

OIL & GAS CONSERVATION COMMISSION
Meeting: May 18, 1979
Mr. W. E. Allen, Actg. Exec. Secy



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

CORRECTED

A G E N D A

Meeting
May 18, 1979
1645 West Jefferson, Room 420
Phoenix, Arizona

10:00 a.m.

Call to Order

1. Approval of minutes of meeting of
March 16, 1979
2. Report of Acting Executive Secretary
and Enforcement Section
3. Old Business *Geology section*
4. New Business
5. 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
Suite 420
Phoenix, Arizona 85007

Minutes of Meeting
March 16, 1979

Present:

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

The regular Commission meeting of March 16, 1979 was called to order by Chairman Ralph Bilby at 10:00 a.m.

The Chairman introduced Mr. L. A. (Roy) Palmer, new member of the Commission.

Minutes of the meeting of January 25, 1979 were approved as written.

Reports of the Acting Executive Secretary and the Geology Section were accepted.

The Chairman expressed the regret of the Commission that Mr. J. N. Conley, Director of the Geology Section, is retiring from state service as of May 11, 1979.

Mr. W. E. Allen, Acting Executive Secretary, advised that House Bill 2224, to provide funds for the preparation of a state-wide geological map, did not pass the Natural Resources Committee of the House of Representatives and is now a dead issue.

The Acting Executive Secretary further advised that House Bill 2079, giving the Commission statutory authority to make natural gas pricing determinations, as mandated by the Federal Energy Regulatory Commission, passed the Natural Resources Committee of the House of Representatives but was not brought before the House Commerce Committee and consequently is a dead issue. Without statutory authority, the Attorney General has been requested to give a legal opinion as to whether the Commission can make pricing determinations under the Federal Energy Regulatory Act and whether a public hearing will be necessary to establish the rules to be followed.

The Acting Executive Secretary suggested that the monthly production reports now distributed at no charge to interested individuals be subjected to a charge of \$6.00 per year

Minutes of Meeting
March 16, 1979
Page 2

in order to reimburse the Commission for some of the cost involved. Further, by charging for the copies, a substantial reduction in the present mailing list of 80 persons could be anticipated. After discussion, it was agreed to continue distribution at no charge.

Meeting adjourned at 11:15 a.m. to go into executive session to consider the selection of an Executive Secretary. The final decision for the selection of the Executive Secretary was postponed until the next regular Commission meeting on May 18, 1979.

APPROVED

Joseph M. Hillery



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

ACTIVITY REPORT

May 8, 1979

W. E. Allen
Acting Executive Secretary

The first session of the 34th Legislature adjourned almost on schedule without passing a piece of legislation affecting this Commission. The Appropriations Committee did fail to fund the Director of Geology position. I understand that this committee came close to withholding all funding for the Oil and Gas Conservation Commission.

As reported at our last Commission meeting, the Legislature failed to pass House Bill 1079. This bill would have given the Commission statutory authority to make natural gas price determinations as mandated by the Federal Energy Regulatory Commission (FERC.)

The Attorney General's Office has been requested to render an opinion as to whether this Commission has the authority to make price determinations according to FERC guidelines. We have been promised the opinion prior to our next regular meeting.

The time is rapidly approaching to begin our estimation for the 1980-1981 budget. This is going to be rather difficult for several reasons. One, I'm not as well versed in the State's budgetary procedures as I would like to be. (Thank goodness for Ann - she has been the expert on budget preparation for as long as I've been with the Commission.) The principal reason that the budget preparation is bothersome is that there are so many variables this year. With all the acreage under lease and as many companies as are involved, it is conceivable that one strike could ignite a real boom, resulting in funding which would be very inadequate. On the other hand, there is no way that we can, at this time, budget for an anticipated drilling boom.

Acting Executive Secretary
May 8, 1979
Page 2

A Shell landman, Terry Sherman, visited the office recently. He brought us up to date on some of the latest oil and gas leasing within the State. From what we were told by Sherman, just about all the major companies, with the exception of Shell, have some acreage under lease.

A lease broker from Casper, Wyoming, Andy Andrikopulos, has recently made application for his limit of federal oil and gas leases (246,000 acres) in Mohave County. We are told that this broker usually works for Mobile Oil. Mobile has an 18,000' test planned for Nevada. This test is a short distance south and west of Littlefield, Arizona.

Webb Resources have taken some 42,000 acres of oil and gas leases in the Holbrook basin. This is the same company which drilled seven test wells in the area about three years ago.

The State Land Department has recently issued two small geothermal leases. One of these, consisting of two sections, was given to Gary Smith. Smith has several sections of BLM leases near Wickenburg. The other lease, consisting of one section, went to Dixel Resources, Inc., of Houston. All the acreage west, south and east of this section is either BLM or private land. The Dixel lease is Sec. 4, T5S, R10W; this is approximately 3 miles north of Agua Caliente Hot Springs. Dixel paid a \$2.00 per acre bonus - this is in addition to the regular \$1.00 per acre rental.

Murel Goodell has resumed operations on his shallow test located in Sec. 16, T41N, R16W, Mohave County. At last report, he was drilling below 600 feet. This is a 1025-foot test.

Excel Energy has drilled and abandoned its test in Sec. 29, T38N, R24E, Apache County. Total depth was 6020' in Precambrian. This was to be a test of the Mississippian but the operators carried it on thru the Devonian.



OFFICE OF

Oil and Gas Conservation Commission

STATE OF ARIZONA

1645 WEST JEFFERSON, SUITE 420

PHOENIX, ARIZONA 85007

PHONE: (602) 255-5161
255

May 7, 1979

Sal Giardina
Geology Section

PUBLICATIONS

Sales of publications since March 6 totaled \$85.50.

ENERGY RESOURCE EXPLORATION

Deep Test Hole, Basin & Range Province, Nevada. The Mobil Oil Co. well located in the Basin and Range province about 32 miles southwest of the extreme northwest corner of Arizona is not spudded yet, as of April 16. This well is located in a geologic environment similar to that of northern Mohave County. Its progress will be followed closely.

Geothermal.

Carlos Aiken of Los Alamos Scientific Laboratory, New Mexico, and Jim Witcher from the geothermal group, Bureau of Geology & Mineral Technology, came to our office to obtain temperature data from our files and to discuss information pertaining to geothermal potential which I have acquired. Their primary area of interest was the Tucson and Coolidge-Eloy basins. The Los Alamos Scientific Laboratory is conducting extensive magnetotelluric surveys in Arizona. They are apparently trying to isolate a site for geothermal drilling.

NEW PUBLICATIONS

The Structure Map of Southeastern Arizona, which I have prepared, is nearly completed and will be ready for printing and distribution shortly. This map is amenable to multipurpose use in addition to petroleum and geothermal exploration.

The report of petroleum and geothermal potential (northeastern Arizona), written by Jack Conley and myself, is in final form and ready to be printed. We are awaiting approval of the preliminary draft from the Four Corners Regional Commission, who helped fund the study.

SG:os

A.J.

S.G.

MONTHLY FINANCIAL REPORT

1 RECEIPTS MONTH OF MARCH 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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	15			
	16			
	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 MARCH 1979	7 EXPENDITURES FUND TITLES	8 TOTAL AMOUNT AVAILABLE YEAR TO DATE	9 CLAIMS PAID YEAR TO DATE	10 OUTSTANDING ENCUMBRANCES	11 UNENCUMBERED BALANCE
15,525 20	1 Personal Services	88,062 00	87,924 64		137 36
2,677 00	2 Emp. Related Exp.	16,402 00	15,153 26		1,248 74
221 95	3 Professional Services	2,393 00	2,392 46		54
378 20	4 Travel - State	5,625 00	4,338 05	700 00	566 95
128 45	5 Travel - Out of State	2,000 00	1,066 26	158 00	775 74
570 91	6 Other Operating Exp.	12,908 57	8,349 17	3,100 00	1,459 40
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19,501 71	TOTALS	127,390 57	119,243 84	3,958 00	4,188 73

AGENCY Oil & Gas Conservation Commission

DIVISION _____

IDENTIFICATION CODE NO. _____

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CLAIMS PAID YEAR TO DATE	OBJECT CODE NO.	DISTRIBUTION OF EXPENDITURES CLASSIFICATION	CLAIMS PAID MONTH OF MARCH 1977
21,546.40	71130	1 Salary: Appointed Official	4,932.32
810.00	71140	2 Per Diem: Commission Members	240.00
65,568.24	71150	3 Salaries: Staff	10,352.82
773.02	71510	4 Emp. Related: Workmens Comp	134.99
522.96	71520	5 Unemployment Insurance	91.76
4,167.77	71530	6 F.I.C.A.	937.00
6,098.32	71542	7 Retirement	1,070.00
2,136.00	71551	8 Health Insurance	216.00
576.00	71552	9 D & L Insurance	72.00
879.19	71570	10 Personnel Comm. Pro Rata Charges	155.25
387.80	72169	11 Professional Serv: Cartographic Symbols	140.75
1,967.96	72199	12 Cartographer	812.0
704.90	72511	13 Travel-State: Mileage - Private Vehicles	225.30
2,489.55	72512	14 Mileage - State Vehicles	
1,037.95	72520	15 Subsistence	153.00
	72531	16 Air Fare	
11.65	72543	17 Parking	
114.00	72549	18 Misc.	
294.66	72560	19 Travel-Out of State: Subsistence	54.50
586.00	72571	20 Air Fare	
79.25	72574	21 Taxis	8.10
40.00	72581	22 Registration Fees	
85	72589	23 Other-Telephone, etc.	35
2,500.00	72711	24 Occupancy: Office Rent	
	72713	25 Warehouse Rent	
	72821	26 Mtn. & Repairs: Furniture	
94.94	72823	27 Adders & Calculators	
53.50	72824	28 Typewriters	
315.00	72826	29 Copy Machine, Other	
	72827	30 Mimeo, Reader-Printer, etc.	
	73111	31 Office Supplies: Printed Stationery & Envelopes	
	73113	32 Carbon & Ribbons	
47.47	73117	33 Reproduction Supplies	
1,324.57	73119	34 Misc. & Blue Prints	175.87
	73259	35 Field Supplies: Logs, etc.	
	73514	36 Printing - Large Maps, etc.	
391.00	73519	37 Misc.	
	73524	38 Legal Advertising	
	73531	39 Subscriptions: Newspaper	
25.00	73533	40 Technical Journals	
448.00	73541	41 Postage Stamps	230.00
172.63	73551	42 Telephone Serv: Central System	29.02
634.58	73552	43 Equipment Rental	85.65
183.91	73553	44 Long Distance	17.25
200.33	73554	45 ATS Service Charge	32.62
1,567.50	73720	46 Organization Dues	
75.80	73730	47 Technical or Reference Books	
	73741	48 Insurance	
250.00	79220	49 Revolving Fund	
37.50	72167	50 Notary Appointment	
65.50	72572	51 Out of State Travel: Railroad Fare	65.50
65.00	73770	52 Registration Fees	
	53	53	
	54	54	
	55	55	
119,243.84		TOTAL	19,501.71

MONTHLY FINANCIAL REPORT

1 RECEIPTS MONTH OF APRIL 1979	2 CLASSIFICATION	3 RECEIPTS	4 APPROPRIATED RECEIPTS	5 UNAPPROPRIATED RECEIPTS	6 TOTAL ALL RECEIPTS YEAR TO DATE
-0-	1 Permits to Drill			-0-	200 00
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	15				
	16				
	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 APRIL 1979	7 EXPENDITURES FUND TITLES	8 TOTAL AMOUNT AVAILABLE YEAR TO DATE	9 CLAIMS PAID YEAR TO DATE	10 OUTSTANDING ENCUMBRANCES	11 UNENCUMBERED BALANCE
7,062 38	1 Personal Services	119,000 00	94,987 02		24,012 98
1,334 33	2 Emp. Related Exp.	21,300 00	16,487 59		4,812 41
-	3 Professional Services	3,143 00	2,392 46		750 54
174 00	4 Travel - State	7,500 00	4,533 05	526 00	2,441 95
79 00	5 Travel - Out of State	2,000 00	1,145 26		854 74
2,886 48	6 Other Operating Exp.	14,387 72	11,235 65	833 80	2,318 27
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11,536 19	TOTALS	167,330 72	130,780 03	1,359 80	35,190 89

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 APRIL 1979			
22,584.78	71130	1	Salary: Appointed Official	1	1,038.38		
810.00	71140	2	Per Diem: Commission Members	2			
71,592.24	71150	3	Salaries: Staff	3	6,024.00		
831.02	71510	4	Emp. Related: Workmens Comp	4	58.00		
565.35	71520	5	Unemployment Insurance	5	42.39		
4,600.70	71530	6	F.I.C.A.	6	432.93		
6,592.71	71542	7	Retirement	7	494.39		
2,312.00	71551	8	Health Insurance	8	176.00		
636.00	71552	9	D & L Insurance	9	60.00		
949.81	71570	10	Personnel Comm. Pro Rata Charges	10	70.62		
387.00	72169	11	Professional Serv: Cartographic Symbols	11			
1,967.96	72199	12	Cartographer	12			
704.90	72511	13	Travel-State: Mileage - Private Vehicles	13			
2,663.55	72512	14	Mileage - State Vehicles	14	174.00		
1,037.95	72520	15	Subsistence	15			
112.00	72531	16	Registration Fees	16			
11.65	72543	17	Parking	17			
2.00	72549	18	Misc.	18			
294.66	72560	19	Travel-Out of State: Subsistence	19			
665.00	72571	20	Air Fare	20	79.00		
79.25	72574	21	Taxis	21			
40.00	72581	22	Registration Fees	22			
85	72589	23	Other-Telephone, etc.	23			
5,000.00	72711	24	Occupancy: Office Rent	24	2,500.00		
	72713	25	Warehouse Rent	25			
	72821	26	Mtn. & Repairs: Furniture	26			
949.4	72823	27	Adders & Calculators	27			
53.50	72824	28	Typewriters	28			
315.00	72826	29	Copy Machine, Other	29			
	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			
1,412.70	73119	34	Misc. & Blue Prints	34	88.19		
	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			
448.00	73541	41	Postage Stamps	41			
198.37	73551	42	Telephone Serv: Central System	42	35.74		
220.23	73552	43	Equipment Rental	43	85.65		
216.00	73553	44	Long Distance	44	32.09		
237.80	73554	45	ATS Service Charge	45	37.42		
1,567.50	73720	46	Organization Dues	46			
143.19	73730	47	Technical or Reference Books	47	67.39		
	73741	48	Insurance	48			
250.00	79220	49	Revolving Fund	49			
37.50	72167	50	Notary Appointment	50			
	72572	51	Travel-Out of State: Railroad Fare	51			
65.00	73770	52	Registration Fees	52			
	72122	53	Court Reporter	53			
115.45	72732	54	Bldg. Mtn.	54	49.95		
		55		55			
130,780.03		TOTAL			11,536.19		