

OIL & GAS CONSERVATION COMMISSION
— MINUTES OF MEETING / JANUARY 21, 2011 —
STEVEN L RAUZI, OIL & GAS ADMINISTRATOR

NOTICE OF COMBINED PUBLIC MEETING AND POSSIBLE EXECUTIVE SESSION
AMENDED
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 21, 2011, 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 15, 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. Discussion of Ridgeway Arizona Oil Corporation wells within the St. Johns Unit boundary and possible decision concerning their status
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 14th day of January 2011

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 15, 2010

Present:

Dr. J. Dale Nations, Chairman
Mr. Robert L. Wagner, Vice-chairman
Mr. Stephen R. Cooper, 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 October 15 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 30, 2010

Mr. Wagner moved, seconded by Mr. Cooper:

THAT THE MINUTES OF THE MEETING OF JULY 30, 2010, BE ACCEPTED
AS PRESENTED

Motion carried unanimously.

CONFLICTS OF INTEREST

None

REPORT OF STATE GEOLOGIST AND DIRECTOR OF ARIZONA GEOLOGICAL SURVEY

Dr. Allison reported that the Arizona Geological Survey was financially stable and would be able to maintain all of its services for the Commission without any problems although the oil and gas administrator was working on a number of CO2 sequestration 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. Mr. Rauzi reported that there were no new permits or wells drilled since the July meeting. He described the continuing effort of ANGS to permit, construct, and operate a natural gas storage-well facility in the Picacho Basin.

REPORT ON PERFORMANCE BONDS AND THEIR STATUS

Dr. Allison discussed the status of the performance bonds held by the Arizona Geological Survey on behalf of the Commission. He reported that a separate, stand-alone fund for cash drilling bonds deposited with the agency was established to protect the bond monies from being swept up in any potential legislative budget actions. Mr. Cooper discussed the potential liability to the Commission of the unplugged American Fuels well on the Navajo Nation. The Commission directed staff to clarify the legal and fiscal responsibility for the American Fuels well with the BLM.

DISCUSSION ABOUT IOGCC (INTERSTATE OIL AND GAS COMPACT COMMISSION)
ANNUAL MEETING IN TUCSON IN NOVEMBER 2010

Dr. Allison reported that the Arizona Geological Survey would cover the registration costs of Commissioners to attend the annual meeting. He announced a workshop about hydro-fracturing to be held the afternoon of November 15. Dr. Nations indicated that a detailed program was not yet available but a generic agenda was posted on the IOGCC website.

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

Mr. Rauzi reported that Ridgeway had six permits to drill that were good through February 2011. Mr. White reported that Ridgeway was moving in a drilling rig and planned to start drilling the 11-03-29x State well on Monday.

CALL TO THE PUBLIC

None

ANNOUNCEMENTS

The Commission scheduled its next meeting at 10:00 a.m. on January 21, 2011, in room 321 at the State Land Department Building in Phoenix.

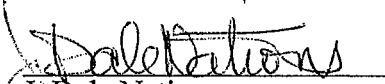
ADJOURNMENT

Mr. Wagner moved, seconded by Mr. Cooper:

THAT THE MEETING BE ADJOURNED

Motion carried unanimously. Time of adjournment was 10:27 a.m.

APPROVED


J. Dale Nations
Chairman

GUESTS IN ATTENDANCE

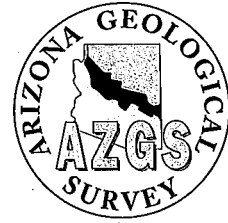
Ms. Leslie Cooper	Assistant Attorney General
Mr. Joe Dixon	State Land Department
Mr. Thomas White	Ridgeway Arizona Oil Corporation



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

January 14, 2011

To: Oil and Gas Conservation Commissioners

From: ^{SLR} Steven L. Rauzi, Oil and Gas Administrator

Re: Report about permits and drilling activity for the January 21, 2011, Meeting

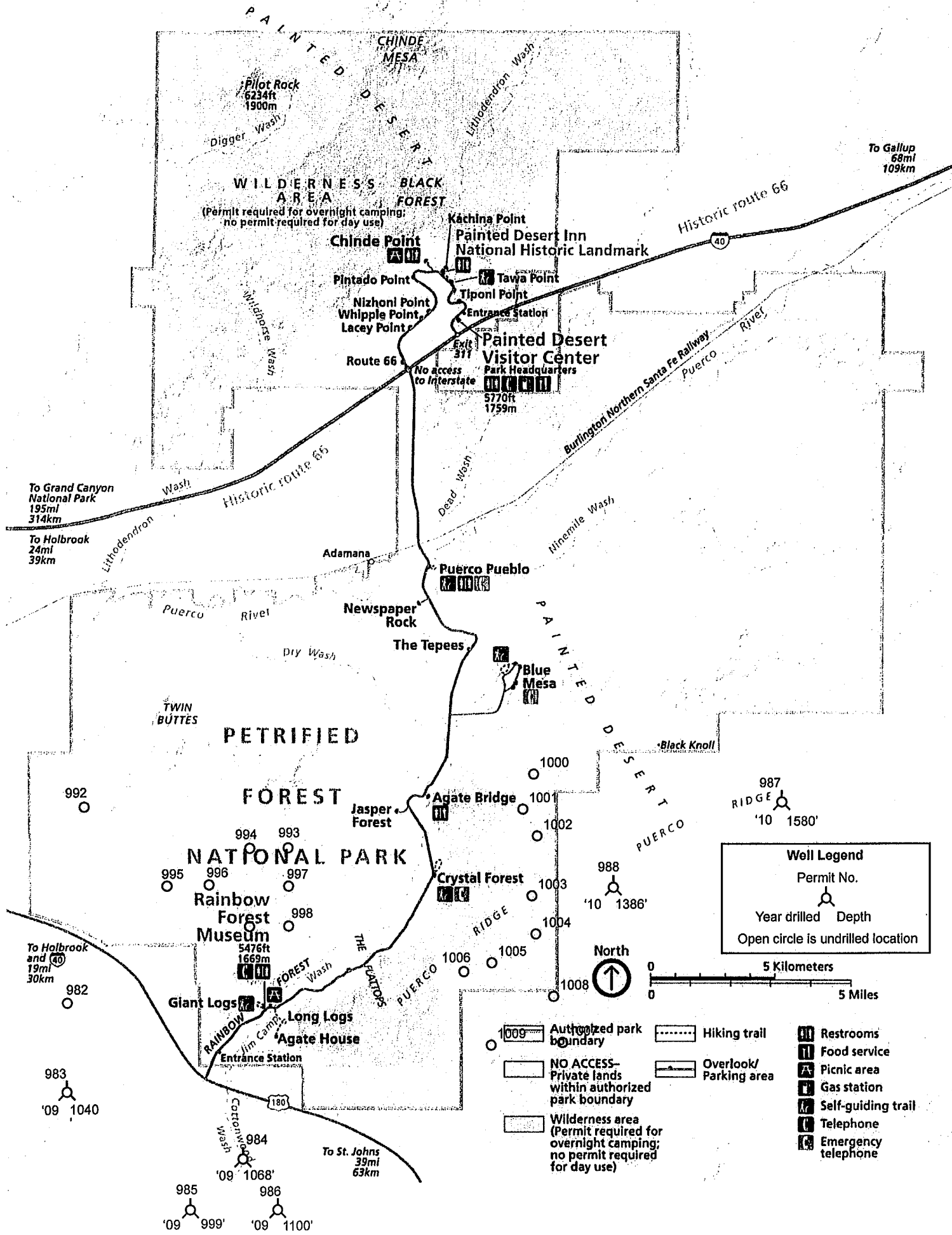
Ten new drilling permits were issued, three wells were drilled, and one well was plugged since your last meeting on October 15, 2010. HNZ Potash LLC permitted ten wells to test for potash east of Petrified Forest National Park and plans to start drilling in the first quarter of this year.

Ridgeway Arizona Oil Corporation drilled three wells in its recently approved St. Johns carbon dioxide unit in November. Ridgeway is completing the wells and has requested that the Commission grant shut-in status.

Southwest Exploration/Passport Potash has notified the Commission that they will start drilling their wells to test for potash this month. The Passport wells are west of the Petrified Forest National Park.

SunCor Development Company plugged its Kakerlee well near Luke in December. The Kakerlee well was drilled by Copper Eagle Gas Storage in September 2002.

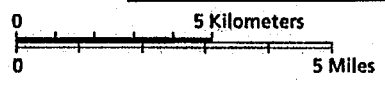
Arizona Natural Gas Storage (ANGS) is continuing to complete various investigations and applications to permit, construct and operate a natural gas storage-well facility in subsurface salt in the Picacho Basin. ANGS plans to start drilling late this year or early next year.



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

Well Legend	
⊗	Permit No.
⊗	Year drilled Depth
○	Open circle is undrilled location

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



To Grand Canyon National Park
195mi
314km

To Holbrook
24mi
39km

To Holbrook and (40)
19mi
30km

To St. Johns
39mi
63km

To Gallup
68mi
109km

992

995

996

994

993

997

998

983

'09 1040

985

'09 999'

986

'09 1100'

987

'10 1580'

988

'10 1386'

1008

1009

Authorized park boundary

NO ACCESS-Private lands within authorized park boundary

Wilderness area (Permit required for overnight camping; no permit required for day use)

Hiking trail

Overlook/Parking area

Restrooms

Food service

Picnic area

Gas station

Self-guiding trail

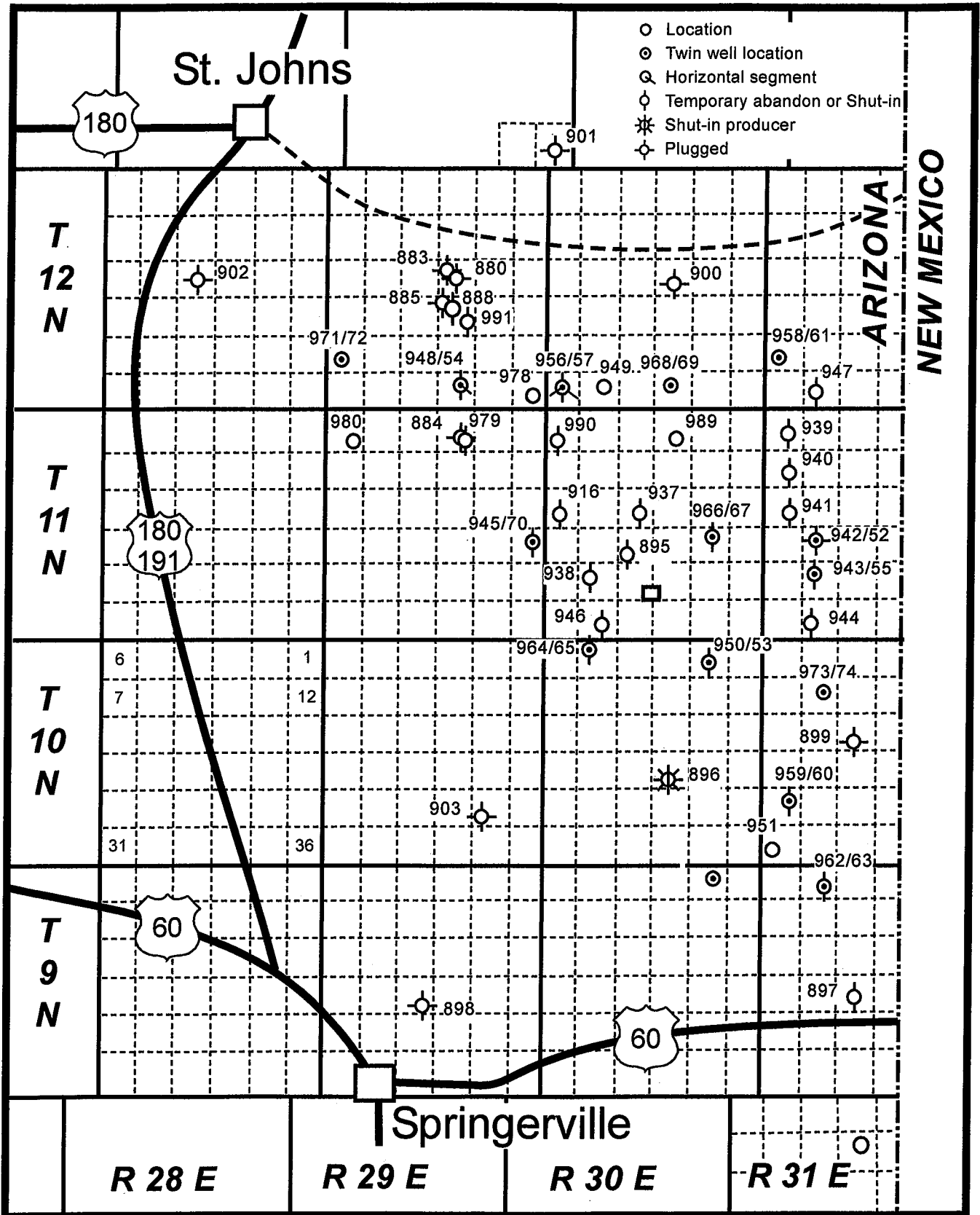
Telephone

Emergency telephone

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, 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 ft	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 through 2/2011
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	1670 ft	Drilled 11/2010, temporarily abandoned
980	11-06-29 State	se se 06-11n-29e	not drilled	Permit extended through 2/2011
989	11-03-30 Fee	n2 se 03-11n-30e	not drilled	Permitted 8/23/2010
990	11-06-30 State	ne sw 06-11n-30e	1788 ft	Drilled 11/2010, temporarily abandoned
991	12-22-29 State	ne se 22-12n-29e	1690 ft	Drilled 11/2010, temporarily abandoned

Ridgeway Arizona Oil Corporation Wells



11/19/10



REFERENCE TITLE: technical correction; oil; gas; commission

State of Arizona
Senate
Fiftieth Legislature
First Regular Session
2011

SB 1002

Introduced by
Senator Pierce S

AN ACT

AMENDING SECTION 27-514, ARIZONA REVISED STATUTES; RELATING TO PRODUCTION AND CONSERVATION OF OIL AND GAS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 27-514, Arizona Revised Statutes, is amended to
3 read:

4 27-514. Commission; appointment; terms; compensation

5 A. There is created an oil and gas conservation commission.

6 B. The commission shall consist of the state land commissioner ex
7 officio who shall have no vote, and five members to be appointed by the
8 governor, no more than three of whom shall be of the same political
9 party. The appointive members shall be United States citizens and shall have
10 been residents of Arizona for not less than the five years immediately
11 preceding their appointment. Three members of the commission shall
12 constitute a quorum for the transaction of business.

13 C. ~~Of the members first appointed, one shall be appointed for a term~~
14 ~~ending December 31, 1960, and one each for terms ending one, two, three and~~
15 ~~four years thereafter. Subsequent Appointments shall be for a full term of~~
16 ~~five years, which shall expire on the third Monday in January in the~~
17 ~~appropriate year.~~

18 D. Appointive members of the commission shall receive compensation as
19 determined pursuant to section 38-611 for each day actually spent in the
20 performance of official duties.

OGCC Mtg

1-21-2011

<u>Name</u>	<u>Representing</u>
Curtis Cox	Attorney General for OGCC
Joe Dixon	AZ State Land Dept.
Thomas White	RAZO