

OIL & GAS CONSERVATION COMMISSION  
Meeting: May 19, 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  
 May 19, 1972  
 4515 N. 7th Avenue, Phoenix, Arizona

10:00 a.m.

- ✓ Call to order
  - 1. ✓ Approval of minutes of meeting of April 21, 1972
  - 2. ✓ Report of Executive Secretary
  - 3. ✓ Report of Enforcement Section
  - 4. ✓ Report of Geology Section
  - 15. Old business
  - 16. New business
  - 17. ✓ Adjourn
- June mtg.  
 Funding Sources  
 Owens*

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

- OK 1. letter to Owens ✓ No
  - 2. June meeting - Nogales? 6-16-72 ✓ ND
  - 3. Trip to Las Vegas ✓ Bill, Jack, me. June 18-21/72
  - 4. " " Salt Lake May 24
  - 5. All Gen - Hearing Rules ✓
  - 6. Hearing on Geothermal July
  - 7. Alaska Cores
  - 8. Bd of Mines
- Aug 18  
 July 21*



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May 11, 1972

Memo: Commissioners  
From: John Bannister

Governor Williams will attend a meeting at this office on Thursday, May 18th, at 4 p.m. Immediately following this meeting, Mrs. Bannister and I will hold a cocktail party at our home, 6711 N. 12th Street (north of Bethany Home Road). Governor Williams has indicated he will attend the party. You and your wife are most cordially invited to join us.

Mr. F. Keith Benton, the new Commissioner who replaces Mr. Owens, has been contacted to attend the meetings of May 18 and 19, however I regret to say he has had an emergency appendectomy and, in all likelihood, will be unable to join us. I would like to take this opportunity to extend our welcome to Mr. Benton on behalf of myself and the staff and to send our best wishes for his speedy recovery.

I attended the midyear meeting of the Independent Petroleum Association of America at New Orleans the first of this week. The meeting was quite informative in many areas and was one of those meetings where it would have been helpful to be able to be in two or three places at once in order to hear various reports and discussions.

The general tenor of the meeting was one of great concern for the natural gas shortage and the increasing dependence of the United States upon foreign oil. The prime solution, in the feeling of the independent producers, seemed to be that an increase in the price of natural gas and of oil would be the most immediate and effective answer to these shortages; that adequate financial rewards for the risk of exploration and drilling would result in discovery of maybe not all our needs, but certainly great reduction in the threatened shortages. It was felt that by 1978 oil would probably reach the minimum level of \$5 per barrel. This increase, of course, would be a great incentive.

The Honorable Wayne N. Aspinall, Congressman of Colorado, addressed the IPAA general meeting and expressed his concern with the

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current gas shortage. He further expressed concern that the United States is increasingly dependent upon foreign oil from sources not necessarily politically friendly to the United States. Again, it was suggested that the independent producers are the ones most likely to solve the problems of these shortages.

A report was made by the Cost Study Committee, a committee concerned with the rise and fall of price drilling and producing in the United States. It is interesting to note that there was a reported increase in the cost of materials in 1971 of 7.2%, while payments to drilling contractors increased by 3.5%, even though the total amount of footage decreased, as did average well depth.

The Productive Capacity Committee reported that, as of January of this year, the total U.S. production capacity is approximately 12 million plus per day, which represents a decline of 1/2 million per day from 1971. This is the third year in which the total production of petroleum liquids has declined.

Many other technical reports were presented at the meeting. I have brought such reports as were available to the office and other reports will be mailed as soon as available.

It is my feeling that it was very worthwhile that the Commission be represented and, as usual, a great deal of interest was shown in Arizona, particularly as to Humble's efforts in the southern part of the State.

As of today, our geothermal bill is up for its third reading in the Senate and it is anticipated that the bill will pass prior to the closing of the current session of the Legislature. It now appears that the Legislature will adjourn around the 12th of May.

ARKLA, the company which did much exploration of the potash in the Holbrook area, has offered this Commission the cores taken in its efforts. To refresh your memory, ARKLA, in exploring for potash, was penetrating the Coconino formation, which contained helium in some areas. Inasmuch as their efforts primarily were mining, this Commission had no standing in their initial effort. The Legislature became concerned and eventually gave this Commission authority to control this penetration of helium area. Consequently, in 1965 their efforts were brought under the surveillance of this Commission. Many of the cores offered to the Commission were taken prior to ARKLA being responsible to us. There are some 1600 crates of cores involved and these are located in Holbrook.

We have contacted Northern Arizona University, the Bureau of Mines, and Arizona State University for financial aid in bringing these

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cores into Phoenix to be kept. The amount of storage necessary is a problem, however Arizona State University has indicated they could store the cores for the Commission at no cost. It will cost approximately \$2,000+ to bring the cores to Phoenix. ARKLA, of course, will not pay this price. To date, the Commission does not have money to accomplish this. We have contacted Mr. Leo Crowley of the Governor's Office, who indicated their support; however later he advised that the Governor's Office does not have sufficient funds to accomplish this move, though it was felt that the effort is worthwhile. Further efforts will be made to accomplish this purpose.

At this time, there has been no indication of a replacement for Mr. Moore.



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ACTIVITY REPORT

May 10, 1972

Memo from W. E. Allen, Director  
Enforcement Section

House Bill 2302 pertaining to the regulation of geothermal resources has passed the House and is up for its third reading in the Senate. The initial draft of the proposed rules and regulations to regulate this resource has been completed and is being typed. We hope to have this draft of the proposed rules ready to submit to the Attorney General's Office for his approval by Friday, May 12.

During the first week of May, I was on a field trip covering all the operations in the State. In general, all operators are complying with the policies of the Oil and Gas Commission, as set forth in our rules and regulations.

The helium extraction plant owned and operated by Western Helium Corporation, was shutdown when I was there. The operational manager of this plant, Mr. John Stiff, informed me that the plant would start up again on Monday, May 8, and would continue operating on a full time basis. The amount of available raw gas still seems to be questionable. Eastern Petroleum Company, the only supplier of gas to this plant, is drilling for helium in the area and has a ten-well drilling program. The helium plant, has a maximum capacity of one million cubic feet of raw gas per day.

Kerr-McGee's helium plant continues to operate with a minimum of difficulty. They have no plans to enlarge or modify this plant at the present time.

A day was spent in the Dineh Bi Keyah field looking over Kerr-McGee and Humble's operations. Kerr-McGee has a picture book field, all installations are scrupulously clean and well locations are fairly large and well maintained, and all equipment is painted. There are no visible signs of oil spills or leaks. The most ardent environmentalist would be hard put to find fault with the operation.

In checking abandon locations in this field, we found that Republic Minerals Corporation has not properly filled or plugged the rat hole used in the drilling of the Navajo E-2X in the SE/SW, Section 19-T36N-R30E,

Page 2  
Activity Report - May 10, 1972  
Mr. W. E. Allen

Apache County. This hole has become enlarged due to rains and melting snow to such an extent that it creates a hazard to humans and livestock. Republic Minerals has been advised of this hazard and to correct the situation.

At long last the Cecil Cope No. 1 Bradshaw Fee, NW/NE, Section 34-T18N-R4E, Yavapai County, has been plugged. I spent Saturday, April 29, witnessing the plugging operations on this hole. Total depth reached was 3206'.

The R. Y. Walker & Petrofunds, No. 1-A Navajo, SE/SW, Section 20-T36N-R18E, Navajo County, was spudded May 3, and at its last report was drilling at 440'.

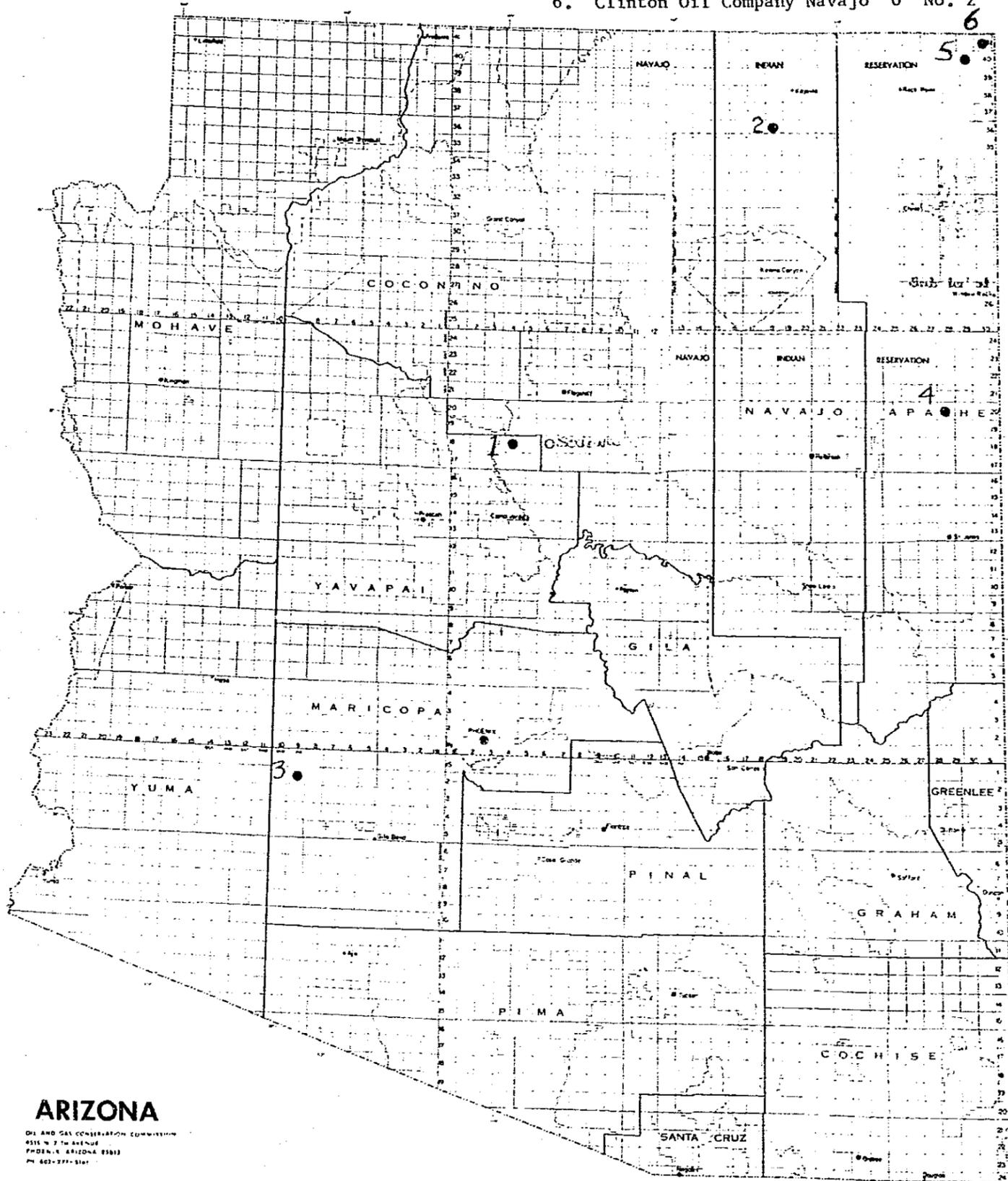
P & H Development Inc., No. 1 Federal, NW/SW, Section 30-T2S-R9W, Maricopa County, was shutdown for approximately a week waiting on a sandline. They have now resumed drilling and are at 1260' at the last report.

Eastern Petroleum Company's Ancon, Santa Fe No. 3, SW/NE, Section 31-T20N-R28E, Apache County, is still drilling below 250'. This is to be a 1100' Shinarump Test.

Applications to drill have been requested from Cities Service and Clinton Oil Company. Cities Service's location is Monsanto-Navajo C-1, SE/NW, Section 16-T40N-R29E, Apache County. This location is approximately one mile northwest of their Monsanto-Navajo 1-A, which tested 7.4 MCF gas on completion. Clinton Oil's Navajo "0" No. 2, NW/SE, Section 23-T41N-R30E, is an offset of their Navajo "0" No.1.

1. Cecil Cope No. 1 Bradshaw Fee
2. R. Y. Walker Petrofunds, No. 1-A Navajo
3. P & H Development, Inc., P & H No. 1 Federal

4. Eastern Pet. Co. No. 3 Ancon Santa Fe Fee
5. Cities Service Oil Co. No. C-1 Monsanto-Navajo
6. Clinton Oil Company Navajo "0" No. 2



**ARIZONA**

OIL AND GAS CONSERVATION COMMISSION  
 6515 N. 7th AVENUE  
 PHOENIX, ARIZONA 85012  
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May 11, 1972

ACTIVITY REPORT

*J.N. Conley*  
*Director, Geology Section*

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COMMISSION PUBLICATIONS

The demand for the salt dome and sources of information publications continues to be good. We get occasional requests for the catalogs of drill-bit cuttings of wells drilled in Arizona.

EXPLORATION ITEMS

Exploratory Well, Gila County. M.B. Edmonds, of Edmonds & Peters, Downey, California, has advised us that they are completing arrangements to drill a 1600-foot Precambrian hole in 31-5N-17E. This drill site is on a 16,000-acre block of Federal lands in the Tonto National Forest, west of the Salt River Crossing on U.S. Highway 60 north of Globe. The contractor will be Jules Atkins.

Permits Issued. Apache County: Clinton Oil Co., 23-41N-30E; Cities Service, 16-40N-29E. Navajo County: Walker and Petrofunds, 20-36N-18E.

Geophysical. No information recently as to location of Humble's seismograph crews.

Subsurface Investigations. Mobil Oil has obtained from the Four Corners Sample Cut Association all of the available sets of samples of wells drilled in Yuma County, and from The Commission the samples of the Tenney 3 State well in Graham County.

Possible Exploratory Well. Donald S. Stone, an independent geologist in Denver, Colorado, is attempting to promote the drilling of a Pennsylvanian test hole in the vicinity of 39N-22E., Apache County.

LIBRARY - GEOLOGICAL MATERIAL

The Commission has received recently, gratis, folios of nine of the counties in the State from the Materials Division of the Arizona Highway Department. These folios contain the various general highway map sheets of each county to which the areal geology shown on the Bureau of Mines county geologic maps and geologic mapping by the Highway Department have been added. These folios represented a very valuable addition to our library.

The Commission has also been donated a large quantity of old published and unpublished reports, maps and other geologic material pertaining to Arizona by Gene Carpenter, a local geologist discontinuing his consulting business.

LIBRARY - SAMPLE

Arkla Exploration Company plans to give away or destroy 1600 crates of cores, weighing about forty tons, of the Permian Supai salt interval of forty-three core holes in the general Holbrook area. The Commission is currently attempting to obtain free transportation and the labor required to transfer the cores to temporary storage at Arizona State University. These cores constitute a vast wealth of geologic information that will ultimately be of considerable value academically and economically to the State.

WELL FILES

The Commission has been given geophysical logs of thirty-nine of the forty-three core holes drilled by Arkla Exploration in the Holbrook area.

WATER WELL PROJECT

All Basin & Range province water wells in our files have been tabulated and interpreted, to the degree possible geologically. Considerable progress has been made in tabulating the geologically significant water wells in the Plateau Province.

In connection with getting more subsurface geological control, A.K. Doss, of the Arizona State Land Department, is making a strong effort to secure the release of the logs and records of

May 11, 1972

wells drilled by mining companies in Arizona valleys. Doss feels that some success can be expected from his efforts inasmuch as information regarding mineral content is not requested. In this regard, we have succeeded in getting data released by the minerals department of Continental Oil Co. on two 3200-foot wells near Oracle Junction, an area where no previous deep drilling has been reported. ASARCO and McDowell are conducting a large drilling program northwest of Florence in sedimentary rocks, in an area where little deep data is available. A forty-well program by Shelton Drilling Company is reported near Sacaton.

#### STATE WELL LOCATION MAP PROJECT

The tabulation phase of this project is complete. A professional draftsman and cartographer is now preparing the map.

#### RECOMMENDED GEOPHYSICAL/GEOLOGICAL PROJECTS

Dr. J.J. Wright has obtained some cost, time, and feasibility data from Dr. John Sumner, Geosciences Department, University of Arizona, concerning the several investigative projects presented at the April meeting of The Commission. The geological and geophysical phases of these projects, and their desirability, will be submitted to Governor Williams the afternoon of May 18, 1972 in this Commission's offices.

#### VISITORS

Two Union Oil Company geologists have visited our office and report that Chevron Oil has taken 100,000 acres of oil and gas leases in eastern Imperial County, California. This apparently is a play similar to that of Humble in southwestern Yuma County, Arizona.

We have been visited by three Humble geologists within the month. Some of them have been working in Arizona for at least two years. While they speak very guardedly, their remarks tend to confirm our ideas regarding the Luke and Red Lake salt domes and the importance of the embayment of marine Pliocene into Arizona, as far north as Davis Dam and as far northeast as Phoenix. They were unable to find any material to date geochronologically the cores from one of the Luke Dome wells.

A representative of Milchem Incorporated, Drilling Fluids Division, is currently checking into the problems that might be anticipated in drilling test holes in the Basin and Range province. Messrs. Koester and Allen furnished him a considerable volume of information from our files.

**MONTHLY FINANCIAL REPORT**

RECEIPTS MONTH OF <i>April 1972</i>	CLASSIFICATION	APPROPRIATED RECEIPTS	UNAPPROPRIATED RECEIPTS	TOTAL ALL RECEIPTS YEAR TO DATE
75 00	1 Permits to Drill		75 00	
	2			
	3			
	4			
	5			
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75 00	TOTAL CURRENT MONTH RECEIPTS		75 00	XXXXXXXX
	TRANSFERS IN			
XXXXXX	BALANCES BROUGHT FORWARD		2,151 83	XXXXXXXX
75 00	TOTALS - MONTH AND YEAR TO DATE		2,226 83	5,251 00

CLAIMS PAID MONTH OF <i>April 1972</i>	FUND TITLES	TOTAL AMOUNT AVAILABLE YEAR TO DATE	CLAIMS PAID YEAR TO DATE	OUTSTANDING ENCUMBRANCES	UNENCUMBERED BALANCE
7,234 00	1 Personal Services	90,369 00	72,852 92		17,516 08
737 88	2 Emp. Related Exp.	8,759 00	6,159 62		2,599 38
4,199 62	3 Other Operating Exp.	30,000 00	28,201 99	1,092 84	705 17
-0-	4 Prof. & Outside Serv.	1,275 00	181 00		1,094 00
158 95	5 Travel - State	8,400 00	3,946 61	2,100 00	2,353 39
194 44	6 Travel - Out of State	3,500 00	2,022 30	385 92	1,091 78
33 69	7 Cap. Outlay - Equip.	2,100 00	2,035 68		14 32
-0-	8 Salt Monitoring	2,000 00	-0-		2,000 00
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12,558 58	TOTALS	146,403 00	115,450 12	3,578 76	27,377 12

AGENCY Oil & Gas Conserv. 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
1,260.00	7111	1 Per Diem: Board Members	1 -0-
71,380.76	7112	2 Salaries: Employees	2 7,234.00
212.16	7113	3 Wages: Summer Aides	3
158.19	7151	4 Industrial Insurance	4
2,281.64	7153	5 F.I.C.A.	5 376.16
3,569.29	7155	6 Retirement	6 361.72
150.50	7159	7 Personnel Commission	7
	7215	8 Professional Services: Engineer	8
181.00	7219	9 " " Other	9
579.20	7221	10 Travel - State: Mileage	10
1,353.00	7222	11 Subsistence	11 16.00
76.61	7223	12 Public Transp.	12
1,912.85	7224	13 Vehicle Exp.	13 139.70
24.95	7225	14 Reg. Fees, Parking, etc.	14 3.25
690.00	7233	15 Travel-Out of State: Subsistence	15 93.00
1,156.80	7232	16 Public Transp., Taxi	16 101.44
	7234	17 Airport Parking	17
175.50	7235	18 Reg. Fees, Tel., etc.	18
22,193.52	7251	19 Occupancy: Office Rent	19 3,698.92
	7261	20 Warehouse Rent	20
	7263	21 Warehouse Mtn. & Repair	21
204.00	7272	22 Mtn. & Repairs: Furn. & Equip.	22
1,552.01	7280	23 Office Supplies	23 180.00
406.64	7300	24 Field Supplies, Film, Am.Strat, P.I., etc.	24 60.43
917.28	7331	25 Printing: Reports, Large Maps, etc.	25
93.35	7332	26 Legal Advertisement	26
63.00	7333	27 Court Reporter	27
579.62	7334	28 Postage	28 80.65
1,745.95	7335	29 Telephone	29 140.52
8.75	7337	30 Drayage, Express, etc.	30
67.27	7349	31 Rental, Misc.	31
120.60	7360	32 Dues and Subscriptions	32 39.10
623.37	7431	33 Capital Outlay: Office Equip., Tpr., etc.	33 33.69
907.92	7433	34 Reproduction Equip.	34
554.39	7434	35 Spec. Equip.	35
250.00	7913	36 Revolving Fund	36
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115,450.12		TOTAL	12,558.58