

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

Minutes of Meeting  
August 16, 1985

Present:

Dr. J. Dale Nations, Vice-Chairman  
Mr. Forrest R. Rickard, Member  
Mrs. Jan C. Wilt, Member

The regular Commission Meeting of August 16, 1985 was called to order by Dr. J. Dale Nations, Vice-Chairman, in the absence of Ralph W. Bilby, Chairman, at 10:32 A.M.

Mr. Rickard moved that the minutes of the meeting of May 24, 1985 be approved and Mrs. Wilt seconded the motion. Motion carried.

Mr. Doss, the Executive Director reviewed his Activity Report. He advised that he and Mr. Ybarra drove to the Strip Country in June to witness the operation of the W. M. Waggoner's 2-26 Federal well. The rig arrived three days late. Two cores were cut, and a thin bleeding seam was found in the first core (560'-580'). Two wells were to be drilled, but the second one hasn't been drilled, and it is doubtful that it will be.

Mr. Doss reported that Joe Faull got permission from the bankruptcy referee to re-enter the original hole that had 5,000' of casing in it belonging to Dowling Petroleum. If there had been a discovery, the State of Arizona would receive its one-eighth royalty first before any other dispersements. The finding of salt water was the result of the perforating.

Mr. Doss witnessed the setting of the surface pipe of the Monsanto well also in June in the Dry Mesa area. This well is presently being tested.

Mr. Doss advised that Mrs. Lois Rogers was recently hired as the Secretary II for the Commission and Jerry Dingle is the new EBO analyst. Mr. Dingle inquired if the wording of

the statutes had to be changed to increase the compensation of the Commission members. This will not be necessary.

It was reported by Mr. Doss that there is a new lease play between the Arizona-New Mexico line. A recent article by Petroleum Information states that there is a consortium of companies including Shell and Sohio and the French national government company, Elf-Aquitaine, and independents who are taking part in this venture. About three million acres in New Mexico and ~~three million acres~~ <sup>APPROXIMATELY 300,000 ACRES (10-25-85)</sup> in Arizona are involved. This structure is known as the Baca Basin. John Karabees, lease broker and land promoter booster for the State of Arizona, said that seismic crews are in this area, and a number of the crews are located in Springerville. They are staying off the Indian Reservation. Shell Oil Company has a lease play in northern Mohave County and in northeastern Cochise and southern Gila and Greenlee counties. They incorporate huge blocks of acreage, and seismic crews quickly follow to run their survey lines. The other lease play is by Amoco located northwest of Flagstaff mostly in Coconino County. This large lease play was put together by John Karabees. Mr. Karabees advised that the delay for bringing in two rigs is the backlog that BLM has on lease issuance. Mr. John Haas, representing the BLM, advised that the Forest Service Management is going to consider the oil and gas leasing in their RMP (Resource Management Proposal) and this will take approximately one year.

Mr. Ybarra inquired about the tubing on site at the Dowling location in Yuma, and that the pits have become nesting grounds for approximately 15 owls. He wanted to know who is responsible for the cleanup at this location. Mr. Doss advised that Joe Faull is responsible for this. Even though we have the bond, bankruptcy is involved in this case. Sy Young from the State Land Department stated that the agricultural people would like to have this area cleaned up. Mr. Ybarra said that there is no established procedure for this kind of a situation, and one is certainly needed on abandonment of this type of a well.

Mr. Ybarra proceeded with reviewing of his Activity Report. He reported discussing with Monsanto about its #6 well that Mr. Doss had inspected. Monsanto reported drilling to 5540' and tried to test open hole, but could not get the packers to set and abandoned the operation. They contacted their partners, Unical and Sun Oil, and were advised to put casing in the hole and get a good test. There is a disposal problem

in this field which necessitated hauling salt water to Utah. There is an indication that #6 well is going to be a good one according to the test reports which were received. Tentative plans are to dispose into the Leadville Formation and produce from the Paradox Formation. With the type of production attained, there may be further drilling to the northwest. Rule 176A calls for a hearing on a new disposal project. Since there has been quite a lapse of time from the former submittal, a hearing will be necessary in this instance. Mr. Doss advised there was approval of the project, but it was never started.

Mr. Ybarra advised that Mr. John Harkins of Morton Salt Company of Chicago, Illinois visited our office to advise of their purchase of Southwest Salt and to discuss the abandonment of two idle wells which should have been plugged long ago. One of the wells has tubing in the hole which will have to be pulled. Mr. Ybarra was advised that it would be cemented all the way to the surface. Mr. Ybarra requested the Commission be notified in writing of the purchase of Southwest Salt by Morton Salt Company and to arrange for the bonds. Southwest Salt made application with the EPA for two injection wells into that salt deposit, and we have a 10-day period for comment. The permit needs to be classified as Class III wells which are covered by the Department of Health Services. The Commission deals with Class II (oil and gas) and Class V (geothermal) wells. The last solution-mining well drilled by Southwest Salt was done so without a permit and, therefore, without a bond. Cal Gas was interested in acquiring this well and using it to store a hydrocarbon product other than LPG. The well transfer was never consummated because Southwest refused to make the well legal on the basis that the well did not come under the jurisdiction of the Commission. Dr. Nations advised since this was an administrative matter that the staff should settle it and advise the outcome at the next meeting.

Mr. Doss reported that Mr. Ralph Pomeroy is continuing to have problems on his geothermal project in the Queen Creek-Higley area, and has asked for an additional six months' period until January 1, 1986 on the temporary abandonment status since the present one has expired. General Electric is to be a partner with Mr. Pomeroy to aid in the necessary financing to get the wells producing geothermal energy. Mr. Rickard moved that Mr. Pomeroy's temporary abandonment be extended of these wells for another six-month period until January 1, 1986. Mrs. Wilt seconded the motion. Motion

carried. Mr. Ybarra commented that it would cost approximately \$160,000 to abandon these two wells which have been idle for over 12 years and no action has been taken regarding them.

Dr. Nations stated he felt that a procedure was necessary to have the Redbird operation cleaned up at the Dowling location in Yuma. Mr. Doss advised that Joe Faull was to contact the State Land Department to see how this was to be done since it is on state land. Mr. Ybarra suggested we contact the bonding company for information. At Dr. Nations' request, Mr. Ybarra is to check into this and report his findings at the next Commission meeting.

At 11:23 A.M., Mr. Rickard moved that the Executive Session be held since the meeting was over, and Mrs. Wilt seconded the motion. Motion carried.

Mrs. Wilt moved for adjournment of the Executive Session and to reconvene the regular session at 12:30 P.M. Mr. Rickard seconded the motion. Motion carried.

Dr. Nations stated since there was a minimum quorum at the Executive Session, a decision was made to continue the consideration for applications for the directorship of the Commission. It was further decided to advertise for this position on a broader base. Mr. Ybarra was designated to be the interim director until a decision is made by the Commission for a permanent director. A brief ad or announcement is to be prepared by Dr. Nations for the "Positions Available" section of the "Oil and Gas Journal," "Western Oil Reporter" and "AAPG Explorer" to advertise for the Executive Director's position.

The next meeting is scheduled for September 20 to approve the budget which has requested the Geologist II position be filled. This will be a Grade 19, Step 10 position in order to obtain a well-qualified applicant. This request has been approved by Richard Rabago, the Assistant Director, for Personnel. Mr. Doss is to inquire about the cost of the ad and what the deadlines are for placing it. Since this is an "exempt" position, it is not subject to Personnel's rules.

At 12:42 P.M., Mr. Rickard moved that the meeting be adjourned. Mrs. Wilt seconded the motion. Motion carried.

Guests in attendance:

John Haas  
Sy Young

Bureau of Land Management  
State Land Department

EXECUTIVE SESSION

The Executive Session of the Oil and Gas Conservation Commission was called to order at 11:25 A.M. on August 16, 1985 by Vice-Chairman, Dr. J. Dale Nations, for the purpose of selecting a replacement for the Executive Director's position.

The two applicants are Bill Vineyard and Rudy Ybarra. This is a Grade 23, Step 7 position with an annual salary of \$37,561.

Mr. Doss gave a breakdown of his position stressing that it is necessary to work with the Legislature and work on the budget. Travelling is necessary for the position. One is also required to answers questions from the public. The Vice-Chairman and two commissioners then interviewed the two candidates. The meeting adjourned at 12:25 P.M.

APPROVED



Dr. J. Dale Nations  
Vice-Chairman