

OIL AND GAS CONSERVATION COMMISSION
5150 North 16th Street, Suite B-141
Phoenix, Arizona 85016

Minutes of Meeting
February 16, 1990

Present:

Dr. J. Dale Nations, Chairman
Mrs. Jan C. Wilt, Vice-Chairman
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 February 16, 1990 was called to order by Dr. J. Dale Nations, Chairman, at 10:00 A.M. in Room B-144, 5150 North 16th Street, Phoenix, Arizona 85016.

APPROVAL OF MINUTES OF MEETING OF DECEMBER 15, 1989

The Minutes of the Meeting of December 15, 1989 were amended as follows:

THAT THE TERM OF OFFICE BE FOR ONE YEAR FOR THE CHAIRMAN
AND VICE-CHAIRMAN, BEGINNING WITH THE CALENDAR YEAR.

Mrs. Wilt moved, seconded by Mr. Warne:

THAT THE MINUTES OF THE MEETING OF DECEMBER 15, 1989
BE ACCEPTED AS AMENDED.

Motion carried unanimously.

HEARING ON DRY MESA CORPORATION APPLICATION FOR APPROVAL OF A DISPOSAL WELL
SEC. 11, T40N-R28E, APACHE COUNTY, ARIZONA

At 10:04 A.M., Dr. Brennan gave an explanation of the purpose of the hearing for Dry Mesa Corporation. Following Mr. Ken Hand's presentation, Mr. Bob Hand, engineer for Dry Mesa Corporation, made a presentation for the approval of a permit for a disposal well. The hearing ended at 10:25 A.M.

At 10:27 A.M., the regular Commission Meeting resumed.

REPORT OF EXECUTIVE DIRECTOR

The Activity Report of Dr. Brennan was sent to the Commissioners, and has been made a part of these minutes. Dr. Brennan reported that the House Appropriations Sub-Committee recommended that the Commission have a continuing services budget. This would eliminate the JLBC's recommendation of a decrease of \$15,400 and the Executive Budget Office's recommendation of a decrease of \$8,800. Dr. Brennan also appeared before the Senate Appropriations Sub-Committee and explained that the Commission brings in more revenue

than it costs the state. A report was given by Dr. Brennan regarding Central Oil Company's plugging the Bradco No. 1 Aman well in Yuma County by March 15 if it is not productive after perforating and testing.

REPORT OF OIL AND GAS SPECIALIST

The Activity Report of Mr. Rauzi was sent to the Commissioners, and has been made a part of these minutes. Mr. Rauzi stated that work on the third well for Chuska Energy Company would start in late May or early June. He also reported that a completion rig is on Well #8 and that a DST was run. On Well #5, production string was set. Mr. Rauzi advised that PB-KBB is in town for the workover job at Calgas No. 3 well. The top of the cavern has been perforated to get all the butane out of the cavern. A log will be run next week to determine that the butane has been removed. In two weeks, actual work is expected to begin. The report which Mr. Rauzi has been working on should be ready by the end of this month. He also reported that Jay Shields plugged five of his wells in Fredonia. John Haas from the Bureau of Land Management witnessed this procedure.

Dr. Brennan advised that due to a lack of money in our budget that we could not have witnessed cementing of all of Chuska's wells or the plugging of the Shields' wells. The Commissioners expressed their concern over not having enough funds to perform the required functions of the Commission. Dr. Brennan stated that there is a procedure to request more funds, but that the requested funds may not always be granted.

PLUGGING OF GEOTHERMAL WELLS, CHANDLER AREA

Mr. John Saxman representing Cam-Roy Research and Development Corporation of Chandler, AZ stated that they were pursuing an interest in these wells. They intend to put them into production depending on the finances.

Dr. Brennan advised that the property was bought from the Power Ranch by a real-estate syndicate called Davidson and Davidson, who defaulted on their payments. Keith Power told Dr. Brennan last week he is hopeful of recovering the property from Davidson and Davidson very soon. Mr. Power has investigated the cost of plugging the wells, and is aware this will have to be done before the property can be sold. In time a hearing may be necessary regarding the plugging of the wells. Dr. Nations requested that Dr. Brennan work with Carol Lewin, our legal counsel, to follow up on these wells, and notify the Commissioners as soon as possible.

PROPOSAL TO CONSOLIDATE OIL AND GAS AND GEOTHERMAL RULES

Dr. Brennan advised that the present geothermal rules will not pass a review by the Governor's Regulatory Review Council. Some of these rules are identical to the rules of the Oil and Gas Conservation Commission. Ms. Lewin stated there is no reason for the Commission to have two sets of rules. The proposal is to consolidate them and rewrite the Oil and Gas Commission's rules.

Mrs. Wilt moved, seconded by Mr. Warne:

THAT THE COMMISSION REQUESTS DR. BRENNAN TO REVIEW THE
GEOHERMAL RULES AND INCORPORATE THEM INTO THE OIL AND
GAS RULES.

Motion passed unanimously.

PROPOSED LEGISLATION

Dr. Brennan explained that Senator Corbet has introduced Bill SB 1543 to the legislature to merge the Oil and Gas Conservation Commission, the Department of Mines and Mineral Resources and the Geological Survey into the Land Department. At the request of Senator Sossaman, Dr. Brennan responded to this that it was not a good idea, that it would not save any money. If a Department of Natural Resources is formed, it would be more expensive. It was the consensus of the Commission that Dr. Brennan should oppose this bill, and keep the Commissioners informed of action regarding it.

MOTION TO AUTHORIZE EXECUTIVE DIRECTOR TO ACT FOR THE COMMISSION

Ms. Lewin commented that this motion should not be passed or voted as presently written, but that it could be revised to include standards for the various procedures. The Commissioners requested Dr. Brennan and Ms. Lewin to work on a revised motion.

After a discussion regarding concern for the hiring of competent people for the director of this Commission in the future, Dr. Nations requested that this topic be listed on the next agenda, and Ms. Lewin will report on this request.

CALL TO THE PUBLIC

N/A

ANNOUNCEMENTS

Dr. Nations reported that the IOCC Meeting is still scheduled for December 1990 at The Pointe at Squaw Peak, and will have more details at our next meeting. Mrs. Wilt suggested that Dr. Brennan submit an abstract for the AAPG. Dr. Brennan stated that Mr. Rauzi has a manuscript to submit.

The next meeting is scheduled for March 23, 1990.

ADJOURNMENT

Mr. Warne moved, seconded by Mrs. Wilt:

THAT THE MEETING BE ADJOURNED.

Motion carried unanimously. Time of adjournment was 12:10 P.M.

APPROVED

Dale Nations

Dr. J. Dale Nations
Chairman

GUESTS IN ATTENDANCE:

Carol Lewin
John Saxman

Attorney General's Office
Cam-Roy Research and
Development Corporation