

OIL & GAS CONSERVATION COMMISSION  
Meeting: February 16, 1973  
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

PRESENT

COMMISSIONERS

*N.K. Doss - Land Dept*  
*Jerry Wright - Wyo*  
*Mike O'Donnell - Geo. Kenitics*

A G E N D A

Meeting  
 February 16, 1973  
 4515 N. 7th Avenue, Phoenix, Arizona

10:00 a.m.

Call to order

1. Approval of minutes of meeting of January 19, 1973
2. Report of Executive Secretary
3. Report of Enforcement Section
4. Report of Geology Section
5. Old Business
6. New Business
7. Adjourn

*Check over Research Grant from NSF*

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

*Report on HB 2131 - OWR Bill - passed H. Nat Res*

Audit

*Navajo Scholarship 3 \$3-4000*

*OWR, A Corners Grant*

*770,000*

*\$684,500 GRANTS*

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

Minutes of Meeting  
January 19, 1973

Present:

Mr. Ralph W. Bilby, Chairman  
Mr. W. Roger Hafford, Vice Chairman  
Mr. Robert A. Bledsoe, Member  
Mr. F. Keith Benton, Member

The regular Commission meeting for the month of January, 1973 was called to order by Chairman Ralph Bilby at 10:00 a.m.

Minutes of the meeting of December 15, 1973 were approved as written.

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

Executive Secretary advised that the first geothermal well in the State of Arizona has been permitted by the Commission to Geothermal Kinetics Corporation. This well will be drilled approximately fifteen miles east and two miles south of Chandler, Arizona.

Executive Secretary advised that the budget request for the fiscal year 1973-74, as submitted by the Commission, has been approved by the Governor, with minor changes, and is now being reviewed by the Legislature. In accordance with instructions of the Commission at the December 15, 1972 meeting, request was made of the Budget Division of the State Finance Department to increase the 1973-74 budget request by \$2,000 for the purchase of a 3M 400CT Reader Printer.

Executive Secretary advised that in accordance with instructions of the Commission at the December 15, 1972 meeting, Representative C. W. Lewis has been contacted and will sponsor a bill which will allow the Commission to charge a fee for certain of its actions and services.

It was announced that Dr. J. J. Wright, who regularly attends Commission meetings as a representative of the Department of Geosciences at the University of Arizona, has been named Assistant Dean of the Department of Geosciences. Dr. Wright has also been honored by an appointment to the Academic Advisory Committee of the American Association of Petroleum Geologists.

It was announced that Mr. Jack N. Conley, Director of the Commission's Geology Section, has been requested to give a paper

Minutes of Meeting  
January 19, 1973  
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on oil, gas and geothermal energy potential of Arizona at the forthcoming Pacific Southwest Mineral Industry Conference to be held in April, 1973 at the Townhouse in Phoenix, Arizona. Mr. John Bannister, Executive Secretary of the Commission, has been named moderator of the Energy Needs Section of the Conference.

Meeting adjourned at 11:30 a.m.

APPROVED February 16, 1973

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Ralph W. Bilby, Chairman

Also present at above meeting:

Dr. J. J. Wright, Assistant Dean  
Department of Geosciences  
University of Arizona  
Tucson, Arizona

Mr. A. K. Doss  
Chief, Minerals Section  
State Land Department  
Phoenix, Arizona



OFFICE OF

**Oil and Gas Conservation Commission**

STATE OF ARIZONA  
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PHONE: (602) 271-5161

February 7, 1973

Memo: Commissioners  
From: John Bannister

I am sorry to report that Mr. Conley has had to undergo another eye operation since our Commission meeting on January 19th. He expects to be out of the hospital later this week and will return to work as soon as possible. In the meantime Mr. Conley has been keeping in close contact with the office by phone - more so, I am afraid, than is perhaps good for him. There will be no written Geology Section report this month, due to Mr. Conley's illness.

Legislation

Senate Bill 1015, which was introduced by the Committee of Natural Resources and which combined several State agencies dealing with natural resources into an advisory board which would be chaired by an appointee of the Governor, has apparently been indefinitely tabled by the Senate and will undoubtedly receive no further consideration this session.

House Bill 2006 has been introduced. This bill provides for the establishment of a Department of Natural Resources, however the Oil and Gas Conservation Commission is not involved, as introduced. Consequently I will not send you a copy of the proposed bill at this time. Needless to say, we will watch this legislation as it progresses. It is my feeling that this bill, likewise, will not succeed in passing.

The bill sought by the Commission to allow us to charge for certain publications was introduced January 29th and will be House Bill 2131. Copies of this legislation are not yet available, however we will furnish you with a copy as soon as possible. The bill as suggested by the Commission is similar to the one sought last year.

Senate Bill 1106, which was introduced January 25th, is a bill which changes ARS 14-1052 by allowing an executor, administrator or guardian to make a lease in excess of ten years for oil and

Memo: Commissioners  
2-7-73  
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gas or for geothermal purposes. The only way in which the law is changed is to add geothermal resources into Section C. A copy of this bill is available, should you desire to see it.

On January 29th there was a meeting with the Federal Environmental Protective Agency and the Environmental Health Section of the State Health Department concerning State plans for oil spills. We were invited to participate. Basically, the items considered were such items as spillage from railroad tank cars, pipe lines or storage facilities, none of which come under the jurisdiction of this Commission. However, the Commission was more aware of the problems and solutions than were the other participants.

The Auditor General has completed his audit of the Commission for the period July 1, 1972 through December 31, 1972. To the best of my knowledge, everything has been determined to be in satisfactory condition and a full report of his findings will be furnished to each of you as soon as it is in final form.

The geothermal well which we reported to you at the last meeting has been permitted and, at last report, was drilling below 1900'. This well has caused some stir in the Tucson and Phoenix newspapers, inasmuch as the potential rewards for such a well are great. The Commission is keeping a close eye on the developments in this area.



OFFICE OF

**Oil and Gas Conservation Commission**

STATE OF ARIZONA

4515 NORTH 7TH AVE.  
PHOENIX, ARIZONA 85013

PHONE: (602) 271-5161  
ACTIVITY REPORT

February 7, 1973

Memo from W. E. Allen, Director  
Enforcement Section

The following report is included for your information.

"U.S. demand for petroleum products will average 17 million barrels per day in 1973, an increase of 5.9 per cent over 1972, according to a report released last week by Marathon Oil in Findlay, Ohio.

"U.S. crude output will decline slightly to 9.27 million barrels per day, the report said. The increases in demand will result in foreign imports of crude and products totaling nearly 6 million barrels per day over the 1972 level and will result in imports averaging 33.5 per cent of total supply.

"The Marathon report predicted gasoline consumption would rise 5.2 per cent in 1973, distillate 6.1 per cent, and residual fuel oil 8.9 per cent."

We have previously mentioned that Kerr-McGee had workedover their Navajo No. 2 in the Dineh-bi-Keyah Field. This workover resulted in a very substantial increase in production. Kerr-McGee has now indicated that they plan to re-complete their Navajo No. 3X. This well is currently producing some 1,800 barrels of oil per month. If the workover on this well results in an increase in production comparable to the Navajo No. 2, they may start a systematic workover program that could result in the Dineh-bi-Keyah again producing over 100,000 barrels crude per month. In my opinion it would be desirable for Kerr-McGee to re-drill this field on a maximum spacing of no more than 80 acres.

Geothermal Kinetics Inc., has spudded their Power Ranches No. 1, located in the NE/SE Section 1-T2S-R6E, Maricopa County and is now drilling below 1945'.

Williams Energy Company has filed applications to drill two additional storage wells at their Adamana storage project. This will bring their total of storage wells to six and when the leaching of the reservoirs is completed, the six wells will have a storage capacity of approximately 30 million gallons or in excess of 700,000 barrels.

Page 2  
W. E. Allen  
Activity Report - 2-7-73

Universal Resources Navajo Tribal 1-15, NW/SW Section 15-T40N-R29E, Apache County, has indicated production of 500,000 MCF gas with 25-30 barrels of condensate on initial tests. Testing has been suspended due to weather conditions and impassable roads.

Exxon Corporation has requested a new total depth of 10,800 on their Yuma Federal No. 1, located in the SW/NE Section 8-T11S-R24W, Yuma County. The original total depth was estimated to be 8,000'. The drilling is presently 10,050' with no shows reported. Exxon's on site drilling and geological people disclaim any knowledge of the whereabouts of their next location. However, the drilling crews say the next location will be in the Needles, California area. The geophysical crews that have been working for Exxon in California, have left the state and returned to Texas.

Astro-Tex is still in big trouble on their hole in Gila County. They have been unable to recover 150' of drilling pipe and a diamond core bit that is stuck on bottom, and their efforts to mill up this fish has failed. The tentative plans now are to attempt to whipstock. With the existing hole conditions, success of the whipstock operations is highly doubtful.

P & H Development, Inc., is still worrying with the P & H Federal No. 1 in the NW/SE Section 30-T2S-R9W, Maricopa County. It is my opinion that the operators will never know just where the small show of gas that they have found in the hole is coming from.

Eastern Petroleum has suspended their drilling operations in the Navajo Springs area until some time after the first of April.

MONTHLY FINANCIAL REPORT

RECEIPTS MONTH OF	CLASSIFICATION	RECEIPTS	APPROPRIATED RECEIPTS	UNAPPROPRIATED RECEIPTS	TOTAL ALL RECEIPTS YEAR TO DATE
Jan 1973	1 Permits to Drill			50.00	475.00
50.00	2				
	3				
	4				
	5				
	6				
	7				
	8				
	9				
	10				
	11				
	12				
	13				
	14				
	15				
	16				
	17				
50.00	TOTAL CURRENT MONTH RECEIPTS			50.00	XXXXXX
	TRANSFERS IN			-0-	
XXXXXX	BALANCES BROUGHT FORWARD			2,801.83	XXXXXX
50.00	TOTALS - MONTH AND YEAR TO DATE			2,851.83	475.00

  

CLAIMS PAID MONTH OF	FUND TITLES	TOTAL AMOUNT AVAILABLE YEAR TO DATE	CLAIMS PAID YEAR TO DATE	OUTSTANDING ENCUMBRANCES	UNENCUMBERED BALANCE
Jan 1973	1 Personal Services	70,679.00	53,401.18	-	17,277.82
7,772.74	2 Emp. Related Exp.	8,269.00	4,739.40	-	3,529.60
917.25	3 Professional Services	1,650.00	892.00	249.00	509.00
-	4 Travel - State	6,413.00	2,203.97	1,734.90	2,474.13
236.66	5 Travel - Out of State	3,500.00	1,055.10	-	2,444.90
-	6 Other Operating Exp.	27,125.00	22,504.40	2,986.67	1,633.93
4,542.46	7 Capital Outlay-Equip.	4,310.00	-	3,424.54	885.46
-	8				
	9				
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13,469.61	TOTALS	121,946.00	84,796.05	8,395.11	28,754.84

CLAIMS PAID YEAR TO DATE	OBJECT CODE NO.	DISTRIBUTION OF EXPENDITURES		CLAIMS PAID MONTH OF
		CLASSIFICATION		Jan. 1973
750.00	7111	1 Per Diem: Commission Members	1	
52,651.18	7112	2 Salaries: Employees	2	180.00
243.02	7151	3 Industrial Insurance	3	7,592.74
1,338.03	7153	4 F.I.C.A.	4	121.62
2,632.92	7155	5 Retirement	5	266.39
450.18	7156	6 Health Insurance	6	379.68
75.25	7159	7 Personnel Commission	7	150.06
		8	8	
	7215	9 Professional Services: Engineer	9	
892.00	7219	10 Professional Services: Other	10	
		11	11	
363.60	7221	12 Travel - State: Mileage	12	20.60
966.00	7222	13 Subsistence	13	85.00
	7223	14 Public Transp.	14	
824.57	7224	15 Vehicle Expense	15	81.06
49.80	7225	16 Reg. Fees; Parking; etc.	16	
		17	17	
344.00	7232	18 Travel - Out of State: Subsistence	18	
621.35	7233	19 Public Transp.	19	
	7234	20 Airport Parking	20	
89.75	7235	21 Reg. Fees; Telephone; etc.	21	
		22	22	
16,645.14	7251	23 Occupancy: Office Rent	23	3,698.92
	7261	24 Warehouse Rent	24	
	7263	25 Warehouse Mtn. & Repair	25	
268.00	7272	26 Mtn. & Repairs: Furn. & Equip.	26	
1,329.58	7280	27 Office Supplies	27	88.34
1,019.93	7300	28 Field Supplies; Film; Am.Strat; P.I., etc.	28	272.09
1,092.75	7331	29 Printing: Reports; Large Maps; etc.	29	110.24
	7332	30 Legal Advertisement	30	
24.50	7333	31 Court Reporter, Notary Commission, etc.	31	
420.69	7334	32 Postage	32	143.00
1,296.22	7335	33 Telephone	33	184.55
17.83	7337	34 Drayage; Express; etc.	34	17.82
67.27	7349	35 Rental, Misc.	35	
72.50	7360	36 Dues & Subscriptions	36	22.50
		37	37	
	7431	38 Capital Outlay: Office Equip; Tpr; etc.	38	
	7434	39 Spec. Equip. (Geol.)	39	
	7436	40 Automobile	40	
		41	41	
250.00	7913	42 Revolving Fund	42	
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84,796.05		TOTAL		13,469.61