

OIL & GAS CONSERVATION COMMISSION
— MINUTES OF MEETING/JANUARY 15, 2010 —
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 January 15, 2010, 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 of October 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. Discussion of Ridgeway Arizona Oil Corporation permits 888, 896, 937, 938, 939, 943, 945, 954, and 966 and possible decision concerning shut-in status
7. Discussion of Ridgeway Arizona Oil Corporation permits 916, 940, 941, 944, 946, 947, 950, 953, 955, 956, 957, 959, 962, 963, 964, and 970 and possible decision concerning temporary abandonment
8. Status of Ridgeway Arizona Oil Corporation drilling program between St Johns and Springerville and possible report from a representative of Ridgeway
9. Election of officers
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 7th day of January 2010

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
October 16, 2009

Present:

Dr. J. Dale Nations, Chairman
Mr. Robert L. Jones, Vice-Chairman
Mr. Stephen R. Cooper, Member
Ms. Michele P. Negley, Member
Mr. Steven L. Rauzi, Oil and Gas Program Administrator

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

APPROVAL OF THE MINUTES OF THE MEETING OF JULY 17, 2009

Mr. Jones moved, seconded by Mr. Cooper:

THAT THE MINUTES OF THE MEETING OF JULY 17, 2009, BE ACCEPTED
AS PRESENTED

Motion carried unanimously.

CONFLICTS OF INTEREST

Dr. Nations and Ms. Negley indicated a remote potential conflict of interest regarding NGS.

REPORT OF STATE GEOLOGIST AND DIRECTOR OF ARIZONA GEOLOGICAL SURVEY

Dr. Nations asked Mr. Rauzi to discuss the budget situation in the absence of Dr. Allison. Mr. Rauzi indicated that the Governor directed all agencies to identify programs for possible elimination because of the current budget situation and reviewed the results of a recent online survey to rank the importance of programs at the Arizona Geological Survey. He reported that Dr. Allison stated in a recent staff meeting that regulation of oil and gas in Arizona was not a program that would be eliminated but that support to the Oil and Gas Conservation Commission would be reduced.

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 Southwest Exploration Company drilled four stratigraphic wells at its potash project southeast of Holbrook, Willcox Greenhouse LLC drilled its geothermal well north of Willcox to a depth of 4000 ft, and that APS (Arizona Public Service Company) drilled its stratigraphic test near the Cholla Power plant. He indicated good results in the Willcox well but the Cholla well did not identify zones capable of sequestering carbon dioxide.

STATUS OF EL PASO AGS 1-21 (PERMIT 933) AND POSSIBLE DECISION CONCERNING
TEMPORARY ABANDONMENT

Mr. Rauzi reported that El Paso had submitted a written request to extend temporary abandonment of the AGS 1-21 for two years to allow for further business evaluation. He reviewed the current mechanical condition and integrity of the hole and recommended approval of El Paso's request. In response to a question from Mr. Cooper, Mr. Rauzi reported that the two-year extension would take the temporary abandonment up to the initial five-year time frame provided in the rules.

Ms. Negley moved, seconded by Mr. Jones:

TO GRANT TEMPORARY ABANDONMENT FOR TWO YEARS TO THE EL PASO AGS 1-21 WELL

Motion carried unanimously.

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

Mr. White indicated that there was no report at this time.

CALL TO THE PUBLIC

Mr. Dixon described a recent article in the Oil and Gas Journal about potential drilling activity by Vanterra Energy near Kingman and by PetroSun in the Holbrook basin. He indicated that Parks Petroleum in Carefree, Arizona had expressed interest in leasing and drilling in the Tombstone area.

ANNOUNCEMENTS

Dr. Nations announced that the IOGCC (Interstate Oil and Gas Conservation Commission) will hold its annual meeting in Tucson in November 2010. Mr. Jones announced that Chris Walker would be speaking about algae energy at the Sun City Petroleum Club in November.

The Commission scheduled its next meeting at 10:00 a.m. on January 15, 2010, in room 321 at the State Land Department Building in Phoenix.

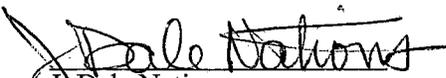
ADJOURNMENT

Mr. Jones moved, seconded by Mr. Cooper

THAT THE MEETING BE ADJOURNED

Motion carried unanimously. Time of adjournment was 10:30 p.m.

APPROVED


J. Dale Nations
Chairman

GUESTS IN ATTENDANCE

- | | |
|---------------------|----------------------------------|
| Curtis Cox | Assistant Attorney General |
| Joe Dixon | State Land Department |
| Louise Erickson | Office of Attorney General |
| Greg Gettman | El Paso Natural Gas |
| Michele Van Quathem | Public |
| Thomas White | Ridgeway Arizona Oil Corporation |

[Azgsstaff] Project Coordinator interviews today and Friday

Subject: [Azgsstaff] Project Coordinator interviews today and Friday

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

Date: Thu, 14 Jan 2010 08:37:56 -0700

To: AZGS Staff <azgsstaff@azgs.az.gov>

We are interviewing candidates today and tomorrow for the DOE Geothermal Data project coordinator position. We have 3 in-person interviews and 2 phone interviews and will determine then if we want to bring in additional candidates.

LA

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M. Lee Allison, PhD, PG
State Geologist & Director
Arizona Geological Survey
416 W. Congress, #100
Tucson, AZ 85701
520-209-4121
www.azgs.az.gov

Sunday, December 20, 2009

New round of budget cuts bring total to 45% for AZGS

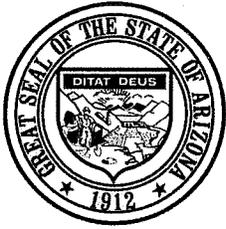
The Arizona Legislature adjourned it's 3 day special session on Saturday with the latest round of budget cuts and fund transfers sent to the Governor for her signature.

The AZGS will take another 7.5% reduction of our General Funds appropriated by the state. In addition, the State will take \$48,200 from contracts and grants awarded to the AZGS for specific projects. To avoid cancelling the projects and losing many times that amount of funding or going into default for noncompliance, we will have to cut back elsewhere and shift funds around.

Combined, this newest budget reductions amounts to the equivalent of 13% of our current state appropriation. Cumulatively, in the last 18 months, we have now taken net cuts equal to about 45% of our state appropriation at the start of Fiscal Year 2008.

We continue to seek external funding to replace state funds and subsidize our state-mandated statutory duties. And we've been pretty successful. Two-thirds of our budget comes from grants and contracts now. However, this new approach of 'sweeping' up our contract funds could shut down that business model.

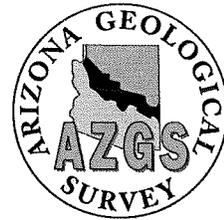
at [11:52 AM](#) [0 comments](#) [✍ Links to this post](#)



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

January 7, 2010

To: Oil and Gas Conservation Commissioners

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

Re: Activity Report for the January 15, 2010, Meeting

Nine drilling permits were issued and seven wells were drilled in 2009. Ridgeway drilled and abandoned one well. Southwest Exploration Company and Passport Metals drilled and abandoned four stratigraphic wells at its potash project southeast of Holbrook and plan to drill several more wells in 2010. Willcox Greenhouse LLC drilled its geothermal well north of Willcox to a depth of 4000 ft. Willcox Greenhouse is pleased with the results and has completed the well to help heat its greenhouse. APS (Arizona Public Service) drilled its stratigraphic well near the Cholla Power plant to a total depth of 3853 ft. The Department of Energy, through the West Coast Carbon Sequestration Partnership, provided most of the funding for the APS well. The APS well revealed that the Devonian and Pennsylvanian rocks underlying the Cholla Power plant are not porous or permeable enough to sequester carbon dioxide near the Cholla site.

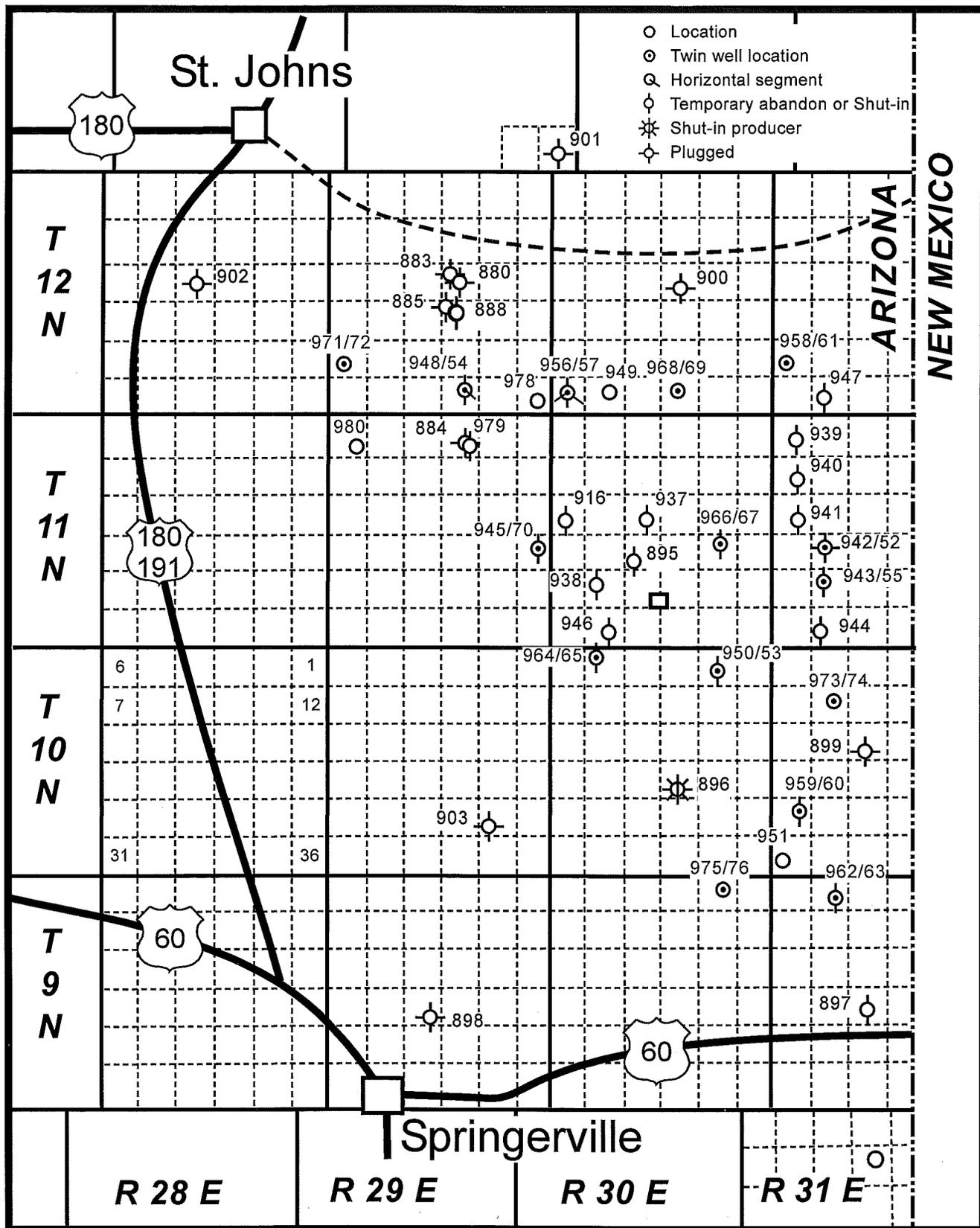
Arizona Natural Gas Storage (ANGS) submitted a request to the Federal Energy Regulatory Commission (FERC) in December 2009 to initiate the procedures for permitting and constructing a natural gas storage facility in subsurface salt in the Picacho Basin. You may recall that ANGS introduced themselves and discussed their plans for the natural gas storage facility in your July 2009 meeting. ANGS plans to start drilling later this year.

Ridgeway Arizona Oil Corporation has ten wells in shut-in status and 16 wells in temporary abandoned status that expire this month. Ridgeway has requested a one-year extension to both the shut-in and temporary abandoned wells.

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

Permit	Well	Location Sec-Twp-Rge	Total Depth	Status and comment
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, shut-in / app to plug
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, shut-in / app to plug
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, shut-in
938	11-29-30 State	se nw 29-11n-30e	1906 ft	Drilled 2/2007, shut-in
939	11-06-31 State	nw se 06-11n-31e	2711 ft	Drilled 4/2007, shut-in
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, shut-in
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, shut-in
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, shut-in
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, shut-in
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	Permit expired 8/13/2009
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	Permit expired 8/13/2009

Ridgeway Arizona Oil Corporation Wells



OGCC mtg 1-15-2010

<u>Name</u>	<u>Representing</u>
Joe Dixon	AZ State Land Dept.
Thomas White	RAZOC