OFFICE OF
Oil and Gas Conservation Commission
STATE OF ARIZONA
4555 NORTH 7TH AVE.
PHOENIX, ARIZONA 85013
PHONE: (602) 271-9161

AGENDA

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 2/16/68 2/28/68

4/- Report of Geology Section

5/- Old Business

6. New Business - 10CC × 1 PAA

7. Adjourn

10CC - BALLARD - ND

IF YOU ARE UNABLE TO ATTEND THIS MEETING, PLEASE NOTIFY THIS OFFICE AS SOON AS POSSIBLE.
OIL AND GAS CONSERVATION COMMISSION
1515 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 origi-
nally 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 proceed-
ning 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.
No 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 8666 North Central Avenue, Suite 106, Phoenix.

Meeting adjourned at 11:45 a.m.

APPROVED  
April 21, 1975

Also present:
Dr. Allan Cree
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 pend-
ing 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 pro-
blem 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 produc-
tion 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.
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, 1973
Page 2

Reed Mix was in the office to discuss resumption of drilling operations on his geothermal test in the NW/SE 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 Horton 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/SE Section 6-T17N-R26E and NW/NE 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.
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<th>NAME</th>
<th>COMPANY</th>
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<td>Active Comp. in State</td>
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J. N. Conley  
Director, Geology Section  

PUBLICATIONS  

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

Energy Consulting Assoc., Denver  
Drangolischeine, U.S.A., Inc., Denver  
John Beeler, Tucson  
Dean Smith, Scottsdale  
Bond & Assoc., Denver  
Hydrol, Los Angeles  
S. A. Hohlbruegge, Denver  
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 ER-5-1 (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.
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 Deseadan 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 1976 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 northwest-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.
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.


GEOTHERMAL

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 potentials 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 Dinehbi-Keyah oil field in Apache County produces from an igneous sill intruded into the Pennsylvanian Hermosa Formation. Show 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 potentials of Arizona. He has already completed some studies in southern Utah.

JNC/30
# MONTHLY FINANCIAL REPORT

## Receipts

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<th>Unappropriated Receipts</th>
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## Transfers In

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## Expenditures

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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 27-505, 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 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."
Sec. 3. Title 27, chapter 1, article 4, Arizona Revised Statutes, is amended by adding section 27-150, to read:

27-150. Definitions

IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:
1. "DEPARTMENT" MEANS THE ARIZONA DEPARTMENT OF GEOLOGY AND MINERAL RESOURCES.
2. "DIRECTOR" MEANS THE PROFESSIONAL GEOLOGIST, REGISTERED IN THIS STATE, WHO IS RESPONSIBLE FOR THE DEPARTMENT.
3. "MINERALS" INCLUDES ALL METALLIC, NONMETALLIC AND FUEL MINERALS.
4. "STATE GEOLOGICAL SURVEY" MEANS THE DEPARTMENT.

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

27-151. Arizona department of geology and natural resources; director; appointment; employees
B. There shall be a director of the bureau-OF-MINES DEPARTMENT, who shall be appointed and whose salary shall be fixed by the board of regents. The person-appointed shall be a mining engineer. The board shall, on the nomination of the director, appoint and fix the salaries of assistants and employees deemed necessary by the governor, who shall choose such director from a list of three persons whose names are submitted by an ad hoc council, composed of a designee of the board of regents, a representative of the American Institute of Mining, Metallurgical and Petroleum Engineering, a representative from the Arizona Geological Society, a representative from the American Institute of Professional Geologists and a representative of the Southwestern Minerals Exploration Association. The salary of the director shall be subject to appropriation by the legislature. The director shall be a geologist or a geological engineer graduated from an accredited institution, qualified by education and experience and shall register in this state within six months of appointment.
C. MEMBERS OF THE AD HOC COUNCIL SHALL BE APPOINTED BY THE GOVERNOR AND SHALL RECEIVE NO COMPENSATION FOR THEIR SERVICES, BUT SHALL BE REIMBURSED FOR ANY EXPENSES INCURRED IN THE COURSE OF CONDUCTING THEIR DUTIES.

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

27-151.01. Employees: qualifications; private activities prohibited

QUALIFICATIONS OF EMPLOYEES OF THE DEPARTMENT SHALL BE PRESCRIBED BY THE DIRECTOR. NEITHER THE DIRECTOR NOR ANY EMPLOYEE SHALL:
1. ACQUIRE A PECUNIARY INTEREST IN ANY MINERAL PROPERTY OR OWN MORE THAN FIVE PER CENT OF THE OUTSTANDING SHARES IN ANY COMPANY.
CONTROLLING OR OPERATING MINERAL PROPERTIES IN THE STATE OR CONTRACTING WITH THE STATE, THE DIRECTOR AND ANY EMPLOYEE SHALL DISCLOSE ANY INTEREST IN A MINERAL PROPERTY IN THE STATE PRIOR TO ACCEPTING APPOINTMENT.

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

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

4. MAKE ANY INVESTIGATION OR MINERAL EXAMINATION OR REPORT ON AN INDIVIDUAL ARIZONA MINERAL DEPOSIT OR METALLURGICAL PROCESS OTHER THAN IN PURSUIT OF SUCH EMPLOYEE’S OFFICIAL DUTIES.

Sec. 6. Repeal

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

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

27-152. Objectives of department

THE DEPARTMENT SHALL HAVE AS ITS OBJECTIVES:

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

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

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

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

27-152.01. Powers and duties of department

THE DEPARTMENT SHALL:

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

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

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

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

5. OPERATE AND MAINTAIN A CENTRAL REPOSITORY FOR REPORTS, BOOKS, MAPS AND OTHER PUBLICATIONS REGARDING THE GEOLOGY, MINERAL RESOURCES AND ASSOCIATED TECHNOLOGIES PRESENT OR PRACTICED IN THIS STATE. SUCH REPOSITORY SHALL BE AVAILABLE FOR THE USE OF THE PUBLIC.
6. Operate and maintain a central repository for rock cores, well cuttings and related subsurface samples and all associated supplemental data consistent with the laws of this state requiring the deposit of such material and information. Such repository shall be available to qualified individuals for the purpose of scientific study.

7. Propose and submit to the legislature an annual operating budget based on fulfilling the needs of this state within the objectives established for the department.

8. Receive and expend any monies arising from federal means, grants, contracts, contributions, gratuities or reimbursements payable or distributable to this state by the United States. The department may also receive and expend any monies arising from grants, contracts, contributions, gratuities or reimbursements donated by private persons or corporations. Such monies shall be handled in accordance with the procedures prescribed by the state auditor.

9. Utilize the services and expertise of the universities of the state at the discretion of the director.

10. Cooperate with state and federal agencies.

11. Take such other action, not inconsistent with law, as it shall deem necessary or desirable to conduct the purposes and intent of this article.

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

The department and the department of geology and mineral resources, in carrying out the duties formerly held by the department of mineral resources, shall:

1. Aid in the promotion and development of the mineral resources of the state.

2. Conduct studies of the economic problems of prospectors and operators of small mines for the purpose of assisting in their solution.

3. Assist in discovering sources of supply for persons desiring to buy minerals.

4. Make mineral resource surveys and conduct other investigations which may interest capital in the development of the state's mineral resources.

5. Serve as a bureau of mining information.

6. Publish and disseminate information and data necessary or advisable to attain its objectives.

7. Cooperate with the state land department to encourage mineral activity on state lands.

8. Cooperate with the corporation commission in its investigations and administration of laws relating to the sale of mining securities.

9. Cooperate with federal and other agencies designed to develop mines and minerals.

10. Establish field offices deemed necessary.

11. Prescribe the number of field and office assistants.

27-152.03. Powers and duties of director.

To the director shall:

1. Establish such administrative functions and offices as the director deems necessary in the conduct of the purposes of this article.
2. PRESCRIBE THE NUMBER AND PROFESSIONAL DISCIPLINES OF THE
TECHNICAL STAFF AND THEIR OFFICE AND LABORATORY ASSOCIATES.

3. DIRECT THE WORK OF THE DEPARTMENT AND THE FORMULATION OF
ITS PROGRAM AND POLICIES.

4. ADOPT SUCH RULES AND REGULATIONS AS ARE NECESSARY TO CARRY
OUT THE PURPOSES OF THIS ARTICLE.

5. PURCHASE OR LEASE NECESSARY OFFICE AND LABORATORY EQUIPMENT
AND ACQUIRE FACILITIES FROM THE STATE OR LEASE NECESSARY OFFICE AND
LABORATORY SPACE.

6. ACCEPT, AT THE DISCRETION OF THE DIRECTOR AND THE NATURAL
RESOURCES COMMITTEE OF THE LEGISLATURE, GIFTS, BEQUESTS OR LEGACIES
OR REAL OR PERSONAL PROPERTY, OR ANY OTHER CONTRIBUTION, FINANCIAL OR
OTHERWISE, FOR USE IN ACCORDANCE WITH THE DIRECTION OF THE DONOR OR
OTHERWISE, BUT ONLY TO BE DISPOSED OF FOR THE BEST INTERESTS OF THIS
STATE.

7. ACCEPT FROM OTHER STATE AGENCIES, COUNTIES AND CITIES IN THIS
STATE FUNDS NEEDED TO UNDERTAKE GEOLOGICAL WORK-COOPERATIVE AGREEMENTS
WITH OTHER STATE AGENCIES, COUNTIES AND CITIES TO CARRY OUT THE PROVISIONS
OF THIS ARTICLE.

8. ACCEPT FROM THE FEDERAL GOVERNMENT OR ITS AGENCIES FUNDS MADE
AVAILABLE TO THIS STATE FOR THE PURPOSES OF THIS ARTICLE.

9. ENTER INTO COOPERATIVE AGREEMENTS WITH THE FEDERAL GOVERN-
MENT AND ITS AGENCIES OR WITH ANY AGENCY CREATED BY THE LAW OF ANY
STATE FOR THE PURPOSE OF CARRYING OUT THE PROVISIONS OF THIS ARTICLE.

10. CONTRACT WITH PERSONS AND ORGANIZATIONS, PUBLIC OR PRIVATE,
TO PROVIDE SERVICES FOR THE DEPARTMENT.

11. BE THE GEOLOGIC ADVISER TO THE GOVERNOR, LAND PLANNING
OFFICE, LAND DEPARTMENT, WATER COMMISSION AND OTHER STATE AGENCIES.

27-152.04. Duties relating to oil and gas

The director shall carry out the provisions of Chapter 4 of this
Title relating to oil and gas and any reference in such chapter to
“commission” or “commissioner” means the Director.

Sec. 8. Section 27-152, Arizona Revised Statutes, is amended
to read:

27-153. Publications

A. The publications of the bureau-of-mines department of geology
and mineral resources shall be printed as the director instructs, and
distributed or sold by the bureau department as the interests of the
state or science demand. Money obtained by the sale of publications
shall be deposited in the bureau-of-mines department’s printing revolving
fund for printing further publications and used only for printing
costs.

B. All materials collected, after having served the purpose of
the bureau department, shall be distributed made available by the board
to the universities, community colleges and high schools of this state.

Sec. 9. Section 27-153.01, Arizona Revised Statutes, is amended
to read:

27-153.01. Department printing revolving fund: nonreversion

A. There is established a permanent bureau department of mines
geology and mineral resources printing revolving fund for use for
expenses incurred for printing and distributing publications of the DEPARTMENT. Such expenditures from this fund and reimbursement thereof shall be as prescribed by rules and regulations of the assistant director for the division of finance.

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

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

Sec. 10. Repeals
Sections 27-154 and 27-155, Arizona Revised Statutes, are repealed.

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

27-154. Tests of ores and mineral specimens
QUALITATIVE AND QUANTITATIVE TESTS OF ORES AND MINERAL SPECIMENS OBTAINED IN THIS STATE SHALL BE MADE AT THE DISCRETION OF THE DIRECTOR PROVIDED THE DEPARTMENT IS COMPENSATED FOR THE COSTS INCURRED AND THAT SUCH TEST CANNOT BE OBTAINED AT A COMMERCIAL LABORATORY.

27-155. Annual report of director
The DIRECTOR SHALL MAKE AN ANNUAL REPORT TO THE GOVERNOR AND THE LEGISLATURE ON THE PROGRESS AND CONDITION OF THE DEPARTMENT AND SUCH OTHER PERTINENT INFORMATION AS THE LEGISLATURE REQUESTS.

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

27-501. Definitions
In this article, unless the context otherwise requires:
1. "Certificate of clearance" means a permit approved and issued or registered by the commission for transportation or delivery of oil, gas or products thereof.
2. "Certificate of compliance" means a certificate issued by the commission prior to connection of an oil or gas well with a pipeline, showing compliance with the conservation laws of the state and conservation rules, regulations and orders of the commission.
3. "Commission or commissioner" means the oil and gas conservation commission DIRECTOR.
4. "Completed well" means a well that meets any of the following conditions:
(a) Has produced or is ready to produce new formation hydrocarbons.
(b) Has been declared a dry hole and temporarily abandoned or plugged and abandoned.
(c) Has been otherwise drilled for operation as in the case of injection and service wells.
5. "Developed area" or "developed unit" means a drainage unit having a well completed therein capable of producing oil or gas in paying quantities.
6. "Drainage unit" or "drilling unit" means the maximum area in a pool which may be drained efficiently by one well to produce the reasonable
maximum amount of recoverable oil or gas in the area.
7. "Field" means the general area which is or appears to be under-
laid by not less than one pool, including underground reservoirs contain-
ing oil or gas or both.
8. "Fund" means the oil and gas conservation fund.
9. "Gas" means natural gas, casinghead gas, and all other hydro-
carbons not defined as oil, and helium or other substances of a gaseous
nature. Natural gas and casinghead gas are further defined as follows:
(a) "Natural gas" means any combustible gas or vapor composed
chiefly of hydrocarbons occurring in gaseous or vapor phase at initial
reservoir conditions.
(b) "Casinghead gas" means any gas or vapor indigenous to an oil
stratum and produced from such stratum with oil.
10. "Illegal oil" and "illegal gas" means oil or gas produced within
the state from any well during any time in which the well has produced in
excess of the amount allowed by law or any rule, regulation or order of
the commission or the production of which shall cause waste.
11. "Illegal product" means any product derived, in whole or in
part, from illegal oil or gas.
13. "Oil" means crude petroleum oil and all other hydrocarbons,
regardless of gravity, produced at a well in liquid form by ordinary pro-
duction methods and which are not the result of condensation of gas.
14. "Owner" means the person having the right to drill into, produce,
and appropriate production of oil or gas or both from a pool.
15. "Person" includes corporation, association, partnership, receiver,
trustee, guardian, executor, administrator, fiduciary, representative, or
any group acting as a unit, and includes any department, agency or instru-
mentality of the state or any governmental subdivision thereof.
16. "Pool" means an underground reservoir containing a common accu-
mulation of oil or gas or both and includes each zone of a general struc-
ture completely separated from any other zone in the structure.
17. "Producer" means the owner of a well capable of producing oil
or gas.
18. "Product" means oil, gas, or any product, by-product, mixture
or blend thereof.
19. "Royalty owner" means a person possessing an interest in the
production, but who is not an owner.
20. "Waste" means and includes:
(a) Physical waste, as that term is generally understood in the
oil and gas industry.
(b) The inefficient, excessive or improper use of, or the unneces-
sary dissipation of reservoir energy.
(c) The locating, spacing, drilling, equipping, operating or pro-
ducing of any oil or gas well or wells in a manner which causes or tends
to cause reduction in the quantity of oil or gas ultimately recoverable
from a pool under prudent and proper operations, or which causes or tends
to cause unnecessary or excessive surface loss or destruction of oil or
gas.
(d) The inefficient storing of oil or gas.
(c) 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 in 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
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 exploitation or 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 IN SITU 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.
8. "Person" means and includes any individual, firm, association, corporation or any other group or combination acting as a unit.

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

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

Sec. 14. Repeals
A. Section 27-514, Arizona Revised Statutes, is repealed.
B. Title 27, chapter 1, article 1, Arizona Revised Statutes, is repealed.

Sec. 15. Revolving fund disposition
The department printing revolving fund shall on the effective date of this act become the department of geology and mineral resources printing revolving fund and any moneys remaining in such fund shall become part of the department of geology and mineral resources printing revolving fund.

Sec. 16. Transfer of facilities, equipment, personnel and funds: advisory boards
A. Personnel, facilities, equipment and funds unexpended and unencumbered in the department of mineral resources and the oil and gas conservation commission on the effective date of this act are transferred to the department of geology and mineral resources.
B. Members of the board of governors of the department of mineral resources whose terms have not expired shall serve as an advisory board to and at the call of the director on matters relating to mineral resources until expiration of such terms.
C. Members of the oil and gas conservation commission whose terms have not expired shall serve as an advisory board to and at the call of the director on matters relating to oil and gas conservation until expiration of such terms.