

OIL AND GAS CONSERVATION COMMISSION

MINUTES OF MEETING

SEPTEMBER 27, 1961

The regular monthly meeting of the Oil and Gas Conservation Commission was called to order at 9 A. M. in Suite 221, 3500 N. Central, Phoenix, Arizona by R. Keith Walden, Vice-Chairman, with a cordial welcome to Mr. Orme Lewis, the new member of the Commission.

PRESENT:

COMMISSIONERS

R. Keith Walden
Charles Kalil, M. D.
Lynn Lockhart
Robert B. Heward
Orme Lewis

OTHERS

D. A. Jerome, Executive Secretary
Brooks Pierce, Petroleum Geologist
C. Lawrence Huerta, Asst. Attorney General
Sen. Marshall Simms
Bill King, Republic Reporter
Dick Thomas, Gazette Reporter

Lynn Lockhart made a motion, seconded by Bob Heward, that the minutes of the meeting of August 23, 1961 be approved as written and mailed to the Commission. Unanimously approved by all members with the exception of Dr. Kalil who was not in attendance until after the voting on this motion was completed.

The Executive Secretary's Report:

1 - Humble Oil & Refining Co. was wasting natural gas (by venting) in their oil well in the Four Corners area. (The geologist elaborated on the details and figures, and recommended that the well be shut-in until a pipeline is installed which should be in the near future.)

- a...Since this well is on the Indian reservation, Mr. Huerta, Asst. Attorney General suggested that Brooks Pierce, while on his field trip, meet with Mr. Jamison, Mr. McPherson and Mr. Wolfe, legal advisors on oil & gas matters for the Navajos, and made the above shut-in recommendation to the end that saving the gas now would increase ultimate revenue to the Navajos thru royalties and to the State thru taxes.
- b...All members being of uniform judgment, Mr. Walden assigned Mr. Pierce to this task and suggested that Mr. Heward accompany Mr. Pierce, if possible.

2 - An application from Kerr-McGee was read requesting this Commission to set a hearing to grant them an order setting the daily production allowable for gas, including helium, from their Pinta Dome field.

- a...Mr. Heward made a resolution, seconded by Mr. Lockhart, that this commission set a hearing as requested by Kerr-McGee for the 25th of October, 1961, for 10 A. M. in the Cock and Bull Room of the Motaurent, 609 West Hopi Drive, Holbrook, Arizona. All approved - so ordered.

b...In connection with the aforesaid meeting, Mr. Jerome and Mr. Huerta were directed to prepare a formal letter for the Advisory Committee of the Navajos inviting them to attend the Kerr-McGee hearing in Holbrook and proposing a meeting between the Navajos and the Commission for the 26th of October, 1961, at Window Rock, Arizona.

3 - He and Mr. Pierce gave a speech for the Optimist Club.

Next item on the Agenda was the Investigation of Western Drilling Co. Permit No. 43. No one appeared on behalf of this company. Aetna Casualty and Surety Co. of Hartford, Connecticut contacted formally and asked to appear at the October 25, 1961 meeting in Holbrook, Arizona.

a...A discussion on this and other delinquent permittees followed, whereupon Mr. Lewis made a motion, as follows:

"I move that the Commission take such steps as may be necessary to formulate rules that would permit the termination of delinquent permits that are in existence and present these rules for consideration; that the Commission proceed as far as it can under its present rules to enforce the permits that are now outstanding, and when compliance is not obtained, refer the matter to the Attorney General for appropriate action."

2nd by Mr. Lockhart. All Approve - So Ordered.

The Petroleum Geologist's Report:

1 - Permits issued to Cal. Oil (Holbrook area); Keoughan Drilling (Dateland area); Eastern Petro #6 Santa Fe (E. of Pinta Dome area).

2 - 5 producing oil wells in Arizona; No gas wells (no pipeline facilities); 5 shut-in oil wells; 2 shut-in gas wells; 2 shut-in oil & gas wells; 10 shut-in helium wells. All in the Four Corners area except for those in Pinta Dome - the helium well area.

A helium discussion was next with emphasis on the situation an operator finds himself if helium is discovered on a federal base. Dr. Kalil proposed the following motion, seconded by Bob Heward:

"Since this oil and gas Commission is vitally concerned with helium development and its natural resources, and to add impetus and continue the interest for exploration for helium, this Commission should seriously study the right to extract helium from under Federal lands and come up at the next meeting, or at the following meeting, with some recommendation as to the proper procedure to follow in order to bring this situation to a successful conclusion to the best interest of the people of this State."

All in favor - So Ordered.

After Mr. Jerome apprised the Commission of the fact that Jack Campbell, Attorney from Roswell, New Mexico was ready and willing to speak to the Commission on the Common Purchase and Ratable Take Statute, Mr. Lewis suggested the Commission have him here on an informal basis a day or so in advance of the rules meeting date. Mr. Jerome was instructed to issue an invitation to Mr. Campbell per Mr. Lewis' suggestion.

Election of officers followed and Mr. Lockhart nominated R. Keith Walden for chairman to December 31, 1962. Seconded by Mr. Heward. Unanimously elected.

Mr. Heward then nominated Lynn Lockhart as Vice-Chairman from this time forward to December 31, 1962. Seconded by Mr. Lewis. Mr. Lockhart was also unanimously elected.

The meeting reconvened at 1:30 P. M. for the purpose of reviewing and clarifying the changes deemed necessary in the 1959 rules and regulations. At the conclusion of this lengthy discussion, Mr. Jerome and Mr. Pierce were instructed to present their findings on the following recommendations at the next meeting of this Commission.

- 1 - Mr. Lewis suggested that the staff prepare a resolution on the desirability of a Nomenclature Committee, what members it should have and what its function would be so the Commission would have it in writing when it is taken up for consideration.
- 2 - Prepare a processing plant report to the end that it can be added to the rules to be adopted.
- 3 - Prepare the requests for statutory changes to be presented to the Legislature. Dr. Kalil was asked to lend his cooperation in this preparation.
- 4 - Re-draft the 1959 rules and regulations from "scratch" within two weeks from September 27, 1961 and mail to the Commission members.


Before the meeting adjourned, the matter of the bonus was brought up. It was the consensus of the Commission that more information was needed and the pros and cons were to be prepared prior to the next meeting for a discussion at said meeting. Dr. Kalil moved that the Attorney General's office be requested to check into the constitutionality of a bonus plan - seconded by Mr. Lockhart. Unanimously adopted.

At 5 P. M. Dr. Kalil moved that this meeting be adjourned until the next meeting at the Motaurant in Holbrook on October 25, 1961. Seconded by Mr. Heward. All in favor - so ordered.

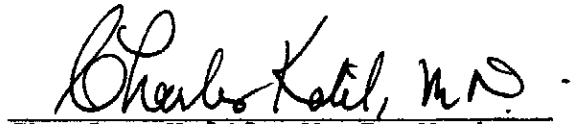
Respectfully submitted,

Helen M. Eremie
secretary

APPROVED. *Oct. 25, 1961.*


R. Keith Walden, Chairman


Lynn Lockhart, Vice Chairman


Charles Kalil, M. D. Member


Robert B. Heward, Member


Orme Lewis, Member