

OIL & GAS CONSERVATION COMMISSION
Meeting: November 15, 1967
Mr. John Bannister, Executive Secy

11-15-67

11-15-67



OFFICE OF

Oil and Gas Conservation Commission

STATE OF ARIZONA

ROOM 202

1624 WEST ADAMS

Phoenix, Arizona 85007

PHONE: 271-5161

JACK WILLIAMS
GOVERNOR

LYNN LOCKHART
CHAIRMAN

LUCIEN B. OWENS
VICE CHAIRMAN

~~WILLIAM CORBETT~~ *Bilby*
MEMBER

GEORGE T. SILER
MEMBER

KENNETH G. BENTSON
MEMBER

JOHN BANNISTER
EXECUTIVE SECRETARY

J. R. SCURLOCK
PETROLEUM GEOLOGIST

A G E N D A

Meeting

November 15, 1967

Hearing Room, 204 Arizona State Office Bldg.
1624 W. Adams, Phoenix

9:30 a.m. Call to order

1. ✓ Approval of minutes of meeting of October 18, 1967
2. ✓ Executive Secretary's report
3. Geologist's report *Harless status*
4. Old business *Display Ariz. Helium Corp. pipe*
5. New business: ① Discuss Porter #1 State
② New Production Report Form
6. Adjourn

Suppl. Budget

10:00 a.m. Hearing, Case 28; to consider Kerr-McGee Corporation application for unitization of Pinta Dome Coconino Sand Gas Pool. (Continued from October 18, 1967)

*House Sub-Committee on
oil & gas taxes:
Rep Farley
John Pritzlaff
Harold Huffer*

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

Minutes of Meeting
October 18, 1967

Arizona Highway Department Auditorium
207 S. 17th Ave., Phoenix

Present:

Mr. Lynn Lockhart, Chairman
Mr. Lucien B. Owens, Vice Chairman
Mr. George T. Siler, Member
Mr. Kenneth G. Bentson, Member
Mr. Ralph W. Bilby, Member
Mr. John Bannister, Executive Secretary
Mr. J.R. Scurlock, Geologist
Dr. Willard Pye, University of Arizona

The meeting was called to order at 9:30 a.m. by Vice Chairman Owens at 9:30 a.m.

The Executive Secretary's report and the Geologist's report were acknowledged as accepted.

Commissioners agreed that the letters from Texaco Inc. in the file were evidence of bond coverage for the D.J. Simmons #1 Navajo well, located SE SW 30-36N-27E, Apache County.

Meeting recessed at 9:55 a.m. to enter into the scheduled hearing for Case 28.

Meeting reconvened at 10:30 a.m.; adjourned at 11:30 a.m. Case 29 will be heard at 1:30 p.m.

APPROVED November 15, 1967

Lucien B. Owens, Vice Chairman



OFFICE OF

Oil and Gas Conservation Commission

STATE OF ARIZONA

ROOM 202

1624 WEST ADAMS

Phoenix, Arizona 85007

PHONE: 271-5181

JACK WILLIAMS
GOVERNOR

LYNN LOCKHART
CHAIRMAN

LUCIEN B. OWENS
VICE CHAIRMAN

HIRAM S. CORBETT
MEMBER

GEORGE T. SILER
MEMBER

KENNETH G. BENTSON
MEMBER

JOHN BANNISTER
EXECUTIVE SECRETARY

J. R. SCURLOCK
PETROLEUM GEOLOGIST

November 8, 1967

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

Francis Irvine, attorney for Kerr-McGee Corporation, has indicated that the hearing on Pinta Dome unitization will proceed.

Two new wells will soon be producing in the Dineh bi Keyah Field. These are the Humble #1-88 Navajo and the #2-88 Navajo. The Commission has not as yet received the written reporting but both wells are capable of producing and will be on stream soon.

The Simmons #1 Navajo, located SE SW 30-36N-27E, near Round Rock, is being plugged. This well did encounter sources of oil; however it was not felt the source could be made commercial.

The Champlin Petroleum #1 Navajo 335, located NE SE 4-41N-29E, will be a discovery well, at last report. The pay zone is in the Akah formation and it is not known whether it will be a gas or an oil well.

The McCulloch #1-1 Navajo, located NW NW 1-38N-22E, is having great difficulty in drilling its hole, as did several other wells in the immediate vicinity.

The American Mining #1 Navajo, located SE NW 28-38N-24E, will be plugged out. In the drilling of this well the derrick was pulled over in attempting to recover a tool lost in the hole. The tool was not recovered.

The Oil Discovery well, drilling south of Flagstaff at NE SE 17-19N-6E, Coconino County, has encountered extreme difficulty in drilling through the initial Malapai formation.

On October 31 the tests of the Eastern Petroleum-Ancon #21 Santa Fe and the Crest Oil #8 Santa Fe, shut-in helium wells, were conducted for the Commission by Ewell Walsh. The Eastern well performed satisfactory and made an estimated 170 MCF of gas from the Shinarump.

The Crest well made too much water to be accurately measured and the operator informs us he plans to put a separator on the well, at which time the Commission plans to test the capacity.

Samples were forwarded to Bureau of Mines Helium Activity, Amarillo, to be analyzed.

As you know, these wells will be produced into the new helium plant being built by Arizona Helium Corporation. It is anticipated that this company will need to produce gas from Navajo Springs Field as well in order to secure sufficient gas to run the plant.

Arizona Helium Corporation has informed the office that an additional unit capable of producing four million cubic feet of gas has already been ordered. As before reported, the initial unit of this plant was designed to produce one million cubic feet of helium per month. However we have been informed that the same unit will be capable of producing two million cubic feet per month. At such time as the new unit is installed the plant will have a capacity of six million cubic feet per month.

The building to house the plant has been erected and office space within the plant is now being finished. The unit, which is being prefabricated in several parts of the country, should be beginning to arrive at the site any time. The engineer who designed the plant anticipates testing each portion of the unit as it arrives. The company advises it should be on full stream by the first of the year.

Arizona Helium Corporation has announced plans to make a second issue of stock available in the near future. It is my understanding that an additional \$900,000 will be sought. The first issue of stock sold for \$1.00 per share and it is our understanding that the second issue will be offered at \$1.50 per share.

New Permits:

- 436: Oil Discovery #1 Federal, NE SE 17-19N-6E, Coconino County
- 437: Gulf #1 Navajo Agua Sal, NE SE 4-7N-8W NSM, Apache County
- 438: Gulf #1-4 Navajo, SE SW 4-34N-28E, Apache County
- 439: Gulf #1-11 Navajo, NW SW 11-7N-8W NSM, Apache County
- 440: Gulf #1-22 Navajo, SE NE 22-7N-8W NSM, Apache County
- 441: Kerr-McGee #E-1 Navajo, SE SE 20-36N-30E, Apache County
(Permit to re-enter to convert to salt water disposal well)

Representative Pritzlaff has contacted me and requested that a supplemental request for appropriation be submitted to him. It is his intention to have our request immediately drafted into a bill to be submitted at the first available opportunity. It is most unlikely that this will occur during the current special session.

The House of Representatives has appointed a sub-committee to study oil and gas taxation. This committee is headed by Mr. Rex Farley and comprises Mr. Pritzlaff and one other member whose name we have not secured. Mr. Farley has contacted this office pertaining to the present tax practices and the suggested 5% in-lieu tax.

MONTHLY FINANCIAL REPORT

RECEIPTS MONTH OF	CLASSIFICATION	RECEIPTS	APPROPRIATED RECEIPTS	UNAPPROPRIATED RECEIPTS	TOTAL ALL RECEIPTS YEAR TO DATE
Sep 19 67	1 Permit to Drill			175 00	375 00
175 00	2				
	3				
	4				
	5				
	6				
	7				
	8				
	9				
	10				
	11				
	12				
	13				
	14				
	15				
	16				
	17				
175 00	TOTAL CURRENT MONTH RECEIPTS			175 00	XXXXXX
XXXXXX	TRANSFERS IN				
XXXXXX	BALANCES BROUGHT FORWARD			10,470 25	XXXXXX
175 00	TOTALS - MONTH AND YEAR TO DATE			10,645 25	325 00

CLAIMS PAID MONTH OF	FUND TITLES	TOTAL AMOUNT AVAILABLE YEAR TO DATE	CLAIMS PAID YEAR TO DATE	OUTSTANDING ENCUMBRANCES	UNENCUMBERED BALANCE
Sep 19 67	1 Personal Services	7,375 00	6,995 00		380 00
2,215 00	2 Current Expenditures	4,891 25	961 89	53 67	875 69
173 73	3 Travel-state	5,000 00	517 87	300 00	4182 13
166 05	4 Travel-out of state	2,500 00	955 88		1,544 12
490 49	5				
-	6 Current Fixed Charges	540 00	8 00	9 00	523 00
114 00	7 Professional Services	2,000 00	703 00		1,297 00
625 00	8 Museum N. Arizona	625 00	625 00		-
-	9 Ariz. Bu Mines., UofA	625 00	625 00		-
	10				
	11				
	12				
	13				
	14				
	15				
	16				
	17				
	18				
	19				
	20				
	21				
	22				
	23				
	24				
	25				
	26				
	27				
	28				
	29				
	30				
3,784 27	TOTALS	20,556 25	11,391 64	362 67	8,801 94

AGENCY STATE OF ARIZONA CIL & CONSERVATION COMMISSION

DIVISION IDENTIFICATION CODE NO.

1	2	3	4
CLAIMS PAID YEAR TO DATE	OBJECT CODE NO.	DISTRIBUTION OF EXPENDITURES CLASSIFICATION	CLAIMS PAID MONTHLY
6,645.00	110	1 Salaries, wages: employees	2,215.00
350.00	150	2 Per diem: board members	
		3	
		4	
	211	5 Postage	
358.98	212	6 Telephone, telegraph	12.50
517.87	220	7 Travel-state	166.00
955.88	230	8 Travel-out of state	490.40
703.00	240	9 Professional services	114.00
	262	10 Mntns/repairs to office equip., furnitures	
153.13	294	11 Legal Advt. notary, court, recording fees	
	295	12 Transportation of things (well samples)	
1,250.00	299	13 Miscellaneous (blueprint service, Ariz Bu Mine Museum N Arizona)	625.00
		14	
		15	
		16	
16.59	310	17 Office supplies	4.80
183.19	360	18 Scientific supplies: drafting, correlated logs	44.95
		19	
		20	
		21	
		22	
		23	
		24	
	411	25 Rent, office equip: copy machine	
		26	
		27	
		28	
8.00	430	29 Subscriptions/organizations dues	
		30	
		31	
		32	
		33	
250.00	995	34 To create revolv fund	
		35	
		36	
		37	
		38	
		39	
		40	
		41	
		42	
		43	
		44	
		45	
		46	
		47	
		48	
		49	
		50	
		51	
		52	
		53	
		54	
		55	
11,391.44		TOTAL	3,284.87

OFFICE

DO NOT WRITE BELOW THIS LINE

FIELD

MONTHLY FINANCIAL REPORT

1 RECEIPTS MONTH OF <i>Oct 1967</i>	2 CLASSIFICATION	3 RECEIPTS	4 APPROPRIATED RECEIPTS	5 UNAPPROPRIATED RECEIPTS	6 TOTAL RECEIPTS YTD TO DATE
<i>225.00</i>	1 Permit to Drill			<i>225.00</i>	<i>550.00</i>
	2				
	3				
	4				
	5				
	6				
	7				
	8				
	9				
	10				
	11				
	12				
	13				
	14				
	15				
	16				
	17				
<i>225.00</i>	TOTAL CURRENT MONTH RECEIPTS			<i>225.00</i>	<i>XXXXXX</i>
<i>XXXXXX</i>	TRANSFERS IN				
<i>XXXXXX</i>	BALANCES BROUGHT FORWARD			<i>10,645.25</i>	<i>XXXXXX</i>
<i>225.00</i>	TOTALS - MONTH AND YEAR TO DATE			<i>10,870.25</i>	<i>550.00</i>

6 CLAIMS PAID MONTH OF <i>Oct 1967</i>	7 EXPENDITURES FUND TITLES	8 TOTAL AMOUNT AVAILABLE YEAR TO DATE	9 CLAIMS PAID YEAR TO DATE	10 OUTSTANDING ENCUMBRANCES	11 UNENCUMBERED BALANCE
<i>2,390.00</i>	1 Personal Services	<i>14,750.00</i>	<i>9,385.00</i>		<i>5,365.00</i>
<i>695.70</i>	2 Current Expenditures	<i>3,782.50</i>	<i>1,657.59</i>	<i>125.76</i>	<i>1,999.15</i>
<i>526.46</i>	3 Travel-state	<i>5,000.00</i>	<i>1,044.33</i>	<i>279.47</i>	<i>3,676.20</i>
<i>31.00</i>	4 Travel-out of state	<i>2,500.00</i>	<i>986.88</i>	-	<i>1,513.12</i>
	5 Capital Outlay				
<i>9.00</i>	6 Current Fixed Charges	<i>540.00</i>	<i>17.00</i>	<i>234.00</i>	<i>499.60</i>
<i>218.00</i>	7 Professional Services	<i>2,000.00</i>	<i>921.00</i>	<i>272.00</i>	<i>807.00</i>
	8 Museum N. Arizona	<i>1,250.00</i>	<i>625.00</i>		<i>625.00</i>
<i>625.00</i>	9 Ariz. Bu Mines., UofA	<i>1,250.00</i>	<i>1,250.00</i>		
	10				
	11				
	12				
	13				
	14				
	15				
	16				
	17				
	18				
	19				
	20				
	21				
	22				
	23				
	24				
	25				
	26				
	27				
	28				
	29				
	30				
<i>4,495.16</i>	TOTALS	<i>31,072.50</i>	<i>15,886.80</i>		<i>14,485.07</i>

AGENCY STATE OF ARIZONA OIL & GAS CONSERVATION COMMISSION

DIVISION

IDENTIFICATION CODE NO.

1	2	3	4
CLAIMS PAID YEAR TO DATE	OBJECT CODE NO.	DISTRIBUTION OF EXPENDITURES CLASSIFICATION	CLAIMS PAID MONTH OF
8,860.00	110	1 Salaries, wages: employees	Oct 1967
525.00	150	2 Per diem: board members	8,715.00
		3	14.00
		4	
120.45	211	5 Postage	120.45
530.44	212	6 Telephone, telegraph	530.44
1,044.33	220	7 Travel-state	1,044.33
986.88	230	8 Travel-out of state	986.88
921.00	240	9 Professional services	921.00
	262	10 Mntns/repairs to office equip., furnitures	
420.01	294	11 Legal Advt., notary, court, recording fees	420.01
	295	12 Transportation of things (well samples)	
1,880.36	299	13 Miscellaneous (blueprint service, Ariz Bu Mine)	1,880.36
		14 Museum N Arizona)	
		15	
		16	
120.02	310	17 Office supplies (\$ printing bond forms)	120.02
191.19	360	18 Scientific supplies: drafting, correlated logs	191.19
1.12	370	19 Duplicate keys	1.12
19.00	390	20 Film	19.00
		21	
		22	
		23	
		24	
	411	25 Rent, office equip: copy machine	
		26	
		27	
		28	
17.00	430	29 Subscriptions/organizations dues	17.00
		30	
		31	
		32	
		33	
250.00	995	34 To create revolv fund	250.00
		35	
		36	
		37	
		38	
		39	
		40	
		41	
		42	
		43	
		44	
		45	
		46	
		47	
		48	
		49	
		50	
		51	
		52	
		53	
		54	
15,886.80		TOTAL	15,886.80

OFFICE

DO NOT WRITE BELOW THIS LINE!

FIELD

PERFORMANCE BOND

KNOW ALL MEN BY THESE PRESENTS

Bond Serial No. _____

That we: _____

of the County of _____ in the State of _____

as principal, and _____

of _____

AUTHORIZED TO DO BUSINESS WITHIN the State of Arizona.

as surety, are held and firmly bound unto the State of Arizona and the Oil and Gas Conservation Commission, hereinafter referred to as the "Commission", in the penal sum of _____ lawful money of the United States, for which payment, well and truly to be made, we bind ourselves, and each of us, and each of our heirs, executors, administrators or successors, and assigns jointly and severally, firmly by these presents.

The conditions of this obligation are that, whereas the above bounden principal proposes to drill a well or wells for oil, gas or stratigraphic purposes in and upon the following described land situated within the State, to-wit:

(May be used as blanket bond or for single well)

NOW, THEREFORE, if the above bounden principal shall comply with all the provisions of the Laws of this State and the rules, regulations and orders of the Commission, especially with reference to the requirements of A.R.S. §27-516, providing for the proper drilling, casing and plugging of said well or wells, and filing with the Oil and Gas Conservation Commission all notices and records required by said Commission, then in the event said well or wells do not produce oil or gas in commercial quantities, or cease to produce oil or gas in commercial quantities, this obligation is void; otherwise it shall remain in full force and effect.

Whenever the principal shall be, and declared by the Oil and Gas Conservation Commission in violation of the Laws of this State and the rules, regulations and orders of the Commission, the surety shall promptly:

1. Remedy the violation by its own efforts, or
2. Obtain a bid or bids for submission to the Commission to remedy the violation, and upon determination by the Commission and the Surety of the lowest responsible bidder, arrange for a contract between such bidder and the Commission, and make available as work progresses sufficient funds to pay the cost of remedying the violation; but not exceeding, including other costs and damages for which the surety may be liable hereunder, the amount set forth in the first paragraph hereof.

Liability under this bond may not be terminated without written permission of this Commission.

WITNESS our hands and seals, this _____ day of _____, 19____

Principal

WITNESS our hands and seals this _____ day of _____, 19____

Surety

Surety, Resident Arizona Agent
If issued in a state other than Arizona)

(If the principal is a corporation, the bond should be executed by its duly authorized officers, with the seal of the corporation affixed. When principal or surety executes this bond by agent, power of attorney or other evidence of authority must accompany the bond.)

Approved
Date _____

**STATE OF ARIZONA
OIL & GAS CONSERVATION COMMISSION**

By: _____

**STATE OF ARIZONA
OIL & GAS CONSERVATION COMMISSION**

Bond

File Two Copies

Form No. 2

Permit No. _____

November 10, 1967

Mr. Jordan Green
Assistant Attorney General
159 The Capitol
Phoenix, Arizona 85007

Dear Mr. Green:

Would you please advise the Commission as to our status in the Harless Case. The Commission is having its regular meeting on Wednesday, November 15, 1967, and would appreciate current information. The Commission also would appreciate any action on your part which would bring this matter to a head.

As you will recall, in discussing this situation you suggested that this Commission attempt to secure legislation to avoid further undue delays of the Harless nature in our plugging procedure. Would you, please, prepare such suggested legislation in order that this Commission may review it prior to regular legislative session at the first of the year.

We very much appreciate your cooperation.

Sincerely,

John Bannister
Executive Secretary
mr