

OIL & GAS CONSERVATION COMMISSION
Meeting: November 15, 1985
R. A. Ybarra, Acting 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

November 15, 1985

1645 West Jefferson, Room 420

Phoenix, Arizona

10:00 A.M.

Call to order

1. Approval of Minutes of Meeting
of October 25, 1985
2. Report of Enforcement Section
R. A. Ybarra reports on Well Operations
3. Actions by Commissioners
 - a. Develop and adopt policy for selecting
Chairman and Vice Chairman
 - b. Select representative, and alternate,
to the Water Quality Control Council
4. Brief on Agency Consolidation Plan
Senator Juanita Harelson, Chairman, Joint
Committee of House and Senate Sub-Committee
of Appropriations and the Natural Resources
Committee Chairman
5. Executive Session -- Personnel Purposes
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

1645 WEST JEFFERSON, SUITE 420

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 November 15, 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 first day of November 1985.

OIL AND GAS CONSERVATION COMMISSION

By R. A. Ybarra
R. A. Ybarra
Acting Executive Director

Telephone Contact: 255-5161

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

Minutes of Meeting
October 25, 1985

Present:

Dr. J. Dale Nations, Vice-Chairman
Mr. Forrest R. Rickard, Member
Mr. James E. Warne, Jr., Member
Mrs. Jan C. Wilt, Member

The regular Commission Meeting of October 25, 1985 was called to order at 9:38 A.M. by Dr. J. Dale Nations, Vice-Chairman, since Mr. Ralph W. Bilby, the former Chairman, recently resigned.

The minutes of the meeting of August 16, 1985 were corrected to read on Page 2 for approximately 800,000 acres in Arizona. Mr. Warne moved for acceptance of the minutes and the Executive Session's minutes, and this was seconded by Mr. Rickard. Motion carried.

In regards to discussion about the budget, Dr. Nations made mention that we are still operating without out-of-state travel funds for the key staff members. Mr. Ybarra, the acting Executive Director, remarked that you must have support from the right people when competing for such limited funds. Dr. Nations moved that in the next budget for 1987-1988 a request be made of \$2,000.00 travel expenses for the Executive Director and the Enforcement Director to attend out-of-state professional meetings. Mr. Warne seconded the motion which carried. Mrs. Wilt suggested getting a personal computer for the office to be considered in the next budget for publications and the monthly production reports. Mr. Rickard recommended that we continue to seek funding for the Geologist II position even if it isn't approved in the current budget request. Dr. Nations stated since we are funded for six Commission meetings that we continue to meet on a regular schedule of every two months. Mr. Rickard moved to adopt the budget as presented and Mrs. Wilt seconded this motion. Motion carried.

Mr. Ybarra, acting Executive Director, gave his report on the well operations. This included the status of surface clean-up

Minutes of Meeting
October 25, 1985
Page 2

operations of the Dowling well, the Monsanto hearing and the alleged illegal well by Southwest Salt Company near Luke Air Base. Monsanto was very agreeable to the hearing. A letter was sent to the trustee of the bankruptcy estate for Dowling Petroleum, Inc. to which he replied that Redbird Oil Co. had agreed to plug the well and restore the drill site as a condition to be given permission to production test the well. Some tubing was left there. The junk tubing was removed by the water well drilling company because they had stored the old rig that Redbird had on the other location, but were never paid for it. So they took the tubing for nonpayment. The estimated cost is \$5,000.00 for the restoration and the bonding company has been notified of this. Mr. Cy Young of the State Land Department commented that he is waiting for an estimate from Mr. Maxwell, the surface owner, regarding restoring of the Dowling property. Mr. Ybarra discussed the Southwest Salt Company's well No. 3 which is a Class III well under the State Health Department. We have charge of all Class II wells - oil and gas wells and storage and Class V geothermal injection wells. Approval by EPA was just granted to Southwest to operate three Class III wells. The No. 3 well is the only active well in this operation.

Mr. Ybarra reported on his attendance at the hearing on September 16, 1985 to merge five agencies including the Oil and Gas Conservation Commission into one agency. He was grateful for Mr. Warne's presence and comments at the hearing. Dr. Nations stated that a copy of Mr. Ybarra's transcript of his remarks of the hearing was on record and a copy of the draft of the merger was available. An analysis for this proposed action will be forthcoming. Dr. Nations stated that each member should have a complete copy of the legislative report on the combining of the five agencies and discuss this as an agenda item for the November 15, 1985 meeting. Dr. Nations also mentioned to have a representative from the legislature brief the Commission on this subject.

Dr. Nations made an inquiry about the Amoco drilling prospect in the Coconino Plateau area and the Baca Basin to which Mr. Ybarra replied that he had not received any recent reports. Mr. John Haas of the Bureau of Land Management stated that the Forest Service was to complete a Resource Management Plan for both areas. The Amoco Plan is to be completed sometime in 1986. Mr. Ybarra is to find out our main contact with the Forest Service in order that the Commission may have an active participation. Mr. Haas advised that the BLM had doubled the size on the geothermal lease in order to control

Minutes of Meeting
October 25, 1985
Page 3

and provide an overall development of the geothermal basin for a larger area.

Mr. Rickard moved that the meeting be adjourned at 10:30 a.m. in order to begin the Hearing Case No. 58 for Monsanto Oil Company. A seconded was given by Mrs. Wilt. Motion carried.

APPROVED

Dr. J. Dale Nations
Vice-Chairman

Guests in attendance:

Liz Bobotek

Joseph Clifford
John Haas
Bill Wellendorf
Cy Young

Joint Legislative
Budget Committee
Attorney General's Office
Bureau of Land Management
Geological consultant
State Land Department

EXECUTIVE SESSION

October 25, 1985

Present:

Dr. J. Dale Nations, Vice-Chairman
Mr. Forrest R. Rickard, Member
Mr. James E. Warne, Jr., Member
Mrs. Jan C. Wilt, Member

With the motion of Mr. Rickard being seconded by Mr. Warne to go into Executive Session, Dr. Dale Nations, Vice-Chairman, called the meeting to order at 9:05 A.M. on Friday, October 25, 1985, for the purpose of discussing the filling of the Executive Director's position, which is exempt.

Ruth Buckner of the Personnel Division was introduced by Dr. Nations. She issued a job announcement for the Executive Director's position. There are 93 applicants to date. The criteria for this position is a bachelor's degree in geology, petroleum engineering, civil engineering or geosciences with a minimum of five years' experience out of the last ten years in oil and gas properties in the states west of Colorado. Also suggested by Mr. Warne was to eliminate candidates with too many jobs in the last five years.

Mrs. Buckner advised not more than two out-of-state people could be interviewed in Phoenix due to State Personnel's budget constraints. She will send the resumes to the Commissioners in two mail packets -- the first fifty will be sent early in the week of October 28 and the balance sent by November 8.

The next Commission meeting, including an Executive Session, was scheduled for November 15, 1985 with a final selection of the candidates by the January 1986 meeting.

At 9:35 A.M., Mr. Rickard moved for adjournment which was seconded by Mr. Warne. Motion carried.

APPROVED

Dr. J. Dale Nations
Vice-Chairman



OFFICE OF

Oil and Gas Conservation Commission

STATE OF ARIZONA

1645 WEST JEFFERSON, SUITE 420

PHOENIX, ARIZONA 85007

PHONE: (602) 255-5161

ACTIVITY REPORT

October 30, 1985

R. A. Ybarra
Enforcement Director

During this report period we received a proposal by Shields Exploration Co. to re-enter well No. 2-19 in Coconino County and cement squeeze the perforations @ 2788' - 2996'. The present casing history is as follows: 7" cem. 395'; 4½" cem. 3196', perfs 2988' - 2990', 2992' - 2996', 3038' - 3066' and 3114' - 3142'. T.D. 3756' Bridge plugs @ 3030', 3102' and 3095'. After squeezing the perfs @ 2988' - 2996' the hole will be cleaned out to the bridge plug @ 3030' and drill it out. The objective is to production test the perfs @ 3038' - 3066' and hope that there is no communication between the two upper sets of perfs. The lower perfs are isolated by bridge plugs @ 3102' & 3095'.

I will be there to witness these operations starting Nov. 2nd and I hope I have some good news to report to you at our next meeting.

I will give you an update on the clean-up operations of the Dowling well in Yuma.



OFFICE OF

Oil and Gas Conservation Commission

STATE OF ARIZONA

1645 WEST JEFFERSON, SUITE 420

PHOENIX, ARIZONA 85007

PHONE: (602) 255-5161

ACTIVITY REPORT

Acting Executive Director

Administrative

It has been brought to my attention that Bradco, operator in Yuma, has been negotiating with the trustee for the Bankruptcy Estate of Dowling Petroleum, Inc. to acquire the remaining acreage held by the Dowling Estate. The acreage involved amounts to about 2750 acres, some of which is dedicated to the Dowling well. The well becomes the property of Bradco if and when this deal is consummated, and I am assured that it will become final by mid-November. Bradco informs me that they would like to re-enter the well and test some intervals deeper than the 2240-foot section tested by Redbird Oil Company. Please remember that this is the same well that I am trying to get cleaned up through the bonding company. Right now my plans are to proceed to have the well site cleaned up as soon as possible instead of waiting until the new operator takes over and completes their testing.

Senator Juanita Harelson, Chairman of the Joint Committee of House and Senate Sub-Committee of Appropriations and the Natural Resources Committee Chairman, has agreed to be present at the Commissioners' Meeting of Nov. 15 to give us a brief presentation and update on the agency consolidation proposal. The handout, Folder # 25, is merely a working paper or guideline in the event they go ahead with this action, so please disregard. Also, Senator Harelson would appreciate some feedback from the commissioners after her presentation, so kindly be prepared with some meaningful input.

Meetings

On October 26, I attended the Arizona Water Law Seminar at the ASU College of Law. There were five excellent panel discussions presented, all dealing with current water issues: Groundwater Quality, Practical Issues Under The Arizona Groundwater Code, Water Transfers, The Adjudication of Water Rights, and Effluent. Well over 100 people showed up, mostly lawyers and hydrologists, of course. Many of the top dogs in the field of water law were present.

If I make it back in time from the Shields well, I plan to attend another important water related meeting in Sunrise, a two-day workshop to discuss and compare opinions on six major areas of concern: standard setting, scope of water law, the permitting process, enforcement, the State Superfund, and citizens' suits. This workshop is being sponsored by the Governor's Commission on Arizona Environment.

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 OCT. 1985	
18,722	93	6011	1	Salaries: Staff	1	5,126	66
11,332	99	6057	2	Appointed Official	2	-	-
90	00	6058	3	Per Diem: Commission Members	3	-	-
-	-	6081	4	Temporary Help	4	-	-
2,118	97	6111	5	Emp. Related: F.I.C.A.	5	361	45
1,204	97	6113	6	Health Insurance	6	344	87
144	00	6115	7	D&L Insurance	7	42	00
150	33	6117	8	Unemployment Insurance	8	25	64
118	46	6118	9	Dental Insurance	9	32	64
238	70	6119	10	Workmen's Comp	10	33	14
1,704	23	6155	11	Retirement	11	290	70
309	04	6183	12	Personnel	12	35	38
-	-	6293	13	Prof. Serv.: Court Reporter	13	-	-
-	-	6499	14	Cartographic Symbols	14	-	-
-	-	6499	15	Cartographer	15	-	-
-	-	6511	16	Travel-State: Air Fare	16	-	-
-	-	6531	17	Taxi	17	-	-
326	78	6541	18	Mileage-Private Vehicles	18	101	68
607	16	6551	19	Mileage-State Vehicles	19	200	00
-	-	6569	20	Parking	20	-	-
-	-	6569	21	Telephone	21	-	-
40	00	6581	22	Subsistence	22	-	-
27	42	6599	23	Registration Fees; Other	23	27	42
-	-	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	-	-
51	22	7019	32	Legal Advertising	32	51	22
-	-	7036	33	Postage Stamps	33	-	-
157	50	7044	34	Telephone Service: ATS Service (WATS)	34	79	50
87	68	7045	35	Line Costs	35	43	84
84	42	7046	36	Station Equipment	36	42	21
42	76	7047	37	Long Distance	37	17	54
102	88	7048	38	Other	38	49	18
500	00	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	-	-
201	99	7553	45	Copy Machine	45	-	-
-	-	7621	46	Stationery/Envelopes	46	-	-
-	-	7623	47	Printed Forms	47	-	-
-	-	7624	48	Reproduction Supplies	48	-	-
124	54	7625	49	Blue Prints/Office Supplies	49	15	26
-	-	7628	50	Printing Maps	50	-	-
-	-	7628	51	Printing Miscellaneous	51	-	-
-	-	7962	52	Revolving Fund	52	-	-
11	45	7967	53	Books	53	11	45
2,000	00	7971	54	Organization Dues	54	2,000	00
50	00	7975	55	Registration Fees	55	50	00
		TOTAL					

FIELD

AGENCY Oil & Gas Conservation Commission

- 2 -

DIVISION _____

IDENTIFICATION NO. _____

1	2	3	4
CLAIMS PAID YEAR TO DATE	OBJECT CODE NO.	DISTRIBUTION OF EXPENDITURES CLASSIFICATION	CLAIMS PAID MONTH OF OCT. 19 85
-	7997	1 Subscription; Newspaper	1
-	7997	2 Technical Journal	2
64 72	6582	3 Lodging	3 26 30
49 00	6583	4 Per Diem	4 49 00
9,700 00	7108	5 Office Rent	5
		6	6
		7	7
		8	8
		9	9
		10	10
		11	11
		12	12
		13	13
		14	14
		15	15
		16	16
		17	17
		18	18
		19	19
		20	20
		21	21
		22	22
		23	23
		24	24
		25	25
		26	26
		27	27
		28	28
		29	29
		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
50,434 34		TOTAL	9,056 95

OFFICE
AUDIT:

(DO NOT WRITE BELOW THIS LINE)
TURNED

FIELD
AUDIT:

MONTHLY FINANCIAL REPORT

RECEIPTS MONTH OF OCT. 1985	RECEIPTS CLASSIFICATION	APPROPRIATED RECEIPTS	UNAPPROPRIATED RECEIPTS	TOTAL ALL RECEIPTS YEAR TO DATE
	1 Permits to Drill			4,052 00
	2			
	3			
	4			
	5			
	6			
	7			
	8			
	9			
	10			
	11			
	12			
	13			
	14			
	15			
	16			
	17			
	TOTAL CURRENT MONTH RECEIPTS			XXXXXXXX
	TRANSFERS IN			
XXXXXXXX	BALANCES BROUGHT FORWARD		4,052 00	XXXXXXXX
	TOTALS - MONTH AND YEAR TO DATE		4,052 00	

CLAIMS PAID MONTH OF OCT. 1985	EXPENDITURES FUND TITLES	TOTAL AMOUNT AVAILABLE YEAR TO DATE	CLAIMS PAID YEAR TO DATE	OUTSTANDING ENCUMBRANCES	UNENCUMBERED BALANCE
5,126 66	1 Personal Services	111,500 00	30,145 92		81,354 08
1,165 82	2 Emp. Related Exp.	23,600 00	5,988 70		17,611 30
-	3 Professional Services	400 00	-		400 00
404 30	4 Travel - State	7,700 00	1,115 08		6,584 92
-	5 Travel - Out of State	500 00	-		500 00
2,260 20	6 Other Operating Exp.	17,300 00	13,184 64		4,115 36
	7 Capital Outlay-Equipment				
	8				
	9				
	10				
	11				
	12				
	13				
	14				
	15				
	16				
	17				
	18				
	19				
	20				
	21				
	22				
	23				
	24				
	25				
	26				
	27				
	28				
	29				
	30				
9,056 98	TOTALS	161,000 00	50,434 34		110,565 66