

OIL AND GAS CONSERVATION COMMISSION
3110 North 19th Avenue, Suite 190
Phoenix, Arizona 85015

Minutes of Special Meeting
February 19, 1988

Present:

Dr. J. Dale Nations, Chairman
Mrs. Jan C. Wilt, Vice Chairman
Mr. A. R. Bennett, Member
Mrs. Mary Ann Niccoli, Member
Mr. James Warne, Jr., Member
Dr. Daniel J. Brennan, Executive Director
Mr. Rudy A. Ybarra, Enforcement Director

A Special Commission Meeting of February 19, 1988 was called to order by Dr. J. Dale Nations, Chairman, at 10:00 A.M. in the Commission's office.

APPROVAL OF MINUTES OF MEETING OF JANUARY 15, 1988

With the correction made on Page 2 of the Minutes of January 15, 1988 in the first motion stated to change the name of Dr. Nations to Mr. Warne, Mr. Warne moved, seconded by Mrs. Wilt:

THAT THE MINUTES BE ADOPTED AS CORRECTED.

Motion carried unanimously.

In order to have counseling from Mr. Sheldon Muller, our legal counsel, from the Attorney General's Office regarding issues for the extension of time to plug two wells by Camroy Research Corp., Mrs. Wilt moved, seconded by Mrs. Niccoli:

THAT THE MEETING BE RECESSED FOR APPROXIMATELY
FIFTEEN (15) MINUTES TO HAVE AN EXECUTIVE SESSION.

Motion carried unanimously. Upon completion, the Special Meeting will be open again to the public.

The Special Meeting reconvened at 10:37 A.M.

REQUEST OF CAMROY RESEARCH CORP. FOR EXTENSION OF TIME TO
PLUG TWO WELLS

Dr. Nations requested that those wishing to express an opinion on this subject restrict their speaking to new information unless it was necessary to refer to pertinent data previously discussed.

Mr. Logan Johnston, legal counsel for Mr. Pomeroy, advised that a request has been made to the court to reconsider its ruling regarding the lawsuit. At a hearing on February 18, the judge agreed to reconsider this ruling. If he reverses himself, a trial will be held; if not, there will be an appeal. Mr. Johnston explained that Mr. Pomeroy does not have the funds to do the testing which the Commission has requested. Mr. Johnston requested that the Commission consider the best interest to the state of Arizona concerning the geothermal project. More time is required by Mr. Pomeroy to recover the geothermal resources.

In response to Mrs. Niccoli's inquiry of when the funds would be available, Mr. Pomeroy replied that it may be in six months.

Mr. Warne inquired how long the extensions have been granted. Dr. Brennan stated that a 14-year period has been involved with Mr. Pomeroy's interest in it for the last three years. Mr. Johnston explained since the rights under the lease are in question, it is foolish for Mr. Pomeroy to spend funds until the result is determined.

Mr. Paul Gilbert representing the law firm of Beus, Gilbert, Wake & Morrill stated that the testing of the wells by Mr. Pomeroy had been encouraged and that Mr. Pomeroy was never prevented from doing the testing. Mr. Gilbert stated that there has never been any evidence of geothermal resources from these wells. Mr. Gilbert said that proof had not been shown that there is no contamination or problem had occurred as a result of the wells not being capped. Dr. Nations commented that evidently a misconception exists and that instead of a reference being made to capping the wells, the wells should be plugged and abandoned.

Dr. Brennan reported a conversation with Jim ^{WITCHER} ~~Wicker~~, formerly with the Bureau of Mines and Mineral Technology in Tucson and now with the Energy Institute at New Mexico University in Las Cruces, in which Mr. Wicker said that he did not see any reason to keep the wells open. He felt that they should be plugged at this time. Mr. Johnston stated that he did not feel there was enough evidence to show that there is no resource.

In response to Mrs. Wilt's inquiry if any additional information about the safety of the wells was secured, Mr. Turner, a hydrologist employed by Mr. Pomeroy, gave an explanation of the two aquifers involved with the difference in water levels. No contamination or leakage is evident. Mr. Turner had prepared a technical memo which was distributed to the Commission members and to Mr. Gilbert's firm. A discussion about the fluid levels of the wells was held by Mr. Turner and Mr. Ybarra, and Dr. Brennan commented that there was Class A cement in the #1 well,

which is not suitable for the depth of the hole and may pose an imminent danger to leakage. The second well was cemented with Class G, which is proper cement. Dr. Brennan recommended that the Commission deny the request for the extension since Mr. Pomeroy had not met the requirements of testing the wells as the Commission requested.

Mr. Ybarra gave a brief explanation of the procedure of plugging and abandoning the wells in reply to Mrs. Nicolli's inquiry of what was involved. The surface also has to be cleaned up.

Mr. Muller advised if another extension is not granted, according to Rule 12-7-232, the wells have to be plugged and abandoned. Mrs. Wilt moved, seconded by Mrs. Niccolli:

THAT THE COMMISSION DENY THE REQUEST FOR THE
TEMPORARY ABANDONMENT PERIOD.

Motion carried unanimously.

Mr. Gilbert asked whose responsibility was involved for the plugging of the well, and Dr. Brennan advised that in his opinion the operator of the well is the responsible party.

The next meeting was scheduled for March 18, 1988.

ADJOURNMENT

Mr. Bennett moved, seconded by Mrs. Wilt:

THAT THE MEETING BE ADJOURNED.

Motion carried unanimously. Time of adjournment was 11:14 A.M.

APPROVED

Dale Nations
Dr. J. Dale Nations
Chairman

GUESTS IN ATTENDANCE:

R. Stilmar
Logan Johnston
Ron Turner
Don Switzenberg
L. E. Carter
Sheldon H. Muller
Paul E. Gilbert
Neil V. Wake
Mark Monserez
Ralph J. Pomeroy
Gary Davidson

GSC
Winston & Strawn
Geothermal Synergy
Power Ranch
Power Ranch
Attorney General's Office
Beus, Gilbert, Wake & Morrill
Beus, Gilbert, Wake & Morrill
Beus, Gilbert, Wake & Morrill
Cam-Roy Research Corp.
D. M. & Associates