

OIL & GAS CONSERVATION COMMISSION
Meeting: September 17, 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
September 17, 1974
4515 N. 7th Avenue, Phoenix, Arizona

- 10:00 a.m.
1. ✓ Approval of minutes of meeting of August 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.

10-18-74 Next Meeting

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

Minutes of Meeting
August 19, 1974
Little America Motel
Flagstaff, Arizona

Present:

Mr. Ralph W. Bilby, Chairman
Mr. Robert A. Bledsoe, Member
Mr. F. Keith Benton, Member
Dr. Geoffrey E. H. Ballard, Member

Absent:

Mr. W. Roger Hafford, Vice
Chairman

The regular Commission meeting for the month of August, 1974 was called to order by Chairman Ralph Bilby at 10:00 a.m.

Chairman Bilby introduced Geoffrey E. H. Ballard, PhD, new member of the Commission.

Minutes of the meeting of June 21, 1974 were approved as written.

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

Executive Secretary outlined the proposed Commission budget for the 1975-76 fiscal year, which is to be presented in final form to the State Budget Office by September 1, 1974. After discussion, it was moved, seconded and passed that the proposed budget be approved, with Dr. Ballard abstaining.

It was moved, seconded and approved that the following out-of-state trips be taken: August 28-30, 1974, John Bannister, Subcommittee on Environmental Problems, Environmental Protection Committee, Interstate Oil Compact Commission, in Santa Fe, New Mexico; September 23-25, 1974, John Bannister to attend legal sessions and J. N. Conley to attend geology sessions, Conference on Research for Development of Geothermal Energy Resources, in Pasadena, California; October 16-18, 1974, William Allen, Geothermal Short Course in Boise, Idaho.

The next scheduled meeting will be Friday, September 20, 1974 in Phoenix.

Following the business portion of the meeting, members of the Geology Department of Northern Arizona University introduced themselves and spoke of their particular areas of interest. Dr. Augustus Cotera explained Northern Arizona University's geological

Minutes of Meeting
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role in the State of Arizona. In addition to Dr. Cotera, Chairman of the Geology Department, members of Northern Arizona University geological staff present were Charles W. Barnes, Stanley S. Beus, D. S. Brumbough, Raymond L. Eastwood, Richard F. Holm, E. L. Montgomery, Dale Nations and Richard R. Rawson.

Meeting adjourned at 12:00 noon.

APPROVED

Ralph W. Bilby, Chairman



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PHONE: (602) 271-5161

September 6, 1974

Memo: Commissioners
From: John Bannister

As approved by you by telephone, the September Commission meeting will be held in Phoenix on Tuesday, September 17, 1974 at 10:00 a.m. at the Commission offices. Mrs. Bannister and I invite you and your wife to attend a cocktail-buffet at our home on Monday evening, September 16th, beginning at 6:30 p.m. (6711 N. 12th Street). We hope you all can attend. We have also invited the staff and their spouses to join us and I feel this will be a most enjoyable evening.

The budget as approved by you at our meeting of August 19th has been submitted to the Budget Committee. We have heard nothing as yet. The normal procedure is that some time after the committee has reviewed our request they will contact us for any clarification they need and we may be called in for a budget hearing some time after the Legislature meets in January.

Mr. Tim Dowd, Executive Secretary of the Interstate Oil Compact Commission, met with me on Wednesday, August 21st, for initial planning of the Phoenix meeting, which will be held at the Townhouse December 8, 9, 10 and 11. Mr. Dowd has requested that we try to raise some money locally to cover some of the normal social functions. He also discussed the role of the Governor and the role that should be played by the Highway Patrol in furnishing security for visiting governors. I have furnished the Governor's Office with a letter setting forth the results of this discussion and of course I will take no steps to raise any money whatsoever until such time as the Governor's Office may approve.

Mr. Dowd requested that we raise some \$8,500 to \$10,000 to cover the traditional Sunday evening cocktail party and activities for lady visitors on Monday and Tuesday afternoons. I should mention that when the IOCC met here some eight years ago no requirement was made that we raise money. Pending the reaction of the Governor to this request, I will have further discussions with Mr. Dowd.

Memo: Commission
September 6, 1974
Page Two

I might here mention that the Executive Committee of the IOCC is meeting in Washington, D.C. to discuss and plan for the Phoenix meeting. This money problem will be discussed there, also.

As approved by the Commission, I went to Santa Fe, New Mexico for a meeting of a subcommittee of the Environmental Protection Committee of the IOCC. As you know, I am the Chairman of the Environmental Protection Committee. The committee's work has met with great success and approval. The report presented by my committee in July of this year has been printed and will be circulated in the near future. Questions to be considered and presented to the IOCC were considered at the Santa Fe meeting and will be mailed to the member states shortly. The answers to these questions will be compiled and presented to the committee in December and again a printing of the responses will be prepared by the IOCC. There will be one more session of this nature and the entire results, comprising the most pressing environmental problems of the member states and responses and answers to these problems, will be presented in a bound volume some time toward the end of 1975. I think it fair to mention that the U.S. Department of Justice has called the work of my committee the most important and significant work that the IOCC has done in the past ten years.

On Wednesday, September 4th, I attended a managers' school presented by the State Personnel Department under a grant from the Intergovernmental Personnel Act of 1970. Mr. George Odiorne was the principal speaker and I think, perhaps, one or two good ideas came from the day's session.

A Mr. Don Grimsley of the Federal Energy Agency has done a study of waters necessary for energy development in the western states. Mr. Grimsley has an appointment with this Commission on September 16th, requesting that we overview his work to see what further information as to Arizona's water situation he can gain here. Fortunately, we have much information that can be made available to him, however it is apparently too late to use in this work. However, we will use this opportunity to make such input as may be possible.

It should be noted that unusually heavy demands have been made on our out-of-state travel in the first quarter of our fiscal year. Consequently requests for out-of-state travel will be held to the absolute minimum for the remainder of this year. A memo to this effect has been issued to our personnel.



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ACTIVITY REPORT

September 6, 1974

Memo from W. E. Allen, Director
Enforcement Section

An article in the September 1, 1974 Arizona Republic states that Webb Resources is planning a major wildcat program in an area bounded by the Navajo Indian Reservation on the north and the Mogollon Rim on the south between St. Johns and Winslow. This area, a total of some one million acres, 750,000 acres of land on which the New Mexico and Arizona Land Company holds oil and gas rights and on 250,000 additional acres of state land.

Samuel Gary, chief executive of Webb Resources, states that he hopes to start drilling within six months. According to the article at least several tests will be drilled.

Mr. J. D. Sphar, vice-president of New Mexico and Arizona Land Company, mentioned a well northwest of Snowflake that was drilled way back when. Gas from this well was used by cowboys to heat their branding irons. We have a file on a well in the SW/SE Section 4-T14N-R20E, Navajo County that had shows of both oil and gas. This well was drilled during 1922-24. A copy of the subject article is attached.

Three additional drilling permits have been issued to Duval Corporation. These permits call for mineral strat tests to be drilled in the SE/NW Section 8-T18N-R27E, NW/NE Section 6-T18N-R27E and the SW/NW Section 12-T18N-R26E, all in Apache County. Drilling has started on the well designated as No. 48, located in Section 8-T18N-R27E. At the last report they were washing over stuck drill pipe at 950', total depth was 1750'.

W. E. Allen
Activity Report - 9-6-74
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A permit has been issued to California Liquid Gas Corporation for another LPG storage well to be located in SW/NW Section 2-T2N-R1W, Maricopa County. This location is 400' west of their first storage well.

Goethermal Kinetics Inc. - Amax Corporation Pima Farms No. 1 has reached a total depth of 8024'. Drilling has been suspended and the operators are evaluating the possibilities of this well. The well is located in SE/SW Section 8-T17S-R8E, Pima County.

We finally received a response from Eastern Petroleum Company regarding our request to plug their wells in the Navajo Springs area. Eastern has submitted applications to plug on 12 wells. I have an appointment to discuss the plugging procedure of these wells with the operator today. If we can get these wells plugged, we will be in pretty good shape in that area.

The Nix Drilling Company No. 1 State geothermal test, NW/SW Section 16-T5S-R24E, Graham County, is still shutdown. The total depth is 540'.

We have had an unusually large number of request recently. The requests have covered topics from production in the state, operating procedures, oil spills, environmental questions and the energy situation and what we plan to do to alleviate the situation. We have even had someone write us regarding a potential gas field he discovered that would supply Phoenix and possibly Tucson.



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ACTIVITY REPORT

September 6, 1974

J. N. Conley
Director, Geology Section

PUBLICATIONS

Petroleum Information, Inc., published an announcement of the availability of our most recent publications in the Southern Rockies edition of August 8, 1974. Since that date we have received the following orders:

Report of Investigation 3 -- A Geophysical and Geological Investigation of Potentially Favorable Areas for Petroleum Exploration in South-eastern Arizona	36
Special Publication 1 -- Review of the Development of Oil & Gas Resources of Northern Arizona	31
Well Location Map 7 -- Pima-Santa Cruz Counties	19
Well Location Map 8 -- Graham-Greenlee Counties	20

There was a notice of the availability of Report of Investigation 5 -- Arizona Well Information-Supplement 1 in the Oil & Gas Journal August 12. Orders received since that date: 7

Completion of the Pinta Dome-Navajo Springs-East Navajo Springs Pool Map, P-1, and Special Publication, SP-2, has been delayed by well elevation problems. For some of the wells there appears to be a considerable discrepancy between the elevation reported by the operators and those indicated by an advance USGS topographic map.

Final copy-ready material for the Dineh-bi-Keyah oil field Well Location Map, P-2, is being prepared.

The final copy-ready material for our revised and expanded directory of sources of information on exploration for petroleum and geothermal resources in Arizona will be completed in the near future.

Activity Report
September 6, 1974
Page 2

A 5-page description of our available publications and a price list have been printed. Distribution to a selected list of energy companies, independent oil operators, governmental agencies, academia, public libraries, and geological societies that publish news letters will be completed soon.

Norman Mountain Anticline. James R. Taylor, Mountain States Exploration, Inc., Denver, Colorado, has filed applications to lease oil and gas leases on approximately 200,000 acres of federal lands covering this anticline. This pronounced surface structural feature extends from Flagstaff southeastward to T. 15 N., R. 11 E. As these leases are in a national forest, the leases may not be issued for 12 months or more. Incidentally, in reply to a U. S. Forest Service request received several months ago, we outlined for this agency areas in the Coconino National Forest that we considered to have petroleum-productive potentialities. The Norman Mountain anticline was one of the favorable areas outlined.

Taylor was with the Pan American Company (now Amoco) when an experimental six-mile seismic line was shot near the north end of the anticline. The records were generally not useable for detailed structure mapping but were sufficiently good to substantiate favorable subsurface structural conditions. Taylor's play is based on subsurface studies indicating a Devonian biostromal "reef" belt encompassing Norman Mountain anticline. This play has considerable merit. The Devonian has had shows of oil in wells drilled on both sides of the anticline. Good porosity and permeability has been indicated by drill stem test water recoveries. On surface exposures of the Devonian to the southeast of Taylor's play, Curt Teichert (USGS Prof. Paper 464) has described biostrome facies in the upper unit of the Jerome Member.

Subject to issuance of the leases and approval from the Forest Service, the first exploration on the block will be a gravity meter survey.

Strip Country (Northern Mohave County). We continue to get unconfirmed reports of leasing activity in this portion of the State (area north of the Grand Canyon). W. E. Allen reported in the August 7, 1974, Activity Report that estimates of leases acquired ran as high as one million acres. A broker named Cantor has reportedly filed applications to lease oil and gas leases on 93 parcels of federal lands. Cantor frequently brokers for Chorney Oil Company of Denver, Colorado. Jack Grynberg, an independent oil operator, has reportedly filed 30 applications.

This lease play is possibly a southward extension of the Devonian hinge line lease play made in western Utah by several major companies in 1971-73. Post-Devonian rocks may also be under consideration as drill objectives. The Triassic Moenkopi Formation is oil-productive in the Virgin field in east-central Washington County, Utah. The Upper Valley field in southwestern Garfield County, Utah, produces from the Permian Kaibab Formation. Several wells drilled in the west part of the Strip Country have reported shows of oil in rocks of Permian, Pennsylvanian, Mississippian, and Devonian ages.

Holbrook Area. As reported in previous Activity Reports, this gross area north of the Mogollon Rim in Apache, Navajo, and Coconino Counties is receiving some attention by oil and mining companies. Webb Resources, Inc., a Denver-based firm, has announced (The Arizona Republic, September 1, 1974) that it plans to drill at

Activity Report
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Page 3

least seven test wells within the next 12 months. Webb has signed an exploration contract with New Mexico and Arizona Land Company involving 750,000 acres of land owned by the latter company. The announcement also stated that Webb has acquired oil and gas leases on an additional 250,000 acres of State-owned lands. The State Land Department refutes this figure; possibly the leases were taken in the name of one or more brokers.

We reviewed Webb's subsurface geological maps of the area earlier this year. Unlike previous drilling exploratory efforts in the general area, Webb is looking for stratigraphically controlled oil accumulations associated with structurally anomalous features, as well as for strictly structural traps. Past exploration has been for structurally controlled accumulations.


GENERAL

Uranium Exploration. In the July 10, 1974, Activity Report I mentioned that Exxon is exploring for uranium on lands in northeastern Arizona owned by New Mexico and Arizona Land & Cattle Company, and that it had paid the Navajo Tribe \$6-million for an uranium exploration option on 400,000 acres of land. Actually, this deal has not been consummated. The offer made by Exxon has been approved by the Navajo Tribe and the Arizona office of the U. S. Bureau of Mines. It has not been approved by the New Mexico office of the U. S. Bureau of Mines or the U. S. Bureau of Indian Affairs.

Coal Slurry Pipelines. Several long pipelines to transport coal from the Powder River basin in eastern Wyoming to points as distant as Little Rock, Arkansas, and Southeast Texas may be approved by state governmental agencies and constructed within the next year. According to a news report in the August 1974 edition of World Oil, three other studies are determining the technical and economic feasibility of coal slurry lines elsewhere. Two of these affect Arizona: a 200-mile line in the State, and a line from New Mexico into the State. No details as to location of the lines or the companies involved were reported.

Coal-gasification Plant. The Federal Power Commission has approved El Paso Natural Gas Company's application to construct a \$600-million plant on Navajo Tribe land in New Mexico. The plant will produce an average 288-million cubic feet of gas per day when completed in mid-1978.

JNC:os


J.N.C.

MONTHLY FINANCIAL REPORT

RECEIPTS MONTH OF	CLASSIFICATION	RECEIPTS	APPROPRIATED RECEIPTS	UNAPPROPRIATED RECEIPTS	TOTAL ALL RECEIPTS YEAR TO DATE
Aug 19 74	1	Permits to Drill		75 00	75 00
	2				
	3				
	4				
	5				
	6				
	7				
	8				
	9				
	10				
	11				
	12				
	13				
	14				
	15				
	16				
	17				
75 00	TOTAL CURRENT MONTH RECEIPTS			75 00	XXXXXX
XXXXXX	TRANSFERS IN				
75 00	BALANCES BROUGHT FORWARD			3,276 83	XXXXXX
	TOTALS - MONTH AND YEAR TO DATE			3,351 83	3,351 83

CLAIMS PAID MONTH OF	FUND TITLES	TOTAL AMOUNT AVAILABLE YEAR TO DATE	CLAIMS PAID YEAR TO DATE	OUTSTANDING ENCUMBRANCES	UNENCUMBERED BALANCE
Aug 19 74	1 Personal Services	31,348 00	14,906 03		16,441 97
8,517 72	2 Emp. Related Exp.	4,090 00	1,902 67		2,187 33
1,107 24	3 Professional Serv	1,302 25	261 00		1,041 25
261 00	4 Travel-State	2,475 00	901 83	1,307 72	265 45
901 83	5 Travel-Out of State	3,200 00	601 81	230 27	2,367 92
15 00	6 Other Operating Exp.	25,370 00	8,794 14	15,355 84	1,220 02
2,571 01	7 Capital Outlay-Equip.	4,100 00	3,722 83		377 17
3,722 83					
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17,096 63	TOTALS	71,885 25	31,095 31	16,893 83	23,896 11

CLAIMS PAID YEAR TO DATE	OBJECT CODE NO.	DISTRIBUTION OF EXPENDITURES		CLASSIFICATION	CLAIMS PAID MONTH OF <i>Aug</i> 1974
	7111	1	Per Diem: Commission Members	1	
14,906.03	7112	2	Salaries: Employees	2	8,517.72
	7151	3	Industrial Insurance	3	
872.01	7153	4	F.I.C.A.	4	498.28
855.66	7155	5	Retirement	5	488.96
180.00	7156	6	Health Insurance	6	120.00
	7159	7	Personnel Commission	7	
		8		8	
	7215	9	Professional Services: Engineer	9	
261.00	7219	10	Professional Services: Other	10	261.00
		11		11	
270.60	7221	12	Travel - State: Mileage	12	270.60
302.00	7222	13	Subsistence	13	302.00
	7223	14	Public Transp.	14	
296.53	7224	15	Vehicle Expense	15	296.53
32.70	7225	16	Reg. Fees; Parking; etc.	16	32.70
		17		17	
215.00	7232	18	Travel - Out of State: Subsistence	18	
246.61	7233	19	Public Transp.	19	
	7234	20	Airport Parking	20	
140.20	7235	21	Reg. Fees; Telephone; etc.	21	15.00
		22		22	
7,397.84	7251	23	Occupancy: Office Rent	23	1,849.46
	7261	24	Warehouse Rent	24	
	7263	25	Warehouse Mtn. & Repair	25	
250.00	7272	26	Mtn. & Repairs: Furn. & Equip.	26	250.00
363.21	7280	27	Office Supplies	27	295.82
117.21	7300	28	Field Supplies; Film; Am.Strat; P.I., etc.	28	20.00
	7331	29	Printing: Reports; Large Maps; etc.	29	
	7332	30	Legal Advertisement	30	
	7333	31	Court Reporter	31	
1.02	7334	32	Postage	32	1.02
344.06	7335	33	Telephone	33	145.71
	7337	34	Drayage; Express; etc.	34	
61.80	7349	35	Rental, Misc.	35	
9.00	7360	36	Dues & Subscriptions	36	9.00
		37		37	
189.32	7431	38	Capital Outlay: Office Equip; Tpr; etc.	38	189.32
	7434	39	Spec. Equip. (Geol.)	39	
3,533.51	7436	40	Automobile	40	3,533.51
		41		41	
250.00	7913	42	Revolving Fund	42	
		43		43	
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31,095.31			TOTAL		17,096.63



THE UNIVERSITY OF ARIZONA
TUCSON, ARIZONA 85721

DEPARTMENT OF GEOSCIENCES
TEL. (602) 884-1819

September 11, 1974

Handwritten initials, possibly "JFS", in cursive script.

Mr. John Bannister
Arizona Oil & Gas Conservation Commission
4515 North 7th Avenue
Phoenix, Arizona 85013

Dear John:

I received the notice of the meeting on Tuesday, September 17, 1974 at 10:00 a.m. Since Tuesday is one of my rough days, including faculty meeting, I will be unable to attend.

Sincerely,

Handwritten signature of Joseph F. Schreiber, Jr. in cursive script.

Joseph F. Schreiber, Jr.
Professor and Assistan Head

JFS:eg