

OIL & GAS CONSERVATION COMMISSION
Meeting: September 22, 1965
Mr. John Bannister, Executive Secy

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MEMBER

OFFICE OF
Oil and Gas Conservation Commission
STATE OF ARIZONA
ROOM 202
1524 WEST ADAMS
Phoenix, Arizona 85007
PHONE: 271-5161

JOHN BANNISTER
EXECUTIVE SECRETARY
J. R. SCURLOCK
PETROLEUM GEOLOGIST

A G E N D A

Meeting
September 22, 1965
Highway Department Auditorium
206 S. 17th Ave., Phoenix

9:00 a.m.

Call to order

1. Approval of minutes of July 28 meeting ✓
2. Approval of report by Executive Secretary ✓
3. Approval of report by Geologist ✓
4. Old business
5. New business
6. Adjourn for Hearing 20, Changes to Rules and Regulations, at 9:30 a.m.

Discuss signing of minutes (chairman, only) ✓
Bond - whether to go back on existing bonds
to increase amount. Can if we want.

September 14, 1965

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

There has been a slight interest indicated in the hearing scheduled for September 22. Several majors have called, primarily to assure themselves that no substantial changes were contemplated. It is likely that several companies will be represented. Of the major changes contemplated, i.e. bond and survey of location, to date no adverse comment has been received.

Sinclair Oil and Gas Company has, by letter, endorsed the two substantial changes contemplated. A copy of said endorsement is attached. Amerada, through its scout, Dayle Rushing, by telephone call has also endorsed this endeavor.

During the early part of September I had occasion to visit El Paso Natural Gas Company in El Paso and was assured of their continuing interest in Arizona and was advised of their desire to secure all natural gas possible from this State.

They indicated that due to the Permian Basin rate case held by FPC that the gas companies have been quite discouraged in continuing exploration programs. However, El Paso Natural Gas feels confident that their hearing now before FPC to deliver future gas to California will be favorably received and that their own exploration program will increase in the near future.

A portion of this exploration will involve Arizona and they have advised that they would be interested to see any deal involving gas prospects, particularly if said prospects in Arizona are close to their transmission lines.

On September 10 I represented the State of Arizona at the dedication of Nevada's first oil field, south of the town of Cur-rant. Governor Grant Sawyer was present for the dedication ceremony. Governor Sawyer was very impressed with what he saw and quite optimistic as to the future of Nevada's oil potential. The remarks I was invited to make were well received.

ArkLa has proven to be most cooperative with this Commission and all exploratory holes now and in the future being drilled by them will be under the jurisdiction of this Commission.

As you are aware, Occidental Petroleum Company, Bakersfield, California, is interested in the area wherein ArkLa is now working and in all probability will institute exploration in the near future. This exploration will be done under our jurisdiction.

The Humble #1E Navajo, the recent oil discovery on the Indian Reservation, is currently conducting a 60-day production test which has been ordered by U.S.G.S. The well is currently producing approximately 360 barrels per day. The GOR (gas-oil ration) is approximately 670:1, which of course is extremely low. This gas is currently being flared. At such time as the GOR rises, Humble has been advised that this gas must be saved. Of course Humble has an economic interest in this gas and in all events desires to make the well as profitable as possible.

Currently Humble has advised that should the gas situation change they will apply to dually complete this well.

Pure Oil Company has been merged into Union Oil Company of California and our records are being corrected to reflect this change.

New Permits:

- 321 Moore Moore & Miller #1 Hopi, NW/4NW/4 6-29N-15E, Coconino County
- 322 Apache Drilling Co #2 Spurlock-Wetzler Fee, NE/4SE/4 27-18N-26E, Apache County
- 323 ArkLa Exploration Co #7 State, SW/4NE/4 10-15N-23E, Navajo County (strat hole)
- 324 ArkLa Exploration Co #1 State 4926S, SW/4NE/4 32-16N-24E, Apache County (strat hole)

Please note the change in time and location of the Commission meeting. This meeting will be held at 9:00 a.m., immediately preceding the hearing, and will be held in the Conference Room in the Highway Department Auditorium.



SINCLAIR OIL & GAS COMPANY

501 LINCOLN CENTER BUILDING
DENVER, COLORADO 80203

September 8, 1965

OFFICE OF VICE PRESIDENT

Oil and Gas Conservation Commission
State of Arizona
Room 202
1624 West Adams
Phoenix, Arizona 85007

Attention Mr. John Bannister
Executive Secretary

Gentlemen:

We are in receipt of notice of hearing to be held September 22, 1965 to consider certain changes to the current Rules and Regulations, including the following:

1. Raising the bond requirements from \$2,500 for an individual well or \$10,000 for State-wide blanket coverage, to \$5,000 for an individual well and \$25,000 for a State-wide blanket bond.
2. Requiring that all well locations be surveyed.

Sinclair Oil & Gas Company favors the above proposed changes and recommends that the Oil and Gas Conservation Commission adopt same.

Yours very truly,


F. H. Rhee

HGC:bb

September 14, 1965

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

August 26

Met with Mr. Warren Carr of ArkLa to discuss their potash operations, which have been reported in full to the Commission since September 1. ArkLa has taken out two permits for potash tests southeast of Holbrook.

September 7

Florence, Ari-Mass. Total depth 800 feet. Running casing to shut off water. Understand from the driller, Mr. Peters, that Dick Harless had an interest in the well.

There are many unfounded rumors circulating about this well, rumors regarding shows of oil, gas, helium, and potash. This is typical of the pattern of promotional wells.

September 8

Willcox. The Kansas Settlement Prospect. Mr. Bill Wilson has leased a block of acreage in the Willcox Playa area near Kansas Settlement. This is a deep prospect on the order of 8,000 - 10,000 feet. The purpose of our visit was to examine the structure of the area.

September 9

Kayenta: observing "doodle-bug" at work.

Interesting trip to the Four Corners observing the "doodle-bug" prospecting of Mr. Al Morgan and his technician, Mr. Paul Brown. Harold Ferrin, a "doodle-bugger" himself, and I were observers.

Quite a bit of this type of "prospecting" goes on within the State, particularly for potash and other minerals. Mr. Brown's machine, as does Mr. Ferrin's, supposedly operates on the principle of neutron activation analysis, an article dealing with which appeared in Sunday's Republic (9-12-65). Frankly, I am not convinced of its practicability in exploring for oil.

September 10

Flagstaff: Morgan's prospect. Al Morgan has a drilling block under lease just southeast of Flagstaff. He is currently trying to promote capital to drill a Pennsylvanian test in here.

STATEMENT OF LEDGER TRANSACTIONS
August, 1965

	Expenditures to date	Outstanding Encumbrances	Expenditures Aug. 1965	Appropriation	Unencumbered Balance
Personal Services: Staff Commissioners	\$ 4,480.00		\$ 2,158.00 200.00	* \$ 7,375.00	\$ 2,895.00
TOTAL					
Current Expenditures-Other		\$ 100.00			
Telephone		381.00	37.22	\$ 1,837.50	\$ 933.28
Miscellaneous	\$ 423.22	\$ 481.00	37.22	\$ 150.00	\$ 150.00
TOTAL					
TOTAL Subscription-Orgn Dues				\$ 150.00	\$ 150.00
Travel-State: Staff Commissioners		\$ 200.00	56.20		
Gasoline-related expense		300.00	170.40		
		24.16	11.94		
TOTAL	\$ 238.54	\$ 524.16	238.54	\$ 5,000.00	\$ 4,237.30
TOTAL Travel-out of State		\$ 75.00		\$ 2,500.00	\$ 2,425.00
TOTAL Capital Outlay Equipment	\$ 2,499.91			\$ 3,000.00	\$ 500.09
TOTAL Current Fixed Charges	\$ 203.66	\$ 28.33	\$ 197.00	\$ 450.00	\$ 218.01
TOTAL Professional Services				\$ 2,000.00	\$ 2,000.00
TOTAL Museum Northern Arizona				* \$ 625.00	\$ 625.00
TOTAL Arizona Bureau Mines	\$ 625.00			* \$ 625.00	
TOTAL	\$ 8,470.33	\$ 1,108.49	\$ 2,830.76	\$ 23,562.50	\$ 13,983.68

* Quarterly allotments to date

RECEIPTS: August . . . \$ 50.00
Year to date . . . \$ 75.00
Balance . . . \$ 7,945.25

BUSINESS

20-B

Phoenix, Sunday, Aug. 23, 1965

Total State Oil Output \$980,000

The extent and economic value of the oil and gas producing industry in Arizona is reported in a recent publication of the Independent Petroleum Association of America.

According to the report, covering Navajo and Apache counties, the value at wells of crude oil produced to Jan. 1, 1965, totaled \$980,000.

THE VALUE of the crude oil produced during 1964 in these counties totaled \$176,000 with an average field price of \$2.75 per barrel.

The value of crude oil, natural gas liquids and natural gas in 1964 in the same area was \$363,000; and 179 persons were engaged in the production of oil and gas.

The report states that the first year of recorded oil production in the state was in 1953 and the first year's volume totaled 12,000 barrels.

The year of largest production was 1960 when 73,000 barrels were pumped from underground.

AVERAGE production in barrels daily during the past four years starting in 1961 was 260, 110, 150 and 175. Total production in 1964 was 64,000 barrels.

According to the report, 237 wells have been drilled in the state to Jan. 1, 1965, of which 10 produced oil and 26 gas.

The Arizona Oil Report released last week said that the State Oil and Gas Commission has announced discovery of new oil on the Navajo Indian Reservation in northeast Apache County.

HUMBLE Oil and Refining Co. of Denver reportedly was extending its exploration of a producing gas well when oil was discovered. It is said the well produced 97 barrels during a seven-hour test period.

The company has obtained permission to see if the well can sustain production. If it becomes a producing well, the Indians will receive nearly 17 per cent of the profits with the state receiving taxes on all but the Indians' share.

	<u>Newspaper Article</u>		<u>Commission Figures</u>	
Total	\$ 980,000	(oil)	\$ 1,058,000	(oil and distillate)
1964	\$ 176,000	(oil)	\$ 253,000	(oil)
	<u>207,000</u>	(gas and distillate)	<u>243,000</u>	(gas and dis-
	\$ 383,000		\$ 496,000	tillate
1964	64,000	barrells of oil	92,675	barrells of oil