

OIL & GAS CONSERVATION COMMISSION
Meeting: April 20, 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

A G E N D A

Meeting
April 20, 1973
4515 N. 7th Avenue, Phoenix, Arizona

10:00 a.m.

Call to order

- 1 ✓ Approval of minutes of meeting
of March 16, 1973
- 2 ✓ Report of Executive Secretary
- 3 ✓ Report of Enforcement Section
- 4 ✓ Report of Geology Section
- 5 ✓ Old Business
- 6 ✓ New Business
- 7 ✓ Adjourn

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

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

Minutes of Meeting
March 18, 1973

Present:

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

Absent:

Mr. Ralph W. Bilby, Chairman

The regular Commission meeting for the month of March, 1973 was called to order by Vice Chairman W. Roger Hafford at 10:00 a.m.

Minutes of the meeting of February 16, 1973 were approved as written.

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

William Allen, Director of Enforcement Section, advised that the geothermal well located near Chandler, Arizona, has been making some steam and the depth is now below 6100 feet. Indications are that the well will continue drilling, however it is too early to speculate as to the final outcome of the well. It is anticipated that drilling should be finished prior to the April meeting.

J. N. Conley, Director of Geology Section, reported that requests for copies of the Commission's publications now being distributed by the Geology Section are coming from practically all states of the Union and are meeting with considerable success.

Executive Secretary reported that he and J. N. Conley are to speak at the forthcoming American Institute of Mining Engineers meeting which will be held in Phoenix on April 25 through 28, 1973 and they will also participate in the Governor's Conference of Business and Industry at Carefree, Arizona on May 2, 1973.

Commission was advised of some of the current gasoline shortages and the reasons therefor insofar as they pertain to Arizona.

Meeting adjourned at 11:20 a.m.

APPROVED

By Hafford

Ralph W. Bilby, Chairman

Minutes of Meeting
March 18, 1973
Page 2

Also present at above meeting:

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

Mr. Bill King
Arizona Republic
Phoenix, Arizona



OFFICE OF
Oil and Gas Conservation Commission

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

April 11, 1973

Memo: Commission
From: John Bannister

House Bill 2131, the bill allowing the Commission to charge for certain of its costs, such as reproduction costs, and allowing the Commission to charge the one requesting a hearing with the cost of same, has passed the House and Senate and has been signed by the Governor and the law has become effective.

The geothermal well southeast of Chandler has apparently reached total depth and will be tested extensively. Mr. Allen will make a more detailed report.

It is with regret that I report that Jack Conley has had to undergo another round of surgery on his eye, due to a leaking retina. He recently returned from San Francisco where the operation was performed and will be confined for a short time. The operation seems to have been a success.

The energy distribution map developed by this Commission has been completed. This map accurately shows the crude oil pipe lines, the natural gas pipe lines, the production pipe lines, the coal slurry pipe line, the railroad transporting coal to the Page plant, and the major electrical transmission lines in the State. To my knowledge, this is the first time that the whole energy distribution system of Arizona has been laid out in a concise form. This map has met with considerable demand and will be a map that will appeal to a wider audience than most of our technical geological preparations. Mr. Conley and Mr. Scurlock are to be congratulated upon the fine job done to produce this map.



OFFICE OF

Oil and Gas Conservation Commission

STATE OF ARIZONA

4515 NORTH 7TH AVE.

PHOENIX, ARIZONA 85013

PHONE: (602) 271-5161

ACTIVITY REPORT

April 11, 1973

Memo from W. E. Allen, Director
Enforcement Section

On the national level there have been a few items of interest. Several major purchasers of crude oil have announced a price increase from 25 to 30 cents per barrel for crude oil in various regions and states.

El Paso Natural Gas Company has received a go-ahead for the importation of LNG (Liquified Natural Gas) from Algeria. As a result, El Paso has announced plans to start a 1.7 billion dollar spending program for the necessary facilities to handle this product. El Paso is also deeply involved in the development of other sources of energy, coal gasification for instance, and bringing gas from Alaska to the West Coast.

These developments are necessary in order to ease the energy crisis, but they will certainly result in much higher consumer prices.

You are aware that the Supreme Court refused to review a lower court's decision on the width of the right-of-way for the Alaska pipeline. Congress will now have to pass legislation to enable the line to be constructed--with the hue and cry from the environmental groups, this may take some time.

We have received our microfilm files from Petro-Well and have been busy setting up a filing system that will facilitate the use of these filmed records when we get the reader-printer equipment.

Geothermal Kinetics are still working on the steam well near Higley. The next few days should indicate either the presence or absence of steam. (I've been thinking that the next few days would reveal something definite for a month now.)

American Fuel Corporation has reached total depth on their Navajo "B" No. 1 well in the SE/SW, Section 9-T40N-R29E, Apache

Page 2
Activity Report
W. E. Allen

County, and have set pipe. No test has been made to date. This Company has been issued another permit to drill the Navajo "M" No. 1 in the SE/SW, Section 16-T41N-R30E, Apache County. The estimated total depth is 6300' to test the Mississippian formation. They are presently drilling below 4475'.

Astro-Tex Oil Corporation has plugged their Astro-Tex Federal No. 1, NW/NE, Section 31-T5N-R17E, Gila County. The operators claim that they plan to drill another hole at this location.

P & H Development, Inc., has temporarily abandoned their P & H Federal No. 1, NW/SW, Section 30-T2S-R9W, Maricopa County. The principal in this operation has been hospitalized and is in serious condition.

We have recently had rumors that Continental Oil Company has found something of interest near Florence. If they have, it probably came about through their mineral exploratory program. We have been unable to substantiate this rumor. There has been no recent leasing of record of state or patented land for oil and gas in Pinal County.

Attached is a record of wells drilled in Arizona during 1972. Also attached is a booklet containing a recent speech given by Mr. John G. McLean, chief executive officer of Continental Oil Company. This address pretty well "lays it on the line" concerning the energy problems. We hope you find it interesting.

MONTHLY FINANCIAL REPORT

1 RECEIPTS MONTH OF Mar. 1973	2 CLASSIFICATION	3 RECEIPTS	4 APPROPRIATED RECEIPTS	5 UNAPPROPRIATED RECEIPTS	6 TOTAL ALL RECEIPTS YEAR TO DATE
25 00	1 Permits to Drill.			25 00	575 00
	2				
	3				
	4				
	5				
	6				
	7				
	8				
	9				
	10				
	11				
	12				
	13				
	14				
	15				
	16				
	17				
25 00	TOTAL CURRENT MONTH RECEIPTS			25 00	XXXXXX
XXXXXX	TRANSFERS IN			- 0 -	
XXXXXX	BALANCES BROUGHT FORWARD			2,926 83	XXXXXX
	TOTALS - MONTH AND YEAR TO DATE			2,951 83	575 00

6 CLAIMS PAID MONTH OF Mar. 1973	7 EXPENDITURES FUND TITLES	8 TOTAL AMOUNT AVAILABLE YEAR TO DATE	9 CLAIMS PAID YEAR TO DATE	10 OUTSTANDING ENCUMBRANCES	11 UNENCUMBERED BALANCE
7,767 74	1 Personal Services	70,679 00	68,984 16		1,694 84
1,055 37	2 Emp. Related Exp.	8,269 00	6,851 56		1,417 44
174 00	3 Professional Services	1,650 00	1,594 00		56 00
294 29	4 Travel - State	6,413 00	2,864 86	857 22	2,690 92
173 27	5 Travel - Out of State	3,500 00	1,228 37	270 00	2,001 63
822 10	6 Other Operating Exp.	27,125 00	25,771 52	495 00	858 48
- 0 -	7 Capital Outlay-Equip.	4,310 00	96 54	3,375 51	837 95
	8				
	9				
	10				
	11				
	12				
	13				
	14				
	15				
	16				
	17				
	18				
	19				
	20				
	21				
	22				
	23				
	24				
	25				
	26				
	27				
	28				
	29				
	30				
10,286 77	TOTALS	121,946 00	107,391 01	4,997 73	9,557 26

1 CLAIMS PAID YEAR TO DATE	2 OBJECT CODE NO.	3 DISTRIBUTION OF EXPENDITURES CLASSIFICATION	4 CLAIMS PAID MONTH OF May, 1973
1,110.00	7111	1 Per Diem: Commission Members	1 150.00
67,874.16	7112	2 Salaries: Employees	2 7,617.74
243.02	7151	3 Industrial Insurance	3
2,227.85	7153	4 F.I.C.A.	4 445.64
3,394.14	7155	5 Retirement	5 380.92
750.30	7156	6 Health Insurance	6 150.06
236.25	7159	7 Personnel Commission	7 78.75
		8	8
	7215	9 Professional Services: Engineer	9
1,594.00	7219	10 Professional Services: Other	10 174.00
		11	11
516.00	7221	12 Travel - State: Mileage	12 64.60
1,192.00	7222	13 Subsistence	13 127.00
	7223	14 Public Transp.	14
1,099.61	7224	15 Vehicle Expense	15 102.69
50.25	7225	16 Reg. Fees; Parking; etc.	16
		17	17
407.00	7232	18 Travel - Out of State: Subsistence	18 63.00
705.42	7233	19 Public Transp.	19 84.07
	7234	20 Airport Parking	20
115.95	7235	21 Reg. Fees; Telephone; etc.	21 26.20
		22	22
18,494.60	7251	23 Occupancy: Office Rent	23
	7261	24 Warehouse Rent	24
	7263	25 Warehouse Mtn. & Repair	25
332.49	7272	26 Mtn. & Repairs: Furn. & Equip.	26 47.99
1,958.50	7280	27 Office Supplies	27 387.58
1,114.42	7300	28 Field Supplies; Film; Am.Strat; P.I., etc.	28 50.92
1,218.59	7331	29 Printing: Reports; Large Maps; etc.	29
	7332	30 Legal Advertisement	30
24.50	7333	31 Court Reporter, Notary Commission, etc.	31
540.69	7334	32 Postage	32 120.00
1,669.64	7335	33 Telephone	33 205.11
178.2	7337	34 Drayage; Express; etc.	34
67.27	7349	35 Rental, Misc.	35
83.00	7360	36 Dues & Subscriptions	36 10.50
		37	37
96.54	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
		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
107,391.01		TOTAL	10,286.77

WELLS DRILLED IN 1972

COMPANY - WELL NAME - PERMIT NUMBER	COUNTY	OIL WELLS FOOTAGE	GAS WELLS FOOTAGE	HELIUM WELLS FOOTAGE	STRATIGRAPHIC TEST FOOTAGE	SPUD DATE	COMPLETION DATE	CURRENT STATUS
Eastern Petroleum Company Santa Fe Fee 1-25, Permit #576	Apache	-	-	1,370	-	1-15-72	2-23-72	P&A
Eastern Petroleum Company Szar-State No. 1, Permit #575	Apache	-	-	1,215	-	4-05-72	4-28-72	T-A
Eastern Petroleum Company Ancon Santa Fe Fee #3, Permit #579	Apache	-	-	1,280	-	4-28-72	5-29-72	P&A
R. Y. Walker & Petrofunds, Inc. #1-A Navajo, Permit #550	Navajo	1,258	-	-	-	5-04-72	5-24-72	P&A
Cities Service Oil Company Nonsanto-Navajo "C"-1, Permit #561	Apache	-	5,753	-	-	5-30-72	7-15-72	Awaiting Pipeline Connection
Clinton Oil Company Navajo "O"-2, Permit #552	Apache	5,855	-	-	-	8-09-72	9-03-72	T-A
Humble Oil & Refining Company Well No. 1 State (74), Permit #583	Pinal	-	-	-	10,179	6-08-72	7-27-72	P&A
Eastern Petroleum Santa Fe Fee- Dreck No. 1, Permit #584	Apache	-	-	1,266	-	5-25-72	9-01-72	P&A
Astro-Tex Oil Corp. of Arizona Federal No. 1, Permit #585	Gila	2,105	-	-	-	7-21-72	2-09-72	T-A
Eastern Petroleum Company Santa Fe- Fee Surprise Creek No. 1, Permit #586	Apache	-	-	2,000	-	6-27-72	7-31-72	P&A
Humble Oil & Refining Company Well No. 1 State (14), Permit #588	Yuma	-	-	-	2,653	7-31-72	8-11-72	P&A

COMPANY - WELL NAME - PERMIT NUMBER	COUNTY	OIL WELLS FOOTAGE	GAS WELLS FOOTAGE	HELIUM WELLS FOOTAGE	STRATIGRAPHIC TEST FOOTAGE	SPUD DATE	COMPLETION DATE	CURRENT STATUS
Brown & Thorp Bullard Wash Prospect No. 1, Permit #5889 *	Yavapai	1,854	-	-	-	8-20-72	8-31-72	PSA
St. Mary Parish Land Company Oil Resources, Inc. #2-16 Tseh-Da-Kate, Permit #590	Apache	3,774	-	-	-	8-08-72	8-21-72	PSA
Tesoro Petroleum Company Navajo-Davis No. 1, Permit #593	Apache	5,547	-	-	-	8-30-72	9-27-72	PSA
Eastern Petroleum Company 1 Mountain Fuel, Permit #594	Apache	3,394	-	-	-	8-18-72	8-27-72	PSA
Eastern Petroleum Company 2 Mountain Fuel, Permit #595	Apache	3,240	-	-	-	8-31-72	9-09-72	PSA
Eastern Petroleum Company Indian Allotted-Merde No. 2, #596	Apache	-	-	1,343	-	9-01-72	-	T-A
Humble Oil & Refining Company Well No. 1 State (32), Permit #597	Pima	-	-	-	12,556	9-16-72	12-18-72	PSA
Eastern Petroleum Company Santa Fe Kiya No. 2, Permit #599	Apache	-	-	1,230	-	9-23-72	11-12-72	T-A
Eastern Petroleum Company Santa Fe-Fee No. 1-11, Permit #601	Apache	-	-	1,075	-	11-01-72	11-10-72	T-A
TOTAL FOOTAGE		27,027	5,753	10,779	25,388			
TOTAL FOOTAGE FOR ALL WELLS - 68,947								

* Re-entry--Original Well Drilled to 3831', Present Total Depth 5685'.

INNER-OFFICE MEMORANDUM

April 13, 1973

TO: John Bannister
FROM: Edward A. Koester

In private conversation with Merrill Haas, Vice president in charge of exploration, and Harry Martin, geophysicist in charge of the Arizona exploration program of Exxon Company, U.S.A., I have picked up some additional information not mentioned by Martin in the paper given at ASU, April 11th.

Their decision to discontinue further exploration here was a matter of relative priorities. They admit the area's potential has not been thoroughly investigated; they just are unwilling to continue to play what they knew was a long shot to begin with.

They intend to withhold data on their drilled wells as long as possible and then divulge only as much as they consider necessary under the Arizona regulations, even though Martin, in answer to a question, professed they would like to turn over a lot of data that Arizona could utilize. They are unwilling to divulge any information regarding seismic velocities, age dating, or paleontological information.

They have recognized salt flowage in their seismic records and seem thoroughly satisfied that there are salt domes in this state, as they have indicated in the past.

Martin mentioned a thickness of 2,200 feet for the Bouse Formation, which he described as a good source rock of petroleum in his prepared speech. He also admitted that their geophysical prognosis on the depth to basement for their No. 1 State (14) north of Hyder in eastern Yuma County had been in error. He had indirectly referred to this situation in the speech at ASU when he mentioned that some of the valley blocks were narrower than expected.

Exxon does not intend to make any farmouts of their leases at this time because to do so they think they would have to show some of their geophysical maps, which they don't wish to do. When I said "If we are asked about the possibility of farmouts, should we refer people to you," he replied affirmatively.

Martin stated that 1,100 miles of seismic lines were run and that the total valley area of their program is 18,000 square miles. In my opinion, the amount of seismic coverage by Exxon is surprisingly low for such a large area, particularly since certain areas have been re-shot.

EAK:st

E.A.K.

INNER-OFFICE MEMORANDUM

April 16, 1973

TO: John Bannister
FROM: Edward A. Koester
SUBJECT: Fourth International Salt Symposium

This Symposium in Houston, Texas opened with a get-acquainted tour of the Astrodome, which allowed me to meet some geologists I had not known and to renew several old acquaintances. It was truly an international meeting, as there were over eighty attendants from 19 foreign countries, including a few from behind the Iron Curtain.

The geology section was one of four and since meetings were held contemporaneously, I was able to hear only the geology papers given on Monday and Tuesday. The schedule was changed from the early announcement so that I missed some papers given on Wednesday and Thursday that would have been more valuable than some earlier in the week. One of these was a paper on salt domes in the Dead Sea graben in Israel, with which I was familiar. This occurrence is remarkably similar to, and the same age as the Red Lake salt dome in Mohave County in size and shape. I discussed this occurrence with the author of the paper, Dr. I. Zak, and found that drilling since I left Israel in 1965 has confirmed the presence of salt domes. Even the one skeptic has been convinced.

One of the best papers was on the salt deposits of Poland where they have been mining salt for over 1000 years. Another Polish paper described upward salt movement of 20,000 feet in ten stages during the Tertiary. Several authors pointed out that salt will flow if given the least opportunity. New areas of salt occurrence and salt domes included the Canadian-Arctic and Nova Scotia where oil and gas discoveries have been made in recent years. Very little data on these discoveries were released.

Several of the authors were interested in potash, rather than salt, and discussed the origin of potash deposits. One of the disappointing features of the symposium was the scarcity of Gulf Coast papers and the lack of participation in the discussion by oil company geologists and independent consultants.

It was a worthwhile meeting in spite of some unsatisfactory arrangements, poor slides and below par presentation.

EAK

EAK:st