

OIL & GAS CONSERVATION COMMISSION  
Meeting: March 15, 1974  
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  
March 15, 1974  
4515 N. 7th Avenue, Phoenix, Arizona

10:00 a.m.

Call to order

- 1 ✓ Approval of minutes of meeting of February 15, 1974
- 2 ✓ Report of Executive Secretary
- 3 ✓ Report of Enforcement Section
- 4 ✓ Report of Geology Section
5. Old Business -
6. New Business - TRIPS below
7. Adjourn

If you are unable to attend this meeting, please notify this office as soon as possible.

*App "Joe"*  
*re Cherokee Ranch*  
*To Be Sold*

*SUMMERS*  
*work 5, 10, 15, 20, 25, 30, 35, 40, 45, 50, 55, 60, 65, 70, 75, 80, 85, 90, 95, 100*  
*partially with*  
*our efforts*

*TRIPS* IPAA - DENVER MAY 5-8  
GEO - SF " 23-24' *Speaker*  
IOCC - DENVER JUNE 12-15

*JACK - Memo Park - MAY. 22*

*APPROVED*

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

Minutes of Meeting  
February 15, 1974

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 February, 1974 was called to order by Chairman Ralph Bilby at 10:00 a.m.

Minutes of meeting of January 18, 1974 were approved as written.

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

Executive Secretary reported on House Bills 2148 and 2222. House Bill 2148 provides a supplemental budget to the Commission in the amount of \$432,000 to conduct geology work within Arizona aiming at encouraging exploration. The bill has been assigned to Ways and Means and Rules Committees and has been unanimously approved by the Natural Resources Committee of the House of Representatives.

House Bill 2222 provides for a severance tax of 5% of the gross value of the production of oil, natural gas, helium and geothermal resources in lieu of any other tax upon production. It further provides for the tax to be suspended until such time as the operator of the first producing well on a lease has recovered 200% of his cost of drilling and completing the well. This bill has likewise been assigned to the Committees on Ways and Means, Rules, and Natural Resources, but has not as yet been on any agenda.

Dr. Schreiber of the Department of Geosciences, University of Arizona, reported that a representative of Exxon Corporation appeared at the University of Arizona and gave a most interesting speech concerning the world energy situation. Exxon Corporation feels that crude oil and its byproducts will be the prime energy of the world through about the Year 2000 and all efforts must be made to encourage exploration and production of this energy source.

Minutes of Meeting  
February 15, 1974  
Page Two

Chairman Bilby extended the best wishes of the Commission to Edward Koester, staff geologist, who is leaving the employ of the Commission to retire in Santa Barbara, California.

Meeting adjourned at 11:30 a.m., to go into executive session.

APPROVED            March 15, 1974

---

Ralph W. Bilby, Chairman

Also present at meeting:

Dr. Joseph F. Schreiber  
Department of Geosciences  
University of Arizona  
Tucson, Arizona

Mr. A. K. Doss  
State Land Department  
Phoenix, Arizona



OFFICE OF  
**Oil and Gas Conservation Commission**

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

March 6, 1974

Memo: Commission  
From: John Bannister

The two bills in which this Commission is interested, i.e., House Bills 2148 and 2222, are moving slowly, as is to be expected at this time. I have appeared only once on each of the bills. I do anticipate that the speed with which these bills move will pick up with the general pace of this current Legislative session.

House Bill 2222, concerned with severance tax, has been assigned to a sub-committee to work on a couple of problems, one being whether the tax should be placed at 5 or 6%, another to the division of income between the state and counties. I will undoubtedly be working with the sub-committee when it meets.

I will appear before the Senate Appropriation Committee on Friday, March 8th, concerning the regular budget of this Commission. As you have been advised, the Governor has requested that expenditures be cut as much as possible and I anticipate some minor reduction in the amount requested by this Commission and I am sure that we can endure any reduction that may occur. However, it should be remarked that while most agencies of the government have been asked to cut expenses, we have been requested by the Governor to increase expenses in the field of collecting information to encourage exploration and production of the energies under our jurisdiction. Consequently, I do not expect a large decrease in the amount of monies requested by this Commission.

Needless to say, expenses of this Commission will be held in as tight rein as possible to accomplish what we must do, but keeping the same at the smallest possible expense to the State. I feel this Commission can be proud of its expense record.

As previously approved by the Commission, I attended the Executive Committee session of the IOCC, which met in Oklahoma

Memo: Commissioners  
March 6, 1974  
Page Two

City on February 27th. This was a most valuable session and it should be noted that the Compact took a stand against the energy bill recently passed by Congress which President Nixon said he will veto. The stand of the Compact Commission was expressed to each of the legislators by telegram, however, due to the time difference between Oklahoma City and Washington, our telegrams arrived after the bill had been passed by both Houses. However, President Nixon has been made aware of the Compact Commission's stand. Governor Hall of Oklahoma appointed a "watch dog" committee to watch and advise the member states of pending energy legislation. This committee was also authorized to appear before various committees in Washington to make known the IOCC position.

Governor Hall reappointed me Chairman of the Environmental Protection Committee.

The audit of the Commission has been completed and the overall performance of the Commission has been most satisfactory. Minor suggestions have been made by the auditor for in-house mechanics of record keeping and this will be done. Each of you should receive the official report of the Auditor in the near future. One suggestion made by the Auditor was that materials which the Commission may offer for sale be inventoried and made a part of our capital structure. This inventory is under way.

The Personnel Commission has received some 25 to 30 applications for the position vacated by Mr. Koester. On Friday, March 1st, a representative of the Personnel Commission met with Mr. Conley to look over the list of applicants and approximately 90% were not qualified as having the minimum requirements. The official list of the qualified applicants should reach Mr. Conley some time this week and we will keep you advised as to the progress we are making in filling this position.

I would remind you that the rodeo will be going on next weekend and rooms will be very hard to get so room reservations should be made early.



OFFICE OF

**Oil and Gas Conservation Commission**

STATE OF ARIZONA

4515 NORTH 7TH AVE.

PHOENIX, ARIZONA 85013

PHONE: (602) 271-5161

ACTIVITY REPORT

March 6, 1974

Memo from W. E. Allen, Director  
Enforcement Section

In February's report the closing-in of all wells operated by Eastern Petroleum Company was mentioned. This action was caused by Western Helium's decision not to take gas from these wells as of January 1, 1974. Eastern still has not advised this Commission of their future plans for this area.

Jack Conley and I attended a series of lectures at the University of Arizona last month. The speaker was Mr. Hunter Yarbrough, an Exxon Corporation geologist. Mr. Yarbrough was an excellent speaker and his various lectures were very informative. In one of his talks he briefly discussed Exxon's recent play in Arizona. In this discussion he emphasized that the holes drilled by Exxon were strictly stratigraphic tests. The only hole drilled with a structure in mind was the Yuma Federal No. 1, drilled just east of San Luis in Yuma County. Mr. Yarbrough made it clear that although the four tests drilled by Exxon in Arizona in no way condemned the State for oil and gas possibilities, that Exxon was through and there would be no future exploration activity in the southwest portion of the State by his corporation.

Last week I attended a geothermal conference in El Centro, California. The primary theme of this conference pertained to federal leasing of lands for geothermal exploration. There were detailed discussions on operational activities and problems in the Geysers in the Cerro Preto Fields. One of the speakers, Mr. B. C. McCabe, president of Magma Power Corporation and considered the father of geothermal resource activity, talked of his long and arduous fight to sell the utilities and oil industry on the value of geothermal resources. He also severely upbraided the Interior Department for the many restrictions they have placed on this new industry.

Page 2  
Activity Report  
March 6, 1974

There has been some recent leasing activity for geothermal leases on federal lands in Arizona. Phillip Petroleum, Union Oil and Amax Corporation have made application for several thousand acres in Graham and Greenlee Counties. These leases are generally south-southwest of Morenci. As of yesterday all applications were still being studied, no leases have been issued.

The bonding company that issued the bond covering P & H Development Corporation, P & H Federal No. 1 in the SW/SW, Sec 30-T2S-R9W, has been notified that the Commission may find it necessary for them to fulfill their obligations under the bond; namely, plugging the well. The original operator of this well, Lou Purigraski, is deceased.

Kerr-McGee is still recovering load oil from Navajo No. 17, NW/SE, Sec 17-T36N-R30E, Apache County. Until such time as the load oil is recovered, we will have no knowledge of producing capabilities of this well.





OFFICE OF  
**Oil and Gas Conservation Commission**

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

ACTIVITY REPORT

March 5, 1974

J. N. Conley  
Director, Geology Section

PUBLICATIONS

The map for "Selected Paleozoic Stratigraphic Sections in Arizona" was printed early last month. We expect to receive the manuscript from the printer (State of Arizona) sometime this week.

"Arizona Well Information" was received from the printer this week. The delay in both instances is due to the large volume of priority printing necessary when the Legislature is in session.

INVESTIGATIVE PROJECTS

ERTS photography has been ordered for the project being funded by NASA, and a graduate student has started to work in locating known structural anomalies.

\* \* \* \* \*

Prior to his departure from The Commission, Edward Koester completed preliminary interpretations of the following subsurface geologic maps in the state: Lower Paleozoic Paleogeography, Mississippian-Precambrian Isopach, Pennsylvanian Hermosa - Mississippian Isopach, Mississippian Thickness, Mississippian Structure, Precambrian Topography, Devonian Thickness.

EXPLORATION

In the February 6, 1974, ACTIVITY REPORT I reported that Warren Carr had isolated several prospective areas in the overall Holbrook area within which he was planning to put some drilling deals together. Webb Resources, Inc. is currently checking Carr's geological interpretations. William A. Falconer, Senior Geologist for Webb, visited us yesterday and today to see what information and ideas we had about the petroleum potentialities.

The deal Carr submitted to Webb requires the drilling of seven wells to Pennsylvanian or older rocks. If the submission is accepted, Webb will move one of its rigs into the area to drill the holes.

Sam Gary, a very successful independent oil operator, is the chief

Activity Report  
March 5, 1974  
Page Two

executive officer of Webb Resources, Inc., a Denver-based firm. Del Webb is a minority stockholder.

\* \* \* \* \*

John Venema, Windward Oil Co., New York City, has requested a consulting geologist to attempt to promote a drilling deal on the 38,000(+)-acre lease block he owns in Yuma County. The Exxon 1 Yuma-Federal was drilled on or near the south part of this block.

GENERAL

Edward A. Koester resigned February 28. He and his wife have moved to Santa Barbara, California, where they plan to play a lot of golf. He may do some consulting work.

The State Personnel office will complete grading applications for the open position late this week.

\* \* \* \* \*

The Midland office of Exxon Corp., U.S.A., has informed me orally that they are preparing a thorough report (excluding seismic data) of its exploratory program in the Basin and Range province, and will request top-management's approval to publish it.

\* \* \* \* \*

According to the OIL & GAS JOURNAL (February 4, 1974), Union Oil of California has a potentially commercial geothermal well in Sandoval County, New Mexico. Test-flow rates are reported to equal some of the better wells drilled in the Geysers field in California. This is a good example of how the serendipity factor sometimes works. The initial test hole in the immediate area was drilled for oil, but found steam!

  
J.N.C.

**MONTHLY FINANCIAL REPORT**

| 1<br>RECEIPTS<br>MONTH OF<br><i>Feb 1974</i> | 2<br>CLASSIFICATION             | 3<br>RECEIPTS<br>APPROPRIATED<br>RECEIPTS | 4<br>UNAPPROPRIATED<br>RECEIPTS | 5<br>TOTAL<br>ALL RECEIPTS<br>YEAR TO DATE |
|--|---------------------------------|---|---------------------------------|--|
| -0-  | 1 Permits to Drill              |   |                                 | 50 00                                      |
|  | 2                               |   |                                 |  |
|  | 3                               |   |                                 |  |
|  | 4                               |   |                                 |  |
|  | 5                               |   |                                 |  |
|  | 6                               |   |                                 |  |
|  | 7                               |   |                                 |  |
|  | 8                               |   |                                 |  |
|  | 9                               |   |                                 |  |
|  | 10                              |   |                                 |  |
|  | 11                              |   |                                 |  |
|  | 12                              |   |                                 |  |
|  | 13                              |   |                                 |  |
|  | 14                              |   |                                 |  |
|  | 15                              |   |                                 |  |
|  | 16                              |   |                                 |  |
|  | 17                              |   |                                 |  |
| -0-  | TOTAL CURRENT MONTH RECEIPTS    | -0-                                       | -0-                             | XXXXXX                                     |
| XXXXXX                                       | TRANSFERS IN                    |   |                                 |  |
| -0-  | BALANCES BROUGHT FORWARD        |   | 3,176 83                        | XXXXXX                                     |
|  | TOTALS - MONTH AND YEAR TO DATE |   | 3,176 83                        | 50 00                                      |

| 6<br>CLAIMS PAID<br>MONTH OF<br><i>Feb 1974</i> | 7<br>EXPENDITURES<br>FUND TITLES | 8<br>TOTAL AMOUNT<br>AVAILABLE<br>YEAR TO DATE | 9<br>CLAIMS PAID<br>YEAR TO DATE | 10<br>OUTSTANDING<br>ENCUMBRANCES | 11<br>UNENCUMBERED<br>BALANCE |
|---|----------------------------------|--|----------------------------------|-----------------------------------|-------------------------------|
| 7,578 44  | 1 Personal Services              | 75,750 00                                      | 62,925 36                        |                                   | 12,826 64                     |
| 1,086 53  | 2 Emp. Related Exp.              | 9,375 00                                       | 7,473 94                         |                                   | 1,901 06                      |
| 120 00  | 3 Professional Serv              | 1,780 25                                       | 919 00                           |                                   | 861 25                        |
| 150 59  | 4 Travel-State                   | 6,300 00                                       | 2,888 91                         | 1,297 91                          | 2,113 18                      |
| 144 52  | 5 Travel-Out of State            | 3,400 00                                       | 2,107 02                         | 235 27                            | 1,057 71                      |
| 2,757 87  | 6 Other Operating Exp.           | 31,561 96                                      | 24,391 41                        | 4,614 86                          | 2,555 69                      |
|   | 7 Capital Outlay-Equip.          | 2,800 00                                       | 1,955 20                         | 317 30                            | 527 50                        |
|   | 8                                |  |                                  |                                   |                               |
|   | 9                                |  |                                  |                                   |                               |
|   | 10                               |  |                                  |                                   |                               |
|   | 11                               |  |                                  |                                   |                               |
|   | 12                               |  |                                  |                                   |                               |
|   | 13                               |  |                                  |                                   |                               |
|   | 14                               |  |                                  |                                   |                               |
|   | 15                               |  |                                  |                                   |                               |
|   | 16                               |  |                                  |                                   |                               |
|   | 17                               |  |                                  |                                   |                               |
|   | 18                               |  |                                  |                                   |                               |
|   | 19                               |  |                                  |                                   |                               |
|   | 20                               |  |                                  |                                   |                               |
|   | 21                               |  |                                  |                                   |                               |
|   | 22                               |  |                                  |                                   |                               |
|   | 23                               |  |                                  |                                   |                               |
|   | 24                               |  |                                  |                                   |                               |
|   | 25                               |  |                                  |                                   |                               |
|   | 26                               |  |                                  |                                   |                               |
|   | 27                               |  |                                  |                                   |                               |
|   | 28                               |  |                                  |                                   |                               |
|   | 29                               |  |                                  |                                   |                               |
|   | 30                               |  |                                  |                                   |                               |
| 11,837 95                                       | TOTALS                           | 130,967 21                                     | 102,658 84                       | 6,465 34                          | 21,843 03                     |

| 1                           | 2                  | 3  | 4   |
|-----------------------------|--------------------|--|---|
| CLAIMS PAID<br>YEAR TO DATE | OBJECT<br>CODE NO. | DISTRIBUTION OF EXPENDITURES<br>CLASSIFICATION | CLAIMS PAID<br>MONTH OF<br><i>Feb 19 74</i> |
| 1,230.00                    | 7111               | 1 Per Diem: Commission Members                 | 1 120.00                                    |
| 6,693.36                    | 7112               | 2 Salaries: Employees                          | 2 7,458.44                                  |
| 232.38                      | 7151               | 3 Industrial Insurance                         | 3 100.12                                    |
| 2,619.21                    | 7153               | 4 F.I.C.A.                                     | 4 443.31                                    |
| 3,577.11                    | 7155               | 5 Retirement                                   | 5 428.10                                    |
| 870.24                      | 7156               | 6 Health Insurance                             | 6 115.00                                    |
| 175.00                      | 7159               | 7 Personnel Commission                         | 7   |
|                             |                    | 8  | 8   |
|                             | 7215               | 9 Professional Services: Engineer              | 9   |
| 919.00                      | 7219               | 10 Professional Services: Other                | 10 120.00                                   |
|                             |                    | 11   | 11  |
| 450.20                      | 7221               | 12 Travel - State: Mileage                     | 12 28.40                                    |
| 1,189.00                    | 7222               | 13 Subsistence                                 | 13 71.00                                    |
| 53.53                       | 7223               | 14 Public Transp.                              | 14  |
| 1,054.78                    | 7224               | 15 Vehicle Expense                             | 15 51.19                                    |
| 141.40                      | 7225               | 16 Reg. Fees; Parking; etc.                    | 16  |
|                             |                    | 17   | 17  |
| 714.00                      | 7232               | 18 Travel - Out of State: Subsistence          | 18 65.00                                    |
| 1,182.52                    | 7233               | 19 Public Transp.                              | 19 79.52                                    |
| 5.75                        | 7234               | 20 Airport Parking                             | 20  |
| 204.75                      | 7235               | 21 Reg. Fees; Telephone; etc.                  | 21  |
|                             |                    | 22   | 22  |
| 18,494.60                   | 7251               | 23 Occupancy: Office Rent                      | 23 1,849.46                                 |
|                             | 7261               | 24 Warehouse Rent                              | 24  |
|                             | 7263               | 25 Warehouse Mtn. & Repair                     | 25  |
| 474.00                      | 7272               | 26 Mtn. & Repairs: Furn. & Equip.              | 26  |
| 1,884.45                    | 7280               | 27 Office Supplies                             | 27 104.17                                   |
| 227.21                      | 7300               | 28 Field Supplies; Film; Am.Strat; P.I., etc.  | 28 15.50                                    |
| 895.58                      | 7331               | 29 Printing: Reports; Large Maps; etc.         | 29 574.02                                   |
|                             | 7332               | 30 Legal Advertisement                         | 30  |
|                             | 7333               | 31 Court Reporter                              | 31  |
| 252.86                      | 7334               | 32 Postage                                     | 32  |
| 1,630.00                    | 7335               | 33 Telephone                                   | 33 214.72                                   |
|                             | 7337               | 34 Drayage; Express; etc.                      | 34  |
| 65.21                       | 7349               | 35 Rental, Misc.                               | 35  |
| 22.50                       | 7360               | 36 Dues & Subscriptions                        | 36  |
|                             |                    | 37   | 37  |
| 1,955.20                    | 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  |
| 195.00                      | 7280.1             | 45 Orthophoto Quads                            | 45  |
|                             |                    | 46   | 46  |
|                             |                    | 47   | 47  |
|                             |                    | 48   | 48  |
|                             |                    | 49   | 49  |
|                             |                    | 50   | 50  |
|                             |                    | 51   | 51  |
|                             |                    | 52   | 52  |
|                             |                    | 53   | 53  |
|                             |                    | 54   | 54  |
|                             |                    | 55   | 55  |
| 102,658.84                  |                    | TOTAL  | 11,837.95                                   |