

OIL & GAS CONSERVATION COMMISSION

Meeting: February 15, 1991

Dr. Daniel J. Brennan, Exec. Director



Oil and Gas Conservation Commission

STATE OF ARIZONA

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

February 1, 1991

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 February 15, 1991 at 10:00 A.M. at 5150 North 16th Street, Suite B-144, 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 November 16, 1990
3. Election of officers
4. Report of Executive Director
5. Report of Oil and Gas Specialist
6. Plugging of Geothermal Wells, Chandler Area
7. Discussion of FY 92 Budget Request
8. Plugging of well in Yuma Area
9. Call to the Public
10. Announcements
11. 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 first day of February 1991.

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
November 16, 1990

Present:

Dr. J. Dale Nations, Chairman
Mrs. Jan C. Wilt, Vice-Chairman
Mr. A. R. Bennett, Member
Mrs. Barbara H. Murphy, 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 November 16, 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 OF AUGUST 17, 1990

Mr. Warne moved, seconded by Mrs. Wilt:

THAT THE MINUTES OF THE MEETING OF AUGUST 17, 1990
BE ACCEPTED AS PRESENTED.

Motion carried unanimously.

REPORT OF EXECUTIVE DIRECTOR

The Activity Report of Dr. Brennan was sent to the Commissioners, and has been made a part of these minutes. He reported that a list of our publications has been printed in a new format, and is being sent on any orders or inquiries which are received. The Commission also reprinted a 1938 report by D. A. Holm on The Oil Possibilities of Arizona.

Dr. Brennan discussed his visit with Art Othon, the Governor's liaison for our Commission on November 14, 1990. He advised him of the oil play in northern Arizona which will be referred to Governor Mofford's attention. Dr. Brennan is in favor of having a Strategic Petroleum Reserve for storing petroleum in Arizona.

Brennan is in the process of revising several rules regarding injection wells. The Department of Environmental Quality, the Attorney General and the Executive Budget Office will get these revisions. Dr. Brennan has done a study on the Teec Nos Pos Field. The BLM wants the wells to be plugged as they are not producing. Dry Mesa and Mountain States Resources should plug their wells. Some wells may have been plugged without our permission.

Minutes of Meeting
November 16, 1990
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REPORT OF OIL AND GAS SPECIALIST

The Activity Report of Mr. Rauzi was sent to the Commissioners, and has been made a part of these minutes. He advised that Jay Shields is testing his well in the Fredonia area and that he inspected the Dineh-bi-Keyah Field and also the Adanana facility. He stated that an article in the AAPG "Explorer" has led to more sales of his report, and that he is continuing his study on the Wittman area.

OWNERSHIP AND STATUS OF "POWER RANCH" GEOTHERMAL WELLS SEC 1, T2S-R6E

It is the understanding that the Power Ranch Joint Venture owns these wells. A letter was written by Dr. Brennan to Mark Monserez, the attorney, confirming their ownership. A second letter was also sent. No response was received from Mr. Monserez. The wells are now in violation of the statutes and rules required in the plugging of a well. Mr. Monserez was also notified of this and a request was made to plug the wells. If the wells were not plugged, an injunctive action will be brought to the Superior Court. An organization report has not been filed by the owners.

Mr. Warne moved, seconded by Mrs. Wilt:

THAT IF A RESPONSE HAS NOT BEEN RECEIVED FROM MR. MONSEREZ
IN BEHALF OF THE POWER RANCH JOINT VENTURE BY NOVEMBER 22,
1990 THAT THE MATTER BE REFERRED TO THE ATTORNEY GENERAL
TO GET THE WELLS PLUGGED BY FILING A SUIT.

Mr. Saxman spoke for Mr. Pomeroy to advise that Mr. Pomeroy is still interested in continuing the program and he intends to pursue the utilization of the wells. Mr. Saxman stated that within a 90-day period, more definite information should be available.

The motion to file suit passed unanimously.

RED LAKE PROJECT

Enron Storage Company located in Nebraska has filed to do business in Arizona regarding storage projects. Brennan has written to Enron offering the Commission's assistance for these projects. Dr. Brennan also met with Gus Arzberger in the Senate to discuss these possibilities.

CONTENDER OIL 1 AMAN, SEC 5, T10S-R23W, YUMA COUNTY

Dr. Brennan advised that this well needs to be plugged, and that an organization report has not been filed properly. A plugging plan has also been requested. Richard Bradshaw is to test the well and plug it by the end of the year. He is in Reno, and will file a plan upon his return. It may be necessary to go to court to get the well plugged.

Minutes of Meeting
November 16, 1990
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CALL TO THE PUBLIC

None

ANNOUNCEMENTS

Dr. Brennan explained that a memo was received from the Executive Budget Office requesting annual reports. Since this Commission does not have an annual report, Mr. Warne suggested sending the first two pages of our budget with a cover letter. Mrs. Wilt suggested sending copies of letters to the Commissioners. Dr. Brennan will make an appropriate reply.

Dr. Brennan has been requested by Senator Arzberger to speak before the Agriculture and Natural Resources Committee in the future.

Dr. Nations reported on the progress of the upcoming IOCC Meeting at The Point at Squaw Peak from December 2 - 5, 1990. Several governors and dignitaries from the Department of Energy are expected to attend.

A field trip is being planned by Dr. Brennan, Dr. Larry Fellows, the state geologist, and Mr. Rauzi on Saturday, December 1. Thirty-six attendees are expected to participate in it.

The next meeting is scheduled for February 15, 1991.

Dr. Brennan may call upon the Commissioners to appear before the Appropriations Committee hearing in January 1991 in behalf of the Commission.

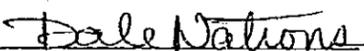
ADJOURNMENT

Mr. Bennett moved, seconded by Mr. Warne:

THAT THE MEETING BE ADJOURNED.

Motion carried unanimously. Time of adjournment was 11:15 A.M.

APPROVED


Dr. J. Dale Nations
Chairman

GUESTS IN ATTENDANCE:

Carol Lewin
R. J. Pomeroy

John Saxman

Attorney General's Office
Cam-Roy Research and
Development Corporation
Cam-Roy Research and
Development Corporation



Oil and Gas Conservation Commission

STATE OF ARIZONA

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PHOENIX, ARIZONA 85016
PHONE: (602) 255-5161

January 31, 1991

ACTIVITY REPORT

Daniel J. Brennan
Executive Director

Since your last meeting, it seems that most of what I have been doing is fighting the budget battle.

Firstly, the Governor requested all agencies to submit plans for budget reductions of 3%, 5%, and 7% due to the shortfall in state revenue. We hear that the recommendations for cutting our budget will be minor--to come out of out-of-state travel for IOCC and the agency.

On January 8, it was revealed that JLBC is recommending zero funding for the Commission for FY 92. Instead, they proposed adding one person to the staff of the Geological Survey in Tucson. I don't believe that one person, in Tucson could be effective in doing what we are supposed to do.

In December, I started making the rounds of legislators, to acquaint many of them with the activities of the Oil and Gas Commission. So far I have visited 14 of them, including members of the Appropriations committees of both houses, and the chairmen of the Natural Resources, Commerce and Environmental committees in both houses.

In late November, we referred the case of the non-plugging of the two Power Ranch geothermal wells to the Attorney General.

This month I referred the case of the non-plugging of Contender Oil 1 Aman, in Yuma County to the Attorney General for action. This operator has now submitted a plan for plugging, which we have approved. The well is supposedly to be plugged in February. We are following up on this to make sure it is done.

Late in November, I sent copies of revised rules relating to underground injection wells to the Executive Budget Office, the Attorney General, and to the Department of Environmental Quality. So far I have not had any comment from any of them.

We have just put out an "Oil and Gas Report" in the form of a four-page newsletter/annual report. We will have copies for you at the meeting.



Oil and Gas Conservation Commission

STATE OF ARIZONA

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January 31, 1991

ACTIVITY REPORT

Steven L. Rauzi *SLR*
Oil & Gas Specialist

Jay Shields began testing his well near Fredonia last December. However, his testing program, occasionally hampered by winter weather, is still in progress at this time. In a related event, CGG has apparently put together a seismic survey which will pass through Shield's well. Since the Shield's well is strictly confidential at this time, it appears that the primary participants, and beneficiaries, of the survey will be those companies that have contributed to the Shield's operation.

My Chuar report received a very favorable review in the January 1991 issue of the AAPG Bulletin. The reviewer was M. Lee Allison, State Geologist and Director of the Utah Geological and Mineral Survey. Evidence of the continuing interest in this play is the fact that we have had several inquiries about our report since the publication of Allison's review.

The BLM has a pre-sale offer for 211,000 acres from Madison Oil Company of Billings, Montana. The offer is for land in Mohave County from Township 34 to 38 North and Ranges 15 and 16 West. Obviously, this play includes the basin and range region between the Grand Wash Cliffs on the east and the Arizona - Nevada boundary on the west. These lands will not be on the next BLM lease sale which is scheduled for March 7. However, the March 7 sale will include 20 parcels in Mohave County, two parcels in La Paz County, and one parcel in Maricopa County. The Maricopa parcel is four miles east of the Bob James well which was drilled into the Luke salt deposit in the summer of 1988.

Lastly, Petroleum Information is continuing to borrow logs from our files. They are trying to complete, as best they can, their library of logs available for sale.

AGENCY OIL & GAS CONSERVATION COMMISSION

4930

DIVISION _____ IDENTIFICATION CODE NO. _____

1		2		3			4	
CLAIMS PAID YEAR TO DATE 1990-1991		OBJECT CODE NO.	DISTRIBUTION OF EXPENDITURES CLASSIFICATION			CLAIMS PAID MONTH OF JAN. 1991		
30,143	89	6011	1	Salaries: Staff	1	5,698	56	
31,204	05	6057	2	Appointed Official	2	6,240	81	
120	00	6058	3	Commission Members	3			
		6081	4	Temporary Help	4			
			5		5			
4,611	16	6111	6	Emp. Related: F.I.C.A.	6	896	52	
10,400	00	6113	7	Health Insurance	7			
24	38	6115	8	D&L Insurance	8	4	86	
120	58	6117	9	Unemployment Insurance	9	23	83	
300	00	6118	10	Dental Insurance	10			
457	11	6119	11	Workmen's Comp	11	90	66	
2,303	08	6155	12	Retirement	12	456	09	
422	74	6183	13	Personnel	13	83	53	
			14		14			
39	16	6293	15	Prof. Serv.: Court Reporter	15			
		6499	16	Cartographic Symbols	16			
		6499	17	Cartographer	17			
			18		18			
		6511	19	Travel-State: Air Fare	19			
		6531	20	Taxi; parking	20			
308	55	6541	21	Mileage-Private Vehicles	21			
1,669	68	6551	22	Mileage-State Vehicles	22	340	34	
230	11	6582	23	Lodging	23			
197	00	6583	24	Per Diem	24			
21	38	6595	25	Telephone	25			
		6598	26	Travel Advance	26			
3	25	6599	27	Other	27			
			28		28			
		6611	29	Travel-Out of State: Air Fare	29			
		6631	30	Taxi; rail	30			
		6639	31	Other (Public transport.)	31			
		6641	32	Personal Auto	32			
		6682	33	Lodging	33			
		6683	34	Per Diem	34			
		6695	35	Telephone	35			
		6698	36	Travel Advance	36			
		6699	37	Other	37			
			38		38			
22	50	7019	39	Other Operating: Other (Advertising)	39			
372	20	7036	40	Postage	40			
63	17	7044	41	Telephone: ATS Services	41	11	02	
2,007	81	7045	42	Line Costs	42	286	08	
		7046	43	Station Equipment	43			
176	99	7047	44	Long Distance	44	7	56	
229	59	7048	45	Other	45	33	00	
		7049	46	Communication: Other	46			
6	32	7039	47	Postage - Other	47			
1,867	00	7066	48	Risk Management	48			
			49		49			
8,253	56	7103	50	Office Rent	50	1,372	91	
		7108	51	Storage Rent	51			
			52		52			
		7311	53	Printing	53			
		7313	54	Binding	54			
		7315	55	Quick Copy	55			
			TOTAL					

AGENCY OIL AND GAS CONSERVATION COMMISSION

4930

DIVISION _____ IDENTIFICATION CODE NO. _____

1	2	3	4			
CLAIMS PAID YEAR TO DATE 1990-1991	OBJECT CODE NO.	DISTRIBUTION OF EXPENDITURES CLASSIFICATION	CLAIMS PAID MONTH OF JAN. 1991			
	7532	1 Furniture (Maintenance Noncontract)	1			
	7532	2 Adder/Calculator (Maintenance Noncontract)	2			
	7532	3 Copy Machine (Maintenance Noncontract)	3			
	7532	4 Reader/Printer (Maintenance Noncontract)	4			
	7539	5 Other (Repair and Maintenance)	5			
		6	6			
	7553	7 Typewriter (Maintenance Contract)	7			
		8	8			
	7581	9 Data Processing - Magnetic Media	9			
	7582	10 Data Processing - Paper	10			
	7583	11 Data Processing - Other	11			
56	09	7586	12 Drafting Supplies	12		
		13	13			
	7595	14 Field Supplies	14			
		15	15			
	7621	16 Stationery & Envelopes	16			
	7624	17 Reproduction Supplies	17			
873	54	7625	18 Office Supplies	18	7	33
		7633	19 Non-cap. Equipment	19		
		7962	20 Revolving Fund	20		
		7967	21 Books	21		
		22	22			
35	00	7971	23 Organization Dues	23		
		7973	24 Education and Training	24		
185	00	7975	25 Registration Fees	25	185	00
		26	26			
		7980	27 Computer Software	27		
		7985	28 Freight and Moving	28		
		29	29			
58	50	7997	30 Subscription; Newspaper	30	19	50
126	00	7997	31 Technical Journal	31		
		7999	32 Other	32		
		33	33			
		8342	34 Library and Reference Books	34		
		8344	35 Law Books	35		
		36	36			
		8410	37 Data Processing Equipment	37		
159	85	8463	38 Engineering/scientific	38		
20	00	8483	39 Office Furniture and Equipment	39		
		40	40			
		41	41			
		42	42			
		43	43			
		44	44			
		45	45			
		46	46			
		47	47			
		48	48			
		49	49			
		50	50			
		51	51			
		52	52			
		53	53			
		54	54			
		55	55			
96,991	00	TOTAL		15,745	59	

MONTHLY FINANCIAL REPORT

1	2	3	4	5
RECEIPTS MONTH OF JAN. 1991	RECEIPTS CLASSIFICATION	APPROPRIATED RECEIPTS	UNAPPROPRIATED RECEIPTS	TOTAL ALL RECEIPTS
	1 Permits to Drill			4,652 00
	2			
	3			
	4			
	5			
	6			
	7			
	8			
	9			
	10			
	11			
	12			
	13			
	14			
	15			
	16			
	17			
	TOTAL CURRENT MONTH RECEIPTS			XXXXXX
XXXXXX	TRANSFERS IN			
	BALANCES BROUGHT FORWARD	4,652 00		XXXXXX
	TOTALS - MONTH AND YEAR TO DATE	4,652 00		

6	7	8	9	10	11
CLAIMS PAID MONTH OF JAN. 1991	EXPENDITURES FUND TITLES	TOTAL AMOUNT AVAILABLE YEAR TO DATE	CLAIMS PAID YEAR TO DATE	OUTSTANDING ENCUMBRANCES	UNENCUMBERED BALANCE
11,939 31	1 Personal Services	109,900 00	61,467 94		48,432 06
1,555 56	2 Emp. Related Exp.	25,200 00	18,639 61		6,560 39
	3 Professional Services				
340 34	4 Travel - State	6,000 00	2,430 57		3,569 43
	5 Travel - Out of State	2,100 00			2,100 00
1,910 36	6 Other Operating Exp.	29,100 00	14,452 98		14,647 02
	7 Capital Outlay-Equipment				
	8 Dues for IOCC	3,000 00	3,000 00		0
	9 IOCC Meeting	2,000 00	1,295 78		704 22
	10				
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	21				
	22				
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	30				
15,745 57	TOTALS	177,300 00	101,286 88		76,013 12

