

OIL & GAS CONSERVATION COMMISSION
MEETING: August 21, 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

August 21, 1987
3110 N. 19th Ave., Suite 190
Phoenix, Arizona

10:00 A.M.

Call to order

1. Approval of Minutes of Meeting of May 15, 1987
2. Report of Executive Director - Daniel J. Brennan
3. Report of Enforcement Section - R. A. Ybarra
4. Request for Extension of Temporary Abandonment Period by Cam-Roy Research Corporation
5. Consideration of FY 89 Budget Request
6. Request for Approval of Effort to Authorize a Publication Revolving Fund
7. Discussion of Review and Revision of Rules
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
May 15, 1987

Present:

Dr. J. Dale Nations, Chairman
Mr. Archie Roy Bennett, Member
Mrs. Mary Ann Niccoli, Member
Mrs. Jan C. Wilt, Member
Dr. Daniel J. Brennan, Executive Director
Mr. Rudy A. Ybarra, Enforcement Director

The regular Commission Meeting of May 15, 1987 was called to order by Dr. J. Dale Nations, Chairman, at 10:00 A.M. in the Commission's office.

WELCOME TO NEW COMMISSIONER ROY BENNETT

Dr. Nations extended greetings to our new Commissioner Roy Bennett.

APPROVAL OF MINUTES OF MEETING OF FEBRUARY 20, 1987

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

THAT THE MINUTES OF THE REGULAR MEETING OF
FEBRUARY 20, 1987 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. He stated that Mr. Pomeroy of Cam-Roy Research and Development Corporation would like the Commission to work with Prudential Bache, who is helping with the financing of his geothermal project in Chandler, and the Department of Energy for a geothermal demonstration plant for food processing and storage. At the suggestion of Dr. Brennan for a resolution from the Commissioners regarding this venture, Mrs. Wilt moved and Mrs. Niccoli seconded:

THAT THE COMMISSIONERS RESOLVE TO PROMOTE THE
GEOTHERMAL INTERESTS IN THE CHANDLER AREA BY
COOPERATING WITH THE POMEROY INTERESTS IN REGARD
TO A DEPARTMENT OF ENERGY GRANT PROPOSAL OR
FUNDING FOR DEVELOPMENT.

Motion carried unanimously.

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.

REPORT OF LEAK IN UNDERGROUND STORAGE AT CAL GAS FACILITY IN GLENDALE

Dr. Brennan and Mr. Ybarra presented a combined report on the recent gas leak at Cal Gas Corp. in Glendale.

REPORT ON FY 1988 BUDGET APPROPRIATIONS

On May 14, 1987 Dr. Brennan was advised that the Legislature passed our budget at \$186,800.00.

REQUEST FOR TRAVEL TO A.A.P.G. ANNUAL MEETING BY DANIEL BRENNAN

Mrs. Niccoli moved and Mr. Bennett seconded:

THAT DR. BRENNAN ATTEND THE A.A.P.G. ANNUAL MEETING IN LOS ANGELES FROM JUNE 7 - 10, 1987 AT THE COMMISSION'S EXPENSE.

Motion carried unanimously.

CALL TO THE PUBLIC

Not applicable, as none present.

The next meeting was scheduled for August 21, 1987.

A motion to commend Mr. Forrest Rickard for outstanding service to the Commission during his term as a Commissioner was passed unanimously.

ADJOURNMENT

It was moved and seconded:

THAT THE MEETING BE ADJOURNED.

Motion carried unanimously. Time of adjournment was 11:30 A.M.

APPROVED

Dale Nations
Dr. J. Dale Nations
Chairman



to blank
Word Processor
APS Records

Oil and Gas Conservation Commission

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

August 4, 1987

ACTIVITY REPORT

Daniel J. Brennan
Executive Director

DJB

At the time of this writing (August 4), Petroleum Technical Services of Midland, Texas is building location for a wildcat well to be drilled in Sec. 4, T11S-R24W in Yuma County, about 12 miles south of Yuma. This well is scheduled to drill to 10,000 feet and should spud around August 7. The operator has also permitted a 10,000-foot stratigraphic test in Sec. 26, T11S-R23W. The stratigraphic test will be drilled by the same rig after the first well is completed.

Preparation of our budget request is going forward. We will have as complete a request as possible for you to review at the meeting. We have to wait on final FY '87 figures from the Department of Administration to fill in all the blanks in the request form. We are using our own preliminary numbers in the meantime to get a jump on visualizing our final request. I plan to request additional money for general operations.

As we publish maps, sections, and reports, we use up our general operating funds. As we sell those items, all income is deposited into the state treasury. So the better we do our job of publishing materials, the more it hurts our operating budget. I will be asking you to approve a motion directing me to go to the legislature to try to have a bill authorizing a publication revolving fund introduced next session.

All state agencies are required to review and to revise if necessary, their rules at least every five years. Our Oil and Gas Rules are due for review in 1989 and our Geothermal Rules in 1990. Our earlier attempt at rules revision was stopped due to staff reduction in December 1986. Our new secretary is entering the text of our present rules in the word processor to make it easier to put our revisions and corrections in the required legal form. In the past few months, we have found additional places to revise the rules so we will be going forward with the effort after the budget is finalized.

Daniel J. Brennan
Activity Report

August 4, 1987
Page - 2 -

We have met with representatives of the new Department of Environmental Quality on their initiative to acquire state primacy on all classes of injection wells, as is allowed in the 1986 law setting up the DEQ (formerly part of Department of Health Services.) For the present, EPA has retained primary governance of all injection wells in Arizona. The Oil and Gas Commission is the state agency which permits wells for injection of fluids produced by oil and gas wells, for oil and gas pressure maintenance or secondary recovery wells, gas storage wells, and injection wells associated with geothermal energy. We will work closely with DEQ, if they go forward with this project.

Since your last meeting we have requests for information from the State Motion Picture Board, the State Department of Commerce, investors, engineering firms, the IPAA, Cornell University, and the general public.

As a personal note, I have now sold my home in Edmond, Oklahoma, and have brought my family to Phoenix. At the present time we are living in two small apartments and looking for a home to buy.



Oil and Gas Conservation Commission

STATE OF ARIZONA

3110 N. 19th AVENUE, SUITE 190

PHOENIX, ARIZONA 85015

PHONE: (602) 255-5161

August 6, 1987

ACTIVITY REPORT

R. A. Ybarra
Enforcement Director

During this report period, I witnessed various operations during the remedial testing of Cal Gas No. 1 Storage Well, conducted inspections of Dineh-Bi-Keyah Field and Adamana LPG Storage Facility, and reviewed and approved two applications to drill in the Yuma area.

Between May 22 and May 26, I witnessed the following operations at the Cal Gas No. 1 Storage Well: running of the Cement Bond Log, integrity test of the 9 5/8" casing seat at 1578', running of a video scan of the 9 5/8" casing, cement squeezing operations of the hole in the 9 5/8" casing at 100', and final pressure testing after the cement squeezing operations. As instructed at our last meeting, I sent out a memorandum to all commissioners on June 4, detailing the entire remedial testing program.

On June 22, Dan and I met with Ray Benally, Production Foreman with Kerr-McGee, to inspect all wells and oil production facilities at Dineh-Bi-Keyah Field in the Navajo Indian Reservation. Overall, the operator maintains this field in excellent condition, in spite of the on-going problems caused by severe weather and active landslides.

On June 19, Dan and I visited the Adamana Storage Facility east of Holbrook to familiarize ourselves with the project and to discuss with the manager the part of Rule 12-7-181 pertaining to safety inspections. There are 12 storage wells in the project and all but one are active. Current total capacity is 1,844,000 barrels. All wells are equipped with automatic shut-in safety devices and with audio-visual alarms to alert personnel whenever an automatic shut-in occurs. Product stored includes propane, butane, and isobutane. The facility appears to be operated very efficiently. The manager is very knowledgeable in this type of operation and has been at this facility since its inception in 1971.

Petroleum Technical Services Company has been issued drilling permits to drill wells No. 4-1 Federal and 26-1 Federal (Stratigraphic) in Yuma County. Well No. 4-1 will be drilled in Section 4, T. 11 S., R. 24 W. and the second well is to be drilled in Section 26, T. 11 S., T. 23 W., both to a total depth of 10,000 feet. The contractor is Welch and Howell from El Centro, CA. Drilling is to commence around the 6th of August.

We are in the process of updating the entire publication Well Location Map Four. The large map in this publication has been cleaned up, especially those areas on the map where the location of wells is too dense to include the operator's name, permit number, and the total depth. A few new map symbols were added to the map. The text has likewise been updated and is now being retyped in its entirety. This project should be completed in about 2 weeks.

AGENCY Oil & Gas Conservation Commission

DIVISION _____

IDENTIFICATION CODE NO. _____

1		2	3		4	
CLAIMS PAID YEAR TO DATE 1987-1988		OBJECT CODE NO.	DISTRIBUTION OF EXPENDITURES CLASSIFICATION		CLAIMS PAID MONTH OF JULY 1987	
3,757	43	6011	1	Salaries: Staff	3,757	43
2,450	64	6057	2	Appointed Official	2,450	64
		6058	3	Commission Members		
		6081	4	Temporary Help		
444	72	6111	5	Emp. Related: F.I.C.A.	444	72
223	86	6113	6	Health Insurance	223	86
30	32	6115	7	D&L Insurance	30	32
12	46	6117	8	Unemployment Insurance	12	46
22	94	6118	9	Dental Insurance	22	94
54	12	6119	10	Workmen's Comp	54	12
248	34	6155	11	Retirement	248	34
46	06	6183	12	Personnel	46	06
		6293	13	Prof. Serv.: Court Reporter		
		6499	14	Cartographic Symbols		
		6499	15	Cartographer		
		6511	16	Travel-State: Air Fare		
		6531	17	Taxi		
		6541	18	Mileage-Private Vehicles		
		6551	19	Mileage-State Vehicles		
		6569	20	Parking		
		6569	21	Telephone		
		6581	22	Subsistence		
		6582	23	Lodging		
		6583	24	Per Diem		
		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		
		7036	37	Postage Stamps		
		7044	38	Telephone Service: ATS Service (WATS)		
		7045	39	Line Costs		
		7046	40	Station Equipment		
		7047	41	Toll Service		
		7048	42	Other		
677	00	7066	43	Insurance (Risk Management)	677	00
1,990	75	7108	44	Office Rent	1,990	75
		7311	45	Printing		
		7532	46	Furniture		
		7532	47	Adder/Calculator		
		7532	48	Reader/Printer		
		7553	49	Typewriter		
		7553	50	Copy Machine		
		7621	51	Stationery/Envelopes		
		7623	52	Printed Forms		
		7624	53	Reproduction Supplies		
88	99	7625	54	Blue Prints/Office Supplies	88	99
		7628	55	Printing Maps/Printing Misc.		
				TOTAL		

OFFICE
AUDIT:

(DO NOT WRITE BELOW THIS LINE)
TVDEN.

FIELD
AUDIT:

AGENCY Oil & Gas Conservation Commission

DIVISION _____ IDENTIFICATION DE NO. _____

1	2	3	4
CLAIMS PAID YEAR TO DATE 1987-1988	OBJECT CODE NO.	DISTRIBUTION OF EXPENDITURES CLASSIFICATION	CLAIMS PAID MONTH OF JULY 1987
-	7962	1 Revolving Fund	1 -
-	7967	2 Books	2 -
-	7971	3 Organization Dues	3 -
-	7975	4 Registration Fees	4 -
14 30	7997	5 Subscription; Newspaper	5 14 30
-	7997	6 Technical Journal	6 -
29 95	7999	7 Other Operating - Other	7 29 95
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10,091 88		TOTAL	10,091 88

OFFICE
AUDIT:

(DO NOT WRITE BELOW THIS LINE)
TYPED:

FIELD
AUDIT:

MONTHLY FINANCIAL REPORT

1 RECEIPTS MONTH OF JULY 1987	2 CLASSIFICATION	3 RECEIPTS	4 APPROPRIATED RECEIPTS	5 UNAPPROPRIATED RECEIPTS	6 TOTAL ALL RECEIPTS YEAR TO DATE
	1 Permits to Drill				4,227 00
23	2 PERMITS 963 + 864 - PETROLEUM			50 00	4,277 00
	3 TECHNICAL SERVICES Co.				
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	TOTAL CURRENT MONTH RECEIPTS			50 00	XXXXXX
	TRANSFERS IN				
XXXXX	BALANCES BROUGHT FORWARD			4,227 00	XXXXXX
	TOTALS - MONTH AND YEAR TO DATE			4,277 00	

6 CLAIMS PAID MONTH OF JULY 1987	7 FUND TITLES	8 TOTAL AMOUNT AVAILABLE YEAR TO DATE	9 CLAIMS PAID YEAR TO DATE	10 OUTSTANDING ENCUMBRANCES	11 UNENCUMBERED BALANCE
6,808 07	1 Personal Services	138,400 00	6,808 07		123,191 93
1,082 82	2 Emp. Related Exp.	24,900 00	1,082 82		23,817 18
-	3 Professional Services	400 00	-		400 00
-	4 Travel - State	7,500 00	-		7,500 00
-	5 Travel - Out of State	600 00	-		600 00
2,800 99	6 Other Operating Exp.	24,500 00	2,800 99		21,699 01
-	7 Capital Outlay-Equipment	1,600 00	-		1,600 00
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10,091 88	TOTALS	181,900 00	10,091 88		177,808 12

Add

27- Oil and Gas Conservation Commission
printing revolving fund; nonreversion

A. There is established a permanent Oil and Gas Conservation Commission printing, revolving fund for use for expenses incurred for preparation, printing and distributing publications of the Oil and Gas Conservation Commission. Such expenditures from this fund and reimbursement shall be as prescribed by rules of the director of the department of administration.

B. The fund shall be established as a separate account on the books of the state treasurer and a full accounting of its use shall be made to the director of the department of administration annually or as required by the director of the department of administration.

C. Monies of the fund shall not revert to the state general fund at the end of any fiscal year.

D.

Amend.

27- _____

B.4. Collect such fees as will cover the costs of such services as, but not limited to, reproduction of records or any portion thereof, and copies of rules. The monies so collected shall not be subject to the provisions of 27-523, but shall be deposited by the commission with the state treasurer to the fund from which the expenditure was originally made.

5. Collect such fees as will cover the costs of publication of technical maps and any other form of publication by the commission. The monies so collected shall be deposited by the commission with the state treasurer to the Oil and Gas Conservation Commission printing revolving fund subject to the provision of 27-_____.