

OIL & GAS CONSERVATION COMMISSION
Meeting: February 15, 1985
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

A G E N D A

Meeting
February 15, 1985
1645 West Jefferson, Room 420
Phoenix, Arizona

10:00 A.M.

Call to order

1. Approval of Minutes of Meeting
of September 21, 1984
2. Report of Executive Director
A. K. Doss covers items pertaining
to Legislation, Administration and
Field Inspections
3. Report of Enforcement Section
R. A. Ybarra reports on Well Operations
4. Presentation -- John Karabeas
5. Presentation -- Ralph J. Pomeroy
6. Adjourn

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



OFFICE OF

Oil and Gas Conservation Commission
STATE OF ARIZONA

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

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 February 15, 1984 at the Commission's 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 first day of February 1985.

OIL AND GAS CONSERVATION COMMISSION

By


A. K. Doss
Executive Director

Telephone Contact: 255-5161

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

Minutes of Meeting
September 21, 1984

Present:

Mr. Ralph W. Bilby, Chairman
Dr. J. Dale Nations, Vice-Chairman
Mr. Forrest R. Rickard, Member
Mr. Watson M. Tomerlin, Member
Mr. James E. Warne, Jr., Member

The regular Commission meeting of September 21, 1984 was called to order by Dr. J. Dale Nations, Vice-Chairman, in the absence of Ralph W. Bilby, Chairman.

With two amendments made regarding the minutes of the February 24, 1984 meeting, a motion was made by Mr. Rickard, seconded by Mr. Tomerlin that they be approved. Motion carried. The first amendment was to show paragraph three on Page 2 as two paragraphs where the budget appropriation was indicated. The second amendment was to change the name of "Indians" in the first paragraph on Page 3 to "Navajo officials."

During the review of Mr. Doss' Activity Report, Mr. Bilby arrived at the meeting at 10:45 a.m. and assumed chairing of the meeting. Mr. Doss continued his review advising that a report similar to the one done on the strip country by Sal Giardina, a geologist, formerly employed by the Commission, be done on the geological areas of the State of Arizona by graduate students if funds could be provided. Dr. Nations remarked that he spoke to Mark Ginsberg, OEPAD's Director of Communities Support Systems, who was quite supportive of this endeavor, and that he will pursue securing these funds. Dr. Nations also commented on the report of the Four Corners Geological Society which was developed by him, Mr. Doss and Mr. Ybarra. This should be ready the first part of October. The total report will consist of 500 - 600 pages, and the Commission is considering printing copies of the Arizona section as the cost of the total report is estimated at \$50 - \$60 per copy.

Mr. Ybarra reviewed his Activity Report stating that he

Minutes of Meeting
September 21, 1984
Page 2

received a call today from Mike Bradshaw with Central Oil Company stating that financial aid had been received and they would be on their location in the Yuma area in November to test the 1 Aman well. Mr. Ybarra gave an in-depth report on the two well locations in Yuma of Central Oil Company. He also advised of his witnessing the abandonment and re-abandonment of Amerada Hess Corporation's Well No. 1 Navajo in Black Rock Field. He was opposed to the re-abandonment, but the Bureau of Indian Affairs requested this through the Bureau of Land Management. It added an additional \$17,000 to the total cost of about \$50,000 for both abandonments. He reported that a gentleman from Texas is planning to drill on the Kaibab Indian Reservation.

Dr. Nations inquired if a review of the casing requirement would be done as a result of the Auditor General's report. Mr. Doss replied in the affirmative.

A motion was made by Dr. Nations and seconded by Mr. Rickard to accept the budget request of \$158,400 for fiscal year 1985 - 1986. Motion carried.

Mr. Doss advised that according to the Attorney General's office, the designations of "old business" and "new business" are not permitted on the meeting's agenda. All topics to be discussed must be listed on the agenda, otherwise there is a violation of the Open Meeting Law if a subject is discussed which has not been listed.

The next regular meeting of the Commission was set for Friday, November 16, 1984.


Mr. Tomerlin initiated a discussion on the lack of Commission meetings this year. Dr. Nations stressed the importance of maintaining continuity to meet fairly regularly or perhaps generate activity that would require having the meetings. Mr. Doss stated in his reading the minutes of the past that there were long periods where there were no meetings mainly due to lack of funds.

Dr. Larry Fellows made comment on Mr. Doss' report on the occurrence and potential of oil in Arizona and volunteered his department's cooperation and support on it as it is of great interest to his staff in Tucson. He also requested Mr. Doss to prepare a report on the oil and gas activities for the publication, "Field Notes."

Minutes of Meeting
September 21, 1984
Page 3

Dr. Nations made a motion that the Commission go into an Executive Session at 11:45 a.m. Mr. Rickard seconded the motion. Motion carried.

APPROVED



Ralph W. Bilby
Chairman

Guests in attendance:

Dr. Larry Fellows
John Haas

Bureau of Geology and
Mineral Technology
Bureau of Land Management



OFFICE OF
Oil and Gas Conservation Commission
STATE OF ARIZONA
1645 WEST JEFFERSON, SUITE 420
PHOENIX, ARIZONA 85007
PHONE: (602) 255-5161

ACTIVITY REPORT

February 1, 1985

A. K. Doss
Executive Director

PUBLIC RELATIONS

On September 27, 1984 I spoke to the Phoenix Chapter of the AIME on oil and gas business in Arizona -- past, present and future. The meeting was held at the Beefeaters Restaurant with approximately 75 people present. There was an enthusiastic response. On November 20, 1984 I spoke to the Engineers Club of Sun City at the Suntowner Restaurant. Approximately 200 people attended. The membership consists of engineers of all disciplines. The question-and-answer session got very lively, and eventually the Chairman had to call it off, but the questions continued after the meeting adjourned.

AUDIT AND SUNSET REVIEW

On November 15, 1984 we had our hearing before the Joint Committee of Reference. Commissioner Rickard testified for the OGCC and did a beautiful job. The Committee was chaired by Representative Larry Hawke of Tucson. Attending for the OGCC were Commissioners Rickard and Warne, Katie Barnes, Rudy Ybarra and myself. The Joint Committee reports to the Oversight Committee which has given the OGCC another 10 years of life.

ADMINISTRATIVE

1. On October 3, 1984 an employee at the State Land Department gave a Houston operator the wrong information, and he got so upset he hopped a plane post haste to Phoenix and came storming into our office. He explained the situation to me pertaining to conducting geophysical surveys. I told him he had every right to proceed, so he called his permit man in Denver and told him to get the crews started.

Activity Report
Executive Director

Page - 2 -
February 1, 1985

I finally reached the employee and his supervisor at the SLD and got them squared away. The Houston operator flew back to Houston right after lunch.

2. On December 13, 1984 the new budget amendments requested IOCC dues and travel money and funding to refill the geologist position here. The Commission approved the amended request. The IOCC part was approved, but the EBO analyst said she could not sell the geologist position although the JLBC analyst was in favor, so the EBO killed the request.
3. On January 9, 1985 attended the WQCC meeting in Tucson. There will probably be quite a confrontation between the Governor's Office and the legislature as to which body will control water quality. The Governor's Office wants it vested in DHS and not in WQCC. Senator Turley was quoted in the "Capitol Times" paper as saying the legislature will probably create a water quality division in the DWR. Suspicions confirmed.

LEGISLATIVE

Dr. J. R. Brathovde, formerly with NAU Chemistry Department, discovered the fact that the SLD, under the wording of the geothermal leasing statutes, was required to go to competitive bid sales on all geothermal leases not just those acres located in a Known Geothermal Resource Area (KGRA). Brathovde contacted Representative Wettaw, who agreed to sponsor a bill correcting the situation, and I agreed to help. Contacted the State Land Commissioner and explained the situation to him. Representative Wettaw told me to work with Dave Thomas, attorney with the Legislative Council, in drafting a proposed bill. Thomas and I worked on the original legislation in 1975. Thomas, in reviewing his old file, discovered the reason for competitive sales on all leases. It hinged on the case, "FICO vs Pima Mining Company", pertaining to the sale of groundwater. The Arizona Supreme Court ruled in that case that the disposal of all natural products of the land on State Trust Lands must be sold at public auction to the highest and best bidder in accordance with the provisions of the Enabling Act and the Arizona Constitution. The State Land Commission, at that time, felt the decision would apply to geothermal resource as well, hence the wording in the statute. Thomas determined that in order to change the Enabling Act, it would require an Act of Congress and to change the Constitution would require a vote on the ballot of a general election. He suggested that other western states had overcome the problem by declaring geothermal resource to be a mineral. Thomas drafted a proposed bill for Representative Wettaw, but in later talks with Wettaw, I told him to forget it for now.

Activity Report
Executive Director

Page - 3 -
February 1, 1985

At this point it is up to industry and the primary agency (SLD) to carry the ball.

YUMA ACTIVITY

Central Oil Company perforated a zone in their #1 Aman well and began to recover large amounts of water. With the small rig on the hole and a "home-made" swab, they were unable to swab the well down. Now they have decided to give the well a pumping test, and have gone to Texas to acquire the rods, tubing, pumping unit, etc. As soon as they get rigged up, I plan to visit their operation to check on the water quality and means of disposal.



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STATE OF ARIZONA

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ACTIVITY REPORT

February 1, 1985

R. A. Ybarra
Enforcement Director

During this report period two applications to drill were approved: an exploratory well by Shields Exploration Company in Coconino County (east of Fredonia) and a semi-development well by Monsanto Company in the Dry Mesa Field in Apache County. Also during this period, the Central Oil Co., Inc. well No. 1 Aman in Yuma County was partially tested and the Cecil Gustin well No. 1-24 Federal in Apache County was abandoned.

The Shields' well was spudded on November 18, 1984. The rock at the surface was a very hard cherty limestone, and it took three days to drill a 6-1/4" pilot hole to 520'. In the process of opening the hole to 9-5/8", the hammer drill broke and lodged in the hole at 395'. A special size fishing tool had to be flown in from Vernalis, Utah to Las Vegas where it was picked up and delivered. The fish was recovered without any problem. Afraid to continue with the hole-opening operation, the operator decided to cement the 7", 20-lb. casing at 395'. The well was then drilled to 3,756', in the Cambrian Muav limestone. The well was placed on official T and A status pending analysis of all data.

The Monsanto well was scheduled to start drilling in late October or early November to a depth of 5,600' to test the Devonian. In the event the Devonian test was not successful, the operator was well assured of a completion in the overlying Mississippian Leadville, the producing formation in the Dry Mesa Field. Unfortunately, the well was not drilled, and the reason given was because of an unexpected heavy school tax imposed by Apache County for 1984 and 1985.

In late November and early December, Central Oil tested the Aman well. Several perforated intervals from 2,582' to 2,390' were tested and so far nothing but water has been recovered. The operator plans to test additional upper intervals in the near future.

Activity Report
Enforcement Director

Page - 2 -
February 1, 1985

The Cecil Gustin well No. 1-24 Federal in Apache County was finally abandoned. It was not the cleanest abandonment I have ever witnessed but we got plenty of cement in the hole. The well had two strings of casing in the hole, 6-5/8" cemented at 140' and 4-1/2" cemented at 1,421' with perforations 890' - 1,384'. Production tubing (2-7/8") and sucker rods were still in the well. All the operator needed to do to plug the well would be to pull the rods, raise the tubing a safe distance from bottom, and start displacing cement through the tubing. But it turned out to be that the operator's concept of cementing through tubing was quite different from ours. With the tubing hanging at 1,359', a batch of ready-mix cement (\pm one cubic yard) was gravitated into the tubing at the surface. Supposedly, the cement would gravitate to bottom and equalize into the annular space behind the tubing. The remaining cement inside the tubing would empty into the 4-1/2" casing once a few joints of tubing were pulled. This procedure was to have been repeated two more times, but the very thing we (BLM and OGCC) warned the operator against happened -- the cement (or most of it) inside the tubing bridged at various intervals. Several of the tubing joints pulled were filled with hardened cement and some were partially filled with cement. After all the tubing was pulled, the operator was given approval to pump about two cubic yards of cement directly into the larger 4-1/2" casing. The hole was then bridged at 50' and sufficient cement was pumped in at that depth to fill to the surface. The plugging was conducted at night under poor weather conditions, and the rig (a real Rube Goldberg) was not equipped with any lighting. What little lighting was available came from two pickup trucks.

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 JANUARY 19 85
31,689 54	6011	1 Salaries: Staff	4,130 26
20,986 51	6057	2 Appointed Official	3,038 93
150 00	6058	3 Per Diem: Commission Members	-
3,734 74	6111	4 Emp. Related: F.I.C.A.	505 42
2,224 88	6113	5 Health Insurance	317 84
258 00	6115	6 D&L Insurance	36 00
266 62	6117	7 Unemployment Insurance	35 85
432 08	6119	8 Workmen's Comp.	61 70
3,302 88	6155	9 Retirement	449 50
641 52	6183	10 Personnel Com. Pro Rata Chg.	86 03
281 66	6118	11 Dental Insurance	41 08
-	6293	12 Prof. Serv.: Court Reporter	-
-	6499	13 Cartographic Symbols	-
50 00	6499	14 Cartographer	-
50 00	6511	15 Travel-State: Air Fare	-
13 00	6531	16 Taxi	-
232 36	6541	17 Mileage-Private Vehicles	5 34
812 74	6551	18 Mileage-State Vehicles	113 01
5 25	6569	19 Parking	-
-	6569	20 Telephone	-
440 00	6581	21 Subsistence	90 00
-	6599	22 Registration Fees; Other	-
-	6611	23 Travel-Out of State: Air Fare	-
-	6631	24 Taxi	-
-	6639	25 Rail Fare	-
-	6641	26 Personal Auto	-
-	6669	27 Parking	-
-	6669	28 Telephone; Other	-
-	6681	29 Subsistence	-
-	6699	30 Registration Fee	-
-	7019	31 Legal Advertising	-
214 00	7036	32 Postage Stamps	-
400 00	7044	33 Telephone Service: ATS Service (WATS)	-
164 18	7045	34 Central System	-
37 33	7046	35 Toll Service	-
154 42	7047	36 Taxes, Dir. Assistance	-
221 45	7047	37 Miscellaneous	-
689 84	7066	38 Insurance (Risk Management)	-
-	7103	39 Occupancy: Office Rent	-
122 76	7188	40 Telephone Equip.: Lease/Rent	-
-	7311	41 Printing	-
-	7532	42 Furniture	-
-	7532	43 Adder/Calculator	-
-	7532	44 Reader/Printer	-
70 00	7553	45 Typewriter	-
332 09	7553	46 Copy Machine	-
-	7607	47 Library Supplies	-
-	7621	48 Stationery/Envelopes	-
-	7623	49 Printed Forms	-
-	7624	50 Reproduction Supplies	-
156 49	7625	51 Blue Prints/Office Supplies	48 80
30 53	7628	52 Printing Maps	8 48
41 49	7628	53 Printing Miscellaneous	-
-	7962	54 Revolving Fund	-
3 00	7967	55 Books	-
		TOTAL	

OFFICE

(DO NOT WRITE BELOW THIS LINE)

FIELD

AGENCY OIL & GAS CONSERVATION COMMISSION

DIVISION

IDENTIFICATION DE NO.

1	2	3	4
CLAIMS PAID YEAR TO DATE	OBJECT CODE NO.	DISTRIBUTION OF EXPENDITURES CLASSIFICATION	CLAIMS PAID MONTH OF JANUARY 19 85
-	7971	1 Organization Dues	1 -
-	7975	2 Registration Fees	2 -
-	7997	3 Subscription; Newspaper	3 -
24 00	7997	4 Technical Journal	4 24 00
626 13	6081	5 Temporary Help	5
		6	6
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		55	55
68,864 66		TOTAL	8,992 24

OFFICE

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FIELD
AUDIT

MONTHLY FINANCIAL REPORT

RECEIPTS MONTH OF JANUARY 1985	CLASSIFICATION	APPROPRIATED RECEIPTS	UNAPPROPRIATED RECEIPTS	TOTAL ALL RECEIPTS YEAR TO DATE
	1 Permits to Drill			4,027 00
	2			
	3			
	4			
	5			
	6			
	7			
	8			
	9			
	10			
	11			
	12			
	13			
	14			
	15			
	16			
	17			
	TOTAL CURRENT MONTH RECEIPTS			XXXXXX
	TRANSFERS IN			
XXXXXX	BALANCES BROUGHT FORWARD		4,027 00	XXXXXX
	TOTALS - MONTH AND YEAR TO DATE		4,027 00	

CLAIMS PAID MONTH OF JANUARY 1985	FUND TITLES	TOTAL AMOUNT AVAILABLE YEAR TO DATE	CLAIMS PAID YEAR TO DATE	OUTSTANDING ENCUMBRANCES	UNENCUMBERED BALANCE
7,169 19	1 Personal Services	106,900 00	53,452 23		53,447 77
1,533 42	2 Imp. Related Exp.	22,800 00	11,142 20		11,657 80
	3 Professional Services	400 00	50 00		350 00
208 35	4 Travel - State	7,100 00	1,552 35		6,146 65
	5 Travel - Out of State				
81 28	6 Other Operating Exp.	4,500 00	2,666 88		1,833 12
	7 Capital Outlay-Equipment				
	8				
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8,992 24	TOTALS	142,300 00	68,864 66		73,435 34

32 x 11

1

RECEIVED *AKA*
DEC 5 1984
O & G CONS. COMM.

JOINT COMMITTEE OF REFERENCE

HOUSE NATURAL RESOURCES/SENATE NATURAL RESOURCES AND AGRICULTURE

Report on

OIL AND GAS CONSERVATION COMMISSION

1645 W. Jefferson #420

TO: Senator John U. Hays, Co-Chairman
Representative Larry Hawke, Co-Chairman

Pursuant to Title 41, Chapter 20, A.R.S., your Committee of Reference,
after performing a sunset review and conducting public hearings,
recommends the following:

That the report of the Auditor General be accepted
and that the Commission be continued for a period of
ten years. (Continuing legislation will be intro-
duced in the Senate.)

COMMITTEE MEMBERS

Senator Hays, Co-Chairman
Senator Lunn
Senator Taylor
Senator Getzwiller
Senator Hardt

Representative Larry Hawke, Co-Chairman
Representative Hull
Representative Pacheco
Representative McElhaney
Representative Everall

<i>John U. Hays</i>	<i>Larry Hawke</i>
<i>John Lunn</i>	<i>James Lee Hull</i>
<i>John Taylor</i>	<i>Richard Pacheco</i>
<i>Bob Getzwiller</i>	<i>Frank McElhaney</i>
<i>Bob Hardt</i>	<i>Everall</i>

This final report meets the statutory requirements established in Arizona Revised Statutes, Title 41, Chapter 20, Article 1. The JCOR has recommended the continuation of the Oil and Gas Conservation Commission. This report outlines the findings of the Auditor General's Office and the JCOR recommendations. A copy of the continuation bill is attached.

FINDINGS AND RECOMMENDATIONS

Finding I: (p. 13-21)

The Oil and Gas Conservation Commission does not obtain the necessary additional information before issuing drilling permits.

Recommendation:

Commissioner Rickard of the OGCC responded to the directive of the Auditor General by stating the OGCC does require the following information on applications to drill exploratory wells:

1. review of nearby wells,
2. blowout prevention equipment specifications and method of installation including a diagram.

He explained that potential drilling problems are addressed in the application process but emphasized that predicting such problems are difficult to do in unexplored areas. In reference to drilling fluids and casing programs, the OGCC does require a driller to maintain a sufficient amount of fluid additives and surface pipe at the site to protect groundwater while drilling. Fluid additives are necessary to keep the drilling mud at the proper consistency.

Mr. Rickard addressed Recommendation 2 of Finding I which states "OGCC should coordinate with DWR to devise a procedure whereby OGCC can obtain and review information on water location and quality before issuing any permits to drill exploratory wells." He stated that OGCC goes to several agencies for information on water location and quality before issuing permits. Those agencies include United States Geologic Service, Bureau of Reclamation and Department of Water Resources.

No legislative changes are recommended.

Finding II: (p. 23-29)

Policies for protecting groundwater are not well defined.

Recommendations:

Mr. A. K. Doss, Executive Director of the OGCC, agrees with the Auditor General's recommendation that review of the regulation concerning surface casing requirements is necessary. He has indicated that the regulation will be rewritten to clarify those situations which require surface casing in order to protect groundwater.

No legislative changes are necessary.

Finding III: (p. 31-36)

Bond requirements for single oil and gas wells in Arizona are inadequate.

Recommendation:

The JCOR received conflicting testimony on this issue. The Auditor General stated that bond levels in Arizona for oil, gas, helium, and geothermal wells are inadequate, and should be increased. Unplugged wells can pollute groundwater, minerals and other resources, and failure to restore a well site may cause erosion. Current bond requirements for individual wells may not be adequate to ensure that OGCC will have sufficient funds to close wells and protect natural resources from contamination.

Mr. Doss responded by stating that small operators are responsible for the majority of oil discoveries in the states. Bonds are often very hard for the small operators to obtain and he has stated the OGCC sometimes accepts cash bonds or certificates of deposit payable to OGCC from the small operators. He fears that increasing the bond requirement will eliminate the small operator in Arizona altogether.

The Committee recommends that the bond requirements remain at the present level. No legislative changes are necessary.

Conclusion:

The JCOR has reviewed the Auditor General's Sunset Report as required under Title 41, Chapter 20, Article 1, and recommends the Oil and Gas Conservation Commission be continued for ten years. The continuation bill will be introduced in the Senate.

The Oil and Gas Conservation Commission regulates all oil, gas, helium, and geothermal wells, and oil and gas storage wells in Arizona. A.R.S. 27-502 establishes a state policy to conserve oil, gas, water and other natural resources, protect ownership rights and safeguard public health. OGCC reviews and issues drilling permits, monitors drilling activity, maintains information on wells under its jurisdiction and assists individuals seeking information on Arizona's petroleum resources.

* * *

APPENDIX A

SUMMARY

The Office of the Auditor General has conducted a performance audit of the Arizona Oil and Gas Conservation Commission in response to a resolution of the Joint Legislative Budget Committee. This performance audit was conducted as part of the Sunset Review set forth in Arizona Revised Statutes (A.R.S.) §§41-2351 through 41-2379.

The Oil and Gas Conservation Commission (OGCC) regulates all oil, gas, helium, and geothermal wells, and oil and gas storage wells in Arizona. A.R.S. §27-502 establishes a state policy to conserve oil, gas and other natural resources, protect ownership rights and safeguard public health. OGCC executes this policy by reviewing and issuing permits to drill wells and monitoring drilling activity. In addition, OGCC maintains information on all wells under its jurisdiction and assists individuals seeking information on Arizona's petroleum resources.

The Oil and Gas Conservation Commission Does Not
Obtain The Necessary Additional Information
Before Issuing Drilling Permits (see page 13)

The Oil and Gas Conservation Commission does not obtain needed information on proposed drilling operations and groundwater location before approving applications for permits to drill. The Commission does not require all applicants to provide sufficient information on proposed operations, nor does it notify the Department of Water Resources (DWR) of proposed drilling until after the permits have been issued. Lack of sufficient information on proposed drilling operations and groundwater location and quality may reduce OGCC's effectiveness in ensuring safety and protecting groundwater and other natural resources.

OGCC should require all operators applying for drilling permits to submit drilling programs that provide specific information on drilling conditions, anticipated problems, and drilling operations and procedures. The Commission should also review information from DWR on water location and quality before issuing any permits to drill exploratory wells.

Policies For Protecting Groundwater
Are Not Well Defined (see page 23)

Although groundwater is an important resource in Arizona's arid climate, OGCC rules and procedures do not provide clear guidance for making decisions on requirements to protect groundwater during oil and gas operations. Commission regulations stipulate the use of surface casing to protect water, but the Commission does not always enforce this requirement. Instead, OGCC relies on other methods, which may not be equally effective in protecting vital groundwater resources. The Commission needs to review its regulation requiring surface casing and either enforce it consistently or revise it based on clear definitions of fresh water and consistent criteria for evaluating alternative means of protection.

Bond Requirements For Single Oil and Gas
Wells In Arizona Are Inadequate (see page 31)

Arizona's bonds requirements for single oil and gas wells are not adequate to ensure that wells are properly closed off when all operations are completed. Wells drilled for exploration and production can pose significant harm to groundwater, minerals and other natural resources if wells are not properly closed off and the area around a well site is not restored. Although bond requirements for multiple wells in Arizona appear to be adequate, current bond amounts do not cover the costs of closing off individual wells and restoring drilling sites deserted by owners. Increasing the individual bond requirement to \$10,000 would ensure adequate funds to close most wells without discouraging exploratory drilling in Arizona.

APPENDIX B

Rough Draft
Folder #287
11/26/84 DMT/ebb

REFERENCE TITLE: continue oil and
gas commission

State of Arizona
Senate
Thirty-seventh Legislature
First Regular Session
1985

S. B. _____

Introduced by _____

AN ACT

RELATING TO STATE GOVERNMENT; PROVIDING FOR THE CONTINUATION OF THE OIL AND GAS
CONSERVATION COMMISSION; MAKING TECHNICAL CORRECTIONS; AMENDING SECTION
41-2364, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 1984, CHAPTER 334,
SECTION 11; REPEALING SECTION 41-2364, ARIZONA REVISED STATUTES, AS
AMENDED BY LAWS 1984, CHAPTER 318, SECTION 8; AMENDING SECTION 41-2372,
ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 1984, CHAPTER 334, SECTION 12;
REPEALING SECTION 41-2372, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS
1984, CHAPTER 318, SECTION 10, AND AMENDING SECTIONS 41-2368.01 AND
41-2376.01, ARIZONA REVISED STATUTES.

- 1 Be it enacted by the Legislature of the State of Arizona:
- 2 Section 1. Section 41-2364, Arizona Revised Statutes, as amended by
- 3 Laws 1984, chapter 334, section 11, is amended to read:
- 4 41-2364. Schedule for termination July 1, 1986
- 5 The following agencies shall terminate on July 1, 1986:
- 6 1. The Arizona commission of Indian affairs.
- 7 2. The industrial commission.
- 8 3. The Arizona state justice planning agency.
- 9 4. The law enforcement merit system council.
- 10 5. The livestock board.
- 11 6. The occupational safety and health advisory committee.
- 12 7. The department of mines and mineral resources.
- 13 ~~8. The oil and gas conservation commission.~~
- 14 ~~9.~~ 8. The Arizona outdoor recreation coordinating commission.
- 15 ~~10.~~ 9. The radiation regulatory agency.
- 16 ~~11.~~ 10. The radiation regulatory board.
- 17 ~~12.~~ 11. The state agricultural laboratory.
- 18 ~~13.~~ 12. The boiler advisory board.
- 19 ~~14.~~ 13. The Arizona employment advisory council.
- 20 ~~15.~~ 14. The occupational safety and health review board.

1 ~~16.~~ 15. The state veterinarian.
 2 ~~17.~~ 16. The tax advisory council.
 3 ~~18.~~ 17. The department of revenue.
 4 ~~19.~~ 18. The state bar of Arizona.
 5 ~~20.~~ 19. The board of homeopathic medical examiners.
 6 ~~21.~~ ~~The economic planning and development advisory board.~~
 7 ~~22.~~ 20. The office of manufactured housing and the manufactured
 8 housing board.
 9 ~~23.~~ 21. The state board of technical registration.
 10 ~~24.~~ 22. The Arizona racing commission and the Arizona department of
 11 racing.
 12 ~~25.~~ 23. The residential utility consumer office and the residential
 13 utility consumer board.
 14 Sec. 2. Section 41-2368.01, Arizona Revised Statutes, is amended to
 15 read:
 16 41-2368.01. Schedule for termination July 1, 1996; exception
 17 A. The following agencies shall terminate on July 1, 1996:
 18 1. The office of tourism.
 19 2. The state retirement system board and director and investment
 20 advisory council.
 21 3. The public safety personnel retirement system board and the
 22 activities and functions of the public safety personnel retirement fund
 23 manager.
 24 4. The health facilities authority and health facilities authority
 25 board.
 26 5. The state foster care review board.
 27 6. The Arizona historical society and the Prescott historical
 28 society.
 29 7. The board of medical student loans.
 30 8. The board for private postsecondary education.
 31 9. THE OIL AND GAS CONSERVATION COMMISSION.
 32 B. If the Arizona power authority has no outstanding contractual
 33 obligations with the United States or any United States agency or has no
 34 debts or obligations outstanding which were issued to finance the cost of
 35 the Hoover power plant modifications project or the Hoover power plant
 36 uprating project or if the authority has made other provisions for payment
 37 or retirement of such debts or obligations, the Arizona power authority
 38 shall terminate on July 1, 1996. In event that such contractual debts or
 39 obligations exist and that no satisfactory provision has been made for
 40 payment or retirement of such debts or obligations, the authority shall
 41 continue in existence until such debts or obligations are fully
 42 satisfied.
 43 Sec. 3. Section 41-2372, Arizona Revised Statutes, as amended by
 44 Laws 1984, chapter 334, section 12, is amended to read:
 45 41-2372. Schedule for termination of statutes
 46 January 1, 1987
 47 The following statutes are repealed on January 1, 1987:
 48 1. Title 41, chapter 3, article 4, Arizona Revised Statutes,
 49 relating to the Arizona commission of Indian affairs.

1 2. Title 23, chapter 1, Arizona Revised Statutes, relating to the
2 industrial commission.
3 3. Title 41, chapter 18, Arizona Revised Statutes, relating to the
4 Arizona state justice planning agency.
5 4. Title 28, chapter 2, article 2, Arizona Revised Statutes,
6 relating to the law enforcement merit system council.
7 5. Title 24, chapter 1, article 1, Arizona Revised Statutes,
8 relating to the livestock board.
9 6. Title 23, chapter 2, article 10, Arizona Revised Statutes,
10 relating to the occupational safety and health advisory committee.
11 7. Title 27, chapter 1, article 1, Arizona Revised Statutes,
12 relating to the department of mines and mineral resources.
13 ~~8. Title 27, chapter 4, article 1, Arizona Revised Statutes,~~
14 ~~relating to the oil and gas conservation commission.~~
15 9. Title 41, chapter 3, article 1.2, Arizona Revised Statutes,
16 relating to the Arizona outdoor recreation coordinating commission.
17 ~~10. 9. Title 30, chapter 4, Arizona Revised Statutes, relating to~~
18 ~~the radiation regulatory agency and the radiation regulatory board.~~
19 ~~11. 10. Title 3, chapter 1, article 4, Arizona Revised Statutes,~~
20 ~~relating to the state agricultural laboratory.~~
21 ~~12. 11. Title 23, chapter 2, article 11, Arizona Revised Statutes,~~
22 ~~relating to the boiler advisory board.~~
23 ~~13. 12. Title 23, chapter 3, article 2, Arizona Revised Statutes,~~
24 ~~relating to the Arizona employment advisory council.~~
25 ~~14. 13. Title 23, chapter 2, article 10, Arizona Revised Statutes,~~
26 ~~relating to the occupational safety and health review board.~~
27 ~~15. 14. Title 24, chapter 1, article 3, Arizona Revised Statutes,~~
28 ~~relating to the state veterinarian.~~
29 ~~16. 15. Title 42, chapter 1, article 1.1, Arizona Revised Statutes,~~
30 ~~relating to the tax advisory council.~~
31 ~~17. 16. Titles 42 and 43, Arizona Revised Statutes, relating to the~~
32 ~~department of revenue.~~
33 ~~18. 17. Title 32, chapter 2, article 1, Arizona Revised Statutes,~~
34 ~~relating to the state bar of Arizona.~~
35 ~~19. 18. Title 32, chapter 29, Arizona Revised Statutes, relating to~~
36 ~~the board of homeopathic medical examiners.~~
37 ~~20. Section 41-502, Arizona Revised Statutes, relating to the~~
38 ~~economic planning and development advisory board.~~
39 ~~21. 19. Title 32, chapter 10.1, Arizona Revised Statutes, relating~~
40 ~~to the office of manufactured housing and the manufactured housing board.~~
41 ~~22. 20. Title 32, chapter 1, Arizona Revised Statutes, relating to~~
42 ~~architects, engineers, and surveyors, ASSAYERS, GEOLOGISTS AND LANDSCAPE~~
43 ~~ARCHITECTS.~~
44 23. Title 5, chapter 1, Arizona Revised Statutes, relating to
45 horse and dog racing.
46 24. Title 40, chapter 2, article 11, Arizona Revised Statutes,
47 relating to the residential utility consumer office and the residential
48 utility consumer board.

1 Sec. 4. Section 41-2376.01, Arizona Revised Statutes, is amended to
2 read:
3 41-2376.01. Schedule for termination of statutes
4 January 1, 1997; exception
5 A. The following statutes are repealed on January 1, 1997:
6 1. Title 41, chapter 19, article 1, Arizona Revised Statutes,
7 relating to the office of tourism.
8 2. Title 38, chapter 5, article 2, Arizona Revised Statutes,
9 relating to the state retirement system board and director and investment
10 advisory council.
11 3. Title 38, chapter 5, article 4, Arizona Revised Statutes,
12 relating to the public safety personnel retirement system board and the
13 activities and functions of the public safety personnel retirement fund
14 manager.
15 4. Title 36, chapter 4.2, article 1, Arizona Revised Statutes,
16 relating to the health facilities authority and health facilities
17 authority board.
18 5. Title 8, chapter 5, article 1, Arizona Revised Statutes,
19 relating to the state foster care review board.
20 6. Title 41, chapter 4.1, articles 1 and 2, Arizona Revised
21 Statutes, relating to the Arizona historical society and the Prescott
22 historical society.
23 7. Title 15, chapter 13, article 7, Arizona Revised Statutes,
24 relating to the board of medical student loans.
25 8. Title 32, chapter 30, Arizona Revised Statutes, relating to the
26 board for private postsecondary education.
27 9. TITLE 27, CHAPTER 4, ARTICLE 1, ARIZONA REVISED STATUTES,
28 RELATING TO THE OIL AND GAS CONSERVATION COMMISSION.
29 B. If the Arizona power authority has no outstanding contractual
30 obligations with the United States or any United States agency or has no
31 debts or obligations outstanding which were issued to finance the cost of
32 the Hoover power plant modifications project or the Hoover power plant
33 uprating project or if the authority has made other provisions for payment
34 or retirement of such debts or obligations, title 30, chapter 1, article 1,
35 Arizona Revised Statutes, is repealed on January 1, 1997.
36 Sec. 5. Repeal
37 A. Section 41-2364, Arizona Revised Statutes, as amended by Laws
38 1984, chapter 318, section 8, is repealed.
39 B. Section 41-2372, Arizona Revised Statutes, as amended by Laws
40 1984, chapter 318, section 10, is repealed.
41 Sec. 6. Objective
42 The legislature intends to continue the oil and gas conservation
43 commission to regulate the drilling for and production of oil, gas, helium
44 and geothermal resources, to promote the conservation of these resources,
45 protect their ownership rights, safeguard the public health and otherwise
46 effect the public policy of this state pursuant to section 27-502, Arizona
47 Revised Statutes.

Neutron / Density
Gamma Ray

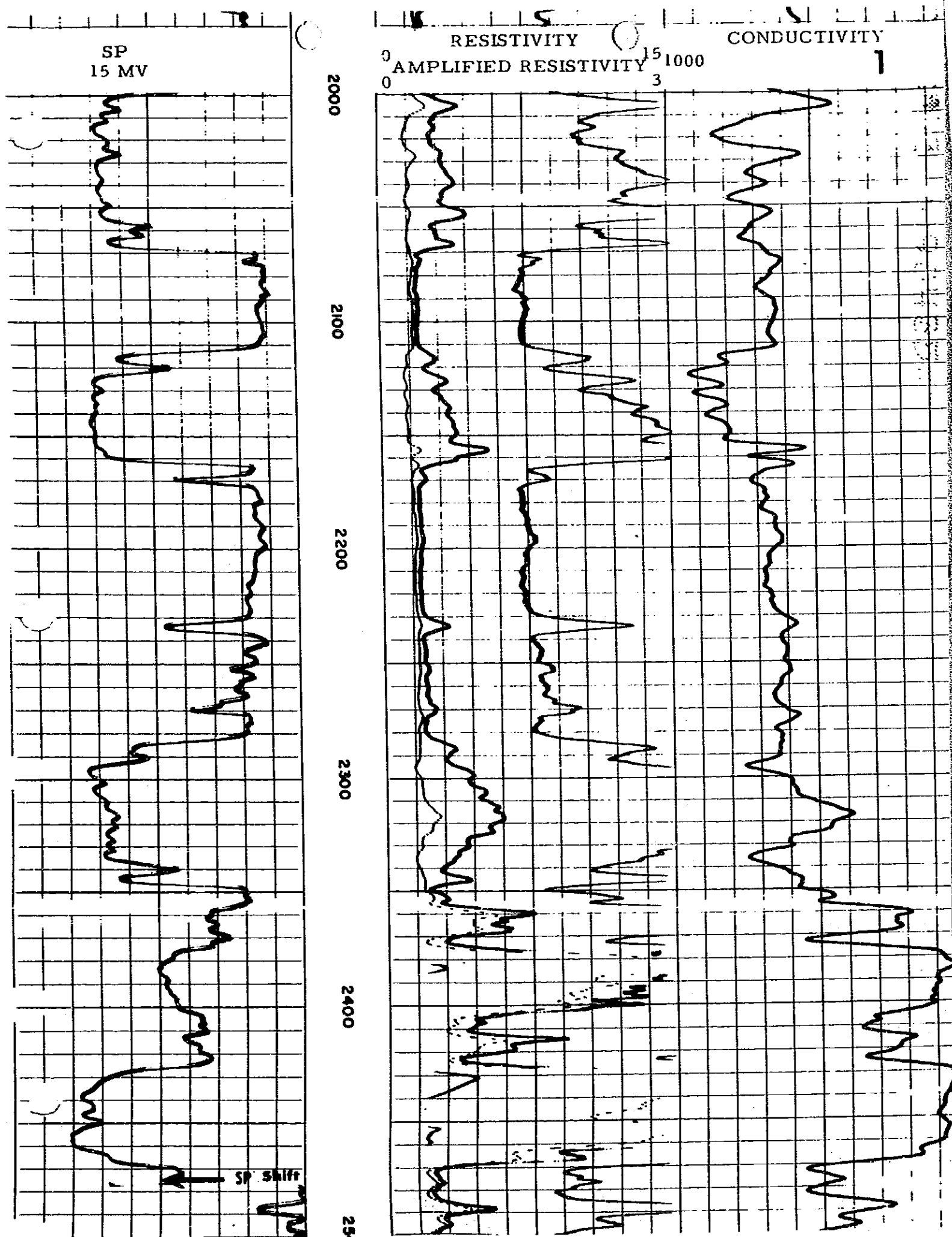
026

Induction (25.)
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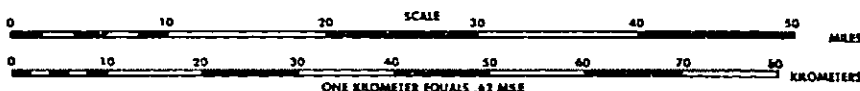


BAJA CALIFORNIA

NORTH PORTION

LEGEND

- | | | | | | |
|--|-------------------------------|--|-------------------------------------|--|-------------------|
| | FREEWAY | | MEXICO FEDERAL HIGHWAY | | RANCHO |
| | TOLL HIGHWAY WITH INTERCHANGE | | MEXICO STATE HIGHWAY | | MISSION |
| | DIVIDED HIGHWAY | | MILEAGE BETWEEN TOWNS AND JUNCTIONS | | CEMETERY |
| | PAVED ROAD | | DISTANCE DART | | MINE |
| | GRAVEL ROAD | | DISTANCE BETWEEN DARTS | | AIRPORT |
| | GRADED DIRT ROAD | | ROADSIDE REST | | LANDING FIELD |
| | DIRT ROAD | | RANGER STATION | | RAILROAD |
| | POOR OR DOUBTFUL ROAD | | | | ELEVATION IN FEET |



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