

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

Minutes of Meeting
January 20, 1989

Present:

Dr. J. Dale Nations, Chairman
Mrs. Jan C. Wilt, Vice-Chairman
Mr. A. R. Bennett, Member
Mrs. Mary Ann Niccoli, Member
Mr. J. E. Warne, Jr., Member
Dr. Daniel J. Brennan, Executive Director
Mr. Steven L. Rauzi, Oil and Gas Specialist

The regular Commission Meeting of January 20, 1989 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 NOVEMBER 18, 1988

Mr. Warne moved, seconded by Mr. Bennett:

THAT THE MINUTES OF THE REGULAR MEETING OF
NOVEMBER 18, 1988 BE ACCEPTED AS PRESENTED.

Motion carried unanimously.

Dr. Nations suggested rearranging the topics on the agenda in order to have the guests in attendance represented first without causing them a delay.

POSSIBLE INTERSTATE OIL COMPACT COMMISSION MEETING IN ARIZONA
IN 1990

Dr. Nations stated that there is a possibility of the Interstate Oil Compact Commission having its annual meeting in Arizona in 1990. Dr. Nations advised that at his request the Governor's Office sent an invitation to the Commission to have the meeting in Tucson in December 1990. Other states submitting bids are Alabama, Arkansas and Texas. Margaret Migliorini, of the Office of Tourism, advised that materials, van trips and entertainment could be arranged by them, and that package trips could also be prepared in assisting the attendees. Mrs. Wilt reported that there will also be a large meeting of the mining industry in Tucson coinciding with the IOCC Meeting. It is the Mining Club of the Southwest Hall of Fame dinner which honors an executive who has contributed much to the mining industry. Mrs. Wilt will work with Ms. Migliorini in preparing a proposal for this meeting. A decision is to be made in March regarding the location selected for the meeting. Dr. Larry Fellows, state

geologist, has offered his assistance in preparing for the meeting. Mr. Muller advised that grants and donations may be accepted by a volunteer committee set up to run this event. Dr. Nations will send information to Vic Heller, Director, of the Office of Tourism.

CONSULT WITH THE COMMISSION'S ATTORNEY ON LAWSUIT CAM-ROY RESEARCH CORPORATION VS. OIL AND GAS CONSERVATION COMMISSION OF THE STATE OF ARIZONA AND INSTRUCT HIM ON HOW THE COMMISSION WISHES HIM TO PROCEED IN THE LAWSUIT

Mr. Russell Ritchie, a financial consultant, representing Cam-Roy Research Corporation stated that the firm is in the process of reorganization due to bankruptcy, and that commitments are being made for refinancing. No definite time could be promised regarding the reorganization and refinancing. Dr. Brennan inquired about the status of the landowners' suit, and Mr. John Saxman of Cam-Roy stated that it is in the Appeal Court now since they lost in Superior Court. Mr. Saxman suggested a time frame of three weeks for the refinancing and restructuring, but it still is not a definite commitment. The lost lawsuit was in regard to not having a lease on the land or mineral rights. Mr. Warne remarked that a plan should be involved regarding the refinancing and restructuring with a time frame to which Mr. Ritchie replied that since a restructuring plan has not been approved, no commitment can be made since it is part of the bankruptcy proceedings. Mr. Ritchie stated that the highest priority is in the geothermal development of the wells; also arrangements may be made between the two parties for developing the property. Dr. Nations stated that test engineering of the wells must be included in the plan, and Mr. Ritchie remarked that it was included. No contracts have been signed regarding the engineering because of the pending refinancing. Mrs. Niccoli requested that if the financing can be secured in three to six weeks that a letter be sent to Dr. Brennan advising this information. Mr. Ritchie agreed to respond to this request.

REPORT OF EXECUTIVE DIRECTOR

Dr. Brennan stated that the Governor's budget submittal to the legislature forwarded our budget request virtually unchanged, and added a salary increase for state employees, a recalculation of employee benefits using a different formula than when the budget was submitted, and added \$600.00 for the purchase of a typewriter to replace the one stolen from our office. There were no other changes in the Governor's budget request. Dr. Brennan remarked about an article in The Republic dated January 20, 1989 concerning the Mini Grace Commission Report being reviewed by the Governor. We need to be alert about what might be evolved from this report. Dr. Brennan advised that he has been working on his Yuma project. Mrs. Wilt requested a copy of the Mini Grace Report pertaining to the Oil

and Gas Conservation Commission, and Dr. Brennan will check into this. Mrs. Wilt requested that this subject be on the agenda for the March 1989 meeting.

REPORT OF OIL AND GAS SPECIALIST

Mr. Steven Rauzi reported the cementing of the casing at the Cal Gas operation on January 19, 1989. He explained his progress on making a Precambrian map, with a chief point of interest being the Chuar group. Exxon has leased land which includes an area where Jay Shields is located in northern Arizona. A scout from Exxon visited our office recently to check our well files.

GAS STORAGE FACILITIES AT GLENDALE AND ADAMANA

The report on Cal Gas at the Glendale location was covered in Mr. Rauzi's review. Dr. Brennan reported that he and Mr. Rauzi inspected the facility at Adamana last fall. A switch was to be repaired and signs erected. They do not have a flare on their brine pit, and they have been advised it is required by regulation to have one. They are in the process of having a flare designed. The sonars have not been done on the caverns, and this must be done to measure the capacity of each cavern. At the suggestion of Dr. Nations, Dr. Brennan will see that a bore hole casing log is run.

MOTION TO AUTHORIZE EXECUTIVE DIRECTOR TO ACT ON BEHALF OF THE COMMISSIONERS

Dr. Brennan presented a list of the duties of the Executive Director which were derived from the Rules. He also presented information on the setup of other agencies as an example of how authority for a director is determined. Mr. Muller explained that the purpose involved is to authorize the Executive Director to perform duties that are done by the Commission. Dr. Nations recommended that this subject be tabled.

Dr. Brennan introduced Ms. Carol Lewin, an attorney, who will be taking Sheldon Muller's place. Her superior is Joseph Clifford, who was formerly our attorney from the Attorney General's Office. Dr. Brennan extended thanks to Mr. Muller for his help in the past regarding our agency.

LEGISLATION WHICH MAY AFFECT OIL AND GAS CONSERVATION COMMISSION

Dr. Brennan stated that Senate Bill 1044 will be heard on January 25, 1989 at 9:00 A.M. regarding proposed amendments to the law giving the Oil and Gas Conservation Commission enforcement authority in geothermal matters. He plans to testify in its behalf. This Bill will allow the making of agreements with the

Federal Government, with any state or Federal agency, local government or with an Indian Tribe for any purpose of the law. Ms. Lewin and Mr. Muller will review this Bill before the hearing on January 25, 1989. The only change is the removing of the temporary abandonment, because it belongs in the rules and not the law. This will also help solve the Cam-Roy suit.

COMMISSION BUDGETS, FEES, AND TAXES

Dr. Brennan advised that the Executive Budget Office has not pursued the list of fees which was submitted to them to support the Commission.

ANNOUNCEMENTS

The next meeting was scheduled for March 17, 1989.

Mr. Bennett moved, seconded by Ms. Wilt:

THAT THE COMMISSION GO INTO EXECUTIVE SESSION.

Motion carried unanimously.

At 12:01 P.M., the regular meeting resumed after completion of the Executive Session with all original Commissioners being present.

ADJOURNMENT

After the Executive Session terminated, Mr. Warne moved, seconded by Mr. Bennett:

THAT THE MEETING BE ADJOURNED.

Motion carried unanimously. Time of adjournment was 12:02 P.M.

APPROVED

Dale Nations
Dr. J. Dale Nations
Chairman

GUESTS IN ATTENDANCE:

John Haas	Bureau of Land Management
Carol Lewin	Attorney General's Office
Margaret Migliorini	Office of Tourism
Sheldon Muller	Attorney General's Office
Russell Ritchie	Cam-Roy Research and Development Corporation
John Saxman	Cam-Roy Research and Development Corporation