

OIL & GAS CONSERVATION COMMISSION  
Meeting: May 20, 1970  
Mr. John Bannister, Exec. Sec.

John Bannister  
New School  
OP Comment  
E. Nav. Spgs

Take Brief Case



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  
May 20, 1970  
City Council Chambers - Holbrook, Arizona

2:00 p.m.

Call to order

1. Approval of minutes of meeting of April 15, 1970

✓ 2. Executive Secretary report

✓ 3. Geologist report

✓ 4. Old business

✓ A. Decision, Case 40, Eastern Petroleum Company

✓ B Budget - Deny - w/o prejudice

5. New business

Public Land Conference

6. Dr. Willard Pye, Geology Department, University of Arizona - Oil and Gas Potentials of the Holbrook Area.

7. Adjourn

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

- 1) get written legislative intent as to budget -
- 2) Articles on oil & gas? - from legislature



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

May 7, 1970

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

Our meeting of May 20th at Holbrook is setting up quite well and should prove to be a most successful meeting. Reservations have been made for each of you at the Sun and Sand Motel at 902 West Hopi Drive. This is the main street of Holbrook and as you come into town from the west, i.e., Flagstaff, it will be to your left. Reservations for each of you have been made for Tuesday night, the 19th, and Wednesday night, the 20th.

Arrangements have been made for a social get-together at the Plainsman, which is across the street from the motel, for approximately 7 p.m. on the 19th. This, of course, will be our usual Dutch Treat get together and Aritex Development Company has requested the privilege of establishing a bar for us for that night.

On Wednesday morning, Kerr-McGee will host a breakfast for us, after which we will go to Navajo to see the helium plant, etc., returning to Holbrook about noon. Our meeting is scheduled for 2 p.m. in the City Council Chambers. I have viewed the set-up and it will be more than adequate. This meeting, of course, is open to the public and Mr. Carpenter, the Town Manager, feels we will have a most interested audience.

Following the business portion of our meeting and your decision as to Eastern's request (Case 40), Dr. Willard Pye will present a short summary of the geological potential of the Holbrook Basin to the Holbrook audience and I feel a question and answer period will be helpful.

I anticipate the meeting will adjourn at approximately 3:30 to 4:00 p.m. Aritex will then conduct us through their propane storage facilities in Holbrook.

Inasmuch as we will have a busy day on Wednesday, I have reserved rooms for us on Wednesday night, also, in anticipation that we will all return home Thursday morning.

Dr. Wesley Peirce of the Arizona Bureau of Mines, Dr. Willard Pye,

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and Dr. Edward McCullough, Head of the University of Arizona Geology Department, will be with us during our meeting. Kerr-McGee will have two or three there with us and Aritex will have Mr. Tom Martin and perhaps Mr. Norman Eagleton from Houston. All in all, this promises to be a worthwhile experience.

I plan to be in Holbrook on Monday, May 18th, to arrange for press coverage and other last minute arrangements.

For your information, there are apparently no commercial flights going into Holbrook, however there are flights into Winslow. Frontier Flight 508 leaves Phoenix at 6:30 a.m. and arrives at 7:34 a.m. Flight 518 leaves at 4:08 p.m. and arrives at 5:11 p.m. There are two return flights, both Frontier: Flight 519 leaves at 10:06 a.m. and arrives at 11:10 a.m.; Flight 509 leaves at 9:37 p.m. and arrives at 10:44 p.m. The fare is \$48 round trip. Should any of you desire to fly, please advise so that arrangements can be made to pick you up and transport you from Winslow to Holbrook.

I am well pleased to report that on my recent trip to Tucson I took the opportunity to contact Dr. Edward McCullough, head of the Geology Department of the University of Arizona. Dr. McCullough was most cordial and indicated strong interest in oil and gas, as in all phases of Arizona geology. I am delighted that Dr. McCullough, along with Dr. Pye, accepted our invitation to be with us at our meeting. Dr. McCullough requested that Mr. Scurlock and I come to Tucson toward the end of May so that we can discuss our geological problems and see what aid Dr. McCullough and his staff can give us. I feel most encouraged by this attitude.

I will be in Denver the week of May 10th for the I.P.A.A. meeting and also to check such geology publications as are available to us, per our many discussions on this subject. Of course, I will make a report on this trip during the meeting.

You are all well aware of the large leasing play which recently occurred in the southern portion of the State. I have taken the liberty of reporting this play to Representative Stan Turley and Senator Ray Goetze, congratulating both of them on their far-sighted leadership in passing Senate Bill 186, which removed the limitation on the holding of State acreage. Mr. Mike Richardson has expressed his deep appreciation to this Commission for our help in securing passage of this legislation. Substantial sums of money will be spent in Arizona as a result of this lease play on a full exploration package across the leased area.

Rumor persists of drilling soon to be started in Cochise County, however as of this date no permits have been applied for. Gulf

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is extremely active in Cochise at this time, apparently in geo-chemical work. Any further information that is developed along this line will, of course, be passed on to you.

Mr. Frank Moore has indicated that our large budget has been approved with, perhaps, deletion of the \$25,000 item to provide housing for the Commission. I have been unable to confirm this at this particular time, but hope to have confirmation prior to our meeting. I would like to take this opportunity to congratulate and thank the Commissioners for their efforts in securing passage of our budget.

New Permits:

- 533 - El Paso Natural Gas Co. #1 Federal Strat, SE/4 NE/4  
3-10N-10W, Yavapai County.
- 534 - Union Texas Petroleum #1-14 Navajo (2587), SW/4 NW/4  
14-6N-10W, Apache County.



OFFICE OF

**Oil and Gas Conservation Commission**

STATE OF ARIZONA

ROOM 202

1624 WEST ADAMS

Phoenix, Arizona 85007

PHONE: 271-5161

April 30, 1970

CONFIDENTIAL

Memo: Commissioners, Only  
From: John Bannister

Re: Application of Eastern Petroleum Company, Case No. 40

This will constitute my summary of the case now pending before this Commission wherein Eastern Petroleum Company asked exception to spacing rules, permission to commingle and dual complete.

Some question was raised concerning the authority of the Commission to grant such exceptions. It is my opinion that the Commission has and is granted all such authority as is necessary. I would invite your attention to A.R.S. 27-502.4 where the Commission is specifically charged as part of its policy to encourage the development of our resources. A.R.S. 27-503.7 grants the Commission authority to take such action as is deemed necessary to enforce and effectuate the purpose of the statutes. A.R.S. 27-504.B specifically grants the Commission authority to set spacing units and to grant exceptions to its spacing regulations, likewise, A.R.S. 27-516 in general charges the Commission to establish well spacing patterns and likewise provides that the Commission may establish different spacing patterns after hearing.

It is my feeling that there is no question as to the Commission's authority to grant exceptions to spacing regulations at any time following notice and hearing. Of course, our Rule 105-D sets forth the method wherein our adopted rules and regulations may be changed by the Commission after notice and hearing. Our Rule 114 specifically sets forth under what circumstances wells may be dually completed.

As to the request, in some instances, to commingle gas from the Coconino and Shinarump formations, regulations specifically cover commingling in the case of oil, however we remain silent as to commingling of gases. However, the mere fact that we have remained silent does not negate our authority to grant permission to commingle.

In summary, it is my feeling that legally the Commission has complete authority to hear the request of Eastern and to either grant or deny its application.

Confidential Memo  
Commissioners  
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As you were advised earlier, Eastern Petroleum Company has deleted from its request the entire tier of sections on both the east and west perimeter of the area covered by its original request, consequently we are now considering Eastern's request as to some 36 sections which is, in effect, the size of one township.

In deleting the acreage as above described, Eastern removed entirely any portion of the Navajo Springs Unit from the area to be affected by its request. You will perhaps recall that in our Case No. 15, Navajo Springs Unit was established. At that time, Kerr-McGee and Eastern both entered evidence and agreed that the entire Navajo Springs pool was covered by the unit requested and that between Pinta Dome and Navajo Springs a fault prevented communication and to the east, where we are concerned, the Coconino, in effect, pinched out so that, according to evidence submitted both by Kerr-McGee and Eastern, there could be no drainage of the Navajo Springs pool by wells on the surrounding acreage.

(Kerr-McGee, of course, in the case before us, is saying now this is not true, however the Commission has already, in Case No. 15, taken the position that the Navajo Springs-Coconino helium gas pool is self-contained and will not be drained by a well on adjoining acreage.)

As mentioned in my initial correspondence with you on this, little in the way of geological information was presented to this Commission. This is in part due to the fact that the area now in question has but few wells on it. Both Kerr-McGee and Eastern Petroleum agreed that the Shinarump formation in this area will be lenticular in nature, i.e., there will not be a blanket coverage of the area by the Shinarump Formation so that discovery of commercial Shinarump gas is likely to be small, isolated pools with at least one well necessary for the drainage of each of these pools.

As to the Coconino formation in the area in question, Eastern has withdrawn the request to produce it on 160 acre spacing and is now only seeking permission to complete one of its wells per section, where possible, in both Shinarump and Coconino; thereafter any further drilling on a particular section in question would only be for Shinarump production. This, in effect, would put Coconino formation in this area on a spacing pattern of one well for 640 acres, as called for in our regulations, but would allow Coconino well to be on an unorthodox location.

It is likely that if the pressures in the wells are compatible, production from those wells would be commingled, however I see no particular objection to this.

Consequently, my recommendation is that the Commission grant the total request of Eastern Petroleum Company, as amended. That is, that as to the below described area:

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Township 19 North, Range 27 East

Sections 1, 2, 11, 12, 13, 14,

Township 19 South, Range 28 East

Sections 5, 6, 7, 8, 17, 18

Township 20 North, Range 27 East

Sections 1, 2, 11, 12, 13, 14, 23, 24, 25, 26,  
35, 36

Township 20 North, Range 28 East

Sections 5, 6, 7, 8, 17, 18, 19, 20, 29, 30,  
31, 32

Eastern Petroleum Company and, of course, any other wells drilling within the area, be allowed to:

- A. Space a well to the Shinarump Formation on 160 acre spacing. Said well must be located 330 feet from the quarter section line.
- B. That, in any given section, the Coconino may be penetrated by any of the four Shinarump wells but that only one of the wells in the section may be completed in the Coconino so that, in effect, the Coconino will have but one producing well per section. A producing well to the Coconino must be 330 feet from the quarter section line on the 160 acre spacing pattern, as allowed above for the Shinarump.
- C. That one well from each section may be dually completed to the Shinarump and to the Coconino and that production, in this case, may be commingled.
- D. That prior to dually completing any well to the Shinarump and Coconino formations in the above described area, administrative approval of the Commission be secured both as to the dual completion and as to the commingling of resulting production.

Should the Commission see fit to grant Eastern's approval as I herein recommend, it will be necessary that the Commission Order No. 34 be set aside. As you will recall, in Case No. 33 Crest Oil Company requested permission for 160 acre Shinarump spacing in Section 25, Township 20 North, Range 27 East. Inasmuch as the order in Case 40



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would also encompass this Section, we should, in our order, vacate the order as issued in the Crest hearing.

I would also like to point out that my recommendation, if followed, would, of course, fully protect any correlative rights within the area involved, in that any lease owners in the above-outlined area would have the same rights available to them as would be granted to Eastern Petroleum.

On April 29, 1970, I discussed my feelings as herein described to you at length with Dr. Willard Pye in Tucson. Dr. Pye is in complete agreement with my recommendations as herein outlined.

Should you have any questions, please advise.



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

May 15, 1970

Memo to Commissioners on the Hearing

From James Scurlock, Geologist

As you will recall, the hearing focused on a discussion as presented by Mr. Lauth, geologist for Eastern, and Mr. Pittman, geologist for Kerr-McGee, both of whom are well qualified by their experience in this area to speak as experts. In my opinion, the picture of the Shinarump formation as presented by Mr. Lauth is essentially correct; that is, this formation is characterized by erratic deposition of sand lenses such as to give rise to small pockets of permeable sand which represents potential gas reservoirs. Not only is the Shinarump lenticular in nature, it is commonly found with clay filling the intergranular spaces so as to make the sand tight; i.e., relatively impermeable to the flow of fluids and gases, thus generally unfavorable as a wildcat objective. This is why Eastern will rely on fracturing in order to increase the effective porosity and permeability of the Shinarump. My observations of the logs in this area convince me that 160-acre spacing for the Shinarump is realistic.

The existence or absence of the fault to which Eastern referred is unknown to me; but, in any case, one must view the absence of any pronounced geological structure in this area as generally unfavorable for either Coconino or Shinarump production. Remember that the Shinarump is still an unknown quantity with very little history of production. No well in the Pinta Dome or Navajo Springs produces from the Shinarump.

The odds, of course, are always against a successful wildcat operation even when close to production. However, I am sure that Mr. Lauth has data which were not divulged at the hearing. In sum, I see no geologic reason why Eastern should not be granted the request as amended.



OFFICE OF

**Oil and Gas Conservation Commission**

STATE OF ARIZONA

ROOM 202

1624 WEST ADAMS

Phoenix, Arizona 85007

PHONE: 271-5161

May 13, 1970

**GEOLOGIST'S REPORT**

FROM: JAMES SCURLOCK  
TO : COMMISSIONERS

APACHE COUNTY

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

"TIGHT HOLE"

Shut down. No rig on location.  
Will attempt Shinarump location.

Eastern #1 Navajo (2601)  
T20N, R28E, G & SRM  
Sec. 30" NE/4 SW/4  
✓ Permit #523

Location. Well will be drilled with the company rig.

✓ Union Texas #1-14 Navajo  
T6N, R10W, NSM  
Sec. 14: SW/4 NW/4  
Permit #534

"TIGHT HOLE"

Located six miles north of Chinle. Elevation 5763' ground,  
5776' KB.  
Spud 5-4-70. Set 8-5/8" casing at 180' (circulated cement).  
Formation tops:

De Chelly	215'
Organ Rock	1025'

Flying crews from Farmington landing on air strip at location.  
They are using three crews working 12 hours on and 24 hours off.  
Currently drilling at 1400' with bit #4. Size of hole is 7-7/8".  
Mud weight 8.9 pounds, viscosity 33. Geologist on well is Harold  
Brown (Farmington). Proposed depth is 3650'.

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Geologist's Report  
May 13, 1970

MOHAVE COUNTY

Harris #1 Federal 3758A  
✓ T38N, R7W, G & SRM  
Sec. 29: NW/4 NE/4  
Permit #502  
Present depth is 1010'. Temporarily abandoned.

YAVAPAI COUNTY

El Paso #1 Federal Strat  
T10N, R10W, G & SRM  
✓ Sec. 3: SE/4 NE/4  
Permit #533  
Spud 4-30-70.  
Set 12-3/4" casing (conductor pipe) at 27' with 15 sacks.  
Truck mounted rig (Idaco 38).  
Crew is working two 12-hour towers.  
They have about 2500' of 7" casing on location. Will set this  
string to shut off water-bearing zones.  
Size of hole is 9-7/8". Currently drilling at 461'.  
Contractor is J. O. Barnes Drilling Company, Casa Grande.  
Elevation is 2216' ground. Located 40 miles northeast of  
Wickenburg.

NAVAJO COUNTY

Aritex Development Corporation #1 Fee Strat  
T17N, R21W, G & SRM  
✓ Sec. 6: NE/4 SE/4  
Permit #530  
and  
Aritex Development Corporation #2 Fee Strat  
✓ T17N, R21E, G & SRM  
Sec. 6: SE/4 NE/4  
Permit #532  
They are completing construction of the third permanent storage  
pit. Currently they are pumping fresh water down hole #1 and  
recovering the salt water from hole #2. This process at times is  
reversed in order to control the size and shape of the hole.  
Plans for further drilling on this project appear to be held up  
for litigation concerning lands to the east and north of the project.

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Geologist's Report  
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SCUTTLEBUTT:

Ed Obele was in to see us. He hints that another sizeable lease play is in the offing. Ed is an experienced promoter living in Scottsdale. He is currently trying to promote a wildcat on the old Guadalupe structure in southeastern Cochise County.

We hear by the grapevine that Cockrell is currently drilling another well (his fourth well in southwestern New Mexico) south of Lordsburg located in T30S, R17W. Shell is reported to be looking for a feasible location in the same general area.

We understand that a seismic program is being conducted in Hidalgo County as a joint effort by ten oil companies including El Paso and Texaco.

We are told that another 415,000 acres of State lands have been leased by E. R. Richardson across southern Arizona since the first big lease play which was announced in the middle of April. Rumor has it that Richardson is doing much of this leasing for Gulf and Cockrell and some for Mobil. Cities Service also has taken a considerable number of leases in this play.

Understand that there is a seise crew (GSI) working out of Wilcox. At present Gulf is said to have two seise crews in Douglas operating secretly out of U-Haul trailers in which they carry their equipment to the field. Gulf is also said to be operating a geochemical field crew in Cochise County. And a seise crew has been reported in Tucson. The guess is that this is a Gulf crew. Mike Roberts, a Midland broker, has leased approximately 50,000 acres of State land in Cochise County within the last few days.

According to rumor a basement test is being planned for southwestern Graham County in the vicinity of the common corner of townships 10 and 11 south, ranges 22 and 23 east, placing the test about 22 miles northwest of Wilcox and 6 miles southeast of Bonita. The participants would include four operators: Davidson, Zak, Cockrell, and Austral. Geology is being done by a Mr. Eugene Greenwood of Midland who is currently making a geology study of the area.

The Navajo lease sale which was held in Window Rock on April 23 was most encouraging to P. K. Hurlbut, the Tribal geologist. The high bidder was Moreno Uranium who bid \$13.02 per acre. Sixty-nine tracts containing 101,468.84 acres were sold. Most of the acreage lies within a twenty

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Geologist's Report  
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mile radius of the Dineh Bi Keyah Field. Bids averaged \$3.37 per acre. Total bonus was \$342,156.52. Successful bids included Cities Service, Kerr-McGee Corporation, Apache Corporation, Walter Duncan, Lagos, W. T. Blackburn, El Paso Natural Gas, Champlin, Curtis Little, John F. Mitchell, and Depco-Occidental-Midwest combine.

Eastern has called us to say that they plan to re-enter the old Eastern #24 Santa Fe, Section 24, T20N, R27E, lying north of Navajo Springs within the area which was covered by the recent hearing.



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

April 22, 1970

Memo: Commissioners  
From: John Bannister

Re: Case No. 40, Application Eastern Petroleum Company  
for a Spacing Variance, etc., in Apache County

This does not constitute my report as requested by you at the end of our hearing last Wednesday. This is only a preliminary report giving you some of my thoughts on the subject. A full and more detailed report will, of course, be forthcoming.

As you know, during our hearing Eastern Petroleum Company made application for exceptions to our spacing rule, etc., on some 54 sections. By letter dated April 20, 1970, Eastern withdrew its application as to 18 sections involved. The attached map shows the original outline of Eastern's request. The X's indicate the sections deleted from its request by its letter of April 20th and the area of Navajo Springs, i.e., Section 27 and the N/2 of Section 34, Township 20 North, Range 27 East, are indicated by hash marks. You will note that Eastern's reduced area now excludes all of Navajo Springs.

You will recall that in our Navajo Springs Unit Hearing, Case No. 15, both Eastern and Kerr-McGee agreed that the entire Navajo Springs pool was included within the outline of the Navajo Springs Unit and consequently a Coconino well anywhere other than in the unit should not affect unit production. (Of course, Kerr-McGee is now saying that a Coconino well adjoining the unit could affect production.)

We basically now are considering a request from Eastern Petroleum Company for a Shinarump spacing on 36 sections (i.e. one township) of 160 acres with a well to be located 330 feet from a quarter section line. Eastern is also asking for permission to dual one of these Shinarump wells in a section to the Coconino and will have only one Coconino well per section. They further ask permission in these cases to commingle production, where possible.

In my opinion, this Commission does have authority to vary its spacing units and it does have authority to allow commingling and the dualing of wells. Initially, my thoughts are that this Commission should grant Eastern its request, as amended.

Memo: Commission  
April 22, 1970  
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As you know, little solid geology was presented to this Commission, partially due to the fact that there are only three wells capable of production in the area now in question. We had two highly qualified geologists, both taking the position of those they represented, one saying it is a good shot, the other saying it is a bad shot, which is usual in a case such as this wherein opposing views are presented. However, I would point out that with Eastern dropping its request as to the Coconino, Kerr-McGee cannot complain about any potential drainage of the Navajo Springs area since any development on the Coconino in the area in question would still be on 640 acres. Of course, Eastern's dropping of certain sections from its request also deletes any interference as to the Shinarump with the Navajo Springs Unit and, of course, the unit is only concerned with the Coconino.

Although Eastern did not disclose some of its geology to Kerr-McGee, it intends to play what it feels is a north-south fault through the area in question and to work both sides of the fault irregardless of the section it is in. Consequently, we have its spacing request for the 160 acre Shinarump.

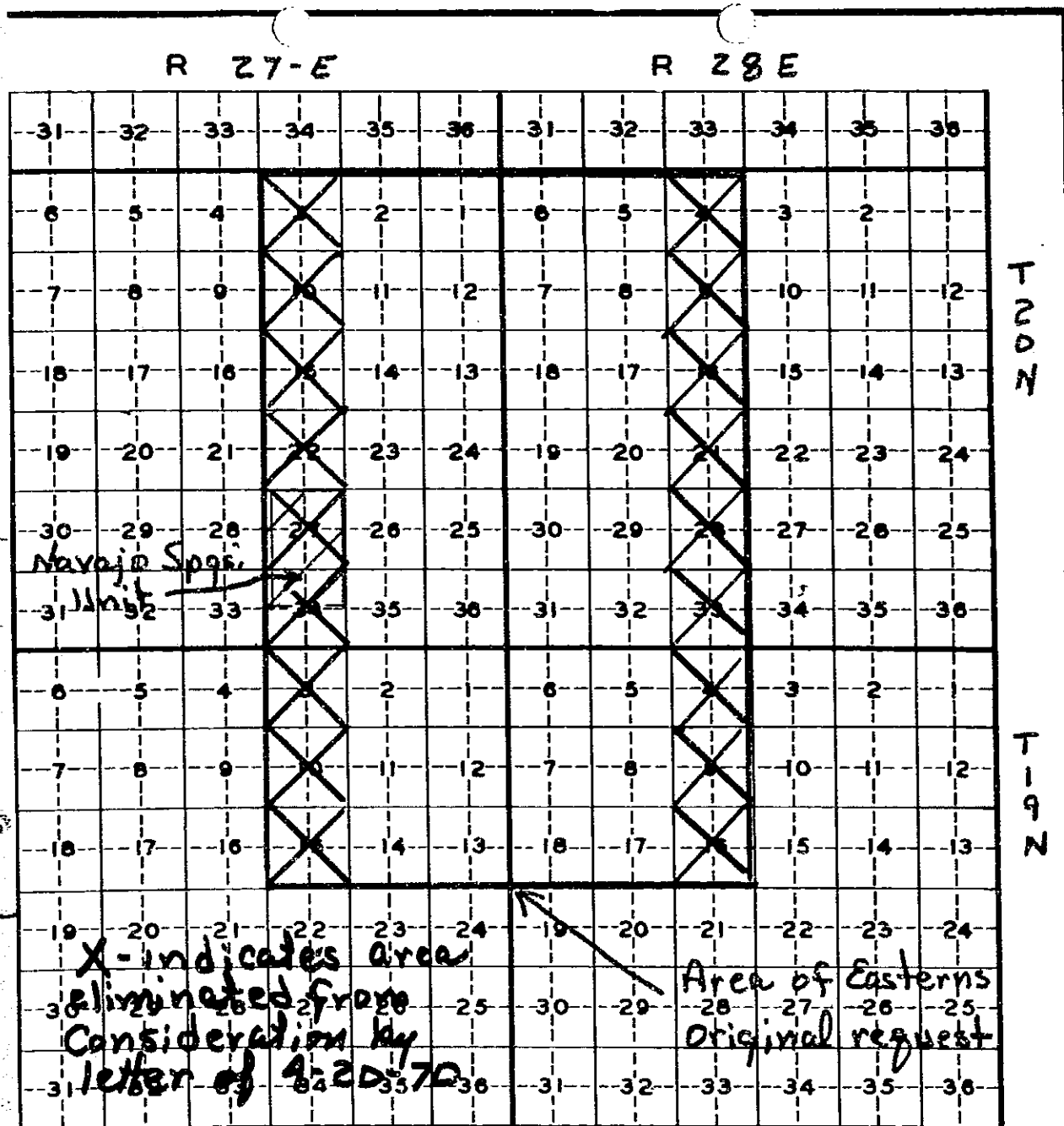
As above said, my initial feeling is that, particularly with the reduced area now under consideration and release of 160 acre spacing for the Coconino, Eastern's request should be granted. Of course, in the area in question, Kerr-McGee or anybody else having a lease now or acquired in the future would have the same privileges and protection as might be afforded to Eastern by such an order.

A full and detailed report will be forthcoming, however I felt it would be of benefit to offer you my initial thinking on this hearing.

Please consider this memorandum as completely confidential, as a report from me to the Commission, and in no way is this to become an official part of the hearing file.

Enc. - Map







May 13, 1970

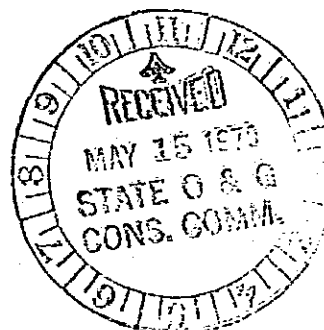
Mr. John Bannister,  
Executive Secretary  
Oil and Gas Conservation Commission  
State of Arizona  
Room 202  
1624 West Adams  
Phoenix, Arizona 85007

Dear John:

Kerr-McGee Corporation is looking forward to having members of the Arizona Oil and Gas Commission and their invited guest visit our Navajo, Arizona Helium Plant in conjunction with the Commission's scheduled meeting on May 20, 1970. Kerr-McGee has prepared the following itinerary for the plant tour.

WEDNESDAY, MAY 20, 1970  
HOLBROOK, AIRZONA

7:00- 8:00 a.m.	Breakfast - Pancake House across the street from the Sun 'n Sand Motel.
8:00- 8:15 a.m.	Board the chartered bus in front of the Sun 'n Sand Motel.
8:15- 9:15 a.m.	Bus trip to Navajo, Arizona
9:15-11:00 a.m.	Tour of Kerr-McGee's Navajo, Arizona Helium Plant and trip to the Pinta Dome Field.
11:00 a.m.	Board bus for return trip to Holbrook.
12:00 noon	Arrive - Holbrook.
12:15- 1:00 p.m.	Lunch at Pancake House.



Mr. John Bannister  
May 13, 1970  
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It is my understanding that the Commission will have as their guests on the trip Mr. Walt Carpenter, City Manager, Holbrook, Arizona and Mr. Norm Eagleton, Air Tex Propane Company, Houston.

Representatives of Kerr-McGee scheduled to accompany the Commission on the trip are Mr. Val Connell, Mr. C. F. Miller, Mr. B. G. Taylor, Mr. Bert Fielder and myself. We plan to arrive in Holbrook the evening of May 19, and stay at the Sun 'n Sand Motel.

We appreciate your invitation to attend the Air Tex party at the Plainsman that evening and are looking forward to seeing you at that time.

Yours very truly,

KERR-McGEE CORPORATION

  
P. K. Smith, Jr., General Manager  
Gas Processing Division

PKS:wjs

May 22, 1970

Mr. Val Connell  
Assistant to President  
Kerr-McGee Corporation  
Kerr-McGee Building  
Oklahoma City, Okla. 73102

Dear Val:

On behalf of the Commission I would like to express our deep appreciation for the many courtesies your company showed to us at our recent meeting in Holbrook. You, John, P.K. and Bert were gracious hosts and did so much to make our meeting both enjoyable and successful.

Again, our sincere appreciation.

Regards,

John Bannister  
Executive Secretary

JB/vb

May 22, 1970

Mr. Tom Martin  
Aritex Development Corp.  
Holbrook, Arizona 86025

Dear Tom:

I would like to express the appreciation of the Commission and also my personal appreciation for the contribution of you and your company to the success of our recent meeting in Holbrook.

Our visit to the site of your operation has done much to increase the Commission's information and understanding of your problems there.

Cooperation such as you have shown to us is most deeply appreciated.

Sincerely,

John Bannister  
Executive Secretary

JB/vb

cc - Norm Eagleton

May 22, 1970

Mr. Walt Carpenter  
Town Manager  
P.O. Box 70  
Holbrook, Arizona 86025

Dear Walt:

On behalf of the entire Commission and staff I would like to thank you personally and the fine city you represent for the hospitality and help you have extended to us.

Your fine facilities and the warm reception we received in your city did much to make our stay both enjoyable and successful.

If ever we may return your many courtesies to us, it will be our pleasure.

Sincerely,

John Bannister  
Executive Secretary

JB/vb

May 22, 1970

Mr. and Mrs. Al Frycek  
Sun and Sand Motel  
902 West Hopi Drive  
Holbrook, Arizona 86025

Dear Helene and Al:

I would like to express the appreciation of this Commission and, more specifically, my personal appreciation for the many helpful courtesies you extended to us during our recent visit.

I am sorry that things got so fouled-up at the last minute but more than ever appreciate your cooperation and patience.

Again, our most sincere appreciation.

Regards,

John Bannister  
Executive Secretary

JB/vb



May 7, 1970

Oil and Gas Conservation Commission  
State of Arizona  
Room 202  
1624 West Adams  
Phoenix, Arizona 85007

Attention Mr. John Bannister  
Executive Secretary

Dear John:

I have been visiting with Mr. Paul K. Smith, Jr., General Manager of the Gas Processing Division. He tells me that he has been in touch with you in order to make arrangements for the Commission to visit our helium plant and operation at Navajo, Arizona on May 20.

I have arranged my schedule so that I can be with Mr. Smith, and we are looking forward to visiting with you and the Commission.

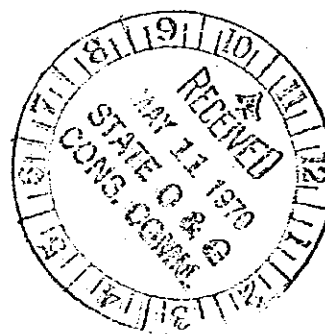
If anything comes up and you can't get in touch with Mr. Smith, feel free to contact me.

Sincerely yours,

*Val Connell*  
Val Connell

lm

cc: P. K. Smith, Jr.





May 1, 1970

Dr. Willard Pye  
Geology Department  
College of Mines  
University of Arizona  
Tucson, Arizona 85721

Dear Willard:

As you are aware, this Commission will meet in Holbrook on May 20th. Our meeting will take place in the City Council Chambers at 2 p.m. Following a brief business meeting it is hoped that you will present a brief program on the oil and gas potentials of the Holbrook area.

I am planning a rather busy schedule for the Commissioners, consisting of arriving in Holbrook on the evening of the 19th for a little social get-together. The morning of the 20th we will go to the Town of Navajo to view Kerr-McGee and perhaps Arizona Helium helium plants, returning to Holbrook around noon for lunch and a short break prior to the meeting. Following the meeting we will visit the Aritex storage project located in Holbrook. It is anticipated that we will return home the morning of the 21st.

If at all possible we would appreciate you arranging your schedule so as to be with us Tuesday evening through Wednesday evening.

Sincerely,

John Bannister  
Executive Secretary

JB/vb

May 1, 1970

Mr. Walt Carpenter  
Town Manager  
P.O. Box 70  
Holbrook, Arizona 86025

Dear Walt:

It is my intention to be in Holbrook either the 5th or 6th of May, i.e., next Tuesday or Wednesday, to help you in making final arrangements for the Commission's meeting there on May 20th.

Roughly, what we have in mind is to arrive in town on the evening of the 19th. Most of the Commissioners will have their wives present.

I am arranging with Kerr-McGee Corporation for the Commission and guests to go to the town of Navajo to view the helium plants in operation on the morning of the 20th and to return to Holbrook around noon in time for lunch a little before going into our meeting. The meeting will commence at 2 o'clock and will consist of an early disposition of official business. We hope then to have a brief discussion on the oil and gas possibilities of the Holbrook area presented by Dr. Pye from the Geology Department of the University of Arizona. Following that we will have a question and answer period for the participants.

I am further hoping that after the conclusion of our meeting I can take the Commissioners to see the storage project being conducted by Aritex in Holbrook.

It is anticipated that the majority of the Commissioners will be in town both Tuesday and Wednesday nights, departing for their homes Thursday morning.

I, myself, will arrive on Monday, the 18th, so that I will

Mr. Walt Carpenter  
May 1, 1970  
Page 2

be on hand in case anything is needed as the Commissioners  
begin to arrive the following day.

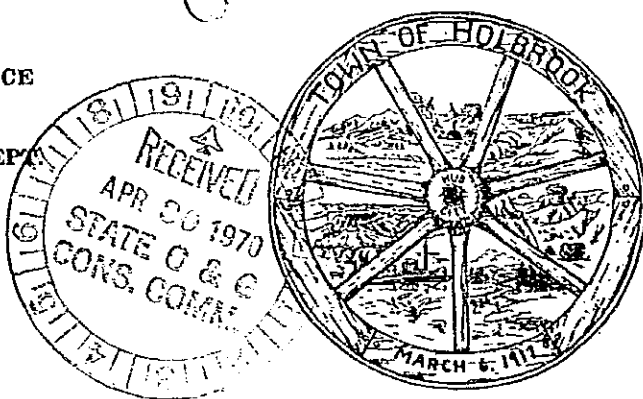
I am looking forward to being with you next week.

Sincerely,

John Bannister  
Executive Secretary

JB/vb

- GENERAL OFFICE
- WATER DEPT.
- SANITATION DEPT.
- HOSPITAL
- LIBRARY
- POLICE DEPT.



- MAGISTRATE COURT
- FIRE DEPT.
- AIRPORT
- CEMETERY
- RECREATION
- STREET DEPT.

P. O. BOX 70 — PHONE 524-6225  
HOLBROOK, ARIZONA 86025

April 28, 1970

John Bannister  
Executive Secretary  
1624 West Adams  
Phoenix, Arizona 85007

Dear Mr. Bannister:

This is in regard to your letter of April 16, 1970.

Before I can make final arrangements for motel rooms, we need the number of room you will require. We would also like the dates of when you need the rooms.

Please send this information as soon as possible, so we can make the motel arrangements.

Sincerely,

*Jeff*  
Walt Carpenter  
Town Manager

May 1, 1970

Dr. Edgar J. McCullough, Jr.  
Acting Head  
Department of Geology  
University of Arizona  
Tucson, Arizona 85721

Dear Dr. McCullough:

I very much appreciated meeting you and having a chance to speak with you earlier this week.

In addition to expressing my appreciation for your courtesy, the purpose of this letter is to see if you might join this Commission during its meeting May 20th. This meeting will be held at 2 p.m. in the City of Holbrook at the City Council chambers. This Commission periodically moves its meeting to various sections of the State and we feel our Holbrook meeting will be of interest to you.

The Commissioners will arrive in Holbrook on the evening of the 19th and it is our custom to dine together on these occasions. The morning of the 20th we will be the guests of Kerr-McGee Corporation on a tour of their helium facilities at the nearby town of Navajo. We will return to Holbrook around noon for lunch.

At our meeting at 2 p.m., the Commission will arrive at a decision concerning a case pending before it and conduct such other Commission business as may be appropriate. Following the business portion of our meeting, we have requested that Dr. Pye address the audience as to the broad picture of oil and gas possibilities within the Holbrook area. As usual, we will then have a question and answer period for the audience.

Following the meeting, the Commission will go to see a propane

Dr. Edgar J. McCullough, Jr.  
May 1, 1970  
Page 2

gas storage project being conducted in Holbrook. With this full agenda, it is our intention to be in Holbrook the evening of the 20th, also. Most of us will adjourn to our homes on the morning of the 21st.

Again, we would most cordially like to invite you to participate in this meeting and hope that your schedule is such that you may.

Sincerely,

John Bannister  
Executive Secretary

JB/vb

April 16, 1970

Mr. Thomas J. Martin  
Aritex Development Corp.  
P.O. Box 187  
Holbrook, Arizona 86025

Dear Tom:

The Oil and Gas Commission has been invited and has accepted the invitation of Walt Carpenter to hold its next regular meeting in Holbrook on May 20th. The official meeting will be scheduled for 2:00 p.m. at City Hall.

The entire Commission will arrive in Holbrook on the 19th of May and I would appreciate very much if you could arrange for the five Commissioners, Mr. Scurlock and me to view your storage project some time the morning of the 20th. I would suggest approximately 10:00 a.m. If this is not convenient, please do not hesitate to advise.

I will arrive in Holbrook some time during the week of May 11th to make final arrangements, engage rooms, etc., and of course will contact you at that time.

Let me thank you in advance for your cooperation.

Sincerely,

John Bannister  
Executive Secretary

JB/vb

April 16, 1970

Mr. Walt Carpenter  
Town Manager  
P.O. Box 70  
Holbrook, Arizona 86025

Dear Walt:

This will acknowledge receipt of your letter of April 9, 1970 inviting the Commission to hold its meeting of May 20th in Holbrook.

At its regular meeting held yesterday, the Commission unanimously agreed to accept your kind invitation. I will arrive in Holbrook some time during the week of May 11th to make final arrangements.

Inasmuch as you indicated that the City Hall will be available for our meeting at 2 p.m. on May 20th, we would appreciate you helping us with some arrangements for the morning of the 20th to view the Aritex propane storage project. We can likewise discuss this and make final arrangements when I see you in Holbrook.

At present, it appears that our five Commissioners; Mr. James Scurlock, our geologist, and I will arrive in Holbrook on the 19th and will, of course, need rooms, probably for the evenings of the 19th and 20th, however more definite times will be discussed when I arrive.

I would like to express my sincere appreciation for your invitation and look forward to meeting you again.

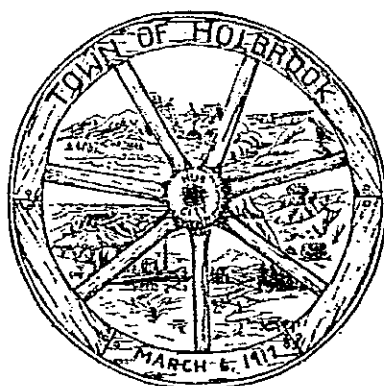
Sincerely,

John Bannister  
Executive Secretary

JB/vb



- GENERAL OFFICE
- WATER DEPT.
- SANITATION DEPT.
- HOSPITAL
- LIBRARY
- POLICE DEPT.



- MAGISTRATE COURT
- FIRE DEPT.
- AIRPORT
- CEMETERY
- RECREATION
- STREET DEPT.

P. O. Box 70 — PHONE 524-6225  
HOLBROOK, ARIZONA 86025

April 9, 1970

State of Arizona  
Oil & Gas Commission  
1624 West Adams  
Phoenix, Arizona 85007

Att: John Bannister  
Executive Secretary

Dear Mr. Bannister:

The Town of Holbrook would like to invite Mr. Lucien Owens, as well as anyone else interested to a community discussion on oil and gas development in the vicinity of Holbrook. This discussion has been scheduled for 2 P.M. on May 20th at the City Hall. The news media will be contacted and any interested citizen may come. We would like to end the discussion with a question and answer period.

I am looking forward to renewing old acquaintance with Mr. Owens and meeting others associated with the commission here in Holbrook.

Cordially,

*Walt Carpenter*  
Walt Carpenter  
Town Manager

c.c. Lucien Owens  
4007 E. San Juan  
Phoenix, Arizona



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
			April 1970
35,290.00	110	1 Salaries, wages: employees	1 3,248.00
1,850.00	150	2 Per diem: board members	2 200.00
		3 (Payroll Warrant Cancelled)	3 (50.00)
492.24	211	4 Postage	4 172.00
1,321.81	212	5 Telephone, telegraph	5 116.51
1,329.55	221	6 Travel -State meals and lodging	6 147.02
932.08	222	7 mileage reimbursed private car	7 101.20
360.00	223	8 fares for planes, trains, etc.	8 -
976.47	224	9 State-owned auto expense	9 116.19
29.20	225	10 telephone, taxi, etc.	10 -
69.00	226	11 registration fees at meetings	11 -
		12	12
		13	13
657.05	231	14 Travel-out of State meals and lodging	14 20.00
1,309.40	233	15 fares for plane, train	15 23.00
551.50	234	16 State-owned auto expense	16 2.50
159.10	235	17 telephone, taxi, etc.	17 13.80
48.00	236	18 registration - meetings	18 -
		19	19
269.10	240	20 Professional services	20 217.50
		21	21
	262	22 Mntns/repairs to office equip., furniture	22
476.69	294	23 Legal advt., notary, court, recording fees	23 186.35
	295	24 Transportation of things (well samples)	24
5,002.07	299	25 Miscellaneous (blueprint service, Ariz Bu	25 1,250.00
		26 Mines, Museum N. Arizona)	26
		27	27
		28	28
771.31	310	29 Office supplies	29 280.06
537.35	360	30 Scientific supplies	30 90.62
43.61	370	31 Mntns supplies (duplicate keys)	31 -
106.97	390	32 Other supplies (film)	32 36.57
		33	33
		34	34
360.00	411	35 Rent, office equip: copy machine	35 -
		36	36
	421	37 Bond (notary public)	37 -
80.60	430	38 Subscription/organization dues	38 7.50
		39	39
		40	40
480.17	611	41 Office equipment/furniture	41 -
1,896.70	616	42 Auto	42 -
		43	43
		44	44
		45	45
260.00	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
55,649.97		TOTAL	6,228.82

# MONTHLY FINANCIAL REPORT

1 RECEIPTS MONTH OF	2 RECEIPTS CLASSIFICATION	3 APPROPRIATED RECEIPTS	4 UNAPPROPRIATED RECEIPTS	5 TOTAL ALL RECEIPTS YEAR TO DATE
April 1970				
75 00	1 Permits to drill		75 00	700 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
XXXXXX	TRANSFERS <i>in Out</i>		(150 00)	
XXXXXX	BALANCES BROUGHT FORWARD		2,695 25	XXXXXX
75 00	TOTALS - MONTH AND YEAR TO DATE		2,620 25	700 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
19					
	1 Personal Services:				
3,248 00	2 General Fund	45,728 00	35,290 00		10,438 00
500 00	3 Conservation Fund	3,000 00	1,850 00		1,150 00
882 11	4 Current Expenditures	6,015 00	4,062 52	641 85	1,310 63
364 41	5 Travel - State	6,090 00	3,714 30	1,505 09	870 61
109 30	6 Travel - Out of State	3,496 00	2,176 05	-	1,319 95
7 50	7 Current Fixed Charges	500 00	440 60	-	59 40
217 50	8 Professional Services	2,000 00	966 50	250 00	783 50
-	9 Capital Outlay	2,376 87	2,376 87	-	-
625 00	10 Museum N. Arizona	2,500 00	2,500 00	-	-
625 00	11 Arizona Bureau Mines	2,500 00	2,500 00	-	-
	12				
	13 <i>Trans. of Funds to</i>				
	14 <i>Pers. Auto</i>	(226 87)	(226 87)		
	15				
	16				
	17				
	18				
	19				
	20				
	21				
	22				
	23				
	24				
	25				
	26				
	27				
	28				
	29				
	30				
6,328 82	TOTALS	73,979 00	55,649 97	2,396 94	15,932 09