OIL & GAS CONSERVATION COMMISSION Meeting: November 16, 1990



REVISED

Oil and Gas Conservation Commission

STATE OF ARIZONA

5150 N. 16th STREET, SUITE B-141 PHOENIX, ARIZONA 85016 PHONE: (602) 255-5161

November 5, 1990

NOTICE OF COMBINED PUBLIC MEETING AND POSSIBLE EXECUTIVE SESSION

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 November 16, 1990 at 10:00 A.M. at 5150 North 16th Street, Suite B-141, Phoenix, Arizona 85016. 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 August 17, 1990
- 3. Report of Executive Director
- 4. Report of Oil & Gas Specialist
- Ownership and status of "Power Ranch" Geothermal Wells Sec 1, T2S-R6E
- 6. Red Lake project
- Contender Oil 1 Aman, Sec 5, T10S-R23W, Yuma County
- 8. Call to the Public
- 9. Announcements
- 10. Adjournment

The Oil and Gas Conservation Commission may vote to go into Executive Session (pursuant to A.R.S. § 38-431.A.3) which will not be open to the public to consult with its attorney and receive legal advice with respect to any regular agenda item listed on this agenda.

A copy of the agenda background material provided to Commission members (with the exception of material relating to possible executive sessions) is available for public inspection at the Commission's office, 5150 North 16th Street, Suite B-141, Phoenix, Arizona 85016.

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 5th day of November 1990.

OIL AND GAS CONSERVATION COMMISSION

Daniel J. Erennan Executive Director



STATE OF ARIZONA

5150 N. 16th STREET, SUITE 8-141 PHOENIX, ARIZONA 85016 PHONE: (602) 255-5161

November 2, 1990

NOTICE OF COMBINED PUBLIC MEETING AND POSSIBLE EXECUTIVE SESSION

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DATED THIS 2nd day of November 1990.

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 5150 North 16th Street, Suite B-141 Phoenix, Arizona 85016

> Minutes of Meeting August 17, 1990

Present:

Dr. J. Dale Nations, Chairman

Mrs. Jan C. Wilt, Vice-Chairman

Mr. A. R. Bennett, Member

Mr. J. E. Warne, Jr., Member

Dr. Daniel J. Brennan, Executive Director

Mr. Steven L. Rauzi, Oil and Gas Specialist

The regular Commission Meeting of August 17, 1990 was called to order by Dr. J. Dale Nations, Chairman, at 10:00 A.M. in Room B-141, 5150 North 16th Street, Phoenix, Arizona 85016.

APPROVAL OF MINUTES OF MEETING AND OF THE EXECUTIVE SESSION OF APRIL 20, 1990

Mr. Warne moved, seconded by Mr. Bennett:

THAT THE MINUTES OF THE MEETING OF APRIL 20, 1990 BE ACCEPTED AS PRESENTED.

Motion carried unanimously.

HEARING ON A STAFF RECOMMENDATION TO REQUIRE REINJECTION OF ANY WATER PRODUCED FROM CAM-ROY #1 AND #2 GEOTHERMAL WELLS, SEC 1, T2S-R6E, MARICOPA COUNTY, ARIZONA

Dr. Brennan explained that the Department of Water Resources has agreed to exempt these wells if the order is made to require reinjection of produced water in the geothermal wells so the wells may be plugged.

Mrs. Wilt moved, seconded by Mr. Bennett:

THAT WE FOLLOW THE STAFF RECOMMENDATION TO REQUIRE REINJECTION OF ANY WATER PRODUCED FROM CAM-ROY #1 AND #2 GEOTHERMAL WELLS.

Motion carried unanimously.

HEARING ON A REQUEST FROM DRY MESA CORPORATION TO ALLOW INJECTION OF WATER PRODUCED FROM OTHER FIELDS INTO ITS NO. 2 NAVAJO "O" WELL, SEC 23, T41N-R30E IN TEEC NOS POS FIELD, APACHE COUNTY, ARIZONA

This hearing was cancelled at Dry Mesa Corporation's request.

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 told of a large number of visitors to our office as a result of an oil play in the Strip. Numerous telephone inquiries have been received, and 100 copies of Steven Rauzi's report have been sold. Leasing in

Minutes of Meeting August 17, 1990 Page - 2 -

that area has increased, and an operator recently applied for four drilling permits for shallow wells. One well is to be drilled this fall. Jay Shields has not begun drilling, but says that four oil companies will contribute to the well. Two of these firms are believed to be Texaco and Chevron.

Mountain States Resources has been informed by the BLM and the Navajo Tribe that their wells must be plugged, since they have not produced for several years. Dr. Brennan reported he is doing a study on the Teec Nos Pos area to determine if there is a potential there.

Dr. Nations inquired if there had been any publicity in the trade journals of the Precambrian play to which Mr. Rauzi replied that the "Oil and Gas Journal" had published the abstract of the article. Mr. Rauzi stated that Mr. Dave Allen in the July 23, 1990 issue of the "Oil and Gas Journal" had an article on hydrodynamics which made reference to this article. The AAPG is to write an article on the Precambrian play in the "Explorer" magazine. A copy of the report was sent to Mary Fritz, the editor, of the "Explorer" for background material. Mr. Rauzi also contacted Kathleen Williams, publications manager, of "The Bulletin" for review of the article. Dr. Brennan commented that mention was also made in the "Rocky Mountain Oil Reporter" and notices were sent to all the geological societies.

REPORT OF THE OIL AND GAS SPECIALIST

The Activity Report of Mr. Rauzi was sent to the Commissioners, and has been made a part of these minutes. Mr. Rauzi advised that the two Morton wells have been plugged and abandoned. The three wells at AmeriGas have a new string of pipe in them. Mechanical integrity tests were performed, and there was a failure at Teec Nos Pos, which resulted in the cancellation of their hearing. He is now working on the Wittman area to determine the interest there.

PLUGGING OF GEOTHERMAL WELLS, CHANDLER AREA

There was no representation for these wells in the Chandler area. Dr. Brennan will advise the owners of the passed motion at today's meeting, and that it is necessary to plug the wells.

DISCUSSION AND APPROVAL OF FY 92 BUDGET REQUEST

Dr. Brennan has requested the reinstatement of the secretarial position and more travel money due to increased activity. He explained that we are under a mandate to revise our rules. Another policy issue pertaining to overtime pay is to be prepared. Forms have been given to the staff to make their choice of cash or compensatory time. Another package is due the first of October for a 5% and 10% reduction. Replacement of the computer and printer has been requested.

Mr. Warne moved, seconded by Mrs. Wilt:

THAT THE 92 BUDGET REQUEST BE APPROVED.

Motion carried unanimously.

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Minutes of Meeting August 17, 1990 Page 3

MOTION TO AUTHORIZE EXECUTIVE DIRECTOR TO ACT FOR THE COMMISSION

Mr. Warne moved, seconded by Mr. Bennett:

THAT THIS REVISED MOTION BE ACCEPTED.

Motion carried unanimously.

CALL TO THE PUBLIC

None.

ANNOUNCEMENTS

Dr. Nations reviewed aprogress report for the IOCC Meeting to be held on December 2 - 5 at The Pointe at Squaw Peak. Mr. Warne has offered to host a reception at his home for about 50 people. Kerr-McGee has offered \$1500.00 to help defray some of the expenses. Dr. Larry Fellows offered to organize a field trip

Dr. Nations gave copies to the Commissioners of an article on the Dineh-bi-Keyah Field.

Dr. Brennan advised that he was on a "talk" show on KTAR radio last week, and offered to run the tape of his conversation after the meeting.

The next meeting was scheduled for November 16, 1990.

ADJOURNMENT

Mrs. Wilt moved, seconded by Mr. Bennett:

THAT THE MEETLING BE ADJOURNED.

Motion carried unanimously. Time of adjournment was 11:00 A.M.

APPROVED

Chairman

GUESTS IN ATTENDANCE:

Carol Lewin

Attorney General's Office

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STATE OF ARIZONA

5150 N. 16th STREET, SUITE B-141 PHOENIX, ARIZONA 85016 PHONE: (602) 255-5161

October 25, 1990

ACTIVITY REPORT

Daniel J. Brennan Executive Director

Since your last meeting I have finalized the budget request, which is essentially unchanged from the version you saw at the meeting.

I have also had to prepare a "Reduced Budget Option" which means I had to try to find a way to cut our request for "Continuing Services" by a "Temporary" 5% and by a "Permanent Base Reduction" of an additional 10%. "Continuing Services" means our request before adding in our requests for restoring funds for the secretary, for additional travel, or pay for overtime.

The Reduced Budget Option lists: 1. Cut travel related to the Interstate Oil Compact, \$500; 2. Reduce out-of-state travel, \$500; cut "Other Operating, \$2,000; and eliminate in-state travel, \$6,000; for a total of \$9,000.

The Permanent Base Reduction would be to place the Administrative Assistant on one-third time for a cut of \$18,000.

Obviously, the proposals to cut operating (office) expenses, in-state travel and the Administrative Assistant to one-third time would be catastrophic.

I recently finished compiling as complete as possible a list of Commission publications. It has now been published for distribution to interested parties. Copies will be available at the meeting.

The Department of Water Resources has declared that the two geothermal wells in the Chandler Area no longer fall under their jurisdiction. Therefore, the Commission is free to proceed with causing the wells to be plugged. I have written to the attorney who represents the owners giving him that information. The letter informs him that the wells are in violation of the law and rules, requests that they be plugged, and informs him that if they are not plugged, the Commission will go to court to seek injunctive relief. This subject will be on the agenda for the meeting.

The Teec Nos Pos Field has been shut in for some time and the BIM is beginning to pressure the operators to plug the wells. I have undertaken a study of the Field to determine whether there are additional locations to be drilled or whether there is potential for enhanced recovery. The easy part of the study is done—some cross sections and a number of maps. I am now looking at the reservoirs for additional information.



STATE OF ARIZONA

5150 N. 16th STREET, SUITE B-141 PHOENIX, ARIZONA 85016 PHONE: (602) 255-5161

ACTIVITY REPORT

November 1, 1990

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Steven L. Rauzi
Oil & Gas Specialist

Jay Shields finally deepened his 12-24 well in October. I witnessed the cement squeeze of the seven-inch casing shoe and the pressure test of the blow-out prevention equipment. The doors on the ram preventors leaked and had to be cleaned and resealed before getting a good BOPE test. The squeeze was successful in that Jay obtained a good water shut-off.

AmeriGas passed its semi-annual inspection in August and I will have inspected the wells at the Dineh-bi-Keyah Field and the Ferrellgas facility at Adamana by the time we meet on November 17.

The BLM received six bids at their September 20 lease sale. Jay Shields picked up two parcels near his 12-24 well and a Midland, Texas group picked up four parcels near the old Phillips' Tombstone State well near Tombstone. Deane Stoltz of Midland now controls about 19,200 acres around the Tombstone well.

Petroleum Information borrowed several electric and mud logs from our files for duplication. In return, they provide us with a one-inch copy of each log they duplicate from our files.

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AGENCY OIL & GAS CONSERVATIO COMMISSION

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AGENCY OIL AND GAS CONSERVA	ON COMMISSION	$\langle C \rangle$
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MONTHLY	FINANCIAL	REPORT	1

RECEIPTS MONTH OF BCT. 19 90	RECEIPTS CLASSIFICATION	APPROPRIATED RECEIPTS	UNAPPROPRIATED RECEIPTS	TOTAL - ALL RECEIPTS			
	1 Permits to Drill			4.652 00			
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	TOTAL CURRENT MONTH RECEIPTS			XXXXXX			
	TRANSFERS IN						
XXXXX	BALANCES BROUGHT FORWARD	4.652 00		XXXXX			
	TOTALS - MONTH AND YEAR TO DATE	4.652 00					

CLAIMS PAID				=======			 				
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1,037	05	2 Emp. Related Exp.		00	15,014	30		10, 185	10		
		3 Professional Services									
951	58	4 Travel - State	6,000	00	1.356	15		4,643	85		
		5 Travel - Out of State		00					CO		
2,280	64	6 Other Operating Exp.	24, 100	00	8,152	73		20,947	77		
	ļ	7 Capital Outlay-Equipment	<u> </u>								
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STATE OF ARIZONA

5150 N. 16th STREET, SUITE B-141 PHOENIX, ARIZONA 85016 PHONE: (602) 255-5161

BEFORE THE OIL AND GAS CONSERVATION COMMISSION OF THE STATE OF ARIZONA

In the matter of the Hearing called by the Oil and Gas Conservation Commission of the State of Arizona for the purpose of considering:

> CASE NO. 65 ORDER NO. 59

Commission staff recommendation that the Oil and Gas Conservation Commission order reinjection of water produced from two geothermal exploration wells, permits nos. 605 and 611.

The wells are identified and located as follows:

Cam-Roy #1 Power Ranch, NENE Sec 1, T2S-R6E Cam-Roy #2 Power Ranch, SENE Sec 1, T2S-R6E,

both in Maricopa County, Arizona.

ORDER OF THE COMMISSION

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This cause was considered at 10:00 A.M. on August 17, 1990 at Phoenix, Arizona by the OIL AND GAS CONSERVATION COMMISSION OF THE STATE OF ARIZONA, hereinafter referred to as the COMMISSION.

The COMMISSION, a quorum being present, having considered the facts presented and being fully advised in the premises, finds as follows:

FINDINGS:

- (1) THAT the COMMISSION has jurisdiction of the subject matter thereof, pursuant to ARS 27-652 and R 12-7-2 45.2.c.
- (2) THAT geothermal wells may be subject to both the Geothermal Laws and the Water Laws of the state of Arizona.

Cam-Roy/Power Ranch page 2

- (3) THAT the Department of Water Resources may exempt geothermal wells from the Water Laws under ARS 45-591.01 only if the Oil and Gas Conservation Commission requires reinjection of produced waters.
- (4) THAT the Commission finds it is desirable to order reinjection of waters produced from these wells in order to allow the Department of Water Resources to exempt them from the Water Laws of the state of Arizona so that the Oil and Gas Conservation Commission may proceed in its efforts to cause the wells to be plugged and abandoned.

THEREFORE the COMMISSION orders:

(1) THAT the waters produced from the following two wells:

Cam-Roy #1 Power Ranch, NENE SEC 1, T2S-R6E Cam-Roy #2 Power Ranch, SENE Sec 1, T25-R6E,

both in Maricopa County, Arizona be reinjected into the producing strata.

OIL AND GAS CONSERVATION COMMISSION

By Dolo Molurna

J. Dale Nations, Chairman

DATE 8/24/90

ATTEST:

Daniel J Brennan Executive Director

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JANNEY CO.

Oil and Gas Conservation Commission

STATE OF ARIZONA

5150 N. 16th STREET, SUITE B-141 PHOENIX, ARIZONA 85016 PHONE: (602) 255-5161

Moved that the Dil and Gas Conservation Commissioners authorize Daniel J. Brennan or his designee to act on their behalf on ministerial matters:

- 1. Acceptance of Bond in the principal sum of \$5,000 per well or \$25,000 for a blanket bond in a form acceptable to the Arizona State Treasurer under Rule 12-7-103 or 12-7-203.
- Issuance of permits to drill upon submission of the information and fee required by R12-7-104 and R12-7-204 and of a well construction plan which meets the requirements of Rules R12-7-108 through 111 or 12-7-208 through 211.
- 3. Approval of wells at exceptional locations when topographic conditions are such as to require unusually extensive site preparation or road construction, under Rule 12-7-107.4 or 12-7-207.
- 4. Approval of a change of location if the new location is within the drilling unit described on the original application under Rule 12-7-105 or 12-7-205. A change of location to a site outside the drilling unit specified in the original application may be approved as if it were a new application for a permit to drill.
- 5. Approval of tests of blow-out-prevention operating and control system with pressure of at least 1000 psi according to Rule 12-7-113 or 12-7-213.
- Inspection and approval of wellhead and lease equipment for good working order and appropriate pressure rating according to Rule 12-7-119 or 12-7-208.

- 7. Approval of reworking or recompletion application so long as the proposed work is in compliance with Rule 12-7-122 or 12-7-221.
- 8. Approval of plans to plug and abandon wells in compliance with Rule 12-7-127 or 12-7-231.
- 9. Approving conversion of wells drilled under an Oil and Gas Conservation Commissionissued permit to use as a water well upon adequate plugging back to the base of fresh water zones, if necessary, and acceptance of the well for use as a water well by the landowner, agent or lessee as set out in Rule 12-7-129 or 12-7-234.
- 10. Investigation of the safety of well operations, including well completions, for hazards likely to lead to fires, leaks, blowouts, or injury to persons or property.
- 11. Making field inspection of producing wells, injection wells, disposal, and storage wells and surface facilities for compliance. Making reports of investigation and requiring correction of deviations from compliance

APPROVED AUGUST 17, 1990

J. Dale Nations Chairman

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OIL AND GAS CUNCLANDATION COMMISSION STATE OF ARIZONA

	 								 	 					
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