

OIL & GAS CONSERVATION COMMISSION
MINUTES OF MEETING/OCTOBER 19, 2007
STEVEN L RAUZI, OIL & GAS ADMINISTRATOR

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 October 19, 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 July 13, 2007
3. Report of State Geologist and Director about administrative, budget, and staff support matters
4. Report of Oil & Gas Administrator about new permits, drilling activity, and annual meeting of the Interstate Oil and Gas Compact Commission
5. Motion to rescind action closing record on final rulemaking for A.A.C. R12-7-115 and R12-7-121
6. Oral hearing to amend A.A.C. R12-7-115 and R12-7-121 pursuant to A.R.S. 41-1023
7. Discussion about High Plains Petroleum 17-1 Santa Fe (Permit 934) and possible decision concerning temporary abandonment
8. Discussion about Ridgeway Arizona Oil Corporation wells and possible report from a representative of Ridgeway
9. Discussion about Oil and Gas Conservation Commission letterhead
10. 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.
11. Announcements
12. Adjournment

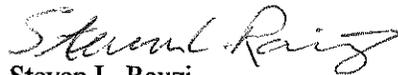
The Oil and Gas Conservation Commission may vote to go into Executive Session, pursuant to A.R.S. § 38-431.03(A)(3) or (4), which will not be open to the public, to consult with its attorney and receive legal advice with respect to any regular agenda item listed on this agenda.

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 12th day of October 2007

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
July 13, 2007

Present:

Dr. J. Dale Nations, Chairman
Mr. Robert L. Jones, Vice-Chairman
Mr. Stephen R. Cooper, 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 ~~March 9~~^{July 13} to order at 10:00 a.m. in Room 321, State Land Department Building in Phoenix, Arizona. ^ 10-19-07

Dr. Nations welcomed Mr. Cooper to the Commission and presented him with the Governor's Certificate of Appointment. Mr. Cooper said a few words about his background.

APPROVAL OF THE MINUTES OF THE MEETING OF MARCH 9, 2007

Mr. Jones moved, seconded by Mr. Wagner:

THAT THE MINUTES OF THE MEETING OF MARCH 9, 2007 BE ACCEPTED
AS PRESENTED

Commissioner Cooper abstained from voting because he was not at that meeting. Otherwise, the motion carried unanimously.

REPORT OF THE STATE GEOLOGIST AND DIRECTOR

Dr. Allison described the Arizona Geological Survey's role in providing administrative and staff support and welcomed any input or feedback from the Commissioners about additional needs or specific projects. He discussed the internal budget line for the Commission and reported that one reason for creating a separate web site for the Commission was to make sure that the Commission had a discrete, independent identity. Dr. Allison described the Department of Energy's interest in working with the Arizona Geological Survey to identify potential salt deposits for adding strategic petroleum reserve sites in southwestern Arizona. He described the new bookstore-information center planned for the ground floor of the Phelps Dodge Tower in downtown Phoenix.

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 Ridgeway drilled the remaining eight of its 11 permitted wells between St. Johns and Springerville and that Enterprise Products was planning to add several more caverns to its Adamana storage facility. He reported that the Bureau of Land Management held an oil and gas lease sale on July 10 including 323,000 acres in Apache, Navajo, and Mohave counties.

ORAL HEARING TO AMEND A.A.C. R12-7-115 AND R12-7-121

Mr. Rauzi reported that no oral or written comments were received on the proposed rulemaking since publication in the Arizona Administrative Register.

Ms. Negley moved, seconded by Mr. Jones:

TO CLOSE THE RECORD AND APPROVE THE RULES AS PUBLISHED IN
THE ARIZONA ADMINISTRATIVE REGISTER

Motion carried unanimously.

Dr. Nations signed the cover letter and agency certificate for submission of the final rulemaking to the Governor's Regulatory Review Council.

DISCUSSION AND POSSIBLE DECISION REGARDING SURFACE USE PLANS REQUIRED BY THE STATE LAND DEPARTMENT FOR WELLS DRILLED ON STATE TRUST LAND

Mr. Rauzi reported that permits to drill on State Trust land are not approved until the Land Department has approved a surface use plan. He recommended that the Commission formalize that arrangement by so stating in a motion.

Ms. Negley moved, seconded by Mr. Jones:

THAT AN APPLICATION TO DRILL ON STATE TRUST LAND IS NOT
ADMINISTRATIVELY COMPLETE UNDER R12-7-104 UNTIL THE
COMMISSION RECEIVES NOTICE FROM THE STATE LAND DEPARTMENT
THAT A SURFACE USE PLAN HAS BEEN APPROVED

Motion carried unanimously.

STATUS OF RIDGEWAY ARIZONA OIL CORPORATION WELLS 11-16-30 STATE (PERMIT 937), 11-06-31 STATE (939), 11-07-31 STATE (940), 11-18-31 STATE (941), 11-20-31 STATE (942), 11-29-31 STATE (943), 11-32-31 STATE (944), AND 12-32-31 STATE (947), POSSIBLE DECISION CONCERNING TEMPORARY ABANDONMENT, AND POSSIBLE REPORT FROM A REPRESENTATIVE OF RIDGEWAY AND FOLLOW-UP DISCUSSION

Mr. Rauzi reported that Ridgeway submitted a written request to temporarily abandon eight wells for one year citing extensive repairs being made to Ridgeway's drilling rig and lack of availability of service contractors in the area. He noted that Ridgeway was not able to finish drilling several of the wells to total depth but that Ridgeway's leases were extended because they were drilling across the lease expiration date. Mr. Rauzi pointed out that temporary abandonment for Ridgeway's other wells ran through January 2008. He recommended granting temporary abandonment to January 2008 so that temporary abandonment of all of Ridgeway's wells would have the same expiration date.

Mr. White reported that Ridgeway Arizona Oil Corporations' parent company, Ridgeway Petroleum, changed its name to Enhanced Oil Resources and had purchased two oil fields in eastern New Mexico. He explained that Ridgeway was currently doing pipeline surveys to take CO₂ to New Mexico and planned to start a pilot injection project on one of the oil fields

this fall. He reported that the drilling rig was now almost repaired but explained that he requested one year because with all the activity going on it would take time to finish the wells.

Ms. Negley, noting that if all of Ridgeway's wells would come up together in January, she wanted a detailed status report from Ridgeway including a summary of analyses, completion testing and documentation about why each well should be extended before the January meeting so the Commission could make an intelligent decision in January. Dr. Nations noted the frustration of not knowing which of the wells were going to be productive or capable of economically producing.

Mr. Rauzi reported that Ridgeway submitted electric logs for only two or three wells, a mud log for only one and samples for three or four. He reported receipt of sundry notices that one well made about 2.6 million a day and another well made about 1.7 million a day but that Ridgeway had not submitted any actual test results or gas analyses for any of the wells; the most recent sundry reports indicated that all of the wells were either waiting on completion or waiting on equipment. Mr. Rauzi pointed out that R12-7-121 required an operator to submit logs and other material within 30 days of the work being performed. He noted in response to a question from Mr. Jones that the rule did not require an operator to run an electric log but did require an operator to submit any log run, test result, or gas analysis within 30 days of the work being performed.

Mr. Cooper, noting the incomplete compliance with submission of information, did not think it would be in the best interest of the Commission to extend beyond January. He anticipated Ridgeway to have a pretty detailed explanation as to which of the wells were working, which ones needed a little more work, and which ones weren't going to work by the January meeting. Dr. Nations agreed that would be a definite step forward.

Mr. White explained the difficulty of logging in air-filled holes and indicated that the electric logs submitted were the electric logs that were run but that he would follow up on the mud logs and samples. He agreed to submit a sundry notice for each well summarizing the current depth and casing program and which logs and tests were run in each well. Ms. Negley asked Mr. Rauzi to provide a progress report in the fall meeting about any information that was still needed for the wells.

Mr. Wagner moved, seconded by Mr. Jones:

TO EXTEND TEMPORARY ABANDONMENT THROUGH JANUARY 2008 TO
THE EIGHT WELLS 11-16-30, 11-06-31, 11-07-31, 11-18-31, 11-20-31, 11-29-31,
11-32-31, AND 12-32-31

Motion carried unanimously.

CALL TO THE PUBLIC

Mr. Mike Rice of the State Land Department clarified that the Land Commissioner had not yet made a decision to extend Ridgeway Arizona Oil Corporation's leases.

Ms. Lisa Gray discussed the four goals of the Commission printed in the article "Want to Drill an Oil Well" by Mr. Rauzi and pointed out that having information available was

essential to encourage exploration and development. She emphasized the importance of having operators submit complete information in order for the Commission to make informed and discerned decisions.

ANNOUNCEMENTS

Mr. Rauzi announced that he gave a talk to the Sun City Petroleum Club. Dr. Nations announced that he gave a talk to the Roswell Geological Society.

The Commission scheduled its next meeting at 10:00 a.m. on October 19, 2007, in room 321 at the State Land Department Building in Phoenix.

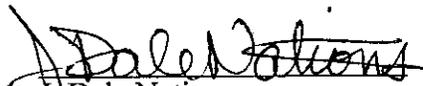
ADJOURNMENT

Mr. Jones moved, seconded by Mr. Wagner:

THAT THE MEETING BE ADJOURNED

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

APPROVED


J. Dale Nations
Chairman

GUESTS IN ATTENDANCE

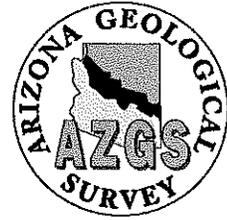
Lisa Curry Gray	Self
Jo Anne Jones	Public
Mike Rice	State Land Department
Dan W. Snow	Self
Thomas White	Ridgeway Arizona Oil Corporation



Janet Napolitano
Governor

State of Arizona
Arizona Geological Survey

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



M. Lee Allison
Director and State Geologist

October 12, 2007

To: Oil and Gas Conservation Commissioners

From: *SLR* Steven L. Rauzi, Oil and Gas Administrator

Re: Activity Report for the October 19, 2007, Meeting

No new permits to drill were issued since your last meeting on July 13. High Plains Petroleum started testing multiple zones in its 17-1 Santa Fe well near Concho.

AmeriGas completed the sale of its LPG storage facility near Glendale to Plains LPG Services effective July 24, 2007. AmeriGas has replaced all of its underground electrical wiring with above ground wiring.

Enterprise Products continues to make significant improvements to its Adamana storage facility. They replaced a public road that ran through the facility with a new road around the north and east sides of the property. Enterprise is also installing new chain link fence around the facility and has ordered a new state-of-the-art flare stack for the brine ponds. Enterprise installed new wellheads and casing in six wells early this year and will re-work the remaining five wells in the first half of next year.

Ms. Lisa Gray called the Governor's Regulatory Review Council (GRRRC) to comment on the proposed rulemaking that you approved in your July 13 meeting. She told GRRRC you closed the record before she was able to make comments. GRRRC recommended that you provide additional time for comment and hold another oral proceeding as a remedy so I published a notice of oral proceeding in the August 31 issue of the Arizona Administrative Register. I haven't received any written comments for the rulemaking since the notice of oral proceeding was published in the August 31 Register.

I attended the annual meeting of the Interstate Oil and Gas Compact Commission (IOGCC) in New Orleans September 23-25. The IOGCC is a compact of producing states established in 1935. Arizona joined in 1955. The Governor is the representative but may appoint an official representative to act on the Governor's behalf. The IOGCC promotes conservation and efficient recovery of resources, develops programs and services around emerging issues, identifies and shares best practices by surveying member states, and provides a clear and unified voice to congress. Developing new statutory requirements regarding split estates was the most contentious issue discussed at the meeting.

Notices of Oral Proceeding on Proposed Rulemaking

**NOTICES OF ORAL PROCEEDING ON
PROPOSED RULEMAKING**

If an agency needs to conduct an oral proceeding, a public workshop, or another type of meeting on a proposed rulemaking, a rulemaking docket opening, or a proposed delegation agreement, it must prepare a Notice of Oral Proceeding, a Notice of Public Workshop, or Notice of Meeting (specify the type of meeting) for publication in the *Register*.

NOTICE OF ORAL PROCEEDING ON PROPOSED RULEMAKING

[M07-463]

1. **Name of the agency:** Arizona Geological Survey (includes Oil and Gas Conservation Commission, which is attached administratively)
2. **The Title and its heading:** 12, Natural Resources
The Chapter and its heading: 7, Oil and Gas Conservation Commission
The Article and its heading: 1, Oil, Gas, Helium, and Geothermal Resources
3. **Section numbers** **Proposed Action**
R12-7-115 Amend
R12-7-121 Amend
4. **The Register citations to all notices published in the Register concerning the proposed rulemaking:**
Notice of Rulemaking Docket Opening: 13 A.A.R. 43, January 5, 2007
Notice of Proposed Rulemaking: 13 A.A.R. 1213, April 6, 2007
5. **The date, time, and location of the oral proceeding:**
Date: October 19, 2007
Time: 10:00 a.m.
Location: 1616 W. Adams, Rm. 321
Phoenix, AZ 85007
6. **The name and address of agency personnel to whom questions and comments on the proposed rules may be addressed:**
Name: Steven L. Rauzi, Oil & Gas Administrator
Address: Arizona Geological Survey
416 W. Congress, Ste. 100
Tucson, AZ 85701-1315
Telephone: (520) 770-3500

Notices of Proposed Rulemaking

- b. The student shall perform a comprehensive patient assessment on and formulate and implement a treatment plan for at least 5 pediatric patients, including infants, toddlers, and school-age, with dyspnea or respiratory distress.
 - 3. The student shall demonstrate the ability to perform a comprehensive assessment on and formulate and implement a treatment plan for patients with abdominal complaints: The student shall perform a comprehensive patient assessment on and formulate and implement a treatment plan for at least 15 patients with abdominal complaints such as abdominal pain, nausea or vomiting, gastrointestinal bleeding, and gynecological complaints.
 - 4. The student shall demonstrate the ability to perform a comprehensive assessment on and formulate and implement a treatment plan for patients with altered mental status: The student shall perform a comprehensive patient assessment on and formulate and implement a treatment plan for at least 15 patients with altered mental status.
- E. **TEAM LEADER SKILLS**
The student shall demonstrate the ability to serve as a team leader in a variety of prehospital emergency situations: The student shall serve as the team leader for at least 25 prehospital emergency responses.

NOTICE OF PROPOSED RULEMAKING

TITLE 12. NATURAL RESOURCES

CHAPTER 7. OIL AND GAS CONSERVATION COMMISSION

[R07-98]

PREAMBLE

- | | |
|------------------------------------|---------------------------------|
| 1. <u>Sections Affected</u> | <u>Rulemaking Action</u> |
| R12-7-115 | Amend |
| R12-7-121 | Amend |
2. **The specific authority for the rulemaking, including both the authorizing statute (general) and the statutes the rules are implementing (specific):**
Authorizing statutes: A.R.S. §§ 27-516(A) and 27-656
Implementing statutes: A.R.S. §§ 27-516(A)(2) and (A)(12), 27-522, 27-653, and 27-661
3. **A list of all previous notices concerning the rules:**
Notice of Rulemaking Docket Opening: 13 A.A.R. 43, January 5, 2007
4. **The name and address of agency personnel with whom persons may communicate regarding the rules:**
Name: Steven L. Rauzi, Oil & Gas Administrator
Address: Arizona Geological Survey
416 West Congress, Ste. 100
Tucson, AZ 85701-1315
Telephone: (520) 770-3500
Fax: (520) 770-3505
5. **An explanation of the rules, including the agency's reasons for initiating the rules:**
R12-7-115 specifies requirements for directional drilling and deviation surveys and R12-7-121 specifies completion and filing requirements for drilled wells. The agency is amending R12-7-115 to clarify what is meant by the normal vertical course of a well and require testing at reasonably frequent intervals to determine the deviation from vertical. The agency is amending R12-7-121 to improve understandability by adding language to make the rule consistent with governing statutes and state that the completion report is confidential in addition to all other well information.
6. **A reference to any study that the agency proposes to rely on in its evaluation of or justification for the rules and where the public may obtain or review the study, all data underlying each study, any analysis of the study, and other supporting material:**
None
7. **A showing of good cause why the rules are necessary to promote a statewide interest if the rules will diminish a previous grant of authority of a political subdivision of this state:**
Not applicable
8. **The preliminary summary of the economic, small business, and consumer impact:**

Arizona Administrative Register / Secretary of State
Notices of Proposed Rulemaking

These rules directly impact companies drilling for oil, gas, and geothermal resources. The rules are mostly procedural in nature and will not significantly impact the economy or have a significant impact upon small businesses or consumers. The proposed rulemaking will benefit the regulated community by clarifying what is meant by the normal vertical course of a well and clearly stating that the completion report is confidential in addition to other well data.

9. The name and address of agency personnel with whom persons may communicate regarding the accuracy of the economic, small business, and consumer impact statement:

Name: Steven L. Rauzi, Oil & Gas Administrator
Address: Arizona Geological Survey
416 W. Congress, Ste. 100
Tucson, AZ 85701-1315
Telephone: (520) 770-3500
Fax: (520) 770-3505

10. The time, place, and nature of the proceedings for the making, amendment, or repeal of the rules or, if no proceeding is scheduled, where, when, and how persons may request an oral proceeding on the proposed rules:

Date: July 13, 2007
Time: 10:00 a.m.
Location: 1616 W. Adams, Rm. 321
Phoenix, AZ 85007
Nature: Oral proceeding to adopt amended rules

11. Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:

Not applicable

12. Incorporations by reference and their location in the rules:

None

13. The full text of the rules follows:

TITLE 12. NATURAL RESOURCES

CHAPTER 7. OIL AND GAS CONSERVATION COMMISSION

ARTICLE 1. OIL, GAS, HELIUM, AND GEOTHERMAL RESOURCES

Section

R12-7-115. Deviation of Hole and Directional Drilling
R12-7-121. Well Completion and Filing Requirements

ARTICLE 1. OIL, GAS, HELIUM, AND GEOTHERMAL RESOURCES

R12-7-115. Deviation of Hole and Directional Drilling

- A. ~~No~~ An operator drilling a well ~~may be~~ shall not intentionally deviated ~~deviate~~ from its ~~the~~ normal vertical course of the well unless the operator shall first ~~file~~ files an application and ~~obtain~~ obtains approval from the Commission after notice and hearing. The normal vertical course of a well is defined by a tolerance wherein the maximum deviation of the well ~~does not exceed a 100-foot radius from the surface location an average deviation from vertical of not more than five degrees in any 500-foot interval. The operator shall test any vertical or deviated well that is drilled or deepened at least once each 500 feet or at the first bit change succeeding 500 feet. The operator shall tabulate all deviation tests run and file the tabulation with the Commission within 30 days after drilling is completed.~~ Deviation from the vertical for short distances is permitted in the drilling of a well without special approval only to straighten the hole, sidetrack junk, or correct other mechanical difficulties.
- B. An application for directional drilling shall include
1. The name, address, and ~~phone~~ telephone number of the operator;
 2. The field name, lease name, well number, state permit number, reservoir name, and county where the proposed well is located;
 3. A plat or sketch showing the distance from the surface location to section and lease lines and to the target location within the intended producing interval;
 4. The reason for the intentional deviation; and
 5. The signature of the operator.

Arizona Administrative Register / Secretary of State
Notices of Proposed Rulemaking

- C. The operator of any well capable of production and whose producing interval or any portion thereof of the producing interval is located 330 feet or less in the case of an oil well or 1,660 feet or less in the case of a gas well from the boundary of any drilling unit shall run a directional survey before running the production casing.
- D. In order to ensure compliance with this Section, the Commission may require the operator to run a directional survey of any hole at the operator's expense. The Commission may require an operator to run a directional survey of any hole at the request of an offset operator at the expense and risk of the offset operator unless the survey shows that the well is completed at a point outside the drilling unit or at an unauthorized point.
- E. Within 30 days following the completion of drilling a directionally-drilled well, the operator shall file with the Commission a complete angular deviation and directional survey of the well, obtained by a well survey company.
- F. ~~Nothing in these rules shall be interpreted to permit the drilling of any~~ An operator shall not drill a well in such a manner that it crosses the results in the well crossing drilling unit lines, except by approval obtained from the Commission after notice and hearing.

R12-7-121. Well Completion and Filing Requirements

- A. An operator shall file a completion report with the Commission within 30 days after a well is completed. The completion report shall contain a description of the well and lease, the casing, tubing, liner, perforation, stimulation, and cement squeeze records, and data on the initial production. The operator shall submit other well data to the Commission within 30 days of the date the work is done, including any:
 - 1. Lithologic, mud, or wireline log;
 - 2. Directional survey;
 - 3. Core description and analysis;
 - 4. Stratigraphic or faunal determination;
 - 5. Formation or drill-stem test;
 - 6. Formation fluid analysis; or
 - 7. Other similar information or survey.
- B. An operator shall furnish samples of all drilled cuttings, at a maximum interval of 10 feet, to the Commission within 30 days after drilling is completed. The operator may furnish samples of continuous core in chips at 1-foot intervals. The operator shall:
 - 1. Wash and dry all samples;
 - 2. For each sample, place approximately 3 tablespoons of the sample in an envelope with the following identifying information: the well from which the sample originates, the location of the well, the Commission's permit number for the well, and the depth at which the sample is taken; and
 - 3. Package sample envelopes in protective boxes and ship prepaid to:
Oil and Gas Administrator
Arizona Geological Survey
416 West W. Congress, Suite Ste. 100
Tucson, AZ 85701
- C. Confidential records:
 - 1. The Commission shall keep the completion report and all well information required by this Section for any well drilled for oil and gas in unproven territory confidential for ~~+~~ one year after the drilling is completed unless the operator gives written permission to release the information at an earlier date. The Commission shall provide notice to the operator 60 days before confidential records become subject to public inspection and, at the operator's request, extend the confidential period for ~~6~~ six months to ~~2~~ two years from the date of the request if the Commission finds that the operator has ~~demonstrated that release would~~ provided credible evidence that disclosure of the information is likely to cause harm to the operator's competitive position with respect to unleased land in the vicinity of the well.
 - 2. The Commission shall keep the completion report and all well information required by this Section for any well drilled in search of geothermal resources confidential for one year after drilling is completed upon operator request.



Janet Napolitano
Governor

State of Arizona
Arizona Geological Survey

416 W. Congress, Suite 100
Tucson, Arizona 85701
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M. Lee Allison
Director and State Geologist

October 19, 2007

Mr. Graham Alex Turner, Chairman
Governor's Regulatory Review Council
100 N 15th Ave, Suite 402
Phoenix, Arizona 85007

Re: Final Rulemaking: A.A.C. R12-7-115 and R12-7-121

Dear Mr. Turner:

The Arizona Oil and Gas Conservation Commission (OGCC) closed the record and adopted the referenced rulemaking in its meeting of July 13, 2007. The OGCC extended the time for public comment because of a defect in the July 13 oral proceeding. The OGCC closed the record and adopted the referenced rulemaking in its meeting of October 19, 2007. No written comments were received by the agency concerning the proposed rules and no oral comments were received at the October 19 oral proceeding to adopt the amended rules.

The rulemaking relates to a 5-year-review report approved by the Council on February 6, 2007. The proposed rules contain no new fees and no fee increases. The Commission is not requesting an immediate effective date and no studies were reviewed in making these rules.

Attachments to this cover letter include: (1) Notice of Final Rulemaking including preamble and text of the adopted rules and (2) economic, small business, and consumer impact statement. Definitions of terms contained in statutes or other rules are not attached because none are used in the adopted rules.

Sincerely,

J. Dale Nations
Chairman Oil and Gas Conservation Commission

c M. Lee Allison, State Geologist and Director

Enclosures

AGENCY CERTIFICATE

OIL AND GAS CONSERVATION COMMISSION

1. **Agency Name:** Arizona Geological Survey (includes Oil and Gas Conservation Commission, which is attached administratively)
2. **Chapter Heading:** Oil and Gas Conservation Commission
3. **Code Citation for the Chapter:** 12 A.A.C. 7
4. **The Subchapters, if applicable; the Article; the Parts, if applicable; and the Sections involved in the rulemaking, listed in alphabetical and numerical order:**

Subchapters, Articles, Parts, and Sections:

Action:

R12-7-115

Amend

R12-7-121

Amend

5. **The rules contained in this package are true and correct as made:**

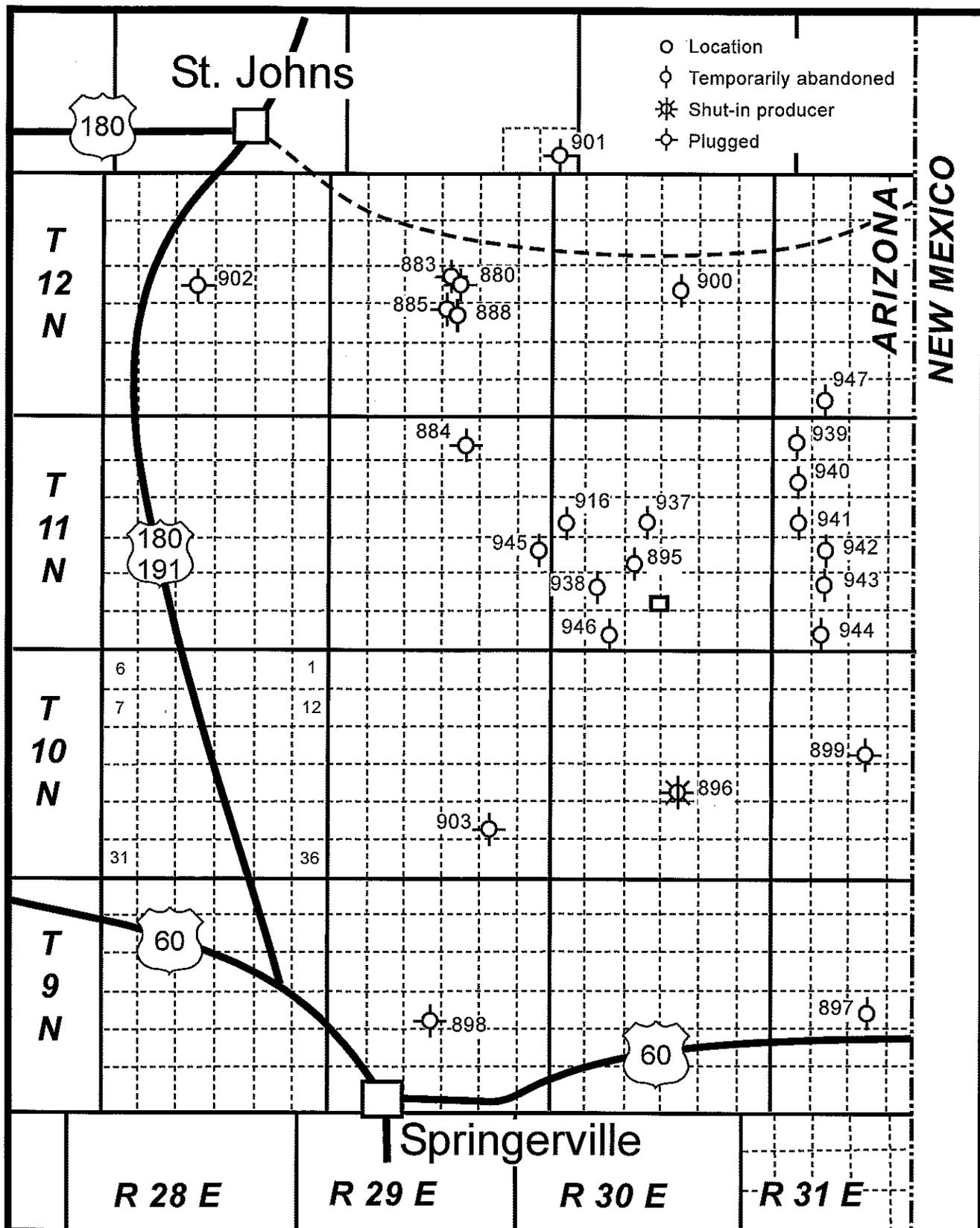
6. J. Dale Nations
Signature

10/19/07
Date of signing

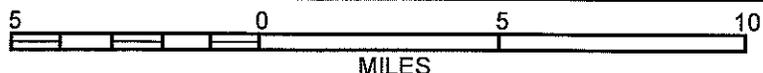
J. DALE NATIONS
Printed or typed name of signer

Chairman
Title of signer

Ridgeway Arizona Oil Corporation Wells



4/27/07



Location and status of Ridgeway Arizona Oil Corp wells in east-central Arizona

<u>Permit</u>	<u>Well</u>	<u>Location Sec-Twp-Rge</u>	<u>Total Depth</u>	<u>Status and comment</u>
880	1 Plateau Cattle	ne sw 15-12n-29e	2431 ft	Completed as gas 8/1994, plugged 9/1997
883	1A Plateau Cattle	ne sw 15-12n-29e	220 ft	Drilled 11/1994, plugged 11/1997
885	22-1 State	nw nw 22-12n-29e	218 ft	Drilled 8/1995, plugged 8/1997
884	3-1 State	ne se 3-11n-29e	1813 ft	Completed as gas 10/1995, plugged 9/2004
888	22-1X State	se nw 22-12n-29e	2149 ft	Completed as gas & shut-in 6/1997
890	35-1 State	ne sw 35-12n-29e	not drilled	Permit expired 4/1997
891	10-1 State	sw ne 10-11n-29e	not drilled	Permit expired 4/1997
892	11-1 State	se nw 11-11n-29e	not drilled	Permit expired 4/1997
893	2-1 State	se nw 2-11n-29e	not drilled	Permit expired 4/1997
895	11-21 State	ne sw 21-11n-30e	2410 ft	Drilled 3/1997, temporarily abandoned
896	10-22 State	sw sw 22-10n-30e	2265 ft	Completed as gas 7/2002; shut in 3/2004
897	9-21 State	sw ne 21-9n-31e	2686 ft	Drilled 3/1997, temporarily abandoned
898	9-22-29 State	sw se 22-9n-29e	3180 ft	Drilled 4/1997, plugged 2/2004
899	10-16-31 State	ne sw 16-10n-31e	2728 ft	Drilled 5/1997, plugged 2/2004
900	12-15-30 State	ne sw 15-12n-30e	2603 ft	Drilled 5/1997, temporarily abandoned
901	13-36-29 State	sw ne 36-13n-29e	2454 ft	Drilled & plugged 5/1997
902	12-16-28 State	nw ne 16-12n-28e	2280 ft	Drilled 5/1997, plugged 1/2005
903	10-26-29 State	nw sw 26-10n-29e	3200 ft	Drilled 5/1997, plugged 1/2000
904	15-28-29 State	ne nw 28-15n-29e	2410 ft	Drilled & plugged 6/1997
915	11-33 State	ne sw 33-11n-30e	not drilled	Permit expired 10/2004
916	11-18 State	c sw 18-11n-30e	2535 ft	Drilled 5/2004, temporarily abandoned
917	10-13 State	ne sw 13-10n-30e	not drilled	Permit expired 10/2004
937	11-16-30 State	nw se 16-11n-30 e	2377 ft	Drilled 3/2007, waiting on evaluation
938	11-29-30 State	se nw 29-11n-30 e	1906 ft	Drilled 2/2007, temporarily abandoned
939	11-06-31 State	nw se 06-11n-31 e	2711 ft	Drilled 4/2007, waiting on evaluation
940	11-07-31 State	nw se 07-11n-31 e	1885 ft	Drilled 4/2007, waiting on equipment
941	11-18-31 State	nw se 18-11n-31 e	2035 ft	Drilled 4/2007, wait on completion rig
942	11-20-31 State	se nw 20-11n-31 e	1934 ft	Drilled 5/2007, waiting on equipment
943	11-29-31 State	se nw 29-11n-31 e	1265 ft	Drilled 5/2007, waiting on equipment
944	11-32-31 State	ne sw 32-11n-31 e	2900 ft	Drilled 5/2007, wait on completion rig
945	11-24-29 State	sw ne 24-11n-29 e	1735 ft	Drilled 2/2007, temporarily abandoned
946	11-32-30 State	c se 32-11n-30 e	1690 ft	Drilled 3/2007, temporarily abandoned
947	12-32-31 State	ne sw 32-12n-31 e	85 ft	Spudded 5/2007, waiting on equipment

09/17/2007

33 permitted, 27 drilled, 17 TA

Data Status for wells drilled in 2007

Permit	Well Name	Location	Start	Finish	Depth	SN	Mud	Wire	Test	Gas	Comment
937	11-16-30 State	nw se 16-11n-30 e	02/26	03/14	2377 ft	1912			GR		1.1 mmcfd 4-27 to 5-11
938	11-29-30 State	se nw 29-11n-30 e	01/26	02/05	1906 ft	1911	X				2.5 mmcfd
939	11-06-31 State	nw se 06-11n-31 e	03/17	04/05	2711 ft	1918					2.65 mmcfd 4-13 to 5-8
940	11-07-31 State	nw se 07-11n-31 e	04/07	04/24	1885 ft	1915					WOE & surf csg at 1885
941	11-18-31 State	nw se 18-11n-31 e	04/09	04/24	2035 ft	1917					WOCT & high wtr flow
942	11-20-31 State	se nw 20-11n-31 e	04/24	05/14	1934 ft	1916					WOE & surf csg at 1934
943	11-29-31 State	se nw 29-11n-31 e	04/26	05/14	1265 ft						WOE at 1265
944	11-32-31 State	ne sw 32-11n-31 e	04/26	05/14	2900 ft	1919					WOE, fish in hole
945	11-24-29 State	sw ne 24-11n-29 e	02/12	02/27	1735 ft	1913			GR		WOCT
946	11-32-30 State	c se 32-11n-30 e	02/16	03/08	1690 ft	1914					WOCT
947	12-32-31 State	ne sw 32-12n-31 e	04/26	05/14	0085 ft						Conductor to 85

Per Tom White phone call 8-6-07

Received samples 1916, 1917, 1918, and 1919 on 9/17/07



HUNT OIL U.S.A. Inc.
1900 North Akard Street
Dallas, TX 75201-2300
(214) 978-8000
FAX: (214) 855-6788

October 15, 2007

Arizona State Land Department
1616 West Adams
Phoenix, Arizona 85007

Arizona Oil and Gas Conservation Commission
416 West Congress #100
Tucson, Arizona 85701

Attention: Mr. Mike Rice

Attention: Mr. Steve Rauzi

Re: Oil & Gas Lease No. 13-110660
Apache County, Arizona

Dear Mr. Rice:

Per your instructions of September 25, 2007, please find enclosed **executed** Non-Competitive Oil and Gas Lease document in **duplicate** for the above captioned. Please place in line for approval and when the Lease has been executed by the Commissioner, please return the originals for set up in our files.

Please note our address is changing on November 5th to: 1900 North Akard Street, Dallas, Texas 75201-2300. Phone numbers and email addresses will not change.

In addition, pursuant to the Lease "Additional Conditions" A.) Plugging Responsibility – please be advised that Hunt Oil U.S.A. Inc does not accept responsibility for plugging and abandonment of the 12-15-30 State well. As I understand the Commission Meeting Minutes of March 9, 2007, Ridgeway Arizona Oil Corporation has 180 days from notice to plug and abandon the 12-15-30 well which said lease was awarded to Hunt Oil U.S.A. Inc. Therefore, this letter should be construed as notice that Hunt Oil U.S.A. Inc. requests Ridgeway to plug the 12-15-30 well within 180 days of this notice, pursuant to Arizona Oil and Gas Conservation Commission regulations. Please confirm our understanding of the plugging responsibility and time frame for completing the P&A operation.

If there is anything further you require, please do not hesitate to contact the undersigned at 214-978-8600.

Yours very truly,

HUNT OIL U.S.A, INC.

A handwritten signature in black ink, appearing to read "Bill Rex", is written over a horizontal line.

Bill Rex,
Vice President - Land and Negotiations

/mhj
Enclosures

**cc: Ridgeway Arizona Oil Corporation
P O Box 1110
St Johns, AZ
Attn: Tom White**



Oil and Gas Conservation Commission

STATE OF ARIZONA

5150 N. 16th STREET, SUITE B-141

PHOENIX, ARIZONA 85016

PHONE: (602) 255-5161

ACGCC MITG 10-19-2007

<u>Name</u>	<u>Representing</u>
Thomas White	RAOC
Mike Rice	State Land Dept.
Mike Dennis	ASLD
Thomas Soteros-McNaras	GOSP/B