

OIL & GAS CONSERVATION COMMISSION
Meeting: March 14, 1986
Daniel J. Brennan, Executive Director



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

February 28, 1986

A Public Meeting of the Arizona Oil and Gas Conservation Commission will be held at 10:00 A.M., March 14, 1986, in Suite 420, Occupational Licensing Building, 1645 West Jefferson Street, Phoenix, Arizona.

The Agenda for this Meeting follows:

1. Call to order
2. Welcome to New Commissioner
3. Approval of Minutes
4. Report of Executive Director
5. Report of Enforcement Director
6. Discussion of Agency's goals and strategy to achieve the goals *3/14 phone*
7. Call to the Public
8. Request for Items for Future Agenda *Travel 4/16*
9. Setting of Next Meeting Date
10. Adjournment

During the Public Meeting, the Commission will afford any person, his duly authorized representative, or both, the opportunity to present statements relating to Agenda items, with or without the opportunity to present them orally.

Daniel J. Brennan
Executive Director

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

February 26, 1986

TO: Oil and Gas Commissioners
FROM: Daniel J. Brennan
SUBJECT: Called Meeting March 14, 1986

Enclosed are copies of the Meeting announcement and Agenda for the next regularly scheduled meeting of the Arizona Oil and Gas Conservation Commission. Accompanying it are the reports of the Director and Enforcement Director.

You may notice that the Notice and Minutes are presented in a somewhat different format than heretofore. This is a result of extended consultations with Joe Clifford of the Attorney General's office and is our best effort to comply with the state's open meeting law and with the requirements for files open to the public. Minutes of executive sessions are not public files and are presented separately.

Dr. Nations has suggested that we might all become better acquainted by breaking bread together (without any discussion of business - open meeting law.) The proposed location for luncheon to follow the meeting is Newton's Prime Rib, 915 East Van Buren, Phoenix. I understand their atmosphere is pleasant, menu varied, and prices moderate. We will poll you for your interest prior to the meeting and will then make reservations for as many as are able to attend.


Daniel J. Brennan
Executive Director

/kb

Enclosures

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

Minutes of Meeting
January 17, 1986

Present:

Dr. J. Dale Nations, Vice-Chairman
Mr. Forrest R. Rickard, Member
Mr. James E. Warne, Jr., Member
Mrs. Jan C. Wilt, Member
Dr. Daniel J. Brennan, Executive Director
Mr. Rudy A. Ybarra, Enforcement Director

The regular Commission Meeting of January 17, 1986 was called to order by Dr. J. Dale Nations, Vice-Chairman, at 10:00 A.M.

Dr. Nations welcomed Dr. Daniel J. Brennan as the new Executive Director of the Commission.

APPROVAL OF MINUTES FOR REGULAR MEETING OF 11/15/85 AND EXECUTIVE SESSION OF 11/15/85

With an addition to the Minutes of the Regular Meeting of November 15, 1985 on Page Three, at the request of Mrs. Wilt to state "when she worked there in 1970," at the Bureau of Geology and Mineral Technology and a change by Dr. Nations to reflect "the status of the geological survey within the University of Arizona should be raised," a motion was made by Mr. Rickard and seconded by Mr. Warne:

THAT THE MINUTES OF THE REGULAR MEETING AND THE EXECUTIVE SESSION BE APPROVED AS PRESENTED.

Motion carried unanimously.

REPORT OF EXECUTIVE DIRECTOR

Dr. Brennan acknowledged his welcome to the Commission and reviewed his Activity Report.

He commented on a new pipeline construction which began at Oracle. This pipeline will be placed on our map for well locations.

Dr. Brennan discussed an import fee on oil and gas.

Dr. Brennan advised he is getting acquainted with members of the legislature.

He stated that the office of the Commission is to be re-located on the fourth floor from its present location. An addition of 100SF will be involved in this move.

Information in flyers and folders is contemplated to be distributed to different segments of the public including school children, adults and professional people, and industry people. A brochure on how to lease in Arizona is being considered as part of the educational series.

Dr. Brennan expressed the desire to build a set of electric log cross sections of our well logs which may be for sale.

REPORT OF ENFORCEMENT SECTION

Rudy Ybarra, the Enforcement Director, reviewed his Activity Report previously sent to the Commissioners and made a part of these minutes.

In addition to the written report, Mr. Ybarra discussed the following: On Thursday, January 16, 1986, he represented the Commission at a National Energy Presentation Day at Sierra Vista School for the children where he set up a display and answered questions relating to safety, energy and resources. Salt River Project, Arizona Public Service and Southwest Gas Corporation were also represented. Mr. Ybarra suggested having handouts to be distributed at displays such as this.

Following Mr. Ybarra's report, Dr. Nations inquired if we knew of Kerr-McGee's entering an Enhanced Recovery Program at Dineh-bi-Keyah. Dr. Nations has had conversations with Ivan Getty regarding this and was aware of problems with the Navajo Tribe. Plans are being made to proceed for getting the Secondary Water Flood Program in there. Dr. Nations stated that our assistance has been offered to Mr. Getty.

POMEROY GEOTHERMAL PROJECT

Mr. Ralph Pomeroy of Cam-Roy Research and Development Corporation attended the meeting to request another extension of time in the abandonment of the two wells in the Gilbert area. A six-month extension was given until

Cedric

Minutes of Meeting
January 17, 1986
Page - 3 -

January 1, 1986 as reflected in the Minutes of the Meeting on August 16, 1985.

Mr. Rickard moved and Ms. Wilt seconded:

THAT AN EXTENSION OF SIX MONTHS BE GRANTED
OF THE ABANDONMENT OF THE TWO WELLS INVOLVED
IN THE GILBERT AREA.

Motion carried unanimously.

ELECTION OF COMMISSION'S CHAIRMAN AND VICE-CHAIRMAN

After a short discussion, Ms. Wilt moved and Mr. Rickard seconded:

THAT DR. DALE NATIONS SERVE AS CHAIRMAN OF
THE COMMISSION FOR THE NEXT TWO YEARS.

Motion carried unanimously.

Mr. Warne moved and Ms. Wilt seconded:

THAT MR. RICKARD BE THE VICE-CHAIRMAN OF
THE COMMISSION FOR THE NEXT TWO YEARS.

Motion carried unanimously.

STATE LAND DEPARTMENT/BLM ACTIVITY

Cy Young of the State Land Department presented a BLM land status map of Arizona to review their activities. A Blue Book, belonging to the Land Department, compiled of three geology reports was put together on three different exchanges that took place in February 1985 and was given to the Governor's Selection Board. No action was necessary on this report.

CALL TO THE PUBLIC

Dr. Nations extended a welcome to Dr. Larry Fellows in attending the meeting.

Ms. Wilt advised of a conference from March 20 - 21, 1986 of the Arizona Geological Society, and extended an invitation to the members to attend it. She is to give a talk on February 4, 1986 at the AGS meeting at the Hilton Inn, Tucson.

NEXT MEETING

The Chairman proposed the next meeting be held on March 14, 1986 in Phoenix in the Commission's office. This was approved without a formal vote.

Mr. Rickard moved and Mr. Warne seconded:

THAT THE PUBLIC MEETING BE RECESSED AT 11:24 A.M., AND THAT THE COMMISSION CONVENE IN EXECUTIVE SESSION TO DISCUSS THE ITEM ON THE AGENDA.

Motion carried unanimously.

RECONVENED PUBLIC MEETING

At 12:16 P.M., the Commission reconvened in Public Session in the Commission's office with all members present.

TOPICS FOR FUTURE MEETINGS

Dr. Nations recommended that the Commission authorize Dr. Brennan to review our Rules and Regulations and advise the Commission of necessary changes.

Mr. Rickard moved and Ms. Wilt seconded:

THAT THE MEETING BE ADJOURNED.

Motion carried unanimously. Time of adjournment was 12:20 P.M.

APPROVED

Dr. J. Dale Nations
Vice-Chairman

Guests in attendance:

Dr. Larry Fellows	Bureau of Geology and Mineral Technology
Ralph Pomeroy	Cam-Roy Research and Development Corporation
Cy Young	State Land Department
Barbara Sparman	State Personnel



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

February 26, 1986

TO: Members of the Oil and Gas Conservation Commission
FROM: Daniel J. Brennan *DJB*
RE: Report of Executive Director - January 17 - February 26, 1986

Drilling activity during this period remains at a standstill. Apparently leasing efforts are continuing in southern Navajo County, since we have had inquiries from a local attorney regarding interpretation of terms in leases he was negotiating for a client.

We have had inquiries regarding exploration from operators in Michigan, New Mexico, and Texas.

We have provided background information for a number of agencies: The Corps of Engineers on some of their lands near Holbrook, for a consulting company doing an Environmental Impact Statement for relocation of Marine Corps Bombing range east of Yuma and for promoters of oil deals.

During the legislative session an important chore is keeping up with their activity. We have testified before subcommittees of both the Senate and House Appropriations Committees. Our budget requests seem to have been favorably received. Both committees asked about oil and gas income to the state. The Commission takes in very little from permit fees and sales of publications, but royalty and tax income is significant. We estimated, that for the first 11 months of 1985,

Royalty to mineral owners was over	\$ 700,000
Severance tax was about	133,000
County taxes	<u>343,000</u>
Total	\$1,176,000

We have reviewed over 30 proposed pieces of legislation, attended half a dozen hearings and prepared a detailed critique in one bill.

- 2 -

As this is being written, remodeling of the southwest corner of the building is commencing. We may be ensconced in those quarters before the Commission's meeting. The move may not be permanent. The Occupational Licensing Building, where we are now located, may eventually be taken over by the Corrections Department. We are doing our best to persuade the Department of Administration to find space for us in the new Industrial Commission of Arizona Building. Failing that, we may look for space in another state facility or in a commercial building.

I am working with the editor of the AAPG Bulletin to insure that there will be a Four-Corners Report in this year's World Energy Developments number of the Bulletin.



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 25, 1986

R. A. Ybarra
Enforcement Director

During this report period there were no new applications to drill and no well operations to witness. One company, Apollo Oil Corp., is just now preparing to file an application to drill a 1500' well in Sec. 2, T9S, R12E, some 13 miles northwest of Oracle Junction. The operator has prepared a Plan of Operation and is waiting for approval from the State Land Dept. before filing with us.

I have some updating to report on the Southwest Salt Co. abandonment program, the surface restoration at the Dowling Pet., Inc. Well No. 1A State in Yuma County, and the status of Shields Exploration Co. Well No. 2-19 Federal in Coconino County.

Southwest Salt Co. Abandonment Program.

The day after our meeting on Nov. 19, 1985, Southwest met with EPA Region 9 in San Francisco to discuss the abandonment program for Wells No. 1 and 2 Roach-Baker. It appeared that the program was acceptable to EPA and that it would be approved without much delay, but here we are, four months later and the program is still being evaluated. Approval is required by EPA, the primary agency for Class III wells in AZ, before the company can file with us. I called EPA to find out why the evaluation of this program was taking so long but the person handling this project was not available this week. I hope to get some answers when they return my call. The company (Southwest) has appropriated the money to complete this work and is eager to get started.

Surface Cleanup of Dowling Petroleum, Inc. - Well No. 1A State.

The cleanup work was completed February 5, and the State Land Dept. inspected the well site on February 13. The refuse has been cleared and the mud pits and borrow area have been filled and contoured in conformance with the surrounding terrain. However, the surface casing (and production string?) remains exposed 8 to 10 inches above ground level and hardened cement is exposed at the surface in the area of the mud pits. I have talked to the bonding company and they have agreed to complete this work as recommended by the State Land Dept. This will entail removing or covering the hardened cement and cutting off the surface casing 18 inches below ground level and backfilling the hole. Another inspection will be in order before we authorize release of the bond.

Shields Exploration Co. - Well No. 2-19 Federal.

The BLM informed me that the pumping unit has been removed from the well and that the operator has requested that the well be placed on Temporary Abandoned status and used as an observation well. The well produced nothing but water before being shut in. The operator plans to drill a second "deep" well in this area to test certain intervals in the Redwall ls.

AGENCY Oil & Gas Conservation Commission

DIVISION _____ IDENTIFICATION CODE NO. _____

1		2		3		4	
CLAIMS PAID YEAR TO DATE 1986		OBJECT CODE NO.	DISTRIBUTION OF EXPENDITURES CLASSIFICATION		CLAIMS PAID MONTH OF FEB. 1986		
48,253	43	6011	1	Salaries: Staff	1	5,420	64
16,670	35	6057	2	Appointed Official	2	3,558	24
450	00	6058	3	Per Diem: Commission Members	3	-	-
-	-	6081	4	Temporary Help	4	-	-
4,186	75	6111	5	Emp. Related: F.I.C.A.	5	646	29
2,516	78	6113	6	Health Insurance	6	384	57
300	00	6115	7	D&L Insurance	7	48	00
295	86	6117	8	Unemployment Insurance	8	45	20
223	70	6118	9	Dental Insurance	9	32	64
445	58	6119	10	Workmen's Comp	10	70	96
3,094	20	6155	11	Retirement	11	504	09
512	40	6183	12	Personnel	12	62	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	-	-
1,000	64	6541	18	Mileage-Private Vehicles	18	-	-
1,602	26	6551	19	Mileage-State Vehicles	19	203	00
-	-	6569	20	Parking	20	-	-
-	-	6569	21	Telephone	21	-	-
40	00	6581	22	Subsistence	22	-	-
406	88	6582	23	Lodging	23	-	-
275	00	6583	24	Per Diem	24	-	-
77	42	6599	25	Registration Fees; Other	25	-	-
389	80	6611	26	Travel-Out of State: Air Fare	26	389	80
20	00	6631	27	Taxi	27	20	00
-	-	6639	28	Rail Fare	28	-	-
-	-	6641	29	Personal Auto	29	-	-
-	-	6669	30	Parking	30	-	-
-	-	6669	31	Telephone	31	-	-
-	-	6681	32	Subsistence	32	-	-
-	-	6699	33	Other	33	-	-
51	22	7019	34	Legal Advertising	34	-	-
187	50	7036	35	Postage Stamps	35	-	-
402	00	7044	36	Telephone Service: ATS Service (WATS)	36	-	-
201	92	7045	37	Line Costs	37	-	-
227	94	7046	38	Station Equipment	38	-	-
98	19	7047	39	Long Distance	39	-	-
256	25	7048	40	Other	40	-	-
500	00	7066	41	Insurance (Risk Management)	41	-	-
-	-	7311	42	Printing	42	-	-
45	00	7532	43	Furniture	43	-	-
-	-	7532	44	Adder/Calculator	44	-	-
-	-	7532	45	Reader/Printer	45	-	-
520	00	7553	46	Typewriter	46	-	-
201	89	7553	47	Copy Machine	47	-	-
-	-	7621	48	Stationery/Envelopes	48	-	-
-	-	7623	49	Printed Forms	49	-	-
-	-	7624	50	Reproduction Supplies	50	-	-
346	86	7625	51	Blue Prints/Office Supplies	51	19	50
-	-	7628	52	Printing Maps	52	-	-
-	-	7628	53	Printing Miscellaneous	53	-	-
-	-	7962	54	Revolving Fund	54	-	-
11	45	7967	55	Books	55	-	-
		TOTAL					

AGENCY - Oil & Gas Conservation Commission

- 2 -

DIVISION _____

IDENTIFICATION CODE NO. _____

1		2		3		4	
CLAIMS PAID YEAR TO DATE 1986		OBJECT CODE NO.	DISTRIBUTION OF EXPENDITURES CLASSIFICATION			CLAIMS PAID MONTH OF FEB. 1986	
2,000	00	7971	1 Organization Dues	1		-	
100	00	7975	2 Registration Fees	2		-	
-		7997	3 Subscription: Newspaper	3		-	
-		7997	4 Technical Journal	4		-	
-		6682	5 Lodging - Out of State	5		-	
90	20	6683	6 Per Diem - Out of State <i>ENCUMBERED</i>	6		90	20
9,700	60	7108	7 Office Rent	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			
89,706	57		TOTAL			11,500	57

OFFICE

(DO NOT WRITE BELOW THIS LINE)

FIELD

32 x 11

MONTHLY FINANCIAL REPORT

1 RECEIPTS MONTH OF FEB. 1986	2 CLASSIFICATION	3 RECEIPTS	4 APPROPRIATED RECEIPTS	5 UNAPPROPRIATED RECEIPTS	6 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				XXXXXX
	TRANSFERS IN				
XXXXXX	BALANCES BROUGHT FORWARD			4,052 00	XXXXXX
	TOTALS - MONTH AND YEAR TO DATE				

6 CLAIMS PAID MONTH OF FEB. 1986	7 FUND TITLES	8 TOTAL AMOUNT AVAILABLE YEAR TO DATE	9 CLAIMS PAID YEAR TO DATE	10 OUTSTANDING ENCUMBRANCES	11 UNENCUMBERED BALANCE
8,978 88	1 Personal Services	111,500 00	59,378 78		52,121 22
1,799 13	2 Emp. Related Exp.	23,600 00	11,575 27		12,024 73
-	3 Professional Services	400 00	-		400 00
203 00	4 Travel - State	7,700 00	3,402 20		4,297 80
500 00	5 Travel - Out of State	500 00		500 00	
19 50	6 Other Operating Exp.	17,300 00	14,850 32		2,449 68
	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				
11,500 57	TOTALS	161,000 00	89,206 57	500 00	71,293 43



3/3/86

OFFICE OF
Oil and Gas Conservation Commission
 STATE OF ARIZONA
 1645 WEST JEFFERSON, SUITE 420
 PHOENIX, ARIZONA 85007
 PHONE: (602) 255-5181

ROSTER

Commission	Appointment Expires	Staff
J. Dale Nations PhD Chairman NAU - Geology Department P. O. Box 6030 Flagstaff 86001 Tel: 523-4561 529 N. Bertrand Flagstaff 86001 Tel: 774-2542	1-21-91	Daniel J. Brennan PhD Executive Director 6241 N. 27th Ave., #124 Phoenix 85017 Tel: 249-3178 Rudy A. Ybarra Director, Enforcement 30 E. Brown, #1032 Mesa 85201 Tel: 844-0294
Forrest R. Rickard Vice-Chairman P. O. Box 370 Ajo 85321 Tel: 387-7400 or P. O. Box 42350 Tucson 85733 Tel: 883-7675	1-19-87	Katie Barnes (Mrs.) Administrative Assistant 121 W. Ruth Ave. Phoenix 85021 Tel: 944-0135
James E. Warne, Jr., P.E. Western Technologies, Inc. 3737 E. Broadway Road P. O. Box 21387 Phoenix 85036 Tel: 437-3737 5500 N. Dromedary Phoenix 85018 Tel: 840-5703	1-16-89	Lois J. Rogers (Mrs.) Secretary II 13036 N. 21st Place Phoenix, AZ 85022 Tel: 867-4525
Jan C. Wilt (Mrs.) 3035 S. Shiela Ave. Tucson 85746 Tel: 883-6669	1-15-90	
Mary Ann Niccoli (Mrs.) <i>Nickle-eye</i> 4537 E. Via Los Caballos Phoenix 85028 Tel: 948-4391	1-18-88	

