

OIL & GAS CONSERVATION COMMISSION
Meeting: May 24, 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

May 24, 1985

1645 West Jefferson, Room 420

Phoenix, Arizona

10:00 A.M.

Call to order

1. Approval of Minutes of Meeting of February 15, 1985
2. Report of A. K. Doss, Executive Director
3. Report of R. A. Ybarra, Enforcement Director
4. Consideration of report of Gene Greenwood on Pedragosa Basin
5. Budget for FY 1985 - 1986
6. Up-date on Pomeroy Project
7. Welcome to Commissioner Jan C. Wilt
8. Adjourn

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



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May 21, 1985

AMENDMENT TO THE AGENDA
OF THE MEETING OF
MAY 24, 1985

- 2A. Discussion of the possible
formation of a Natural
Resources Agency



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Oil and Gas Conservation Commission
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TO THE HONORABLE SECRETARY OF STATE
AND THE CITIZENS OF THE STATE OF ARIZONA

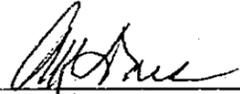
Pursuant to A.R.S. § 38-431.02, notice is hereby given that a regular meeting of the Oil and Gas Conservation Commission will be held at 10:00 a.m. on May 24, 1985 at the Commission's offices at 1645 West Jefferson Street, Suite 420, Phoenix, Arizona.

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 tenth day of May 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
February 15, 1985

Present:

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 February 15, 1985 was called to order by Dr. J. Dale Nations, Vice-Chairman, in the absence of Ralph W. Bilby, Chairman.

Mr. Rickard moved that the minutes of the September 21, 1984 meeting be approved with Mr. Warne's seconding the motion. Motion carried.

Dr. Nations suggested that copies of the two articles submitted by him, Mr. Doss and Mr. Ybarra for "Volume III of Oil and Gas Fields of the Four Corners Area" be made for the Commission members. Mr. Doss stated that we will also add this data to our Publication List, after checking for a final release date.

Mr. Doss reviewed his Activity Report. He commented on two speaking engagements he presented to the Phoenix Chapter of the AIME and to the Sun City Engineers Club. He advised that the Sunset Review and Audit of this Commission has been completed and the Commission is to continue for another ten years until 1996. He related how Mr. Rickard spoke in behalf of the Commission at the meeting of the Joint Committee of Reference. The Senate Natural Resources Committee held a hearing this past week to pass the bill continuing the Oil and Gas Commission. The final step will be for the Natural Resources Committee of the House to finalize the continuing existence of the Commission.

Mr. Warne suggested that a letter be written with Dr. Nations' signature requesting representation from the State Land Department and the Department of Water Resources at the Commission meetings in order to establish a better system of

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communication among these agencies. A copy of the letter is to be sent to the Governor's office. Mr. Ybarra advised that he has a contact person with Water Resources when he needs information from that department.

Mr. Doss reviewed the situation with Dr. J. R. Brathovde regarding competitive and noncompetitive bidding for geothermal leasing. If geothermal resource is considered to be a mineral, then land may be leased under the Mineral Leasing Act. It will be up to the State Land Department to handle problems of this nature regarding geothermal resources.

Mr. Doss advised that \$1,900.00 was approved toward the IOCC dues by the Executive Budget Office, but that the Joint Legislative Budget Committee only allowed \$500.00 toward the out-of-state travel. The request for an extra geologist position was denied by the Executive Budget Office. Dr. Nations suggested keeping the request for another geologist on an active basis as it may be needed in an emergency. Dr. Nations also gave a brief explanation of the IOCC and the monetary problems involved in his representing the Governor at their meetings as there hasn't been budget allocation for this expense. He commented on the fact that the dues of \$2,000.00 for belonging to the IOCC had been reinstated. Mr. Doss explained the possibility of meetings being held in Arizona if we were a paid-up member and the economy of the state could be increased.

Mr. Doss explained the political controversy between the Water Quality Control Council and the Department of Health Services and the Department of Water Resources. It is Mr. Doss' feeling that the Department of Water Resources may take over Water Quality Control.

Mr. Doss reported on the Central Oil Company's #1 Aman well in Yuma County being full of water with a salty content. When their pumping unit is set, he plans to go there to witness their disposing of the water. Their six sets of perforations ranged from 2,390' to 2,582'.

The situation of the Dowling well remains status quo. Mr. Doss is not aware of any recent developments with this well.

Mr. Ybarra reviewed his Activity Report and showed the location of ARCO's drilling in Hildago County. A depth of 15,000' is contemplated. Mr. Ybarra advised that after

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plotting the production of the Dineh-bi-Keyah field, it has gone down about 21% in three years or 25% in the last year. There is not much water production. Mr. Doss stated that Kerr-McGee is having a time trying to reach an agreement with the Indians on secondary recovery.

Mr. Ybarra reported that Jay Shields is going to abandon five of his wells and keep three. In the Monsanto operation, it was affected by the school tax bill. It is considered a semi-development well, but a look at the Devonian was contemplated. Regarding the abandonment of the Gustin well, there was not much of a rig involved. Many breakdowns took place including the elevator and slips. Logs were reviewed for Bradshaw's Central Oil Company's #1 Aman well with regard to water saturation and porosity. There was a show of oil at 2,390' of about 2.7% and the balance water. Mr. Doss stated that in the Dowling operation that the oil shows at 3,500' were legitimate shows.

John Karabees, state Vice-President for the Independent Petroleum Association of Mountain States, and an oil-and-gas land man representing 28 companies in Arizona, gave an update of the oil-and-gas activity in Arizona. ^{He said} ARCO, a client of his, and he worked last year in the Cochise County area. The rig drilling in Hidalgo County in 1984 is scheduled to be drilling in Cochise County in 1985. Some farm-out agreements were not finalized by the end of the year and they moved to Hidalgo County. If budget money still exists in 1985, they are to go to the Douglas area where a deep test is expected. There is a possibility of activity in all four corners of the state plus in the middle. Mr. Karabees represents the largest lease holder, Roberts & Koch, in the Yuma area. INEXCO is the second largest lease holder. INEXCO, Roberts & Koch and one other partner participated in a group shoot of 120 miles in 1984. More shooting is likely in 1985. Roberts & Koch is a partnership out of Midland, Texas. They have been very successful and like to keep a low-key profile. They do not seek any publicity, and just want to do their thing. They foresee two deep tests in the Yuma area, at least to 13,000'. They will not be involved with Central Oil Company.

Mr. Karabees stated that Dowling Petroleum is in bankruptcy. With so many bankruptcies in the Midland-Odessa area in 1984, the San Antonio Division of the Federal Bankruptcy Court has set up a sub-division for this area. The trustee handling Dowling is also handling 300 other cases. Dowling's leases are expiring because of nonpayment of the

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rentals. Wanbishi, a Houston, Texas company, a Japanese outfit, has been paying the rentals for the acreage in which they have an interest. One by one, for not paying the rentals, is being picked up by Roberts & Koch if it is in their interests. Not one land owner got burned from not paying the rentals where Dowling is concerned. Every draft issued by Dowling was paid, which involved 52,000 acres under lease. The only ones who suffered were the suppliers who participated in the drilling of the well. The only negative in this area of the Yuma Valley where there is not too much traffic except it is a spot where the illegal aliens coming across from Mexico have used it for a stop-ping-off point. Last year John and two hired hands picked up every piece of gum wrapper and cigarette butt around the well site. The site as of a month ago is a complete mess, and because of the pits, and in all this activity, it has become a place where car oil is being changed as well as old tires. From a land man's point of view, he would like to see the Commission take an interest in having the area restored as there has been objection to the oil-and-gas exploration due to the bad appearance of the Dowling location. The fence is gone because of nonpayment of the fence bill. The razor ribbon is lying on the ground. Gravel was bought from the state because the pad is sitting on a gravel pit, and that has to be restored. With rental payments coming up, possibly Wanbishi will make a deal with someone and they will take over. There are several people who are interested in trying for an attempted completion of that well. Wanbishi is willing to sell all their interests, but there is the other 15% that belongs to Dowling, and they can't get clear title to it yet. In time this whole thing will resolve itself, because you either go one way or the other. Either someone will be able to go in and get the title from the Bankruptcy Court, or the leases will terminate and there will be new leaseholders in there, so that all we have is the restoration of that site.

Sid Woods, of the 210 Corporation, who is in the lettuce business, has been putting leases together in T9S - the Dowling well is in T10S - in an attempt to be in a position to attract various clients of mine who would like to go into the area but because of the small fee parcels don't want to spend the money unless it attracts other speculators that would prevent them from putting a block together. So quietly, 210 Corporation is putting it together and it will be able to bring in some other operators for drilling. This is going to be a key spot. John displayed a map where Pemex is currently drilling. They are drilling the Pozo Victoria.

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The Pozo Altar is below the Dowling location. I visited the Pozo Altar site in 1983 where they had a Christmas tree on the hole. In June 1983, they had a nice dry hole marker on it - what we call a dry hole marker in the states. This was taken three weeks ago, and I haven't been there since June 1983. They have now cemented in a cellar around the hole. Pictures of the Pozo Victoria were shown which has been drilling for six months. The map shows that the Pozo Victoria location is a step out from the Pozo Cocupah well. In 1984 I've been back and forth to Washington, D. C. several times visiting with Pemex because we are trying to establish an exchange-of-data agreement between Roberts & Koch and Pemex - the seismic data, etc., their geological work with Pemex, and we're getting closer on an exchange. We know that they have drilled nine wells in the area. When de la Madrid took over, and the World Bank got involved, Pemex was forced to distribute information on what's going on - general type information. They now put out a monthly 8-page information letter. From heresay, the depth of wells being drilled range between 9,000' and 15,000'. Pozo Altar has concrete lined mud pits. When I was working on the Dowling well we took a sample of the oil in those pits of Pozo Altar, ran it through the mud log, and determined that it was not refined crude. We hear that the production is gas and gas condensate. In the latest publication of January 1985, Pemex gave a presentation to President de la Madrid and announced that the Altar Desert, an area of about 7,300 acres, is considered number one among nine different exploratory areas for 1985 monies. A copy of this publication will be made available to A. K. The activity starts at El Gulfo where their discovery well is. Pemex has confirmed to me that they have one onshore and one offshore field in the area. I'm going there on Monday, (February 18) to visit the wells between Pozo Victoria and the Gulf. They are drilling two more wells in the area now. Pemex puts signs up on their highways telling how many kilometers to each well site for the various service companies. We know they at least have nine. They show as of through 1984 - 18 wells drilled in the area in this region, but we are trying to get confirmation on how big the region is. We know that nine of the wells drilled are in this area just below Yuma-San Luis. So it holds a lot of promise.

Up in the strip in addition to Jay Shields' activities, there is Charles Lawrence out of Lake Charles, Louisiana. He was the first drilling superintendent for the Hunts in the Tuscaloosa trend and assembled over the last five years a 60,000-acre block. In fact in the 60,000 acres, there are only 320 acres

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that are missing, and a gentleman from the Bronx wants \$100.00 an acre and a 5% override for his 320 acres. We told him it wasn't Powder River, but Charles Lawrence plans this summer to go in and drill approximately a 4,000' test in the Fredonia area. Also 210 Corporation from Yuma has assembled 18,000 acres in the strip just offsetting the Brooks' area. They are just about to conclude a drilling commitment with Western Sun Exploration out of Billings to go in and drill a series of shallow holes to tap the potential that was found on the drill stem test by Brooks at the 600' interval. We have got confirmation the refinery in Fredonia is now operational. Wouldn't it be good publicity to have a discovery there and be able to use that refinery?

From AZTX Exploration, Inc., we have just acquired 550,000 acres from the Feds and the state in the past month in Coconino County - the Coconino plateau. When finished, we'll have approximately one million acres. What that means in the short run is that the state will receive in the neighborhood of three-fourths of \$1,000,000.00 from rentals paid to the state and also the 50% share of the Federal rentals. We can't take any more Federal acreage because of the chargeability. The plans are to drill some strat tests this year.

With the Salt Grass Exploration, their plans for north of Springerville and also the Coconino Plateau, we can see some significant drilling in all areas. There was a lot of feeling when Phillips pulled the plug on the consortium and pulled out, that there was going to be bad news for Arizona. I was optimistic and looking at it as an opportunity for others to come in and pick up where they left off and sure enough, dollarwise into the trust, the increase in rentals from 25¢ to \$1.00 an acre for the primary term, have already brought in more money than what was being brought in when Phillips and Anschutz had the 5,000,000 acres. The opportunity has been there. Arco would not have been able to put their prospects together in Cochise County if that had not happened, and as Anschutz was dropping the acreage, we were there picking it up so the state never missed a beat, and the BLM got a share in the action too. In 1985 we will be seeing the last of the 25¢ rentals. They now go to \$1.50, so someone like Salt Grass who has a large block is looking at that, and will have to do something or otherwise their rentals are going to increase by a factor of 6, so that should help the activity too. We have been seeing that there are various companies who are going to do business in Arizona. For instance, Ladd Petroleum which is a unit of General

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Electric has applied to do business in Arizona; C&G Petroleum out of Louisiana is looking in the corner of the strip near the Virgin Mountains. We can have activity in 1985 pretty much all over the state. Mac Moran of Freeport held only BLM leases, now wants to expand its block and acquire state leases also. I started out with Shell in 1968 and have represented most of the majors except for Shell. They have their land work done by Fuzzy Henderson out of Farmington. Last week they applied for more Federal acreage. The BLM is not processing the leases quickly, because they have a problem in their drafting department, and in terms of manpower, they have one person and they have five open requisitions and no funding to fill them, and that's hurting from an industry standpoint because people are wanting to get on with it and they can't get the leases processed, so what Shell is doing is shooting seismic on applications and picking and choosing acreage, and staying under the chargeability so they just drop some Federal acreage and pick up new Federal acreage. They are currently coming across the state and have shot seismic in the Kingman area, Greenlee County and Graham County. They have just picked up a large block in southern Apache County. They're dropping state acreage in the Safford area so their seismic must have told them something. They are spending large sums of money and really shooting up the countryside. This is my seventh year in Arizona and 1985 holds the most promise of it all, because the areas are going to be so diverse. It's like all the geological areas in Arizona will be tested instead of just the overthrust as we saw in 1980 - 1981 by the Phillips' group. Having been closely involved with the Dowling well doing the land work, I've had various other production managers of majors and large independents look at it. The consensus of opinion is that there are hydrocarbons there. The only question is can they make a well out of that hole. My sources say there is too much water saturation to make a successful well. There's no question about it that there are definitely hydrocarbons present. I was in the mud log wagon when they had the two big gas kicks that kicked right off the scale so I firmly believe too along with the experts that know what they're looking at in terms of the logs that there is something there based on what's happening in Mexico and that boundary fence is no geological barrier so it looks like the Yuma area holds a lot of promise for Arizona. With the high concentration of Federal and state lands there, the state can really make out well if something is discovered there.

Mr. Ralph J. Pomeroy of Cam-Roy Research and Development

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Corporation in Chandler briefed the Commission on his plan to rehabilitate the two geothermal wells in the Higley area. These wells were drilled in 1973 by Geothermal Kinetics, Inc. in a joint venture with Arizona Public Service. Additional depth to well #1 is planned which originally went to 9,207'. The #2 well was originally drilled to a depth of 10,454' and is in a better position with better heat and productive capacity. A limited amount of drilling is planned for the #2 well, in order to complete it in a larger productive interval. The closer they can get to the Ocotillo Fault, there is more permeability as well as greater potential from the heat and fluids. Two wells could probably handle a generation of 10MW_e per unit. Industrialization uses of the energy could also be realized. Laura Scudder Potato Chip Company in California is a prospect for this type of energy. Most of their potatoes are secured from the Queen Creek area. Land would be cheaper for them here in Arizona as the taxes in California are quite high and they are experiencing a backhauling problem. A brewery business in Missouri was also considered for geothermal application. There is less time required in design and construction of these types of units. They are easily movable. The unit he is most interested in is by Ben Holt of Pasadena since it can be operated by one man.

Mr. Pomeroy has experienced difficulty in arranging financing for this project. He recently attended a ground breaking ceremony by Kennecott and Bechtel Corp. who are planning to drill a 10,000' hole in the south Salton Sea area. Geothermal exploration has been more prominent in California than in Arizona especially in the El Centro area. Mr. Pomeroy feels that he will lose some surface rights in this area, but there is land adjacent to this which he has and can be used for development. Their rig is to be brought in from Texas in about 30 days or around the first of April. He feels that this source of energy is very viable for the state of Arizona.

Dr. Nations inquired of the disposal of the water in this area, and Mr. Pomeroy responded that the Queen Creek Irrigation District would be a possible purchaser; Mesa has its own power system; wants to avoid getting involved with water users or Arizona Public Service. If both of these wells are activated, the drilling of an injection well will be necessary. The population projected for the Queen Creek area is 25,000 by 1990.

The next Commission meeting is scheduled for April 19, 1985.

Mr. Rickard moved for adjournment, and Mr. Warne seconded the motion. Motion carried.

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APPROVED

Dale Nations

Dr. J. Dale Nations
Vice-Chairman

Guests in attendance:

John Haas
John Karabees
Ralph J. Pomeroy

Bureau of Land Management
Land Man
Cam-Roy Research and
Development Corporation



OFFICE OF

Oil and Gas Conservation Commission

STATE OF ARIZONA

1645 WEST JEFFERSON, SUITE 420

PHOENIX, ARIZONA 85007

PHONE: (602) 255-5161

ACTIVITY REPORT

May 10, 1985

A. K. Doss
Executive Director

LEGISLATIVE

Senate Bill 1174 granting the OGCC another 10 years of life passed both houses and was signed by the governor -- so now it is official. Senate Bill 1287 increasing State Land Department's oil and gas leases from 2560 acres to six miles square has also been signed by the governor. The OGCC was instrumental in getting this bill amended to provide that a producing discovery well could still only hold 2560 acres and that the operator must apply "due diligence" in development drilling to fully develop the field. Additional amendments provide that the State Land Department must promulgate rules and regulations to define the manner in which the 2560 acres around a discovery well must be established and to define "due diligence" with respect to development drilling. These were the only two bills in this session that directly affected oil and gas functions.

ADMINISTRATIVE

The Director appeared before both the Senate and House subcommittees on appropriations. In the final analysis, the OGCC budget for FY 1985-1986 was approved at \$156,500 which does not include funding for re-establishing the geologist position, but does include the funding for IOCC dues and travel. Also, we have not received an itemized breakdown on the lump sum figure.

Bill Waggoner, geologist and operator, from the Dallas, Texas area had planned to be drilling in the strip country by now, but has hit a snag. Mr. Waggoner was in the office to discuss the manner of drilling and completing in the 500'± sand zone around the Brooks Exploration's exploratory holes. He then went to St. George, Utah and made arrangements for a drilling rig when everything came to a halt. BLM had an oil and gas leasing foul up in Wyoming, and the Department of Interior in Washington, D. C. put a temporary suspension on all oil and gas lease applications pending, so Waggoner is caught in that trap. John Karabees is working to get the suspension lifted in Arizona. Perhaps we will have a successful decision before or by our meeting date.

Activity Report
Executive Director

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May 10, 1985

In early March the Commission received a proposal of a cooperative agreement between the BLM and the OGCC. A search of our statutes did not find a provision for entering into such an agreement, but a request for a concurrence was made to our Attorney General, Russ Kolsrud, and he agreed in a letter response. (See enclosure.)

We wish to welcome our newest member to the Commission, Jan C. Wilt. Ms. Wilt is a consulting geologist with an extensive background in the geology of Arizona, and will be a valuable addition to the Commission. The Director appeared with Ms. Wilt at the confirmation hearing before the Senate Natural Resources Committee on April 17, 1985, and the Senators treated Wilt kindly in giving a unanimous approval.

Enclosure



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ACTIVITY REPORT

May 10, 1985

R. A. Ybarra
Enforcement Director

During this report period, Shields Exploration Co. reentered to complete Well No. 2-19 Federal in Coconino County and Energy Reserves Group plugged and abandoned Wells No. 9 and 6 Navajo in the Teec Nos Pos Field.

The Shields' well was drilled and placed on T and A status in December 1984 pending analysis for completion. The well was reentered on April 11 and the hole was found bridged at 2400', 2800', and 3000' (near the top of the upper most interval to be tested). Because of the poor condition of the hole, the operator decided to cement the 4-1/2" casing at 3196' instead of 3800' as originally planned. Also the log showed a bad wash-out at 3250'. On April 13, the 4-1/2", 14-lb. casing was cemented at 3196' with 120 sacks of cement plus 2% gel, which calculated to fill behind the casing to 1600'. The well was logged after allowing the cement to set for 56 hours. The cement bond log looked good from around the shoe at 3196' to 2730' and poor from this depth upwards to 1700' ±. On April 17, the lowermost interval 3180' - 3116' was perforated and tested. The test recovered large quantities of water cut with drilling mud and cement particles. Additional swabbing after soaking the perforations with HCl and KCl water resulted in recovering larger amounts of water. A bridge plug was set at 3102' and the casing perforated 3080' - 3066', the interval that looked the most promising according to Welex (logging company). Again, large amounts of water were recovered and the appearance of the water was very similar to that recovered from the lower zone. When I left the well, they were planning to check the integrity of the bridge plug before moving ahead. It was reported later that the bridge plug was leaking and a second one was set at 3095'. The perforations were then acidized and tested, and again large quantities of water were recovered. A third bridge plug was set at 3030' and the casing perforated 2996' - 2992' and 2990' - 2988'. Upon testing, these perforations also yielded large quantities of water. According to the last sundry report, the operator was preparing to recement.

Energy Reserves Group Wells No. 9 and 6 Navajo were drilled and tested for L. Ismay and Desert Creek production in 1977. Well No. 6, according to the well file, had some bad water communication problems that hampered

Activity Report
Enforcement Director

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May 10, 1985

a successful completion. Well No. 9 also tested the deeper Barker Creek Formation without success. Both wells were completed with 8-5/8" surface casing and 5-1/2" casing cemented through the objective test zones. After testing, both wells were partially abandoned and placed on a T and A status.

On April 23, I witnessed the following on Well No. 9: mudding operations; shooting of holes at 2763' (50' below top of De Chelly Formation), 1440' (50' below top of Wingate Formation), and 570' (below the shoe of the 8-5/8" casing); squeezing of holes at 1440' and 570' with 45 and 54 sacks of cement, respectively; and the placing of a 50' surface plug. The holes at 2763' would not take any fluid so a 100' plug was pumped across the holes.

On April 25, I witnessed the following on Well No. 6: mudding of hole; shooting of holes in the 5-1/2" casing at 2755' (50' below top of the De Chelly Formation), 1400' (50' below top of the Wingate Formation), and 620' (below the shoe of the 8-5/8" casing); squeezing of holes at 1400' and 620' with 50 and 45 sacks of cement, respectively; and the placing of a 50' surface plug. Again, the lower set of holes (at 2755') would not break down under a pressure in excess of 1300 psi. A 100' cement plug was pumped through the tubing hanging at 2805' and filling to 2705'.

Energy Reserves Group, the main operator in the Teec Nos Pos Field, has requested permission to flare small quantities of gas. Most of the gas production from four wells has been used for lease purposes with the excess gas being sold via a rented compressor to EPNG. Now that the gas volume available for sale has declined to a level where it is too small to meter, they would like approval to flare the excess gas. To confirm this, I checked the production graph for the field and noted a drastic decline (\pm 45% per year) in gas production for the last two years. During the peak production years, 1975 through 1981, the average monthly gas production rate was about 7,000,000 cubic feet. This compares with the 1,192,000 cubic feet of gas produced in March 1985. Approximately 65% of the gas produced is used on the lease. Approval was given provided that all gas vented is properly ignited and burned.

In between operations I visited the Mountain States Resources' Well No. 16 Navajo. This is the same well that tested for 2.5 million cubic feet of gas per day but was shut in because of poor market conditions. I was advised by the production foreman with Energy Reserves Group that while testing the well a second time, the initial high rate of production (gas) declined rapidly, a high pressure-low volume production characteristic not uncommon in this area. A large pumping unit was over the well but was not operating.

I was informed that Monsanto will go ahead and drill the well they had planned to drill in November 1984. They will start drilling as soon as they can line up a drilling contractor.



STATE OF ARIZONA
DEPARTMENT OF MINES AND MINERAL RESOURCES
Mineral Building, Fairgrounds, Phoenix, Arizona 85007 • (602) 255-3791

May 13, 1985

RECEIVED

MAY 20 1985

O & G CONS. COMM.

TO: Board of Governors
FROM: John H. Jett, Director
SUBJECT: Unification meeting

I attended a meeting today composed of Representative Larry Hawke, chairman of the House Natural Resources Committee; James McCutchan, State Mine Inspector; James Warnock, Executive Director of Solar Energy Commission; and Larry Fellows, Assistant Director, Arizona Bureau of Geology and Mineral Technology. Mr. A. K. Doss, Executive Director of the Oil and Gas Commission had been invited but illness prevented him from attending. This meeting was initiated by Mr. McCutchan and Mr. Warnock getting together then contacting Mr. Hawke.

It appears that Mr. Warnock has become somewhat concerned and almost panicky over the statements made by several legislators during the budget process. Both he and Mr. McCutchan decided that if there was going to be a proposed unification movement it would be wise to try to stay ahead of the process and have input from the beginning and not after legislation had been drafted.

The others and I were invited. I talked with Board Chairman Hart about this and it was decided I would attend and monitor the meeting. I would neither approve or condemn any action.

Mr. Hawke wanted clarification of what the meeting was all about. Then he wanted a list of agencies that should be in a proposed consolidation. He added the Technical Registration Board and Radiation Regulatory Agency (originally Atomic Energy Commission).

Mr. McCutchan informed the group that he had been told by some legislators that since he was the only elected official in the group he would automatically become the head of the agency. Mr. Hawke stated to forget that statement. The head of a combined agency must be accountable, therefore, he must be appointed. He stated that Mr. McCutchan is not accountable to anyone in government. He also told Mr. McCutchan that in his opinion the State Mine Inspector should be appointed and believed that it probably would become an appointed position after Mr. McCutchan left the position. He said there was considerable sentiment for appointment at this time.

Mr. Hawke wants to take a look at the possibility of an umbrella agency. Does it mean anything? What are the plus and minus of a consolidation? What is staff responsibility? What is the state of the art of similar organizations in other states? What is the organizational structure in other states? What are all these agencies responsible for? Do they have regulations? Are the regulations bifurcated - spread among two or more agencies? What are the public relations of the agencies? Who are the constituents served? Who are on the mailing lists? Look at consolidation from an administrative point of view and from a government point of view.

-continued-

Memo to Board
5/13/85

-2-

Mr. Hawke said we should be proactive, and not look at being pushed or harassed into something. He did state he wanted to work on this project, and to take the initiative to prevent the possibility of Representative Steffey being appointed to head up a committee.

Mr. Hawke said he was going to talk to the House leadership, Mr. Sossaman and Mr. Barr and Senator Hays in the Senate. He wants to go through what may be considered an academic exercise at this time. He wants to take a good look at the agencies to determine feasibility of a joining of agencies. If it appears feasible - go ahead. If it does not, kill, bury and forget it.

Mr. Hawke wants another meeting during the week of June 16. He wants each of us to have a brief summary on what our agency does, its counterparts in other states and organizational charts of other agencies showing chain of command.

Unless otherwise directed, I will gather this data and attend the next meeting. I told the group that I was there as an observer, that the Board of Governors would make the policy of the department which I would support and carry out. I probably will put this in writing to representative Hawke.



STATE OF ARIZONA
DEPARTMENT OF MINES AND MINERAL RESOURCES
Mineral Building, Fairgrounds, Phoenix, Arizona 85007 • (602) 255-3791

RECEIVED
MAY 16 1985
O & G CONS. COMM.

BOARD OF GOVERNORS

Clifford B. Altfeld
Schorr, Leonard & Felker, P.C.
155 W. Council St.
P.O. Box 191
Tucson, Arizona 85702
Phone: 622-7733

Brian Donnelly
805 N. 4th Ave. #602
Phoenix, Arizona 85003
Phone: 252-0553

Donald Hart
800 Arizona Title Bldg.
111 W. Monroe
Phoenix, Arizona 85003
Phone: 258-6292

Harvey Smith
Del Tierra Engineering & Mining Corporation
4310 N. Brown, Suite 5
Scottsdale, Arizona 85251
Phone: 946-3996

Edna Vinck
130 S. Devereaux
Globe, Arizona 85501
Phone: 425-4752



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MAR 3 1985

D & G CONS. COMM.

March 7, 1985

Attorney General

1275 WEST WASHINGTON

Phoenix, Arizona 85007

Robert F. Corbin

Mr. A. K. Doss
Oil and Gas Commission
Suite 420
1645 West Jefferson
Phoenix, AZ 85007

Re: Cooperative Agreement Between Oil and Gas
Commission and the Bureau of Land Management

Dear A.K.:

Upon review of the above-referenced agreement, we have determined that the Commission does not have the authority to enter into it. The only statutory power for the Commission to enter into agreements with the United States is for the purpose of protecting fresh water supplies from contamination and pollution brought about by drilling wells. A.R.S. § 27-215.C. As you can see, this agreement goes far beyond the statutory power.

If you have any other questions in this regard, do not hesitate to contact our office.

Cordially,

A handwritten signature in dark ink, appearing to read "RUSSELL A. KOLSRUD".

RUSSELL A. KOLSRUD
Assistant Attorney General

RAK:lfc

0755A34

AGENCY Oil & Gas Conservation Commission

DIVISION _____

IDENTIFICATION CODE NO. _____

CLAIMS PAID YEAR TO DATE		OBJECT CODE NO.	DISTRIBUTION OF EXPENDITURES		CLAIMS PAID MONTH OF APRIL 1985	
1	2		3		4	
			CLASSIFICATION			
44,321	64	6011	1 Salaries: Staff	1	4,210	70
30,321	13	6057	2 Appointed Official	2	3,111	54
270	60	6058	3 Per Diem: Commission Members	3		
626	17	6081	4 Temporary Help	4		
5,233	41	6111	5 Emp. Related: F.I.C.A.	5	576	23
3,178	46	6113	6 Health Insurance	6	317	84
366	00	6115	7 D&I Insurance	7	36	00
376	32	6117	8 Unemployment Insurance	8	36	60
404	40	6118	9 Dental Insurance	9	41	08
621	18	6119	10 Workmen's Comp	10	62	74
4,680	16	6155	11 Retirement	11	459	12
906	54	6183	12 Personnel	12	87	86
		6293	13 Prof. Serv.: Court Reporter	13		
		6499	14 Cartographic Symbols	14		
50	00	6499	15 Cartographer	15		
50	00	6511	16 Travel-State: Air Fare	16		
17	00	6531	17 Taxi	17		
396	78	6541	18 Mileage-Private Vehicles	18		
1,141	38	6551	19 Mileage-State Vehicles	19	82	16
5	25	6569	20 Parking	20		
		6569	21 Telephone	21		
1,029	40	6581	22 Subsistence	22	519	40
		6599	23 Registration Fees; Other	23		
		6611	24 Travel-Out of State: Air Fare	24		
		6631	25 Taxi	25		
		6639	26 Rail Fare	26		
		6641	27 Personal Auto	27		
		6669	28 Parking	28		
		6669	29 Telephone; Other	29		
		6681	30 Subsistence	30		
		6699	31 Registration Fee	31		
		7019	32 Legal Advertising	32		
214	00	7036	33 Postage Stamps	33		
640	25	7044	34 Telephone Service: AT&T Service (WATS)	34	162	75
295	70	7045	35 Line Costs	35	87	68
336	29	7046	36 Station Equipment	36	126	63
13	33	7047	37 Long Distance	37	16	45
500	66	7048	38 Other	38	109	00
689	64	7066	39 Insurance (Risk Management)	39		
		7311	40 Printing	40		
		7532	41 Furniture	41		
		7532	42 Adder/Calculator	42		
		7532	43 Reader/Printer	43		
70	00	7553	44 Typewriter	44		
332	09	7553	45 Copy Machine	45		
		7621	46 Stationery/Envelopes	46		
		7623	47 Printed Forms	47		
		7624	48 Reproduction Supplies	48		
549	48	7625	49 Blue Prints/Office Supplies	49	62	16
47	76	7628	50 Printing Maps	50		
41	49	7628	51 Printing Miscellaneous	51		
		7962	52 Revolving Fund	52		
31	00	7967	53 Books	53	28	00
		7971	54 Organization Dues	54		
		7975	55 Registration Fees	55		
			TOTAL			

OFFICE

(DO NOT WRITE BELOW THIS LINE)

FIELD

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 APRIL 1985			
44,321	69	6011	1	Salaries: Staff	1	4,210	70
30,321	13	6057	2	Appointed Official	2	3,111	54
270	00	6058	3	Per Diem: Commission Members	3		
626	13	6081	4	Temporary Help	4		
5,283	41	6111	5	Emp. Related: F.I.C.A.	5	576	23
3,178	40	6113	6	Health Insurance	6	317	84
366	00	6115	7	D&L Insurance	7	36	00
376	32	6117	8	Unemployment Insurance	8	36	60
404	40	6118	9	Dental Insurance	9	41	08
621	18	6119	10	Workmen's Comp	10	62	94
4,680	16	6155	11	Retirement	11	459	12
906	54	6183	12	Personnel	12	87	86
		6293	13	Prof. Serv.: Court Reporter	13		
		6499	14	Cartographic Symbols	14		
50	00	6499	15	Cartographer	15		
50	00	6511	16	Travel-State: Air Fare	16		
17	00	6531	17	Taxi	17		
396	78	6541	18	Mileage-Private Vehicles	18		
1,141	38	6551	19	Mileage-State Vehicles	19	82	16
5	25	6569	20	Parking	20		
		6569	21	Telephone	21		
1,029	40	6581	22	Subsistence	22	579	40
		6599	23	Registration Fees; Other	23		
		6611	24	Travel-Out of State: Air Fare	24		
		6631	25	Taxi	25		
		6639	26	Rail Fare	26		
		6641	27	Personal Auto	27		
		6669	28	Parking	28		
		6669	29	Telephone; Other	29		
		6681	30	Subsistence	30		
		6699	31	Registration Fee	31		
		7019	32	Legal Advertising	32		
214	00	7036	33	Postage Stamps	33		
640	25	7044	34	Telephone Service: ATS Service (WATS)	34	162	75
295	70	7045	35	Line Costs	35	87	68
336	29	7046	36	Station Equipment	36	126	63
63	33	7047	37	Long Distance	37	16	45
500	66	7048	38	Other	38	109	00
689	64	7066	39	Insurance (Risk Management)	39		
		7311	40	Printing	40		
		7532	41	Furniture	41		
		7532	42	Adder/Calculator	42		
		7532	43	Reader/Printer	43		
70	00	7553	44	Typewriter	44		
332	09	7553	45	Copy Machine	45		
		7621	46	Stationery/Envelopes	46		
		7623	47	Printed Forms	47		
		7624	48	Reproduction Supplies	48		
549	48	7625	49	Blue Prints/Office Supplies	49	62	16
47	76	7628	50	Printing Maps	50		
41	49	7628	51	Printing Miscellaneous	51		
		7962	52	Revolving Fund	52		
31	00	7967	53	Books	53	28	00
		7971	54	Organization Dues	54		
		7975	55	Registration Fees	55		
				TOTAL			

OFFICE

(DO NOT WRITE BELOW THIS LINE)

FIELD

AGENCY Oil & Gas Conservation Commission

- 2 -

DIVISION _____ IDENTIFICATION CODE NO. _____

1	2	3	4
CLAIMS PAID YEAR TO DATE	OBJECT CODE NO.	DISTRIBUTION OF EXPENDITURES CLASSIFICATION	CLAIMS PAID MONTH OF APRIL 19 85
	7997	1 Subscription; Newspaper	1
24-00	7997	2 Technical Journal	2
		3	3
		4	4
		5	5
		6	6
		7	7
		8	8
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		30	30
		31	31
		32	32
		33	33
		34	34
		35	35
		36	36
		37	37
		38	38
		39	39
		40	40
		41	41
		42	42
		43	43
		44	44
		45	45
		46	46
		47	47
		48	48
		49	49
		50	50
		51	51
		52	52
		53	53
		54	54
		55	55
97,877 36		TOTAL	10,073 64

OFFICE
AUDIT

(DO NOT WRITE BELOW THIS LINE)

FIELD
AUDIT

MONTHLY FINANCIAL REPORT

1 RECEIPTS MONTH OF APRIL 1985	2 CLASSIFICATION	3 APPROPRIATED RECEIPTS	4 UNAPPROPRIATED RECEIPTS	5 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
XXXXXX	TRANSFERS IN			
	BALANCES BROUGHT FORWARD		4,027 00	XXXXXX
	TOTALS - MONTH AND YEAR TO DATE		4,027 00	

6 CLAIMS PAID MONTH OF APRIL 1985	7 FUND TITLES	8 TOTAL AMOUNT AVAILABLE YEAR TO DATE	9 CLAIMS PAID YEAR TO DATE	10 OUTSTANDING ENCUMBRANCES	11 UNENCUMBERED BALANCE
7,322 24	1 Personal Services	106,900 00	75,538 95		31,361 05
1,557 67	2 Emp. Related Exp.	22,800 00	15,816 91		6,983 09
	3 Professional Services	400 00	50 00		350 00
601 56	4 Travel - State	7,700 00	2,635 81		5,064 19
	5 Travel - Out of State				
542 17	6 Other Operating Exp.	4,500 00	3,835 69		664 31
	7 Capital Outlay-Equipment				
	8				
	9				
	10				
	11				
	12				
	13				
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	19				
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	22				
	23				
	24				
	25				
	26				
	27				
	28				
	29				
	30				
10,073 64	TOTALS	142,300 00	97,877 36		44,422 64



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

ROSTER

Commission	Appointment Expires	Staff
Ralph W. Bilby, Chairman P. O. Box 569 Tucson 85701 Tel: 792-4800 4440 N. Camino Del Santo Tel: 299-6177	1-17-88	A. K. Doss Executive Director 3202 W. Hearn Road Phoenix 85023 Tel: 866-8584
J. Dale Nations PhD Vice-Chairman NAU - Geology Department P. O. Box 6030 Flagstaff 86001 Tel: 523-2931 529 N. Bertrand Tel: 774-2542	1-20-86	Rudy A. Ybarra Director, Enforcement 2146 W. Isabella, #236 Mesa 85202 Tel: 820-1695 Katie Barnes (Mrs.) Administrative Assistant 121 W. Ruth Avenue Phoenix 85021 Tel: 944-0135
Forrest R. Rickard P. O. Box 370 Ajo 85321 Tel: 387-7400 or P. O. Box 42350 Tucson 85733 Tel: 883-7675	1-19-87	
James E. Warne, Jr., P.E. Western Technologies, Inc. 3737 East Broadway Road P. O. Box 21387 Phoenix 85036 Tel: 437-3737 5500 N. Dromedary Phoenix 85018 Tel: 840-5703	1-16-89	
Jan C. Wilt (Mrs.) 3035 S. Shiela Avenue Tucson 85746 Tel: 883-6669	1-15-90	