OIL & GAS CONSERVATION COMMISSION
Meeting: January ~~13~~ 12, 1969
Mr John Bannister, Executive Secy

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

AGENDA

Meeting

January ~~15~~ 22, 1969
Room 204, Arizona State Office Bldg.
1624 W. Adams, Phoenix

10:00 a.m. Call to order

1. Approval of minutes of meeting of December 11, 1968.
2. Executive Secretary report
3. Geologist report
4. Old business
5. New business
6. Adjourn

Discuss new travel expenses
Legislation –
4 Corners
Potter plugged but not cleared
Fritz Ryan — send letter to Land Dept.

IF YOU ARE UNABLE TO ATTEND THIS MEETING, PLEASE NOTIFY THE OFFICE AS SOON AS POSSIBLE.

MEMO: COMMISSIONERS 1-21-69
FROM: JOHN BANNISTER

RE: NAVAJO LEASE SALES

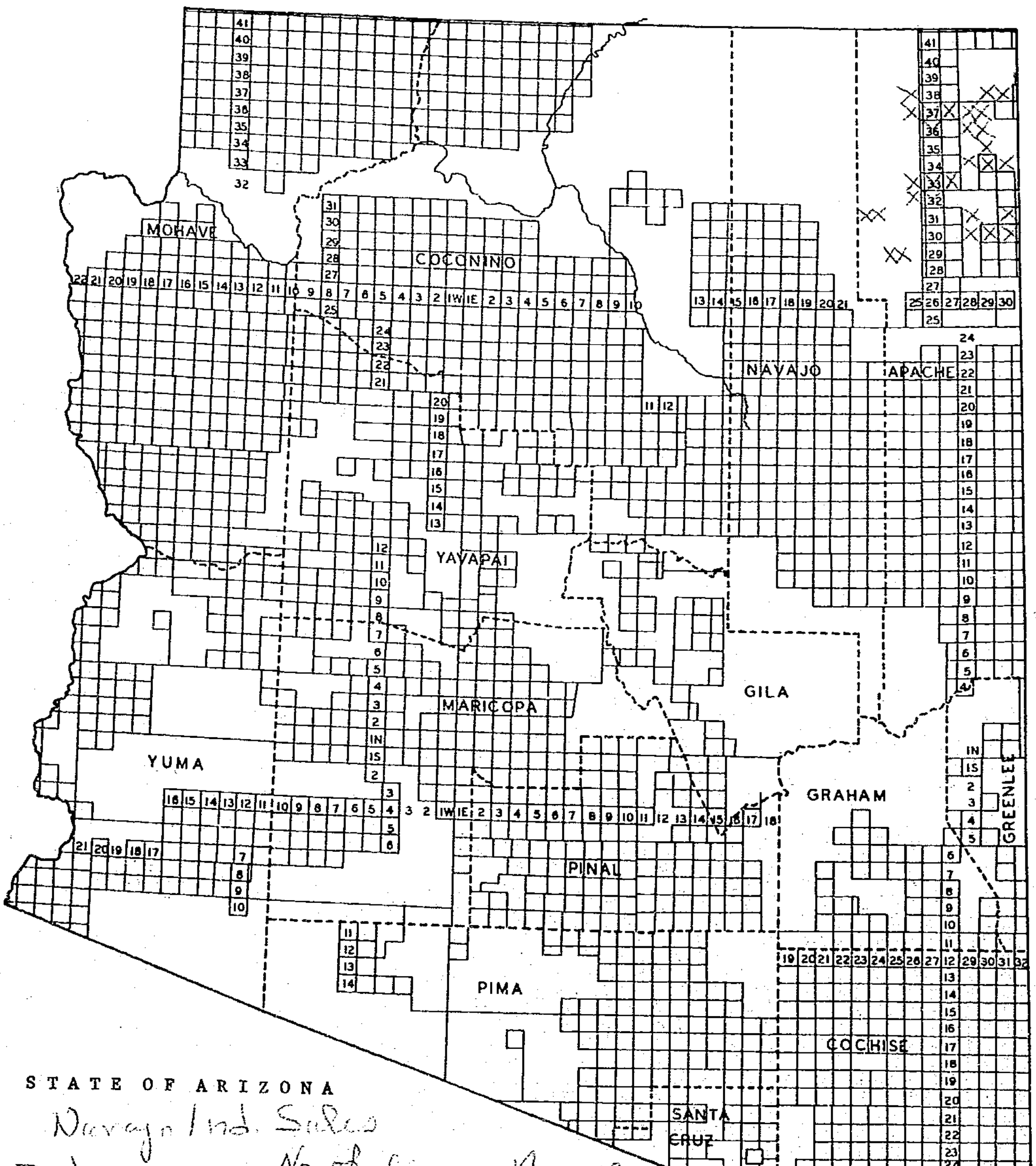
The Navajos have announced two lease sales in one advertisement. This is a break from the norm. The sale will be conducted in two blocks - Block 1 will be offered February 20, 1969 and contains among other land 143 tracts of Arizona acreage comprising 200,401.93 acres; the second sale will be held February 27, 1969 and among other land contains 140 tracts of Arizona land containing 213,497.05 acres.

As usual, a minimum bonus of $2.50 per acre is required, plus a deposit of 25% of the total bonus paid. The usual filing fee of $10 per bid, royalty in the amount of 16-2/3%, and rental of $1.25 per acre is required. Approximately 95% of all the acreage being offered in these two sales in in Arizona.

As you know, these parcels are normally comprised of acreage various operators have requested to be offered for lease.

Inasmuch as acreage in Arizona is being offered, this office will be represented at both sales.

For your convenience, I am enclosing a small map showing location of Arizona acreage being offered.



STATE OF ARIZONA

Navajo Ind. Sales

Date	No of Ariz. Tracts	Acreage
2-20-69	143	209,401.93
2-27-69	140	213,497.05

Courtesy of
ARIZONA OIL REPORT

[illegible] AND GAS CONSERVATION COM[illegible]SSION
1624 West Adams - Suite 202
Phoenix, Arizona 85007

Minutes of Meeting
December 11, 1968

Present:
Mr. George T. Siler, Vice Chairman
Mr. Ralph W. Bilby, Member
Mr. Kenneth G. Bentson, Member
Mr. John Bannister, Executive Secretary
Mr. J.A. Lambert, Administrative Assistant
Dr. Willard Pye, University of Arizona
Mr. Bill King, Arizona Republic

Absent:
Mr. Lucien B. Owens, Chairman

Vice Chairman Siler called the meeting to order at 10:00 a.m.

Minutes of the previous meeting were read and approved.

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

Discussion was held on legislation needed to correct some weaknesses in the Statutes. It was moved, seconded and passed that the Commission seek legislation substantially in accordance with that sought last year with the exception that the Commission would not seek legislation aimed at securing monies in the form of a tax to cover cost of the Commission. Otherwise, the items set forth in House Bill 176 concerning exemption of oil well contractors and House Bill 177, housekeeping bills, would be sought intact.

There being no further business, the Commission adjourned at 11:30 a.m.

22
APPROVED January 15, 1969

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Lucien B. Owens, Chairman

OFFICE OF

Oil and Gas Conservation Commission

STATE OF ARIZONA
ROOM 202
1624 WEST ADAMS
Phoenix, Arizona 85007
PHONE: 271-5161

January 8, 1969

Memo to: Commissioners
From: John Bannister

Re: Report of Activity

I spoke to Mr. Turley, House of Representatives, and he has agreed to introduce our suggested legislation. We are seeking legislation substantially in accordance with that which we sought last year, with the exception of the tax for the purpose of running the Commission. I have advised Francis Ryley locally and Kerr McGee our intention to seek this legislation. Mr. Val Connell has acknowledged by letter and said he will make suggestions at some later date.

Mr. Francis Ryley has suggested that where we asked that logs be filed within ten days in our suggested legislation the period be made thirty days. He also suggested that our proposed fee of $50 for a hearing is high and suggests that this be changed to $25. I am enclosing a copy of Mr. Ryley's letter for you to look at.

Since our last meeting we have, of course, been in the holiday season. Activity has been slow, which is normal for this time of the year. We have, of course, been involved in the flurry of activity caused by the Hopkins well in Sedona. Mr. Hopkins has plugged the big "discovery" well and is currently drilling an offset to this. We are scrutinizing this well closely. As of this date there has been no show of oil or gas.

Indications are that Pacific Coal and Gas Company (Ponca City, Oklahoma) will shortly begin a large exploration program within the State. They are currently holding some 42,000 acres of Navajo land and will initially begin exploration there. They plan to construct a refinery with a minimum capacity of 7,500 barrels a day provided sufficient reserves can be found. To date they have expended in excess of $800,000 in seismic work in the area. They currently have a $4,000,000 budget scheduled to be spent in Arizona within the years 1969 - 1970. However, the entire program is just out of the planning stage. This information must be maintained in the strictest confidence and I request that it not be discussed in open meeting if other than the Commission is present.

There are rumors of a pending Navajo lease sale some time in February but I have received no confirmation.

On December 27th I met with Dean Forrester, Dr. Wes Peirce and Dr. Richard Moore at the Bureau of Mines in Tucson. This matter was concerning contract for new geology of oil, gas, coal and uranium which will be let through the Governor's Office from the Four Corners Regional Committee. Mr. Womer and I will set objectives to be accomplished to be submitted to the Bureau of Mines. They, in turn, will submit a detailed proposal concerning accomplishing these objectives, together with proposed price. This price, of course, will be in the neighborhood of monies available. After this, a contract will be let.

I am pleased to report that Mr. Lucien Owens is no longer in the hospital and is doing well in spite of a little new medication and, I understand, a very pleasant diet.

I have received no indication from the Governor's Office of any pending new appointments, though I am sure the matter of our Commissioners will be settled during the current legislative session.

I have not as yet received a time to appear before the Budget Committees and I will advise you as soon as appointments have been made.

I am most gratified to announce that Mrs. Ann vonBlume has joined our staff to replace Marge. You will find Ann to be a most attractive and efficient lady and I feel she will make a most valuable addition to our staff. Please do not hesitate to call on her for anything you may need.

I might mention here that Marge's wedding came off as scheduled on December 27th and "Mrs. Arthur N. Talbott" is now busily engaged in her new role as housewife. Marge is cooperating with this office in helping Ann become familiar with our procedure. She is, of course, doing this with no remuneration.

I would like to again remind you to please notify Ann as soon as possible of your new license plate numbers in order that your travel vouchers may be kept up to date.

New Permits:

Doherty #1-15 Navajo, SE SE 15-7N-7W, Apache County

Consolidated Oil & Gas #1 Navajo, SW SW 2-41N-28E, Apache County

Hopkins #34-1Y Federal, SW NW 34-18N-5E, Yavapai County

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

January 8, 1969

GEOLOGIST'S REPORT

From: James Scurlock
To : Commissioners

YAVAPAI COUNTY

Hopkins #34-1X Federal
T18N, R5E, G & SRM
Sec. 34: SW/4 NW/4
Permit #479

Total depth - 1138'. Dry and abandoned. Devonian Dolomite was subjected to acid treatment. Swabbed water, which was believed by the operator to be acid water. Operator believes that cement had penetrated the potential pay zone to such an extent that formation oil was blocked off from the borehole. Thus he decided that another well was warranted at this location.

Formation tops:

Supai	-	Surface
Mississippian (Red Wall Limestone)	-	479'
Devonian Martin Formation (Dolomite)	-	630'
Cambrian Tapeats Sandstone	-	1128'
Granite Wash	-	1135'
Pre-Cambrian Granite	-	1137'
Total depth	-	1138'

Hopkins #34-1Y Federal
T18N, R5E, G & SRM
Sec. 34: SW/4 NW/4 "TIGHT HOLE"
Permit #482

Located 60' south of the #34-1X Federal. Well was drilled by rotary (Circle A Drilling Company, Farmington) to 1032'. Set 7 inch casing at 1032 with 45 sacks. Operator then brought in Childress Drilling Company cable tool rig and drilled through the Devonian Dolomite to a depth of 1098'. Operator has reported "rainbow show of oil". This is interpreted by us to mean essentially no show.
Well currently swabbing approximately 150 barrels fresh water per day. Hole fills up to within 660' of the surface during the night. Cannot swab below 970'. Operator plans

to continue to swab for a number of days in an attempt to dissipate what he believes might represent water which was injected into the formation during the drilling of the #34-1X well. Mr. Hopkins has indicated that his estimates show that at this rate of swabbing it would take 16 days to completely clean the formation of the contaminating waters before natural formation fluids could reach the borehole. If this swabbing proves unsuccessful, operator plans to drill ahead.

Rumored:

Mr. Gordon Fleetwood, a Phoenix lease broker, is said to be organizing a group of backers in order to drill another test well in the old Harless area.

COCONINO COUNTY

Potter #1 State 8219
T20N, R5E, G & SRM
Sec. 24: SW/4 SW/4
Permit #351

Perry Brothers (Flagstaff) have pulled all of the pipe from this well that they can. They report that in blasting with dynamite they have caused the hole to be bridged at approximately 950'. This is a 15 inch hole which will require about one sack of cement per linear foot to fill. Operator has been informed that he is to plug the well by filling the hole with cement. Thus it seems that we are finally to be rid of this troublesome hole.

Pease #1 Federal
T15N, R10E, G & SRM — "TIGHT HOLE"
Sec. 21: SW/4 SW/4
Permit #475

Total depth - 3601'. Dry and abandoned. No cores, no tests, and no shows of oil or helium. Well was drilled with air and mist (mixture of detergent and water).

Formation tops:

Coconino	-	212'
Naco	-	2595'
Molas	-	2860'
Mississippian	-	2890'
Devonian	-	3000'
Cambrian	-	3550'
Pre-Cambrian	-	3595'
Total Depth	-	3601'

Eastern Petrol #1 Fed Moqui Bardo
T14N, R11E, G & SRM
Sec. 10: NW/4 SW/4 "TIGHT HOLE"
Permit #464

Drilling at 3397'.

Formation tops:

Mississippian	-	3295'
Devonian	-	3365'

No shows reported. Operator is now changing over from rotary to cable tools becuase of problems with lost circulation. Will run 5½ inch casing to total depth. Rig shut down for the holidays and crew should be returning to the location any day now.

APACHE COUNTY

Union #1-166 Navajo
T6N, R6W, G & SRM
Sec. 20: NW/4 NW/4 "TIGHT HOLE"
Permit #477

Total depth - 2800'. Plugged and abandoned. Took three DST's, no show.

Formation tops:

Chinle	-	Surface
Shinarump	-	420'
De Chelly	-	543'
Supai	-	1320'
Hermosa	-	1821'
Molas	-	2246'
Redwall	-	2325'
Ouray	-	2418'
Elbert	-	2428'
McCracken	-	2636'
Aneth	-	2680'
Metamorphics	-	2754'
Total depth	-	2800'

Consolidated Oil & Gas #1 Navajo
T41N, R28E, G & SRM
Sec. 2: SW/4 SW/4
Permit #481

Set 9 5/8 inch casing at 320' with 200 sacks. Drilling ahead.

Doherty #1-15 Navajo
T7N, R7W, G & SRM
Sec. 15: SE/4 SE/4
Permit #480

Dry and abandoned at a total depth of 3001'.

Formation tops:

De Chelly	-	230'
Supai	-	1112'
Hermosa	-	1693'
Mississippian	-	2444'
Elbert (Devonian)	-	2607'
McCracken	-	2791'
Aneth	-	2900'
Pre-Cambrian	-	2983'
Total Depth	-	3001'

No shows reported. Well will be taken over as a water well by the Indians.

Little #1 Navajo Tohotso
T35N, R29E, G & SRM
Sec. 25: SW/4 SW/4 "TIGHT HOLE"
Permit #478

Dry and abandoned.

Formation tops:

Chinle	-	Surface
De Chelly	-	970'
Supai	-	1800'
Hermosa	-	2780'
Molas	-	3306'
Mississippian	-	3388'
Elbert	-	3600'
McCracken	-	3730'
Pre-Cambrian	-	3838'
Total Depth	-	3867'

Scuttlebutt: 1-7-69

Mr. A. J. Bauer of Texas and Pacific Oil and Gas, Incorporated, (Ponca City, Oklahoma) was in our office this date. They have purchased two drilling blocks in Apache County from Mobil Oil for a total purchase price of $1,800,000(each drilling block consisting of 42 sections) and plan to drill two tests. The first well will be located NW/4 SE/4 Section 13, Township 38 north, Range 23 east. Projected depth 6500'.
The second well is planned for NE/4 NW/4 Section 6, Township 35 north, Range 27 east. Projected depth 3500'.
Mr. Bauer reports that these wells are located on seismic anomalies. The first well should go by February 1. They are setting up a temporary local office here in Phoenix at 5333 North Central.

FRANCIS J. RYLEY
GEORGE READ CARLOCK
JOSEPH P. RALSTON
SAM P. APPLEWHITE, III
JOHN C. ELLINWOOD
FRANK C. BROPHY, JR.
WILLIAM C. TAYLOR
WILLIAM F. WILDER
JOHN H. RYLEY
ROBERT E. GUZIK

LAW OFFICES
RYLEY, CARLOCK & RALSTON
TITLE & TRUST BUILDING
PHOENIX, ARIZONA 85003

AREA CODE 602
TELEPHONE 258-7701

SUN CITY OFFICE
PLAZA DEL SOL WEST
10771 WEST PEORIA AVENUE

January 7, 1969

Mr. John Bannister
Executive Secretary
Oil and Gas Conservation Commission
Room 202 Capitol Building
Phoenix, Arizona 85007

Dear John:

Thank you for your letter of December 26th.

When H.B. 177 was introduced last year, I commented on paragraph A(2) of §27-516, which provision begins on line 6 of page 3 of the bill you sent me, and begins on line 5 of page 3 of the printed bill, and suggested that ten days for filing of logs and drilling records was not realistic and that the period be thirty days in lieu of the ninety days now provided in the law.

Will you please consider this and if you agree so advise Mr. Turley.

I also commented on the proposed amendment to §27-517, which begins on line 15 of page 6 of the bill you sent me, and begins on line 29 of page 5 of the printed bill, and suggested that the proposed fee of $50.00 appears high, and noted that Wyoming is the only state in the Rocky Mountain area which requires a fee for filing an application for hearing, and that that fee is $25.00. Will you also please give consideration to this point?

Have you ever given consideration to amending paragraph B(4) of §27-515 by adding that the Commission is authorized to require a filing fee for hearings in an amount to be determined by the Commission - doing this in lieu of amending §27-517 A?

Yours very truly

Frank

Francis J. Ryley

FJR/alw

cc: Hon. Stan Turley

RECEIVED
JAN 8 1969
STATE O & G
CONS. COMM.

OPINION

STANLEY LEARNED

Director and former President
and Chief Executive Officer
Phillips Petroleum Co.

Petroleum conservation —the myths and realities

IN RECENT years a group of critics of the petroleum industry has expounded a number of what can be termed myths about certain aspects of petroleum conservation.

It is important that consumers of petroleum products and people concerned about our nation's future energy supply, as well as those connected with the petroleum industry, clearly understand the realities of these aspects of conservation.

The group which expounds the myths is a small one. However, the individuals in it are articulate and influential. Their conclusions have for the most part been derived on the basis of abstract reasoning rather than from operating experience. This is the real genesis of the disagreements between them and the experienced people in the industry and regulatory bodies.

This small group of critics devise their theories largely from speculations and conjectures. Some enter the realm of myth. They contrast sharply from the realities which those who work day by day in the industry and the regulatory agencies must face.

First myth of the critics is that you can disregard property rights. Their conception is that property rights amount to just a philosophy.

Reality is that you cannot disregard most property rights upon which the conservation system is based. These rights are embedded in the laws of the land, including the U.S. and state constitutions.

Some critics refer to the rights of landowners as being a mere right of access to the underlying oil, thus implying that the landowner's right is mere privilege, and not a property right.

Possibly, they have been misled by the term law of capture used in court decisions and law books. That term actually relates only to the legal re-

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sults of the withdrawal of oil or gas by a neighboring landowner by drainage.

It has nothing to do with the landowner's title to oil that lies in the rocks which are part of his land. This oil is a part of his real estate and has the same constitutional protection as any other real estate against governmental taking without just compensation.

It was within the framework of these constitutional protections that the conservation laws had to be developed.

In my opinion, not many Americans believe we should disregard laws which protect property rights with an aim of achieving a mite more economic efficiency over the short term, even if we could.

Myth No. 2 involves unitization, the conservation practice most affected by, and having the greatest effect on property rights.

Critics claim that the petroleum industry generally opposes unitization. They hold that unitization is desirable in all instances and can and should be compelled by governmental order without concurrence of the majority of the operators involved.

Like other myths, the unitization one also is based on a simplified assumption. In this case, the major assumption is that unitization is such a simple matter and that it is always so successful, even at the time of pool discovery, that the industry opposes such operations only because of its unwillingness to concede to a government authority the power to order unitization without some concurrence of the interest owners.

Reality is that where the facts and advantages warranted, the petroleum industry has strongly supported unitization, and valid, desirable legislation to accomplish unitization. But unitization is not a panacea nor desirable or feasible in all instances. It must have the concurrence of the majority of operations involved to be feasible in our system.

There are, nevertheless, some real problems which prevent bringing about unitization of a field in every instance and at a particular time.

For instance, there is always the problem of how to evaluate the various properties and interests in a given field and convert them into a fair and equitable share in the unit.

This may not be a serious problem to the critics but it is a very real and difficult problem to the owners and to the courts. It is also of great importance to the American people who on the whole believe deeply that our system of protection and equitable adjustment of property rights should be carefully observed.

At the time of discovery of a pool, not enough is known of such factors as its limits, nature, reservoir characteristics, and energy mechanism to make such an evaluation.

Some critics recommend the formation, by governmental order, of a unit at the time of discovery with tentative boundaries while a development program is conducted to define the limits and nature of the reservoir.

They also favor withholding income until the extent and nature of the reservoir and participation can be determined. They do not recommend how, in the absence of an agreement, the development is to be financed, directed, and conducted; who is to be in charge; and how those without adequate finances are to pay their share and live without income for an indefinite time.

More particularly, they don't say how the accounts of the joint venture, if it is agreed to, are to be settled in the event it is not successful.

Even after a field is developed and the basic facts are known, the problem is not easy. No reservoir is so homogeneous that there are no real questions regarding the evaluation of the properties for future recovery.

When there is some substantial majority of agreement, say 65, 75, or 85%, coupled with a commission hearing, the minority is usually willing to recognize that the procedures and formulas agreed upon must be reasonably fair and will go along with the majority.

It is not desirable or feasible to compel unitization contrary to the will of the majority and empower some governmental agency with no financial interest to decide the difficult problems involved in unitization of a field.

The third myth advanced by critics is that conservation regulation is largely responsible for excess producing capacity and resultant inefficiency.

In reality, the reserve producing capacity results from many diverse factors, and the efficiency rating is very good. It is impossible to say to what degree the reserve producing capacity might be excessive nor can it be said that it results from any one particular factor.

The productive capacity historically has been effected by such factors as the level of exploration activity and the quality of reserves found, rate of development, new technology, government policy such as the control of imports, changes in demand for petroleum products, and prices to producers which are the basis for attracting new capital. These diverse factors with others had varying effects at points in time.

Now, let's consider the poor efficiency charge. One critic put petroleum's efficiency rating at 65.4%, using productive capacity estimates made by the National Petroleum Council. The NPC productive capacity figure, however, is somewhat theoretical.

It is an instantaneous figure which could not be sustained. It could only be realized if all the wells and reservoirs were in top shape at the same time, which would require substantial outlays for manpower and equipment.

The Independent Petroleum Association of America arrives at a productive capacity figure which could be sustained for a time at little or no extra cost.

It also has the advantage of being comparable with Bureau of Mines production which is usually considered official. Thus, it is more realistic to compare IPAA productive capacity with Bureau of Mines production to measure efficiency.

On this basis the efficiency rating of the petroleum industry in 1967 is 81%, not 65.4%. In other words, the actual reserve capacity is less than 20% of the current capacity.

Considering national security and the uncertainties of the business, some reserve capacity is essential. The approximately 20% reserve capacity of petroleum production estimated by IPAA is certainly not too much to maintain.

Another myth of the critics is that market-demand proration was specifically designed as price stabilization machinery and that this has been a primary purpose of conservation regulation in the proration states from the beginning.

"Critics claim that the petroleum industry generally opposes unitization."

The reality is that the primary purpose of state conservation regulation is and always has been to prevent waste of oil and gas and to protect correlative rights—not to stabilize crude-oil markets and maintain price.

The courts, including the U.S. Supreme Court, have consistently held that although conservation laws and regulations with respect to oil, including market proration, may have an incidental effect on price or markets, as would any other regulation, that is not their intent, purpose, or use.

The language of the state statutes and of the Interstate Oil Compact Commission is contrary to such a purpose. The court decisions not only held that the laws did not authorize consideration of price but also found no evidence that the regulatory agencies were taking price into account.

None of these decisions has been overruled or even criticized in any of the many subsequent cases.

The fifth myth of the critics is that market-demand proration not only has a primary purpose of stabilizing crude oil markets but also that in carrying out this alleged purpose it has in fact supported prices at high levels.

The principal reality which labels this entire claim of the critics a myth is simply that crude oil and petroleum prices are too low, not high. For all of the data in the critics' presentations, they never get around to substantiating that prices are high.

Average price of crude oil over the period of real effectiveness of our present conservation system, say since 1933, is lower, in terms of constant dollars, than during the preconsevation years.

As for comparison of a more recent period, using the 1957-1959 average as a base, the average U.S. crude-oil price through 1967 has declined about 3% from $3 a barrel to $2.92.

During this same period, average hourly wages for production employees in crude petroleum and natural-gas fields have increased 30%, the cost of oil-field machinery has risen 10%, the cost of oil-well casing is 13% higher, and the wholesale commodity price index has increased 6%.

New myth of the critics is that stripper wells can be eliminated and thus benefit society.

The reality is that stripper wells are cheap insurance for the nation, the consuming public, and the industry, considering the uncertainties of the future.

Approximately two-thirds of producing oil wells in the United States are classified as stripper wells in the National Stripper Well Survey by the Interstate Oil Compact Commission and the National Stripper Well Association. The stripper wells are not limited by proration allowables in states which have proration regulation.

I know of no existing law, nor can conceive of any law which could validly be enacted by any state by which a state could arbitrarily deny to the owner of a small producing well the right to produce any oil from it.

The most that the state could legally do would be to limit production of the small wells on some basis similar to the regulations imposed on the larger wells.

The cost of such regulation to the state and the owners of the small wells would be enormous.

Phasing out of the stripper wells and permitting the big wells to take over their production would not necessarily reduce costs significantly and could even increase costs. Operators in the field would still need about the same number of operating personnel and about the same amount of equipment to operate the remaining wells.

Now consider a field which has only stripper wells. Of course to shut down the stripper wells is to shut down the whole field.

The critics may argue that the reserves in this field are not lost forever, and could be produced economically at some future time when further improvements in technology might be developed.

This argument ignores the fact that the field might have to be completely redrilled to be made productive. This would certainly involve additional costs.

For that matter, the reserves in some fields would be permanently lost because of water encroachment.

There are many refineries heavily dependent for supplies on such stripper fields and if those fields were abandoned and these supplies lost, substantial expenditures would have to be made in new transportation facilities to pick up new supplies from other fields and areas.

This would increase the cost of crude oil laid down at the refinery and thereby increase the cost of refined products to the consumer.

"One more myth of the critics is that oilmen are interested only in the status quo and resist change."

One more myth of the critics is that oilmen are interested only in the status quo and resist change.

The reality is that oilmen not only support suggestions for constructive changes, but originate and carry out such constructive changes themselves.

The oil producing industry has been outstanding in developing, adapting, and using new technology to find, develop, and produce its products more efficiently. Every known science and discipline are enlisted.

The industry has been the prime force behind such changes as unitization, wider spacing, maximum allowed gas-oil ratios. And we are ready for additional changes, if they are constructive ones.

In conclusion, I offer two suggestions:

First, I suggest greater communication between people in the oil industry and the conservation regulatory agencies and the critics. We should get together and exchange views with the aim of not only eliminating some of our differences, but also developing practical, constructive ways to improve the conservation system, and there is room for improvement.

Second, I suggest that the critics will be doing something especially constructive if they devote more of their effort to getting some needed changes in the conservation regulation laws, and better application of the laws.

For instance, there is no doubt in my opinion that we need better unitization and spacing laws in some of the states and we need help in getting them formulated and passed.

We are entering an era in which the demands for energy are going to be colossal.

Petroleum will be called upon to supply the bulk of these demands for many, many years. It is imperative that our nation use present petroleum supplies wisely and prudently and discover sufficient additional supplies to meet the huge future demand.

I am confident that given the proper incentives and public support the petroleum industry will do its part in achieving these vital goals. END

MONTHLY FINANCIAL REPORT

1	2	3	4	5
RECEIPTS MONTH OF Dec 1968	RECEIPTS CLASSIFICATION	APPROPRIATED RECEIPTS	UNAPPROPRIATED RECEIPTS	TOTAL ALL RECEIPTS YEAR TO DATE
75 00	1 Permits to drill		75 00	450 00
	2			
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	17			
75 00	TOTAL CURRENT MONTH RECEIPTS		75 00	XXXXXX
	TRANSFERS IN		# 250 00	
XXXXXX	BALANCES BROUGHT FORWARD		7,845 25	XXXXXX
75 00	TOTALS – MONTH AND YEAR TO DATE		7,670 25	450 00

6	7	8	9	10	11
CLAIMS PAID MONTH OF Dec. 1968	EXPENDITURES FUND TITLES	TOTAL AMOUNT AVAILABLE YEAR TO DATE	CLAIMS PAID YEAR TO DATE	OUTSTANDING ENCUMBRANCES	UNENCUMBERED BALANCE
	1 Personal Services:				
3,913 76	2 General Fund	18,175 00	17,688 76		486 24
250 00	3 Conservation Fund	4,500 00	4,225 00		275 00
321 40	4 Current Expenditures	3,007 50	1,989 79	391 17	626 54
679 93	5 Travel-State	5,545 00	1,854 92	1,164 02	2,526 06
312 25	6 Travel-out of State	3,248 00	921 00		2,327 00
	7 Current Fixed Charges	525 00	50 75		474 25
	8 Professional Services	2,000 00	205 00		1,795 00
	9 Capital Outlay	582 00	352 56		229 44
	10 Museum N. Arizona	1,250 00		1,250 00	
	11 Arizona Bureau Mines	1,250 00	1,250 00		
	12				
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5,477 34	TOTALS	40,082 50	28,537 78	2,805 19	8,739 53

FORM 12-A POST AUDITOR

TO BE FILED WITH THE POST AUDITOR BY THE 15TH OF EACH MONTH

32×

MONTHLY FINANCIAL REPORT

1 RECEIPTS MONTH OF Dec 1968	2 RECEIPTS CLASSIFICATION	3 APPROPRIATED RECEIPTS	4 UNAPPROPRIATED RECEIPTS	5 TOTAL ALL RECEIPTS YEAR TO DATE
75 00	1 Permits to drill		75 00	450 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		# 950 00	
XXXXXX	BALANCES BROUGHT FORWARD		7,845 25	XXXXXX
75 00	TOTALS – MONTH AND YEAR TO DATE		7,670 25	450 00

6 CLAIMS PAID MONTH OF Dec. 1968	7 EXPENDITURES FUND TITLES	8 TOTAL AMOUNT AVAILABLE YEAR TO DATE	9 CLAIMS PAID YEAR TO DATE	10 OUTSTANDING ENCUMBRANCES	11 UNENCUMBERED BALANCE
	1 Personal Services:				
3,913 76	2 General Fund	18,175 00	17,688 76		486 24
250 00	3 Conservation Fund	4,500 00	4,225 00		275 00
321 40	4 Current Expenditures	3,007 50	1,989 79	391 17	626 54
679 93	5 Travel-State	5,545 00	1,854 92	1,164 02	2,526 06
312 25	6 Travel-out of State	3,248 00	921 00		2,327 00
	7 Current Fixed Charges	525 00	50 75		474 25
	8 Professional Services	2,000 00	205 00		1,795 00
	9 Capital Outlay	582 00	352 56		229 44
	10 Museum N. Arizona	1,250 00		1,250 00	
	11 Arizona Bureau Mines	1,250 00	1,250 00		
	12				
	13				
	14				
	15				
	16				
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	29				
	30				
5,477 34	TOTALS	40,082 50	28,537 78	2,805 19	8,739 53

FORM 12-A POST AUDITOR

TO BE FILED WITH THE POST AUDITOR BY THE 15TH OF EACH MONTH

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AGENCY Oil & Gas Conservation Commission

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

1 CLAIMS PAID YEAR TO DATE	2 OBJECT CODE NO.	3 DISTRIBUTION OF EXPENDITURES CLASSIFICATION		4 CLAIMS PAID MONTH OF Dec. 1968
21,388 76	110	1 Salaries, wages: employees	1	3,913 76
535 00	150	2 Per diem: board members	2	250 00
		3	3	
287 12	211	4 Postage	4	
525 89	212	5 Telephone, telegraph	5	
766 95	221	6 Travel-State: meals and lodging	6	182 20
382 10	222	7 mileage reimbursed private cars	7	148 80
91 48	223	8 fares for planes, trains, etc	8	21 48
557 34	224	9 State-owned auto expense	9	324 15
17 05	225	10 telephone, taxi, etc	10	3 30
40 00	226	11 registration fees at meetings	11	
		12	12	
		13	13	
148 25	231	14 Travel-out of State: meals and lodging	14	80 00
700 00	233	15 fares for plane, train	15	190 00
3 00	234	16 State-owned auto expense	16	
54 75	235	17 telephone, taxi, etc	17	27 25
15 00	236	18 registration fee at meets	18	15 00
		19	19	
205 00	240	20 Professional services	20	
		21	21	
47 88	262	22 Mntns/repairs to office equip., furniture	22	47 88
80 18	294	23 Legal advt., notary, court, recording fees	23	
	295	24 Transportation of things (well samples)	24	
1,334 71	299	25 Miscellaneous (blueprint service, Ariz Bu	25	
		26 Mines, Museum N. Arizona)	26	
		27	27	
		28	28	
254 52	310	29 Office supplies	29	73 90
406 10	360	30 Scientific supplies	30	176 01
3 06	370	31 Mntns supplies (duplicate keys	31	
60 33	390	32 Other supplies (film	32	23 61
		33	33	
		34	34	
	411	35 Rent, office equip: copy machine	35	
		36	36	
14 50	421	37 Bond (notary public)	37	
36 25	430	38 Subscription/organization dues	38	
		39	39	
		40	40	
352 56	611	41 Office equipment/furniture	41	
		42	42	
		43	43	
		44	44	
		45	45	
250 00	995	46 To create revolv fund	46	
		47	47	
		48	48	
		49	49	
		50	50	
		51	51	
		52	52	
		53	53	
		54	54	
		55	55	
28,537 78		TOTAL		5,477 34

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