

OIL AND GAS CONSERVATION COMMISSION
State of Arizona Highway Department Auditorium
206 South 17th Avenue
Phoenix, Arizona

MINUTES OF MEETING

October 23, 1963

Since this was the time and place for the public hearing which had been continued from September 25th in the matter of the application of Eastern Petroleum Company for the creation of a Navajo Springs unit for the fieldwide unitized management, development, operation and production of gas, including helium, from the Coconino Sand gas formation; Mr. R. Keith Walden, Chairman, called the meeting to order at 9:30 a.m. in the Highway Department Conference Room with only the following persons present for disposal of Commission matters not pertinent to the scheduled public hearing:

PRESENT:

COMMISSIONERS:

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

OTHERS:

John K. Petty, Commission Petroleum
Geologist and Acting Executive Secretary
Merton Marks, Assistant Attorney General

On motion duly made by Mr. Orme Lewis, seconded by Dr. Charles Kalil, and carried, the Minutes of the September 25th meeting were accepted as submitted.

After a discussion regarding the manner in which the applications for the position of Executive Secretary should be handled, it was unanimously agreed that Dr. Charles Kalil and Mr. Lynn Lockhart would review the applications and submit the outstanding applications for review by all of the Commissioners at a short meeting scheduled for that specific purpose for November 13, 1963, at eight o'clock a.m. In preparation for review of the applications by Dr. Kalil and Mr. Lockhart, the secretary-bookkeeper was directed to attach to each application a cover sheet indicating the following: 1. Length of Arizona residence. 2. Whether or not any public relations background. 3. Whether or not any experience in administrative procedures. 4. Whether or not a conversational relationship with the oil industry. 5. Whether or not legal background. 6. Education.

After a short discussion initiated by Mr. Orme Lewis of methods of publication and distribution of geological information by the Commission office, it was agreed that this matter could also be discussed at the November 13 meeting.

On motion for adjournment duly made by Mr. Lynn Lockhart, seconded by Dr. Charles Kalil, and unanimously carried; the Chairman adjourned that portion of the meeting.

Immediately thereafter, the Chairman reconvened the meeting at 9:40 a.m. in the State of Arizona Highway Department Auditorium, which was the time and place for the public hearing, Cause No. 12, which had been continued from September 25, 1963, in the matter of the application of Eastern Petroleum Company for the creation of a Navajo Springs unit for the fieldwide unitized management, development, operation and production of gas, including helium, from the Coconino Sand Gas Formation underlying the following lands to-wit: All or parts of Sections 31, 32, 33 & 34, Township 20 North, Range 27 East, and all or parts of Sections 3, 4, 5, 6, 8 & 9, Township 19 North, Range 27 East, Apache County, Arizona: Prescribing the plan of unitization applicable thereto and for order integrating all interests in said land for the unitized management, development and operation thereof and for an order temporarily suspending all production from said lands or temporarily limiting, allocating and apportioning production of gas, including helium, between tracts in said lands.

The following persons were present:

COMMISSIONERS PRESENT:

R. Keith Walden, Chairman
Lynn Lockhart, Vice Chairman
Robert B. Heward, Member
Charles Kalil, M.D., Member

COMMISSIONERS ABSENT:

Orme Lewis, Member

OTHERS PRESENT:

John K. Petty, Commission Petroleum Geologist and Acting Executive Secretary; Merton E. Marks, Assistant Attorney General; John I. Fisher, Chief Engineer and Area Production Superintendent, Kerr-McGee Oil Industries, Inc.; John A. Masters, Chief Geologist in Oil Exploration, Kerr-McGee Oil Industries, Inc.; R. E. Anderson, Lawyer for Kerr-McGee Oil Industries, Inc.; Lynn Adams, Attorney for Kerr-McGee Oil Industries, Inc.; Val Connell, Landman for Kerr-McGee Oil Industries, Inc.; R. E. Smith, Ancon Oil & Gas, Houston, Texas; C. F. Miller, Kerr-McGee Oil Industries, Inc., Oklahoma City, Oklahoma; Gordon L. Graham, Petroleum and Geological Engineer with DeGolyer and MacNaughton, Dallas, Texas; C. F. Swain, Crest Oil Company, Alton, Illinois; J. F. Schlafly, Crest Oil Company, Alton, Illinois; C. O. Walls, Eastern Petroleum Company; Henry Fullop, President, Eastern Petroleum Company, Carmi, Illinois; Chuck (C.A., Jr.) Martin, Scottsdale, Arizona; Silas C. Brown, Geological Consultant, Scottsdale, Arizona; Ed Packwood, Eli Oil & Gas Development Company; Lee Jackson, Eli Oil & Gas Development Company; Joyce Volts, Spector & Johnson, Phoenix, Arizona; L. W. Curtis, Assistant Chief Geologist, Kerr-McGee Oil Industries, Inc., Oklahoma City, Oklahoma; Al Faron, Ram Oil Company, Phoenix, Arizona; Bernard L. Bebeau, Spector & Johnson, Phoenix, Dr. G. R. Barfoot; Noel Ludewick; Loy Turbeville; Paul Shoemaker; Gordon Fleetwood; James Fulton, Sunland Development Co.; Larry Vernon and Joe B. Barrett, V & B Development Co., Phoenix; Fritz Ryan, Supervisor of the Mineral Production Division, State of Arizona Land

Department; O. M. Lassen, State Land Commissioner; Bill King, reporter, Arizona Republic; Charles Royall, State Land Department Attorney; Mike O'Donnell, Arizona Oil Report, Phoenix; Jack Stuler; Alred Morgan; Robert P. Davidson of Miller Byrnes & Davidson, Attorney for Eastern Petroleum Company; Francis S. Irvine, of Kerr, Conn & Davis, Attorney for Kerr-McGee Oil Industries, Inc.; Albert B. Spector of Spector & Johnson, for Dr. G. R. Barfoot; Helen Eremie; Oscar Taylor, Court Reporter, Ryan, Powers & Ryan; Mary K. Cooper, Secretary-Bookkeeper for the Commission.

The court reporter was duly sworn, after which Mr. John K. Petty, Acting Executive Secretary, read the Notice of Hearing dated September 25, 1963, in this matter.

The following witnesses were then duly sworn: S. C. Brown, Gordon L. Graham, Henry Fullop, R. E. Smith, J. F. Schlafly, C. F. Swain, John I. Fisher, John A. Masters, L. W. Curtis, R. E. Anderson.

Mr. Robert P. Davidson, of Miller Byrnes & Davidson, Attorneys at Law, Scottsdale, Arizona, represented Eastern Petroleum Company and called the following witnesses in turn to testify: Henry Fullop, President of Eastern Petroleum, Carmi, Illinois; Silas C. Brown, Geological Consultant, Scottsdale, Arizona; Gordon L. Graham, Petroleum and Geological Engineer with DeGolyer and MacNaughton, 5625 Daniels Avenue, Dallas, Texas; which witnesses were also cross examined by Mr. Francis S. Irvine of Kerr, Conn & Davis, Attorneys at Law, 1400 Republic Bldg., Oklahoma City, Oklahoma representing Kerr-McGee Oil Industries, Inc.

Shortly before noon recess the Chairman called a brief conference with Mr. Robert P. Davidson, Mr. Francis S. Irvine and Mr. Albert B. Spector of Spector & Johnson, Attorneys at Law, Room 705 Guaranty Bank Bldg., Phoenix, Arizona, who represented Dr. G. R. Barfoot interests; after which a noon recess was called at 12 noon.

The Chairman reconvened the hearing at 1:15 o'clock p.m., calling attention to the fact that Commissioner Orme Lewis was not present for the hearing since he wished to disqualify himself for both the hearing or any deliberations on the evidence that is submitted by reason of the possible conflict of interest that another member of his law firm might have.

After further cross examination of Mr. Gordon L. Graham by Mr. Francis S. Irvine; Mr. Irvine then called the following witnesses: John A. Masters, Chief Geologist in Oil Exploration, Kerr-McGee Oil Industries, Inc.; L. W. Curtis, Assistant Chief Geologist, Kerr-McGee Oil Industries, Inc.; who were also cross examined by Mr. Davidson.

After a short recess, meeting was reconvened at 3:15 p.m. with Mr. Edward I. Kennedy, Assistant Attorney General, Counsel for the Oil and Gas Commission, replacing Mr. Merton E. Marks, Assistant Attorney General, who had been advising the Commission during the previous portion of this hearing.

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Mr. John I. Fisher, Chief Engineer and Area Production Superintendent, Kerr-McGee Oil Industries, Inc., was called by Mr. Irvine to testify in behalf of Kerr-McGee Oil Industries, Inc., and also cross examined by Mr. Davidson.

Mr. Fritz Ryan, Supervisor of the Mineral Production Division, State of Arizona Land Department, entered a statement for the record in behalf of the State Land Commission, noting the fact that the State's interest is represented in Section 32 by Tract 6, a school section owned by the State of Arizona, leased to Dr. Barfoot and Kerr-McGee, each having an interest in the lease, and in Tract 4, Section 36, 20 North, 26 East; and further stated that the State Land Commissioner, having heard the presentation of Eastern Petroleum this morning and having examined previously the presentation of Kerr-McGee Oil Industries, feels that Kerr-McGee's position in the matter is in the best interests of the State in relation to the common school fund and that he will then adopt their position as his own and urge the Commission to so adopt the latter position of Kerr-McGee.

Mr. Albert B. Spector in behalf of Dr. G. R. Barfoot stated for the record that he would support the position of Kerr-McGee.

It was stipulated, that in the interest of saving time, Mr. Irvine and Mr. Davidson would be allowed ten days by the Commission in which to submit to the Commission a substitute form of unitization agreement, unit operating agreement, and accounting procedure agreement combined in one instrument, similar to the one submitted by Kerr-McGee as Exhibit 6, subject to any minor adjustments that the parties may find, in lieu of the one originally submitted by Eastern Petroleum Company.

It was further stipulated and agreed upon that Kerr-McGee; Eastern Petroleum; the State of Arizona; and Spector & Johnson acting in behalf of their client, Dr. G. R. Barfoot; would be allowed fifteen days to submit briefs to the Commission with the comments on the evidence, in effect, a final argument, in the interest of saving time today.

Mr. Walden stated that in accordance with the statute, the Commission would take the matter under advisement and render a decision within thirty days.

(Verbatim transcript of these proceedings by Mr. Oscar Taylor, Court Reporter of the firm of Ryan, Powers & Ryan, is on file at the Commission Office, as are the eleven exhibits submitted during this hearing.)

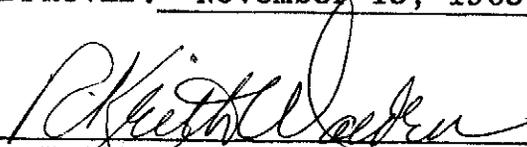
Meeting was adjourned at 4:20 o'clock p.m.

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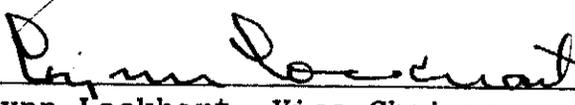
Respectfully submitted,

John K. Petty, Acting Executive Secretary

APPROVED: November 13, 1963



R. Keith Walden, Chairman



Lynn Lockhart, Vice Chairman



Charles Kalil, M.D., Member

Robert B. Heward, Member



Orme Lewis, Member

*- passed through
at 2:00 PM Session*