

OIL & GAS CONSERVATION COMMISSION  
Meeting: May 21, 1982  
Mr. A. K. Doss, Exec. Director



OFFICE OF

**Oil and Gas Conservation Commission**  
STATE OF ARIZONA

1645 WEST JEFFERSON, SUITE 420  
PHOENIX, ARIZONA 85007  
PHONE: (602) 255-5161

A G E N D A

Meeting  
May 21, 1982  
1645 West Jefferson, Room 420  
Phoenix, Arizona

10:00 a.m.

Call to order

1. Approval of Minutes of Executive Session and Meeting of April 2, 1982
2. Report of Executive Director
3. Report of Enforcement Section
4. Old Business
5. New Business
  - A. Consider Adoption of Revised Rules and Regulations
6. Adjourn

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



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TO THE HONORABLE SECRETARY OF STATE  
AND THE CITIZENS OF THE STATE OF ARIZONA

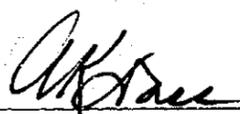
Pursuant to A.R.S. § 38-431.02, notice is hereby given that a regular meeting of the Oil and Gas Conservation Commission will be held at 10:00 a.m. on May 21, 1982 at the Commission offices at 1645 West Jefferson Street, Suite 420, Phoenix, Arizona.

Notice is hereby also given pursuant to A.R.S. § 38-431.02.B. that in the course of the regular meeting, the Commission may go into Executive Session for advice from legal counsel pursuant to A.R.S. § 38-431.03.A.3.

Dated this 19th day of May, 1982.

OIL AND GAS CONSERVATION COMMISSION

By

  
A. K. Doss  
Executive Director



OFFICE OF

**Oil and Gas Conservation Commission**

STATE OF ARIZONA

1645 WEST JEFFERSON, SUITE 420

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ACTIVITY REPORT

May 12, 1982

A. K. Doss  
Executive Director

A. Legislative Activity - Three bills have been signed by the Governor which have direct impact on the Commission:

1. House Bill 2350 - Providing for the payment in kind of State's royalty oil. The oil operator does not have to construct new storage facilities for storing the royalty oil. Purchaser may exchange the royalty oil for oil of equal value. State Land Department may exchange subsurface and surface estates to consolidate acreage so that the state owns both surface and subsurface to eliminate the split estates headache. Retains state royalty at 12½%.
2. House Bill 2228 - Amends the definition of "well" in the Groundwater Management Act of 1980 to exclude wells drilled for oil, gas, helium, geothermal resource and certain mineral exploration holes. This was a major victory.
3. Senate Bill 1348 - Providing for an Executive Director who may act for the Commission by order of the Commission.
4. Senate Bill 1370. Got this bill withdrawn by Burton Barr. This bill would have given the Department of Water Resources "Pedis Possessio" inroads to the Oil and Gas Conservation Commission regulatory jurisdiction.

B. Drilling Interest (Rumors)

We have issued 17 Permits to Drill so far in 1982:

Activity Report  
Executive Director  
May 12, 1982  
Page 2

- 4 geothermal gradient
- 1 geothermal
- 12 oil and gas

Three companies have asked for reproductions of logs and file information on the Phillips Tombstone well - Getty Oil Company, Gulf Oil and Sanchez-O'Brien. Getty says they may still be able to drill their 16,000' test south of Willcox before the end of the year. John Karabees says Sanchez'O'Brien is still planning on three tests before the end of the year - one in Cochise County, one in the Lake Roosevelt area and one in the strip country.

Phillips is still working on a farmout to redrill the Tombstone hole.

Kerr-McGee says they are planning more development wells in the Dineh-bi-Keyah field.

Jay Shields is planning several more shallow tests east of Fredonia before drilling his 4000' test.

Pan American Energy Corporation plan to start their first hole in about a month --- 3500'-4000' into unweathered granite, then plug back as a water well. Rig will then move over and drill first 12,500' hole.

New Mexico-Arizona Land Company plan to get two 5000' holes drilled near Concho, to begin by July.

- C. Departure of a dear person and friend and conscientious and dedicated employee - Ann vonBlume is retiring the end of June - we will miss her greatly. Her replacement is Mrs. Katie Weinand Barnes, who comes aboard June 1st to understudy for the last month for Ann.

*Harold Witzler  
Bedrock, Inc.  
Ck City, test  
4-5000  
Cochise*



OFFICE OF

**Oil and Gas Conservation Commission**

STATE OF ARIZONA

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PHOENIX, ARIZONA 85007

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ACTIVITY REPORT

May 12, 1982

R. A. Ybarra  
Enforcement Director

During this report period, two Phillips Petroleum wells were abandoned as dry holes. Well No. Redondo A1 State in Pima County was abandoned on March 20th and the Safford A1 State well in Graham County on April 12th. A typical abandonment program on these wells has consisted of a 100-foot plug across the shoe of the 9-5/8" casing and a 25-to 30-foot plug at the surface. Upon leaving the well site, the mud reserve pits have been properly fenced to prevent large animals from falling in.

Phillips commenced drilling on Well No. Huachuca A1 State in Cochise County on March 26 and on well No. Douglas A1 State, also in Cochise County, on April 18. I was present at both wells to witness the running and cementing of the surface casing. As of May 12, the Huachuca well was drilling at 6240' and the Douglas well at 4650'. The wells are targeted for depths of 8000' and 6000', respectively.

Energy Reserves Group, Inc., started drilling Well No. 12 Navajo-0 in the Teec Nos Pos on April 22. This well was drilled to a total depth of 5155', where 4-1/2" casing was cemented. A 10-foot section in the Desert Creek Formation was perforated and tested. After acidization, the well started flowing natural gas at an estimated rate of 5 million cubic feet per day and after several hours the well started making oil, flowing at a rate of approximately 200 barrels of oil per day. This may be the first commercial Desert Creek production in this field, as the established production is from the overlying Ismay Formation. A test of the Ismay will determine whether we have a new pool discovery or a new field discovery.

Tri Oil Company from Riverdale, California was given approval to drill a 4500' well in the Wittman area in Maricopa County. This well was spudded on April 12. Surface casing has been set and cemented at 383' and the total depth to date is 450'.

Activity Report  
Enforcement Director  
May 12, 1982  
Page 2

Gail W. Sponseller from Corona, California was given approval to drill two wells in the Lakeside area near Show Low, one on private land and the other on federal land. Environmental assessment approval on the latter well is expected this month. Both wells are targeted for 2000'.

J. M. Shields has filed an application to drill a 4000' well in the same general area where he drilled his shallow wells. Now we have been advised that he will drill more shallow wells prior to drilling the deeper well.

MONTHLY FINANCIAL REPORT

1 RECEIPTS MONTH OF APR 1982	2 CLASSIFICATION	3 RECEIPTS	4 APPROPRIATED RECEIPTS	5 UNAPPROPRIATED RECEIPTS	6 TOTAL ALL RECEIPTS YEAR TO DATE
100 00	1 Permits to Drill			100 00	2,827 00
	2				
	3				
	4				
	5				
	6				
	7				
	8				
	9				
	10				
	11				
	12				
	13				
	14				
	15				
	16				
	17				
100 00	TOTAL CURRENT MONTH RECEIPTS			100 00	XXXXXX
	TRANSFERS IN				
XXXXXX	BALANCES BROUGHT FORWARD			2,727 00	XXXXXX
100 00	TOTALS - MONTH AND YEAR TO DATE			2,827 00	2,827 00

6 CLAIMS PAID MONTH OF APR 1982	7 FUND TITLES	8 TOTAL AMOUNT AVAILABLE YEAR TO DATE	9 CLAIMS PAID YEAR TO DATE	10 OUTSTANDING ENCUMBRANCES	11 UNENCUMBERED BALANCE
7,607 74	1 Personal Services	88,200 00	66,906 41		21,293 59
1,454 08	2 Emp. Related Exp.	17,300 00	12,543 40		4,756 60
	3 Professional Services	2,000 00			2,000 00
1,662 30	4 Travel - State	12,000 00	6,125 35	3,624 65	2,250 00
501 80	5 Travel - Out of State	3,200 00	1,492 57	225 00	1,482 43
796 51	6 Other Operating Exp.	19,232 60	14,408 38	915 50	1,908 72
-	7 Capital Outlay-Equipment	-	-	-	-
	8				
	9				
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	30				
12,022 43	TOTALS	141,932 60	103,476 11	4,765 15	33,691 34

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 19
27,094.29	71130	1 Salary: Appointed Official	1 2,605.22
540.00	71140	2 Per Diem: Commission Members	2 240.00
39,272.12	71150	3 Salaries: Staff	3 4,762.52
453.40	71510	4 Emp. Related: Workmens Comp	4 53.66
281.07	71520	5 Unemployment Insurance	5 36.84
4,250.34	71530	6 F.I.C.A.	6 193.64
4,483.17	71542	7 Retirement	7 275.74
1,508.45	71551	8 Health Insurance	8 182.78
516.00	71552	9 D&L Insurance	9 48.00
802.93	71570	10 Personnel Comm. Pro Rata Charges	10 91.30
248.04		11 Dental Insurance	11 32.12
-	72122	12 Professional Serv: Court Reporter	12 -
-	72169	13 Cartographic Symbols	13 -
-	72199	14 Cartographer	14 -
646.40	72511	15 Travel-State: Mileage - Private Vehicles	15 270.80
4,244.70	72512	16 Mileage - State Vehicles	16 1,061.50
1,122.25	72520	17 Subsistence	17 330.00
105.00	72531	18 Air Fare	18 -
7.00	72543	19 Parking	19 -
	72549	20 Misc.	20 -
503.37	72560	21 Travel-Out of State: Subsistence	21 31.80
214.00	72571	22 Air Fare	22 130.00
	72574	23 Taxis	23 -
390.00	72581	24 Registration Fees	24 340.00
385.20	72589	25 Other-Telephone, etc.	25 -
8,809.00	72711	26 Occupancy: Office Rent	26 -
	72821	27 Mtn & Repairs: Furniture	27 -
18.00	72823	28 Adders & Calculators	28 -
70.00	72824	29 Typewriters	29 -
330.00	72826	30 Copy Machine, Other	30 -
50.00	72827	31 Reader-Printer	31 50.00
	73111	32 Office Supplies: Printed Stationery & Envelopes	32 -
	73113	33 Carbon & Ribbons	33 -
	73117	34 Reproduction Supplies	34 -
773.99	73119	35 Misc. & Blue Prints	35 111.18
	73514	36 Printing: Large Maps, etc.	36 -
143.85	73519	37 Misc.	37 -
367.09	73524	38 Legal Advertising	38 -
61.39	73531	39 Subscriptions: Newspaper	39 49.39
117.00	73533	40 Technical Journals	40 55.00
491.00	73541	41 Postage Stamps	41 80.00
189.00	73551	42 Telephone Serv: Central System	42 21.00
1,126.21	73552	43 Equipment Rental	43 128.55
342.30	73553	44 Long Distance	44 60.65
303.07	73554	45 ATS Service Charge	45 33.15
138.46	73559	46 Tax & Directory Assistance	46 10.19
2,000.00	73720	47 Organization Dues	47 -
123.20	73730	48 Technical or Reference Books	48 -
375.63	73741	49 Insurance	49 -
	73770	50 Registration Fees	50 -
250.00	79220	51 Revolving Fund	51 -
21.00	73549	52 Shipping, Other	52 -
197.40	73112	53 Printing - Forms	53 197.40
78.49	73259	54 Field Supplies	54 -
		55	55 -
103,478.11		TOTAL	12,022.43

OFFICE

(DO NOT WRITE BELOW THIS LINE)

FIELD

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

Minutes of Executive Session  
April 2, 1982

Present:

Mr. Ralph W. Bilby, Chairman  
Mr. L. A. Palmer, Member  
Mr. Watson M. Tomerlin, Member  
Dr. J. Dale Nations, Member  
Mr. Forrest R. Rickard, Member

The regularly scheduled meeting of March 19, 1982 was postponed until April 2, 1982 because a quorum would not be present.

At 10:00 a.m. on April 2, 1982, Mr. Timothy Pierson, member of the staff of the Attorney General's Office and serving as legal counsel to the Commission, advised that since notice of the change of date of the regular Commission meeting and the anticipated Executive Session had not been posted twenty-four hours previous to the meeting, as required by statute, the meeting could not be held to consider adoption of the revised Commission rules. Mr. Pierson advised that if the rules were adopted, they would be void, however the Commission could meet for the purpose of discussion, but could not take any legal action or deliberate anything that would involve legal action.

Mr. Pierson suggested that the Commission could go into an open meeting at a later date, by telephone, and vote formally to ratify the revised Commission rules.

The meeting then adjourned at 10:45 a.m. so that the Commission might hold a general discussion on the geothermal project proposed by Mr. Ted Decker at the regular Commission meeting of January 29, 1982.

APPROVED

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

Minutes of Meeting  
April 2, 1982

Present:

Mr. Ralph W. Bilby, Chairman  
Mr. L. A. Palmer, Member  
Mr. Watson M. Tomerlin, Member  
Dr. J. Dale Nations, Member  
Mr. Forrest R. Rickard, Member

In the general discussion which immediately followed the 10:45 a.m. adjournment of the Executive Session of April 2, 1982, Mr. Timothy Pierson, serving as legal counsel to the Commission, advised that the Commission might open the meeting for the purpose of amending the Minutes of the previous meeting.

It was then moved and passed that the Minutes of the meeting of January 29, 1982 be amended to strike the last sentence of the paragraph in which Chairman Bilby gave instructions to the Executive Director regarding the Ted Decker application to drill a geothermal well and substitute the following:

Chairman Bilby instructed the Executive Director to then take the application to drill to the Attorney General and ask what course of action the Commission should take, whether or not a protest was received.

The meeting adjourned at 11:15 a.m. to resume the informal discussion.

APPROVED

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