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 April 17, 2009, at 10:00 a.m. in Room 321 of the State Land Department Building located at 1616 West Adams Street, 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 January 16, 2009
3. Conflicts of interest
4. Report of State Geologist and Director about administrative, budget, and staff support matters
5. Report of Oil & Gas Administrator about new permits and drilling activity
6. SunCor Development Company request for temporary abandonment for the 1-19 SunCor well (Permit 911), Maricopa County, and possible decision concerning request for temporary abandonment
7. Ridgeway Arizona Oil Corporation request for shut-in status for well 11-21 State (Permit 895), possible objection by Gary Kiehne, and possible decision concerning request for shut-in status
8. Ridgeway Arizona Oil Corporation request for shut-in status for wells 22-1X State (Permit 888), 10-22 State (Permit 896), 9-21 State (Permit 897), 11-16-30 State (Permit 937), 11-29-30 State (Permit 938), 11-06-31 State (Permit 939), 11-29-31 State (Permit 943), 11-24-29 State (Permit 945), 12-34-29x State (Permit 954), and 11-23-30 State (Permit 966) and possible decision concerning request for shut-in status
9. Status of Ridgeway Arizona Oil Corporation drilling program between St Johns and Springerville including possible report from a representative of Ridgeway
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 9th day of April 2009

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
January 16, 2009

Present:
Dr. J. Dale Nations, Chairman
Mr. Robert L. Jones, Vice-Chairman
Mr. Stephen R. Cooper, Member
Ms. Katosha Nakai, Member
Ms. Michele P. Negley, Member
Dr. M. Lee Allison, State Geologist and Director of Arizona Geological Survey
Mr. Steven L. Rauzi, Oil and Gas Program Administrator

Dr. Nations, Chairman, called the regular Commission Meeting of January 16 to order at 10:00 a.m. in Room 321, State Land Department Building in Phoenix, Arizona.

Dr. Nations presented Ms. Nakai with Governor Janet Napolitano’s certificate of appointment to the Commission. Dr. Nations presented Mr. Wagner a plaque thanking him for six years of service on the Commission.

APPROVAL OF THE MINUTES OF THE MEETING OF OCTOBER 17, 2008

Mr. Jones moved, seconded by Ms. Negley:

THAT THE MINUTES OF THE MEETING OF OCTOBER 17, 2008, BE ACCEPTED AS PRESENTED

Motion carried unanimously.

CONFLICTS OF INTEREST

Dr. Nations and Ms. Nakai declared a conflict with agenda item six relating to El Paso Natural Gas.

REPORT OF STATE GEOLOGIST AND DIRECTOR OF ARIZONA GEOLOGICAL SURVEY

Dr. Allison discussed the State’s $1.6 billion dollar budget short fall and reported that the Geological Survey would be implementing a 30 percent reduction in its budget between now and June 30. He indicated that the impact of the reduction would be that support to the Commission would be reduced by 50 percent because staff would be partially assigned to externally funded projects.

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. He reported that two permits were issued to Wind River Resources and APS and one well was drilled since the October 17 meeting. He reported that Wind River Resources drilled a well to a depth of 5000 ft about 10 miles southeast of St. George, Utah and that because of the drop in oil prices Wind River would not be drilling its second permitted well. Mr. Rauzi reported that APS planned to start drilling its stratigraphic test near the Cholla Power plant in February or March.

EL PASO REQUEST FOR TEMPORARY ABANDONMENT FOR WELLS 1-24, 1-19, AND 1-12

Mr. Rauzi reported that El Paso submitted a written request for a two-year extension and tests demonstrating casing integrity for the 1-24 and 1-12 wells. He noted that the 1-19 well had reverted
back to the land owner, SunCor Development, and reported that SunCor intended to submit a written request to extend the temporary abandonment of the 1-19 well and complete the necessary requirements to accomplish that.

Ms. Negley moved, seconded by Mr. Cooper:

TO GRANT A TWO-YEAR EXTENSION OF TEMPORARY ABANDONMENT TO THE 1-24 AND 1-12 WELLS

Motion carried unanimously.

Mr. Gettman reported that ownership of the 1-19 well reverted back to SunCor Development in accordance with certain provisions of the ground lease and that paperwork was being prepared to formalize the transfer of ownership with the Commission.

Mr. Ellsworth provided the Commission with a written request to extend the current status of the 1-19 well and indicated that SunCor would submit the necessary tests and bond by the April meeting.

Ms. Negley moved, seconded by Mr. Cooper:

TO GRANT A TWO-YEAR EXTENSION OF TEMPORARY ABANDONMENT TO THE 1-19 WELL PROVIDED THAT SUNCOR SUBMIT A BOND AND CASING INTEGRITY TEST BY THE APRIL MEETING

Motion carried unanimously.

Dr. Nations and Ms. Nakai abstained from participation in this agenda item and did not vote.

RIDGECAY REQUEST FOR SHUT-IN STATUS FOR WELL 11-21 AND OBJECTION BY GARY KIEHNE

Mr. Rauzi reported that Ridgeway submitted a request to extend the shut-in status of the 11-21 well. He explained that Ridgeway was not able to set a packer in the fiberglass casing and conduct a test to demonstrate the mechanical integrity of the casing.

Mr. Kiehne urged the Commission to deny an extension based on material handed out and presented by Mr. Snow that questioned the producibility, casing integrity, and shut-in status of the well.

Mr. Blanchard and Mr. Portman explained and countered the material presented by Mr. Snow and urged the Commission to grant the extension.

Ms. Nakai moved, seconded by Ms. Negley:

TO GO INTO EXECUTIVE SESSION TO RECEIVE LEGAL ADVICE

Motion carried unanimously. The Executive Session began at 11:20 a.m.

The regular meeting resumed at 11:50 a.m.

Mr. Jones moved, seconded by Ms. Negley:

TO CONTINUE ITEM 7 TO THE APRIL MEETING AND REQUIRE RIDGECAY TO SUBMIT INFORMATION REQUIRED BY R12-7-125(C) AND R12-7-150
After further discussion about receiving the required information before the meeting to provide the Commissioners time to review that and having a third party witness the open flow test

Dr. Nations restated the motion, seconded by Mr. Jones

TO CONTINUE ITEM 7 TO THE APRIL MEETING WITH THE STIPULATION THAT RIDGEWAY SUBMIT THE INFORMATION REQUIRED BY R12-7-125(C) RELATING TO CASING INTEGRITY AND R12-7-150 RELATING TO PRODUCIBILITY WITHIN 30 DAYS OF THE APRIL MEETING AND TO ALLOW A THIRD PARTY TO OBSERVE THE TESTING REQUIRED IN R12-7-150

Mr. Jones and Ms. Negley approved the amendments to the prior motion.

Motion carried unanimously.

Mr. Dixon indicated that either he or someone from the State Land Department would like to be present at the capacity test and that could satisfy the requirement for a third party to be present.

RIDGEWAY REQUEST FOR SHUT-IN STATUS FOR WELLS 22-1X, 10-22, 9-21, 11-16-30, 11-29-30, 11-6-31, 11-29-31, 11-24-29, 12-34-29X, AND 11-23-30

Mr. Rauzi reported that Ridgeway submitted a completion report accompanied by flow test data and requested shut-in status for the wells referenced in agenda item eight. He explained that Ridgeway was not able to set a packer in the fiberglass casing in the 22-1X, 10-22, and 9-21 wells, which were drilled in 1997, and had not submitted the open flow capacity test required in R12-7-150 for the remaining wells. Mr. Rauzi indicated that casing integrity was not a concern in the remaining wells.

Ms. Van Quathem handed the Commissioners a letter dated January 15 from Hunt Oil citing several reasons why the Commission should deny granting or extending shut-in status to the 9-21 well.

After discussing Ridgeway’s lack of compliance with the requirements in A.A.C R12-7-125(C) to demonstrate casing integrity and perform an open flow capacity test

Mr. Cooper moved, seconded by Ms. Negley:

TO CONTINUE ITEM 8 TO THE APRIL MEETING AND REQUIRE THE APPLICANT TO SHOW COMPLIANCE WITH A.A.C. R12-7-125(C) AND R12-7-150

Motion carried unanimously.


Mr. Rauzi reported that Ridgeway submitted a request to extend for one year the temporary abandonment status for the wells referenced in agenda item nine and a test demonstrating casing integrity in the 11-18 well, which was drilled in 2004.

Ms. Negley moved, seconded by Mr. Jones:

TO EXTEND FOR ONE YEAR THE TEMPORARY ABANDONMENT STATUS OF THE WELLS LISTED ON AGENDA ITEM NINE
Motion carried unanimously.

**STATUS OF RIDGEWAY ARIZONA OIL CORPORATION DRILLING PROGRAM BETWEEN ST JOHNS AND SPRINGERVILLE INCLUDING POSSIBLE REPORT FROM A REPRESENTATIVE OF RIDGEWAY**

No report

**CALL TO THE PUBLIC**

Mr. Dixon informed the Commission that Mr. Paul Buff retired from the BLM and extended his appreciation in working with the Commission.

**ANNOUNCEMENTS**

The Commission scheduled its next meeting at 10:00 a.m. on April 17, 2009, in room 321 at the State Land Department Building in Phoenix.

**ADJOURNMENT**

Ms. Negley moved, seconded by Mr. Jones:

**THAT THE MEETING BE ADJOURNED**

Motion carried unanimously. Time of adjournment was 12:35 p.m.

**APPROVED**

**Guests in Attendance**

<table>
<thead>
<tr>
<th>Name</th>
<th>Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>John Blanchard</td>
<td>Ridgeway Arizona Oil Corporation</td>
</tr>
<tr>
<td>Curtis Cox</td>
<td>Assistant Attorney General</td>
</tr>
<tr>
<td>Joe Dixon</td>
<td>State Land Department</td>
</tr>
<tr>
<td>Jerry Ellsworth</td>
<td>SunCor Development</td>
</tr>
<tr>
<td>Greg Gettman</td>
<td>El Paso Natural Gas</td>
</tr>
<tr>
<td>Gary Kiehne</td>
<td>Self</td>
</tr>
<tr>
<td>Barry Portman</td>
<td>Ridgeway Arizona Oil Corporation</td>
</tr>
<tr>
<td>Michele Van Quathem</td>
<td>Hunt / Kiehne</td>
</tr>
<tr>
<td>Dan W. Snow</td>
<td>Snow Oil</td>
</tr>
<tr>
<td>Bob Wagner</td>
<td>Self</td>
</tr>
<tr>
<td>Thomas White</td>
<td>Ridgeway Arizona Oil Corporation</td>
</tr>
</tbody>
</table>
April 9, 2009

To:    Oil and Gas Conservation Commissioners
       
From: Steven L. Rauzi, Oil and Gas Administrator

Re:    Activity Report for the April 17, 2009, Meeting

Four new permits were issued and operators started drilling two wells since your last meeting on January 16. Three permits were issued to Ridgeway Arizona Oil Corporation for wells at its CO₂ project between St Johns and Springerville. Ridgeway started drilling one of the wells in late February. The fourth permit was issued to Willcox Greenhouse LLC for a 4000 ft geothermal well at its greenhouses north of Willcox. Willcox Greenhouse started drilling its well March 20. APS (Arizona Public Service) plans to start drilling its stratigraphic test of the carbon dioxide storage potential of Devonian rocks underlying the Cholla Power near Holbrook in May. APS permitted this well with the Commission in November 2008. Southwest Exploration is in the preliminary stages of permitting five stratigraphic holes on its acreage southwest of the Petrified Forest National Park.

SunCor Development Company submitted a pressure test demonstrating mechanical integrity in support of its request to extend temporary abandonment of the SunCor 1-19 well near Luke Air Base. Ridgeway Arizona Oil Corporation's request to extend shut-in status of some of its wells between St. Johns and Springerville was continued from your January meeting.
<table>
<thead>
<tr>
<th>Permit</th>
<th>Well</th>
<th>Location Sec-Twp-Rge</th>
<th>Total Depth</th>
</tr>
</thead>
<tbody>
<tr>
<td>888</td>
<td>1 Plateau Cattle</td>
<td>ne sw 15-12n-29e</td>
<td>2431 ft</td>
</tr>
<tr>
<td>888</td>
<td>1A Plateau Cattle</td>
<td>ne sw 15-12n-29e</td>
<td>220 ft</td>
</tr>
<tr>
<td>884</td>
<td>3-1 State</td>
<td>ne se 3-11n-29e</td>
<td>1813 ft</td>
</tr>
<tr>
<td>885</td>
<td>22-1 State</td>
<td>nw nw 22-12n-29e</td>
<td>218 ft</td>
</tr>
<tr>
<td>888</td>
<td>22-1X State</td>
<td>se nw 22-12n-29e</td>
<td>2149 ft</td>
</tr>
<tr>
<td>890</td>
<td>35-1 State</td>
<td>ne sw 35-12n-29e</td>
<td>not drilled</td>
</tr>
<tr>
<td>891</td>
<td>10-1 State</td>
<td>sw ne 10-11n-29e</td>
<td>not drilled</td>
</tr>
<tr>
<td>892</td>
<td>11-1 State</td>
<td>se nw 11-11n-29e</td>
<td>not drilled</td>
</tr>
<tr>
<td>893</td>
<td>2-1 State</td>
<td>se nw 2-11n-29e</td>
<td>not drilled</td>
</tr>
<tr>
<td>895</td>
<td>11-21 State</td>
<td>ne sw 21-11n-30e</td>
<td>2410 ft</td>
</tr>
<tr>
<td>896</td>
<td>10-22 State</td>
<td>sw sw 22-10n-30e</td>
<td>2265 ft</td>
</tr>
<tr>
<td>897</td>
<td>9-21 State</td>
<td>sw ne 21-9n-31e</td>
<td>2686 ft</td>
</tr>
<tr>
<td>898</td>
<td>9-22-9 State</td>
<td>sw se 22-9n-29e</td>
<td>3180 ft</td>
</tr>
<tr>
<td>899</td>
<td>10-16-31 State</td>
<td>ne sw 16-10n-31e</td>
<td>2728 ft</td>
</tr>
<tr>
<td>900</td>
<td>12-15-30 State</td>
<td>ne sw 15-12n-30e</td>
<td>2603 ft</td>
</tr>
<tr>
<td>901</td>
<td>13-36-29 State</td>
<td>sw ne 36-13n-29e</td>
<td>2454 ft</td>
</tr>
<tr>
<td>902</td>
<td>12-16-28 State</td>
<td>nw ne 16-12n-28e</td>
<td>2280 ft</td>
</tr>
<tr>
<td>903</td>
<td>10-26-29 State</td>
<td>nw sw 26-10n-29e</td>
<td>3200 ft</td>
</tr>
<tr>
<td>904</td>
<td>15-28-29 State</td>
<td>ne nw 28-15n-29e</td>
<td>2410 ft</td>
</tr>
<tr>
<td>915</td>
<td>11-33 State</td>
<td>ne sw 33-11n-30e</td>
<td>not drilled</td>
</tr>
<tr>
<td>917</td>
<td>13-18 State</td>
<td>c sw 18-11n-30e</td>
<td>2535 ft</td>
</tr>
<tr>
<td>918</td>
<td>10-13 State</td>
<td>ne sw 13-10n-30e</td>
<td>not drilled</td>
</tr>
<tr>
<td>937</td>
<td>11-16-30 State</td>
<td>nw se 16-11n-30e</td>
<td>2377 ft</td>
</tr>
<tr>
<td>938</td>
<td>11-29-30 State</td>
<td>nw se 29-11n-30e</td>
<td>1906 ft</td>
</tr>
<tr>
<td>940</td>
<td>11-07-30 State</td>
<td>nw se 07-11n-31e</td>
<td>1885 ft</td>
</tr>
<tr>
<td>941</td>
<td>11-18-31 State</td>
<td>nw se 18-11n-31e</td>
<td>2035 ft</td>
</tr>
<tr>
<td>942</td>
<td>12-20-31 State</td>
<td>se nw 20-11n-31e</td>
<td>1934 ft</td>
</tr>
<tr>
<td>944</td>
<td>11-29-31 State</td>
<td>se nw 29-11n-31e</td>
<td>2850 ft</td>
</tr>
<tr>
<td>945</td>
<td>11-12-31 State</td>
<td>ne sw 32-11n-31e</td>
<td>2900 ft</td>
</tr>
<tr>
<td>946</td>
<td>11-24-29 State</td>
<td>sw ne 24-11n-29e</td>
<td>1906 ft</td>
</tr>
<tr>
<td>947</td>
<td>11-32-30 State</td>
<td>c se 32-11n-30e</td>
<td>1690 ft</td>
</tr>
<tr>
<td>950</td>
<td>12-32-31 State</td>
<td>ne sw 32-12n-31e</td>
<td>85 ft</td>
</tr>
<tr>
<td>952</td>
<td>12-34-29 State</td>
<td>nw ne 34-12n-29e</td>
<td>1140 ft</td>
</tr>
<tr>
<td>954</td>
<td>12-30-30 State</td>
<td>sw nw 32-12n-30e</td>
<td>not drilled</td>
</tr>
<tr>
<td>956</td>
<td>11-29-31 State</td>
<td>se nw 29-11n-31e</td>
<td>3048 ft</td>
</tr>
<tr>
<td>957</td>
<td>12-31-30 State</td>
<td>se nw 31-11n-30e</td>
<td>2814 ft</td>
</tr>
<tr>
<td>958</td>
<td>12-31-30 State</td>
<td>se nw 31-12n-30e</td>
<td>2622 ft</td>
</tr>
<tr>
<td>959</td>
<td>10-29-31 State</td>
<td>se ne 29-10n-31e</td>
<td>4202 ft</td>
</tr>
<tr>
<td>960</td>
<td>10-29-31x State</td>
<td>se ne 29-10n-31e</td>
<td>not drilled</td>
</tr>
<tr>
<td>961</td>
<td>12-30-31x State</td>
<td>sw sw 30-12n-30e</td>
<td>not drilled</td>
</tr>
<tr>
<td>962</td>
<td>09-05-31 State</td>
<td>nw se 05-09n-31e</td>
<td>122 ft</td>
</tr>
<tr>
<td>964</td>
<td>10-05-30 State</td>
<td>nw nw 05-10n-30e</td>
<td>not drilled</td>
</tr>
<tr>
<td>966</td>
<td>11-23-30 State</td>
<td>nw ne 23-11n-30e</td>
<td>2550 ft</td>
</tr>
<tr>
<td>967</td>
<td>11-23-30x State</td>
<td>nw ne 23-11n-30e</td>
<td>not drilled</td>
</tr>
<tr>
<td>968</td>
<td>12-34-30 State</td>
<td>se nw 34-12n-30e</td>
<td>not drilled</td>
</tr>
<tr>
<td>969</td>
<td>12-34-30x State</td>
<td>se nw 34-12n-30e</td>
<td>not drilled</td>
</tr>
<tr>
<td>970</td>
<td>11-24-29 State</td>
<td>sw nw 24-11n-29e</td>
<td>2137 ft</td>
</tr>
<tr>
<td>971</td>
<td>12-30-29 State</td>
<td>ne sw 30-12n-29e</td>
<td>not drilled</td>
</tr>
<tr>
<td>972</td>
<td>12-30-29 State</td>
<td>ne sw 30-12n-29e</td>
<td>not drilled</td>
</tr>
<tr>
<td>973</td>
<td>10-08-31 State</td>
<td>se sw 08-10n-31e</td>
<td>not drilled</td>
</tr>
<tr>
<td>974</td>
<td>10-08-31x State</td>
<td>sw sw 08-10n-31e</td>
<td>not drilled</td>
</tr>
<tr>
<td>978</td>
<td>12-36-29 State</td>
<td>nw sw 36-12n-29e</td>
<td>not drilled</td>
</tr>
<tr>
<td>980</td>
<td>11-03-29 State</td>
<td>ne se 03-11n-29e</td>
<td>80 ft</td>
</tr>
<tr>
<td>982</td>
<td>11-06-29 State</td>
<td>se se 06-11n-29e</td>
<td>not drilled</td>
</tr>
</tbody>
</table>

Status and comments:
- Permit expired 4/1997
- Permit expired 4/1997
- Permit expired 4/1997
- Drilled 3/1997, temporarily abandoned (SI)
- Drilled temporarily abandoned (SI)
- Drilled temporarily abandoned (SI)
- Drilled temporarily abandoned (SI)
- Drilled temporarily abandoned (SI)
- Drilled temporarily abandoned (SI)
- Drilled temporarily abandoned (SI)
- Drilled temporarily abandoned (SI)
- Drilled temporarily abandoned (SI)
- Drilled temporarily abandoned (SI)
- Spudded 5/2007, temporarily abandoned
- Drilled 2/2008, blow out
- Permit expired 7/2008
- Drilled 2/2008, temporarily abandoned
- Permit expired 9/2008
- Permit expired 7/2008
- Drilled 2/2008, temporarily abandoned
- Drilled 2/2008, temporarily abandoned (SI)
- Drilled 3/2008, temporarily abandoned
- Drilled 3/2008, temporarily abandoned
- Permit expired 3/2008
- Permit expired 3/2008
- Drilled 4/2008, temporarily abandoned
- Drilled 4/2008, temporarily abandoned
- Permit expired 8/2008
- Permit expired 9/2008
- Permit expired 12/2008
- Permit expired 12/2008
- Drilled 4/2008, temporarily abandoned
- Permit expired 1/2009
- Permit expired 1/2009
- Permit expired 2/2009
- Permit expired 2/2009
- Permitted 2/13/2009
- Spudded 2/2009, temporarily abandoned
- Permitted 2/13/2009

03/19/2009
March 9, 2009

Mr. Steven L. Rauzi
Oil and Gas Administrator
Arizona Geological Survey
416 W. Congress St., Suite 100.
Tucson, Arizona 85701-1381.

Re: Oil & Gas Conservation Commission Resignation

Dear Mr. Rauzi:

It is with mixed emotion that I write to resign my position on the Oil & Gas Conservation Commission effective immediately. I enjoyed meeting everyone in January and commend you and each of the Commissioners on the fine work and service provided to the State. I have been asked to join the staff of Governor Jan Brewer as her Policy Advisor on Tribal Affairs and have accepted. To avoid the appearance of any conflict of interest, I believe it is in the best interests of the Commission if I resign. I hope that at some point in the future, I may again be able to serve. Until such time, I wish you every continued success.

Sincerely,

Katosha Nakai

cc: Governor Janice K. Brewer
OGCC MEETING APR 17, 2009

Name
Sam Billington
Thane White
Barry Portman
Barry Leslie
Josh Black
Terence Smith
Rensse Peng
John Blanchard

Representing
Selk
Ridgeway

SW Exploration
Passport Minerals
Ridgeway