

OIL & GAS CONSERVATION COMMISSION
Meeting: March 18, 1988
Dr. Daniel J. Brennan, Director

32x10



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

NOTICE OF COMBINED PUBLIC MEETING
AND EXECUTIVE SESSION OF THE
OIL AND GAS CONSERVATION COMMISSION
INCLUDING THE RATIFICATION OF PAST
ACTION TAKEN IN VIOLATION
OF OPEN MEETING LAW

Pursuant to A.R.S. § 38-431.02 and .05 notice is hereby given to the members of the Oil and Gas Conservation Commission and to the general public that the Oil and Gas Conservation Commission will hold a meeting open to the public on March 18, 1988 at 10:00 A.M. at 3110 North 19th Avenue, Suite 190, Phoenix, Arizona 85015. As indicated in the agenda, the Oil and Gas Conservation Commission may vote to go into executive session which will not be open to the public to receive legal advice on agenda items.

The agenda for the meeting is as follows:

1. Call to Order
2. Approval of Minutes of Meeting of February 19, 1988
3. Ratification of Denial of Request of Cam-Roy Research Corp. for Extension of Time to Plug Two Wells
4. Report of Executive Director
5. Report of Enforcement Director
6. Adjournment


The public may obtain a detailed written description of the action to be ratified, and all deliberations, consultations and decisions by members of the Oil and Gas Conservation Commission that preceded and relate to this action to be ratified at 3110 North 19th Avenue, Suite 190, Phoenix, AZ 85015 from 8:00 A.M. to 4:30 P.M. Monday through Friday at least 72 hours in advance of the meeting.

The Oil and Gas Conservation Commission may vote to go into executive session (pursuant to A.R.S. 38-431.03.A.3) which will not be open to the public to consult with its attorney and receive legal advice with respect to the regular agenda items listed on this agenda.

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.

DATED THIS 4th day of March 1988.

OIL AND GAS CONSERVATION COMMISSION


Daniel J. Brennan
Executive Director



Oil and Gas Conservation Commission

STATE OF ARIZONA

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PHOENIX, ARIZONA 85015

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DATED THIS 4th day of March 1988.

OIL AND GAS CONSERVATION COMMISSION

Daniel J. Brennan
Executive Director

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

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

Minutes of Special Meeting
February 19, 1988

Present:

Dr. J. Dale Nations, Chairman
Mrs. Jan C. Wilt, Vice Chairman
Mr. A. R. Bennett, Member
Mrs. Mary Ann Niccoli, Member
Mr. James Warne, Jr., Member
Dr. Daniel J. Brennan, Executive Director
Mr. Rudy A. Ybarra, Enforcement Director

A Special Commission Meeting of February 19, 1988 was called to order by Dr. J. Dale Nations, Chairman, at 10:00 A.M. in the Commission's office.

APPROVAL OF MINUTES OF MEETING OF JANUARY 15, 1988

With the correction made on Page 2 of the Minutes of January 15, 1988 in the first motion stated to change the name of Dr. Nations to Mr. Warne, Mr. Warne moved, seconded by Mrs. Wilt:

THAT THE MINUTES BE ADOPTED AS CORRECTED.

Motion carried unanimously.

In order to have counseling from Mr. Sheldon Muller, our legal counsel, from the Attorney General's Office regarding issues for the extension of time to plug two wells by Camroy Research Corp., Mrs. Wilt moved, seconded by Mrs. Niccoli:

THAT THE MEETING BE RECESSED FOR APPROXIMATELY FIFTEEN (15) MINUTES TO HAVE AN EXECUTIVE SESSION.

Motion carried unanimously. Upon completion, the Special Meeting will be open again to the public.

The Special Meeting reconvened at 10:37 A.M.

REQUEST OF CAMROY RESEARCH CORP. FOR EXTENSION OF TIME TO PLUG TWO WELLS

Dr. Nations requested that those wishing to express an opinion on this subject restrict their speaking to new information unless it was necessary to refer to pertinent data previously discussed.

Mr. Logan Johnston, legal counsel for Mr. Pomeroy, advised that a request has been made to the court to reconsider its ruling regarding the lawsuit. At a hearing on February 18, the judge agreed to reconsider this ruling. If he reverses himself, a trial will be held; if not, there will be an appeal. Mr. Johnston explained that Mr. Pomeroy does not have the funds to do the testing which the Commission has requested. Mr. Johnston requested that the Commission consider the best interest to the state of Arizona concerning the geothermal project. More time is required by Mr. Pomeroy to recover the geothermal resources.

In response to Mrs. Niccoli's inquiry of when the funds would be available, Mr. Pomeroy replied that it may be in six months.

Mr. Warne inquired how long the extensions have been granted. Dr. Brennan stated that a 14-year period has been involved with Mr. Pomeroy's interest in it for the last three years. Mr. Johnston explained since the rights under the lease are in question, it is foolish for Mr. Pomeroy to spend funds until the result is determined.

Mr. Paul Gilbert representing the law firm of Beus, Gilbert, Wake & Morrill stated that the testing of the wells by Mr. Pomeroy had been encouraged and that Mr. Pomeroy was never prevented from doing the testing. Mr. Gilbert stated that there has never been any evidence of geothermal resources from these wells. Mr. Gilbert said that proof had not been shown that there is no contamination or problem had occurred as a result of the wells not being capped. Dr. Nations commented that evidently a misconception exists and that instead of a reference being made to capping the wells, the wells should be plugged and abandoned.

Dr. Brennan reported a conversation with Jim Wicker, formerly with the Bureau of Mines and Mineral Technology in Tucson and now with the Energy Institute at New Mexico University in Las Cruces, in which Mr. Wicker said that he did not see any reason to keep the wells open. He felt that they should be plugged at this time. Mr. Johnston stated that he did not feel there was enough evidence to show that there is no resource.

In response to Mrs. Wilt's inquiry if any additional information about the safety of the wells was secured, Mr. Turner, a hydrologist employed by Mr. Pomeroy, gave an explanation of the two aquifers involved with the difference in water levels. No contamination or leakage is evident. Mr. Turner had prepared a technical memo which was distributed to the Commission members and to Mr. Gilbert's firm. A discussion about the fluid levels of the wells was held by Mr. Turner and Mr. Ybarra, and Dr. Brennan commented that there was Class A cement in the #1 well,

which is not suitable for the depth of the hole and may pose an imminent danger to leakage. The second well was cemented with Class G, which is proper cement. Dr. Brennan recommended that the Commission deny the request for the extension since Mr. Pomeroy had not met the requirements of testing the wells as the Commission requested.

Mr. Ybarra gave a brief explanation of the procedure of plugging and abandoning the wells in reply to Mrs. Nicolli's inquiry of what was involved. The surface also has to be cleaned up.

Mr. Muller advised if another extension is not granted, according to Rule 12-7-232, the wells have to be plugged and abandoned. Mrs. Wilt moved, seconded by Mrs. Niccoli:

THAT THE COMMISSION DENY THE REQUEST FOR THE
TEMPORARY ABANDONMENT PERIOD.

Motion carried unanimously.

Mr. Gilbert asked whose responsibility was involved for the plugging of the well, and Dr. Brennan advised that in his opinion the operator of the well is the responsible party.

The next meeting was scheduled for March 18, 1988.

ADJOURNMENT

Mr. Bennett moved, seconded by Mrs. Wilt:

THAT THE MEETING BE ADJOURNED.

Motion carried unanimously. Time of adjournment was 11:14 A.M.

APPROVED

Dale Nations
Dr. J. Dale Nations
Chairman

GUESTS IN ATTENDANCE:

R. Stilmar
Logan Johnston
Ron Turner
Don Switzenberg
L. E. Carter
Sheldon H. Muller
Paul E. Gilbert
Neil V. Wake
Mark Monserez
Ralph J. Pomeroy
Gary Davidson

GSC
Winston & Strawn
Geothermal Synergy
Power Ranch
Power Ranch
Attorney General's Office
Beus, Gilbert, Wake & Morrill
Beus, Gilbert, Wake & Morrill
Beus, Gilbert, Wake & Morrill
Cam-Roy Research Corp.
D. M. & Associates



Oil and Gas Conservation Commission

STATE OF ARIZONA

3110 N. 19th AVENUE, SUITE 190

PHOENIX, ARIZONA 85015

PHONE: (602) 255-5161

March 4, 1988

ACTIVITY REPORT

Daniel J. Brennan
Executive Director

A handwritten signature in blue ink, appearing to read "D. Brennan".

The period since the last regular Commission Meeting has been largely taken up with paper work relating to The Administrative Procedures Act, the Open Meeting Law, proposed legislation and the budget.

We have forwarded an original and ten copies of our five-year review of the Oil and Gas Rules to the Governor's Regulatory Review Council for their study. The Geothermal rules will be subject to review next year.

We have attempted to comply with all ramifications of the Open Meeting Law by filing all new notices required by the law with the Office of the Secretary of State.

The bill proposing the establishment of an Oil and Gas Commission Publication Revolving Fund passed the Senate Natural Resources and Agriculture Committee and was sent to the Senate Rules Committee. All action in the Senate has been stopped for the duration of the Impeachment Proceedings.

We have become aware of several shortcomings in the laws governing the Oil and Gas Conservation Commission. We have initiated an effort to correct them this session, but it may be too late to get this done this year since the deadline for the introduction of new bills had already passed. We will probably try to have an omnibus Oil, Gas and Geothermal bill introduced into next year's legislation.

The legislature has passed and the governor has signed an ex-appropriation bill to balance the current fiscal year's budget. We have \$900.00 ex-appropriated. We have this amount readily available due to the vacancy we had in the secretarial position earlier this fiscal year.

We attended a hearing of the House Appropriations Subcommittee and presented our budget request for the 1989 fiscal year. We had a good response from the legislators. We also discussed a proposed budget in case we have to go with a 10% reduction. Our plan to underfill the Enforcement Director's position was well received by the legislators and the Joint Legislative Budget Committee's analyst.

ACTIVITY REPORT
Daniel J. Brennan

March 4, 1988
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Cal Gas has not yet started on drilling a new hole into their number one cavern, which is the one that leaked last year. As a consequence, they have delayed the required five-year cavern volume measurement and well integrity check on their other two wells. Since the five-year period has been exceeded, they are not in compliance with our rules. We are in the process of strongly encouraging them to get into compliance within the next 60 days, or we may find it necessary to order them to perform the tests forthwith.

We inspected the surface safety and automatic shut-off procedures and equipment at the Cal Gas facility. Rudy will have a full report at the meeting.



Oil and Gas Conservation Commission

STATE OF ARIZONA

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ACTIVITY REPORT

March 2, 1988

R. A. Ybarra
Enforcement Director

During this report period we received a Sundry Notice from Shields Exploration Co. proposing to deepen well No. 1-19A Federal in Sec. 19, T.41N., R.1E., Coconino County. This well was drilled to 500 feet in Sept. 1982, after setting and cementing 7" casing at 40'. Main objective is the 620 Zone (operator nomenclature) in the Toroweep Limestone, shows of which were encountered in the nearby No. 2-19 Federal, drilled in late 1985. Operator may core a dolomite section 620' - 635' and set pipe if anything interesting shows up.

Cal Gas requested a 90-day extension on their permit to drill storage well No. 1A Roach-Baker. They now have until June 9, 1988, to commence drilling operations.

On Feb. 18, we received from Cal Gas a copy of their inspection procedures, which we had requested a few months earlier. We reviewed the procedures and on Feb. 25 met with the storage facility supervisor to witness the first of two inspections required every year. We can go over the operations that we witnessed at our meeting. Next inspection is scheduled for August.

The Adamana storage facility in Holbrook is scheduled for inspection in May on the way back from my annual inspection tour of all wells in the producing fields.

AGENCY Oil & Gas Conservation Commission

DIVISION _____

IDENTIFICATION CODE NO. _____

CLAIMS PAID YEAR TO DATE 1987-1988		OBJECT CODE NO.	DISTRIBUTION OF EXPENDITURES CLASSIFICATION		CLAIMS PAID MONTH OF Feb. 1988	
45,955	31	6011	1	Salaries: Staff	5,697	16
36,727	30	6057	2	Appointed Official	3,770	22
180	00	6058	3	Commission Members		
		6081	4	Temporary Help		
5,106	01	6111	5	Emp. Related: F.I.C.A.	691	08
3,644	30	6113	6	Health Insurance	530	88
447	22	6115	7	D&L Insurance	60	64
153	56	6117	8	Unemployment Insurance	18	74
167	35	6118	9	Dental Insurance	29	84
627	88	6119	10	Workmen's Comp	76	30
3,067	21	6155	11	Retirement	378	68
569	50	6183	12	Personnel	70	06
121	00	6293	13	Prof. Serv.: Court Reporter		
		6499	14	Cartographic Symbols		
		6499	15	Cartographer		
		6511	16	Travel-State: Air Fare		
		6531	17	Taxi; parking		
591	28	6541	18	Mileage-Private Vehicles	121	50
1,657	47	6551	19	Mileage-State Vehicles		
45	19	6582	20	Lodging		
153	00	6583	21	Per Diem	10	00
		6595	22	Telephone		
		6599	23	Other		
		6611	24	Travel-Out of State: Air Fare		
		6631	25	Taxi/Rail		
		6639	26	Other (Public transport.)		
		6641	27	Personal Auto		
		6651	28	Motor Pool		
		6669	29	Other (Nonpub. transport.)		
		6682	30	Lodging		
		6683	31	Per Diem		
		6699	32	Other		
104	30	7019	33	Legal Advertising		
130	19	7036	34	Postage Stamps	130	19
852	60	7044	35	Telephone Service: ATS Service (WATS)	121	80
533	55	7045	36	Line Costs	77	25
		7046	37	Station Equipment		
159	00	7047	38	Toll Service	5	78
348	28	7048	39	Other	52	57
677	00	7066	40	Insurance (Risk Management)		
9,258	19	7108	41	Office Rent		
		7311	42	Printing		
		7532	43	Furniture (Maintenance Noncontract)		
		7532	44	Adder/Calculator (Maintenance Noncontract)		
		7532	45	Reader/Printer (Maintenance Noncontract)		
92	00	7553	46	Typewriter (Maintenance Contract)		
		7553	47	Copy Machine (Maintenance Contract)		
		7583	48	Computer Equipment - Other		
		7621	49	Stationery/Envelopes		
		7623	50	Printed Forms		
		7624	51	Reproduction Supplies		
668	60	7625	52	Blue Prints/Office Supplies	165	95
		7628	53	Printing Maps		
		7628	54	Printing Misc.		
		7962	55	Revolving Fund		
TOTAL						

OFFICE
AUDIT:

(DO NOT WRITE BELOW THIS LINE)
TYPED:

FIELD
AUDIT:

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 Feb. 1988
	7967	1 Books	
2,000 00	7971	2 Organization Dues	
150 00	7975	3 Registration Fees	150 00
48 90	7997	4 Subscription; Newspaper	
24 00	7997	5 Technical Journal	
35 45	7999	6 Other	6 00
10 00	7977	7 Entertainment	10 00
1,638 60	8483	8 Ofc. equip.	
12 23	7049	9 Other	12 23
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110,050 97		TOTAL	12,187 07

OFFICE
AUDIT:

(DO NOT WRITE BELOW THIS LINE)
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FIELD
AUDIT:

MONTHLY FINANCIAL REPORT

1 RECEIPTS MONTH OF <i>Feb. 1988</i>	2 CLASSIFICATION	3 RECEIPTS	4 APPROPRIATED RECEIPTS	5 UNAPPROPRIATED RECEIPTS	6 TOTAL ALL RECEIPTS YEAR TO DATE
	1 Permits to Drill				4,302.00
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	TOTAL CURRENT MONTH RECEIPTS				XXXXXXXX
	TRANSFERS IN				
XXXXXX	BALANCES BROUGHT FORWARD			4,302.00	XXXXXXXX
	TOTALS - MONTH AND YEAR TO DATE			4,302.00	

6 CLAIMS PAID MONTH OF <i>Feb. 1988</i>	7 FUND TITLES	8 TOTAL AMOUNT AVAILABLE YEAR TO DATE	9 CLAIMS PAID YEAR TO DATE	10 OUTSTANDING ENCUMBRANCES	11 UNENCUMBERED BALANCE
9,467.38	1 Personal Services	128,400.00	76,862.61		51,537.39
1,856.42	2 Emp. Related Exp.	24,900.00	13,883.03		11,016.97
	3 Professional Services	400.00	121.00		279.00
131.50	4 Travel - State	7,500.00	2,446.94		5,053.06
	5 Travel - Out of State	600.00			600.00
731.77	6 Other Operating Exp.	24,500.00	15,098.79		9,401.21
	7 Capital Outlay-Equipment	1,600.00	1,638.60		(38.60)
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12,187.07	TOTALS	187,900.00	110,050.97		77,849.03

OIL AND GAS CONSERVATION COMMISSION
STATE OF ARIZONA

DATE	NAME	REPRESENTING
2/10/88	Dave Carr	Arizona Department of Water Resources
2/19/88	R. W. Ketch	Mountain Pacific Gas
2/25/88	D. J. James	Escudilla Cattle Co.

Please Sign In

3-18-88

NEILS POMEROY - CAM-ROY RESEARCH, CORP.
R. J. POMEROY - CAM-ROY RESEARCH CORP.
JAN SAXMAN - CAM-ROY RESEARCH CORP.
MARK A. MONSEREZ; Bens, Gilbert, Wake, Morrell
PAUL GILBERT " " " "
JOHN HAAS BUREAU OF LAND MANAGEMENT
Dr. Jeffrey Power Ranch
GARY DAVIDSON D. M. + ASS.