



OIL & GAS CONSERVATION COMMISSION  
MINUTES OF MEETING/NOVEMBER 5, 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 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 an executive session pursuant to A.R.S. § 38-431.03 to consult with its attorney, which will not be open to the public, on November 5, 1999, at 10:00 a.m. in Room 400 of the State Capitol Tower located at 1700 West Washington, Phoenix, Arizona 85007.

The agenda for the meeting is as follows:

1. Call to Order
2. Approval of Minutes of Meeting and Executive Session of September 17, 1999
3. Executive Session
4. Adjournment

Dated this 25th day of October 1999

OIL AND GAS CONSERVATION COMMISSION

A handwritten signature in cursive script that reads "Steven L. Rauzi".

Steven L. Rauzi  
Oil and Gas 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  
September 17, 1999

Present:

Dr. J. Dale Nations, Chairman  
Dr. Donald W. Clay, Member  
Mr. Robert L. Jones, Member  
Mr. Zed Veale, Member  
Dr. Larry D. Fellows, Director and State Geologist  
Mr. Steven L. Rauzi, Oil and Gas Program Administrator

The regular Commission Meeting of September 17, 1999, was called to order by Dr. J. Dale Nations, Chairman, at 10:00 a.m. in Room 500, State Capitol Tower, Phoenix, Arizona.

Dr. Nations introduced the new Commission member Mr. Robert L. Jones. Mr. Jones described his background.

APPROVAL OF THE MINUTES OF THE MEETING OF MAY 7, 1999

Dr. Clay moved, seconded by Mr. Veale:

THAT THE MINUTES OF THE MEETING OF MAY 7, 1999, BE  
ACCEPTED AS PRESENTED

Motion carried unanimously.

STATEMENT OF DIRECTOR AND STATE GEOLOGIST

Dr. Fellows described his attendance at the annual meeting of the Association of American State Geologists. He reported that the Arizona Geological Survey (AZGS) distributed more than 11,000 geologic reports and maps in fiscal year 1999 and released 35 open-file reports, 4 contributed maps, 3 contributed reports and 4 digital information products.

Dr. Fellows reported that in early June he learned that Ridgeway Arizona Oil Corporation (Ridgeway) had a serious concern about the release of OFR 99-2, which was a geologic report on the CO<sub>2</sub> area near St. Johns. He reported that he attended a meeting on July 13, 1999, to discuss what the concerns were and ways to resolve them. The meeting was also attended by Mr. Steve Jewitt of the Governor's Office, Mr. Marc Steadman and Ms. Laurie Hachtel of the Attorney General's Office, Chairman Dale Nations, Mr. Don Riggs of Ridgeway, Representative Jake Flake from District 4, and Mr. Marc Osborn, public relations person for Ridgeway. Mr. Osborn agreed to put together a list of specific concerns and get together again in September.

Dr. Fellows reported that he attended a public meeting of the House Natural Resource Committee in Springerville on August 17, 1999. At the meeting, Ridgeway described their CO<sub>2</sub> project and distributed a concept paper on reforming the Oil and Gas Commission and the Arizona Geological Survey. Dr. Fellows handed out a copy of the concept paper Ridgeway distributed at the Springerville meeting and discussed the three issues they presented. Those issues included moving the Commission to the Department of Mines and Mineral Resources, restricting the publication of public records involving active oil and gas developments, and amending oil and gas rules to be more consistent with those in the State of New Mexico. He reported that the Speaker of the House and eight Committee chairs attended the Springerville meeting.

Dr. Fellows reported that the biennial budget and strategic and information technology plans were submitted. Subsidence in Arizona will be featured in the fall issue of Arizona Geology, which was now at the printer. He reported that he recently attended the annual meeting of the Western States Seismic Policy Council. The AZGS recently completed a map showing earthquake hazards in Arizona, which was a cooperative project with the Department of Emergency and Military Affairs, the Arizona Council on Earthquake Safety, and the Federal Emergency Management Agency.

Dr. Fellows reported that the AZGS was starting to plan for Earth Science week, which will be October 10 through 16, and described several of the projects planned that week around the state. He announced that he was starting on the Annual Report for fiscal 1999 and hoped to have it done by the next meeting.

#### 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 Premco Western was drilling at a depth of about 450 feet on its well in northwestern Arizona, that a driller in Snowflake was close to scheduling the plugging of the PetroSun well near Concho, and that he was currently working on a set of well-log sections across the Holbrook salt basin.

#### RIDGEWAY ARIZONA OIL CORPORATION CO<sub>2</sub> PROJECT

Mr. Rauzi presented a well-by-well brief of the Ridgeway project to date. He used a series of maps of the project area to summarize well locations and testing information submitted to the State of Arizona.

Mr. Marc Osborn, lobbyist for Ridgeway, explained Ridgeway's concern about the length of time well records are kept confidential and discussed several legislative reforms proposed by Ridgeway. The reforms included moving the Oil and Gas Commission to the Department of Mines and Mineral Resources to create a formal barrier between publication and regulatory functions, changing the standard for holding information confidential from substantial harm to the operator to a public purpose, and making the oil and gas regulations as similar as possible to those of the State of New Mexico.

CALL TO THE PUBLIC

Mr. Paul Buff, Bureau of Land Management (BLM), reported that two parcels of public land in the Arizona Strip District were leased in conjunction with a sale held by the New Mexico BLM. He reported that five parcels of Forest Service land in the Flagstaff area were nominated several years ago but that having a lease sale in Arizona this year would depend on the fiscal 2000 budget.

ANNOUNCEMENTS

The next meeting was scheduled for October 29, 1999, in Room 500 of the Capitol Tower.

Mr. Veale moved, seconded by Dr. Clay:

THAT THE COMMISSION GO INTO EXECUTIVE SESSION

Motion carried unanimously. The Executive Session began at 10:54 a.m.

The regular meeting resumed at 12:30 p.m.

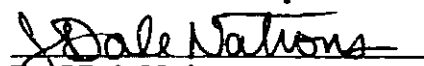
ADJOURNMENT

Dr. Clay moved, seconded by Mr. Jones:

THAT THE MEETING BE ADJOURNED

Motion carried unanimously. Time of adjournment was 12:30 p.m.

APPROVED

  
Dale Nations  
Chairman

GUESTS IN ATTENDANCE

Paul J. Buff	U.S. Bureau of Land Management
Randy Hillier	Office of Strategic Planning and Budgeting
Andy Hurwitz	Ridgeway Arizona Oil Corporation
Rep. Jean McGrath	Legislature
Marc Osborn	R & R Partners
Michael J. Rice	State Land Department
Marc Steadman	Office of Attorney General
Thomas White	Ridgeway Arizona Oil Corporation



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Larry D. Fellows  
Director and State Geologist

NOTICE

THE OIL AND GAS CONSERVATION COMMISSION MEETING  
SCHEDULED FOR OCTOBER 29, 1999  
HAS BEEN CANCELED

Post-it* Fax Note	7671	Date	10/25/99	# of pages	1
To	Paul Buff	From	Steve Rauzi		
Co./Dept.	BLM - 933	Co.			
Phone #		Phone #	520 770 3500		
Fax #	602 417 9452	Fax #			

Post-it* Fax Note	7671	Date	10/25/99	# of pages	1
To	Mike Rice	From	Steve Rauzi		
Co./Dept.		Co.			
Phone #		Phone #			
Fax #	542-4668	Fax #			

Post-it* Fax Note	7671	Date	10/27/99	# of pages	1
To	Mark Osborn	From	Steve Rauzi		
Co./Dept.		Co.			
Phone #		Phone #	520-770-3500		
Fax #	602-200-0233	Fax #			

Post-it* Fax Note	7671	Date	10/27/99	# of pages	1
To	Tom White	From	Steve Rauzi		
Co./Dept.		Co.			
Phone #		Phone #	520 770 3500		
Fax #	520 337 3162	Fax #			

Post-it* Fax Note	7671	Date	10/27/99	# of pages	1
To	Andy Hurwitz	From	Steve Rauzi		
Co./Dept.		Co.			
Phone #		Phone #	520 770 3500		
Fax #	602 640 9050	Fax #			



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Larry D. Fellows  
Director and State Geologist

October 21, 1999

Commissioner Jim Lanshe  
9349 North 87th Way  
Scottsdale AZ 85258

Dear Jim,

A draft bill has been written to implement the issues mentioned in Ridgeway's concept paper that was mailed to you by Marc Steadman. Among other things, the bill moves the Commission to the Department of Mines and Mineral Resources, prevents staff from inspecting wells and well records, and severely restricts the Geological Survey's ability to publish information on natural resources. The bill essentially guts regulation of oil and gas in Arizona.

I've enclosed the minutes from the September 17, 1999 meeting. I've also enclosed a list of Ridgeway Press Releases from their web page; a rebuttal to Ridgeway's claim of harm by Open File Report 99-2, a list of State Representatives and Senators; and an outline of discrepancies.

Sincerely,

Steven L. Rauzi  
Oil & Gas Administrator

Enclosures