

OIL & GAS CONSERVATION COMMISSION
Meeting: May 16, 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

A G E N D A

Meeting
May 16, 1980
1645 West Jefferson, Room 420
Phoenix, Arizona

10:00 a.m.

Call to Order

1. Approval of minutes of meeting of March 21, 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
March 21, 1980
Anschutz Drilling Location
Florence, Arizona

Present:

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

The regular Commission meeting of March 21, 1980 was called to order by Chairman Ralph Bilby at 10:00 a.m.

Chairman Bilby commented that this was the first meeting the Commission ever had on the desert, away from any town, at a wellsite, and that it was a pleasure to meet in such unusual surroundings.

The Chairman introduced Mr. Charles Williams, Manager of Western Operations, and Mr. Jim Bundy, Drilling Manager of Anschutz Corporation. Mr. Bundy gave a rundown on the operations at the location. He advised that one of the largest drilling rigs in the world is on the location. The rig is owned by Parker Drilling Company and is capable of drilling over 20,000 feet.

Mr. Williams advised that present plans are to start two other wells, both in southeastern Arizona, during the present calendar year. There are two seismic crews running in the area north and west of Phoenix. These will be under the direct supervision of Anschutz Corporation's partner - Texoma. Texoma will be operating in the northwest part of Arizona and Anschutz Corporation, with three crews, in the rest of the state. Anschutz Corporation will have authority over all drilling and development operations within the state.

At the conclusion of the presentation by Mr. Williams and Mr. Bundy, the regular business meeting of the Commission was called to order by Chairman Bilby.

Minutes of the meeting of January 18, 1980 were approved as written.

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

The Executive Secretary advised that the Commission has re-introduced a bill which failed to pass at the last session of the

Minutes of Meeting
March 21, 1980
Page 2

Legislature which will give the Commission statutory authority to make natural gas pricing determinations, as mandated by the Federal Energy Regulatory Commission. In the event the bill does not pass, the Executive Secretary feels the Commission should have a hearing to establish the rules for natural gas pricing determinations, as well as updating the current rules and regulations.

The Executive Secretary advised that two bills have been introduced in the current session of the Legislature, one in the Senate and the other in the House of Representatives, both combining the Oil and Gas Conservation Commission with several other departments to create a separate Energy Department. It is felt that these bills will not pass.

Another bill has been introduced to create a Legislative Oversight Committee. This committee would approve any new rules or amendments suggested for adoption by all departments.

The Chairman introduced Mr. A. K. Doss of the State Land Department, who outlined the leasing policy of his office.

The Chairman then introduced Mr. Robert Lane, Deputy State Land Commissioner, who gave a brief outline of his experience before joining the State Land Department and the position he now holds as Deputy State Land Commissioner.

The meeting adjourned at 11:15 a.m. to go into Executive Session.

APPROVED

Also Present:

Mr. Jim Bundy, Anschutz Corporation
Mr. Charles Williams, Anschutz Corporation
Dr. H. Wesley Peirce, Bureau of Geology and Mineral Technology
Mr. Robert Lane, State Land Department
Mr. A. K. Doss, State Land Department
Mr. Dick Wilbur, Tucson Daily Citizen



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ACTIVITY REPORT

May 7, 1980

W. E. Allen
Executive Secretary

As mentioned previously, we initiated the introduction of Senate Bill 1138 and House Bill 2186. These bills were identical and, if passed, would have given the Commission statutory authority to make natural gas price determination as required by federal law. Senate Bill 1138 failed to make it through the Senate Natural Resources Committee. House Bill 2186 passed the House but wasn't considered in the Senate.

This suggested legislation has failed to pass in the last two sessions of the legislature.

You are aware that House Bill 2338, allowing increased oil and gas lease rentals and the creation of exploration or drilling units, passed both houses and has been signed by the Governor. Comment on this bill, as it is written, is withheld.

Two bills were introduced, one in the Senate and the other in the House, which would have created an Arizona Energy Office. This Commission was named as division of these proposed bills. Neither bill passed.

Another bill was introduced which would have caused all rules and regulations to be approved by a legislative oversight committee. Thank goodness this bill failed to pass.

The only other piece of legislation which could have some effect on this Commission was Senate Bill 1205, which allows the use of tape recorders in lieu of court reporters.

The State Health Department has adopted rules and regulations



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The State Health Department has adopted rules and regulations

Executive Secretary
May 6, 1980
Page 2

pertaining to hazardous waste disposal. These rules are so broad and so all inclusive that I'm afraid they may conflict with some of our rules. The Attorney General's Office has been requested to check on any conflicts. Had we been aware of the hearings on the Health Department's rules, we would have attended and commented on several of them.

The Interagency Motor Pool has increased its rates by approximately 35% effective the first of July. This rate increase is going to curtail some necessary state travel.

Salvatore Giardina's geological report on northwestern Arizona has sold very well. The first printing sold out in a matter of weeks and the second printing is moving fairly well. This is one publication on which the entire cost of publishing has been recovered.

Budget time is here again. We will have our first conference with the budget analyst on May 14th. Certain budget items will be brought up at our next meeting.

You will recall that it is now necessary that you furnish receipts for all lodging and meal expenditures you itemize on your travel claims. The amount allowed for travel in a personal car is now 18½¢ per mile.



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ACTIVITY REPORT

May 5, 1980

Don Whittaker
Director, Enforcement Section

Permit Activity

A permit was issued to Home Petroleum Corp., Houston, Texas, April 11 to drill No. 17-1A Federal in Mohave Co. Projected depth in 6500" which should bottom up in Precambrian. Well was spudded May 2. A report on the progress of this well will be updated at the regular meeting.

Gulf Oil has been issued a permit by the U.S. Geological Survey to drill a well in Mohave Co. We expect to receive their state application this week.

Drilling Activity

Anschutz - Last report reaming 26' hole for surface

Travis-Oil Co., Coconino Co. - Drilling suspended awaiting availability of a larger rig

Home Oil Co. - Drilling surface hole

This information will be revised for the upcoming meeting to reflect drilling progress.

Additional Activities

An address was given to Sun City Men's Club May 1 on "Oil in Arizona and the Overthrust Belt."



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ACTIVITY REPORT

May 5, 1980

Sal Giardina
Geology Section

Sales of publications since previous report total \$1,060.50.

Geology of Overthrust Belt

In order to help answer inquiries regarding the geologic setting of Arizona's overthrust belt, I have compiled a series of related geologic papers for distribution. This open-file report will be updated as new data becomes available. I am also planning to visit the recently mapped exposed thrust faults in the Harquahala Mountains. This will allow me to provide firsthand information to interested parties. I expect our office may get some inquiries regarding these structures after their existence is published by the Arizona Geological Society in a few weeks.

New Publication

The state atlas of young geologic faults is now printed and available for distribution.

MONTHLY FINANCIAL REPORT

RECEIPTS MONTH OF	CLASSIFICATION	RECEIPTS	APPROPRIATED RECEIPTS	UNAPPROPRIATED RECEIPTS	TOTAL ALL RECEIPTS YEAR TO DATE
MARCH 1980					
-0-	1 Permits to Drill				100 00
	2				
	3				
	4				
	5				
	6				
	7				
	8				
	9				
	10				
	11				
	12				
	13				
	14				
	15				
	16				
	17				
-0-	TOTAL CURRENT MONTH RECEIPTS			-0-	XXXXXX
	TRANSFERS IN				
XXXXXX	BALANCES BROUGHT FORWARD			100 00	XXXXXX
-0-	TOTALS - MONTH AND YEAR TO DATE			100 00	100 00

CLAIMS PAID MONTH OF	FUND TITLES	TOTAL AMOUNT AVAILABLE YEAR TO DATE	CLAIMS PAID YEAR TO DATE	OUTSTANDING ENCUMBRANCES	UNENCUMBERED BALANCE
MARCH 1980					
7,713 20	1 Personal Services	76,069 00	68,634 57		7,434 43
1,402 84	2 Emp. Related Exp.	14,544 00	12,441 02		2,102 98
29 00	3 Professional Services	2,925 00	559 00		2,366 00
384 94	4 Travel - State	6,300 00	3,942 42	1,424 65	932 93
392 14	5 Travel - Out of State	1,500 00	1,121 89		378 11
346 29	6 Other Operating Exp.	18,524 36	14,197 54	362 98	3,963 84
	7 Capital Outlay-Equipment				
	8				
	9				
	10				
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	28				
	29				
	30				
10,268 41	TOTALS	119,862 36	100,896 44	1,787 63	17,178 29

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
			MARCH 1980
20,833.12	71130	1 Salary: Appointed Official	2,192.96
750.00	71140	2 Per Diem: Commission Members	150.00
47,057.45	71150	3 Salaries: Staff	5,370.24
577.53	71510	4 Emp. Related: Workmens Comp	58.37
203.61	71520	5 Unemployment Insurance	22.68
3,927.26	71530	6 F.I.C.A.	463.60
4,751.85	71542	7 Retirement	529.42
1,702.83	71551	8 Health Insurance	178.00
576.00	71552	9 D & L Insurance	60.00
821.94	71570	10 Personnel Comm. Pro Rata Charges	90.77
131.25	72169	11 Professional Serv: Cartographic Symbols	
127.75	72199	12 Cartographer	29.00
635.61	72511	13 Travel-State: Mileage - Private Vehicles	102.68
2,647.18	72512	14 Mileage - State Vehicles	277.58
558.15	72520	15 Subsistence	4.68
78.82	72531	16 Air Fare	
5.75	72543	17 Parking	
16.91	72549	18 Misc.	
301.56	72560	19 Travel-Out of State: Subsistence	79.41
709.00	72571	20 Air Fare	240.00
61.05	72574	21 Taxis	24.45
	72581	22 Registration Fees	
50.28	72589	23 Other-Telephone, etc.	48.28
864.26	72711	24 Occupancy: Office Rent	
175.00	72713	25 Warehouse Rent	
259.25	72821	26 Mtn. & Repairs: Furniture	20.35
20.60	72823	27 Adders & Calculators	
70.00	72824	28 Typewriters	
367.89	72826	29 Copy Machine, Other	
	72827	30 Mimeo, Reader-Printer, etc.	
16.80	73111	31 Office Supplies: Printed Stationery & Envelopes	
	73113	32 Carbon & Ribbons	
	73117	33 Reproduction Supplies	
596.22	73119	34 Misc. & Blue Prints	116.60
	73259	35 Field Supplies: Logs, etc.	
132.30	73514	36 Printing - Large Maps, etc.	
368.63	73519	37 Misc.	
	73524	38 Legal Advertising	
49.39	73531	39 Subscriptions: Newspaper	49.39
48.00	73533	40 Technical Journals	14.00
342.00	73541	41 Postage Stamps	
154.91	73551	42 Telephone Serv: Central System	17.83
684.00	73552	43 Equipment Rental	85.50
106.50	73553	44 Long Distance	6.43
227.93	73554	45 ATS Service Charge	29.67
1,535.00	73720	46 Organization Dues	
111.90	73730	47 Technical or Reference Books	
	73741	48 Insurance	
750.00	79220	49 Revolving Fund	
	72167	50 Notary Appointment	
	72572	51 Travel-Out of State: Railroad Fare	
	73770	52 Registration Fees	
44.46	73559	53 Telephone Serv: Tax & Directory Assistance	6.52
315.00	73790	54 No Other Category (Move warehouse contents)	
7.50	79260	55 Refund Current Year Receipts	
100,890.44		TOTAL	10,268.47