

OIL & GAS CONSERVATION COMMISSION
Meeting: April 21, 1975
Mr. John Bannister, Exec. Sec.

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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

April 21, 1975

8686 N. Central Avenue, Phoenix, Arizona

10:00 a.m.

Call to order

1. ✓ Approval of minutes of meeting of
March 21, 1975

2. ✓ Report of Executive Secretary

3. ✓ Report of Enforcement Section

UTAH
21,000 @ 13001

4. ✓ Report of Geology Section

5. ✓ Old Business

6. New Business - 10CC * IPAA

7. Adjourn

*BALLARD WANTS
CONSOLIDATION*

*Let minutes show
Comm. likes new
quarter -*

sign - OK

10CC - BALLARD - ND

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

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

Minutes of Meeting
March 21, 1975

Present:

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

The regular Commission meeting for the month of March, 1975 was called to order by Chairman Ralph Bilby at 10:45 a.m., immediately following hearing on Case No. 49.

Minutes of the meeting of February 21, 1975 were approved as written.

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

Executive Secretary advised that he appeared before the Senate Budget Committee on March 12, 1975. The Committee endorsed the Commission's revised budget for the 1975-76 fiscal year of \$176,900. This reflects a 10% decrease in the budget as originally submitted and as called for by Governor Castro.

Executive Secretary advised that plans to move into the new Commission quarters at 8686 North Central Avenue are proceeding smoothly and that no difficulty is anticipated in the move, scheduled for April 15, 1975.

Executive Secretary reported that Senator Fannin has replied to the Commission's request concerning information as to the Bureau of Land Management's failure to make available geothermal leases on Federal land. Senator Fannin advised that the Bureau has held one lease sale for lands in Greenlee and Graham Counties. Bids were received but to date no leases have been issued. Upon instructions, the Executive Secretary telephoned Mr. Andrew Bettwy, State Land Commissioner, concerning the State's leasing for geothermal energy. Executive Secretary reported that Mr. Bettwy feels there is no reason the State cannot go ahead and lease its land for geothermal purposes, however he (Mr. Bettwy) has not as yet been able to authorize leasing, due to pressures of other pending matters.

Minutes of Meeting
March 21, 1975
Page Two

It was reported to the Commission that Mrs. Ed McCullough has passed away and the Commission expressed its sadness at Dr. McCullough's loss. It was further reported that Dr. McCullough will visit the Commission soon, hoping to develop joint programs with the Commission.

The next Commission meet be at 10:00 a.m. on Monday, April 21, 1975 in the new quarters at 8686 North Central Avenue, Suite 106, Phoenix.

Meeting adjourned at 11:45 a.m.

APPROVED April 21, 1975

Josephine Bishop

Also present:

Dr. Allan Cree



OFFICE OF

Oil and Gas Conservation Commission

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PHOENIX, ARIZONA 85013

PHONE: (602) 271-5161

April 9, 1975

Memo: Commissioners
From: John Bannister

Please remember that the forthcoming meeting of the Commission will be on Monday, April 21, 1975 at our new location at 8686 North Central Avenue, Suite 106.

Since our last meeting, the office has primarily been involved in preparing for our move. As currently scheduled, Horizon Moving Company will begin the physical move of the office on Monday, April 14th and complete same on Tuesday, April 15th.

The Commission's sample library will be placed in the quonset hut in the 2100 block of East Van Buren. Of course, this will create some inconvenience to the staff and our users, but will result in releasing expensive storage space.

The Legislature is beginning to increase its pace, aiming to adjourn early in May. Whether or not this can be accomplished is yet to be seen. I have made several appearances before the Senate Resources Committee, particularly in connection with Senate Bill 1326, which establishes a Department of Geological and Mineral Resources. The Oil and Gas Commission has been included in this group. The purpose of this bill primarily is to create a geological survey, using the Bureau of Mines as a working base but removing jurisdiction of same from the University of Arizona and the College of Mines. I pointed out that one of the purposes of this Commission is the regulatory function and that, as contemplated, we do not properly belong in this new department as set up in this bill. As a result of my appearance and others, 1326 has been assigned to a study committee and I feel they will call for further input from us.

House Bill 2110, which creates a Department of Energy which combines the Arizona Power Authority, Atomic Energy Commission and the Oil and Gas Commission and brings each into the department under their own rules and regulations as separate divisions,

Memo: Commissioners
April 9, 1975
Page 2

has passed the Natural Resources Committee in the House and still must be heard by the Government and Rules Committees. In my discussions with the various Senate Committees, it was pointed out by me and others that several bills are now pending incorporating various agencies into some form of a Natural Resources Department, consequently I feel that no individual bills now before the Legislature will pass and that the problem will probably be assigned to an interim committee. I will keep you advised as to this progress.

The bill requested by the Commission, Senate Bill 1239, which puts a 5% severance tax on the production of oil, gas, helium and geothermal resources in lieu of any other tax on production of these resources and acts as an incentive in waiving any tax on production until the operator has recovered 200% of his cost of drilling the well, is still in the Finance Committee and has not as yet been put on the calendar. It is my feeling that this bill will perhaps be heard but due to the last minute rush I doubt that it will pass.



OFFICE OF

Oil and Gas Conservation Commission

STATE OF ARIZONA

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ACTIVITY REPORT

Memo from W. E. Allen
Director, Enforcement Section

April 8, 1975

We had an unusual visitor recently, a Mr. Cerrara, with the F.B.I. It seems that the F.B.I. is investigating American Fuels Corporation. You will recall that American Fuels drilled six wells in Arizona during 1973. They encountered reported shows of oil and gas in five. One well produced for a short period of time. American Fuels also acquired the two shut-in Cities Service gas wells. All except one well, the Navajo "B" No. 1 located in the SE/SW Section 9-T40N-R29E, Apache County, have reverted to the Navajo Tribe because of lease expiration. The F.B.I.'s concern was whether or not American Fuels had drilled their wells in violation of our rules, they had not. Mr. Cerrara also was interested in the method that would be necessary to follow in the event they needed our files. He was told that the actual files would have to be acquired by subpoena.

John Weems, with Cochise Limited, was in the office to discuss the Guadalupe Exploration Corporation well that was drilled approximately 25 miles east of Douglas in 1971. Cochise Limited has a large block of acreage in Cochise County and also an interest in the KCM Company. This Company has been issued a permit to drill a well in NE/NE Section 16-T22S-R31E, Cochise County. Mr. Weems had information that the GECO well had several definite gas shows. This office was unable to confirm any shows. In fact, our information indicates no shows of hydrocarbons were encountered in the drilling of this well. Mr. Weems indicated that the reported shows in GECO wells was the principal reason KCM filed their application. Since the shows could not be substantiated from available information, in all probability KCM will allow the permit to expire.

Activity Report - W. E. Allen
April 8, 1975
Page 2

Reed Nix was in the office to discuss resumption of drilling operations on his geothermal test in the NW/SW Section 16-T5S-R24E, Graham County. He thinks he will have funds available to resume operations shortly. Discussion centered around procedures that he would have to follow when he reached his next projected casing point. He also wanted my ideas concerning the cost involved in cementing the next string of casing.

We still have not issued the permit to Morton Brothers for the drilling of a well in the NE/SE Section 8-T13N-R18E, Navajo County. We have not received a bond to cover this well. I understand that the USGS has approved their application to drill this well.

Two permits have been issued to St. Joe American Exploration Corp. for the drilling of potash tests. These wells will be located in the NW/SW Section 6-T17N-R26E and NW/NW Section 12-T17N-R25E, both in Apache County.

Considerable time has been spent preparing for our move to new quarters. You are aware that we are doing all of our packing in order to save money.

<u>DATE</u>	<u>NAME</u>	<u>COMPANY</u>	<u>SUBJECT</u>
3-12-75	Pete Mosher	Consultant	Salt Mining Luke area
3-14-75	Charles Ray	Ashland Oil	KCM location-Cochise Co.
3-17-75	Ed Obele	Self	Drlg. Hidalgo Co.& KCM
3-20-75	Dean Smith	Lease broker	Cochise Co. leasing
3-20-75	John Weems	Cochise Ltd.	GECO well, Cochise Co.
3-24-75	Ben Messer	Duval Corp.	Drlg. Permit
3-25-75	Ben Messer	Duval Corp.	Confidential period
3-25-75	James Vine	U.S.G.S.	Wilcox & Red Lake area Lithuim Expl.
3-25-75	Arnold Snell	Morton Bros.	Bond-proposed loc.
3-27-75	Ed Beaumont	Cons. Geologist	Potash Holbrook area
3-27-75	Gene Hardin	Horizon Moving & Stor.	Pending move
4-02-75	Hal Susie	B.L.M.	Well permit 15-4N-6W
4-04-75	Reed Nix	Self	Geo. Test
4-04-75	Jim Pickett	Self-lease broker	Lease acquisition
4-04-75	Mr. Cerrara	F.B.I.	American Fuels
4-07-75	Warren Carr	Consulting Geol.	Duval Corp.
4-07-75	Ray Purdy	Eng. Consultants	Active Comp. in State



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ACTIVITY REPORT

April 8, 1975

J. N. Conley
Director, Geology Section

PUBLICATIONS

Sales this past month totaled \$40.00. Persons and companies purchasing publications were:

Energy Consulting Assoc., Denver	
Urangesellschaft, U.S.A., Inc., Denver	
John Beeler, Tucson	
Dean Smith, Scottsdale	
Bond & Assoc., Denver	S. A. Mollerstuen, Denver
Hydril, Los Angeles	Ted Hayes, Sasabe

"No-charge" distribution of publications:

Arizona State University Library, Tempe
Center for California Public Affairs, Claremont
Map Library, State Univ. of N. Y. at Binghamton
UCLA Map Library, Los Angeles
Univ. of Illinois Library at Urbana

INVESTIGATIVE PROJECTS

Photogeologic Analysis of Macroscopic Folds in the Colorado Plateau Province, Arizona. Dr. George H. Davis, Department of Geosciences, University of Arizona, is the principal investigator of this project. The cartography required for printing the map is about 75% completed. We will get a composite negative of the fold and dip and strike data for future use by this Commission in the preparation of structure contour maps on shallow Permian stratigraphic units.

Utilizing the results of the detailed examination of the ERTS-1 (LANDSAT 1) imagery, a thorough research of the literature, and a very extensive field mapping program, Davis has been able to establish a system of regional lineaments in the Colorado Plateau province of Arizona and adjacent states. He interprets these lineaments to represent the tectonic framework of the province. They are old, i.e. Precambrian, deep-seated planes of weakness which divide the province crustal plate into blocks. Periodic tectonic stress during geologic time has resulted in block interactions and adjustments producing geologic structures affording traps for petroleum. There is also some evidence that these movements have controlled depositional environments.

Activity Report
April 8, 1975
Page 2

A probable example of this is the oil- and gas-bearing porous carbonate barriers that grew upward along the anticlinal trends associated with northwest-trending alignments on the northeast-facing paleoslope of the Aneth platform during Pennsylvanian Desmoinesian time in the Four Corners region of Arizona and adjacent states.

As mentioned previously, the results of this investigation, in conjunction with currently available gravity and aeromagnetic maps, our own current subsurface structural and isopachous studies, and facies studies of the Mississippian and Devonian Systems by two graduate students at Northern Arizona University, will furnish many good clues to the location of areas warranting exploration for oil and gas. The results of a planned study by Drs. John S. Sumner and Carlos L. V. Aiken, Geophysical Laboratory, University of Arizona, integrating Davis' work and geophysical data in their files, will be very helpful in semi-isolating favorable areas for prospecting.

Supplementary to the macrofold map, which will be printed in three colors on the 1974 edition of the U. S. Geological Survey's base map of Arizona at a scale of 1:500,000 (1 inch equals approximately 8 miles), Carl Winikka, Director of Arizona Resources Information System, and I would like to publish later this calendar year, if funds are available, a composite map showing Davis' macrofolds superimposed onto the Satellite Image Base prepared and published by the U. S. Geological Survey in cooperation with the National Aeronautics and Space Administration. This base was prepared from NASA Earth Resources Technology Satellite (ERTS-1). Such a map, in comparison with physiography normally portrayed by topographic contours, or shaded relief maps, could: 1) show more distinctly the many instances of coincidence of physiographic and structural features, 2) define more sharply the northeast-trending alignments and some of the northwest-trending alignments and their intersections (probable favorable spots for traps), and 3) better define the location and areal extent of volcanic fields. These factors should be of considerable value in permitting a better interpretation of the Precambrian block pattern producing potentially hydrocarbon-productive structural, unconformity, stratigraphic, and paleogeomorphic anomalies in the overlying sedimentary columns, gravity anomalies indicating possible favorable subsurface structural conditions, and in the planning of future subsurface studies designed to encourage exploration for oil and gas in the State.

The cost of preparing and publishing such a map would not be unduly high. Carl Winikka has made arrangements to obtain at reproduction cost (out of his budget) from the U. S. Geological Survey their four negatives that would be required. We will have soon the fifth negative showing the folds and dip and strike data.

Well Location Map Nine. This map is being printed this week. The accompanying text will be printed after the Legislature adjourns, at which time the State Printing Office will be able to handle our job, if other arrangements to get it printed cannot be made.

Activity Report
April 8, 1975
Page 3

Holbrook Area, Permian Coconino Structure Map and Basement Map, Colorado Plateau Map. These two projects have been shelved until our move to new office space has been fully completed.

Paleozoic Era Thickness Map. In preparation.

GEOHERMAL

A. K. Doss, Director of the Minerals Division, State Land Department, reports that no definite date has yet been set for a competitive sale of geothermal leases on State lands.

The U. S. Geological Survey, Water Resources Division, is continuing its investigation of the potential geothermal resources of the San Francisco Peaks volcanic field and adjacent areas. This past month we furnished the Flagstaff office selected intervals of drill-bit cuttings of nine wells in Yavapai and Coconino Counties. A study of the cuttings is being made to help the geophysicists interpret the results of gravity and seismograph surveys.

VISITORS

We had very few visitors and inquiries of any significance this past month. Two of the visitors were: Edward C. Beaumont, consulting geologist, Albuquerque, New Mexico; and S. A. Mollerstuen, consulting geologist and independent operator, Denver, Colorado.

Beaumont was interested in data and maps of the Holbrook area, particularly with reference to potash.

Mollerstuen was interested in maps and information pertaining to the oil and gas potentialities of Arizona. He and some associates, incidentally, have discovered a natural gas pool on Sheep Mountain anticline north of Walsenburg, Colorado. The productive zone is a Tertiary igneous sill about 140 feet thick intruded into the Cretaceous Pierre Shale. The Dinahbi-Keyah oil field in Apache County produces from an igneous sill intruded into the Pennsylvanian Hermosa Formation. Shows of oil have been noted in igneous sills intruded into other Paleozoic rocks in the general area between this field and the northeast corner of the State.

Ted Hayes, current consultant (and former vice president) of American Coldset Corporation (manufacturer of diamond drill bits) and other clients, has purchased recently some of our maps. He is interested in attempting to promote for a client some exploration for oil on the El Mirador Ranch near Sasabe, Pima County.

Ted Sheldon, Trio Petro, Inc., Denver, Colorado, and Calgary, Canada, is coming to Phoenix the 17th of this month to make a preliminary check of the oil and gas potentialities of Arizona. He has already completed some studies in southern Utah.

JNC:os

JNC
J.N.C.

MONTHLY FINANCIAL REPORT

1 RECEIPTS MONTH OF <i>March 19 75</i>	2 RECEIPTS CLASSIFICATION	3 APPROPRIATED RECEIPTS	4 UNAPPROPRIATED RECEIPTS	5 TOTAL ALL RECEIPTS YEAR TO DATE
-0-	1 Permits to Drill			
	2			
	3			
	4			
	5			
	6			
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	17			
-0-	TOTAL CURRENT MONTH RECEIPTS		-0-	XXXXXXXX
	TRANSFERS IN			
XXXXXXXX	BALANCES BROUGHT FORWARD		3,676 83	XXXXXXXX
-0-	TOTALS - MONTH AND YEAR TO DATE		3,676 83	400 00

6 CLAIMS PAID MONTH OF <i>March 19 75</i>	7 EXPENDITURES FUND TITLES	8 TOTAL AMOUNT AVAILABLE YEAR TO DATE	9 CLAIMS PAID YEAR TO DATE	10 OUTSTANDING ENCUMBRANCES	11 UNENCUMBERED BALANCE
3,994 90	1 Personal Services	89,698 00	81,844 38	-	7,853 62
1,150 47	2 Emp. Related Exp.	11,690 00	10,145 34	-	1,544 66
457 45	3 Other Operating Exp.	32,841 08	24,481 52	5,892 13	2,467 43
183 00	4 Prof. & Outside Serv	3,485 85	2,293 44	-0-	4,192 41
400 78	5 Travel - State	7,425 00	6,386 14	581 60	457 26
295 22	6 Travel - Out of St.	3,200 00	2,605 55	-0-	594 45
-	7 Cap. Outlay - Equip.	4,100 00	3,722 83	-0-	377 17
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11,481 82	TOTALS	152,439 93	131,479 20	6,473 73	14,487 00

AGENCY Oil & Gas Conservation Comm.

DIVISION _____

IDENTIFICATION CODE NO. _____

1	2	3	4
CLAIMS PAID YEAR TO DATE	OBJECT CODE NO.	DISTRIBUTION OF EXPENDITURES CLASSIFICATION	CLAIMS PAID MONTH OF <i>March 1975</i>
1,860 00	7111	1 Per Diem: Commission Members	1 210 00
79,984 38	7112	2 Salaries: Employees	2 8,784 90
		3	3
221 04	7151	4 Industrial Insurance	4
126 85	7152	5 Unemployment Insurance	5
3,993 53	7153	6 F.I.C.A.	6 526 21
4,591 40	7155	7 Retirement	7 504 26
1,020 00	7156	8 Health Insurance	8 120 00
192 50	7159	9 Personnel Comm.	9
		10	10
	7215	11 Professional Services: Engineer	11
2,293 44	7219	12 Professional Services: Other	12 183 00
		13	13
1,258 62	7221	14 Travel-State: Mileage	14 1 00 62
2,777 50	7222	15 Subsistence	15 66 00
60 00	7223	16 Public Transportation	16
1,859 57	7224	17 Vehicle Expense	17 232 66
430 45	7225	18 Reg. Fees; Parking; etc.	18 1 50
		19	19
827 00	7232	20 Travel-Out of State: Subsistence	20 40 00
1,453 08	7233	21 Public Transportation	21 255 22
1 02	7234	22 Airport Parking	22
324 45	7235	23 Reg. Fees; Telephone; etc.	23
		24	24
16,645 14	7251	25 Occupancy: Office Rent	25
	7261	26 Warehouse Rent	26
	7263	27 Maintenance & Repairs	27
475 00	7272	28 Mtn. & Repairs: Furniture & Equipment	28
2,155 57	7280	29 Office Supplies	29 113 74
1,198 50	7280.1	30 Orthophoto Quads.	30
305 61	7300	31 Field Supplies: Film; Am.Strat; P.I.; etc.	31 24 00
208 76	7331	32 Printing: Reports; Large Maps; etc.	32
524 06	7332	33 Legal Advertisement	33 144 59
46 25	7333	34 Court Reporter	34
559 54	7334	35 Postage	35 30
1,929 99	7335	36 Telephone	36 141 02
	7337	37 Drayage; Express; etc.	37
61 80	7339	38 Rental, Misc.	38
121 30	7360	39 Dues & Subscriptions	39 33 80
		40	40
189 32	7431	41 Capital Outlay: Office Equip.	41
	7434	42 Spec. Equip. (Geol.)	42
3,533 51	7436	43 Automobile	43
		44	44
250 00	7913	45 Revolving Fund	45
		46	46
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136,479 20		TOTAL	11,481 82

OFFICE

FIELD

STATE OF ARIZONA
32nd LEGISLATURE
1st REGULAR SESSION

SENATE

S.B. 1326

INTRODUCED

February 19, 1975

REFERENCE TITLE: Department Of Geology,
Mineral Resources

Referred on February 19, 1975 to Committees:

Rules

Natural Resources

Introduced by Senators Davidson, Weeks, Walsh, Van Arsdell,
Farr, Gabaldon

AN ACT

RELATING TO MINERALS; ESTABLISHING A STATE DEPARTMENT OF GEOLOGY AND MINERAL RESOURCES; PROVIDING FOR APPOINTMENT OF A DIRECTOR; PRESCRIBING POWERS AND DUTIES; TRANSFERRING POWERS AND DUTIES OF THE GAS CONSERVATION COMMISSION AND DEPARTMENT OF MINERAL RESOURCES INTO THE DEPARTMENT; AMENDING TITLE 27, CHAPTER 1, ARTICLE 4, ARIZONA REVISED STATUTES, BY ADDING SECTION 27-150; AMENDING SECTION 27-151, ARIZONA REVISED STATUTES; AMENDING TITLE 27, CHAPTER 1, ARTICLE 4, ARIZONA REVISED STATUTES, BY ADDING SECTION 27-151.01; REPEALING SECTION 27-152, ARIZONA REVISED STATUTES; AMENDING TITLE 27, CHAPTER 1, ARTICLE 4, ARIZONA REVISED STATUTES, BY ADDING NEW SECTION 27-152 AND SECTIONS 27-152.01 THROUGH 27-152.04; AMENDING SECTIONS 27-153 AND 27-153.01, ARIZONA REVISED STATUTES; REPEALING SECTIONS 27-154 AND 27-155, ARIZONA REVISED STATUTES; AMENDING TITLE 27, CHAPTER 1, ARTICLE 4, ARIZONA REVISED STATUTES, BY ADDING NEW SECTIONS 27-154 AND 27-155; AMENDING SECTIONS 27-501 AND 27-651, ARIZONA REVISED STATUTES; REPEALING SECTION 27-514, ARIZONA REVISED STATUTES, AND REPEALING TITLE 27, CHAPTER 1, ARTICLE 1, ARIZONA REVISED STATUTES.

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

Section 1. Purpose

The legislature declares that the wise use of the lands and mineral resources of the state can be assisted by the establishment of a scientific, investigative and information agency whose purpose it is to conduct research on the geologic characteristics of this state and to provide such information for use by the legislature, governmental agencies, industry and the public.

Sec. 2. Name designation change

The designation of title 27, chapter 1, article 4, Arizona Revised Statutes, is changed from "ARIZONA BUREAU OF MINES" to "ARIZONA DEPARTMENT OF GEOLOGY AND MINERAL RESOURCES."

S.B. 1326

1 Sec. 3. Title 27, chapter 1, article 4, Arizona Revised Statutes,
2 is amended by adding section 27-150, to read:

3 27-150. Definitions

4 IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

5 1. "DEPARTMENT" MEANS THE ARIZONA DEPARTMENT OF GEOLOGY AND
6 MINERAL RESOURCES.

7 2. "DIRECTOR" MEANS THE PROFESSIONAL GEOLOGIST, REGISTERED IN
8 THIS STATE, WHO IS RESPONSIBLE FOR THE DEPARTMENT.

9 3. "MINERALS" INCLUDES ALL METALLIC, NONMETALLIC AND FUEL MINERALS.

10 4. "STATE GEOLOGICAL SURVEY" MEANS THE DEPARTMENT.

11 Sec. 4. Section 27-151, Arizona Revised Statutes, is amended
12 to read:

13 27-151. Arizona department of geology and natural
14 resources; director; appointment; employees

15 A. The ~~bureau~~ DEPARTMENT of ~~mines~~ GEOLOGY AND MINERAL RESOURCES
16 of the THIS state of-Arizona shall be maintained as a STATE department
17 of-the-university-of-Arizona.---The-bureau-shall-be-under-the-direction
18 of-the-board-of-regents-of-the-university-and-state-colleges-of-Arizona.
19 Board-members-shall-be-paid-their-expenses-incurred-in-the-direction-of
20 the-bureau RESPONSIBLE TO THE LEGISLATURE AND THE GOVERNOR. THE DEPART-
21 MENT SHALL CONSIST OF SUCH BRANCHES AS NECESSARY FOR ACHIEVING THE OB-
22 JECTIVES OF THE DEPARTMENT.

23 B. There shall be a director of the ~~bureau, of-mines~~ DEPARTMENT,
24 who shall be appointed and-whose-salary-shall-be-fixed-by-the-board
25 of-regents.---The-person-appointed-shall-be-a-mining-engineer.---The
26 board-shall, on-the-nomination-of-the-director, appoint-and-fix-the
27 salaries-of-assistants-and-employees-deemed-necessary BY THE GOVERNOR,
28 WHO SHALL CHOOSE SUCH DIRECTOR FROM A LIST OF THREE PERSONS WHOSE NAMES
29 ARE SUBMITTED BY AN AD HOC COUNCIL COMPOSED OF A DESIGNEE OF THE BOARD OF
30 REGENTS, A REPRESENTATIVE OF THE AMERICAN INSTITUTE OF MINING, METALLURGICAL
31 AND PETROLEUM ENGINEERING, A REPRESENTATIVE FROM THE ARIZONA GEOLOGICAL
32 SOCIETY, A REPRESENTATIVE FROM THE AMERICAN INSTITUTE OF PROFESSIONAL
33 GEOLOGISTS AND A REPRESENTATIVE OF THE SOUTHWESTERN MINERALS EXPLORATION
34 ASSOCIATION. THE SALARY OF THE DIRECTOR SHALL BE SUBJECT TO APPROPRIA-
35 TION BY THE LEGISLATURE. THE DIRECTOR SHALL BE A GEOLOGIST OR A GEOLOGICAL
36 ENGINEER GRADUATED FROM AN ACCREDITED INSTITUTION, QUALIFIED BY EDUCATION
37 AND EXPERIENCE AND SHALL REGISTER IN THIS STATE WITHIN SIX MONTHS OF
38 APPOINTMENT.

39 C. MEMBERS OF THE AD HOC COUNCIL SHALL BE APPOINTED BY THE GOVERNOR
40 AND SHALL RECEIVE NO COMPENSATION FOR THEIR SERVICES, BUT SHALL BE REIM-
41 BURED FOR ANY EXPENSES INCURRED IN THE COURSE OF CONDUCTING THEIR DUTIES.

42 Sec. 5. Title 27, chapter 1, article 4, Arizona Revised Statutes,
43 is amended by adding section 27-151.01, to read:

44 27-151.01. Employees; qualifications; private activities
45 relating to mining or geological consulting
46 prohibited

47 QUALIFICATIONS OF EMPLOYEES OF THE DEPARTMENT SHALL BE PRESCRIBED
48 BY THE DIRECTOR. NEITHER THE DIRECTOR NOR ANY EMPLOYEE SHALL:

49 1. ACQUIRE A PECUNIARY INTEREST IN ANY MINERAL PROPERTY OR OWN
50 MORE THAN FIVE PER CENT OF THE OUTSTANDING SHARES IN ANY COMPANY

S.B. 1326

1 CONTROLLING OR OPERATING MINERAL PROPERTIES IN THE STATE OR CONTRACTING
2 WITH THE STATE. THE DIRECTOR AND ANY EMPLOYEE SHALL DISCLOSE ANY
3 INTEREST IN A MINERAL PROPERTY IN THE STATE PRIOR TO ACCEPTING APPOINT-
4 MENT.

5 2. ACT AS BROKER OR AGENT FOR ANY PURCHASER, OWNER OR AGENT OF
6 MINERAL PROPERTY, EQUIPMENT OR PRODUCTS.

7 3. ACCEPT ANY COMMISSION OR COMPENSATION FOR SERVICES RENDERED
8 IN CONNECTION WITH THE MINERAL INDUSTRY IN THIS STATE.

9 4. MAKE ANY INVESTIGATION OR MINERAL EXAMINATION OR REPORT ON AN
10 INDIVIDUAL ARIZONA MINERAL DEPOSIT OR METALLURGICAL PROCESS OTHER THAN IN
11 PURSUANCE OF SUCH EMPLOYEE'S OFFICIAL DUTIES.

12 Sec. 6. Repeal

13 Section 27-152, Arizona Revised Statutes, is repealed.

14 Sec. 7. Title 27, chapter 1, article 4, Arizona Revised Statutes,
15 is amended by adding new section 27-152 and sections 27-152.01 through
16 27-152.04, to read:

17 27-152. Objectives of department

18 THE DEPARTMENT SHALL HAVE AS ITS OBJECTIVES:

19 1. TO INFORM THE PUBLIC IN MATTERS CONCERNING THE GEOLOGICAL
20 ENVIRONMENT AND THE USE OF THE MINERAL RESOURCES OF THIS STATE.

21 2. TO ENCOURAGE THE WISE USE OF THE LANDS AND MINERAL RESOURCES
22 OF THIS STATE TOWARD ITS ECONOMIC AND ENVIRONMENTAL DEVELOPMENT.

23 3. TO PROVIDE TECHNICAL ADVICE AND ASSISTANCE IN GEOLOGY AND
24 MINERAL TECHNOLOGY TO OTHER STATE AND LOCAL GOVERNMENTAL AGENCIES
25 ENGAGED IN ENVIRONMENTAL MATTERS, LAND USE PLANNING OR IN INDUSTRIAL
26 AND DEVELOPMENTAL PROJECTS IN WHICH THE GEOLOGIC SETTING OR THE MINERAL
27 RESOURCES OF THE STATE ARE INVOLVED.

28 4. TO PROVIDE TECHNICAL ADVICE AND ASSISTANCE IN GEOLOGY AND
29 MINERAL TECHNOLOGY TO INDUSTRY AND OTHER MEMBERS OF THE PUBLIC TOWARD
30 THEIR WISE DEVELOPMENT AND USE OF THE MINERAL AND LAND RESOURCES OF THIS
31 STATE IN ACCORDANCE WITH THE LAWS AND THE ECONOMIC AND ENVIRONMENTAL
32 GOALS AND NEEDS OF THIS STATE.

33 27-152.01. Powers and duties of department

34 THE DEPARTMENT SHALL:

35 1. INVESTIGATE, DESCRIBE AND INTERPRET THE GEOLOGICAL SETTING OF
36 THIS STATE, INCLUDING ITS NATURAL HAZARDS AND LIMITATIONS, ITS NATURAL
37 ATTRIBUTES AND ITS MINERAL RESOURCES.

38 2. CONDUCT RESEARCH CONCERNING THE EXPLORATION FOR, THE MINING
39 OF AND THE PROCESSING OF THE MINERAL RESOURCES OF THIS STATE.

40 3. PUBLISH AND DISSEMINATE GEOLOGICAL, TECHNICAL AND MINERAL
41 RESOURCE INFORMATION SUCH AS BULLETINS, CIRCULARS, MAPS AND OTHER
42 RELATED SERIES.

43 4. PROVIDE LECTURES, TALKS, DISPLAYS AND EXHIBITS TOWARD A
44 BETTER UNDERSTANDING OF THIS STATE AND THE WISE USE OF THIS STATE'S
45 LAND AND ITS MINERAL RESOURCES.

46 5. OPERATE AND MAINTAIN A CENTRAL REPOSITORY FOR REPORTS, BOOKS,
47 MAPS AND OTHER PUBLICATIONS REGARDING THE GEOLOGY, MINERAL RESOURCES
48 AND ASSOCIATED TECHNOLOGIES PRESENT OR PRACTICED IN THIS STATE. SUCH
49 REPOSITORY SHALL BE AVAILABLE FOR THE USE OF THE PUBLIC.
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1 6. OPERATE AND MAINTAIN A CENTRAL REPOSITORY FOR ROCK CORES,
2 WELL CUTTINGS AND RELATED SUBSURFACE SAMPLES AND ALL ASSOCIATED SUPPLE-
3 MENTAL DATA CONSISTENT WITH THE LAWS OF THIS STATE REQUIRING THE DEPOSIT
4 OF SUCH MATERIAL AND INFORMATION. SUCH REPOSITORY SHALL BE AVAILABLE
5 TO QUALIFIED INDIVIDUALS FOR THE PURPOSE OF SCIENTIFIC STUDY.

6 7. PROPOSE AND SUBMIT TO THE LEGISLATURE AN ANNUAL OPERATING
7 BUDGET BASED ON FULFILLING THE NEEDS OF THIS STATE WITHIN THE OBJECTIVES
8 ESTABLISHED FOR THE DEPARTMENT.

9 8. RECEIVE AND EXPEND ANY MONIES ARISING FROM FEDERAL MEANS,
10 GRANTS, CONTRACTS, CONTRIBUTIONS, GRATUITIES OR REIMBURSEMENTS PAYABLE
11 OR DISTRIBUTABLE TO THIS STATE BY THE UNITED STATES. THE DEPARTMENT MAY
12 ALSO RECEIVE AND EXPEND ANY MONIES ARISING FROM GRANTS, CONTRACTS, CON-
13 TRIBUTIONS, GRATUITIES OR REIMBURSEMENTS DONATED BY PRIVATE PERSONS OR
14 CORPORATIONS. SUCH MONIES SHALL BE HANDLED IN ACCORDANCE WITH THE
15 PROCEDURES PRESCRIBED BY THE STATE AUDITOR.

16 9. UTILIZE THE SERVICES AND EXPERTISE OF THE UNIVERSITIES OF THE
17 STATE AT THE DISCRETION OF THE DIRECTOR.

18 10. COOPERATE WITH STATE AND FEDERAL AGENCIES.

19 11. TAKE SUCH OTHER ACTION, NOT INCONSISTENT WITH LAW, AS IT
20 SHALL DEEM NECESSARY OR DESIRABLE TO CONDUCT THE PURPOSES AND INTENT
21 OF THIS ARTICLE.

22 27-152.02. Other powers and duties of the director
23 and department of geology and mineral
24 resources

25 THE DEPARTMENT AND THE DEPARTMENT OF GEOLOGY AND MINERAL RESOURCES,
26 IN CARRYING OUT THE DUTIES FORMERLY HELD BY THE DEPARTMENT OF MINERAL
27 RESOURCES, SHALL:

28 1. AID IN THE PROMOTION AND DEVELOPMENT OF THE MINERAL RESOURCES
29 OF THE STATE.

30 2. CONDUCT STUDIES OF THE ECONOMIC PROBLEMS OF PROSPECTORS AND
31 OPERATORS OF SMALL MINES FOR THE PURPOSE OF ASSISTING IN THEIR SOLUTION.

32 3. ASSIST IN DISCOVERING SOURCES OF SUPPLY FOR PERSONS DESIRING
33 TO BUY MINERALS.

34 4. MAKE MINERAL RESOURCE SURVEYS AND CONDUCT OTHER INVESTIGATIONS
35 WHICH MAY INTEREST CAPITAL IN THE DEVELOPMENT OF THE STATE'S MINERAL
36 RESOURCES.

37 5. SERVE AS A BUREAU OF MINING INFORMATION.

38 6. PUBLISH AND DISSEMINATE INFORMATION AND DATA NECESSARY OR
39 ADVISABLE TO ATTAIN ITS OBJECTIVES.

40 7. COOPERATE WITH THE STATE LAND DEPARTMENT TO ENCOURAGE MINERAL
41 ACTIVITY ON STATE LANDS.

42 8. COOPERATE WITH THE CORPORATION COMMISSION IN ITS INVESTIGA-
43 TIONS AND ADMINISTRATION OF LAWS RELATING TO THE SALE OF MINING SECURITIES.

44 9. COOPERATE WITH FEDERAL AND OTHER AGENCIES DESIGNED TO DEVELOP
45 MINES AND MINERALS.

46 10. ESTABLISH FIELD OFFICES DEEMED NECESSARY.

47 11. PRESCRIBE THE NUMBER OF FIELD AND OFFICE ASSISTANTS.

48 27-152.03. Powers and duties of director

49 THE DIRECTOR SHALL:

50 1. ESTABLISH SUCH ADMINISTRATIVE FUNCTIONS AND OFFICES AS THE
51 DIRECTOR DEEMS NECESSARY IN THE CONDUCT OF THE PURPOSES OF THIS ARTICLE.

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- 1 2. PRESCRIBE THE NUMBER AND PROFESSIONAL DISCIPLINES OF THE
- 2 TECHNICAL STAFF AND THEIR OFFICE AND LABORATORY ASSOCIATES.
- 3 3. DIRECT THE WORK OF THE DEPARTMENT AND THE FORMULATION OF
- 4 ITS PROGRAM AND POLICIES.
- 5 4. ADOPT SUCH RULES AND REGULATIONS AS ARE NECESSARY TO CARRY
- 6 OUT THE PURPOSES OF THIS ARTICLE.
- 7 5. PURCHASE OR LEASE NECESSARY OFFICE AND LABORATORY EQUIPMENT
- 8 AND ACQUIRE FACILITIES FROM THE STATE OR LEASE NECESSARY OFFICE AND
- 9 LABORATORY SPACE.
- 10 6. ACCEPT, AT THE DISCRETION OF THE DIRECTOR AND THE NATURAL
- 11 RESOURCES COMMITTEE OF THE LEGISLATURE, GIFTS, BEQUESTS OR LEGACIES
- 12 OR REAL OR PERSONAL PROPERTY, OR ANY OTHER CONTRIBUTION, FINANCIAL OR
- 13 OTHERWISE, FOR USE IN ACCORDANCE WITH THE DIRECTION OF THE DONOR OR
- 14 OTHERWISE, BUT ONLY TO BE DISPOSED OF FOR THE BEST INTERESTS OF THIS
- 15 STATE.
- 16 7. ACCEPT FROM OTHER STATE AGENCIES, COUNTIES AND CITIES IN THIS
- 17 STATE FUNDS NECESSARY TO UNDERTAKE GEOLOGICAL WORK-COOPERATIVE AGREEMENTS
- 18 WITH OTHER STATE AGENCIES, COUNTIES AND CITIES TO CARRY OUT THE PROVISIONS
- 19 OF THIS ARTICLE.
- 20 8. ACCEPT FROM THE FEDERAL GOVERNMENT OR ITS AGENCIES FUNDS MADE
- 21 AVAILABLE TO THIS STATE FOR THE PURPOSES OF THIS ARTICLE.
- 22 9. ENTER INTO COOPERATIVE AGREEMENTS WITH THE FEDERAL GOVERN-
- 23 MENT AND ITS AGENCIES OR WITH ANY AGENCY CREATED BY THE LAW OF ANY
- 24 STATE FOR THE PURPOSE OF CARRYING OUT THE PROVISIONS OF THIS ARTICLE.
- 25 10. CONTRACT WITH PERSONS AND ORGANIZATIONS, PUBLIC OR PRIVATE,
- 26 TO PROVIDE SERVICES FOR THE DEPARTMENT.
- 27 11. BE THE GEOLOGIC ADVISER TO THE GOVERNOR, LAND PLANNING
- 28 OFFICE, LAND DEPARTMENT, WATER COMMISSION AND OTHER STATE AGENCIES.
- 29 27-152.04. Duties relating to oil and gas
- 30 THE DIRECTOR SHALL CARRY OUT THE PROVISIONS OF CHAPTER 4 OF THIS
- 31 TITLE RELATING TO OIL AND GAS AND ANY REFERENCE IN SUCH CHAPTER TO
- 32 "COMMISSION" OR "COMMISSIONER" MEANS THE DIRECTOR.
- 33 Sec. 8. Section 27-153, Arizona Revised Statutes, is amended
- 34 to read:
- 35 27-153. Publications
- 36 A. The publications of the ~~bureau-of-mines~~ DEPARTMENT OF GEOLOGY
- 37 AND MINERAL RESOURCES shall be ~~printed-as-the-director-instructs,-and~~
- 38 distributed or sold by the ~~bureau~~ DEPARTMENT as the interests of the
- 39 THIS state or science demand. Money obtained by the sale of publications
- 40 shall be deposited in the ~~bureau-of-mines~~ DEPARTMENT'S printing revolving
- 41 fund ~~for-printing-further-publications~~ AND USED ONLY FOR PRINTING
- 42 COSTS.
- 43 B. All materials collected, after having served the purpose of
- 44 the ~~bureau~~ DEPARTMENT, shall be ~~distributed~~ MADE AVAILABLE by the board
- 45 to the universities, community colleges and high schools OF THIS STATE.
- 46 Sec. 9. Section 27-153.01, Arizona Revised Statutes, is amended
- 47 to read:
- 48 27-153.01. Department printing revolving fund; nonreversion
- 49 A. There is established a permanent ~~bureau~~ DEPARTMENT of mines
- 50 GEOLOGY AND MINERAL RESOURCES printing revolving fund for use for

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1 expenses incurred for printing and distributing publications of the
2 DEPARTMENT. ~~bureau-of-mines--Such-expenditures-from-this-fund-and~~
3 ~~reimbursement-thereto-shall-be-as-prescribed-by-rules-and-regulations~~
4 ~~of-the-assistant-director-for-the-division-of-finance.~~

5 B. The permanent bureau-of-mines DEPARTMENT printing revolving fund
6 shall be established as a separate account on the books of the state
7 treasurer and a full accounting of its use shall be made ~~to-the-assistant~~
8 ~~director-for-the-division-of-finance-annually-or-as-required-by-the~~
9 ~~assistant-director-for-the-division-of-finance~~ PUBLIC.

10 C. Monies of the permanent bureau-of-mines DEPARTMENT printing
11 revolving fund shall not revert to the state general fund at the end
12 of any fiscal year.

13 Sec. 10. Repeals

14 Sections 27-154 and 27-155, Arizona Revised Statutes, are repealed.

15 Sec. 11. Title 27, chapter 1, article 4, Arizona Revised Statutes,
16 is amended by adding new sections 27-154 and 27-155, to read:

17 27-154. Tests of ores and mineral specimens

18 QUALITATIVE AND QUANTITATIVE TESTS OF ORES AND MINERAL SPECIMENS
19 OBTAINED IN THIS STATE SHALL BE MADE AT THE DISCRETION OF THE DIRECTOR
20 PROVIDED THE DEPARTMENT IS COMPENSATED FOR THE COSTS INCURRED AND THAT SUCH
21 TEST CANNOT BE OBTAINED AT A COMMERCIAL LABORATORY.

22 27-155. Annual report of director

23 The DIRECTOR SHALL MAKE AN ANNUAL REPORT TO THE GOVERNOR AND
24 THE LEGISLATURE ON THE PROGRESS AND CONDITION OF THE DEPARTMENT AND SUCH
25 OTHER PERTINENT INFORMATION AS THE LEGISLATURE REQUESTS.

26 Sec. 12. Section 27-501, Arizona Revised Statutes, is amended
27 to read:

28 27-501. Definitions

29 In this article, unless the context otherwise requires:

30 1. "Certificate of clearance" means a permit approved and issued
31 or registered by the commission for transportation or delivery of oil,
32 gas or products thereof.

33 2. "Certificate of compliance" means a certificate issued by the
34 commission prior to connection of an oil or gas well with a pipe line,
35 showing compliance with the conservation laws of the state and conserva-
36 tion rules, regulations and orders of the commission.

37 3. "Commission or commissioner" means the oil-and-gas-conserva-
38 tion-commission DIRECTOR.

39 4. "Completed well" means a well that meets any of the following
40 conditions:

41 (a) Has produced or is ready to produce new formation hydrocarbons.
42 (b) Has been declared a dry hole and temporarily abandoned or
43 plugged and abandoned.

44 (c) Has been otherwise readied for operation as in the case of
45 injection and service wells.

46 5. "Developed area" or "developed unit" means a drainage unit
47 having a well completed therein capable of producing oil or gas in paying
48 quantities.

49 6. "Drainage unit" or "drilling unit" means the maximum area in a
50 pool which may be drained efficiently by one well to produce the reasonable

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- 1 maximum amount of recoverable oil or gas in the area.
- 2 7. "Field" means the general area which is or appears to be under-
- 3 laid by not less than one pool, including underground reservoirs contain-
- 4 ing oil or gas or both.
- 5 8. "Fund" means the oil and gas conservation fund.
- 6 9. "Gas" means natural gas, casinghead gas, and all other hydro-
- 7 carbons not defined as oil, and helium or other substances of a gaseous
- 8 nature. Natural gas and casinghead gas are further defined as follows:
- 9 (a) "Natural gas" means any combustible gas or vapor composed
- 10 chiefly of hydrocarbons occurring in gaseous or vapor phase at initial
- 11 reservoir conditions.
- 12 (b) "Casinghead gas" means any gas or vapor indigenous to an oil
- 13 stratum and produced from such stratum with oil.
- 14 10. "Illegal oil" and "illegal gas" means oil or gas produced within
- 15 the state from any well during any time in which the well has produced in
- 16 excess of the amount allowed by law or any rule, regulation or order of
- 17 the commission or the production of which shall cause waste.
- 18 11. "Illegal product" means any product derived, in whole or in
- 19 part, from illegal oil or gas.
- 20 12. "Net drainage" means drainage not equalized by counter-drainage.
- 21 13. "Oil" means crude petroleum oil and all other hydrocarbons,
- 22 regardless of gravity, produced at a well in liquid form by ordinary pro-
- 23 duction methods and which are not the result of condensation of gas.
- 24 14. "Owner" means the person having the right to drill into, produce,
- 25 and appropriate production of oil or gas or both from a pool.
- 26 15. "Person" includes corporation, association, partnership, receiver,
- 27 trustee, guardian, executor, administrator, fiduciary, representative, or
- 28 any group acting as a unit, and includes any department, agency or instru-
- 29 mentality of the state or any governmental subdivision thereof.
- 30 16. "Pool" means an underground reservoir containing a common accu-
- 31 mulation of oil or gas or both and includes each zone of a general struc-
- 32 ture completely separated from any other zone in the structure.
- 33 17. "Producer" means the owner of a well capable of producing oil
- 34 or gas.
- 35 18. "Product" means oil, gas, or any product, by-product, mixture
- 36 or blend thereof.
- 37 19. "Royalty owner" means a person possessing an interest in the
- 38 production, but who is not an owner.
- 39 20. "Waste" means and includes:
- 40 (a) Physical waste, as that term is generally understood in the
- 41 oil and gas industry.
- 42 (b) The inefficient, excessive or improper use of, or the unneces-
- 43 sary dissipation of reservoir energy.
- 44 (c) The locating, spacing, drilling, equipping, operating or pro-
- 45 ducing of any oil or gas well or wells in a manner which causes or tends
- 46 to cause reduction in the quantity of oil or gas ultimately recoverable
- 47 from a pool under prudent and proper operations, or which causes or tends
- 48 to cause unnecessary or excessive surface loss or destruction of oil or
- 49 gas.
- 50 (d) The inefficient storing of oil or gas.

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(e) The production of oil or gas in excess of transportation or marketing facilities.

(f) The production of oil or gas when it is unprofitable to dispose of such production.

21. "Well" means and includes any hole drilled or spudded in for the purpose, with the intention, or under the representation of penetrating oil or gas bearing strata, or of penetrating any strata in search of stratigraphic data pertinent to the location of oil or gas bearing strata, whether or not in either case, oil or gas is actually discovered. The commission may, as it shall deem to be to the best interests of the state, determine that any hole drilled or spudded in shall be included within the above definition to the extent necessary for the administration and enforcement of the rules required by section 27-516. The determination of the commission shall be final in any circumstance involving the question of purpose, intent or representation provided such determination shall be subject to appeal as provided by section 27-520.

Sec. 13. Section 27-651, Arizona Revised Statutes, is amended to read:

27-651. Definitions

In this article, unless the context otherwise requires:

1. "Commission" means the ~~oil-and-gas-conservation-commission~~ DIRECTOR.

2. "Completion" or "completed well" means a well that has produced or is capable of producing geothermal resources or has been determined to be a dry hole, temporarily abandoned or plugged and abandoned, or has been readied for other phases of exploitation.

3. "Environment" means the sum total of all the external conditions which may act upon an organism or community, to influence its development or existence.

4. "Geothermal area" means the same general surface area which is underlain or reasonably appears to be underlain by one or more formations containing geothermal resources.

5. "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 AND MINERALS DERIVED FROM INSITU LEACHING, which may be present in solution or in association with geothermal steam, water or brines.

6. "Operator" means any person drilling, maintaining, operating, pumping or in control of any well, and includes the owner, when any well is or has been or is about to be operated or under the direction of the owner.

7. "Owner" means and includes the operator when any well is operated or has been operated or is about to be operated by any person other than the owner.

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1 8. "Person" means and includes any individual, firm, association,
2 corporation or any other group or combination acting as a unit.

3 9. "Waste" means any physical waste including, but not limited to,
4 underground waste resulting from the inefficient, excessive or improper
5 use or dissipation of reservoir energy or resulting from the location,
6 spacing, drilling, equipping, operation or production of a geothermal
7 resources well in such a manner that reduces or tends to reduce the
8 ultimate economic recovery of the geothermal resources within a reservoir,
9 and surface waste resulting from the inefficient storage or utilization
10 of geothermal resources and the location, spacing, drilling, equipping,
11 operation or production of a geothermal resources well in such a manner
12 that causes or tends to cause the unnecessary or excessive surface loss
13 or destruction of geothermal resources obtained or released from the
14 reservoir.

15 10. "Well" means any well drilled in search of geothermal resources
16 or any GEOTHERMAL development well on lands in areas proved to be underlain
17 by one or more formations containing geothermal resources or reasonably
18 presumed to contain geothermal resources or any well drilled for GEOTHERMAL
19 information purposes, or any producing well or reentered abandoned well
20 used for the injection of fluids into the geothermal formation or disposition
21 of SPENT GEOTHERMAL fluids into nongeothermal formations, or any well drilled
22 for the purpose of stimulating the heat of a formation or for the creation
23 of heat in a formation by nuclear or any other form of energy.

24 Sec. 14. Repeals

25 A. Section 27-514, Arizona Revised Statutes, is repealed.

26 B. Title 27, chapter 1, article 1, Arizona Revised Statutes,
27 is repealed.

28 Sec. 15. Revolving fund disposition

29 The department printing revolving fund shall on the effective
30 date of this act become the department of geology and mineral resources
31 printing revolving fund and any monies remaining in such fund shall
32 become part of the department of geology and mineral resources printing
33 revolving fund.

34 Sec. 16. Transfer of facilities, equipment, personnel
35 and funds; advisory boards

36 A. Personnel, facilities, equipment and funds unexpended and
37 unencumbered in the department of mineral resources and the oil and gas
38 conservation commission on the effective date of this act are transferred
39 to the department of geology and mineral resources.

40 B. Members of the board of governors of the department of mineral
41 resources whose terms have not expired shall serve as an advisory board
42 to and at the call of the director on matters relating to mineral
43 resources until expiration of such terms.

44 C. Members of the oil and gas conservation commission whose terms
45 have not expired shall serve as an advisory board to and at the call of
46 the director on matters relating to oil and gas conservation until
47 expiration of such terms.
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