

OIL & GAS CONSERVATION COMMISSION  
Meeting: March 21, 1980  
Mr. W. E. Allen, Exec. Sec.



OFFICE OF

**Oil and Gas Conservation Commission**

STATE OF ARIZONA

1645 WEST JEFFERSON, SUITE 420

PHOENIX, ARIZONA 85007

PHONE: (602) 271-5031

A G E N D A

Meeting

March 21, 1980

Anschutz Drilling Location  
Florence, Arizona

10:00 a.m.

Call to Order

1. Approval of minutes of meeting of January 18, 1980
2. Report of Executive Secretary
3. Report of Enforcement Section
4. Report of Geology Section
5. Old Business
6. New Business
7. 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 18, 1980

Present:

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

The regular Commission meeting of January 18, 1980 was called to order by Chairman Ralph Bilby at 10:00 a.m.

Guests were introduced by the Executive Secretary.

The meeting was turned over to Mr. Charles Williams, Manager of Western Operations for Anschutz Corporation, who gave an in-depth presentation of the Anschutz Corporation's operations and plans for exploration in Arizona.

Minutes of the meeting of November 16, 1979 were approved as written.

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

The Executive Secretary advised that the Commission budget request for 1980-81 has been reviewed by the Joint Legislative Budget Committee and the Department of Administration Budget Office, with few changes made. The budget request will now be presented to the Legislature for consideration.

The executive Secretary advised that a bill which was introduced and failed to pass the last session of the Legislature, giving the Commission statutory authority to make natural gas pricing determinations, as mandated by the Federal Energy Regulatory Commission, will be introduced in the upcoming session of the Legislature by Senator Boyd Tenney and Representative Bill Lewis.

After discussion, Member Dale Nations made a motion that the Resolution adopted by the Commission on September 21, 1979, be reversed. The Resolution endorsed the principal and intent of Arizona Revised Statutes 27-555 regarding the leasing of state lands for oil and gas exploration as now written until oil and/or gas production is discovered on state or private lands. The motion was seconded but failed to pass.

Chairman Bilby introduced a letter from Mr. Hal Butler, whose

Minutes of Meeting  
January 18, 1980  
Page 2

term as a member of the Commission has expired. It was moved and passed that the Chairman write a letter to Mr. Butler, expressing the appreciation of the entire Commission for his services and regretting his departure, and that both letters become a part of the record of the Commission.

The meeting adjourned at 12 noon.

APPROVED

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Also Present:

Senator Boyd Tenney  
Senator Stan Turley  
Representative Bill Lewis  
Dr. Larry Fellows, State Geologist  
Dr. H. Wesley Peirce, Bureau of  
Geology & Mineral Technology  
Mr. A. K. Doss, State Land Department



OFFICE OF

**Oil and Gas Conservation Commission**

STATE OF ARIZONA

1645 WEST JEFFERSON, SUITE 420

PHOENIX, ARIZONA 85007

PHONE (602) 254-1111

ACTIVITY REPORT

March 12, 1980

W. E. Allen  
Executive Secretary

The past couple of months have been fairly busy with legislative matters which concern the Commission.

We initiated the introduction of S.B. 1138 and H.B. 2186, companion bills, concerning pricing determinations for natural gas. H.B. 2186 has passed the Natural Resources Committee and is now in the Rules Committee of the House. Senate Bill 1138 failed to get out of the Senate Natural Resources Committee.

Anschutz Corporation caused H.B. 2338 to be introduced. This proposed legislation would give Anschutz the right to form drilling units on a voluntary basis. These proposed units would be approved by the State Land Commissioner as to size and configuration. If production of oil or gas is found, the drilling unit could develop into a production unit. To me, this proposed bill is in conflict with our statutes on unitization. This will be discussed more fully at our meeting on March 21st.

S.B. 1182 and H.B. 2187 propose the establishing of an Arizona Energy Office. If either of these bills becomes law, the Oil and Gas Commission would become a division within the Energy Office. All other agencies proposed for inclusion in the Energy Office are strictly planning agencies and, since we are a regulatory agency, I am opposed to our Commission being included in these proposed bills. As of now, neither bill has been heard. Mr. Palmer has indicated he will talk with Senator Boyd Tenney on this proposed legislation.

Your input on any bill which concerns this Commission will be greatly appreciated.

S.B. 1178 proposes that all agencies, commissions, departments, etc., submit their rules and regulations to a legislative

Executive Secretary  
March 12, 1980  
Page 2

review committee prior to final adoption. No action has been taken on this bill.

Plans have been firmed up on holding the upcoming meeting at the Anschutz drilling site. Don Whittaker will send you a map directing you to the drilling location. For our meeting, Mr. Norm Johnson has allowed us the use of his trailer and he will conduct a tour of the drilling operations following the meeting.

When you arrive, please park outside the fenced area and, should you arrive before me, ask for Mr. Johnson. If you desire, after the meeting we can have lunch in Coolidge. The cafe in Florence is pretty bad. Drilling rigs are fairly dirty places, so we advise you to dress accordingly.

Some pretty exciting things are about to happen in Arizona. Don will bring you up to date on the upcoming activity.



OFFICE OF  
**Oil and Gas Conservation Commission**  
STATE OF ARIZONA  
8686 NORTH CENTRAL, SUITE 106  
PHOENIX, ARIZONA 85020

March 12, 1980

ACTIVITY REPORT

Don Whittaker  
Director, Enforcement Section

We have received two applications for drilling permits since our last meeting. These are:

Pyramid Oil Co., Santa Fe Springs, Calif.  
NW/NW sec. 33-41N-9W, Mohave County  
Federal lease, Permit depth 2600'  
Anticipated spud date - 1st week in April

Travis Oil Co., Los Angeles, Calif.  
NW/SE sec. 24-41N-1W, Coconino County  
Federal lease, Permit depth 1000'  
Rig to move in April 1st

Permits being processed - Federal leases:

Gulf Oil Co.  
NE/SW sec. 30-36N-9W, Mohave County  
Proposed depth 6000'

Decca 80  
SW/NE sec. 23-25N-6W, Coconino County  
Proposed depth 7000'

Home Petroleum Co., Houston, Texas  
Has submitted a state wide \$25,000 bond. Rumors are they expect to drill several wells in the northwestern part of the state this year.

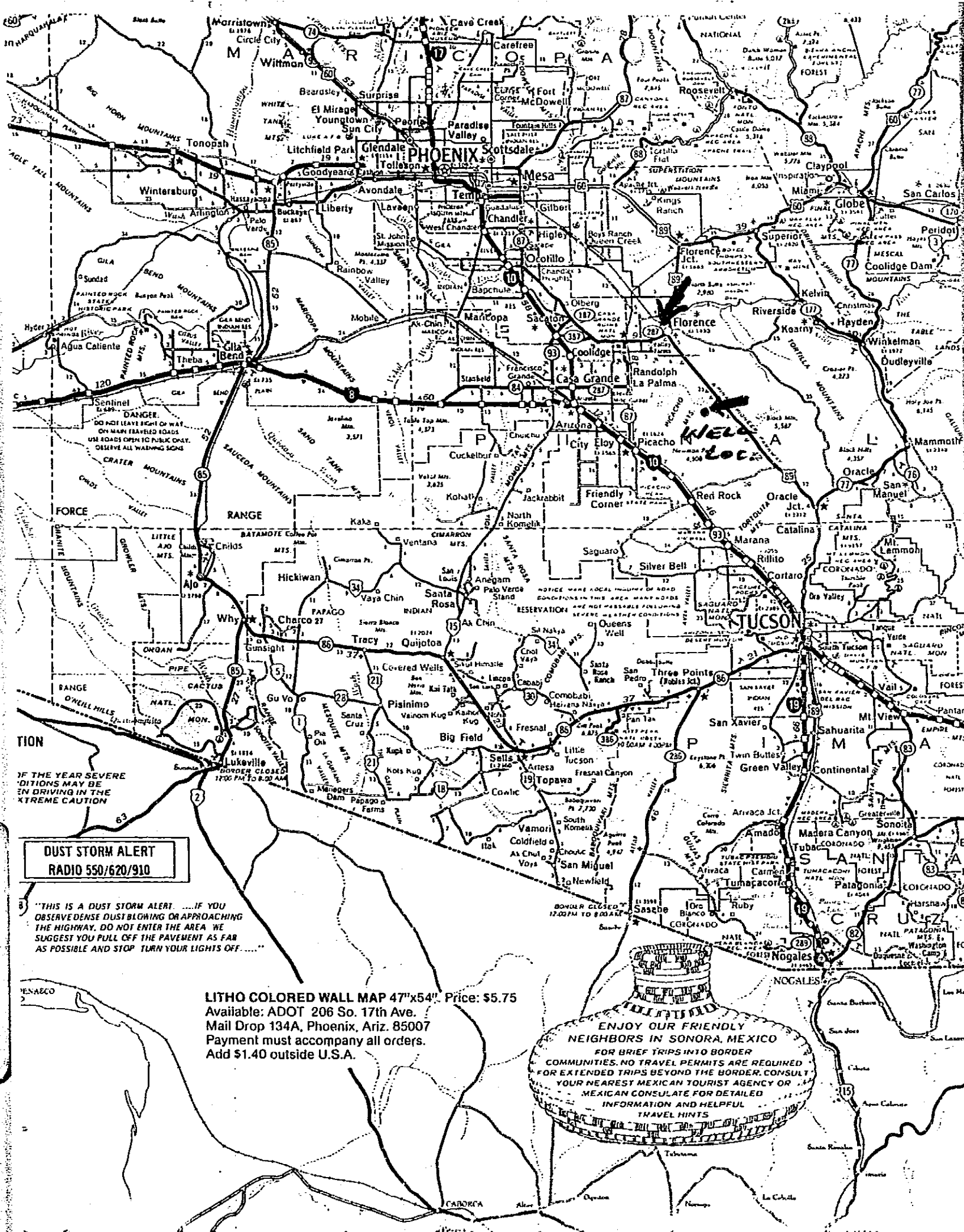
Southwest Gas Co., Las Vegas, Nevada, inquired as to the procedure for securing a permit. They indicated they will be ready to start drilling their storage cavern wells the last quarter of this year.

Drilling Activity - As of March 11, 1980, the Anschutz well was drilling at 1600 feet. Their program calls for drilling to the top of the granite in three stages before setting surface pipe. They will drill a 12½ hole to top of granite, then open it up to 17½" and finally 26" so they can run 20" pipe. Pipe will be set in the top of the granite and cement circulated to the surface.

The Mobil Oil Co. well in southeast Nevada was last reported to be drilling approximately 16,000 feet. Reports are that shows of hydrocarbons have been encountered but this has not been confirmed.

Field Trips - The only trips made the past two months have been to the Anschutz location.

Enclosed please find map and directions to the Anschutz location.



DANGER.  
DO NOT LEAVE CAR OR TRUCK  
ON HIGHWAY EXCEPT TO  
USE ADDED OPEN TO PUBLIC ONLY.  
OBSERVE ALL WARNING SIGNS.

IF THE YEAR SEVERE  
CONDITIONS MAY BE  
EN DRIVING IN THE  
EXTREME CAUTION

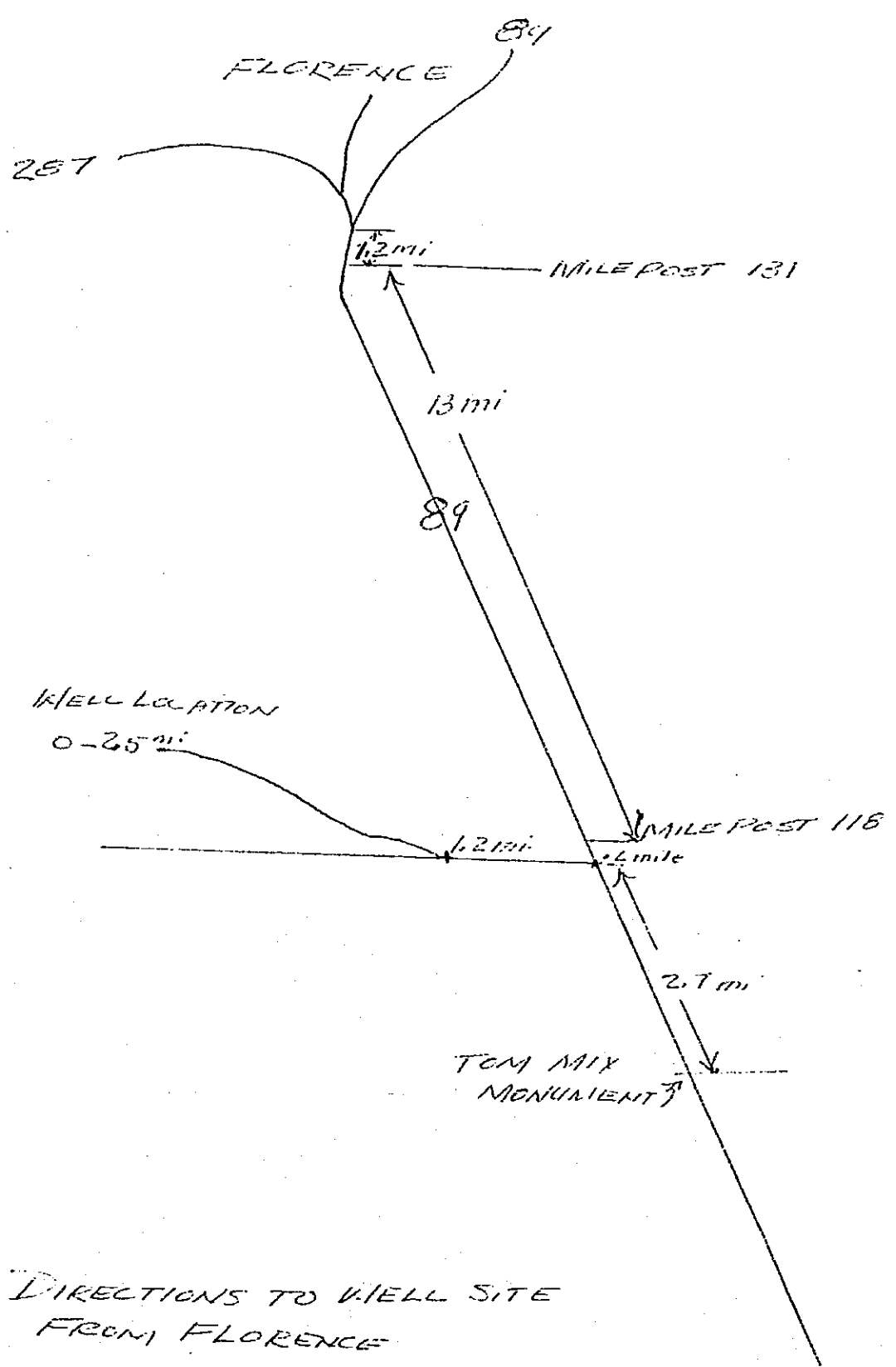
**DUST STORM ALERT**  
RADIO 550/620/910

"THIS IS A DUST STORM ALERT. IF YOU  
OBSERVE DENSE DUST BLOWING OR APPROACHING  
THE HIGHWAY, DO NOT ENTER THE AREA. WE  
SUGGEST YOU PULL OFF THE PAVEMENT AS FAR  
AS POSSIBLE AND STOP. TURN YOUR LIGHTS OFF."

**LITHO COLORED WALL MAP 47"x54"** Price: \$5.75  
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Payment must accompany all orders.  
Add \$1.40 outside U.S.A.

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FOR EXTENDED TRIPS BEYOND THE BORDER. CONSULT  
YOUR NEAREST MEXICAN TOURIST AGENCY OR  
MEXICAN CONSULATE FOR DETAILED  
INFORMATION AND HELPFUL  
TRAVEL HINTS





DIRECTIONS TO WELL SITE  
FROM FLORENCE



OFFICE OF

**Oil and Gas Conservation Commission**

STATE OF ARIZONA

8686 NORTH CENTRAL, SUITE 106  
PHOENIX, ARIZONA 85020

ACTIVITY REPORT

March 11, 1980

Sal Giardina  
Geology Section

Sales of publications since previous report totaled \$1,407.00.

Oil and Gas Inquiries

The overthrust belt play by The Anschutz Corp. has definitely generated renewed interest in the petroleum potential of the state. We have been experiencing a persistent increase in office visits, out-of-state telephone calls, and publication sales. Most inquiries are directed toward obtaining geologic information about the overthrust belt and availability of land for lease. Some inquiries are oriented toward the potential of the "Strip Country" in northern Arizona. Our latest publication on the petroleum potential and geology of this area is proving to be a timely source of information.

Our records indicate that we have had about 35 office visits since our last meeting. Most visitors are from out of state and represent a variety of independent consultants, major oil companies, and private interests.

New Publications

I am currently engaged in completing an atlas of young geologic faults within the state. This publication will provide additional data for geothermal energy investigations.

**MONTHLY FINANCIAL REPORT**

1 RECEIPTS MONTH OF FEB 1980	2 CLASSIFICATION	3 APPROPRIATED RECEIPTS	4 UNAPPROPRIATED RECEIPTS	5 TOTAL ALL RECEIPTS YEAR TO DATE
50 00	1 Permits to Drill		50 00	100 00
	2			
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	8			
	9			
	10			
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	17			
50 00	TOTAL CURRENT MONTH RECEIPTS		50 00	XXXXXX
	TRANSFERS IN			
XXXXXX	BALANCES BROUGHT FORWARD		50 00	XXXXXX
50 00	TOTALS - MONTH AND YEAR TO DATE		100 00	100 00

6 CLAIMS PAID MONTH OF FEB 1980	7 EXPENDITURES FUND TITLES	8 TOTAL AMOUNT AVAILABLE YEAR TO DATE	9 CLAIMS PAID YEAR TO DATE	10 OUTSTANDING ENCUMBRANCES	11 UNENCUMBERED BALANCE
11,513 25	1 Personal Services	76,069 00	60,921 37	-	15,147 63
2,013 14	2 Emp. Related Exp.	14,544 00	11,038 18	-	3,505 82
-	3 Professional Services	2,925 00	530 00	-	2,395 00
490 41	4 Travel - State	6,300 00	3,557 48	1,209 59	1,532 93
-	5 Travel - Out of State	1,520 00	729 75	405 00	365 25
890 93	6 Other Operating Exp.	17,861 71	13,857 25	442 33	3,568 13
	7				
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14,907 73	TOTALS	119,199 71	90,628 03	2,056 92	26,514 76

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 19 80
18,640 16	71130	1 Salary: Appointed Official	1 3,289 44
600 00	71140	2 Per Diem: Commission Members	2 210 00
41,681 21	71150	3 Salaries: Staff	3 8,013 81
459 16	71510	4 Emp. Related: Workmens Comp	4 87 74
180 93	71520	5 Unemployment Insurance	5 33 90
3,463 66	71530	6 F.I.C.A.	6 692 85
4,222 43	71542	7 Retirement	7 791 22
1,524 83	71551	8 Health Insurance	8 209 25
456 00	71552	9 D & L Insurance	9 60 00
731 17	71570	10 Personnel Comm. Pro Rata Charges	10 138 18
131 25	72169	11 Professional Serv: Cartographic Symbols	11
398 75	72199	12 Cartographer	12
532 93	72511	13 Travel-State: Mileage - Private Vehicles	13
2,369 60	72512	14 Mileage - State Vehicles	14 439 99
553 47	72520	15 Subsistence	15 50 42
78 82	72531	16 Air Fare	16
5 75	72543	17 Parking	17
16 91	72549	18 Misc.	18
222 15	72560	19 Travel-Out of State: Subsistence	19
469 00	72571	20 Air Fare	20
36 60	72574	21 Taxis	21
	72581	22 Registration Fees	22
2 00	72589	23 Other-Telephone, etc.	23
8 64 26	72711	24 Occupancy: Office Rent	24
[175 00]	72713	25 Warehouse Rent	25
238 90	72821	26 Mtn. & Repairs: Furniture	26 238 90
20 60	72823	27 Adders & Calculators	27
70 60	72824	28 Typewriters	28
367 89	72826	29 Copy Machine, Other	29
	72827	30 Mimeo, Reader-Printer, etc.	30
16 80	73111	31 Office Supplies: Printed Stationery & Envelopes	31
	73113	32 Carbon & Ribbons	32
	73117	33 Reproduction Supplies	33
479 62	73119	34 Misc. & Blue Prints	34 69 89
	73259	35 Field Supplies: Logs, etc.	35
132 30	73514	36 Printing - Large Maps, etc.	36
368 63	73519	37 Misc.	37 231 92
	73524	38 Legal Advertising	38
	73531	39 Subscriptions: Newspaper	39
34 00	73533	40 Technical Journals	40 16 00
342 00	73541	41 Postage Stamps	41 128 00
137 08	73551	42 Telephone Serv: Central System	42 21 57
598 50	73552	43 Equipment Rental	43 85 50
100 07	73553	44 Long Distance	44 13 87
198 26	73554	45 ATS Service Charge	45 28 91
1,535 00	73720	46 Organization Dues	46 12 00
111 90	73730	47 Technical or Reference Books	47 36 50
	73741	48 Insurance	48
250 00	79220	49 Revolving Fund	49
	72167	50 Notary Appointment	50
	72572	51 Travel-Out of State: Railroad Fare	51
	73770	52 Registration Fees	52
37 94	73559	53 Telephone Serv: Tax & Directory Assistance	53 7 82
315 90	73790	54 No Other Category (Move warehouse contents)	54
7 50	79260	55 Refund Current Year Receipts	55
90,628 03		TOTAL	14,907 73

OFFICE

(DO NOT WRITE BELOW THIS LINE)

FIELD