

OIL AND GAS CONSERVATION COMMISSION
Paint Pony Motel
Show Low, Arizona 85901

Minutes of Meeting
July 16, 1982

Present:

Mr. Ralph W. Bilby, Chairman
Mr. Watson M. Tomerlin, Member
Dr. J. Dale Nations, Member
Mr. Forrest R. Rickard, Member

The regular Commission meeting of July 16, 1982 was called to order by Chairman Bilby at 10:00 a. m. at the Paint Pony Motel in Show Low, Arizona.

Minutes of the Executive Session and general discussion meeting of May 21, 1982 were approved as written.

A. K. Doss, Executive Director, reviewed his Activity Report. (Attached).

Progress on the oil well at Wittman was discussed. The royalty revenues would go to the public school fund. A lot of lease money is involved. This is the second well that has been drilled. The first one was the Salt River Basin Joint Venture well and was a dry hole. This second well is being drilled by Tri Oil Company #1 State. Oil and gas shows were found from about 1600' to the total depth at 4520'. After viewing these shows, A. K. Doss would call these legitimate shows of oil. Setting pipe was advised after two outside consultants had reviewed samples and the E logs. Now ready to start perforating the zones that show the greatest promise. Plan to start down-hole by July 20.

With the possibility of President Reagan's eliminating the tax incentives, Ted Decker's development for geothermal resources may be curtailed in Tucson. Our Legislature was in favor of this drilling.

A. K. Doss also talked with Ed Kaufman about geothermal drilling in the Springerville area. Our Department of Revenue is to advise him of the tax structure in this regard.

Mountain States Resources is to drill four more wells in the Tec Nos Pos field. They want to drill on 40-acre spacing. Mr. and Mrs. Montalban are the owners. A hearing before the Commission is necessary to have this type of spacing. Our Commission made

an exception for 40-acre spacing in 1976 and the USGS also approved it for 40-acre spacing. We have already violated our State rule twice in this respect. It has to be on an 80-acre unit. September meeting is the soonest a hearing could be given for the 40-acre spacing.

Thirty drilling permits have been issued in 1982. This includes 25 for oil and gas; one for geothermal and four for geothermal gradient holes.

Kerr-McGee is in the process of building locations for seven more development wells in the Dineh bi Keyah.

Our office space has been rearranged. Though we have lost considerable room, there is still an area for the Commission meetings.

Mr. Bilby inquired about the wells for Tombstone and Safford. Rudy Ybarra advised that locations have been abandoned for Douglas, Huachuca City, Redondo and Safford.

Regarding Tri Oil, an evaluation is necessary which may take six months to a year. Two new wells that have been spudded are Mountain View and the Kirkland well. Rudy Ybarra, Enforcement Director, reviewed his Activity Report. (Attached).

Phillips is planning to drill some holes in the dry hot rock geothermal area located near Nutrioso and Alpine.

Certificates of Appointment to the Commission were received from the Governor's Office for Watson M. Tomerlin and Forrest R. Rickard.

A report was given by Dr. Larry Fellows on the Bureau of Geology's geothermal project which has been funded from DOE for five years, and which will end on August 31 since the funding will cease.

Since there was no further business, the meeting adjourned at 11:00 a. m.

APPROVED


