

OIL & GAS CONSERVATION COMMISSION
Meeting: June 17, 1983
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
June 17, 1983
1645 West Jefferson, Room 420
Phoenix, Arizona

10:00 a.m.

Call to order

1. Approval of Minutes of Meeting of January 21, 1983
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 June 17, 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 sixth day of June 1983.

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
PHOENIX, ARIZONA 85007
PHONE: (602) 255-5161

ACTIVITY REPORT

June 6, 1983

A. K. Doss
Executive Director

LEGISLATIVE

The Legislative Session ended without any bills being introduced that impacted the Commission.

BUDGET

We will have \$6400.00 approximately left over in our '82-'83 lump-sum appropriation. We are going to replace our reproduction machine which breaks down frequently and catches on fire weekly. We are also looking into the costs of printing our own Rules and Regulations for sale to the public.

Our '83 - '84 budget again is a lump-sum appropriation of \$136,200. This is broken down as follows:

1. Personal Services 4 FTE's	\$100,800	(Includes 5% cost of living effective 1/1/84)
2. ERE (employee related expense)	19,700	
3. Professional & Outside services	400	
4. Travel in state	7,700	
5. Other operating	7,600	
Total	\$136,200	

This is \$3400 less than our present operating budget and \$8800 less than what we started out with on 7/1/82 since we have been cut twice this year.

No money was appropriated for merit increases.

Activity Report
Executive Director
June 6, 1983
Page 2

FIELD ACTIVITY

The well that has attracted the most attention in Arizona and around the Nation is the Dowling #1A State located eight miles south of Yuma. It was drilled to a total depth of 5006'. Casing (4½") was run to a depth of 5002'±. They lost their first hole (#1) after drilling to 2925' by sticking their drilling collars at approximately 600'. Dowling then skidded the rig 25' east to drill the #1-A, and began encountering oil and gas shows at 1300' whereas the #1 25' away had no shows.

Dowling has filed application to drill another well in the Yuma area, about 22 miles northeast of the present well site.

Bill Brooks of Brooks Exploration in Denver is going to drill two more wildcats in the strip country. One will be just west of his first hole and the second will be several miles north.

Bob Walker, geologist and independent operator, from Abilene is to drill south of Tombstone on a farm-out from Phillips Petroleum. It will be 4000' - 4500' test.

Resource Operators of Denver plans to drill a follow-up well this summer near the well they recently abandoned eight miles north of Show Low. They reportedly had a fairly strong gas show in the Cambrian sand in their first well.

Kerr-McGee is supposed to drill seven more in-fill development wells in the Dineh-bi-Keyah field this summer. These wells will be drilled on 40-acre spacing and will have to be issued new permits. Seven wells have been drilled so far this year for oil and gas exploration.

Beverly Grimes who took Stacey's place resigned to go back to the U. S. Postal Service, and she has been replaced by Betty Anderson who has come over to use from the Personnel Division.

The announcement of this meeting was held off as long as possible in hopes that Dowling Petroleum would complete its Yuma well as Arizona's first producer off the Reservation, and we could hold our meeting in Yuma and make a side trip to the well site. However, in talking to Paul Dowling on June 3, 1983, he said it would probably be another two or three weeks before they get a completion rig on the hole.



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STATE OF ARIZONA
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ACTIVITY REPORT

June 7, 1983

R. A. Ybarra
Enforcement Director

During this report four wells were drilled: Resource Operating, Inc., Well No. 1 Federal in Navajo County, Sumatra Energy Well No. 1-17 Santa Fe, in Apache County, Dowling Petroleum, Inc., Well No. 1A State in Yuma County, and Sanchez-O'Brien Oil and Gas Corporation Well No. 1-4 Federal in Gila County.

The Resource Operating, Inc., well, located in Sec. 29-T.11N.-R.22E., was drilled to 4155' after 9 5/8", 45 lb., J-55 casing was set and cemented at 856' with sufficient cement to return to the surface. A 30-foot section was cored from 1646' and the hole logged before plugging with cement 1400'-1300'±, 900'-800'±, and 68'-18'. Good gas shows were encountered at about 4020' but the operator decided not to test because of the current moratorium by EPNG on new gas. A small interval above the cored section was going to be tested with a straddle tool (packer) but because of badly washed-out hole conditions they decided against it.

The Sumatra Well in Sec. 17-T.12N.-R.26E. was spudded on February 25. Surface casing (8 5/8", 24lb., J-55) was set and cemented at 810' with sufficient cement to return to the surface. Total depth reached was 4143'. The well had dead oil shows in the Coconino and two small gas shows in the Naco Fm. After logging the hole was plugged with cement 3920'-3750'±, 3450'-3280'±, 2570'-2400'±, and 1350'-1015'. Upon request to OGCC this well was turned over to the landowner to be converted to a water well.

The Dowling well, located in Sec. 34-T.10S.-R.23W., was drilled to a total depth of 5006'. Surface casing (9 5/8", 24lb., J-55) was set and cemented at 932' with 754 sacks of cement, 50 sacks of which were circulated to the surface. Numerous oil and gas shows have been reported by various sources. The operator set and cemented 4 1/2", 10.5 lb., J-55 production casing at 4,977', where it is standing cemented and awaiting production testing.

Sanchez-O'Brien started drilling on March 17 and on March 23 set and cemented 8 5/8", 24 lb., J-55 casing at 495' with 400 sacks of cement plus 4% gel and 3% calcium chloride. The operator encountered strong flows of fresh water at

ACTIVITY REPORT

R. A. Ybarra

Page Two

1500' and 1905' as well as two hard-drilling diabase sills, one at 2050'-2305' and the other at 2380'-3278'. The total depth reached was 3494'. The well was logged and then plugged with cement as follows: 1900'-1730', 1500'-1365', 550'-450', and 50' surface. No oil or gas shows were reported.

We have approved a second application to drill for Dowling in Sec. 16-T.8S.-R.20W. This well is targeted for 5000' and will be drilled approximately 23 miles northeast from the first well north of the Algodones Fault in the Fortuna Basin. Dowling has filed a blanket bond for multiple-well drilling usage.

Brooks Exploration has filed applications to drill two 2500' wells in the Arizona Strip. We will approve these applications when we receive the drilling bonds.

Other planned drilling activity: Resources Operating, Inc., in the Show Low area, J. M. Shields in the Fredonia area, Bob Walker from Abeline in the Tombstone area, and a Mr. Laurence from Louisiana in the Arizona Strip.

On May 5 and 6, I attended the Imperial County Geothermal Conference in El Centro. Numerous papers were presented by City, State and Federal officials as well as the private sector. The field trip was a visit to Magma's 10 MWe Plant in the East Mesa Field.

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

Minutes of Meeting
January 21, 1983

Present:

Mr. Ralph W. Bilby, Chairman
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 January 21, 1983 was called to order by Ralph W. Bilby, Chairman, at 10:00 a.m.

Mr. Palmer moved that the minutes of the November 19, 1982 meeting be approved as written. Motion was seconded by Mr. Tomerlin. Motion carried.

Mr. Doss, Executive Director, presented his Activity Report. He advised that Phillips Petroleum was making application for competitive geothermal leases on state land. Gary Chadburn, project geologist, said he has budget approval for \$500,000 for geothermal exploration in Arizona for Phillips. Mr. Doss reported that 1983 could be a better year for drilling than 1981. The number of different oil companies drilling should increase considerably in 1983 also. Kerr-McGee plans to drill seven development wells in the Dinah-bi-Keyah area. At the request of Mr. Bilby regarding the status of the Wittman location, Mr. Doss reported that this well was plugged and abandoned. They quit drilling as there was nothing else to test. A total depth of 4520' was reached. Leases are being retained in this area, and there is hope that drilling will be resumed at a later date. Phillips is retaining 277,000 acres in Arizona. Mr. Tomerlin inquired about drilling in the Show Low area. Mr. Doss advised that Sumatra is going to drill a well near Concho very soon.

Mr. Ybarra, Enforcement Director, reviewed his Activity Report. He attended the Annual Water Well Association Convention on January 20 in Phoenix, and was informed that Gary Drilling planned to drill their second well in Coconino County. He has been updating our state map, and this project is now complete. He advised that two wells will be drilled, one by Resources

Minutes of Meeting
January 21, 1983
Page 2

Operating, Inc. and one by Sumatra for a 4,000' depth sometime this month.

Mr. Bilby inquired about the drilling by Phillips Petroleum. Mr. Doss advised that they are not drilling at present, but plan to drill one more well in the state, but a date and location have not been set.

Dale Nations said that we are to have an introductory presentation explaining the various phases of drilling a well at one of the Commission meetings to acquaint the members with this process.

Mr. Doss advised that the Executive Budget Office and the Joint Legislative Budget Committee have taken away \$5400 from our present operating budget. This leaves us a total of \$139,600. For the proposed budget for next year, we are to be appropriated only \$130,500. Our state travel allocation has been retained due to the increase in the drilling activity which is contemplated.

Mr. Palmer inquired if there were any plans of the Legislature concerning this Commission in this present session. Mr. Doss advised he was not aware of any, but agreed to keep the members informed of any proposals which may take place.

Mr. Ybarra reported on the recent trip to the Roosevelt Lake area of Mr. Doss, John Karabees, and a consulting geologist and a consulting engineer, and himself to view the proposed locations of Sanchez-O'Brien. This is on the north shore, and drilling is planned in the near future. Mr. Doss pointed out that Sanchez-O'Brien has oil and gas leases under the lake as well as around the perimeter of the lake. In 1913 there had been drilling in this area, and supposedly, one of the wells had a lot of free oil. The consulting geologist reported seeping oil in this area that was so viscous it could be used for roofing material.

Mr. Bilby inquired about drilling in Chino Valley. Mr. Doss said that the drilling was being done by Exxon for porphyry copper in the southeast portion of Chino Valley.

Mr. Tomerlin inquired if there were any restrictions on a Commission member serving on another committee in state service if he was requested to do so. Mr. Doss advised there were no restrictions regarding this, but that all appointments to Boards and Commissions must be confirmed by the Senate.

Minutes of Meeting
January 21, 1983
Page 3

The meeting adjourned at 10:23 a.m.

APPROVED

Ralph W. Bilby

AGENCY OIL & GAS CONSERVATION COMMISSION

DIVISION _____

IDENTIFICATION (DDI) NO. _____

1		2		3		4	
CLAIMS PAID YEAR TO DATE		OBJECT CODE NO.	DISTRIBUTION OF EXPENDITURES CLASSIFICATION		CLAIMS PAID MONTH OF May 1983		
58,742	05	6011	1	Salaries: Staff	4,891	02	
30,899	92	6057	2	Appointed Official	2,722	46	
540	00	6058	3	Per Diem: Commission Members			
5,857	79	6111	4	Emp. Related: F.I.C.A.	510	11	
2,810	18	6113	5	Health Insurance	274	23	
570	00	6115	6	D&L Insurance	48	00	
448	30	6117	7	Unemployment Insurance	38	07	
361	34	6119	8	Workmen's Comp	31	41	
6,275	08	6155	9	Retirement	532	96	
1,081	98	6183	10	Personnel Com. Pro Rata Chg.	91	34	
412	67	6199/8	11	Dental Insurance	41	09	
		6293	12	Prof. Serv.: Court Reporter			
		6499	13	Cartographic Sumbols			
678	95	6499	14	Cartographer			
90	00	6511	15	Travel-State: Air Fare			
		6531	16	Taxi			
1,146	65	6541	17	Mileage-Private Vehicles			
3,231	99	6551	18	Mileage-State Vehicles	164	24	
3	00	6569	19	Parking			
		6569	20	Telephone			
2,270	35	6581	21	Subsistence			
		6599	22	Registration Fees; Other			
		6611	23	Travel-Out of State: Air Fare			
13	00	6631	24	Taxi			
		6639	25	Rail Fare			
		6641	26	Personal Auto			
		6669	27	Parking			
		6669	28	Telephone; Other			
159	78	6681	29	Subsistence			
60	00	6699	30	Registration Fee			
437	31	7019	31	Legal Advertising			
183	20	7036	32	Postage Stamps			
373	45	7044	33	Telephone Service: ATS Service (WATS)	39	00	
200	59	7045	34	Central System	22	29	
526	01	7046	35	Toll Service	35	71	
		7047	36	Taxes, Dir. Assistance			
194	50	7047	37	Miscellaneous	14	77	
517	44	7066	38	Insurance (Risk Management)			
		7103	39	Occupancy: Office Rent			
1,187	71	7188	40	Telephone Equip.: Lease/Rent	113	02	
		7311	41	Printing			
		7532	42	Furniture			
		7532	43	Adder/Calculator			
		7532	44	Reader/Printer			
70	00	7553	45	Typewriter			
396	68	7553	46	Copy Machine			
		7607	47	Library Supplies			
		7621	48	Stationery/Envelopes			
44	60	7623	49	Printed Forms			
		7624	50	Reproduction Supplies			
578	24	7625	51	Blue Prints/Office Supplies	70	77	
9	00	7628	52	Printing Maps			
		7628	53	Printing Miscellaneous			
250	00	7962	54	Revolving Fund			
329	50	7967	55	Exp			

Continued on Page 2

OFFICE AUDIT

DO NOT WRITE BELOW THIS LINE

FIELD AUDIT

AGENCY OIL & GAS CONSERVATION COMMISSION

- 2 -

DIVISION

IDENTIFICATION NO.

1		2		3		4	
CLAIMS PAID YEAR TO DATE		OBJECT CODE NO.	DISTRIBUTION OF EXPENDITURES CLASSIFICATION		CLAIMS PAID MONTH OF		
200	00	7971	1	Organization Dues	1	May 1983	
		7975	2	Registration Fees	2		
73	39	7997	3	Subscription; Newspaper	3		
45	00	7997	4	Technical Journal	4		
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			54		54		
121,168	65			TOTAL		9,639 89	

OFFICE

(DO NOT WRITE BELOW THIS LINE)

FIELD

32x12

MONTHLY FINANCIAL REPORT

1 RECEIPTS MONTH OF <i>May 1987</i>	2 RECEIPTS CLASSIFICATION	3 APPROPRIATED RECEIPTS	4 UNAPPROPRIATED RECEIPTS	5 TOTAL ALL RECEIPTS YEAR TO DATE
	1 Permits to Drill		-	3702 00
	2			
	3			
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	16			
	17			
	TOTAL CURRENT MONTH RECEIPTS		-	XXXXXXXX
	TRANSFERS IN			
XXXXXXXX	BALANCES BROUGHT FORWARD		-	XXXXXXXX
	TOTALS - MONTH AND YEAR TO DATE		3702 00	

6 CLAIMS PAID MONTH OF <i>May 1987</i>	7 EXPENDITURES FUND TITLES	8 TOTAL AMOUNT AVAILABLE YEAR TO DATE	9 CLAIMS PAID YEAR TO DATE	10 OUTSTANDING ENCUMBRANCES	11 UNENCUMBERED BALANCE
70613 48	1 Personal Services	103,100 00	90,181 97		12,918 03
1,567 21	2 Emp. Related Exp.	20,700 00	17,757 34		2,942 66
	3 Professional Services	638 95	638 95		
164 14	4 Travel - State	8,900 00	6,744 99		2,158 01
	5 Travel - Out of State	232 78	232 78		
294 96	6 Other Operating Exp.	8,800 00	5,615 62		3,184 38
	7 Capital Outlay-Equipment				
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9,639 89	TOTALS	142,371 73	121,168 65		21,203 08

OIL AND GAS CONSERVATION COMMISSION
STATE OF ARIZONA

DATE	NAME	REPRESENTING
JAN 31, 1983	Sam E. DALLÉ	Douline Petroleum, Inc. PO BOX 3844 MIDLAND TEX. 79702
FEB 10, 1983	Stephen E. DAVENBERG	Arizona State University
FEB 11, 1983	Paul B. FISHKIN	Fisher-Sweetwaters Pharmacy
2-16-83	David Yost	S&P
2-17-83	H. L. FARNEY	Clearport Petroleum Ltd. Calgary.
FEB 25, 1983	STANLEY D. [Signature]	S&P
3/3/83	Arnold Mills	High Plains Petroleum Corp
"	John B. Somers	" " "
3/2/83	Samuel M. Ford	Messing Investment Co.
3/2/83	"	"
3/28/83	D. A. FLOW	Wynn's Resources
3/29/83	Benneth J. HERMANDEZ	S&P-LAUREL, Inc. (Houston, TX)
3/30/83	E. K. BACHMANN	Southern Union Gas Co. Staplefield Co
4/1/83	John C. BYERS	Byers Engineering Co. Lubbock, TX
4/4/83	Patricia Ann STEWART	Self
4/4/83	Miss R. Jones	Self + prints from calculator notebook.
4/11/83	Richard M. DALLÉ	Self
4/12/83	James L. RAY	Self
APR 12/83	Shall [Signature]	Self
APR 12/83	Louise [Signature]	Self

OIL AND GAS CONSERVATION COMMISSION
STATE OF ARIZONA

DATE	NAME	REPRESENTING
4/12/83	H. F. Currier	H. F. Currier
4/18/83	Michael John Nerney, Jr.	Self
4/18/83	John Paul Paul	Self
4/18/83	Francis Buckenye	John Paul Paul
4/23/83	W. J. Currier	California E. Radio Corp.
4/27/83	Tom D. Stephens	Judicial Group - Phoenix, Ar. 55021
5/16/83	AL MORGAN	Self - Queen
5/16/83	AL REEDY	Self
5/17/83	Frank Steadling	INTEC. Mount Royal
6/1/83	M. E. "Bill" Adams P.E.	Southwest Gas Corp. Las Vegas, NV.
6/6/83	George A. Desborough	U. S. Geol. Survey Denver
6/6/83	Boney Parley	same
6/6/83	Bts Scarborough	Arizona Bur. of Geology