

OIL & GAS CONSERVATION COMMISSION
Meeting: October 16, 1968
John Bannister, Executive Secret'y

MA? 2 evaluated - Scholix & Thompson

3 in process

5 in proposal stage

about 5 more to be proposed by end of this year

Candidates in master's program at present

LIDDELSTORF

✓ Susan Barker

✓ Anita Akers

~~Dr. De Forrest Smouse~~

G. Siler L. OWENS
BILBY Bannister
RALPH

mission

Bldg. Flagstaff

Meeting of September 18, 1968

the Flagstaff area

Richard Rush

or may candidate for MA in Geol. now

Tally end of this

Malapai

Adjournment Benson
Billy Sacord

2 awarded - Scholz &
Thompson -

3 in process -

5 in proposal
stage

about 5 more to
be proposed by
end of this year

Candidates
in master's
program
at present

~~XXXXXXXXXX~~

NAME

C

~~Jim Scurlock~~

~~J. A. Lambert~~

~~Dr. Richard W. Rusby~~

EARL HUGGINS

~~Roy Bennett~~

~~Lenna Bannister~~

~~Lorena Huggins~~

~~Charlotte Roberts~~

~~Joe B. Barnett~~

~~Leonard H. ?~~

MICHAEL LANE

LOUIS E. MIDDLESTON

Susan Barker

Anita Allen

~~Dr. De Forrest Smouse~~

G. Siler L. OWENS

BILBY Bannister

RALPH



OFFICE OF

Oil and Gas Conservation Commission

STATE OF ARIZONA

ROOM 202

1824 WEST ADAMS

Phoenix, Arizona 85007

PHONE: 271-5161

*Errol
Benton*

A G E N D A

Meeting

October 16, 1968

Room 119, Science Bldg.

Northern Arizona University, Flagstaff

2:00 p.m. Call to order.

Benton read

1. Approval of minutes of meeting of September 18, 1968
2. Old Business
3. New Business

2:15 p.m. Oil and Gas Possibilities of the Flagstaff area

Dr. DeForrest Smouse - Dr. Richard Rush

Question and Answer Period

*How many candidates
for MA in Geol now*

Tally end of the

Malapari

*Adjournment Benton
Billy Sacod*



OFFICE OF
Oil and Gas Conservation Commission
STATE OF ARIZONA
ROOM 202
1624 WEST ADAMS
Phoenix, Arizona 85007
PHONE: 271-5161

A G E N D A

Meeting
October 16, 1968
Room 119, Science Bldg.
Northern Arizona University, Flagstaff

- 2:00 p.m. Call to order - *on time*
- OK* ~~1.~~ Approval of minutes of meeting of September 18, 1968
- ~~2.~~ Old Business
- ~~3.~~ New Business
- 2:15 p.m. ~~Oil and Gas Possibilities of the Flagstaff area~~
~~Dr. DeForrest Smouse - Dr. Richard Rush~~
Question and Answer Period

Jolly Ind. Inc

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

Minutes of Meeting
September 18, 1968

Present:

Mr. Lucien B. Owens, Chairman
Mr. George T. Siler, Vice Chairman
Mr. Kenneth G. Bentson, Member
Mr. Ralph W. Bilby, Member
Mr. John Bannister, Executive Secretary
Mr. J.R. Scurlock, Geologist
Mr. J.A. Lambert, Administrative Assistant
Dr. Willard Pye, University of Arizona
Mr. Alfred Morgan, Yuma, Arizona

Meeting was called to order at 10:00 a.m. by Chairman Owens. Minutes of meeting of June 19, 1968 were approved as submitted. The Executive Secretary's report and the Geologist's report were accepted.

Mr. Bilby moved that an extension of time be given to Mr. J.M. Fraser to further develop his #1 State well. Motion passed. It was directed that the expiration date for this extension should be November 21, 1968.

Mr. Bentson moved that Mr. Bannister be authorized to travel as necessary with the Department of Valuation for fact-finding purposes. Motion passed.

During examination and discussion of the proposed 1969-70 budget, it was decided that the Commission's programs be 60% administration, 30% enforcement, and 10% gathering and disseminating information; that provision for \$1,000 be made for development of technical geological information and dissemination to the industry to encourage further exploration. Mr. Bentson moved, Mr. Bilby seconded, that the proposed budget with the above inclusions be approved for submission to Commissioner of Finance.

Meeting recessed at 11:50 a.m. Case 33 was heard beginning at 2:00 p.m. Meeting re-convened for executive session at 4:10 p.m. for consideration and findings in Case 33.

Meeting adjourned at 5:30 p.m.

APPROVED October 16, 1968

By _____
Lucien B. Owens, Chairman



OFFICE OF

Oil and Gas Conservation Commission

STATE OF ARIZONA

ROOM 202

1324 WEST ADAMS

Phoenix, Arizona 85007

PHONE: 271-5161

October 9, 1968

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

I am pleased to report that the Harless wells are currently in the process of being plugged. Mr. Ersel Garrison, who was the owner of the federal lease on Section 4 has moved to protect his bond posted with U.S.G.S. and has a rig currently on location.

The first well to be plugged was the Harless #27. The Commission had accepted this as a water well; however, U.S.G.S. demanded that it too be plugged.

Mr. Harless has advised that he has made arrangements with Mr. Garrison to plug all wells involved in our order to him.

Pursuant to your direction, Mr. J.M. Fraser was notified of the extension until November 21, 1968 in which to fulfill the order of the Commission to plug his #1 State well, located south of Tombstone.

At last report the fabled hot water could not be brought in and Mr. Fraser is drilling ahead with the intention of testing the Mississippian. Mr. Lee Kilgore, geologist from Farmington, contacted this office. He "sat" this well for the testing of the hot water zone and has now returned to Farmington. It is his feeling this well will produce neither hot water nor oil and gas.

In subsequent talks with Mr. Fraser he assures me that our November 21 deadline will be complied with.

Mr. Jim Potter came into the office today and advised he was unable to secure the services of a well plugging rig. He left for Wickenburg in an attempt to contact a Mr. Sargent who has a suitable rig there. It is my feeling this well will not be plugged by our deadline of October 15 and that possibly Mr. Potter will seek to appear before the Commission at its meeting in Flagstaff.

I have completed my trip to Salt Lake City-Denver-Santa Fe-Roswell on behalf of Department of Property Valuation. From all appearances this trip has been successful. As I advised, the basic issue involved is the valuation of Four Corners Pipeline. There is a spread of some ten million dollars between the Department's valuation and the Pipeline Company's figures. Primarily the pipeline company estimates the the Four Corners area will have no oil to gather by the end of five years. The purpose of our trip was to determine that the Four Corners supply of oil will be in evidence considerably in excess of five years.

The case is currently scheduled for hearing on December 9. The Department has secured the services of Dr. Willard Pye, geologist, and Mr. Ewell N. Walsh, petroleum engineer, as expert witnesses for the State's case.

It is my understanding that the Navajo Indians will hold a lease sale sometime in November, whereby some 200 tracts of Arizona acreage will be offered. Small amounts of acreage will be offered in Utah and New Mexico.

Duval Corporation has taken an option from Santa Fe on some 5,200 acres in the area of Navajo Springs and Pinta Dome. The object of this search is uranium. Duval has contacted this office and advised they will be doing core drilling but will remain above 600 feet, start above the shallowest formation, i.e. Shinarump. In response to Duval's inquiry, I advised that we would not place this operation under permit due to its shallowness.

Our Flagstaff meeting has been arranged. The meeting will be held in Room 119 of the Science Building, Northern Arizona University. The time will be from 2:00 - 4:00 p.m. Please note this change of time.

I contacted Dr. Agnes Allen, Director, School of Natural Sciences, and made arrangements through her. Dr. Gus Catero, head of the geological division, will put on a program of approximately two speakers who will address the group on the potential of oil and gas in the Flagstaff area. I discussed these arrangements and got approval of our chairman, Mr. Owens, and he feels the time is suitable and may lead to increased attendance.

I would like to suggest that the next time this Commission meets outside of Phoenix that we consider setting the time of our meeting at 7:30 p.m. in an experiment to see if an evening meeting might be more attractive than a daytime meeting. Should we go this route, it would be a simple matter for people to get to the town during the day of the meeting and spend the night there.

For the stay in Flagstaff, arrangements have been made at the Americana Hotel for Mr. and Mrs. Bentson, Mr. and Mrs. Owens, and the staff. Mr. Bilby has advised that he will probably stay with his son in Flagstaff, and of course Mr. and Mrs. Siler domicile there.

As I previously discussed with you, the Four Corners Landmen Association, Farmington, has requested I speak to their meeting on Monday October 14, 1968. Consequently it is my plan to fly into Farmington Monday morning, make that meeting, and then fly into Flagstaff on Tuesday.

New Permits:

- 471: Crest-Arizona Helium #1 Santa Fe, SE SE 25-20N-27E,
Apache County
- 472: Crest-Arizona Helium #2 Santa Fe, C SW 25-20N-27E,
Apache County
- 473: Crest-Arizona Helium #8X Santa Fe, SE NW 25-20N-27E,
Apache County



OFFICE OF
Oil and Gas Conservation Commission
STATE OF ARIZONA
ROOM 202
1624 WEST ADAMS
Phoenix, Arizona 85007
PHONE: 271-5161

GEOLOGIST'S ACTIVITY REPORT

FROM: James Scurlock
TO : Commissioners

APACHE COUNTY

Crest Oil Company Santa Fe #8
T20N, R27E, G & SRM
Sec. 25: SE/4 NW/4
Apache County, Arizona
Permit #134

Plugged and abandoned 9-13-68. This is the well that was completed in the Coconino Sandstone. This was originally a Coconino producer. Arizona Helium Corporation tied it into their plant. The well immediately went bad because of water encroachment. Crest may have tried to produce this well so fast that it caused the water to cone around the well and drown the well.

Apache #1 Santa Fe-Crest
T20N, R27E, G & SRM
Sec. 25: SE/4 NW/4
Apache County, Arizona
Permit #353

Located in the same quarter section as the Crest #8 above. Plugged and abandoned at a total depth of 1306 feet. This well was drilled as a Shinarump prospect. The Shinarump was fracked with 60 tons of dry ice. Well never produced any helium.

Crest-Arizona Helium #1 Santa Fe
T20N, R27E, G & SRM
Sec. 25: SE/4 SE/4
Apache County, Arizona
Permit #471

Drilling at 1225 feet. Well is running about one hundred feet high structurally so far. Hopefully expect to hit the Coconino in another ten feet. Disappointed here

Page 2
Activity Report

that there was no Shinarump section. Perhaps Shinarump was faulted out. Had trouble on this hole for a few days. Stuck the drill pipe. Fish now recovered. Prepared to resume drilling.

Crest-Arizona Helium #2 Santa Fe
T20N, R27E, G & SRM
Sec: C SW/4
Apache County, Arizona
Permit #472

Locations prepared. Pits dug and so forth.

Crest-Arizona Helium #8X Santa Fe
T20N, R27E, G & SRM
Sec: SE/4 NW/4
Apache County, Arizona
Permit #473

Locations prepared. Pits dug and so forth.

COCONINO COUNTY

Eastern Petrol #1 Fed Moqui Bardo
T14N, R11E, G & SRM
Sec. NW/4 SW/4
Coconino County, Arizona
Permit #464

They have drilled ten inch hole to 1453 feet. Doing well with this cable tool rig. (Contractor, Malcolm Kitchens--Farmington.) Making 70 to 80 feet per day. Crew staying on location. Running two twelve hour towers. Have set 7 5/8 inch casing with a hundred sacks at 1453 feet. Crew is presently taking a breather for a few days. Will be back on location probably 10-7-68. This is turning out to be cheap drilling for this country where lost circulation has proved to be a formidable obstacle in the past. Expect Fort Apache at approximately 1650 feet. Elevation - 6906 DF. Well is supported by Sun Oil Company. Location was picked by Bob Lauth, Durango geologist who mapped the structure. Formation tops: spudded in Kaibab, Coconino 370 feet, Supai 1083 feet. The Fort Apache formation is the first objective horizon. The other two objectives being the Mississippian and Devonian Limestones.

COCHISE COUNTY

Fraser State #1
T21S, R23E, G & SRM
Sec. 19: NE/4 SE/4
Cochise County, Arizona
Permit #93

Geologist, Lee Kilgore, Farmington, has quit the well. Rig is being removed from location after trying unsuccessfully to swab hot water. This well was reported to be capable of producing hot water at 250 degrees, and it was hoped that it could be put to industrial use. Kilgore had run a log on the well in 1960 and was familiar with the setup. Reports his attempts to swab any kind of fluid into the hole were unsuccessful. Formation here is simply too tight. Kilgore saw no hot water at all. Kilgore thinks that Fraser has fabricated this story in an attempt to persuade his backers to drill deeper where he is convinced (apparently as a result of a geologic report on this area written by Loren Buck of Tucson) the Mississippian formation would be oil producing.

ARIZONA HELIUM CORPORATION - NEW PLANT

Presently testing plant on Shinarump gas from Eastern Ancon #21 Santa Fe Fee (Sec. 31-T20N-R28E). This is reported to be a marginal to fair producer. Company hopes that it will produce about 100,000 cubic feet of gas per day.

Have laid pipe (but have not tied in) to Eastern #35 Santa Fe (NE SW Sec. 27-T20N-R27E) in the Navajo Springs Unit. Waiting on gas meters. Will be tied into this well in a few days.

Plant currently designed for approximately 500 MCF of natural gas per day. This amount will be required to produce 1,000,000 cubic feet of refined Grade A Helium per month. The company is going to be hard put to find enough gas for their plant. They were counting heavily on the Crest #8 well which has now been plugged. They now appear to be in a desperate situation in view of the fact that their main source of helium supply consists of their contractual right (through Crest) to 16% of the Navajo Springs Unit production.

Page 4
Activity Report

SCUTTLEBUTT:

Penzoil is rumored to be planning Pre Cambrian test in Coconino County (Sec. 11: T29N-R24E). Contractor, Cactus Drilling. This wildcat would be two miles SW of Moore, Moore, and Miller #1 Hopi, which was drilled to Pre Cambrian at a TD of 6998 feet.

Buttes #1-23 Navajo (Sec. 23: T37N-R27E, NE NE) Footage: 820 FNL - 700 FEL. 4000 foot Devonian test. This well located on the northern flank of the Defiance Uplift which the industry must consider one of the most favorable prospecting areas in Arizona. It offers stratigraphic pinch-out possibility in both Pennsylvanian and Pre Pennsylvanian formations. This still in the rumor stage.

MONTHLY FINANCIAL REPORT

RECEIPTS MONTH OF	CLASSIFICATION	RECEIPTS	APPROPRIATED RECEIPTS	UNAPPROPRIATED RECEIPTS	TOTAL ALL RECEIPTS YEAR TO DATE
Sep 19 68	1	Permits to drill		75 00	325 00
	2				
	3				
	4				
	5				
	6				
	7				
	8				
	9				
	10				
	11				
	12				
	13				
	14				
	15				
	16				
	17				
75 00	TOTAL CURRENT MONTH RECEIPTS			75 00	XXXXXX
	TRANSFERS IN OUT			2,000 00	
XXXXXX	BALANCES BROUGHT FORWARD			11,595 25	XXXXXX
75 00	TOTALS - MONTH AND YEAR TO DATE			9,670 25	225 00

CLAIMS PAID MONTH OF	FUND TITLES	TOTAL AMOUNT AVAILABLE YEAR TO DATE	CLAIMS PAID YEAR TO DATE	OUTSTANDING ENCUMBRANCES	UNENCUMBERED BALANCE
Sep 19 68	1 Personal Services:				
1,850 00	2 General Fund	* 9,087 50	8,200 00		887 50
2,000 00	3 Conservation Fund	* 2,250 00	2,000 00		250 00
478 45	4 Current Expenditures	* 1,503 75	1,068 26	37 61	397 88
472 36	5 Travel-State	5,545 00	627 09	434 44	4,483 47
210 40	6 Travel-out of State	3,248 00	529 40		2,718 60
22 00	7 Current Fixed Charges	525 00	50 75		474 25
105 00	8 Professional Services	2,000 00	205 00		1,795 00
	9 Capital Outlay	582 00	352 56		229 44
	10 Museum N. Arizona	* 625 00		625 00	
	11 Arizona Bureau Mines	* 625 00	625 00		
	12				
	13				
	14				
	15				
	16				
	17				
	18				
	19				
	20				
	21				
	22				
	23				
	24				
	25				
	26				
	27				
	28				
	29				
	30				
5,138 21	TOTALS	25,991 25	13,658 06	1,097 05	11,236 14

AGENCY Oil & Gas Conservation Commission

DIVISION _____

IDENTIFICATION CODE NO. 1-7-10-000-0000

1	2	3	4
CLAIMS PAID YEAR TO DATE	OBJECT CODE NO.	DISTRIBUTION OF EXPENDITURES CLASSIFICATION	CLAIMS PAID MONTH OF
10,050.00	110	1 Salaries, wages: employees	Sep 19 68 3,700.00
150.00	150	2 Per diem: board members	150.00
		3	
60.06	211	4 Postage	60.06
401.44	212	5 Telephone, telegraph	150.19
336.75	221	6 Travel-State: meals and lodging	236.00
153.60	222	7 mileage reimbursed private cars	153.60
24.00	223	8 fares for planes, trains, etc	24.00
68.34	224	9 State-owned auto expense	54.36
7.50	225	10 telephone, taxi, etc	4.40
40.00	226	11 registration fees at meetings	
		12	
		13	
51.25	231	14 Travel-out of State: meals and lodging	24.00
452.00	233	15 fares for plane, train	178.00
3.00	234	16 State-owned auto expense	
19.15	235	17 telephone, taxi, etc	8.40
	236	18 registration fee at meetings	
		19	
205.00	240	20 Professional services	105.00
		21	
	262	22 Mntns/repairs to office equip., furniture	
80.18	294	23 Legal advt., notary, court, recording fees	80.18
	295	24 Transportation of things (well samples)	
631.07	299	25 Miscellaneous (blueprint service, Ariz Bu Mines, Museum N. Arizona)	4.04
		26	
		27	
		28	
77.50	310	29 Office supplies	61.72
170.39	360	30 Scientific supplies	99.64
3.06	370	31 Mntns supplies (duplicate keys)	3.06
19.56	390	32 Other supplies (film)	19.56
		33	
		34	
	411	35 Rent, office equip: copy machine	
		36	
14.50	421	37 Bond (notary public)	
36.25	430	38 Subscription/organization dues	22.00
		39	
		40	
352.56	611	41 Office equipment/furniture	
		42	
		43	
		44	
		45	
250.00	995	46 To create revolv fund	
		47	
		48	
		49	
		50	
		51	
		52	
		53	
		54	
		55	
13,658.06		TOTAL	5,138.21



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

October 10, 1968

FOR IMMEDIATE RELEASE

The Oil and Gas Conservation Commission, State of Arizona, will hold its regular monthly meeting in Flagstaff, Arizona on October 16, 1968 at 2:00 p.m. in Room 119 of the Science Building, Northern Arizona University. The public is invited to attend.

Dr. DeForrest Smouse, formerly employed by El Paso Natural Gas Company, and Dr. Richard Rush, formerly employed by Creole Petroleum Company, both presently on the staff of Northern Arizona University, will discuss the oil and gas potential of the Flagstaff area and will conduct a question and answer session. There will be a short business meeting of the Commission prior to their presentation.

Mr. John Bannister, Executive Secretary of the Commission, will be available at the Americana Hotel, Flagstaff, on Tuesday October 15, 1968 for interview concerning this meeting or any discussion pertaining to oil and gas in Arizona.

The commissioners who will be in attendance are:

Mr. Lucien B. Owens, Holbrook, Chairman
Mr. George T. Siler, Flagstaff, Vice Chairman
Mr. Kenneth G. Bentson, Phoenix, Member
Mr. Ralph W. Bilby, Tucson, Member