

OIL & GAS CONSERVATION COMMISSION
MINUTES OF MEETING / APRIL 17, 2009
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 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.

RIDGEWAY 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 RIDGEWAY 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.

RIDGEWAY REQUEST FOR TEMPORARY ABANDONMENT STATUS FOR WELLS 11-18, 11-7-31, 11-18-31, 11-32-31, 11-32-30, 12-32-31, 10-2-30, 10-2-30X, 11-29-31X, 12-31-30, 12-31-30X, 10-29-31, 9-5-31, 9-5-31X, 10-5-30, AND 11-24-29X

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 SPRINGVILLE 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.

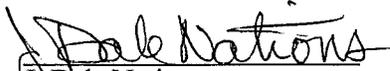
ADJOURNMENT

Ms. Negley moved, seconded by Mr. Jones:

THAT THE MEETING BE ADJOURNED

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

APPROVED


J. Dale Nations
Chairman

GUESTS IN ATTENDANCE

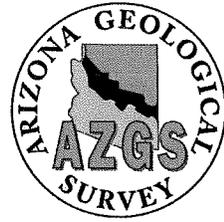
John Blanchard	Ridgeway Arizona Oil Corporation
Curtis Cox	Assistant Attorney General
Joe Dixon	State Land Department
Jerry Ellsworth	SunCor Development
Greg Gettman	El Paso Natural Gas
Gary Kiehne	Self
Barry Portman	Ridgeway Arizona Oil Corporation
Michele Van Quathem	Hunt / Kiehne
Dan W. Snow	Snow Oil
Bob Wagner	Self
Thomas White	Ridgeway Arizona Oil Corporation



Janice K. Brewer
Governor

State of Arizona
Arizona Geological Survey

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



M. Lee Allison, Ph.D., R.G.
Director and State Geologist

April 9, 2009

To: Oil and Gas Conservation Commissioners

From: ^{SLR} 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.

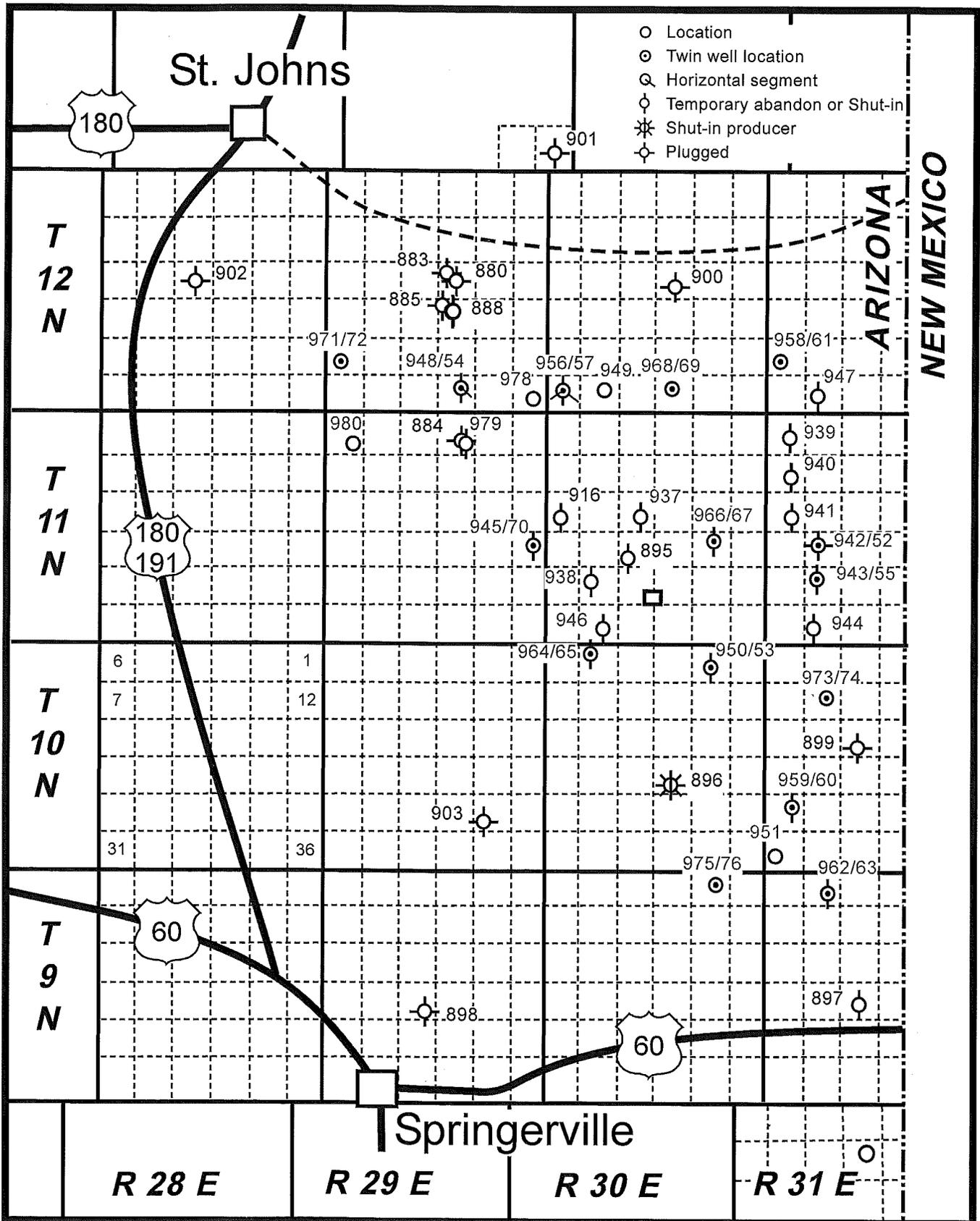
SunCor Development Company submitted a pressure test demonstrating mechanical integrity in support of its request to extend temporary abandonment of the SunCor 1-19 well near Luke Air Base. Ridgeway Arizona Oil Corporation's request to extend shut-in status of some of its wells between St. Johns and Springerville was continued from your January meeting.

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

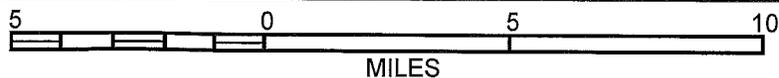
<u>Permit</u>	<u>Well</u>	<u>Location Sec-Twp-Rge</u>	<u>Total Depth</u>	<u>Status and comment</u>
880	1 Plateau Cattle	ne sw 15-12n-29e	2431 ft	Drilled 8/1994, plugged 9/1997
883	1A Plateau Cattle	ne sw 15-12n-29e	220 ft	Drilled 11/1994, plugged 11/1997
884	3-1 State	ne se 3-11n-29e	1813 ft	Drilled 10/1995, plugged 9/2004
885	22-1 State	nw nw 22-12n-29e	218 ft	Drilled 8/1995, plugged 8/1997
888	22-1X State	se nw 22-12n-29e	2149 ft	Drilled 6/1997, 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 (SI)
896	10-22 State	sw sw 22-10n-30e	2265 ft	Completed 7/2002; shut in 3/2004
897	9-21 State	sw ne 21-9n-31e	2686 ft	Drilled 3/1997, temporarily abandoned (SI)
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, plugged 7/2008
901	13-36-29 State	sw ne 36-13n-29e	2454 ft	Drilled 5/1997, 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 6/1997, 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-30e	2377 ft	Drilled 3/2007, temporarily abandoned (SI)
938	11-29-30 State	se nw 29-11n-30e	1906 ft	Drilled 2/2007, temporarily abandoned (SI)
939	11-06-31 State	nw se 06-11n-31e	2711 ft	Drilled 4/2007, temporarily abandoned (SI)
940	11-07-31 State	nw se 07-11n-31e	1885 ft	Drilled 4/2007, temporarily abandoned
941	11-18-31 State	nw se 18-11n-31e	2035 ft	Drilled 4/2007, temporarily abandoned
942	11-20-31 State	se nw 20-11n-31e	1934 ft	Drilled 5/2007, plugged 2/2008
943	11-29-31 State	se nw 29-11n-31e	2850 ft	Drilled 5/2007, temporarily abandoned (SI)
944	11-32-31 State	ne sw 32-11n-31e	2900 ft	Drilled 5/2007, temporarily abandoned
945	11-24-29 State	sw ne 24-11n-29e	1906 ft	Drilled 2/2007, temporarily abandoned (SI)
946	11-32-30 State	c se 32-11n-30e	1690 ft	Drilled 3/2007, temporarily abandoned
947	12-32-31 State	ne sw 32-12n-31e	85 ft	Spudded 5/2007, temporarily abandoned
948	12-34-29 State	nw ne 34-12n-29e	1140 ft	Drilled 2/2008, plugged 2/2008, blow out
949	12-32-30 State	sw ne 32-12n-30e	not drilled	Permit expired 7/2008
950	10-02-30 State	sw ne 02-10n-30e	2650 ft	Drilled 2/2008, temporarily abandoned
951	10-31-31 State	nw sw 31-10n-31e	not drilled	Permit expired 9/2008
952	11-20-31x State	se nw 20-11n-31e	not drilled	Permit expired 7/2008
953	10-02-30x State	sw ne 02-10n-30e	1899 ft	Drilled 2/2008, temporarily abandoned
954	12-34-29x State	nw ne 34-12n-29e	3048 ft	Drilled 2/2008, temporarily abandoned (SI)
955	11-29-31x State	se nw 29-11n-31e	1909 ft	Drilled 3/2008, temporarily abandoned
956	12-31-30 State	se nw 31-12n-30e	2814 ft	Drilled 3/2008, temporarily abandoned
957	12-31-30x State	se nw 31-12n-30e	2622 ft	Drilled 3/2008, temporarily abandoned
958	12-30-31 State	sw sw 30-12n-31e	not drilled	Permit expired 8/2008
959	10-29-31 State	sw ne 29-10n-31e	4202 ft	Drilled 3/2008, temporarily abandoned
960	10-29-31x State	sw ne 29-10n-31e	not drilled	Permit expired 8/2008
961	12-30-31x State	sw sw 30-12n-31e	not drilled	Permit expired 9/2008
962	09-05-31 State	nw se 05-09n-31e	122	Drilled 4/2008, temporarily abandoned
963	09-05-31x State	nw se 05-09n-31e	2969 ft	Drilled 4/2008, temporarily abandoned
964	10-05-30 State	nw nw 05-10n-30e	2600 ft	Drilled 3/2008, temporarily abandoned
965	10-05-30x State	nw nw 05-10n-30e	not drilled	Permit expired 9/2008
966	11-23-30 State	nw ne 23-11n-30e	2550 ft	Drilled 4/2008, temporarily abandoned (SI)
967	11-23-30x State	nw ne 23-11n-30e	not drilled	Permit expired 9/2008
968	12-34-30 State	se nw 34-12n-30e	not drilled	Permit expired 12/2008
969	12-34-30x State	se nw 34-12n-30e	not drilled	Permit expired 12/2008
970	11-24-29x State	sw ne 24-11n-29e	2137 ft	Drilled 4/2008, temporarily abandoned
971	12-30-29 State	ne sw 30-12n-29e	not drilled	Permit expired 1/2009
972	12-30-29x State	ne sw 30-12n-29e	not drilled	Permit expired 1/2009
973	10-08-31 State	sw ne 08-10n-31e	not drilled	Permit expired 2/14/2009
974	10-08-31x State	sw ne 08-10n-31e	not drilled	Permit expired 2/14/2009
978	12-36-29 State	nw sw 36-12n-29e	not drilled	Permitted 2/13/2009
979	11-03-29x State	ne se 03-11n-29e	80 ft	Spudded 2/2009, temporarily abandoned
980	11-06-29 State	se se 06-11n-29e	not drilled	Permitted 2/13/2009

03/19/2009

Ridgeway Arizona Oil Corporation Wells



03/19/09



March 9, 2009

rc'd 3-11-09

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

KN/cre

cc: Governor Janice K. Brewer

OGCC M.T.G. APR 17, 2009

<u>Name</u>	<u>Representing</u>
Sam Billington	Self
Thomas White	Ridgeway
Barry Portman	Ridgeway
Berry Lesher	u
Josh Bleak	SW Exploration
TERENCE SMITHSON PENS	PASSPORT MINERALS
John Blanchard	Ridgeway