

OIL & GAS CONSERVATION COMMISSION  
Meeting: February 21, 1968  
Mr. John Bannister, Exec. Sec'y



OFFICE OF  
**Oil and Gas Conservation Commission**  
 STATE OF ARIZONA  
 ROOM 202  
 1824 WEST ADAMS  
 Phoenix, Arizona 85007  
 PHONE: 271-5161

Bob Manning  
 Dave Rainey  
 Mike O'Donnell  
 Dr. Pyle  
 Lynn  
 Lucien  
 George  
 Ralph

Jim  
 John  
 Ken - absent

A G E N D A

Meeting  
 February 21, 1968

9:30 a.m. Call to order

- OK
1. ✓ Approval of minutes of meeting of January 17, 1968
  2. ✓ Executive Secretary's Report
  3. Geologist's Report
  4. Old Business
  5. New Business
    - a. Future meeting sites - dates
  6. Adjourn

Legislation

Pressure tests ✓

Letter of Appreciation

WB - 121 Suppl  
 176 Repts. Contractors  
 177 Serv  
 Harless

Yuma - 3-20  
 Halbrook 7-17  
 Douglas Angus

Bisbee  
 April 17

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

Minutes of Meeting  
January 21, 1968  
17

Present:

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

Meeting was called to order at 9:30 a.m. by Chairman Owens.

Mr. Bentson moved, seconded by Mr. Lockhart, that the minutes of the meeting of November 15, 1967 be approved as read. Motion passed.

Executive Secretary's report was accepted for filing. The Geologist's report was accepted for filing.

Mr. Bilby moved that the matter of the Ferrin, Potter, and Frazer wells be set for hearing at the upcoming June meeting and that the parties be directed to appear and show cause why their wells should not either be plugged or substantially commenced. Further, that in the case of Ferrin, he also show evidence of leases in good standing. Motion carried.

It was agreed to discuss at the next meeting the sites in other parts of the State and dates for future meetings of the Commission.

APPROVED February 21, 1968

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Lucien B. Owens, Chairman



OFFICE OF  
**Oil and Gas Conservation Commission**  
STATE OF ARIZONA  
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1824 WEST ADAMS  
Phoenix, Arizona 85007  
PHONE: 271-5161

February 13, 1968

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

The Navajos are holding another lease sale on Tuesday, February 27, 1968. As usual, bids will be opened at 10:00 a.m. at Window Rock.

The majority of the acreage being offered is in Apache County, where some 191 tracts comprising 123,273.56 acres are being offered. Of this amount 50 sections, or 32,000 acres, are in the immediate vicinity of Dineh bi Keyah Field. It's expected that this sale will be a lively one.

The Indians are stipulating a minimum bid of \$2.50 per acre and of course are retaining the right to reject any and all bids. This will be a five-year lease with the usual 16-2/3% royalty; helium of course is included. I intend to cover this sale and will make a full report as to the bidding. Some of the acreage offered for bid does offset Dineh bi Keyah.

As you have been advised, the bills requested by this Commission have been introduced into the Legislature but have not, however, been acted upon. I expect momentarily to hear when to appear before committees to explain the bills.

Kerr-McGee has indicated its opposition to the one portion of HB 177 pertaining to the levy against production. I have talked to Val Connell, assistant to the president, concerning this. At his request I will advise him when committee hearings will be held so that if he should desire he may attend.

Superior Oil and Eastern Petroleum also have written their comments, primarily to the levy.

Mr. Frank Ryley, attorney, has written to the Natural Resources Committee of the House and proposed certain amendments, the primary one being that any produced flared or used on the lease not be taxed. He too has indicated his desire to appear before the committee at the proper time.

I have taken the liberty of advising all of the other producers as to the pending legislation and have furnished copies to them.

I attended the Executive Committee meeting of IOCC held in Oklahoma City on February 9. Apparently due to reasons of health of Mr. Lawrence Alley, Executive Secretary, a committee has been appointed to secure a replacement for him. There has been some publicity as to this, even though at present no specific person is being considered. It is contemplated that after a suitable break-in period for a new man, Mr. Alley will either take early retirement or will remain with the Commission on a consultant basis.

The Executive Committee of Western Oil and Gas Association is meeting in Phoenix on Friday, February 16, at Mountain Shadows and we have been requested to appear before them to present a short program. I have made arrangements for Mr. Owens and Mr. Bentson, Dr. Pye, Mike O'Donnell, and myself to be present at this time. The exploration managers of some 16 or 18 of the larger oil companies and independents will be present at this meeting.

There has been a considerable amount of leasing in northern Mohave County in the past weeks. This play primarily is the result of an announced discovery by Willard Pease some 18 miles from the State line into Utah. To the best of my information, the Pease well did not encounter substantial oil production. However, it looks as if the well will be lost due to faulty completion procedures.

Geologically the Hurrigan fault, on which this well is located, lies on the northeast southwest trend through this area and seems to be the area of the play. A known structure of 180 miles long is the immediate area of the leasing.

It is rumored that Buttes Gas and Oil will drill a confirmation well and should this well be successful undoubtedly Arizona will experience considerable exploration in this area. This information is confidential.

There has been considerable leasing in southern Cochise County and I think it is reasonable to expect some exploration in this area. At least three wells have been announced for the Verde Valley area, southeast of Sedona by Virginia Gas and Oil. These wells are contemplated to be started in late spring or early summer.

All in all, the prospects for consider exploration drilling in Arizona in 1968 will be excellent and I feel this will be one of our banner years.

Arizona Helium Corporation has announced the opening of their new plant on February 24, 1968. I am sure that by now each of you have received an official invitation. It is anticipated that on this date the first gas will be run through and processed at the plant. However, I do not expect that the plant will go on full stream, but it will be the first of shakedown operations. They are attempting to get Governor Williams and other state officials to attend.

Mr. Harless has contacted this office and U.S.G.S., Roswell, and has requested that we have "patence" with im and that he plans to commence plugging of these wells within 10 days of the call, which

means that operations should have been commenced by February 10. However, no work of such nature has begun.

I talked to Mr. John Anderson, U.S.G.S., Roswell, and he advised that the deadline for Harless to comply with his order expired January 31, 1968. I do not know of what further action U.S.G.S. is taking at this time. However, they have advised Harless that no permit will be issued for further operations until their plugging orders are complied with. Applications for future leases will be held up pending compliance and for bond.

The Attorney General's Office has advised that our case is still waiting for a decision from Superior Court and are unable to predict when such a decision might be reached.

**New Permits:**

- 448: Texaco #1 Navajo BF, NE NE 26-6N-7W NSM, Apache County (strat test)
- 449: Hallett #1 State 10603, NE NE 36-19N-26E, Apache County
- 450: Hallett #2 State 10603, SE NW 26-19N-26E, Apache County
- 451: Hallett #1 State 10602, SW NE 28-19N-26E, Apache County
- 452: Humble #1 Navajo 146, SE SW 15-35N-30E, Apache County
- 453: Little #1 Navajo, SE SE 26-6N-8W, NSM, Apache County

Current Well Activity

Wildcats - (Confidential)

Champlin #1 Navajo 335 ( NE SE Sec. 4-41N-29E) Still testing. In January well flowed 84 bbls oil plus 84 bbls water during 15 days production.

Texaco #1 Navajo BF ( NE NE Sec 26-6N-7W ) Strat test. Total depth 2825'. Plugged and abandoned. Well located 20 miles south of Dineh bi Keyah Field.

Little #1 Navajo ( SE SE Sec. 26-6N-8W) Located 20 miles southwest of Dineh bi Keyah Field. Drilling ahead.

Humble #1 Navajo 146 ( SE SW Sec 15-35N-30E) Located 4 miles southeast of Dineh bi Keyah. Spudded 1-2-68. Drilling ahead.

Simmons #1 Navajo ( SE SW Sec 30-36N-27E) Dry and Aban. TD 3313.

Development Wells

East Boundary Butte Field

AAA Fishing Tool #E2 Humble Navajo (SW NE Sec. 9-41N-28E) Completed for 7 1/2 bbls oil plus 1 bbl water per day.

Dineh bi Keyah Field

Kerr McGee #10 Navajo (SE NE Sec. 30-36N-30E) TD 3868. perf. 3028-48; acidized and frac; testing.

Kerr McGee #1F (SE SE Sec. 24-36N-29E) Shut down while reviewing possible stimulation work. No activity on this lease this month.

Humble #1-88 Navajo. Total depth 3850; acidized and frac. pumping 6-7 bbls of oil per day. Located SE SE 25-36N-29E)

Kerr McGee #B 1-X ( NW NW Sec. 5-35N-30E) TD 3165. Completed for 1800 bbls oil per day plus 4 bbls water from zone 2953-83 and 3062-84; on Reda pump.

Humble #3-88 (SE NE Sec. 36-36N-29E) TD 3875. Flowed 364 bbls oil in 23 hrs. Shut in for bottom hole pressure buildup.

Humble #4-88 (SE NW Sec. 25-36N-29E) TD 4500. Waiting on completion rig.

Mohave County Leasing:

Northern Mohave County has recently been the site of a frenzied lease play in which approximately 197,000 acres ( 70% federal; 30% State ) have been filed. 90% of this acreage has been filed by Tom Connelly-Durango; Tom Moran-Denver; Jim Pickett-Phoenix; Bonny Fleetwood-Phoenix; Tiger Oil Co.-Denver.

This action has resulted from the attempted completion of the Willard Pease #1 Federal ( SW NE Sec 25-40S-13W), located 20 miles north of the State line in Washington Co., Utah. TD is 5238. The pay zone is believed to be Permian or upper Pennsylvanian limestone at approx. 4200 ft. Production amounts to roughly 20 bbls oil per day- a small well, yet significant in this area inasmuch as it demonstrates that geologic conditions here have been conducive to the generation, accumulation, and preservation of oil. Well is being put on pump.

Most of the leasing has been centered along the Hurricane Fault- particularly the up-thrown (east) side of this major fault- in townships 34N to 42N and Ranges 8W to 10W. Another location is being staked.

New Locations--Apache County

Hallett Development Co. of Crosby, Minnesota, has staked three locations in the Pinta Dome area:

Hallett #1 State 102602 ( SW NE Sec 28-19N-26E)

Hallett #1 State 10603 (NE NE Sec 36-19N-26E)

Hallett #2 State 10603 ( SE NW Sec 26-19N-26E)

These wells will all test the Coconino Sandstone; proposed depth 1400. Each well has only 80 acres dedicated to it - which means that if helium is discovered, the operator will have to a 640 dedication. These tests are located on farm-out acreage from the Sunland Development Co. of Phoenix ( Jimmy Fulton.)

Texaco #1 Navajo BF ( NE NE 26-6N-7W)..strat test. Has drilled and plugged. Dry and Aban.

Humble #1 Navajo 146 (SE SW Sec 15-35N-30E); drilling.

Little #1 Navajo ( SE SE Sec 26-6N-8W); drilling 1300'

Rumor Department

Champlin is reported to be looking for a contractor to drill their Rock Point prospect in Sec 4-37N-25E, a Pan Am farm-out. Proposed depth 5600 ft. to granite.

Virginia Oil and Gas has leased a block of approx. 15,000 acres in southeast Cochise Co.; Dillingham has taken approx. 40,000 acres. We anticipate that both of these blocks will be drilled this year.

Humble is reported prep. to drill its # 1-151 Navajo SE SE Sec 26-35N-30E. This test would be located 5 miles southeast of Dineh bi Keyah.