. 1 Federal well was completed as a dual completion under authority from the Commission, for production from the two pools involved.
3. A recent packer leakage test indicates that there is presently communication between the two zones, and the District Supervisor of the Oil Conservation Commission has instructed applicant to repair the leakage or plug and abandon one or both of the producing zones.
4. All of the ownership as to both zones is the same, both as to working and royalty interests, pressures in both zones are such that there will be no appreciable migration of gas from one zone to the other, and there is no production from the same zones from other wells closer than one mile.

DECLINED

Date 3/23/72

5. Production from the well has declined to the point that it is not economically feasible to re-work the well, and production from the Fruitland formation is marginal. The only feasible way to produce the Fruitland gas is in conjunction with the Fulcher Kutz-Pictured Cliffs production.

6. Applicant proposes to commingle the gas production from the two zones, accounting for production from the prorated Pictured Cliffs formation on the basis of past well tests, or such other basis as the Commission may direct.

7. The only other alternative is to plug and abandon the Fruitland production, resulting in a failure to recover gas that would otherwise be recoverable, which would constitute waste.

8. No waste will occur if the production is commingled and the correlative rights of the owners and offsetting operators will not be impaired.

WHEREFORE applicant prays that this application be set for hearing before the Oil Conservation Commission or before the Commission's duly appointed examiner, and that after notice and hearing as required by law, the Commission enter its order approving commingling in the well bore of the two producing formations.

Respectfully submitted,

RIGGS OIL & GAS CORP.

By Jason W. Kellahin
Kellahin & Fox
P. O. Box 1769
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

Case 4687

Finds:

(1)

(2) That the applicant, Riggs Oil & Gas Corporation seeks authority to commingle production from an undesignated Fruitland gas pool and the Fulcher Katy - Pictured Cliffs Gas Pool in the wellbore of its Federal Well No. 1 located in Unit F of Section 4, Township 29 North, Range 12 West, San Juan County, New Mexico.

(3) That the subject well was completed on a dual completion (conventional) to produce gas from the undesignated Fruitland gas pool ~~and the~~ through ^{1-inch} ~~and~~ tubing and the Fulcher Katy - Pictured Cliffs Gas Pool through ~~and~~ ^{1 1/4-inch} tubing, with separation of zones by a permanent type production packer set at 1650 feet.

(4) That communication between the two zones has developed through a leak in the packer.

(5) That the applicant proposes to leave the well in its present condition, produce the two zones as a commingled zone, and to allocate the commingled production to the two zones on the basis of past production history.

(6) That each of the ~~subject~~ zones ~~is~~ in the subject well is capable of only low marginal production.

(7) That the ownership of both zones is identical.

(8) That the estimated well repair costs exceed the total estimated value of reserves from both zones combined.

(9) That the subject well is more than one mile from the nearest well producing from the Piedmont Cliffs formation.

(10) That there are no other wells ~~for~~ completed in the Fruitland formation in the area of the subject well.

(11) That the quality and quantity of gas available from each is such that no waste will occur through commingling.

(12) That post production history indicates that 25% of the commingled production should be allocated to the undersignated Fruitland gas pool and 75% of the commingled production should be allocated to the Fulda-Kutz - Piedmont Cliffs Gas Pool.

(13) That approval of the subject application will prevent waste and protect correlative rights.

Ordered:

(1) That the applicant, Riggs Oil & Gas Corporation, is hereby authorized to ~~continue~~ ^{operate} its Federal Well No. 1 located in Unit F of Section 4, Township 29 North, Range 12 West, San Juan County, New Mexico, in such a manner as to produce gas from an undersaturated Fruitland gas pool and the Fulcher Kutzy - Pictured Cliffs Pool through its existing equipment, commencing in the well bore the production from each of said pools.

(2) That the applicant shall complete, operate, and produce the above-described well in accordance with the provisions of Rule 112-A of the Commission Rule and Regulations inasmuch as said rule is not inconsistent with this order.

(3) That as to the above-described well, 25 % of the commingled production shall be allocated to the ~~San~~ Fruitland zone and 75 % of the commingled production shall be allocated to the Dakota zone.

(4) Juris —

Case 487

Enter an order authorizing down-hole commingling of ^{undesignated} Fruitland gas production with Fletcher-Hutz, Pictured Cliffs gas production by Triggs Oil & Gas Corp. in its Federal Well No 1, located in Unit F of Sec 4-T 29N-R 12W.

Find that both zones in the subject well are low marginal;

That ownership of both zones is identical throughout;

That estimated well repair costs exceed value of total estimated combined reserves from both zones.

That ⁱⁿ the Pictured Cliffs zone, ^{the well is} more than one mile from the nearest producing well.

That there are no other Fruitland wells in the area.

That the quality and quantity of gas available from each zone is such that no waste will occur if they are combined,

That the ^{future commingled} allocation ^{& production} should be 25% Fruitland and 75% PC

AS

write a name for time
correcting Order (3)
Fulcher Kutz - Pictured Cliffs Pool
rather than ~~the~~ Dakota -

Write a name for time correcting
Order (3) of Order No. R - 4330
to show Pictured Cliffs zone
rather than Dakota zone

DRAFT

GMH/dr

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 4687

Order No. R-4330

APPLICATION OF RIGGS OIL & GAS
CORPORATION FOR DOWNHOLE COM-
MINGLING, SAN JUAN COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 5, 1972,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this day of June, 1972, the Commission, a
quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, and being fully advised
in the premises,

FINDS:

(1) That due public notice having been given as required by
law, the Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, Riggs Oil & Gas Corporation, seeks
authority to commingle production from an undesignated Fruitland
gas pool and the Fulcher Kutz-Pictured Cliffs Gas Pool in the
wellbore of its Federal Well No. 1, located in Unit F of
Section 4, Township 29 North, Range 12 West, NMPM, San Juan County,
New Mexico.

(3) That the subject well was completed as a dual completion (conventional) to produce gas from the undesignated Fruitland gas pool through 1-inch tubing and the Fulcher Kutz-Pictured Cliffs Gas Pool through 1 1/4-inch tubing with separation of zones by a permanent type production packer set at 1650 feet.

(4) That communication between the two zones has developed through a leak in the packer.

(5) That the applicant proposes to leave the well in its present condition, produce the two zones as a commingled zone, and to allocate the commingled production to the two zones on the basis of past production history.

(6) That each of the zones in the subject well is capable of only low marginal production.

(7) That the ownership of both zones is identical.

(8) That the estimated well repair costs exceed the total estimated value of reserves from both zones combined.

(9) That the subject well is more than one mile from the nearest well producing from the Pictured Cliffs formation.

(10) That there are no other wells completed in the Fruitland formation in the area of the subject well.

(11) That the quality and quantity of gas available from each is such that no waste will occur through commingling.

(12) That past production history indicates that 25% of the commingled production should be allocated to the undesignated Fruitland gas pool and 75% of the commingled production should be allocated to the Fulcher Kutz-Pictured Cliffs Gas Pool.

(13) That approval of the subject application will prevent waste and protect correlative rights.

-3-
CASE NO. 4687
Order No. R-

IT IS THEREFORE ORDERED:

(1) That the applicant, Riggs Oil & Gas Corporation, is hereby authorized to operate its Federal Well No. 1, located in Unit F of Section 4, Township 29 North, Range 12 West, NMPM, San Juan County, New Mexico, in such a manner as to produce gas from an undesignated Fruitland gas pool and the Fulcher Kutz-Pictured Cliffs Pool through its existing equipment, commingling in the wellbore the production from each of said pools.

(2) That the applicant shall complete, operate, and produce the above-described well in accordance with the provisions of Rule 112-A of the Commission Rules and Regulations insofar as said rule is not inconsistent with this order.

(3) That as to the above-described well, 25% of the commingled production shall be allocated to the Fruitland zone and 75% of the commingled production shall be allocated to the Dakota zone.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

*Change to Pictured Cliffs
zone*

(12)

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 4687
Order No. R-4330-A

APPLICATION OF RIGGS OIL & GAS
CORPORATION FOR DOWNHOLE COM-
MINGLING, SAN JUAN COUNTY,
NEW MEXICO.

NUNC PRO TUNC ORDER

BY THE COMMISSION:

It appearing to the Commission that due to clerical error
and inadvertance, Order No. R-4330, dated July 7, 1972
does not correctly state the intended order of the Commission.

IT IS THEREFORE ORDERED:

(1) That Order (3) of Order No. R-4330, Case No. 4687,
be and the same is hereby corrected to read in its entirety as
follows:

"(3) That as to the above-described well, 25% of the
commingled production shall be allocated to the Fruitland zone
and 75% of the commingled production shall be allocated to the
Pictured Cliffs zone."

(2) That this order shall be effective nunc pro tunc as of
July 7, 1972.

DONE at Santa Fe, New Mexico, this _____ day of July, 1972.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Riggs Oil & Gas Corp

Commence prod.
1 Federal

Unit F - Sec 4 29N 12W
Under Fruitland and Federal Kutch
P. C. - marginal fair
Seal in Parker

Son Juan -

= Gas =

Part well - test or such
other method as

CASE 4688: Application of GULF
FOR A NON-STANDARD PRORATION UNIT,
LEA COUNTY, NEW MEXICO.