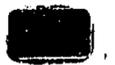


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OIL & GAS CONSERVATION COMMISSION
Meeting: August 19, 1970
Mr. John Bannister, Exec. Sec.





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

A G E N D A

Meeting
August 19, 1970
Room 204, Arizona State Office Bldg.

10:00 a.m.

Call to order → 9:58 AM

1. ✓ Approval of minutes of meeting of July 15, 1970 OK
2. Executive Secretary report
3. Geologist report
4. Old business
5. New business - 1. Budget ✓
2. Next mtg 9-18-70 ✓
6. Adjourn

Hafford - Absent

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

OIL AND GAS CONSERVATION COMMISSION

<u>ACCOUNT</u>	<u>1970-71</u>	<u>1971-72</u>
<u>General Fund</u>		
Personal Services	80,370	86,304
Employee Related Expenditures	6,835	8,191
Other Operating Expenditures	35,630	40,855
Professional & Outside Services	1,500	2,000
Travel - State	8,000	10,800
Travel - Out of State	3,500	6,600
Capital Outlay - Equipment	8,000	1,250
<u>Oil & Gas Conservation Fund</u>		
Other Operating Expenditures	<u>1,170</u>	
TOTAL	145,005	156,000



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

August 12, 1970

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

As you are probably aware, Mr. W. Roger Hafford, Executive Vice President of the Valley National Bank, has been appointed to fill Mr. Kenneth Bentson's unexpired term. Mr. Hafford's term will expire December 31, 1971. In conversation recently with Mr. Hafford, he advised me that our normal meeting date, i.e., the third Wednesday of each month, is unsuitable to him, inasmuch as on this particular day he must attend a board meeting of the Valley National Bank and also, within this same period, a board meeting of Southwest Forest Industries. He further advised he would be unable to meet with us this August and requested that our September meeting be set for the 17th, at which time he will be available.

In discussing this situation with Chairman Ralph Bilby, I was advised to notify you gentlemen that our September meeting will be held on Thursday, the 17th, and that at that time a new regular Commission meeting date will be discussed in order that Mr. Hafford may regularly attend.

As of this date, our new building site is somewhat up in the air. The owner of the building, Mrs. Ralph Jenkins, was in an automobile accident recently and no positive steps have been taken as yet. I contacted her and learned that the proposed alterations of the building would run her somewhere in the neighborhood of \$40,000. This, of course, is prohibitive. A good bit of this money represents a shoring up of the second floor in order to accommodate the weight of the sample storage. I discussed this problem with her and advised her this area could be put on the ground floor, if necessary, and the hearing room shifted upstairs. Upon further consideration, it would seem more feasible, in order to keep operations intact, to shift the geology section to the first floor and the office section to the second floor. I have heard nothing further from Mrs. Jenkins.

On August 10th I contacted O'Malley Investment Company, the realtors

Executive Secretary Report
Page 2
8-12-70

handling this building, and requested they get immediate and positive assurance that we could or could not move into the building. They advise me that a positive answer will be given us prior to August 14th.

As of today we have not hired the two new geologists or the new secretary, inasmuch as we have no room to house them and the Personnel Department has not as yet made applicants available for interview. Until such time as space is available, we will make no great effort to bring these people into the organization.

The proposed budget for the year 1971-72 is being made up and it will be necessary to discuss this budget at our forthcoming meeting on the 19th, since the budget must be submitted on September 1st.

New Permits:

- 544 - Union Texas Petroleum Lukachukai #1-14 Navajo, NE/4 SW/4 14-37N-29E, Apache County.
- 545 - Union Texas Petroleum #1-6 Navajo, NW/4 SW/4 6-36N-30E, Apache County.
- 546 - Depco, Incorporated #1-2 Navajo, NW/4 SE/4 2-40N-30E, Apache County.

OFFICE OF
Oil and Gas Conservation Commission
STATE OF ARIZONA
ROOM 202
1624 WEST ADAMS
Phoenix, Arizona 85007
PHONE: 271-5181

August 12, 1970

GEOLOGIST'S REPORT

FROM: JAMES SCURLOCK
TO : COMMISSIONERS

APACHE COUNTY

Depco, Incorporated, #1-2 Navajo (2244)
NW/4 SE/4 Sec. 2-T40N-R30E
Permit #546

Ground elevation 5371'. Located 1 mile southeast of Teec Nos Pos. Proposed depth is 6800' basement test.

Spud 8-9-70. Set 13-3/8" casing at 287' with 175 sacks of cement. Presently drilling a 8-3/4" hole at 787'.

Union Texas Petroleum Lukachukai #1-14 Navajo (2202)
NE/4 SW/4 Sec. 14-T37N-R29E
Permit #544

Contractor: Signal Oilfield Service. Ground elevation 6215'. Located 8-1/2 miles northwest of Redrock. (Also located 8 miles northwest of Dineh bi Keyah Field). Proposed depth is 3900' basement test.

Spud 8-2-70. Set 8-5/8" casing at 204' with 150 sacks of cement. Currently drilling at 1568' in DeChelly sandstone. Plan to core at about 3500'. Main objective is Pennsylvanian Reef.

Union Texas Petroleum #1-6 Navajo (2279)
NW/4 SW/4 Sec. 6-T36N-R30E
Permit #545

Ground elevation 6610'. Contractor: Signal Oilfield Service. Located 3 miles north of Dineh bi Keyah Field. Proposed depth 3600' basement test.

Location.

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Geologists Report
August 12, 1970

Thoureen #1 Santa Fe
NE/4 SW/4 Sec. 27-T21N-R26E
Permit #504

"TIGHT HOLE"

Total depth 1237'. Ground elevation 5869'. Top of Coconino 1210'. Twenty-seven inch casing was set at 31-1/2' with 6 sacks. Set 4-1/2" casing at 1226' with 75 sacks. Well has been temporarily abandoned since December 1, 1969. The operator expects to plug within 30 to 60 days.

Eastern #1 Navajo (2601)
NE/4 SW/4 Sec. 30-T20N-R28E
Permit #523

Location.

Extension of permit has been granted. If well is not commenced by September 19, 1970, the permit will expire.

Eastern #24 Santa Fe Fee
SE/4 NW/4 Sec. 24-T20N-R27E
Permit #536

Located 7 miles east of Navajo. Operator plans to re-enter the old hole to attempt Shinarump completion. Probably will frac.

Original well was drilled to a total depth of 1340'. Ground elevation 5792'. Plugged and abandoned 7-2-64.

Eastern #21-1A Santa Fe Fee
NW/4 NW/4 Sec. 31-T20N-R28E
Permit #537

Location. Located 7 miles southeast of Navajo.

Eastern Petroleum #1-26 Santa Fe Fee
SE/4 SW/4 Sec. 26-T20N-R27E
Permit #543

Ground elevation 5764'. Contractor: Eastern Petroleum Company.

Spud 7-7-70. Total depth is 1162'. Set 4-1/2" casing at 1135' with 100 sacks of cement. Currently attempting to complete.

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Geologist's Report
August 12, 1970

GRAHAM COUNTY

Tenney #3 State 12053
SE/4 SW/4 Sec. 36-T9S-R27E
Permit #541

Spud 4-30-70. Set 18" casing at 623' (no cement). Set 12-3/4" at 1195' (no cement). Contractor is Ivan D. Tenney. Cable tool rig is being used. Depth 1240'. Plan to set 10-3/4" casing at about 1800'.

Permit has just been issued for this well which up to now has been drilling in illegal status.

MOHAVE COUNTY

Harris #1 Federal 3758A
NW/4 NE/4 Sec. 29-T38N-R7W
Permit #502

Formation tops:

Kaibab	448'
Toroweap	585'
Coconino	1080'

Total depth 1115'.

Plugged and abandoned 7-29-70.

FINAL REPORT

El Paso Natural Gas Company #1 Red Lake Federal Strat 4575
SW/4 SW/4 Sec. 22-T26N-R16W
Permit #542

Spud 7-1-70. Contractor: J. O. Barnes Drilling Company (Casa Grande). Located 25 miles north of Kingman.

Total depth was 5994'. Ran 2-7/8" tubing to 5986'. Bottom of tubing contains bull plug. The tubing will be filled with fresh water and a temperature survey instrument will be set inside the tubing for a test period of about 6 months. The temperature gauge will be pulled at intervals during the test period.

MARICOPA COUNTY

Southwest Salt Company #1 Strat
SW/4 SW/4 Sec. 2-T2N-R1W
Permit #527

Brine well near Litchfield. The company has hit a real snag recently in a routine operation whereby they were attempting to lower the tubing in the brine well in order to increase

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Geologist's Report
August 12, 1970

the salt concentration. When the pipe stuck, operator decided to blast the pipe loose and attempt a fishing job which proved unsuccessful. As a result, entry into the salt cavity appears to be blocked by twisted tubing which was blasted loose and could not be retrieved. Operator is now planning to block off the cavity and perforate the tubing in the upper water zones in order to recomplete the well as a water well. Plans now call for drilling another brine well but this difficulty has meant a severe financial blow to this company. Presently they are harvesting some of the salt in order to raise money for the new well.

NAVAJO COUNTY

Aritex Development Corporation #1 Fee Strat
NE/4 SE/4 Sec. 6-T17N-R21E
Permit #530
and
Aritex Development Corporation #2 Fee Strat
SE/4 NE/4 Sec. 6-T17N-R21E
Permit #532

Hydrostatic tests of the cavity have been successfully completed. Pressure was built up in the cavity to 187 pounds. At the end of the 24-hour testing period this pressure had declined to about 182 pounds, thus, proving the integrity of the cavity against leakage. The loss of 5 pounds here is thought to be due to the absorption by the salt.

Operator is currently preparing to bring in a work-over rig for well #1. A survey will be run to determine the position of the cavity in relationship to the 7" casing. The problem here is that 25 truck loads of propane were brought in and injected into the cavity. Operator was not successful in making a full recovery of the propane and indicates that much of the propane remaining in the cavity may be entrapped in the top of the cavity which has been washed out above the casing. Their thinking is that this propane may have to be left in place as permanent inventory.

In any case, this difficulty does not represent any major obstacle; and, in fact, operations are proceeding according to schedule.

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Geologist's Report
August 12, 1970

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

Location. Waiting on bond. Permit being processed.

YAVAPAI COUNTY

El Paso #1 Federal Strat
SE/4 NE/4 Sec. 3-T30N, R10W
Permit #533

Plugged and abandoned 6-16-70. Total depth 3831'.

Formation tops:

Quaternary

Surface

Tertiary

1550'

FINAL REPORT

SCUTTLEBUTT:

We are receiving a number of applicants for our job openings as stratigrapher and geologist. The Personnel people have allowed us to recruit from out-of-state; and, I believe that we will be able to hire well-qualified people.

A new company has opened an office in the Del Webb Townhouse in Phoenix under the name of Mesa Southwest Corporation. This is a Texas based company whose main purpose is to explore for oil, gas, and other minerals. Their Articles of Incorporation show that they may be allowed to issue 100,000 shares of stock on a no-par basis. We understand that the officers are E. R. Richardson, James Pickett, Howard E. (Fuzzy) Henderson, and Tom Connelly, all well-known lease hands in this area. They are taking ten-year leases with 50¢ rentals and \$1 per acre bonus. We have no idea about their total acreage position but rumor has it that they have leased 250,000 acres of fee land across southern Arizona together with whatever state and federal lands they might hold. Hopefully, we will be seeing some action out of this new group.

The overall regional picture of the Four Corners oil production shows a decrease of about 8% per year. The largest field in Arizona, of course, is Dineh bi Keyah which accounts for about 4700 barrels of oil per day. Total recovery from Dineh bi Keyah is expected to be

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Geologist's Report
August 12, 1970

about 16 million barrels of which over 9 million barrels has already been produced since its discovery in February, 1967.

The Budget and Finance Committee of the Navajo Tribe was in town a few days ago. Their yearly budget runs between 15 and 20 million dollars. The main source of their revenue is from royalties and leasing of minerals, including oil and gas.

Navajo Lease Sale #100 which will be the largest lease offering of Tribal lands on record is now being prepared.

Mr. John E. Swearingen, Standard Oil of Indiana chairman, has recently pointed out that the country may be facing a real shortage of energy for the first time since the industrial revolution. Oil and gas together account for three quarters of the nation's energy supply, he said, and indicated that studies show that they will continue to be the leading energy source through the year 2000. Swearingen added that with a possible energy shortage already pending in the U. S., this was not the time to adopt policies which, by using higher imports as a short range tool to force down domestic crude prices, would point the country into a long range era of declining domestic exploration and production. The resulting decline in the U. S. reserves would force increasing reliance on foreign sources of oil which could not be considered secure in regard to either deliverability or cost. He noted that the main reason for the mandatory import quotas is the preservation of the national security.

It is interesting to note that the Navajo Tribe is conducting primary elections this week. Unofficial returns show that Tribal chairman, Raymond Nakai, and Mr. Peter MacDonald are running a very close race. The runoff will be held in the November general election.

AGENCY Oil & Gas Conservation Comm.

DIVISION _____

IDENTIFICATION CODE NO. _____

1	2	3	4
CLAIMS PAID YEAR TO DATE <i>(See July Col.)</i>	OBJECT CODE NO.	DISTRIBUTION OF EXPENDITURES CLASSIFICATION	CLAIMS PAID MONTH OF <i>July 1970</i>
	7111.0	1 Per diem: board members	1 200 00
	7112.0	2 Salaries, wages: employeet	2 4,318 00
	7151.0	3 Industrial Insurance	3
	7153.0	4 F.I.C.A.	4
	7155.0	5 State Retirement	5 207 26
	7159.0	6 Personnel Commission	6 215 90
	7215.0	7 Professional Services - Engineer	7
	7219.0	8 Professional Services - Court Reporter	8
	7221.0	9 Travel - State: Mileage	9 100 00
	7222.0	10 Subsistence	10 186 10
	7230.0	11 Public Transportation	11 356 85
	7224.1	12 Gas - Oil	12
	7224.2	13 Tires	13
	7224.3	14 Preventative Mtn.	14
	7224.4	15 Repairs (Usage)	15 36 00
	7225.0	16 Reg. Fees, Telephone, etc.	16 1 20
	7224.6	17 Strg, Parking, Washing, etc.	17 16 00
	7232.0	18 Travel - Out of State: Subsistence	18 59 80
	7233.0	19 Public Trans., Taxi, etc.	19 89 20
	7239.0	20 Reg. Fees, Telephone, other	20 60 00
	7251.0	21 Occupancy: Rent	21
	7253.0	22 Maintenance & Repairs	22
	7259.0	23 Other	23
		24	24
		25 Maintenance & Repairs:	25
	7272.0	26 Furniture & Equipment	26
	7272.1	27 Maintenance Typewriters	27
	7272.2	28 Overhaul Typewriters	28
	7272.4	29 Repair Adding Machines	29
		30	30
	7280.1	31 Printing Stationery	31
	7280.2	32 Printing Forms	32
	7280.3	33 Carbon Paper & Typewriter Ribbons	33
	7280.9	34 Other Misc. Office Supplies	34
	7296.3	35 Coarse Paper (Towels, etc.)	35
	7294.4	36 Soap	36
	7296.5	37 Brooms, etc.	37
	7296.6	38 Light Bulbs, etc.	38
	7300.0	39 Film, Field Supplies, Tools, under \$10	39 3 19
	7331.5	40 Printing Maps	40
	7331.9	41 Printing, Other	41
	7332.9	42 Legal Advertising	42 131 54
	7334.1	43 Stamps	43
	7335.0	44 Telephone	44 165 89
	7336.0	45 Telegraph	45
	7342.2	46 Rental Equipment	46
	7360.0	47 Dues & Subscriptions	47 22 00
	7431.1	48 Capital Outlay: Typewriter	48
	7431.4	49 Desks, Tables, Chairs, etc.	49
	7431.5	50 Files, Storage Cabinets, etc.	50
	7436.1	51 Passenger Cars	51 4,514 41
		52	52
	7913.0	53 Revolving Fund	53 250 00
		54	54
		55	55
<u>10,927 34</u>		TOTAL	<u>10,927 34</u>

OFFICE

DO NOT WRITE BELOW THIS LINE

FIELD

RECEIPTS MONTH OF <i>July</i> 1970	CLASSIFICATION	RECEIPTS	APPROPRIATED RECEIPTS	UNAPPROPRIATED RECEIPTS	TOTAL ALL RECEIPTS YEAR TO DATE
50 00	1	Permits to Drill		50 00	50 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
XXXXXX	TRANSFERS IN				
	BALANCES BROUGHT FORWARD			2,220 25	XXXXXX
50 00	TOTALS - MONTH AND YEAR TO DATE			2,270 25	50 00

6 CLAIMS PAID MONTH OF <i>July</i> 1970	7 EXPENDITURES FUND TITLES	8 TOTAL AMOUNT AVAILABLE YEAR TO DATE	9 CLAIMS PAID YEAR TO DATE	10 OUTSTANDING ENCUMBRANCES	11 UNENCUMBERED BALANCE
4,518 00	1 Personal Services	19,979 00	4,518 00		15,461 00
423 16	2 Emp. Related Exp.	1,708 75	423 16		1,285 59
629 43	3 Other Operating Exp.	8,905 50	629 43	630 11	7,647 96
100 00	4 Prof. & Outside Serv.	375 00	100 00		275 00
593 34	5 Travel - State	3,000 00	593 34	1,352 66	54 00
149 00	6 Travel - Out of State	875 00	149 00		726 00
4,514 41	7 Cap. Outlay - Equip.	8,000 00	4,514 41		3,485 59
	8 Conserv. Fund - Other				
	9 Operating Exp.				
	10				
	11				
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	30				
10,927 34	TOTALS	41,845 25	10,927 34	1,982 77	28,935 14

AGENCY Oil & Gas Conservation Comm. IDENTIFICATION CODE NO.