

OIL & GAS CONSERVATION COMMISSION  
Meeting: July 16, 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  
July 16, 1982  
Pink Pony Motel  
Show Low, Arizona

10:00 a. m.

Call to order

1. Approval of Minutes of Executive Session and Meeting of May 21, 1982
2. Report of Executive Director
3. Report of Enforcement 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.



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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 July 16, 1982 at the Pink Pony Motel, Show Low, 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.

A copy of the Agenda is available at the Oil and Gas Conservation Commission Office.

Dated this 7th day of July 1982.

OIL AND GAS CONSERVATION COMMISSION

By

A handwritten signature in cursive script, appearing to read "A. K. Doss".

A. K. Doss  
Executive Director



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ACTIVITY REPORT

July 7, 1982

A. K. Doss  
Executive Director

A. BUDGET

The budget cut situation is still up in the air and at this time we still do not know just what is going to happen. We sent a plan to the Governor's budget office that called for putting the Secretary III position on one-half time and cutting out our IOCC expenses. I discussed the IOCC situation with George Britton in the Governor's office and this time he said it must go. Then the Personnel Department informed us that we couldn't cut a position to one-half time, and stated further that they had gotten the word the Governor's Office is trying to make up the cash flow shortfall from the large agencies and sparing the really small ones. Perhaps we will know more by meeting time.

B. DRILLING INTEREST

1. According to Ed Kaufman, President, Pan American Energy Corp., they expect to get kicked-off real "soon". At present they are studying the Arizona tax structure for this type of geothermal project.
2. Mountain States Resources informs us they are planning on four more locations in the Teec Nos Pos field and would like to drill on 40-acre spacing. They were told it would require a hearing before the Commission at our September meeting date. I also informed them for topographic reasons the Staff could administratively approve moving the location on the established unit of 80 acres which might be of some help to them prior to the September meeting date.

Activity Report  
Executive Director  
July 7, 1982  
Page 2

3. Tri Oil Co. ran E. logs 7-1-82. Quixote, Inc. of Chicago (one-third owner) had two consultants on location; Bill Landry, electric log expert, with Keplinger Assoc. of Denver, and consulting geologist, Gene Greenwood, of Midland, Texas.

After much palaver the decision was made to run pipe. Spent much of the Fourth weekend at the rig for logging and pipe running. Tri Oil set new 7", range 4, long collar casing and Halliburton cemented back up to 1000' ± to cover the shallow gas sands. This may be it! More and later information by meeting time.

4. We have issued 30 drilling permits so far in 1982 for:

4 geothermal gradient holes  
1 geothermal hole  
25 oil and gas holes.

5. Kerr McGee staked seven more development wells in the Dineh bi Keyah field and expect to be drilling before the end of July, and these together with Mountain States' four locations will require considerable time in the Farmington area.

C. OFFICE SPACE

The "remodeling" on the fourth floor is finally completed. We lost about 350 square feet of floor space, but we will make out and survive. Considerable furniture ended up in the basement, but that is better than giving it up entirely.

*TED DECKER  
DEAL*



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STATE OF ARIZONA

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ACTIVITY REPORT

July 7, 1982

R. A. Ybarra  
Enforcement Director

During this report period Phillips Petroleum abandoned two wells in Cochise County as dry holes. Huachuca Al State was plugged with cement 1155-  
appx. 960' and 30-5', after drilling to a total depth of 8513' on June 2. Two intervals were cored, one at 6065' and the other at total depth. Douglas Al State was abandoned on June 23, after drilling to 7058'. Cored intervals were at 4448', 6055', and at total depth. Cement plugs were placed at 1050-  
appx. 950' and 40-5'.

Phillips commenced drilling Mountain View Al State in Pima County on June 6. I was at the well site on June 9 and witnessed the running and cementing of the 9 5/8', 40 lb., K-55 casing at 1071'. The cementing operations were successful. As of the date of this report the total depth was 6738'. The target depth on well is 9000'.

Phillips also commenced drilling Kirkland Al State in Yavapai County on July 3. The total depth on July 6 was 492'. Target total depth on well is 9000'.

The well sites on abandoned Redondo Al State and Huachuca Al State have been restored. I inspected the Huachuca well site on June 23 and the restoration inspection on the Redondo well was conducted by John Beinfohr from the U. of A.

The Tri Oil Co., Inc., No. 78-28 State in the Wittman area reached a depth of 4520' on July 1 and was logged on this and the following day. Plans for this well beyond the logging phase are to be confidential as requested by the operator. Discussion of these plans, however, would be appropriate at this meeting.

Kerr-McGee filed seven applications for permit to drill development wells in the Dineh-bi-Keyah field, four of which are scheduled to be drilled this year starting in August. The last three wells will be drilled in 1983 starting in May.

Cecil Gustin filed an application for permit to drill a well in NW/4 NW/4 sec. 24-21N-27E in Apache County. This application has not been approved as it was lacking a drilling bond and a proposed casing program.

We have received an application from Merrion Oil and Gas Corp. to convert well No. 3 Navajo, a former producer in the East Boundary Butte field, to salt-water disposal. We have asked the operator for additional data before

Activity Report  
July 7, 1982  
Enforcement Director

we can approve the project. The application would constitute an expansion of an existing authorized project and may be approved by the Commission without a hearing provided no protest or request for hearing on such application is received within 20 days after the date of notification to offsetting operators and surface owners located within one-half mile of proposed well. Well No. 3 is being programmed as backup disposal to well No. 2 Navajo-E in the adjoining section to the south in property not under lease to Merrion.

As reported in May, Gail W. Sponseller from Corona, California, was given approval to drill two wells in the Lakeside area near Show Low. Young Sponseller called and assured me they would spud in on July 10 in time for our July 16 meeting.

The latest word from J. M. Shields is that he will drill four additional shallow wells in the Fredonia area in August prior to drilling the 4000' well, which has been permitted.

An operator from Lake Charles, Louisiana, Mr. Charles Lawrence, is planning to drill a 3500' well in the area bordering the Shields operations. This operator was trying to get Lee Gibson, who is drilling the Tri Oil well in the Wittman area, to drill his well.

At our last meeting we briefly discussed the status of well No. 12 Navajo-0, drilled in the Teec Nos Pos field by Energy Reserves Group, Inc. Subsequent to our discussion, the well has been perforated and tested from three additional pay zones in the upper and lower Ismay Formation. Combined production from both the Desert Creek and Ismay Formations was reported at 360 barrels of oil per day flowing with a tubing pressure of 170 psi. The well at present is shut in awaiting replacement or repair of faulty pumping equipment. This well is to be transferred to Mountain States Resources, Inc., once approval is obtained from the Navajo Tribe in Window Rock. Plans by the new operator are to drill additional wells, and they have made a preliminary request to drill on 40-acre spacing. A hearing on this request is required and will be arranged for our September meeting. Also involved in this operation is the matter of commingling of crudes from different zones and this matter also requires a hearing as per ARS 12-7-137, which prohibits subsurface and surface commingling of production from different zones from a single well.

RAY:os

**MONTHLY FINANCIAL REPORT**

1	2	3	4	5
RECEIPTS MONTH OF JUNE 1982	RECEIPTS CLASSIFICATION	APPROPRIATED RECEIPTS	UNAPPROPRIATED RECEIPTS	TOTAL ALL RECEIPTS YEAR TO DATE
175 00	1 Permits to Drill		175 00	3002 00
	2			
	3			
	4			
	5			
	6			
	7			
	8			
	9			
	10			
	11			
	12			
	13			
	14			
	15			
	16			
	17			
	TOTAL CURRENT MONTH RECEIPTS		175 00	XXXXXX
XXXXXX	TRANSFERS IN			
	BALANCES BROUGHT FORWARD		2827 00	XXXXXX
	<b>TOTALS - MONTH AND YEAR TO DATE</b>		3002 00	

6	7	8	9	10	11
CLAIMS PAID MONTH OF JUNE 1982	EXPENDITURES FUND TITLES	TOTAL AMOUNT AVAILABLE YEAR TO DATE	CLAIMS PAID YEAR TO DATE	OUTSTANDING ENCUMBRANCES	UNENCUMBERED BALANCE
7,404 03	1 Personal Services	93,700 00	74,310 44		19,389 56
1,754 88	2 Emp. Related Exp.	18,100 00	17,339 06		760 94
75 00	3 Professional Services	2,000 00	1,575 00		425 00
1,053 72	4 Travel - State	12,000 00	8,433 02	1,746 93	1,820 05
390 45	5 Travel - Out of State	3,200 00	2,244 52		955 48
701 77	6 Other Operating Exp.	17,300 00	15,314 11	992 69	993 20
-	7 Capital Outlay-Equipment				
	8				
	9				
	10				
	11				
	12				
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	27				
	28				
	29				
	30				
11,279 85	<b>TOTALS</b>	146,300 00	119,216 15	2,739 62	24,344 23



AGENCY Oil & Gas Conservation Commission

DIVISION \_\_\_\_\_

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

1		2		3		4	
CLAIMS PAID YEAR TO DATE		OBJECT CODE NO.	DISTRIBUTION OF EXPENDITURES			CLAIMS PAID MONTH OF JUNE 1982	
			CLASSIFICATION				
33,998	12	71130	1 Salary: Appointed Official				
720	00	71140	2 Per Diem: Commission Members	1	4,298	61	
58,036	70	71150	3 Salaries: Staff	2	180	00	
611	61	71510	4 Emp. Related: Workmens Comp	3	13,965	77	
409	44	71520	5 Unemployment Insurance	4	104	84	
5,970	13	71530	6 F.I.C.A.	5	91	32	
6,279	96	71542	7 Retirement	6	1,223	72	
3,009	86	71551	8 Health Insurance	7	1,278	51	
612	00	71552	9 D&L Insurance	8	318	63	
1,113	11	71570	10 Personnel Comm. Pro Rata Charges	9	48	00	
332	98	71553	11 Dental Insurance	10	221	33	
		72122	12 Professional Serv: Court Reporter	11	52	82	
		72169	13 Cartographic Symbols	12			
75	00	72199	14 Cartographer	13			
822	60	72511	15 Travel-State: Mileage - Private Vehicles	14	75	00	
5,822	42	72512	16 Mileage - State Vehicles	15			
1,532	80	72520	17 Subsistence	16	696	92	
149	00	72531	18 Air Fare	17	260	00	
10	00	72543	19 Parking	18			
		72549	20 Misc.	19			
893	82	72560	21 Travel-Out of State: Subsistence	20			
575	50	72571	22 Air Fare	21	390	45	
6	00	72574	23 Taxis	22			
390	00	72581	24 Registration Fees	23	6	00	
18	80	72589	25 Other-Telephone, etc.	24			
8,809	60	72711	26 Occupancy: Office Rent	25			
		72821	27 Mtn & Repairs: Furniture	26			
18	00	72823	28 Adders & Calculators	27			
70	00	72824	29 Typewriters	28			
330	00	72826	30 Copy Machine, Other	29			
50	00	72827	31 Reader-Printer	30			
197	40	73111	32 Office Supplies: Printed Stationery & Envelopes	31			
		73113	33 Carbon & Ribbons	32			
42	50	73117	34 Reproduction Supplies	33			
1,122	60	73119	35 Misc. & Blue Prints	34	(39)	75	
223	76	73514	36 Printing: Large Maps, etc.	35	348	61	
143	85	73519	37 Misc.	36	223	76	
367	09	73524	38 Legal Advertising	37			
61	39	73531	39 Subscriptions: Newspaper	38			
117	00	73533	40 Technical Journals	39			
619	00	73541	41 Postage Stamps	40			
231	00	73551	42 Telephone Serv: Central System	41	128	00	
1,378	81	73552	43 Equipment Rental	42	21	00	
420	62	73553	44 Long Distance	43	128	55	
368	82	73554	45 ATS Service Charge	44	35	71	
142	10	73559	46 Tax & Directory Assistance	45	32	05	
2,000	00	73720	47 Organization Dues	46	14	84	
214	50	73730	48 Technical or Reference Books	47			
375	63	73741	49 Insurance	48	59	00	
		73770	50 Registration Fees	49			
250	00	79220	51 Revolving Fund	50			
21	00	73549	52 Shipping, Other	51			
197	40	73112	53 Printing - Forms	52			
78	49	73259	54 Field Supplies	53			
			55	54			
138,239	18		TOTAL	55	24,163	69	

OFFICE

(DO NOT WRITE BELOW THIS LINE)

FIELD