

OIL & GAS CONSERVATION COMMISSION
Meeting: September 17, 1976
Mr. John Barnister, Exec. Sec.

NOTES FOR COMM.

(1) SAN FRANCISCO

(A) GEYSERS - 11 plants, ^{ea} produce 55 MW
(55,000 kilowatts per hr)

REQUIRES 968,000 (1 million) LBS
of steam per hr @ 355°F
@ 100 PSI

ULTIMATE ON ~~BOARD~~ Plans now
900 MW - enough for
900,000 people (1 kilowatt per hr)

STEAM CONTAINS < 1% UNDISOLVED
GASES

CARBON DIOXIDE

METHANE

Hydrogen SULFIDE

AMMONIA

Hydrogen DIOXIDE

Dissolved BORIC ACID

FIELD MAY have eventual
capacity of 2000 MW per hr

CONTRACT

Royalty 16%

S.F. (CONT)

SAN ANTONIO - DEC 5TH

OIA PROGRAM - ENVIRONMENTAL DEPT.

Comm

- Environmental Impact
Statement -

Dick STAMETS - N.MEX OIL COMM

5 year review - COPIES of EXISTING
RECORDS

Did cut well records for surround-
ing wells from 2 mi area to
1/2 mi area

FED CONSIDERING DEFINITION OF
PROPERTY AS IT applies to CRUDE
OIL PRICES

BINDING - INSTRUCTIONS ARE
TO SIT TIGHT

BUDGET - REVIEW MAKING OF
BUDGET
\$10,000 NOW 12,000 + 4000

EXECUTIVE SESSION
- \$60.00 per mo -

Copy to Dr. Augustus Cotera

September 21, 1976

Dr. Frank H. Besnette
Dean, College of Business Administration
P. O. Box 15066
Flagstaff, Arizona 86001

Dear Dr. Besnette:

I would like to express the appreciation of this Commission for the facilities you made available to us for our meeting there on September 17. The arrangement lent itself beautifully to our purpose and made our meeting most enjoyable.

I hope sometime we may return this courtesy.

Sincerely,

John Bannister
Executive Secretary

JB:os

September 20, 1976

Dr. and Mrs. J. Dale Nations
520 N. Bertrand
Flagstaff, Arizona 86001

Dear Dr. and Mrs. Nations:

I would like to thank you very much for the lovely party for the commissioners and staff at your home last Thursday. Needless to say, the affair was enjoyed by all of us. Your hospitality was exceptional.

I am sorry that I did not have time to visit more with both of you.

Sincerely,

JB:os

John Bannister



OFFICE OF

Oil and Gas Conservation Commission

STATE OF ARIZONA

8686 NORTH CENTRAL, SUITE 106

PHOENIX, ARIZONA 85020

PHONE: (602) 271-5161

September 16, 1976

TO: Commission Members
FROM: John Bannister

We will meet at 6:00 p.m. for dinner at the main dining room at Little America. A table has been reserved for us in my name. We will order from the menu.

At 8:00 p.m. Dr. and Mrs. Nations will entertain us at their home.

It was necessary that we bring our pet with us. Consequently, Donna and I are staying at the Royal Inn just across the freeway on Butler. Jack Conley is at Little America. Please feel free to call either of us should you need any help.

The regular meeting will be at 10:00 a.m. at the College of Business building tomorrow morning.

A get-together is the plan--
Can you come over? Hope you can!

Time 8 P.M.

Place Dale and Audrey Nations
520 N. Bertrand St, Flagstaff

Date Thursday, Sept. 16



OFFICE OF

Oil and Gas Conservation Commission

STATE OF ARIZONA

8686 NORTH CENTRAL, SUITE 106

PHOENIX, ARIZONA 85020

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September 16, 1976

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The regular meeting will be at 10:00 a.m. at the College of Business building tomorrow morning.

FOR SEPT 17TH

1. DCC

2. Ex. Session re
JB Salary

9:25
JB
Kara Cotera called
(8-338-4561)
Everything arranged
for O+KCC meeting
Sept. 17, 10-12, in
Room 103 of College
of Business Bldg.

If desired, he would
host get-together at
his home Thurs-
day eve.

Will be tied up with
classes until after
2:00 today — should
be in office after 2:00

Dinner 6 pm
Party - Nations 8 pm

Royal Inn 774-1821

LITTLE AMERICA 779 2741

- (1) BIRBY - TWIN ✓
- (2) BUTLER - DOUBLE ✓
- (3) BALLARD - DOUBLE ✓
- (4) HAFFORD - NO
- (5) NATIONS - NO
- (6) CONKEY - DOUBLE ✓
- (7) ALLEN - NO
- (8) BANNISTER - DOUBLE

Royal Inn

DINNER 14 at Mt. Am
BIRBY (2), BUTLER (2) BALLARD (2)
NATIONS (2) CONKEY (2) BANN (2)
COTTER (2)

Meet Sept 17 10AM
Room 103 College of Bus.



THE UNIVERSITY OF ARIZONA
TUCSON, ARIZONA 85721

DEPARTMENT OF GEOSCIENCES
TEL. (602) 884-1819

RECEIVED

SEP 7 1976

O & G CONS. COMM.

September 2, 1976

Mr. John Bannister, Executive Secretary
Arizona Oil & Gas Conservation Commission
8686 North Central, Suite 106
Phoenix, Arizona 85020



Dear John:

I plan to attend the dinner and Friday meeting in Flagstaff on September 16 and 17, respectively. This works out fine for me because I will be in the Flagstaff area from September 15-19 engaged in field work. It will be good to get together again.

Sincerely,

A handwritten signature in cursive script, appearing to read "Joe".

Joseph F. Schreiber, Jr.
Professor & Assistant Head

JS/ljs



OFFICE OF

Oil and Gas Conservation Commission

STATE OF ARIZONA

8686 NORTH CENTRAL, SUITE 106

PHOENIX, ARIZONA 85020

PHONE: (602) 271-5161

A G E N D A

Meeting
September 17, 1976
Northern Arizona University
College of Business Building
Room 103

10:00 a.m.

Call to order

1. ✓ Approval of minutes of meeting of
March 19, 1976
2. ✓ Report of Executive Secretary
3. ✓ Report of Enforcement Section
4. ✓ Report of Geology Section
5. Old Business
LONG RANGE PLANS
6. New Business

4 - NOW

EXECUTIVE SESSION 1977-78 Budget
7. Adjourn

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

OIL AND GAS CONSERVATION COMMISSION
8686 North Central Avenue
Suite 106
Phoenix, Arizona 85020

No Commission meeting was scheduled for August, 1976.

Ralph W. Bilby
Ralph W. Bilby, Chairman

OIL AND GAS CONSERVATION COMMISSION
8686 North Central Avenue
Suite 106
Phoenix, Arizona 85020

No Commission meeting was scheduled for July, 1976.

Ralph W. Bilby
Ralph W. Bilby, Chairman

OIL AND GAS CONSERVATION COMMISSION
8686 North Central Avenue
Suite 106
Phoenix, Arizona 85020

Due to lack of adequate funds, no meeting was scheduled
for June, 1976.

Ralph W. Bilby
Ralph W. Bilby, Chairman



OFFICE OF

Oil and Gas Conservation Commission

STATE OF ARIZONA

8686 NORTH CENTRAL, SUITE 106

PHOENIX, ARIZONA 85020

PHONE: (602) 271-5161

September 8, 1976

Memo: Commissioners
From: John Bannister

All arrangements have been made for our meeting in Flagstaff on September 17th. Reservations have been made at Little America for those of you requesting reservations. Our dinner is scheduled for 6 p.m. in the main dining room of Little America. Dr. and Mrs. Nations are hosting a get-together at their home following dinner, designated time 8 p.m. Dr. Schreiber and Dr. and Mrs. Cotera will join us at both functions.

The prime business to come before the Commission at the meeting will be consideration and adoption of our budget for the 1977-78 fiscal year. I would remind you to bring your copy of the budget previously furnished to you. It is requested that in addition to the agenda items a brief Executive Session be held following the conclusion of the formal Commission meeting. This session is to consider an employee's salary.

As indicated earlier, I will attend the Executive Session of the Interstate Oil Compact Commission on September 13 and 14 and a report of this meeting will be made to you during the regular meeting.



OFFICE OF

Oil and Gas Conservation Commission

STATE OF ARIZONA

8686 NORTH CENTRAL, SUITE 106

PHOENIX, ARIZONA 85020

PHONE: (602) 271-5161

ACTIVITY REPORT

September 8, 1976

W. E. Allen
Enforcement Section

Wichita Industries have reached total depth on their first hole, the Federal #1 located in Section 1, Township 19 North, Range 7 East, Coconino County. The big rig has been moved out and a workover rig has been moved in for further testing. I hate to be pessimistic but I am afraid they are wasting their time and money on further testing on this hole. If this well fails to produce hydrocarbons, it will make a very good water well. Water was first encountered at approximately 450 feet. The volume continued to increase throughout the Coconino and Supai formations. The City of Flagstaff is interested in acquiring this well to supplement their water supply.

Drilling permits have been issued to Webb Industries to drill the following wells:

Federal 1-11
SE/4 NW/4 Section 11, T17N, R9E, Coconino Co.

Lockett No. 1
NW/4 NE/4 Section 4, T17N, R9E, Coconino Co.

Federal 1-13
NE/4 SE/4 Section 13, T19N, R7E, Coconino Co.

All of these wells are in the Lake Mary-Mormon Lake area. The Federal 1-11 has been spudded. Due to the number of agencies involved in the drilling of the above wells - BLM, Forest Service, USGS and the State - and because of the sensitive environment of the area, we have been monitoring the drilling activities of the drilling operator very closely.

Energy Reserves Group has requested a 60-day extension of their drilling permit covering drilling of a development well in the SE/4 SE/4 of Section 23, Township 41 North, Range 30 East, Apache County.

Page 2
Enforcement Section
September 8, 1976

California Liquid Gas Corporation is going to drill a third well in the Luke Field area for storage of liquified petroleum gas (LPG).



OFFICE OF
Oil and Gas Conservation Commission

STATE OF ARIZONA
8686 NORTH CENTRAL, SUITE 106
PHOENIX, ARIZONA 85020
PHONE: (602) 271-5161

September 8, 1976

J. N. Conley
Director, Geology Section

PUBLICATIONS

Sales for the past month amounted to \$64.35. Purchasers were:

Skelly Oil E & P Library, Tulsa
DeGolyer & MacNaughton Library, Dallas
Julia Jenkins, Scottsdale
L. D. Graff, Oakland
Exxon USA Minerals, Tucson
Southern Union Co., Dallas
Sunny Acres of Arizona, Bohemia, N.Y.

Structure Map - Eastern Mogollon Slope Region. Completion of final copy-ready plates for this top of Permian Coconino Sandstone map was postponed until this month because of prior commitments to other clients by our contract cartographer. The copy-ready plates will be completed this week. Blue-line prints and an accompanying offset printed well-data tabulation will be available for distribution and sale later this month.

Index of Selected Arizona Maps. This is to be a 28-page offset-print publication prepared to help earth scientists and other persons, particularly those interested in energy resources, in readily ascertaining the availability of geologic, gravity, aeromagnetic, dry hole and oil and gas development, structure, measured Paleozoic stratigraphic sections, folds and lineaments, and temperature maps. It will contain three large (14" x 18") and six small (page size) index maps to nine tables listing bibliographic references. Compilation, editing, and typing of the bibliographic references have been completed. The final drafting of copy-ready material for printing the maps will be completed by the end of this month.

There is a positive need for this publication. We get numerous requests for information concerning the availability of the maps we have indexed. The index maps will be useful to us in expediting identification and retrieval of maps in our files.

Compilation of the index maps focussed attention on the paucity of detailed geologic map coverage in the State, e.g., of the total 113,956 square miles only 4,100± square miles have been mapped at a scale of 1"=4,000' and only 2,900± square miles at a scale of 1"=2,000'.

Activity Report
September 8, 1976
Page 2

ENERGY EXPLORATION BY INDUSTRY

No reports of geophysical exploration have been received. Based on inquiries received, some evaluation of the State's energy resources by companies is in progress. Southern Union Gas Co. recently inquired about the availability of maps, logs, and other data in northeastern Yavapai County. Pennzoil Co. and Exxon have also requested information. The latter company's request was in connection with geothermal investigations in the Basin and Range province.

We have also had several requests for information from out-of-state academic institutions. The most recent one was from the University of Oklahoma.

Exploration for uranium continues to be very active. The U.S. Geological Survey has announced the development of a new nuclear device that will be of great value in searching for uranium. This device can be lowered into a drill hole to detect and measure as little as 1/100 percent of uranium. One of the most important aspects of this device is that it detects uranium directly. Most conventional uranium detectors measure uranium indirectly.

Webb Resources has released all information on the seven-hole exploratory program in the Winslow-Holbrook area in the east-central part of the State. A brief oral report on the results of this program will be presented at the forthcoming meeting in Flagstaff.


VISITORS

Tom Gerrard, Exxon USA
Julia Jenkins, self

PHONE INQUIRIES

Southern Union Gas Co., Dallas
Pennzoil Co., Houston
Geology Dept., University of Oklahoma, Norman
Warren Carr, consultant, Oklahoma City
Peter Thomas, oil operator, Denver
Miscellaneous calls from local people requesting information concerning publications dealing with petroleum in Arizona

JNC:os


J.N.C.

MONTHLY FINANCIAL REPORT

1 RECEIPTS MONTH OF	2	3 RECEIPTS	4	5
CLASSIFICATION		APPROPRIATED RECEIPTS	UNAPPROPRIATED RECEIPTS	TOTAL ALL RECEIPTS YEAR TO DATE
Aug 1976				
25 00	1	Permits to Drill	25 00	50 00
	2			
	3			
	4			
	5			
	6			
	7			
	8			
	9			
	10			
	11			
	12			
	13			
	14			
	15			
	16			
	17			
25 00	TOTAL CURRENT MONTH RECEIPTS		25 00	XXXXXX
	TRANSFERS IN			
XXXXXX	BALANCES BROUGHT FORWARD		301 83	XXXXXX
25 00	TOTALS - MONTH AND YEAR TO DATE		326 83	50 00

6	7	8	9	10	11
CLAIMS PAID MONTH OF	EXPENDITURES	TOTAL AMOUNT AVAILABLE YEAR TO DATE	CLAIMS PAID YEAR TO DATE	OUTSTANDING ENCUMBRANCES	UNENCUMBERED BALANCE
Aug 1976	FUND TITLES				
6,577 37	1 Personal Services	23,900 00	10,524 88		13,375 12
915 43	2 Emp. Related Exp.	3,600 00	1,457 82		2,142 18
3,660 68	3 Other Operating Exp.	22,784 80	6,366 20	14,958 92	1,459 68
	4 Prof. & Outside Serv.	925 00		925 00	
199 60	5 Travel - State	2,000 00	199 60	1,460 40	400 00
	6 Travel - Out of St.	2,000 00		274 00	1,726 00
	7 Cap. Outlay - Equip.	300 00			300 00
	8				
	9				
	10				
	11				
	12				
	13				
	14				
	15				
	16				
	17				
	18				
	19				
	20				
	21				
	22				
	23				
	24				
	25				
	26				
	27				
	28				
	29				
	30				
11,353 08	TOTALS	55,509 80	18,548 50	17,558 32	19,402 98

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 <u>Aug</u> 1976
10,524 88	7111	1 Per Diem: Commission Members	1 6,577 37
	7112	2 Salaries: Employees	2
		3	3
	7151	4 Industrial Insurance	4
	7152	5 Unemployment Insurance	5
615 74	7153	6 F.I.C.A.	6 384 80
736 78	7155	7 Retirement	7 466 43
105 30	7156	8 Health Insurance	8 70 20
	7159	9 Personnel Comm.	9
		10	10
	7215	11 Professional Services: Engineer	11
	7219	12 Professional Services: Other	12
		13	13
19 50	7221	14 Travel-State: Mileage	14 19 50
179 50	7222	15 Subsistence	15 179 50
	7223	16 Public Transportation	16
	7224	17 Vehicle Expense	17
60	7225	18 Reg. Fees; Parking; etc.	18 60
		19	19
	7232	20 Travel-Out of State: Subsistence	20
	7233	21 Public Transportation	21
	7234	22 Airport Parking	22
	7235	23 Reg. Fees; Telephone; etc.	23
		24	24
4,826 64	7251	25 Occupancy: Office Rent	25 3,217 76
	7261	26 Warehouse Rent	26
	7263	27 Maintenance & Repairs	27
123 00	7272	28 Mtn. & Repairs: Furniture & Equipment	28
110 70	7280	29 Office Supplies	29 110 70
	7280.1	30 Orthophoto Quads.	30
	7300	31 Field Supplies: Film; Am.Strat; P.I.; etc.	31
	7331	32 Printing: Reports; Large Maps; etc.	32
48 73	7332	33 Legal Advertisement	33 48 73
	7333	34 Court Reporter	34
	7334	35 Postage	35
345 13	7335	36 Telephone	36 283 49
	7337	37 Drayage; Express; etc.	37
	7339	38 Rental, Misc.	38
	7360	39 Dues & Subscriptions	39
662 00	7370	40 Insurance	40
	7431	41 Capital Outlay: Office Equip.	41
	7434	42 Spec. Equip. (Geol.)	42
	7436	43 Automobile	43
		44	44
250 00	7913	45 Revolving Fund	45
		46	46
		47	47
		48	48
		49	49
		50	50
		51	51
		52	52
		53	53
		54	54
		55	55
18,548 50		TOTAL	11,353 08



OFFICE OF
Oil and Gas Conservation Commission
STATE OF ARIZONA
8656 NORTH CENTRAL, SUITE 106
PHOENIX, ARIZONA 85020
PHONE: (602) 271-5161

September 1, 1976

Memo: Commissioners
From: John Bannister

In order that you may make the necessary plans, reservations have been made for you for the night of September 16th at the Little America motel in Flagstaff. As usual, we will plan to dine together that evening in the main dining room at Little America. Dr. and Mrs. Gus Cotera will join us, also. Dinner will be at 6 p.m.

Dr. and Mrs. Nations are planning a party for all of us at 8 p.m. at their residence.

The Commission meeting will be on Friday, September 17th, at 10 a.m. in Room 103 of the College of Business Building at NAU.



OFFICE OF

Oil and Gas Conservation Commission

STATE OF ARIZONA

8686 NORTH CENTRAL, SUITE 106

PHOENIX, ARIZONA 85020

PHONE: (602) 271-5161

A G E N D A

Meeting
September 17, 1976
Northern Arizona University

10:00 a.m.

Call to order

1. Approval of minutes of meeting of March 19, 1976
2. Report of Executive Secretary
3. Report of Enforcement Section
4. Report of Geology Section
5. Old Business
6. New Business

1977-1978 Budget

7. Adjourn

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



OFFICE OF
Oil and Gas Conservation Commission

STATE OF ARIZONA
8686 NORTH CENTRAL, SUITE 106
PHOENIX, ARIZONA 85020
PHONE: (602) 271-5161

August 10, 1976

Memo: Commissioners
From: John Bannister

The Chairman has called the next meeting of the Commission for September 17, 1976 (Friday) in Flagstaff. Arrangements are being made for meeting space to be furnished by NAU. I will advise you in plenty of time as to the actual location. We will meet at our normal hour, 10:00 a.m. As is our custom, I will make arrangements for all of us to have dinner together on Thursday night, September 16th. Will you please advise us as soon as possible as to what accommodations you will need. We will initially contact Little America for reservations.

The proposed budget for 1977-78 is continuing to present problems, inasmuch as the guidelines for preparation are continually being changed. As an example, we were instructed to prepare our budgets within certain percentages, based upon our 1976-77 allowance. Three separate budgets can be prepared, entitled Budgets A, B and C. Budget A represents a 2% increase over the 1976-77 approved budget, but the allowance for Personal Services may not exceed an additional 1%. Budget B represents an increase of 5% over the 1976-77 allowance and Personal Services is limited to a 2% increase. Budget C represents an unlimited increase in all categories.

The 1976-77 budget, under which we are now operating, failed to fund three positions for this Commission. Our budget analyst advised that \$10,000 beyond specific Personal Services needs was allowed to this Commission for part-time help to help overcome our loss of personnel, consequently the Personal Services allowed this Commission was \$103,000. We have now been advised that \$12,000 of Personal Services funds was included by accident and consequently we could only work against the figure of \$91,000 for 1977-78 purposes rather than the full \$103,000.

In addition, \$4,000 was appropriated to us from the Conservation

Memo: Commissioners
August 10, 1976
Page 2

Fund and we are now advised that this \$4,000 may not be included for budget purposes in the 1976-77 base.

As a consequence, whereas the Legislature allowed the Commission a total budget of \$167,800, we may not work against that base but must work against a base of \$151,800 in preparing the 1977-78 budget.

I am now trying to get hold of Mr. Don Olson, Head of the Budget Division, and the Chairmen of the Appropriations Committees to discuss our problem. You will be furnished with the budget, as eventually worked out, as soon as possible. These new changes only recently occurred and consequently I cannot furnish you with the anticipated budget at this time.

At a recent meeting of the Interagency Energy Planning Office, a Mr. Raymond J. Kaynee, representing ENTRA Corporation, advised of plans to build a refinery somewhere in the Phoenix-Tucson corridor. The refinery is predicated upon SOHIO being able to secure permission to bring Prudhoe Bay crude across southern Arizona in the El Paso pipelines. Mr. Kaynee indicated that the refinery would not be producing gasoline or lubricants but would be producing jet and other types of fuel for local consumption. The initial plans called for the refinery to handle 38,000 barrels of oil per day and being able to economically expand up to 50,000 barrels per day.

At the same meeting, the plan of the U.S. Government to store strategic raw crude in salt caverns was discussed. It was pointed out that Arizona has tremendous deposits of salt suitable for this type of activity. I advised the meeting that approximately a year ago this Commission had pointed out to our congressional delegation that the Federal Government was considering this action and the potential offered by Arizona. The IEPO Chairman requested that I furnish copies of our correspondence to him. IEPO will urge consideration of Arizona for this purpose.

A representative of the Energy Research and Development Administration (ERDA) came to the office to discuss ERDA's policy of financing various projects. At that time, I mentioned the proposal prepared by the University of Arizona and the Oil and Gas Commission to extend Dr. George H. Davis' study of the structural folds in the northeastern part of the state. ERDA expressed some interest and requested that the proposition, as originally drawn up, be shown to them. Should this proposal be one that ERDA could consider, they will so advise and we will submit the proposal to them in their requested form. This proposal, as you know, was turned down by the Four Corners Regional

Memo: Commissioners
August 10, 1976
Page 3

Commission on the grounds that it failed to create sufficient jobs. ARIS (Arizona Research Information Service) has indicated their desire to support this proposal with ERDA and we have consequently furnished them with copies.



OFFICE OF

Oil and Gas Conservation Commission

STATE OF ARIZONA

8686 NORTH CENTRAL, SUITE 106

PHOENIX, ARIZONA 85020

PHONE: (602) 271-5161

ACTIVITY REPORT

August 10, 1976

W. E. Allen
Enforcement Section

Well, the Federal Power Commission (FPC) at long last has attempted to correct, in part, a bad situation of their own making. This, of course, refers to the price controls placed on natural gas back in 1956. The FPC recently granted an increase in the price of natural gas in the interstate market from \$0.52 per MCF to a price ranging from \$1.01 to \$1.42 per MCF. This increase has been blocked by the courts unless a provision for refunds is made to the consumer in the event the price increase is rescinded for any reason. What our elected officials and appointed bureaucrats can't goof, it seems that the courts will.

Wichita Industries, Inc., have spudded their test located in SE/4 SE/4 Section 1, Township 19 North, Range 27 East, Coconino County. This test is approximately ten miles south of Flagstaff in a beautifully forested region of the Coconino National Forest.

Following Webb Resources completion of their drilling program, I have been checking their drilling sites to ensure proper clean-ups prior to release of their bond. Due to the apparent inexperience of the people engaged to make these well site clean-ups it has been necessary to refuse to accept the condition of several of these well sites.

Kerr-McGee have started injecting water into the formation in their Dineh-Bi-Keyah pilot flood. They are injecting all the produced water, approximately 9000 barrels per month. In addition to this, they are reclaiming water previously injected in the well formerly used for water disposal. Injection was started June 19th and by the end of July 25,000 barrels had been injected into the formation. So far, the formation is taking all water on a vacuum.

Page 2
Enforcement Section
August 10, 1976

A Shell geologist from Houston was in the office recently, seeking various information. In my conversation with him I gathered the opinion that his visit had no real significance, he was only attempting to familiarize himself geologically with the area to which he had recently been assigned. He did state that he had been able to discover only limited geological information that Shell had pertaining to Arizona.



OFFICE OF

Oil and Gas Conservation Commission

STATE OF ARIZONA

8686 NORTH CENTRAL, SUITE 106

PHOENIX, ARIZONA 85020

PHONE: (602) 271-5161

ACTIVITY REPORT

August 10, 1976

J. N. Conley
Director, Geology Section

PUBLICATIONS

Sales for the past month amounted to \$60.40. Purchasers were:

Atlantic Richfield Geoscience Library, Dallas	Brown & Assoc., Phoenix
T. T. Hayes, Sasabe	Wm. F. Guyton & Assoc., Austin
Urangesellschaft, USA, Denver	Shell Oil Co., Houston

SCHEDULED PUBLICATIONS

FIRST QUARTER FY 1976-77

Well Location Map A-1, Holbrook Area. Demand for this map has been good. It encompasses the area east of the town of Happy Jack (T16N-R9E) in Coconino County that is south of the Navajo Indian Reservation and north of the Mogollon Rim. It shows all wells drilled for hydrocarbons, helium, potash, halite, stratigraphic information, and most of the water wells penetrating the Permian Coconino Sandstone. Scale, 1:250,000, or approximately 4 miles to the inch.

The mylar reproducible has been updated through June 30, 1976. Upon completion of an accompanying well-data tabulation later this month, it will be available for purchase.

Structure Map - Eastern Mogollon Slope Region. Completion of this map showing the structure on top of the Permian Coconino Sandstone was postponed pending receipt of information developed by Webb Resources, Inc., exploratory drilling program in the general Winslow-Holbrook area. The final drafting will be finished this month.

The map encompasses the same area as the Holbrook A-1 location map and is at the same scale.

TENTATIVELY SCHEDULED PUBLICATIONS

Additional Structure/Isopach Maps - Eastern Mogollon Slope Region. Drafting required for a suitable base at a scale of 1:500,000 (approximately 16 miles to the inch) and posting of data will be completed this month for three maps: 1) Structure - Base of Permian Fort Apache Limestone, 2) Topography - Top of Basement, and 3) Isopach - Base of Fort Apache Limestone/Top Basement Interval.

STATUS - OTHER INVESTIGATIVE PROJECTS -

SECOND QUARTER FY 1976-77

Subsurface maps - Colorado Plateau Province. Drafting and posting of geologic data for a series of Paleozoic System maps was resumed this past week upon receipt of approval from the Attorney General's office of the contracts for cartographic and drafting services. The first three maps to be published in preliminary form this

Activity Report
August 10, 1976
Page 2

year are: 1) Structure - Top of Paleozoic Systems, 2) Topography - Top of Basement, and 3) Isopach - Top of Paleozoic System/Top of Basement Interval.

ENERGY EXPLORATION BY INDUSTRY

No "on-the-ground" exploration for hydrocarbon or geothermal energy resources has been reported. The search for uranium continues active by both companies and individuals.

Several news items have appeared recently concerning a Navajo-Exxon uranium development project covering a 400,000-acre prospecting area along the Arizona-New Mexico border of the reservation.

GENERAL

Petroleum-Thermal. The July 5, 1976, issue of The Oil & Gas Journal carried an article concerning the enhancement of Idaho's petroleum prospects. One of the figures showed thermal anomaly belts in the western United States, one of which crossed the State of Arizona. As the article listed no references, I contacted the author, currently a consultant geologist in Boise, Idaho, for more information. His reply indicated that he is also interested in the petroleum potential from Mississippian and Devonian Systems in Arizona. He made a study of the petroleum potential of Arizona while teaching at Arizona State University (1963-1967), which was never published. He plans to contact us on his next trip to Phoenix and has suggested that perhaps we could work together in updating his paper for publication.

Distribution of Mineral Leasing Revenues. Congress has voted to override President Ford's veto of S391 (amendments to the mineral leasing act). If the new allocations of 50% of mineral lease revenues to states had been in effect in FY1975, the increased revenue to Arizona would have been \$80,000. New Mexico's revenue would have been \$9,350,000.

Pedregosa Basin - Favorable Exploration Area. An article in the August 2, 1976, issue of The Oil & Gas Journal contains a map showing petroleum provinces and favorable exploration areas in the State of New Mexico. One of the areas is in the extreme southwest corner of the state in the Pedregosa basin, which covers a large part of Cochise County, Arizona.

Lease Cartel. Twenty-two Western Indian tribes, controlling 53 million acres, have joined to form the Council of Energy Resources Tribes, a group they call "the Native American OPEC." Peter MacDonald, Navajo tribal chairman and head of the energy council, has stated that the group plans to bargain like the OPEC nations do with their oil, and also that it wants bad leases renegotiated.

Cartographic Information Center. The United States Geological Survey has established the National Cartographic Information Center (NCIC) as a single focal point for obtaining information on U.S. maps and charts, aerial photographs and space images, geodetic control data, and related cartographic data. This will simplify past problems of knowing where to order maps and cartographic data.

VISITORS

Robert Laney, USGS Water-Res. Div., Phoenix Joseph Faull, Wild Ass Oil Co., Sctsd.
R. W. McComas, Consultant, Burmah Oil Co., Canoga Park
Mervin R. Klug, Wm. F. Guyton & Assoc., Austin H. G. Bassett, Shell Oil Co., Houston

JNC:os

JNC
J.N.C.

MONTHLY FINANCIAL REPORT

1 RECEIPTS MONTH OF	2 CLASSIFICATION	3 APPROPRIATED RECEIPTS	4 UNAPPROPRIATED RECEIPTS	5 TOTAL ALL RECEIPTS YEAR TO DATE
July 1976				
25 00	1 Permits to Drill		25 00	25 00
	2			
	3			
	4			
	5			
	6			
	7			
	8			
	9			
	10			
	11			
	12			
	13			
	14			
	15			
	16			
	17			
	TOTAL CURRENT MONTH RECEIPTS		25 00	XXXXXX
	TRANSFERS IN			
XXXXXX	BALANCES BROUGHT FORWARD		276 83	XXXXXX
25 00	TOTALS - MONTH AND YEAR TO DATE		301 83	25 00

6 CLAIMS PAID MONTH OF	7 EXPENDITURES FUND TITLES	8 TOTAL AMOUNT AVAILABLE YEAR TO DATE	9 CLAIMS PAID YEAR TO DATE	10 OUTSTANDING ENCUMBRANCES	11 UNENCUMBERED BALANCE
July 1976					
3,947 51	1 Personal Services	23,900 00	3,947 51		19,952 49
542 39	2 Emp. Related Exp.	3,600 00	542 39		3,057 61
2,705 52	3 Other Operating Exp.	22,705 30	2,705 52	18,423 29	1,576 49
	4 Prof. & Outside Serv.	925 00			925 00
	5 Travel - State	2,000 00		1,600 00	400 00
	6 Travel - Out of St.	2,000 00			2,000 00
	7 Cap. Outlay - Equip.	300 00			300 00
	8				
	9				
	10				
	11				
	12				
	13				
	14				
	15				
	16				
	17				
	18				
	19				
	20				
	21				
	22				
	23				
	24				
	25				
	26				
	27				
	28				
	29				
	30				
7,195 42	TOTALS	55,430 30	7,195 42	20,023 29	28,211 59

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 <u>July</u> 1976
	7111	1 Per Diem: Commission Members	1
3,947 51	7112	2 Salaries: Employees	2 3,947 51
		3	3
	7151	4 Industrial Insurance	4
	7152	5 Unemployment Insurance	5
230 94	7153	6 F.I.C.A.	6 230 94
276 35	7155	7 Retirement	7 276 35
35 10	7156	8 Health Insurance	8 35 10
	7159	9 Personnel Comm.	9
		10	10
	7215	11 Professional Services: Engineer	11
	7219	12 Professional Services: Other	12
		13	13
	7221	14 Travel-State: Mileage	14
	7222	15 Subsistence	15
	7223	16 Public Transportation	16
	7224	17 Vehicle Expense	17
	7225	18 Reg. Fees; Parking; etc.	18
		19	19
	7232	20 Travel-Out of State: Subsistence	20
	7233	21 Public Transportation	21
	7234	22 Airport Parking	22
	7235	23 Reg. Fees; Telephone; etc.	23
		24	24
1,608 88	7251	25 Occupancy: Office Rent	25 1,608 88
	7261	26 Warehouse Rent	26
	7263	27 Maintenance & Repairs	27
123 00	7272	28 Mtn. & Repairs: Furniture & Equipment	28 123 00
	7280	29 Office Supplies	29
	7280.1	30 Orthophoto Quads.	30
	7300	31 Field Supplies: Film; Am.Strat; P.I.; etc.	31
	7331	32 Printing: Reports; Large Maps; etc.	32
	7332	33 Legal Advertisement	33
	7333	34 Court Reporter	34
	7334	35 Postage	35
61 64	7335	36 Telephone	36 61 64
	7337	37 Drayage; Express; etc.	37
	7339	38 Rental, Misc.	38
	7360	39 Dues & Subscriptions	39
		40	40
	7431	41 Capital Outlay: Office Equip.	41
	7434	42 Spec. Equip. (Geol.)	42
	7436	43 Automobile	43
		44	44
250 00	7913	45 Revolving Fund	45 250 00
		46	46
662 00	7370	47 Insurance	47 662 00
		48	48
		49	49
		50	50
		51	51
		52	52
		53	53
		54	54
		55	55
7,195 42		TOTAL	7,195 42



OFFICE OF

Oil and Gas Conservation Commission
STATE OF ARIZONA

PHOENIX, ARIZONA 850
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No Commission meeting will be held in
July, 1976.



OFFICE OF
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July 6, 1976

Memo: Commissioners
From: John Bannister

The Commission will not meet during the month of July. Chairman Bilby has indicated he will call the next meeting in September. You will be notified as early as possible.

Fiscal year 1975-76 closed on June 30, 1976. As usual, any bill created toward the end of June will carry over through the month of July, consequently the last transactions for the 1975-76 year will occur in July.

All personnel who were released due to reduction of force have been placed in other positions. As previously reported, Saralee Lorenzo is now with the Department of Transportation, Jim Scurlock is working as a consultant with a hydrologist and Charles Druitt has accepted a position with the Algerian government in Algeria. All vacation and other pay due these employees has been made and the only holdover at this point is the final personal services check to Mr. Druitt covering the period through the end of June.

We will soon be preparing a suggested budget for the 1977-78 fiscal year. A brief program statement, i.e., what the Commission is doing and hopes to accomplish, must be submitted to the budget staff by August 1st and the budget must be submitted by September 1st. I have contacted the Joint Budget Committee and explained our situation and they have agreed I may submit our recommended budget to them on September 1st and submit the final request, as approved by all the Commissioners, following our September meeting. As soon as the suggested budgets have been worked out, I will submit copies to you gentlemen for your comments. As indicated, final approval need not occur until our meeting in September.

I attended the summer meeting of the IOCC in Wichita, Kansas during the last week in June. Dr. Date Nations, our newest Commissioner, also was in attendance. The meeting was not

Memo: Commissioners
July 6, 1976
Page 2

attended as well as usual, possibly because it was originally scheduled to be held in San Francisco, and I feel the necessity of moving the meeting from San Francisco to Wichita lost many attendees.

As usual, many excellent papers were given. To me, one of the more interesting papers concerned Shell's handling of a blow-out of a high pressure hydrogen sulfide well in Mississippi. The problems of securing proper casing, of evacuating an area surrounding the well, feeding and housing the people evacuated, etc., were gone into in detail. An interesting film showing these events was presented.

The Environmental Protection Committee, of which I am Chairman, met on Monday and Mr. Hal Scott, President of the Florida Audubon Society, addressed us. In 1972, I requested Mr. Scott to take a look at the attitude of the Environmental Protection Committee and industry toward environment. At that time he was very critical of the IOCC; of the Committee, of which I was the new Chairman; and the industry in general. His subject at the present meeting was "A Conservationist Takes a Second Look" and he reviewed the actions of the IOCC, the Committee and industry since his first contact with us in 1972. He said that he would sound like an apologist for the industry but he felt that under the leadership of the Environmental Protection Committee very worthwhile programs had been developed and publications made and disseminated and that the IOCC was showing genuine concern for the environmental problems and that, in general, industry was responding beyond expectations. His total speech was quite flattering to all of us.

I feel that one point he made as a suggestion is more than valid. He suggested that the service station operator be carefully selected and trained, inasmuch as he is the most direct contact the vast majority of people have with the petroleum industry. All too often, Mr. Scott felt, the service station operator has little or no knowledge of the over-all policies of the company whose product he is selling and consequently much bad and inaccurate information is passed by him to his customers. Mr. Scott's views on this subject merit immediate and considerable attention.

It was indeed a pleasure to have Dr. Nations attend this meeting and I must report that he made an excellent impression upon all with whom he came in contact. It should be noted that Dr. Nations' expenses were paid by sources other than this Commission. In the forthcoming year, we are again

Memo: Commissioners
July 6, 1976
Page 3

operating under extremely limited out-of-state travel funds which, in effect, allow only my attendance at the IOCC functions, i.e., two regular meetings and two Executive Committee meetings.

It has been indicated that the intent of the Legislature for the expenditure of 1976-77 funds will be sent to each Commission and state department. The purpose of this is to explain in detail the Legislature's desire as to the operation of the particular body for the forthcoming year. We have already made the reduction in staff and other points are not known as yet. You will be advised as soon as I receive this information. I do not expect any great change.



OFFICE OF
Oil and Gas Conservation Commission
STATE OF ARIZONA

PHOENIX, ARIZONA 850
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ACTIVITY REPORT

July 6, 1976

W. E. Allen
Enforcement Section

This report previously quoted a prominent Houston geologist, Michel T. Halbouty, as rating Arizona, Nevada, Oregon, Idaho and Washington as an important geological domain. He further stated that he expects many trillions of cubic feet of gas and many billions of barrels of oil to be produced from this area. Evidently Mr. Halbouty believes what he says - he has scheduled three deep tests to be drilled this year, one each in Nevada, Oregon and Idaho. The Idaho test was scheduled to spud in June, the Nevada test in July, and he expects to spud the Oregon test in late summer. Maybe Arizona will be next. The most interesting part of this program is that Halbouty is moving into the rankist of Wildcat areas, areas that most explorationists have long avoided.

Wichita Industries still have not spudded their test in the Lake Mary area of Coconino County. The reason for this delay is, I'm sure, due to the dryness of this forested region.

Webb Resources have plugged their seventh and final hole, for the time being, at least. This test was approximately nine miles northwest of Snowflake. The geologist who sat on these wells for Webb doesn't seem to be discouraged by the final results. He holds to the opinion that there will be more drilling in this general area some time in the future.

Kerr-McGee have started injecting water in their pilot flood project in the Dineh-Bi-Keyah field. Unless they can get more water than the amount available from their currently produced water, any results from this project will be a long time coming.

Kerr-McGee are studying the feasibility of moving the helium extraction plant from Navajo to the Dineh-Bi-Keyah area. You will recall that there are several deeper wells in the field

Page 2
Enforcement Section
July 6, 1976

that indicated a potential for helium production are shut in.

Duval Corporation have spudded two potash tests in the Navajo Springs area. These wells are their No. 53, located in the SE/NE/4 Sec. 18, T18N, R26E, and No. 57 in the NE/NW/4 Sec. 10, T18N, R26E. After surface casing is set, drilling will be suspended until August. Duval had to spud these wells prior to July 15th, in order to hold the leases.



OFFICE OF

Oil and Gas Conservation Commission

STATE OF ARIZONA
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ACTIVITY REPORT

July 7, 1976

J. N. Conley
Director, Geology Section

PUBLICATIONS

Sales for the entire fiscal year totaled \$1,045.85.

New Publication. Mean Annual Temperature Map, State of Arizona, by Charles E. Drutt. This map was prepared for use in computing temperature gradient data of the wells drilled in the State for oil, natural gas, helium, potash, salt, water, and other natural resources. Although seasonal climatic data maps for Arizona are available, we found that no mean annual temperature of the State at a usable scale is available from either federal or state agencies.

Our map, in conjunction with two recent publications pertaining to Arizona temperatures and climatic regions, produced and published by Arizona Resources Information System and the Laboratory of Climatology, ASU, should be useful to other scientific disciplines, industry, business firms, and Chambers of Commerce.

ENERGY EXPLORATION BY INDUSTRY

Oil and Gas. Webb Resources, Inc., has plugged and abandoned the seventh and last test hole of its exploratory program in the Holbrook area. This hole was in T. 14 N., R. 21 E., sec. 30, Navajo County. Extensive lost circulation problems were encountered.

In a phone conversation July 6, W. A. Falconer, Chief Geologist of Webb Resources, informed me that although they are very disappointed at the lack of encouragement encountered in this program, they still have faith in the hydrocarbon potential of the area and hope to continue exploratory efforts next year.

Wichita Industries 1 Federal, T. 19 N., R. 7 E., sec. 1, Coconino County, is a location.

Uranium. Exploration for uranium resources in various parts of the State continues to be active. One of the most active areas is the areally small sedimentary basin drained by Date Creek and Bullard Wash in southwestern Yavapai County and northeastern Yuma County. Major companies involved in this play include Union Oil Company of California and Phillips Petroleum Company.

Activity Report
July 7, 1976
Page 2

GENERAL

Water - Southern Navajo County. A new publication by the Arizona Water Commission, Ground-Water Resources and Water Use in Southern Navajo County, Bull. 10, will be useful to our Commission in determining casing and plugging programs to protect the water-bearing Permian Coconino Sandstone. Plate 2 of this bulletin shows: 1) approximate line of equal head of water confined in the Coconino aquifer and 2) areas where the Coconino Sandstone is dry.

The bulletin was prepared by Larry J. Mann, U.S. Geological Survey Water Resources Division, Flagstaff. The author acknowledges assistance by our Commission in furnishing oil and mineral exploration test-hole data.

Distribution of Mineral Leasing Revenues and Loans for Financing Community Impacts. Senate Bill 391 has been vetoed by President Ford. This bill was designed to increase the states' share of mineral leasing revenues (federal lands) from 37½% to 50%, providing that the additional 12½% could be used to meet impact problems while the remaining 37½% would have to continue to be spent on schools and roads.

Proposed Legislation for Management of Land by U.S. Bureau of Land Management. Presently the 448 million acres of federal land under the jurisdiction of the Bureau of Land Management are managed under some 3,000 laws which have accumulated over the last 170 years. Two pending bills in Congress ... S507 and HR 13777 ... are designed to consolidate these laws, remove conflicts, and provide authority not now clearly set forth by law. One of the provisions in S507 pertains to an increase in percentage of federal leasing revenue returned to states.

GEO THERMAL

Computation of temperature gradient data for approximately 1500 water wells in the Basin and Range Province of Arizona has been completed.

The U.S. Energy Research and Development Administration has announced that at long last the Geothermal Loan Guaranty Program Regulations were signed this past May and became effective on June 25, 1976. The purpose of the program is to accelerate commercial development by private sector through minimizing financial risk to lending agencies.

This program should be useful to small geothermal companies in obtaining financing. However, the multiplicity of rules and regulations imposed by federal, state, and local governmental agencies will continue to hamper exploration for and development of geothermal energy resources.

As of May 31, 1976, a total of 1,048,759 acres of non-producing federal lands were under lease. The heaviest concentrations of leased acreage are in the states of Nevada, Utah, New Mexico, and Idaho. Nevada has the most public land under lease ... 428,568 acres ... Arizona the least, 6,508 acres.

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J.N.C.

MONTHLY FINANCIAL REPORT

1		2		3		4		5	
RECEIPTS MONTH OF		RECEIPTS CLASSIFICATION		APPROPRIATED RECEIPTS		UNAPPROPRIATED RECEIPTS		TOTAL ALL RECEIPTS YEAR TO DATE	
June 1976									
75	00	1	Permits to Drill			75	00	350	00
		2							
		3							
		4							
		5							
		6							
		7							
		8							
		9							
		10							
		11							
		12							
		13							
		14							
		15							
		16							
		17							
75	00	TOTAL CURRENT MONTH RECEIPTS				75	00	XXXXXXXXXX	
		TRANSFERS IN							
XXXXXXXXXX		BALANCES BROUGHT FORWARD				4,201	83	XXXXXXXXXX	
75	00	TOTALS - MONTH AND YEAR TO DATE				4,276	83	350 00	

6		7		8		9		10		11	
CLAIMS PAID MONTH OF		EXPENDITURES FUND TITLES		TOTAL AMOUNT AVAILABLE YEAR TO DATE		CLAIMS PAID YEAR TO DATE		OUTSTANDING ENCUMBRANCES		UNENCUMBERED BALANCE	
June 1976											
12,097	47	1	Personal Services	122,400	00	119,485	61			2,914	39
1,697	31	2	Emp. Related Exp.	17,700	00	16,820	81	470	00	409	12
295	87	3	Other Operating Exp.	26,008	86	25,352	28	489	54	167	04
338	00	4	Prof. & Outside Serv	3,000	00	1,714	95	1,208	00	77	05
81	05	5	Travel - State	8,025	00	6,702	66	809	32	513	02
-		6	Travel - Out of St.	1,875	00	1,435	60	411	00	28	40
-		7	Cap. Outlay - Equip.	400	00	390	91			9	09
		8									
		9									
		10									
		11									
		12									
		13									
		14									
		15									
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		23									
		24									
		25									
		26									
		27									
		28									
		29									
		30									
14,509	70	TOTALS		179,408	86	171,902	82	3,387	86	4,118	18

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 <u>June 1976</u>
1,050.00	7111	1 Per Diem: Commission Members	1
118,435.61	7112	2 Salaries: Employees	2 12,097.42
		3	3
509.01	7151	4 Industrial Insurance	4
444.23	7152	5 Unemployment Insurance	5
5,828.57	7153	6 F.I.C.A.	6 707.70
8,290.30	7155	7 Retirement	7 846.81
1,328.70	7156	8 Health Insurance	8 142.80
420.00	7159	9 Personnel Comm.	9
		10	10
	7215	11 Professional Services: Engineer	11
1,714.95	7219	12 Professional Services: Other	12 338.00
		13	13
985.91	7221	14 Travel-State: Mileage	14 28.80
1,752.80	7222	15 Subsistence	15 51.50
	7223	16 Public Transportation	16
3,904.10	7224	17 Vehicle Expense	17
598.5	7225	18 Reg. Fees; Parking; etc.	18 75
		19	19
503.00	7232	20 Travel-Out of State: Subsistence	20
90.760	7233	21 Public Transportation	21
	7234	22 Airport Parking	22
25.00	7235	23 Reg. Fees; Telephone; etc.	23
		24	24
19,306.56	7251	25 Occupancy: Office Rent	25
1.00	7261	26 Warehouse Rent	26 1.00
	7263	27 Maintenance & Repairs	27
286.00	7272	28 Mtn. & Repairs: Furniture & Equipment	28
1,648.70	7280	29 Office Supplies	29
	7280.1	30 Orthophoto Quads.	30 130.63
82.19	7300	31 Field Supplies: Film; Am.Strat; P.I.; etc.	31
	7331	32 Printing: Reports; Large Maps; etc.	32
227.95	7332	33 Legal Advertisement	33
106.60	7333	34 Court Reporter	34
8.00	7334	35 Postage	35 155.90
2,816.58	7335	36 Telephone	36 255.34
	7337	37 Drayage; Express; etc.	37
	7339	38 Rental, Misc.	38
75.80	7360	39 Dues & Subscriptions	39 3.00
		40	40
390.91	7431	41 Capital Outlay: Office Equip.	41
	7434	42 Spec. Equip. (Geol.)	42
	7436	43 Automobile	43
		44	44
-0-	7913	45 Revolving Fund	45 [250.00]
		46	46
		47	47
		48	48
		49	49
		50	50
		51	51
		52	52
		53	53
		54	54
		55	55
171,902.82		TOTAL	14,509.70



OFFICE OF

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~~XXXXXXXXXXXX~~
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June 3, 1976

Memo: Commissioners
From: John Bannister

Due to the lack of a quorum, no meeting will be held
in June, 1976.

You will be notified when the Chairman calls the next
meeting.

OIL AND GAS CONSERVATION COMMISSION
8686 North Central Avenue
Suite 106
Phoenix, Arizona 85020

May 21, 1976

The regularly scheduled meeting was not held as a quorum was not present.

Commissioners present were Chairman Ralph W. Bilby and Member J. Dale Nations. Member Dale Butler was previously excused; Vice Chairman W. Roger Hafford was excused for emergency reasons and Member G. E. H. Ballard did not inform the Commission of his intention not to attend.

Chairman Bilby scheduled the next meeting for June 18, 1976 in Flagstaff, Arizona.

APPROVED



OFFICE OF

Oil and Gas Conservation Commission

STATE OF ARIZONA
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June 9, 1976

Memo: Commissioners
From: John Bannister

You have previously been advised that the meeting called for June 18th in Flagstaff has been cancelled due to lack of a quorum. You will be notified at such time as the Chairman calls the next meeting.

The funds available to this Commission for the fiscal year 1976-77 again allow only half time, i.e., six meetings, for the Commissioners.

Instructions for the preparation of the 1977-78 budget have been issued, again with the deadline of September 1st for submission of requests. A budget as suggested by the staff will be circulated as soon as possible. There are three prime deadlines for submission of this budget - August 1st for program information, August 15th for a rough budget, and September 1st for submission of the completed budget.

The new budget form and the severe restrictions placed upon budgeting will make assembling our request for the year involved cumbersome and time consuming. As an example, the total budget must be prepared in three parts - one, the total budget request not exceeding 2%, two, the total budget request not exceeding 3%, and last, the total budget request with no limitation. In addition to the over-all limitation above indicated, the personal services may not exceed a 1% increase for the initial budget, a 2% increase for the second suggested budget, and an unlimited increase for the third budget.

It is anticipated that we will request permission to hire a minimum of one geologist in an attempt to rebuild the geological staff. The broad suggestions contained herein

Memo: Commissioners
June 9, 1976
Page 2

are subject to securing permission from you gentlemen to proceed along these lines and you will be hearing from us in the near future in a more specific manner.

As previously reported, Jim Scurlock and Charles Druitt, geologists, will be terminated as of June 30, 1976, inasmuch as their positions were not funded. The orders directed to this Commission to cut were specified to reduce the staff by two Grade 19 positions. Mr. Scurlock and Mr. Druitt are the only ones within this classification. As of this time, Mr. Druitt seems likely to be employed by the Algerian government. Mr. Scurlock has not yet announced where he will go. All efforts are being made to aid these gentlemen in securing employment.

One secretary, Grade 9, was also ordered to be cut. Mr. Allen's secretary, Saralee Lorenzo, being junior in terms of employment, was advised it would be necessary for her to terminate and we have been successful in placing her with the Department of Transportation in the same capacity.

When terminating, it is necessary that we pay for all unused vacation time. Due to the early termination of Mrs. Lorenzo, we have sufficient monies on hand for this personnel requirement.

We are receiving more frequent requests to speak on energy matters. As an example, I have recently spoken to the League of Women Voters in Yuma and to a group of high school educators at ASU. Mr. Conley and I have been requested to address the Geothermal Energy Institute in October. This institute is meeting in Phoenix.

As previously authorized, I will attend the June meeting of the IOCC to be held in Wichita, Kansas the last of June. You will receive a report of this activity.



OFFICE OF

Oil and Gas Conservation Commission

STATE OF ARIZONA
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ACTIVITY REPORT

June 9, 1976

W. E. Allen
Enforcement Section

We have been hearing rumors that interest is being generated in building an oil refinery in Arizona - most probably in the Phoenix-Tucson area. I understand from the Assistant Director of the Office of Economic Development (OPED) that at least one group is seriously studying the possibility of building a refinery to partially serve Arizona's needs.

The Federal Power Commission will hold a prehearing conference June 10 in Washington to consider El Paso Natural Gas proposal to convert 670 miles of its pipeline system between California and New Mexico from natural gas to crude oil. If FPC allows this changeover from gas to oil, it will initially bring 500,000 barrels daily of Alaskan crude across Arizona. Arizona has been assured that when this Alaskan crude starts moving across the state oil will be available for refineries.

As you know, this Commission requires certain reports to be submitted by a refinery operating within the State.

Webb Resources have completed their sixth test well located within the NE/SE/4 Sec. 29, T14N, R20E, Navajo County. This test was plugged and abandoned. Webb has been issued a permit to drill the seventh test in its seven well program. This test, the NMAL-Snowflake #30-1 located in SW/NW/4 Sec. 30, T14N, R21E, Navajo County, has reached a depth of 2288 feet. At the last report, they had washed over stuck drill pipe but were still unable to retrieve the fish from the hole. It is beginning to look like side-tracking operations are in order on this hole.

A permit to drill a development well has been issued to

Page 2
June 9, 1976
Enforcement Section

Energy Reserves Group, Inc. (formerly Clinton Oil Co.) This well, the Navajo "O"4 located in the SE/SE/4 Sec. 23, T41N, R30E, Apache County, is scheduled to a total depth of 5800 feet in the lower Ismay.

As of now, we haven't received any word on the proposed spud date on the well to be drilled south of Flagstaff by Wichita Industries.

Saralee Lorenzo, my former errand gal, has transferred to the Department of Transportation. Since she has been gone, my duties have suddenly accelerated. Prior to Sara's leave-taking, I wasn't aware of my clerical talents.



OFFICE OF

Oil and Gas Conservation Commission

STATE OF ARIZONA
8686 N. Central Ave., Suite 106
4515 NORTH 7TH AVE.
PHOENIX, ARIZONA 85018 85020
PHONE: (602) 271-5161
ACTIVITY REPORT

June 9, 1976

J. N. Conley
Geology Section

PUBLICATIONS

Sales for the past month amounted to \$11.75. Purchasers were:

Dames & Moore, Phoenix
R. W. McComas, Canoga Park
Phelps Dodge Corp., Douglas

ENERGY EXPLORATION BY INDUSTRY

Oil and Gas. Webb Resources, Inc., is currently drilling well #30-1 New Mexico & Arizona Land Co. in T. 14 N., R. 21 E., sec. 30, Navajo County. This is the seventh and last hole of the current exploratory program.

Wichita Industries 1 Federal, T. 19 N., R. 7 E., sec. 1, Coconino County, is a location.

Uranium. Exploration for uranium continues to be very active in several portions of the state.

Down dip from the old Anderson Mine, T. 11 N., R. 10 W., Yavapai County, Union Oil Co. of Calif. and Public Service Co. of Oklahoma have reportedly (unconfirmed) established a commercial deposit of uranium in Tertiary lake sediments at depths of 800 to 1,200 feet. Some Carnotite ore was produced from a Tertiary mudstone-limestone unit at the Anderson Mine, which Union has reportedly purchased.

A German firm is reportedly continuing a core drill exploratory program in an area north of the Anderson Mine.

No information is available regarding exploration by Rocky Mountain Energy Co. and Kerr-McGee Corp. in the Whetstone Mountains south of Benson in Cochise County. This program was initiated this past February on 446 claims staked on U.S. Forest Service lands.

Rocky Mountain Energy Co. is a subsidiary of Union Pacific Railroad Co.

INVESTIGATIVE PROJECTS

Staff Cut. Our Executive Secretary has informed you that the Geology Section is losing two geologists, James R. Scurlock and Charles E. Druitt, June 30. This reduction will severely reduce the effectiveness of the remaining staff, consisting of myself and a secretary, in researching and developing new projects. However, as

Activity Report
June 9, 1976
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a result of our severely curtailed budget for FY 1976-76, which precluded publishing the results of current and previous investigations, we have a good backlog of data, most of which can be interpreted and published during FY 1976-77. The volume and format of publications will be dependent upon the budget set by the State Legislature.

GENERAL

Prudhoe Bay Oil. As mentioned in previous activity reports, Standard Oil Co. of Ohio (Sohio) plans to use an existing gas pipeline of El Paso Natural Gas Co. in Arizona for transporting excess crude oil from Long Beach Harbor to Midland, Texas.

Sohio has completed arrangements to lease 125 miles of pipeline extending from Blythe, California, on the California-Arizona border to Moreno and to construct a new line from Moreno to Long Beach Harbor.

Sohio had planned to commence construction by the second quarter of 1977 and be ready to move oil by the first quarter of 1978. The federal Environmental Protection Agency, however, has told Sohio that it cannot build a nine billion barrel storage-tank project for the Prudhoe Bay oil, as the level of emissions in the area now exceeds federal standards and that none can be added regardless of the efficiency of new projects. Therefore, Sohio is stymied unless it can get other companies owning refining and oil-production operations to reduce current emissions to an EPA accepted level.

U.S. Wildcat - Success Rate 1975. The American Association of Petroleum Geologists (AAPG) reports that the ratio of dry holes to producers dropped to a record low of 5.96:1 in 1975. This speaks well for the ability of the industry to find new oil. Unfortunately, domestic production still exceeds the added reserves.

AAPG estimates that the new-field discoveries found in 1975 have ultimate reserves of 479.94 million barrels of oil and condensate and 6.3 trillion cubic feet of gas. The Bureau of Mines reports U.S. production of crude and lease condensate amounted to 3.052 billion barrels in 1975. A preliminary figure for marketed gas stands at 20.005 trillion cubic feet.

Indian Lands. According to a news item in PETROLEUM INFORMATION, the Interior Dept. and some Indian leaders are seeking authority from a senate subcommittee to cut off information to the public about minerals and other natural resources on Indian lands. Representatives of the National Tribal Chairmen's Association and the National Congress of American Indians said data collected by Interior on the resources should be treated like trade secrets of a private corporation or a private landowner's survey of his assets. Interior generally must provide its documents on these assets under the Freedom of Information Act.

If such authority is granted and Indian tribes in Arizona elect to have such authority enforced, Arizona would be cut off from all information concerning natural resources on Indian lands developed by the U.S. Geological Survey. Presently, most of the information available is developed and published by this Survey. It also has jurisdiction over oil and gas exploration and exploitation.

Lands owned by the Navajo and Hopi Indian Tribes have the most attractive potentialities in Arizona for oil and gas accumulations. According to the local office of the Bureau of Indian Affairs, the Navajo and Hopi Tribes do not belong to the

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National Congress of American Indians. The Navajo Tribe apparently belongs to the National Tribal Chairmen's Association, but has not participated in national meetings.

Hydroelectric Power in Arizona. Arizona's developed hydroelectric facilities, representing 12% of its potential identified developable resources, are concentrated on two major drainage systems: 1) Salt River-Verde and 2) Colorado River. Undeveloped hydroelectric resources total 13 identified sites. At present there exists undeveloped potential representing in excess of six million kilowatts. Because of increasing pressure from sportsmen and environmental groups and varying economic factors, it is doubtful that more than a minimal portion will ever reach development.

VISITORS

Ned Hamish, Ed Post Realty, Phoenix/Scottsdale
Peter Thomas, Transamerican Oil, Denver
John P. Kellogg, Phoenix
Gerald D. Cox, Arizona Water Commission, Phoenix

JNC:os


J.N.C.

MONTHLY FINANCIAL REPORT

1 RECEIPTS MONTH OF May 1976	2 CLASSIFICATION	3 RECEIPTS	4 APPROPRIATED RECEIPTS	5 UNAPPROPRIATED RECEIPTS	6 TOTAL ALL RECEIPTS YEAR TO DATE
50 00	1 Permits to Drill			50 00	2 75 00
	2				
	3				
	4				
	5				
	6				
	7				
	8				
	9				
	10				
	11				
	12				
	13				
	14				
	15				
	16				
	17				
50 00	TOTAL CURRENT MONTH RECEIPTS			50 00	XXXXXX
	TRANSFERS IN				
XXXXXX	BALANCES BROUGHT FORWARD			4,151 83	XXXXXX
50 00	TOTALS - MONTH AND YEAR TO DATE			4,201 83	2 75 00

6 CLAIMS PAID MONTH OF May 1976	7 EXPENDITURES FUND TITLES	8 TOTAL AMOUNT AVAILABLE YEAR TO DATE	9 CLAIMS PAID YEAR TO DATE	10 OUTSTANDING ENCUMBRANCES	11 UNENCUMBERED BALANCE
9,294 94	1 Personal Services	122,800 00	107,388 14	-	15,411 86
1,399 17	2 Emp. Related Exp.	17,300 00	15,123 50	-	2,176 50
1,941 25	3 Other Operating Exp.	25,990 36	25,056 41	219 44	714 51
427 20	4 Prof. & Outside Serv.	3,000 00	1,376 95	1,546 00	77 05
575 63	5 Travel - State	2,700 00	6,621 61	1,077 97	42
-	6 Travel - Out of St.	2,200 00	1,435 60	411 00	353 40
-	7 Cap. Outlay - Equip.	400 00	390 91	-	9 09
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	29				
	30				
13,638 69	TOTALS	179,390 36	157,393 12	3,254 41	18,742 83

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 May 1976
1,050 00	7111	1 Per Diem: Commission Members	1 120 00
106,338 14	7112	2 Salaries: Employees	2 9,174 94
		3	3
509 01	7151	4 Industrial Insurance	4
444 23	7152	5 Unemployment Insurance	5
5,120 87	7153	6 F.I.C.A.	6 536 74
7,443 49	7155	7 Retirement	7 642 23
1,185 90	7156	8 Health Insurance	8 115 20
420 00	7159	9 Personnel Comm.	9 105 00
		10	10
	7215	11 Professional Services: Engineer	11
1,376 95	7219	12 Professional Services: Other	12 427 70
		13	13
957 11	7221	14 Travel-State: Mileage	14 77 40
1,701 30	7222	15 Subsistence	15 60 00
	7223	16 Public Transportation	16
3,904 10	7224	17 Vehicle Expense	17 438 23
59 10	7225	18 Reg. Fees; Parking; etc.	18
		19	19
503 00	7232	20 Travel-Out of State: Subsistence	20
907 60	7233	21 Public Transportation	21
	7234	22 Airport Parking	22
25 00	7235	23 Reg. Fees; Telephone; etc.	23
		24	24
19,306 56	7251	25 Occupancy: Office Rent	25 1,608 88
	7261	26 Warehouse Rent	26
	7263	27 Maintenance & Repairs	27
286 00	7272	28 Mtn. & Repairs: Furniture & Equipment	28
1,518 07	7280	29 Office Supplies	29 102 90
	7280.1	30 Orthophoto Quads.	30
82 19	7300	31 Field Supplies: Film; Am.Strat; P.I.; etc.	31
	7331	32 Printing: Reports; Large Maps; etc.	32
227 95	7332	33 Legal Advertisement	33
106 60	7333	34 Court Reporter	34
645 00	7334	35 Postage	35
2,561 24	7335	36 Telephone	36 229 47
	7337	37 Drayage; Express; etc.	37
	7339	38 Rental, Misc.	38
72 80	7360	39 Dues & Subscriptions	39
		40	40
390 91	7431	41 Capital Outlay: Office Equip.	41
	7434	42 Spec. Equip. (Geol.)	42
	7436	43 Automobile	43
		44	44
250 00	7913	45 Revolving Fund	45
		46	46
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		48	48
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		54	54
		55	55
157,393 12		TOTAL	13,638 69