

OIL & GAS CONSERVATION COMMISSION
MINUTES OF MEETING/SEPTEMBER 17, 1999
STEVEN L RAUZI, OIL & GAS ADMINISTRATOR



Jane Dee Hull
Governor

State of Arizona
Arizona Geological Survey
416 W. Congress, Suite 100
Tucson, Arizona 85701
(520) 770-3500



Larry D. Fellows
Director and State Geologist

NOTICE OF COMBINED PUBLIC MEETING AND POSSIBLE EXECUTIVE SESSION

OIL AND GAS CONSERVATION COMMISSION

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the members of the Oil and Gas Conservation Commission and to the general public that the Oil and Gas Conservation Commission will hold a meeting open to the public on September 17, 1999, at 10:00 a.m. in Room 500 of the State Capitol located at 1700 West Washington, Phoenix, Arizona 85007. 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 the Minutes of Meeting of May 7, 1999
3. Statement of the Director and State Geologist
4. Report of Oil & Gas Program Administrator
5. Ridgeway Arizona Oil Corp CO₂ Project
6. Executive Session
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. § 38-431.03(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 Oil and Gas Program Administrator's office, 416 West Congress, Suite 100, Tucson, Arizona 85701.

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 up a time limit on individual comments.

Dated this 3rd day of September 1999

OIL AND GAS CONSERVATION COMMISSION

Steven L. Rauzi
Oil and Gas Program Administrator

Persons with a disability may request a reasonable accommodation such as a sign language interpreter, by contacting Steve Rauzi at (520) 770-3500. Requests should be made as early as possible to allow time to arrange the accommodation. This document is available in alternative formats by contacting Steve Rauzi at (520) 770-3500.

OIL AND GAS CONSERVATION COMMISSION

416 West Congress #100
Tucson, Arizona 85701

Minutes of Meeting
May 7, 1999

Present:

Dr. J. Dale Nations, Chairman
Dr. Donald W. Clay, Member
Mr. James C. Lanshe, Member
Mr. Zed Veale, Member
Mr. Michael E. Anable, State Land Commissioner
Dr. Larry D. Fellows, Director and State Geologist
Mr. Steven L. Rauzi, Oil and Gas Program Administrator

The regular Commission Meeting of May 7, 1999, was called to order by Dr. J. Dale Nations, Chairman, at 10:00 a.m. in Room 500, State Capitol Tower, Phoenix, Arizona.

APPROVAL OF THE MINUTES OF THE MEETING OF JANUARY 15, 1999

Mr. Veale moved, seconded by Dr. Clay:

THAT THE MINUTES OF THE MEETING OF JANUARY 15, 1999, BE
ACCEPTED AS PRESENTED.

Motion carried unanimously.

STATEMENT OF DIRECTOR AND STATE GEOLOGIST

Dr. Fellows reported that the Arizona Geological Survey was closing out the fiscal year, which ends June 30. He noted that he would be doing performance evaluations then planning projects for the next year after that.

REPORT OF THE OIL AND GAS PROGRAM ADMINISTRATOR

The activity report of Mr. Rauzi was sent to the Commissioners and has been made a part of these minutes. Mr. Rauzi reported that 2 wells at the AmeriGas LPG Facility were tested for mechanical integrity, that Commissioner Lisa Worthington was moving to New Zealand and would be resigning, and that his Open File Report OFR 99-2 about CO₂ in the St. Johns - Springerville area was now available.

STATUS OF ACTIVE WELLS

Mr. Rauzi reported that CNA Surety was anxious to get the Petro Sun 15-1 well plugged and abandoned. However, the current work load of the driller of 1st choice would cause a delay.

Mr. Rauzi reported that Ridgeway submitted a written request on January 20, 1999, to extend the shut-in status for its 10 wells near St. Johns through January 2000. He pointed out that 3 of the wells were on leases that Ridgeway had relinquished on January 15, 1999. He recommended an extension for the 7 wells on the active leases but no extension for the 3 wells on the relinquished leases. Mr. Rauzi advised that the oil and gas rules would require the 3 wells not granted an extension to be properly plugged and abandoned before the performance bond could be released on the wells.

Mr. Lanshe moved, seconded by Dr. Clay:

TO ADOPT THE RECOMMENDATION OF THE ADMINISTRATOR

Motion carried unanimously.

STATUS OF UNITED GAS SEARCH BOND

Mr. Rauzi passed out written concurrence from counsel, pursuant to the Commission's amended motion of January 1997, to reimburse Mr. Rodney Ratheal from the forfeited bond for the costs that he incurred in restoring the abandoned United Gas Search location.

STATUS OF OIL AND GAS BILL

Mr. Rauzi reported that the Governor had signed HB 2332 on Thursday, April 29, 1999.

CALL TO THE PUBLIC

Mr. Don Riggs summarized the status of Ridgeway Arizona Oil Corporation's carbon dioxide project to date. He discussed Ridgeway's plan to install some refrigeration units and market liquid CO₂ in the Phoenix and Tucson areas.

Mr. Clarence Bigelow expressed Apache County's support for Ridgeway's project. He described the county's anticipation that economic benefits from the CO₂ project would help offset the downturn in the cattle and timber industries.

ANNOUNCEMENTS

The next meeting was scheduled for September 17, 1999, in Room 500 of the Capitol Tower.

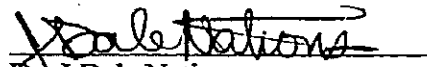
ADJOURNMENT

Mr. Lanshe moved, seconded by Dr. Clay:

THAT THE MEETING BE ADJOURNED

Motion carried unanimously. Time of adjournment was 10:40 a.m.

APPROVED


Dr. J Dale Nations
Chairman

GUESTS IN ATTENDANCE

Clarence Bigelow	Apache County Manager
Paul J. Buff	U.S. Bureau of Land Management
Theresa Craig	Assistant Attorney General
Jon Fiegen	Assistant Attorney General
Gary Kiehne	Self / Snow Oil and Gas
Chet Oakley	State Land Department
Michael J. Rice	State Land Department
Don Riggs	Ridgeway Arizona Oil Corporation
Doug Sawyer	Department of Mines and Mineral Resources
Delwin Wengat	Apache County
Thomas White	Ridgeway Arizona Oil Corporation



Jane Dee Hull
Governor

State of Arizona
Arizona Geological Survey
416 W. Congress, Suite 100
Tucson, Arizona 85701
(520) 770-3500



Larry D. Fellows
Director and State Geologist

September 3, 1999

To: Oil and Gas Conservation Commissioners
From: Steven L. Rauzi, Oil and Gas Program Administrator
Re: Activity Report for September 17, 1999, Meeting

No new permits have been issued since your last meeting on May 7, 1999. However, I have had one request for an application to drill from an individual that hopes to drill a well in northern Arizona by the end of the year. There have been no other requests for applications. Premco Western is currently drilling at a depth of about 450 ft on its well in northwestern Arizona.

The PetroSun well near Concho is still waiting to be plugged. I have been staying in contact with a driller from Snowflake about plugging this well since your last meeting. Hopefully, this driller will be able to schedule the plugging of the well in the next month or so.

Ridgeway Arizona Oil Corporation's carbon dioxide project continues to be the main activity in the state. Ridgeway's project will be one of the agenda items for this meeting.

I am continuing to work on a set of southwest-northeast and northwest-southeast well-log sections across the Holbrook salt basin. Each set will consist of a stratigraphic and structural section.

James C. Lanshe P.A.
9349 North 87th Way
Scottsdale, AZ 85258

August 26, 1999

Mr. Steve L. Rauzi
Oil & Gas Program Administrator
Arizona Geological Survey
416 W. Congress, Suite 100
Tucson, Arizona 85701

Dear Steve:

I want to take this opportunity to accomplish several things. First, I would like to acknowledge receipt of your letter dated August 10, 1999. Next, I would like to inform you of a change of address which will be effective as of October 1, 1999. Specifically, my new address will be:

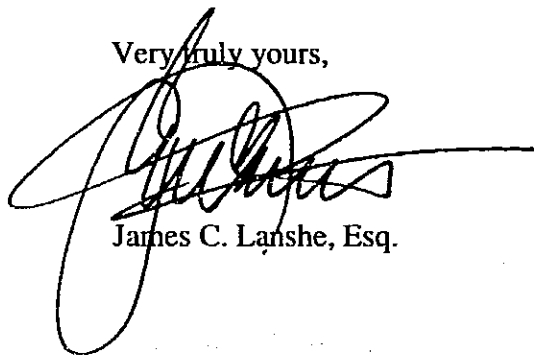
James C. Lanshe
9349 North 87th Way
Scottsdale, AZ 85258

I expect that my Arizona telephone number will remain the same: (480) 483 - 1590.

Lastly, I want to raise with you the issue of my ability to continue as a member of the Oil and Gas Conservation Commission. As you know, I have been spending a great deal of time in New York, and it is probably impractical for me to continue as a member of the Commission, inasmuch as I am in New York more than Arizona these days. In fact, I probably will not be able to make the September meeting. Please give me a call at (212) 509 - 1700 to discuss this matter.

Best Regards.

Very truly yours,



James C. Lanshe, Esq.

Oil & Gas Conservation Commission Mtg Sept. 17, 1999

<u>Name</u>	<u>Representing</u>
Paul J. Buff	Bureau of Land Management
Ann Osborn	R&R Partners
Thomas White	Ridgeway AZ oil corp
Mike Rice	State Land
Angie Amundson	Ridgeway
Randy Hillier	OSPB
Marc Steadman	Atty Genl.
Rep Sean McGrath	Legislature