

OIL & GAS CONSERVATION COMMISSION
Meeting: July 18, 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

July 7, 1986

A Public Meeting of the Arizona Oil and Gas Conservation Commission will be held on July 18, 1986 at 10:00 A.M. in the City Council Chamber, 211 West Aspen, Flagstaff, Arizona.

The Agenda for this Meeting follows:

1. Call to order
2. Approval of Minutes
3. Report of Executive Director
4. Report of Enforcement Director
5. Consideration of an order for plugging of the Powers Ranch geothermal wells
6. Attorney General's Opinion on Oil and Gas Commission's authority to make agreements with other agencies (if received.)
7. Call to Public
8. Setting of next Meeting Date
9. Adjournment

During the course of the meeting, the Commission may go into executive session to consider a personnel matter.

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.

A handwritten signature in cursive script, appearing to read "Daniel J. Brennan".

Daniel J. Brennan
Executive Director

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

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

Minutes of Meeting
May 16, 1986

Present:

Dr. J. Dale Nations, Chairman
Mr. Forrest R. Rickard, Vice-Chairman
Mrs. Mary Ann Niccoli, 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 May 16, 1986 was called to order by Dr. J. Dale Nations, Chairman, at 10:00 A.M.

APPROVAL OF MINUTES FOR REGULAR MEETING OF MARCH 14, 1986

A motion was made by Mr. Warne and seconded by Mr. Rickard:

THAT THE MINUTES OF THE REGULAR MEETING OF
MARCH 14, 1986 BE APPROVED AS PRESENTED.

Motion carried unanimously.

REPORT OF EXECUTIVE DIRECTOR

Dr. Daniel Brennan, the Executive Director, reviewed his Activity Report previously sent to the Commissioners and made a part of these minutes.

In addition to his written report, he commented that the Water Control Bill had been passed into law. This law created a Department of Environmental Quality which will inherit the job of taking care of the water and pesticides from the Department of Health Services in a year's time. Title 49, the Environment, is new in the Arizona State Statutes as a result of this Law.

Dr. Brennan advised that next year's budget will be a line-item budget instead of lump sum. Dr. Brennan is in the process of replacing our copier with one of advanced features. He expressed the need for an IBM compatible computer for the office. Ms. Wilt moved and Mr. Rickard seconded:

THAT DR. BRENNAN INVESTIGATE THE COMPUTERS AND BUY
AS MUCH OF A COMPUTER SYSTEM AS POSSIBLE WITH OUR
AVAILABLE FUNDS.

Motion carried unanimously.

Dr. Brennan advised that it will be necessary for the Commission's office to be moved again, possibly by June 1, 1986.

Dr. Brennan reported receiving a call from Geothermal Kinetics in California saying that they own two geothermal wells in Chandler, AZ., and wanted to know how long they had to plug them, as they are planning to sell them. No further information was developed from this conversation.

Dr. Brennan stated that on Monday, May 19, 1986, he, Mr. Ybarra and Mr. John Haas of the Bureau of Land Management are going to check several gas wells in the Black Rock Field in northeastern Arizona which may need plugging. Mr. Haas commented that he understood that the Indians were going to take over the wells and that they could get another operator. American Fuels was the original operator. The well owners now are the Navajos. There is a \$25,000 cash bond on deposit.

REPORT OF ENFORCEMENT DIRECTOR

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

CONSIDERATION OF NEED FOR REVISION OF LEGISLATION AND OF THE COMMISSION'S RULES

Dr. Brennan explained since the Commission may only deal with Federal agencies regarding the Rules and Regulations, a need for an amendment for AND/OR STATE AGENCIES to be involved is necessary. He will discuss this with Mr. Joe Clifford, our legal counsel, from the Attorney General's office, as well as other matters including the plugging of seismic shot holes. Mr. Rickard suggested researching the topic of the seismic shot holes as he believes this was handled by legislation about a year ago. A motion was made by Mr. Warne and seconded by Mr. Rickard:

THAT DR. BRENNAN REVIEW THE RULES AND REGULATIONS
AND MAKE RECOMMENDATIONS TO THE COMMISSION FOR
CHANGES.

Motion carried unanimously.

REVIEW OF COMMISSION'S GOALS

Dr. Brennan discussed the review of goals stated at the March meeting, and if there were new ones to be considered, he would appreciate that information. Dr. Nations mentioned acquiring a computer program could be referred to as a goal. Mr. Ybarra explained his map and data sheet update project, and plans for a year-end completion. His inspection of wells on the Indian Reservation is another contemplated goal.

PROPOSAL TO SEND EXECUTIVE DIRECTOR TO ANNUAL MEETING OF AMERICAN ASSOCIATION OF PETROLEUM GEOLOGISTS

Ms. Wilt moved and Mr. Rickard seconded:

THAT DR. BRENNAN BE AUTHORIZED TO ATTEND THE ANNUAL AAPG MEETING IN ATLANTA, GEORGIA IN JUNE 1986.

Motion carried unanimously.

Dr. Brennan plans to take our revised Publication List as a handout to the attendees at the meeting.

A discussion was held on the AGS' and the Bureau of Geology and Mineral Technology's sharing a booth at the annual GSA Meeting in October 1987. A suggestion was made to have our publications there. Dr. Brennan commented that he is the Field Trip Transportation Coordinator (FTCC) for this meeting. He will hire the busses for the planned 40 field trips.

Dr. Nations inquired about future funds necessary for out-of-state travel for the Executive Director and Enforcement Director in the budget of '87 - '88 for professional obligations.

Mr. Ybarra advised he is planning to attend a Federal Bureau of Land Management Conference on Oil and Gas for Industry and Government with John Haas of the Bureau of Land Management in Albuquerque, NM on May 22 and 23, 1986.

CALL TO THE PUBLIC

Dr. Larry Fellows, state geologist, commented on the defeat of HB 2460 to separate the Geological Survey Branch from the University of Arizona and to have the governor appoint the state geologist.

Mr. Haas reported that the Secretary of Interior made a decision that stripper wells could be in a shut-in status and still retain their lease. They will pay a minimum royalty or rental of \$1.00 per acre.

SETTING OF NEXT MEETING DATE

July 18, 1986 was scheduled for the next Commission Meeting with the place to be announced.

The Commission recessed to go into Executive Session and did not convene in Regular Session after that.

APPROVED

Dale Nations
Dr. J. Dale Nations
Chairman

Guests in attendance:

Joe Clifford
Dr. Larry Fellows

John Haas
Barbara Spelman

Attorney General's Office
Bureau of Geology and
Mineral Technology
Bureau of Land Management
State Personnel



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

ACTIVITY REPORT

July 7, 1986

Daniel J. Brennan
Executive Director

Since the last meeting, activities of the Commission have been varied. A great deal of time has been expended in the process of preparing for a move to new quarters. The Director, alone, and with staff members, has visited a number of potential sites. On June 12 we were prepared to move into a suite at 1616 East Indian School Road. However, the Department of Administration and/or the Attorney General's Office failed to arrive at lease terms acceptable to both parties. On June 19, we made an alternate choice at the request of DOA. That was not approved since we had not requested enough money from the legislature for the rent of that suite. At this writing (July 7), the issue is unresolved, but we expect to be somewhere in new quarters by July 14.

On May 20, Brennan and Ybarra, along with federal people, visited shut-in gas wells of the Black Rock field. As reported, at least one of the wells is leaking slightly. It is uncertain what can be done to cause these wells to be repaired or plugged.

We have had calls from some investors seeking to find out about "The oil refinery in Arizona, and the oil well capable of making 500 barrels a day and about the many drilling permits near the Utah state line." We have had to tell them the refinery is closed, there is no such well that we know of, and we have issued no permits in the area they described.

I attended the Annual Meeting of the American Association of Petroleum Geologists June 14 - 18 in Atlanta. I attended a workshop for authors of Development Articles, two other committee meetings, judged part of a poster session, and listened to eight hours of Development Geology papers to help select some for publication.

Daniel J. Brennan
Activity Report

July 7, 1986
Page - 2 -

During the course of the meeting I met with numerous people and explained the agency's regulatory and geological function, and invited many to explore in Arizona and to seek our assistance.

Attendance was down considerably this year. Especially noticeable was the reduction in the numbers of young geologists present. Those who still have jobs were not sent to the meeting unless they had papers to present.

Chevron seemed to be the major company best represented, and Chevron seems to be coming out of its merger with Gulf as an industry leader. Exhibits at the convention were numerous. The increase in the variety of ways computers are being used is apparent from year to year. The vast increase in memory and increasing speed of array processors makes possible very rapid manipulation of vast amounts of digitized information. Seismic is now routinely processed for 3-D displays and for horizontal slice maps.

We have purchased a Sperry computer system and are presently picking up peripherals and software to make the system operational. We will try to get it started first for word processing, and will expand applications as time allows.

A manuscript of an article by Nations, Ybarra and Brennan on oil and gas exploration has been submitted to The Arizona Geological Society for review. Galley proofs of my article on Developments in the Four Corners Region were received and have been returned to the AAPG with minor corrections. Publication is scheduled for the October issue of the AAPG Bulletin. Reprints will be distributed as soon as they are received.



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Oil and Gas Conservation Commission
STATE OF ARIZONA
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ACTIVITY REPORT

July 2, 1986

R. A. Ybarra
Enforcement Director

During this report period three applications to drill were approved, two by Medallion Oil Co. in Coconino County and one by Apollo Oil Corp. in Pinal County.

Medallion Oil Co. from Houston received approval on May 27 to drill well No. 1-21 Federal in Sec. 21, T.40N., R.2E. and well No. 1-25 Federal in Sec. 25, T.40N., R.2E., approximately 10 miles north of Jacob Lake. Both tests are targeted at 4700' and are located about 8 miles north of a dry hole drilled in 1964 which bottomed in the Cambrian Bright Angel shale at 3868'. Drilling is scheduled to start in mid-July, after completion of the environmental assessment process.

The Apollo application was approved June 2 and the proposed well is in Sec. 2, T.9S., R.12E., approximately 13 miles northwest of Oracle Junction. Drilling started June 6 with a cable tool rig and on June 11 the operator reported that they were drilling into volcanics at 160'. They gave up after drilling to 167' and are now waiting for a larger rig.

On May 20, Dan and I, along with representatives from the BLM and BIA offices, visited the Black Rock area in the Navajo Reservation in response to a call that a well was leaking H₂S. Commission records showed 5 shut-in wells in this immediate area (T.40N., R.29E.), 4 listed under the defunct American Fuels Corp., and one under Universal Resources Corp. Upon inspection, and later confirmed by BLM records, we found that 3 of the American Fuels wells were shut-in as wells capable of producing gas and one shut-in as an oil and gas well. The Universal Resources well, also capable

of producing gas, was found to be plugged and abandoned (in 1984) and without the Commission being notified. The shut-in American Fuels oil and gas well (P/N 610) was found leaking with a slight smell of H₂S. We visited other wells outside the Black Rock area, another American Fuels well (No. 1 Navajo-M) and a well under British American which had been turned over to the Navajo Tribe to be converted to a water well. The latter well is capped with a steel plate and has been like this since 1960. The unusual thing about No. 1 Navajo-M was to find it monumented as a plugged and abandoned well. The Commission was not notified of this action and even the BLM people were surprised that the well had been plugged. Well records at the BLM office in Farmington, NM, showed that the well was plugged and abandoned by surety, St. Paul Property and Liability Insurance Co., in April, 1983, but who prompted this action, no one seems to know. BLM is checking to see if similar surety is available for some of the other shut-in wells. The Commission still carries a \$25,000 cash blanket bond on American Fuels. Both Commission and BLM records show that leases on all but one well held by American Fuels expired in 1974 because of non-production and subsequently taken over by the Navajo Tribe with the intention to produce some wells themselves or offer some or all for sale to the highest bidder. When the Tribe took over the wells they requested that the wells remain unplugged and that all equipment in connection with the well heads be left intact. The wells do not pose any danger because of their remote locations but they should be properly secured downhole and at the surface.

Towards the end of the day we took a quick look at wells and the tank farm at the Teec Nos Pos Field. The disposal well servicing this field was down and the water line leading to the well was leaking. The smell of H₂S was strong, especially around the disposal well. BLM called the production foreman to alert him of the broken line.

On May 22 and 23, I attended the Oil and Gas Conference for Industry and Government in Albuquerque. This conference is sponsored by the BLM and its purpose is to serve as a forum to help explain new regulations and procedures and to get feedback on the concerns of the oil and gas industry. The timing of this conference was very appropriate because of the many changes that occurred within the past year. There were several panel discussions dealing with such current issues as shutting in of stripper wells, waste water disposal, KGS, and drainage.

On June 30, I inspected and approved the surface restoration work completed at the High Plains Corp. well No. 1-13 Santa Fe RR near Chambers, AZ, in Apache County.

AGENCY Oil & Gas Conservation Commission

DIVISION _____ IDENTIFICATION CODE NO. _____

| 1 | | 2 | | 3 | | 4 | |
|------------------------------------|----|-----------------|---|--------------------------------|-------|----|--|
| CLAIMS PAID YEAR TO DATE 1985-1986 | | OBJECT CODE NO. | DISTRIBUTION OF EXPENDITURES CLASSIFICATION | CLAIMS PAID MONTH OF JUNE 1986 | | | |
| 68,556 | 40 | 6011 | 1 Salaries: Staff | 1 | 5,501 | 30 | |
| 32,652 | 43 | 6057 | 2 Appointed Official | 2 | 3,558 | 24 | |
| 750 | 00 | 6058 | 3 Commission Members | 3 | - | | |
| - | | 6081 | 4 Temporary Help | 4 | - | | |
| 4,223 | 95 | 6111 | 5 Emp. Related: F.L.C.A. | 5 | 651 | 61 | |
| 4,357 | 02 | 6113 | 6 Health Insurance | 6 | 460 | 06 | |
| 492 | 00 | 6115 | 7 D&L Insurance | 7 | 48 | 00 | |
| 508 | 28 | 6117 | 8 Unemployment Insurance | 8 | 45 | 57 | |
| 388 | 02 | 6118 | 9 Dental Insurance | 9 | 41 | 08 | |
| 753 | 06 | 6119 | 10 Workmen's Comp | 10 | 71 | 14 | |
| 5,492 | 19 | 6155 | 11 Retirement | 11 | 513 | 68 | |
| 807 | 63 | 6183 | 12 Personnel | 12 | 62 | 89 | |
| - | | 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 | - | | |
| 1,318 | 16 | 6541 | 18 Mileage-Private Vehicles | 18 | - | | |
| 3,479 | 14 | 6551 | 19 Mileage-State Vehicles | 19 | 249 | 86 | |
| - | | 6569 | 20 Parking | 20 | - | | |
| - | | 6569 | 21 Telephone | 21 | - | | |
| 40 | 00 | 6581 | 22 Subsistence | 22 | - | | |
| 624 | 08 | 6582 | 23 Lodging | 23 | - | | |
| 468 | 00 | 6583 | 24 145 46A Per Diem | 24 | - | | |
| 222 | 42 | 6599 | 25 77.42 Registration Fees; Other | 25 | - | | |
| 687 | 50 | 6611 | 26 Travel-Out of State: Air Fare | 26 | - | | |
| 32 | 00 | 6631 | 27 Taxi/Rail | 27 | 12 | 00 | |
| - | | 6639 | 28 Other (Public transport.) | 28 | - | | |
| - | | 6641 | 29 Personal Auto | 29 | - | | |
| - | | 6651 | 30 Motor Pool | 30 | - | | |
| - | 15 | 6669 | 31 Other (Nonpub. transport.) | 31 | - | 75 | |
| - | | 6681 | 32 Subsistence | 32 | - | | |
| 427 | 56 | 6682 | 33 Lodging | 33 | 286 | 00 | |
| 249 | 20 | 6683 | 34 Per Diem | 34 | 97 | 00 | |
| 173 | 00 | 6699 | 35 Other | 35 | - | | |
| 57 | 22 | 7019 | 36 Legal Advertising | 36 | - | | |
| 369 | 50 | 7036 | 37 Postage Stamps | 37 | - | | |
| 871 | 50 | 7044 | 38 Telephone Service: ATS Service (WATS) | 38 | 234 | 00 | |
| 430 | 88 | 7045 | 39 Line Costs | 39 | 114 | 72 | |
| 507 | 64 | 7046 | 40 Station Equipment | 40 | 147 | 75 | |
| 216 | 10 | 7047 | 41 Toll Service | 41 | 73 | 31 | |
| 966 | 97 | 7048 | 42 Other | 42 | 554 | 82 | |
| 500 | 00 | 7066 | 43 Insurance (Risk Management) | 43 | - | | |
| 9,700 | 00 | 7108 | 44 Office Rent | 44 | - | | |
| - | | 7311 | 45 Printing | 45 | - | | |
| 205 | 00 | 7532 | 46 Furniture | 46 | - | | |
| - | | 7532 | 47 Adder/Calculator | 47 | - | | |
| - | | 7532 | 48 Reader/Printer | 48 | - | | |
| 520 | 00 | 7553 | 49 Typewriter | 49 | - | | |
| 2236 | 14 | 7553 | 50 Copy Machine | 50 | 2,034 | 15 | |
| - | | 7621 | 51 Stationery/Envelopes | 51 | - | | |
| - | | 7623 | 52 Printed Forms | 52 | - | | |
| - | | 7624 | 53 Reproduction Supplies | 53 | - | | |
| 861 | 19 | 7625 | 54 Blue Prints/Office Supplies | 54 | 54 | 32 | |
| - | | 7628 | 55 Printing Maps/Printing Misc. | 55 | - | | |
| TOTAL | | | | | | | |

OFFICE
AUDIT.

(DO NOT WRITE BELOW THIS LINE)
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FIELD
AUDIT.

MONTHLY FINANCIAL REPORT

| 1 RECEIPTS MONTH OF JUNE 1956 | | 2 RECEIPTS CLASSIFICATION | | 3 APPROPRIATED RECEIPTS | | 4 UNAPPROPRIATED RECEIPTS | | 5 TOTAL ALL RECEIPTS YEAR TO DATE | |
|--|----|---------------------------------|------------------|-------------------------------|--|---------------------------------|----------|--|----|
| 25 | 00 | 1 | Permits to Drill | | | | | 4,127 | 00 |
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| | | TOTAL CURRENT MONTH RECEIPTS | | | | | 25 00 | XXXXXXXX | |
| XXXXXXXX | | TRANSFERS IN | | | | | | | |
| XXXXXXXX | | BALANCES BROUGHT FORWARD | | | | | 4,127 00 | XXXXXXXX | |
| | | TOTALS - MONTH AND YEAR TO DATE | | | | | 4,152 00 | | |

| 6 CLAIMS PAID MONTH OF JUNE 1956 | | 7 EXPENDITURES FUND TITLES | | 8 TOTAL AMOUNT AVAILABLE YEAR TO DATE | | 9 CLAIMS PAID YEAR TO DATE | | 10 OUTSTANDING ENCUMBRANCES | | 11 UNENCUMBERED BALANCE | |
|---|----|----------------------------------|--------------------------|--|----|----------------------------------|----|-----------------------------------|--|-------------------------------|----|
| 9,057 | 57 | 1 | Personal Services | 105,077 | 35 | 101,989 | 33 | | | 3,088 | 02 |
| 1,894 | 03 | 2 | Emp. Related Exp. | 23,600 | 00 | 20,053 | 15 | | | 3,546 | 85 |
| | | 3 | Professional Services | 400 | 00 | | | | | 400 | 00 |
| 249 | 86 | 4 | Travel - State | 6,461 | 44 | 5,151 | 80 | | | 1,309 | 64 |
| 395 | 75 | 5 | Travel - Out of State | 1,738 | 56 | 1,570 | 21 | | | 168 | 25 |
| 9,879 | 04 | 6 | Other Operating Exp. | 18,600 | 00 | 17,632 | 91 | | | 967 | 09 |
| | | 7 | Capital Outlay-Equipment | 5,122 | 65 | 5,122 | 65 | | | | |
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| 21,478 | 82 | TOTALS | | 161,000 | 00 | 157,520 | 15 | | | 9,479 | 85 |

AGENCY Oil & Gas Conservation Commission

DIVISION

End of July 31, 1976

IDENTIFICATION CODE NO.

| CLAIMS PAID YEAR TO DATE | OBJECT CODE NO. | DISTRIBUTION OF EXPENDITURES | | CLAIMS PAID MONTH OF 19 |
|--------------------------|-----------------|---|--|-------------------------|
| | | CLASSIFICATION | | |
| | 6011 | 1 Salaries: Staff | | 1 |
| | 6057 | 2 Appointed Official | | 2 |
| | 6058 | 3 Commission Members | | 3 |
| | 6081 | 4 Temporary Help | | 4 |
| | 6111 | 5 Emp. Related: F.I.C.A. | | 5 |
| | 6113 | 6 Health Insurance | | 6 |
| | 6115 | 7 D&L Insurance | | 7 |
| | 6117 | 8 Unemployment Insurance | | 8 |
| | 6118 | 9 Dental Insurance | | 9 |
| | 6119 | 10 Workmen's Comp | | 10 |
| | 6155 | 11 Retirement | | 11 |
| | 6183 | 12 Personnel | | 12 |
| | 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 |
| 1,318 | 16 | 6541 18 Mileage-Private Vehicles | | 18 |
| 2,676 | 07 | 6551 19 Mileage-State Vehicles | | 19 |
| | | 6569 20 Parking | | 20 |
| | | 6569 21 Telephone | | 21 |
| 40 | 00 | 6581 22 Subsistence | | 22 |
| 624 | 08 | 6582 23 Lodging | | 23 |
| 472 | 06 | 6583 24 Per Diem | | 24 |
| 272 | 42 | 6599 25 Registration Fees; Other | | 25 |
| 687 | 80 | 6611 26 Travel-Out of State: Air Fare | | 26 |
| 32 | 00 | 6631 27 Taxi/Rail | | 27 |
| | | 6639 28 Other (Public transport.) | | 28 |
| | | 6641 29 Personal Auto | | 29 |
| | | 6651 30 Motor Pool | | 30 |
| | 75 | 6669 31 Other (Nonpub. transport.) | | 31 |
| | | 6681 32 Subsistence | | 32 |
| 427 | 56 | 6682 33 Lodging | | 33 |
| 249 | 20 | 6683 34 Per Diem | | 34 |
| 173 | 00 | 6699 35 Other | | 35 |
| 51 | 22 | 7019 36 Legal Advertising | | 36 |
| 369 | 50 | 7036 37 Postage Stamps | | 37 |
| 949 | 50 | 7044 38 Telephone Service: ATS Service (WATS) | | 38 |
| 469 | 12 | 7045 39 Line Costs | | 39 |
| 653 | 81 | 7046 40 Station Equipment | | 40 |
| 256 | 73 | 7047 41 Toll Service | | 41 |
| 6,018 | 17 | 7048 42 Other | | 42 |
| 500 | 00 | 7066 43 Insurance (Risk Management) | | 43 |
| 9,700 | 00 | 7108 44 Office Rent | | 44 |
| | | 7311 45 Printing | | 45 |
| 205 | 00 | 7532 46 Furniture | | 46 |
| | | 7532 47 Adder/Calculator | | 47 |
| | | 7532 48 Reader/Printer | | 48 |
| 520 | 00 | 7553 49 Typewriter | | 49 |
| 2,236 | 14 | 7553 50 Copy Machine | | 50 |
| | | 7621 51 Stationery/Envelopes | | 51 |
| | | 7623 52 Printed Forms | | 52 |
| | | 7624 53 Reproduction Supplies | | 53 |
| 994 | 91 | 7625 54 Blue Prints/Office Supplies | | 54 |
| | | 7628 55 Printing Maps/Printing Misc. | | 55 |
| | | TOTAL | | |

OFFICE AUDIT.

(DO NOT WRITE BELOW THIS LINE)
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FIELD AUDIT.

AGENCY Oil & Gas Conservation Commission

DIVISION _____ IDENTIFICATION CODE NO. _____

| 1 | 2 | 3 | 4 |
|--------------------------|--------------------|--|-------------------------------|
| LAIMS PAID AR TO DATE | OBJECT CODE NO. | DISTRIBUTION OF EXPENDITURES CLASSIFICATION | CLAIMS PAID MONTH OF 19 |
| | 7962 | 1 Revolving Fund | 1 |
| 26 95 | 7967 | 2 Books | 2 |
| 2,000 00 | 7971 | 3 Organization Dues | 3 |
| 100 00 | 7975 | 4 Registration Fees | 4 |
| 28 00 | 7997 | 5 Subscription; Newspaper | 5 |
| 76 00 | 7997 | 6 Technical Journal | 6 |
| 3,088 50 | 8411 | 7 Equipment - Computer | 7 |
| 1,350 32 | 8413 | 8 Peripherals | 8 |
| 456 87 | 8429 | 9 Computer Equipment - Other | 9 |
| 2,268 45 | 8451 | 10 Switchboard | 10 |
| | | 11 | 11 |
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| 716 2 | | 13 | 13 |
| 2206 | Corpora | 14 | 14 |
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| 939 | 8 | 18 | 18 |
| 50 | 7411 | 19 | 19 |
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| | | TOTAL | |

OFFICE

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FIELD

**CAM-ROY RESEARCH
& DEVELOPMENT
CORPORATION**

P.O. Box 893 Chandler, Arizona 85224

(602) 963-1773

July 9, 1986

The Oil & Gas Commission, State of Arizona
c/o Mr. Daniel J. Brennan, Director
1645 West Jefferson, Suite 420
Phoenix, Arizona

Honorable Members of the Commission:

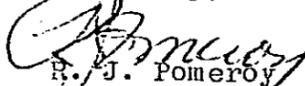
Request is hereby made to the Oil & Gas Commission for an extension of the temporary abandonment of the geothermal Power's Wells 1 and 2 for an additional six month period.

This corporation is credited with having developed an unusual but entirely feasible financial method to develop the Chandler-Higley Geothermal Basin. In order to reach this point, this company has had to literally wade through regulatory problems and preconceived notions that the potential stability of geothermal energy was a risk unlikely to be financeable. Local reports of energy overabundance has been one of the more formidable problems also. The productive costs of electrical energy by nuclear methodology versus alternative possibilities of which geothermal production seems to have drawn the most skepticism for stability than all others, has finally reached a point where reliable technology can debunk that flawed notion. Recognition of this late development by the financial powers is a welcome relief that should encourage geothermal operations in this state.

The Power's wells being situated within the most prominently known geothermal basin in the state, should remain open to development if for no other reason than that Well # 2, according to our studies, can be put into production without excessive drilling time and costs. While the investment climate has improved, it would seem that the Power's wells already drilled would be an advantage that should not be discarded at this point in time.

This firm will pledge to continue the most expeditious efforts to justify the commission's favorable ruling for a continuance of the temporary abandonment as requested.

Sincerely,


R. J. Pomeroy
Chairman

RJP/csp