

OIL & GAS CONSERVATION COMMISSION
Meeting: September 17, 1969
Mr. John Bannister, Exec. Secy.



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

A G E N D A

Meeting
 September 17, 1969
 Room 204, Arizona State Office Bldg.

10:00 a.m.

- Call to order *OK*
- 1. Approval of minutes of meeting of August 13, 1969 *OK*
- 2. Executive Secretary report
- 3. Geologist report
- 4. Old business
- 5. New business
- 6. Adjourn

*Budget - Planning +
 Rev Board mtg* ←

Comm. trips ←

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

*✓ Possibility of Consolidated hearing on
 October 15th.*

*✓ Possibility of Eastern hearing on
 Oct. 15th*

Dallas - Ft. Worth

Anadarko Prod. Co, Atlantic-Richfield, Champlin,
Dorfman Prod. Co, Hunt Oil Co, Murchinson Trusts,
M. B. Rudman, Frank Schultz, J. Glenn Turner,

El Paso, Odessa

El Paso, El Paso Products

Houston

Austral Oil Co, Continental, Humble, Monsanto,
Superior, Tenneco

Denver

Ashland, Atlantic-Richfield, Buttes, Champlin,
Chevron, Consolidated, Tiger Oil, Davis Oil,
Homestead, J. M. Huber, Humble, Mobil, Texaco,
Zoller & Danneberg

Oklahoma City - Tulsa - Bartlesville

Gulf, Humble, Kerr-McGee, Pan Am, Phillips,
Skelly

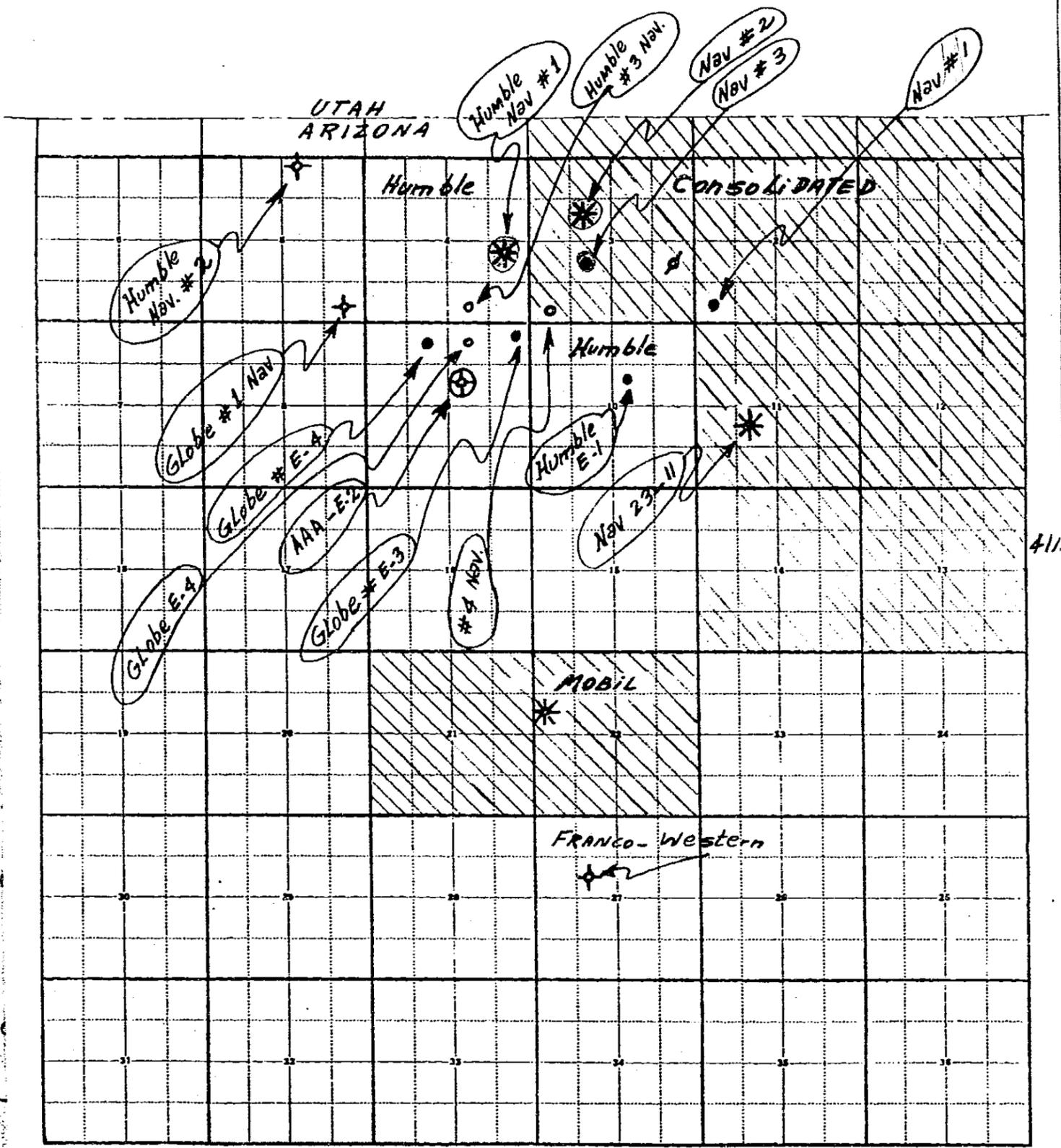
Albuquerque

Dubco, New Mex - Arizona etc

L.A. & San Fran:

Buttes, Cabeen Expl, Getty, Occidental,
Pawley Oil Co, Signal, Union, Westates Pet Co,
Santa Fe Ry

Township 41N, Range 28E, County Apache, State ARIZ



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OIL AND GAS CONSERVATION COMMISSION
1624 West Adams - Suite 202
Phoenix, Arizona 85007

Minutes of Meeting
August 13, 1969

Present:

Mr. Ralph W. Bilby, Chairman
Mr. George T. Siler, Member
Mr. Frank E. Moore, Member
Mr. John Bannister, Executive
Secretary
Mr. James R. Scurlock, Geologist
Mr. James A. Lambert, Administra-
tive Assistant
Mr. Alvin Wessler, Joint Legisla-
tive Budget Committee
Dr. Willard Pye, University of
Arizona

Absent:

Mr. Kenneth G. Bentson, Vice
Chairman
Mr. Lucien B. Owens, Member

Chairman Ralph Bilby called the meeting to order at 2:00 p.m., the delay being caused by the hearing on Case No. 38.

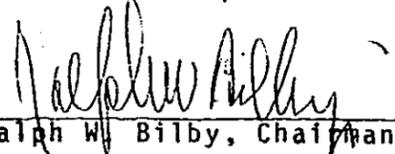
Reports of the Executive Secretary and the State Geologist were accepted.

There was no old business to be brought before the Commission.

The proposed budget for the fiscal year 1970-1971 was discussed and it was moved, seconded and passed that the Commission seek a budget to support its proposed expanded functions. The Executive Secretary was instructed to present to the Commissioners as soon as possible a budget covering an addition to the present personnel of two geologists, one secretary, and one man to handle, catalog, etc., the Commission's samples, together with the renting of ample housing space for the Commission and samples, and also covering the necessary capital expense to support this expansion.

Meeting adjourned at 3:30 p.m.

APPROVED September 17, 1969


Ralph W. Bilby, Chairman



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

September 10, 1969

Memo: Commissioners
From: John Bannister

Re: Report of Activity

As you will recall, during our discussion on the budget at our meeting of August 13, 1969, it was explained that due to certain unresolved problems concerning the Personnel Commission our budget could only be presented at the last minute. Consequently, on August 29th the proposed budgets were forwarded to the Commissioners. Inasmuch as the State Finance Department granted the Commission an extension only to September 5th in which to submit our budget, I am sure that many of you did not have sufficient time to consider in detail the budgets submitted.

You also will recall that in giving you an estimated figure of the expanded budget, I figured it would be somewhere in the neighborhood of \$140,000 to \$150,000, not including possible rental of property. As you now know, the expanded budget ended with a figure of approximately \$170,000, the prime difference being a rental figure in excess of \$24,000 and, in addition, certain supporting items, i.e., F.I.C.A. Taxes, Workmen's Compensation Insurance Premiums, Personnel Commission Services, etc., these items being somewhat in excess of \$7,000. Pursuant to instructions of the State Finance Department, the budget was submitted on September 5th.

Prior to submitting our budget, I had several discussions with the Finance Department and was instructed to submit the expanded budget, at the same time submitting a smaller, alternate budget, based upon the Commission remaining in the same offices with the existing personnel.

I would like to report that pursuant to earlier instructions I wrote to Mr. Floyd Williams, Superintendent of Public Buildings Maintenance, requesting that immediate additional office space be allocated to this Commission and requesting that consideration

be given to the planned expanded needs of this Commission. This was done following a meeting with the Planning Division of the Finance Department. A representative of the Planning Division came to this office and made a square footage estimate of space needed by the office, both as is and in its expanded roll. The office currently occupies approximately 640 square feet of space and the Planning Department said our current need was in excess of 1,800 square feet of space. The Planning Division further estimated the expanded needs of this Commission, including space to store samples, in excess of 6,000 square feet, and it was upon this figure that the rental in the large budget was based.

Globe Minerals E-4 Navajo, located in the NE/4 NW/4 of Section 9, Range 41 North, Range 28 East, has been testing for some time. It has flowed in excess of a thousand barrels per day. This was announced as a new discovery well and we received considerable publicity by newspaper, radio and television on this. This, of course, is in the East Boundary Buttes Field and, while a wildcat well as to the field, i.e., being one mile from proven production, is, in actuality, only a new discovery in an existing field. However, I feel that the publicity has been a benefit and three additional wells are now drilling due to the discovery.

VERY CONFIDENTIAL:

Arizona Helium Corporation has advised that Mr. Dick MacDonald, the former President, has resigned under unfavorable circumstances. Through arrangements with Eastern Petroleum Company, the Eastern Ancon well, which is under contract to Arizona Helium, has been re-fracked and is reported to be capable of delivering some 500,000 cubic feet of gas per day to their plant. This, of course, is not a sufficient amount of gas to economically run the plant. In addition, Arizona Helium will take gas from the Navajo Springs under arrangements with Eastern Petroleum Company as unit operator. Currently, Santa Fe No. 35 well is tied into the gathering system, however additional tie-ins are needed for efficient plant operation.

This company has recently acquired some adjoining Indian acreage and it is my understanding that Eastern Petroleum Company will aid in the development of this. The management has had offers from Kerr-McGee to buy the plant. It is not known at this time whether management will continue its company or whether it will decide to sell. It is my feeling that this company still could become a profit-making organization should it be able to hold on until sufficient gas is made available for its plant. The plant, as is, is capable of making approximately one million cubic feet of pure helium per month. Production from the plant goes into storage tanks and loading trucks is conducted from the storage tanks. I will keep you advised as to further developments.

I again caution you that this information is given to you in the utmost confidence.

Mike O'Donnell has resigned as President of O'Donnell and Ewing Drilling Company of Phoenix and is currently handling a large investment fund known as Mini Max Club, out of San Francisco. Mr. O'Donnell is at present still maintaining his Phoenix residency and in no way has lost his enthusiasm for Arizona's potential.

I am pleased to report the continued interest of both companies and individuals in the southeast quarter of our State and I still feel that we will get some drilling, perhaps in Cochise County, by the end of this year.

At the request of Mr. Bob Worden of the Economic Planning and Development Department, before whom this Commission appeared last month, I spoke to the Inter-Agency Economic Coordinating Council (of which we are a member), explaining the Commission's needs and the expanded roll that the State should take in encouraging development of oil and gas. The response was most gratifying. I feel that we can gain some valuable support from the Economic Planning and Development Board in our effort to expand the Commission's role.

New Permits:

AAA Fishing Tool #E-1 Navajo (597), NW/4 NE/4, 9-41N-28E, Apache County.

AAA Fishing Tool #E-5 Navajo (597), SW/4 NW/4, 9-41N-28E, Apache County.

Little #1 Navajo 2193, NW/4 NW/4, 9-40N-28E, Apache County.

Consolidated Oil & Gas #4 Navajo, SW/4 SW/4, 3-41N-28E, Apache County.

Humble #3 Navajo (413), SW/4 SE/4, 4-41N-28E, Apache County.

Kerber #1 Federal (A-2719-A), SE/4 NW/4, 5-4N-13E, Gila County.



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September 10, 1969

GEOLOGIST'S REPORT

FROM: JAMES SCURLOCK
TO : COMMISSIONERS

APACHE COUNTY

Globe Minerals #E-4 Navajo
T41N, R28E, G & SRM
Sec. 9: NE/4 NW/4
Permit #509

Completed 8-14-69 at total depth 5225'; plugged back to 5170'; perforated intervals 4958' to 4962' (Upper Hermosa) and 5131' to 5135' (Ismay). Initial production: 744 barrels of oil per day plus 36 barrels of water per day, no gas.

This field development well has been completed at a much higher rate than was expected. It was because of this high rate of initial production that A.A.A. Fishing Tool applied for and received permission from the Commission to drill their unorthodox location in the NW/4 NE/4 of Section 9 immediately to the East of subject well.

AAA Fishing #E-1 Navajo 597
T41N, R28E, G & SRM
Sec. 9: NW/4 NE/4
Permit #511

Commission has approved their application for this unorthodox location. Development well, East Boundary Buttes Field.

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APACHE COUNTY (Cont.)

Consolidated #3-13 Navajo 226
T41N, R28E, G & SRM Development Well - East
Sec. 3: SW/4 SW/4 Boundary Buttes Field
Permit #514
Contractor is Loffland Brothers Co. Spud date 8-27-69.
Drilling 4517' with mud. Set 8-5/8" at 316'. No cores
or test. Currently in Hermosa Limestone.

Humble #3 Navajo (413)
T41N, R28E, G & SRM Development Well - East
Sec. 4: SW/4 SE/4 Boundary Buttes Field
Permit #515
Contractor is Mesa Drillers. Spud date 8-27-69. Top of
the Hermosa 3950'. Prep to log at total depth 5000'.

Monsanto #1 Navajo 717
T39N, R29E, G & SRM
Sec 1: SE/4 SE/4
Permit #503
Formation tops:
Organ Rock 3458'
Igneous Sill #9 3844'
Organ Rock 3922'
Sill #10 4136'
Organ Rock 4368'
Sill #11 4491'
Currently fishing for cones (Bit #40)
Still in Sill #11 at 5228'
They are reported to be far over-reaching their budget
on this well. They are using expensive button bits which
cost \$1,000 apiece.
Well is being drilled with Texaco dry-hole support.

Little #1 Navajo 2193
T40N, R28E, G & SRM
Sec. 9: NW/4 NW/4
Permit #513
Location waiting on a rig.

Kerr-McGee #11 Navajo 8823
T36N, R30E, G & SRM
Sec 32: NW/4 SE/4
Permit #506

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Geologist's Report
September 10, 1969

APACHE COUNTY (Cont.)

Kerr-McGee #11 Navajo 8823 (Cont.)

Well has been completed for 456 barrels of oil per day plus 167 MCF gas; no water. (Gas-oil ratio 366 cubic feet per barrel). Completion 8-25-69.

This is the subject well of Case No. 36 wherein the Commission granted Kerr-McGee permission to drill inside the Dineh-bi-Keyah Field development well. As instructed by the Commission, the company ran a series of pressure tests using the extremely sensitive Sperry-Sun pressure bomb. The results of this testing have not as yet been submitted by Kerr-McGee in its final form. We have yet to receive the test data. Furthermore, the full meaning of the data will not be realized until it is combined with a post test production history of the other four wells in Section 32. However, the test did show that the subject well was definitely in communication with the other wells in Section 32. This was indicated first of all by the very low initial pressure of 135.54 encountered in the reservoir. This is much too low to represent virgin reservoir pressures.

Mr. Bill Stauss, Kerr-McGee engineer, who was present during the testing period, calculated beforehand that the initial deflection on the Sperry-Sun pressure chart would appear after 46 hours. We observed that the deflection did, in fact, appear after about 38-1/2 hours, which is well within the ball park for our purposes and shows, Mr. Stauss thinks, there is closer communications with Well No. 4 than with the other wells.

Gulf #1 Navajo 2310 (CZ)
T29N, R24E, G & SRM
Sec. 21; SE/4 NW/4
Permit #510

Formation tops:	
DeChelly	1880'
Organ Rock	2800'
Hermosa	4130'
Devonian	4470'
PreCambrian	4505'
Total Depth	4552'

No cores. Two DST's - one in the DeChelly from 1893' to 1945' and another DST in the Devonian-PreCambrian interval from 4474' to 4552' proved negative.
Dry and abandoned at 4552' total depth.

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Geologist's Report
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Thoureen #1 Santa Fe
T21N, R26E, G & SRM
Sec. 27: NE/4 SW/4
Permit #504

"TIGHT HOLE"

Total depth 1217' in Coconino.
They recovered water from the Coconino but have found a slight
show of gas in the Shinarump.
Well is temporarily shut down. Operator will attempt to complete
well from the Shinarump formation as a helium well.

Thoureen #1 Navajo 1767
T21N, R25E, G & SRM
Sec. 25: NE/4 SW/4
Permit #505

"TIGHT HOLE"

Well has been shut down temporarily.
They have drilled to 850', still have about 350' to go to
reach the Coconino.

SCUTTLEBUTT:

Arizona Helium plant at Navajo has been down for about thirty days. The plant needs to process at least one-half million cubic feet of gas per day for efficient operations and to avoid the problem of contraction and expansion of pipe, which is liable to crack after a number of shut downs. In other words, the plant needs to operate on a continuous basis. At present, only about 300,000 cubic feet of raw gas per day is available, that is to say, about one-half of the minimum need, thus lack of gas is their biggest problem. The company is clearing their newly acquired Navajo Indian leases in preparation for a drilling program which they hope to undertake with Eastern Petroleum. We wish these people luck and I think they are going to need every scrap of it.

It is rumored that British American will merge with Standard Oil of Ohio, British American being the surviving company. It is said that following the merger British American will purchase all of Atlantic Richfield outlet stations, which number about 2,000 filling stations in the U.S.

AGENCY Oil & Gas Conserv 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 <i>Aug.</i> 19 <i>69</i>
7,700.00	110	1 Salaries, wages: employees	1 3,850.00
300.00	150	2 Per diem: board members	2 125.00
-		3	3 -
-	211	4 Postage	4 -
130.81	212	5 Telephone, telegraph	5 -
178.12	221	6 Travel -State meals and lodging	6 78.81
221.00	222	7 mileage reimbursed private car	7 76.60
139.00	223	8 fares for planes, trains, etc.	8 139.00
62.50	224	9 State-owned auto expense	9 62.50
7.40	225	10 telephone, taxi, etc.	10 6.00
-	226	11 registration fees at meetings	11 -
		12	12 -
		13	13 -
47.44	231	14 Travel-out of State meals and lodging	14 47.44
78.00	233	15 fares for plane, train	15 78.00
-	234	16 State-owned auto expense	16 -
22.30	235	17 telephone, taxi, etc.	17 22.30
-	236	18 registration - meetings	18 -
		19	19 -
-	240	20 Professional services	20 -
		21	21 -
	262	22 Mntns/repairs to office equip., furniture	22 -
186.65	294	23 Legal advt., notary, court, recording fees	23 186.65
	295	24 Transportation of things (well samples)	24 -
627.07	299	25 Miscellaneous (blueprint service, Ariz Bu	25 2.07
		26 Mines, Museum N. Arizona)	26 -
		27	27 -
		28	28 -
54.56	310	29 Office supplies	29 54.56
	360	30 Scientific supplies	30 -
20.80	370	31 Mntns supplies (duplicate keys)	31 20.80
	390	32 Other supplies (film)	32 -
		33	33 -
		34	34 -
	411	35 Rent, office equip: copy machine	35 -
		36	36 -
	421	37 Bond (notary public)	37 -
	430	38 Subscription/organization dues	38 -
		39	39 -
		40	40 -
480.17	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 -
10,205.82		TOTAL	4,749.73

MONTHLY FINANCIAL REPORT

1 RECEIPTS MONTH OF	2 CLASSIFICATION	3 RECEIPTS	4 APPROPRIATED RECEIPTS	5 UNAPPROPRIATED RECEIPTS	6 TOTAL ALL RECEIPTS YEAR TO DATE
August 1969	1 Permits to drill			100.00	225.00
100.00	2				
	3				
	4				
	5				
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	11				
	12				
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	15				
	16				
	17				
100.00	TOTAL CURRENT MONTH RECEIPTS			100.00	XXXXXX
	TRANSFERS <i>in</i> Out			(125.00)	
XXXXXX	BALANCES BROUGHT FORWARD			3,720.25	XXXXXX
	TOTALS - MONTH AND YEAR TO DATE			3,695.25	225.00

6 CLAIMS PAID MONTH OF	7 EXPENDITURES FUND TITLES	8 TOTAL AMOUNT AVAILABLE YEAR TO DATE	9 CLAIMS PAID YEAR TO DATE	10 OUTSTANDING ENCUMBRANCES	11 UNENCUMBERED BALANCE
August 1969	1 Personal Services:				
3,850.00	2 General Fund	11,432.00	7,700.00	-	3,732.00
125.00	3 Conservation Fund	750.00	300.00	-	450.00
264.08	4 Current Expenditures	1,503.75	644.89	703.30	155.56
362.91	5 Travel - State	6,090.00	608.02	1,616.06	3,865.92
147.74	6 Travel - Out of State	3,496.00	147.74	-	3,348.26
-0-	7 Current Fixed Charges	500.00	-0-	22.00	478.00
-0-	8 Professional Services	2,000.00	-0-	850.00	1,150.00
-0-	9 Capital Outlay	2,150.00	480.17	-	1,669.83
-0-	10 Museum N. Arizona	625.00	-0-	625.00	-0-
-0-	11 Arizona Bureau Mines	625.00	625.00	-	-0-
	12				
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4,749.73	TOTALS	29,171.75	10,505.82	3,816.36	14,849.57