

OIL & GAS CONSERVATION COMMISSION
Mr. John Bannister, Exec. Secy
August 17, 1966



SAMUEL P. GODDARD
GOVERNOR
LYNN LOCKHART
CHAIRMAN
ORME LEWIS
VICE CHAIRMAN
HIRAM S. CORBETT
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
August 17, 1966

Room 204, 1624 W. Adams
Phoenix

9:30 a.m.

Call to order

1. Approval of minutes of meeting of July 20, 1966
2. Acceptance of Executive Secretary's Report
3. Acceptance of Geologist's Report
4. Old business
5. New business
6. Adjourn

API well naming *OK*

Budget

Salary budget current year.

Incentive Law

Harless

- No publications -

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

Minutes of Meeting
July 20, 1966
Community Room, Arizona Bank Bldg.
125 E. Birch, Flagstaff

Present:

Mr. Lynn Lockhart, Chairman
Mr. Hiram S. Corbett, Member
Mr. Lucian B. Owens, Member
Mr. George T. Siler, Member
Mr. John Bannister, Executive Secretary
Mr. J.R. Scurlock, Geologist
Mrs. Marjorie Rushton, Secretary
Hon. Fred Udine, Senator, State of Arizona
Hon. Priscilla Hays, Representative, State of Arizona
Hon. Harold L. Huffer, Representative, State of Arizona
Dr. Willard Pye, University of Arizona
Mr. Paul Babbitt, Babbitt Bros. Trading Co.
Mr. Joe Barrett, President, Yucca Petroleum Company
Mr. Ray B. Jones, ArkLa Exploration Co.
Mr. Mike O'Donnell, O'Donnell-Ewing Drilling Co. Inc.
Mr. John Bannister III
Mr. and Mrs. William Breed, Museum of Northern Arizona

Chairman Lockhart called the meeting to order at 9:55 a.m. He introduced the Commission members and those others present.

Minutes of the meeting of May 18, 1966 were approved. The reports of the Executive Secretary and the Geologist were accepted.

Mr. Owens requested that Mr. Bannister enlarge upon his report. Mr. Bannister detailed the activities of the Interstate Oil Compact Commission meeting of June 20-22, 1966 and the interest in Arizona of the people in attendance. The winter meeting of the Compact Commission will be in Phoenix December 5-6-7, 1966.

Representative Hays commented that the meeting of the Executive Committee of the Interstate Conference on Water Problems would be meeting in Phoenix area during the same period and hoped to bring this group to any of the Compact Commission sessions relating to its activities.

Minutes of Meeting
July 20, 1966
Page 2

Mr. Bannister reported that as the result of some recent contacts with Skelly Oil Company he learned that the company was undecided as to future plans for activity in the Arizona Strip Country in Mohave County.

Mr. Bannister commented upon the forthcoming sale of oil and gas leases by the White Mountain Apache Tribe on the Fort Apache Reservation.

Mr. Bannister reported that the structure map, as correlated by Mr. Scurlock under the auspices of this Commission, had been mailed to those on the Commission's mailing list and read some of the complimentary remarks made by the recipients.

The citation to Mr. Bannister, forwarded by Governor Coddard, from the Honorable Farris Bryan of the U.S. Office of Emergency Planning for Mr. Bannister work on the State Petroleum Plan was read.

It was agreed that Mr. Bannister should attend the Emergency Petroleum and Gas Administration meeting in Santa Rosa, Calif., September 29-30, 1966.

The budget for the fiscal year 1967-68 was scheduled for discussion at the August meeting.

Mr. Bannister reported that he had just received from American Petroleum Institute a manual on well-naming for computer in-put setting forth a suggested nation-wide well naming system. After study of the system he will report further on it at the next meeting.

A movie, loaned to the Commission by Tidewater Oil Company, entitled "This is Thermal Recovery", was shown.

Meeting recessed for ten minutes for coffee.

Upon reconvening, Dr. Pye was requested to make some comments. He remarked that many companies are very much interested in Arizona, but have many distractions demanding immediate attention elsewhere; however, they are continuing to gather information about Arizona. We have good geological structures in many parts of Arizona, but what is under the surface is not known and the only way to find out what is under the surface is to put down some deep wells. The many wells that have gone down have not gone deep enough.

Dr. Pye also commented that helium is not uncommon. It occurs in gases all over the world. It is the high concentration, as in northeastern Arizona, that is unusual. Demand for helium in 1950 was around 50 million cubic feet per year. Now the demand is around 700 million cubic feet; and it is estimated that by the year 2,000 the demand will be 2 billion cubic feet. As more

Minutes of Meeting
July 20, 1966
Page 3

helium becomes available and more is learned about it, more uses for it will be devised.

The pressure of helium here is low. The cover over the helium in northeastern Arizona is shallow. If the pressure were greater it would break through the cover and be lost into the atmosphere. Underground pressures change with changes in atmospheric pressures. Helium occurs in various formations.

Dr. Pye stated that to his knowledge, Tenneco had been gathering data and making sub-surface studies for at least eight years in Arizona. Their recent leasing activities is the result of this work.

In answer to a question from Chairman Lockhart, Dr. Pye replied that volcanics did not destroy oil and gas in Arizona, but did provide vents that may permit oil and gas to escape.

Meeting adjourned at 11:55 a.m.



SAMUEL P. GODDARD
GOVERNOR

LYNN LOCKHART
CHAIRMAN

ORME LEWIS
VICE CHAIRMAN

HIRAM S. CORBETT
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

To The Commissioners:
From Executive Secretary:

Since our meeting in Flagstaff I met with Mr. Lawrence Alley of the IOCC to begin the initial work on the December convention. Mr. Alley chose the Westward Ho Hotel as the convention site and has confirmed this with the hotel. The initial phases of the States part of the program will be discussed with Gov. Goddard on the 15th. Chairman Lockhart and Sen. Udine and myself will be present at this meeting.

In the dispute between Kerr-McGee Corp. and the State Land Dept. a judgment was handed down on the 9th. In effect the price, that is value of the gas at the well head was set by the court at \$1.76 per MCF. Kerr-McGee had been paying royalties on the value set by them of 68¢ per MCF. At this time I have not seen a copy of the decision. Great interest has been shown in this decision and I feel; that the State will see increased activity in the helium area due to the increased price the operator may now expect for his gas. Eastern Petroleum Co. has already informed me that they now expect to resume operations within the area.

After a long period of study Arkla has finally resumed operations. They are active in the area west of the Petrified Forest.

As you can see from this typing, Marge Rushton is now on vacation. I plan to take my vacation beginning the afternoon of the 17th. Mr Scurlock is taking his vacation a few days at a time and has now one week left. At the end of our vacations Mrs. Rushton and I will have used two weeks of our time.

NEW PERMITS:

Kalil & Assoc #1 State Zelia SW/4 SE/4 32-18N-20E Navajo County.
Permit # 356.



THE UNIVERSITY OF ARIZONA
TUCSON, ARIZONA 85721

COLLEGE OF MINES
DEPARTMENT OF GEOLOGY

8/5/66

Dear John,

I am sending the pamphlets we discussed. They show the type which could be issued. They are written for the lay-man but contain enough information so that he can understand what is going on. These cover West Virginia problems so must be modified to fit Arizona. Also they are old - 1949. I think we can improve them a great deal.

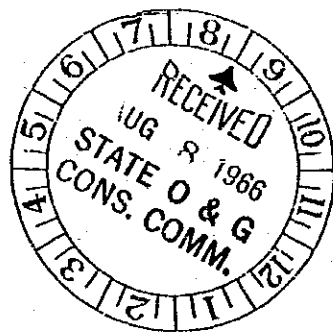
There are 20 in this series covering all phases of gas activities.

Also I am sending a library pamphlet on oil & gas in South Central Utah. (The one we used on Washington County was bound in a big book so it could not be easily sent.) I picture something like this to go with the maps from deew. and covering different areas of Arizona. It will be easy to put together.

Good luck.

W. Lloyd

Please return - especially the library one.



Activities Report
Geologist

July 28

Tucson

Conferred with Dr. Peirce re our well samples.

July 29

Sonora

checked location Cienega #1 State Well had been converted to water well. ok. ✓

Aug 4

Winslow

checked Ferrin: shut down temporarily.

checked Kalil: moving in rig. Digging pits.

Round Rock

checked Buttes well: drilling 1700'. (O'Donnell's rig.)

Aug 5

Winslow

checked Kalil: still had not spudded. moving in rotary rig.

#

John:

8-11-66 am

Mr. John Anderson (USGS, Roswell) was in. Had come from the Apache sale in White River Agency:

Tenneco - the only bidder took

40,000 acres

10 year leases
\$1.25 per yr rentals

Bids ran from \$1.02 / per acre To 2.50 per acre

Bonus money	\$ 54,000	
advanced rental	\$ 50,000	
total	\$ 104,000	↔ To Apache Council

present at sale:

- R.B. Jones
- John Alms (El Paso)
- Don Johnson
- Phil McGrath
- John Anderson

This give Tenneco total (Indian, Fee, Federal, State) about 150,000 acres in here. Plan to do some gravity work ^{right away}. Will drill 4-5-6 wells (starting this fall) for stratigraphic & structural information.

STATE OF ARIZONA
BUDGET ESTIMATES AND REQUESTS

SCHEDULE 1
Page 1 of 3

Governmental Unit OIL & GAS CONSERVATION COMMISSION

Approved by _____

Unit Symbol 153 07-10-000-0000

Title _____

Fund Source General

Date Approved _____

Item Code	Expenditure Classification	(1)					Por Cent of Increase or Decrease
		Actual Expenditures 1965-1966	Amount Appropriated 1966-1967	Estimated Expenditures 1966-1967	Requested for 1967-1968		
1	110						
	CURRENT EXPENDITURES						
	Personal Services	8	8	8	9		
	Total Number of Positions.....						
	Salaries & Wages.....	28,922.50	29,500.00	29,500.00	41,200.00		39.7
2	240						
	Professional Services.....	683.60	2,000.00	2,000.00	2,000.00		
3	220						
	Travel - State.....	4,550.62	5,000.00	5,000.00	5,000.00		
4	230						
	Travel - Out of State.....	2,387.44	2,500.00	2,500.00	3,500.00		40
5	291						
	Entertainment.....						
6	321						
	Food (for State Institutions).....						
	Current Fixed Charges						
7	411						
	Rent-Office Equipment.....	119.70	200.00	300.00	360.00		80
8	413						
	Rent-Bldgs. & Offices.....						
9	417						
	Rent - (Specify)..... U-hal Trailers	16.15	40.00	40.00	50.00		25
10	421						
	Bonds of Officials & Employees.....	139.00	210.00	10.00	10.00		(95)
11	423						
	Industrial Insurance - State Employees.....						
12	425-427						
	Employers Contribution for OASI & State Retirement.....						
13	424						
	Insurance - Bldgs. & Equipment.....						
14	428						
	Insurance - Liability.....						
15							
	Insurance - (Specify).....	79.40	150.00	120.00	120.00		(72)
16	430						
	Subscriptions & Organization Dues.....						
17	440						
	Rewards & Awards.....						
18	450						
	Discharge Money - Institutional Inmates.....						
19	471						
	Uniform Allowance.....						
20	490						
	Other Current Fixed Charges.....						
	Total Current Fixed Charges (Add Items 7 thru 20)	354.25	600.00	470.00	540.00		(10)

STATE OF ARIZONA
BUDGET ESTIMATES AND REQUESTS

Governmental Unit: OIL & GAS CONSERVATION

SCHEDULE 1
Page 2 of 3

Item Code Object	Expenditure Classification	(1)	(2)	(3)	(4)	(5)
		Actual Expenditures 1965-1966	Amount Appropriated 1966-1967	Estimated Expenditures 1966-1967	Requested for 1967-1968	Per Cent of Increase or (Decrease)
CURRENT EXPENDITURES (Continued)						
21	211	416.09	550.00	550.00	750.00	36
22	212	1,291.95	2,000.00	2,000.00	2,000.00	
23	215	71.52	115.00	115.00	115.00	
24	260					
25	270					
26	280	795.57	1,500.00	1,500.00	1,500.00	
27	290	4,002.63	3,000.00	3,000.00	3,000.00	
28	310					
29	350		10.00	10.00		(LDD)
30	370	173.76	175.00	175.00	200.00	(LAD)
31	320, 360, 390	6,751.52	7,350.00	7,350.00	7,565.00	2.9
Total Other Current Expenditures (Add items 21 through 31)						
TOTAL CURRENT EXPENDITURES (Add items 1 thru 31)		43,649.93	46,950.00	46,820.00	59,805.00	27.7
FIXED CHARGES						
32	521					
33	522					
34	540					
TOTAL FIXED CHARGES						

STATE OF ARIZONA
BUDGET ESTIMATES AND REQUESTS

Governmental Unit

SCHEDULE 1
Page 3 of 3

Item	Object Code	Expenditure Classification	(1) Actual Expenditures 1965-1966	(2) Amount Appropriated 1966-1967	(3) Estimated Expenditures 1966-1967	(4) Requested for 1967-1968	(5) Per Cent of Increase or (Decrease)
		CAPITAL OUTLAY					
35	610	Equipment.....	3,000.00	2,500.00	2,500.00		(100)
36	620	Buildings & Improvements.....					
37	630	Land.....					
38	640	Livestock.....					
39	650	Highways and Bridges.....					
		Total Capital Outlay	3,000.00	2,500.00	2,500.00		(100)
40	299	Museum of Northern Arizona	1,875.00	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	
42	299	Special Technical Projects				1,500.00	(100)
		GRAND TOTAL (Add Items 1 thru 39)	51,024.93	54,450.00	54,320.00	66,305.00	22.06
		AVAILABLE FUNDS					
		Balance Forward from Previous Year.....	54,950.00	54,450.00	54,450.00	66,305.00	22.06
		Appropriation (General Appro. Bill).....				** 8,745.23	
		Special Appropriations.....					
		Appropriated Receipts.....	54,950.00	54,450.00	54,450.00	**66,305.00	
		Total Available Funds.....	51,024.93	54,450.00	54,320.00		
		Less Expenditures (As Shown Above).....	3,925.07		130.00		
		Amount Reverted.....					
		Balance Forward to Next Year.....					

** Receipts are accumulated in accordance with ARS 27-523. Their use is subject to legislation and is available only upon specific legislative appropriation.

STATE OF ARIZONA
SUMMARY OF POSITIONS AND SALARIES

Schedule 7

Governmental Unit: OIL & GAS CONSERVATION COMMISSION

Title of Position	No.	1985-1986		1986-1987		1987-1988		
		Actual Expenditures	Value of Perquisites	Estimated Expenditures	Value of Perquisites	No.	Requested	Value of Perquisites
Executive Secretary	1	11,750.00		12,000.00		1	13,200.00	
Petroleum Geologist	1	9,237.50		9,300.00		1	10,200.00	
Administrative Asst.	0					1	6,000.00	
Secretary-bookkeeper	1	5,180.00		5,280.00		1	6,000.00	
Commissioner	5	2,575.00		2,920.00		5	3,800.00	
EMPLOYARY Extra and vacation		180.00					2,000.00	

Final Report

STATEMENT OF LEDGER TRANSACTIONS
JUNE 1966

	Expenditures Current Month	Total Expenditures to date	Outstanding Encumbrances	Allotment to date	Balance Allotment to date	Total Appropriation	Balance of Appropriation
Personal Services: Staff	\$ 2,215.00						
Commissioners	100.00						
TOTAL	\$ 2,315.00	\$ 28,922.50		\$ 29,500.00	\$ 577.50	\$ 29,500.00	\$ 577.50
Current Expenditures-Other							
Telephone	107.72						
Miscellaneous Well Logs, Maps, Office Supplies	1,890.76						
TOTAL	\$ 1,998.48	\$ 6,751.52		\$ 7,350.00	\$ 598.48	\$ 7,350.00	\$ 598.48
TOTAL Subscription-Organization Dues		\$ 79.40		\$ 150.00	\$ 70.60	\$ 150.00	\$ 70.60
Travel-State: Staff	76.38						
Commissioners	343.80						
Gasoline-related	420.18						
TOTAL	\$ 840.36	\$ 4,550.62		\$ 5,000.00	\$ 449.38	\$ 5,000.00	\$ 449.38
TOTAL Travel out-of-State	\$ 610.80	\$ 2,387.44		\$ 2,500.00	\$ 112.56	\$ 2,500.00	\$ 112.56
TOTAL Capital Outlay Equipment		\$ 3,000.00		\$ 3,000.00		\$ 3,000.00	
TOTAL Current Fixed Charges	\$ 36.41	\$ 274.85		\$ 450.00	\$ 175.15	\$ 450.00	\$ 175.15
TOTAL Professional Services	\$ 575.00	\$ 683.60		\$ 2,000.00	\$ 1,316.40	\$ 2,000.00	\$ 1,316.40
TOTAL Museum Northern Arizona		\$ 1,875.00		\$ 2,500.00	\$ 625.00	\$ 2,500.00	\$ 625.00
TOTAL Arizona Bureau Mines		\$ 2,500.00		\$ 2,500.00		\$ 2,500.00	
T-O-T-A-L-S-	\$ 5,955.87	\$ 50,984.00		\$ 54,950.00	\$ 3,925.07	\$ 54,950.00	\$ 3,925.07

* Reverts

RECEIPTS: Current Month \$ 50.00
Year to date \$ 875.00
Balance \$ 8,745.25

STATEMENT OF LEDGER TRANSACTIONS
July 1966

	Expenditures Current Month	Total Expenditures to date	Outstanding Encumbrances	Allotment to date	Balance Allotment to date	Total Appropriation	Balance of Appropriation
Personal Services: Staff	\$ 2,215.00						
Commissioners	175.00						
TOTAL	\$ 2,390.00	\$ 2,390.00			\$ 7,375.00	\$ 4,985.00	\$ 22,125.00
Current Expenditures-Other	250.00						
Telephone	73.25						
Miscellaneous							
TOTAL	\$ 323.25	\$ 323.25	150.27	\$ 1,837.50	\$ 1,363.98	\$ 7,350.00	\$ 5,512.50
TOTAL Subscription-Organization Dues							
Travel-State: Staff	20.00		200.00				
Commissioners	126.30		53.87				
Gasoline-related							
TOTAL	\$ 146.30	\$ 146.30	\$ 253.87	\$ 5,000.00	\$ 4,599.83	\$ 5,000.00	
TOTAL Travel out-of-State	\$ 228.85	\$ 228.85		\$ 2,500.00	\$ 2,271.15	\$ 2,500.00	
TOTAL Capital Outlay Equipment	\$ 1,977.71	\$ 1,977.71		\$ 2,500.00	\$ 522.29	\$ 2,500.00	
TOTAL Current Fixed Charges	\$ 14.25	\$ 14.25	\$ 25.00	\$ 600.00	\$ 560.75	\$ 600.00	
TOTAL Professional Services			\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	
TOTAL Museum Northern Arizona	\$	\$	\$ 625.00	\$ 625.00	\$ 625.00	\$ 2,500.00	\$ 1,875.00
TOTAL Arizona Bureau Mines	\$ 625.00	\$ 625.00		\$ 625.00		\$ 2,500.00	\$ 1,875.00
T-O-T-A-L-S-	\$ 5,705.36	\$ 5,705.36	\$ 429.14	\$ 23,062.50	\$ 16,928.00	\$ 54,450.00	\$ 31,389.50

* Allocated quarterly

RECEIPTS: Current Month \$
Year to date \$ 8,745.25
Balance \$