



OIL & GAS CONSERVATION COMMISSION  
Meeting: June 21, 1974  
Mr. John Bannister, Exec. Sec.



1. Short visitors short

camp

2. Letter to Eastern

3. meeting at Flag Aug 19

4. No July meeting

HASTINGS - LOS ANGELES  
LOOKIN - MCKENROR, U.S.A.

Smad®

OIL & GAS CONSERVATION COMMISSION  
Meeting: June 21, 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  
June 21, 1974  
4515 N. 7th Avenue, Phoenix, Arizona

10:00 a.m.

Call to order

- 1 ✓ Approval of minutes of meeting of April 19, 1974
- 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.

*BILL KING  
AZ REP  
CHET DRAIT*

*60 days  
or show cause*

*Ann  
show  
sheep  
comm*

JULY NO  
AUG 19TH 1974 (MON)

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

Minutes of Meeting  
March 15, 1974

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

Minutes of meeting of February 15, 1974 were approved as written.

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

Executive Secretary reported that House Bill 2148 providing a supplemental budget to the Commission to conduct geology work within the State of Arizona, as outlined at the February meeting, has been given the approval of the Joint Legislative Budget Committee, has been passed by the House Natural Resources Committee, and is now in the House Rules Committee.

House Bill 2222 providing for a severance tax on oil, natural gas, helium and geothermal resources, as outlined at the February meeting, was amended by the House Ways and Means Committee to provide for a severance tax of 7-1/4% rather than the tax of 5% suggested by the Commission. This bill has now passed all of the House committees with the exception of the Rules Committee, where it is still being considered.

William E. Allen, Director of Enforcement Section of the Commission, advised that the Commission has just issued a permit for the third geothermal test to be drilled in Arizona. The location is in Graham County near Eden, Arizona.

J. N. Conley, Director of Geology Section, introduced Mr. Charles E. Druitt, who has replaced Mr. Edward Koester as a staff geologist.

Commission approved four out-of-state trips to be made during

Minutes of Meeting  
March 15, 1974  
Page 2

the balance of the fiscal year, funds permitting: March, 1974, J. N. Conley - U.S. Geological Survey-Western State Geologists Geothermal Planning Meeting, Menlo Park, California; May, 1974, John Bannister - Independent Petroleum Association of America, Denver, Colorado; May, 1974, John Bannister - Geothermal Resources Council Special Course on Geothermal Regulations, San Francisco, California; and June, 1974, John Bannister - Interstate Oil Compact Commission, Vail, Colorado.

Meeting adjourned at 11:30 a.m.

APPROVED April 19, 1974

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Ralph W. Bilby, Chairman

Also present at meeting:

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



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June 13, 1974

Memo: Commissioners  
From: John Bannister

As you will recall, the Geothermal Council held a meeting in San Francisco on May 23 and 24. I was invited to be a speaker on the subject of Arizona's geothermal rules and regulations and as part of the panel I explained Arizona's requirements for drilling and other regulations and later answered questions. As part of this talk I mentioned the fact that tax incentive bills were introduced in this legislature but had not passed. This Commission's proposal to set the State's production tax at 5% and exempt collection until such time as 200% of the operator's cost of drilling and completing the initial well had been recovered was met with great enthusiasm and we were requested to furnish the text of this proposed law to several states and individuals. Many of the individuals and companies present indicated their desire to support this legislative proposal should we seek it again next year.

Drilling activity in the State has basically remained rather quiet, though we have issued two additional permits for geothermal wells since our last meeting. Reports on these permits will be made by Bill Allen.

Duval is making a strat program in the northern part of the State in what is essentially our potash area. Bill Allen will make further report on this.

The forthcoming I.O.C.C. meeting in Vail, Colorado should prove to be an interesting program. Much of it is concerned with making the Nation self sufficient in energy production. As you will recall, I am chairman of the Environmental Protection Committee. Our program for this meeting will involve a speaker from Exxon. His speech will concern how regulatory agencies such as ours can and will help companies with their environmental problems - in short, something we are perhaps doing right for a change! Following this speech, we will

Memo: Commissioners  
June 13, 1974  
Page 2

continue our program of looking at the most pressing environmental problems facing the Compact states and possible solutions. As part of the continuing program, I submitted questionnaires to the various Compact states concerning the most pressing environmental problems. The sub-committee is working on these problems four or five at a time, taking first those they consider most pressing. A detailed discussion of the five most pressing problems so far identified will occur at this meeting.

We are in the process of closing out our 1973-74 budget. Currently, it looks as if approximately \$8,000 will revert to the General Fund. This will come mainly from unexpended personal services, travel and other operating expenditure allotments. The Governor requested that all state agencies reduce expenditures by approximately 5%. Inasmuch as the Governor earlier this year charged this Commission to increase its efforts to encourage exploration in the State, we commenced certain geological studies which called for commitment of funds, consequently we were unable to stay within the requested decrease of expenditures. However, when the Governor first called for this decrease in expenditures, we contacted his office and reminded him of our position and were advised that this Commission was not expected to comply due to the extenuating circumstances.

The budget for the year 1974-75 will be in effect July 1st. The Legislature gave this Commission its total requested budget and some additional monies based upon legislative approved salary increase.

The budget for the year 1975-76 will be suggested at our August meeting and we must have our requested budget submitted no later than September 1st.



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ACTIVITY REPORT

April 13, 1974

Memo from W. E. Allen, Director  
Enforcement Section

Duval Corporation plans to drill a number of strat test holes in the general vicinity of Navajo Springs, Apache County. These tests will be permitted. Duval has furnished this Commission with a blanket bond. According to the company representative that will be in charge of the program, applications to drill will be filed very shortly. Supposedly, this search is for potash.

It seems that interest in oil, gas and geothermal exploration may be picking up, at least requests for various types of information are on the upswing.

Phillips have indicated they plan to drill a number of shallow holes in the eastern section of the State. These holes will be used for temperature observation and to determine heat flow and rock thermal conductivities.

Warren Carr, a consulting geologist from Oklahoma City, spent the better part of two days in the office last week going through the files and making copies of selected logs.

Activity Report  
April 13, 1974  
Page 2

His area of interest centered around Navajo Springs. It has been reported that Carr has been working with Webb Resources in an effort to interest them in the Holbrook Basin. He declined to indicate whether this latest search was for Webb or some other client.

A permit has been issued Geothermal Kinetics, Inc.--Amax Exploration, Inc. for a proposed 7,500 foot geothermal resources test to be drilled in the SE $\frac{1}{4}$  SW $\frac{1}{4}$  of Section 8, Township 7 South, Range 8 East, Pinal County. This proposed test is approximately four miles northwest of Eloy.

At the last report, Nix Drilling Company State #1 geothermal test was at 540 feet. Operations have been suspended because of mechanical difficulties. The operator set and cemented 76 feet of 12 $\frac{1}{2}$ " conductor pipe. I spent the better part of two days witnessing this operation.

A group calling themselves Whale, Inc. is studying the possibilities of building an oil refinery in the Yuma area. The representative who contacted this office indicated that certain of the Arab producing companies would finance the operation.

I was recently invited and attended a workshop at Scottsdale Community College. The purpose of this was to develop a curriculum for geological technicians. The meeting was well attended by members of oil, mining and drilling industries. If Scottsdale Community College offers a course of this nature, it will be the second college in the country to do so.



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ACTIVITY REPORT

June 11, 1974

J. N. Conley  
Director, Geology Section

PUBLICATIONS

Sales. Requests for some of our publications this past month showed a marked increase over last month.

A Geophysical and Geological Investigation of Potentially Favorable Areas for Petroleum Exploration in Southeast Arizona. After four or five editings we are finally ready to go-to-press with this publication. It will be Report of Investigation No. 3.

Review of the Development of Oil and Gas Resources in Northern Arizona. This paper is ready to be printed. It is to be Special Publication No. 1.

Pinta Dome-Navajo Springs-East Navajo Springs. This is the first of a series of pool maps we plan to publish. We will send this one to the printer before the end of the month.

Graham-Greenlee and Pima-Santa Cruz. These two maps of our county well location map series are being printed this week. The series printed to date consists of the following: Cochise, Maricopa, Mohave, Yavapai, Pinal, and Yuma. The long north-south dimensions of Apache and Navajo Counties present problems in preparing satisfactory map formats. We may decide to prepare just one map to cover Apache, Navajo, and Coconino Counties. This will complete state-wide coverage, as there are not enough drill holes in Gila County to warrant a map of this county.

New Base Map of State. Earlier this year we fortunately were able to obtain a Cronaflex film of the 1974 edition of the U.S. Geological Survey's base map of Arizona without all of the cultural detail curtailing its usefulness as a base for geologic mapping. We will complete adding to it this week the Bureau of Land Management's protraction diagrams of the numerous unsurveyed areas in the state. The 15-minute ticks for the quadrangle system of locating wells on the Navajo and Hopi Indian Reservations will also be added. This will permit us to post more accurately the location of geologically significant water wells on the Reservation.



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Activity Report  
June 11, 1974  
Page 2

#### EXPLORATION

Geothermal Kinetics Systems, Inc., and Amax Exploration, Inc., have been issued a permit for a geothermal test hole in sec. 8, T. 7 S., R. 8 E., Pinal County. Projected depth, 7,500 feet.

Two geologists from Duval Corp., Tucson, visited our office last week. They were interested in examining our records of Arkla Exploration Company's potash core holes in the Holbrook area, Navajo and Apache Counties. They had copies made of most of our Arkla files.

\* \* \*

A few days later, Warren Carr, independent geologist and oil operator, Oklahoma City, spent almost two days in our office copying files and logs of the holes drilled by Duval Corp. in the same general area.

\* \* \*

Saint Joe American Exploration Corp., headquarters in New York City, has been issued mineral prospecting permits on 80 sections of state land in the Holbrook area. This firm is preparing to establish an exploration office in Tucson.

\* \* \*

Mobil Research & Development Corp., Dallas, Texas, recently inquired about the availability of geologic maps throughout the state.

\* \* \*

Exxon Company, U.S.A., has completed an aerial photography survey of the Holbrook area. As reported previously, this company has a mineral exploration option on lands owned by Arizona & New Mexico Land and Cattle Company.

#### INVESTIGATIVE PROJECTS

Dr. Ken Foster, OALS, University of Arizona, has informed us that the results of the initial investigation of ERTS photography in the northeast part of the state were very gratifying. In addition to better defining known folds, several unmapped structural features of interest were noted. A graduate student is currently checking some of these features in the field.

\* \* \*

Activity Report  
June 11, 1974  
Page 3

Two graduate students, Northern Arizona University, have commenced studies of the Mississippian and Devonian Systems in northeast Arizona. We have furnished them drill-bit cuttings and electric logs of critical wells in the area.

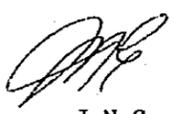
\* \* \*

Dr. Stanley S. Beus, Northern Arizona University, recently sent us the measured and described sections he used in preparing his paper, Devonian Stratigraphy and Paleogeography Along the Western Mogollon Rim, Arizona. These sections will supplement those referred to by Ed Koester in his paper, Selected Paleozoic Stratigraphic Sections in Arizona.

#### GEOHERMAL LEASING

The State Land Department is tentatively planning to offer for competitive bidding geothermal leases in Whitlock Valley. This valley is in southeastern Graham County.

JNC:os

  
J.N.C.

**MONTHLY FINANCIAL REPORT**

RECEIPTS MONTH OF	CLASSIFICATION	RECEIPTS	APPROPRIATED RECEIPTS	UNAPPROPRIATED RECEIPTS	TOTAL ALL RECEIPTS YEAR TO DATE
May 19 74	1	Permits to Drill			1 00 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			3,226 83	XXXXXX
	TOTALS - MONTH AND YEAR TO DATE			3,226 83	100 00

CLAIMS PAID MONTH OF	FUND TITLES	EXPENDITURES	TOTAL AMOUNT AVAILABLE YEAR TO DATE	CLAIMS PAID YEAR TO DATE	OUTSTANDING ENCUMBRANCES	UNENCUMBERED BALANCE
May 19 74	1	Personal Services	101,000 00	89,096 82		11,903 18
11,389 35	2	Emp. Related Exp.	12,500 00	11,017 90		1,482 10
1,525 09	3	Professional Serv	2,465 75	1,273 00	102 50	1,090 25
-	4	Travel-State	8,400 00	4,887 56	923 41	2,589 03
909 58	5	Travel-Out of State	3,400 00	3,019 49	-0-	380 51
379 77	6	Other Operating Exp.	34,739 10	30,676 87	1,329 48	2,682 75
877 64	7	Capital Outlay-Equip.	2,800 00	2,357 36	-0-	448 64
396 16	8					
	9					
	10					
	11					
	12					
	13					
	14					
	15					
	16					
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	28					
	29					
	30					
15,477 59	TOTALS		165,304 85	142,323 00	2,405 39	20,576 46

1	2	3	4
CLAIMS PAID YEAR TO DATE	OBJECT CODE NO.	DISTRIBUTION OF EXPENDITURES CLASSIFICATION	CLAIMS PAID MONTH OF 19
1,650.00	7111	1 Per Diem: Commission Members	1 210.00
87,446.82	7112	2 Salaries: Employees	2 11,129.35
329.53	7151	3 Industrial Insurance	3 97.15
4,150.33	7153	4 F.I.C.A.	4 666.27
5,055.30	7155	5 Retirement	5 641.67
1,220.24	7156	6 Health Insurance	6 120.00
262.50	7159	7 Personnel Commission	7 -
		8	8
	7215	9 Professional Services: Engineer	9
1,273.00	7219	10 Professional Services: Other	10 -
		11	11
662.29	7221	12 Travel - State: Mileage	12 27.40
1,924.50	7222	13 Subsistence	13 402.50
100.02	7223	14 Public Transp.	14 -
1,953.65	7224	15 Vehicle Expense	15 327.98
247.10	7225	16 Reg. Fees; Parking; etc.	16 101.70
		17	17
1,047.00	7232	18 Travel - Out of State: Subsistence	18 208.00
1,686.74	7233	19 Public Transp.	19 171.52
5.75	7234	20 Airport Parking	20 -
280.00	7235	21 Reg. Fees; Telephone; etc.	21 25
		22	22
22,193.52	7251	23 Occupancy: Office Rent	23
1.00	7261	24 Warehouse Rent	24
	7263	25 Warehouse Mtn. & Repair	25
521.99	7272	26 Mtn. & Repairs: Furn. & Equip.	26
3,808.88	7280	27 Office Supplies	27 148.01
310.53	7300	28 Field Supplies; Film; Am.Strat; P.I., etc.	28 15.50
895.58	7331	29 Printing: Reports; Large Maps; etc.	29
	7332	30 Legal Advertisement	30
8.50	7333	31 Court Reporter	31 8.50
616.97	7334	32 Postage	32 306.00
2,435.09	7335	33 Telephone	33 320.63
	7337	34 Drayage; Express; etc.	34
65.21	7349	35 Rental, Misc.	35 -
153.60	7360	36 Dues & Subscriptions	36 29.00
		37	37
2,272.50	7431	38 Capital Outlay: Office Equip; Tpr; etc.	38 317.30
78.86	7434	39 Spec. Equip. (Geol.)	39 78.86
	7436	40 Automobile	40
		41	41
250.00	7913	42 Revolving Fund	42 -
		43	43
416.00	7280.1	44 Orthophoto Quads	44 -
		45	45
		46	46
		47	47
		48	48
		49	49
		50	50
		51	51
		52	52
		53	53
		54	54
		55	55
142,323.00		TOTAL	15,477.59