

OIL & GAS CONSERVATION COMMISSION  
Meeting: December 18, 1970  
Mr. John Bannister, Exec. Sec.



OFFICE OF

**Oil and Gas Conservation Commission**

STATE OF ARIZONA

4515 NORTH 7TH AVE.

PHOENIX, ARIZONA 85013

PHONE: (602) 271-5161

**A G E N D A**

Meeting  
December 18, 1970  
4515 N. 7th Avenue, Phoenix, Arizona

10:00 a.m.

Call to order

1. Approval of minutes of meeting of November 20, 1970 *Delcie Pye*
2. Executive Secretary report
3. Enforcement Section activity report
4. Geology Section activity report
5. Old business:
  - Decision - Case No. 44
  - Decision - Case No. 45
  - thank you letters →*
6. New business
7. Adjourn

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

*Thank you letters*

*Pye  
Sull problem  
Carpenter - 10CC  
Rules & Statutes*

*10CC invited to Pye.*

*Bledsoe - Absent*



OFFICE OF  
**Oil and Gas Conservation Commission**

STATE OF ARIZONA  
4515 NORTH 7TH AVE.  
PHOENIX, ARIZONA 85013  
PHONE: (602) 271-5161

December 10, 1970

Memo: Commissioners  
From: John Bannister

Reports of Mr. Allen and Mr. Scurlock, submitted to you at this time, are fairly conclusive and I have nothing specific to add in either of their areas.

I would like to invite your attention to the fact that at the forthcoming meeting it will be necessary for the Commissioners to render a decision on Case No. 44 and Case No. 45, these being the cases we heard in Tucson during our last meeting. I mailed our recommendations to you earlier and hope that if you have any questions you will advise us at the meeting. As of now I have not received a brief from Kerr-McGee.

Mr. Bilby and I recently attended the Interstate Oil Compact Commission's December meeting in Santa Fe. Several excellent papers were presented and copies of these will be available in the near future should you decide to read them. I was particularly interested in a report given to us by Mr. Scott Carpenter, the former astronaut. He spoke of the problem of wasted helium within this country. Mr. Carpenter, as at this time, has severed relationship with both the astronaut and aquanaut programs of the Government and spoke to us as President of the Helium Association. This is a new organization composed primarily of scientists, professors, etc., who are aware of our helium problem and are seeking to make the country aware of its necessity in the many scientific programs in which it is now involved.

In the event you are unable to attend the forthcoming meeting, the staff and I would like to take this opportunity to wish you and your family a very happy Christmas and happy and prosperous New Year.



OFFICE OF

**Oil and Gas Conservation Commission**

STATE OF ARIZONA

██████████ 4515 NORTH 7th AVE.  
PHOENIX, AZ. 85013  
Phoenix, Arizona 85007

PHONE: 271-5161

ACTIVITY REPORT

December 9, 1970

Memo from W. E. Allen  
Director, Enforcement Section

On December 1 an extensive tour of the East Boundary Butte Field was made. The wells and batteries were in generally good shape insofar as good housekeeping was concerned, with few exceptions. There was no evidence of waste within the rules and regulations of the Oil and Gas Commission.

There was some noticeable spoilage of vegetation caused by seepage from two different pits used by AAA Fishing Tool Company for storage of produced salt water. This situation has been called to the attention of AAA Fishing Tool with orders to remedy this condition at once.

There were several installations, primarily tank batteries, without identifying signs. This situation has been called to the attention of the operators with a request to place the proper sign in a conspicuous place on all properties.

Since Merrion and Bayless have assumed operations of Humble properties in this field, they have erected their signs on all wells; however, there are no signs at their batteries.

On December 2 a tour of the Dineh bi Keyah Field was made. Due to the muddy roads existing in the field, this was a guided tour conducted by Mr. Bob Delancy, a Kerr-McGee employee, in his four-wheel drive vehicle. All properties observed were properly identified and well maintained. There had recently been a leak in one of the Kerr-McGee 5,000-barrel storage tanks. No appreciable amount of oil was lost and what spillage occurred was contained by

Page 2  
December 9, 1970  
Activity Report  
W. E. Allen

the firewall surrounding the tank. Mr. Delancy was questioned about this leak. My concern was with corrosion. He informed me that no corrosion or erosion had occurred since the tank had been set on this lease. This was an old tank that had been moved in from another field and had not been treated prior to being placed in service.

During my visit with Kerr-McGee people I learned that an independent operator was drilling a tight hole on a Kerr-McGee farmout in the SE/4 NE/4 Section 23, Township 23 north, Range 20 west, New Mexico Prime Meridian. This is just across the line in New Mexico approximately three miles from the Arizona line. Pipe has been set on this prospect. The well is being drilled by William Gruenerwald and Associates as their #1 Navajo. It is southwest of Todlena, New Mexico and is on the Navajo reservation.

On December third and fourth a tour was made embracing the Navajo Springs and Pinta Dome areas. Also Aritex operations in Holbrook were inspected.

Eastern Petroleum Corporation is extremely negligent in erecting identifying signs at their completed locations as is Crest Oil Company. This situation has been brought to their attention several times in the past and will continue to be brought to their attention until such time as I am successful in having the signs erected. Eastern has been very uncooperative in the past in submitting the various reports that are required. We keep hounding them in the belief that they will improve in this respect. Kerr-McGee wells that were inspected were all well identified and maintained.

Crest has re-entered their Arizona Helium #8X Santa Fe Fee in the SE/4 NW/4 Section 25, Township 20 north, Range 27 east in an effort to shut off the water.

Page 3  
December 9, 1970  
Activity Report  
W. E. Allen

Aritex is busily engaged in enlarging the storage reservoir. They are also negotiating for acreage immediately south of their present operations. They plan to drill two additional wells and establish another storage area if their negotiations are successful.

On November 19 the writer visited the Tenney State #3 located in Section 36, Township 9 south, Range 27 east, Graham County. The rig was over the hole; but, all operations had ceased and no one was on location. The operator of this well has since run 7" casing inside of the 8-5/8" casing to a total depth of 2003' and is presently drilling grey shale at 2025'. There has been 178' of hole made since operations resumed last week.

Southwest Salt Company has reached total depth in their #2 well. Some 800' of 6" pipe has been lost in the hole and efforts to retrieve it have been unsuccessful. Presently efforts are being made to treat the fluid in the hole to clear it up sufficiently to run a down-hole camera in order to determine just what tools may be used to retrieve the fish.

Western Helium Corporation during the month of November processed an estimated 6,965,000 cubic feet in 22 days of operations. The above estimated production is subject to correction when final computations are received from the firm that interprets their chart readings. This production was from three wells: the Eastern Santa Fe #21-1A, the Eastern Ancon #21, and the Eastern Santa Fe #14.

A recent discussion with Mr. Ed Obele, president and promoter of the Guadalupe Exploration Corporation, indicated that his operations were shaping up real well; and, that it appears that he will be able to have a rig drilling on his block in extreme southeastern Cochise County by February. Mr. Obele indicated that Sun Oil Company was interested in assuming part of the cost of drilling this 7000' test providing the two companies could agree

Page 4  
December 9, 1970  
Activity Report  
W. E. Allen

on terms and conditions. Sun has recently completed seismograph work in Cochise County. The above mentioned block was among the acreage surveyed by Sun using the Vibroseis or "thumper" method.

A bill which would prohibit the Federal Power Commission from regulating the wellhead price in new natural gas contracts has been introduced by Senator John Tower and co-sponsored by Senator Clifford Hansen of Wyoming.

The bill, which is based on a decontrol plan drafted by FPC Commissioner Carl Bagge, would require all prices and escalations to be stated in definite price-per-unit terms. Current FPC regulations of contract terms other than price would continue unchanged under the bill.

Tower indicated that he has little expectation that this bill would be enacted into law before Congress adjourns this year. If it is not enacted, he plans to offer the legislation again in the next Congress.



OFFICE OF

**Oil and Gas Conservation Commission**

STATE OF ARIZONA

██████████ 4515 NORTH 7th AVE.  
██████████ PHOENIX, AZ. 85013  
Phoenix, Arizona 85007

PHONE: 271-5161

December 9, 1970

ACTIVITY REPORT

TO: Commissioners

FROM: James R. Scurlock

We are presently navigating our way through the considerable body of geologic literature on Arizona. Ed Koester is concentrating his study on the area south of the Mogollon Rim - the so-called Basin and Range Province, while Jack is focusing on the Colorado Plateau Province north of the Rim.

We are still working our sample library files into shape. Our next step is to haul in samples from Tucson - some of the duplicate samples which Wes Pierce has at the University.

By the time you read this, we three geologists will be headed toward Tucson where we will spend a day looking through the unpublished theses at the University and other data in the files of the Arizona Bureau of Mines, and then drive on down to Douglas with Jerry Wright and Wes Pierce. We hope to enjoy a couple of margaritas with Frank Moore on Thursday night (12-10-70) and the following day we will undertake a field reconnaissance of Cochise County with Mr. Moore.

An interesting item of news: Mr. John Vennema, Madison Avenue stockbroker, was in the office. He has taken 33,000 acres of oil leases under the name of Windward Development Company (during the last two years) on the Mexican border south of Yuma. Vennema will approach Mesa Southwest for support of a deep well in this area. He seems enthusiastic and we are hoping for a test in the Yuma area this coming new year.



RECEIPTS MONTH OF	RECEIPTS CLASSIFICATION	APPROPRIATED RECEIPTS	UNAPPROPRIATED RECEIPTS	TOTAL ALL RECEIPTS YEAR TO DATE
Nov. 1970	1 Permits to Drill		-0-	125.00
-0-	2			
	3			
	4			
	5			
	6			
	7			
	8			
	9			
	10			
	11			
	12			
	13			
	14			
	15			
	16			
	17			
-0-	TOTAL CURRENT MONTH RECEIPTS		-0-	XXXXXX
	TRANSFERS IN		-0-	
XXXXXX	BALANCES BROUGHT FORWARD		1,290.06	XXXXXX
	TOTALS - MONTH AND YEAR TO DATE		1,290.06	125.00

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
6,669.00	1 Personal Services	40,185.00	25,178.00	-	15,007.00
514.74	2 Emp. Related Exp.	3,644.50	1,934.57	-	1,709.93
6,572.35	3 Other Operating Exp.	17,815.00	14,294.07	938.13	2,522.80
-	4 Prof. & Outside Serv.	1,500.00	-	-	1,500.00
707.01	5 Travel - State	4,000.00	2,406.02	1,369.86	224.12
323.70	6 Travel - Out of State	1,750.00	967.95	560.75	221.30
892.14	7 Cap. Outlay - Equip.	8,700.00	6,669.17	1,973.14	57.69
-	8 Conserv. Fund - Other	1,770.00	1,055.19	-	714.81
	9 Operating Exp.				
	10				
	11				
	12				
	13				
	14				
	15				
	16				
	17				
	18				
	19				
	20				
	21				
	22				
	23				
	24				
	25				
	26				
	27				
	28				
	29				
	30				
15,678.94	TOTALS	79,364.50	52,504.97	4,841.88	22,017.65

AGENCY Oil & Gas Conservation Comm. IDENTIFICATION CODE NO.

AGENCY Oil & Gas Conservation Comm.

DIVISION \_\_\_\_\_ IDENTIFICATION CODE NO. \_\_\_\_\_

1	2	3	4
CLAIMS PAID YEAR TO DATE	OBJECT CODE NO.	DISTRIBUTION OF EXPENDITURES CLASSIFICATION	CLAIMS PAID MONTH OF Nov. 19 70
1,070 <sup>00</sup>	7111.0	1 Per diem: board members	1 240 <sup>00</sup>
24,108 <sup>00</sup>	7112.0	2 Salaries, wages: employees	2 6,429 <sup>00</sup>
	7151.0	3 Industrial Insurance	3
729 <sup>11</sup>	7153.0	4 F.I.C.A.	4 193 <sup>28</sup>
1,205 <sup>46</sup>	7155.0	5 State Retirement	5 321 <sup>46</sup>
	7159.0	6 Personnel Commission	6
	7215.0	7 Professional Services - Engineer	7
	7219.0	8 Professional Services - Court Reporter	8
538 <sup>70</sup>	7221.0	9 Travel - State: Mileage	9 75 <sup>00</sup>
1,165 <sup>09</sup>	7222.0	10 Subsistence	10 410 <sup>00</sup>
89 <sup>96</sup>	7223.0	11 Public Transportation	11 53 <sup>52</sup>
432 <sup>32</sup>	7224.1	12 Gas - Oil	12 121 <sup>49</sup>
52 <sup>59</sup>	7225.0	13 Reg. Fees, Tel, Rental, etc.	13 47 <sup>00</sup>
45 <sup>16</sup>	7224.3	14 Preventative Mtn.	14
51 <sup>32</sup>	7224.4	15 Repairs (Usage)	15
	7224.5	16 Repairs (Damage)	16
30 <sup>88</sup>	7224.6	17 Strg, Parking, Washing, etc.	17
359 <sup>30</sup>	7232.0	18 Travel - Out of State: Subsistence	18 179 <sup>00</sup>
497 <sup>35</sup>	7233.0	19 Public Trans., Taxi, etc.	19 144 <sup>70</sup>
111 <sup>30</sup>	7239.0	20 Reg. Fees, Telephone, other	20
7,397 <sup>84</sup>	7251.0	21 Occupancy: Rent	21 1,849 <sup>46</sup>
783 <sup>15</sup>	7253.0	22 Maintenance & Repairs	22 780 <sup>12</sup>
	7349.0	23 Other (Misc. Rental)	23
	7272.9	24 Repair Furniture	24
	7272.0	25 Maintenance & Repairs:	25
45 <sup>45</sup>	7272.1	26 Furniture & Equipment	26 35 <sup>45</sup>
	7272.2	27 Maintenance Typewriters	27
	7272.4	28 Overhaul Typewriters	28
49 <sup>56</sup>	7272.4	29 Repair Adding Machines	29
		30	30
28 <sup>08</sup>	7280.1	31 Printing Stationery	31
19 <sup>00</sup>	7280.2	32 Printing Forms	32
	7280.3	33 Carbon Paper & Typewriter Ribbons	33
469 <sup>37</sup>	7280.9	34 Other Misc. Office Supplies	34 213 <sup>83</sup>
	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
362 <sup>70</sup>	7300.0	39 Film, Field Supplies, Tools, under \$10	39 107 <sup>20</sup>
11 <sup>40</sup>	7349.0	40 Rental, Misc.	40 5 <sup>70</sup>
186 <sup>25</sup>	7333.0	41 Court Reporter	41
495 <sup>40</sup>	7332.9	42 Legal Advertising	42 241 <sup>87</sup>
111 <sup>47</sup>	7334.1	43 Stamps	43 110 <sup>20</sup>
777 <sup>72</sup>	7335.0	44 Telephone	44 293 <sup>77</sup>
3,289 <sup>87</sup>	7337.0	45 Drayage	45 2,934 <sup>68</sup>
342 <sup>00</sup>	7342.2	46 Rental Equipment	46
30 <sup>00</sup>	7360.0	47 Dues & Subscriptions	47
780 <sup>06</sup>	7431.1	48 Capital Outlay: Typewriter	48
442 <sup>00</sup>	7431.4	49 Desks, Tables, Chairs, etc.	49
772 <sup>14</sup>	7431.5	50 Files, Storage Cabinets, etc.	50 772 <sup>14</sup>
4,514 <sup>41</sup>	7436.1	51 Passenger Cars	51
40 <sup>56</sup>	7490.0	52 Misc. (Blackboard)	52
250 <sup>00</sup>	7913.0	53 Revolving Fund	53
700 <sup>00</sup>	7912.0	54 Transfer to Other Funds	54
120 <sup>00</sup>	7410.0	55 Capital Outlay: Outside sign	55 120 <sup>00</sup>
52,504 <sup>97</sup>		TOTAL	15,678 <sup>94</sup>