AGENDA

OIL AND GAS CONSERVATION COMMISSION

1624 W. Adams, Room 202
Phoenix, Arizona

June 10, 1964
9:30 a.m.

1. Approval of the minutes of the previous meeting.
2. Consideration of the hearing in the matter of the application of Eastern Petroleum Company for the creation of a Navajo Springs unit.

Bill Cooper - No - No - No - No

NOTE: We apologize for this short notice; however it was unavoidable.
DRAFT
MINUTES
State of Arizona
Oil and Gas Conservation Commission
1624 West Adams, Room 202
Phoenix, Arizona
May 27, 1984

COMMISSIONERS PRESENT:            OTHERS PRESENT:
Lynn Lockhart, Chairman           John Bannister, Executive Secretary
R. Keith Walden, Vice Chairman    John K. Petty, Petroleum Geologist
Charles Kalil, M.D., Member       Lucien B. Owens, Member

COMMISSIONER ABSENT:
Orme Lewis, Member

Chairman Lynn Lockhart called the meeting to order at 9:30 a.m. in the Conference Room adjoining the Auditorium of the State Highway Department at 206 South 17th Avenue, Phoenix, Arizona. It was noted that Commissioner Orme Lewis was not present because he had disqualified himself in the matter of Eastern Petroleum Company's application for unitization of the Navajo Springs Unit to be heard at 10 a.m. today. He had notified the Commission beforehand that unless his presence was required for a quorum at this portion of the Commission meeting preceding the hearing, he would not be present at all this morning.

Commissioner Lucien B. Owens' motion to accept the minutes of the previous meeting as prepared was seconded by Commissioner R. Keith Walden, unanimously approved, and so ordered.

The Commissioners then discussed the scheduling of a meeting to render the decision regarding the hearing to be conducted today immediately following this meeting. It was pointed out that since Commissioner Lynn Lockhart, Mr. John Bannister, and Mr. John Petty would be attending the Interstate Oil Compact Commission Meeting in Billings, Montana, June 22nd through 24th; it might be well to schedule the regular June Commission meeting for some date other than the usual meeting date of the fourth Wednesday of the month which would be June 24th. Since the Commissioners had no way of predicting whether time would allow them to reach a decision today in the matter to be heard, it was agreed that the Commissioners would meet June 10th in lieu of June 24th at which time they would handle regular Commission business and also render a decision if not done so today.

Commissioner Charles Kalil advised that the other Commissioners should make whatever plans they wished regarding the June meeting as he would be unable to attend since he had some previous plans which would prevent his being present at any Commission meeting in the near future. He advised that he was not certain that he would be able to remain throughout the proceedings today.

Commissioners Kalil, Owens and Walden advised they would be unable to attend the Billings Interstate Oil Compact Commission Meeting June 22nd through June 24th.
Draft: Minutes - May 27, 1964
Page Two

It was pointed out that in connection with the hearing today, the interested parties are allowed ten days to offer additional material and the Commissioners are allowed thirty days in which to reach a decision.

Mr. Bannister reported the new Eastern permit No. 262 on the #30 Well, and also mentioned the conflict between Richard Harless and the Bureau of Land Management. Commissioner Kalil commended Mr. Bannister for his tact and diplomacy in the handling of Commission matters. Mr. Bannister reported briefly on the potash problem and advised that Mr. Petty has it pretty well solved by having obtained many samples, with many more samples available.

Mr. Petty then reported that on the field trip it was noticed that Eastern and Kerr-McGee wells were not marked, but that it appeared that some signs had been torn down since they had been put up. He also reported that Mr. Henry Fullop, President of Eastern Petroleum had advised him that he would repair the leaking well which is reported in Mr. Petty's written report.

Mr. Petty was asked to comment on the well abandoned in Kaibab Forest (Rip C. Underwood - Jacob Lake Unit Well #1-32, File #275) which he did stating that it had been drilled down to 3600 feet and logged to that depth and that they could not get logging tools down to the extra 268 feet. He also explained to the Commissioners the process of drilling with air and using foam.

Commissioner Walden reported on the problem encountered and solution of same in connection with a water well he had drilled at Sahuarita to 2,500 feet.

Commissioner Charles Kalil reported on an article in a recent issue of the Oil and Gas Journal dealing with the Secretary of Interior's proposed meeting with the big oil and pipeline people on May 26th, to consider somehow taking up the deposits that exist in the reservoirs, particularly in Southern California. He advised that whether the oil industry is seriously going to consider additional pipelines tapping the reserves of the mid-continental area or whether imports would be relaxed more to permit more foreign oil to come in would have a bearing on the attractiveness and desirability of exploration in the state of Arizona. He reported he had talked personally with Mr. Charles Anderson, Chairman of the Utah Oil and Gas Commission, in Salt Lake a year and a half ago who told him how Utah had taken necessary precautions in reserving certain percentage of any pipeline traversing the state to the West Coast and that the New Mexico Oil Conservation Commission had advised him they were sorry that they had not put some reservations providing them with a priority of their production from pipelines in certain parts of that state. He expressed the opinion that it would behoove this Commission to very seriously consider approaching this problem in this coming session of the Legislature, whether it be through a statute which we have which can be enhanced under the jurisdiction of the Corporation Commission or the Oil and Gas Conservation Commission, whereby we here in this state would reserve a certain percentage of the capacity of any additional pipeline traversing.
this state if and when we have the production. He advised that it would be well to become informed on Utah's handling of the situation in their state, and that this matter should be considered seriously soon.

In response to Commissioner Kalil's above suggestion, Commissioner Walden made the motion that this Commission look into the matter of reserving a percentage for the transportation of Arizona production of future pipelines traversing the state of Arizona, with the intent of probing the possibility of sponsoring some legislation in this matter, and that Mr. John Bannister be delegated to visit the Oil and Gas Conservation Commission of the State of Utah at his convenience to investigate their handling of the situation in their state. Motion was seconded by Commissioner Kalil, unanimously approved, and so ordered.

Upon motion duly made, seconded, and unanimously approved, the meeting was adjourned at ten a.m., and the Commissioners proceeded to the Auditorium of the State Highway Department for the hearing of Case No. 15.

JS/mkc
June 5, 1964

TO THE COMMISSIONERS:

Re: Case No. 15
Navajo Springs Unitization

Gentlemen:

Enclosed herewith please find a letter directed to Eastern Petroleums Company from Mr. C. R. Carraway, Petroleum Engineer with James A. Lewis Engineering, Inc.

As you will recall, during the hearing held May 27th concerning the captioned unit, it was discovered that Eastern Petroleums Exhibits No. 8 and No. 10 were in error due to a mathematical error in calculation in net sand thickness allocated to the Santa Fe No. 35 Well. The enclosed are Eastern's corrected figures as prepared by James A. Lewis Engineering, Inc. As you will note, the net effect of this error is extremely slight and in essence does not materially change the overall picture presented by Eastern.

We will attempt to establish a conference call between this office and each of you on Monday, June 8th, in order to discuss the Commission's order which will be forthcoming on June 10th.

Yours very truly,

[Signature]

John Bannister
Executive Secretary

To: Mr. Lyon Lockhart, Chairman
Mr. R. Keith Walden, Vice Chairman
Mr. Lyman B. Owens, Member
Office of The Attorney General
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**TOTAL NATURAL GAS**
- The Superior Oil Company
- Shell Oil Company
- Standard Oil Company
- ENCO
- Sinclair Oil Company
- Arizona Pacific Oil Company
- Mobile Oil & Refining Co.
- Humble Oil & Refining Co.

**TOTAL REFINING GAS**
- Eastern Petroleum Company

**TOTAL OIL**
- Humble Oil & Refining Co.
- Humble Oil & Refining Co.
- Humble Oil & Refining Co.
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- Humble Oil & Refining Co.
Resignation
Accepted

Gov. Fannin said yesterday he will accept the resignation from the Arizona Oil and Gas Commission of Dr. Charles Kahl, Phoenix physician.

Dr. Kahl sent the governor a letter of resignation Thursday after serving 1 1/2 years on the commission. He indicated he was dissatisfied with progress of oil and gas exploration in the state.

Gov. Fannin declined to comment on Kahl's resignation, except to say he does not have a successor in mind.

"I hope to find a businessman with a background in the field of oil and gas development if I can, because the work of this commission can mean a great deal to Arizona," Fannin said.
Commissioner Kalil Quits Oil, Gas Post

Dr. Charles Kalil resigned from the Arizona Oil and Gas Commission yesterday.

Gov. Fannin was in Tucson to address a meeting of the Tucson Chamber of Commerce when Dr. Kalil's letter of resignation was delivered to his office. Fannin is due back today.

Kalil has been a dissenting voice on the oil and gas commission for most of the 4½ years he has served on it. He reportedly was unhappy because of failure of the legislature to pass a bill to appropriate $250,000 to offer as a bonus to the first operator to bring in a 1,000-barrel producing oil well.

Other members of the oil and gas commission, headed by Lynn Lockhart, have expressed gratification at the progress of exploration, particularly since drilling permits recently were obtained to put a well down on the Black Mesa formation in the northern part of the Hopi Reservation and the start of exploration in North Kalisb.

In his letter to the governor, Kalil declared: "My principal purpose of accepting a five-year appointment to the commission, which entailed sacrificing time from my medical practice, was my sincere desire to participate in guiding the development of oil and gas resources within the State of Arizona, exclusive of the Indian reservations. I have sincerely and honestly attempted to accomplish this goal.

"BELIEF TO our taxpayers, which could have resulted through a more concentrated effort with the anticipated exploration and development program, has not in my opinion been equitably in comparison to any actual advancements made in their behalf. Arizona has a great potential for petroleum development. I am confident that the potential will someday be realized."

Lockhart expressed surprise at Kalil's resignation.

"We passed a resolution at our meeting Wednesday that he recommended," said Lockhart. "It was a good resolution, requiring that any oil pipeline right-of-way granted across Arizona should stipulate that a portion of the pipeline capacity be available for Arizona oil.

LOCKHART SAID other members of the commission differ sharply with Kalil over progress made in oil and gas development in Arizona. "We met all day Wednesday working on a unification program with Kern-Moore and Eastern Oil on another basin area, but Dr. Kalil left at noon, and he never said anything to us about resigning."

Lockhart, a Democrat, praised Gov. Fannin for his efforts to encourage oil and gas development.

"He is a Republican but he certainly has worked for Arizona," Lockhart said.
Blast At Fannin

KALIL RESIGNS

Bimson's a Cool One!

Cool, Zoo, Cool

Javits Screams Names at GOP:

Barry Counts
Dear [Name],

Thank you for your kind letter. I was very pleased to hear from you and your interest in my work. I am currently working on a project that I believe is of great potential, and I am excited about the prospects of its development.

I appreciate your support and encouragement. Please let me know if you have any further questions or if there is anything else I can do to assist you.

Sincerely,

[Your Name]