

OIL AND GAS CONSERVATION COMMISSION
1624 West Adams - Suite 202
Phoenix, Arizona

Minutes of Meeting
September 22, 1965

Commissioners present:

Mr. Lynn Lockhart, Chairman
Mr. Orme Lewis, Vice Chairman
Mr. Lucien B. Owens, Member
Mr. George T. Siler, Member

Others present:

John Bannister, Executive Secretary
J.R. Scurlock, Geologist
Jerry Lawson, Attorney General's Office

Chairman Lockhart called the meeting to order at 9:00 a.m. in the Conference Room of the State Highway Department Auditorium, 206 South 17th Avenue, Phoenix, Arizona.

Minutes of the meeting of July 28, 1965 were approved.

Reports from the Executive Secretary and the Geologist were accepted as filed.

Mr. Bannister brought up the problem of getting signatures from all Commissioners on the approved minutes and questioned whether it would be acceptable to have only the Chairman sign the minutes after they have been approved by all members of the Commission.

Mr. Lewis, after ascertaining there was no general practice in State agencies, moved that when the minutes have been approved at a regular meeting at which a quorum is present, that the Chairman be authorized to sign the minutes.

Mr. Owens seconded the motion; and the motion carried.

Chairman Lockhart reported that salary increases for the staff could be made within the limits of the allotted funds and that he had talked with the chairmen of the legislative appropriations committees who signified their approval to make salary increases.

Mr. Owens moved that salary increases be made within the limits of the Commission's appropriation for salaries. Mr. Lewis seconded the motion; the motion carried.

Mr. Bannister expressed to the Commission the appreciation of the staff.

Mr. Lewis, to clear a point or two in the proposed changes to the Rules and Regulations and to save time during the hearing,

asked what would an applicant do in an unsurveyed area.

Mr. Bannister replied that a surveyor would have to go to the nearest surveyed point; and particularly in the unsurveyed area would an operator be particularly concerned in order to be certain he was drilling on his lease. Mr. Bannister also cited the confusion of the Harless wells and the resulting spacing problem due to lack of surveyed locations.

Mr. Lewis pointed out the vast unsurveyed areas, particularly on Indian lands, and that the Federal Government has not completed its survey by a long shot. Mr. Bannister reported that he had checked into the surveyed areas of the the State, and that about the most a surveyor would have to run would be about a fifteen-mile line from the nearest survey point.

Chairman Lockhart suggested that it would be becoming to pass a resolution regretting Mr. Keith Walden's resignation. Mr. Lewis so moved; Mr. Owens seconded; and the motion passed. Mr. Lewis stated a letter should go to Mr. Walden advising him of the resolution.

Chairman Lockhart pointed out that the Commission now needed a Vice Chairman. Mr. Owens nominated Mr. Lewis to serve as Vice Chairman. Mr. Siler seconded and the motion carried.

Mr. Siler questioned whether, in the proposed changes to the Rules and Regulations, the "registered surveyor" should be recommended rather than required and therefore give the operator a chance to get a survey at a decent price.

Mr. Bannister replied that Arizona is about the only state that does not require a survey by registered surveyor. The very small operator is the one who might be hurt. There is one well underway now that probably is not on the declared location because this small operator did not have a survey.

Mr. Siler questioned whether a surveyor, knowing that this is a requirement, might raise his prices.

Mr. Bannister replied that this could be an effect; however once drilling picks up, all drilling costs would be lowered across the board.

Mr. Lewis agreed that this could happen, and if it does, there is nothing that stops the Commission from reversing its decision if the situation doesn't right itself on the basis of supply and demand.

Mr. Lewis also asked what portion of the good, substantial small

operators do furnish surveyed locations. Mr. Bannister replied that all of them do. The survey is important to assure that a hole is going down at a legal distance, 330 feet, from a section line in accordance with our Rules and Regulations. A hole can drift and end up on another section.

Chairman Lockhart pointed out that two or three feet can make the difference between a dry hole or a producer in a proven area. By putting more weight on drilling tools or not enough drill collars, the hole can be directionally drilled and come in on a structure that is completely dry, or sucking from a neighbor. Texas and Oklahoma will shut in an operator for that.

Mr. Bannister stated that our rules are such that if an operator is at the 330-foot location, next to another lease, and goes to an excess of 4,000 feet, a directional survey must be run. Right now if we call for a directional survey to find the well's bottom, it would do absolutely no good unless we have the surveyed location because we couldn't say whether the bottom was on the lease or not.

Mr. Lewis questioned whether the forms were a part of the Rules and Regulations, and if so the Commission would be faced with the situation where a hearing would have to be held to make any kind of change in the forms.

Mr. Bannister replied that it was the intent to show the forms for information purposes only and that when the copy goes into printing a statement would be made at the front that the forms are included for information only and are not a part of the Rules and Regulations.

Meeting adjourned at 9:30 a.m. to go into the hearing concerning changes to the Rules and Regulations.

APPROVED October 27, 1965


LYNN LOCKHART, Chairman