

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

Minutes of Meeting
September 23, 1983

Present:

Mr. Ralph W. Bilby, Chairman
Dr. J. Dale Nations, Vice-Chairman
Mr. L. A. Palmer, Member
Mr. Forrest R. Rickard, Member
Mr. Watson M. Tomerlin, Member

The regular Commission meeting of September 23, 1983 was called to order by Ralph W. Bilby, Chairman, at 10:00 a.m.

Minutes of the June 17, 1983 meeting were approved as written.

A. K. Doss, Executive Director, reviewed his Activity Report.

SANCHEZ-O'BRIEN OIL
& GAS CORPORATION

He advised on the Sanchez-O'Brien well in the Lake Roosevelt area. Shortly after their rig was set up and they had set their surface pipe, it began raining and continued for three weeks. It was a sea of mud. It cost \$400,000 more than they had anticipated due to the inclement weather. Charles Tucker, the geologist, said that drilling is expected to resume in early October. Dale Nations inquired about the thrust area at this location. He assumes that Sanchez-O'Brien is thinking about the thrust plate in this area, but said that they are not drilling deep enough for that. Mr. Doss advised that there had been two small shows, and at 1900' they hit an artesian water flow. They plan to drill about five strat tests before a location is staked for the next deep test.

HIGH PLAINS PETROLEUM

Drilled north of Chambers near Cecil Gustin's well. A straddle packer test was run when they got down to the zone where Mr. Gustin had an oil show. Apparently, no one had run this type of test before, and the tester didn't have all the change-over subs needed. Only a gallon of mud was recovered from this test. There is definitely a permeability barrier of whatever nature

that exists between these two wells which are only 800' apart. John Somers, president of High Plains Petroleum, and Sumatra are working together. Sumatra has made a deal for a five-well drilling program on Santa Fe Railroad land in the Holbrook Basin area. They had a show of helium gas in the top 50' of the Coconino sandstone. There is no doubt that they could make a helium well there, but with the helium lawsuit going on involving the Railroad and the Spurlock Ranches and the fact that this well is also on Santa Fe Railroad acreage, they would never stand a chance of getting approval from the Railroad for the well completion.

DOWLING PETROLEUM

Casing (4½") was set on this well on April 28, 1983 and nothing has been done since. There have been all kinds of problems. They felt it necessary to get additional acreage, their Japanese partners backed out on the deal, and they have had a problem trying to sell it to someone else. If a well is finally made here, it will probably be gas - not oil. Joe Faull is staking a location on what they call the Island in the Colorado River. It belongs to the State of Arizona, but it's on the California side of the river. The Federal Government made a judgment to give it to Arizona instead of California. Rudy Ybarra advised that a variance in zoning would be necessary since this area is zoned for geothermal and agriculture; however, Imperial County is going to let him drill it as a low-temperature geothermal well in order to take a look at what is there. Mr. Faull has met in El Centro with county officials regarding this endeavor.

BROOKS EXPLORATION

Bill Brooks is to drill two wells this fall. He is encouraged with a dolomite zone down around 2250', and when this zone was tested, practically all water was recovered, but in the sample chamber, there was one to two cc. of oil. The sample shows were very good in the dolomite zone. The porosities and permeabilities were unbelievably high. The next two tests are to be drilled to 2500' in order to test the dolomite zone. He may have a fairly good chance of making a well.

ALPAR RESOURCES

Has acreage between Flagstaff and the Grand Canyon National Park headquarters, where they plan to drill two test wells.

SHELL OIL COMPANY

Has taken out a large lease block in northern Mohave County running from Lake Mead almost to the Bill Williams River. Kingman is almost in the center of their block. They took out 199 leases on state trust lands plus an equal amount of leases on federal lands and the number is unknown on private lands. Approximately 1,000,000 to 1-1/2 million acres are involved. When Phillips dropped this acreage, Shell retrieved it. Must have something to do with the deep overthrust wells which were drilled in Nevada.

GEOHERMAL KINETICS

Wrote to John Bannister on July 21, 1983 about the two deep geothermal wells that are still on temporary abandonment status by Higby. Wanted details on these proposals so the information could be presented to the Commission this month for its consideration to keep the temporary abandonment or not, and he has not responded. When Sisco Mines Limited, a Canadian firm, took over these two wells, they also took over Geothermal Kinetics. Mr. Doss advised that Dr. Fellows wanted to know about having additional projects that would have a direct thrust to the oil and gas industry. Mr. Doss wrote to eight geologists with various companies who offered to make suggestions on what kinds of reports could be worked on in order to assist them in their exploration work in Arizona. Response has not been overwhelming at the present time, but he is sure we will hear from them. A geologist from Amerada-Hess expressed his company's interest in the Holbrook Basin, and wanted to know if any organization in Arizona had done studies on total organic contents and vitronite reflectance. Mr. Doss did not recall any studies on these subjects.

BUDGET

The analyst from the Executive Budget Office advised Mr. Doss that he recommended placing the Oil and Gas Conservation Commission under the jurisdiction of the State Mine Inspector. If a change of this nature were to take place, it would have to be authorized by the State Legislature.

Rudy Ybarra gave a report on wells 18 and 20 in the Teec Nos Pos area. They are referred to as semi-development wells. Number 18 has been drilled, but an update is not available. There was drilling to 5200'. Well 20 is supposedly near a burial ground,

and negotiating is being done for a new location. Well 12, Mountain States Resources' first well, produced about 36 barrels of oil last month and about 1800 barrels of water. Well 16, which came in as a good gas well, is shut in. It is also capable of producing some condensate, but the BLM refused to issue a permit allowing flaring of the gas.

Mr. Charles Lawrence from Louisiana has filed with the BLM on 1290 acres in the area just south of where J. M. Shields drilled several shallow wells.

Action is necessary to force abandonment on Cecil Gustin's well, which has been sitting there for over a year. It may be necessary to use the bond money to supervise the abandonment of this well.

Mr. Ybarra gave a presentation on the activity in the Dineh-bi-Keyah field on the Navajo Reservation. Seven wells have each accumulated more than one million barrels of oil. Kerr-McGee drilled 13 wells since 1973 in this field totaling 754,500 barrels of oil. They are proposing to drill seven more wells. However, in Mr. Ybarra's judgment, the economics of drilling these wells is questionable because of the modest production obtained in nine of the 13 wells drilled between 1973 and 1982. Being in a mountainous area, it is costly to cut roads and stake out drilling locations.

NEW BUSINESS

Mr. Watson Tomerlin, a Member of the Commission, reported on a trip he made in August to British Columbia. He visited Valdez where he took a bus tour of the Alaskan pipeline operation. Though the tour was restricted, he found it interesting to view the "snake" pipeline winding 800 miles in Alaska. He gave several brochures for the Commission's review. Mr. Bilby, Chairman, stated that he had made a trip to New Zealand to inspect the hot springs which produce electricity and reported this information to the Commission. Mr. Doss advised his son-in-law is working with the Alyeska Pipeline at Valdez. Mr. Bilby also told of an inspection trip involving hydrocarbons in the form of coal in the extreme part of Norway. He took the Royal Viking and was within 650 miles of the North Pole.

BUDGET

Mr. Doss reviewed the estimated expenditures for the present

fiscal year and for our request for the 1984-1985 budget. The main expenses are for the rental of the office space and printing of the Rules and Regulations and updating of State Map 4. Our out-of-state travel has been eliminated. It was moved by Dale Nations and seconded by Forrest Rickard that the budget be approved as submitted. Motion carried.

Guests in attendance were:

Sheri Eisert Analyst	Joint Legislative Budget Committee
Dr. Larry Fellows Geologist	Bureau of Geology and Mineral Technology
Hector Villalobos	Mineral Resources Bureau of Land Management

Dr. Fellows expressed his thanks to Mr. Doss for his help in his program. He mentioned that he was also in Alaska in June to see the pipeline at Prudhoe Bay. Half of it is operated by Sohio and half by Arco.

The meeting adjourned at 11:18 a.m.

APPROVED


