OFFICE OF
Oil and Gas Conservation Commission
STATE OF ARIZONA
4515 NORTH 7TH AVE.
PHOENIX, ARIZONA 85013
PHONE: (602) 271-5161

AGENDA
Meeting
November 15, 1974
4515 N. 7th Avenue, Phoenix, Arizona

10:00 a.m. Hearing, Case No. 48

Immediately following hearing

Call to order
1. Approval of minutes of meeting of October 18, 1974
2. Report of Executive Secretary
3. Report of Enforcement Section
4. Report of Geology Section
5. Old Business
6. New Business
7. Adjourn

NEW TAX BILL

OLD

BOND FORM
with state

COMMISSION
RESERVATION

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

Dec 8, 9, 10, 11

S M T W

Comm Meal

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

Minutes of Meeting
October 18, 1974

Present:
Mr. Ralph W. Bilby, Chairman
Mr. W. Roger Hafford, Vice Chairman
Mr. Robert A. Bledsoe, Member
Mr. F. Keith Benton, Member
Dr. Geoffrey E. H. Ballard, Member

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

Minutes of the meeting of September 17, 1974 were approved as written.

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

It was moved, seconded and approved that the Commission request that the Attorney General personally review an opinion issued by his office to the State Land Department that geothermal resources are considered ground waters and that their sale on state-owned lands must be to the highest bidder, in the same manner as gravel, trees, etc., rather than as a mineral lease. Commissioner Benton will direct the request to the Attorney General prior to the next meeting.

Executive Secretary was instructed to ask for specifics on a $23 million federal grant controlled by the National Science Foundation, the United States Geological Survey and the Energy Research and Development Administration. The Commission desires to know if the funds will be released to private individuals or universities, to whom and where application should be made, and the specific mechanism for releasing the funds.

After discussion, the Executive Secretary was instructed to request the Attorney General to institute show-cause proceedings against Eastern Petroleum Company and their bonding company to accomplish plugging of thirteen wells.

Commission was advised that Dr. Augustus Cotera of Northern Arizona University was unable to attend the meeting as representatives of certain oil companies are interviewing June, 1975 geology graduates of the University for future positions.
Minutes of Meeting
October 18, 1974
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Dr. Schreiber of the University of Arizona advised that they anticipate more than forty geology graduates from that University this summer.

Executive Secretary was instructed to draft proposed rule changes concerning the number of wells to be covered by a multiple bond for consideration of the Commission at the next regular meeting. Another possible change to be considered will be the changing of a well location site after a plat has been submitted by a registered engineer.

Dr. Schreiber of the University of Arizona advised the University is putting on a remote sensing short course December 5 and 6, 1974. Executive Secretary and Directors of the Enforcement and Geology Sections plan to attend.

Approval was given for out of state trip of Executive Secretary to attend midyear meeting of Independent Petroleum Association of America in Dallas, Texas on October 26 through 30, 1974.

Executive Secretary advised that on December 5 and 6, 1974 an energy symposium "Environmental Energy Growth in Arizona" will be held in Carefree, Arizona. Invitations should be forthcoming to members of the Commission, as the symposium should be of widespread interest.

Tentative plans were made for members of the Commission to attend the midyear meeting of the Interstate Oil Compact Commission to be held in Phoenix, Arizona on December 8 to 11, 1974, with the regular Commission meeting for the month of December to be held in conjunction therewith.

Executive Secretary discussed the feasibility of holding a geothermal conference in Phoenix. The conference would be sponsored by the Commission and possibly the Petroleum Development Association of Arizona. The Executive Secretary was instructed to pursue this possibility for further consideration. Tentative dates are February or March, 1975.

Dr. Ballard, newly appointed member of the Commission, introduced the subject as to whether his profession as a geologist and geophysicist might be a conflict of interest with his duties as a member of the Commission. Executive Secretary was instructed to request an opinion of the Attorney General.

Meeting adjourned at 11:30 a.m.
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APPROVED November 15, 1974

Ralph W. Bilby, Chairman

Also present at meeting:

Dr. Joseph F. Schreiber, Jr.
Department of Geosciences
University of Arizona
Tucson, Arizona
November 6, 1974

Memo: Commissioners
From: John Bannister

I attended the Independent Petroleum Association of America meeting in Dallas on October 27 through 30, 1974. The Independents were generally optimistic and were proud of the fact that all available rigs in the United States are now working. Many important papers were given to this group. It is interesting to note that John Suhill was to be a keynote speaker, however his job terminated on the day he was to speak to the Association and consequently his speech was cancelled.

William Simon, Secretary of the Treasury, spoke to the Association on October 28th. He praised the Independents for their boldness in striving to find the nation's oil. He indicated that the President's goal of reducing import levels by a million barrels per day by the end of 1975 will be difficult to achieve but is not an unrealistic goal. He indicated the administration is interested in ending price controls by the Federal Power Commission and also said the Federal Energy Administration will, within the next three months, call a meeting with representatives of industry, the state regulatory commissions and key federal agencies to establish a schedule for converting electrical utilities from oil to coal whenever feasible.

Mr. Simon said that the Administration's position was to remove the foreign depletion allowance while maintaining the domestic depletion allowance and that the Administration feels that decontrol of the price of secondary and tertiary production should be begun. The oil leasing on federal land should be accelerated and, hopefully, by the end of 1975 the federal government will be leasing 20 million acres for this purpose and he again stressed the deregulation on the price of natural gas.

Most of the federal speakers generally well echoed this policy. As an example, Mr. Donald Craven, Associate Assistant Administrator for the Federal Energy Administration, on October 27th indicated his department will attempt to maintain the depletion allowance for at least the Independents and that his department will seek to allow prices to reach market level, however he
indicated that the decontrol prices of oil, natural gas, coal, etc., would have to come about in an orderly phase-out to prevent total disruption of market forces.

Mr. V. E. McKelvey, the Director of the U.S. Geological Survey, indicated that the nation's total energy capacity is adequate but that development of other energy sources such as tar sands and oil shale, while having great promise, still need much research done. He indicated that water power of the United States is not fully developed and estimated that only 30% of our existing capacity is currently being used. He did point out that in the short term oil and gas will continue to be the prime energy sources and that all efforts must be made to prevent wasteful use of this valuable energy.

Mr. Harold Fingier, who is General Manager for the Center for Energy Systems of General Electric Company, indicated that by 1985 the United States domestic oil production should increase from 22 million barrels per day to 27 million barrels per day. Oil shale at that time should be at approximately half a million barrels per day and approximately 1,250 million tons of coal could be produced per year, however the capital costs of investments to meet these goals would be somewhere between $500 to $600 billion, with from $100 to $200 billion being needed for oil and gas purposes. The manpower estimated to achieve this also calls for an additional work force of 460,000 people. Mr. Fingier feels that these are achievable goals.

Edward Mitchell, Director of the National Energy Project for the American Enterprise Institute, indicated that four steps are necessary to achieve a stable oil and gas picture. First, the price of natural gas must be deregulated. Second, all controls on the price of oil should be removed. Third, the outer continental shelf and the naval petroleum reserves should be opened for competitive leasing. Fourth, the federal government should speed up its process of licensing such things as nuclear power plants, control of pipe lines, etc.

Pursuant to your instructions, a hearing will be held on November 15th for Eastern Petroleum Company. I contacted Mr. John McGowan, the Assistant Attorney General who is counsel for this Commission. Mr. McGowan advised that he was very busy, that we should have a hearing. He will attend as our representative, if possible. The hearing is set and I forsee no difficulties in arriving at our conclusions and establishing our authority to order the thirteen wells in question plugged, if this should be the Commission finding.
Memo: Commissioners
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Page Three

Further, pursuant to your instructions, I contacted Mr. McGowan concerning the potential conflict of interest as to Dr. Ballard. Mr. McGowan indicated he would not write an opinion as to this. I have since received an indication that an opinion has been written, but I have not received a copy of it. I will discuss this with you.

As you are aware, the Interstate Oil Compact Commission will meet in Phoenix on December 8 through 11, 1974. The most important dates of the meeting will be the evening of December 10th and the morning of the 11th. Consequently, Chairman Bilby has suggested that reservations be made for the Commissioners at the Townhouse, the headquarters of the IOCC meeting, for the night of December 10th. He has further instructed that the December Commission meeting be held on Wednesday, December 11, at 1:30 p.m. In this way, the Commissioners will be able to attend the most important social functions and general meeting session of the IOCC and hold the normal Commission meeting, involving only Tuesday and Wednesday. Pursuant to these instructions, I have contacted the IOCC, which is making arrangements to reserve rooms for those Commission members not residing in Phoenix.

The Commission requested that we check into the needs of perhaps changing the rules and regulations concerning (1) well locations and (2) bond requirements. I am setting forth below the staff's position on both of these problems:

1. Well locations

I have reviewed the rules and regulations concerning the well locations. Our rule 102.A provides that "the location must be surveyed and the submitted plat certified by a registered surveyor and bear his certificate number". Rule 103 provides that the location of the well shall not be changed from that authorized by the permit unless prior to the commencement of the drilling the permittee wishes to change and files a new permit or, after the well is drilled and it is found the location was incorrectly described, he must secure a new permit. In either case, a new certified plat is called for.

The problems presented by Mr. Conley were primarily problems of long standing, some of which were in existence prior to our requirement for a certified plat. It is my feeling that the Commission has ample regulations and authority to correct this situation.

I would remind you that pursuant to ARS 27-527-A the person who submits an incorrect location to the Commission can be fined up to $1,000 per day for each day of this violation. The problem
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primarily is one of lack of personnel to verify each location. However, I am enclosing a memo dated October 25, 1974 from Jack Conley wherein we have made arrangements to verify locations. If the photograph of the area indicates a discrepancy in the location as filed with this Commission, the Commission will simply order the operator to submit a corrected certified plat.

2. Bond requirements

ARS 27-516 requires the Commission to make rules and regulations to carry out the enforcement of its duties. Section 3. reads: "Requiring a reasonable bond with good and sufficient surety conditioned on the performance of the duties prescribed in subdivisions 1 and 2 of this subsection including the obligation to plug each dry or abandoned well."

Pursuant to the above, the Commission's bonding requirements (copy of bond form is attached) are now set at $5,000 for a single well or $25,000 for a state-wide bond covering any number of wells.

The Commission's first requirements were $2,500 for an individual well and $10,000 state-wide. This requirement stayed in effect until September 22, 1965, when our current bond amounts were established.

A review of the bonding requirements of surrounding states is attached.

I discussed our problem with Mikal F. Cronin, who is the President of the Surety Association of Arizona and is an Assistant Manager of the Fidelity and Deposit Company of Maryland. Mr. Cronin felt that undoubtedly the bonding companies would contend that their total liability under our bond, as now existing, would be $25,000 and any claim made thereon would reduce the amount of their liability. However, I pointed out to him where our bond specifies that all requirements of the Commission shall be met and the bonding company may not terminate until such time as the Commission grants written permission. Mr. Cronin felt that should any sizeable amounts be involved at any given time, the case would probably have to go to court.

He did point out how he felt our bond form could be changed so as to specify the bonding company's liability would be $25,000 at all times, regardless of any number of claims which might be made against it. He felt that should this change be made, the cost of a bond and the difficulty of securing a bond would be increased. He pointed out that the Surety Association of America, the association which primarily sets the cost of bonds, established the cost of Arizona current bonds as $10 per thousand, i.e., $50 per year for a $5,000 bond covering one well, and $10 per thousand
 Memo: Commissioners  
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for the blanket bond of $25,000, i.e., $250 for five wells, and an additional $25 for each well over five. The maximum that may be charged for this bond is $1,250 per year.

The Oil and Gas Commission reserves the right to make any changes it deems necessary in our forms, which would include the bond form, and this can be done without a hearing. Consequently, it is the suggestion that should the Commission decide a change in the bond liability, we change our bond form so as to include some wording to the effect that liability under the bond will remain $25,000 at all times, even if a claim has been made and paid under the bond at a prior date. Suggested wording is shown on the attached bond form.

The securing of a bond is becoming more difficult and expensive. The staff feels that it would be wrong to increase the bond amount, thus making it even more difficult and expensive to secure.

In discussing the proposal as shown on our bond form with Mr. Cronin, he felt there would be an increase in cost of the bond, due to the fact that the surety company's liability would be increased, however he felt the increase would be less according to the suggested change on the bond form attached than if the face amount of the bond would be increased.

Should the Commission decide to withhold its opinion concerning the increasing the liability under the current bond, Mr. Cronin indicated that he or some other member of the surety association would be glad to discuss the bonding problem with the Commission on an informal basis.

I would reiterate that should the Commission decide to take action as to the bond liability, we can do this administratively by amending our bond form and we need not have a hearing.

Please note that following the hearing called for at 10:00 a.m. on November 15th the Commission will hold its regular meeting. It is anticipated that we can adjourn approximately at noon.
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Further attached please find a suggested bill which I feel the Commission should consider to be introduced in the forthcoming session of the legislature. This is the same bill we requested last year. It provides for a severance tax of 5% on the gross value of production at the wellhead in lieu of any and all other taxes on production. It further provides an incentive in that it allows the operator to recover 200% of his cost of drilling and completing the first producing well on a lease before the suggested tax is applied.

As you will recall, last year this bill was introduced and was passing easily during the gasoline shortage, however as soon as the legislators were able to go to a pump and fill up without undue lines, they lost interest in energy bills.
# Bonding Requirements

<table>
<thead>
<tr>
<th>State</th>
<th>Single Well</th>
<th>Blanket</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>$2,000</td>
<td>$10,000</td>
<td></td>
</tr>
<tr>
<td>Arizona</td>
<td>5,000</td>
<td>25,000</td>
<td></td>
</tr>
<tr>
<td>California</td>
<td>5,000</td>
<td>25,000</td>
<td>Bond may be released after satisfactory completion.</td>
</tr>
<tr>
<td>Colorado</td>
<td>5,000</td>
<td>30,000</td>
<td></td>
</tr>
<tr>
<td>Florida</td>
<td>10,000</td>
<td>25,000</td>
<td></td>
</tr>
<tr>
<td>Illinois</td>
<td>1,000</td>
<td>10,000</td>
<td></td>
</tr>
<tr>
<td>Indiana</td>
<td>1,000</td>
<td>ea. well</td>
<td></td>
</tr>
<tr>
<td>Kansas</td>
<td>none</td>
<td>none</td>
<td></td>
</tr>
<tr>
<td>Louisiana</td>
<td></td>
<td></td>
<td>Bond may be required in cases where files indicate operator not responsible.</td>
</tr>
<tr>
<td>Maryland</td>
<td>2,500</td>
<td>ca. well</td>
<td></td>
</tr>
<tr>
<td>Michigan</td>
<td>2,500</td>
<td>5,000</td>
<td></td>
</tr>
<tr>
<td>Mississippi</td>
<td>none</td>
<td>none</td>
<td></td>
</tr>
<tr>
<td>Nevada</td>
<td>none</td>
<td>none</td>
<td></td>
</tr>
<tr>
<td>New Mexico</td>
<td>5,000</td>
<td>10,000</td>
<td></td>
</tr>
<tr>
<td>New York</td>
<td>none</td>
<td>none</td>
<td></td>
</tr>
<tr>
<td>Oklahoma</td>
<td>2,500</td>
<td>10,000</td>
<td></td>
</tr>
<tr>
<td>Texas</td>
<td>5,000</td>
<td>10,000</td>
<td>Generally no requirement, state bond may be waived if federal bond in force.</td>
</tr>
<tr>
<td>Utah</td>
<td>5,000</td>
<td>25,000</td>
<td></td>
</tr>
<tr>
<td>Wyoming</td>
<td>5,000</td>
<td>?</td>
<td></td>
</tr>
<tr>
<td>Navajo Tribe</td>
<td>35,000 (min.)</td>
<td>75,000 (max.)</td>
<td>$35,000 for 2560 acre lease.</td>
</tr>
<tr>
<td>U.S.G.S.</td>
<td>10,000</td>
<td></td>
<td>U.S.G.S. determines maximum</td>
</tr>
<tr>
<td>BLM</td>
<td></td>
<td></td>
<td>$10,000 to $150,000 surface bond.</td>
</tr>
</tbody>
</table>

The following states provide funds for plugging: Arkansas, California, Indiana, Kentucky, Louisiana, Michigan, Mississippi, Nebraska, Ohio, Oklahoma, Texas, Utah, West Virginia, and Wyoming.
PERFORMANCE BOND
NOW ALL MEN BY THESE PRESENTS

That we,  
of the County of____________________________ in the State of____________________________  
as principal, and  
of____________________________  

AUTHORIZED TO DO BUSINESS WITHIN the State of Arizona.  
as surety, are held and firmly bound unto the State of Arizona and the Oil and Gas Conservation Commission, hereinafter referred to as the "Commission", in the penal sum of____________________________  
lawful money of the United States, for which payment, well and truly to be made, we bind ourselves, and each of us, and  
each of our heirs, executors, administrators or successors, and assign jointly and severally, firmly by these presents.  
The conditions of this obligation are that, whereas the above bounden principal proposes to drill a well or wells for oil, gas or stratigraphic purposes in and upon the following described land situated within the State, to-wit:

____________________________  

NOW, THEREFORE, if the above bounden principal shall comply with all the provisions of the Laws of this State and the rules, regulations and orders of the Commission, especially with reference to the requirements of A.R.S. § 27-219, providing for the proper drilling, casing and plugging of said well or wells, and filing with the Oil and Gas Conservation Commission all notices and records required by said Commission, then in the event said well or wells do not produce oil or gas in commercial quantities, or cease to produce oil or gas in commercial quantities, this obligation is void; otherwise it shall remain in full force and effect.

Whenever the principal shall be, and declared by the Oil and Gas Conservation Commission in violation of the Laws of this State and the rules, regulations and orders of the Commission, the surety shall promptly:

1. Remove the violation by its own efforts, or
2. Obtain a bid or bids for submission to the Commission to remedy the violation, and upon determination by the Commission and the surety of the lowest responsible bidder, arrange for a contract between said bidder and the Commission, and make available as work progresses sufficient funds to pay the cost of remedying the violation; but not exceeding, including other costs and damages for which the surety may be liable hereunder, the amount set forth in the first paragraph hereof.

Liability under this bond may not be terminated without written permission of this Commission.

The principal and surety agree that the penal sum above set forth will not be reduced by any claim made under the terms of this bond by the Commission and that said penal sum will be available at all times to the Commission until the termination of this bond.

WITNESS our hands and seals this____________________________ day of____________________________  

Principal

WITNESS our hands and seals this____________________________ day of____________________________  

Surety

Signature  
State and Title (if other than Arizona)

(If the principal is a corporation, the bond should be executed by its duly authorized officers, with the seal of the corporation affixed. When principal or surety executes this bond by agent, power of attorney or other evidence of authority must accompany the bond.)

STATE OF ARIZONA  
OIL & GAS CONSERVATION COMMISSION

Approved  

STATE OF ARIZONA  
OIL & GAS CONSERVATION COMMISSION

For:____________________________  

Seal  

Permit No.____________________________
INNER-OFFICE MEMORANDUM

October 23, 1974

TO:    John Bannister
FROM:  W. E. Allen
SUBJECT: Well Locations

The Photogrammetry & Mapping Services, Highways Division, Department of Transportation, Arizona, will be able to help us monitor well locations. This branch of the Highways Division operates its own aircraft with cameras. Frequent flights are made to various parts of the State.

The procedure will be as follows:

1. Notify Jim Webster of Photogrammetry of all new permits issued for oil, gas, helium, and geothermal holes.

2. Notify him when the well spuds, with an estimate of how long the rig will be on location.

3. Upon receipt of information in Item 2, he will schedule a flight over the location and photograph it.

4. From the photograph he can furnish us:
   a) Location within section
   b) Longitude and latitude location
   c) X-Y coordinates of State's system

The only charge for this service will be the cost of processing the photograph(s).

JNC:os
J.N.C.
HOUSE BILL

AN ACT

RELATING TO TAXATION: REPEALING AND AMENDING LAWS THAT IMPOSE AD VALOREM TAX AND TRANSACTION PRIVILEGE TAX ON OIL, GAS AND HELIUM: IMPOSING A SEVERANCE TAX ON OIL, GAS, HELIUM AND GEOTHERMAL RESOURCES IN LIEU OF AD VALOREM AND CERTAIN OTHER TAXES: PRESCRIBING A LIMITED EXEMPTION: PROVIDING FOR ADMINISTRATION OF TAX BY THE OIL AND GAS CONSERVATION COMMISSION: PROVIDING FOR DISTRIBUTION OF PROCEEDS RECEIVED FROM SUCH TAX: AMENDING TITLE 42, ARIZONA REVISED STATUTES, BY ADDING CHAPTER 4.1, ARTICLE 1; AMENDING SECTION 42-124, ARIZONA REVISED STATUTES; AMENDING SECTION 42-227, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS OF 1974, FIRST SPECIAL SESSION, CHAPTER 2; AMENDING SECTION 42-1310, ARIZONA REVISED STATUTES; AMENDING SECTION 42-1371, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 1973, CHAPTER 123, SECTION 119, AND REPEALING SECTIONS 42-227.01 THROUGH 42-227.04, ARIZONA REVISED STATUTES.

Be it enacted by the Legislature of the State of Arizona:

Section 1. Title 42, Arizona Revised Statutes, is amended by adding chapter 4.1, article 1, sections 42-801 through 42-806, to read:

CHAPTER 4.1
SEVERANCE TAXES

ARTICLE 1. OIL, GAS, HELIUM AND GEOTHERMAL RESOURCES

42-801. Definitions

IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

1. "COMMISSION" MEANS THE OIL AND GAS CONSERVATION COMMISSION.
2. "GAS" MEANS ALL NATURAL GAS, INCLUDING CASINGHEAD GAS, AND ALL OTHER HYDROCARBONS IN LIQUID FORM IN THEIR NATURAL STATE AS PRODUCED AND NOT DEFINED AS OIL IN PARAGRAPH 4 OF THIS SECTION, AND HELIUM AND OTHER NON-HYDROCARBON SUBSTANCES OF A GASEOUS NATURE AND NOT DEFINED AS GEOTHERMAL RESOURCES IN PARAGRAPHS 3 OF THIS SECTION.

3. "GEOTHERMAL RESOURCES" MEANS:
   (a) ALL PRODUCTS OF GEOTHERMAL PROCESSES EMBRACING INDIGENOUS STEAM, HOT WATER AND HOT BRINES.
   (b) STEAM AND OTHER GASES, HOT WATER AND HOT BRINES RESULTING FROM WATER, OTHER FLUIDS OR GAS ARTIFICIALLY INTRODUCED INTO GEOTHERMAL FORMATIONS.
   (c) HEAT OR OTHER ASSOCIATED ENERGY FOUND IN GEOTHERMAL FORMATIONS, INCLUDING ANY ARTIFICIAL STIMULATION OR INDUCTION THEREOF.
   (d) ANY MINERAL OR MINERALS, EXCLUSIVE OF FOSSIL FUELS AND HELIUM GAS, WHICH MAY BE PRESENT IN SOLUTION OR IN ASSOCIATION WITH GEOTHERMAL STEAM, WATER OR BRINES.

4. "OIL" MEANS CRUDE PETROLEUM OIL AND OTHER HYDROCARBONS, REGARDLESS OF GRAVITY, WHICH ARE PRODUCED AT THE WELL IN LIQUID FORM BY ORDINARY PRODUCTION METHODS AND WHICH ARE NOT THE RESULTS OF CONDENSATION OF GAS AFTER IT LEAVES THE RESERVOIR.

5. "OPERATOR" MEANS A PERSON WHO, AS LANDOWNER, LESSEE, OPERATOR UNDER AN OPERATING AGREEMENT, OR OTHERWISE, CONDUCTS THE ACTUAL FUNCTION OF TAKING OIL, GAS OR GEOTHERMAL RESOURCES OUT OF THE GROUND.
6. "PERSON" OR "PERSONS" MEANS ANY INDIVIDUAL, CORPORATION, ASSOCIATION, COMBINATION OR ANY GROUP ACTING AS A UNIT WHICH IS ENTITLED TO RECEIVE A SHARE OF THE PRODUCTION OR A SHARE OF THE PROCEEDS OF THE PRODUCTION.

7. "PRODUCING PROPERTY" MEANS ANY AND ALL LANDS OR PROPERTY WITHIN THE STATE UPON WHICH IS LOCATED A WELL CAPABLE OF PRODUCING GAS, OIL OR GEOTHERMAL RESOURCES.

8. "QUALIFYING WELL" MEANS THE FIRST WELL ON A PRODUCING PROPERTY WHICH FOR NINETY CONSECUTIVE DAYS IS CAPABLE OF PRODUCING NO LESS THAN FIFTY BARRELS OF OIL PER DAY, OR NO LESS THAN ONE MILLION CUBIC FEET OF NATURAL GAS PER DAY, OR NO LESS THAN ONE HUNDRED THOUSAND CUBIC FEET OF RAW HELIUM GAS PER DAY, OR A WELL PRODUCING GEOTHERMAL RESOURCES IN COMMERCIAL QUANTITIES AS DETERMINED BY THE COMMISSION.

42-802. Tax rate; levy and collection

THERE IS LEVIED UPON THE PRIVILEGE OF EXTRACTING ANY PETROLEUM OR OTHER CRUDE MINERAL OIL OR NATURAL GAS OR HELIUM GAS OR GEOTHERMAL RESOURCE ON ANY LANDS WITHIN THIS STATE A SEVERANCE TAX, WHICH SHALL BE PAYABLE TO THE COMMISSION, IN AN AMOUNT EQUAL TO FIVE PER CENT OF ONE HUNDRED PER CENT OF THE GROSS VALUE OF THE PRODUCT AT THE WELLHEAD OR AT THE POINT OF PAYMENT FOR THE PRODUCT IN THE CASE OF GEOTHERMAL RESOURCES. SUCH SEVERANCE TAX SHALL BE IN LIEU OF AD VALOREM TAX AND OF ANY AND ALL OTHER TAXES UPON THE SEVERANCE AND PRODUCTION OF THE PRODUCT BY ANY AND ALL OTHER TAXING AUTHORITIES OF THIS STATE AND POLITICAL SUBDIVISIONS OF THE STATE.

42-803. Duty of operator to file monthly return and pay tax
A. EVERY OPERATOR SHALL PREPARE A RETURN SHOWING THE TOTAL GROSS PRODUCTION AND GROSS YIELD THEREOF FROM EACH OF HIS PRODUCING PROPERTIES FOR THE PRECEDING MONTH TOGETHER WITH THE AMOUNT OF TAX ON SUCH TOTAL GROSS PRODUCTION, AND SHALL, ON OR BEFORE THE TWENTY-FIFTH DAY OF THE MONTH, MAIL THE RETURN TO THE OFFICE OF THE COMMISSION TOGETHER WITH A REMITTANCE FOR THE AMOUNT OF THE TAX FOR WHICH HE AND ALL OTHER PERSONS WHO ARE ENTITLED TO A SHARE OF THE REPORTED PRODUCTION OR OF THE VALUE THEREOF ARE LIABLE. THE RETURN SHALL BE ON A FORM PRESCRIBED BY THE COMMISSION AND SHALL BE VERIFIED BY THE OPERATOR OR BY SOME AUTHORIZED REPRESENTATIVE OF THE OPERATOR. FAILURE TO REMIT THE TAX DUE SHALL CONSTITUTE A LIEN UPON THE LEASE OR PROPERTY RIGHT TO TAKE PRODUCTION FROM THE LAND AND THE COMMISSION MAY ORDER ALL PRODUCTION OF OIL, GAS, HELIUM OR GEOTHERMAL RESOURCES TO BE SHUT-IN UNTIL SUCH TAX IS PAID.

B. WHEN THE OPERATOR FAILS TO MAKE THE RETURN REQUIRED BY SUBSECTION A OF THIS SECTION, IT SHALL BE THE DUTY OF EVERY OTHER PERSON WHO HAS AN INTEREST IN SUCH PRODUCTION OR THE VALUE THEREOF TO MAKE SUCH RETURN AS TO HIS OWN INTEREST THEREIN. WHERE THE OPERATOR FAILS TO PAY THE TAX ON SUCH INTEREST, IT SHALL BE SUCH OTHER PERSON'S DUTY TO PAY SUCH TAX.

C. ANY OPERATOR WHO PAYS ANY TAX LAWFULLY DUE ON AN INTEREST WHICH BELONGS TO ANOTHER PERSON IN THE PRODUCTION REPORTED BY SUCH OPERATOR ON IN THE VALUE THEREOF SHALL BE ENTITLED TO REIMBURSEMENT FROM SUCH PERSON FOR THE TAX SO PAID, AND MAY TAKE CREDIT FOR SUCH AMOUNT FROM ANY MONETARY PAYMENT OR DELIVERY IN KIND TO SUCH PERSON.
D. Any operator who fails to pay such tax within five days from the date upon which the payment becomes due shall be subject to and shall pay a penalty of ten per cent of the amount of the tax, plus interest at the rate of one half of one per cent per month or fraction of a month from the time the tax was due and payable until paid, provided that a person who is not an operator shall not be subject to any penalty unless he fails to pay the tax due on his interest within five days after receipt of demand therefor from the commission.

E. All monies received by the commission pursuant to this article shall be transmitted to the state treasurer within ten days after receipt of such monies.

42-804. Disposition of tax monies transmitted to state treasurer

The state treasurer, within five working days after receipt of any monies from the commission pursuant to this article, shall pay to the county treasurer of the county in which the producing property is located fifty per cent of the tax collected. The amount transmitted to the county shall be considered as being a portion of such county's tax base for the purposes of sales tax distribution. The remaining fifty per cent of such tax shall be deposited in the state general fund.

42-805. Severance tax waived upon certain conditions

A. The severance tax shall be suspended and not collected or due during that period of time necessary for the total value of the total production of the qualified well to equal two hundred per cent of the reasonable cost of drilling and
COMPLETING THE QUALIFIED WELL, BUT IN NO EVENT MAY THIS
PERIOD EXCEED THREE YEARS FROM THE DATE OF FIRST PRODUCTION,
EXCEPT THAT:

1. IF THE QUALIFIED WELL IS A GAS WELL SHUT-IN DUE TO
THE LACK OF A MARKET OR DUE TO THE LACK OF A PIPELINE CONNEC-
TION, SUCH THREE-YEAR PERIOD SHALL RUN FROM THE DATE OF
INITIAL PRODUCTION INTO A PIPELINE.

2. IF THE QUALIFIED WELL IS A GEOTHERMAL RESOURCES
WELL, THE THREE-YEAR PERIOD SHALL RUN FROM THE DATE OF FIRST
PRODUCTION OF ELECTRICITY FOR COMMERCIAL USE.

B. THE COMMISSION SHALL DETERMINE THE REASONABLE COST
OF DRILLING AND COMPLETING THE QUALIFIED WELL AFTER CONSULTA-
TION WITH THE OPERATOR. THE DETERMINATION OF THE COMMISSION
SHALL BE FINAL AS TO THE REASONABLE COST OF THE QUALIFIED
WELL AND AS TO ANY ITEM OF COST INCLUDED OR EXCLUDED.

42-806. Rules and regulations

THE COMMISSION MAY ADOPT AND PROMULGATE RULES AND REGULA-
TIONS TO BE USED IN ADMINISTERING THE PROVISIONS OF THIS
ARTICLE.

Sec. 2. Section 42-124, Arizona Revised Statutes, is
amended to read:

42-124. Full cash value of producing mines, personal
property used thereon, improvements thereto
and mills and smelters operated in conjunc-
tion therewith

On or before the first Monday in June the department
shall find the full cash value of all patented and unpatented
producing mines, the personal property used thereon, the
improvements thereto and the mills and smelters operated in conjunction therewith within the state and on or before the third Monday of June transmit to the several boards of supervisors the valuation thereof.

Sec. 3. Section 42-227, Arizona Revised Statutes, as amended by Laws 1974, first special session, chapter 2, is amended to read:

42-227. Valuation of property at market value, separate valuation of land and improvements; basis for determination of assessed valuation

A. For property tax purposes the valuation of all taxable property shall be determined at its market value. The valuation of land and improvements thereon shall be determined separately. The combined valuation of all land and improvements shall not exceed the market value of the total property.

B. As a basis for determining the assessed valuation for the different classes of property specified in section 42-136, the following percentages shall apply:

1. Class one: sixty per cent of its full cash value.
2. Class two: fifty per cent of its full cash value.
3. Class three: twenty-seven per cent of its full cash value.
4. Class four: eighteen per cent of its full cash value.
5. Class five: fifteen per cent of its full cash value.

C. Upon preparation of the rolls, the assessor shall apply the appropriate percentage to the full cash value of all property so that the assessed valuation will be shown thereon.

Sec. 4. Section 42-1310, Arizona Revised Statutes, is
amended to read:

42-1310. Mining; timber; public utilities and carriers; contractors; newspapers and printing

The tax imposed by subsection A of section 42-1309 shall be levied and collected at the following rates:

1. At an amount equal to one per cent of the gross proceeds of sale or gross income from the business upon every person engaging or continuing within this state in the business of transporting for hire persons or property by motor vehicle from one point to another point in this state.

2. At an amount equal to one per cent of the gross proceeds of sales or gross income from the business upon every person engaging or continuing within this state in the following businesses:

   (a) Mining, quarrying, smelting, or producing for sale, profit or commercial use, limestone, sand, gravel, copper, gold, silver or other mineral product, compound or combination of mineral products, or felling, producing or preparing timber or any product of the forest for sale, profit or commercial use.

   (b) Producing and furnishing, or furnishing to consumers, electricity, electric lights, current, power or gas, natural or artificial, and water. Sales of electricity, current, power or gas, natural or artificial, and water to a distributor who has a transaction privilege tax license issued in this state to resell such property, shall be exempt from the tax under this paragraph.
(c) Transmitting local or long distance messages or conversations by telephone, or messages by telegraph, from one point to another point in the state, including gross income derived from tolls, subscriptions and services on behalf of subscribers, or by the publication of a directory of the names of subscribers.

(d) Transporting for hire freight or passengers by railroads or aircraft from one point to another point in the state.

(e) Operating pipe lines for transporting oil, or natural or artificial gas, through pipes or conduits from one point to another point in the state.

(f) Operating private car lines, as they are defined in chapter 4, article 3, of this title, from one point to another point in the state.

(g) Publication of newspapers, magazines or other periodicals and publications, when published within the state, including the gross income derived from subscriptions, advertising and notices.

(h) Job printing, engraving, embossing and copying, sold to purchasers in this state. The sale of job printing, engraving, embossing and copying to a person in this state who has a transaction privilege tax license issued in this state to resell such property shall be exempt from the tax under this subdivision.

(i) Contracting, but payments paid by the contractor for labor employed in construction, improvements or repairs shall not be subject to such tax.
(j) Advertising by billboards, direct mail, radio, television or by any means calculated to appeal to prospective purchasers.

Sec. 5. Section 42-1371, Arizona Revised Statutes, as amended by Laws 1973, chapter 123, section 119, is amended to read:

42-1371. **Levy of tax**

A. There is levied and shall be collected by the department of revenue a tax on the privilege of doing business in this state at a rate of one and one-half per cent of the gross proceeds of sales or gross income from the business upon every person engaging or continuing within this state in the following businesses:

1. Transporting for hire persons or property by motor vehicle from one point to another point in this state.

2. Producing and furnishing, or furnishing to consumers, electricity, electric lights, current, power or gas, natural or artificial, and water. Sales of electricity, current, power or gas, natural or artificial, and water to a distributor who has a transaction privilege tax license issued in this state to resell such property, shall be exempt from the tax under this paragraph.

3. Transmitting local or long distance messages or conversations by telephone, or messages by telegraph, from one point to another point in the state, including gross income derived from tolls, subscriptions and services on behalf of subscribers, or by the publication of a directory of the names of subscribers.
4. Transporting for hire freight or passengers by railroads or aircraft from one point to another point in the state.

5. Publication of newspapers, magazines or other periodicals and publications, when published within the state, including the gross income derived from subscriptions, advertising and notices.

6. Contracting, but payments paid by the contractor for labor employed in construction, improvements or repairs shall not be subject to such tax.

7. Job printing, engraving, embossing and copying, sold to purchasers in this state. The sale of job printing, engraving, embossing and copying to a person in this state who has a transaction privilege tax license issued in this state to resell such property shall be exempt from the tax under this paragraph.

8. Operating pipelines for transporting oil, natural gas, or artificial gas, through pipes or conduits from one point to another point in the state.

9. Operating private car lines, as they are defined in chapter 4, article 3, of this title, from one point to another point in the state.

10. Advertising by billboards, direct mail, radio, television or by any means calculated to appeal to prospective purchasers.

B. There is levied and shall be collected by the department of revenue a tax on the privilege of doing business in this state at a rate of one-half of one per cent of the gross
proceeds of sales or gross income from the business upon every person engaging or continuing within this state in the business of mining, quarrying, smelting, or producing for sale, profit or commercial use, limestone, sand, gravel, copper, gold, silver or other mineral product, compound or combination of mineral products.

C. The tax levied and collected under the terms of this article is designated as the "special excise tax for education".

Sec. 6. Repeal
Sections 42-227.01 through 42-227.04, Arizona Revised Statutes, are repealed.

Sec. 7. Effective date
The provisions of this act shall become effective from and after December 31, 1974.
November 6, 1974

Memo from W. E. Allen, Director
Enforcement Section

As you know, I recently attended a Geothermal Short Course sponsored by the Geothermal Resource Council in Boise, Idaho. There were approximately 85 attendees plus 16 participants.

Exploration methods and costs were the principle subjects of discussion. There was absolutely no agreement on the best exploratory tool. Some of the "experts" favored geochemistry, while others favored gravity, magnetics, infrared, micro-earthquakes, etc.; and still others favored various combination of exploratory methods. Magma Power Company's representative expressed disappointment with all the known scientific methods presently in use. He expressed his opinion that hot springs, fumaroles, and the like were the only reliable indicators of geothermal reservoirs. Magma Power is the pioneer in the field of geothermal exploration and so far the only explorationist to find commercial geothermal reservoirs in the United States.

Because of the time and expense involved in exploring for and developing a geothermal field, it was the general opinion that the major oil companies were the only ones that could afford to make a real effort to develop this resource.

The Marysville, Montana, test that was to drill into a hot dry rock area and inject water to create steam cost $120 per foot to drill. This test failed to encounter hot dry rocks, in fact very little temperature. The maximum heat encountered was approximately 200°F and water flows were partially responsible for the test failing to reach the projected total depth.
This test was a joint venture of the Bureau of Land Management and the National Science Foundation.

Without exception all participants at this meeting shared the opinion that the establishing of Known Geothermal Resource Areas, KGRA, created the greatest barrier to the development of geothermal resources.

Home Oil Company, Ltd. of Calgary, Alberta, Canada, contacted this office recently. They stated that they planned an aggressive exploration program in many areas of the West. They requested leasing information and our rules and regulations. Last week Ed Minaham with Home Oil in Houston called for information about the Strip Country. After discussing our requirements on drilling, I referred him to Jack Conley to discuss the geology of that area.

Hal Susie, Bureau of Land Management, tells me the BLM has been issuing oil and gas leases like mad in the Strip Country, the Mormon Lake area and Navajo and Apache counties. A Salt Lake City lease broker has recently assigned some half-million acres of oil and gas leases in the Strip Country to an oil company. Susie could not recall the name of the company.

Ari-Mex Exploration Company has filed application to plug their three wells in the East Boundary Butte Field.

Consolidated Oil and Gas, Inc. has sold their wells in the East Boundary Butte Field to Merrion and Bayless. Merrion and Bayless have other wells in this field. Consolidated has filed application to plug their well in the North Toh Akin Field.

Amax Exploration has been conducting pumping tests on the Geothermal Kinetics—Amax Exploration well located in the SE/SW Section 8-T5S-R3E, Pinal County. The well pumped at a rate of 320 GPM with a temperature of just over 200°F. The water from this well is relatively sweet, having a total dissolved solids of under 1300 PPM.

Reed Mix is still attempting to raise funds to continue the drilling of his geothermal test located in the NW/SW Section 16-T5S-R24E, Graham County.

The only permits that have been issued recently have been issued to Duval Corp. for the drilling of their potash test in the Navajo Springs area.
OFFICE OF
Oil and Gas Conservation Commission
STATE OF ARIZONA
4515 NORTH 7TH AVE.
PHOENIX, ARIZONA 85013
PHONE: (602) 256-5163
ACTIVITY REPORT

November 6, 1974

J. N. Conley
Director, Geology Section

PUBLICATIONS

Our new and expanded Directory - Sources of Information on Exploration for Petroleum and Geothermal Resources in the State of Arizona, Pinta Dome-
Navajo Springs-East Navajo Springs, and Dineh-bi-Keyah pool maps have been
printed.

Since the October 9 report, we have sold 30 publications; cash receipts
$119.40. With one exception, all of the orders were from companies or in-
dividuals in the oil industry. Several publications were distributed at no
charge to State of Arizona agencies during the 30-day period.

ELEVATION AND LOCATION PROBLEMS

As mentioned in my October report, we have encountered numerous elevation
and some location problems in the Pinta Dome-Navajo Springs-East Navajo Springs
area. These same problems exist for the balance of Apache County south of the
helium gas pools. These problems are the result of: 1) cadastral mistakes in
some of the early surveys, 2) some erroneous vertical control upon which the
first topographic mapping was based, and 3) incorrect elevations and/or loca-
tion data furnished by operators.

We now have good base maps with respect to correct longitude and latitude,
the State Coordinate System, and township corners in surveyed areas. And for
portions of Apache County we now have accurate 7½-minute U. S. Geological Survey
topographic maps.

Post-SPud Location Data. At the last Commission meeting the question arose
as to how we could get accurate information as to the location of a well, particu-
larly in the case of an operator not drilling at the permitted drill site. In
addition to requiring the operator to furnish a post-spud location if appreciably
different from that permitted (already in our rule book), we can check it from
aerial photos. The Photogrammetry Section of the State Highways Division maintains
its own aircraft equipped with cameras. Arrangements can be made to obtain aerial
photographs of each active drilling operation. From permitted location data
Activity Report
November 6, 1974
Page 2

furnished the Photogrammetry Section, and the photographs, this Section can
determine the longitude, latitude, and township grid system location of the drill
site and the actual drilling operation site. The only charge for this service
will be the film used and processing costs.

INVESTIGATIVE PROJECTS

U. S. Geological Survey Programs. Last month I reported that the Extramural
Geothermal Research Section of the Survey was considering two of the several
proposals I submitted earlier this year. Based on a recent letter from Donald
W. Rieck, Program Manager of this Section, the Survey is particularly interested
in three proposals, and steps taken to obtain their formal submission. If final
approval is obtained, the funding will be by the Survey's Branch of Contracts
directly to the universities involved.

We have not received any notification from the Oil & Gas Resource Branch
of the Geologic Division of the Survey as to any interest in proposals sub-
mitted earlier this year. One of the proposals, however, was for some stratig-
graphic and facies studies of Paleozoic units in northeastern and east-central
Arizona. At the September Commission meeting, Dr. Colers indicated that he
hoped to get some financial assistance from the Survey for the two graduate
students currently studying the Mississippian and Devonian Systems in the same
area.

*****

Structure Mapping, Northern Arizona. Dr. George Davis, principal investi-
gator of this NASA-funded EOS imagery and surface structure mapping project,
reports excellent progress. I had planned for Dr. Davis to personally present
the results of this project at the forthcoming Commission meeting. The scheduled
hearing, however, will preclude doing so because of the time element.

General. Dr. Edgar McCullough, Department of Geosciences, University of
Arizona, has given us a publication by the National Academy of Sciences, entitled
"U. S. Program for the Geodynamics Project, Scope and Objective." This is an
international program of research on the dynamics and dynamic history of the
earth with emphasis on phenomena that affect surface or near-surface processes
and structures.

The section in this publication pertaining to the Basin and Range-Colorado
Plateau-Rocky Mountain Region is based on input by the University of Arizona.
Nine outstanding problems related to the geodynamics of the region are listed.
Solution of some of the problems would certainly be of value in semi-isolating
areas favorable for the occurrence of ore, hydrocarbon, and geothermal resources.
Unfortunately, as pointed out in this section, we lack the accurate knowledge
of the present structural relationships and past tectonic history of the Basin
and Range-Colorado Plateau-Rocky Mountain Region to obtain a complete understand-
ing of the geodynamic evolution of western North America. In our State, for
example, many large areas have yet to be subjected to detailed geologic mapping
or to geophysical surveys, and present topographic map coverage is inadequate
to provide the base maps necessary for many such investigations. However, some
of the current investigations by the U. S. Geological Survey, our State uni-
versities, the State Land Department, the Arizona Resources Information System,
and this Commission are directed toward furnishing some of the required basic data.
Activity Report
November 6, 1974
Page 3

The Department of Geosciences, University of Arizona, currently has three significant research projects under way, funded principally by the National Science Foundation. They are: 1) dating of volcanic rocks in Arizona and adjacent provinces in Mexico, by Dr. Damon; 2) thermal studies in Arizona, by Dr. Morton; and 3) gravity and magnetic studies in Arizona, by Dr. Summer.

There is a possibility that some grant monies may be available for energy research in Arizona at some future date from the Energy Research & Development Administration (ERDA). This agency is to set into motion the nation's $20-billion, 10-year search for new energy sources, aimed primarily on nuclear energy and coal gasification and liquefaction. There will be specialized areas, however, including fossil, solar, and geothermal.

Secretary of the Interior, Rogers C. B. Morton, has been named head of the Energy Resources Council, which is to serve as coordinator of the various policies among the federal agencies. This council replaces the National Energy Board. In my opinion, President Ford selected the right man for the new council. Some of the most important agencies that will be involved in ERDA's activities, such as the Geological Survey and Bureau of Mines, are under his direction as Secretary of the Interior.

GEOTHERMAL

Sperry Research Center has released information on an advanced geothermal pump. According to the news release in GEOTHERMAL REPORT, Vol. III, No. 21, the pump solves one of the "major technical hurdles holding back massive beneficial exploitation of geothermal energy." Further, "Significance of the Northstar-Sperry development is it indeed holds promise of getting down deep and bringing geothermal brines back alive, that is, without flashing into steam along the way before reaching surface, efficiently, economically, and environmentally satisfactory." We do not yet know if Arizona has any exploitable geothermal areas. If hot brines or water are discovered, however, this pump might make exploitation economically feasible. The two deep geothermal test holes drilled by Geothermal Kinetics Systems near Higley suggest that in this area hot waters rather than steam might be anticipated. In this connection, for fiscal years 1974 and 1975 the National Science Foundation has a total budget of $500,000 for research and technology pertaining to low temperature heat conversion. These studies may produce techniques that will further enhance the possibility of recovering geothermal fluids for conversion to electrical power plus other applications in Arizona.

JNCo}

J.M.C.
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<td>2.60.00</td>
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<th><strong>E X P E N D I T U R E S</strong></th>
<th><strong>T O T A L A M O U N T</strong></th>
<th><strong>C L A I M S P A I D</strong></th>
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<th><strong>U N I N C U M B E R E D</strong></th>
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<td>FUND TITLES</td>
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<td>ENCUMBRANCES</td>
<td>BALANCE</td>
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<td>1 Personal Services</td>
<td>68,938.00</td>
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<td>2 Emp. Related Exp.</td>
<td>7,400.00</td>
<td>2,165.54</td>
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<td>3,234.46</td>
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<td>3 Operating Exp.</td>
<td>28,522.45</td>
<td>15,023.21</td>
<td>11,519.21</td>
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<td>4 Prof. &amp; Outside Serv.</td>
<td>21,465.42</td>
<td>25,797.65</td>
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<td>5 Travel - State</td>
<td>19,900.00</td>
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<td>3,500.00</td>
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<td><strong>T O T A L S</strong></td>
<td><strong>10,903.30</strong></td>
<td><strong>5,708.36</strong></td>
<td><strong>13,789.84</strong></td>
<td><strong>35,867.50</strong></td>
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Arizona  
LP-3

License and Permit Bonds

Per A.A.  

| Description                                                                 | Rate  
|-----------------------------------------------------------------------------|-------
| General and Specialty Contractors:  $20.00 per M per annum on penalty of bond; Premiums fully earned. No refund or adjustment. A 475 |       
| Mortgage Brokers A 438                                                     | $15.00|
| Motor Vehicle Dealers                                                      | 20.00 |
| A Apply codes p. LP-9                                                      |       |
| Motor Vehicles—Detecting Title Bond A 460—$10.00 per M up to bond penalty for term. Motor Vehicles—Gross Receipt Tax Bond A 467; Apply rates and minimums for Mortgage Tax Bonds given at General p. LP-10. |       |
| Oil and Gas Well Drilling A 429; Bond of $5,000 covering one (1) Well      | 10.00 |
| Blanket Bond of $25,000 covering five (5) Wells                           | 10.00 |
| For each additional Well over five (5) add $25.00. Maximum annual premium $1,250. |       |
| Produce Dealers and Citrus Fruit Commission Merchants A 1.0                | 10.00 |
| Wholesale Paddlers A 403                                                   | 20.00 |

Cursus Copy Letter dated October 31, 1971

Rate Manual—Surety Assn of America
Reserve Rooms
at Town Hall
12-18-74 for
Comms - Dec meeting
12-11-74 1:30 PM
Dear [Name],

Did you notify any other person of Mr. [Name] to receive USF&G?

[Diagram with a timeline indicating '60 days - 30 days']

Best,

[Signature]

[Diagram of a map with 'Chevron', 'Mobil', and 'Gulf']

TO COVER IDCC
Dec 11 1:30

[Signature]

BallardSunday
Billy Bledsoe
Oil and Gas Conservation Commission
4515 North 7th Avenue
Phoenix, Arizona 85013

Gentlemen:

I will be unable to attend the November 15, 1974, meeting.

Very truly yours,

ROLLE, JONES, BENTON & COLE

F. Keith Benton

FXB:amw
November 4, 1974

Mr. F. Keith Benton
Attorney at Law
P. O. Box 5240
Yuma, Arizona 85364

Dear Keith:

Enclosed herewith is a copy of the opinion about which we spoke on the 'phone last week.

If we can be of any further assistance to you, please do not hesitate to contact us.

Sincerely,

N. WARNER LEE
The Attorney General

ROD G. McDougall
Chief Assistant Attorney General

fs
Encl.

cc. Mr. John Bannister, Exec. Secy.
Oil and Gas Conservation Comm.
October 18, 1974

The Attorney General
State Capitol
Phoenix, Arizona 85007

Attention: Mr. John McGowan
Special Assistant Attorney General

Dear Sir:

Geoffrey E. H. Ballard, PhD, was recently appointed as a Commissioner to serve on this Commission. Dr. Ballard is, by profession, a geologist and geophysicist and does consulting work in the State of Arizona.

Will you please advise what work Dr. Ballard may do within his profession that will not be a conflict of interest with his duties to this Commission. We might remind you that, by law, this Commission regulates exploration, drilling and production of oil, natural gas, helium and geothermal resources.

Respectfully,

John Bannister
Executive Secretary

JB/vb
MUST use own judgement. No one can tell him if serving on the Comm.
October 18, 1974

The Attorney General  
State Capitol
Phoenix, Arizona 85007

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Special Assistant Attorney General

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