

OIL & GAS CONSERVATION COMMISSION
Meeting: June 17, 1970
John Bannister, Exec. Sec.



OFFICE OF
Oil and Gas Conservation Commission

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

Present
Owens
Moore Bentson
Bilby
Bledsoe
Seurlock
Lawrence Schorder
Fritz Ryan
Wes Pierce
Bannister

Dr. Pierce
Mr. Schorder

Wes Pierce

A G E N D A

Meeting
June 17, 1970
Room 204, Arizona State Office Bldg.

Call to order

1. Approval of minutes of meeting of May 20, 1970
2. Executive Secretary report
3. Geologist report
4. Old business
5. New business (Discuss budget)
(Museum N. Ariz.)
6. Adjourn

10:00 a.m.

Hearing, Case 41
Eastern Petroleum Company

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

Minutes - Dr. Pierce spoke



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May 10, 1970

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

The office has discovered that there are three illegal oil tests being drilled in the S/2 of Section 36, T9S-R27E, Graham County. The site of this drilling is approximately half way between the town of Safford on Highway 66 and the junction of Interstate 10 off of Highway 666. Drilling is some 11 miles to the east of the highway at a point bearing the name of Tanque. Upon investigation, the wells were located. There is a rig currently over the hole. The operator of the property, Mr. Ivan Tenney of Marshall, Michigan, and the driller, Mr. Lawrence Schooler of Willcox. Apparently a Mr. Bob Ross of San Antonio, Texas, is also involved.

In talking to Mr. Tenney, he indicated that he had been advised by Mr. Ross that the State Land Department had been contacted and he had been assured that it was perfectly all right to drill these tests. I informed him the tests were completely illegal and ordered all work stopped, which has been done. We are currently in the process of having the operator bring himself into compliance with regulations, insofar as filing necessary permits, bonds, surveys, etc., is concerned. It is my feeling that this work has been done without going through this Commission because of ignorance and not as a deliberate attempt to evade the laws of Arizona. All of the parties contacted have been most cooperative.

To the best of my information, two of the tests have been abandoned - one at a depth of 630' - one at an approximate depth of 1100'. These tests were abandoned due to collapsed casing. In addition to the three oil tests involved, the operator also drilled a water well approximately 80' deep to furnish water for drilling operations. This well should be under the State Land Department's regulations and they have been advised of this, to bring it into compliance with their requirements.

The State Personnel Commission has recently certified three applicants for the consideration of this Commission as replacement for

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Executive Secretary Report
6-10-70

Jim Lambert. I am having a personal interview with the applicants and will advise you further as soon as possible.

As you are aware, our increased budget has been granted and we should spend considerable time in discussing our actions for the forthcoming year.

Pursuant to instructions contained in the budget for this Commission to secure housing, I have been investigating some potential sites for relocation. I am hoping to have one or two of these sites available for inspection by the Commissioners the afternoon of the 17th.

We will shortly advise the Personnel Department as to the specifications required of the new employees we have been authorized to find so that we may begin the process of locating this personnel.

As you have been previously advised, Eastern Petroleum Company has filed an application seeking 160 acre spacing for Shinarump test wells in the helium area. Eastern reduced the area of its request to only the area covered by its actual leases and has deleted any request insofar as the Coconino formation is concerned. Eastern has recently applied for and been issued a new application for "oil test" in this area on 80 acre spacing. As I have previously advised you, the Attorney General instructed this Commission that if an application is correct, the Commission may not look upon the information contained so as to, in effect, say "no, you are drilling a gas test instead of an oil test." Of course, the application issued to Eastern did contain the warning that in the event they were capable of producing, they had to comply with our spacing requirements.

Following our meeting in Holbrook, I sent letters of appreciation to the City Manager of Holbrook, Kerr-McGee Corporation, Aritex Corporation, and to the motel manager.

The Interstate Oil Compact Commission will hold its next meeting in Columbus, Ohio commencing June 21st. I, of course, will attend this meeting.

At the request of Eastern Petroleum Company, I recently attended a meeting of the Navajo Springs Unit Operating Committee. This is a committee made up of working interest owners, i.e., Eastern Petroleum Company, Kerr-McGee, Crest Oil, Dr. Barfoot, Ted Schafley, and the Reece brothers. The meeting concerned itself with increasing the take from the Navajo Springs Unit and it was voted to increase production from 12,500 mcf per month to 27,000 mcf per month in increments of 5,000 mcf per month, each increment to be accomplished in three month steps.

I have further been advised that the Arizona Helium plant has been

leased to Western Helium Corporation and undoubtedly the request of Eastern Petroleum Company for its Shinarump space as well as some of the increased production from the Navajo Springs unit wells is intended for this plant.

As part of the Commission's building space requirements, we will need ample storage room for samples. As you know, the Legislature anticipated us bringing the samples into Phoenix and acting as our own depository. Of course, money has not been budgeted by the Legislature to support the Bureau of Mines and the Museum of Northern Arizona for their sample storage. I have discussed moving of the samples with the Bureau of Mines, more specifically with Dr. Wesley Peirce. The University looks with disfavor upon complete removal of the storage samples from their depository. They point, and accurately so, that on May 24, 1961, the Commission, by formal Commission action, did designate the Bureau of Mines as permanent depository. I have invited Dr. Peirce and Dean Forrester to appear before the Commission at our June meeting to present their viewpoints on samples.

It must be recognized that the sample collection held by the University is most important in that it does receive a much greater and more widespread use than pure oil and gas purposes. It is my belief that by, perhaps, taking the samples now contained in the Museum of Northern Arizona in Flagstaff and supplementing this with one of the duplicate sets of the wells in the southern part of the State maintained by the Bureau of Mines, the Commission could thus acquire a complete set of the State samples. It is my further belief that once our repository is established and even though our financial assistance to the Bureau of Mines may have ceased, we still should see that sample sets from all our wells are furnished to the Bureau. It is my intention to discuss the sample situation with the Museum of Northern Arizona on June 12th and I will advise you of the results of this discussion at our meeting.

New Permits:

- 535 - Aritex Water Well - Permit not released pending receipt of bond.
- 536 - Eastern Petroleum Co. #24 Santa Fe Fee, SE/4 NW/4 24-20N-27E, Apache County.
- 537 - Eastern Petroleum Co. #21-1A Santa Fe Fee, NW/4 NW/4 31-20N-28E, Apache County.
- 538 - Curtis Little - Permit not released pending receipt of bond.



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June 10, 1970

GEOLOGIST'S REPORT

FROM: JAMES SCURLOCK
 TO : COMMISSIONERS

APACHE COUNTY

Little #1 Aircodessa Navajo
 T37N, R28E, G & SRM
 Sec. 32: NW/4 NE/4
 Permit #538

Proposed location. Located 9 miles northeast of Round Rock Trading Post. Application being processed.

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 completion.

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

"TIGHT HOLE"

Elevation KB 5777'.
 Formation tops:

DeChelly	216'
Hermosa	2250'
Molas	2410'
Mississippian	2550'
Elbert	2643'
McCracken	2815'
Aneth	2950'
Cambrian	3035'
Pre-Cambrian	3090'
T.D.	3101'

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Geologist's Report
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Union Texas #1-14 Navajo (Cont.)

Drill stem test to the McCracken; sandstone blue gas (non-flammable) at a rate of approximately 615 MCF per day. Flowed mud to the surface in 22 minutes. Flowed salt water by heads remainder of test. Tool open 65 minutes. Recovered 840' of salt water, final shut-in pressure - 950 pounds. No cores taken. Plugged and abandoned 5-16-70.

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

Location. Well will be drilled with company rig.

Eastern #21-1A Santa Fe Fee
T20N, R28E, G & SRM
Sec. 31: NW/4 NW/4
Permit #537

Location. Located 7 miles southeast of Navajo.

Eastern #24 Santa Fe Fee
T20N, R27E, G & SRM
Sec. 24: SE/4 NW/4
Permit #536

Location. Located 7 miles east of Navajo.

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
T30N, R10W, G & SRM
Sec. 3: SE/4 NE/4
Permit #533

The collapsed rig has been repaired. Currently drilling at 2560' in valley fill. They had hoped to be in salt at this depth; but, apparently they encountered a basalt sandstone

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El Paso #1 Federal Strat (Cont.)

instead which accounts for the magnetic reflections they mistook for the salt formation. Plans are to drill a 4000' test and if no salt is encountered at that depth the well will be plugged and abandoned.

El Paso indicates that they are prep to drill their Red Lake prospect north of Kingman. This will be called the El Paso Natural Gas Company #1 Red Lake. This well will be located in an area where an occurrence of an appreciable thickness of salt is well-known.

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

Since the meeting at Holbrook on May 20, Aritex has installed their new 40 horse power electric washing pump. They have continued to enlarge the underground storage cavern by washing, and now plan to start hauling in propane shortly after July 10. The propane will be hauled in by truck since it appears that the railway loading site will not be ready until this fall. A small amount of propane will be pumped into the cavern on a trial basis. After the propane is introduced into the cavern, enlargement of the cavern will still continue by washing beneath the propane as the propane by virtue of its buoyancy will remain at the top of the fluid column. Aritex is applying for permit to drill a water well on the property. Plans for future drilling to establish other storage cavities on this property are now being held up pending acquisition of adjoining land.

Aritex Development Corporation #1 Fee Water Well
T17N, R21E, G & SRM
Sec. 6: NE/4 SE/4
Permit #535

Location. Waiting on bond. Permit being processed.

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SCUTTLEBUTT:

Natural Resource Services (oil industry news sheet, Phoenix) has announced SEC approval for the issuance of \$300,000 in common stock, par \$1, price \$1. This is Loren Hughes and Gene Carpenter's operation which offers oil maps, leasing services, seismic surveys, and news services to the industry. They are also in the business of promoting wildcat wells on their own drilling blocks through what I believe to be a drilling fund type of arrangement. The new capital is to undertake an expansion of their news coverage into the adjoining states of Nevada, California, Utah, Colorado, and New Mexico. They have hired a Mr. Dick Selloover as office manager (salary \$12,000 per year). Mr. Selloover has been with Connoco as the manager of their midwest marketing division for 21 years.

Rumors still persist of an oil showing in the PMEX wildcat located in Chihuahua County approximately 40 miles southeast of Columbus, New Mexico. This is the well that Frank Getscher in his news-sheet has been reporting for several months. Getscher has been under the impression that the Mexicans, from the looks of all the storage tanks and elaborate equipment on location, have probably found something encouraging. However, he is now under the impression that they have been hauling off some of the equipment. This well, of course, is highly confidential. We can only stand by and guess at what the Mexicans have been doing on this location for the last several months.

Total wells drilled in the United States*—February, 1970†

Data compiled by the American Petroleum Institute.

State or district	Oil wells‡		Gas wells§		Dry holes¶		Total wells excluding service wells, stratigraphic and core tests		Stratigraphic and core tests		Service wells		Total wells all types February 1970	
	Wells	Footage	Wells	Footage	Wells	Footage	Wells	Footage	No. of tests	Footage	Wells	Footage	Wells	Footage
Alabama	1	5,550			4	24,352	5	29,902					5	29,902
Alaska	3	39,501			3	35,687	6	75,188					6	75,188
Onshore					3	35,687	3	35,687					3	35,687
Offshore	3	39,501					3	39,501					3	39,501
Arkansas	5	27,207	4	33,932	8	41,096	17	102,235					17	102,235
California	234	516,911	4	16,719	11	76,564	249	610,194	1	9,876	7	44,878	257	664,948
North			2	9,907	3	27,057	5	36,964					5	36,964
Central Coastal	25	112,053			2	12,976	27	125,029					27	125,029
East Central	164	231,368	2	6,812	4	20,902	170	259,082			1	1,100	171	260,182
South	26	113,455			2	15,629	28	129,084	1	9,876			29	133,960
Offshore	19	60,035					19	60,035			6	43,778	25	103,813
Colorado	9	42,383	1	3,404	39	222,384	49	268,171					49	268,171
Florida					4	14,449	4	14,449					4	14,449
Georgia					2	14,926	2	14,926					2	14,926
Illinois	13	35,724	1	1,810	28	58,750	42	96,284			4	8,631	46	104,915
Indiana	8	11,269			11	10,865	19	22,134			2	3,443	21	25,577
Kansas	81	258,401	13	52,929	107	368,460	201	679,790			1	3,090	202	682,880
Kentucky	40	56,363	4	9,677	28	40,778	72	106,818			11	13,851	83	120,669
Louisiana	104	739,440	38	394,029	93	789,909	235	1,923,378			6	18,634	241	1,942,012
North	36	66,225	9	52,610	21	76,603	66	195,438			3	1,384	69	196,822
South	46	429,407	24	276,278	47	454,987	117	1,160,672			3	17,250	120	1,177,922
Offshore	22	243,808	5	65,141	25	258,319	52	567,268					52	567,268
Michigan	3	5,452	1	3,965	19	72,243	23	81,660			1	1,200	24	82,860
Mississippi	9	83,926	1	22,736	13	150,073	23	256,735			2	8,407	25	265,142
Montana	4	16,543	17	26,178	70	282,285	91	325,066	3	5,918			94	330,924
Nebraska	2	9,963			13	63,631	15	73,599					15	73,599
New Mexico	34	213,567	5	36,338	22	132,757	61	382,662			4	25,049	65	407,711
East	31	198,585	1	13,953	21	129,757	53	342,295			4	25,049	57	367,344
West	3	14,982	4	22,385	1	3,000	8	40,367					8	40,367
New York	1	689	1	1,489			2	2,178			1	971	3	3,149
North Dakota	1	3,093			6	51,973	7	55,066					7	55,066
Ohio	39	155,056	76	359,238	9	28,429	124	542,723					124	542,723
Oklahoma	112	572,507	22	142,202	72	477,224	206	1,191,933			13	33,819	219	1,225,752
Pennsylvania	29	32,424	11	38,441			40	70,865			4	6,395	44	77,260
South Dakota					12	50,919	12	50,919					12	50,919
Tennessee					3	5,480	3	5,480					3	5,480
Texas	319	1,317,083	60	419,546	205	1,100,774	584	2,837,403	6	7,187	18	64,336	608	2,908,926
Dist. 1	19	46,003			7	25,009	26	71,012					26	71,012
Dist. 2	5	21,370	4	30,938	11	83,339	20	135,647					20	135,647
Dist. 3	23	102,055	9	47,141	22	152,232	54	301,428					54	301,428
Dist. 4	19	80,984	11	81,849	21	133,058	51	295,891					51	295,891
Dist. 5	2	14,568	3	31,056	5	53,316	10	98,940					10	98,940
Dist. 6	13	64,561	2	11,809	7	44,645	22	121,015					22	121,015
Dist. 7B	36	86,607	6	20,624	37	108,348	79	215,579	4	2,411	4	9,436	87	227,426
Dist. 7C	16	80,001	14	100,019	13	65,979	43	255,999					43	255,999
Dist. 8	72	338,808	3	34,203	23	197,453	98	570,464	2	4,776	11	45,894	111	621,134
Dist. 8A	48	252,166			15	79,646	63	331,812			1	5,253	64	337,065
Dist. 9	53	149,259			35	91,451	88	240,710			2	3,753	90	244,463
Dist. 10	12	60,921	8	61,907	7	50,617	27	173,445					27	173,445
Offshore	1	9,780			2	15,681	3	25,461					3	25,461
Utah	1	11,320	1	3,750	7	43,109	9	58,179					9	58,179
West Virginia	65	135,640	52	178,448	4	22,119	121	336,207			4	8,124	125	344,331
Wyoming	36	239,508	1	8,631	68	455,880	105	704,019					105	704,019
Total—Feb. 1970	1,153	4,529,525	313	1,753,462	861	4,635,116	2,327	10,918,103	10	22,981	78	240,828	2,415	11,181,912
Total—Jan. 1970	1,028	4,865,967	277	1,610,720	1,064	6,067,967	2,369	12,544,654	18	35,622	85	217,506	2,472	12,797,782
Jan-Feb. 1970	2,181	9,395,492	590	3,364,182	1,925	10,703,083	4,656	23,462,757	28	58,603	163	458,334	4,887	23,979,694
Jan.-Feb. 1969	1,955	8,624,034	472	2,982,512	1,830	10,084,222	4,257	21,771,768	172	190,945	196	476,764	4,625	22,358,477

*Does not include miscellaneous drilling not related to oil and gas exploration and production. †Covers reports of completed or abandoned wells received by API during the period from Jan. 31, 1970 through Feb. 27, 1970. ‡Includes multiple completion wells which produce gas from one or more zones but oil from at least one zone. A multiple completion well is counted as one well. §Includes multiple completion wells which produce gas from all zones. A multiple completion well is counted as one well. Gas wells also include so-called condensate wells.

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>May 1970</i>
38,538.00	110	1 Salaries, wages: employees	1 3,248.00
2,150.00	150	2 Per diem: board members	2 300.00
		3	3
492.24	211	4 Postage	4 -
1,462.27	212	5 Telephone, telegraph	5 140.46
1,674.33	221	6 Travel -State meals and lodging	6 344.78
1,045.48	222	7 mileage reimbursed private car	7 113.40
360.00	223	8 fares for planes, trains, etc.	8 -
1,043.38	224	9 State-owned auto expense	9 48.91
30.20	225	10 telephone, taxi, etc.	10 1.00
85.00	226	11 registration fees at meetings	11 16.00
		12	12
		13	13
771.81	231	14 Travel-out of State meals and lodging	14 114.76
1,367.00	233	15 fares for plane, train	15 88.00
2.50	234	16 <i>(Airport Parking)</i> State-owned auto expense	16 -
222.50	235	17 telephone, taxi, etc.	17 33.00
48.00	236	18 registration - meetings	18 -
		19	19
766.50	240	20 Professional services	20 -
		21	21
33.60	262	22 Mntns/repairs to office equip., furniture	22 -
476.69	294	23 Legal advt., notary, court, recording fees	23 -
	295	24 Transportation of things (well samples)	24 -
5,002.07	299	25 Miscellaneous (blueprint service, Ariz Bu	25 -
		26 Mines, Museum N. Arizona)	26 -
		27	27
		28	28
1,070.67	310	29 Office supplies	29 299.36
557.00	360	30 Scientific supplies	30 19.65
43.61	370	31 Mntns supplies (duplicate keys)	31 -
106.97	390	32 Other supplies (film)	32 -
		33	33
		34	34
364.02	411	35 Rent, office equip: copy machine	35 4.02
		36	36
	421	37 Bond (notary public)	37 -
80.60	430	38 Subscription/organization dues	38 -
		39	39
		40	40
480.17	611	41 Office equipment/furniture	41 -
1,896.70	616	42 <i>Auto</i>	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
60,421.31		TOTAL	4,771.34

1	2	3	4	5
RECEIPTS MONTH OF <i>May</i> 1970	RECEIPTS CLASSIFICATION	APPROPRIATED RECEIPTS	UNAPPROPRIATED RECEIPTS	TOTAL ALL RECEIPTS YEAR TO DATE
50 00	1 Permits to drill		50 00	750 00
	2			
	3			
	4			
	5			
	6			
	7			
	8			
	9			
	10			
	11			
	12			
	13			
	14			
	15			
	16			
	17			
50 00	TOTAL CURRENT MONTH RECEIPTS		50 00	XXXXXX
	TRANSFERS <i>In</i> Out		(300 00)	
XXXXXX	BALANCES BROUGHT FORWARD		2,620 25	XXXXXX
	TOTALS - MONTH AND YEAR TO DATE		2,320 25	750 00

6	7	8	9	10	11
CLAIMS PAID MONTH OF <i>May</i> 1970	EXPENDITURES FUND TITLES	TOTAL AMOUNT AVAILABLE YEAR TO DATE	CLAIMS PAID YEAR TO DATE	OUTSTANDING ENCUMBRANCES	UNENCUMBERED BALANCE
	1 Personal Services:				
3,248 00	2 General Fund	45,728 00	38,538 00		7,190 00
300 00	3 Conservation Fund	3,000 00	2,150 00		850 00
459 47	4 Current Expenditures	6,015 00	4,521 99	404 80	1,088 21
524 09	5 Travel - State	6,090 00	4,238 39	770 94	1,080 62
235 76	6 Travel - Out of State	3,496 00	2,411 81		1,084 19
4 02	7 Current Fixed Charges	500 00	444 62		55 38
-	8 Professional Services	2,000 00	966 50	250 00	783 50
-	9 Capital Outlay	2,376 87	2,376 87		-
-	10 Museum N. Arizona	2,500 00	2,500 00		-
-	11 Arizona Bureau Mines	2,500 00	2,500 00		-
	12				
	13 <i>Trans. of Funds to</i>				
	14 <i>Per. Auto</i>	(226 87)	(226 87)		
	15				
	16				
	17				
	18				
	19				
	20				
	21				
	22				
	23				
	24				
	25				
	26				
	27				
	28				
	29				
	30				
4,771 34	TOTALS	73,979 00	60,421 31	1,425 74	12,131 95