

OIL AND GAS CONSERVATION COMMISSION
Meeting May 31, 1991
Dr. Daniel J. Brennan, Executive Director



Oil and Gas Conservation Commission

STATE OF ARIZONA

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

May 9, 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 May 31, 1991 at 10:00 A.M. at 5150 N 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 April 19, 1991.
3. Hearing on application of Dry Mesa Corporation for amendment to conditions of operation of an injection well, Sec. 11, T40N-R28E, Apache Co.
4. Report of Executive Director.
5. Report of Oil and Gas Program Administrator.
6. Funding for the agency and proposed legislation.
7. Call to the public.
8. Announcements.
9. 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 N. 16th St., 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 13th day of May, 1991.

OIL AND GAS CONSERVATION COMMISSION


Daniel J. Brennan
Executive Director

IF YOU ARE NOT GOING TO BE ABLE TO ATTEND THIS MEETING
PLEASE NOTIFY THE OFFICE AS SOON AS POSSIBLE

OIL AND GAS CONSERVATION COMMISSION
5150 North 16th Street, Suite B-141
Phoenix, Arizona 85016

Minutes of Meeting
April 19, 1991

Present:

Mrs. Jan C. Wilt, Chairman
Mr. J. E. Warne, Jr., Vice-Chairman
Mr. A. R. Bennett, Member
Mrs. Barbara H. Murphy, Member
Dr. J. Dale Nations, Member
Dr. Daniel J. Brennan, Executive Director
Mr. S. L. Rauzi, Oil and Gas Specialist

The regular Commission Meeting of April 19, 1991 was called to order by Mrs. Jan C. Wilt, Chairman, at 10:05 A.M. in Room B-141, 5150 North 16th Street, Phoenix, Arizona 85016.

APPROVAL OF MINUTES OF MEETING OF FEBRUARY 15, 1991

Dr. Nations moved, seconded by Mrs. Murphy:

THAT THE MINUTES OF THE MEETING OF FEBRUARY 15, 1991
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 receiving a call from an independent oil company in Denver inquiring about the seismic map he made of the Yuma area. They expressed interest in running about 150 miles of seismic in the Fortuna Basin. This area is on the west side of the Air Force Range. Mr. Haas, representing the Bureau of Land Management, stated that anything in the Barry Goldwater Range is closed to mineral entry. An application is to be filed through the Corps of Engineers to work with the Department of Defense.

Dr. Brennan advised he has an appointment in the afternoon with Rita Pearson, an executive assistant, in the Governor's office to discuss the continuing of this commission since funding for the agency is not planned for next year.

A request was made from a company in Tulsa for forms to apply for a drilling permit in the northwestern part of the state.

Dr. Brennan prepared a position paper advocating that the tentative moving of an employee and the files of the Commission to Tucson not be done. He suggested that the employee be housed with the museum people at the Shrine Auditorium under the jurisdiction of the Geological Survey in Tucson. Phoenix is a better location accesswise for doing business with operators. He also stated that it is necessary

Minutes of Meeting
April 19, 1991
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to maintain the Commission as a policy-making body, and that the employee be kept under the Commission rather than the Geological Survey. The budget could be handled as a line item under the Geological Survey.

It was decided that Dr. Brennan would hold off sending his position paper to the Governor's office, until after his visit with Ms. Pearson, and the commissioners are requested to send their own letters to the attention of Rita Pearson.

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 reported one of the hottest oil plays in the Rocky Mountain Region is occurring in Utah. Outside of Moab, a company in partnership with Exxon drilled a horizontal well which produced 11,000 barrels a day in a horizontal hole. Mr. Rauzi stated he received a call from a man in New York who is interested in getting potential fractured shale plays in Arizona. He informed him that the Chuar Group is a shaley type formation, and a copy of Mr. Rauzi's report was ordered by him.

Mr. Rauzi stated that Ken Hand did not get started on his pipeline. Activity is expected to start on the wells at Teec Nos Pos. The BLM has given them until May 1 or their approval has expired to plug and abandon them. There could be plugging and abandonment in the Black Rock Field.

"POWER RANCH" GEOTHERMAL WELLS SEC 5, T10S-R6E

Dr. Brennan stated that Mr. Saxman reported that there should be financing available within sixty days, and that negotiations are being made with the Power Ranch people.

RED LAKE PROJECT

No report

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

Dr. Brennan advised that plugging is necessary, and has been referred to the Attorney General's office for action to enforce the law and the rules.

CALL TO THE PUBLIC

Effective May 3, 1991, Mary Catherine Barnes announced she would be taking Early Retirement from state service. She expressed her enjoyment in working with the Commission for almost nine years.

Mr. Haas reported an interest in the Strip near the Nevada border of about 212,000 acres. Offering for competitive sale has been delayed until the St. George or Arizona Strip completed their resource management plan. That plan was completed and sent for public review around February 1. Though some protest was received, a

Minutes of Meeting
April 19, 1991
Page 3

Record of Decision has been prepared on the plan. Hopefully, by early September the sale will occur; if not, then early December is contemplated.

Mr. Haas stated that recently permit applications were received in the Red Lake area. Over the coming years, \$500,000,000 is expected to be spent according to Dr. Brennan.

GEOITHERMAL PROJECT NEAR NUTRIOSO

Dr. Brennan explained that a call was received from Ed Dougherty in Albuquerque stating that a well program was planned for a geothermal project near Nutrioso. This drilling is to be done with an oil overcharge the state received from oil companies for overcharges in the past. Mr. Dougherty is working with people at White Sands, and a hot dry rock project is expected. This means there will be little water to transfer the heat, and that a source of water will be required to make the project work.

ANNOUNCEMENTS

The next meeting was scheduled for May 31, 1991.

Dr. Nations said that he would make every effort in contacting the Governor's office in behalf of the Commission.

ADJOURNMENT

Dr. Nations moved, seconded by Mr. Bennett:

THAT THE MEETING BE ADJOURNED.

Motion carried unanimously. Time of adjournment was 11:08 A.M.

APPROVED

Jan C. Wilt
Jan C. Wilt
Chairman

GUESTS IN ATTENDANCE:

John Haas
Carol Lewin

Bureau of Land Management
Attorney General's Office



Oil and Gas Conservation Commission

STATE OF ARIZONA

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

NOTICE OF HEARING

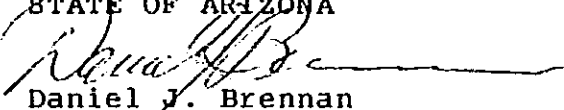
CASE NO. 67

Oil and Gas Conservation Commission, State of Arizona, 5150 N. 16th Street Suite B-141, Phoenix, Arizona 85016, Phone (602) 255-5161.

Notice is hereby given to all parties that pursuant to ARS 27-516.B and 41-1061 and 1062, the Oil and Gas Conservation Commission will hold a hearing during its meeting beginning at 10:00 A.M. on May 31, 1991 at 5150 N. 16th Street, Suite B-141, Phoenix, Arizona to consider the application of Dry Mesa Corporation to amend its permit for an injection well in Section 11, T40N-R28E, Apache County, to permit injection of water produced from other formations into the Mississippian formation and to add perforations from 5589 feet to 5618 feet to the perforations already authorized. In addition, Dry Mesa requests authority to substitute "Driscopipe" for "coated corrosion-resistant tubing" in the well. Dry Mesa also requests authority to increase its maximum injection rate to the amount indicated as safe by a documented step-rate injectivity test. Authority for this type of action is contained in ARS 27-516.A.20 and R-12-7-176. The public may review materials submitted in support of this request at the Commission's office at 5150 N. 16th Street, Suite B-141, Phoenix, Arizona.

Interested parties will have the opportunity to be present and to be heard during the hearing.

OIL AND GAS CONSERVATION COMMISSION
STATE OF ARIZONA


Daniel J. Brennan
Executive Director

Done this 13th day of May, 1991, at Phoenix, Arizona.



Oil and Gas Conservation Commission

STATE OF ARIZONA

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

May 16, 1991

ACTIVITY REPORT

Daniel J. Brennan
Executive Director

As of this writing it is less than a month since your last meeting. It really has been a quiet time, or at least it was until I started this sentence.

We will have one hearing at the meeting on May 31. This will be for an amendment to the conditions for the operation of a produced-water injection well. This is the well for which you granted approval about a year ago.

I had thought that we might have a second hearing on an application for approval of a non-standard location. I have now been given to understand that the operator has reached an agreement with BLM for a drillsite on a standard spot.

We have had several visits with regard to an operator proposing to re-enter the deep Phillips dry hole near Florence for the purpose of converting it into a Class I injection well. This is not something we usually get into since it falls mainly under the purview of the Department of Environmental Quality. However, we do have the records from the original drilling of the well and the new operator is making good use of them.

Katie Barnes did retire on May 3, as she announced at the last meeting. We really do miss her knowledge and expertise when it comes to doing the administrative work of the agency.

So far there has been no change in the outlook for the Oil and Gas Conservation Commission. The State Senate passed their version of the budget, without adding funding for the agency. I have heard that this was also adopted by the joint senate-house conference committee. Since there isn't any difference on this matter, I don't see much possibility of the funding being added.



Oil and Gas Conservation Commission

STATE OF ARIZONA

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

May 17, 1991

ACTIVITY REPORT

Steven L. Rauzi *SLR*
Oil & Gas Specialist

From April 2 to May 1, I witnessed Mountain States Resources re-enter and re-plug their Navajo O-16 well. They drilled out a good cement plug at the surface, tagged the lower plug, brought the mud between cement plugs up to 50 cp viscosity, shot off the 4 1/2 inch casing at 1552', and set a cement plug from 1743' to surface. The BLM also witnessed this operation and remained to witness the re-plugging of the Navajo O-12 and Navajo O-16 wells.

On May 9, I returned to Farmington to witness Chuska Energy plug and abandon their Black Rock 2 well. This is the well that had the H₂S blowout in April of 1989. I witnessed Chuska set and tag a cement plug from total depth of 6147' up to 3948' (covering the producing zones and perforations), and two 25 sack cement plugs at 2700' and at 2635'. The BLM witnessed the remainder of this plugging job.

On May 10, I did the annual inspection of the Dineh-bi-Keyah Field. The field is in very good shape, all wells are fenced and have adequate identification and warning signs. No leaks or unusual circumstances were observed. I will have photographs available for viewing at the meeting.

On May 16, I did the semi-annual inspection of the Ferrellgas underground LPG facility. All wellheads and safety shut-offs were in good working order. They have installed a new fence around the entire perimeter of their property and have installed 7 additional warning and identification signs.

Gary Stewart of Melange Associates stopped in the office on May 14 with a potential investor from Texas to discuss the possibility of drilling another well into the Luke salt.

Ken Hand has installed the pipeline from his 138-2 well at the Dry Mesa Field to the gas plant at the Black Rock field. With this Paradox gas well on stream, he will be requesting a modification to his SWD permit to dispose of water from formations other than the Leadville.

Petroleum Information continues to borrow logs from our files.

ORB

FISCAL YEAR THE ADMINISTRATOR SHALL REFUND THE EXCESS TO THE STATE TREASURER FOR DEPOSIT IN THE ARIZONA HIGHWAY PATROL FUND ESTABLISHED IN SECTION 28-1891.

C. An insurer shall report and pay the taxes required by this section in the manner prescribed by section 20-224. An insurer who fails to pay the tax on or before the prescribed payment dates is subject to a civil penalty determined pursuant to section 20-225.

Sec. 24. Section 21-428, Arizona Revised Statutes, is amended to read:

21-428. Costs and expenses; state grand jury fund

A. In addition to the fees and amounts stated in section 21-221, persons serving on a state grand jury shall be provided by the county in which the assignment judge is serving with reasonable per diem expenses as established by the Arizona supreme court.

~~B. There is established a state grand jury fund. The fund shall consist of monies provided by appropriation to pay costs and expenses authorized by this section. The state treasurer shall administer the fund.~~

~~C. B. The costs and expenses incurred by a county arising out of or in connection with impaneling a state grand jury and for the performing of its functions and duties or arising out of the prosecution and trial of state grand jury indictments shall be paid for by the state out of the state grand jury fund on certification MONIES APPROPRIATED to the state treasurer SUPREME COURT FOR THESE PURPOSES. THE SUPREME COURT SHALL APPROVE COUNTY REQUESTS FOR REIMBURSEMENT AFTER CERTIFICATION by the assignment judge that the amount requested is owed.~~

~~D. C. All costs and expenses incurred by the attorney general arising out of the investigation, prosecution and trial of matters cognizable by a state grand jury are payable from the state grand jury fund on certification to the state treasurer by MONIES APPROPRIATED to the attorney general that the amount requested is owed FOR THESE PURPOSES.~~

Sec. 25. Section 27-152.02, Arizona Revised Statutes, is amended to read:

27-152.02. Powers and duties of state geologist

A. The state geologist shall:

1. Establish such administrative functions and offices as necessary to achieve the purposes of this article.

2. Prescribe the number and professional disciplines of the technical staff and their office and laboratory associates.

3. Direct the work of the Arizona geological survey and the formulation of its program and policies.

4. Adopt such rules as are necessary to carry out the purposes of this article.

5. Purchase or lease necessary office and laboratory equipment and acquire facilities from the state or lease necessary office and laboratory space.

6. Accept gifts, bequests or legacies or real or personal property or any other contribution, financial or otherwise, for use pursuant to the

1 direction of the donor or, in the absence of an express direction, to be
2 disposed of for the best interests of this state. The state geologist
3 shall honor any restriction imposed by the donor on divulging contributed
4 information or tangible personal property.

5 7. Accept from the federal government or its agencies monies made
6 available to this state for the purposes of this article.

7 8. Enter into cooperative agreements with the federal government
8 and its agencies or with any agency established by the law of this or any
9 other state for the purpose of carrying out the provisions of this
10 article.

11 9. Contract with persons and organizations, public or private, to
12 provide services for the Arizona geological survey.

13 10. APPOINT A PERSON WITH A BACKGROUND IN OIL AND GAS CONSERVATION
14 TO ACT ON BEHALF OF THE OIL AND GAS CONSERVATION COMMISSION AND ADMINISTER
15 AND ENFORCE THE APPLICABLE PROVISIONS OF CHAPTER 4 OF THIS TITLE RELATING
16 TO THE OIL AND GAS CONSERVATION COMMISSION.

17 B. THE STATE GEOLOGIST OR HIS DESIGNEE, AT ANY TIME, MAY ENTER UPON
18 PROPERTY AND INSPECT WELLS DRILLED FOR OIL OR GAS AND WELL RECORDS AND
19 SHALL CONTROL PROPERTY, MACHINERY AND APPLIANCES NECESSARY TO GAUGE THE
20 WELLS.

21 Sec. 26. Section 27-515, Arizona Revised Statutes, is amended to
22 read:

23 27-515. Powers and duties of commission; fees;
24 compensation of personnel; executive director;
25 publication revolving fund

26 A. The commission shall have jurisdiction and authority over all
27 persons and property deemed necessary to administer and enforce the
28 provisions of this article and other laws relating to conservation of oil
29 and gas. The commission or its representative or employee may, at any
30 time, enter upon property and inspect wells drilled for oil or gas, and
31 well records, and shall control property, machinery and appliances
32 necessary to gauge the wells. THE ARIZONA GEOLOGICAL SURVEY SHALL PROVIDE
33 STAFF SUPPORT TO THE COMMISSION TO ADMINISTER THE PROVISIONS OF THIS
34 CHAPTER.

35 B. ~~The commission may employ personnel necessary to enforce this~~
36 ~~article.~~ The commission may:

37 1. Administer oaths to a witness in any hearing, investigation or
38 proceeding held under this article or other law relating to conservation
39 of oil and gas.

40 2. Issue subpoenas requiring attendance and testimony of witnesses
41 and production of books, papers and records deemed material or necessary,
42 and direct service of subpoenas by a sheriff or other officer authorized
43 by law to serve process.

44 3. Prescribe rules and do all acts necessary or advisable to carry
45 out the provisions of this article.

46 4. Collect such fees as will cover the costs of such services as,
47 but not limited to, reproduction of records or any portion thereof and
48 copies of rules. The monies so collected shall not be subject to the

1 provisions of section 27-523, but shall be transmitted by the commission
2 to the state treasurer for deposit in the fund from which the expenditure
3 was originally made.

4 5. Publish, in cooperation with the resource analysis division of
5 the state land department, technical maps, cross sections and reports and
6 sell these materials for such fees as will cover the costs incurred in
7 their preparation, reproduction and distribution.

8 C. The commission may enter into cooperative agreements with
9 agencies of the United States government, with agencies of state or local
10 government or with Indian tribes for the purpose of protection of the
11 fresh water supplies of the state from contamination or pollution brought
12 about by the drilling of any well or for any other purpose of this
13 article.

14 D. The commission may accept gifts, devises and donations of books,
15 well records, maps or other materials. All donated materials shall become
16 public records.

17 ~~E. Personnel employed under the provisions of this article shall~~
18 ~~receive compensation as determined pursuant to section 38-611.~~

19 ~~F. The commission may appoint an executive director who may,~~
20 ~~pursuant to and as authorized by order of the commission, act on behalf of~~
21 ~~the commission.~~

22 ~~G.~~ E. Monies collected under subsection B, paragraph 5 of this
23 section shall be deposited in the oil and gas conservation commission
24 publication revolving fund and used to prepare, reproduce and distribute
25 further publications. Monies in the publication revolving fund are not
26 subject to section 27-523 and are exempt from section 35-190, relating to
27 lapsing of appropriations, except all monies in the revolving fund
28 exceeding five thousand dollars shall revert to the state general fund.

29 Sec. 27. Section 28-1598, Arizona Revised Statutes, as amended by
30 Laws 1991, chapter 3, section 1, is amended to read:

31 28-1598. Distribution of highway user revenues; budget
32 and expenditure of local tax revenues
33 required; definitions

34 A. All highway user revenues, as defined in section 28-1595 and in
35 article IX, section 14, Constitution of Arizona, and all taxes, fees and
36 fines collected under sections 28-221, 28-226, 28-1011 and 28-1031 shall
37 be transferred by the officer collecting the revenues to the department.
38 The department, after deduction of all exemptions and refunds, shall
39 immediately transfer the revenues to the state treasurer who shall deposit
40 the revenues in a fund designated as the Arizona highway user revenue
41 fund. The revenues in the Arizona highway user revenue fund shall only be
42 expended for the purposes prescribed in article IX, section 14,
43 Constitution of Arizona. In the event of any default all amounts required
44 by law or any resolution authorizing the issuance of bonds of the board to
45 be placed in the principal funds, interest funds, reserve funds, OR
46 sinking funds or any other funds created to service bonds issued or to be
47 issued by the board shall be deducted by the department before the
48 revenues are deposited in the Arizona highway user revenue fund.

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 APR. 1991
41,540	89	6011	1 Salaries: Staff	1 3,799 00
43,685	67	6057	2 Appointed Official	2 4,160 54
300	00	6058	3 Commission Members	3 70 00
		6081	4 Temporary Help	4
			5	5
6,411	30	6111	6 Emp. Related: F.I.C.A.	6 598 11
10,400	00	6113	7 Health Insurance	7
32	44	6115	8 D&L Insurance	8 3 24
168	34	6117	9 Unemployment Insurance	9 15 92
300	00	6118	10 Dental Insurance	10
638	79	6119	11 Workmen's Comp	11 60 62
3,215	26	6155	12 Retirement	12 304 06
591	10	6183	13 Personnel	13 56 33
			14	14
34	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
608	43	6541	21 Mileage-Private Vehicles	21 144 84
2,724	58	6551	22 Mileage-State Vehicles	22
372	08	6582	23 Lodging	23
276	00	6583	24 Per Diem	24 10 00
21	38	6595	25 Telephone	25
		6598	26 Travel Advance	26
3	15	6599	27 Other	27
			28	28
549	25	6611	29 Travel-Out of State: Air Fare	29 185 23
100	48	6631	30 Taxi; rail	30 42 43
		6639	31 Other (Public transport.)	31
1	53	6641	32 Personal Auto	32
318	10	6682	33 Lodging	33 226 00
190	00	6683	34 Per Diem	34 104 00
		6695	35 Telephone	35
		6698	36 Travel Advance	36
		6699	37 Other	37
66	71	6621	38 Car Rental	38
22	50	7019	39 Other Operating: Other (Advertising)	39
489	50	7036	40 Postage	40
63	72	7044	41 Telephone: ATS Services	41
2,866	05	7045	42 Line Costs	42 286 08
		7046	43 Station Equipment	43
188	14	7047	44 Long Distance	44 14 58
334	99	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
16,372	29	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 APR. 1991
	7532	1 Furniture (Maintenance Noncontract)	1
	7532	2 Adder/Calculator (Maintenance Noncontract)	2
421	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
164	7586	12 Drafting Supplies	12
		13	13
	7595	14 Field Supplies	14
		15	15
	7621	16 Stationery & Envelopes	16
	7624	17 Reproduction Supplies	17
1,037	7625	18 Office Supplies	18
	7633	19 Non-cap. Equipment	19
	7962	20 Revolving Fund	20
	7967	21 Books	21
		22	22
176	7971	23 Organization Dues	23
80	7973	24 Education and Training	24
185	7975	25 Registration Fees	25
		26	26
	7980	27 Computer Software	27
	7985	28 Freight and Moving	28
		29	29
76	7997	30 Subscription; Newspaper	30
183	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	8463	38 Engineering/scientific	38
20	8483	39 Office Furniture and Equipment	39
		40	40
		41	41
		42	42
		43	43
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		48	48
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		51	51
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		53	53
		54	54
		55	55
13,270		TOTAL	16,550

MONTHLY FINANCIAL REPORT

1 RECEIPTS MONTH OF APR. 1991	2 CLASSIFICATION RECEIPTS	3 APPROPRIATED RECEIPTS	4 UNAPPROPRIATED RECEIPTS	5 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		XXXXXX

6 CLAIMS PAID MONTH OF APR. 1991	7 FUND TITLES EXPENDITURES	8 TOTAL AMOUNT AVAILABLE YEAR TO DATE	9 CLAIMS PAID YEAR TO DATE	10 OUTSTANDING ENCUMBRANCES	11 UNENCUMBERED BALANCE
8,049.54	1 Personal Services	109,900.00	85,526.56		24,373.44
1,038.28	2 Emp. Related Exp.	25,200.00	21,757.23		3,442.77
	3 Professional Services				
154.84	4 Travel - State	6,000.00	4,006.02		1,993.98
557.73	5 Travel - Out of State	* 1,504.22	1,226.07		278.15
1,750.07	6 Other Operating Exp.	29,100.00	20,715.74		8,384.26
	7 Capital Outlay-Equipment				
	8 Dues for IOCC	3,000.00	3,000.00		0
	9 IOCC Meeting	** 1,295.78	1,295.78		0
	10				
	11 *INCLUDES BUDGET REDUCTION				
	12 OF 595.78				
	13				
	14 ** INCLUDES BUDGET REDUC.				
	15 THAN OF 704.22				
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11,530.46	TOTALS	176,000.00	137,527.40		38,472.60

[illegible]

OIL AND GAS CONSERVATION COMMISSION

STATE OF ARIZONA

PUBLIC MEETING

FRIDAY, MAY 31, 1991
10:00 A.M.

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

REPORTER'S TRANSCRIPT

OF

PROCEEDINGS

ORIGINAL

KENT L. CARTER, RPR, CM
Court Reporter



A P P E A R A N C E S

JAN C. WILT, Chairman

J. DALE NATIONS, Ph.D., Member

BARBARA H. MURPHY, Member

JAMES E. WARNE, JR., P.E., Member

DANIEL J. BRENNAN, Ph.D.
Executive DirectorLARRY FELLOWS
State Geologist, State of ArizonaSTEVEN L. RAUZI
Oil and Gas Specialist

P R O C E E D I N G S

CHAIRMAN WILT: I have 10:00 o'clock. Let's call the meeting to order on May 31st, 1991.

The first order of business is the approval of the Minutes of the meeting of April 19th, 1991.

MR. WARNE: Move.

CHAIRMAN WILT: Okay, Jim moved to approve.

MS. MURPHY: Second.

CHAIRMAN WILT: Barbara seconded the motion.

DR. NATIONS: I have one correction.

CHAIRMAN WILT: Okay.

DR. NATIONS: The report of the Executive Director there is a reference to Ruth Pearson, that should be Rita Pearson, I believe. Otherwise that's all I have.

CHAIRMAN WILT: Okay. Is there a motion to approve the Minutes as amended?

Jim?

MR. WARNE: Amended as described.

MS. MURPHY: Second.

CHAIRMAN WILT: All in favor?

(Unanimous ayes.)

CHAIRMAN WILT: Okay. Minutes are approved. The second order of business is the hearing.

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1 (Hearing in the matter of Dry Mesa Corporation,
2 Case No. 67, is transcribed separately.)

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4 CHAIRMAN WILT: Okay, the next item on the agenda
5 is the report of the Executive Director.

6 DR. BRENNAN: Well, you have my written report,
7 so you all have seen that. Been such a short time since the
8 last meeting that not a whole lot has happened.

9 Had a call from a person at Sandia Labs in
10 Albuquerque. They are working on a proposal to build
11 additional caverns for strategic petroleum reserves in the
12 west, and he called and asked about Luke Air Force Base,
13 Luke dome. And I have some materials I am going to send him
14 today about Luke that he asked for.

15 And I also recommended that he consider Red Lake.
16 I think that's probably a whole lot more suitable than is
17 the Luke because of the encroaching urbanization in the Luke
18 area. So anyway, there is interest in that; and you may
19 remember I proposed this same thing last fall. So I don't
20 know, maybe somebody got the idea.

21 DR. NATIONS: Who called you, did you say?

22 DR. BRENNAN: The geologist at Sandia Labs; and
23 they are working on a contract, I think, for the Department
24 of Energy.

25 Tran Am, the people who are developing some



1 caverns at Red Lake, called and they wanted to know exactly
2 where the gas pipelines in the area were; and I was able to
3 find somebody in El Paso Natural Gas for them to deal with.
4 So they are progressing, I talked to them yesterday. So
5 they are progressing on their project out there.

6 We had expected when I prepared the agenda and
7 everything to have a second hearing today on an irregular
8 location, company called United Gas Search out of Tulsa is
9 planning to drill a well in extreme northwestern Arizona,
10 about here, Township 40 north, 11 west. And they had
11 thought they would have to have an exceptional location
12 because of some restrictions put on by the Bureau of Land
13 Management to protect eagles.

14 But they say they have reached an agreement with
15 BLM and they can drill at a regular location, and they are
16 planning to go ahead with that, but they still haven't sent
17 in the drilling application yet. I don't know what's
18 delaying them, but the call I had about the irregular
19 location came from Powers Elevation, which is a company that
20 goes out and actually stakes wells; so they're getting close
21 when they are talking to them. We have earlier had calls
22 from cementing people and other people about what's needed
23 to drill a well in Arizona, so it looks like they are
24 serious.

25 DR. NATIONS: Did they say what their objective



1 is?

2 DR. BRENNAN: No, sir.

3 DR. NATIONS: They don't usually do that; do
4 they?

5 DR. BRENNAN: It's right near these Red Lake
6 faults in that area. Looks to me like they are planning on
7 an upside fault trap. But it could be that I don't know
8 what the faults are like and that it's an overcharge play.
9 Simply don't know.

10 MR. RAUZI: They haven't given us a proposed
11 total depth; have they?

12 DR. BRENNAN: No.

13 MR. RAUZI: I would suspect they are going to go
14 through the whole section and hit granite because Barrett or
15 somebody called up and were putting together a mud program
16 for them and wanted to know if they were going to encounter
17 swelling, clay. It will probably be a deep test and they
18 will take whatever they can get, whether it's shallow or
19 deep.

20 DR. BRENNAN: I am not sure the structure is that
21 well known in that area, but we shall see.

22 DR. NATIONS: Do you have the specific location?
23 Can you tell me?

24 DR. BRENNAN: No, I don't have a specific
25 location. I have a Township. But that's all I know. I can



1 show you about where I think it will be, I've got a map in
2 my office I can show you later.

3 You may remember several years ago we filled a
4 deep well at Florence. There has been I think I reported to
5 you about a year ago a proposal to use that well for
6 injection of waste materials. It appears that that proposal
7 is still being pushed forward. And that may happen sometime
8 in the future. That would be primarily a responsibility of
9 DEQ rather than us. But I thought it was just of interest.

10 CHAIRMAN WILT: Refresh my memory. What is a
11 Class 1?

12 DR. BRENNAN: Is a forbidden hazardous and
13 radioactive waste injection well. This would probably be a
14 Class -- I think it's a Class 3 hazardous waste injection
15 well.

16 DR. NATIONS: What would be involved in drilling
17 through the cement that they plugged that with?

18 DR. BRENNAN: Not a whole lot.

19 DR. NATIONS: Probably a lot easier --

20 DR. BRENNAN: It's like drilling rock. Cement.

21 MR. RAUZI: It's pretty hard. When the State
22 resources drilled out their seam, it took them a whole day
23 to do that surface plug; so they had some good, hard cement
24 in there that was for nothing.

25 DR. NATIONS: Do you recall how much cement was



1 put in that one?

2 MR. RAUZI: It would also depend -- now, they
3 were just using a power swivel, they didn't have a rotary
4 table. So you're not going to have as much power. A power
5 swivel is hooked on the top of the pipe. And that was a
6 425-foot plug and it took them about, oh, a day to drill
7 through it; but it was good, hard cement, you know, the
8 chips were there; just like Dan said, it's just like
9 drilling through a carbonate rock.

10 DR. NATIONS: How much is in this Florence well?

11 DR. BRENNAN: A number of plugs.

12 MR. RAUZI: I'd have enough rigs and I'd have
13 plenty of power. I'd just drill out the cement. You're not
14 going to have a lot of circulation, it's inside casing.

15 DR. BRENNAN: They've got casing down good and
16 deep, so it's a real feasible-sounding project.

17 DR. NATIONS: Interesting concept.

18 DR. BRENNAN: And the logs indicate extensive
19 fracture at about 14,000 feet; and they did a little
20 circulation in that zone, so it looks like a zone that would
21 take quite a bit of fluid. So, possibility.

22 And I should tell you probably that he's asked me
23 to join his company after I get done here.

24 DR. NATIONS: Really?

25 DR. BRENNAN: Well, I don't know whether it's on



1 a paid basis or not.

2 MR. WARNE: Tell me again what this hole is going
3 to be used for?

4 DR. BRENNAN: Disposal of --

5 MR. WARNE: Junk fluid?

6 DR. BRENNAN: Hazardous waste. Probably mostly
7 industrial wastes.

8 MR. WARNE: Junk fluid.

9 DR. BRENNAN: You can think of a lot of things
10 you can do with that kind of stuff. One, of course, is to
11 recover valuable materials.

12 MR. WARNE: It's a totally dry hole?

13 DR. BRENNAN: Yes.

14 MR. WARNE: Totally.

15 CHAIRMAN WILT: That section where they lost
16 circulation and so on some people believe there's the
17 Catalina fault that comes out of the surface in Catalina.

18 DR. BRENNAN: That's interesting.

19 MR. RAUZI: Pumps enough in there we'll find out.

20 CHAIRMAN WILT: The Arizona Geological Society
21 there is an article by Robinson and Reef, I'll send you a
22 copy of it.

23 MR. WARNE: All faults in Arizona sooner or later
24 lead to water.

25 CHAIRMAN WILT: That's the one that was on the



1 seismic, the seismic test. Some people claimed it had
2 crustaceous microfossils in it.

3 DR. BRENNAN: It didn't.

4 CHAIRMAN WILT: I know they didn't, but it was
5 the driller that had contaminated the zone; but I think it's
6 all the same zone.

7 DR. BRENNAN: Tried real hard to kill that rumor,
8 because I got real excited when that rumor came. I was in
9 Texas at the time and I was really excited.

10 DR. NATIONS: Now, if this comes up, you say we
11 don't need to get into it, but surely the DEQ would ask some
12 opinions, wouldn't they, before they would approve such a
13 thing?

14 DR. BRENNAN: I don't know what DEQ would do.

15 MR. WARNE: Hell, no.

16 DR. BRENNAN: But certainly EPA, it also takes
17 EPA approval.

18 MR. RAUZI: Well, we have never heard from DEQ on
19 the two salt wells out at Morton, so I don't know if they
20 would or not.

21 DR. BRENNAN: They are, you know, so habitually
22 understaffed that I once listened to the head testify at the
23 house appropriations committee and I almost cried for him.
24 If I hadn't known what I was going to testify, I might have.
25 But he is habitually 20 percent short of people, he has a



1 high rate of turnover, and just can't get his work done. So
2 it's a terrible situation over there.

3 I hear they are hiring a whole bunch of people
4 for an underground storage tank project, leaking underground
5 storage tank project. But that's something that happened
6 and I don't know that I will do it even if he asked me, but
7 it's tempting.

8 Anyway. I didn't know there was a paper like
9 that, though. That's good information. That's all I have.

10 CHAIRMAN WILT: Okay. What about Katie retiring?

11 DR. BRENNAN: Katie did retire very well. We
12 paid her all her unused leave pay, which took all the rest
13 of the money we had for salaries for the rest of the year;
14 so we don't have any money to hire a temporary, so Steve and
15 I are trying to keep the books. And I hope the accountants
16 are forgiving when they come in and audit us, because we are
17 not perfect. But we're trying.

18 Yeah, she came in and got her money, and I guess
19 she went on her vacation.

20 CHAIRMAN WILT: Well, I received a thank you
21 note, so you must have gotten something for her.

22 MS. MURPHY: Yes, I got a really nice bouquet of
23 flowers, it was an English garden basket; and I had to get
24 her a rock, the geologist.

25 MR. RAUZI: A Brazilian amethyst.



1 MS. MURPHY: And also I got her a road atlas for
2 her travel.

3 CHAIRMAN WILT: So we probably all owe you some
4 money for that.

5 MS. MURPHY: Yes, we can discuss that later.

6 CHAIRMAN WILT: Thank you very much for doing
7 that, Barbara.

8 MS. MURPHY: No problem.

9 DR. BRENNAN: I should report on one more thing.
10 After the meeting last time Roy Bennet and Jan
11 accompanied me down to the Governor's suite on the Ninth
12 Floor where we met with Rita Pearson, and it's like talking
13 into a -- hitting a sponge or something, it just didn't seem
14 to cause any effect. She listened very politely and
15 dismissed us.

16 CHAIRMAN WILT: She was very nice and she
17 understood, but it was just obvious that the money was the
18 more important issue. I just had the feeling we were small
19 potatoes. Frustrating.

20 DR. BRENNAN: And after Jan left, Roy and I
21 stopped at the old Shrine Temple, which is being converted
22 into a museum, and looked at it; there's a lot of room in
23 there where you could put a person. But we have found out
24 that the Department of Mines and Mineral Resources is not
25 part of the equation any more, they have been saved by the



1 mining industry; and so that space will not be part of a
2 united agency space and probably would not be available to
3 us. So that option which we recommended is out.

4 We'll quit for now and then come back to it later
5 on the agenda.

6 CHAIRMAN WILT: Okay, item number five, the
7 report of the Oil and Gas Program Administrator.

8 Steve?

9 MR. RAUZI: Okay, well, to talk about the report
10 that I sent to you, I am going to speak about I said in here
11 that they tag the cement; and I'm not sure if you are
12 familiar with that, but they wait until it sets up and gets
13 hard and then they go down with their tubing and they tag it
14 to make sure there hasn't been any fall off. So that's just
15 explaining what I meant by tagging cement.

16 Since I wrote this, in fact, just Wednesday of
17 this week Ferrellgas, I said here Ferrellgas has a new fence
18 around their facility and everything looked good and they
19 have some new warning signs there; and when I got back Dan
20 noticed on the report that they had three caverns empty, or
21 four caverns empty. They had some empty caverns. So Dan
22 wrote a letter to them, and they have a new man down in
23 Houston who likes to get things done in order, and they ran
24 a sonar caliper in the three caverns that are empty; so we
25 are slowly but surely getting all those caverns up to



1 compliance.

2 DR. NATIONS: Were there any surprises?

3 MR. RAUZI: No, no surprises. And it's a simpler
4 matter now because the tool that they have can be run with a
5 string of pipe in the hole, whereas before you had to pull
6 all your pipe out; it was very expensive, time consuming.
7 They brought a rig in, they had two strings of pipe in one
8 of the caverns and they wanted to pull that one string out;
9 but aside from that, it's just a very simple matter and they
10 got them all done in one day, about three hours on each
11 cavern; so everything is good in that regard.

12 DR. BRENNAN: We have been working with them for
13 a couple years after we realized that they were not in
14 compliance with the rules for sonar in caverns, and they
15 wanted to use a volumetric method adding and subtracting the
16 amount of inage and outage of LPG over a period of time; and
17 that gave me a lot of problems because I know there are so
18 many errors in measuring LPG or any kind of fluid with
19 meters. So I was working with a consultant rather than
20 directly with the company, and apparently consultant is gone
21 and the new guy with the company is amenable to doing things
22 right.

23 MR. RAUZI: Sounds like the consultant was like a
24 sponge, everything went into the consultant and never made
25 it to the company.



1 DR. BRENNAN: He promised to get the rest of the
2 wells sonared, I think there are three or four more that
3 have to be done by February the 28th; so we have finally
4 gotten through to them.

5 MR. RAUZI: Dale said that he was still planning
6 on getting that done by February.

7 Now, on the Black Rock well I put a note in here
8 this is the well that had that blowout, you probably recall
9 that; I guess Dale heard it on the news, he called here and
10 said he had heard it on the news; but that was back in the
11 days when we had the big controversy about the Indian
12 reservation up there.

13 I will say they took down the blowout preventers,
14 their wellhead had two or throw blowout preventers; and when
15 they dismantled that wellhead the maximum HTS reading they
16 had on that wellhead was eight parts per million, which is a
17 very low figure, and they did have higher figures during the
18 blowout; but they either exhausted that or something. But
19 that's a little piece of information I didn't have in here.

20 And I said I'd have some pictures of the field
21 here, and after the meeting I will pull those out and you
22 can look at them if you want.

23 CHAIRMAN WILT: Thank you.

24 I guess we are on to item number six, funding for
25 the agency and proposed legislation.



1 DR. BRENNAN: Well, I've passed out to each of
2 you a copy of this thing, says ORB at the top, that means
3 Omnibus Reconciliation Bill; and when the Legislature passes
4 its budget each year they also change a lot of things. And
5 to do that, make those changes, they write up one bill that
6 covers everything.

7 And you can see we are here on section 25 down
8 here by the red mark of this bill on page 33 of this bill
9 already before we get down to the Powers and Duties of the
10 State Geologist. And everything on page 33 under Powers and
11 Duties of State Geologist are things that are already in
12 existing law, and you go to page 34 and down through number
13 nine, that's existing law already. Number 10 and B are new.
14 Things that are capitalized are new.

15 So what this does is gives the State Geologist
16 power to appoint a person with a background in oil and gas
17 conservation to act on behalf of the Oil and Gas
18 Conservation Commission and administer and enforce the
19 applicable provisions of Chapter IV of this Title relating
20 to the Oil and Gas Conservation Commission.

21 So those are the laws that set up oil and gas and
22 geothermal.

23 And then this gives the State Geologist or
24 designee power or authority to enter well things to make the
25 inspection, which the Commission already has and will



1 retain, by the way. And then Section 26 comes in here and
2 changes the authority of the Commission.

3 And since it won't have any representative or
4 employee any more, that's being deleted, and then it adds
5 that the Geological Survey shall provide the staff support
6 to the Commission to administer the provisions of this
7 Chapter. And then it deletes the authority of the
8 Commission by crossing it out to employ personnel. Does
9 that two places. And otherwise the laws are unchanged.

10 So the other authorities of the Commission are
11 exactly the same, you still have the same powers and duties
12 to hold hearings and approve rules and everything that you
13 do now and set policy, except that the staff support will be
14 under the administrative handling of the State Geologist, I
15 guess it is. Yeah.

16 Is that the way it says?

17 Yeah.

18 So under the Geological Survey. And they are not
19 going to change the name of the Geological Survey from this,
20 I guess, either, then. So that's what the changes will be.

21 Sometimes when they write these laws they provide
22 for the transfer of persons from one agency to another.
23 This one doesn't do that. However, sometimes that's
24 understood, but that doesn't hold water really. The
25 Personnel Department thinks they have rules that would cause



1 that to happen, but I don't think that would hold water
2 either.

3 But it does say that the State Geologist has to
4 appoint somebody. So there he is. So that's the status of
5 things. There will be no office here after the first of
6 July. If this all passes, which we expect it to do probably
7 by I heard Tuesday, this morning.

8 MR. WARNE: The thing is written ambiguously in
9 that it puts the Commission in a rather -- in a rather
10 compromising position in that it does not allow the
11 Commission to select their representative; on the other
12 hand, it says they shall have the jurisdiction and authority
13 over these persons and property deemed necessary to
14 administer and enforce the provisions. Well, if you can't
15 hire the person that you are going to be responsible for,
16 then your authority is out, you know, you're normalized to
17 where you cannot be responsible, you know, for your actions.

18 So this is a typical government response, in my
19 opinion, to try and run a business.

20 DR. NATIONS: Yeah, and we pointed that out at
21 several points during the consideration of this whole
22 legislative process.

23 DR. BRENNAN: Well, this isn't a done deal yet,
24 but I suspect that this will not be changed.

25 MR. WARNE: Not at this point. Might be changed



1 next year or something. At this point, it's here.

2 DR. NATIONS: I wonder why there was no attempt
3 to say -- what do you call it -- well, to eliminate the
4 Commission at the same time.

5 DR. BRENNAN: Because it's still necessary to
6 have a body to make this kind of policy. And their first
7 thought was to eliminate the Commission and start an Oil and
8 Gas Board. And I told them why bother? You've already got
9 a Commission and they're doing a good job, so why do that?
10 And, of course, not eliminating the Commission and not
11 starting an Oil and Gas Board is easier than -- than doing
12 those things, and you don't have to write up new laws. So
13 that's apparently what they decided.

14 MR. RAUZI: What exactly is the difference
15 between a Board and a Commission?

16 DR. BRENNAN: The name.

17 MR. WARNE: Depends on what they empower you
18 with.

19 DR. BRENNAN: Right.

20 CHAIRMAN WILT: Well, maybe now would be the time
21 to ask Larry Fellows, our State Geologist, to explain what's
22 going to happen.

23 MR. FELLOWS: Well, let me first make a couple
24 comments. And I appreciate Jan's graciousness through all
25 this; I was up earlier this week sometime to visit and will



1 be coming up again next week with our business manager,
2 since we have inherited the responsibility of the 13th month
3 closeout and we are hoping that your book work is very good.

4 But this is the first time I have seen this,
5 today. Dan had it before when I was up here earlier and I
6 didn't think to ask him about it, I forgot. We talked about
7 quite a few other things. But a little background on this.

8 First of all, I did not ask for this
9 responsibility, I was told that's the way it was going to
10 be. And Keith asked how this is done in other states, do
11 any other state surveys have responsibility for oil and gas
12 regulation; and they said well, a few of them do. I thought
13 there were eight or nine, turns out there may be seven or
14 eight, something like that. And he said well, how do they
15 do it with regard to a Commission? I said I don't have the
16 foggiest idea, but I can tell you who to contact if you want
17 to find that out.

18 And I know he did contact at least two, because
19 the State Geologists immediately called me back and said
20 what's going on, we had this strange call.

21 So I am assuming that the way it's worded in here
22 closely resembles the way it's done by other state surveys
23 that have this similar responsibility.

24 I think I did talk with the State Geologist from
25 Alabama about it after he called me back and said he had had



1 a call; and he said by all means you want to have a
2 Commission to -- you want to have this kind of a structure,
3 because it's extremely important in carrying out the
4 provisions of any oil and gas law to have a governing body
5 that sets policy. And I know also that Keith contacted
6 another person whose name I had not given him, and from an
7 oil-producing state, and got similar information.

8 Now, with regard to hiring employee, I think it
9 would be ridiculous on my part to hire somebody without
10 involving the Commission. I intend to fully involve you
11 here, that's the farthest thing from my mind is to go off
12 and do it by myself. Now, after I'm gone, unless it's
13 clarified there could be some problems; but there's not
14 going to be any kind of a problem among us.

15 It's my understanding and it's kind of loose, but
16 that the Oil and Gas Program Administrator, which Steve,
17 that's your classification now, I believe.

18 MR. RAUZI: Um-hum.

19 MR. FELLOWS: Is being transferred to the agency.
20 And again, I see no reason to not continue Steve and to not
21 have somebody with expertise about how this is done and so
22 on. So we're going to try to do it essentially as is being
23 done now, with the exception of Dan, I'm sorry about. But I
24 don't see any major breaks in what we'll do.

25 There will be a major impact on us because that



1 little part there that says the State Geological Survey
2 shall provide staff support; we don't have the staff to do
3 it and I am going to have to terminate a position and
4 reclassify so we do have some secretarial support and backup
5 person in case we have a couple things going on at once or
6 Steve needs some help. So that will be not a solution that
7 answers everything, but it may help.

8 So it is going to change our operation around,
9 too; but we want to do the best we can under the
10 circumstances. And it's an important matter. I told or
11 tried to express to Keith that you can't take an agency
12 that's had four positions until recently, three, and reduce
13 it to one and expect to get the job done. And so he knows
14 that. And made the recommendation anyway. So we'll do the
15 best we can with it. That's about all I can say right now.

16 CHAIRMAN WILT: So when do you plan to start
17 moving the files and so on? Does our lease here run out on
18 the first of July?

19 DR. BRENNAN: Oh, no, our lease goes on for two
20 and a half more years; but that has a 60-day termination if
21 the money is not appropriated for rent. And the lease says
22 that the Executive Director is the exclusive person to make
23 that determination. So I shall have to make that
24 determination pretty quick. And notify the landlord of that
25 provision, remind them of that provision, and tell them we



1 are terminating.

2 I got a rent bill yesterday which I have to pay.
3 I don't know, and I'd like some direction from you, whether
4 to notify them with that rent bill now or to wait until the
5 bill is passed. I think it's silly to wait, I'm sure that
6 if a miracle happens and the State finds a trillion dollars
7 and they fund us that they'd be glad to just continue in our
8 lease here, don't think there is any problem with that. I
9 think it's probably prudent to notify them right now.

10 CHAIRMAN WILT: How long do you think the move
11 will take, Larry, and what do you recommend?

12 MR. FELLOWS: I would think first of all that it
13 should be done as quickly as possible. I don't think there
14 is any likelihood that's going to change. Right now they
15 have the recommendations for most of the agencies, they are
16 just working on K-12 education and the universities. I
17 don't think they are going to likely go back and change
18 anything they have done before.

19 And so the conversations that we've had with the
20 facilities management people in DOA, they suggest it be done
21 immediately. In fact, they would like to have had it done
22 last week. But we, on the other hand, I don't think we have
23 any authority to do anything until July 1 anyway. It's a
24 gray area and they don't do this very often.

25 CHAIRMAN WILT: And do you have rooms down in



1 Tucson?

2 MR. FELLOWS: Well, that's another matter; we
3 have room, I don't know where it's going to be yet, but
4 we're going to make room. And we're short on rent money,
5 they did not allow us any increase for rent; so that's part
6 of the reason for terminating a position. I'm looking at a
7 \$10,000 shortfall that I know right now. And that doesn't
8 include the provision for secretarial support and so on.
9 But we can make room in our building. It may require that
10 we move some of our cuttings and cores into another
11 facility, but we will have room.

12 CHAIRMAN WILT: And will the State help you move,
13 like do they have moving vans and so on? Or who does that?

14 MR. FELLOWS: I don't believe the State does
15 that, but there is money budgeted for moving expense.

16 DR. BRENNAN: When we moved here we had to go out
17 for bids and we worked through DOA, but we also worked, you
18 know, with the movers and we went for bids. Don't take the
19 cheapest one like we did. Didn't quite work out.

20 MR. RAUZI: Came over and did it in the evening;
21 didn't he?

22 MR. FELLOWS: Do you remember how much it cost to
23 move over to here?

24 DR. BRENNAN: I can find out.

25 MR. RAUZI: Well, I remember that the guy didn't



1 count on these samples being the job that it was, and he
2 ended up doing it in the evening on his own time because the
3 company, you know, they made their deal; so he's the one
4 that swung the deal, so he was over here in the evenings
5 filing samples.

6 DR. BRENNAN: He underbid so drastically.

7 MR. RAUZI: I don't understand why they're moving
8 around all these rocks and dirt. We said that's in
9 sequence, you know, get them in order. He said boy, these
10 guys are nuts. They didn't understand the importance of the
11 samples really. So that was something.

12 MR. FELLOWS: As I mentioned, I'm going to bring
13 our business manager up next week sometime, I'll make
14 arrangements with Dan as to what's a good time; and she
15 wants to look at books and she is going to help, she'll be
16 doing a lot of the arrangements.

17 MR. WARNE: You have a business manager?

18 MR. FELLOWS: Yes.

19 MR. WARNE: How big is your Department?

20 MR. FELLOWS: We have 13 employees.

21 MR. WARNE: What the hell do you need a business
22 manager for?

23 MR. FELLOWS: Well, you can call it a secretary
24 or an accountant; and I call her business manager because
25 she is responsible for all of the facilities, the personnel.



1 MR. WARNE: She's your administrative assistant.

2 MR. FELLOWS: Well, sure. That's the title that
3 she carries in State government, is business manager.

4 MR. WARNE: Gives her more money.

5 MR. FELLOWS: Well, it still doesn't give her
6 what she's worth, but we couldn't function without her. We
7 do a lot of contracted projects and have a whole lot of
8 different accounts, and it's kind of a nightmare.

9 DR. BRENNAN: Well, she will have several new
10 ones, because this does leave intact all the different
11 accounts of the Oil and Gas Commission. You may not be
12 aware of it, but there is a fund that we have for bonds,
13 there is a fund where all the permit fees go, there is a
14 fund where income from copies goes, and then there is a
15 publications revolving fund; so there are those four funds
16 that will be additional funds for her to take care of. She
17 will be glad to hear that.

18 CHAIRMAN WILT: So do you plan to start trying to
19 get the move done the first of July?

20 MR. FELLOWS: As quickly as we can. For one
21 thing, there is a money problem. There is not any money to
22 operate the agency here after July 1. So after July 1 it's
23 on us.

24 CHAIRMAN WILT: And I thought I heard that you
25 had a hiring freeze. This is going to be an exception?



1 MR. FELLOWS: Everyone has a hiring freeze, not
2 just us. And I don't know yet whether that's been lifted or
3 not. I've heard rumors that it has, but we have not
4 received anything. That wouldn't involve transferring a
5 position.

6 CHAIRMAN WILT: I was just wondering that if you
7 had a vacant position could you hire Dan temporarily to
8 oversee the move, you know, for a month or two or whatever.

9 MR. FELLOWS: We don't have an empty position.

10 CHAIRMAN WILT: Okay. Does anyone else on the
11 Commission have questions for Larry?

12 DR. NATIONS: Yes. I presume the Commission
13 continues to set its own agendas? And if we -- so the
14 question comes to mind, do we meet in Tucson, do we continue
15 to meet in Phoenix, or is it up to us, do you have any
16 opinions about that?

17 MR. FELLOWS: Well, my -- I think it would be
18 most appropriate if you continue to meet in Phoenix just
19 from the fact that Jan is the only one from Tucson that'll
20 be there. So seems to me like it would be a lot more
21 logical for you to continue. But I suspect that would be
22 something that you'd want to decide.

23 DR. NATIONS: Well, in the past we have met in
24 different places anyway, not in the past few years; but we
25 used to do that, so we could certainly schedule meetings in



1 Tucson.

2 CHAIRMAN WILT: Will there still be money in the
3 budget to pay the Commissioners' travel expenses? Like Dale
4 coming from Flagstaff to Tucson is going to be --

5 MR. FELLOWS: There is an amount budgeted.

6 DR. BRENNAN: There are meeting rooms in some of
7 the public buildings that you could use; for instance, there
8 is one in the basement of the West Wing that's a reservable
9 meeting room. And there are other buildings, I'm sure, that
10 have spaces that you could use for meetings. And there is,
11 of course, a big State office complex in Tucson where you
12 can probably get a room with a month or so advance notice.
13 I'm sure you could find places to meet. They used the City
14 Hall one time up there in Flagstaff. I'm sure you could
15 find room.

16 MR. RAUZI: This would be the appropriate time
17 for me to ask a question?

18 CHAIRMAN WILT: Yes.

19 MR. RAUZI: Hopefully you will take the computer,
20 because we have got all of our well database on that
21 computer and many other things.

22 MR. FELLOWS: My understanding is that all
23 equipment transfers. So I don't think that's a problem.
24 And there is money in the budget for a replacement computer.
25 \$2,700 to replace the computer that Dan had requested.



1 CHAIRMAN WILT: Is there anything else you want
2 to add, or think of anything else?

3 MR. FELLOWS: Not really, other than to just do
4 the best during the transition to make it work, and express
5 my appreciation to Dan for his support through all this
6 uncertainty. And bad news for his part.

7 DR. BRENNAN: Mr. Pomeroy, did you have something
8 you wanted to say?

9 CHAIRMAN WILT: It's time for the call to the
10 public.

11 DR. BRENNAN: I think he wanted to talk about
12 this anyway.

13 MR. POMEROY: I appreciate the opportunity to
14 eavesdrop here on this situation. I could say that we are
15 certainly disappointed in the turn of events of the
16 Legislature here. I have done some investigation and I can
17 say that it was highly unsuccessful and really a brushoff,
18 as far as that's concerned. It appears to me that the mind
19 is made up and that the Commission is due for extinction.

20 This to me is a bad -- I represent the other side
21 of this business. I'm an entrepreneur, of course, is a
22 polite word for a promoter. In going back over my
23 experiences, I've had some experience in gas wells in
24 Louisiana and some oil in Texas and Missouri. There was
25 always somebody that you could go to and talk over these

1 what your needs were. And you would have a consensus of
2 different people, which means something, see, in the raising
3 of money that goes into these deals.

4 Now, as I said before, there isn't anything
5 that's more unique than wildcatting. And unless there is
6 some real support and some real selling, it doesn't happen.
7 That's what I'm afraid is going to happen to our state here,
8 particularly in this geothermal business. There is a fog
9 over geothermal business here in the state of Arizona,
10 primarily because of those wells out in the Higley area.
11 That's one of the main reasons unless they were put into
12 production why it's a stigma. Yet there are vast areas that
13 are recommended for investigation and drilling perhaps in
14 the state of Arizona.

15 When you stop and think about the fact, this one
16 fact that 25 percent of the energy needs of the state of
17 California is produced from geothermal energy, it puts us to
18 shame. Now, there have been millions, hundreds of millions
19 of dollars that have gone into -- into California from the
20 United States government. We haven't had one nickel really
21 in comparison to what they've had over there. We won't get
22 any unless there is a Commission or some activity of some
23 sort in speaking up.

24 The Energy Commission has called numerous times
25 for voices, an individual like me going in there and making



1 suggestions to those people is like a guy from kindergarten
2 trying to enter your classes up in ASU -- or I mean Northern
3 California -- Northern Arizona University; so the power is
4 invested in a Commission and it's recognized as a universal
5 way of doing business, and I feel badly about it. I wish
6 there was something more I could do.

7 CHAIRMAN WILT: Well, thank you for your efforts
8 on our behalf, Mr. Pomeroy. We appreciate your support.

9 Is there any other items?

10 Larry?

11 MR. FELLOWS: Jan, I would like to respond to
12 Mr. Pomeroy. The Arizona Geological Survey was funded by
13 the Department of Energy for a five-year, '77 to '82 to
14 study geothermal potential in Arizona, and we've got a lot
15 of reports on our shelves that the project was terminated in
16 '82. Since then we have had practically no requests for
17 that. All those reports are listed on our publication list.
18 And it's like everything else. It's a matter of economics.
19 If you can get cheap energy someplace else, there is not
20 going to be a demand to try an unconventional new technology
21 that hasn't been proven yet. So we still have all of that
22 information.

23 MR. POMEROY: I don't think your information is
24 of a recent date. I think your highest or your nearest date
25 is 1978.



1 MR. FELLOWS: No, our final report was done in
2 '82; and most of the reports that came out they are open
3 file reports, but they were done from '80 to '82. And
4 there's not been a whole lot -- well, that was just to
5 assess the potential in Arizona. We didn't do any
6 exploratory drilling or anything like that. But we also
7 have in addition to -- Steve will have at least two other
8 geologists that you can come and talk with about the
9 geologic framework of the state, so I just want to point
10 that out to you.

11 MR. POMEROY: Well, of course, our efforts have
12 been primarily with the two existing wells and how to get
13 them producible, if possible. And insofar as other areas,
14 we just know they're out there, we're not particularly
15 interested in going out there at this time.

16 CHAIRMAN WILT: Mr. Pomeroy, I suggest that you
17 talk to Mr. Fellows after the meeting and you'll find him a
18 source of a lot of information. Thank you for your
19 comments.

20 Are there any other announcements?

21 MR. RAUZI: Maybe I ought to bring something up
22 here. I should have brought it up earlier.

23 But I got a call, I guess it was about a week
24 ago, from Frank Mancini over at the Department of Commerce.
25 And this is a followup to something that we had brought up



1 in an earlier meeting. He has been in touch with Kaufman
2 out of Albuquerque, and he's requesting \$600,000 to fund his
3 project, hot rock geothermal project at Nutrioso, and he was
4 calling up wondering how much it would cost to drill a well.
5 I came up with a number, I said about 500,000 in my
6 estimation, plus or minus; and he said well, he said,
7 600,000; and he said we are in the ballpark, because you
8 don't know for certain.

9 And this is something Dan had on one of his
10 earlier agendas, and you might remember it, he wants to
11 drill down into the granite, drill 6,000 feet into the
12 granite. If the temperatures are sufficient, he wants to
13 drill a couple wells, fracture between them, and circulate
14 through them. So this project is still in the works. And I
15 guess it really hinges on this overcharge money that the
16 State has they are going to contribute to this project.

17 Since we are talking about geothermal I thought
18 maybe I ought to bring that to your attention. Just
19 reminded me of it.

20 CHAIRMAN WILT: Okay, I guess the next item is
21 our next meeting. Any suggestions as to time?

22 Are you busy for the summer, Dale?

23 DR. NATIONS: I'll be around. I'll be available
24 all summer.

25 CHAIRMAN WILT: Dan, would our regular meeting be

1 in August or July?

2 DR. BRENNAN: Well, it would be in August really,
3 because this is really your June meeting. But that's up to
4 you, of course. I don't know if I even have a calendar.

5 So the third Friday would be the 16th.

6 CHAIRMAN WILT: Okay, the third Friday in August
7 is the 16th. Barbara, Jim, are you going to be around then?

8 MS. MURPHY: I should be back here.

9 MR. WARNE: I don't know.

10 CHAIRMAN WILT: How about you, Dale, 16th okay?

11 DR. NATIONS: That kind of rings a bell with
12 something I planned to do up on the reservation, and I don't
13 have my calendar here.

14 CHAIRMAN WILT: I think school at the University
15 starts that next week like the 22nd.

16 DR. NATIONS: Always start pretty close to there.
17 Well, let's see now. The move will be July.
18 Everything will be in Tucson in August.

19 CHAIRMAN WILT: What about your plans for August,
20 Larry?

21 MR. FELLOWS: 16th is fine.

22 DR. NATIONS: But I would suggest schedule it for
23 that if it seems like we have a majority able to go.

24 MS. MURPHY: And you will choose the place?

25 CHAIRMAN WILT: Well, let's do that now.

1 DR. NATIONS: Unless you want to wait until
2 September. Do we need to meet in August?

3 DR. BRENNAN: You don't know when you need a
4 meeting.

5 CHAIRMAN WILT: We don't know if there are
6 hearings or what's going on.

7 MR. WARNE: Why don't we set it in September and
8 if you find it's a need.

9 CHAIRMAN WILT: What about budget, isn't that
10 what we normally do in August?

11 DR. BRENNAN: You don't have any budget
12 responsibilities any more.

13 MR. FELLOWS: But the budget is done in August.
14 Yes, it would be a lot better for me.

15 MS. MURPHY: Do you need our input for some of
16 it?

17 MR. FELLOWS: Good question. I'm probably not
18 going to know a lot more about it then than I do right now.
19 In fact, we probably won't know enough about it until the
20 next budget cycle.

21 DR. BRENNAN: I think they are talking about your
22 budget request. They have always approved our budget
23 requests and, of course, you have to make that up sometime
24 in August. 'Cause, you know, it's due September 1st, but
25 often it's not done by the 16th, to be real honest with you.



1 It's a hateful project, I think it tends to get put off; and
2 it does get more complicated every year, seems like.

3 MR. FELLOWS: The budget request, unless there's
4 something to request for the oil and gas activity, which I
5 don't know enough now to even know what to ask for for the
6 coming year. And I don't expect that you will be approving
7 our whole geological survey budget.

8 DR. BRENNAN: No. You know, there are some
9 issues that are going to come up. For instance, one is the
10 car. Currently we have the car that's run out of the motor
11 pool here in Phoenix. And how will that be handled? I
12 mean, there's just a myriad of little details that need to
13 be taken care of.

14 MR. FELLOWS: Can I ask a question on that? Does
15 the Commission which sets policy get involved with things
16 like cars and operating expenses and things like that?

17 DR. NATIONS: What we've done recently is
18 basically the budget is put together by Dan, the Executive
19 Director, and then the Commission reviews it before it is
20 submitted. Seems to me like we've done that in September
21 though; haven't we?

22 CHAIRMAN WILT: Generally.

23 DR. NATIONS: Then after it's done in August,
24 then we ask to be able to review it before it's submitted.

25 DR. BRENNAN: And it has always had to be



1 approved by the Chairman, signed someplace on there by the
2 Chairman.

3 DR. NATIONS: Would September be a reasonable
4 time to do that, Dan? That would be; wouldn't it?

5 DR. BRENNAN: We had tried in recent years to get
6 you together in August because it has to be submitted by
7 September 1st. You can make changes in it after September
8 1st, but I think until October 1st or something like that;
9 and then you can't do it any more without approval of the
10 Chairman of the Joint Budget Committee; so I had always
11 tried to get it to you in August if I could get you
12 together.

13 MS. MURPHY: Will it have a separate budget?

14 MR. FELLOWS: There will not be a separate budget
15 at all.

16 MR. RAUZI: The important thing about the car is
17 that it has to be ready to go whenever you get a call. You
18 have, of course, your regularly scheduled inspections; but,
19 for instance, we are not going to know when he is going to
20 be ready to do that MIT and get that pipe until he gets
21 together with the people he is dealing with, and he will
22 call up 24 hours or 48 hours in advance and set a date. And
23 we had to rent a car because our car was vandalized, and we
24 called the motor pool; and there's no way you can get a car
25 on short notice down there.



1 CHAIRMAN WILT: You have your own cars; don't
2 you?

3 MR. FELLOWS: Well, there is money in the budget.
4 There is \$52,500 transferred with the position and the
5 responsibility. And there's money in there for a rented
6 vehicle. And there is going to be a vehicle available at
7 all times.

8 CHAIRMAN WILT: So at the Survey you have your
9 own vehicles, they are not part of the pool?

10 MR. FELLOWS: That's right, we own five vehicles.
11 But they are in field duty, they are all out. So it is
12 going to be very important to have a car available and
13 dedicated to the person who is doing the inspections and so
14 on.

15 CHAIRMAN WILT: It would seem to me it would be
16 cheaper to buy a car.

17 DR. BRENNAN: We may end up with a hybrid fleet,
18 we may have his own cars and a motor pool car and they may
19 just transfer the car to his, I don't know how they want to
20 do it. Maybe they have a motor pool in Tucson.

21 MR. FELLOWS: We already have a hybrid fleet. We
22 already own some of our own and some of which were purchased
23 partly with federal funds; so it's not simple anyway. I
24 don't see that as a problem.

25 DR. BRENNAN: No, it's just a detail that you



1 have to handle. It's paper that he has to shovel.

2 DR. NATIONS: I'd like to clarify in my own mind.
3 Now, the function, our relationship to the State Geologist
4 will be you will -- you have to put the budget together.

5 MR. FELLOWS: Yes.

6 DR. NATIONS: We would like some input into that
7 budget. So do you know when you are going to be in a
8 position where our input would be most timely?

9 MR. FELLOWS: I am going to be submitting that
10 budget on September 1. And I will be spending as much --
11 it's going to take all of August to do it. Now, as Dan
12 said, it can be modified after submittal. There is no
13 problem with that. It would be ideal to have some input,
14 say, in mid August. But again, I'm kind of new at this and
15 I'm trying to visualize what kind of input you are going to
16 want on here, because unless we have a policy issue or
17 something like that, it's going to be just cost to continue.
18 Unless we have new equipment that needs to be replaced or
19 something like that. That's a possibility there, the
20 equipment might be an important consideration.

21 DR. BRENNAN: Well, even there you are going to
22 know the condition of the equipment a lot better than the
23 Commissioners. They don't know about the computer that I
24 recommended that we replace. They don't know about the
25 condition of that copier. It has gotten better since you



1 were here, but it cost about \$500.

2 So really, if you are the administrator, State
3 Geologist really has to take that upon himself to make sure
4 that things are done right. And that's what I've always
5 tried to do here. And I'm sure Larry or whoever is in that
6 position will do it. And there's really not a lot -- you
7 don't really know enough to have the input except to make
8 sure that he's got a section in there for you.

9 And I think probably you are going to have to
10 have that as a separate program, aren't you? I hadn't even
11 thought about that before.

12 MR. FELLOWS: I don't know whether we do or not.

13 DR. BRENNAN: Like these other departments have
14 programs and you might just do that as a program, and that
15 might -- at least the first year, so it would make your
16 thinking and bookkeeping clear. But, you know, there are
17 ways that this could be handled. But basically you will
18 want to assure that he's made some provision for the
19 following year for you. If you are not happy that year,
20 then you can go to the Legislature and yell at them. But,
21 you know, basically this is the administrative job.

22 CHAIRMAN WILT: So when would you prefer that we
23 meet, Larry, in August or September?

24 MR. FELLOWS: I would think September would
25 probably be the best. We'd have all of the thinking done on



1 it and then we'd have it submitted, but you'd still have a
2 chance to look at it and he can explain what we are asking
3 for and assure you that we have got funding in to cover
4 these activities; and if something comes up at that time, we
5 could modify it.

6 DR. NATIONS: I think that's what we need, is
7 just to review. Because we obviously don't need to decide
8 how much paper needs to be bought and things like that.
9 Couldn't anyway. We couldn't agree on it.

10 MR. FELLOWS: I can see some things coming up
11 though, Jan, if, for example, drilling activity steps up for
12 some reason, then we might want to go in and we will want to
13 go in and ask for extra positions, extra support. But right
14 now I don't think at this time that it's going to do any
15 good to ask for extra support when they just took it away.

16 CHAIRMAN WILT: Okay, the third --

17 DR. NATIONS: I would like --

18 CHAIRMAN WILT: The third Friday in September is
19 the 20th of September.

20 MR. FELLOWS: I am going to be out of town at
21 that time.

22 MR. WARNE: I'm glad that he's decided.

23 MR. FELLOWS: The second Friday or the fourth
24 Friday or actually the first Friday. The third one is the
25 only one I'm out of town.



1 DR. NATIONS: Why don't we schedule for the
2 second? We traditionally meet on the third Friday every
3 other month, that was what we were trying to follow; but
4 that obviously doesn't have to be kept. Let's move to the
5 second Friday of every other month.

6 DR. BRENNAN: Sometimes it's the last Friday.

7 CHAIRMAN WILT: Well, I think the 13th. Oh, gee.

8 MR. FELLOWS: Friday the 13th?

9 MR. RAUZI: Heck of a note.

10 MR. FELLOWS: Would you rather have it the 27th?

11 DR. NATIONS: In Tucson?

12 CHAIRMAN WILT: I think it would be best to do it
13 in Tucson just to see what arrangements have been made.

14 MS. MURPHY: I think we should see the
15 facilities. Larry can take us on a tour.

16 MR. FELLOWS: That might have merit. We do have
17 a conference room there that we can use, about the same size
18 as this.

19 CHAIRMAN WILT: Actually the 6th would be a
20 little bit more convenient for me. It would allow me to
21 leave the last part of September to go back to the midwest.

22 DR. NATIONS: Fine with me.

23 CHAIRMAN WILT: Do you have any objection to
24 that, Jim?

25 MR. WARNE: 6th?



1 CHAIRMAN WILT: 6th of September.

2 MR. WARNE: If I am here, I will be here.

3 MR. FELLOWS: See, he writes with a pencil, so he
4 is very flexible.

5 MR. WARNE: I couldn't do anything with a pen. I
6 don't understand those mathematicians that use a pen.

7 MR. FELLOWS: September 6 then.

8 CHAIRMAN WILT: So the next meeting is set for
9 Friday, September 6th, at the Arizona Geological Survey in
10 Tucson. And it is -- you all know where that is, at 845
11 North Park.

12 MS. MURPHY: 10:00 a.m.?

13 MR. RAUZI: That will have to be prepared and
14 sent and will have the address on it.

15 DR. NATIONS: Well, I can make it down here by
16 10:00; but if it's in Tucson, I will just have to go the day
17 before.

18 MS. MURPHY: Do you want to make it noon? That
19 will be okay.

20 DR. BRENNAN: Then he can't get back.

21 CHAIRMAN WILT: Let's set it for 10:00 o'clock.
22 Okay, the meeting is adjourned.

23 (Concluded at 11:20 a.m.)

24 * * * * *

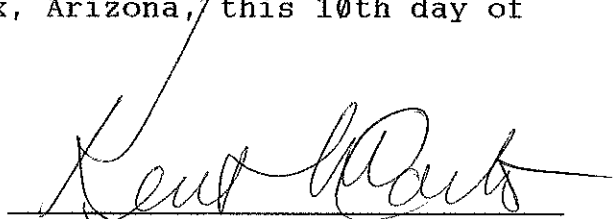
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C E R T I F I C A T E

I HEREBY CERTIFY that the proceedings had upon the foregoing hearing are contained in the shorthand record made by me thereof, and that the foregoing 43 pages constitute a full, true, and correct transcript of said shorthand record, all done to the best of my skill and ability.

Dated at Phoenix, Arizona, this 10th day of June, 1991.


KENT L. CARTER, RPR, CM
Court Reporter

