AGENDA

Meeting
April 21, 1972
4515 N. 7th Avenue, Phoenix, Arizona

10:00 a.m. Call to order

1. Approval of minutes of meeting of March 17, 1972

Letter to Mrs. Moore

2. Report of Executive Secretary

3. Report of Enforcement Section

4. Report of Geology Section

5. Old business

6. New business

A. Proration natural gas as requested by El Paso Natural Gas Company

Nogales in June

7. Adjourn

Meeting Monday re. Fed. funds

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

Letter to Moore.
AND GAS CONSERVATION COMMISSION
4515 N. 7th Avenue
Phoenix, Arizona  85013

Minutes of Meeting
March 17, 1972

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

Mr. Lucien B. Owens, Member

The regular Commission meeting for the month of March, 1972 was
called to order by Chairman Ralph Bilby at 10:00 a.m.

Minutes of the meeting of February 25, 1972 were approved as writ-
ten.

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

Executive Secretary reported on the Executive Committee meeting of
the Interstate Oil Compact Commission in Denver on March 14, 1972.
Mr. Ralph Bilby has been re-named a member of the Legal Committee.
In addition to serving on the Executive Committee, the Executive
Secretary has been appointed to the Regulatory Practices Committee
and the Environmental Protection Advisory Committee. The Executive
Committee (I.O.C.C.) was advised that the rule of the Department of
the Interior calling for an environmental impact statement for any
well drilled on public lands (Federal lands) has been modified so
that a statement need be made only when called for. It was felt
that this method would be less restrictive.

Executive Secretary was authorized to travel to Farmington, New
Mexico, to address the Four Corners Chapter of the Petroleum Engi-
neers Association on March 20, 1972.

Executive Secretary advised that jurisdiction of the salt mining
operation at Glendale Avenue and Dysart Road, west of Phoenix, has
now been turned over to the Environmental Protection Agency of the
Health Department and all files have been delivered to the Agency.
All persons involved have been advised. The two water wells used
in the operation will remain under jurisdiction of the Commission,
as bonds are in force to the Commission and the Environmental Pro-
tection Agency is not prepared to control the wells. The Commission
has not been advised as to the disposition of the $2,000 in the
current budget which was provided for monitoring purposes.

The Geology Section was instructed to confer with Dr. Wright of
the Department of Geosciences, University of Arizona, and present
Minutes of Meeting
March 17, 1972
Page 2

their findings at the next Commission meeting on ways and means
to stimulate exploration for oil and gas in Arizona.
Meeting adjourned at 11:30 a.m.

APPROVED April 21, 1972

Ralph W. Bilby, Chairman
April 11, 1972

Memo: Commissioners
From: John Bannister

Our geothermal bill has passed the House and is now in the Senate. It has not as yet been placed on the calendar in any Senate committees, although I am sure it will be prior to our meeting. Arizona Public Service contacted this office concerning this bill and are in favor of the bill, as amended. They did suggest two very minor changes, but I do not know if they will seek to pursue these changes through the Senate or not. Should they seek to get the changes adopted, we would not oppose them.

You will find enclosed a written report on my trip to Farmington, New Mexico.

At this time I request approval to attend the Independent Petroleum Association of America meeting in New Orleans on May 7 to 10. This meeting is one the Commission always attends and brings us in contact with most of the reputable independents operating in the area. This meeting is always most educational and is desirable for this Commission to attend.

We have had no request for appearance before the Senate Appropriations Committee. You will recall that some time ago, pursuant to directions from the Commissioners, this office made known to the Appropriations Committees that we were ready to appear should we be requested. My feeling is that the appearance before the Sub-Committee of the House was all that we will make and indications are that the budget, as allowed, while not as much as requested, will be one that we can live with.

You will note that copies of a newspaper article from the Republic and a letter from Mr. Frank Moore are enclosed. The subject of both the article and letter is the request from El Paso Natural Gas that some system of proration be approved by the Federal Power Commission so that, in the event of a brown-out or worse, the service to California be interrupted as little as possible. The article is a statement from Governor King of New
Memo: Commissioners
4-11-72
Page 2

Mexico that he disapproves of this approach and he will seek to protect New Mexico's interest in all events. Mr. Moore has requested that this article and subject be discussed at our next meeting as part of the agenda.

As requested by Commissioner Moore, Jack Conley will have prepared a list of projects that could be undertaken by this Commission for approximately $25,000, the objective of which would be the gathering of geophysical data. Mr. Conley will present this in greater detail. I think the suggestions have merit and all of them, with the cooperation of our universities, could be carried out for the sum mentioned.

It will be noted that Mr. F. Keith Benton of Yuma has been invited by the Governor to accept an appointment to this Commission to fill our existing vacancy.
March 27, 1972

Memo: Commissioners
From: John Bannister

At our regular meeting of March 17, 1972, the Commission authorized me to go to Farmington, New Mexico to give a talk on the progress of oil and gas in Arizona to the local chapter of the Association of Petroleum Engineers.

Accordingly, I flew to Farmington on Tuesday, March 21st, and returned on the 22nd. I spoke to 24 petroleum engineers operating in the area. Briefly, I broke my talk into two parts, the first being on the current oil and gas activity in the State, wherein I pointed out the lease play made by Humble and their exploration across this area, as well as the current drilling activity and some speculation as to future activity within the State. The second part of my talk concerned the Commission itself. I pointed out our continuing interest in updating the rules and regulations and advised them of our newly-published booklet on this subject. I further indicated to them the effort now being made by our geologists and indicated the various publications coming out from the Commission.

All in all, I feel this talk was very well received.

While there, I was able to contact Emery Arnold. Mr. Arnold heads the local office of the New Mexico Oil and Gas Commission. I have known him for several years and it was enjoyable reviewing his operations again and exchanging ideas and information on Commission type activities.
April 7, 1972
P. O. Drawer 1200
Douglas, Arizona 85607

Mr. John Bunnister
Arizona Oil & Gas Conservation Commission
4915 North 7th Avenue
Phoenix, Arizona 85013

Dear John:

Enclosed is an article from this morning's Arizona Republic, that I believe should be of extreme interest to Governor Williams and the State Legislature and of course to the people of Arizona.

It is entirely possible, with the present and immediate shortage of natural gas, that most of the industrial users of natural gas could be curtailed or entirely cut off from the use of gas, in Arizona. Also, within a very few years, it is entirely possible that the home use of gas could be or will be stopped by not hooking up new housing developments. This because there is no gas available for them.

The number one solution to this problem, as I see it, is the discovery of natural gas in Arizona and its control as intrastate gas.

I ask that the enclosed article and its subject matter be placed on the agenda for the next meeting of the Arizona Oil and Gas Conservation Commission, April 21, 1972.

Sincerely yours,

Frank E. Moore
Natural gas priority plan protested by New Mexico

SANTA FE (AP) — Gov. Bruce King said yesterday he will appeal to the Federal Power Commission if a decision by an FPC examiner in the El Paso Natural Gas Co. case goes against New Mexico.

El Paso seeks a FPC approval of a new gas priority formula, which King and other state officials say would be detrimental to New Mexico's consumers.

"I expect to be appointing a special task force to look at entire energy needs in the near future, to propose whatever measures may need to be taken to protect our environment and to protect New Mexico's resources for New Mexico's needs. First," Gov. King said.

"Any steps necessary, regardless of how drastic they may seem, will be taken during my tenure in office to provide this protection," he said.

New Mexico officials contend that the new gas delivery priority plan filed by El Paso would curtail natural gas deliveries to industrial users in New Mexico and Arizona so that California consumers could be supplied virtually uninterrupted.

"It is sheer folly to call upon the citizens of New Mexico to ship its gas out of state, thereby straining New Mexico's economy and inhibiting future industrial growth as well as raising our levels of pollution to an unacceptable degree," King said.

Robbery victim in coma 6th day

A robbery victim in remission six days after she was slated and choked outside her home.

Martha Mendivil, a file clerk in the Phoenix Police Identification Bureau, is being treated at St. Joseph Neurological Institute for two fractures of her skull and other injuries. She is listed in serious condition.

Police say they have no definite leads to the robbers who slashed her outside her home at 2:56 p.m. on Friday. Her wallet, with several forms missing, was found at 221st Street and Pierce.

Arizona Republic 4-7-72
Memo from W. E. Allen, Director
Enforcement Section

The California Public Utilities Commission has expressed the opinion that the Federal Power Commission should extend their control over all gas--intra-state as well as interstate. The reason, intrastate buyers are outbidding the regulated interstate pipelines for available gas, resulting in a possible shortage to our neighbors to the West.

It has just been announced by the API Committee on Reserves and Productive Capacity, that the total known recoverable reserves in the United States are an estimated 38.1 billion barrels. This is a decline of 900 million barrels when compared to 1970. The total productive capacity for the United States has also declined to 10.6 million barrels per day, a drop of 500,000 barrels per day from 1970.

On top of the announcement of the decline in reserves and productive capacity, Interior Secretary, Rogers Morton, has reported an increase in energy consumption amounting to a rise of 2.3% over 1970. Petroleum supplied 77% of the Nation's energy needs, coal 18.3%, water power 4.1% and nuclear power 0.6% for the year 1971.

A Circuit Appeals Court has recently found that geothermal steam was subject to the same tax situation as was oil and gas, including the depletion allowance. This could serve as a stimulus for increased activity in this field.

The remaking of the Plat Book, that has required a large amount of our time, has been completed. We have files on 813 wells that have been drilled in Arizona. Some of the files are fairly complete, others are lacking in needed information. The 813 wells plated include all holes drilled that we have some information on, oil and gas tests, strat tests and some water wells.

With the exception of some editing and proofing, we have completed the "Directory of Services", that has been compiled for the convenience of operators that are new to Arizona.
Activity Report - April 12, 1972
Mr. W. E. Allen

Anticipating the passage of House Bill 2302, pertaining to the regulation of geothermal activities, we have started work on drafting a set of suggested rules to regulate this activity. Perhaps, a hearing can be called for passage of the rules and regulations controlling geothermal resources in either June or July.

Permit No. 578 has been issued to Eastern Petroleum Company to drill their No. 1 Szor-State, located in the NE/NW of Section 36-T20N-R27E, Apache County. This will be an 1100' shinarump test.

Humble's Midland Office called Friday, April 7th, for information on steps necessary to make an Application to Drill in Arizona. They also requested various forms to be sent them. We were told that they would possibly submit an Application to Drill either in May or the first part of June.

The P & H Development Company No. 1 Federal, N1/2W, Section 30-T28N-R4W, Maricopa County, is drilling below 1030'. The operators have been experiencing some mechanical difficulty and they also have quite a lot of water to contend with. Their tentative plans are to run another string of pipe at approximately 1200' in order to eliminate their water problem.

The Cecil Cope No. 1 Bradshaw Fee, N1/4, Section 34-T18N-R4E, Yavapai County, has reached a depth of 3160' and drilling continues. From all reports, there is considerable controversy between the operators and the land owners. We are expecting the operators to plug the hole very shortly.
April 11, 1972
J.N. Conley

SOURCES OF INFORMATION ON EXPLORATION FOR HYDROCARBONS IN THE STATE OF ARIZONA

A new supply of this pamphlet was obtained last week.

SALT DOMES

Edward Koester will present his paper on salt domes in Arizona at the national meeting of The American Association of Petroleum Geologists in Denver, Colorado next week.

EXPLORATION ITEMS

Humble Oil & Refining Company reportedly was planning to replace one of its Teledyne seismograph crews with a Geophysical Company crew with more sophisticated equipment. Location of the two crews currently is not known. Early last week, however, one of the crews was working along the Southern Pacific Railroad right-of-way southeast of Bisbee. Edward Koester, James Scourlock and A.K. Doss, geologists, State Land Department, visited this crew. A Teledyne employee confirmed the estimate that Humble is spending at least $280,000.00 per month on its exploration program in Arizona.

Humble has also signed a contract for the preparation of base maps covering the various areas in which it has oil and gas leases.

Two Humble geologists reportedly in Arizona at this time are supposed to visit the Commission's office this week. They plan to inspect some salt cores from wells in Detrital Valley in Mohave County that Stauffer Chemical Company has in storage in Nevada. We may get representative samples of these cores for our Sample Library.
Amoco Production Company has informed us that they do have, or will have, a geological crew working in western Arizona.

A Mr. Mix of Globe has informed the Commission that he proposes to drill an exploratory hole for geothermal power near Indian Hot Springs, T. 55, R. 34E, Graham County. A Mr. Tellier, geological Department, Arizona State University, has contacted Dr. J.J. Wright relative use of Arizona University's equipment and personnel in logging the geothermal gradient in the proposed test hole. This equipment, and operating personnel, is not available for commercial operations.

COMMISSION PROJECTS

A preliminary and tentative list of geophysical and geological investigative projects needed to further the search for hydrocarbon and geothermal resources in the State was prepared recently. The geological and geoscience departments of the State's academic institutions have the necessary trained and experienced faculties, graduate students, and equipment, to conduct these investigations if financial support can be obtained.

These projects have been discussed with Mr. J.J. Wright and H. Wesley Pierce. Dr. Wright will report on this matter at the next Commission meeting.

State Well Location Map. This project, involving the preparation of a map showing the location of all wells drilled in the State for oil, gas, helium and stratigraphic information and a tabulation of these wells by counties on the reverse side of the map, is progressing on schedule.

Water Well Tabulation. This project involves the assembling and tabulating in readily usable form the data furnished by wells drilled for water that can be of value to explorationists in searching for subsurface natural resources in the State. A preliminary tabulation has been completed for Graham, Maricopa, Mohave, Pima and Pinal counties.
Re-organisation of Files. Considerable progress was achieved this past month.

New Material to be Filed. The Commission has acquired recently, at no cost, a fairly complete set of General Land Office township survey plates and 80 film base maps prepared from these plates. These maps, at a scale of 2 inches equal 1 mile, each cover a 6-township area. In addition to the grid they show mineral ownership, and out-of-date oil and gas lease ownership. The G.L.O. plates and the maps represent a valuable addition to our library of maps.

LEASING ACTIVITY

Ed Pendleton, Denver lease broker, has admitted that he has assigned 30,000 acres of oil and gas leases in south-central Arizona "to a company." The "company" may be Southland Royalty, according to an unconfirmed report.

OUT-OF-STATE WELL SAMPLES

Fifteen sets of samples from wells in Rio Arriba and San Juan counties, New Mexico, were shipped to the Geology Department of Hanover College in Indiana this past month.

VISITORS

Robert Storch, geologist with Ball Associates. This engineering and geological consulting firm has specialized in underground storage projects throughout the world. Storch is investigating the Lake salt mass development and other potential storage sites in the State.

Christine Turner, graduate student, Northern Arizona Univ. Turner is assisting in the preparation of a series of representative stratigraphic sections throughout the State. She found considerable information in the Commission's files that she had not been able to get in Flagstaff at the University or the Museum of Northern Arizona.

Of interest to us, she is planning tentatively a regional study of the Permian Toroweap Formation for her Master's thesis.
C.C. Garlits, Chesapeake Bay Gas Company, Ltd., Midland, Texas. Garlits was interested in the oil and gas potentialities of the area south and southeast of the Grand Canyon.

GENERAL

Dr. H. Wesley Peirce has an interesting and informative article, Red Lake Salt Mase, in the March, 1972 edition of FIELD NOTES. This publication of the Arizona Bureau of Mines is directed toward the earth science and mineral resources of Arizona.

* * *

A preliminary draft of a three-way agreement between NASA (National Aeronautics Space Administration), Department of Interior and Arizona has been completed. This agreement outlines the objectives, participants, type of photography and other aspects of NASA's over-flight of Arizona next month. The entire State will be photographed from an altitude of 85,000 feet. The photos obtained from this altitude are exceptionally good, and will be of great value to many State agencies, including this Commission, which is listed in the three-way agreement.
Mr. F. Keith Benton  
213 Second Avenue  
Yuma, Arizona

Dear Mr. Benton:

I am pleased to invite you to accept an appointment as a member of the Oil and Gas Conservation Commission.

I am sure that your abilities, experience and interest can make a substantial contribution to this important state agency.

If you are agreeable, please sign all copies of the attached Loyalty Oaths, before a notary, and return them to this office for processing.

Sincerely,

Jack Williams

cc: Oil and Gas Conservation Comm.
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