

OIL & GAS CONSERVATION COMMISSION
—MINUTES OF MEETING JANUARY 16, 2015—
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 16, 2015, 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 17, 2014
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. Status of the Kinder Morgan CO₂ project between St Johns and Springerville
7. 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.
8. Announcements
9. Adjournment

Members of the Oil and Gas Conservation Commission will attend either in person or by telephone conference call.

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 12th day of January 1015

OIL AND GAS CONSERVATION COMMISSION



Steven L. Rauzi
Oil and Gas Program Administrator

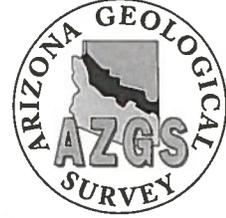
Persons with a disability may request a reasonable accommodation such as a sign language interpreter, by contacting Steve Rauzi at (520) 770-3500. Requests should be made as early as possible to allow time to arrange the accommodation. This document is available in alternative formats by contacting Steve Rauzi at (520) 770-3500.



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 12, 2015

To: Oil and Gas Conservation Commissioners

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

Re: Report about permits and drilling activity for the January 16, 2015 Meeting

No new permits were issued since your last meeting on October 17.

Kinder Morgan permitted and drilled seven wells at its CO₂ field in 2014. Two wells were drilled horizontally and Kinder Morgan is currently drilling a third well horizontally.

The Arizona Geological Survey submitted a decision package to the legislature requesting funding of about \$50,000 to help cover the cost of administration for the Oil and Gas Conservation Commission. The decision package includes a proposal to raise the permit application fee from its current \$25, which is set in statute, to \$500. I have included a table of permit fees in other states. The average for the other states is \$472.47. The BLM has proposed to raise its permit fee from \$6,500 to \$9,000. There has been no word back from the Governor's office yet on the decision package.

CO₂ Sequestration. The AZGS joined the Rocky Mountain Carbon Capture and Sequestration partnership (RMCCS) to study CO₂ sequestration potential across the Colorado Plateau region. The AZGS determined that the Cedar Mesa Sandstone of Permian age has the capacity to store 0.70 billion metric tons of CO₂ in northern Arizona. The Cedar Mesa Sandstone underlies the Navajo Generating Station near Page, Arizona. The AZGS also digitized oil and gas well logs into computer usable LAS (Log ASCII Standard) format to aid subsurface investigations using well logs and developed a user-friendly web application to make the digitized well data available online. The online search and download map, the Arizona Oil and Gas Well Viewer, is hosted under the Online Data tab on the State of [Arizona Oil and Gas Conservation Commission](#) (AZOGCC) website. The AZGS released OFR-14-03, which describes the results of its investigation of the sequestration potential of the rock units in northeastern Arizona.

OIL AND GAS CONSERVATION COMMISSION

416 West Congress #100
Tucson, Arizona 85701

Minutes of Meeting
October 17, 2014

Present:

Dr. J. Dale Nations, Chairman
Mr. Robert L. Wagner, Vice-chairman
Mr. Stephen R. Cooper, Member
Mr. Frank Thorwald, Member (appeared by telephone and in person)
Mr. Steven L. Rauzi, Oil and Gas Program Administrator

Dr. Nations, Chairman, called the regular Commission Meeting of October 17 to order at 10:05 a.m. in Room 321, State Land Department Building in Phoenix, Arizona.

APPROVAL OF THE MINUTES OF THE MEETING OF JULY 18, 2014

Mr. Cooper moved, seconded by Mr. Thorwald:

THAT THE MINUTES OF THE MEETING OF JULY 18, 2014, BE ACCEPTED AS
PRESENTED

Motion carried unanimously.

CONFLICTS OF INTEREST

None

REPORT OF STATE GEOLOGIST AND DIRECTOR OF ARIZONA GEOLOGICAL SURVEY

No report

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 three new permits were issued since the last meeting: two to Ranger Development to test for helium in the old helium producing area east of Holbrook and one to Leonard Hafley to test for oil on his land near Kingman. Mr. Rauzi noted that Ranger Development had started drilling one of its wells on Tuesday.

DISCUSSION OF PERMIT APPLICATION FEE

Mr. Rauzi discussed a decision package submitted to the legislature requesting additional funding of \$55,000 to help cover the cost of administering the Commission. He reported that the decision package included a proposal to raise the application fee from its current \$25 to \$500 to help cover the cost of administering the Commission. Mr. Rauzi summarized the application fees in other states that averaged about \$500. The Commissioners agreed that a \$500 application fee was appropriate.

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

Mr. Rauzi reported that Mr. White sent an email that there would not be a representative from Kinder Morgan today because of conflicting schedules. Mr. Rauzi reported that Kinder Morgan's drilling and pipeline activities appeared to be on schedule.

CALL TO THE PUBLIC

None

ANNOUNCEMENTS

The Commission scheduled its next meeting at 10:00 a.m. on January 16, 2015, in room 321 at the State Land Department Building in Phoenix.

ADJOURNMENT

Mr. Cooper 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

Mr. Joe Dixon

Gordon Dudley

Sean Greengard

Mr. John Hestand

State Land Department

United Helium

Ryley, Carlock and Applewhite

Assistant Attorney General

OGCC Mts 1-16-2015

Name

Representing

Joe Dixon
Thomas White

AZ State Land Dept.
K M