

OIL & GAS CONSERVATION COMMISSION
— MINUTES OF MEETING / JULY 30, 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 July 30, 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 April 16, 2010
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. Report about IOGCC (Interstate Oil and Gas Compact Commission) annual meeting in Tucson in November 2010
7. Status of Ridgeway Arizona Oil Corporation drilling program between St Johns and Springerville and possible report from a representative of Ridgeway
8. Call to the public: This is the time for the public to comment. Members of the Commission may not discuss items that are not on the agenda. Therefore, action taken as a result of public comment will be limited to directing staff to study the matter or scheduling the matter for further discussion and decision at a later date.
9. Announcements
10. Adjournment

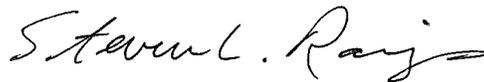
The Oil and Gas Conservation Commission may vote to go into Executive Session, pursuant to A.R.S. § 38-431.03(A)(3) or (4), which will not be open to the public, to consult with its attorney and receive legal advice with respect to any regular agenda item listed on this agenda.

A copy of the agenda background material provided to Commission members (with the exception of material relating to possible executive sessions) is available for public inspection at the Oil and Gas Administrator's office, 416 West Congress, Suite 100, Tucson, Arizona 85701.

The public may be afforded an opportunity to comment on any item on the agenda; however, at the beginning of the meeting, the Commission may vote to set up a time limit on individual comments.

Dated this 19th day of July 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
April 16, 2010

Present:

Dr. J. Dale Nations, Chairman
Mr. Robert L. Wagner, Vice-chairman
Mr. Stephen R. Cooper, Member
Mr. Frank Thorwald, Member
Mr. Steven L. Rauzi, Oil and Gas Program Administrator

Dr. Nations, Chairman, called the regular Commission Meeting of April 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 JANUARY 15, 2010

Mr. Wagner moved, seconded by Mr. Thorwald:

THAT THE MINUTES OF THE MEETING OF JANUARY 15, 2010, BE
ACCEPTED AS PRESENTED

Motion carried unanimously.

CONFLICTS OF INTEREST

None

REPORT OF STATE GEOLOGIST AND DIRECTOR OF ARIZONA GEOLOGICAL SURVEY

None

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 extended three permits to drill, Arizona Public Service was waiting for EPA approval to plug its Cholla well, Plains LPG had verified the volume and tested the integrity test of its #1 cavern at its storage well facility near Luke, and that the Commission was a cooperating agency in the FERC (Federal Energy Regulatory Commission) approval process for the natural gas storage project in the Picacho basin. He noted that he had responded to a request from the IOGCC (Interstate Oil and Gas Compact Commission) to all member states about the preparation and publication of hearing notices, which are becoming a financial burden in some of the more active oil and gas states.

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

Mr. White reported that Ridgeway extended three permits and would be filing three more permits for a total of six wells that Ridgeway planned to drill this year. He indicated that

Ridgeway had to drill at least five obligation wells by February 2011 in accordance with the unit agreement approved by the State Land Department.

CALL TO THE PUBLIC

Mr. Dixon indicated that he had scheduled Maria Baier, the State Land Commissioner and ex-officio member of the Commission, to attend the July meeting of the Commission.

ANNOUNCEMENTS

Mr. Rauzi announced that Commissioner Michele Negley resigned because she had accepted employment in Texas. He passed out a correspondence from Michele announcing her resignation and stating that she had enjoyed working with the Commission.

The Commission scheduled its next meeting at 10:00 a.m. on July 30, 2010, in room 321 at the State Land Department Building in Phoenix.

ADJOURNMENT

Mr. Wagner moved, seconded by Mr. Thorwald:

THAT THE MEETING BE ADJOURNED

Motion carried unanimously. Time of adjournment was 10:25 a.m.

APPROVED


J. Dale Nations
Chairman

GUESTS IN ATTENDANCE

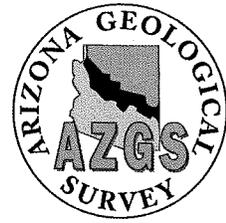
Joe Dixon
Thomas White

State Land Department
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

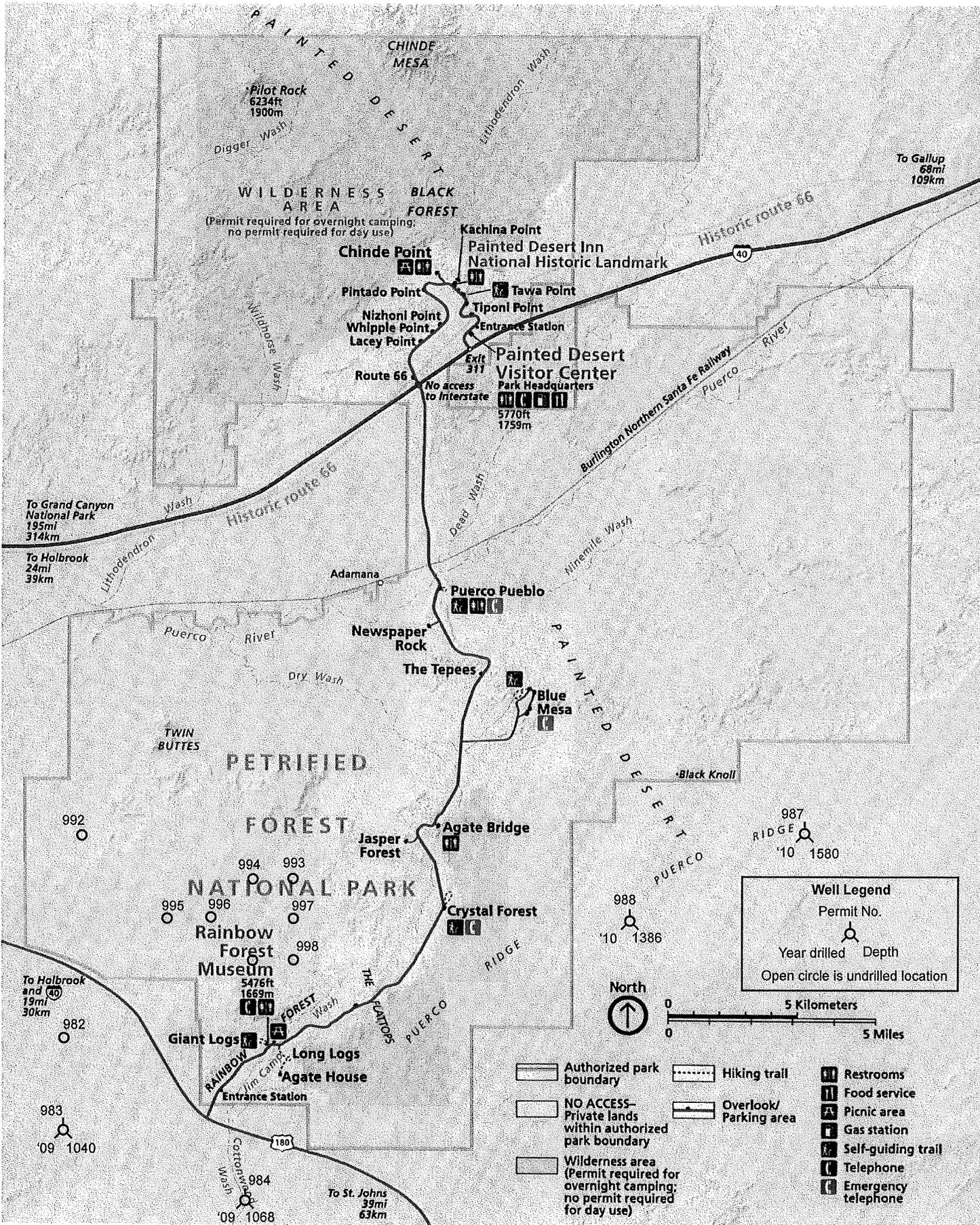
July 19, 2010

To: Oil and Gas Conservation Commissioners
From: ^{SLB} Steven L. Rauzi, Oil and Gas Administrator
Re: Activity Report for the July 30, 2010, Meeting

Ten new drilling permits were issued, two wells were drilled, and three wells were plugged since your last meeting on April 16, 2010. Potash Green LLC drilled and plugged two stratigraphic wells at its potash project east of Petrified Forest National Park near Holbrook. Potash Green may drill additional wells pending analysis of conventional core from the two wells. Southwest Exploration/Passport Potash permitted eight stratigraphic wells at its potash project west of Petrified Forest National Park. The Southwest Exploration/Passport Potash wells are on the Twin Buttes Ranch. Passport Potash has an option to purchase the Twin Buttes Ranch, which is within the expanded, authorized park boundary.

APS (Arizona Public Service) plugged its well to test the potential of sequestering CO₂ near the Cholla power plant at Joseph City. The Cholla well did not encounter porous or permeable formations near the power plant.

Arizona Natural Gas Storage (ANGS) is completing various investigations and applications to permit, construct and operate a natural gas storage-well facility in subsurface salt in the Picacho Basin. 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.



WILDERNESS AREA
(Permit required for overnight camping; no permit required for day use)

Painted Desert Inn
National Historic Landmark

Painted Desert
Visitor Center
Park Headquarters
5770ft
1759m

Puerco Pueblo
7000ft
2134m

Rainbow
Forest
Museum
5476ft
1669m

Giant Logs
Entrance Station

Long Logs
Agate House

Well Legend

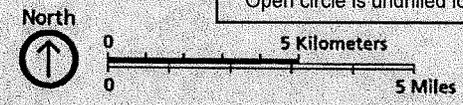
Permit No.

Year drilled

Depth

Open circle is undrilled location

- Authorized park boundary
- Hiking trail
- Restrooms
- Food service
- Picnic area
- Gas station
- Self-guiding trail
- Telephone
- Emergency telephone
- NO ACCESS-Private lands within authorized park boundary
- Overlook/Parking area
- Wilderness area (Permit required for overnight camping; no permit required for day use)



985 '09 999

986 '09 1100

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About the Interstate Oil and Gas Compact Commission

The Interstate Oil and Gas Compact Commission is a multi-state government agency that is passionate about advancing the quality of life for all Americans. However, without energy, the quality of life we enjoy today would not exist. That's why the Commission works to ensure our nation's oil and natural gas resources are conserved and maximized while protecting health, safety and the environment.

It's no secret that American energy is the most valuable to our nation. The responsible development of our own resources not only strengthens our economy by creating and maintaining jobs, but also lessens our dependence on foreign resources, making oil and natural gas more affordable for consumers.

The IOGCC advocates for environmentally-sound ways to increase the supply of American energy. We accomplish this by providing governors of member states with a clear and unified voice to Congress, while also serving as the authority on issues surrounding these vital resources.

The Commission also assists states in balancing a multitude of interests through sound regulatory practices. Our unique structure offers a highly effective forum for states, industry, Congress and the environmental community to share information and viewpoints to advance our nation's energy future. We stand dedicated to securing resources needed to ensure our nation's energy, economic and national security.



Gov. Rick Perry
2010 Chairman

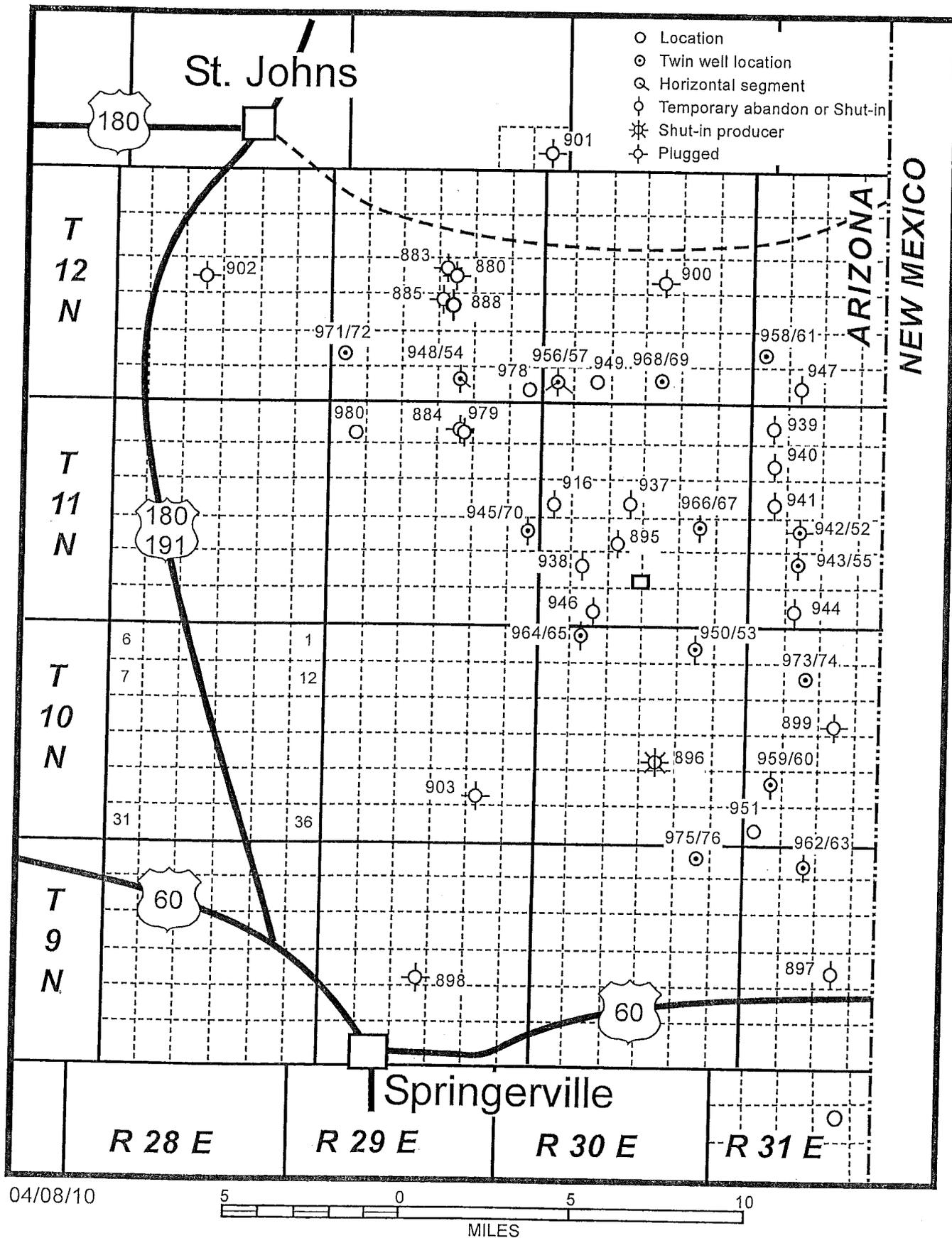
[HOME](#)

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 extended 9/3/2010
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 extended to 8/13/2010

03/03/2010

Ridgeway Arizona Oil Corporation Wells



AOGCC MTG 7-30-2010

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