

OIL & GAS CONSERVATION COMMISSION
Meeting: September 21, 1966
Mr. John Bannister, Executive Secy

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 204
1624 WEST ADAMS
Phoenix, Arizona 85007
PHONE: 271-5161

JOHN BANNISTER
EXECUTIVE SECRETARY
J. R. SCURLOCK
PETROLEUM GEOLOGIST

Letter Re spacing

A G E N D A

Meeting

September 21, 1966

Room 204, 1624 W. Adams
Phoenix

9:30 a.m. Call to order

- OK→1. Approval of minutes of meeting of August 17, 1966
- OK→2. ~~Acceptance of Executive Secretary's Report~~ *received & filed*
- OK→3. ~~Acceptance of Geologist's Report~~ *received and filed*
- 4. Old business
- 5. New business
- 6. Adjourn

x. Fritz wants Comm. to request Kerr meeting
✓2. Comm. salary - postpone meetings in
2 qtr - Kerr hearing etc - 1 DEC in Dec.
✓3. 1 DEC plans(?)

Personal Services

Balance
9-16-66 330.00 after staff payroll

Estimated
Comm. mtg 9-21-66 -275.00

Balance 55.00

10-1-66
Quarterly allotment + 7,375.00
Balance \$ 7,430.00

31 days Commission
23 (10cc)
8 days extra
Dec

Comm mtg Oct 275.00
staff payroll 2,215.00
Balance 4,940.00

Nov: mtg 275.00
staff payroll 2,215.00
Balance \$ 2,450.00

Dec:
10cc mtg 23 days 575.00
+ comm @ 5 days }
" @ 3 days }
staff payroll 2,215.00
Balance A 3,400.00

9 Days
Available for
Dec \$ 235.00
Break even

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

Minutes of Meeting

August 17, 1966

Present:

Mr. Lynn Lockhart, Chairman
Mr. Orme Lewis, Vice Chairman
Mr. Hiram S. Corbett, Member
Mr. John Bannister, Executive Secretary
Mr. J.R. Scurlock, Geologist
Hon. Fred Udine, Senator, State of Arizona
Mr. Mike O'Donnell, O'Donnell-Ewing Drilling Co.
Mr. James R. Pickett, Lease Broker
Mr. J.H. Waterhouse
Mr. Al Morgan

Absent:

Mr. Lucien B. Owens, Member
Mr. George T. Siler, Member

Chairman Lockhart called the meeting to order at 9:55 a.m.

Mr. Corbett moved, and the motion passed unanimously, that the minutes of the July 20, 1966 meeting be approved.

The report of the Executive Secretary was accepted.

The Executive Secretary reported that the Commission's secretary was on vacation and consequently the geologist's report had not been typed. The geologist's report then was read and accepted.

In reply to Mr. Lewis' questions concerning the progress of the program to plug the old, abandoned wells, Mr. Bannister reported that by the end of this year the Commission will be pretty clean so far as closing all the old wells that we know about.

Mr. Bannister informed the Commission that Interstate Oil Compact Commission had endorsed to a representative of Australian government Arizona's Rules and Regulations as one of the best in the country.

Mr. Bannister reported on the current status of drilling wells and on the results of the recent Fort Apache Indian lease sale

Minutes of Meeting
August 17, 1966
Page 2

in which Tenneco Oil Company was the only bidder. He stated further that information has been received that Tenneco will soon begin four to six strat tests across their leased acreage.

Mr. Bannister reported on his further study of the American Petroleum Institute well numbering system. That system will not affect the Commission system; it would merely add, in addition to our system, and API number that can be put into a computer. Mr. Bannister recommended that we cooperate with this system inasmuch as every state will be involved.

Mr. Lewis moved that the staff assign API numbers in addition to the system now used by the Commission. The motion passed unanimously.

Mr. Bannister suggested that the Commission prepare and publish information pamphlets as a service to the public, dependent upon available funds. The pamphlets would cover such areas, perhaps, as leasing procedures and what is involved in lease participation, how oil is found, how it is produced, what is a gathering system.

In the discussion that followed, Mr. O'Donnell expressing the driller's viewpoint and Mr. Pickett expressing the lease broker's viewpoint, felt this was not a function of the Commission. Mr. Lewis pointed out the uniqueness of Arizona's lands and suggested that perhaps the purpose of service to the public could be performed through the newspapers with a series of articles.

It was decided that any action on this type service be deferred.

Mr. Bannister reported on the incentive or bonus programs to stimulate exploration offered in other states. Indications are that such bonus programs did not have the hoped for effect on exploration.

Mr. O'Donnell reported that during a very recent trip into New Mexico he learned that major companies were interested in a dry hole support program. Mr. Pickett and Mr. Scurlock reported an expression of interest in this type of program from consulting geologists and major companies.

Senator Udine suggested that perhaps the next step would be that an interested group independent of the Commission request an opinion from the Attorney General as to the legality of a dry hole support program.

Mr. Bannister presented a suggested budget for the fiscal year 1967-68. After discussion, it was directed that the suggested budget, but with the following changes, be submitted to the Commissioner of Finance:

Minutes of Meeting
August 17, 1966
Page 3

- (1) The salary for the requested position of Administrative Assistant shall be at the rate of \$650.00 per month and that the amount shown for "Extra and Vacation Help" be in the amount of \$500.00.
- (2) Or, in alternative, if the position of Administrative Assistant is disallowed, the amount for "Extra and Vacation Help" shall be in the amount of \$2,000.00.
- (3) The amount for "Special Technical Projects shall be \$500.00.

After discussion, it was decided that inasmuch as no agency of the State has funds available for entertainment or other expenses in connection with the upcoming Interstate Oil Compact Commission meeting in Phoenix, the processes of raising necessary monies be discussed with Interstate Oil Compact Commission and as much as possible be turned to that body as the sponsoring organization.

Mr. Pickett stated he too thought the Commission had the best Rules and Regulations but he felt they were not being enforced strictly enough and cited permits issued to Eli Oil and Gas Development and one issued to Apache Drilling Company as they pertained to the rules on spacing. The Eli well was drilled in the southeast quarter of the southeast quarter of Section 15; and the Commission certainly is cognizant that in the southwest quarter of the southwest quarter of Section 14 is a well certified to be capable of producing helium. The only excuse for issuing the permit is that the operator said it was an oil well. There is only helium gas all around this area and there are no records of oil shows. If they come in to drill an oil well in an area that is noted for its helium, it doesn't make sense.

In reply, Mr. Bannister stated, that as he understood it, Mr. Pickett felt these two wells were looking for gas and not actually looking for oil, as stated on their applications. Therefore the wells should have been drilled on 640-acre spacing and not on 80 acres. The Rules and Regulations treat each strata separately. If you have a well producing gas from the Coconino, then we can legitimately allow a well next door to drill either above or below that Coconino formation, so long as that formation that they penetrate or produce is on proper spacing pattern.

Mr. Lewis questioned whether, if they go through the helium strata, the Coconino, would they have to plug that strata off and not take any helium out.

Mr. Bannister replied that they could not take any helium because they do not have a proper spacing for a gas well. He reminded

Minutes of Meeting
August 17, 1966
Page 4

the Commission that in anticipation of this problem, during the May meeting he had indicated there would be a spacing problem, that operators were asking for permits to drill an oil well and that the permits were granted, but the operators had been told there was no way they could produce any gas because they were off the 640-acre spacing pattern.

Mr. Pickett thought that it would be less trouble to keep the operator from producing and to avoid long hearings by issuing proper permits in the first place.

Mr. Bannister replied by asking if it were a function of the Commission to discourage an operator who asks for a permit to drill an oil well. Mr. Pickett thought that judgment should be used, and if the application is for an oil well in a known helium area, a permit should not be issued for the oil well.

Mr. Morgan stated very strongly that a permit to drill an oil well should be granted if all requirements for an oil well were met, that the Commission legally could not refuse the permit.

Mr. Lewis indicated that the Commission must accept an application for an oil well, if it is in proper spacing, at face in accordance with our current Rules and Regulations. If judgment is to be exercised, then the Rules and Regulations should be changed. For a practical matter, the Commission might say and perhaps should say, that if you discover something other than oil, you will not be able to produce it and that you will have to close this well.

Mr. O'Donnell felt he would be within his right to go for an oil well next to a gas well, and if he got gas then he would have to forego the gas in the hole drilled on an oil well permit.

Mr. Bannister read the Statute setting forth the provision for permits to drill wherein the person states his intent to drill either an oil or gas well, and there was nothing in the Statute wherein the Commission had authority to look into the intent.

Mr. Lewis felt that the Rules and Regulations could be written to authorize the administrator, in cases where there was a doubt, to refer the matter to the Commission for hearing to determine whether the request is for an oil or gas well. Mr. Lewis also pointed out that this was an old argument; it first came up in connection with old mining claims and the mining law thereafter had been re-written.

Mr. Pickett reiterated that he was not criticising the Commission but that it should be cognizant of the many ramifications in issuing permits of this type, and asked if the Commission would be amenable to implementing the Rules and Regulations to state that

Minutes of Meeting
August 17, 1966
Page 5

before the well is drilled that the operator is notified that in event the oil well turns out to be a gas well, the operator will not be able to produce it as a gas well because it is off spacing for a gas well.

Mr. Bannister pointed out that these wells under discussion have not produced yet so there is no infraction; the permits were for a wildcat area. As a rule of thumb, anything a mile from a producing well or one capable of producing is a wildcat.

Mr. Lewis suggested that since the Commission had not given much thought to this, that at the next meeting this problem should again be brought up.

Chairman Lockhart reported that it had come to the attention of the Commission that there has been no activity on the Harless wells in Yavapai County for the past year or year-and-a-half, which is in excess of the Rule allowing a shutdown of sixty days. He had talked with all members of the Commission. The chair then would entertain a motion that the Executive Secretary be directed to take the action to plug the wells.

Mr. Corbett so moved. Mr. Lewis, in seconding the motion, stated that we are not closing the wells down; these wells have in fact been closed down for a long, long time and have not been in operation at all; that nobody having made an application for extension and that the time for making application for extension has passed in the sense that it could have been done months and months and months ago, the wells should therefore be plugged as all other wells are plugged under similar circumstances.

Chairman Lockhart reported that he had talked by telephone earlier this morning with the two commissioners who were unable to attend this meeting. Mr. Owens' opinion was that the wells should be plugged in accordance with the Rules and Regulations and Mr. Siler stated his vote as "no" pending his further study.

The motion was passed by a vote of four affirmative and one negative vote.

Meeting adjourned at 12:10 p.m.

APPROVED September 21, 1966

Lynn Lockhart, Chairman



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

September 14, 1966

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

Two weeks of my vacation were taken following the meeting of August 17. Currently each of the staff members has approximately two more weeks of vacation. If taken, this will be in the form of a day off here and there.

On September 6 I met with Mr. Bennett, the new Commissioner of Finance, to discuss the Commission budget. This meeting went satisfactorily. Enclosed is a letter written by him following this meeting. Of course no indication was given to the acceptance or rejection of any portion of our requested budget; and it is not known at this time whether or not we will be called before the appropriation committee of either the Senate or the House. We are subject of course to their call.

Also enclosed is an acknowledging letter from the Mines Department of Australia which I feel is complimentary to this Commission.

I am sure that each of you has seen the announcement of the new pipeline expansion presently being undertaken by El Paso Natural Gas Company along its northern right-of-way. This line will deliver additional gas from Toprock along the northern part of the State to California. It is not anticipated that the new line will precipitate additional drilling.

You undoubtedly have noticed El Paso's acquisition of some 60,000 acres of leases in the Cactus Plain and Buckskin Mountain area near Parker. The prime purpose of this acquisition has been to secure underground storage.

I have been advised that approximately six strat tests will be drilled in this area on behalf of El Paso. The drilling contractor probably will be O'Donnell and Ewing Drilling Co., Inc. of Phoenix. Again, this search is to find an underground reservoir with suitable characteristics in which to store gas so that during peak periods of demand an additional on-hand supply will be available to meet commitments.

Along the Mogollon Rim, in the area of Tenneco's recent lease acquisitions, exploratory drilling will begin prior to the end of the year. Tenneco is committed from four to six wells in their initial program; and of course if any of these wells hit, it could amount to the exploratory program that Arizona so badly needs. While it is more generally thought of as a helium play, it is my opinion that Tenneco's interest is primarily in an oil exploration program.

As to the Harless situation in Sedona, the only response the Commission has received is one from Mr. Larry Mills, an attorney in Williams who wrote on behalf of Mr. S.M. Newton and Yavapai Oil Corporation. Copy of Mr. Mills letter and my response is attached for your information.

I fully anticipate that these wells will not be plugged by the operators and that it will be necessary to go to the bonding companies in order to secure compliance with our Regulations. The bonding companies will of course look to Harless, et al, for compensation for their expenses.

In this connection, Mr. Scurlock will visit each of the wells involved, taking full photographic evidence of the current situation prior to the Commission meeting of September 21.

The thirty days allowed for compliance with our orders will expire on Friday, September 23, and it is my intention to visit the field for an inspection at this time to see whether or not our orders have been complied with. Should they not have been, we will of course immediately notify the bonding companies and order them to plug. The bonding companies will be given thirty days from receipt of the order in which to bring themselves into compliance.

In the past bonding companies have secured the services of Mr. Joe Barrett, Phoenix, to perform this work and I feel certain that he will be called upon again. His work in helping the State secure compliance with its Regulations has been most satisfactory.

As you will recall, at our last meeting the propriety of our issuing an oil exploration permit in the so-called helium producing area of the State was questioned. I expressed the opinion that it was not the obligation of the Commission, should the Application for Permit be regular upon its face, to look into the intent of the operator. Pursuant to your instructions this question was posed to the Attorney General who concurs with this feeling. For your information, a copy of my letter to the Attorney General and his reply is enclosed.

New Permits:

- 357: Arkla Exploration #15 New Mexico Arizona Land,
SW NW 5-16N-23E, Navajo County
- 358 Arkla Exploration #23 State, SE NW 18-16N-23E,
Navajo County
- 359 Arkla Exploration #10 New Mexico Arizona Land,
SW SE 27-16N-23E, Navajo County
- 360 Arkla Exploration #23 New Mexico Arizona Land,
NE NE 21-18N-23E, Navajo County
- 361 Arkla Exploration #44 New Mexico Arizona Land,
SW SE 8-17N-23E, Navajo County

I have been recently in contact with Apache Drilling Company and they have advised that while some plant equipment is on site at this time, it will be removed due to the fact that LaFleur Corporation has decided to double the proposed capacity and replacement equipment will be needed.

Mr. Truitt Henderson of Apache Drilling Company confirmed that Apache still intends to meet its target dates, i.e., November 1, 1966 as the beginning of plant shakedown operations and January 1, 1967 as the time the plant will go on stream.

Apache advised that the initial gas for the plant will come from two wells outside the Navajo Springs Unit, as per agreements made with Crest Oil Company and Eastern Petroleum Company. If necessary, Navajo Springs unit also will be tied into the plant for its initial operations.

Mr. Henderson further advised that he was in the process of preparing a request to the Commission that the area currently

being explored by Apache Drilling Company for shinarump gas be declared a pool and that special field rules, i.e., 160 acre spacing for helium gas, be instituted.

This of course is completely in line with the powers and duties of the Commission and with the Rules and Regulations and Statutes. If this is done, there will be no question as to spacing in the area. This of course ties in to the question raised by Mr. Pickett at our last meeting.

Mr. Henderson was advised that under no circumstances could any production from the Apache wells be allowed until such time as proper spacing was achieved.

As to the Navajo Springs area, proper spacing has already been achieved by the Unit Agreement; and as to the Eastern and Crest wells which probably would be involved in the initial plant runs, these two wells already are on 640 acre spacing. Consequently in order to produce these two wells outside the Navajo Springs unit, all Apache will need to do is apply for Operator's Certificate of Compliance and Authorization to Transport Oil or Gas From Lease.

Kerr-McGee Corporation has contacted this office as to the unitization of the Pinta Dome area. As you are aware, a hearing was held for the Pinta Dome area whereby certain drilling units were established. This area is not unitized in the sense that Navajo Springs is. It is necessary to accomplish unitization in order to conserve reservoir pressure and to increase ultimate recovery of helium from this area.

However, the State Land Department, pending the outcome of their price case with Kerr-McGee, would not consider entering into a unitization agreement; and at this time the Land Department objects to the provisions of the Kerr-McGee proposal concerning the unit participation.

It is the desire of the State Land Department that Kerr-McGee arrange for a meeting with the State Land Department and with the Commission to discuss this problem. I have not been informed that this meeting has been as yet set.

Due to the Statute requiring 63% of the royalty owners approving the unit prior to our right to unitize, the State Land Department can prevent unitization. Of course Kerr-McGee will not seek a hearing for unitization approval until such time as they can present to the Commission ratification by 63% of the working and of the royalty interests.

As approved by the Commissioners in the meeting of July 20, 1966, the Executive Secretary will attend the regional Civil Defense meeting in Santa Rosa, California, leaving Phoenix on September 28.

As you can see, much of the information contained in this report is of a highly confidential nature and it is felt that as little of this report as possible should be publicly read during the meeting.



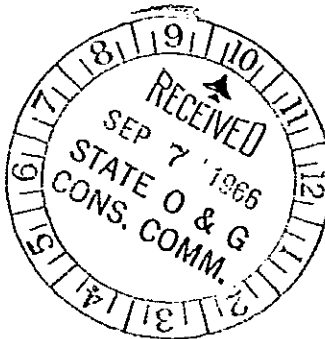
DEPARTMENT OF FINANCE

STATE OF ARIZONA
THE CAPITOL • PHOENIX
85007

W. MILLER BENNETT
COMMISSIONER OF FINANCE

September 6, 1966

Mr. John Bannister, Executive Secretary
State of Arizona
Oil and Gas Conservation Commission
202 State Office Building
Phoenix, Arizona



Dear Mr. Bannister:

I wish to thank you for having your budget request for the fiscal year 1967-1968 prepared and available for review. I wish to compliment you on the completeness in the presentation of your budget request, with all of the information in complete detail and the justifications for the various items fully explained.

Also, I wish to compliment you for the splendid cooperation extended at the time of the executive review of your budget request on September 6, 1966.

Should I find the need for additional information as the work of preparing the budget progresses, I will advise you accordingly.

Sincerely,

W. Miller Bennett
W. Miller Bennett

WMB:dd



IN REPLY PLEASE
QUOTE BATCH No. _____

MINES DEPARTMENT
MINERAL HOUSE,
2 EDWARD STREET,
BRISBANE,
QUEENSLAND,
AUSTRALIA.

7th September, 1966.

Dear Mr. Bannister,

Thank you so much for your letter of August 4th, enclosing the various papers concerning your conservation and other rules in Arizona. I was most interested to receive the same. During the last day of the Compact Commission Meeting in Tulsa, Messrs. Alley and Bowlin told me that your practices were amongst the best in the U.S.A. and I should get a copy of the same. I do appreciate your kindness in sending these to me.

I am sorry that we did not get together personally at Compact but as you know there seemed to be so many people there I did not meet a fraction of the many interesting folk that were there.

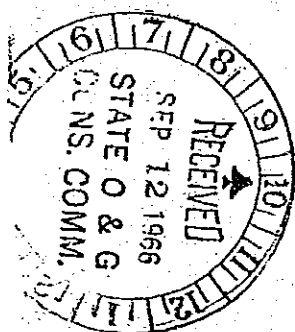
If I may, after I have studied these papers, I will write to you further.

Again many thanks.

Yours sincerely,

(I.W. Morley)
State Mining Engineer

Mr. John Bannister,
Executive Secretary,
Oil and Gas Conservation Commission,
Room 202, 1642 West Adams,
PHOENIX, ARIZONA 85007.



BY AIR MAIL

O.H.M.S.
QUEENSLAND

OVERSEAS SERVICE
AEROGRAMME

18 SEP 1966
OLD AUSTRALIA

CH. 505 E.C.
PHOENIX, ARIZONA, AUSTRALIA

9c

To open cut at top

Mr. John Bannister,

Executive Secretary,

Oil and Gas Conservation

Commission,

Room 202, 1642 West Adams,

No. 19 PHOENIX, ARIZONA 85007.

APPROVED BY POSTMASTER GENERAL
FOR ACCEPTANCE AS AEROGRAMME

THIRD FOLD HERE

FIRST FOLD HERE

SECOND FOLD HERE

Sender's Name and Address: Mr. I. W. Morley,
MINES DEPARTMENT State Mining Engineer
Mineral House,
2 Edward Street,
Brisbane, Queensland,
Australia.

IF ANYTHING IS ENCLOSED OR ANY TAPE OR STICKER ATTACHED, THIS FORM
MUST BEAR POSTAGE AT THE RATE FOR AIR MAIL LETTERS.

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

September 14, 1966

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

August 26: Winslow

Checked Ferrin #1 New Mexic Arizona Land well. Rig still on hole; shut down.

August 27: Holbrook

Checked Kalil #1 State Zelia. Set pipe at 1400 feet. Prep to perforate and acidize.

September 12: Cottonwood

Checking Harless locations. (Rained out.)

DEPARTMENT OF LAW
OFFICE OF THE
Attorney General
STATE CAPITOL
Phoenix, Arizona 85007

DARRELL F. SMITH
THE ATTORNEY GENERAL
WILLIAM E. EUBANK
CHIEF ASSISTANT ATTORNEY GENERAL

September 8, 1966

Mr. John Bannister
Executive Secretary
OIL AND GAS CONSERVATION COMMISSION
1624 West Adams
Phoenix, Arizona 85007

Dear Mr. Bannister:


Your letter of September 6, 1966, is gratefully acknowledged.

In your letter you ask the question whether the Commission is required to "pass upon the intent of an operator filing for an oil or gas drilling permit, but if he meets the requirements as set forth," must you issue a permit to drill? It is the opinion of this office that if an application is regular on its face and meets the requirements as set forth in the statutes of Arizona and the regulations adopted by the Oil and Gas Commission, particularly Rule 102, then the Commission must issue a drilling permit.

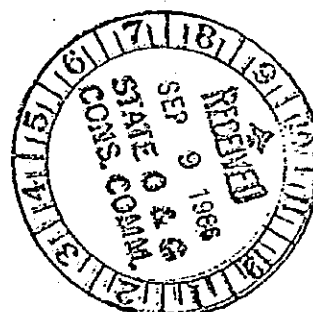
The Commission must apply an objective test to the application, not a subjective test.

Sincerely,

DARRELL F. SMITH
The Attorney General


JOHN M. MCGOWAN
Assistant Attorney General

JMM:mr



September 6, 1966

Attorney General
159 Capitol Building
Phoenix, Arizona 85007

Attention: Mr. John McGowan

Dear Sir:

Would you please give us an opinion as to whether or not it is a function of this Commission to inquire into the intent of an operator requesting a permit for the drilling of an oil or gas well, that is, is it the function of the Commission to determine whether the operator is actually looking for oil or gas when he files and meets the spacing requirements for the type of well he proposes. I would refer you to Rule 102, Application to Drill, and to Rule 105, Spacing of Wells.

The problem under consideration involves operators who have filed for a permit to drill an oil well in Apache County, considerably south of the Pinta Dome-Navajo Springs fields, a helium-producing area. The logical discoveries in this area would be helium. However, industry-wise, a well drilled more than one mile from a producing well or structure is considered a wildcat well and consequently likely to discover any substance.

During the Commission meeting of August 17, 1966 the question was proposed: was the Commission properly applying the Rules and Regulations and Statutes now in force in allowing an operator to file for an oil well within probable helium-producing areas. In each instance cited to the Commission the well involved was a wildcat well, and in one instance was only a 40-acre offset to a shut-in helium well.

It is the contention of the Commission that the Rules and Regulations and the Statutes as currently in existence do not require that we pass upon the intent of an operator filing for an oil or gas drilling permit, but if he meets the requirements as set forth, we must issue a permit to drill.

Attorney General
September 6, 1966
Page 2

It is the intention of the Commission to again discuss this problem at our meeting of September 15, 1966, and we request that you answer this inquiry as soon as possible so that your answer may be studied and discussed at that time.

Your cooperation will be appreciated.

Very truly yours,

John Bannister
Executive Secretary
mr

APPLICATION FOR PERMIT TO DRILL, DEEPEN, PLUG BACK, OR RE-ENTER			
APPLICATION TO DRILL <input type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/> RE-ENTER OLD WELL <input type="checkbox"/>			
NAME OF COMPANY OR OPERATOR		DATE	
Address		City	State
DESCRIPTION OF WELL AND LEASE			
Federal, State or Indian Lease Number or name of lessor, if fee lease		Well number	Elevation (ground)
Well location and acreage dedicated to the well (give footage from section lines)		Section—township—range or block & survey	
Field & reservoir (if wildcat, so state)		County	
Distance, in miles, and direction from nearest town or post office			
Nearest distance from proposed location to property or lease line:		Distance from proposed location to nearest drilling, completed or applied—for well on the same lease:	
feet		feet	
Proposed depth:	Rotary or cable tools	Approx. date work will start	
Number of acres in lease:		Number of wells on lease, including this well, completed in or drilling to this reservoir:	
If lease, purchased with one or more wells drilled, from whom purchased:		Name	Address
Status and amount of bond	Organization Report On file Or attached	Filing Fee of \$25.00 Attached	
Remarks: (If this is an application to deepen or plug back, briefly describe work to be done, giving present producing zone and expected new producing zone)			
<div style="text-align: center; font-size: small;">*Fill in Proposed Casing Program on reverse side</div>			
CERTIFICATE: I, the undersigned, under the penalty of perjury, state that I am the.....of the(company), and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.			
Signature		Date	
Permit Number: _____ Approval Date: _____ Approved By: _____		STATE OF ARIZONA OIL & GAS CONSERVATION COMMISSION Application to Drill, Deepen or Plug Back and Plat File Two Copies Form No. 3	
Notice: Before sending in this form be sure that you have given all information requested. Much unnecessary correspondence will thus be avoided. See Instruction on Reverse Side of Form			

STATEMENT OF LMDGER TRANSACTIONS
AUGUST 1966

	Expenditures Current Month	Total Expenditures to date	Outstanding Encumbrances	Allocation to date	Balance Allocation to date	Total Appropriation	Balance of Appropriation
Personal Services: Staff	\$ 2,215.00						
Commissioners	175.00						
TOTAL	\$ 2,390.00	\$ 4,780.00		\$ 7,375.00	\$ 2,595.00	\$29,500.00	\$22,125.00
Current Expenditures Other							
Telephone	\$ 130.86						
Miscellaneous office supplies	84.27						
TOTAL	\$ 215.13	\$ 538.38	\$38.56	\$ 1,837.50	\$ 1,260.56	\$ 7,350.00	\$ 5,512.50
Travel-State: Staff	\$ 133.95						
Commissioners	96.80						
Gasoline/related	64.76						
TOTAL	\$ 295.51	\$ 441.81	\$117.57	\$ 5,000.00	\$ 4,440.62	\$ 5,000.00	
TOTAL Travel out-of-State		\$ 228.85		\$ 2,500.00	\$ 2,271.15	\$ 2,500.00	
TOTAL Capital Outlay Equipment		\$ 1,977.71		\$ 2,500.00	\$ 522.29	\$ 2,500.00	
TOTAL Current Fixed Charges		\$ 14.25	\$ 55.00	\$ 600.00	\$ 530.75	\$ 600.00	
TOTAL Professional Services				\$ 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
TOTAL	\$ 3,525.64	\$ 9,231.00	\$211.13	\$23,062.50	\$13,620.37	\$54,450.00	\$31,387.50

*Allotted quarterly

RECEIPTS: Current Month \$125.00
Year to date 125.00
Balance \$8,870.25

STATE OF ARIZONA
OIL, GAS & HELIUM PRODUCTION - JULY 1966

Operator	Well Name	Field	Formation	Barrels	Production 1966	Cumulative
Humble Oil & Refining Co. Monsanto Chemical Co. Pan American Petroleum Co. Shell Oil Co. Superior Oil Co. Texaco Inc.	Navajo E1	E Boundary Butte	Paradox	3,957	39,140	105,873
	Navajo #1	"	"	1,258	4,918	40,249
	Navajo 138 #1	Dry Mesa	Mississippian	621	2,840	131,832
	Navajo 138 #3	"	"	1,453	9,239	170,287
	Navajo O #1	Undesignated	Ismay	692	3,755	11,803
	Navajo 23-11	E Boundary Butte 8	Paradox	185	1,756	14,553
	Navajo #2	E Boundary Butte 7	"	40	545	1,169
	Navajo H14-16	Twin Falls Creek	"	0	0	637
	Navajo AG #1	Walker Creek	Devonian	1,645	10,506	71,418
	Production from wells not currently producing			9,851	72,699	21,379
TOTAL OIL				9,851	72,699	569,200
Kerr-McGee Corp	Fee #1 Unit III	Pinta Dome	Coconino	3,471	29,026	348,501
	Fee #2 Unit VIII	"	"	5,837	49,567	347,649
	State #1 Unit VI	"	"	5,014	28,358	218,275
	*State #3A Unit IV	"	"	3,433	8,355	14,498
	State #2 Unit V	"	"	13,021	90,608	759,322
	State #4 Unit I	"	"	79	462	47,972
	State 1-28 Unit II	"	"	5,147	47,595	322,569
	State 1-10 Unit X	"	"	645	4,565	35,938
	State 1-12 Unit IX	"	"	3,224	17,035	139,869
	Barfoot #1 State	"	"	5,042	32,916	105,653
Eastern Petroleum Co.	Santa Fe #13	Navajo Springs	"	15,813	102,477	165,434
				60,726	410,964	2,505,680
TOTAL HELIUM				60,726	410,964	2,505,680
N A T U R A L G A S	Navajo E1	E Boundary Butte	Paradox	1,352	20,089	506,144
	Navajo #1	"	"	11,929	54,351	936,483
	Navajo #1	Bita Peak	Ismay	93,711	624,169	1,539,342
	Navajo O #1	Undesignated	"	2,566	37,221	523,949
	Navajo 23-11	E Boundary Butte 8	Paradox	19,109	**175,253	508,983
	Navajo #2	E Boundary Butte 7	"	19,404	119,056	586,796
	Franco Wyo #1 Navajo	N Toh Atin	"	16,375	42,490	606,839
	Navajo H14-16	Twin Falls Creek	"	0	12,934	196,394
				164,446	1,085,563	5,904,930
	TOTAL NATURAL GAS			164,446	1,085,563	5,904,930

* Production of Kerr-McGee #3 State ceased at end of April. Subsequent production is from #3A State. All production is attributed to Unit IV.

** Corrected report shows June production as 22,878 MCF. Totals are adjusted accordingly.