

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

Minutes of Meeting
August 17, 1990

Present:

Dr. J. Dale Nations, Chairman
Mrs. Jan C. Wilt, Vice-Chairman
Mr. A. R. Bennett, 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 August 17, 1990 was called to order by Dr. J. Dale Nations, Chairman, at 10:00 A.M. in Room B-141, 5150 North 16th Street, Phoenix, Arizona 85016.

APPROVAL OF MINUTES OF MEETING AND OF THE EXECUTIVE SESSION OF APRIL 20, 1990

Mr. Warne moved, seconded by Mr. Bennett:

THAT THE MINUTES OF THE MEETING OF APRIL 20, 1990 BE
ACCEPTED AS PRESENTED.

Motion carried unanimously.

HEARING ON A STAFF RECOMMENDATION TO REQUIRE REINJECTION OF ANY WATER PRODUCED FROM
CAM-ROY #1 AND #2 GEOTHERMAL WELLS, SEC 1, T2S-R6E, MARICOPA COUNTY, ARIZONA

Dr. Brennan explained that the Department of Water Resources has agreed to exempt these wells if the order is made to require reinjection of produced water in the geothermal wells so the wells may be plugged.

Mrs. Wilt moved, seconded by Mr. Bennett:

THAT WE FOLLOW THE STAFF RECOMMENDATION TO REQUIRE REINJECTION OF
ANY WATER PRODUCED FROM CAM-ROY #1 AND #2 GEOTHERMAL WELLS.

Motion carried unanimously.

HEARING ON A REQUEST FROM DRY MESA CORPORATION TO ALLOW INJECTION OF WATER PRODUCED
FROM OTHER FIELDS INTO ITS NO. 2 NAVAJO "O" WELL, SEC 23, T41N-R30E IN TEEC NOS POS
FIELD, APACHE COUNTY, ARIZONA

This hearing was cancelled at Dry Mesa Corporation's request.

REPORT OF THE EXECUTIVE DIRECTOR

The Activity Report of Dr. Brennan was sent to the Commissioners, and has been made a part of these minutes. Dr. Brennan told of a large number of visitors to our office as a result of an oil play in the Strip. Numerous telephone inquiries have been received, and 100 copies of Steven Rauzi's report have been sold. Leasing in

that area has increased, and an operator recently applied for four drilling permits for shallow wells. One well is to be drilled this fall. Jay Shields has not begun drilling, but says that four oil companies will contribute to the well. Two of these firms are believed to be Texaco and Chevron.

Mountain States Resources has been informed by the BLM and the Navajo Tribe that their wells must be plugged, since they have not produced for several years. Dr. Brennan reported he is doing a study on the Teec Nos Pos area to determine if there is a potential there.

Dr. Nations inquired if there had been any publicity in the trade journals of the Precambrian play to which Mr. Rauzi replied that the "Oil and Gas Journal" had published the abstract of the article. Mr. Rauzi stated that Mr. Dave Allen in the July 23, 1990 issue of the "Oil and Gas Journal" had an article on hydrodynamics which made reference to this article. The AAPG is to write an article on the Precambrian play in the "Explorer" magazine. A copy of the report was sent to Mary Fritz, the editor, of the "Explorer" for background material. Mr. Rauzi also contacted Kathleen Williams, publications manager, of "The Bulletin" for review of the article. Dr. Brennan commented that mention was also made in the "Rocky Mountain Oil Reporter" and notices were sent to all the geological societies.

REPORT OF THE 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 the two Morton wells have been plugged and abandoned. The three wells at AmeriGas have a new string of pipe in them. Mechanical integrity tests were performed, and there was a failure at Teec Nos Pos, which resulted in the cancellation of their hearing. He is now working on the Wittman area to determine the interest there.

PLUGGING OF GEOTHERMAL WELLS, CHANDLER AREA

There was no representation for these wells in the Chandler area. Dr. Brennan will advise the owners of the passed motion at today's meeting, and that it is necessary to plug the wells.

DISCUSSION AND APPROVAL OF FY 92 BUDGET REQUEST

Dr. Brennan has requested the reinstatement of the secretarial position and more travel money due to increased activity. He explained that we are under a mandate to revise our rules. Another policy issue pertaining to overtime pay is to be prepared. Forms have been given to the staff to make their choice of cash or compensatory time. Another package is due the first of October for a 5% and 10% reduction. Replacement of the computer and printer has been requested.

Mr. Warne moved, seconded by Mrs. Wilt:

THAT THE 92 BUDGET REQUEST BE APPROVED.

Motion carried unanimously.

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MOTION TO AUTHORIZE EXECUTIVE DIRECTOR TO ACT FOR THE COMMISSION

Mr. Warne moved, seconded by Mr. Bennett:

THAT THIS REVISED MOTION BE ACCEPTED.

Motion carried unanimously.

CALL TO THE PUBLIC

None.

ANNOUNCEMENTS

Dr. Nations reviewed a progress report for the IOCC Meeting to be held on December 2 - 5 at The Pointe at Squaw Peak. Mr. Warne has offered to host a reception at his home for about 50 people. Kerr-McGee has offered \$1500.00 to help defray some of the expenses. Dr. Larry Fellows offered to organize a field trip

Dr. Nations gave copies to the Commissioners of an article on the Dineh-bi-Keyah Field.

Dr. Brennan advised that he was on a "talk" show on KTAR radio last week, and offered to run the tape of his conversation after the meeting.

The next meeting was scheduled for November 16, 1990.

ADJOURNMENT

Mrs. Wilt moved, seconded by Mr. Bennett:

THAT THE MEETING BE ADJOURNED.

Motion carried unanimously. Time of adjournment was 11:00 A.M.

APPROVED

Dale Nations

Dr. J. Dale Nations
Chairman

GUESTS IN ATTENDANCE:

Carol Lewin

Attorney General's Office



Oil and Gas Conservation Commission

STATE OF ARIZONA

5150 N. 16th STREET, SUITE B-141

PHOENIX, ARIZONA 85016

PHONE: (602) 255-5161

Moved that the Oil and Gas Conservation Commissioners authorize Daniel J. Brennan or his designee to act on their behalf on ministerial matters:

1. Acceptance of Bond in the principal sum of \$5,000 per well or \$25,000 for a blanket bond in a form acceptable to the Arizona State Treasurer under Rule 12-7-103 or 12-7-203.
2. Issuance of permits to drill upon submission of the information and fee required by R12-7-104 and R12-7-204 and of a well construction plan which meets the requirements of Rules R12-7-108 through 111 or 12-7-208 through 211.
3. Approval of wells at exceptional locations when topographic conditions are such as to require unusually extensive site preparation or road construction, under Rule 12-7-107.4 or 12-7-207.
4. Approval of a change of location if the new location is within the drilling unit described on the original application under Rule 12-7-105 or 12-7-205. A change of location to a site outside the drilling unit specified in the original application may be approved as if it were a new application for a permit to drill.
5. Approval of tests of blow-out-prevention operating and control system with pressure of at least 1000 psi according to Rule 12-7-113 or 12-7-213.
6. Inspection and approval of wellhead and lease equipment for good working order and appropriate pressure rating according to Rule 12-7-119 or 12-7-208.

7. Approval of reworking or recompletion application so long as the proposed work is in compliance with Rule 12-7-122 or 12-7-221.
8. Approval of plans to plug and abandon wells in compliance with Rule 12-7-127 or 12-7-231.
9. Approving conversion of wells drilled under an Oil and Gas Conservation Commission-issued permit to use as a water well upon adequate plugging back to the base of fresh water zones, if necessary, and acceptance of the well for use as a water well by the landowner, agent or lessee as set out in Rule 12-7-129 or 12-7-234.
10. Investigation of the safety of well operations, including well completions, for hazards likely to lead to fires, leaks, blowouts, or injury to persons or property.
11. Making field inspection of producing wells, injection wells, disposal, and storage wells and surface facilities for compliance. Making reports of investigation and requiring correction of deviations from compliance

APPROVED AUGUST 17, 1990

Dale Nations

J. Dale Nations
Chairman