



OIL AND GAS CONSERVATION COMMISSION  
Meeting: October 27, 1965  
Mr. John Bannister, Executive Sec'y



Oil & Gas Conservation Commission  
STATE OF ARIZONA  
1624 WEST ADAMS - SUITE 202  
TELEPHONE: 271-5181  
PHOENIX, ARIZONA, 85007

Meeting: Oct. 27, 1965

Present:

L. Lockhart

L. B. Owens

Siler

Lewis

J. Banister

J. R. Scurlock

Mike O'Donnell, O'Donnell-Ewing Drilling Co.

~~Waterhouse~~

Graduate Geologist

G. M. FUSSELL

6412 E. CALLE ROSA S. 7/8

K. M. YANTIS

2011 No 87<sup>th</sup> St. South

M. BERDINE

7624 N. 27<sup>th</sup> Ave. PHX.

Fritz Ryan

Obed Lassen

~~Scurlock~~

~~Banister~~

Lewis

Siler

Owens



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 202  
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

October 27, 1965

9:30 a.m.

Call to order

1. Approval of minutes of September 22 meeting - DK
2. Approval of report by Executive Secretary - DK
3. Approval of report by Geologist - DK

*See what ally get  
says*

- ← 4. Old business *Issue Order adopting new Rules - Regs*
5. New business *Discuss "scholarship" for Geology Dept. UA*
6. Adjourn

*Lockhart  
Sept 22  
minutes*

*Owens, Lockhart, Siler  
wife Jim - John  
Marge? + wife*

Note: The next meeting will be 9:30 a.m.,  
November 17, College of Mines, Uni-  
versity of Arizona, Tucson.  
*Who will be present?  
Hotel Reservations?*

*IOCC meeting - Corpus Christi  
Texas*

*(3)*

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

Minutes of Meeting  
September 22, 1965

Commissioners present:

Mr. Lynn Lockhart, Chairman  
Mr. Orme Lewis, Vice Chairman  
Mr. Lucien B. Owens, Member  
Mr. George T. Siler, Member

Others present:

John Bannister, Executive Secretary  
J.R. Scurlock, Geologist  
Jerry Lawson, Attorney General's Office

Chairman Lockhart called the meeting to order at 9:00 a.m. in the Conference Room of the State Highway Department Auditorium, 206 South 17th Avenue, Phoenix, Arizona.

Minutes of the meeting of July 28, 1965 were approved.

Reports from the Executive Secretary and the Geologist were accepted as filed.

Mr. Bannister brought up the problem of getting signatures from all Commissioners on the approved minutes and questioned whether it would be acceptable to have only the Chairman sign the minutes after they have been approved by all members of the Commission.

Mr. Lewis, after ascertaining there was no general practice in State agencies, moved that when the minutes have been approved at a regular meeting at which a quorum is present, that the Chairman be authorized to sign the minutes.

Mr. Owens seconded the motion; and the motion carried.

Chairman Lockhart reported that salary increases for the staff could be made within the limits of the allotted funds and that he had talked with the chairmen of the legislative appropriations committees who signified their approval to make salary increases.

Mr. Owens moved that salary increases be made within the limits of the Commission's appropriation for salaries. Mr. Lewis seconded the motion; the motion carried.

Mr. Bannister expressed to the Commission the appreciation of the staff.

Mr. Lewis, to clear a point or two in the proposed changes to the Rules and Regulations and to save time during the hearing,

Minutes of Meeting  
September 22, 1965  
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asked what would an applicant do in an unsurveyed area.

Mr. Bannister replied that a surveyor would have to go to the nearest surveyed point; and particularly in the unsurveyed area would an operator be particularly concerned in order to be certain he was drilling on his lease. Mr. Bannister also cited the confusion of the Harless wells and the resulting spacing problem due to lack of surveyed locations.

Mr. Lewis pointed out the vast unsurveyed areas, particularly on Indian lands, and that the Federal Government has not completed its survey by a long shot. Mr. Bannister reported that he had checked into the surveyed areas of the the State, and that about the most a surveyor would have to run would be about a fifteen-mile line from the nearest survey point.

Chairman Lockhart suggested that it would be becoming to pass a resolution regretting Mr. Keith Walden's resignation. Mr. Lewis so moved; Mr. Owens seconded; and the motion passed. Mr. Lewis stated a letter should go to Mr. Walden advising him of the resolution.

Chairman Lockhart pointed out that the Commission now needed a Vice Chairman. Mr. Owens nominated Mr. Lewis to serve as Vice Chairman. Mr. Siler seconded and the motion carried.

Mr. Siler questioned whether, in the proposed changes to the Rules and Regulations, the "registered surveyor" should be recommended rather than required and therefore give the operator a chance to get a survey at a decent price.

Mr. Bannister replied that Arizona is about the only state that does not require a survey by registered surveyor. The very small operator is the one who might be hurt. There is one well underway now that probably is not on the declared location because this small operator did not have a survey.

Mr. Siler questioned whether a surveyor, knowing that this is a requirement, might raise his prices.

Mr. Bannister replied that this could be an effect; however once drilling picks up, all drilling costs would be lowered across the board.

Mr. Lewis agreed that this could happen, and if it does, there is nothing that stops the Commission from reversing its decision if the situation doesn't right itself on the basis of supply and demand.

Mr. Lewis also asked what portion of the good, substantial small

Minutes of Meeting  
September 22, 1965  
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operators do furnish surveyed locations. Mr. Bannister replied that all of them do. The survey is important to assure that a hole is going down at a legal distance, 330 feet, from a section line in accordance with our Rules and Regulations. A hole can drift and end up on another section.

Chairman Lockhart pointed out that two or three feet can make the difference between a dry hole or a producer in a proven area. By putting more weight on drilling tools or not enough drill collars, the hole can be directionally drilled and come in on a structure that is completely dry, or sucking from a neighbor. Texas and Oklahoma will shut in an operator for that.

Mr. Bannister stated that our rules are such that if an operator is at the 330-foot location, next to another lease, and goes to an excess of 4,000 feet, a directional survey must be run. Right now if we call for a directional survey to find the well's bottom, it would do absolutely no good unless we have the surveyed location because we couldn't say whether the bottom was on the lease or not.

Mr. Lewis questioned whether the forms were a part of the Rules and Regulations, and if so the Commission would be faced with the situation where a hearing would have to be held to make any kind of change in the forms.

Mr. Bannister replied that it was the intent to show the forms for information purposes only and that when the copy goes into printing a statement would be made at the front that the forms are included for information only and are not a part of the Rules and Regulations.

Meeting adjourned at 9:30 a.m. to go into the hearing concerning changes to the Rules and Regulations.



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ORME LEWIS  
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OFFICE OF

## Oil and Gas Conservation Commission

STATE OF ARIZONA

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PHONE: 271-5161

JOHN BANNISTER  
EXECUTIVE SECRETARY

J. R. SCURLOCK  
PETROLEUM GEOLOGIST

October 19, 1965

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

Pursuant to your instructions, a letter was written to Mr. R. Keith Walden advising him of the Commission's adoption of a resolution commending Mr. Walden for his contribution to the Commission. As you are aware, this office had previously written him and expressed our joint appreciation of his efforts.

Contract for the printing of our new Rules and Regulations, together with all of our applicable statutes was let to Mari-copa Printers, Inc. The order was for 5,000 copies at a cost of \$1,602. This order was based upon the previous printing order of 5,000 copies of Rules and Regulations. Of this last printing there are approximately 100 copies left; and it is anticipated that the current order of 5,000 copies will be a year or a year-and-a-half supply inasmuch as the initial demand for the Rules is expected to be quite large. Copies will be available about November 1, 1965.

A certified copy of the new Rules and Regulations was filed with the Secretary of State on October 1, 1965, and consequently this is the effective date of the new Rules.

We have sent letters to the holders of state-wide bonds re-questing that they increase their bond from \$10,000 to \$25,000. To date El Paso and ArkLa have complied. It is anticipated that we will not be faced with a problem in getting the companies to increase their bonds.

We of course are making no attempt to have bonds increased on individual wells which were commenced prior to October 1, 1965.

Current one well is being drilled on the Navajo Reservation, the Cactus Drilling #1 Navajo. At last report this well was

drilling at 5,000 feet.

One well is drilling on the Hopi Reservation, the Moore Moore and Miller #1 Hopi. This well is drilling below 5,800 feet.

The Ari-Mass well in Pinal County is at a total depth of 797 feet and the operators are preparing to test.

John Petty's Willett #1 State well is drilling at approximately 3,000 feet (?).

ArkLa is continuing its test around the southern edge of the Petrified Forest.

Apache Drilling Company will soon be drilling its third test hole. The two prior wells are reported to have discovered 6.5% helium. However, no official test has been made. Mr. C.T. Henderson advises that he plans to test all holes drilled by him in this area at the same time. The Commission of course will witness these tests.

There has been no change in status on the Harless wells near Sedona.

It has been indicated that Mr. John McGowan, formerly administrative assistant to Governor Fannin has been appointed by the Attorney General to the Commission as its attorney.

The following companies have now submitted data on their potash tests in the Holbrook Basin in Apache and Navajo Counties:

Duval Corporation  
Phillips Petroleum Co.  
U.S. Borax  
National Potash

This information is being disseminated as rapidly as possible.

Permits issued since last reporting:

- 325: Cactus Drilling Corp. #1 Navajo, NW/4NW/4 14-36N-22E, Apache County
- 326: ArkLa Exploration Co. #64 State, SE/4NE/4 16-16N-22E, Navajo County
- 327: ArkLa Exploration Co. #28 New Mexico Arizona Land, SW/4NE/4 24-16N-22E, Navajo County
- 328: ArkLa Exploration Co. #77 New Mexico Arizona Land, NE/4SE/4 27-16N-22E, Navajo County
- 329: ArkLa Exploration #64 State, SE/4NE/4, 16-16N-22E, Navajo County
- 330: C & J Drilling Co. #1 State, SE/4NE/4 5-9N-6W, Yavapai County



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~~KEITH WALDEN~~  
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PETROLEUM GEOLOGIST

October 19, 1965

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

#### September 14

Sedona: Visited Harless well. They are treating this well with hot water. Mr. Newton still plans to put a rotary rig in here.

#### September 15

Flagstaff: Willett #1 State well. They have solved their water problem by running 7-inch casing. Now drilling ahead.

#### September 16

Holbrook: ArkLa #7 State. Witness logging and plugging. These people are cooperating with us very nicely in reporting their activities to us since September 1.

#### September 23-24

Holbrook: ArkLa E1 State. Witness logging and plugging.

#### September 30-October 1

Holbrook: ArkLa #3 State. Witness logging and plugging.

#### October 13-14

Tucson: Conference with Dr. Pye and Mr. Bannister regarding our plans to publish a structure map for Apache and Navajo Counties.



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JOHN BANNISTER  
EXECUTIVE SECRETARY

J. R. SCURLOCK  
PETROLEUM GEOLOGIST

October 18, 1965

Memo to: Commissioners  
From: John Bannister, Executive Secretary

At the meeting of September 22, 1965 you directed that I prepare a directive from the Commissioners to the Executive Secretary concerning the approval of unorthodox locations.

ARS 27-504.B provides: "Exception to the rules and spacing pattern may be granted where it is shown, after notice and hearing, that the unit is partly outside the pool or, for some other reason, a well so located on the unit would be non-productive. Exceptions permitting a proposed well to be drilled on an unorthodox location may be granted on the basis of topography or terrain without notice or hearing."

It is my belief that the statute is sufficiently specific so that a directive from the Commissioners is not necessary. My interpretation of the statute is: that a hearing must be held on any request for an unorthodox location, with the exception of where the location is made necessary by topographic conditions or where the orthodox terrain is unsuitable as a location.

In the event that an exception is granted because of topography or terrain, there are no directions or specifics as to what would constitute topography or terrain sufficient to grant an exception without notice.

It is my belief to spell out in a directive that if the topography or terrain is so rough or so impractical or would involve unnecessary expenditures of monies, etc., and that in such case an exception can be granted, would be superfluous.

However, in the event the Commission feels that a directive

should be issued, it is my suggestion that it be modeled along the lines as follows:

In the event that an exception to the state-wide spacing pattern be requested on the basis of topography or terrain, an inspection of the area shall be made, and if it is determined that the request is reasonable and that the orthodox location is unsuitable as a practical location or would involve an unreasonable expenditure of monies to prepare as a well location, the exception may be administratively granted.

As a practical matter, I feel that Mr. Scurlock and I can without inspection in most cases arrive at a reasonable decision involving such a request. We have, in the past where such a request has been made and where we were not sufficiently familiar with the location, made inspections prior to granting such an exception.

Further, it is my feeling that the situation, as it is presently handled, is in full compliance with both the intent and word of the law and that as currently practiced should be continued.

STATEMENT OF LEDGER TRANSACTIONS  
September, 1965

	Expenditures to date	Outstanding Encumbrance	Expenditures Sep. 1965	Appropriation	Unencumbered Balance
Personal Services: Staff			\$ 2,132.50		
Commissioners			475.00		
TOTAL	\$ 7,087.50		\$ 2,607.50	* \$ 7,375.00	\$ 287.50
Current Expenditures-Other:					
Telephone (8-15 & 9-15 billings)			\$ 207.93		
Miscellaneous	\$ 969.82	\$ 163.41	338.67	* \$ 1,837.50	\$ 704.27
TOTAL			546.60		
TOTAL Subscription-Orgn Dues				\$ 150.00	\$ 150.00
Travel-State: Staff			\$ 92.00		
Commissioners (Aug.&Sep)			359.10		
Gasoline-related expense	\$ 828.25	\$ 300.00	138.61		
TOTAL			589.71		\$ 3,871.75
TOTAL Travel-out of State	\$ 108.05	\$ 152.75	108.05		\$ 2,239.20
TOTAL Capital Outlay Equipment	\$ 2,499.91			\$ 3,000.00	\$ 500.09
TOTAL Current Fixed Charges	\$ 260.55		\$ 56.89	\$ 450.00	\$ 189.45
TOTAL Professional Services	\$			\$ 2,000.00	\$ 2,000.00
TOTAL Museum Northern Arizona	\$	\$ 625.00		* \$ 625.00	
TOTAL Arizona Bureau Mins	\$ 625.00			* \$ 625.00	
TOTALS	\$12,379.08	\$ 1,241.16	\$ 3,908.75	\$23,562.50	\$ 9,942.26

\*Quarterly allotments to date

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

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JOHN BANNISTER  
EXECUTIVE SECRETARY

J. R. SCURLOCK  
PETROLEUM GEOLOGIST

September 23, 1965

To: Commissioners

As the result of our hearing and decisions of September 22, I have received much favorable comment from substantial members of the industry.

As an example, El Paso Natural Gas Company advised me of their pleasure at our adoption of what they consider a necessary rule, i.e., the surveying of locations, and of our realistic and practical approach to our bond problem.

El Paso advises me that in hearings before other commissions with which they deal, they have urged that Commission to pattern their rules and regulations and the fair and impartial manner of enforcing said rules and regulations after the Arizona Commission. I consider this a complimentary comment to our recent efforts.

In addition, other companies who have telephoned to learn the results of our hearing, have advised that their lack of representation was due to their faith and reliance upon the Commission as it has now established itself.

I am passing these comments along to you for your information.

I would like to take this opportunity to officially express the appreciation of the staff and of myself in the raise you have recently granted to each of us and for the compliments and expression of faith made by the Commission to the staff.

Sincerely,

*John*  
John Bannister  
Executive Secretary  
mj

September 1965

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

Oil Producer	Well Name	Field	Formation	Barrels	Production 1965	Cumulative
Humble Oil & Refining Co.	Navajo E1	E Boundary Butte	Paradox	9,341	15,091	44,700
	Navajo 1	"	"	252	1,831	34,670
	Navajo 138 #1	Dry Mesa	Mississippian	590	4,403	127,642
	Navajo 138 #3	"	"	1,072	16,945	156,123
	Navajo F1	Undesignated	Paradox	Plugged	0	6,900
Pan American Pet. Co.	Navajo O #1	"	Ismay	863	4,831	5,836
	Navajo 23-11	E Boundary Butte 8	Paradox	300	2,210	11,641
Shell Oil Co.	Franco Wyo Navajo 1	North Toh Atin	"	0	32	670
	Navajo H #14-16	Twin Falls Creek	"	0	13	609
Superior Oil Co. Texaco, Inc.	Navajo AG #1	Walker Creek	Devonian	1,334	15,173	56,655
	TOTAL OIL.....			13,752	60,543	445,520

H E L I U M

Oil Producer	Well Name	Field	Formation	Barrels	Production 1965	Cumulative
Kerr McGee Oil Industries	Fee #1 Unit III	Pinta Dome	Coconino	4,642	57,740	303,691
	Fee #2 Unit VIII	"	"	2,225	82,364	281,417
	State #1 Unit VI	"	"	3,482	49,685	178,240
	State #3 Unit IV	"	"	22	433	6,113
	State #2 Unit V	"	"	18,778	171,769	625,546
	State #4 Unit I	"	"	11	2,478	47,269
	Barfoot State #1	Navajo Springs	"	5,190	37,214	53,820
	State 1-28 Unit II	Pinta Dome	"	3,509	73,969	259,869
	State 1-10 Unit X	"	"	771	7,525	28,935
	State 1-2 Unit IX	"	"	2,622	21,835	114,641
	Santa Fe #13	Navajo Springs	"	16,530	16,530	16,530
	TOTAL HELIUM.....			57,782	531,592	1,922,079

N A T U R A L G A S

Oil Producer	Well Name	Field	Formation	Barrels	Production 1965	Cumulative
Humble Oil & Refining Co.	Navajo 1	E Boundary Butte	Paradox	30,162	250,779	830,232
	Navajo E #1	"	"	4,299	25,629	481,025
El Paso Natural Gas Co.	Navajo Bita Peak #1	Bita Peak	Ismay	25,748	411,878	838,816
	Navajo O #1	Undesignated	Ismay	21,232	270,307	423,664
Pan American Pet. Co.	Navajo 23-11	E Boundary Butte 8	Paradox	32,027	243,181	735,471
	Navajo 2	E Boundary Butte 7	"	17,300	157,376	432,120
Shell Oil Co.	Franco Wyo Navajo 1	North Toh Atin	"	5,639	55,278	546,572
	Navajo H 14-16	Twin Falls Creek	"	0	21,922	171,423
The Superior Oil Co.	TOTAL NATURAL GAS.....		136,407	1,456,410	4,469,325	