

OIL & GAS CONSERVATION COMMISSION  
Meeting: November 19, 1969  
Mr. John Bannister, Exec. Secy.



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  
November 19, 1969  
Room 204, Arizona State Office Bldg.

10:00 a.m.

~~Call~~ to order

- OK → 1. Approval of minutes of meeting of October 15, 1969
- 2. Executive Secretary report
- 3. Geologist report
- 4. Old Business
- 5. New Business
- 6. Adjourn

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



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

November 12, 1969

Memo: Commissioners  
From: John Bannister  
  
Re: Report of Activity

Since our last meeting you have been advised of the Governor's insistence that this Commission assume control of the salt project near Luke Air Force Base insofar as sub-surface contamination is concerned. You have been furnished with copy of the Governor's answer to our letter of October 15, 1969. After telephone conversation with each Commissioner, this office called a meeting of all interested parties, which was held in this office on Thursday, October 23, 1969, and you have received report of this meeting.

Since then, Engineers Testing Laboratories, Inc., has submitted proposal to this office to do field investigation, laboratory testing and data analysis at a cost of \$1,700.00 and with a proposed price of from \$1,000.00 to \$1,900.00 for a surveillance program. We have discussed this proposal at length with the Governor's Office and the Governor has authorized us to enter into an initial contract with Engineers Testing Laboratories, Inc., for the field investigation, testing and analysis program.

It is our intention to call a further meeting once the information from Engineers Testing Laboratory, Inc., is available and to determine with the other interested parties a proper monitoring program. Many organizations have offered their services to this Commission for advice, etc. Chief among these has been the Arizona Department of Agriculture and U.S.G.S. We will, of course, take full advantage of these sources prior to establishing a monitoring program.

We have not, as yet, had a response from our request to the Governor's Office for an Attorney General opinion as to our legal status, however the Governor's Office definitely expects this Commission to

actively pursue this program. In accordance with my various telephone conversations with you and with the Governor's Office, this office is proceeding to carry out the Governor's instructions.

I recently attended the Independent Petroleum Association of America meeting in Houston. I made many interesting contacts and was pleased with the general interest shown in our State. The general feeling of the meeting was one of worry concerning potential new taxes which might be levied by the U.S. Congress against the oil industry, as well as the new treatment of intangible drilling costs which could vitally affect independent operators and consequently Arizona. The Import Control Program was of great concern, also.

It is interesting to note that the management of drilling funds (a new approach to the collection of exploration dollars) held a meeting in Houston during the I.P.A.A. meeting which was an attempt to form an organization of these drilling funds. The meeting was not really successful in that the diversification of opinion was too great concerning some of the functions of the proposed organization. This meeting was closed to all but actual fund management and what I am reporting is actually second hand information.

The Kerber #1 Federal well north of Roosevelt Dam spudded Monday, November 3rd. This well is, of course, causing quite a bit of interest, primarily, I feel, because it is the first well in Gila County.

It has been announced that Hopkins will soon drill two more tests in the Sedona area, however no permits have been received for these wells.

I have received some more favorable comments on our informal meeting with certain members of the Legislature which we held the afternoon of October 15th. I feel that additional effort of this type should be made prior to the meeting of the Legislature in January.

I am sorry to report that Lawrence Alley, Executive Secretary of the I.O.C.C., died recently in Oklahoma City. Mr. Alley had been a prime mover of this organization and his loss will be felt by all.

**New Permits:**

- 520 - Buttes Gas & Oil #1-24 Navajo (2200), NE/4 SE/4  
24-37N-28E, Apache County.
- 521 - Union Oil Company #1-4 Navajo (8833), SE/4 SE/4  
4-36N-29E, Apache County.



OFFICE OF  
**Oil and Gas Conservation Commission**  
STATE OF ARIZONA  
ROOM 202  
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November 7, 1969

GEOLOGIST'S REPORT

FROM: JAMES SCURLOCK  
TO : COMMISSIONERS

APACHE COUNTY

Consolidated #2-11 Navajo (227)  
T41N, R28E, G & SRM  
Sec. 11: SW/4 NW/4  
Permit #518

East Boundary Butte Field

Spud: October 11, 1969  
Elevation: 5475' Ground  
Contractor: Loffland Brothers  
Set 8-5/8" casing at 319' with 165 sacks  
DST #1 (Hermosa) 4548 - 4632'. Recovered 150' of mud with a trace of oil on top.  
DST #2 (Hermosa) 4659 - 4767'. Gas to surface in 15 minutes (flamable); 100 MCF.  
Recovered: 180' of heavily gas cut mud  
120' of heavily gas and slightly oil cut mud  
120' of very heavily gas and oil cut mud (50% oil; no water)  

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420' total recovery  
DST #3 (Desert Creek) 4947 - 4963'.  
Recovered: 100' of slightly oil and gas cut water (5 gallons of oil on top)  
100' of mud cut salt water with rainbow of oil  
1900' of salt water  

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2100' total fluid recovery  
DST #4 (Desert Creek ?) 5035 - 5057'. Gas to surface in 9 minutes.  
Recovered: 2994' of salt water with slight rainbow of oil  
Total depth: 5057'. Ran logs. Ran 5-1/2" casing at 5053'. Moved off drilling rig; moved in completion rig. Presently attempting to complete well.

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Geologist's Report  
November 7, 1969

Consolidated Oil & Gas #3-3 Navajo (226)  
T41N, R28E, G & SRM East Boundary Butte Field  
Sec. 3: SW/4 SW/4  
Permit #514  
Completed 10-13-69. Initial production pumped 162 barrels of  
oil plus 54 barrels of water in 23 hours.

Humble #3 Navajo (413)  
T41N, R28E, G & SRM East Boundary Butte Field  
Sec. 4: SW/4 SE/4  
Permit #515  
Total depth 5010' (corrected)  
Plugged back to 4965'  
Moved off drilling rig, moved in completion rig, preparing to  
complete.

AAA Fishing Tool #E-1 Navajo (597)  
T41N, R28E, G & SRM East Boundary Butte Field  
Sec. 9: NW/4 NE/4  
Permit #511  
Spud 10-10-69  
Set 10-3/4" casing at 301' with 150 sacks  
Total depth is 5000'.  
No cores, no tests, ran logs.  
Set 5-1/2" casing at 5000' with 200 sacks.  
Preparing to complete well.

Little #1 Navajo (2193)  
T40N, R28E, G & SRM Wildcat  
Sec. 9: NW/4 NW/4  
Permit #513  
Total depth 6002'  
Formation tops:  
DeChelly 2360'  
Cutler 2827'  
Hermosa 4204'  
Upper Ismay 4816'  
Lower Ismay 4880'  
Desert Creek 4928'  
Akah 5027'  
Barker Creek 5186'  
Molas 5600'  
Mississippian 5662'  
Devonian Elbert 5950'  
Per-Cambrian 5987'  
Plugged and abandoned October 7, 1969.

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Monsanto #1 Navajo (717)  
T39N, R29E, G & SRM Wildcat  
Sec. 1: SE/4 SE/4  
Permit #503

Formation tops:  
Base of Akah 7406'  
Barker Creek 7425'  
Mississippian 8217'  
Devonian 8372'  
Pre-Cambrian 8431'  
Total depth 8461'

It is interesting to note that this well, which was drilled on the flank of a large igneous intrusive body, drilled through 19 igneous sills.  
Plugged and abandoned 10-17-69.

Buttes #1-24 Navajo (2200)  
T37N, R28E, G & SRM Wildcat  
Sec. 24: NE/4 SE/4  
Permit #520

New location. This well will be drilled about 3-1/2 miles northwest of Cove.  
Elevation: 6667' Ground  
Proposed depth: 4100'

Union #1-11 Navajo (643)  
T36N, R29E, G & SRM Dineh bi Keyah Field Step-  
Sec. 11: SE/4 SW/4 Out Well  
Permit #519 "TIGHT"

Located about 2 miles northwest of the productive wells.  
Spud 10-20-69  
Drilled to a total depth of 3896  
No cores, one DST in the Hermosa  
Recovered 20' of mud, flowed at the rate of 1-1/2 million feet of gas per day (nonflammable).

Formation tops:  
Shinarump 735'  
DeChelly 897'  
Supai 1419'  
Hermosa 2578'  
Molas 3248'  
Redwall (Mississippian) 3295'  
Devonian Ouray 3440'  
Elbert 3458'  
McCracken 3621'  
Anneth 3756'  
Granite 3880'  
Total Depth 3896'

Plugged and abandoned 11-5-69.  
Moving rig over to Union #1-4 Navajo

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Union #1-4 Navajo (8833)  
T36N, R29E, G & SRM Wildcat  
Sec. 4: SE/4 SE/4 "TIGHT HOLE"  
Permit #521  
Location.  
Located about 1 mile southwest of Cove.  
Proposed depth 3400'.  
Currently moving in rig.

Continental Energy Corporation #E-2X Navajo  
T36N, R30E, G & SRM Dineh bi Keyah Field Well  
Sec. 19: SE/4 SW/4  
Permit #517  
Elevation: 8620' Ground  
Total depth 2170'  
Hole was off 4-1/2 degrees at total depth.  
No logs run  
Well was abandoned before reaching the objective horizons  
because of the time element. Operator found that he  
would not have sufficient time to complete the well be-  
fore the lease ran out.

Thoureen #1 Navajo (1767)  
T21N, R25E, G & SRM Wildcat  
Sec. 25: NE/4 SW/4 "TIGHT HOLE"  
Permit #505  
Drilled 6-1/4" hole to a total depth of 1272' in Coconino.  
Top of Coconino was 1251'. Coconino formation was wet.  
Plugged and abandoned 10-23-69.  
No cores, no DST's  
Located approximately 6 miles northwest of Coconino produc-  
tion in Pinta Dome Field.

Thoureen #1 Santa Fe  
T21N, R26E, G & SRM Wildcat  
Sec. 27: NE/4 SW/4 "TIGHT HOLE"  
Permit #504  
Top of Coconino at 1210'.  
Total depth: 1237'  
Well shut down  
Will attempt Shinarump completion

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Geologist's Report  
November 7, 1969

MOHAVE COUNTY

Harris #1 Federal 3758A  
T38N, R7W, G & SRM Wildcat  
Sec. 29: NW/4 NE/4  
Permit #502  
Currently drilling at 695'.

GILA COUNTY

Kerber #1 Federal (A-2719-A)  
T4N, R13E, G & SRM Wildcat  
Sec. 5: SE/4 NW/4  
Permit #516  
Located approximately 4 miles north of Roosevelt Lake.  
Elevation: 2669' Ground  
Contractor: W. J. Tanner, Miami, Arizona  
Spud: 11-3-69 with cable tools  
Drilling 14" hole. Plan to set 12" casing at about 300'.  
Proposed depth 3500'  
This is a Devonian test.  
Well promoted by Gene Carpenter, Phoenix Geological Consultant.

DEPARTMENT OF LAW  
OFFICE OF THE  
**Attorney General**  
STATE CAPITOL  
Phoenix, Arizona 85007

GARY K. NELSON  
THE ATTORNEY GENERAL  
~~XXXXXXXXXXXXXXXXXXXX~~  
FRANK SAGARINO  
CHIEF ASSISTANT ATTORNEY GENERAL

November 13, 1969

The Honorable Jack Williams  
Governor of Arizona  
Capitol Building  
Phoenix, Arizona

Attention: Mr. Stan Womer

My dear Governor:

You have asked the question whether or not the Oil and Gas Conservation Commission has the responsibility for "monitoring certain salt mining operations near Glendale Avenue and Dysart Road to prevent the contamination of subsurface water aquifer".

A.R.S. § 27-516.A reads in part as follows:

"A. The commission [Oil and Gas Conservation Commission] shall make rules and amend them from time to time as deemed necessary for the proper administration and enforcement of this article, including the following rules, regulations and orders:

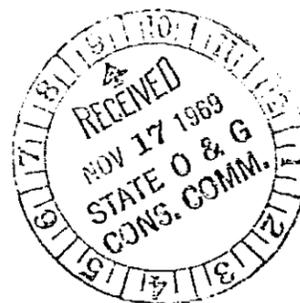
"1. Requiring the drilling, casing and plugging of wells in a manner to prevent:

\* \* \*

"(c) Pollution of fresh water supplies by oil, gas or salt water. . . ."

A well is defined in the definitions contained in A.R.S. § 27-501 as:

"20. 'Well' means and includes any hole drilled or spudded in for the purpose, with the intention, or under the representation of penetrating oil or gas bearing strata, or of



The Honorable Jack Williams  
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penetrating any strata in search of stratigraphic data pertinent to the location of oil or gas bearing strata, whether or not in either case, oil or gas is actually discovered. The commission may, as it shall deem to be to the best interests of the state, determine that any hole drilled or spudded in shall be included within the above definition to the extent necessary for the administration and enforcement of the rules required by § 27-516. The determination of the commission shall be final in any circumstance involving the question of purpose, intent or representation provided such determination shall be subject to appeal as provided by § 27-526."

Rule 204 of the Rules and Regulations of the Oil and Gas Conservation Commission of the State of Arizona reads as follows:

"204 WELLS TO BE USED FOR FRESH WATER

"When the well or exploratory hole to be plugged may safely be used as a fresh-water well and such utilization is desired by the landowner, his agent, or lessee, notice shall be given to the Commission on the form prescribed (Form 26) signed by the landowner, his agent, or lessee and notarized in which the landowner, his agent, or lessee, assumes responsibility for the well and the final plugging. Such filing shall constitute compliance with the obligation of such person to plug the well, and further liability under the bond applicable to the well shall terminate. A written statement to that effect shall be given by the Commission so that the bond may be cancelled or made no longer effective with respect to that well."

From not only the words but the intent of the legislation, it would appear that the Oil and Gas Conservation Commission has the authority to monitor the salt mining operations as is needed.

The Honorable Jack Williams  
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If the persons placing the salt mines feel the State lacks the authority, then two alternatives present themselves:  
1. A lawsuit; and 2. Spell out in more detail in the next session of the Legislature the duty of the Commission to protect the fresh water supply of the citizens of this State.

Sincerely,

GARY K. NELSON  
The Attorney General

  
JOHN M. MCGOWAN, II  
Special Assistant Attorney General

JMM:ell

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

November 17, 1969

Mr. John Bannister  
Executive Secretary

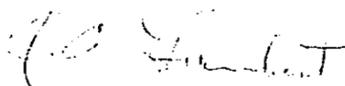
Mr. Ralph W. Bilby  
Chairman

Gentlemen:

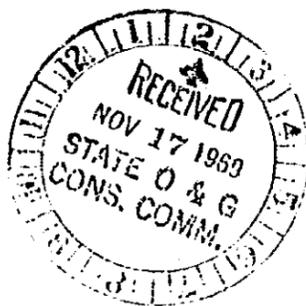
I regret that I must tender this letter of resignation from the position of Administrative Assistant, Oil & Gas Conservation Commission, State of Arizona. Personal reasons make my departure necessary. It is my request that 11-30-69 be the termination date.

Thank you for the pleasant relationship existant during this sixteen month tenure.

Respectfully yours,



James A. Lambert



AGENCY Oil & Gas Conserv Commission

DIVISION \_\_\_\_\_

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

1	2	3	4
CLAIMS PAID YEAR TO DATE 1969-70	OBJECT CODE NO.	DISTRIBUTION OF EXPENDITURES CLASSIFICATION	CLAIMS PAID MONTH OF Oct 1969
15,200.00	110	1 Salaries, wages: employees	1
850.00	150	2 Per diem: board members	2 3,850.00
-	211	3	3 175.00
-	211	4 Postage	4 -
273.75	212	5 Telephone, telegraph	5 -
683.29	221	6 Travel -State meals and lodging	6 -
449.30	222	7 mileage reimbursed private car	7 330.29
168.00	223	8 fares for planes, trains, etc.	8 151.70
501.78	224	9 State-owned auto expense	9 -
10.40	225	10 telephone, taxi, etc.	10 89.56
19.00	226	11 registration fees at meetings	11 19.00
-	-	12	12 -
-	-	13	13 -
176.44	231	14 Travel-out of State meals and lodging	14 129.00
440.00	233	15 fares for plane, train	15 -
-	234	16 State-owned auto expense	16 -
49.60	235	17 telephone, taxi, etc.	17 -
-	236	18 registration - meetings	18 27.30
-	-	19	19 -
349.00	240	20 Professional services	20 -
-	-	21	21 25.00
-	262	22 Mntns/repairs to office equip., furniture	22 -
290.34	294	23 Legal advt., notary, court, recording fees	23 -
-	295	24 Transportation of things (well samples)	24 103.69
2,502.07	299	25 Miscellaneous (blueprint service, Ariz Bu Mines, Museum N. Arizona)	25 1,250.00
-	-	26	26 -
-	-	27	27 -
-	-	28	28 -
149.18	310	29 Office supplies	29 -
165.44	360	30 Scientific supplies	30 59.90
35.18	370	31 Mntns supplies (duplicate keys)	31 -
-	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 -
22.00	430	38 Subscription/organization dues	38 22.00
-	-	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 -
23,064.94		TOTAL	6,232.44

**MONTHLY FINANCIAL REPORT**

1 RECEIPTS MONTH OF	2 RECEIPTS CLASSIFICATION	APPROPRIATED RECEIPTS	4 UNAPPROPRIATED RECEIPTS	5 TOTAL ALL RECEIPTS YEAR TO DATE
<i>Oct. 1969</i>				
50 00	1 Permits to drill		50 00	325 00
	2			
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	16			
	17			
50 00	TOTAL CURRENT MONTH RECEIPTS		50 00	XXXXXX
	TRANSFERS <i>in</i> <i>Out</i>		(175 00)	
XXXXXX	BALANCES BROUGHT FORWARD		3,370 25	XXXXXX
	TOTALS - MONTH AND YEAR TO DATE		3,245 25	325 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
<i>Oct. 1969</i>					
	1 Personal Services:				
3,850 00	2 General Fund	22,864 00	15,280 00	-	7,664 00
175 00	3 Conservation Fund	1,500 00	850 00	-	650 00
163 59	4 Current Expenditures	3,007 50	1,320 66	909 76	772 08
590 55	5 Travel - State	6,090 00	1,672 07	1,717 90	2,695 03
156 30	6 Travel - Out of State	3,496 00	666 04	-	2,829 96
22 00	7 Current Fixed Charges	500 00	22 00	-0-	478 00
25 00	8 Professional Services	2,000 00	349 00	450 00	1,201 00
-	9 Capital Outlay	2,150 00	480 17	-	1,669 83
625 00	10 Museum N. Arizona	1,250 00	1,250 00	-	-0-
625 00	11 Arizona Bureau Mines	1,250 00	1,250 00	-	-0-
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6,232 44	TOTALS	44,107 50	23,064 94	3,077 66	17,964 90