

OIL & GAS CONSERVATION COMMISSION
Meeting: January 15, 1988



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
THIRD REVISION

Meeting
January 15, 1988
3110 N. 19th Ave., Suite 190
Phoenix, Arizona 85015

10:00 A.M.

Call to Order

1. Approval of Minutes of Meeting of November 6, 1987
2. Request of Camroy Research Corp. for Extension of Time to Plug Two Wells
The Commission may vote on this request.
3. Report of Executive Director
Daniel J. Brennan
4. Report of Enforcement Section
R. A. Ybarra
5. Discussion of Budget Cuts
6. Discussion of Five-Year Review of Rules
7. Election of Chairman and Vice Chairman
8. Motion to Authorize Executive Director to Hire, Discipline, and Dismiss Staff on Behalf of the Commission (At suggestion of Attorney General's Office)
9. Motion to Send Executive Director to Annual Meeting of American Association of Petroleum Geologists in Houston, March 19 - 23, 1988
10. Call to the Public
11. Adjournment

The public will be afforded an opportunity to comment on any item on the agenda; however, at the beginning of the meeting, the Commission may vote to set a time limit on individual comments.



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

SECOND REVISION

Meeting

January 15, 1988
3110 N. 19th Ave., Suite 190
Phoenix, Arizona 85015

10:00 A.M.

Call to Order

1. Approval of Minutes of Meeting of November 6, 1987
2. Request of Camroy Research Corp. for Extension of Time to Plug Two Wells
3. Report of Executive Director Daniel J. Brennan
4. Report of Enforcement Section R. A. Ybarra
5. Discussion of Budget Cuts
6. Discussion of Five-Year Review of Rules
7. Election of Chairman and Vice Chairman
8. Motion to Authorize Executive Director to Hire, Discipline, and Dismiss Staff on Behalf of the Commission (At suggestion of Attorney General's Office)
9. Motion to Send Executive Director to Annual Meeting of American Association of Petroleum Geologists in Houston, March 19 - 23, 1988
10. Call to the Public
11. Adjournment

The public will be afforded an opportunity to comment on any item on the agenda; however, at the beginning of the meeting, the Commission may vote to set a time limit on individual comments.



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

REVISED

Meeting

January 15, 1988
3110 N. 19th Ave., Suite 190
Phoenix, Arizona 85015

10:00 A.M.

Call to Order

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of November 6, 1987
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9. Motion to Send Executive Director to
Annual Meeting of American Association of
Petroleum Geologists in Houston, March
19 - 23, 1988
10. Call to the Public
11. Adjournment

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



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

January 15, 1988

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9. Call to the Public
10. 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 6, 1987

Present:

Dr. J. Dale Nations, 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 November 6, 1987 was called to order by Dr. J. Dale Nations, Chairman, at 10:02 A.M. in the Commission's office.

PUBLIC HEARING: REQUEST BY CAL GAS CORPORATION TO DRILL A
DEVIATED HOLE AT THEIR FACILITY IN GLENDALE

At the conclusion of the public hearing, a motion was made by Mr. Warne and seconded by Mrs. Niccoli:

THAT CAL GAS CORPORATION BE PERMITTED TO DRILL A
DEVIATED HOLE AT THEIR FACILITY IN GLENDALE.

Motion carried unanimously. (A transcript of the hearing is available in the Commission's Office.)

APPROVAL OF MINUTES OF MEETING OF AUGUST 21, 1987

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

THAT THE MINUTES OF THE REGULAR MEETING OF
AUGUST 21, 1987 BE APPROVED AS PRESENTED.

Motion carried unanimously.

REPORT OF EXECUTIVE DIRECTOR

Dr. Daniel Brennan, the Executive Director, stated that his Activity Report had been sent to the Commissioners, and was made a part of these minutes. He advised that he is hopeful of having a bill passed to establish a publication revolving fund for the agency. He reported at the recent convention in Phoenix of the Geological Society of America, there were over 5200 registered. Attention was called to the recent purchase of bookcases and a video typewriter for the office. Many

inquiries have been received about drilling particularly in the Yuma area. Preparation of a revised set of our rules is planned for presentation at the January 1988 meeting for the Commissioners' review and approval. Dr. Brennan reported that Mr. Ybarra and he attended a hearing for a refinery in the Mobile area known as the GL General Partners Refinery.

REPORT OF ENFORCEMENT SECTION

The Activity Report of Mr. Ybarra was sent to the Commissioners, and has been made a part of these minutes. He stated that the second well of Petroleum Technical Services had been drilled and abandoned in the Yuma area. He explained that he was contacted by Ed Kaufman who informed him that he was planning to drill a geothermal exploratory well in the Nutrioso area located southeast of Springerville. A water source in the Supai is being investigated. This well is being funded through the Exxon's overcharge, and was appropriated to Mr. Kaufman by the legislature.

CALL TO THE PUBLIC

John Haas of the Bureau of Land Management discussed his visit to the Shields' well about three weeks ago. There had been a slight show of oil from the swabbing. He stated that the Forest Service had completed its management plan on the Coconino. A letter regarding 36 geothermal leases had been sent to the Hunt companies inquiring if they still wanted them.

Cyril Young of the State Land Department told of receiving two applications for geothermal leases in the Yuma area by Bradco.

A tentative date of January 15, 1988 was selected for the next meeting unless a meeting is needed in December.

ADJOURNMENT

A motion was made by Mrs. Wilt and seconded by Mr. Warne:

THAT THE MEETING BE ADJOURNED.

Motion carried unanimously. Time of adjournment was 11:18 A.M.

APPROVED

Dale Nations
Dr. J. Dale Nations
Chairman

GUESTS IN ATTENDANCE:

Don Flemmons	Cal Gas Corporation
David Harbushka	Cal Gas Corporation
John Haas	Bureau of Land Management
Cyril Young	State Land Department



Oil and Gas Conservation Commission

December 21, 1987

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

ACTIVITY REPORT

Daniel J. Brennan
Executive Director



This period has been a busy one as far as the paperwork goes.

First of all, I have been working on the legally required five-year review of our rules. Enclosed is a copy of my comments on the rules as well as a copy of the rules themselves. This meticulous review is required by the legislature to insure that rules are up-to-date, consistent, and understandable. Your comments and approval will be sought at the next meeting.

The governor called agency heads together for a meeting to order a 2.9% cut in the current budget. We were able to meet this order by a combination of vacancy savings (from the time the secretary's job was unfilled) and from probable excess in our Employee-Related Expenses appropriation (employee benefits).

We have also been ordered to prepare a step-wise reduction of up to 10% of our budget proposal for the 1989 Fiscal Year. A copy of the letter from the Executive Budget Office is enclosed. Since this is not yet completed and has to be submitted prior to the Commission meeting, I will brief you at the meeting on the budget cuts listed.

The Attorney General's office has apparently been checking all state agencies to determine whether proper procedures for hiring, disciplining and dismissing employees are being followed. Since the five commissioners ARE the commission, such powers reside in the commissioners, unless you delegate them. It is my understanding that it has been the practice for the Commissioners to hire the Executive Director and to delegate to the Executive Director the power to hire the rest of the staff. We cannot find any record of a motion to that effect ever having been passed by the Commission. We will present to you a model motion for your consideration.

The annual meeting of the American Association of Petroleum Geologists will be held in March in Houston. I will ask you to send me to that meeting in an effort to promote exploration in Arizona.

Enclosures



Oil and Gas Conservation Commission

December 21, 1987

STATE OF ARIZONA
3110 N. 19th AVENUE, SUITE 190
PHOENIX, ARIZONA 85015
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Enclosures



Oil and Gas Conservation Commission

STATE OF ARIZONA

3110 N. 19th AVENUE, SUITE 190

PHOENIX, ARIZONA 85015

PHONE: (602) 255-5161

December 18, 1987

ACTIVITY REPORT

Rudy Ybarra
Enforcement Director

During this report period, I issued a Permit to Drill to Cal Gas Corp. to drill storage well No. 1A Roach-Baker, the replacement well that was approved by the Commissioners after the Nov. 6, 1987, public hearing. The well will be drilled at a deviated angle sufficient to intercept the top of the existing 894,063-barrel capacity storage chamber. We will witness the plugging of the cased portion of the original hole and all the major operations in the drilling of the replacement hole.

Kerr-McGee filed an application to plug and abandon well No. 1 Navajo-E in Section 20, T.36 N., R.30 E., in the Dineh-Bi-Keyah Field. This well was used briefly as a salt-water disposal well into an open-hole interval 3650' - 3700' (McCracken). Work will begin as soon as weather permits.

I have written Central Oil Co. requesting a plan outlining an abandonment procedure on well No. 1 Aman, Sec. 5, T.10 S., R.23 W., Yuma County. If this plan is not filed by Jan. 18, 1988, we will initiate action to force abandonment. The well has been shut in since December, 1984, at which time the operator was given a six-month Temporary Abandonment status. A six-month extension of this status until January 18, 1986 was granted provided that steps be taken to put the well to some beneficial use or to show good cause why the well should not be plugged and abandoned. The landowner apparently does not need a water well and the well showed no potential for oil or gas when perforated and tested at various intervals from 2390'-2582'. The well is bonded.

We met twice with Ferrellgas, Inc., operator of the Adamana gas storage facility east of Holbrook. They have been instructed to file an inspection procedure with us so that we can schedule a date to inspect and test all safety equipment at the plant.

EVAN MECHAM
GOVERNOR
STATE OF ARIZONA



ARIZONA DEPARTMENT OF ADMINISTRATION

STATE CAPITOL
1700 WEST WASHINGTON, ROOM 602
PHOENIX, ARIZONA 85007
PHONE: (602) 255-5381

MAX HAWKINS
DIRECTOR

DAVE HALL
DEPUTY DIRECTOR

MEMORANDUM

TO: All State Agencies

FROM: Joseph C. Smith
Executive Budget Office 

DATE: December 11, 1987

RE: Determination of 90% Funding Level Budgets for General Fund Agencies

The purpose of this memo is to request additional information necessary to complete the state's fiscal year 1988-1989 annual budget. The information requested will be used by both the Executive and the Legislative Budget Offices.

As you know, the Governor recently announced management actions necessary to balance the state's budget for the current fiscal year. The revenue shortfalls that made these actions necessary result from long-term economic conditions that will impact the state's fiscal year 1989 budget process as well. Quite simply, with forecasts of a shortfall in excess of \$100 million in the current fiscal year, it is anticipated that at the same rate of spending, a shortfall in the next fiscal year could reach \$240 million.

Each state agency funded from the state's general fund has submitted a budget to the Governor which extends current year costs into fiscal year 1989. These adjustments in the fiscal year 1988 base for items such as inflation and replacement equipment are necessary in order to determine a "current services budget" for fiscal year 1989. Specifically, the current services budget is calculated by adding together the amount of funds appropriated in fiscal year 1988 and the amount of increase/decrease requested for fiscal year 1989.

While there is growth in state revenues and growth in the state economy, this growth will not be sufficient to cover the current services budget for fiscal year 1989. For this reason, it is necessary to reduce your agency's 1989 current services budget. Please submit decremental decision packages amounting to 10% of your current services budget request for fiscal year 1989. In preparing these documents, use the Executive Budget Office Policy Issue forms (attached).

All State Agencies
December 11, 1987

Page 2

When using the Policy Issue forms, develop discrete and identifiable decision packages with the number one policy issue being the lowest priority in the agency. You may submit one set of Decision Packages for the whole agency, but they must add up to 10% of the current services budget for fiscal year 1989. Do not include administrative costs such as rent, risk management and telephone expenses unless you can substantiate hard dollar savings. Do not use any Program Change issues as decremental Decision Packages.

Your assigned Executive Budget Analyst is available to answer any questions you may have in completing these forms. It is imperative that these forms be returned to the Executive Budget Office, in duplicate, by Monday, January 4, 1988. For those agencies which do not provide the required information by the date requested, the Executive Budget Office will prepare the decremental Decision Packages for determining any necessary program reductions. Therefore, it is in your best interest to participate fully and have adequate input into this exercise.

This requirement applies only to agencies which receive funding from the state's general fund. It does not include capital improvement projects nor building renewal activities. Should you have any questions, contact the Executive Budget Office at 255-5381.

Attachments

cc: Governor Evan Mecham
Dick Burke, Chief of Staff
Ted Ferris, Staff Director, JLBC

AGENCY Oil & Gas Conservation Commission

DIVISION _____

IDENTIFICATION () JDE NO. _____

1		2		3		4	
CLAIMS PAID YEAR TO DATE 1987-1988		OBJECT CODE NO.	DISTRIBUTION OF EXPENDITURES CLASSIFICATION		CLAIMS PAID MONTH OF DECEMBER 1987		
34,477	47	6011	1	Salaries: Staff	1	5,780	68
23,186	86	6057	2	Appointed Official	2	3,770	22
120	00	6058	3	Commission Members	3		
		6081	4	Temporary Help	4		
3,117	59	6111	5	Emp. Related: F.I.C.A.	5	403	65
2,582	54	6113	6	Health Insurance	6	530	88
325	94	6115	7	D&L Insurance	7	60	64
115	52	6117	8	Unemployment Insurance	8	19	10
207	67	6118	9	Dental Insurance	9	29	84
474	50	6119	10	Workmen's Comp	10	76	92
2,306	51	6155	11	Retirement	11	382	02
428	32	6183	12	Personnel	12	90	68
121	00	6293	13	Prof. Serv.: Court Reporter	13	121	00
		6499	14	Cartographic Symbols	14		
		6499	15	Cartographer	15		
		6511	16	Travel-State: Air Fare	16		
		6531	17	Taxi; parking	17		
348	28	6541	18	Mileage-Private Vehicles	18	9	00
1,376	01	6551	19	Mileage-State Vehicles	19	270	00
45	19	6582	20	Lodging	20		
173	00	6583	21	Per Diem	21		
		6595	22	Telephone	22		
		6599	23	Other	23		
		6611	24	Travel-Out of State: Air Fare	24		
		6631	25	Taxi/Rail	25		
		6639	26	Other (Public transport.)	26		
		6641	27	Personal Auto	27		
		6651	28	Motor Pool	28		
		6669	29	Other (Nonpub. transport.)	29		
		6682	30	Lodging	30		
		6683	31	Per Diem	31		
		6699	32	Other	32		
104	30	7019	33	Legal Advertising	33		
		7036	34	Postage Stamps	34		
609	00	7044	35	Telephone Service: ATS Service (WATS)	35	121	80
380	25	7045	36	Line Costs	36	76	05
		7046	37	Station Equipment	37		
153	22	7047	38	Toll Service	38	33	95
241	61	7048	39	Other	39	48	53
677	00	7066	40	Insurance (Risk Management)	40		
6,835	71	7108	41	Office Rent	41		
		7311	42	Printing	42		
		7532	43	Furniture (Maintenance Noncontract)	43		
		7532	44	Adder/Calculator (Maintenance Noncontract)	44		
		7532	45	Reader/Printer (Maintenance Noncontract)	45		
42	00	7553	46	Typewriter (Maintenance Contract)	46		
		7553	47	Copy Machine (Maintenance Contract)	47		
		7583	48	Computer Equipment - Other	48		
		7621	49	Stationery/Envelopes	49		
		7623	50	Printed Forms	50		
		7624	51	Reproduction Supplies	51		
451	03	7625	52	Blue Prints/Office Supplies	52	55	12
		7628	53	Printing Maps	53		
		7628	54	Printing Misc.	54		
		7962	55	Revolving Fund	55		
			TOTAL				

OFFICE
AUDIT:

(DO NOT WRITE BELOW THIS LINE)
TYPED:

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 DECEMBER 1987	
2,000	00	7967	1	Books	1	
		7971	2	Organization Dues	2	
25	60	7975	3	Registration Fees	3	
		7997	4	Subscription; Newspaper	4	2,000 00
29	95	7999	5	Technical Journal	5	
1,638	60	8483	6	Other	6	
			7	Office Equipment	7	
			8		8	
			9		9	167 79
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			55		55	
83,207	67		TOTAL			14,027 87

OFFICE
AUDIT:

(DO NOT WRITE BELOW THIS LINE)
TYPED:

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 DECEMBER 1987
	7967	1 Books	1
2,000 00	7971	2 Organization Dues	2 2,000 00
	7975	3 Registration Fees	3
28 60	7997	4 Subscription; Newspaper	4
	7997	5 Technical Journal	5
29 95	7999	6 Other	6
1,638 60	8483	7 Office Equipment	7 167 79
		8	8
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83,207 67		TOTAL	14,027 87

OFFICE
AUDIT:

(DO NOT WRITE BELOW THIS LINE)
TYPED:

FIELD
AUDIT:

MONTHLY FINANCIAL REPORT

1	2	3	4	5
RECEIPTS MONTH OF DECEMBER 1987	RECEIPTS CLASSIFICATION	APPROPRIATED RECEIPTS	UNAPPROPRIATED RECEIPTS	TOTAL ALL RECEIPTS YEAR TO DATE
	1 Permits to Drill			4,302 00
	2			
	3			
	4			
	5			
	6			
	7			
	8			
	9			
	10			
	11			
	12			
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	15			
	16			
	17			
	TOTAL CURRENT MONTH RECEIPTS			XXXXXX
	TRANSFERS IN			
XXXXXX	BALANCES BROUGHT FORWARD		4,302 00	XXXXXX
	TOTALS - MONTH AND YEAR TO DATE		4,302 00	

6	7	8	9	10	11
CLAIMS PAID MONTH OF DECEMBER 1987	EXPENDITURES FUND TITLES	TOTAL AMOUNT AVAILABLE YEAR TO DATE	CLAIMS PAID YEAR TO DATE	OUTSTANDING ENCUMBRANCES	UNENCUMBERED BALANCE
9,550 90	1 Personal Services	128,400 00	57,784 33		70,615 67
1,573 73	2 Pmp. Related Exp.	24,900 00	10,158 59		14,741 41
121 00	3 Professional Services	400 00	121 00		279 00
277 00	4 Travel - State	7,500 00	1,902 48		5,597 52
	5 Travel - Out of State	600 00			600 00
2,335 45	6 Other Operating Exp.	24,500 00	11,602 67		12,897 33
167 79	7 Capital Outlay-Equipment	1,600 00	1,638 60		(38 60)
	8				
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14,027 87	TOTALS	187,900 00	83,207 67		104,692 33

R12-7-101 Definitions

1. This rule has been effective in providing usable definitions of terms used in other rules of the Oil and Gas Commission. There have been no problems with the definitions in this rule so this conclusion is valid.
2. No written criticism of this rule have been received.
3. Authorized by ARS 27-516.
4. This rule is consistent with the statutes, other rules established by the commission, enforcement policy and current agency views regarding the wisdom and necessity of the rule.
5. The definitions in this rule are clear, concise and easily understood.

R12-7-102 General rules applied statewide

1. This rule has been effective and useful, and provides a basic framework from which to apply general rules or to make special rules as needed. Operators have easily understood this rule and the flexibility it gives the commission to make special rules as needed.
2. No written criticisms of this rule have been received.
3. This rule is authorized by 27-516A.
4. This rule is consistent with other rules of the commission, and reflects current enforcement policy. The agency views it as a necessary and prudent rule.
5. This rule is clear, concise and easily understood by those affected.

R12-7-103 Bond

1. This rule has been effective in achieving its objectives of assuring that wells be properly plugged and abandoned.
2. No written criticisms of this rule have been received.
3. Authorized by 27-516A.3.
4. The rule is consistent with other rules promulgated by the agency. However, its requirement for a surety company bond is

inappropriate for today's liability bond crisis. This rule is being rewritten to match longstanding practice of accepting cash, negotiable certificates of deposit, or irrevocable letters of credit as bonds. The amount of the bond required will be reviewed by the commission in the course of a general overhaul of the rules now underway.

5. The rule is clear, concise and easily understood.

12-7-104 Application for permit to drill and procedure to cancel a permit.

1. This rule has been effective for issuance of permits to drill wells.
2. No written criticisms have been received.
3. Authorized by 27-513.
4. This rule is consistent with other rules of the commission so far as it goes. However, it does except seismic shot holes in the first sentence and no further reference is made to seismic shot holes. The agency will rewrite this rule to include a special provision for seismic shot holes.
5. The rule is clear, with the exception of the references to seismic shot holes. This ambiguity will be cleared up in a revision to the rule.

R12-7-105 Change of location

1. The rule is effective in causing operators to drill at the place permitted. We have no reports of failure to drill in the specified location.
2. No criticisms have been received.
3. Authorized by 27-513, 27-516A.2.
4. The rule is consistent with other rules promulgated by the Oil and Gas Conservation Commission. The Commission enforces this rule and believes it is prudent and justified.
5. The rule is clear, short and easy to understand.

R12-7-106 Identification of wells

1. The rule is effective in causing producing wells to be marked clearly with the information required.
2. No written criticisms have been received.
3. Authorized by 27-516A.8.
4. This rule is consistent with other rules of the commission, is enforced and believed to be good policy. However, it does not fully comply with ARS 27-516. The revision will remedy this defect and remove sexist language.
5. This rule is very short, but clear and easily understood.

R12-7-107 Spacing of wells

1. This rule has been effective in preventing waste. It gives operators an opportunity to drill and operate without fear of unfair drainage, or excessive costs, but still allows closer spacing if justified by the facts. It provides uniform spacing and allows an orderly start-up for newly discovered fields.
2. No criticisms have been received.
3. Authorized by ARS 27-500 25-516A.12.
4. This rule is consistent with other agency rules, it is enforced and in the view of the agency is reasonable and proper. However, this rule is in danger of becoming obsolete. As private ownership of land in Arizona changes hands, especially in situations when title is gained by inheritance, the problem of multiple ownership of undivided mineral interests will increase. Adoption of revision will better implement the statutes: AARS 27-505, 27-531 through 27-539.
5. The rule is well formulated, clear, and easy to understand, and to apply.

R12-7-108 Pit for drilling mud and drill cuttings

1. This rule has been effective in assuring a supply of drilling mud during drilling operations. We have had no blowouts due to a lack of drilling mud on location.
2. No written criticisms of this rule have been received.
3. Authorized by 27-516A.1. a., b., c., A.6.

4. This rule is consistent with other rules of the Commission and is strictly enforced. However, in light of recent state and federal laws, it is being revised to afford greater protection to ground water.

5. This rule is clear, very concise and understandable.

R12-7-109 Sealing off strata

1. This rule has been effective in protecting present and possible future water supplies from pollution by oil well operations.
2. No criticisms of this rule have been received.
3. Authorized by ARS 27-516A.1. a,b,c.
4. This rule is consistent with other rules of the agency and works with them, especially R12-7-110 to achieve its objective. It is very strictly enforced and is a wise and prudent rule.

R12-7-110 Surface casing requirements

1. This rule has been effective in sealing off fresh waters from fluids encountered in the deeper parts of holes. The cementing provision provides assurance of an effective seal.
2. No criticism of this rule has been received.
3. Authorized by 27-516A.1. a,b,c.
4. This rule is consistent with other rules of the commission is strictly enforced and is a wise and prudent rule. However, the rule does not incorporate long-standing practice of requiring notification of the commission prior to setting surface casing, to allow for inspection of the procedure. A revised rule will remedy this defect.
5. The rule is clear, concise and easy to understand.

R-12-7-111 Casing and tubing requirements

1. This rule has been effective in causing the use of casing

and tubing to seal off oil, gas, and water-bearing strata.

2. No criticism of this rule has been received.
3. Authorized by ARS 27-516, A.1, 4.6.
4. The aim of the rule is consistent with other rules of the commission, it is enforced and is a necessary rule in the view of the commission.
5. This rule is somewhat unclear and may be interpreted in different ways. A revision is underway and will correct this defect. The rule is enforced and is viewed as being necessary by the commission.

R7-12-112 Defective casing or cementing

1. This rule has proved to be effective in requiring repair of defective casing or abandonment of a well with casing which cannot be repaired.
2. No criticism of this rule has been received.
3. Authorized by ARS 27-516 A.1. b,c.
4. The rule is consistent with other rules set by the commission and is enforced. The commission believes it is a wise, necessary and prudent rule.
5. This rule is clear, concise, and easily understood.

R12-7-113 Blowout prevention

1. This rule has been effective in preventing blowouts. We have had no blowouts under this rule.
2. No criticisms of this rule have been received.
3. Authorized by 27-516 A.6.
4. The rule is consistent with other rules, especially those on casing to which it is closely related. The agency enforces this rule strictly and believes it is wise to have this rule.
5. This rule is clear, concise and easy to read.

R12-7-114 Pulling outside strings of casing

1. This is not an effective rule and could be used to pull casing not intended to be pulled.
2. No written criticism of this rule has been received.
3. Authorization in the statutes is unknown.
4. This rule is inconsistent with other rules, and cannot be enforced in light of other rules. It is not wise or prudent. We will propose repeal of this rule very soon.
5. The rule is clear and concise but conflicts with other agency rules.

R12-7-115 Deviation of hole

1. The rule is effective in preventing the deviation of holes away from legal locations. We have not had problems with illegal drainage due to deviated holes.
2. No written criticisms of this rule have been received.
3. Authorized by ARS 27-506, 27-516.13.
4. The rule is consistent with other rules of the commission and is currently enforced. The agency believes this rule could be improved and will propose amendments.
5. The rule is clear, concise and easily understood.

R12-7-116 Multiple zone completion

1. The rule is effective in preventing the loss of reservoir energy by commingling of unlike zones.
2. No criticisms of this rule have been received.
3. Authorized by 27-503 A, 27-516 A.1(a).
4. This rule is consistent with other rules of the commission, and is enforced. It is a wise policy to have this kind of a rule.
5. This rule is clear, concise and easily understood.

R12-7-117 Artificial stimulation of wells

1. This rule is effective in achieving its objective.
2. No criticism of this rule has been received.
3. Authorized by ARS 27-516 A.1. (a), (b), (c).
4. This rule is consistent with other rules of the commission regarding casing integrity and prevention of cross-flow between strata. It is enforced and in the view of the commission is wise.
5. This rule is clear, very concise and easily understood.

R12-7-118 Safety regulations

1. This rule has been effective in preventing fires on well sites in Arizona.
2. No written criticism of this rule has been received.
3. Authorized by ARS 27-502, 27-516 A.7.
4. This rule is consistent with other rules, and is enforced. The commission views it as a wise and necessary rule.
5. This rule is clear, concise and easily understood.

R12-7-119 Well and lease equipment

1. This rule has been effective on achieving its objectives of keeping well equipment safe and in good condition.
2. No written criticisms of this rule have been received.
3. Authorized by ARS 27-503 B.3, 27-516 A.1. (c), (d), A.5.
4. The rule is consistent with other rules of other agencies, and is enforced. The agency views it as a wise rule.
5. The rule is clear, concise and easily understood.

R12-7-120 Fire, leaks, and blowouts

1. This rule has been effective in causing operators to report untoward events on their locations.
2. No written criticisms of this rule have been received.
3. Authorized by ARS 27-503 A, B, 27-516 A. 5, 6, 7.
4. This rule is consistent with other rules of the commission and is strictly enforced. We believe it is a wise and prudent rule.
5. The rule is clear, concise and easily understood.

R12-7-121 Well completion

1. This rule has been effective in causing operators to file reports, logs and samples from their wells with the commission. The commission's library contains nearly complete records of wells drilled in Arizona since the inception of the Commission.
2. No written criticisms of this rule have been received.
3. Authorized by ARS 27-516 A.2.
4. The rule is consistent with other rules of the Commission and is strictly enforced. It is viewed as a wise, prudent and extremely valuable rule.
5. The rule is clear, concise and easily understood.

R12-7-122 Rework and recompletion-shooting and treating

1. This rule is fairly effective in keeping the commission informed of the configuration of producing wells. The same word may be used in different ways by different inspectors so the exact intent of this rule is not always complied with.
2. No written criticisms of this rule have been received.
3. Authorized by ARS 27-516 A.9.
4. This rule is consistent with other rules promulgated by the Commission. It is currently enforced. We view this as a wise and prudent rule.
5. The rule is concise and easily understood. The portion of the statute which authorizes the rule uses the term "shooting" which is the name of an obsolete technology for stimulating wells.

"Shooting" has been replaced by "fracturing" in oil field practice. We presently plan to seek a legislative revision in the 1989 session. If successful, we will then revise our rule to match.

R12-7-126 Intention to plug and abandon

1. This rule has been quite effective in causing operators to notify the commission of intent to plug and abandon wells in an approved manner.
2. No written criticisms of this rule have been received.
3. Authorized by ARS 27-516 A.1 (a), (b), (c), (d).
4. The rule is consistent with other rules of the agency. It is strictly enforced and is believed to be a wise and prudent rule.
5. The rule is clear, concise and easily understood.

R12-7-127 Plugging methods and procedures

1. The rule is effective in causing operators to plug wells in a manner designed to prevent cross flow between strata. A revision will include methods for plugging seismic shot holes.
2. No written criticisms of this rule have been received.
3. Authorized by ARS 27-516 A.1 (a), (b), (c), (d).
4. The rule is consistent with other rules of the commission. It is strictly enforced. We believe it to be a wise and necessary rule.
5. The rule is clear, concise and easily understood. However, it will be reviewed to require a metal marker for abandoned locations, to correct an incorrect reference, and to include methods and procedures for plugging seismic shot holes.

R12-7-128 Stratigraphic exploratory holes

1. The rule has been effective in alerting operators to the necessity of treating "stratigraphic tests" as wells for the purpose of permitting and plugging.

2. No written criticisms of this rule have been received.
3. Authorized by ARS 27-501.21 and 27-516 A.1, 2.
4. The rule is consistent with other agency rules, and is strictly enforced. We view it as a wise and prudent rule.
5. The rule is concise and easily understood. However, we believe it should be revised to refer to R12-7-127 Plugging methods and procedures to remove any ambiguity and to assure protection to aquifers. A revision is being prepared.

R12-7-129 Wells to be used for fresh water

1. This rule is effective in assuring that wells to be used for fresh water supplies are effectively sealed from salt water and oil and gas intrusion.
2. No written criticisms of this rule have been received.
3. Authorized by ARS 27-516 A.1.
4. The rule is consistent with rules of the Oil and Gas Commission and The Department of Water Resources. It is enforced and is believed to be a wise and useful rule.
5. The rule is clear, concise and easily understood.

R12-7-135 Gas-oil ratio test

1. This rule is effective in determining whether a well shall be classified as an oil or as a gas well.
2. No written criticisms of this rule have been received.
3. Authorized by ARS 27-503.4, 27-516A.5.
4. This rule is consistent with other rules of the commission and is enforced. We believe it is a wise and prudent rule.
5. The rule is clear, concise and easily understood.

R12-7-136 Subsurface pressure tests and reservoir surveys

1. The rule is effective in determining reservoir pressures of new

discovered pool.

2. No written criticisms of this rule have been received.
3. Authorized by ARS 27-504.4 and 27-516 A.5.
4. This rule is consistent with other rules of the commission and is enforced. We believe this is a wise rule.
5. The rule is clear, concise, and easily understood.

R12-7-137 Commingling of oil from pools

1. This rule is effecting in allowing commingling. However, the conditions for allowing commingling are not specified.
2. No written criticisms of this rule have been received.
3. Authorized by ARS 27-503 A, B4 27-516 A.1.
4. The rule is consistent with other rules of the agency, however it needs to be clarified. It is enforced and thought to be wise and necessary.
5. The rule is concise but needs to be clarified to make it easier to understand. A revision is being prepared.

R12-7-138 Casinghead gas

1. This rule is effective in preventing waste of casing head gas and in measuring the amount sold.
2. No written criticisms of this rule have been received.
3. Authorized by ARS 27-516.A.15.
4. This rule is consistent with other rules of the agency, is enforced and is viewed as reasonable and necessary.
5. The rule is clear, concise and easily understood.

R12-7-139 Use of vacuum pumps

1. The rule is effective in preventing the use of vacuum pumps unless authorized by the commission.

2. No written criticisms of this rule have been received.
3. Authorized by ARS 27-516 A. 4, 5, 14.
4. This rule is consistent with other rules of the commission. It is enforced. We believe it to be a wise and prudent rule.
5. The rule is clear, very concise and easily understood.

R12-7-140 Pollution and surface damage

1. This rule has been fairly effective in preventing pollution and surface damage, but should be revised to conform better with current attitudes and federal and state laws.
2. No written criticisms of this rule have been received.
3. Authorized by ARS 27-502 A.2, 6, 27-516 A.1.
4. This rule conforms with other rules of the commission and is enforced. It is a wise and necessary rule.
5. The rule is concise. It may be so short that it is unclear. A revision is in progress.

R12-7-142 Measurement of oil

1. This rule is effective in causing the measurement of oil on the lease from which it was produced.
2. No written criticisms of this rule have been received.
3. Authorized by ARS 27-503 B.4, 27-516 A.15.
4. This rule is in harmony with other rules established by the agency, and it is strictly enforced. It is viewed as a wise and prudent rule.
5. The rule is clear, concise and easily understood.

R12-7-143 Oil tanks and fire walls

1. This rule is effective in preventing storage of oil in open receptacles or earthen reservoirs.

2. No written criticisms of this rule have been received.
3. Authorized by ARS 27-516 A.7.
4. This rule is consistent with other rules of the commission. It is necessary and viewed as necessary.
5. The rule is clear, concise, and easily understood. The present publication of the rule contains a typographical error which will be corrected in the next version of the commission's rules.

R12-7-150 Capacity tests of gas wells

1. This rule is effective in testing the capacity of gas wells.
2. No written criticisms of this rule have been received.
3. Authorized by ARS 27-503 B.4.
4. This rule is consistent with other rules of the agency. When we have gas wells producing, it is enforced. We view it as a wise rule.
5. The rule is clear, concise and easily understood.

R12-7-151 Gas from wells to be measured

1. This rule is effective in causing gas to be metered on the lease from which it was produced.
2. No written criticisms of this rule have been received.
3. Authorized by ARS 27-503 B.4.
4. This rule is in harmony with other rules of the commission. It is enforced and viewed as wise and necessary.
5. The rule is clear, concise and easily understood.

R12-7-152 Utilization of gas

1. This rule is effective in preventing waste of gas.
2. No written criticisms of this rule have been received.

3. Authorized under ARS 27-503 A., B.7.

4. This rule is compatible with other rules of the agency and is strictly enforced. We view it as a wise rule.

5. The rule is clear, concise, and easily understood.

R12-7-153 Non-hydrocarbon gas

1. This rule reflects the Oil and Gas Commission's additional responsibilities to non-hydrocarbon gases. Should helium or other gas production be revived or initiated, this rule will be an effective tool.

2. No written criticisms of this rule have been received.

3. Authorized by ARS 27-501.90, 27-503, 27-516 A.1, 8, 12.

4. This rule is in harmony with other rules of the commission, and will be enforced should non-hydrocarbon gas production be ~~reviewed~~. We view it as a wise rule. *revived*

5. This rule is clear, concise and easily understood.

R12-7-160 Regulation of oil production and gas production

1. This rule is effective in preventing wasteful production of oil and gas.
2. No written criticisms of this rule have been received.
3. Authorization ARS 27-516.A.13.
4. This rule is consistent with other rules of the commission. It is not presently being utilized, but is available in case of economic or physical waste should occur. We believe this is a wise rule.
5. The rule is clear, concise, and easily understood.

R12-7-161 Producer's monthly report-oil wells and gas wells

1. The rule is effective in causing producers to report their production figures to the commission.
2. No written criticisms of this rule have been received.
3. Authorized by ARS 27-516A.15.
4. This rule is consistent with other rules of the commission, and is carefully enforced. We believe it is a wise and necessary rule.
5. The rule is clear, concise and easily understood.

R12-7-176 Permit for injection

1. This rule has been effective in permitting injection wells. However, in the light of recent state and federal legislation regarding Underground Injection Control, it needs to be revised and updated. A revised rule is being prepared.
2. No written criticisms of this rule have been received.
3. Authorized by ARS 27-516 A.20.
4. This rule is consistent with other rules of the commission, and is very carefully enforced. We believe it is a wise and necessary rule.
5. This rule is somewhat outdated, not as clear as it should

be and is being revised to insure clarity and ease of understanding. It will be as concise as possible considering the complex nature of the objectives of the rule.

R12-7-177 Casing and cementing of injection wells

1. This rule has been effective in causing injection wells to be cased and cemented properly.
2. No written criticisms of this rule have been received.
3. Authorized by ARS 27-516 A.1.
4. This rule is consistent with other rules of the commission, and is strictly enforced. It is viewed as a wise and necessary rule.
5. The rule is clear, concise and easily understood; however, it is somewhat dated and is being reviewed to require state-of-the art practices.

R12-7-178 Notice of commencement and discontinuance of injection operations

1. This rule is effective in achieving its goal of keeping the commission informed of ownership and operation of injection projects.
2. No written criticisms of this rule have been received.
3. Authorized by ARS 27-515 B.3, 27-516 A.2, 8.
4. This rule is consistent with other rules promulgated by the agency and is enforced. We view it as a wise rule.
5. The rule is clear, concise and easily understood.

R12-7-179 Reports and Records

1. This rule is effective in causing operators to keep records and to report to the commission.
2. No written criticisms of this rule have been received.
3. Authorized by ARS 27-503 B.6.

4. This rule conforms to other rules of the commission and is enforced. We believe it is a necessary and wise rule.
5. The rule is clear, concise and easily understood.

R12-7-180 Storage Wells

1. This rule is effective in causing operators to file applications for permits to construct storage wells.
2. No written criticisms of this rule have been received.
3. Authorized by ARS 27-516 A.20.
4. This rule is consistent with other rules of the agency.
5. The rule is clear, concise and easily understood.

R12-7-181 Storage cavity design and construction

1. This rule is effective in permitting only properly constructed storage cavities to be built. It requires the state of the art construction.
2. No written criticisms of this rule have been received.
3. Authorized by ARS 27-516 A.20.
4. This rule is consistent with other rules of the commission and is strictly enforced. We believe it is a wise, prudent and necessary rule.
5. The rule is clear, concise and easily understood.

R12-7-183 Certificate of compliance and authorization to transport

1. This rule is effective in assuring that only oil legally owned is transported and sold.
2. No written criticisms of this rule have been received.
3. Authorized by ARS 27-507, 27-516 A.17.

4. This rule is consistent with other rules of the commission and is strictly enforced. We view it as a wise and necessary rule.

5. The rule is clear, concise and easily understood.

R12-7-184 Recovered load oil

1. This rule is effective in allowing recovery and segregation of load oil. (Oil used to treat a well and which was produced a lease other than that on which the treated well is situated.)

2. No written criticisms of this rule have been received.

3. Authorized by ARS 27-509, 510.

4. This rule is consistent with other rules of the commission, is enforced, and is viewed as a wise rule.

5. The rule is clear, concise and easily understood.

R12-7-185 Transportor's and storer's monthly report

1. This rule is effective in keeping track of movements of legal oil and serves as an independent check on producer's monthly reports and in insuring ratable taking.

2. No written criticisms of this rule have been received.

3. Authorized by ARS 27-507.01, 27-509.

4. This rule is consistent with other rules of the commission. We enforce it and view it as wise.

5. This rule is clear, concise and easily understood.

R12-7-186 Gas purchaser's monthly report

1. This rule is effective in causing gas purchasers to report the source of their purchases and serves as an independent check on producer's monthly reports and assures ratable taking.

2. No written criticisms of this rule have been received.

3. Authorized by ARS 27-508.01 and 27-509.

4. This rule is consistent with other rules of the agency , is enforced and is viewed as a wise rule.

5. The rule is clear, concise, and easily understood.

R12-7-188 Refinery reports

1. This rule is effective in assuring that only legally produced oil is processed in a refinery.

2. No written criticisms of this rule have been received.

3. Authorized by ARS 27-503 B. 4, 6.

4. This rule is in harmony with other rules of the commission, and is enforced. The commission views it as a wise rule.

5. The rule is clear, concise, and easily understood.

R12-7-189 Processor's reports

1. The rule is effective in causing refiners to keep records of their operations.

2. No written criticisms of this rule have been received.

3. Authorized by ARS 27-503 B.6.

4. This rule is consistent with other rules of the commission and is enforced. We view it as a wise rule.

5. The rule is clear, concise and easily understood.

R12-7-190 Gasoline plant reports

1. This rule is effective in requiring accounting for products separated from a product stream.

2. No written criticisms of this rule have been received.

3. Authorized by ARS 27-503 B.4, 6.

4. This rule is consistent with other rules of the commission. We do not presently have a gasoline plant in Arizona, but if we

did, the rule would be enforced. We view it as a wise rule which serves to eliminate a potential loophole in oil and gas regulation.

5. The rule is clear, concise and easily understood.

R12-7-182 Books and records to substantiate reports

1. This rule is effective requiring affected person and firms to keep records of their operations.
2. No written criticisms of this rule have been received.
3. Authorized by ARS 27-503.
4. This rule is consistent with other rules of the commission, is enforced and is viewed as a wise rule.
5. The rule is clear, concise and easily understood.

R12-7-193 Written notices, requests, permits and reports

1. The rule is effective in allowing the commission to prescribe forms to expedite its function.
2. No written criticisms of this rule have been received.
3. Authorized by ARS 27-515, 27-516 A.19.
4. This rule is in harmony with other rules of the agency. It is enforced and viewed as a wise and useful rule.
5. The rule is clear, concise, and easily understood.

R12-7-194 Organization reports

1. This rule is effective in identifying those persons responsible for oil and gas activities within Arizona.
2. No written criticisms of this rule have been received.
3. Authorized by ARS 27-515 B. 3, 27-516 A.8.
4. This rule is consistent with other rules of the commission, and is enforced. We view it as a wise and necessary rule.

5. The rule is clear, concise, and easily understood.

RI2-7-195 Additional information may be required

1. This rule is effective in notifying all persons that the commission has authority to require whatever information may be required to carry out its function even if such information needs have not been detailed or foreseen by the rule of the commission.
2. No written criticisms of this rule have been received.
3. Authorized by ARS 27-502, 27-503.
4. This rule is consistent with other rules of the commission and is enforced as necessary from time to time. We view it as a wise and necessary rule.
5. The rule is clear, concise, and easily understood.

Commission meeting 1-15-88

Name	Firm
Contractor, Lloyd	Switzenberg
Jim Goff, P.E.	ADNR
DON SWITZENBERG	POWER RANCH J.V.
MARK MONSEREZ	Bous, Gilbert, Wake &
PAUL Gilbert	" MORRILL
John Hans	Bureau of LAND Mgmt.
FLO WILKINSON	"
Larry Fellows	Arizona Geological Survey
Ron Turner	Geothermal Synergy Corp.
Kegan Johnston	Winston + Strawn
R.J. Pomareoy	Cam. Roy Research Corp.
Sheldon Muller	Attorney General's office
Dale Nations	O&G
P. YARRA	-
Grady Davidson	D.M. & Ass.