



OIL & GAS CONSERVATION COMMISSION
Meeting: September 23, 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
September 23, 1983
1645 West Jefferson, Room 420
Phoenix, Arizona

- 10:00 a.m. Call to order
1. Approval of Minutes of Meeting of June 17, 1983
 2. Report of Executive Director
 3. Report of Enforcement Section
 4. Old Business
 5. New Business ^{1. budget} _{2. merger}
 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 September 23, 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 ninth day of September 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
June 17, 1983

Present:

Mr. Ralph W. Bilby, Chairman
Dr. J. Dale Nations, Vice-Chairman
Mr. Watson M. Tomerlin, Member
Dr. Larry D. Fellows, State Geologist

The regular Commission meeting of June 17, 1983 was called to order by Ralph W. Bilby, Chairman, at 10:00 a.m.

Minutes of the January 21, 1983 meeting were approved as written.

A. K. Doss, Executive Director, reviewed his Activity Report. He advised the status of the Yuma well of Dowling Petroleum of Midland, Texas. A partner, Wanbishi-Texas of Japan, sent a team of members from Tokyo before the spudding of the well, and they backed out on the setting of the casing. Dowling set the production casing on the well. Dowling has been getting leases together which has caused the delay in completion work. A number of oil companies including Inexco, Amoco, and May Petroleum are interested in this operation and are closely watching its progress. In Dowling's second well, there were 150 units of gas on the mud log. Dowling has another location located 22 miles northeast from its present site. The first well is in the Altar Basin, which is Mexican terminology, and it is also called the San Luis Basin. The highest price paid was by a firm in Houston of \$150.00 per acre and a 20% royalty for 160 acres.

Resource Operators drilled a well eight miles north of Show Low and had a good gas show in the Cambrian sand. El Paso said their line was full and they could not take on any more gas. Also, there is a glut of natural gas on the market. Resource Operators felt they could not set pipe on this well because they could not market it at the present. They plan to come back in the summer for further follow-up drilling. John Somers farmed out the land to Resource Operators and Sumatra.

Bill Brooks has filed two applications in the strip country. Three men from Perryton, Texas were in the office recently to

Minutes of Meeting
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arrange for the drilling of two wells in Yavapai County. There are 200 new state oil and gas leases taken by Shell Oil Company in the Chino-Seligman area. There are approximately 250,000 acres involved. Bob Walker is to drill another well in the Tombstone area. Kerr-McGee is to drill eight locations in the Dineh-bi-Keyah area.

Mr. Bilby inquired about an increase in funds for the travel allowance. Additional expense allowance has not been provided by the Legislature. Mr. Doss advised that our new fiscal year budget has been allocated for \$136,200. A new copier machine was purchased from funds which became available from Noni Stacey's retiring.

Mr. Doss also reviewed Rudy Ybarra's report in his absence. Regarding the Sanchez-O'Brien well, drilling was started and it rained for three weeks. One of the trucks was stuck in a U-turn, and a rancher in the area offered to send a bulldozer to get it out. This venture involved a cost of approximately \$300,000 - \$400,000. A water supply well is planned for drilling at a later date for the second oil test. It will be about five miles east from the first location. Jay Shields is to drill a 4,000' test in the Fredonia area. Mr. Lawrence of Louisiana is to drill in the Fredonia area also. HGG Oil Company from Oklahoma City is going to drill a deep test near the Nevada line in the strip country. Jerry Greer is the main principal. The four corners of the state will be the areas involved for future drilling.

Mr. Tomerlin would like to be better pre-informed for hearings. It was suggested to have a brief presented prior to the hearing. If one doesn't understand what is going on at a hearing, a short recess could be taken for an explanation. Mr. Doss advised another hearing may be necessary for Dowling Petroleum regarding their gas well spacing. It may be necessary for them to come to the Commission to present their case if a 640-acre gas spacing is required by them. If they make a gas well, most everybody would like to see them produce it, but it has to be done so that lawsuits will not be filed against the state.

Dr. Fellows reported that no director has been named for the Bureau of Mines. The president of the University can make the decision. Business has been as usual.

Mr. Bilby moved that if there is a discovery of oil, the Commission should have a meeting even though the meetings have become irregular. Mr. Tomerlin seconded the motion. Motion carried.

Minutes of Meeting
June 17, 1983
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Dr. Nations said we should have our meetings even if we have budget constraint. Mr. Bilby suggested a meeting on September 23 and that we continue holding them every two months. Mr. Tomerlin moved that the next meeting be Friday, September 23. Dr. Nations seconded the motion. Motion carried. It was the consensus of the Commission that meetings would be held every two months.

Messrs. Doss and Ybarra and Dr. Nations are to write a paper for the Four Corners Geological Society. It is to be ready by September 1 and published by the end of the year.

Dr. Nations reported on the Interstate Oil Compact Commission's meeting in New Orleans. He is leaving this weekend to attend another meeting of the IOCC in Oklahoma City. The main issue will be gas pricing problems, which has created a depression in the market. Dr. Nations advised that the Federal Government plans to dispose of the Bartlesville Technical Energy Center. The IOCC submitted a proposal to take it over, but was not accepted. A firm from Illinois was named to take it over. The BTEC will continue as an operation of some other agency.

The meeting adjourned at 11:00 a.m.

APPROVED

Macplaw Bilby



OFFICE OF
Oil and Gas Conservation Commission
STATE OF ARIZONA

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

ACTIVITY REPORT

September 9, 1983

A. K. Doss *AKD*
Executive Director

FIELD ACTIVITY

Sanchez-O'Brien drilled their 1-4 Federal as a dry hole north of Lake Roosevelt. It was spudded on March 17, 1983 and plugged and abandoned on April 23, 1983 at a T.D. of 3,395'. It rained on them for three weeks and because of the difficult access even when dry, the wet weather added tremendously to the cost of the well. Only two small insignificant oil shows were encountered, but a strong fresh water zone flow was encountered at 1,900' with 123# flowing pressure at the surface. Charles Tucker, the project geologist, says more follow-up drilling is anticipated. Spent a lot of time on this well.

High Plains Petroleum drilled their 1-13 Santa Fe RR one mile north of Chambers, Arizona. This well was 800' north of the Cecil Gustin well that supposedly had a good oil show at 1,358'. High Plains ran a straddle packer test across the entire zone of Gustin's show interval and recovered nothing on the test. This well was spudded on August 9, 1983 and plugged and abandoned on August 23, 1983 at a T.D. of 1,456'. They did have a good show of helium in the top 50' of the Coconino sandstone. The price of helium still does not warrant production and extraction plus the fact that the Santa Fe RR still has a big on-going lawsuit with the Spurlock Ranches involving helium. Spent a lot of time on this well.

Dowling Petroleum still has made no completion attempt in their well south of Yuma. If they make a well here, it will in all probability be a gas well which will result in a hearing since the well is not located on a gas well location. It will be a complicated hearing.

Brooks Exploration, Denver, still plans to drill two follow-up tests this fall in the strip country as a result of their 7,000' test there last fall.

Activity Report
Executive Director
September 9, 1983
Page 2

Alpar Resources of Perryton, Texas plans to drill two test wells on their block of acreage between Flagstaff and the Grand Canyon.

Several wildcat tests are planned in Cochise County possibly beginning this fall.

Shell Oil Company has taken out a large lease block (approximately 250,000 acres of state land) running from Lake Mead to southern Mohave County with Kingman being near the center. It will be interesting to see what happens here because Shell is not a lease speculative company. They may have as much private and federal leases as they do state leases, and I suspect this will be a large overthrust play.

GEOHERMAL/KINETICS

I wrote to John Bannister on July 21, 1983 about the two deep geothermal wells his company has at Higley. I told him the wells have been on temporary abandonment status for five years (much too long), and asked for a written reply in detail of their plans for the wells. Still have not received a reply.

BUDGET

Don Reville called and read a memo to me stating that he is recommending that the Commission be put under the Mine Inspector's Office in order to try and save a \$100,000 (?). This is being pennywise and pound-foolish. More discussion will follow at the meeting.

ARIZONA BUREAU OF GEOLOGY AND MINERAL TECHNOLOGY

Dr. Larry Fellows of the Arizona Bureau of Geology and Mineral Technology (ABOGMT) requested assistance in getting suggestions of how ABOGMT could better be useful to the oil industry by conducting projects and writing reports geared to the industry. I got geologists from eight companies to write to him.

We should experience considerable drilling activity this fall with wells planned by Brooks Exploration, High Plains and Sumatra, Resource Operating, Bob Walker, Sanchez-O'Brien, Alpar Resources and wells on the Indian Reservation by Mountain States Resources and Kerr-McGee.



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ACTIVITY REPORT

September 9, 1983

R. A. Ybarra
Enforcement Director

During this report period two wells were drilled in the Apache County, a semi-development well in the Teec Nos Pos Field by Mountain States Resources, Inc., (MSR) and an exploratory well by High Plains Petroleum Corporation.

The MSR Well No. 18 Navajo is located in Sec. 22, T.41N., R.30E., approximately 2600' northwest from the MSR shut-in Well No. 16 Navajo. This is the first well drilled under the recently adopted 40-acre spacing field rule. The well was spudded on August 12 and on August 14, I witnessed the running in and cementing of the 8 5/8", 24 lb., J-55 casing at 1507'. The casing was cemented with 650 sacks of cement (65:35 pos mix) plus 6% gel and followed with 160 sacks of neat cement. The cement did not return to the surface so an additional 100 sacks of cement were pumped into the annulus through 1 1/2" pipe hanging at 150', and filling to the surface. The well was drilled to 5200' and by the end of August, was in the process of being tested. Early indications are that two intervals (Lower Ismay and Desert Creek) look good. The drilling of this well and Well No. 20 Navajo in the NE 1/4 of SW 1/4 of Sec. 22 will help delineate the western part of the Teec Nos Pos Field.

The High Plains Petroleum Corporation, Well No. 1-13 Santa Fe, located in Sec. 13, T.21N., R.13E. was spudded on August 8. On August 10, 7", 20 lb., casing was cemented at 127' with sufficient cement to fill the annular space to the surface. The well was drilled to a total depth of 1456' and logged on August 21. The interval 1335'-1389' was tested by Halliburton with a straddle tool. When the tool opened there was a very weak blow for two (2) minutes and no blow for the remainder of the test. No fluid was recovered and the operator decided to plug the well, as follows: 1090'-850' with 50 sacks of cement, 177"-77' with 10 sacks, and 20' to the surface with 4 sacks.

On August 4, Kerr-McGee was granted a second 90-day drilling extension period for the seven development wells permitted back in June 1982. It is my understanding that these wells will definitely be drilled - probably in mid-winter, as was suggested (facetiously) by the production foreman at the Dineh-Bi-Keyah Field during my visit there in August. Judging from the thirteen well completions

ACTIVITY REPORT

R. A. Ybarra

Page Two

(modest initial production) since 1974, it is difficult to understand the feasibility of drilling too many more wells. It is very expensive to cut roads and drilling pads in this mountainous area, and equally expensive in maintaining the roads and facilities during bad weather.

Charles Lawrence, from Louisiana, has filed on 1290 plus acres with the BLM office. This acreage is located in T.40N., R.1W., just south of the area where J. M. Shields drilled several shallow wells the last two years. Mr. Lawrence has been talking about drilling a well in this area for long time.

I have met with the local BLM people to discuss ways of forcing action on Cecil Gustin to abandon his well in the Chambers area. If he fails to plug the well within a reasonable period of time, we can use the \$15,000 cash bond money we have between us to have the work done.

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 AUGUST 19 83		
8717	05	6011	1	Salaries: Staff	1	4842	76	
4900	57	6057	2	Appointed Official	2	2722	46	
		6058	3	Per Diem: Commission Members	3			
912	39	6111	4	Emp. Related: F.I.C.A.	4	506	86	
506	76	6113	5	Health Insurance	5	337	84	
48	00	6115	6	D&L Insurance	6	48	00	
68	17	6117	7	Unemployment Insurance	7	37	84	
66	72	6119	8	Workmen's Comp.	8	37	06	
953	27	6155	9	Retirement	9	529	58	
163	38	6183	10	Personnel Com. Pro Rata Chg.	10	90	76	
65	58	6118	11	Dental Insurance	11	43	72	
		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			
49	00	6541	17	Mileage-Private Vehicles	17	49	00	
125	91	6551	18	Mileage-State Vehicles	18	125	91	
		6569	19	Parking	19			
		6569	20	Telephone	20			
324	92	6581	21	Subsistence	21	324	92	
		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			
29	00	7044	33	Telephone Service: ATS Service (WATS)	33	29	00	
25	30	7045	34	Central System	34	25	30	
30	63	7046	35	Toll Service	35	30	63	
17	92	7047	36	Taxes, Dir. Assistance	36	17	92	
		7047	37	Miscellaneous	37			
509	18	7066	38	Insurance (Risk Management)	38			
		7103	39	Occupancy: Office Rent	39			
112	28	7188	40	Telephone Equip.: Lease/Rent	40	112	28	
		7311	41	Printing	41			
		7532	42	Furniture	42			
		7532	43	Adder/Calculator	43			
		7532	44	Reader/Printer	44			
70	00	7553	45	Typewriter	45	70	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			
32	99	7625	51	Blue Prints/Office Supplies	51	32	99	
		7628	52	Printing Maps	52			
		7628	53	Printing Miscellaneous	53			
		7962	54	Revolving Fund	54			
		7967	55	Books	55			
17,738	98		TOTAL			10,016	77	

OFFICE
AUDIT

DO NOT WRITE BELOW THIS LINE

FIELD
AUDIT

MONTHLY FINANCIAL REPORT

RECEIPTS MONTH OF AUGUST 1983	CLASSIFICATION	APPROPRIATED RECEIPTS	UNAPPROPRIATED RECEIPTS	TOTAL ALL RECEIPTS YEAR TO DATE
75 00	1 Permits to Drill		75 00	3802 00
	2			
	3			
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75 00	TOTAL CURRENT MONTH RECEIPTS		75 00	XXXXXXXX
XXXXXXXX	TRANSFERS IN			
XXXXXXXX	BALANCES BROUGHT FORWARD		3727 00	XXXXXXXX
	TOTALS - MONTH AND YEAR TO DATE		3802 00	

CLAIMS PAID MONTH OF AUGUST 1983	FUND TITLES	TOTAL AMOUNT AVAILABLE YEAR TO DATE	CLAIMS PAID YEAR TO DATE	OUTSTANDING ENCUMBRANCES	UNENCUMBERED BALANCE
7565 22	1 Personal Services	102,100 00	13,617 62		88,482 38
1631 66	2 Emp. Related Exp.	22,200 00	2,784 23		19,415 77
-	3 Professional Services	400 00			400 00
499 83	4 Travel - State	7,700 00	499 83		7,200 17
-	5 Travel - Out of State				
320 06	6 Other Operating Exp.	2,800 00	837 30		2,962 70
	7 Capital Outlay-Equipment				
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10,016 77	TOTALS	136,200 00	17,738 98		118,461 02