

OIL & GAS CONSERVATION COMMISSION
Meeting: May 15, 1987
Daniel J. Brennan, Executive Director

9



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

May 15, 1987

3110 N. 19th Ave., Suite 190
Phoenix, Arizona

10:00 A.M.

Call to order

1. Welcome to New Commissioner
Roy Bennett
2. Approval of Minutes of Meeting
of February 20, 1987
3. Report of Executive Director
Daniel J. Brennan
4. Report of Enforcement Section
R. A. Ybarra
5. Report on Leak in Underground Storage
at Cal Gas Facility in Glendale
6. Report on FY 1988 Budget Appropriations
(if accomplished)
7. Request for Travel to A.A.P.G. Annual
Meeting by Daniel Brennan
8. Call to the Public
9. 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
February 20, 1987

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 February 20, 1987 was called to order by Dr. J. Dale Nations, Chairman, at 10:00 A.M. in the Commission's office.

Dr. Nations commented on his meeting with Sam Steiger, Special Assistant to Governor Mecham, prior to the Commission's meeting and that he had a very favorable review with him regarding the Commission's standing.

APPROVAL OF MINUTES OF MEETING OF NOVEMBER 21, 1986

Motions were made by Mr. Rickard and seconded by Mrs. Wilt:

THAT THE MINUTES OF THE REGULAR MEETING OF NOVEMBER 21, 1986 BE APPROVED AS PRESENTED AND THAT THE MINUTES OF THE EXECUTIVE SESSION OF NOVEMBER 21, 1986 BE APPROVED AS PRESENTED.

Motions 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. He reported on making available to the public a 1972 geophysical study of the Holbrook area which will be added to our publications list at a charge of \$5.00 per copy. Dr. Brennan also developed an electric log cross section which will be available as an Open File Report at a charge of \$4.00. He reported the refinery in northern Arizona is now filing its required reports.

REPORT OF ENFORCEMENT SECTION

Mr. R. A. Ybarra, Enforcement Director, reviewed his Activity

Report previously sent to the Commissioners and made a part of these minutes. He advised that Combined Drilling Ventures drilled to 3,296'. It is to be turned over to the land owner to be used as a water well.

CONSIDERATION OF FY 1988 BUDGET REQUEST

The Governor's recommendation was \$182,800; the JLBC recommended \$186,800 and our request was \$197,700. Dr. Brennan is planning to request additional funds at the hearing next week of the Joint Senate-House Appropriations Committee. Dr. Nations requested Dr. Brennan to prepare a letter to the Interstate Oil Compact Commission regarding our payment of \$2,000 for the yearly dues as this expense may be funded by the Governor's office.

Mr. Ybarra reported that the Brathovde well is being taken over by the Forest Service to be used as a water well. Samples have been received from Dr. Brathovde on this well from the Verde formation. This well was never permitted nor was a performance bond secured.

CONSIDERATION IN FY 1987 BUDGET CUT

Dr. Brennan reported that the legislature cut our budget \$13,200, which was obtained mainly from vacancy savings.

DISCUSSION OF RADIATION LOGGING PROCEDURES

Dr. Brennan advised he had written to the Arizona Radiation Regulatory Agency suggesting a reduction in the license fee to operate radioactive well-logging tools in Arizona. At present, the fee is \$1150 a year, and it was recommended to charge \$100 for logging of one well; \$200 for two wells; \$300 for three wells and \$500 for any number of wells during the 180-day period. The fee for an annual license was suggested at \$500.

CALL TO THE PUBLIC

Cy Young of the State Land Department reported a reduction of 700,000 acres of leases since the first of July 1986. He indicated it would be of help if the leasing rates were not established by statutes.

John Haas of the Bureau of Land Management reported of issuing geophysical permits in the Yuma area in January 1987. He advised that his boss, Ray Brady, will be transferred to the Safford office as its district manager.

Minutes of Meeting
February 20, 1987
Page - 3 -

Dr. Larry Fellows advised of his attending a meeting with other geologists and Secretary of the Interior Hodell in October. He also discussed a trip to Prudhoe Bay and related to the wildlife in that area with the laying of the pipeline. He also explained that Senator Todd has re-introduced a bill to make the Geological Survey Branch an independent agency.

Mr. Rickard, Vice-Chairman, reported of Dr. Brennan's visit to Ajo to speak at the AIME group in January. Mr. Rickard suggested that Dr. Brennan relay his speech at a future Commission meeting as a refresher of the functions of the Oil and Gas Conservation Commission.

Dr. Nations stated that he expressed to Sam Steiger that it was the feeling of the Commissioners that they wished for Mr. Rickard to continue being a member of the Commission.

It was Dr. Nations' suggestion that the Commissioners be given copies of all legislation which establishes the Commission and of the Rules and Regulations and of a recent Publications List.

John Haas commented that he should be hearing from Shields Exploration Company if they are to go ahead with their well or plug it.


The next meeting was scheduled for Friday, May 15, 1987.

Mr. Rickard moved and Mrs. Wilt seconded:

THAT THE MEETING BE ADJOURNED.

Motion carried unanimously. Time of adjournment was 11:25 A.M.

APPROVED



Dr. J. Dale Nations
Chairman

Guests in attendance:

Dr. Larry Fellows	Bureau of Geology and Mineral Technology
John Haas	Bureau of Land Management
Cy Young	State Land Department



Oil and Gas Conservation Commission

STATE OF ARIZONA

3110 N. 19th AVENUE, SUITE 190

PHOENIX, ARIZONA 85015

PHONE: (602) 255-5161

May 1, 1987

ACTIVITY REPORT

Daniel J. Brennan
Executive Director

A handwritten signature in dark ink, appearing to be "DJB", written over the typed name of Daniel J. Brennan.

Mr. Archie Roy Bennett has been confirmed by the Senate to succeed to the seat on the Commission previously held by Forrest Rickard.

This has been a quiet period as far as actual drilling is concerned. But other activity has made up for the slowness. One principal concern was the leak from the Cal Gas storage cavern in the Luke salt body. We will discuss this in detail at the meeting.

The Pomeroy interests have obtained all the old GKI rights to the two geothermal wells in the Chandler area and have posted bond.

At this writing the legislature has not yet passed a budget bill. It is our understanding that the Appropriations Committees of both houses have agreed on an appropriation of \$186,800 for the 1988 Fiscal Year. We were originally appropriated \$189,000 for FY 1987, but with the budget cut of last January ended up with \$175,800. We have not had a secretary since December but hope to hire one as soon as the legislature passes the budget, if funds are sufficient.

The Annual Meeting of the American Association of Petroleum Geologists will be held in Los Angeles June 7 to 10, 1987.

I have been working on building a correlation network for all of northeastern Arizona expanding on the cross section displayed at your last meeting. I have extended correlations into the Holbrook Basin and plan to continue to fill in down to the Mogollon Rim. At the same time I have put many of the correlations into a computer database. Ultimately I plan to have every well in the database to expedite call-up of information and to automate mapping. At present I have 31 wells on a database, but want to improve the base before adding more wells.



Oil and Gas Conservation Commission

STATE OF ARIZONA

3110 N. 19th AVENUE, SUITE 190

PHOENIX, ARIZONA 85015

PHONE: (602) 255-5161

May 1, 1987

ACTIVITY REPORT

R. A. Ybarra
Enforcement Director

During this report period only two well proposals were filed, one by Apollo Oil Corp. to plug and abandon Well No. 1 State in Pinal County and one by Golden Sun Investments, Ltd. to plug and abandon Well No. Montezuma 1-28 Federal in Yavapai County.

The Apollo well was the rank wildcat well drilled in June 1986, about 14 miles northwest of Oracle Junction in Sec. 2, T.9S., R.12E. Total depth reached was 168' and casing cemented at that depth. Unable to find a contractor to drill the well to its target depth (1500'), the operator decided to plug it. The plugging operations and the surface cleanup work have been completed and approved.

The Golden Sun well was drilled in 1982, in Sec. 28, T.18N., R.4E. to a depth of 1490'. The well has two strings of casing in the hole, 8-5/8" cemented at 153' and 4-1/2" cemented at 1442'. The 4-1/2" casing was perforated at intervals from 1152' to 1335' and only slight gas shows were reported from 1325' - 1335'. Abandonment work is to start next month.

Probably most of you read or heard about the gas-leak incident at the Cal Gas Corp. storage facility in Glendale. The Commission was notified on March 27 of a loss in pressure at the No. 1 well, one of three such solution cavities in the salt rock used for storing hydrocarbon gases (LPG). We immediately met with Cal Gas representatives and went over their plan to empty 10,000,000 gallons of propane from the leaking cavity into an adjacent cavity in order to evaluate the source of the problem. Meetings were held every day during the emptying process until April 13 when it was announced officially that the cavity was empty as of April 12, at 8:00 P.M.

Other state and county agencies and personnel from Luke Air Base also attended the daily meetings. The responsibility for the On-Scene Command was the Maricopa County Sheriff's Office and the DPS acted as the State On-Scene Coordinator. EPA was not involved in the beginning but is now, as the lead agency in charge of all Class V injection wells in Arizona. With EPA in charge, there is no telling when the remedial action on the well (cavity) will get started. Southwest Salt (now Morton Salt) has been waiting since November 1985 for final approval from EPA to plug and abandon two wells in the adjacent salt-solution mining operation a few hundred feet south of the Cal Gas storage facility. We can discuss this problem in more detail at our meeting.

We anticipate some activity in the Yuma area if some of the plans we hear about ever materialize. The two most active groups in the area, Central Oil Co. and Robertson & Koch, have completed running their respective seismic lines. Central Oil plans to reenter and test certain wells and possibly drill a new well. A company representing Robertson & Koch has filed an organization report and is now in the process of obtaining a state-wide bond.

Cross Creek Corp., Duncan, OK, is planning to take over operations in the Teec Nos Pos and Dry Mesa fields from BHP Petroleum. They seem to have good knowledge of the condition of the wells and are optimistic that the production in both fields can be improved. They also plan to meet with BIA and BLM pertaining to the leasing situation in the Black Rock area a couple of miles southeast of Dry Mesa field. There are four shut-in gas wells in this area.

AGENCY Oil & Gas Conservation Commission

DIVISION _____ IDENTIFICATION () DE NO. _____

1		2		3		4	
CLAIMS PAID YEAR TO DATE 1986-1987	OBJECT CODE NO.	DISTRIBUTION OF EXPENDITURES CLASSIFICATION		CLAIMS PAID MONTH OF APRIL 1987			
54,148 62	6011	1	Salaries: Staff	1	6,984 60		
38,112 21	6057	2	Appointed Official	2	5,593 11		
360 00	6058	3	Commission Members	3	-		
-	6081	4	Temporary Help	4	-		
6,469 38	6111	5	Emp. Related: F.I.C.A.	5	703 82		
4,123 20	6113	6	Health Insurance	6	495 00		
462 00	6115	7	D&L Insurance	7	59 40		
233 85	6117	8	Unemployment Insurance	8	31 60		
410 80	6118	9	Dental Insurance	9	61 62		
1,053 01	6119	10	Workmen's Comp	10	150 15		
5,140 26	6155	11	Retirement	11	695 55		
647 80	6183	12	Personnel	12	87 20		
-	6293	13	Prof. Serv.: Court Reporter	13	-		
-	6499	14	Cartographic Symbols	14	-		
-	6499	15	Cartographer	15	-		
-	6511	16	Travel-State: Air Fare	16	-		
2 00	6531	17	Taxi	17	-		
806 82	6541	18	Mileage-Private Vehicles	18	-		
3,143 93	6551	19	Mileage-State Vehicles	19	270 00		
-	6569	20	Parking	20	-		
2 65	6569	21	Telephone	21	-		
-	6581	22	Subsistence	22	-		
326 38	6582	23	Lodging	23	-		
395 00	6583	24	Per Diem	24	-		
9 30	6599	25	Registration Fees; Other	25	-		
-	6611	26	Travel-Out of State: Air Fare	26	-		
-	6631	27	Taxi/Rail	27	-		
-	6639	28	Other (Public transport.)	28	-		
-	6641	29	Personal Auto	29	-		
-	6651	30	Motor Pool	30	-		
-	6669	31	Other (Nonpub. transport.)	31	-		
-	6681	32	Subsistence	32	-		
-	6682	33	Lodging	33	-		
-	6683	34	Per Diem	34	-		
-	6699	35	Other	35	-		
-	7019	36	Legal Advertising	36	-		
371 46	7036	37	Postage Stamps	37	70 00		
643 50	7044	38	Telephone Service: ATS Service (WATS)	38	140 00		
388 98	7045	39	Line Costs	39	100 00		
92 42	7046	40	Station Equipment	40	-		
206 35	7047	41	Toll Service	41	50 51		
471 98	7048	42	Other	42	64 48		
384 00	7066	43	Insurance (Risk Management)	43	-		
11,700 31	7108	44	Office Rent	44	1,053 25		
-	7311	45	Printing	45	-		
-	7532	46	Furniture	46	-		
-	7532	47	Adder/Calculator	47	-		
-	7532	48	Reader/Printer	48	-		
74 00	7553	49	Typewriter	49	-		
75 00	7553	50	Copy Machine	50	-		
-	7621	51	Stationery/Envelopes	51	-		
3 25	7623	52	Printed Forms	52	-		
-	7624	53	Reproduction Supplies	53	-		
789 48	7625	54	Blue Prints/Office Supplies	54	161 99		
63 75	7628	55	Printing Maps/Printing Misc.	55	2 50		
			TOTAL				

OFFICE
AUDIT:

(DO NOT WRITE BELOW THIS LINE)
TVDEN.

FIELD
AUDIT:

AGENCY Oil & Gas Conservation Commission

-2-

DIVISION _____ IDENTIFICATION CODE NO. _____

1		2		3		4	
CLAIMS PAID YEAR TO DATE 1986-1987		OBJECT CODE NO.	DISTRIBUTION OF EXPENDITURES CLASSIFICATION		CLAIMS PAID MONTH OF APRIL 1987		
		7962	1	Revolving Fund			
70	30	7967	2	Books	63	80	
100	00	7971	3	Organization Dues			
		7975	4	Registration Fees			
42	90	7997	5	Subscription; Newspaper	14	30	
24	00	7997	6	Technical Journal			
89	00	7583	7	Computer Equipment			
34	50	7999	8	Other - Rules info.			
(25)	(10)	7049	9	Telecommunications - Other			
4	00	7628	10	Printing - Misc.			
			11				
			12				
			13				
			14				
			15				
			16				
			17				
			18				
			19				
			20				
			21				
			22				
			23				
			24				
			25				
			26				
			27				
			28				
			29				
			30				
			31				
			32				
			33				
			34				
			35				
			36				
			37				
			38				
			39				
			40				
			41				
			42				
			43				
			44				
			45				
			46				
			47				
			48				
			49				
			50				
			51				
			52				
			53				
			54				
			55				
132	111		TOTAL		17,052	88	

OFFICE AUDIT:

(DO NOT WRITE BELOW THIS LINE) TYPED:

FIELD AUDIT:

MONTHLY FINANCIAL REPORT

1 RECEIPTS MONTH OF APRIL 1987	2 CLASSIFICATION	3 APPROPRIATED RECEIPTS	4 UNAPPROPRIATED RECEIPTS	5 TOTAL ALL RECEIPTS YEAR TO DATE
	1 Permits to Drill			4,227 00
	2			
	3			
	4			
	5			
	6			
	7			
	8			
	9			
	10			
	11			
	12			
	13			
	14			
	15			
	16			
	17			
	TOTAL CURRENT MONTH RECEIPTS			XXXXXX
	TRANSFERS IN			
XXXXX	BALANCES BROUGHT FORWARD			XXXXXX
	TOTALS - MONTH AND YEAR TO DATE		4,227 00	

6 CLAIMS PAID MONTH OF APRIL 1987	7 EXPENDITURES FUND TITLES	8 TOTAL AMOUNT AVAILABLE YEAR TO DATE	9 CLAIMS PAID YEAR TO DATE	10 OUTSTANDING ENCUMBRANCES	11 UNENCUMBERED BALANCE
12,577 71	1 Personal Services	120,900 00	93,280 83		27,619 17
2,484 24	2 Emp. Related Exp.	24,500 00	18,540 30		5,959 70
	3 Professional Services				
270 00	4 Travel - State	8,800 00	4,686 08		4,113 92
	5 Travel - Out of State	500 00			500 00
1,720 83	6 Other Operating Exp.	21,100 00	15,604 09		5,495 91
	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				
17,052 88	TOTALS	175,800 00	132,111 30		43,688 70

OIL AND GAS CONSERVATION COMMISSION
STATE OF ARIZONA

DATE	NAME	REPRESENTING
2-17-87	Richard Bradshaw	Linnitt Exploration, Bill Chace
2-24-87	Richard Bradshaw	(1-860-547-9550 Danny Leavitt)
2-12-87	Bob Decker	Petco Sun - Louisiana
3-17-87	Zac Johnston	SFP Mutual Corp
3-23-87	RICHARD BRADSHAW	BRADCO Oil Div.
4-9-87	John Bright	Self Consultant
4-30-87	Gordon LeBlanc	Petco Sun