

OIL & GAS CONSERVATION COMMISSION
MEETING: February 19, 1971
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
February 19, 1971
4515 N. 7th Avenue, Phoenix, Arizona

10:00 a.m.

Call to order

1. Approval of minutes of meeting of January 15, 1971
2. Executive Secretary report
3. Enforcement Section activity report
4. Geology Section activity report
5. Old business
6. New business
7. Adjourn

*Get in
reports on
tax incentives
from other states*

OIL AND GAS CONSERVATION COMMISSION
4515 N. 7th Avenue
Phoenix, Arizona 85013

Minutes of Meeting
January 15, 1971

Present:

Mr. Ralph W. Bilby, Chairman
Mr. Frank E. Moore, Member
Mr. Robert A. Bledsoe, Member
Mr. W. Roger Hafford, Member

Absent:

Mr. Lucien B. Owens, Member

The regular Commission meeting for the month of January, 1971 was called to order by Chairman Ralph Bilby at 10:00 a.m.

The minutes of the meeting of December 18, 1970 were approved as written.

Reports of Executive Secretary, Enforcement Section and Geology Section were accepted.

Executive Secretary requested permission to seek legislation to set forth specific time limits for the submission to the Commission of certain key reports and to change other key statutory times. The Executive Secretary was authorized to seek the introduction of the legislation as proposed to the Commissioners.

After discussion, it was agreed that Chairman Bilby should write to the Appropriations Committees of both the Senate and House of Representatives expressing the willingness of the Commission to appear before them in discussion of the Commission budget, should they so request.

Meeting adjourned at 11:25 a.m.

APPROVED


Ralph W. Bilby, Chairman



OFFICE OF

Oil and Gas Conservation Commission

STATE OF ARIZONA

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

February 9, 1971

Memo: Commissioners
From: John Bannister

Re: Report of Activity

As you have previously been advised and pursuant to authorization given me at the regular Commission meeting of January 15th, I have contacted Mr. Stan Turley, Chairman of the House Natural Resources Committee, and have secured his aid in attempting to gain legislation aimed at tightening up certain key dates within our Statutes. You will recall that some dates being overly long worked a hardship on the Commission in gathering information. Mr. Turley was more than co-operative with our suggestions and has agreed to introduce the bill.

Also, in discussion with Mr. Turley at that time, he suggested the Commission introduce a bill seeking some monetary authority which we asked for two years ago and were denied. Consequently, after discussions with our Chairman, we submitted to Mr. Turley a bill basically allowing this Commission to charge for such items as reproduction services, publications, etc., at our cost and such income to be deposited in the State Treasury to the fund from which it was drawn.

The bill further provides that the total cost of a hearing called by someone other than the Commission will be charged back to them at the earliest possible date. It also provides that an amount of \$50 as a filing fee will be submitted with each request for hearing; said \$50 will be applied to subsequent costs. Should the request for hearing be withdrawn by the applicant, the \$50 will be considered earned. The income from this source will also go to the fund from which it came and will not be credited to the Commission fund.

The bill also provides for a levy of up to 1¢ per barrel of oil; of up to 1 mil per MCF of all natural gas; and up to 5 mils per MCF of helium bearing gas; based upon gross production per month. This money will be deposited in the Commission Fund and will be subject to legislative

Page 2
Executive Secretary Report
February 9, 1971

appropriation. Of course the purpose is to help reduce the overall cost of the Commission.

Mr. Turley agreed to introduce this bill also, consequently, the Commission will have two separate bills pending this year. It was decided to submit two bills in the event that if one fails perhaps the other will not be jeopardized.

You will recall that during our recent hearings concerning Western Helium and Kerr-McGee, it was noted that most of Section 36, Township 20 North, Range 27 East, was available for leasing and that this area was the one Kerr-McGee complained so much about being drained. The open acreage in Section 36 was recently put up for bid by the State Land Department. Western Helium, the successful bidder on this acreage, paid \$1.26 per acre. There were no other bidders.

Pursuant to instructions from the Chairman, letters were issued to each member of both the Senate and House Appropriations Committees, inviting them to meet with the Commission the evening of February 18th at 6 p.m. at our offices. It was explained the purpose was to show them our operation and answer any question they might have concerning same. At this time I do not know how many may or may not appear as our guests. To date, four senators and one house member have indicated their desire to come. Some have indicated their inability to be with us at that time due to conflicting appointments; and, I would like to say that those who have so far said "no" have expressed a great interest in our meeting and were very sorry they were unable to be with us. The Legislature, of course, is now entering its heavy period of work and schedules are very tight. It will be necessary that we decide quickly what type of "refreshment" the Commission will have available during this "open house". Your suggestions are most earnestly solicited.

I have a conflict involving our meeting on February 19th. Governor Williams has requested my presence at a State Department of Civil Defense and Emergency Planning meeting in Carefree. If our meeting does not last too long, I will make as much of this as I can. It will be a day-long meeting, commencing at 8 a.m. and going until some time after 4 p.m.

I was recently contacted by Mr. Ray Frost, Chairman of the Arizona Chapter of Intermountain Marketers Association. He desires to present Arizona's oil and gas potential to the forthcoming meeting of the organization in Las Vegas on the 23rd of February. After meeting with him, he was interested in my appearance there to present this material myself if I could be worked in, however such was not possible. Consequently, he has requested my appearing at their next meeting for the same purpose. I have presented him with a cross section of our promotional material, which will be given out in Las Vegas.



OFFICE OF
Oil and Gas Conservation Commission

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

ACTIVITY REPORT

February 9, 1971

Memo from W. E. Allen, Director
Enforcement Section

John Bannister gave me the opportunity to accompany him when he appeared before the House Appropriations Committee to discuss the Commission budget for fiscal 1971. I came away with the impression that the Committee was pretty well convinced that the budget as presented was realistic. They, of course, had some reservations regarding a couple of the budget features. The Committee seemed to have more interest in the activities of the oil industry than of the budget.

At John's invitation I also accompanied him on two different meetings with Stan Turley, Chairman of the Natural Resources Committee of the House of Representatives. The purpose of these meetings was to discuss the minor changes this Commission is requesting in the Statutes. Mr. Turley was very receptive to the proposals.

Several days were spent at the Tenney #3 State location in Graham County witnessing the plugging operations of this well. The well has been plugged; and, as quickly as the final cleanup is completed, an on-site inspection will be made. This will probably be the middle part of this month. After the initial difficulty with Tenney and his representatives, this office has enjoyed very good cooperation from these people.

The operators of Southwest Salt Company have given up recovering 180' of 6" casing that is in the bottom of their #2 well. They have run additional 6" casing to 2200' and 3" tubing to 3210'. They have temporarily shut down the operations at this point awaiting the drilling of a water well that will supply them with water for their mining operations.

Activity Report
W. E. Allen
February 8, 1971
Page 2

On February third and fourth I made a trip to the Navajo Springs area for a routine inspection of Eastern, Crest, and Kerr-McGee's operations. Other than processing of the produced gas, none of the above operators are engaged in any type of activities. Apparently, Western Helium has ironed the bugs out of their plant. They are operating on an around-the-clock basis. They do anticipate a short shut-down period to replace or repair one small compressor.

Santa Cruz Minerals Corporation is starting seismic work in Pima County. Teledyne Exploration out of Midland, Texas, has been engaged to do the exploration work.

The State Land Department of Arizona recently offered for bid 360 acres in Section 36, Township 20 north, Range 27 east, Apache County. This acreage is in the Pinta Dome helium area. The only bid received on this offer was from Western Helium. Western Helium bid \$1.26 per acre. The total bonus paid by Western for this tract was \$453.60.

The total production of oil, gas, and helium-bearing gas for 1970 is tabulated below:

<u>Oil Barrels</u>	<u>Gas MCF</u>	<u>Helium MCF</u>
1,775,420	1,604,586	776,266

As stated in a previous activity report, there was a total of twenty-two drilling permits issued during 1970. The drilling of these wells accounts for a total of 65,480 feet of hole drilled. The accompanying table lists the operators drilling the wells, the well locations, formations, total depths, and current status of the wells drilled. Also attached is a map indicating the approximate geographic locations.

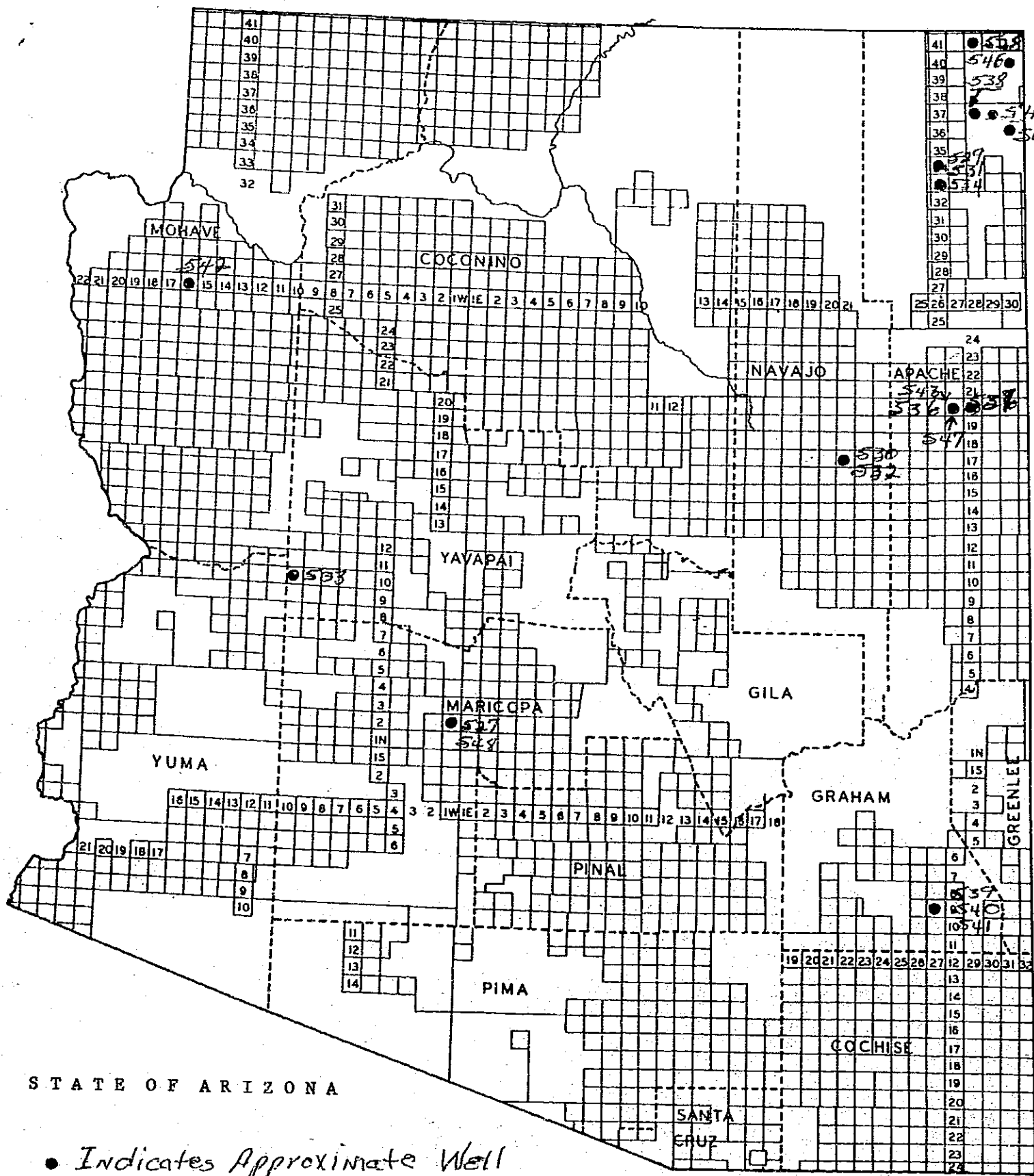
PERMIT NO.	OPERATOR	WELL NAME & LOCATION	TOTAL DEPTH	FORMATION	PRESENT STATUS
527	Southwest Salt Company	SW/SW Sec. 2 T2N-R1W Maricopa County	4503'	Salt	T. A. *
528	Consolidated O. & G., Inc.	No. 1-1 Navajo SW/SW Sec. 1 T41N-R28E Apache County	6156'	Mississippian	P. A.
529	Union Texas Petroleum Co.	No. 1-17 Navajo SE/SE Sec. 17 T7N-R1W Apache County	3970'	Pre-Cambrian	P. A. ¹
530	Airtex Development Corp.	No. 1 Fee Strat NE/SE Sec. 6 T17N-R21E Navajo County	1100'	Salt	Storage ** Well
531	Union Texas Petroleum Co.	No. 1-1 Navajo NW/NW Sec. 1 T7N-R10W Apache County	3435'	Aneth	P. A. ¹
532	Airtex Development Corp.	No. 2 Fee Strat SE/NE Sec. 6 T17N-R21E Navajo County	1140'	Salt	Storage ** Well
533	El Paso Natural Gas Co.	No. 1 Federal Strat SE/NE Sec. 3 T10N-R10W Yavapai County	3831'	Tertiary	P. A. ***
534	Union Texas Petroleum Co.	No. 1-14 Navajo SW/NW Sec. 14 T6N-R10W Apache County	3101'	Pre-Cambrian	P. A. ¹
535	Airtex Development Corp.	Permit Not Issued			
536	Eastern Petroleum Co.	No. 24 Santa Fe SE/NW Sec. 24 T20N-R27E Apache County	1340'	Shinarump	S. I.
537	Eastern Petroleum Co.	No. 21-1A Santa Fe NW/NW Sec. 31 T20N-R28E Apache County	1232'	Coconino	Producing Helium Well

PERMIT NO.	OPERATOR	WELL NAME & LOCATION	TOTAL DEPTH	FORMATION	PRESENT STATUS
538	Curtis Little	Little #1 Air-codessa NW/NE Sec. 32 T37N-R28E Apache County	3949'	Mississippian	P. A.
539	Ivan Tenney	No. 1 State SW/SE Sec. 36 T9S-R27E Graham County	630'	Valley Fill	P. A. Lost Hole
540	Ivan Tenney	No. 2 State SW/SE Sec. 36 T9S-R27E Graham County	1090'	Valley Fill	P. A. Lost Hole
541	Ivan Tenney	No. 3 State SE/SW Sec. 36 T9S-R27E Graham County	3500'	Tertiary	P. A.
542	El Paso Natural Gas Co.	No. 1 Red Lake Federal SW/SW Sec. 22 T26N-R16W Mohave County	5994'	Salt	T. A. ***
543	Eastern Petroleum Co.	No. 1-26 Santa Fe SE/SW Sec. 22 T20N-R27E Apache County	1161'	Coconino	P. A.
544	Union Texas Petroleum Co.	Lukachukai #1-14 NE/SW Sec. 14 T37N-R29E Apache County	3800'	Mississippian	T. A. Show of oil from 3428' to 3436'.
545	Union Texas Petroleum Co.	No. 1-6 Navajo NW/SW Sec. 6 T36N-R30E Apache County	3610'	Mississippian	P. A.
546	Depco, Incorporated	No. 1-2 Navajo NW/SE Sec. 2 T40N-R30E Apache County	7230'	Pre-Cambrian	P. A.
547	Eastern Petroleum Co.	No. 2-26 Santa Fe SE/SE Sec. 26 T20N-R27E Apache County	1290'	Moenkopi	P. A.

<u>PERMIT NO.</u>	<u>OPERATOR</u>	<u>WELL NAME & LOCATION</u>	<u>TOTAL DEPTH</u>	<u>FORMATION</u>	<u>PRESENT STATUS</u>
548	Southwest Salt Company	No. 2 Roach-Baker Strat NW/SW Sec. 2 T2N-R1W Maricopa County	3425'	Salt	S. I. *
TOTAL FOOTAGE DRILLED			65,487		

* To be used for salt mining.
** Drilled for storage of liquid petroleum gases.
*** Strat Test.

1 Nos. 529, 531, and 534 - Navajo Survey N.S.M.



STATE OF ARIZONA

• Indicates Approximate Well Location

Courtesy of
ARIZONA OIL REPORT



OFFICE OF
Oil and Gas Conservation Commission

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

February 9, 1971

ACTIVITY REPORT

TO: COMMISSIONERS

FROM: JAMES R. SCURLOCK

During the past month we have dropped everything else in order to concentrate our efforts on our compilation project under the direction of Wes Peirce. We have completed a rough draft of the compilation, which is a condensation of all the scout data in our files. We are now in the process of polishing this rough draft against a March 1 deadline.



OFFICE OF
Oil and Gas Conservation Commission
STATE OF ARIZONA
4515 NORTH 7TH AVE.
PHOENIX, ARIZONA 85013
PHONE: (602) 271-5161

January 25, 1971

Memo to: Commissioners

Memo from: John Bannister
Executive Secretary

Gentlemen:

For your information I am enclosing an updated estimate of income from oil, gas, and helium to the State. This is similar to information we furnished the Legislature over a year ago in the pursuit of our current budget.

During my appearance before the House Appropriations Committee this information was requested. I have sent copies of this information to all members of both the House and Senate Appropriation Committees.

Further, for your information I am enclosing the additional legislation about which I contacted you recently. This legislation was requested by Mr. Stan Turley, Chairman of the House Natural Resources Committee. I am making an appointment to get this to him at the earliest possible date. I might remind you that this is essentially the same bill we requested once before but which was defeated.

We are also enclosing a schedule setting forth what would have been collected by our revenue producing bill should it have been in effect during 1970.



OFFICE OF THE GOVERNOR
STATE HOUSE
PHOENIX, ARIZONA 85007

JACK WILLIAMS
GOVERNOR

IN REPLY
REFER TO:

January 22, 1971

Mr. John Bannister, Executive Secretary
Oil & Gas Conservation Commission
1624 W. Adams
Phoenix, Arizona 85007

Dear John Bannister:

Government and all responsible elements of our society -- especially business, industry, institutions, organizations and professions -- are faced with an increasing demand from the public for more protection against day-to-day hazards such as industrial and transportation accidents, fires, explosions, bomb threats, civil disturbances, environmental pollution, earthquake, flood, wind, rain and other natural phenomena.

For this reason, increased emphasis is being given to the development of emergency preparedness capabilities in Arizona. I feel there is a real need for industry and government to work closely in planning for operations under emergency situations and disaster conditions.

I have requested that our State Department of Civil Defense and Emergency Planning develop a seminar to provide the business and industrial community with emergency preparedness information and planning procedures so that all segments of our society can react more decisively to recover from any major disaster, whether internal or external.

The excellent program which has been prepared includes many recognized experts in this particular area, who are traveling to Arizona to participate in the seminar. I hope you or a specially selected executive of your organization will plan to attend this timely discussion and I look forward to the pleasure of meeting with you in Carefree on February 19, 1971.

The State Civil Defense Department has enlisted the aid of the Civil Defense Training Program at the University of Arizona to make all of the seminar arrangements. An early reply on the enclosed form will be most helpful to the program coordinator.

Sincerely,

Jack Williams

Jack Williams

RECEIVED

JAN 27 1971

O & G CONS. COMM.

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
			Jan. 1971
1,550 00	7111.0	1 Per diem: board members	1 330 00
37,518 00	7112.0	2 Salaries, wages: employees	2 6,527 80
117 39	7151.0	3 Industrial Insurance	3 117 39
1,261 77	7153.0	4 F.I.C.A.	4 339 38
1,853 32	7155.0	5 State Retirement	5 326 38
	7159.0	6 Personnel Commission	6
	7215.0	7 Professional Services - Engineer	7
	7219.0	8 Professional Services - Court Reporter	8
835 74	7221.0	9 Travel - State: Mileage	9 99 80
1,642 45	7222.0	10 Subsistence	10 255 00
127 10	7223.0	11 Public Transportation	11
432 32	7224.1	12 Gas - Oil	12
52 59	7225.0	13 Reg. Fees, Tel, Rental, etc.	13
45 16	7224.3	14 Preventative Mtn.	14
51 32	7224.4	15 Repairs (Usage)	15
180 00	7224.5	16 Repairs (Damage)	16
31 63	7224.6	17 Strg, Parking, Washing, etc.	17 25
565 30	7232.0	18 Travel - Out of State: Subsistence	18
693 22	7233.0	19 Public Trans., Taxi, etc.	19
141 30	7239.0	20 Reg. Fees, Telephone, other	20
11,096 76	7251.0	21 Occupancy: Rent	21 1,849 46
805 04	7253.0	22 Maintenance & Repairs	22 21 89
	7349.0	23 Other (Misc. Rental)	23
45 45	7272.9	24 Repair Furniture	24
	7272.0	25 Maintenance & Repairs:	25
	7272.1	26 Furniture & Equipment	26
	7272.2	27 Maintenance Typewriters	27
	7272.4	28 Overhaul Typewriters	28
49 56	7272.4	29 Repair Adding Machines	29
		30	30
28 08	7280.1	31 Printing Stationery	31
19 00	7280.2	32 Printing Forms	32
13 63	7280.3	33 Carbon Paper & Typewriter Ribbons	33 13 63
775 96	7280.9	34 Other Misc. Office Supplies	34 296 20
48 05	7296.0	35 Coarse Paper (Towels, etc.), Jan. Supplies	35
	7294.4	36 Soap	36
	7296.5	37 Brooms, etc.	37
	7296.6	38 Light Bulbs, etc.	38
520 28	7300.0	39 Film, Field Supplies, Tools, under \$10	39 70 78
66 08	7349.0	40 Rental, Misc.	40 5 70
495 40	7332.9	41 Legal Advt.	41
414 25	7333.0	42 Court Reporter	42
231 53	7334.1	43 Stamps	43 120 06
1,375 25	7335.0	44 Telephone	44 597 53
3,289 87	7337.0	45 Drayage	45
342 00	7342.2	46 Rental Equipment	46 22 50
52 50	7360.0	47 Dues & Subscriptions	47
780 06	7431.1	48 Capital Outlay: Typewriter	48
2,470 95	7431.4	49 Desks, Tables, Chairs, etc.	49
772 14	7431.5	50 Files, Storage Cabinets, etc.	50
4,514 41	7436.1	51 Passenger Cars	51
160 56	7490.0	52 Misc. (Blackboard)	52
250 00	7913.0	53 Revolving Fund	53
700 00	7912.0	54 Transfer to Other Funds	54
		55	55
76,335 92		TOTAL	10,993 45

RECEIPTS MONTH OF	CLASSIFICATION	RECEIPTS	APPROPRIATED RECEIPTS	UNAPPROPRIATED RECEIPTS	TOTAL ALL RECEIPTS YEAR TO DATE
Jan 1971 -0-	1	Permits to Drill			125.00
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	3				
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-0-	TOTAL CURRENT MONTH RECEIPTS			-0-	XXXXXX
	TRANSFERS IN <i>Out</i>			421.37	
XXXXXX	BALANCES BROUGHT FORWARD			1,990.06	XXXXXX
	TOTALS - MONTH AND YEAR TO DATE			1,568.69	1,251.00

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
Jan 1971 6,857.00	1 Personal Services	60,277.50	39,068.00		21,209.50
783.15	2 Emp. Related Exp.	5,466.75	3,232.48		2,234.27
2,434.52	3 Other Operating Exp.	26,722.50	19,700.27	2,689.22	4,333.01
-0-	4 Prof. & Outside Serv.	1,500.00	-0-		1,500.00
355.55	5 Travel - State	6,000.00	3,318.31	1,958.49	723.20
-0-	6 Travel - Out of State	2,625.00	1,399.82	-0-	1,225.18
-0-	7 Cap. Outlay - Equip.	8,700.00	8,698.13	-0-	1.88
563.23	8 Conserv. Fund - Other Operating Exp.	1,770.00	918.42	-0-	851.58
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10,993.45	TOTALS	113,061.75	76,335.42	4,647.71	32,078.62

AGENCY 011 & Gas Conservation Comm. IDENTIFICATION CODE NO.