

OIL & GAS CONSERVATION COMMISSION
Meeting: August 25, 1965
Mr. John Bannister, Executive Secy

32x10

SAMUEL P. GODDARD
GOVERNOR

LYNN LOCKHART
CHAIRMAN

R. KEITH WALDEN
VICE CHAIRMAN

ORME LEWIS
MEMBER

LUCIEN B. OWENS
MEMBER

GEORGE T. SILER
MEMBER



OFFICE OF

Oil and Gas Conservation Commission

STATE OF ARIZONA

ROOM 204

1624 WEST ADAMS

Phoenix, Arizona 85007

PHONE: 271-5161

JOHN BANNISTER
EXECUTIVE SECRETARY

J. R. SCURLOCK
PETROLEUM GEOLOGIST

A G E N D A

Meeting
August 25, 1965
Commission Hearing Room
Room 204

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:
 - a. Discussion of changes
to Rules and Regulations
5. New business - Budget,
6. Adjourn

*Cancel Area
hearing*

Two new Permits

*(Hopi) Modoc-Modoc-Miller #1 Hopi # 321
NWNW 6-29N-15E*

*Apache Reg G # 2 Spruick-Wetzel # 322
NESE 27-18N-26E*

OIL AND GAS CONSERVATION COMMISSION
1624 West Adams - Suite 202
Phoenix, Arizona

Minutes of Meeting
July 28, 1965

Commissioners present:

Mr. Lynn Lockhart, Chairman
Mr. Lucien B. Owens
Mr. George T. Siler

Others present:

Mr. John Bannister, Executive
Secretary
Mr. J.R. Scurlock, Geologist

Commissioners absent:

Mr. R. Keith Walden
Mr. Orme Lewis

The meeting was called to order at 9:30 a.m.

Minutes of the meeting of June 9, 1965 were approved.

The Executive Secretary's report was discussed and approved.

Mr. Scurlock and Mr. Bannister discussed Apache Drilling Company's development of Shinarump helium production and its hopes to establish enough helium reserves to build another processing plant. Apache Drilling hopes to drill about five wells and have them all tested at one time and apparently has financial backing to build another plant if enough helium reserves can be developed.

In response to Mr. Owens' inquiry concerning ArkLa's plans, Mr. Bannister and Mr. Scurlock indicated that apparently ArkLa was disappointed in their mineral exploration, but recently their attitude seems to have changed. However, they have not filed any information with this Commission.

Results of drilling on the Hopi Reservation were discussed. It was pointed out that one drawback to Arizona exploration is the high cost of drilling due to lack of equipment and materials within the State, and of course the lack of information.

In response to Mr. Siler's question, Mr. Scurlock reported that the market demand for helium since 1950 has increased about 50%. Kerr-McGee's production represents about 6% of the national total.

Mr. Bannister reported that apparently Easter Petroleum and Kerr-McGee were working toward turning over the Navajo Springs Unit to Kerr-McGee as unit operator. This would give Kerr-McGee something to attract additional markets.

Mr. Bannister reported on the Civil Defense exercise held June 30, 1965, a test of the State Plan for Petroleum Management which has been approved without change by the national Civil Defense Office.

Minutes of Meeting
July 28, 1965
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One thing that was ascertained during the exercise was the lack of sufficient stock of proper octane aviation gas for propellor planes. The solution recommended was that when certain things happen that might result in an emergency, the Governor will order companies to increase their stocks of this type gasoline.

Mr. Owens suggested, in this connection, that the amount of storage, whether currently in use or not, should be reported.

Mr. Bannister reported that Duval Drilling Corporation had submitted to the Commission a list of the wells drilled in their potash tests, the location, depths, etc., and that at some future date would submit Slumberger logs.

As soon as time permits, Mr. Bannister is going to write other exploration companies, show them what Duval has submitted and attempt to get similar information from these other companies.

Copies of the Rules and Regulations together with suggested changes will be ready for discussion at the August meeting and prior to the September hearing.

The Attorney General's opinion concerning the new definition of well was discussed.

The Attorney General stated that an area determination would be questionable; it was something that the Commission should have the power to do, but should have definite legislative authority. Should the Commission proceed on an area determination, it should be done after public hearing. If the Commission points to a specific well as coming within its jurisdiction, a hearing is not necessary. If any individual chooses to oppose any decision of the Commission, it may go into court.

Mr. Owens questioned why, with the authority to declare an individual well under jurisdiction of the Commission, was it necessary to have an area designation.

Mr. Bannister replied that with the small staff there would be no way of checking each well being drilled in the State. An area determination would bring the driller in to the Commission.

Mr. Bannister suggested that we have a hearing to set up an area determination that any wells being drilled within that area come within the jurisdiction of this Commission.

Mr. Owens wondered about the relationship with mining companies with any area determination. Mr. Bannister pointed out that in the area where the mining companies are operating we have no information to indicate that we have anything to protect. The area we are interested in is in the northern part of the State where we have production and geological information. It is conceivable that water well drillers, in some instances, may have to come to the Commission, but right now this problem is not anticipated.

Minutes of Meeting
July 28, 1965
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Mr. Lockhart and Mr. Owens felt it was necessary for the Commission to take the calculated risk and hold an area determination hearing.

It was moved and passed that the hearing on changes to the Rules and Regulations be set for 9:30, September 29, and the hearing for area determination be set for 2:00 p.m. on the same day.

Mr. Scurlock was directed to prepare an initial area description for discussion with Mr. Bannister, showing as broad an area as he reasonably can, west of the Petrified Forest, almost the border of the State, over to Flagstaff, and as deep as possible, with all the geology he can to justify this area. Mr. Bannister and Mr. Scurlock shall discuss this area description to determine the area for which the hearing is to be held.

Mr. Lockhart reported on his attendance at the recent Interstate Oil Compact Commission meeting in Pittsburgh, June 21-22-23. He chairs the very important Finances and Publications Committee.

Mr. Bannister pointed out that Interstate Oil Compact Commission is the first interstate commission and has set the pattern for many other interstate commissions. It has improved the industry in general and government. He also pointed out that Arizona is considered to be the most progressive of the States, conservation-wise and rule-wise; and many of the States are envious of the flexibility of our Statutes and Rules.

The meeting adjourned at 11:30 a.m.

STATEMENT OF LEDGER TRANSACTIONS
June 1965

Expenditures to date	Outstanding Encumbrances	Expenditures June 1965	Appropriation	Unencumbered Balance
Personal Services: Staff				
		\$ 2,290.00		
Commissioners				
		350.00		
TOTAL	\$27,315.00	\$ 2,640.00	\$29,000.00	\$ 1,685.00
Current Expenditures-Other				
Telephone		\$ 92.64		
Miscellaneous		292.92		
Printing: forms		107.56		
TOTAL	\$ 4,479.31	\$ 493.12	\$ 6,350.00	\$ 1,870.69
TOTAL Subscription-Orgn Dues	\$ 120.20		\$ 150.00	\$ 29.80
Travel-State: Staff				
		\$ 369.30		
Commissioners				
		270.40		
Gasoline/repairs		653.83		
TOTAL	\$ 4,483.99	\$ 1,293.53	\$ 5,000.00	\$ 516.01
TOTAL Travel-out of State	\$ 2,499.90	\$ 465.74	\$ 2,500.00	\$.10
TOTAL Capital Outlay Equipment	\$ 679.15	\$ 61.46	\$ 685.00	\$ 5.85
TOTAL Current Fixed Charges	\$ 268.86	\$ 58.47	\$ 350.00	\$ 81.14
TOTAL Professional Services	\$ 257.60		\$ 1,500.00	\$ 1,242.40
TOTAL Museum Northern Arizona	\$ 2,500.00		\$ 2,500.00	
TOTAL Arizona Bureau Mines	\$ 2,500.00		\$ 2,500.00	
TOTAL	\$45,104.01	\$ 5,012.32	\$50,535.00	\$ 5,430.99
LUMP SUM	\$ 60.79		\$ 61.21	\$.42
RECEIPTS	year to date	June		
	\$ 825.00	\$ 100.00		\$ 7,870.25

STATEMENT OF LEDGER TRANSACTIONS
July 1965

Expenditures to date	Outstanding Encumbrances	Expenditures July 1965	Appropriation	Unencumbered Balance
Personal Services: Staff				
Commissioners		\$ 2,122.00	* \$ 7,375.00	\$ 5,253.00
TOTAL		\$ 2,122.00		
Current Expenditures Other				
Establish Revolving Fund		\$ 250.00		
Telephone	\$ 48.66	132.12		
Miscellaneous	\$ 48.66	3.88		
TOTAL	\$ 386.00	\$ 386.00	* \$ 1,837.50	\$ 1,402.84
TOTAL Subscription-Ordn Dues			\$ 150.00	\$ 150.00
Travel-State Staff				
Commissioners	\$ 300.00			
Gasoline-related expense	300.00			
TOTAL	\$ 600.00	\$	\$ 5,000.00	\$ 4,400.00
TOTAL Travel-out of State	\$	\$	\$ 2,500.00	\$ 2,500.00
TOTAL Capital Outlay Equipment	\$ 2,499.91	\$	\$ 3,000.00	\$ 500.09
TOTAL Current Fixed Charges	\$ 6.66	\$ 6.66	\$ 450.00	\$ 443.34
TOTAL Professional Services	\$	\$	\$ 2,000.00	\$ 2,000.00
TOTAL Museum Northern Arizona	\$	\$	* \$ 625.00	\$ 625.00
TOTAL Arizona Bureau of Mines	\$ 625.00	\$ 625.00	* \$ 625.00	\$
TOTAL	\$ 5,639.57	\$ 5,639.57	* \$23,562.50	\$17,274.27

* Quarterly allotment to date

RECEIPTS: July . . . \$ 25.00
Year, to date 25.00
Balance . . \$7,895.25

OIL & GAS CONSERVATION COMMISSION
 202 Arizona State Office Bldg.
 1624 West Adams
 Phoenix, Arizona 85007 Telephone: 271-5161

<u>COMMISSIONERS</u>	<u>Appointment Expires</u>	<u>STAFF</u>
Lynn Lockhart, Chairman Box 217 Springerville Telephone: 333-4545 525 W. Orchid Lane Phoenix Telephone: WI3-1462	12-31-65	John Bannister, Executive Sec. 6711 N. 12th Street Phoenix, 85014 Telephone: 274-0427
R. Keith Walden Farmer's Investment Co. P.O. Box 1271 (228 S. Stone Ave.) Tucson Telephone: MAIn 2-3377 P.O. Box 419 Nogales Star Route Amado, Arizona Telephone: MAIn 3-1282 MAIn 4-6286 (farm)	12-31-67	James R. Scurlock, Geologist 7507 E. Princeton Scottsdale Telephone: 945-9493
Orme Lewis Lewis Roca Scoville Beauchamp & Linton 9th Floor, Phoenix Title & Trust 114 West Adams Phoenix 85003 Telephone: 252-5511 97 Mountain Shadows West Scottsdale Telephone: WH 5-1163	12-31-66	Marjorie Rushton 3902 W. Citrus Way Phoenix 85019 Telephone: YE 7-0392
Lucien B. Owens Richfield Oil Co. P.O. Box 366 Holbrook Telephone: 524-6611 225 W. Erie Holbrook Telephone: 524-3416 4007 E. San Juan Phoenix Telephone: 959-3074	12-31-68	
George T. Siler 3420 E. Santa Fe Flagstaff Home: 774-5349 Office: 774-2149 Bowling Alley: 774-6862	12-31-69	

STATE OF ARIZONA
BUDGET ESTIMATES AND REQUESTS

SCHEDULE 1

Governmental Unit Oil & Gas Conservation Commission

Fund Symbol 153 07-10-000-0000

Fund Source General

Approved by _____

Title _____

Date Approved _____

Item	Object Code	Expenditure Classification	(1)	(2)	(3)	(4)	(5)
			Actual Expenditures 1964-1965	Amount Appropriated 1965-1966	Estimated Expenditures 1965-1966	Requested for 1966-1967	Per Cent of Increase or Decrease
1	110	CURRENT EXPENDITURES					
		Personal Services					
		Total Number of Positions.....	8	8	8	9	
2	240	Salaries & Wages.....	\$ 27,315.00	\$ 29,500.00	\$ 29,500.00	\$ 38,800.00	31.3
3	220	Professional Services.....	257.60	2,000.00	2,000.00	2,000.00	
4	230	Travel - State.....	4,523.68	5,000.00	5,000.00	5,000.00	
5	230	Travel - Out of State.....	2,499.90	2,500.00	2,500.00	3,500.00	40
6	231	Entertainment					
7	321	Food (for State Institutions).....					
8	411	Current Fixed Charges					
9	411	Rent-Office Equipment.....	121.21		200.00	300.00	50
10	413	Rent-Bldgs. & Offices.....					
11	417	Rent - (Specify) U-Haul trailers.....	44.40		40.00	100.00	150
12	421	Bonds of Officials & Employees.....	103.25		210.00	130.00	(38.1)
13	423	Industrial Insurance - State Employees.....					
14	423-427	Employers Contribution for OASI & State Retirement.....					
15	424	Insurance - Bldgs. & Equipment.....					
16	428	Insurance - Liability.....					
17	430	Insurance - (Specify).....					
18	440	Subscriptions & Organization Dues.....	120.20	150.00	150.00	150.00	
19	450	Rewards & Awards.....					
20	471	Discharge Money - Institutional Inmates.....					
21	471	Uniform Allowance.....					
22	490	Other Current Fixed Charges.....					
Total Current Fixed Charges (Add items 7 thru 20)			380.06	600.00	600.00	680.00	13

BUDGET ESTIMATES AND REQUESTS -- SCHEDULE I (Continued) Page 3

Governmental Unit 011 & Gas Conservation Commission

Object Code		Expenditure Classification	(1)		(2)		(3)		(4)		(5)
			Actual Expenditures 1964-1965	Amount Appropriated 1965-1966	Estimated Expenditures 1965-1966	Requested for 1966-1967	Per Cent of Increase or Decrease				
35	610	CAPITAL OUTLAY Equipment.....	\$ 60.79								
36	620	Buildings & Improvements.....	679.15	\$ 3,000.00	\$ 3,000.00	\$ 2,500.00	(16.6)				
37	630	Land.....									
38	640	Livestock.....									
39	650	Highways and Bridges.....									
		Lump Sum									
40	299	Museum of Northern Arizona	60.69	3,000.00	3,000.00	2,500.00	(16.6)				
41	299	Arizona Bureau of Mines	2,500.00	2,500.00	2,500.00	2,500.00					
GRAND TOTAL (Add items 1 thru 39)			\$ 45,142.70	54,950.00	54,950.00	65,605.00	19.2				
Lump Sum											
AVAILABLE FUNDS											
Balance Forward from Previous Year Lump Sum			1964-1965		1965-1966						
Appropriation (General Appro. Bill)			61.21								
Special Appropriations.....			50,535.00		54,950.00						
Appropriated Receipts.....											
Total Available Funds.....			50,535.00								
Less Expenditures (As Shown Above).....			43,142.70								
Amount Reverted.....			5,392.30								
Balance Forward to Next Year.....			.42								
Lump Sum											

BUDGET ESTIMATES AND REQUESTS - SCHEDULE I (Continued) Page 3

Governmental Unit 011 & Gas Conservation Commission

Item	Object Code	Expenditure Classification	(1) Actual Expenditures 1964-1965	(2) Amount Appropriated 1965-1966	(3) Estimated Expenditures 1965-1966	(4) Requested for 1966-1967	(5) Per Cent of Increase or Decrease
		CAPITAL OUTLAY					
		Lump Sum					
35	610	Equipment.....	\$ 60.79	\$ 3,000.00	\$ 3,000.00	\$ 2,500.00	(16.6)
36	620	Buildings & Improvements.....	679.15				
37	630	Land.....					
38	640	Livestock.....					
39	650	Highways and Bridges.....					
		Lump Sum	60.69				
		Total Capital Outlay	679.15	3,000.00	3,000.00	2,500.00	(16.6)
40	299	Museum of Northern Arizona	2,500.00	2,500.00	2,500.00	2,500.00	
41	299	Arizona Bureau of Mines	2,500.00	2,500.00	2,500.00	2,500.00	
		Lump Sum	60.79				
		GRAND TOTAL (Add Items 1 thru 39)	\$ 45,143.70	54,950.00	54,950.00	65,605.00	19.2
		AVAILABLE FUNDS					
		Balance Forward from Previous Year Lump Sum	1964-1965 61.21		1965-1966		
		Appropriation (General Appro. Bill).....	50,535.00		54,950.00		
		Special Appropriations.....					
		Appropriated Receipts.....	50,596.21		54,950.00		
		Total Available Funds.....	45,126.42				
		Less Expenditures (As Shown Above).....	5,391.30				
		Amount Reverted.....	.42				
		Balance Forward to Next Year.....	0		0		

SCHEDULE 12

SUMMARY OF POSITIONS AND SALARIES

Governmental Unit Oil & Gas Conservation Commission

Title of Position	No.	1964-1965		1965-1966		1966-1967	
		Actual Expenditures	Value of Perquisites	Estimated Expenditures	Value of Perquisites	Requested	Value of Perquisites
Executive Secretary	1	\$10,800.00		\$10,800.00		\$12,000.00	
Petroleum Geologist	1	8,200.00		9,000.00		9,600.00	
Administrative Asst.	0					6,000.00	
Secretary-bookkeeper	1	4,800.00		4,800.00		5,400.00	
Commissioner	5	1,750.00		3,800.00		3,800.00	
TEMPORARY Extra and vacation		1,765.00		1,100.00		2,000.00	

SCHEDULE II

Requested for 1966-1967

Oil & Gas Conservation Commission
Governmental Unit

EQUIPMENT		BUILDINGS AND IMPROVEMENTS	
Item	Amount	New (N) Replace (R)	Project
35	Automobile	\$2,500.00	(R)

**Total Equipment Requested
(Should agree with Schedule I,
Column 4, item 35)**

\$2,500.00

Total Buildings and Improvements
(Should agree with Schedule L,
Column 4, Item 36)

RECEIPTS — ACTUAL AND ESTIMATED

SCHEDULE IV

Description (Source)	Actual	Estimated	
	1964-1965	1965-1966	1966-1967
Milling Permit Fees	\$625.00	\$1,250.00	\$2,500.00

Itemize source of income remitted to the State Treasurer for 1964-1965 fiscal year. Estimate the amount for 1965-1966 and 1966-1967. Be sure to include federal aid received and estimated. Fee boards should report revenue received and estimated on a 100% basis, not just 90% retained by the board.

STATISTICAL INFORMATION (State Institutions)

	Actual	Estimated	
	1964-1965	1965-1966	1966-1967
Number of Students Enrolled			
Number of Patients			
Number of Inmates			
Per Capita Cost			

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PHONE: 271-5161

JOHN BANNISTER
EXECUTIVE SECRETARY
J. R. SCURLOCK
PETROLEUM GEOLOGIST

August 4, 1965

Memo to: Commissioners
From: John Bannister, Executive Secretary

Governor Goddard has requested my presence in Denver, Colorado from September 26 through September 29 to attend the Western States Conference on Science and Technology.

The purpose of this conference is to examine ways in which the provisions of the State Technical Services Act of 1965 might be implemented. Inasmuch as representatives of many of Arizona's industries will be in attendance, it is Governor Goddard's hope that this conference will provide an opportunity for exchange of information among universities, industries, and state and federal governments and will help provide a climate in which industrial and technological progress will grow within the State of Arizona.

I have contacted our Chairman, Mr. Lynn Lockhart, inasmuch as this would present a conflict with our planned hearings on September 29. Mr. Lockhart instructed me to comply with the Governor's request and to set the hearings back one week to September 22.

Consequently will you please make your plans to attend our two hearings which are scheduled for 9:30 a.m. and 2:00 p.m. in the Arizona Highway Department Auditorium.

SAMUEL P. GODDARD
GOVERNOR

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CHAIRMAN

R. KEITH WALDEN
VICE CHAIRMAN

ORME LEWIS
MEMBER

LUCIEN B. OWENS
MEMBER

GEORGE T. SILER
MEMBER



OFFICE OF

Oil and Gas Conservation Commission

STATE OF ARIZONA

ROOM 202
1624 WEST ADAMS

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PHONE: 271-5181

JOHN BANNISTER
EXECUTIVE SECRETARY

J. R. SCURLOCK
PETROLEUM GEOLOGIST

August 18, 1965

Memo to: Commissioners
From: John Bannister, Executive Secretary

The hearings, now set for September 22, have been scheduled in the Highway Auditorium and the court reporter has been hired. The newspaper notices will be printed and run Sept. 6 thru 11. In addition, notices will be mailed to interested parties.

The purposed budget for 66-67 has been submitted. It is substantially the same budget requested for 65-66 and does include the replacement of our 1963 Chevrolet which will have approximately 75,00 miles of use by July, 1966.

I have placed Arkla on notice that as of September 1, all drilling by them in their present area of interest will be under our jurisdiction. Copy of my letter is attached.

No new permits.

Willett well-SW of Flagstaff is drilling at 2450' and setting pipe.

Apache Drilling Company #1 Spurlock-Wetzler had helium and water at 890'. A bridge plug was set at 883' to seal off the water & well was perforated at 878'. No helium return.

cb

SAMUEL P. GODDARD
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JOHN BANNISTER
EXECUTIVE SECRETARY

J. R. SCURLOCK
PETROLEUM GEOLOGIST

August 18, 1965

Memo to: Commissioners
From: James Scurlock, Geologist

July 29th, Florence

Visited the Ari-Mass well. This operation is being run by an old "doodlebugger"-Mr. Peters-who has made a magnetometer survey of this area. He thought that they had hit some potash and gave me a sample of the cuttings from the mud pit for analysis. Dr. Wes Peirce of the Bureau of Mines has analyzed the sample and found that it contained no potash whatsoever. Drilling ahead at 475'.

New location on Hopi

Although no permit has as yet been applied for, it is reported that a new location on the Hopi reservation has been staked by Moore, Moore & Miller from Oklahoma City. This Wildcat, scheduled for 7000', will be drilled NW NW Sec. 6-29N-15E, (Coconino County) on a 1270 acre tract which was acquired by the operator last September at the Hopi sale. Bid was \$15.06 per acre. This will be the fifth Wildcat on the Hopi.

Vacation-August 1st thru August 14th.

Recompletion in East Boundary Butte Field

Humble has worked over their Navajo E-1, a gas well in the East Boundary Butte Field (Sec. 10-41N-28E) of Apache County. The old perforations in the Upper Hermosa have been left open and additional perforations in the Ismay zone have been made. On a 24 hour test the well flowed 214 barrels of oil with an approximate GOR of 1000.

cb