

OIL & GAS CONSERVATION COMMISSION
Meeting: June 10, 1977
Mr. John Bannister, Exec. Sec.



OFFICE OF
Oil and Gas Conservation Commission
STATE OF ARIZONA
1645 WEST JEFFERSON, SUITE 420
PHOENIX, ARIZONA 85007
PHONE: (602) 271-5161

A G E N D A

Meeting
June 10, 1977
1645 West Jefferson, Suite 420
Phoenix, Arizona

10:00 a.m.

Call to order -

1. ✓ Approval of minutes of meeting of March 25, 1977 — BUTLER SIGN
2. ✓ Report of Executive Secretary
3. ✓ Report of Enforcement Section
4. ✓ Report of Geology Section
5. ✓ Old Business —
6. New Business
A. Establish date, time and place for future meetings
B. YICC-CHR
7. Adjourn
D-NEW BUDGET —

AMT
BUTLER
C-SACK TRIP
D-NEW BUDGET

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

C. Jacks
DENVER TRIP
AM Anne Polg
OK

RW 421
1645 W. JEFF
10 AM
3 PM FRIDAY

NEXT MTE
AUG 2 19

See if stat
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post in
unusual
stamps



OFFICE OF
Oil and Gas Conservation Commission
STATE OF ARIZONA
1645 WEST JEFFERSON, SUITE 420
PHOENIX, ARIZONA 85007
PHONE: (602) 271-5161

ACTIVITY REPORT

May 27, 1977

John Bannister
Executive Secretary

The next meeting of the Commission will be June 10, 1977 at 10:00 a.m. The Commission office is located at 1645 West Jefferson, Suite 420. We are located on the west end of the building. As you leave the elevator, take the corridor to the left and we are at the end of the hall. The meeting will take place in the room adjoining our offices to the north.

There should be no problem with parking and I would suggest you use the large parking area to the north of the building, across Jefferson. I would remind you that Jefferson is a one-way street, running east. Occasionally, parking spaces can be found on the south side, immediately behind our building.

The Commission offices are now pretty well settled down and arranged, although smaller, and I feel that we can operate efficiently where we are. All samples have been moved to the quonset hut on Van Buren. This entails somewhat less convenience in handling, but this problem, of course, was solved in our operations from North Central.

At our June meeting it will be necessary to set a new date for our meetings, together with time and place. After the Commission has taken action on this matter, it will be necessary to officially notify the Secretary of State of the date and place of our regular meetings, as well as notify the Attorney General and post this information on a bulletin board in the lobby of this building.

The budget for the year 1977-78 should be available to us

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Executive Secretary
May 27, 1977

at the June meeting. I will report on this as soon as possible. As previously indicated, both the Senate and House subcommittees of the Appropriation Committees essentially approved our budget, even to granting the position of a new geologist. There has been some indication that a freeze will be put on filling new positions. I do not think this would apply to us, since we have the authorized positions of two geologists currently vacant. When the budget is known we will have an answer to this question.

As previously advised, Dr. Ballard has resigned from this Commission and I have been advised the Governor's Office has officially accepted this resignation. The Governor's appointment aide has contacted this office, indicating that they are considering a mining engineer, whose name was not revealed to me, to fill the unexpired term of Dr. Ballard. I have had no further word on this and will advise you as soon as possible.

Due to business pressures, our new Commissioner, Mr. Norman Levitt, was unable to appear before the Senate Committee for confirmation. However, according to ARS 38-211B, in such case the Governor need only reappoint Mr. Levitt and he can serve for the term in question. I have contacted the Governor's Office and they indicated that when the Legislature finally adjourns, Mr. Levitt will be reappointed to this position.

We agreed to make certain repairs to the premises formerly occupied by this Commission, consisting primarily of patching certain wall areas, as necessary. I have talked to our former landlords and they indicate no rush or concern regarding this. According to our contract, we were to leave the premises in as good condition as when we moved in, less normal and expected wear and tear. In general, they were pleased with our care of the premises. I have again contacted the landlord's agent and reminded him that if the Commission is to be billed for any damage, it must be done prior to the end of June. Should there be any financial arrangements to be made, the Commission is in a position to handle this.

The Interstate Oil Compact Commission will be holding its midyear meeting in Nashville, Tennessee beginning July 10th. This meeting is one of those for which we have budgeted in our out-of-state travel account.

We have at long last secured permission to transfer the necessary funds to replace our existing copy machine. You will recall that the staff was ordered to secure a replacement, when possible. Inasmuch as we have funds remaining in our

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Executive Secretary
May 27, 1977

Other Operating Account due to the savings of rental resulting from our move, the Budget Office has granted our request and I hope to secure this new machine during the month of June. The machine which we have chosen will greatly facilitate work in this office and will be much more versatile than the machine which it will replace. Hopefully, the reproduced material sent to you in the future will be more legible and satisfactory.

The Legislature is seeking to reach final adjournment today, May 27th, and it is likely this can be accomplished. A run-down on legislation of interest to the Commission is as follows:

H.B. 2067, which sought to increase the rental on oil and gas leases on state land, as well as increase certain reproduction fees of the State Land Department, passed, however an amendment pertaining to increasing oil and gas rentals failed. Consequently, rental of state land as to oil and gas leases remains at 25¢ per acre per year. For your information, should discovery and production occur during the lease term, the operator is obligated to pay the State Land Department an additional \$1 per acre per year for the lease in question. It has become standard practice for an operator getting ready to drill on state land to surrender his existing lease and immediately file a new lease on the same land. This, in effect, cuts off the requirement of the additional \$1 per acre per year provision.

H.B. 2061. This bill creates the Bureau of Geology and Mineral Technology from the old Bureau of Mines. This is primarily a house cleaning bill which more clearly sets forth the actual functions being performed by the Bureau of Mines. The bill does create the position of State Geologist and places the new Bureau definitely within the University of Arizona. This bill has been signed by the Governor.

H.B. 2257, which spells out the right of the State Land Department to sell geothermal leases, has been signed by the Governor. This bill provides for a geothermal lease for a period of ten years and specifies the rental to be \$1 per acre per year. It also establishes state royalty at a minimum of 12-1/2% of the value of production at the wellhead.

S.B. 1383, which creates an Arizona Energy Agency, has been greatly amended so that the agency is primarily one of advising as to a state energy policy and creating a state energy plan. The bill brings into this agency the Solar Energy

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Executive Secretary
May 27, 1977

Commission, ARIS (Arizona Resources Information Services) and the energy functions and personnel from the Office of Economic Planning and Development. As of this date the bill has not passed. *THIS BILL FAILED*

We will advise you of any final legislative change in the bills which are of interest to us.

P.S. We have just received a copy of our budget for 1977-78. The total allotment is \$148,600. The large reduction is due, primarily, to the reduction in rent. The Personal Services figure of \$105,400 includes money to hire a geologist II, step 1. Sufficient monies have been allotted to continue the Commission meetings on an every other month basis. I hope that by the time of our meeting a bit more detailed information will be available.



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ACTIVITY REPORT

June 1, 1977

W. E. Allen
Enforcement Section

Since my last report, Kerr-McGee has completed the plugging and abandonment of all its helium wells in the Pinta Dome unit. The company has now notified the State Land Department that it is dropping its lease in the area. The plugging operations were witnessed by the writer.

The only wells remaining shut in in the helium area are ten Coconino wells that are in the Navajo Springs unit, operated by Eastern Petroleum Company, and one Shinarump well, operated by Western Helium Corporation. These two firms have been requested to plug and abandon these wells. Some of these wells have never produced and production from the others would be marginal if there were a market available for the product. It is our opinion that these wells should be plugged in order to prevent any possible contamination of the fresh water lying above the Coconino and Shinarump formations.

Previous mention has been made that Duane Lovell, an independent operator from St. George, Utah, had been issued permits by the Utah Oil and Gas Commission to drill two wells in Section 32, T43S, R14W, Washington County, Utah. These locations are only 500 feet north of the Arizona line. Lovell has drilled and plugged one of these tests. He picked up fresh water at 200 feet and had fresh water from surface casing to a total depth of 2540 feet. To shut off the water flow, 8-5/8" surface casing was set at 1360 feet, however fresh water continued to be encountered. Stuck drill collars at 2540 feet caused the operator to give up and plug the hole. We have no word concerning his intentions to drill the second well.

Page 2
Enforcement Section
June 1, 1977

We have no word from Pyramid Oil as to the date they intend to start drilling operations on their permits that have been issued to drill two tests in northwestern Mohave County. These permits have previously been reported.

The only exploration activity in Arizona at the present time seems to be for potash, uranium and some other minerals. There doesn't appear to be any interest in oil, gas or geothermal resources at present.



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ACTIVITY REPORT

June 1, 1977

J. N. Conley
Director, Geology Section

PUBLICATIONS

Currently available. Sales since April 7, 1977, total \$129.75. Purchasers were:

Kerr-McGee Resources Corp., Oklahoma City	Elmer Ward, Casper
Richardson Petroleum Corp., Wellsville, N.Y.	Escue, La Mesa, Calif.
Mtn. Fuel Supply Co., Salt Lake City	Wm. W. Peabody, Denver
Jack Grynberg & Assoc., Denver	Kenneth Johnson, Norman, Okla.
McCulloch Oil Corp, Los Angeles	A. W. Ambuehl, Metairie, La.
Colorado Oil & Gas, Lakewood, Colo.	Coleman Morton, Los Angeles
Twin Oil Co., Dallas	Jas. O. Breene, Jr., Denver
P. J. Farrelly Oil Properties, Denver	Robert Owen, Dallas
Cyprus Georesearch Co., Los Angeles	TransOcean Oil, Inc., Houston
Pan Canadian Petroleum Co., Calgary	Merchantile Bank, Dallas
Kansas-Nebraska Gas Co., Lakewood, Colo.	Petroleum Investment & Research, Salt Lake City

Reprints- depleted stock. A geophysical and geological investigation of potentially favorable areas for petroleum exploration in southeastern Arizona, Report of Investigation 3, 1974.

Index of maps selected for energy-resource investigations in the State of Arizona, Special Publication 3, June 1976.

Well-data tabulation, eastern Mogollon Slope region.

New. Barring unforeseen cartographic or printing delays, these publications will be available in late June or early July of this calendar year:

Eastern Mogollon Slope region, east-central Arizona

Geologic Map G-6a, Structure top Permian Coconino Sandstone
Geologic Map G-7, Structure base of Fort Apache Member of Permian Supai Fm.
Geologic Map G-8, Basement topography
Four structural and correlation sections across portions of the region
State of Arizona, Subsurface temperature map, basement rocks, subsurface temperature map of suprament basement rocks, and companion temperature-data tabulation

In-Progress. (1) New map and tabulation of wells drilled in Arizona for oil,

Activity Report
June 1, 1977
Page 2

natural gas, helium, and geothermal resources plus selected highly significant stratigraphic holes. (2) Revision of Energy Distribution Systems Map, Arizona.

OIL & GAS LEASING ACTIVITY

Assignments covering approximately 60,500 acres of oil and gas leases on State-owned lands in the Sulphur Springs Valley of Cochise County have been filed by E. A. Pendleton of Denver, Colorado.

ENERGY-RESOURCE & MINERAL EXPLORATION BY INDUSTRY & GOVERNMENT

Oil and gas. No reports of physical, geophysical, or geological exploration for petroleum have been received.

Potash. The U.S. Geological Survey has transported most of our potash cores in the Permian Supai evaporite basin in east-central Arizona to a storage facility in Denver. Dr. Hite of the Survey plans to make an intensive study of these cores.

Storage Caverns. Dr. Kenneth Johnson, University of Oklahoma, is making a study of the salt bodies in the state suitable for the storage of liquefied petroleum gas. We have also had requests from other consulting geologists about closed sub-surface structures with reservoir rocks in which liquefied natural gas could be stored.

Uranium. The search for uranium ores continues active, particularly so around the common corner of Yavapai, Maricopa, and Yuma Counties.

GEOHERMAL ENERGY-RESOURCE, GENERAL

For the past four years, the Los Alamos Scientific Laboratory (LASL) has been investigating a method for extracting geothermal energy from hot, but essentially impermeable, rocks at moderate depths. The concept is to drill a hole into the hot rock and create a large hydraulic fracture that serves as a downhole heat exchanger. A second hole is drilled to intersect the fracture, creating a circulation loop for the injected water.

Two deep holes have been drilled in calderas west of Los Alamos. The first hole recorded a bottom-hole temperature of 197°C (355°F) at total depth of 2928 meters (9604 feet). The second hole, at a temporary total depth of 3062 meters (10,043 feet), has a temperature of 205.5°C (370°F). Hydraulic fractures have been created in both holes and fluid communication between the holes established. Circulation experiments are now being conducted between the two holes.

PRUDHOE BAY CRUDE OIL - TRANSPORTATION ACROSS ARIZONA

The proposal to land Prudhoe Bay oil at Long Beach, California, and move it eastward through an abandoned gas pipe line remains stymied by "red tape." The plan will require more than 400 permits from federal, state, and local agencies. However, Sohio and Exxon have signed an agreement to pursue the project, which would include 257 miles of new line and conversion of 789 miles of gas line.

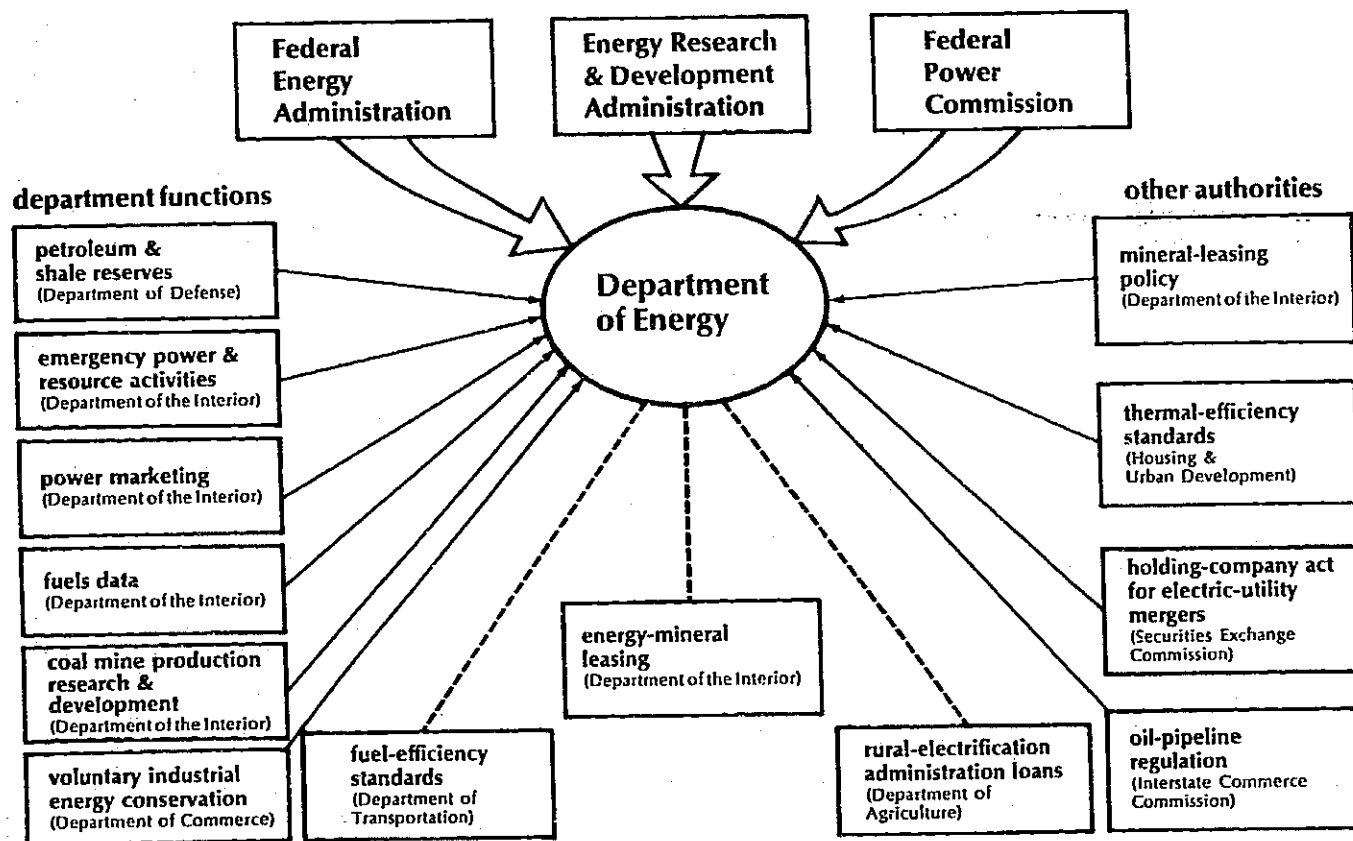
ARCO this past year purchased the Four Corners Pipe Line across northern Arizona, which currently moves 3,000 to 4,000 barrels of crude oil per day from the Greater Aneth field area in southeastern Utah to refineries in California. By

Activity Report
June 1, 1977
Page 3

reversing the flow of this 16-inch line, 30,000 barrels of oil per day could be moved to link up with the Texas-New Mexico Pipe Line at Aneth, which transports oil to the Midland, Texas, area.

NEW U.S. DEPARTMENT OF ENERGY

The chart shows federal energy reorganization into a single department. The three agencies at the top of the chart would be incorporated into the new department. Functions and authorities on each side are to be transferred from other agencies. Functions at the bottom would be coordinated with the department but not transferred.



According to a recent White House news release, the new Department will employ 20,000 people and have a yearly budget of \$10.6 billion.

According to Shell Oil Company, it spent over \$16.9 million in 1975 just to prepare mandatory reports for the government. A Standard of Indiana study suggests that oil companies are currently required to employ the equivalent of 10,000 full-time people just to handle government regulatory matters involving the petroleum industry at an estimated cost of \$400 million a year for salaries and other administrative expenses alone. This figure does not include any entitlements, environmental compliance expenses, regulatory delays, tax payments, or the effects of price control.

Activity Report
June 1, 1977
Page 4

PETROLEUM INDUSTRY BIGGEST TAX COLLECTOR FOR GOVERNMENT

Beneficiaries of Integrated Oil Companies' Operations*

	<u>Billion</u>		<u>Share</u>
Earnings of 31 companies after dividends (1975)	\$5.648	Companies	7.8%
Dividends after taxes paid to stockholders (1/6)	3.768	Investors	5.2%
Employees pay and benefits after taxes (1/3)	9.261	Employees	12.9%
Taxes paid by companies, investors, employees, and collected from consumers	53.274	Government	74.1%
BOTTOM LINE	71.951		100.0%

*From: The bottom line for oil operations, by Ernestine Adams, Editor,
Energy Management Report, December 1976.

VISITORS

Elmer Ward, geologist, Casper, Wyoming
William M. Bradock, geologist
Robert J. Hite, geologist, U.S. Geological Survey, Denver
Wayne M. Darby, geologist, Arizona Public Service, Phoenix
James R. Scurlock, geologist, Arizona Public Service, Phoenix
B. Ijirigho, graduate student, University of Arizona
O. Ajayi, graduate student, University of Arizona
Hugh Frenzel, geologist, Redfern Oil Co., Midland, Texas
Curtis J. Little, consultant, Albuquerque

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J.N.C.

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 1977
600 00	7111	1 Per Diem: Commission Members	1
76,901 97	7112	2 Salaries: Employees	2 6,669 38
		3	3
320 01	7151	4 Industrial Insurance	4
301 14	7152	5 Unemployment Insurance	5
3,530 75	7153	6 F.I.C.A.	6 390 18
5,383 31	7155	7 Retirement	7 466 86
758 70	7156	8 Health Insurance	8 75 00
180 00	7159	9 Personnel Comm.	9 60 00
		10	10
	7215	11 Professional Services: Engineer	11
2,100 50	7219	12 Professional Services: Other	12 410 00
		13	13
682 20	7221	14 Travel-State: Mileage	14 22 65
1,218 50	7222	15 Subsistence	15 283 00
	7223	16 Public Transportation	16
4,252 95	7224	17 Vehicle Expense	17 861 60
65 80	7225	18 Reg. Fees; Parking; etc.	18 29 25
		19	19
405 00	7232	20 Travel-Out of State: Subsistence	20
768 25	7233	21 Public Transportation	21
	7234	22 Airport Parking	22
25 00	7235	23 Reg. Fees; Telephone; etc.	23
		24	24
16,088 80	7251	25 Occupancy: Office Rent	25
1 00	7261	26 Warehouse Rent	26 1 00
	7263	27 Maintenance & Repairs	27
203 00	7272	28 Mtn. & Repairs: Furniture & Equipment	28
1,890 16	7280	29 Office Supplies	29 421 86
	7280.1	30 Orthophoto Quads.	30
338 35	7300	31 Field Supplies: Film; Am.Strat; P.I.; etc.	31
351 70	7331	32 Printing: Reports; Large Maps; etc.	32
243 21	7332	33 Legal Advertisement	33
81 75	7333	34 Court Reporter	34
310 70	7334	35 Postage	35
1,970 19	7335	36 Telephone	36 226 07
	7337	37 Drayage; Express; etc.	37
	7339	38 Rental, Misc.	38
141 60	7360	39 Dues & Subscriptions	39 18 00
662 00		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
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120,026 54		TOTAL	9,934 25

MONTHLY FINANCIAL REPORT

1 RECEIPTS MONTH OF	2 CLASSIFICATION	3 APPROPRIATED RECEIPTS	4 UNAPPROPRIATED RECEIPTS	5 TOTAL ALL RECEIPTS YEAR TO DATE
May 1977	1 Permits to Drill			
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	17			
-0-	TOTAL CURRENT MONTH RECEIPTS		-0-	XXXXXX
	TRANSFERS IN			
XXXXXX	BALANCES BROUGHT FORWARD			XXXXXX
-0-	TOTALS - MONTH AND YEAR TO DATE		601 83	325 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
May 1977	1 Personal Services	103,600 00	77,501 97		26,098 03
6,669 38	2 Emp. Related Exp.	15,500 00	10,473 91	250 00	4,776 09
992 04	3 Other Operating Exp.	28,778 08	22,532 46	755 27	5,490 35
666 93	4 Prof. & Outside Serv.	3,700 00	2,100 50	1,193 00	406 50
410 00	5 Travel - State	8,000 00	6,219 45	1,165 60	614 95
1,195 90	6 Travel - Out of St.	2,000 00	1,198 25		301 75
	7 Cap. Outlay - Equip.	3,900 00			3,900 00
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	30				
9,934 25	TOTALS	165,478 08	120,026 54	3,363 87	42,087 67



OFFICE OF

Oil and Gas Conservation Commission

STATE OF ARIZONA

8686 NORTH CENTRAL, SUITE 106

PHOENIX, ARIZONA 85020

PHONE: (602) 271-5161

April 22, 1977

Memo: Commissioners
From: John Bannister

Inasmuch as it appears there will be no quorum available for our meeting of May 13th, the next meeting should be June 10, 1977.

We have just been notified that we will not move into 1624 W. Adams. Space is now being prepared for us at 1645 W. Jefferson, Suite 420. The zip code remains 85007 and our telephone will continue to be 271-5161.

This change was caused because the Land Department expects to bring some 20 new positions into being in order to comply with some new ground water laws. The space we were to occupy was directly across the hall from other Land Department offices and it was felt that keeping that department together was a must.

Inasmuch as we will be involved in moving at the normal report date, we will not make a May activities report. We will catch up on activities in June.

At the next meeting, in order to bring ourselves into full compliance with the meeting statutes, it will be necessary that the Commission reenact meeting time, date and place.

I will be able to advise a location of meetings prior to the June meeting. Immediately adjoining our new offices is a fairly good size conference room and we may be able to schedule meetings there.

Please advise if you are unable to attend the June meeting.

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>APR 1977</u>
600 00	7111	1 Per Diem: Commission Members	1 120 00
70,232 59	7112	2 Salaries: Employees	2 10,004 07
		3	3
320 01	7151	4 Industrial Insurance	4 134 11
301 14	7152	5 Unemployment Insurance	5 99 68
3,140 57	7153	6 F.I.C.A.	6 585 27
4,916 45	7155	7 Retirement	7 700 29
683 70	7156	8 Health Insurance	8 75 00
120 00	7159	9 Personnel Comm.	9
		10	10
	7215	11 Professional Services: Engineer	11
1,690 50	7219	12 Professional Services: Other	12 152 00
		13	13
659 55	7221	14 Travel-State: Mileage	14 28 35
935 50	7222	15 Subsistence	15
	7223	16 Public Transportation	16
3,391 95	7224	17 Vehicle Expense	17 768 30
36 55	7225	18 Reg. Fees; Parking; etc.	18
		19	19
405 00	7232	20 Travel-Out of State: Subsistence	20
768 25	7233	21 Public Transportation	21
	7234	22 Airport Parking	22
25 00	7235	23 Reg. Fees; Telephone; etc.	23
		24	24
16,088 80	7251	25 Occupancy: Office Rent	25
	7261	26 Warehouse Rent	26
	7263	27 Maintenance & Repairs	27
203 00	7272	28 Mtn. & Repairs: Furniture & Equipment	28
1,468 30	7280	29 Office Supplies	29 89 25
	7280.1	30 Orthophoto Quads.	30
338 35	7300	31 Field Supplies: Film; Am.Strat; P.I.; etc.	31
351 70	7331	32 Printing: Reports; Large Maps; etc.	32
243 21	7332	33 Legal Advertisement	33
81 75	7333	34 Court Reporter	34
310 70	7334	35 Postage	35 135 00
1,744 12	7335	36 Telephone	36 122 53
	7337	37 Drayage; Express; etc.	37
	7339	38 Rental, Misc.	38
123 60	7360	39 Dues & Subscriptions	39 44 00
662 00		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
		46	46
		47	47
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		55	55
110,092 29		TOTAL	13,058 35

OFFICE

(DO NOT WRITE BELOW THIS LINE)

FIELD

32x11

MONTHLY FINANCIAL REPORT

1 RECEIPTS MONTH OF APR. 1977	2 CLASSIFICATION	3 APPROPRIATED RECEIPTS	4 UNAPPROPRIATED RECEIPTS	5 TOTAL ALL RECEIPTS YEAR TO DATE
50 00	1 Permits to Drill		50 00	
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50 00	TOTAL CURRENT MONTH RECEIPTS		50 00	XXXXXX
XXXXXX	TRANSFERS IN			
XXXXXX	BALANCES BROUGHT FORWARD		275 00	XXXXXX
50 00	TOTALS - MONTH AND YEAR TO DATE		325 00	325 00

6 CLAIMS PAID MONTH OF APR. 1977	7 EXPENDITURES FUND TITLES	8 TOTAL AMOUNT AVAILABLE YEAR TO DATE	9 CLAIMS PAID YEAR TO DATE	10 OUTSTANDING ENCUMBRANCES	11 UNENCUMBERED BALANCE
10,124 07	1 Personal Services	103,600 00	70,832 59		32,767 41
1,594 35	2 Emp. Related Exp.	15,500 00	9,481 87		6,018 13
391 28	3 Other Operating Exp.	32,318 58	21,865 53	758 80	9,694 25
152 00	4 Prof. & Outside Serv.	3,700 00	1,690 50	600 00	1,409 50
796 65	5 Travel - State	8,000 00	5,023 55	1,500 50	1,475 95
-	6 Travel - Out of St.	2,000 00	1,198 25		801 75
-	7 Cap. Outlay - Equip.	300 00	-		300 00
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13,058 35	TOTALS	165,418 58	110,092 29	2,859 30	52,466 99



OFFICE OF

Oil and Gas Conservation Commission

STATE OF ARIZONA

8686 NORTH CENTRAL, SUITE 106

PHOENIX, ARIZONA 85020

PHONE: (602) 271-5161

ACTIVITY REPORT

April 8, 1977

John Bannister
Executive Secretary

The next scheduled meeting of the Commission is May ¹³~~12~~, 1977 at 10:00 a.m. At that time, I would suggest we meet in Room 310, 1624 West Adams. I do not know what hearing rooms in the area may be available. I will make arrangements to show you several rooms so that we may regularly schedule our hearings and meetings.

Mr. Norman Levitt, who has been appointed our new Commissioner, attended our meeting on March 25th. He has not been confirmed by the Senate as yet, however I do not anticipate any problems.

As scheduled on April 25th, the Commission held a hearing at the request of Energy Reserves Group and permission was granted that they inject water into a well which previously had been plugged and abandoned. The Order has been issued pursuant to instructions from the Commission. A copy of the Order is attached for your information.

Since our last meeting, most of the bills in which this Commission has been concerned have failed to pass. Following is a report on those bills still in progress:

H.B. 2060, which, in effect, makes the Bureau of Mines into the Bureau of Geological and Mineral Technology - a division of the University of Arizona. This bill has passed all House committees and currently has been assigned to the Committee of the Whole, but is not on the calendar at this time.

H.B. 2257, which sets up the conditions under which the State Land Department may lease state land for geothermal purposes, has also passed the committees of the House and is

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currently in the Committee of the Whole and is not yet on the calendar.

H.B. 2330, which sets up an Arizona Energy Policy Board, has passed the House and is currently in the Senate, assigned to the Natural Resources and Appropriations Committees.

S.B. 1383 establishes the Arizona Energy Offices and takes in five energy-related agencies, the Oil and Gas Commission being one of them. This bill was held by the Senate Natural Resources Committee for further work and is now on the agenda to be heard on April 12th. I will have an update and report of the changes involved at that time.

As previously reported, the Commission will move from its present offices to Rooms 308, 310 and 312 at 1624 West Adams. We will use 310 as our mailing address at the West Adams office. Our telephone number will remain the same. Inasmuch as we are going into much smaller quarters and will not have our own hearing room, it is necessary that we surplus quite a bit of our furnishings. We are in the process now of determining what equipment to keep and what to turn over to the surplus property office of the state. This surplus furniture will be moved to the property warehouse prior to our actual move.

We are in the process of doing such things as ordering stationery, etc., in order to have on hand the necessary supplies showing the new address. Currently, we are planning to physically move on April 28th and 29th and open for business on May 2nd.

We are now making arrangements with the maintenance man who handles our current building to come in on his own time and do such clean up work as patching the walls, etc., so that we may leave our current premises in an orderly and neat fashion. I do not anticipate trouble from this quarter at all.

It should be noted that in the move we will be giving up the furnishings of one office only, since it is anticipated that a new geologist will be coming on board in July. As I previously reported, both the Senate and House Appropriations Subcommittees approved this new job, consequently any plans for a move must take into account the fact that this new position may be filled. I might mention there has been general talk of a freeze on the hiring of any new state employees through the next session of the Legislature. Should this freeze pass, I still anticipate we will be allowed this new position.

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As you will recall, at our meeting in November, 1976 the staff was instructed to make initial preparations which will eventually end in the adoption of a long range plan for the operation of this Commission. Pursuant to that instruction, I have prepared a section covering such phases as the history of the Commission, the question of its jurisdiction, etc. Mr. Allen has looked into possible overlapping or conflicting laws between this agency and others. Mr. Conley has begun initial preparations to arrive at such a plan for his division. It is obvious, within the broad outline of things discussed with Dr. Ballard and the Commission, that long range planning will be more applicable to our Geology Section than to the Enforcement Section. I am again enclosing copies of the three reports, some in draft form, so that, if this is your desire, we may begin discussions of this.



OFFICE OF

Oil and Gas Conservation Commission

STATE OF ARIZONA

8686 NORTH CENTRAL, SUITE 106

PHOENIX, ARIZONA 85020

PHONE: (602) 271-5161

ACTIVITY REPORT

April 8, 1977

W. E. Allen
Enforcement Section

Superior Oil Company has announced the development of a new method of extracting oil from shale. In addition to the extraction of oil, three other products will be recovered, nahcolite, alumina and soda ash. Nahcolite can be used as a scrubbing agent to remove 100% of the sulphur oxides and 50% of the nitrous oxides from flu gas in coal fired plants. The cost to produce the oil alone is estimated to be \$10 to \$15 per barrel.

The waste from the extraction process would be returned to the mine.

The previous activity report mentioned Home Oil Company and the rumor that Home Oil was conducting a seismic survey in northwestern Mohave County. We have been unable to confirm this rumor.

Two drilling permits have been issued to Pyramid Oil Company to drill test wells in Mohave County. These tests are located in the NE/SE/4 Sec. 28, T41N, R9W and the NE/SW/4 Sec. 18, T30N, R9W. Estimated total depths of these tests are 4500 feet. These tests will penetrate the Mississippian and may reach the Devonian formation. (A plat indicating the approximate location of these wells is attached)

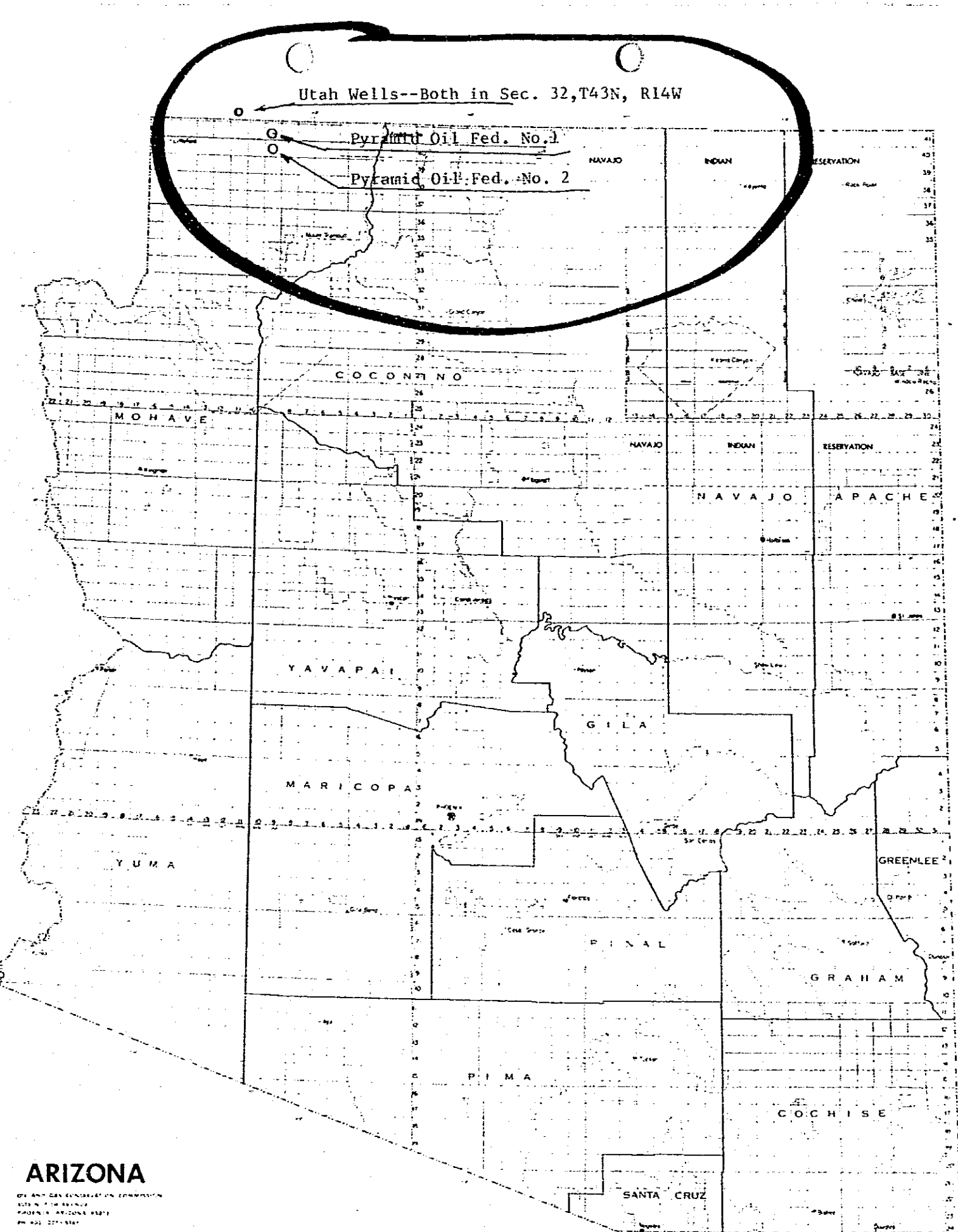
We have previously mentioned that the Utah Oil and Gas Commission issued permits to drill two oil tests in Washington County, Utah. These wells are only 500 feet north of the Arizona line. (The general location of these tests is also indicated on the attached plat.) The first well was drilling below 1400 feet at the last report.

A Murel Goodell of Hurricane, Utah has requested information

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on drilling in Arizona. He has stated that he will be submitting an application to drill in the very near future. If this drilling materializes, it will also be in the strip country of Mohave County.

Kerr-McGee Corporation will start the plugging of all their helium wells in the Pinta Dome area on Monday, April 11, 1977. This operation will require me to be in the field for a week or longer. This will be a welcome respite from office routine.



ARIZONA

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OFFICE OF

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April 7, 1977

ACTIVITY REPORT

J. N. Conley
Director, Geology Section

PUBLICATIONS

Sales for the past three weeks amounted to \$163.75. Purchasers were:

Dennis V. Abbl, Willcox	Kiska Oil Co., Tulsa
Coastal Mining Co., Casa Grande	L. C. Harris, Roswell
G. C. Herrmann Co., Amarillo	Chevron, USA, Lib., Denver
Peppard-Souders & Assoc., Denver	Trend Exploration Ltd., Denver
Howard E. Davenport, Abilene	Barron Kidd, Dallas
Central Arizona Assoc. of Governments, Florence	J. M. Shields, Pacific Palisades
J. Marshall Nye, Oklahoma City	Mobil Oil Corp. Lib., Houston
Sunland Oil Corp., Oklahoma City	Portland Gen. Elec., Portland
Bright & Schiff, Dallas	Shell Oil, Houston
Charles T. Cuccio, Phoenix	Jack Grynberg & Assoc., Denver
Unitex Limited, Alexandria	

Our stock of Special Publication 3, Index of maps selected for energy resource investigations in the State of Arizona, June 1976, and Report of Investigation 3, A geophysical and geological investigation of potentially favorable areas for petroleum exploration in southeastern Arizona, are exhausted. Both publications are to be reprinted by the State Department of Corrections printing office in Florence when the strike by the prisoners is ended.

OIL AND GAS LEASING ACTIVITY

None reported.

ENERGY-RESOURCE & MINERAL EXPLORATION BY INDUSTRY AND GOVERNMENT

Oil and gas. We have received an unconfirmed report that there has been some limited geophysical work done in the "strip" portion of Mohave County since the first of the year. The kind of exploration and for whom was not reported.

Minerals. The U.S. Geological Survey has commenced a reconnaissance gravity meter survey of the Papago Indian Reservation in Pima and Pinal Counties. Geological investigations by the Survey indicate that the potential for metallic minerals may be good.

Activity Report
April 7, 1977
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GENERAL

I attended the annual regional joint meeting of the Rocky Mountain Sections of the American Association of Petroleum Geologists and Society of Exploration Paleontologists and Mineralogists in Denver, Colorado, April 3-6, at my own expense. The theme of the meeting this year was "Exploration Ingenuity--Key to Energy Resources."

More than 1200 geologists, largely from Rocky Mountain states, registered for the meeting.

One morning session was devoted to exploration techniques for geothermal resources.

I had numerous visits with geologists expressing varying degrees of interest in the oil, gas, geothermal, and uranium potential of Arizona. Most of them considered that our state must be considered as one of the remaining onshore frontier areas needing exploration for petroleum. Two of them are currently preparing preliminary reports on the geothermal potential of the state for clients.

There was an 18 per cent decline in drilling in the Rockies during 1976 compared to 1975. There was, however, an increase in drilling in frontier areas in Idaho and Nevada. Many operators have temporarily shelved plans for future drilling until President Carter releases details of his energy program later this month.

VISITORS - INQUIRIES

One of our visitors this past month was James I. Johnson, Assistant Manager and Chief Geologist, Oil Operations, for UV Industries, Inc., Salt Lake City, Utah.

Phone inquiries were largely from local people interested in getting information concerning the petroleum industry in Arizona. A few had questions as to the potential of specific areas.

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JNC
J.N.C.