

OIL & GAS CONSERVATION COMMISSION  
Meeting: April 21, 1972  
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

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

7. Adourn *NOGALES in JUNE*

*LRAHS - LRAA - 1000*  
*NOGALES*

*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:

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

Absent:

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 written.

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 Engineers 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 Protection 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

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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

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.



OFFICE OF

**Oil and Gas Conservation Commission**

STATE OF ARIZONA

4515 NORTH 7TH AVE.

PHOENIX, ARIZONA 85013

PHONE: (602) 271-5161

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.

RECEIVED

APR 10 1972

O & G COM.

April 7, 1972  
P. O. Drawer 1200  
Douglas, Arizona 85607

Mr. John Bannister  
Arizona Oil & Gas Conservation Commission  
4515 North 7th Avenue  
Phoenix, Arizona 85013

Dear John:

Enclosed is an article from this mornings 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 it's control as intrastate gas.

I ask that the enclosed article and it's 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*  
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 prora-

tioning formula, which King and other state officials say would be detrimental to New Mexico 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 prorationing 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, remained unconscious last night six days after she was slugged and choked outside her home.

Martha Mendivil, a file clerk in the Phoenix Police identification Bureau, is being treated at Barrow 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 attacked her outside her home at 3346 E. Polk as she arrived from work about 3 a.m. Saturday. Her wallet, purse, with several items missing, was found at 25th Street and Pueblo.

Note

Arizona Republic 4-7-72



OFFICE OF

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

ACTIVITY REPORT

April 12, 1972

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--intrastate 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 Mortin, 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.

Page 2

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 Szar-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, NW/SW, Section 30-T2S-R9W, 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, NW/NE, 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.



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ACTIVITY REPORT

*Geology Section*

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 Petty 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 Higley. Edward Koester, James Scurlock and A.K. Doss, geologist, State Land Department, visited this crew. A Teledyne employee confirmed the estimate that Humble is spending at least \$250,000.00 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.

\* \* \*

April 11, 1972

Amoco Production Company has informed us that they do have, or will have, a geological crew working in western Arizona.

\* \* \*

A Mr. Nix of Globe has informed The Commission that he proposes to drill an exploratory hole for geothermal power near Indian Hot Springs, T. 5S, R. 24E, 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 Drs. J.J. Wright and H. Wesley Peirce, 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 useable 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.

\* \* \*

April 11, 1972

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Re-organization 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 plats and 80 film base maps prepared from these plats. 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. plats 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 Luke 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.

\* \* \*

April 11, 1972

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C.G. Garlitz, Chesapeake Bay Gas Company, Ltd., Midland, Texas. Garlitz 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 Mass, in the March, 1972 edition of FIELDNOTES. 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 65,000 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.



RECEIVED

APR 5 1972

O & G CO.

JACK WILLIAMS  
GOVERNOR

OFFICE OF THE GOVERNOR  
STATE HOUSE  
PHOENIX, ARIZONA 85007

IN REPLY  
REFER TO:

April 4, 1972

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

JW:lv:crk  
cc: Oil and Gas Conservation Comm.

C  
O  
P  
Y



AGENCY Oil & Gas Conserv. Comm.

DIVISION

IDENTIFICATION CODE NO.

CLAIMS PAID YEAR TO DATE	OBJECT CODE NO.	DISTRIBUTION OF EXPENDITURES		CLASSIFICATION	CLAIMS PAID MONTH OF
					March 1972
1,260.00	7111	1	Per Diem:	Board Members	330.00
64,146.76	7112	2	Salaries:	Employees	7,224.00
212.16	7113	3	Wages:	Summer Aides	
158.19	7151	4	Industrial Insurance		
1,905.48	7153	5	F.I.C.A.		375.12
3,207.57	7155	6	Retirement		361.22
150.50	7159	7	Personnel Commission		
	7215	8	Professional Services:	Engineer	
181.00	7219	9	"	Other	
579.20	7221	10	Travel - State:	Mileage	126.60
1,337.00	7222	11		Subsistence	109.00
76.61	7223	12		Public Transp.	38.43
1,773.15	7224	13		Vehicle Exp.	192.83
21.70	7225	14		Reg. Fees, Parking, etc.	
597.00	7233	15	Travel-Out of State:	Subsistence	186.00
1,055.36	7232	16		Public Transp., Taxi	317.60
	7234	17		Airport Parking	
175.50	7235	18		Reg. Fees, Tel., etc.	54.50
18,494.60	7251	19	Occupancy:	Office Rent	
	7261	20		Warehouse Rent	
	7263	21		Warehouse Mtn. & Repair	
204.00	7272	22	Mtn. & Repairs:	Furn. & Equip.	21.00
1,338.01	7280	23	Office Supplies		191.95
330.21	7300	24	Field Supplies, Film, Am.Strat, P.I., etc.		87.82
917.28	7331	25	Printing: Reports, Large Maps, etc.		
93.35	7332	26	Legal Advertisement		
63.00	7333	27	Court Reporter		
498.97	7334	28	Postage		
1,605.43	7335	29	Telephone		185.72
8.75	7337	30	Drayage, Express, etc.		
67.27	7349	31	Rental, Misc.		
81.50	7360	32	Dues and Subscriptions		589.68
589.68	7431	33	Capital Outlay: Office Equip., Tpr., etc.		
907.92	7433	34		Reproduction Equip.	
554.39	7434	35		Spec. Equip.	
250.00	7913	36	Revolving Fund		
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102,891.54		TOTAL			10,391.54

OFFICE

DO NOT WRITE BELOW THIS LINE

FIELD

## MONTHLY FINANCIAL REPORT

RECEIPTS MONTH OF	RECEIPTS CLASSIFICATION	APPROPRIATED RECEIPTS	UNAPPROPRIATED RECEIPTS	TOTAL ALL RECEIPTS YEAR TO DATE
Mar 1972				
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-0-	TOTAL CURRENT MONTH RECEIPTS	-0-		XXXXXXXX
	TRANSFERS IN	-0-		
XXXXXXXX	BALANCES BROUGHT FORWARD	2,151 83		XXXXXXXX
-0-	<b>TOTALS - MONTH AND YEAR TO DATE</b>	<b>2,151 83</b>		<b>450 00</b>

CLAIMS PAID MONTH OF	EXPENDITURES FUND TITLES	TOTAL AMOUNT AVAILABLE YEAR TO DATE	CLAIMS PAID YEAR TO DATE	OUTSTANDING ENCUMBRANCES	UNENCUMBERED BALANCE
March 1972					
7,554 00	1 Personal Services	6,777 00	6,518 92	-	2,158 08
736 34	2 Emp. Related Exp.	6,570 00	5,421 74	-	1,148 26
486 56	3 Other Operating Exp.	24,650 00	24,002 37	507 94	139 69
-	4 Prof. & Outside Serv.	1,275 00	131 00	-	1,094 00
416 86	5 Travel - State	6,300 00	3,787 66	921 10	1,591 24
558 10	6 Travel - Out of State	3,500 00	1,827 86	234 44	1,437 70
589 68	7 Cap. Outlay - Equip.	2,100 00	2,051 99	-	48 01
-	8 Salt Monitoring	2,000 00	-	-	2,000 00
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10,391 54	<b>TOTALS</b>	<b>114,172 00</b>	<b>102,891 54</b>	<b>1,663 48</b>	<b>9,616 98</b>