

OIL & GAS CONSERVATION COMMISSION
Meeting: January 21, 1983
Mr. A. K. Doss, Exec. Director

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1602#



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
January 21, 1983
1645 West Jefferson, Room 420
Phoenix, Arizona

10:00 a.m.

Call to order

1. Approval of Minutes of Meeting of November 19, 1982
2. Report of Executive Director
3. Report of Enforcement Section
4. Old Business
5. New Business
6. Adjourn
7. Hearing

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 January 21, 1983 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 7th day of January 1983.

OIL AND GAS CONSERVATION COMMISSION

By

A. K. Doss
Executive Director

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

Minutes of Meeting
November 19, 1982

Present:

Dr. J. Dale Nations, Vice-Chairman
Mr. L. A. Palmer, Member
Mr. Forrest R. Rickard, Member
Mr. Watson M. Tomerlin, Member

The regular Commission meeting of November 19, 1982 was called to order by Dr. Dale Nations at 10:02 a.m. A. K. Doss advised that the Chairman, Mr. Ralph W. Bilby, could not attend this meeting due to an annual meeting of his law firm. After Mr. Bilby's retirement on January 17, 1983, there will be a new member of the Commission whenever the Governor makes an appointment. Mr. Doss suggested that a Vice-Chairman be elected to fill this absence. It was moved by L. A. Palmer and seconded by Forrest Rickard that Dr. Dale Nations serve as the new Vice-Chairman. Motion carried.

A motion was made by Mr. Palmer to approve the minutes of the July 16, 1982 regular meeting although there was not an Executive Session as was indicated on the Agenda for the November 19 meeting. Mr. Rickard seconded the motion. Motion carried. Mr. Doss is to check with the Attorney General regarding the stating of the Executive Session being on the Agenda if there was not an Executive Session held.

A. K. Doss, Executive Director, reviewed his Activity Report. He announced that Russ Kohlsrud will be the new Attorney General for our Commission replacing Tim Pierson who returned to private practice. Mr. Kohlsrud will handle all natural resource cases for the Attorney General's office.

Comment was made by Mr. Doss regarding the log information supplied to Petroleum Information. Dr. Nations remarked that it was a very good move to provide PI this data so that it can be distributed to interested exploration firms.

Mr. Doss advised that the rig at the Wittman location is still on the hole, and that Lee Gibson returned to California to try to secure additional funds to drill another well near the original one as there were legitimate oil shows at this location.

Minutes of Meeting
November 19, 1982
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Dr. Nations said that we should be very encouraged about these shows even though they are not going to completion. Mr. Palmer inquired about the drilling at the Lakeside location. He was advised that this location was abandoned.

Rudy Ybarra, the Enforcement Director, reviewed his Activity Report.

Dr. Nations reported that a U. S. Geological Survey geologist is planning to evaluate the oil in Arizona, and that a request for funding has to be submitted. Mr. Doss advised that an oil operator in Kansas is going to present an exploration program to the White Mountain Indian Reservation to do drilling for oil, gas and minerals, and also do some drilling in the Holbrook Basin.

Mr. Doss reported that our Rules and Regulations have been certified by the Attorney General's office and are in the process of being printed. The geothermal Rules and Regulations are also being revised. First, they must be referred to the Governor's Regulatory Review Council for approval. It is then necessary to have a notice published in the "Administrative Digest" and referred again to the Attorney General's office for certification.

According to Ted Decker in Tucson, if the tax benefits are removed from the present federal geothermal laws, it would not be profitable to venture further in his geothermal project there.

Mr. Doss advised that the Natural Gas Pricing Act Rule has been eliminated from our Rules and Regulations because it would require too much legalese. If natural gas is deregulated in the future, then it is certain that the necessity for the Rule will be eliminated. It was noted that there is not a state statute pertaining to the Natural Gas Pricing Act.

Pertaining to new business, Mr. Doss discussed the upcoming election of a Chairman to replace Mr. Bilby when he retires in January, and suggested having a Vice-Chairman. Mr. Doss will check into the procedure for this election. Mr. Doss suggested that the Commission should entertain composing a letter to Mr. Bilby thanking him for his past service. This will be dealt with at the January 1983 meeting. Mr. Rickard suggested that a letter from Mr. Bilby be sent stating his intention to retire so that his vacancy may be filled without having too long a delay. Dr. Nations and Mr. Palmer said that the Governor should act on this. Mr. Doss will contact the Governor's Office for this action.

Minutes of Meeting
November 19, 1982
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Dr. Nations suggested that we have some explanation of well procedures for the benefit of the Commissioners to understand the terminology better. An informational program would be helpful at each meeting which could include a slide presentation. An application process for a well could also be discussed.

Rudy Ybarra stated that he is working on a reserves figure as he has had many requests for this information.

At 11:11 a.m., upon a motion by Mr. Palmer to adjourn and seconded by Mr. Rickard, the meeting adjourned.

APPROVED



OFFICE OF
Oil and Gas Conservation Commission
STATE OF ARIZONA
1010 WEST WASHINGTON, SUITE 120
PHOENIX, ARIZONA 85007
PHONE: (602) 266-6181

ACTIVITY REPORT

January 7, 1983

A. K. Doss
Executive Director

This is traditionally the slow time of the year for drilling activity, but it should pick up soon as it usually does. For general interest Exxon has two rigs running in 140-16 (Chino Valley). They are drilling 2,000' exploration holes in search of porphyry copper. It was reported to us because they are not using blow-out preventers, but the Land Department assures us they are only penetrating valley fill material overlying Precambrian granite on the west flank of the Mingus Mountains.

The State Land Department reports that a John Messinger has picked up approximately 17,000 acres of leases in the strip country.

John Karabees reports that 1983 should be a very active year for the oil and gas industry in Arizona in spite of Phillips dropping so much of their acreage. In fact not one acre of state land is available for leasing in Mohave County. It is Karabees' understanding that the deep test drilled by Grace Petroleum (17,000') NE of Las Vegas is a new big discovery, that is causing a lot of the major companies to jockey for position.

Karabees predicts that 1983 could be our highest year ever in drilling activity. Leasing activity is brisk in all counties except Pinal.

In November "JOINT LINE ENERGY REPORTS" had a representative in the office reproducing our file records for their market area.

A new crude oil pipeline may soon be built across Arizona starting in Long Beach, CA and ending in Midland, TX. It will be a 42" line designed to carry new California offshore production and Alaska crude.

Activity Report:
Executive Director
January 7, 1983
Page 2

The budget hatchet is still chopping. We will have another \$4500 (?) cut from our '82 - '83 appropriation. We will just have to wait and see on the proposed '83 - '84 budget, but it won't be good.

Petroleum Information has finished reproducing the 600 logs we sent to them. We are to receive three complimentary copies of each. They published an impressive list of the logs in their December 27, 1982 report.

A comparison of facts and figures for the last three years is shown on the following chart:

	<u>1980</u>	<u>1981</u>	<u>1982</u>
1. No of drilling permits issued	14	73	48
2. Total number of wells, all kinds	8	51	42
3. Total footage drilled	32,775'	65,400'	76,708
4. No. of oil tests, dry holes	7	9	16
5. No. of oil producers	0	6	1



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ACTIVITY REPORT

January 6, 1983

R. A. Ybarra
Enforcement Director

During this report period Tri Oil Co. abandoned well 78-28 State in Maricopa County. As was the case during the drilling and testing of the well, the operator continued having equipment problems during the abandonment phase. Unable to displace all of the cement while pumping the bottom-hole plug, the operator wound up with 55 joints of drill pipe packed full with set cement. Fortunately there was enough drill pipe on hand to plug the well from 2490' to approximately 1830' with 147 cubic feet of cement. A 60-foot surface plug was poured from the surface. Complete surface restoration will be done at a later date when the drilling mud and cuttings in the reserve pit become drier. The pit area has been fenced off to prevent animals from falling in.

Tri Oil plans to drill a second well in this area sometime this year when the funding becomes available.

We finally received the drilling bond from Resources Operating Inc. to drill in sec. 29-11N-22E in Navajo County. The proposed 4000' well is scheduled for drilling this month.

Sumatra Energy Co. has filed an application to drill an exploratory well in sec. 17-12N-26E, approximately 26 miles northeast from the proposed Resources Operating Inc. well. The proposed depth is 4000' and the geological target is the Fort Apache.

We assume that Gary Drilling will not drill well 1-28 Buckskin Mtn in Coconino County after all the problems they encountered while drilling their first well. Also, they have not filed for an extension on the permit to drill.

There is nothing exciting to report on the Cecil Gustin well in Chambers but we understand that he plans on drilling a second well.

The long overdue task of preparing the state well location map and inserts for reprinting is underway. We have made numerous changes and additions and added a few new symbols. Overall, the quality of the map should be greatly improved and we plan to have it available to the public in March.

AGENCY OIL & GAS CONSERVATION COMMISSION

DIVISION _____ IDENTIFICATION CODE NO. _____

CLAIMS PAID YEAR TO DATE		OBJECT CODE NO.	DISTRIBUTION OF EXPENDITURES CLASSIFICATION			CLAIMS PAID MONTH OF DEC. 1952	
31,468	32	6011	1	Salaries: Staff	1	7,433	46
17,287	62	6057	2	Appointed Official	2	4,083	69
360	00	6058	3	Per Diem: Commission Members	3	150	00
3,118	42	6111	4	Emp. Related: F.I.C.A.	4	623	43
1,460	03	6113	5	Health Insurance	5	265	46
276	00	6115	6	D&L Insurance	6	48	00
243	84	6117	7	Unemployment Insurance	7	57	60
199	52	6119	8	Workmen's Comp	8	47	50
3,412	99	6155	9	Retirement	9	806	22
589	28	6183	10	Personnel Com. Pro Rata Chg.	10	139	98
216	70	6199	11	Dental Insurance	11	39	40
		6293	12	Prof. Serv.: Court Reporter	12		
		6499	13	Cartographic Sumbols	13		
		6499	14	Cartographer	14		
		6511	15	Travel-State: Air Fare	15		
		6531	16	Taxi	16		
907	85	6541	17	Mileage-Private Vehicles	17	60	00
1,244	57	6551	18	Mileage-State Vehicles	18	258	28
		6569	19	Parking	19		
		6569	20	Telephone	20		
1,380	35	6581	21	Subsistence	21	40	00
		6599	22	Registration Fees; Other	22		
		6611	23	Travel-Out of State: Air Fare	23		
		6631	24	Taxi	24		
		6639	25	Rail Fare	25		
		6641	26	Personal Auto	26		
		6669	27	Parking	27		
		6669	28	Telephone; Other	28		
		6681	29	Subsistence	29		
		6699	30	Registration Fee	30		
		7019	31	Legal Advertising	31		
		7036	32	Postage Stamps	32		
178	55	7044	33	Telephone Service: ATS Service (WATS)	33	38	20
97	50	7045	34	Central System	34	19	50
310	88	7046	35	Toll Service	35	55	94
124	56	7047	36	Taxes, Dir. Assistance	36	12	76
		7047	37	Miscellaneous	37		
577	44	7066	38	Insurance (Risk Management)	38		
		7103	39	Occupancy: Office Rent	39		
601	07	7188	40	Telephone Equip.: Lease/Rent	40	118	96
		7311	41	Printing	41		
		7532	42	Furniture	42		
		7532	43	Adder/Calculator	43		
		7532	44	Reader/Printer	44		
70	00	7553	45	Typewriter	45		
340	00	7553	46	Copy Machine	46		
		7607	47	Library Supplies	47		
		7621	48	Stationery/Envelopes	48		
		7623	49	Printed Forms	49		
		7624	50	Reproduction Supplies	50		
850	45	7625	51	Blue Prints/Office Supplies	51	40	75
		7628	52	Printing Maps	52		
		7628	53	Printing Miscellaneous	53		
415	97	7962	54	Revolving Fund	54		
205	00	7967	55	Books	55	108	50

Continued on Page 2

OFFICE AUDIT

DO NOT WRITE BELOW THIS LINE

FIELD AUDIT

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 DEC. 1982	
100	00	7971	1	Organization Dues	1	
		7975	2	Registration Fees	2	
		7997	3	Subscription; Newspaper	3	
		7997	4	Technical Journal	4	
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65,976	91		TOTAL		14,447	63

OFFICE

(DO NOT WRITE BELOW THIS LINE)

FIELD

MONTHLY FINANCIAL REPORT

RECEIPTS MONTH OF DEC. 1982		RECEIPTS CLASSIFICATION	APPROPRIATED RECEIPTS	UNAPPROPRIATED RECEIPTS	TOTAL ALL RECEIPTS YEAR TO DATE
25	00	1 Permits to Drill		25 00	3,577 00
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		17			
25	00	TOTAL CURRENT MONTH RECEIPTS		25 00	XXXXXX
		TRANSFERS IN			
XXXXXX		BALANCES BROUGHT FORWARD		3,552 00	XXXXXX
		TOTALS - MONTH AND YEAR TO DATE		3,577 00	

CLAIMS PAID MONTH OF DEC. 1982	FUND TITLES	TOTAL AMOUNT AVAILABLE YEAR TO DATE	CLAIMS PAID YEAR TO DATE	OUTSTANDING ENCUMBRANCES	UNENCUMBERED BALANCE
11,667 15	1 Personal Services	103,100 00	49,115 94		53,984 06
2,027 59	2 Emp. Related Exp.	20,700 00	9,516 78		11,183 22
-	3 Professional Services	1,700 00	-		1,700 00
358 28	4 Travel - State	8,900 00	4,082 17		4,817 23
-	5 Travel - Out of State	-	-		-
394 61	6 Other Operating Exp.	8,500 00	3,261 42		5,538 58
-	7 Capital Outlay-Equipment	-	-		-
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14,447 63	TOTALS	143,200 00	65,976 91		77,223 09

