

OIL & GAS CONSERVATION COMMISSION  
Meeting: March 16, 1979  
Mr. W. E. Allen, Actg. Exec. Sec.

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OFFICE OF  
**Oil and Gas Conservation Commission**  
STATE OF ARIZONA  
1645 WEST JEFFERSON, SUITE 420  
PHOENIX, ARIZONA 85007

A G E N D A

Meeting  
March 16, 1979  
1645 West Jefferson, Room 420  
Phoenix, Arizona

- 10:00 a.m. Call to Order
1. Approval of minutes of meeting of January 26, 1979
  2. Report of Acting Executive Secretary and Enforcement Section
  3. Report of Geology Section
  4. Old Business
  5. New Business
  6. Adjourn

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

OIL AND GAS CONSERVATION COMMISSION  
1645 West Jefferson Street  
Suite 420  
Phoenix, Arizona 85007

Minutes of Meeting  
January 25, 1979

Present:

Mr. Ralph W. Bilby, Chairman  
Mr. Hal Butler, Vice Chairman  
Mr. Robert A. Gallaher, Member  
Dr. J. Dale Nations, Member  
Mr. Johnny Gregovich, Member

The regular Commission meeting of January 25, 1979 was called to order by Chairman Ralph Bilby at 10:00 a.m.

Minutes of the regular meeting and executive session of September 15, 1979 were approved as written.

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

Executive Secretary outlined the provisions of House Bill 2079, to be introduced at the present session of the Legislature. This bill designates that the Oil and Gas Conservation Commission enforce certain provisions of the Natural Gas Policy Act, enacted by the Federal Government in 1978, under the auspices of the Federal Energy Regulatory Commission. The Oil and Gas Conservation Commission will not have authority on Federal or Indian lands, but will have jurisdiction on State and private lands.

Executive Secretary reviewed House Bill 2080, which provides for the Arizona Energy Office. This bill is essentially the same as a bill which was introduced at the last legislative session. It provides for an eight-member board and an executive director, all of whom are appointed by the Governor. Departments to be included in the Arizona Energy Office are the Oil and Gas Conservation Commission, Solar Research and the Energy Programs Division (Fuel Allocation and Conservation) now part of the Office of Economic Planning and Development.

A bill, being drafted, will be introduced by the House Natural Resources and Energy Committee to provide \$258 thousand to the Oil and Gas Conservation Commission to contract with the Arizona Board of Regents to provide funds to the Bureau of Geology and Mineral Technology for preparation of an updated state geological map. The map now being used was prepared eighteen years ago and the new map will be of use to many state departments.

Minutes of Meeting  
January 25, 1979  
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After discussion, it was moved and passed that the Executive Secretary request an additional \$2500 allotment to the state travel account for the balance of the fiscal year. This amount will be necessary for inspections in remote parts of the state.

Executive Secretary advised that he has appeared before the Governor's Budget Committee and the Joint Legislative Budget Committee regarding the Commission's proposed budget for the 1979-80 fiscal year. Recommendations to reduce funds were made by both committees, but the final allotment will be determined by the Legislature.

After discussion, it was moved and passed that the following Resolution be adopted:

RESOLUTION

That this Commission meet on the following dates during the calendar year of 1979: March 16, May 18, July 20, September 21 and November 16; that during the first meeting of each succeeding calendar year the Commission set the dates of the meetings for the remainder of that year; and that these meetings shall not be subject to change unless a majority of the Commissioners, in a regular meeting, rule to change the date of the next succeeding meeting.

The meeting adjourned at 11:45 a.m.

APPROVED

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OFFICE OF  
**Oil and Gas Conservation Commission**  
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1645 WEST JEFFERSON, SUITE 420  
PHOENIX, ARIZONA 85007  
~~PHONE: (602) 255-5161~~  
PHONE: (602) 255-5161

ACTIVITY REPORT

March 7, 1978

W. E. Allen  
Acting Executive Secretary

House Bill 2080, creating an Arizona energy office, has been before a subcommittee of the Natural Resources Committee of the House. The subcommittee held this bill for further discussion.

House Bill 2224, requesting an appropriation of \$258,026 for the initial phase of compiling a state-wide geological map, was killed by the Natural Resources Committee of the House. Although this bill was killed, there were some very favorable comments made by most of the committee members. The primary objections to the bill, as written, were that no firm overall estimate of the cost for the complete map was made. When a request for funds for a geological map is again made, it will be necessary to have some firm figures for the overall cost, as well as a time table for the completion of the map.

House Bill 2079, giving the Oil and Gas Conservation Commission statutory authority to make natural gas pricing determinations, as mandated by the Federal Energy Regulatory Commission, passed the House Committee on Natural Resources and will next be heard by the Rules Committee. We have heard no adverse reaction to this bill anywhere along the legislative line. After passage of House Bill 2079 and the Governor's approval, it will be necessary to have a hearing to consider the necessary rules to define the Oil and Gas Commission's authority regarding this pricing determination.

The State Land Department has again requested legislation requesting an increase in the cost of leasing state lands for oil and gas. The requested rental is \$1.00 per acre across the board. No increase is requested in royalty payments.

Acting Executive Secretary  
March 7, 1979  
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Personally, I am opposed to an increase in lease rentals at this time. It is my opinion that nothing should be done which might tend to discourage development of oil and natural gas in the state. Once oil or gas in commercial quantity has been discovered off the Navajo Indian Reservation, an increase in lease rentals would then be in order.

We have been informed that the Governor has appointed Dr. Dale Nations as his representative to the Interstate Oil Compact Commission, replacing Mr. Bannister.

Geothermal Kinetics has announced that Mr. Bannister has been appointed a vice president in their organization and will be located in Santa Rosa, California for the present. We all wish John well in his new endeavors.

I visited the Murel Goodell well location in northwestern Mohave County the latter part of February. Mr. Goodell was experiencing trouble in the drilling of the well and has since lost that hole and moved over 10 feet and started a new hole. Goodell is not an experienced oil man - I'm not sure he will ever be able to get a well drilled.

Exxel Corporation has been unable to spud its well located in the NW/SE/4 Sec. 29, T38N, R24E, Apache County. The cause of this delay has been weather. It has been impossible to make an archeological survey of the location and access road because of the snow.

Difficulties with the Navajo Indians have caused Energy Reserves Group to drop their plans for drilling other wells in the Teec-Nos-Pos field in northeastern Arizona.



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**Oil and Gas Conservation Commission**

STATE OF ARIZONA

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PHONE: (602) 271-5161  
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ACTIVITY REPORT

March 6, 1979

J. N. Conley  
Director, Geology Section

PUBLICATIONS

Sales of publications since January 16 have totaled \$227.75. Most requests have been for our State of Arizona Well Location Map Four. However, we have had an increase in requests for several of our older publications.

ENERGY RESOURCE LEASING & EXPLORATION

Oil and Gas Leasing. A gentleman from the Bureau of Land Management (BLM), U.S. Department of the Interior, visited our office last month. He was interested in getting some information concerning the basic geological concept of the big lease play in the Basin and Range province of the state, at the request of the home office in Reston, Virginia.

The local BLM office has been literally swamped with applications to lease federal lands in the state. As of the past month, issued leases totaled 2,855,128 acres and unprocessed applications to lease totaled 925,048 acres. Most of the issued leases (615) are in Mohave County, involving 1,413,152 acres (see attachment).

We do not have a breakdown of the geographic concentration of the leases issued and applied for. Based on the total volume of acres involved, a fairly large percentage must be within the Strip Country portion of the county and to the east of the Basin and Range play.

Deep Test Hole, Basin & Range Province. We had a report as of February 5 that Mobil Oil Co. had staked a location for a deep test in T. 15 S., R. 66 E., Clark County, Nevada. This location, within the Basin and Range province, is about 32 miles southwest of the extreme northwest corner of Arizona.

Floyd Moutton, geologist for Anschutz Corp. informed me last month that they were conducting seismograph and other exploratory surveys to define potentially drillable prospects within the Arizona portion of the Basin and Range province. He stated that they hoped to be able to stake their first location within the next four months.

We have received unconfirmed reports that Sanchez-O'Brien Oil Co. is doing some seismograph work in Cochise County. This firm owns several blocks of leases in the Sulphur Springs Valley.

Geothermal. The Geothermal Group, Geological Survey Branch, Arizona Bureau of Geology & Mineral Technology, has been doing field work in the Willcox and Buckeye-Tonopah areas. The work has included geological reconnaissance, water sampling, and logging water wells for thermal gradients.



Activity Report  
March 6, 1979  
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The Group has also been attempting to find a water well with artesian flow in the Safford area having a minimum temperature of 90°C to test an electrical generating unit.


GENERAL

State Geologist. Arizona now has a State Geologist, Larry Fellows. He reported for work this past week. He will be in charge of the Geological Branch of the Bureau of Geology & Mineral Technology. He was formerly assistant state geologist for the State of Missouri.

Carbon Dioxide. This inert gas is being used extensively in Texas in the secondary recovery of the oil left in reservoirs after primary recovery techniques become uneconomical or are approaching that stage. Numerous wells in the Four Corners region of Arizona have tested appreciable volumes of carbon dioxide and other inert gases on drill stem and production tests from Pennsylvanian, Mississippian, and Devonian rocks. The two Superior Oil Co. geologists who visited our office this past month were interested in checking the records of wells that had analyses of gases tested.

Personnel Resignations. As you know, John Bannister resigned last month. I am retiring from state service May 11, 1979. My decision to retire this year was made this past October while vacationing in Tulsa, Oklahoma. I will move to Tulsa where I plan on doing some consulting work.

JNC:os

  
J.N.C.

OUTSTANDING O&G APLN - 925,048.50 Acres

Oil & Gas

Counties -	No.	Uses	Acreage
Coconino	005	78	217,581
Cochise	003	248	362,411
Apache	001	43	53,831
Gila	007	25	20,619
Yuma	027	81	143,476
Pima	019	71	145,607
Mohave	015	615	1,413,152
Graham	009	46	81,532
Greenlee	011	4	6,507
Maricopa	013	62	111,273
Navajo	017	63	96,207
Pinal	021	77	174,388
Santa Cruz	023	6	7,099
Yavapai	025	14	21,445
TOTALS		1433	2,855,128 acres

Issued leases -- 2,855,128 acres  
Outstanding aplns. -- 925,048.50 acres

AGENCY Oil & Gas Conservation Commission

DIVISION \_\_\_\_\_ IDENTIFICATION CODE NO. \_\_\_\_\_

1		2		3		4	
CLAIMS PAID YEAR TO DATE	OBJECT CODE NO.	DISTRIBUTION OF EXPENDITURES CLASSIFICATION		CLAIMS PAID MONTH OF	FEB 1979		
16,614	08	71130	1	Salary: Appointed Official	1	2,076	76
570	00	71140	2	Per Diem: Commission Members	2	270	00
55,215	36	71150	3	Salaries: Staff	3	6,901	92
638	03	71510	4	Emp. Related: Workmens Comp	4	78	15
431	20	71520	5	Unemployment Insurance	5	59	90
3,230	77	71530	6	F.I.C.A.	6	550	40
5,028	32	71542	7	Retirement	7	628	54
1,920	00	71551	8	Health Insurance	8	256	00
504	00	71552	9	D & L Insurance	9	72	00
723	94	71570	10	Personnel Comm. Pro Rata Charges	10	92	48
240	25	72169	11	Professional Serv: Cartographic Symbols	11	161	75
1,886	76	72199	12	Cartographer	12		
479	70	72511	13	Travel-State: Mileage - Private Vehicles	13	34	80
2,489	55	72512	14	Mileage - State Vehicles	14	810	60
884	95	72520	15	Subsistence	15	71	50
112	00	72531	16	Air Fare	16		
11	65	72543	17	Parking	17	9	65
2	00	72549	18	Misc.	18	1	15
240	16	72560	19	Travel-Out of State: Subsistence	19		
586	00	72571	20	Air Fare	20		
71	15	72574	21	Taxis	21		
40	00	72581	22	Registration Fees	22		
	50	72589	23	Other-Telephone, etc.	23		
2,580	00	72711	24	Occupancy: Office Rent	24		
		72713	25	Warehouse Rent	25		
		72821	26	Mtn. & Repairs: Furniture	26		
94	94	72823	27	Adders & Calculators	27		
53	50	72824	28	Typewriters	28		
315	00	72826	29	Copy Machine, Other	29		
315	00	72827	30	Mimeo, Reader-Printer, etc.	30		
		73111	31	Office Supplies: Printed Stationery & Envelopes	31		
		73113	32	Carbon & Ribbons	32		
47	47	73117	33	Reproduction Supplies	33	47	47
1,148	64	73119	34	Misc. & Blue Prints	34	277	75
		73259	35	Field Supplies: Logs, etc.	35		
		73514	36	Printing - Large Maps, etc.	36		
391	00	73519	37	Misc.	37		
		73524	38	Legal Advertising	38		
		73531	39	Subscriptions: Newspaper	39		
25	00	73533	40	Technical Journals	40	25	00
218	00	73541	41	Postage Stamps	41		
143	61	73551	42	Telephone Serv: Central System	42	15	31
548	93	73552	43	Equipment Rental	43	120	68
166	16	73553	44	Long Distance	44	45	88
167	71	73554	45	ATS Service Charge	45	31	74
1,567	50	73720	46	Organization Dues	46	37	50
75	80	73730	47	Technical or Reference Books	47		
		73741	48	Insurance	48		
250	00	79220	49	Revolving Fund	49		
		72122	50	Court Reporter	50		
37	50	72167	51	Notary Charge	51		
65	00	73770	52	Registration	52		
			53		53		
			54		54		
99,742	13		55		55	12,670	93
				TOTAL			

MONTHLY FINANCIAL REPORT

1 RECEIPTS MONTH OF FEB 1979	2 CLASSIFICATION	3 APPROPRIATED RECEIPTS	4 UNAPPROPRIATED RECEIPTS	5 TOTAL ALL RECEIPTS YEAR TO DATE
-0-	1 Permits to Drill			200 00
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	8			
	9			
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	17			
-0-	TOTAL CURRENT MONTH RECEIPTS		-0-	XXXXXX
	TRANSFERS IN			
XXXXXX	BALANCES BROUGHT FORWARD		200 00	XXXXXX
-0-	TOTALS - MONTH AND YEAR TO DATE		200 00	200 00

6 CLAIMS PAID MONTH OF FEB 1979	7 EXPENDITURES FUND TITLES	8 TOTAL AMOUNT AVAILABLE YEAR TO DATE	9 CLAIMS PAID YEAR TO DATE	10 OUTSTANDING ENCUMBRANCES	11 UNENCUMBERED BALANCE
9,248 68	1 Personal Services	86,962 00	72,399 44		14,562 56
1,731 47	2 Emp. Related Exp.	16,402 00	12,476 26		3,925 74
161 75	3 Professional Services	2,393 00	2,170 51		222 49
927 70	4 Travel - State	5,625 00	3,979 85	266 94	1,378 21
-	5 Travel - Out of State	2,000 00	937 81	233 00	829 19
601 33	6 Other Operating Exp.	12,621 39	7,778 26	600 00	4,243 13
	7 Capital Outlay-Equipment				
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12,670 93	TOTALS	126,003 39	99,742 13	1,099 94	25,161 32