

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

Minutes of Meeting
April 20, 1990

Present:

Dr. J. Dale Nations, Chairman
Mr. A. R. Bennett, Member
Mrs. Barbara H. Murphy, 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 April 20, 1990 was called to order by Dr. J. Dale Nations, Chairman, at 10:10 A.M. in Room B-144, 5150 North 16th Street, Phoenix, Arizona 85016.

WELCOME TO NEW COMMISSIONER, BARBARA MURPHY

Dr. Nations extended a welcome to Mrs. Barbara Murphy, our new Commissioner.

APPROVAL OF MINUTES OF MEETING OF FEBRUARY 16, 1990

Mr. Warne moved, seconded by Mr. Bennett:

THAT THE MINUTES OF THE MEETING OF FEBRUARY 16, 1990 BE
ACCEPTED AS PRESENTED.

Motion carried unanimously.

OWNERSHIP AND STATUS OF "POWER RANCH" GEOTHERMAL WELLS SEC 1, T2S-R6E

Dr. Brennan introduced the topic by saying that the ownership of the wells needs to be determined so that the Commission can cause them to be plugged. Mr. Mark Monserez representing the owners appeared before the Commission. He informed the Commission that the property is owned by Gilbert, Arizona-Power Road Properties Joint Venture, a general partnership. This is a syndicated property. It is intended to be residential property with some commercial interest involved. Dr. Nations explained that the Commission, by statute, is to see that the wells are to be plugged and abandoned. Mr. Monserez stated that the Joint Venture had a suit against the Pomeroy entities to clear title to the Power Ranches. A second suit is pending, and is set for trial September 18, 1990. This suit is to have Cam-Roy plug the wells, pay damages to the Joint Venture, and shareholder liability. A partial Summary Judgment was granted about a year ago stating that Cam-Roy or related entities are liable to plug the wells. The amount of damages is to be determined at the trial. Mr. Monserez commented that Cam-Roy posted the bond, and is liable to plug the wells as the operator and as lessee. Carol Lewin, our general counsel, read the statute pertaining to the owner of a well. In response to Mr. Monserez' question if his client was to post a bond, Dr. Brennan

replied that a bond is to be posted by the owner. The Commission's interest is to get the wells plugged. Dr. Brennan advised that an estimate to plug a well was \$115,000.00 approximately two years ago. It was suggested that a consulting engineer could prepare an estimate of plugging costs.

REPORT OF EXECUTIVE DIRECTOR

The Activity Report of Dr. Brennan was sent to the Commissioners, and has been made a part of these minutes. He advised that he has been working on a Four Corners' report which is due May 15. He also presented the new Well Location Map and Report.

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 advised that a second printing is being done for his recent report. He reported that PB-KBB is still trying to cement the bottom plug to get a good seal at the AmeriGas facility to eliminate the vapors.

DRY MESA INJECTION WELL

Mr. Rauzi reviewed a letter from Dry Mesa Corporation to the EPA. Dry Mesa has requested the Commission's permission to continue to use the 2-3/8" existing tubing in their well. Dr. Brennan stated that this well is needed because they cannot get rid of all their water. Their production is down because their tank is full of water. The permit has not been issued yet as Dr. Brennan wants to be sure the Commissioners approve of using the present tubing for up to six months, when plastic coated tubing will replace the old tubing.

Mr. Bennett moved, seconded by Mr. Warne:

THAT DR. BRENNAN BE AUTHORIZED TO PERMIT USE OF THE PRESENT
TUBING FOR A PERIOD OF UP TO SIX MONTHS.

Motion carried unanimously.

Item eight on the agenda was moved to the end of the meeting since it was necessary to have an Executive Session to deal with this matter.

THREE-YEAR PLAN

Dr. Brennan presented his plan for the goals and objectives of this agency to be submitted to the Governor's Productivity Council. A safety training program for Dr. Brennan and Mr. Rauzi to operate in a hydrogen sulphide environment has been requested. Equipment maintenance money was requested for the copying machine. It is necessary to go to Blow-Out Preventor school. Our budget request is before the legislature now. There are strategic plans to work out with the Navajos. A well planning guide needs to be prepared. We plan to continue to inspect all the wells if funds are available. Dr. Brennan stated that we want to continue to promote exploration in Arizona. Mr. Rauzi has started a study of northwest Maricopa County near Wittman and Wickenburg. We want to make sure that the storage

caverns at AmeriGas and Adamana are operated in a safe manner. Plans include keeping up with the field work and inspections and do further geological studies. Dr. Nations suggested if any projects could be of interest to students that the universities be notified of this research.

Mr. Warne moved, seconded by Mrs. Murphy:

THAT THE THREE-YEAR PLAN BE APPROVED.

Motion carried unanimously.

CALL TO THE PUBLIC

John Haas of the Bureau of Land Management remarked about sending a copy of the Forest Service's rules and regulations on oil and gas leasing effective today to Mr. Rauzi. The Bureau is issuing its first permit today to Trans Am located in Oklahoma which will allow them to do investigative work up to two years. A second permit is to be issued shortly. Dr. Brennan stated when Trans Am approached this agency about drilling, they were advised they would be required to be subjected to our rules and regulations.

Mr. Haas reported receiving its first competitive bid in the BLM from Jay Shields, who is working with AMOCO now, and hopes to drill within a year.

Comment was made by Mr. Haas on the Wilderness Areas. He said that the Supreme Court has agreed to hear a national Wildlife Federation lawsuit. Any state lands which have been exchanged with the BLM could be affected.

ANNOUNCEMENTS

Dr. Nations had copies of "Geologic Evolution of Arizona" given to the members. It is updated to 1987.

Mr. Bennett moved, seconded by Mr. Warne:

THAT THE COMMISSION GO INTO EXECUTIVE SESSION.

Motion carried unanimously. At 11:42 A.M., the Executive Session began.

The regular meeting resumed at 12:10 P.M.

Mrs. Murphy moved, seconded by Mr. Bennett:

THAT THE COMMISSION DELAY CONSIDERATION OF THE MOTION TO
AUTHORIZE THE EXECUTIVE DIRECTOR TO ACT FOR THE COMMISSION
UNTIL THE NEXT MEETING.

Motion carried unanimously.

Mr. Bennett moved, seconded by Mrs. Murphy:

THAT WE WORK IN COOPERATION WITH THE OWNERS REPRESENTED BY MARK MONSEREZ TODAY, AND SEND A LETTER TO HIM DELINEATING THAT OWNERSHIP, PHASE I. PHASE II WOULD BE RESPONDING TO THE LEGAL ADVICE WE RECEIVED TODAY AND OUR RIGHTS.

Motion carried unanimously.

Mr. Bennett offered to follow up by attending the zoning meeting regarding this property.

Dr. Brennan requested that should the Commissioners desire a hearing regarding geothermal wells he be given more time to prepare for it as it is more involved than a hearing on Oil and Gas.

The next meeting was scheduled for June 15, 1990.

ADJOURNMENT

Mr. Bennett moved, seconded by Mr. Warne:

THAT THE MEETING BE ADJOURNED.

Motion carried unanimously. Time of adjournment was 12:18 P.M.

APPROVED



J. Dale Nations
Chairman

GUESTS IN ATTENDANCE:

John Haas
Carol Lewin
Mark Monserez

Bureau of Land Management
Attorney General's Office
Gilbert Power Road