

OIL & GAS CONSERVATION COMMISSION  
Meeting: November 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

*Develop. MPRE*

*11 AM* —

A G E N D A

Meeting  
 November 19, 1971  
 4515 N. 7th Avenue, Phoenix, Arizona

10:00 a.m.

Call to order

1. ✓ Approval of minutes of meeting of September 17, 1971
2. ✓ Executive Secretary report
3. ✓ Enforcement Section activity report
4. ✓ Geology Section activity report
5. ✓ Old business
6. ✓ New business
7. ✓ Adjourn

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

*Pye  
 O'Donnell - Clacy - Austin  
 Wright  
 Shuman  
 Doss  
 Ryan*

*U of A - doing Geothermal  
 WORK now*

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

The regularly scheduled meeting for October 15, 1971 was not held because a quorum would not be present.

By \_\_\_\_\_  
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

October 10, 1971

Memo: Commissioners  
From: John Bannister

Re: Report of Activity

Since our report in October, we have received all of our new printed copies of the Rules and Regulations. Distribution is being made as rapidly as possible.

We have had no further meetings with Mr. Duane Norton of the Joint Legislative Budget Committee and I do not anticipate that we will be called upon to appear further unless the Commissioners feel it would be expedient to request to appear before the Budget Committees.

I attended a meeting called by Representative Sam Steiger to consider the potential gas shortage for our State. The meeting was conducted by the Federal Atomic Energy Commission, the State Atomic Energy Commission and the El Paso Natural Gas Company. The general theme was not so much gas shortage but the potential use of the atomic blast as a method of creating storage for gas supplies. Much misinformation developed as a result of this meeting. The City of Kingman became quite upset, feeling El Paso was preparing to detonate an underground nuclear blast in their area. As a result, a meeting will be held in Kingman on November 15th. I will be in attendance at this meeting.

The Independent Petroleum Association of America met in Houston the first of the month. I was delighted to see the great interest displayed in Arizona due to (1) the assignment of somewhat in excess of 1 million acres, (2) Guadalupe's exploration well east of Douglas, and (3) increased geothermal activities. I could hardly stand still without several companies quizzing me on various phases of Arizona exploration. One company in particular, i.e. Bennett Oil Company of Abilene, indicated that they will come to Phoenix sometime in November or early December to delve into Commission records. Their interest seems quite high. Bennett Oil Company is a very reputable Texas independent outfit.

Santiago Reynolds and Arsenio Navarro of Pemex (the Mexican Oil people) will be in Douglas this week, i.e. Tuesday and Wednesday,

Page 2  
Executive Secretary Report  
11-10-71

to view the Guadalupe well. Mr. Allen and I will meet with them, as will Commissioner Frank Moore. A more detailed report of this meeting will be made at our next Commission meeting on the 19th.

During the weekend of November 6th, some representatives of eastern capital, i.e. Bloomfield, Drexel, Searing, etc., were in town studying the feasibility of investment in geothermal exploration in the State. To the best of my knowledge, the decisions have been most favorable and I anticipate we will have increased activity in this field. It is my belief that in the forthcoming session of the Legislature, surveillance of geothermal activity will be assigned to this Commission, together with authority to adopt rules and regulations, etc. I anticipate that an increasing amount of our time will have to be devoted to this form of energy.

For your information, I am enclosing copy of a letter dated November 4, 1971 from Dr. John S. Sumner. This letter is self-explanatory and I believe discussion should be held at our November meeting.

It is pleasing to note our drilling activity suddenly and greatly increased. Of course, should we receive encouragement from the Guadalupe well, I feel a much greater amount of exploration will be forthcoming. Generally, the independents in Houston evidenced greatest interest in southwestern Arizona, secondly in southeastern Arizona, and thirdly in geothermal prospects. The Humble play, of course, was of great concern to them all.



OFFICE OF  
**Oil and Gas Conservation Commission**

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

ACTIVITY REPORT

November 9, 1971

Memo from W. E. Allen, Director  
Enforcement Section

Our revised Rules and Regulations have been received from the printers and have been distributed to all operators on the regular mailing list, and also to others who have requested copies.

As you know, our October report mentioned that El Paso Natural Gas Company was planning a 250 million dollar coal gasification plant to be erected in northwestern New Mexico.

Now comes Pacific Lighting Service, Utah International Inc., and Texas Eastern Transmission Corporation with an announcement that they also plan to build a coal gasification plant in the same area. It is estimated that this plant, based on the amount of coal and water committed to the project, could deliver one billion cubic feet of gas per day for a 25 year period. The spokesman for this group claims the plant could be in production by 1975. This is mentioned for your information and to attempt to further emphasize the need to do everything possible to encourage exploration for natural gas within our State.

The writer made an extensive field trip last week. Practically all installations were inspected and all drilling operations were visited. At the time of my trip we had six rigs running in the State and two more expected to start up within a few days.

Cities Service Company's Monsanto-Navajo B-1, SW/NE Section 27-T40N-R29E, Apache County, was drilling below 1,928 feet. They have been having some lost circulation trouble after drilling out from under the surface casing.

Republic Mineral Corporation has started operations on their Navajo E-2X in the SE/SW Section 19-T36N-R30E, Apache County. This is a re-entry into a 2,100 foot hole started by Continental Energy Company several years ago. The projected depth is 4,500 feet. The test is only a mile north of production in the Dineh-Bi-Keyah field.

The Cecil Cope Bradshaw Fee #1, NW/NE Section 34-T18N-R4E, Yavapai County, was drilling at 1,905 feet.

Page 2  
Activity Report - November 9, 1971  
Mr. W. E. Allen

Eastern Petroleum Company has two rigs running in the Chambers-Sanders area. As of now they have not discovered helium in commercial quantities.

The Guadalupe Exploration Corporation's State No. 1, NE/SW Section 2-T24S-R31E, Cochise County, is making hole below 2,000 feet. Other than one minor fishing job, caused by dropping a drill collar in the hole, this operation has been progressing well.

Permits have been issued to V. R. Smith to drill Smith State No. 1, NE/SW Section 23-T9S-R192W, Yuma County. The projected depth is 4,000 feet. P & H Development, Inc., has taken a permit to drill a 2,100 foot test in the SW/SE Section 30-T2S-R9W, Maricopa County. Both of these test are expected to start very soon.

Western Helium Corporation's plant at Navajo is still inoperative. They expect to be in operation by December 1, 1971.

Suburban Gas Company Storage project at Adamana is progressing very well. A 22,000 barrel storage capacity has been created in their No. 1 Well and filled with propane. The No. 2 Well is to have a capacity of 150,000 barrels, the present capacity is 23,000 barrels. Work is also in progress installing necessary surface facilities. It is my understanding that Suburban has plans in the making to enlarge this project.

Air-Tex Storage project at Holbrook is inoperative. The last time I discussed their operations with their local representative, their plans for the future were rather vague.

Ed Obele, with Guadalupe Exploration Corporation, together with Darby Hand, has recently leased an additional 14,406 acres of State land in Cochise County.

V. R. Smith has leased an additional 3,000 acres in the area of his planned drilling venture in Yuma County.

John Bannister and I are meeting representatives of Pemex, the Mexican National Oil Company, in Douglas and we hope to gather some information regarding Pemex operations.



OFFICE OF

**Oil and Gas Conservation Commission**

STATE OF ARIZONA

4515 NORTH 7TH AVE.

PHOENIX, ARIZONA 85013

PHONE: (602) 271-5161

November 10, 1971

ACTIVITY REPORT

James R. Scurlock

Last week I attended the annual meeting of the Geologic Society of America in Washington D.C. This meeting was held in conjunction with the annual meeting of six other national scientific societies dealing with earth sciences. Over six hundred papers were given, none of which dealt directly with Arizona. However, a few papers dealt with complicated theories of Mesozoic faulting which bear directly on our interpretation of the geology of the Basin and Range province of Southern Arizona.

Scuttlebutt has it that Humble is bring in a seismic crew to survey the area between Phoenix and Yuma. This will be the second seis crew (Teledyne) operating in the State.

I was very much impressed with the slide-talk presentation on geothermal energy which I viewed yesterday in Mike O'Donnell's office. Mike has a geologist, a seismologist, and ten to fifteen land men on his staff. As Mr. Bannister was not available, I took it upon myself to invite Mike to make this same presentation at our next meeting. I believe this will be interesting and edifying for our group.

JRS:lb

cc: file





OFFICE OF  
**Oil and Gas Conservation Commission**

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

ACTIVITY REPORT

November 9, 1971

Jack Conley

**SAMPLE CATALOG - ARIZONA**

To date we have distributed 411 indexes and mailed 474 announcements of the availability of the catalog.

An announcement concerning the index was printed in the September, 1971 edition of FIELD NOTES, published and distributed by The Arizona Bureau of Mines. Another announcement the same month also appeared in THE NEWSLETTER, published by the West Texas Geological Society. This society has a membership of more than 1,000 geologists.

**OUT-OF-STATE SAMPLE CATALOG**

This well sample index is gradually being typed, as time permits.

**BUREAU OF MINES BULLETIN 182**

Dr. H. Wesley Peirce reports that 20 bulletins were sold during the month of October. This makes a total of 95 bulletins sold for the months of August, September and October. Prior to the publicity given the bulletin, 10 or fewer bulletins were being sold each month.

The September, 1971 NEWSLETTER published by the West Texas Geological Society had an announcement concerning the availability of this publication.

**RESIDUAL AEROMAGNETIC MAGNETIC MAP - ARIZONA**

October 15, 1971 I attended, in company with James Scurlock and Edward Koester, a geology seminar sponsored by the Geological Department of Arizona State University. The speaker was William Sauck, University of Arizona. He presented a paper on the recently published aeromagnetic maps, which he helped Dr. John Summer prepare.

ACTIVITY REPORT  
Jack Conley  
Page - 2

November 9, 1971

RESIDUAL AEROMAGNETIC MAGNETIC MAP - ARIZONA (continued)

Most of his interesting paper dealt with the mechanics of flying the survey during the summer of 1968, digital recording of data, and a few comments pertaining to geology revealed. He reported that a number of mining companies and associated groups interested in exploration and magnetism assisted in the project.

It is my understanding that this project was largely financed by grants from mining companies.

Dr. John Sumner also presented a paper on the residual map at an ecology conference at Tucson this past week.

I have continued to study the residual map, as time permits, and hope to write a preliminary and informal memorandum soon concerning its possible value to an oil geologist interested in exploratory investigations in Arizona.

INQUIRIES TO COMMISSION

This past month we recorded a big increase in inquiries concerning publications of The Commission, availability of geophysical logs, an index map, and allied items.

INTEREST BY OIL COMPANIES

Two companies, Placid Oil Co. and Chorney Oil Co. are apparently interested in the oil and gas potentialities. A Placid representative visited this office recently. And the exploration manager of Chorney Oil recently spent two days at the University in Tucson checking theses, dissertations, and other sources of information. He contacted this office by phone as to what information we had concerning the availability of location index maps and base maps suitable for geologic studies.

Both of these companies are noted for large (200,000 to 1,000,000 acres) oil plays. With only a few exceptions, both companies either drill or cause to be drilled numerous wildcat wells on such plays.

Humble Oil & Refining Co. continues to display interest in the Basin and Range province. The geologist in charge of the overall exploration program, along with a stratigrapher, visited this office last month. The company's geological scout has paid us two visits. He was particularly desirous of gathering as much information as possible pertaining to oil and gas wells and deep water wells in Maricopa and

ACTIVITY REPORT  
Jack Conley  
Page - 3

November 9, 1971

INTEREST BY OIL COMPANIES (continued)

Yuma counties. Samples of many of these wells were shipped to the Midland office by The Arizona Bureau of Mines for study by Humble's geological staff.

SOURCES OF INFORMATION - OIL & GAS - ARIZONA

An appreciable amount of time is required to answer written and oral inquiries concerning sources of information, maps, logs, well records, well samples and other items pertaining to the oil and gas potentialities of this State. With respect to both types of inquiries we possibly sometimes fail to furnish all the information that might be of some value.

For my own benefit in this connection I have prepared a preliminary and tentative compilation entitled "Sources of Information on Exploration for Hydrocarbons in the State of Arizona." If it proves to be of some value, consideration might be given to preparation by the geological staff of a small brochure for distribution to interested and qualified companies and persons.

GEOPHYSICAL LOGS

This past month we obtained from the Flagstaff office of the U.S. Geological Survey 15 logs of water wells drilled in the Arizona portion of the Navajo and Hopi Indian Reservations.



OFFICE OF  
**Oil and Gas Conservation Commission**

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

ACTIVITY REPORT FOR OCTOBER

TO: COMMISSIONERS

FROM: GEOLOGY STAFF, EDWARD A. KOESTER

The report on salt domes in Arizona is being edited and it is hoped it can be completed and distributed in the near future. Many requests for copies of it have been received by persons calling in or visiting in the office. It is significant that since the publication of the article in the Oil and Gas Journal, October 4th and the announcement of the assignment to Humble Oil & Refining Company of about 1.3 million acres of oil and gas leases interest in petroleum exploration in our State has increased considerably. Personally, I have had fourteen inquiries by telephone or letter in October, compared to one in September. The staff of the Arizona Bureau of Mines state that they have been "swamped" with inquiries for the past three weeks.

Except for a workover of an old hole in 1968, the drilling by Guadalupe Oil Co., east of Douglas, represents the first test drilled for oil in Cochise County since 1963. No serious drilling for oil has been done in Maricopa County since 1953. The last drilling for oil in Yuma County was done in 1963.

EAK:lb

cc file



# Petroleum Information

A Subsidiary of A.C. Nielsen Company

1640 GRANT STREET, DENVER, COLORADO 80202 303/825-2100

## SOUTHERN ROCKIES EDITION

10-14-71

Vol 44 No 200

Humble Credited With  
Huge Lease Acquisition  
In Southern Arizona

Regional operators emphasized the positive during the past week and few such periods have brought more developments of promise into the limelight. Humble Oil & Refining was credited with the acquisition of some 900,000 acres in Arizona from Santa Cruz Minerals, generally between Phoenix and Yuma in Maricopa and Yuma counties. Geophysical work has reportedly been done in the area.

Phillips Reportedly  
Testing Hingeline  
Wildcat In Utah

In Utah, Phillips Petroleum moved in a servicing rig at its Sevier County hingeline prospect on the Wasatch Plateau unit, 24-21s-1e. No details were disclosed but plans apparently call for further evaluation of the well, halted shy of its 9000 ft objective by an unrecovered fish at total depth of 8297 ft.

Pipe Set At Southwest  
Colorado Gas Prospect

Read & Stevens reworked its San Miguel County, Colorado, wildcat in 8-43n-17w, and set pipe. The venture flowed gas at maximum rates of 11 and 13 million cu ft per day on drillstem tests of Pennsylvanian 8300-8450 ft but the volume decreased rapidly and the well was abandoned a month ago. It is six miles southwest of Andy's Mesa field.

New Mexico Wildcat  
Opens Menefee Pool

Tesoro Petroleum completed a Menefee (Mesaverde) discovery in 29-22n-3w, Sandoval County, New Mexico, flowing 336 bbls of oil per day. It produces from 4240-70 ft through 16/64 inch choke, is three miles west of a Dakota oil pool.

Arapahoe County Colorado  
Discovery Reevaluated

In eastern Colorado, Davis Oil, Petro-Search and Jake Hamon gauged a flow of oil from sandfract J sand at 260 bbls in 24 hours through 32/64 inch choke at their Jo Ann prospect in 31-4s-63w, Arapahoe County. The well subsequently flowed 275 bbls of oil in 18 hours but died and is going on pump. The discovery, completed in August without treatment for 1.4 million cu ft of gas and about nine bbls of oil per day, is producing through perforations 8014-25 and 8037-44 ft.

Oil Flows From J Sand  
In Morgan County

Elsewhere in eastern Colorado a north offset to the Pleasant Ridge field discovery in Morgan County, drilled by Cardinal Petroleum in 18-1n-56w, flowed oil at an estimated rate of 70 bbls an hour during a drillstem test of J sand 5277-89 ft. Mull Drilling and Southwest Petro-Chem pumped 15 bbls of oil an hour from Mississippian at their Cheyenne County discovery in 32-13s-44w.

Wyoming Gas Discovery

Texaco Inc completed an Almond discovery in 8-19n-97w, Sweetwater County, Wyoming, for 1.6 million cu ft of gas per day. The well also made some oil and gas during tests of the underlying Ericson formation.

Three Wildcats Cased  
In Northern Rockies

In the Northern Rockies, Lamar Hunt recovered 4000 ft of fluid, 50 per cent oil and 50 per cent water, and set pipe at a wildcat in 24-140n-103w, Golden Valley County, North Dakota. True Oil set casing at its Kibbey sand oil prospect in 16-22n-47e, McCone County, Montana. In northern Montana's Blaine County, 11-25n-17e, pipe was set by Wise Oil at an Eagle gas prospect, the fifth apparent success in the operator's 20 well series on the south side of the Bearpaw arch.

RECEIVED

OCT 18 1971

O & G CONS. COMM.

**MONTHLY FINANCIAL REPORT**

RECEIPTS MONTH OF	CLASSIFICATION	APPROPRIATED RECEIPTS	UNAPPROPRIATED RECEIPTS	TOTAL ALL RECEIPTS YEAR TO DATE
Oct. 1971	1 Permits to Drill			300.00
175.00	2			
	3			
	4			
	5			
	6			
	7			
	8			
	9			
	10			
	11			
	12			
	13			
	14			
	15			
	16			
	17			
175.00	TOTAL CURRENT MONTH RECEIPTS		175.00	XXXXXX
	TRANSFERS IN		- 0 -	
XXXXXX	BALANCES BROUGHT FORWARD		1,826.83	XXXXXX
	<b>TOTALS - MONTH AND YEAR TO DATE</b>		2,001.83	300.00

CLAIMS PAID MONTH OF	FUND TITLES	TOTAL AMOUNT AVAILABLE YEAR TO DATE	CLAIMS PAID YEAR TO DATE	OUTSTANDING ENCUMBRANCES	UNENCUMBERED BALANCE
Oct 1971	1 Personal Services	47,185.00	29,007.92	-	16,177.08
7,035.00	2 Emp. Related Exp.	4,380.00	2,265.75	-	2,114.25
457.06	3 Other Operating Exp.	17,450.00	13,287.25	3,694.89	467.86
4,293.51	4 Prof. & Outside Serv.	425.00			425.00
359.15	5 Travel - State	4,200.00	1,471.25	2,086.59	642.16
140.47	6 Travel - Out of State	3,500.00	140.47	649.33	2,710.20
434.64	7 Cap. Outlay - Equip.	2,100.00	1,342.56	-	757.44
	8 Salt Monitoring	2,000.00			2,000.00
	9				
	10				
	11				
	12				
	13				
	14				
	15				
	16				
	17				
	18				
	19				
	20				
	21				
	22				
	23				
	24				
	25				
	26				
	27				
	28				
	29				
	30				
12,719.83	<b>TOTALS</b>	79,240.00	47,515.20	6,430.81	25,293.99

DIVISION

IDENTIFICATION CODE NO.

1	2	3	4
CLAIMS PAID YEAR TO DATE	OBJECT CODE NO.	DISTRIBUTION OF EXPENDITURES CLASSIFICATION	CLAIMS PAID MONTH OF
			<i>Oct. 1971</i>
390 00	7111	1 Per Diem: Board Members	1
28,405 76	7112	2 Salaries: Employees	2 7,035 80
212 16	7113	3 Wages: Summer Aides	3
	7151	4 Industrial Insurance	4
770 10	7153	5 F.I.C.A.	5 105 28
1,420 42	7155	6 Retirement	6 351 78
75 25	7159	7 Personnel Commission	7
	7215	8 Professional Services: Engineer	8
	7219	9 Other	9
211 00	7221	10 Travel-State: Mileage	10
647 00	7222	11 Subsistence	11 182 00
38 18	7223	12 Public Transp.	12
555 07	7224	13 Vehicle Exp.	13 159 05
20 00	7225	14 Reg. Fees, Parking, etc.	14 18 10
60 00	7232	15 Travel-Out of State: Subsistence	15 60 00
80 47	7233	16 Public Transp., Taxi	16 80 47
	7234	17 Airport Parking	17
	7235	18 Reg. Fees, Tel., etc.	18
11,096 76	7251	19 Occupancy: Office Rent	19 3,698 92
	7261	20 Warehouse Rent	20
	7263	21 Warehouse Mtn. & Repair	21
120 00	7272	22 Mtn. & Repairs: Furn. & Equip.	22
270 32	7280	23 Office Supplies	23 94 57
150 72	7300	24 Field Supplies, Film, Am. Strat, P.I., etc.	24 12 00
	7331	25 Printing: Reports, Large Maps, etc.	25
93 35	7332	26 Legal Advertisement	26
63 00	7333	27 Court Reporter	27
276 21	7334	28 Postage	28 276 21
831 87	7335	29 Telephone	29 162 81
8 75	7337	30 Drayage, express, etc.	30
67 27	7349	31 Rental, Misc.	31
59 00	7360	32 Dues and Subscriptions	32 49 00
	7431:	33 Capital Outlay: Office Equipment, Tpr, etc.	33
907 92	7433	34 Reproduction Equip.	34
434 64	7434	35 Spec. Equip.	35 434 64
250 00	7913	36 Revolving Fund	36
		37	37
		38	38
		39	39
		40	40
		41	41
		42	42
		43	43
		44	44
		45	45
		46	46
		47	47
		48	48
		49	49
		50	50
		51	51
		52	52
		53	53
		54	54
		55	55
47,515 20		TOTAL	12,719 83