

OIL AND GAS CONSERVATION COMMISSION  
1645 West Jefferson Street  
Suite 420  
Phoenix, Arizona 85007

Minutes of Meeting  
June 17, 1983

Present:

Mr. Ralph W. Bilby, Chairman  
Dr. J. Dale Nations, Vice-Chairman  
Mr. Watson M. Tomerlin, Member  
Dr. Larry D. Fellows, State Geologist

The regular Commission meeting of June 17, 1983 was called to order by Ralph W. Bilby, Chairman, at 10:00 a.m.

Minutes of the January 21, 1983 meeting were approved as written.

A. K. Doss, Executive Director, reviewed his Activity Report. He advised the status of the Yuma well of Dowling Petroleum of Midland, Texas. A partner, Wanbishi-Texas of Japan, sent a team of members from Tokyo before the spudding of the well, and they backed out on the setting of the casing. Dowling set the production casing on the well. Dowling has been getting leases together which has caused the delay in completion work. A number of oil companies including Inexco, Amoco, and May Petroleum are interested in this operation and are closely watching its progress. In Dowling's second well, there were 150 units of gas on the mud log. Dowling has another location located 22 miles northeast from its present site. The first well is in the Altar Basin, which is Mexican terminology, and it is also called the San Luis Basin. The highest price paid was by a firm in Houston of \$150.00 per acre and a 20% royalty for 160 acres.

Resource Operators drilled a well eight miles north of Show Low and had a good gas show in the Cambrian sand. El Paso said their line was full and they could not take on any more gas. Also, there is a glut of natural gas on the market. Resource Operators felt they could not set pipe on this well because they could not market it at the present. They plan to come back in the summer for further follow-up drilling. John Somers farmed out the land to Resource Operators and Sumatra.

Bill Brooks has filed two applications in the strip country. Three men from Perryton, Texas were in the office recently to

arrange for the drilling of two wells in Yavapai County. There are 200 new state oil and gas leases taken by Shell Oil Company in the Chino-Seligman area. There are approximately 250,000 acres involved. Bob Walker is to drill another well in the Tombstone area. Kerr-McGee is to drill eight locations in the Dineh-bi-Keyah area.

Mr. Bilby inquired about an increase in funds for the travel allowance. Additional expense allowance has not been provided by the Legislature. Mr. Doss advised that our new fiscal year budget has been allocated for \$136,200. A new copier machine was purchased from funds which became available from Noni Stacey's retiring.

Mr. Doss also reviewed Rudy Ybarra's report in his absence. Regarding the Sanchez-O'Brien well, drilling was started and it rained for three weeks. One of the trucks was stuck in a U-turn, and a rancher in the area offered to send a bulldozer to get it out. This venture involved a cost of approximately \$300,000 - \$400,000. A water supply well is planned for drilling at a later date for the second oil test. It will be about five miles east from the first location. Jay Shields is to drill a 4,000' test in the Fredonia area. Mr. Lawrence of Louisiana is to drill in the Fredonia area also. HGG Oil Company from Oklahoma City is going to drill a deep test near the Nevada line in the strip country. Jerry Greer is the main principal. The four corners of the state will be the areas involved for future drilling.

Mr. Tomerlin would like to be better pre-informed for hearings. It was suggested to have a brief presented prior to the hearing. If one doesn't understand what is going on at a hearing, a short recess could be taken for an explanation. Mr. Doss advised another hearing may be necessary for Dowling Petroleum regarding their gas well spacing. It may be necessary for them to come to the Commission to present their case if a 640-acre gas spacing is required by them. If they make a gas well, most everybody would like to see them produce it, but it has to be done so that lawsuits will not be filed against the state.

Dr. Fellows reported that no director has been named for the Bureau of Mines. The president of the University can make the decision. Business has been as usual.

Mr. Bilby moved that if there is a discovery of oil, the Commission should have a meeting even though the meetings have become irregular. Mr. Tomerlin seconded the motion. Motion carried.

Dr. Nations said we should have our meetings even if we have budget constraint. Mr. Bilby suggested a meeting on September 23 and that we continue holding them every two months. Mr. Tomerlin moved that the next meeting be Friday, September 23. Dr. Nations seconded the motion. Motion carried. It was the consensus of the Commission that meetings would be held every two months.

Messrs. Doss and Ybarra and Dr. Nations are to write a paper for the Four Corners Geological Society. It is to be ready by September 1 and published by the end of the year.

Dr. Nations reported on the Interstate Oil Compact Commission's meeting in New Orleans. He is leaving this weekend to attend another meeting of the IOCC in Oklahoma City. The main issue will be gas pricing problems, which has created a depression in the market. Dr. Nations advised that the Federal Government plans to dispose of the Bartlesville Technical Energy Center. The IOCC submitted a proposal to take it over, but was not accepted. A firm from Illinois was named to take it over. The BTEC will continue as an operation of some other agency.

The meeting adjourned at 11:00 a.m.

APPROVED

  
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