

OIL & GAS CONSERVATION COMMISSION
Meeting: September 21, 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
September 21, 1973
4515 N. 7th Avenue, Phoenix, Arizona

10:00 a.m.

Call to order

1. ✓ Approval of minutes of meeting of August 17, 1973
2. ✓ Report of Executive Secretary
3. ✓ Report of Enforcement Section
4. Report of Geology Section
5. Old Business
6. New Business
7. Adjourn

IPAA Meeting

TUESDAY School

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

NEXT MEETING **OCT. 17TH**

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

Minutes of Meeting
August 17, 1973
Arizona Public Service Building
Flagstaff, Arizona

Present:

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

Absent:

Mr. F. Keith Benton, Member

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

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

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

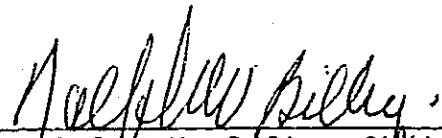
Geological trips to Farmington, New Mexico; Midland, Texas; and Austin, Texas were approved. Trip of Executive Secretary to Santa Fe, New Mexico, was approved.

Service fee schedule and collection system as recommended by the Finance Department in August, 1973 was approved and Executive Secretary instructed to implement as of September 1, 1973.

The Commission budget request for 1974-75, as prepared and recommended by Executive Secretary, was adopted and passed.

Meeting adjourned at 11:45 a.m. and Commission went into executive session concerning the matter of salary recommendation for the Executive Secretary for the 1974-75 year.

APPROVED



Ralph W. Bilby, Chairman

Also present at meeting:

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

OIL AND GAS CONSERVATION COMMISSION
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Phoenix, Arizona 85013

The regularly scheduled meeting for July 20, 1973 was
not held because a quorum would not be present.

Ralph W. Bilby

Ralph W. Bilby, Chairman



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September 10, 1973

Memo: Commissioners
From: John Bannister

Re: Report of Activity

As of the end of September, the primary vacation schedules for the Commission personnel will be completed. A few odd days remain to different individuals which primarily will be used some time during the Christmas season.

On September 13th the Commission's automobiles are to be checked for emissions by the new Health Department's Emission Control Center. I will advise of the outcome of this as soon as possible. Inasmuch as the Commission's cars are relatively new, I do not anticipate any particular trouble.

As adopted by the Commission at our August meeting, the fee schedule has been published. For your information I am attaching a copy of the published schedule which will go out this week with our monthly production report.

Plans are rapidly coming to fruition for the beginning of the salt cavern for propane storage in the salt area discovered by Southwest Salt Company. You will recall that this operation is due West of Phoenix near Luke Air Force Base. We have had a series of meetings with Fenix and Scisson, who will do the engineering work and actually construct the caverns for SOCAL.

We have had indications that the first attempt to develop geothermal energy on State land will commence soon. We were advised the target date is October 15th. This will be done on the one existing State geothermal lease, which is located near Globe, Arizona.

The Independent Petroleum Association of America is holding its annual meeting in Houston on October 21st. This is one of the two yearly meetings of this organization which I regularly attend. Necessary funds have been budgeted for this trip and your permission to attend is requested. I will combine this trip to the APEA with a meeting of the Environmental

Memo: Commissioners
September 10, 1973
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Committee of the Interstate Oil Compact Commission, of which I am Chairman, in Oklahoma City.

I have returned from Santa Fe, New Mexico, where the Executive Committee of the IOCC met. Governor Bruce King of New Mexico is the current IOCC Chairman and was able to meet with us. The prime matters considered by the Executive Committee were primarily the affairs of the IOCC itself. A new committee has been appointed to look at the IOCC and its functions in depth and make recommendations for possible necessary changes in its constitution and by-laws in order that it may more forcefully meet today's crises and demands and so it may continue to be a factor in the current picture of our Nation. One of the prime thoughts is that the IOCC should extend its interest from purely oil and gas matters to all energy matters.

I would like to remind you that Dr. Ed McCullough, Head of the Department of Geosciences of the University of Arizona, has offered to put on a program for the Commission and staff in Tucson. This program would be educational in nature, covering all of the late developments in drilling and exploration techniques. It was earlier suggested that the meeting could coincide with the Commission meeting date. No action has been taken on this matter as yet.

As previously reported, Susie Taylor has left the employment of this Commission. Mrs. OEnone Stacey has been hired to replace Susie. From all indications, Mrs. Stacey is going to prove to be a most satisfactory employe. She is working directly under the supervision of Jack Conley.



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As of September 1, 1973 the following charges will be effective.

FEE STRUCTURE

Note: All mail order fees must be paid in advance with the order.

<u>SERVICE OR ITEM</u>	<u>REGULAR FEE</u>	<u>MAIL ORDER FEE OF 25c PLUS</u>
Continuous Copier	10¢ per copy	15¢ per copy
Continuous Copies:		
Up to 5 feet	10¢ per foot	15¢ per foot
Over 5 feet	25¢ per foot	30¢ per foot
Copies from Microfilm	25¢ each	30¢ each
Rules & Regulations Books	1st copy N/C	1st copy N/C
Additional	\$1.00 per copy	\$1.25 per copy
Completion Reports Monthly	NA	\$20.00 annually or
(Drilling Results)		\$2.00 a month
Maps: Regional Base Map	\$1.00 each	\$1.25 each
Local Area Base Map	\$3.00 each	\$3.25 each

A nominal fee will be charged for other publications.

Hearings: The only costs to be collected are costs incurred for:

1. Publication of the notices of the hearing.
2. Hearing court reporter fees.

Note: The company or individual requesting the hearing must deposit \$50.00 with his initial hearing request. This deposit is not refundable and will be deducted from the total chargeable hearing costs.

In the event the requestor cancels the hearing, the \$50.00 is considered earned. Any expenses greater than the \$50.00 deposit will be billed to the hearing requestor.



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ACTIVITY REPORT

September 12, 1973

Memo from W. E. Allen, Director
Enforcement Section

Geothermal Kinetics at long last have successfully completed their fishing job on the Power Ranches No. 2 geothermal test. The total depth is 10,444'. A seven-inch liner has been run to 10,400'. The bottom 3,000' for this liner was slotted. The operators have run a Reda Pump in the well. This pump is set at approximately 4,700'. Pumping was started on Sunday, September 9th. Due to the apparent low volume of fluid in this hole, it was necessary to operate the pump on an intermittent basis. I checked the fluid for temperature and salt content on Monday, September 10th. The temperature was still fairly low and the water appears to be fresh. It is still too early in the testing period to make any definite conclusions.

Work has been halted on Geothermal Kinetics Power Ranches No. 1. The operators plan to run periodic temperature profiles on this well for an extended period of time.

California Gas Corporation has been issued a Permit to Drill an LPG storage well in the SW/NW Section 2-T2N-R1W, Maricopa County. This location is adjacent to Southwest Salt Company's salt mining operations. Southwest Salt will receive all the brine that is displaced in creating the LPG storage reservoir. Fenix and Scisson is the contractor for this project.

Kerr-McGee has filed for Permit to Drill a development well in the NW/SE Section 31-T36N-R30E, Apache County. This is in the Dineh-bi-Keyah Field and is an offset to the northwest northeast by two producing wells. The permit for the drilling of this well will be issued as quickly as the operators complete the plugging of their No. 5 well in the SE/SE Section 31-T36N-R30E. The plugging of this well is mandatory before another well can be drilled on this particular section.

My activities have been rather limited for this period, my vacation interfered. While on vacation I did visit the geysers. The day was spent visiting and looking around. It was very interesting and hopefully worthwhile.



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ACTIVITY REPORT

September 12, 1973

J. N. Conley
Director, Geology Section

PUBLICATIONS

County Well Location Maps. Printing of the Mohave and Yavapai maps has been postponed until the latter part of this month. The copy-ready negatives prepared for the printer were lost by the cartographer.

Paleozoic Outcrop Sections. This map and the accompanying tabulation are now scheduled for printing in December. We expect to receive in November a series of outcrop sections measured by Northern Arizona University faculty and graduate students that have not been published, or are available only in theses in the Geology Department's library.

Oil and Natural Gas Occurrence in Arizona. This chart has been revised for the third or fourth time, and will be offset-printed later this month.

Publications List. A list of our publications, with descriptive material, and price, will be completed and mimeographed for distribution next month.

INVESTIGATIVE PROJECTS

The projects discussed in last month's Activity Report are still current, with the exception of the East Boundary Butte pool area. Work in this and adjacent areas will be resumed later this year.

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Information on approximately 50 wells not listed in the ARIZONA WELL INFORMATION bulletin is being assembled currently. This bulletin represents an important contribution to the subsurface geology of Arizona, and should be updated periodically with supplemental well records.

NON-COMMISSION INVESTIGATIONS

U. S. Geological Survey. From about 1944 until 1962 the Geologic Branch of the U. S. Geological Survey published a series of oil and gas investigations charts and maps that were very useful to the oil industry. Since 1962 very few

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of these investigations have been published. The Survey's budget for oil and gas research for this fiscal year, however, has been increased considerably. Peter R. Rose, a former Shell Oil Company geologist, was hired this past February to head up planned research in the Denver regional office. Hopefully, some of the research will be in Arizona.

The U. S. Geological Survey's Center of Astrogeology in Flagstaff has been doing considerable mapping in the central and north parts of Arizona that will be of value to earth scientists when published. Some of the work being done for NASA may shed new light on structure in central Arizona, according to Donald P. Elston. We have received recently from Elston ozalid copies of preliminary geologic and lineament maps of the Verde Valley areas and environs. These maps were made early this year, employing a 1:200,000-scale ERTS photograph as a base map.

Arizona State Land Department. The Mineral & Energy Division, under the direction of A. K. Doss, has made considerable headway in defining those areas in the Basin and Range province appearing to have the best geothermal potential. The initial phases of this investigation were performed by the Geophysical Laboratory of the Geosciences Department and by the office of Arid Land Studies, University of Arizona. The airborne magnetic map, and the Bouguer gravity anomaly map (this Commission helped finance completion of this map) of Arizona, along with ERTS and other photography, were utilized extensively in this investigation. Dr. H. W. Peirce of the Arizona Bureau of Mines assisted in the geological interpretations.

GEOHERMAL

Earlier this year Calvert Exploration Company requested some information concerning geothermal resources in Arizona. This firm has now entered into a joint venture program of geothermal exploration in New Mexico and Nevada. Some of the potentially productive geothermal areas of New Mexico extend westward into Arizona.

* * * * *

Earlier this year Marshall Reiter, New Mexico Institute of Mining and Technology, Socorro, New Mexico, submitted a research proposal to The National Science Foundation for a grant to make a regional heat flow study in the Arizona portion of the Colorado Plateau. Reiter has possibly received this grant, as we have an unconfirmed report that he plans to commence an investigation this year.

* * * * *

We get an occasional request for our Subsurface Temperature Map of Arizona; the most recent one was from the U. S. Geological Survey's Astrogeology Center.

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GENERAL

Environmental Matters - Federal Lands. To date this Commission has not been involved in any of the environmental problems affecting drilling exploration in other western states. In Colorado, for example, very few leases have been issued since December, 1972, on federal lands under the jurisdiction of the Bureau of Land Management (BLM). A directive from the Secretary of Interior issued then required an environmental analysis before a lease could be granted on non-competitive acreage. The BLM has now completed a series of Environmental Analysis Reports (EAR). Leases formerly granted in a matter of days may now be issued or denied within a three-month period.

All leases now granted have a standard "open-end" stipulation making approval of drilling or production plans subject to joint analysis and concurrence by the U. S. Geological Survey (USGS) and the BLM or U. S. Forest Service (USFS). The BLM is responsible for oil and gas leasing under the provisions of the Environmental Protection Act (EPA), while the USGS is responsible for supervising all lease operations.

The BLM is possibly now preparing EAR for Arizona. The USFS contacted this Commission earlier this year concerning the oil and gas potential of lands within the Coconino National Forest. Another program that definitely will affect leasing of federal lands in Arizona has been undertaken by the BLM, the USGS and the USFS. It is called a Programmatic Environmental Statement (PES), and differs from the BLM's EAR in Colorado in that it will cover every state in the union, excepting Hawaii. Another difference is that Colorado's EAR divides the state into geographic regions, while the PES divides the country into biomes, or regions of ecological harmony, such as grasslands, tundra, upland timber and desert.

As much of the land in Arizona is owned by the federal government, EPA requirements will affect operators attempting to assemble blocks of leases for geophysical and drilling exploration. In California state and privately-owned lands are now subject to rigorous environmental controls by state, county, and local municipality governments. If similar controls affecting state and privately-owned lands are adopted in Arizona, this Commission may become strongly involved with environmental problems.

Museum of Northern Arizona - Geological Symposium. Jim Scurlock and I attended this symposium, held August 31 and September 1 in Flagstaff. Most of the papers presented were brief progress reports on various geological and geophysical investigations being made by university faculty members, graduate students, and U. S. Geological Survey personnel. I gave a brief, "high-light"-type report on the oil, natural gas and geothermal resources potential of Arizona.

Visitors. Most of our visitors this past month have been interested in getting data pertaining to water wells and availability of well drill-bit cuttings.

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Orthophotoquads. These 7½-minute quads are being prepared by the U. S. Geological Survey, Typographic Division, from the NASA high-altitude photography of Arizona. The completed quads are offered for sale by the Arizona Resources Information System.

Synthetic Gas Plant. According to a news item in PETROLEUM INFORMATION, 8-9-73, Tucson Gas & Electric, Arizona Public Service, Southwest Gas and Southern Union Gas have let a contract for the building of a 100 million cubic feet per day synthetic gas plant near Tucson. Completion scheduled for early 1975. The plant will use naphtha for conversion to gas.



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