

OIL AND GAS CONSERVATION COMMISSION

Minutes of Meeting

July 27, 1960

The regular monthly meeting of the Oil and Gas Conservation Commission was called to order at 9 a.m. at Suite 221, 3500 North Central Avenue, by the Chairman, M. F. Wharton.

Commission Members Present: Mr. M.F. Wharton, Chairman
Dr. Charles Kalil
Mr. Ernest Chilson
Mr. Anthony Deddens

Commission Member Absent: Mr. R. Keith Walden

Commission Employees Present: Mr. D.A. Jerome
Mr. W.F. Maule

Others Present: Arthur Ross, Ass't. Atty. Gen.
Ben Arnold, Senator
Lynn Lockhart, Senator
Paul Long, Humble Oil Atty.
Fritz Ryan, Land Dept.
Devens Gust, Kerr-McGee Atty.
Robt. Davidson, Eastern Atty.
Jim Waterhouse, Geologist
Dick Thomas, Gazette reporter
Mr. Price (occupation unknown)

Mr. Wharton, Chairman, asked the Commission their pleasure concerning the Minutes of the Meeting of June 22, 1960. After some discussion, the Minutes were approved with the stipulation that they reflect that Dr. Kalil voted against the two motions approving Mr. Jerome's and Mr. Maule's contracts. It was further agreed that the second page of said Minutes reflect that Dr. Kalil is against proration 'to market demand'. The Minutes as amended were approved unanimously on motion of Mr. Wharton, and seconded by Dr. Kalil.

The matter of Kerr-McGee's Application for a Hearing on the unitization of the Pinta Dome Field was discussed. A long legal discussion was had concerning the proper paper for publication of notices of the said Commission, the number of times in which publication must be had to be valid, and legally binding, since the Administrative Procedure Act contains several statutes in conflict with each other. The gist of the discussion was as follows: It is the Commission's decision to designate the paper as to publications; that cost of publication is normally the obligation of the Commission, but since Kerr-McGee desired to pay for the costs of publication, the Commission agreed to permit them to do so.

The motion was then made by Dr. Kalil and seconded by Mr. Deddens that Kerr-McGee be given a Hearing on their application, said Hearing to be held on September 28, 1960, at 1:30 p.m., at the Highway Commission Auditorium. This motion was unanimously carried. Mr. Ross suggested that the Commission select the paper for notices for the remainder of the year. The following motion was made by Dr. Kalil: "I make a motion that the Arizona Republic be designated as the paper in which to publish our notices for hearings and other matters pertaining to the Commission for the remainder of this year." Objection by Mr. Chilson that whichever paper we designate, Kerr-McGee may choose whichever they wish. Motion was not seconded.

Mr. Deddens made a motion that the Commission designate the Arizona Weekly Gazette as the newspaper in which publications and notices of this Commission will be made during the balance of the calendar year 1960, unless the Attorney General, on or within 10 days hereof, writes a formal written opinion stating that the Arizona Weekly Gazette is not a newspaper of general circulation in the State of Arizona, in which event, and if his opinion so states, this Commission then designates all publications and notices of this Commission to be published in the Arizona Republic for the balance of the year 1960. This motion was seconded by Mr. Chilson and carried unanimously.

Each member of the Commission present at the meeting signed the Order for Hearing prepared by Kerr-McGee, per motion of Mr. Deddens, and seconded by Mr. Chilson.

Prior to proceeding with informal hearings with principals listed on the agenda as being in violation of Commission rules and practices, it was suggested that all such notices to persons in violation be sent registered mail, return receipt requested. It was also suggested by Mr. Wharton that the lists of violators be sent to the Attorney General's Office for further action, for forfeiture of bond, etc. Mr. Deddens concurred. Meeting recessed at 12:40 p.m. Reconvened 1:30 p.m.

Mr. Lloyd Duncan appeared before the Commission at which time Mr. Maule discussed the violations and asked for explanation. Mr. Duncan replied that he intended to turn over #1 well to a Mr. Gunderman for a stock water well.

Motion by Dr. Kalil: "With regard to Mr. Duncan's #1 well, he should be permitted to go ahead and comply with wishes to transfer to the rancher for his stock the water well, since it has no salt water, subject to the examination of the Electrical Logs on #2 well, to determine the competency of the log and that there is no salt water, and that #2 be permitted to be in suspension so long as the rig is there for purposes of further activity, and #3 be continued as an active well; and that

Mr. Gunderman assume responsibility for the water well, its use and plugging and abandonment thereof." Motion was seconded by Mr. Deddens, approved and carried unanimously.

Mr. John Carleton and Mrs. Lydia Johnson then appeared before the members of the Commission. They stated #1 was plugged and it was decided that they need just an affidavit in this office to certify same. Well #2 is capped but not completed and #3 is still active. The subject of contention: When the "Christmas Tree" was put in the well, it was assumed to be a completed well. A letter or record of some kind should have been sent to the Commission to inform them of future plans. Mr. Carleton requested a 90-day suspension to either plug or re-enter the well, the #2. Mr. Wharton: "I make a motion that there be a 90-day suspension for disposition of the well with the understanding they are to file all information, logs, and necessary data requested by the Commission. Seconded by Mr. Chilson, the motion was carried unanimously.

With regard to Well #3, it was determined by the Commission that Lydia Johnson Trustee is to secure a new permit and start records from the beginning, as though it were a new well. It is to go on record that Lydia Johnson Trustee is not drilling without a permit, but is drilling at an unauthorized location.

Recessed for 10 minutes, resumed at 4:30 p.m.

Commission then went into private conference regarding disposition of Lydia Johnson situation. The following motion was made by Mr. Deddens:

"I move, Mr. Chairman, upon Lydia Johnson, Trustee, filing of a valid application for a permit to drill in the southwest quarter of Section 33, T. 14N, R. 20E, Navajo County, by Lydia Johnson, Trustee, for Aztec #3 well, that the permit to drill for Aztec #3 be voided and revoked." Motion was seconded by Mr. Chilson and carried. It was noted that "This permit is granted pursuant to the 1951 rules. Applicant acknowledges that she has been fully advised that no representations were made by the Commission or any of its employees that the same would be a valid permit to drill at the location designated in the application, in the event that a court of competent jurisdiction should subsequently hold and determine that the rules and regulations of the Oil and Gas Conservation Commission adopted April 6, 1959, are and have been the existing rules and regulations of said commission since the adoption thereof.

The Budget for 1961-62 was then discussed, and it was decided that each member study the copy of the tentative working budget and discuss it at length at the next meeting. The Commission approved the purchase of a Thermo-fax machine from Lump Sum appropriation (subsequently purchased 7/28/60).

On the subject of vacations, the Commission agreed that Mr. Maule may take a week at the end of August and one more week after a year's employment. Mr. Jerome and Mr. Maule are to get one month's vacation each calendar year.

Mr. Jerome stated that the Interstate Oil Compact Commission requested that the Governor designate a representative as the Commission members or employees who attend I.O.C.C. meetings are not officially there to serve on committees. Mr. Wharton said he would write a letter to the Governor asking him to nominate them to serve on committees, etc. Mr. Wharton expressed the desire that more senators be invited to appear at meetings, and it was suggested that some be written to; e.g., Senator Giss, Senator from Yuma, and Mr. Murphy, the Senator from Maricopa County.

Further mention was made of violators of the rules, regulations and statutes, and it was decided that Mr. Eisele be relieved of responsibility in any court action, but that Mr. McCauley assume responsibility for the well. Dr. Kalil suggested we write Mr. McCauley a letter to that effect, and that other violators be written to, with a return receipt requested. It was also decided that a certified letter be sent to Mr. Hugh Harrison, saying that the Commission was unable to reach his case and it was postponed for the following meeting, and he is again ordered to appear.

Commission meeting was then adjourned at 5:20 p.m. by the Chairman, Mr. Wharton.

Respectfully submitted,

Elaine R. Welsey
Elaine R. Welsey
Secretary

APPROVED August 24 1960.

M. F. Wharton
M. F. Wharton, Chairman

Charles Kalil
Chas. Kalil, Vice-Chairman

Ernest M. Chilson
Ernest Chilson, Member

R. Keith Walden
R. Keith Walden, Member

Anthony T. Deddens
Anthony T. Deddens, Member