

OIL & GAS CONSERVATION COMMISSION
Meeting: December 16, 1964

Mr. John Bannister

A G E N D A

OIL & GAS CONSERVATION COMMISSION

December 16, 1964
Commission Hearing Room
Room 204 - 1624 W. Adams, Phoenix

9:30 a.m. Call to order

1. Approval of minutes
2. Approval of report by Executive Secretary
3. Approval of report by Geologist
4. Old business
5. New business:
 - a. Budget for year 1965-66
 - (1) new position
 - (2) new car
 - (3) increase to cover hearing costs
 - b. Changes in legislation shelved
 - c. Changes in Rules & Regulations shelved
 - d. Discussion of water and oil well Statutes
6. Adjourn.

correct all minutes approval change now

Hold until last

*e. Ad valorem taxes on rigs
f. Bonus bill
g. Kerr McGee Order*

*Arb - La
putash*

ROUGH DRAFT

OIL AND GAS CONSERVATION COMMISSION

STATE OF ARIZONA
1924 WEST ADAMS - SUITE 402
PHOENIX 7, ARIZONA

Minutes of Meeting
November 25, 1964:

Commissioners present:

Lynn Lockhart, Chairman
R. Keith Walden, Vice Chairman
Orme Lewis, Member
Lucien B. Owens, Member

Others present:

Sen. Marshall Simms
Mike O'Donnell
Charles B. McAlister
Mr. James Pickett
Mr. Loy Turbeville
Mr. Sidney Rosen
Mr. J.R. Scurlock
Mr. John Bannister

Chairman Lynn Lockhart called the meeting to order at 9:30 a.m. in the Commission Hearing Room.

The minutes of the last official Commission meeting, August 26, 1964, were approved.

Mr. Lewis questioned why there were no minutes for September and October. It was pointed out there was no meeting in September and at the called October meeting with the Indians a quorum was not present and therefore no minutes were taken.

It was directed that a record be maintained in the minute book to indicate all the acts of the Commission, including hearings, during which the Commission acted as a body, formally or informally. *Correct to reflect records always maintained.*

Mr. Bannister stated there was roughly a \$10,000 increase in the proposed budget over the appropriation granted for the current fiscal year. The increase is represented primarily by the request for a new salary, another position, and to replace the 1960 Ford. Some money had been included so that if the Commissioners so desired it would be available for salary increases.

It was stressed by the Commissioners that the requests for additional funds would have to be well justified and that good detail should be presented as to what the additional man was to do and how he would be useful and how it would hurt not to have him.

It was moved that the reports of the Executive Secretary and the Geologist be filed.

Mr. Scurlock supplemented his report with the statement that knowledgeable men were needed to come into Arizona to drill on geology.

Mr. Bannister pointed out the interesting test activity going on at the present time in the activities of the Yucca Crary #1 well, Taubert and Steed in the Snowflake area, the Johnson and Counts well near Congress, the ferrin well northwest of Winslow, and Ark-La exploration program south of the Reservation.

As yet there were no applications on the recent Hopi leases, and Superior apparently has banded their intentions to drill on the five-acre Hopi lease.

Mr. Scurlock reported that he had talked with Mr. Harless. Mr. Harless stated he is presently negotiating a contract with an independent to deepen the #36C well to 6,000 feet and that he has a shutdown rig on the #27B well, but plans to acidize that well. Mr. Scurlock felt that Mr. Harless seems to be convinced he has oil. Mr. Harless stated that the #27B well is producing a little oil, but not increasing enough to make it economically feasible so the acidizing is indicated.

Mr. O'Donnell quoted remarks made by Mr. Harless at a recent meeting of the Arizona Oil and Gas Association that the well had produced 1,000 barrels of oil.

Mr. Bannister stated that Harless is not in violation of any Rules and Regulations, excepting perhaps on the #9, or first, well; but that no action is being taken because he does not want the Commission to be charged with the plugging of a producing well.

Mr. O'Donnell stated that he had made available the Slumberger logs from the Yucca Crary well to the majors and everybody for correlation purposes. The Harless Slumberger logs were correlated by Slumberger and indications were that the logs were similar.

Mr. Walden reported on the ^{reaffirmed} meeting of the Commission with members of the Natural Resources Committee of the Navajo Tribe which ~~accomplished the placing of~~ ^{has been created} goodwill with the Indians. The Indians are building an economy and spending money received from oil and gas leases and they are beginning to worry about what is going to happen to their status if oil production does not develop from these leases. What would solve that problem is to get a lot of activity and money and good geology to come in and drill wells and get production. This was in the nature of a good will trip and it was the feeling of this Commission that we do want to work with them, recognizing that they are an Indian nation. They are in fact a part of Arizona and we should work on a quasi associated basis with them.

Mr. Scurlock pointed out that we need to compile structural information on Arizona so that people interested in Arizona can be serviced. To do so would cost a great deal of money; but a way is needed, perhaps students of the University to do some mapping in connection with their degrees.

Mr. Bannister reported that two private sources in New Mexico had maps of Navajo and Apache counties available for sale.

Mr. Lewis suggested that perhaps the Commission could establish a bibliography of maps showing the subject and sources where these maps, etc., could be obtained.

Mr. Bannister reported the office is in process of compiling information as to what services or supplies are offered in Arizona.

Chairman Lockhart declared the next order of business to be the Kerr-McGee application. At this point Mr. Lewis disqualified himself from the meeting.

Mr. Bannister reviewed as background the formation of the Navajo Springs Unit and subsequent events transpiring between the Unit Operator and Kerr-McGee. And the Commission's denial of Kerr-McGee's application to require production of the Barfoot well was legally correct.

Mr. Rosen, Attorney General's Office, attempted to clarify a point by asking whether the decision was based on the fact that Kerr-McGee had entered into some sort of contingent contract to settle their differences or rather whether the Commission decided this on the merits of the law involved.

Chairman Lockhart replied it was his opinion it was not necessary to render any opinion so long as they had entered into an agreement.

Mr. Bannister stated that since a hearing had been held, according to the Statutes a decision must be made.

Mr. Walden stated his feeling that he took into consideration and made the decision on the basis that the difficulty had been overcome and that therefore there was, in effect, no reason to grant a decision.

Mr. Rosen stated it has the appearance to the people that the decision was made on merit. Then, in fact, the decision, was not made according to law and it appears to stand against Kerr-McGee.

Mr. Walden stated his belief that individuals should settle their differences for their own good and for the good of the State, and that he had encouraged Eastern Petroleum to make an effort to reach understanding with Kerr-McGee during lunch with Mr. Fullop. Subsequently, an operating committee meeting was held and agreement was reached. It was his understanding that in rendering the decision it was to put the Commission back to where they were before the hearing. Further, that he was in favor of vacating the order and going back to

where the Commission was before.

Mr. Rosen pointed out that the Commission did not rule on legal merits of this matter, that it thought it was placing the two parties back in the position in which they were prior to the meeting; the Commission could not legally do so by denying this position, in fact, it stands as though it had been rule on the merits; and it would force Kerr-McGee to appeal to higher courts on something which you didn't rule on law in the first place. So now the moral right swings to Kerr-McGee in that the Commission didn't mean to rule against them, whereas, in fact, you did rule against them. It would lead to a simple re-phrasing of this decision. Perhaps something stating that the application is dismissed without prejudice. Then, six months from now if we needed, we could start this thing again with a clean slate.

Mr. Bannister indicated it was his opinion that the decision was based solely on the merits of the case because the action question involved had been removed. If this is not the thinking of the Commission, then the only choice is to back up and either deny or approve or dismiss without prejudice, but the Commission had no request for dismissal.

Mr. Owens stated that during the hearing both parties could see the Commission was going to stand pat if they didn't get together. The plan of re-issuing the order, if it could be worked out legally and keep the Commission in the clear, was a good one.

Mr. Walden moved that the Commission vacate its decision so that we can go back to where we were before the hearing took place and that the Attorney General prepare the proper language to express this concept from this point of view for the Commission to take a look, and our Secretary take a look, and then issue that kind of an order.

Motion was seconded by Mr. Owens and passed.

Mr. Rosen requested and received verification that it was his understanding that all this Commission is now doing is vacating their original decision because of the improper wording--wording which did not in fact legally express the Commission's feelings; this feeling being that the merits of this case, the law of this case, was never meant to be ruled on at the time, and later that the only reason for the decision as it originally read was based on understanding that the case was settled and that there was no point on ruling on it.

After discussion, it was decided that the next meeting of the Commission should be changed from December 23, which is very close to Christmas, to December 16, 1964.

Mr. Bannister raised the question of monies for hearings and suggested either a specific place in the budget to pay for these hearings, or a change in legislation to cause the parties to pay the costs.

It was decided that rather than a change in legislation, some specific monies should be provided for hearings.

Mr. Bannister also reported on suggested changes in the Rules and Regulations to bring about greater consistency and to remove conflicts and to clarify the Rules and Regulations. There would be only one suggested change that would require hearing, and that was to require a surveyed plat.

Mr. Walden pointed out that changes to Rules and Regulations would require a large expenditure by many people who would be interested or concerned and who would attend a hearing.

When called upon for an opinion concerning the changes, Mr. James Pickett stated he felt the changes suggested were minor and could not create a controversy. And that if the people were to get the suggested changes and compare them with the existing Rules and Regulations they would see there was no need for them to show up. And people do expect some changes from time to time to make the Rules and Regulations more functional.

Mr. Bannister was directed to compile the suggested changes for presentation to the Commission for consideration.

Mr. Pckett expressed deep respect for the Commission and commended Mr. Walden for his efforts in bringing parties together. He commented that the decision of the Commission hurt neither Kerr-McGee nor Eastern, but it hurt the industry. Decisions of the Commission give industry something to rely on. Then what you have done today lost the chance to set something down for people to use as a guide line. Someone is always going to get hurt--that is a fact of life. Emphasis was put on "let's not hurt anyone." Perhaps the merits require more thought than trying not to hurt anyone.

Mr. O'Donnell stated that anyone sitting in the meeting today would have a better understanding of the decision. But the way it is going to come out, it's going to hurt us all, because regardless of the facts they are going to say, "boy, you can't say they didn't favor Kerr-McGee."

After some further general discussion of the Kerr-McGee application the meeting was adjourned at 11:45 a.m.

ROUGH DRAFT

OIL AND GAS CONSERVATION COMMISSION

STATE OF ARIZONA
1624 WEST ADAMS - SUITE 208
PHOENIX 7, ARIZONA

October 28, 1964

The regular meeting of the Commission was called on this date at Window Rock, Arizona; however, a quorum of Commissioners was not present.

The purpose of this meeting was to meet with the Natural Resources Committee of the Navajo Indian Tribe to consider any joint problems existing, as well as to further cement relationships between the governing body of the Navajo Tribe and the Commission.

Chairman Lynn Lockhart, Vice-Chairman R. Keith Walden, and John Bannister, Executive Secretary, were present for the Commission. The Navajo Indian Tribe was represented by Mr. Henry Pohlmann, Oil & Gas Supervisor, Mr. Ned Hatathli, Mr. Henry Taliman, Mr. Keith Boyd, Mr. Keith Smith, and Mr. Leo Denetsone.

The discussion was of a general nature, and good will and expressions of cooperation were made and evidenced by both the Navajo Tribe and the Commission.

The good will created by this visit was well worth the effort on the part of the Commissioners, and it is felt that similar meetings should be held periodically.

LYNN LOCKHART, Chairman

ROUGH DRAFT

OIL AND GAS CONSERVATION COMMISSION

STATE OF ARIZONA
1624 WEST ADAMS - SUITE 202
PHOENIX 7, ARIZONA

October 21, 1964

Commissioners Present:

Lynn Lockhart, Chairman
R. Keith Walden
Lucien B. Owens

Commissioners Absent:

Orme Lewis

The Commission met at 10:00 a.m. in the Arizona State Highway Department Auditorium to hear Case 18, IN THE MATTER OF THE APPLICATION OF G.R. BARFOOT AND KERR-McGEE OIL INDUSTRIES, INC. TO REQUIRE UNIT OPERATOR OF THE NAVAJO SPRINGS UNIT, APACHE COUNTY, ARIZONA, TO PRODUCE AND DELIVER IN KIND UNTO APPLICANTS THEIR SHARE OF GAS FROM SAID UNIT.

Hearing adjourned at 12:00 noon. See Order 15-B.

The Commission met at 2:00 p.m. in the Arizona State Highway Department Auditorium to hear Case 19, APPLICATION OF TEXACO, INC. TO DISPOSE OF SALT WATER BY INJECTION INTO THE DEVONIAN-McCRACKEN FORMATION IN THE NAVAJO TRIBE AG#2 WELL, LOCATED IN SECTION 16, TOWNSHIP 41N, RANGE 25E, APACHE COUNTY, ARIZONA.

Hearing adjourned at 2:45 p.m. See Order 17.

By _____
LYNN LOCKHART, Chairman

ROUGH DRAFT

OIL AND GAS CONSERVATION COMMISSION
STATE OF ARIZONA
1924 WEST ADAMS - SUITE 202
PHOENIX 7, ARIZONA

Minutes of Meeting
September 23, 1964

No meeting was called for this date.

LYNN LOCKHART, Chairman

ROUGH DRAFT

OIL AND GAS CONSERVATION COMMISSION

STATE OF ARIZONA
1924 WEST ADAMS - SUITE 202
PHOENIX 7, ARIZONA

Minutes of Meeting

July 22, 1964

No meeting was called for this date.

LYNN LOCKHART, Chairman

December 9, 1964

Memo to: Commissioners
From: John Bannister, Executive Secretary
Re: Report of Activities

The last Hopi lease sale was held on November 24, 1964. Twelve bidders bid \$921,441.00 on 69,029 acres. Only forty of the offered seventy-three tracts were bid on. (Acreage offered 129,833; bids on 69,029 acres.)

Texaco was again high bidder--\$136,586 for 1,472 acres (\$92.79 per acre).

Texaco, Allied Chemicals, Sinclair, Skelly, Amerada, Kerr-McGee, Kewanee, Gulf, were some of the bidders.

In the September sale, upon recommendation of U.S. Geological Survey, the Hopis rejected bids on thirty-six tracts of the fifty-six tracts bid on. Forty-two bids were rejected.

Below is a recap of the sales:

	<u>Bonus</u>
September	\$ 984,256
October	1,334,096
November	<u>921,441</u>
	\$3,239,793 (includes rejected bids)

As yet no drilling has taken place and it is likely that the Hopis won't attempt another sale until some exploration drilling has occurred.

Mike O'Donnell, Yucca Petroleum was assessed \$3,800 tax on his rig by Yavapai County. Normally such a rig is assessed between \$300 - \$500, and the large rig (1200 feet or more) from \$700 - \$800.

I spoke to Senator Lockhart concerning this situation and as a result went to Prescott with Mr. O'Donnell and his attorney to appear before the Yavapai County Board of Equalization on December 7, 1964.

The Board was very sympathetic with our position and reduced Mr. O'Donnell's assessment to \$305.00. They took into consideration the time the rig has been in the State (since October, 1964), operating time in the county (156 hours), and the taxes assessed against rigs in surrounding states.

The problem will arise again in 1965.

New permits issued since last reporting:

- 302: Johnson & Counts State #1, S36-T10N-R7W, Yavapai County (6 miles west of Congress Junction)
- 303: Kerr-McGee Navajo #1, S32-T36N-R30E, Apache County (15 miles southwest of Red Rock)

Navajo Springs Unit production, from the Kerr-McGee Barfoot State #1 well, began December 1, 1964 at 11:00 a.m.

December 9, 1964

Memo to: Commissioners
From: J.R. Scurlock, Geologist
Re: Report of Activities

December 1, 1964. Ferrin State #1 well. (1600 feet Coconino test; rotary located 11 miles northeast of Winslow.) Drove out to the location. Rig had not moved in.

Arkansas-Louisiana Gas Co., Holbrook. (District Geologist: Warren E. Carr.) Ark-La opened an office in Holbrook on November 1. They have a contract with Arizona-New Mexico Land Co. to drill a number (undisclosed) of potash tests, one of which is currently drilling.

These tests will penetrate through the "salt" section, that is, to approximately 200-300 feet below the base of the Coconino.

Of course they will keep their eyes open for oil, gas, and helium. There are no plans at this time to release any data.

December 2, 1964. Taubert & Steed Babbitt Bros. #1 well, thirteen miles northwest of Snowflake. Visited location, drilling at 495 feet, top of the Coconino. Having lost-circulation trouble. Drilling with mud.

December 3, 1964. To Farmington, New Mexico in an effort to collect more data for our files. Contacted Pan American Oil scout Paul Lewis, Shell Oil scout Jerry Sager, and El Paso Natural Gas scout "Slick" Kennedy. Borrowed El Paso's scout tickets to reproduce for our use.

December 4, 1964. Contacted Superior Oil scout in Cortez, Colorado. Borrowed his scout tickets and took them to Farmington and began reproducing them on Xerox machine.

December 5, 1964. Continue reproducing scout tickets until office closed at noon.

December 6, 1964. (Sunday). Made special arrangements to get into office and continued reproducing scout tickets. Copied in all, about 350 tickets showing such data as cores, tests, elevations, tops, shows, etc. Cost of reproduction was \$25.00. Approximately 300 tickets yet to copy.

Justification for New Position: Administrative Assistant

It is the desire of the Oil & Gas Conservation Commission to hire an additional man on a permanent basis as Administrative Assistant. The need for this position is immediate.

At present the staff of the Oil & Gas Conservation Commission is composed of the Executive Secretary, one Geologist, and one Secretary-bookkeeper. The duties of the Executive Secretary and of the Geologist demand constant travel, both in State and out of State. Consequently the office is, of necessity, frequently manned only by the secretary-bookkeeper. Visitors during these periods are unable to speak to anyone of authority and frequently must return for the desired information or help.

In addition, permanent help is needed in the routine office procedure. The office is involved in revamping and updating all records. When this work has been completed studies will be made as to each well in order to see that all wells are in full compliance with our Rules and Regulations.

The Administrative Assistant will handle this phase of our work as well as compiling statistics, a continuing operation of great value to both the Commission and the industry as a whole. This phase of our work is far behind schedule, due to lack of personnel and it is essential to the continuing efficiency of this Commission that it be done as early as possible and that a continuing followup of the information so gained be done.

The specific duties of the Administrative Assistant will be:

1. Supervision of the office
2. Supervision of office records and supplies
3. Continual availability at the office in order that the Executive Secretary and Geologist may more freely fulfill their field functions
4. Other duties as needed and assigned.

An annual salary of \$6,000 is proposed for this position.

In addition, it is requested that a sum of \$3,000 be allocated to the Commission immediately so that this position may be filled early in January.

We should point out that the Oil & Gas Conservation Commission Fund, presently in excess of \$7,450, is available for the functions of the Commission, and if this position is allowed the above requested \$3,000 to cover the interim period from January 1 through June 30, 1964, could be withdrawn from this fund and used for this purpose and thus avoid any additional appropriation for fiscal year 1964-65.

Justification for New Car

The Oil & Gas Conservation Commission is in possession of a 1960 Ford Fairlane 500 four-door sedan. This automobile was purchased December 3, 1959 for use by the Executive Secretary in administration of his duties.

This car currently has in excess of 143,000 miles and necessary upkeep expenses no longer warrant the economical retention of this car.

In normal use of going to various well locations throughout the State it is necessary that extremely poor roads and at times cross-country driving be involved, and the car has had extremely hard though legitimate use.

The cost of upkeep of this car for the fiscal year through June, 1964 was \$298.56. This does not of course include oil and gas.

The bod of the car is somewhat battered, although the interior is still in good shape considering the age of this car. The tread on the tires is worn approximately half away. Gas and oil consumption are normal for a car of this age and condition.

The car currently is being carried on our insurance rolls at a value of \$1,245.75. However, it has a book, or realistic trade-in, value in the neighborhood of \$500.

It is felt to delay replacing this vehicle would result in further economic loss due to maintenance, gas and oil consumption, and trade-in value.

December 7, 1964

Memo to: Commissioners
From: John Bannister, Executive Secretary
Re: Suggested Changes in Statutes

It is suggested that the following changes be made in Statutes controlling the operation of the Oil and Gas Conservation Commission:

27-516.A.2. Change ninety days to sixty days.
This change would then completely bring the Statutes and the proposed Rules and Regulations into complete agreement as to time and date of meeting requirements.

27-522.B To this section add the words: "if so requested by permittee."

According to the Statutes as now in force, a wildcat well is automatically a tight hole. In many cases the permittee does not desire to drill a well tight and the mandatory requirement of this section should be changed to coincide with the wishes of the permittee.

27-532.5 Add: "The vote of the majority shall control."

This clarification of the Statute would greatly alleviate such situations as was recently presented to us by the Kerr McGee-Navajo Springs controversy.

Basically, the Statutes and Rules and Regulations under which this Commission operate are excellent and are, in fact, greatly advanced and refined. However, experience will show some faults in the best Statutes or Rules and Regulations.

Currently several legislative problems beyond the above do exist. However, in order to correct these a fight with other interests would probably result. However, I feel that it is merely a question of time before some of these problems are attacked and a solution reached.

This Commission is currently charged with protection of water so as to prevent the escape of water into an oil or gas strata or pollution of water by escape of oil or gas or salt water. It is assumed that this charge deals with surface water.

Suggested Changes in Statutes
Page 2

With these broad charges to protect water, we find that as a practical matter we can only do this in wells totally within the jurisdiction of this Commission, i.e., oil or gas or helium well.

I do not know of any other State agency charged with the protection of water. In order to fulfill this obligation, it would be necessary that some specific legislation be made enabling this Commission or some other State agency to control all holes drilled for water or through water bearing stratas, regardless of whether it is announced that it is drilled for an oil or gas well.

As you can see, such legislation, would of necessity and to be effective, cover any core drilling done by mines as well as for oil and gas, and should cover wells drilled by individuals, with the aim not of preventing all drilling for and use of water, but to prevent waste of water through improper completion and perhaps usage.

A specific case in mind would be a well drilled by an operator in the Organ Pipe Cactus National Monument. This well was drilled as a core hole for mine testing, and at one point an artesian flow leaping some five feet or more above the surface of the ground was encountered.

The operators continued drilling with no protection of this source and eventually completely lost this valuable water.

It is not specifically the intention of mentioning this problem to the Commission to secure additional power and authority for the Oil and Gas Conservation Commission, but rather to point out the matter to somehow control this problem.

An additional change in Statutes would be to change Section 27-501.20, the definition of "well." Currently this definition reads: "A well means and includes any hole drilled or spudded in for any purpose with the intention, or under the representation of penetrating oil or gas bearing strata and producing oil or gas therefrom....."

If the portion reading "and producing oil and gas therefrom" were changed to read "or producing oil and gas therefrom", this would grant the Commission authority to control, inspect, and demand information from such operations as our recent potash play.

As you are aware, these potash holes penetrated coconino sand. The coconino sand at this period was a known producer of helium gas.

This Commission has no way of knowing whether or not the coconino sand was adequately protected in these drilling operations, or whether or not any water sources encountered were adequately protected.

Suggested Changes in Statutes
Page 3

As previously pointed out, most of the companies exploring for potash have agreed to furnish us information as to their holes. However, little information and the lack of the right to act upon this information cannot protect this natural resource.

As in the case of water legislation, any legislation along these lines would undoubtedly be strongly attached by other interests.

As you are aware, Arkansas-Louisiana has recently moved into the State and is headquartered currently in Holbrook. We have had reports of drilling operations from the Holbrook area. As a result Mr. Scurlock visited with ArkLa on December 2.

Arkla is operating on acreage leased from New Mexico-Arizona Land and Cattle Company. They advised Mr. Scurlock they were drilling a series of potash tests from 2-3,000 feet deep.

These tests of course go far beyond potash zones and are quite obviously a combination of oil/gas and/or potash holes. However, by going under an announced potash test, they have gone beyond any control this Commission might have to control the operations.

Any legislation such as suggested above would quickly control an operation such as this.

December 7, 1964

Memo to: Commissioners
From: John Bannister, Executive Secretary

Re: Corrections to Rules and Regulations

Below listed please find an item-by-item suggestion for correction and revision of our Rules and Regulations.

The majority of changes herein suggested are changes to remove conflicts from the Regulations and to provide greater uniformity.

In many places in our Regulations the time to fulfill certain requirements is specified. In some cases these times are in conflict with the Rules and Regulations themselves, and in some places in conflict with statutory requirements.

The times involved have been from periods of five days, ten days, thirty days, etc. The purpose of these changes are to bring any requirement of five to ten days to a consistent period of ten days which will, in effect, give the person complying with the rules a full working five days in order to conform with the Regulations.

The changes of from thirty to sixty days are primarily designed to give the operator a full sixty days in which to comply with the Regulations and not force him to reveal information in a shorter period. In many cases, I have found that for practical purposes the thirty day period is not being adhered to, primarily due to ignorance and confusion of the many various times set forth in the Regulations.

I do not feel that any of the changes suggested are of such significant nature as will cause undue concern to the industry.

The one requested change which might cause concern is in Rule 102.A where the Commission would require a location plat to be made by a registered surveyor. Currently we have no provision calling for a surveyed plat and we feel this is a must.

Under Section A of our Rules and Regulations, concerning definitions, the changes suggested merely incorporate some definitions in the Statutes which were omitted or slightly changed. Of course, the definitions of the Rules and Regulations contain words in addition to those contained in the Statutes.

12-9-64

Corrections to Rules and Regulations
Page 2

In the case of the definitions under 29, only a portion of the statutory definition was used and consequently this should be corrected to add "f".

It is further suggested that in addition to our Rules and Regulations an additional section be incorporated which would set forth all forms used by our Commission and cross reference to the specific Rule calling for that form.

In this connection, it would be well if within the body of the Rules and Regulations wherein a specific report is called for, to incorporate a reference to the specific form for this purpose.

It is also to be noted, in Section E., Oil Production Operating Practices, that we do not call for an initial potential test of an oil well. A section should be here added to make provisions for this test.

Changes Needed in Rules & Regulations

Section A - Definitions

- 12.A Add or Natural Gas
- 12.B Add or Casinghead Gas
- 15 Add or the production of which shall cause waste
- 29 Add F. The production of oil or gas when it is unprofitable to dispose of such production.
- Add Well. See #20.

Section B.1.A Correct to read, "1951-52, 1959, and 1962 Rules."

Section C

- 101.A.3 Change six months to sixty days
Add .5 Compliance with all Statutes, and Rules and Regulations
- 102.A Require the location plat be made by registered surveyor
- 103.A Second paragraph: change five days to ten days
- 105.C Require plat by registered surveyor
- 108.A Not always possible to circulate cement to top of hole. Rule is all right if Commission at its discretion can waive.
- 113.F Change thirty days to sixty days
- 113.H Change thirty days to sixty days
- 114.5 Plat by registered surveyor
- 119.A Change thirty days to sixty days
Change "six months after completion" to sixty days
- 119.B Change six months to sixty days
- 119.C Add Sample logs
Change thirty days to sixty days
Change six months from date on which it is filed to completion

*Mailed
12-9-64*

- 120.A Change five days to ten days
- 120.B Change thirty days to sixty days

Section D

- 201.B Change five days to ten days
- 202.C Change thirty days to sixty days

Section E

- 301.A Change five days to ten days - eliminate thirty days
- 302.A Change thirty days to sixty days
- 308 Change fifteen days to on or before the 15th day of the next succeeding month

Section I

- 705 Change certified plat to plat by registered surveyor

Note: Section E does not provide for an Initial Potential Test (form 6).

Add section setting forth forms to be used according to Rule number. In the Rules, also set forth form number to be used.