

OIL & GAS CONSERVATION COMMISSION
Meeting: February 20, 1987
Daniel J. Brennan, Executive Director



Oil and Gas Conservation Commission

STATE OF ARIZONA
3110 N. 19th AVENUE, SUITE 190
PHOENIX, ARIZONA 85015
PHONE: (602) 255-5161

A G E N D A

Meeting
February 20, 1987
3110 N. 19th Ave., Suite 190
Phoenix, Arizona

10:00 A.M.

Call to order

1. Approval of Minutes of Meeting
of November 21, 1986
2. Report of Executive Director
Daniel J. Brennan
3. Report of Enforcement Section
R. A. Ybarra
4. Consideration of FY 1988 Budget Request
5. Consideration in FY 1987 Budget Cut
6. Discussion of Radiation Logging Procedures
7. Call to the Public
8. Adjournment

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

OIL AND GAS CONSERVATION COMMISSION
3110 North 19th Avenue, Suite 190
Phoenix, Arizona 85015

Minutes of Meeting
November 21, 1986

Present:

Dr. J. Dale Nations, Chairman
Mr. Forrest R. Rickard, Vice-Chairman
Mrs. Mary Ann Niccoli, Member
Mrs. Jan C. Wilt, Member
Dr. Daniel J. Brennan, Executive Director

The regular Commission Meeting of November 21, 1986 was called to order by Dr. J. Dale Nations, Chairman, at 10:01 A.M. in the Commission's office.

APPROVAL OF MINUTES OF MEETING OF SEPTEMBER 19, 1986

A motion was made by Mr. Rickard and seconded by Mrs. Niccoli:

THAT THE MINUTES OF THE REGULAR MEETING OF
SEPTEMBER 19, 1986 BE APPROVED AS PRESENTED.

Motion carried unanimously.

Dr. Nations suggested that the chairmen of the Geology Departments of the state's three universities and appropriate agencies of the state receive copies of our minutes and activity reports of the Executive Director and Enforcement Director.

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. Dr. Brennan reported receiving a letter from a representative of Standard Oil Production Company regarding the well cuttings samples which were examined from the Commission's sample library. A report of their findings will be sent to this office upon its completion. Dr. Brennan commented there is a refinery operating in Fredonia, but the required reports have not been submitted. Contact will be made with the operator to have him in compliance. Copies of an article by Dr. Brennan were distributed from the October 1986 issue of the AAPG on the Four Corners Intermountain Area. The Commission was advised that Lois Rogers has accepted a position with the Library Archives on a promotional basis effective December 1, 1986.

REPORT OF ENFORCEMENT DIRECTOR

In the absence of Mr. Ybarra, the Enforcement Director, Dr. Brennan commented on the Activity Report of Mr. Ybarra previously sent to the Commissioners and made a part of these minutes. Mr. Ybarra was in the Four Corners' area recently checking on well locations and working to change the well location maps to reflect the necessary changes. Mr. Ybarra has also been working on the rule changes.

CONSIDERATION OF FY 1988 BUDGET REQUEST

Mr. Rickard noted an error in the budget on page 5 in the Amount-of-Difference column. Two wells should read: three wells and 24 wells should be changed to read: 28. On page 12, the total for Line 6500 under Actual FY 1986, the correct figure is \$5,352.73 instead of \$4,352.73. With these corrections, a motion was made by Mrs. Niccoli and seconded by Mr. Rickard:

THAT THE BUDGET BE APPROVED AS CORRECTED.

Motion carried unanimously.

CONSIDERATION OF OVERTIME COMPENSATION POLICY

With the understanding that the Executive Director must approve earned overtime, a motion was made by Mrs. Wilt and seconded by Mr. Rickard:

THAT THE OVERTIME POLICY AS PRESENTED BE APPROVED.

Motion carried unanimously.

CONSIDERATION OF GRIEVANCE PROCEDURE

Since the Personnel Department has mandated that a Grievance Procedure be adopted by each agency, a motion was made by Mr. Rickard and seconded by Mrs. Niccoli:

THAT THE GRIEVANCE PROCEDURE BE ADOPTED AS PRESENTED.

Motion carried unanimously.

CONSIDERATION OF SAMPLE USE POLICY

After this policy was amended to include core samples in addition to well samples to be sent to the Commission, and to forward two sets of these samples so that one set may be sent to the Bureau of Geology and Mineral Technology in Tucson,

a motion was made by Mrs. Wilt and seconded by Mrs. Niccoli:

THAT THE SAMPLE USE POLICY BE ACCEPTED AS AMENDED.

Motion carried unanimously.

DISCUSSION: RULES AND PROCEDURES FOR CHANGING RULES

A discussion was held about improving the Rules and comments were made accordingly by the Commissioners for a revision.

CALL TO THE PUBLIC

John Haas of the Bureau of Land Management reported that Medallion Oil Company has further work planned, and their bond is not to be released. Shields Exploration will be in operation next week.

EXECUTIVE SESSION FOR CONSIDERATION OF PERSONNEL MATTERS

At 11:30 A.M., the Commissioners recessed to go into Executive Session for the purpose of conferring performance awards and special performance awards for the employees of the Commission.

RECONVENED PUBLIC MEETING

Following the Executive Session, the Regular Meeting reconvened at 12:05 P.M. to continue the review of the Rules with the same Commissioners in attendance.

At the Commission's request, Dr. Brennan is to continue reviewing the Rules until their finalization.

Dr. Nations made inquiry about the drilling which Dr. James Brathovde was doing. A written report is to be forwarded to Dr. Brennan. A letter is also to be sent to Dr. Brathovde advising him to be in compliance with the Commission's Rules and Regulations.

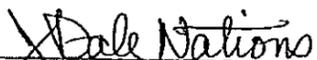
The next meeting was scheduled for Friday, January 16, 1987, in Phoenix at the Commission's office.

Mrs. Niccoli moved and Mrs. Wilt seconded:

THAT THE MEETING BE ADJOURNED.

Motion carried unanimously. Time of adjournment was 12:30 P.M.

APPROVED



Dr. J. Dale Nations
Chairman

Minutes of Meeting
November 21, 1986
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Guests in attendance:

Dr. Larry Fellows

John Haas

Bureau of Geology and
Mineral Technology
Bureau of Land Management



Oil and Gas Conservation Commission

STATE OF ARIZONA

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PHONE: (602) 255-5161

ACTIVITY REPORT

February 6, 1987

Daniel J. Brennan
Executive Director

Since your last meeting, activity in the office has centered around budget reductions for the 1986 - 1987 budget year and the budget request for the 1987 - 1988 fiscal year.

The legislature reduced our appropriation for 1986 - 1987 by \$13,200. At the present, it appears that we will be able to take the bulk of that cut from payroll and fringe benefits accounts. We appear to have been overfunded by about \$4,000 in the benefits column, and that will automatically go back to the general fund. I am to meet with our analyst from the Executive Budget Office next week to finalize the exact items to be cut.

At this writing we have not yet seen the Executive Budget's recommendation for our agency for 1987 - 1988. It is our understanding that the governor's office has ordered an across-the-board cut of 5% in Personal Services to be accounted for as "Vacancy Savings." In small agencies, such as the Oil and Gas Commission, this could prove to be a distinct hardship. First, when I try to hire a secretary to fill the existing vacancy, I would like to get a person who intends to stay for a long time. If I tell people at interviews that they would have to take one out of every twenty days off without pay, I will have a hard time getting a good employee.

Secondly, if we do not have a vacancy in the first six months, I would have to start ordering all employees to take leave without pay on one day out of ten. That certainly is a good way to discourage good people from taking state employment.

During the period we received samples and some well records from James Brathovde on his geothermal well.

In discussions with Combined Drilling Ventures, regarding logging of their well, we have found out that there is no major oil well logging company licensed to operate neutron logs in Arizona. A temporary license, good for six months, costs \$1100 and is added to the cost of the log. I feel this is an excessive charge and have written to the Arizona Radiation Regulatory Agency to suggest lower fees and different terms of licensure. This is appropriate since they are in the process of writing rules to govern logging of oil and gas wells.

ACTIVITY REPORT
Daniel J. Brennan

February 6, 1987
Page - 2 -

In September, we had a request from an operator for a geophysical study of the Holbrook area which the Oil and Gas Commission is supposed to have published. At that time, we could find no record of the material. Last month I found a copy in our files and have had it copied and bound. The study is A Study of Regional Geophysical Data in the Holbrook Area, Arizona, by Carlos L. V. Aiken and John S. Sumner, and was performed for the Oil and Gas Commission and the Four Corners Regional Commission in 1972. Sale price has been set at \$5.00 for the 25-page, 17-figure, 2-map document.

I am working on finalizing some of the maps and sections I have made over the last year. I hope to have one section finished before your meeting.



Oil and Gas Conservation Commission

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ACTIVITY REPORT

February 4, 1987

R. A. Ybarra
Enforcement Director

During this report period one APD was issued, one well was drilled short of its target depth and abandoned, and one well was shut in pending further testing.

The new drilling permit was issued to Combined Drilling Ventures, Inc. to drill well No. 1B State in Section 28, T.12N., R.28E., Apache County. Drilling started on December 20, 1986, and on January 9, 1987, I witnessed the running in and cementing of 7" surface casing at 1100' with 150 sacks of cement. There were no cement returns to the surface but the cement did circulate upwards to a depth inside of the 10-3/4" conductor casing which was cemented at 380'. Six yards of readymix were dumped into the 10-3/4" x 7" annular space and filled it to the surface. At present the well is drilling at 3130', into conglomerates just overlying basement rock. Please note that Combined Drilling Ventures is the same company that attempted to drill in this same area back in April 1986 and on two occasions failed to get past shallow cavernous conditions.

As reported in my previous activity report, Salt Grass Exploration spudded their well, No. 1 State, in Section 36, T.10N., R.28E., Apache County on October 29, 1986. After cementing 7" casing at 282', they drilled ahead to 1072' where a combination of lost circulation problems and an unexpected large entry of water into the well forced the operator to plug and abandon the well. Strong consideration was given changing over to mud, but they opted instead to drill a new hole sometime in the near future. The company informed me that they have some 100,000 acres under lease, and that they would like to have a more conclusive test of the area before deciding what to do about the acreage. Their drilling bond remains in force.

On December 2, 1986, Shields Exploration Co. commenced drilling well No. 12-24 Federal, located in Section 24, T.41N., R.1W., Coconino County. A permit to drill this Mississippian/Devonian test was issued in September 1986. According to the last sundry report received, the well has been drilled to a total depth of 3183' and is now shut in pending further testing later this month when a completion rig is available. In summary the present condition of the well is as follows: 10-3/4" casing cemented at 441'; 7" casing cemented at 2955'; T.D. 3183'; cored interval 3070'-3075'; drillstem tested intervals 3080'-3110' and 3141'-3183'. A small amount of water was recovered from the upper drillstem test and 60' of water from the lower test. A third test was unsuccessful.

AGENCY Oil & Gas Conservation Commission

DIVISION _____

IDENTIFICATION NO. _____

1	2	3	4
CLAIMS PAID YEAR TO DATE 1986-1987	OBJECT CODE NO.	DISTRIBUTION OF EXPENDITURES CLASSIFICATION	CLAIMS PAID MONTH OF JAN. 1987
37,851.22	6011	1 Salaries: Staff	4,569.59
25,721.62	6057	2 Appointed Official	3,660.53
270.00	6058	3 Commission Members	-
-	6081	4 Temporary Help	-
4,358.32	6111	5 Emp. Related: E.I.C.A.	592.52
2,968.20	6113	6 Health Insurance	330.00
323.40	6115	7 D&I Insurance	39.60
160.04	6117	8 Unemployment Insurance	20.71
267.02	6118	9 Dental Insurance	41.08
702.39	6119	10 Workmen's Comp	98.26
3,517.31	6155	11 Retirement	455.13
443.49	6183	12 Personnel	57.17
-	6293	13 Prof. Serv.: Court Reporter	-
-	6499	14 Cartographic Symbols	-
-	6499	15 Cartographer	-
-	6511	16 Travel-State: Air Fare	-
2.00	6531	17 Taxi	-
642.18	6541	18 Mileage-Private Vehicles	29.82
2,460.46	6551	19 Mileage-State Vehicles	684.81
-	6569	20 Parking	-
2.65	6569	21 Telephone	2.65
-	6581	22 Subsistence	-
282.26	6582	23 Lodging	26.48
337.00	6583	24 Per Diem	24.00
9.30	6599	25 Registration Fees; Other	-
-	6611	26 Travel-Out of State: Air Fare	-
-	6631	27 Taxi/Rail	-
-	6639	28 Other (Public transport.)	-
-	6641	29 Personal Auto	-
-	6651	30 Motor Pool	-
-	6669	31 Other (Nonpub. transport.)	-
-	6681	32 Subsistence	-
-	6682	33 Lodging	-
-	6683	34 Per Diem	-
-	6699	35 Other	-
-	7019	36 Legal Advertising	-
206.21	7036	37 Postage Stamps	-
430.50	7044	38 Telephone Service: ATS Service (WATS)	73.00
238.98	7045	39 Line Costs	50.00
92.43	7046	40 Station Equipment	-
143.45	7047	41 Toll Service	23.66
377.17	7048	42 Other	38.13
364.00	7066	43 Insurance (Risk Management)	-
8,540.56	7108	44 Office Rent	1,053.25
-	7311	45 Printing	-
-	7532	46 Furniture	-
-	7532	47 Adder/Calculator	-
-	7532	48 Reader/Printer	-
74.00	7553	49 Typewriter	-
75.00	7553	50 Copy Machine	-
-	7621	51 Stationery/Envelopes	-
3.25	7623	52 Printed Forms	-
-	7624	53 Reproduction Supplies	-
475.88	7625	54 Blue Prints/Office Supplies	54.78
65.25	7628	55 Printing Maps/Printing Misc.	-
		TOTAL	

OFFICE AUDIT:

(DO NOT WRITE BELOW THIS LINE)
TVDEN.

FIELD AUDIT:

AGENCY Oil & Gas Conservation Commission

-2-

DIVISION _____ IDENTIFICATION CC NO. _____

1	2	3	4
CLAIMS PAID YEAR TO DATE 1986-1987	OBJECT CODE NO.	DISTRIBUTION OF EXPENDITURES CLASSIFICATION	CLAIMS PAID MONTH OF JAN. 1987
-	7962	1 Revolving Fund	1 -
6 50	7967	2 Books	2 -
100 00	7971	3 Organization Dues	3 -
-	7975	4 Registration Fees	4 -
28 60	7997	5 Subscription; Newspaper	5 14 30
24 00	7997	6 Technical Journal	6 24 00
75 00	7583	7 Computer Equipment	7 75 00
3 00	7999	8 Other - Rules info.	8 3 00
(25 10)	7049	9 Telecommunications - Other	9 (25 10)
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91,637 55		TOTAL	12,016 37

OFFICE AUDIT:

(DO NOT WRITE BELOW THIS LINE) TYPED:

FIELD AUDIT:

MONTHLY FINANCIAL REPORT

1 RECEIPTS MONTH OF JAN. 1987	2 CLASSIFICATION	3 APPROPRIATED RECEIPTS	4 UNAPPROPRIATED RECEIPTS	5 TOTAL ALL RECEIPTS YEAR TO DATE
	1 Permits to Drill			4,227 00
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	TOTAL CURRENT MONTH RECEIPTS			XXXXXX
	TRANSFERS IN			
XXXXXX	BALANCES BROUGHT FORWARD			XXXXXX
	TOTALS - MONTH AND YEAR TO DATE		4,227 00	

6 CLAIMS PAID MONTH OF JAN. 1987	7 FUND TITLES	8 TOTAL AMOUNT AVAILABLE YEAR TO DATE	9 CLAIMS PAID YEAR TO DATE	10 OUTSTANDING ENCUMBRANCES	11 UNENCUMBERED BALANCE
8,230 12	1 Personal Services	127,300 00	63,842 84		63,457 16
1,634 47	2 Emp. Related Exp.	29,900 00	12,740 18		17,159 82
-	3 Professional Services	400 00	-		400 00
767 76	4 Travel - State	9,800 00	3,735 85		6,064 15
-	5 Travel - Out of State	500 00	-		500 00
1,384 02	6 Other Operating Exp.	21,100 00	11,318 68		9,781 32
	7 Capital Outlay-Equipment				
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12,016 37	TOTALS	189,000 00	91,637 55		97,362 45