

OIL & GAS CONSERVATION COMMISSION  
— MINUTES OF MEETING / JULY 28, 2006 —  
STEVEN L RAUZI, OIL & GAS ASMINISTRATOR

## 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 July 28, 2006, at 10:00 a.m. in Room 321 of the State Land Department Building located at 1616 West Adams Street, Phoenix, Arizona 85007. As indicated in the agenda, pursuant to A.R.S. § 38-431.03(A)(3) or (4), the Oil and Gas Conservation Commission may vote to go into executive session, which will not be open to the public, for discussion or consultation with its attorney.

The agenda for the meeting is as follows:

1. Call to Order
2. Approval of Minutes of Meeting of April 28, 2006
3. Report of State Geologist and Director of the Arizona Geological Survey about administrative, budget, and staff support matters
4. Report of Oil & Gas Administrator about permits issued and wells drilled, plugged, or temporarily abandoned since the last meeting
5. Discussion and possible decision about well samples received pursuant to A.A.C. R12-7-121
6. Status of new Commission web page
7. Status of Ridgeway Arizona Oil Corporation wells 22-1X State (Permit 888), 11-21 State (Permit 895), 10-22 State (Permit 896), 9-21 State (Permit 897), 12-15-30 State (Permit 900), and 11-18 State (Permit 916) and possible decision concerning request for temporary abandonment and possible report or presentation from a representative of Ridgeway
8. Call to the public
  - This is the time for the public to comment. Members of the Commission may not discuss items that are not on the agenda. Therefore, action taken as a result of public comment will be limited to directing staff to study the matter or scheduling the matter for further discussion and decision at a later date.
9. Announcements
10. Adjournment

The Oil and Gas Conservation Commission may vote to go into Executive Session, pursuant to A.R.S. § 38-431.03(A)(3) or (4), 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 Administrator's office, 416 West Congress, Suite 100, Tucson, Arizona 85701.

The public may 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 21st day of July 2006

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  
April 28, 2006

Present:

Dr. J. Dale Nations, Chairman  
Mr. Joseph J. Lane, Member  
Ms. Michele P. Negley, Member  
Mr. Robert L. Wagner, Member  
Dr. M. Lee Allison, State Geologist and Director  
Mr. Steven L. Rauzi, Oil and Gas Program Administrator

Dr. J. Dale Nations, Chairman, called the regular Commission Meeting of April 28 to order at 10:05 a.m. in Room 111, Arizona Geological Survey in Tucson, Arizona.

APPROVAL OF THE MINUTES OF THE MEETING OF JANUARY 13, 2006

Mr. Lane moved, seconded by Mr. Wagner:

THAT THE MINUTES OF THE MEETING OF JANUARY 13, 2006 BE  
ACCEPTED AS PRESENTED

Motion carried unanimously.

REPORT OF THE OIL AND GAS 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 El Paso Natural Gas permitted another stratigraphic hole in the Picacho Basin and that Ultimate Exploration and Development plugged its well near Colorado City after drilling to a total depth of 7690 ft. He noted that APS continued to monitor temperatures in its two temperature gradient holes near Clifton.

CALL TO THE PUBLIC

Dr. Nations invited Dr. Allison, new State Geologist and Director of the Arizona Geological Survey, to introduce himself and make a statement after the report of the oil and gas administrator.

Dr. Allison introduced himself and described his background as director of the geological surveys of Utah and Kansas and noted his background and personal interest in oil and gas. He reported that he set some staff goals to develop partnerships with universities and other state and federal agencies to leverage the survey's resources. Dr. Allison indicated his intention to put as much oil and gas data as possible online to facilitate the availability and use of that data and possibly set up a separate webpage for the Oil and Gas Conservation Commission to increase its profile and highlight its distinctness from the Geological Survey. Dr. Allison discussed his involvement in developing a standardized sample numbering system and talked about possible funding mechanisms at the federal level for sample preservation. He described the recent big oil discovery in central Utah and discussed Arizona's proposed entry into the Intermountain West Geothermal Consortium.

STATUS OF 2006 SUNSET REVIEW OF THE OIL AND GAS CONSERVATION COMMISSION

Mr. Rauzi reported that Governor Napolitano signed HB 2098 on April 10, 2006. HB 2098 continues the Commission to July 1, 2016.

STATUS OF RIDGEWAY ARIZONA OIL CORPORATION WELLS 22-1X STATE (PERMIT 888), 11-21 STATE (PERMIT 895), 10-22 STATE (PERMIT 896), 9-21 STATE (PERMIT 897), 12-15-30 STATE (PERMIT 900), AND 11-18 STATE (PERMIT 916), APACHE COUNTY AND POSSIBLE DECISION CONCERNING REQUEST FOR TEMPORARY ABANDONMENT AND POSSIBLE REPORT OR PRESENTATION BY A REPRESENTATIVE OF RIDGEWAY

Mr. Rauzi reported that the State Land Department held a simultaneous filing for leases in the St Johns area but had not yet held a drawing to determine whether or not Ridgeway had regained the leases. Mr. Ahern indicated that there was no time-frame for when the drawing would be held.

Mr. White reported that Ridgeway had purchased its own drilling rig and planned to start an 18-well drilling program this summer. He noted the anticipated closing of a big financing next week and reported that Ridgeway had completed a study of putting in a pipeline to west Texas. Mr. White indicated that a pipeline to California was more problematic and expensive than one to Texas in response to a question from Dr. Nations and reported that it took about 18 months to permit and acquire right-of-ways and only about six months to build the pipeline in response to a question from Ms. Negley. Mr. White did not know of any other entities to share the right-of-way.

ANNOUNCEMENTS

The Commission scheduled its next meeting at 10:00 a.m. on July 28, 2006, in room 321 at the State Land Department Building in Phoenix.

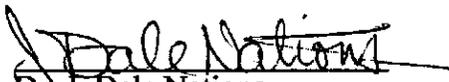
ADJOURNMENT

Ms. Negley moved, seconded by Mr. Wagner:

THAT THE MEETING BE ADJOURNED

Motion carried unanimously. Time of adjournment was 11:00 a.m.

APPROVED

  
Dr. J. Dale Nations  
Chairman

GUESTS IN ATTENDANCE

Richard Ahern  
Tom White

Arizona State Land Department  
Ridgeway Arizona Oil Corporation



Janet Napolitano  
Governor

State of Arizona  
**Arizona Geological Survey**

416 W. Congress, Suite 100  
Tucson, Arizona 85701  
(520) 770-3500  
www.azgs.az.gov



Larry D. Fellows  
Director and State Geologist

107

Friday, July 21, 2006

**Arizona Oil and Gas Conservation Commission  
Proposed Budget**

*Personal Services		
Per Diem for Oil & Gas Commissioners		\$ 600
Travel In-State		
Travel Expenses for four quarterly meetings within Arizona		<sup>2000</sup> <del>\$1000</del>
**Other Operating Expenses		
Travel for one national professional meeting for Oil & Gas Administrator		\$1500
Continuing Education for up-to-date training for Oil & Gas Administrator		\$1000
	TOTAL	\$4100
		<del>\$4100</del> \$5100

Notes:

\*Personal Services – Staff expenses including salary and benefits for the Oil & Gas Administrator and support staff are incorporated into the Arizona Geological Survey Annual Budget

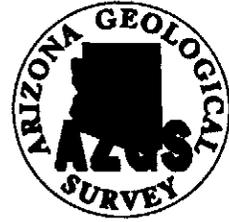
\*\*Other Operating Expenses – Other administrative costs and web site hosting and maintenance are incorporated into the Arizona Geological Survey Annual Budget



Janet Napolitano  
Governor

State of Arizona  
**Arizona Geological Survey**

416 W. Congress, Suite 100  
Tucson, Arizona 85701  
(520) 770-3500  
www.azgs.az.gov



M. Lee Allison  
Director and State Geologist

July 21, 2006

To: Oil and Gas Conservation Commissioners

From: <sup>SLR</sup> Steven L. Rauzi, Oil and Gas Administrator

Re: Activity Report for the July 28, 2006, Meeting

No new permits to drill were issued and one well may be drilling since your last meeting on April 28, 2006.

EL Paso Natural Gas Company is preparing to start drilling its stratigraphic hole in the Picacho basin. El Paso is drilling this well to gather additional information relative to the feasibility of subsurface storage of natural gas in the Picacho basin.

The Commission extended temporary abandonment to the Ridgeway 22-1X and 10-22 wells through January 2007. The Commission conditionally extended temporary abandonment to the Ridgeway 11-21, 9-21, 12-15-30 and 11-18 wells through January 2007 depending on whether or not Ridgeway regained its expiring leases. The State Land Department has held a simultaneous filing for the leases but has not yet held a drawing to see who will actually obtain the leases.

Erin Moore of the Arizona Geological Survey has drafted a new web page for the Commission. The page is modeled in part after Wyoming and New Mexico. I have had frequent or recent requests for some of the information included in the new web page. Our goal is to ultimately provide as much digital oil and gas data as possible through the site.

## **ARIZONA OIL & GAS CONSERVATION COMMISSION**

### **SAMPLE POLICY**

The Oil and Gas Conservation Commission hereby adopts the following as its policy regarding samples and cores. In the declaration policy "samples" is meant to include rotary and cable tool cuttings, chips, cores, core slabs, and core chips.

1. Samples received by the Commission under A.A.C. R12-7-121 shall be preserved and maintained in good order.
2. A record or file shall be kept indicating the location of samples from each well.
3. Samples are to be maintained for use as a public library.
4. Samples may be examined on the premises by any person requesting to do so. Reasonable notice for retrieval of the samples may be required.
5. Samples may be loaned for use off-premises to any responsible person at the discretion of the Commission.
6. Users of samples shall take reasonable and customary measures to maintain the integrity and volume of each individual sample and shall not mix samples together.
  - a. Users may use ordinary tests for mineralogical determination. Acid shall not be placed in the bulk sample, rather, one or two individual grains may be removed to a separate container for acid tests.
  - b. Solvents shall not be placed in the bulk sample, rather, one or two individual grains may be removed to a separate container for solvent tests.
  - c. In no case shall bulk solvent extraction, pyrolysis, or other destructive tests be run on any samples without prior permission of the Commission.
7. Users shall return all individual samples to their original containers. If the container is damaged beyond use, a new container shall be provided.
8. Users shall replace all samples in order from top of the hole down in the original sample box.
9. Users shall provide the Commission, within 30 days of their completion, copies of all logs, paleontological and other reports, maturation studies, source rock analysis, and any other study or analysis made possible by use of samples from the Commission's library. The Commission shall grant a six-month confidentiality period if so requested by the owner of the report and may grant one six-month extension of the period of confidentiality if so requested.

**ADOPTED 11/21/86**

**Subject:** AZGS sample policy

**From:** Lee Allison <lee.allison@azgs.az.gov>

**Date:** Fri, 21 Jul 2006 09:35:55 -0700

**To:** Jon Spencer <jon.spencer@azgs.az.gov>, Ray Harris <ray.harris@azgs.az.gov>, Stevan Gyetvai <stevan.gyetvai@azgs.az.gov>, Ann Youberg <ann.youberg@azgs.az.gov>, Steve Rauzi <steve.rauzi@azgs.az.gov>, Marie Madero <marie.madero@azgs.az.gov>, Charles Ferguson <ferguson@geo.arizona.edu>, Rick Trapp <rick.trapp@azgs.az.gov>, Mary Andrade <mary.andrade@azgs.az.gov>, Tom McGarvin <tom.mcgarvin@azgs.az.gov>, Steve Richard <steve.richard@azgs.az.gov>, Todd Shipman <todd.shipman@azgs.az.gov>, Philip Pearthree <phil.pearthree@azgs.az.gov>, Mike Mahan <mmahan@email.arizona.edu>, Erin Moore <erin.moore@azgs.az.gov>, Beverly Donahue <beverly.donahue@azgs.az.gov>, Joe Cook <joe.p.cook@gmail.com>

Team, please read the attached memo, developed in consultation with the Attorney Generals office, about geologic samples held by AZGS. There are limits on what we can do with those we curate for the Arizona Oil and Gas Conservation Commission. I will discuss this with the Commission at their quarterly meeting next Friday.

LA

---

Lee Allison, PhD, PG  
State Geologist & Director  
Arizona Geological Survey  
416 W. Congress, #100  
Tucson, AZ 85701  
520-770-3500 fax-3505  
[www.azgs.az.gov](http://www.azgs.az.gov)

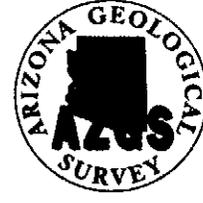
**sample policy.doc**    **Content-Type:**    application/msword  
**Content-Encoding:** base64



Janet Napolitano  
Governor

State of Arizona  
**Arizona Geological Survey**

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



M. Lee Allison  
Director and State Geologist

July 20, 2006

TO: AZGS staff  
FROM: M. Lee Allison, Director  
RE: Geologic cores and cuttings

AZGS maintains a library of geologic well cores and cuttings comprised of samples collected by or donated to the Survey, and samples submitted to the Survey by companies in response to requirements from the Arizona Oil and Gas Conservation Commission (OGCC) pursuant to AACR 12-7-121(B).

AZGS serves as the curator or archivist for samples received by the OGCC, pursuant to direction from the OGCC, and in accordance with OGCC rules and statutes. Companies may request one year of confidentiality for their samples under OGCC rules. AZGS, as the OGCC agent, is responsible for maintaining that confidentiality.

Before anyone at AZGS does or allows destructive testing, skeletonizing, or disposal of OGCC samples, we either have to ask for an approval from OGCC, or have a pre-existing directive from the OGCC.

We will discuss with the OGCC the possible development of criteria and guidelines to delineate our administration of OGCC samples.

Among our current responsibilities is the need to clearly mark OGCC samples to differentiate them from AZGS samples, and to provide secure storage for confidential samples.

Longer term, we need additional space to store new donations and submittals, work space to analyze the samples, an online digital catalogue, and a program to slab and photograph key core to make them available online.



**State of Arizona**  
**Oil and Gas Conservation Commission**

[OGCC Home](#) | [Publications](#) | [Forms](#) | [State Rules](#) | [Links](#) | [Contact](#) | [Location](#) | [FAQ](#)



The **Arizona Oil and Gas Conservation Commission (OGCC)** has statutory responsibility to regulate the drilling for and production of oil, gas, helium, carbon dioxide, and geothermal resources. It consists of five members appointed by the Governor and one ex-officio member, the State Land Commissioner. The Arizona Geological Survey (AZGS) provides administrative and staff support. Current Commission members include J. Dale Nations, Flagstaff, Chairman; Robert L. Wagner, Yuma; Robert L. Jones, Sun City West; Michele P. Negley, Phoenix; Joseph J. Lane, Phoenix; Mark Winkleman, ex-officio member and State Land Commissioner.

**Arizona Oil and Gas Conservation Commission**  
 located in the Arizona Geological Survey  
 416 W. Congress, #100  
 Tucson, AZ 85710  
 (520) 770-3500

<a href="#">Printable Forms</a>	<a href="#">Annual Production (1954-2005)</a>	<a href="#">Publications</a>
<a href="#">Oil and Gas Rules</a>	<a href="#">Production Summary</a>	<a href="#">OGCC location</a>
<a href="#">Recent Permits</a>	<a href="#">Occurrence Chart</a>	<a href="#">Contact OGCC</a>
<a href="#">Current Operators</a>	<a href="#">Frequently Asked Questions</a>	<a href="#">Helpful Links</a>

**Want to Drill an Oil Well?**  
 Featured in *Arizona Geology Newsletter*

[Click here for pdf](#)



**Arizona has**  
**Oil & Gas**  
*Potential!*

[Free Downloadable Poster](#)

JANET NAPOLITANO  
GOVERNOR



BETSEY BAYLESS  
DIRECTOR

ARIZONA DEPARTMENT OF ADMINISTRATION  
**Arizona State Badging Office**  
400 W. Congress, N Bldg.  
Tucson, AZ 85701  
Phone (520) 628-6301 / Fax (520) 628-6902

## STATE ACCESS OR ID CARD REQUEST FORM

NEW CARD # ASSIGNED:	Drivers License OR Social Security Card Shown	Checked <input type="checkbox"/> Initials:	Access ONLY <input type="checkbox"/>	Replacement Card <input type="checkbox"/>	ID ONLY <input checked="" type="checkbox"/>
ARE YOU TRANSFERRING FROM ANOTHER AGENCY: Yes <input type="checkbox"/> No <input type="checkbox"/>			New Employee: Yes <input type="checkbox"/> No <input type="checkbox"/>	Phx. Employee: Yes <input type="checkbox"/> No <input type="checkbox"/>	
LEGAL NAME: Last, First, Middle (No Initials) (Please Type or Print Legibly)			LICENSE PLATE #	TODAY'S DATE	
Agency/Division Acronym	UserPg	Office Address		Work Telephone Number / Ext.:	

I hereby certify that the information on this form is correct.  
I will notify the state Badging Office at (520) 628-6301 Tucson / (602) 542-4502 Phoenix promptly of any change to the information on this form.  
I understand that if my CARD is LOST, it is my responsibility to notify the State Badging Office IMMEDIATELY.  
I understand that the CARD is for my use and is not transferable.  
I understand that the activities on my CARD ARE TRACEABLE.  
I will return the CARD to my supervisor as soon as my duties no longer require the use of this card or if I leave State service.

**MUST SHOW DRIVERS LICENSE OR SOCIAL SECURITY CARD FOR IDENTIFICATION**

\_\_\_\_\_  
*Employee Signature*

\_\_\_\_\_  
*Date*

This Assigned CARD will be the property of the STATE OF ARIZONA

### *To be completed by Person Authorizing Access*

Access Level Authorized - Must be filled or NO ACCESS will be given: (Example: 6-6, 24 Hr., etc.)	Access to Underground Garage: No <input type="checkbox"/> Yes <input type="checkbox"/>	Space # _____	License Plate # _____
--	---	---------------	-----------------------

\_\_\_\_\_  
PRINT: Authorizing Agency Person's NAME / PHONE # / Ext.

\_\_\_\_\_  
Authorizing Agency Person's Signature

### *This section is to be completed by ADOA / Facilities Operations*

This form supersedes all existing forms. The agency is authorized to make copies for their own use.

MDV/Date Entered:

Date picture taken:

JPG #

# DO NOT PUT THIS FORM ON THE INTERNET

OGCC MTG 7-28-06

Name

Representing

Michael Rios  
Thomas White  
Jay Baughman  
Michele Van Quathem

State Land  
RAOC  
OSPB  
Ryley Carlock