

OIL & GAS CONSERVATION COMMISSION  
Meeting: March 24, 1965  
Mr. John Bannister, Executive Secy

AGCO

March 23, 1965

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

February 23-24. Trip to Tucson

Delivered (by U-Haul trailer) all samples and cores from the basement storage in the State Office Bldg. to the Arizona Bureau of Mines at the University in Tucson. BuMines henceforth will be our central repository for samples.

March 15-19. Trip to Farmington

Conferred with Texaco landman, Mr. Hooper. Texaco is again looking for a contractor for their Hopi test. They should start their well within 3-4 weeks.

Visited Mr. Hank Pohlmann (Navajo Tribe). He places some credence in rumors that Kerr-McGee #1 Navajo has had a good show of oil, although Kerr-McGee will not admit this. (Kerr-McGee has set pipe on this well; so the rumor could be true.)

Visited Mr. Phil McGrath (U.S.G.S.) to discuss his methods for keeping records on Arizona wells.

Visited Mr. Roy Prichard (El Paso Natural Gas) to confer with him regarding the plugging of Eisele #1 McCauley.

Visited Superior Oil Co. office in Cortez. Visited scout check in Farmington. Visited Texaco office: they suggest that Commission regulations be changed to allow electric logs in our files to be reproduced.

Visited Pan American. Rumor that Atlantic and British American are planning a joint test on the Hopi, around Section 5 or 6 of Township 28 North Range 15 East.

Had lunch with Farmington Geological Society.

Visited Four Corners Sample Cut..

March 19. Winslow

Searched (without success) for location of Tucson Oil & Gas #1 Woodman Federal well to check plugging.

Visited with Mrs. Molly McLean regarding the plugging of Eisele #1 McCauley well.

March 17, 1965

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

On February 23, 1965 Senator Lockhart and I represented Governor Goddard on the Executive Committee, IOCC, in Austin Texas.

The Committee appointed the members to the Standing Committees. Mr. Scurlock was appointed to the Research Committee and I to the Regulatory Practices Committee.

Mr. Pete Porter, Secretary-Director of the New Mexico Conservation Commission was asked to represent IOCC on the National Public Lands Study. This is a committee authorized by the United States Congress to study the use of public lands. Inasmuch as Arizona is vitally interested in Federal lands, I offered my help to Mr. Porter.

Governor Connally invited IOCC to hold its December 1965 meeting in Texas, the city to be decided upon at a later date.

Governor Connally was requested to represent IOCC at the Congressional hearing on Import Control to be held in Washington, D.C. on March 10 and 11. He requested a cut, or at least a freeze, on present levels of import until the downward trend in domestic exploration is corrected.

Out-of-State Travel. There is approximately \$500.00 left in this fund for the remainder of the 1964-65 fiscal year. You will recall that additional funds were requested in this category for the 1965-66 fiscal year.

We will not have sufficient monies to send our full representation to the June 1965 IOCC meeting, and, in addition, other needed out-of-state activities must be curtailed.

The Governor's Office, through the Arizona Development Board, has authorized this Commission in cooperation with UofA, to prepare for publication a brochure on the known structures in Arizona. This brochure will be periodically up-dated and should create great interest in the oil and gas possibilities of our State.

Permits issued since last reporting:

- 304: Tenneco #1 Navajo 4332, Section 33, Township 41N, Range 26East, Apache County.  
(This well was spudded 1-6-65, reached a total depth of 6,606 feet, and plugged 2-12-65.)
- 305: Cactus Drilling #1 Navajo, Section 19, Township 39N, Range 26E, Apache County, 6 miles north of Rock Point, Arizona.  
(This well was spudded 1-27-65, taken to a total depth of 6,197 feet, and plugged 2-25-65.)
- 306: Willett SDD #1 State, Section 24, Township 20N, Range 5E, Coconino County, 15 miles southwest of Flagstaff.
- 307: Texaco #1 Hopi, Section 15, Township 26N, Range 16E, 20 miles southwest of Polacca, Navajo County.
- 308: Tenneco Oil #1 Navajo 8939, Section 2, Township 35N, Range 22E, Apache County.

The anticipated increase in drilling activity has not yet come about. The large exploration by ArkLa did not materialize since the program is being conducted as potash tests and hence does not come under our jurisdiction. The weather is another factor in the lack of exploration in the north.

SB-185 has passed the Senate and has been referred to the House Committees on Natural Resources, Live Stock and Public Lands, and the Judiciary Committee.

The first two committees have passed the bill; it is to be on the agenda of the Judiciary Committee at its next meeting. I have offered to appear before the Judiciary Committee should it so desire.

S T A T E O F A R I Z O N A  
O I L , G A S & H E L I U M P R O D U C T I O N  
J A N U A R Y - 1 9 6 5

Producer	Well Name	Field	Formation	Barrels	Cumulative
<u>OIL</u>					
Humble Oil & Refining Co.	Navajo #1	E. Boundary Butte	Paradox	100	29,709
	Navajo #1	"	"	120	32,959
Monsanto Chemical Co.	Navajo 138 #1	Dry Mesa	Mississippian	50	123,283
	Navajo 138 #3	"	"	2,440	141,684
Pan American Petroleum Co.	Navajo F #1	Undesignated	Paradox	plugging	6,900
	Navajo O #1	"	Ismay	274	1,279
	Navajo #23-11	E. Boundary Butte #8	Paradox	126	9,549
Shell Oil Co.	Navajo #23-11	"	"	32	678
The Superior Oil Co.	Franco Wyoming Navajo #1	North Toh-Atlin	"	2	592
Texaco, Inc.	Navajo H #14-16	Twin Falls Creek	Devonian	1,047	42,529
	Navajo AG #1	Walker Creek	"	4,191	389,162
<u>TOTAL OIL</u>					
<u>HELIIUM</u>					
Kerr-McGee Oil Industries Inc.	Fee #1, Unit III	Pinta Dome	Cocconino	6,690	252,641
	Fee #2, Unit VIII	"	"	7,196	206,249
	State #1, Unit VI	"	"	5,981	134,544
	State #3, Unit IV	"	"	89	5,719
	State #2, Unit V	"	"	21,515	475,292
	State #4, Unit I	"	"	346	45,137
	Barfoot State #1	Navajo Springs	"	4,049	26,655
Eastern Petroleum Co.	State #1-28, Unit II	"	"	5,900	191,800
	State #1-10, Unit X	Pinta Dome	"	837	22,247
	State #1-2, Unit IX	"	"	3,462	86,268
<u>TOTAL HELIUM</u>					
<u>NATURAL GAS</u>					
Humble Oil & Refining Co.	Navajo #1	E. Boundary Butte	Paradox	20,167	599,620
	Navajo E #1	"	"	3,527	458,863
	Navajo Bita Peak #1	Bita Peak	"	43,234	470,172
El Paso Natural Gas Co.	Navajo O #1	Undesignated	Ismay	56,857	220,214
Pan American Petroleum Co.	Navajo 23-11	E. Boundary Butte #8	Paradox	9,733	502,023
Shell Oil Co.	Navajo #2	E. Boundary Butte #7	"	7,792	282,536
	Franco Wyoming Navajo #1	North Toh-Atlin	"	5,448	496,748
	Navajo H #14-16	Twin Falls Creek	"	107	149,507
The Superior Oil Co.				146,865	3,179,790
<u>TOTAL NATURAL GAS</u>					

STATEMENT OF LEDGER TRANSACTIONS  
JANUARY 1965

	Expenditures To Date	Outstanding Encumbrances	Expenditures Jan. 1965	Appropriation	Unencumbered Balance
Personal Services: Staff			\$ 2,050.00	\$ 12,750.00 *	\$ 5,925.00
TOTAL	\$15,825.00		\$ 2,050.00	\$ 12,750.00 *	\$ 5,925.00
Current Expenditures-Other:					
Telephone (1-15-65 billings)			\$ 126.57		
Thermofax paper			38.93		
Recording tapes			28.89		
Miscellaneous supplies			54.31		
TOTAL			\$ 248.70	\$ 4,762.50 *	\$ 1,627.45
TOTAL Subscription-Organization Dues	\$ 97.00		\$ 49.00	\$ 150.00	\$ 53.00
Travel-State: Staff		\$ 200.00	\$ 136.20		
Gasoline-oil		\$ 200.00	70.21		
TOTAL	\$ 1,844.21	\$ 200.00	\$ 206.41	\$ 5,000.00	\$ 2,955.70
Travel-out of State TOTAL	\$ 1,155.44	\$ 380.20	\$ 79.83	\$ 2,500.00	\$ 964.36
TOTAL Capital Outlay Equipment	\$ 617.69			\$ 685.00	\$ 67.31
TOTAL Fixed Charges	\$ 141.75			\$ 350.00	\$ 208.25
TOTAL Professional Services	\$ 232.60			\$ 1,500.00	\$ 1,267.40
TOTAL Museum Northern Arizona	\$ 1,250.00	\$ 625.00	\$ 625.00	\$ 1,875.00 *	\$
TOTAL Arizona Bureau Mins	\$ 1,875.00		\$ 625.00	\$ 1,875.00 *	\$
TOTALS	\$26,094.99	\$1,283.95	\$ 3,258.94	\$40,447.50	\$ 13,068.50
LUMP SUM	\$ 60.79			\$ 61.21	\$ .42
RECEIPTS	To date \$ 475.00		Jan. \$ 50.00		\$ 7,520.25

\*Allotment through 3rd quarter (Mar. 31, 1965)



OFFICE OF

## Oil and Gas Conservation Commission

STATE OF ARIZONA

ROOM 202

1624 WEST ADAMS

Phoenix, Arizona 85007

PHONE: 271-5161

PAUL FANNIN  
GOVERNOR

LYNN LOCKHART  
CHAIRMAN

R. KEITH WALDEN  
VICE CHAIRMAN

CHARLES KATIL, M.D.  
MEMBER

ORME LEWIS  
MEMBER

LUCIEN B. OWENS  
MEMBER

JOHN BANNISTER  
EXECUTIVE SECRETARY

JOHN K. PETTY  
PETROLEUM GEOLOGIST

February 10, 1965

Memo to: Commissioners  
From: John Bannister, Executive Secretary

Re: Audit Report, for period July 1, 1963 to  
June 30, 1964

Attached is a copy of the above captioned audit which contains the comments and criticisms of the Post Auditor, Mr. Al Means. This report was discussed in detail with Mr. Means on February 8.

I consider that in many cases the comments of the Post Auditor are unfair and reflect lack of knowledge of the functions and operation of this Commission.

On Page 2 of the report, under the heading "Receipts", it is noted that the Post Auditor made a recommendation that our permits be set up under a pre-numbered system.

Upon discussion of this with Mr. Means I learned that he considers this form a license and feels that a pre-numbered system would prevent theft of filing fees by members of the staff. I pointed out to Mr. Means that by Statute we are required to furnish copies of all our forms to those desiring same upon request. No exception was made as to permits. Of course giving pre-number permit forms to individuals would immediately destroy the value of any pre-numbering system.

I further pointed out to Mr. Means that the paper itself is called "Application for Permit to Drill, Deepen, Plug Back, or Re-enter" and becomes a permit only upon acceptance and approval by the Commission, and that the application to deepen, plug back, or re-enter a well does not require additional filing fees.

I further suggested that merely pre-numbering our forms to prevent theft by personnel could easily be by-passed by duplicating numbers; that the only pre-numbering system to be effective would be for another agency to issue pre-numbered forms to the Commission.

It is my recommendation that the numbering system used by this Commission be continued in use and that the additional expense of additional forms be avoided.

Under the comments "Expenditures", the post auditor questioned three claims. The first is a claim for mileage by one of the former Commissioners attending a Commission meeting; the second is a claim for file folders purchased by this office; the third is moving expenses paid on behalf of myself when my family came to Phoenix.

Prior to issuance of this report I had spoken to Mr. Means and it was my impression at that time that once a claim is accepted, approved and paid by the State Auditor, that such payment is also declaration of legality of the claim. I have been similarly informed on this point on several occasions.

The comments concerning the purchase of 2,600 file folders fails to reveal that this actually represents 1,000 files, inasmuch as our file folders each require two separate sections and that the initial use by this office would consume approximately one-half of this quantity. The additional folders, that is 600, were for use in our correspondence and other type files.

The Post Auditor also failed to point out that by purchase in this quantity we were able to reduce the purchase price to approximately 5¢ per unit.

As to the Post Auditor's comments concerning the moving claim, again he failed to point out completely the circumstances surrounding this and failed to note that the State Auditor had sufficient time to raise any question concerning the legality of this claim in that on the first of June the State Auditor was notified of intention to encumber this amount, that prior to encumbering the State Auditor's office advised as to the proper coding of this, and that the State Auditor honored and paid this claim before any question was raised.

On Page 3, under the caption of "Capital Outlay", the Post Auditor acknowledges that all property purchased during the fiscal year was properly accounted for. He further notes that the property owned by this Commission had not been tagged to identify as being State owned.

He failed to point out that this discrepancy had never been brought to the attention of the Commission prior to this time. Also, he neglected to point out that on being advised that the property should be tagged, that all property was correctly tagged and that Mr. Lee Yonick, the auditor making the audit, was advised of this, came to the office and verified the tagging; and this was done a considerable time

before the Post Auditor's report was drawn up.

The Post Auditor further states that the inventory report which should be filed on June 30th was not filed by this office. However, on June 30 an inventory, showing what property had been purchased within that fiscal year, was submitted to the property clerk and was refused by him on the grounds it did not contain a complete inventory and was only supplementary. To my knowledge other supplemental reports similar to the one submitted by this office was accepted by the property clerk.

To date no new inventory has been filed with the property clerk; however, we are compiling a complete list by property number which will be filed very shortly.

The Post Auditor further advised that the Commission does not maintain a property accumulative record. However, all capital items are kept in file in numerical sequence and was checked and verified by the examining auditor at the time of his audit.

Should you have any questions, would you please advise.

cc: Mr. Al Means  
Post Auditor



PAUL FANNIN  
GOVERNOR  
LYNN LOCKHART  
CHAIRMAN  
R. KEITH WALDEN  
VICE CHAIRMAN  
CHARLES KALIL, M.D.  
MEMBER  
ORME LEWIS  
MEMBER  
LUCIEN B. OWENS  
MEMBER

OFFICE OF  
**Oil and Gas Conservation Commission**

STATE OF ARIZONA  
ROOM 202  
1824 WEST ADAMS  
Phoenix, Arizona 85007  
PHONE: 271-5161

JOHN BANNISTER  
EXECUTIVE SECRETARY  
JOHN K. PETTY  
PETROLEUM GEOLOGIST

February 17, 1965

Memo to: Commissioners  
From: John Bannister, Executive Secretary

Re: Report of Activities

The January 27th meeting was called, but inasmuch as a quorum was not present no official meeting was recorded. Minutes have been prepared to reflect this.

I am enclosing for your information your copy of the audit made by the Post Auditor covering the year 1963-64, together with a copy of my comments.

I should like to report at this time that following my discussion with Mr. Al Means, he says that in his opinion the audit was, in reality, a most satisfactory report.

It is contemplated that a bill changing the statutory definition of a well from the present one which requires not only penetration but intent to produce, to the suggested definition which would require only penetration to qualify as a well under jurisdiction of this Commission, will be introduced in the Senate sometime this week. This bill is being sponsored by Senator Udine of Coconino County.

From all indications, from both the House and the Senate, our request for appropriation for the year 1965-66 is well received and at present I do not anticipate any great trouble as to our budget.

Inasmuch as Senator Lynn Lockhart and I must attend the Executive Committee meeting of the Interstate Oil Compact Commission in Austin, Texas, on the 23rd and 24th of this month, no regular meeting is being called.

Permits issued since last reporting:

- 304: Tenneco #1 Navajo, S33-T41N-R26E, Apache County
- 305: Cactus Drilling #1 Navajo, S19-T39N-R26E, Apache County
- 306: Willett SDD #1 State, S24-T-20N-R5E, Coconino County (15 miles southwest of Flagstaff)

XERO COPY

XERO COPY

XERO COPY

XERO COPY

307: Texaco #1 Hopi A, S15-T26N-R16E, Navajo  
County (approximately 20 miles southwest of  
Polacca, Arizona)

The Texaco well, above reported, will be the first test on  
the Hopi Reservation and spudding should occur within the near  
future.

Ram Oil Company has resumed operations on the Sierra Bonita  
Ranch, northwest of Willcox. Currently they are running pipe  
and have by-passed a bailer which was cemented in place at  
approximately 1,733 feet. They are currently about 40 feet  
away from a second bailer in the hole and will attempt to fish  
this out.

XERO  
COPY

XERO  
COPY

XERO  
COPY

XERO  
COPY



PAUL FANNIN  
GOVERNOR  
LYNN LOCKHART  
CHAIRMAN  
R. KEITH WALDEN  
VICE CHAIRMAN  
CHARLES KALIL, M.D.  
MEMBER  
ORME LEWIS  
MEMBER  
LUCIEN B. OWENS  
MEMBER

OFFICE OF  
**Oil and Gas Conservation Commission**

STATE OF ARIZONA  
ROOM 202  
1624 WEST ADAMS  
Phoenix, Arizona 85007  
PHONE: 271-5161

JOHN BANNISTER  
EXECUTIVE SECRETARY  
JOHN K. PETTY  
PETROLEUM GEOLOGIST

February 17, 1965

Memo to: Commissioners  
From: Jim Scurlock, Geologist  
Re: Report of Activities

Feb. 1 - Sedona. Checked Harless well. Circulating chemicals.

Feb. 2 - Farmington. Called on Sample Cut. They are in bad financial shape and will possibly close down in a few more months. If this happens, we plan to haul the samples from Arizona wells to Tucson and deposit them with the Bureau of Mines at the University.

Called on Mr. Henry Pohlmann (Navajo Tribe) and Mr. Phil McGrath (U.S.G.S.).

Feb. 3 - Farmington. Called on Texaco, El Paso, and Pan American scouts.

Drove to Durango Colorado, to call on Superior scout.

Feb. 4 - Winslow. Checked Ferrin well. Fishing at 650 feet.

Feb. 13- Sedona. Enroute to the Harless well in Sedona. Car broke down (cracked piston) in Camp Verde. Towed back to Phoenix. Harless still circulating chemicals.

XERO  
COPY

XERO  
COPY

XERO  
COPY

more expensive wells with higher costs. Thus, the successful independent today must either have or employ technical knowledge or assistance to drill, complete and operate on a profitable basis.

Many independents have pooled their resources in order to participate in the deeper more expensive exploration and development. While the big push toward the future is offshore, onshore operations continue at a relatively steady pace. Optimism and interest continues despite rising costs and lowered profit margins.

In my opinion, the next year should see a greater effort to find profitable production in shallow horizons. Sand control and rising costs are still a stumbling block, but experience and imagination are progressing toward economic solutions. Well problems that seemed insurmountable 15 years ago are now normal operations and further technical advances will minimize today's headaches. The industry needs more originality and a less stereotyped approach to finding and producing oil and gas.

There are still many opportunities in the petroleum industry. Those of us who have spent a good part of our working lives in its service must keep up and be the first to accept change. We must encourage young men to seek careers at all levels in petroleum and retard the loss of talent to other industry. This is the real challenge of the future if we are to have a healthy and progressive domestic industry.

## Producing Business Low In Southern Oklahoma

Frank Gouin  
Duncan, Okla.



Gouin was born June 7, 1894, in Winnipeg, Canada, and was reared in Silver City, N. M. He was graduated with a degree in geology from the University of New Mexico in 1916. He has served as a field geologist for the Empire Gas & Fuel Co.; district geologist for the Atlantic Refining Co.; consulting geologist at Duncan and is now an independent geologist and oil producer. Gouin is the author of several bulletins for the Oklahoma Geological Survey, the AAPG, The Oil Weekly and World Oil.

**T**HE STATUS OF THE INDEPENDENT oil producer and of the oil producing business in general, in Southern Oklahoma is lower even than it was a year ago, if such a thing is possible. It gives one such a helpless feeling when he knows there is so little he can do about it.

Here in the area of the huge, tight folds and thick sands of the Ardmore Basin, where it can still be said — as has been said and proved many times in the past 50 years — no anticline has been thoroughly tested either vertically or laterally; we are now on the second half century of consequential production. There is no question but that the next half century could see as much oil produced in the area as was produced in the first half century providing it is economically feasible, for the reserves are here.

During the past year only the most necessary operations have been conducted. Some secondary recovery operations have been continued, others initiated and some pilot projects commenced — the latter to be ready for the proper method to use in particular areas so that secondary operations on a major scale can be conducted if economic conditions in the oil business ever right themselves. The past year saw no important discoveries for there was no effort in this direction. There were some scattered stratigraphic tests drilled into the Cambrian by some of the integrated (gasoline) companies, but none of any structural significance.

The program for the coming year will likely be similar. The average Southern Oklahoma producer could double his production without doing any drilling and with but very little added expense, thus cutting lifting costs in half. There are a few factories which can compete on the open market operating at half capacity. The independent has the lowest lifting cost in the industry since he and his staff occupy multiple positions and since he gets his salary out of what is left, if there is any left. More often than not these days there isn't. In the meantime there is no chance to build up surplus cash to find new oil to replace that being produced.

Surely our economists in Washington are smart enough to realize the handicap of the independent producer attempting to buck the imports of a fifth of our annual domestic consumption with cheap, foreign oil. Certainly they can see that it means a deficit of roughly two billion dollars a year in our trade balance, as Robert Anderson of Roswell, N. M., pointed out in these columns two years ago, "American oil is best."

## Arizona Looks For Big Exploration Increases



James R. Pickett  
Phoenix, Ariz.

For the past seven years Pickett has been actively engaged in business in Arizona and the

Four Corners Area as an independent oil operator. Before moving to Phoenix he was employed as an oil and gas attorney by the Lone Star Producing Co. of Dallas and as a landman by the Atlantic Refining Co. in Texas, Wyoming and Oklahoma. Pickett's educational background includes a BS degree in business administration and economics from Southwestern Louisiana Institute, an L.L.B. degree from Baylor University, graduate work in commerce at Louisiana State University and in oil and gas law at Southern Methodist University.

## Ohio's Boom Linked With Shallow Drilling



Richard C. McConnell  
Newark, Ohio

McConnell graduated from Ohio State University in 1941 after which he worked for North American Aviation Corp. in California. He and his father, Kenner McConnell, formed the Clinton Oil Co. Upon his father's death in 1958, McConnell was appointed president. The company is actively engaged in exploration in Ohio and are producers in the Clinton formation and in the newly discovered Trempealeau in Morrow County. He is the immediate past president of the Ohio Oil and Gas Assn.

**N**EXT YEAR ARIZONA will be looking for the really big breakthrough in exploration which it did not get in 1964. Hopes for discovery and development of oil and gas reserves in major quantities are based mostly on the settlement of the Navajo-Hopi Indian land dispute and the subsequent leasing of over 250,000 acres in the heart of the Black Mesa Basin. The great oil potential of the Hopi Indian Reservation has long been recognized by the geological segment of the oil industry but entry has been denied because of tribal religious tradition as well as the land dispute. An accelerated drilling program is now promised, the success of which should encourage more drilling in other areas of the state where petroleum possibilities are indicated.

Tenneco's significant Permian-Kaibab discovery in Garfield County, Utah, is expected to spread activity throughout the Kaiparowits Basin, including that portion lying within Arizona.

It was a happy occasion for Arizona oil advocates when the Department of Interior finally opened up the Kaibab National Forest in Coconino County to leasing and drilling but a bitter disappointment when the first exploratory effort was fruitless. However, the Jacob's Lake Unit well did not go to basement and inasmuch as the area encompasses some 400,000 acres, it is unlikely that this one failure condemns the whole Kaibab Uplift.

Shallow helium discoveries continue in Apache County and the search is now being carried on throughout the Holbrook Basin. The state's second helium field has been established with the formation of the Navajo Springs Unit. A reduction plant is located in the immediate area to process this gas. The primary market is the industrial West Coast.

Arizona's Oil and Gas Conservation Commission has matured in the five years since its origination. Boasting the best beginning set of rules and regulations in the country, the Commission, under the chairmanship of Keith Walden, enforces them efficiently, fairly and with firmness. It is felt this situation provides a healthy climate for large and small companies alike. Another attraction for operators is the plus factor of no proration and allocation at the present time.

Arizona could be the state to watch in 1965. The sediments are here and the structures are here. In fact, all of the elements necessary for production are here. But with a well density of only one per 300 square miles, we are virtually untested. What we need, want and must have is more wells. This is a familiar story but it has never been truer. If Arizona gets the drilling it deserves, it will surely take its place in the ranks of major oil producing states.

**S**OMEONE ONCE SAID that when economic conditions worsen, the oil man will have to find more oil at shallower depths and produce the greatest ultimate recovery possible. Ohio has enjoyed a small boom in recent years with its development remarkably similar to the above axiom. The state is undergoing a thorough exploration and development program which should maintain its present producing rate of 45,000 barrels per day. This is particularly attractive to the small independent producer inasmuch as the dry hole and completed well costs are relatively much less than in other areas of the country. We anticipate that the activity in 1965 in Ohio will be highlighted by many wildcat tests.

The renewed activity in Ohio and the neighboring states is concentrating on the deeper sands and on secondary recovery procedures in the older pools. Although Ohio is one of the oldest producing states, the recent developments have brought on many problems, which, although not new to the oil man, were not considered, heretofore, as too important. I am particularly pleased to note the role the industry is playing in leading the study, making their resources and know-how available and cooperating with state and local governments to help solve these problems. I refer to conservation procedures not only for the prevention of waste, but for the protection of correlative rights and the proper disposal of salt water and other waste material.

The oil producers here, as in other sections of the country, are most concerned over the weak import program, deteriorating crude prices, high labor and material costs and federal controls over the gas industry. They are working diligently with IPAA and other organizations to help bring about changes which are badly needed in order to have a strong and healthy domestic industry. They are keenly aware that there can be no easing up in the efforts necessary to bring about the proper reforms. ▲▲▲

from the desk of \_\_\_\_\_

F. C. RYAN

3-19-65

John,

This is an idea  
we had in the matter  
of SB 185

JCR



John Bannister

"Well" means and includes any hole drilled or spudded in for the purpose, with the intantion, or under the representation of penetrating oil or gas bearing strata ~~(and producing oil or gas therefrom)~~ or of penetrating any strata in search of stratigraphic data pertinent to the location of oil or gas bearing strata, whether or not in either case, oil or gas is actually discovered. The Commission may, as it shall deem to be to the best interests of the State, determine that any hole drilled or spudded in shall be included within the above definition to the extent necessary for the administration and enforcement of <sup>the rules required by</sup> 27-516, A,1. The determination of the Commission shall be final in any circumstance involving the question of purpose, intent or representation provided such determination shall be subject to appeal as provided by 27-526.

OIL AND GAS CONSERVATION COMMISSION  
1624 West Adams - Room 202  
PHOENIX, ARIZONA 85007

D 1-65  
February 1, 1965

WELL NAMING POLICY

Hereafter it will be the policy of this Commission that all wells drilled for oil and gas in the State of Arizona shall be named as follows:

1. Name of Operator.
2. Your designation of this well. This designation should follow a logical sequence and may, of course, include such things as letter designation, section number, etc.
3. Type of lease or lease name. In the case of a fee lease, the lease name must be shown. In the case of Federal, Indian, or State leases, the full identifying lease number must be shown on the Application to Drill.

Some examples of the above are:

1. The operator, X Oil Company is drilling its first well on AR-03815. The well name will be:  
X Oil Co. #1 Federal
2. X Oil Company is drilling on Navajo lease 14-20-603-4815. The location of this well is to be in Section 35, and the company wishes to designate this section number. This is the third well drilled by this company on this lease. The well name would be:  
X Oil Co. 35-3 Navajo.
3. Should a company desire to include a letter designation in the naming of a well, the well could be:  
X Oil Co. Q-1 Navajo, or, X Oil Co. Q-1A Navajo.
4. X Oil Company is drilling its sixth well on the John Smith fee. The name of this well would be:  
X Oil Co. #6 Smith fee.
5. Should the location be on a communitized tract, the full particulars will be given. X Oil Company is drilling its first well on a communitized tract containing a parcel of Federal lease AR 80315 and Navajo lease 14-20-603-4815. This well would be named:  
X Oil Co. #1 Federal-Navajo, or,  
X Oil Co. #1 Federal-Navajo-Smith Fee.

D 1-65  
February 2, 1965  
Page 2

6. The same rules will apply to a well within a Unit except that the Unit name will be used. X Oil Company is re-naming a Unit well, or, is drilling its sixth well on the Pima Unit. This well would be named:  
X Oil Co. #6 Pima Unit.
7. In the case of Unit operations, should the Unit operators desire to indicate what type of unit well is involved, the above well might be named:  
X Oil Co. #6 Pima Unit Water Injection

This Commission feels that it would be an unnecessary hardship to require the re-naming of existing wells. However, should you desire to change the names of any existing wells to comply with this directive, you may do so upon notification to the Commission.

Your comments and suggestions concerning this policy are earnestly solicited.

A sufficient time for comment will be allowed before this policy is officially instituted and you will be advised as to its effective date.

A G E N D A

OIL & GAS CONSERVATION COMMISSION

MARCH 24, 1965

Commission Hearing Room  
Room 204 - 1624 W. Adams, Phoenix

9:30 a.m.

Call to order

1. Approval of minutes - DK
2. Approval of report by Executive Secretary
3. Approval of report by Geologist
4. Old business
5. New business:
  - a. Discussion of 1963-64 audit
  - b. ~~Report on SB-185~~
  - c. ~~Register of Contractors~~
6. Adjourn

~~D. Out of State Travel~~

~~E. Salaries~~

~~F. Well Names~~

~~G. Well Briefs~~

as of 4-1-65

Bill Eubanks

Draw up a Permit

