

OIL & GAS CONSERVATION COMMISSION
Meeting: May 20, 1988
Daniel L. Brennan, Executive Director



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
OIL AND GAS CONSERVATION COMMISSION

Pursuant to A.R.S. § 38-431.02, 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 May 20, 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 discuss certain matters.

The agenda for the meeting is as follows:

1. Call to Order
2. Approval of Minutes of Meeting of March 18, 1988
3. Report of Executive Director
4. Report of Enforcement Director
5. Adjournment

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 item 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 6th day of May 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 Meeting
March 18, 1988

Present:

Dr. J. Dale Nations, Chairman
Mrs. Jan C. Wilt, Member
Mr. James E. Warne, Jr., Member
Dr. Daniel J. Brennan, Executive Director
Mr. Rudy A. Ybarra, Enforcement Director

The regular Commission Meeting of March 18, 1988 was called to order by Dr. J. Dale Nations, Chairman, at 10:45 A.M. in the Commission's office.

APPROVAL OF MINUTES OF MEETING OF FEBRUARY 19, 1988

With the corrections made on Page 2 of the Minutes of the February 19, 1988 meeting in the first motion stated to change the name of Mr. Wicker, formerly with the Bureau of Mines and Mineral Technology in Tucson to Mr. Witcher, geothermal expert, formerly with the Bureau of Geology and Mineral Technology in Tucson, Mrs. Wilt moved, seconded by Mr. Warne:

THAT THE MINUTES OF THE SPECIAL MEETING
OF FEBRUARY 19, 1988 BE ADOPTED AS CORRECTED.

Motion carried unanimously.

RATIFICATION OF DENIAL OF REQUEST OF CAM-ROY RESEARCH CORP.
FOR EXTENSION OF TIME TO PLUG TWO WELLS.

Mr. Warne moved, seconded by Mrs. Wilt:

THAT THE COMMISSION RATIFY THE ACTION IN DENYING
THE REQUEST OF CAM-ROY RESEARCH CORP. FOR EXTENSION
OF TIME TO PLUG TWO WELLS.

Sheldon Muller of the Attorney General's Office explained the purpose of the ratification. The decision was made to ratify the prior decision because technically one could claim there had been a meeting law violation since it was unclear that notice of where agendas would be posted had been filed in the Secretary of State's office. He stated if anyone was aware of anyone who was interested who did not know of the meeting because it was not posted in the Secretary of State's office, he would appreciate hearing of it at this time.

Mr. Pomeroy stated that he would like to make some corrections on some of the things reported to the Commission at the last meeting. He stated that Mr. Johnston was not prepared to answer the question at the last meeting regarding a previous letter Mr. Pomeroy had written as the advice had come from his other attorney. He stated he is appealing the court's decision to eliminate his ownership of the property and has had a re-appraisal made of his assets and there has been an improvement and he can carry his responsibility as far as Cam-Roy Corp. is concerned and he will do this. He also stated they will do everything they can to keep from closing the wells or doing away with them, and will do everything they can to see that the wells are put into production. He stated he would like to know exactly what the concerns are of the Oil and Gas Conservation Commission's Director and his Assistant, and would like to submit that information to the University of Texas at Austin. He would like to know what he can do to save the wells and would like to have the time to do that.

Mr. Paul Gilbert representing the law firm of Beus, Gilbert, Wake & Morrill stated that Cam-Roy Corp. did have access to the wells and had authority to come in and do what they needed to do. He said the wells were available and they could do what they wanted to do, and they just hadn't done it. He stated that Mr. Pomeroy's lawyers heard him say that at the last meeting. He also stated that nothing had been done to this point and that after 14 years, something ought to be done with regards to those wells. He has asked Mr. Pomeroy time after time to do some testing and he has not done that. Mr. Pomeroy now states he has the money but still hasn't done it. He has not complied with the Commission's order: it was outlined what was needed to be done and he hasn't done it. No new evidence has been presented here. He requested that the Commission not change the decision made at the previous meeting.

Dr. Nations asked if there were any questions from the Commission. There were none.

Mr. Pomeroy stated that they want a contract in hand; an agreement that allows them to go on and do the work. He stated they are not going to wait two years for that; that they want to know as well as anybody else.

Mr. Gilbert stated that they had advised Mr. Pomeroy to the fact that they had authority to come on the land and do whatever testing was needed.

Dr. Nations stated that nothing had changed since the last meeting when the Commission made their decision.

The Commission voted unanimously to ratify the previous action of the meeting of February 19, 1988.

REPORT OF THE EXECUTIVE DIRECTOR

The Activity Report of Dr. Brennan was sent to the Commissioners, and has been made a part of these minutes. Dr. Brennan advised that the review of the Rules had been forwarded and has been read in the Executive Budget Office. The Budget Analyst came over and discussed our review. He is required to define the words that are used in the oil and gas industry which are not in daily use by the general public, and we may have to enlarge the definition section of our Rules. Dr. Brennan stated he is working on a project in the Yuma area to build some Electric Log cross sections and went to the Bureau of Reclamation and the Geological Survey to search their files for logs of wells.

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 Mr. Shields deepened his well to 650 feet, cored 15 feet and discovered that the top four feet are oil bearing. Cal Gas tells us they are going to drill their well and the proposal is in Pennsylvania. Their time ran out and they asked for an extension of 90 days, which they received. A letter will be sent to the local office to encourage them to get that well drilled as they are not in compliance with our rules.

ADJOURNMENT

Mrs. Wilt moved, seconded by Mr. Warne:

THAT THE MEETING BE ADJOURNED.

Motion carried unanimously. Time of adjournment was 12:15 P.M.

APPROVED



J. Dale Nations
Chairman

GUESTS IN ATTENDANCE:

Neils Pomeroy	Cam-Roy Research Corp.
R. J. Pomeroy	Cam-Roy Research Corp.
John Sanman	Cam-Roy Research Corp.
Mark A. Monserez	Beus, Gilbert, Wake & Morrill
Paul Gilbert	Beus, Gilbert, Wake & Morrill
John Haas	Bureau of Land Management
Don Switzenberg	Power Ranch Joint Venture
Gary Davidson	D. M. & Associates



Oil and Gas Conservation Commission

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

May 6, 1988

ACTIVITY REPORT

Daniel J. Brennan
Executive Director

After your ratification of the action denying Cam-Roy Research Corporation's request for extension of the period of temporary abandonment for their two wells, we consulted with our attorney on proper notification.

It was felt that the statute and the rules are not perfectly clear on when the action was constructively taken--at the February meeting, at the March meeting or upon delivery of notice. The latest possible date for the clock to start running was felt to be April 13, 1988 when Cam-Roy signed the return receipt for the second notice. To date we have had no response from them at all.

I am presently working on two reports to be finished in May, the Four Corners Report for the Annual Drilling issue of the Bulletin of the American Association of Petroleum Geologists, and a detailing of wells which reached Precambrian in southeast Arizona for the International Geologic Congress. The latter is in cooperation with Sam Thompson III of the New Mexico Bureau of Mines, Socorro.

I have also been working on a subsurface study of the Yuma area. Recently Dick Bradshaw presented us with two seismic lines in the area to help with the interpretation.

I appeared before the Senate Appropriations Sub-Committee and had a good reception for our budget request. We supplied each member of this Committee with a brief analysis of "Where Our Money Goes," a publication list, and a reprint of the 1986 Four-Corners Report.

The House Natural Resources Committee and the House Rules Committee have both passed our bill authorizing a Publications revolving fund. Next it goes to the full house. I feel sure it should pass unscathed.

I appeared before the Governor's Regulatory Review Council with my five-year review of the Commission's Rules. The Council did not agree that the rules were understandable and rejected the report. There is no penalty. Since I am already rewriting the rules, I will include their desires, mainly "shall" for "will" in the new presentation, which I expect to get out this summer.



Oil and Gas Conservation Commission

STATE OF ARIZONA

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ACTIVITY REPORT

May 3, 1988

R. A. Ybarra
Enforcement Director

During this report period only one well operation took place, the deepening of Shields Exploration Co. well No. 1-19A Federal in Section 19, T.41N., R.1E., from 500' to 650'. The operator cored a section 630' - 650' and reports 4 feet of oil-bearing dolomite and some unexpected waters. Unable to test the well because of the waters, the well was shut in pending evaluation of procedures for attempting water shut off. One option being contemplated is to run in small pipe (or tubing) and isolate the waters with open-hole packers while the prospective interval is tested.

Cal Gas notified us that management has finally approved operations to replace the shut-in storage well No. 1 Roach-Baker at the Underground Gas Storage Project in Glendale. The shut-in well must first be plugged with cement as approved by the Commission before drilling (also approved by the Commission) of the replacement well can begin. Upon completion of this well into the existing cavern the first priority will be to use it to store product from the No. 2 cavern during the period No. 2 undergoes complete testing for mechanical integrity. Product from No. 3 cavern will then be transferred into No. 2 when testing on it (No. 3) begins. All this work is scheduled to start in early June.

Our annual well inspection of all wells in the northeastern part of the state will be conducted from May 9 to May 13.

Also scheduled for June will be the abandonment of two wells in the Dineh-Bi-Keyah field.

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 APRIL 1988		
60,198	21	6011	1 Salaries: Staff	1	8,545	74	
40,152	85	6057	2 Appointed Official	2	5,655	33	
300	00	6058	3 Commission Members	3	60	00	
		6081	4 Temporary Help	4			
6,843	77	6111	5 Emp. Related: F.I.C.A.	5	1,046	65	
4,706	06	6113	6 Health Insurance	6	530	88	
568	50	6115	7 D&L Insurance	7	60	64	
200	91	6117	8 Unemployment Insurance	8	28	41	
327	03	6118	9 Dental Insurance	9	29	84	
818	95	6119	10 Workmen's Comp	10	114	61	
4,013	71	6155	11 Retirement	11	568	02	
745	53	6183	12 Personnel	12	105	53	
121	00	6293	13 Prof. Serv.: Court Reporter	13			
		6499	14 Cartographic Symbols	14			
		6499	15 Cartographer	15			
108	00	6511	16 Travel-State: Air Fare	16			
11	00	6531	17 Taxi; parking	17			
712	78	6541	18 Mileage-Private Vehicles	18			
2,197	47	6551	19 Mileage-State Vehicles	19			
45	19	6582	20 Lodging	20			
173	00	6583	21 Per Diem	21			
		6595	22 Telephone	22			
5	75	6599	23 Other	23			
173	00	6611	24 Travel-Out of State: Air Fare	24	173	00	
		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			
387	60	6682	30 Lodging	30	387	60	
118	00	6683	31 Per Diem	31	118	00	
		6699	32 Other	32			
104	30	7019	33 Legal Advertising	33			
130	19	7036	34 Postage Stamps	34			
1,096	20	7044	35 Telephone Service: ATS Service (WATS)	35	121	80	
688	05	7045	36 Line Costs	36	77	25	
		7046	37 Station Equipment	37			
199	43	7047	38 Toll Service	38	27	57	
456	21	7048	39 Other	39	30	95	
677	00	7066	40 Insurance (Risk Management)	40			
11,682	97	7108	41 Office Rent	41	1,212	39	
		7311	42 Printing	42			
		7532	43 Furniture (Maintenance Noncontract)	43			
		7532	44 Adder/Calculator (Maintenance Noncontract)	44			
		7532	45 Reader/Printer (Maintenance Noncontract)	45			
92	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			
841	19	7625	52 Blue Prints/Office Supplies	52			
		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 CODE NO. _____

1		2		3		4	
CLAIMS PAID YEAR TO DATE 1987-1988		OBJECT CODE NO.	DISTRIBUTION OF EXPENDITURES CLASSIFICATION		CLAIMS PAID MONTH OF APRIL 1988		
		7967	1 Books	1			
2,000	00	7971	2 Organization Dues	2			
150	00	7975	3 Registration Fees	3			
79	16	7997	4 Subscription; Newspaper	4	16	26	
49	00	7997	5 Technical Journal	5			
35	95	7999	6 Other	6			
12	23	7049	7 Other - Telephone	7			
10	00	7973	8 Other - Educ. & Trng.	8			
1,638	60	8483	9 Ofc. equip.	9			
1	50	6695	10 Telephone - Out of state	10	1	50	
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142,872	49		TOTAL		18,911	97	

OFFICE AUDIT:

(DO NOT WRITE BELOW THIS LINE)
TYPED:

FIELD AUDIT:

MONTHLY FINANCIAL REPORT

1 RECEIPTS MONTH OF APRIL 1988	2 RECEIPTS CLASSIFICATION	3 APPROPRIATED RECEIPTS	4 UNAPPROPRIATED RECEIPTS	5 TOTAL ALL RECEIPTS YEAR TO DATE
	1 Permits to Drill			4,302 00
	2			
	3			
	4			
	5			
	6			
	7			
	8			
	9			
	10			
	11			
	12			
	13			
	14			
	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 CLAIMS PAID MONTH OF APRIL 1988	7 EXPENDITURES FUND TITLES	8 TOTAL AMOUNT AVAILABLE YEAR TO DATE	9 CLAIMS PAID YEAR TO DATE	10 OUTSTANDING ENCUMBRANCES	11 UNENCUMBERED BALANCE
14,261 07	1 Personal Services	127,500 00	100,651 06		26,848 94
2,484 58	2 Emp. Related Exp.	24,900 00	18,224 66		6,675 34
	3 Professional Services	400 00	121 00		279 00
	4 Travel - State	7,500 00	3,253 19		4,246 81
680 10	5 Travel - Out of State	600 00	680 10		(80 10)
1,486 22	6 Other Operating Exp.	24,500 00	18,303 88		6,196 12
	7 Capital Outlay-Equipment	1,600 00	1,638 60		(38 60)
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18,911 97	TOTALS	187,000 00	142,872 49		44,127 51

