OIL AND GAS CONSERVATION COMMISSION
5150 North 16th Street, Suite B-141
Phoenix, Arizona 85016
Minutes of Meeting
June 28, 1991

Present:

Mr. J. E. Warne, Jr., Vice-Chairman
Dr. J. Dale Nations, Member
Mr. A. R. Bennett, Member
Dr. Daniel J. Brennan, Executive Director
Dr. Larry Fellows, State Geologist
Mr. Steven L. Rauzi, Oil & Gas Program Administrator

The special Commission Meeting of June 28, 1991 was called to order by Mr. J. E. Warne, Jr., Vice-Chairman, at 10:00 A.M. in Room B-141, 5150 North 16th Street, Phoenix, Arizona 85016.

APPROVAL OF MINUTES OF MEETING OF MAY 31, 1991


HEARING ON APPLICATION OF MERRION OIL AND GAS CORPORATION FOR AMENDMENT TO CONDITIONS OF OPERATION OF AN INJECTION WELL, SEC 4, T41N-R28W, APACHE COUNTY, ARIZONA

At 10:05 A.M., the hearing regarding Merrion Oil & Gas Corporation concerning amendments to its disposal well in the East Boundary Butte Field started. Minutes for that hearing are presented separately.

STATUS OF OIL AND GAS COMMISSION OFFICE AND STAFF

Dr. Brennan reported that the budget was passed as proposed so there would be no funding for the Commission office next year. The functions of the office will be transferred to the administrative support of the Arizona Geological Survey in Tucson. Mr. Rauzi would probably be taken on by the Survey and he and the office would be moving to Tucson. Dr. Brennan indicated that he would not be working for the Survey or the Commission next month.

Dr. Fellows added that to reorganize his own staff to be able to provide staff support for the oil and gas responsibility, he will RIF one position and reclassify and establish two new positions. One will be a half-time secretarial position to handle the books and activities related to these meetings and so on and the other will be a geologist to serve as a backup to help Mr. Rauzi. He indicated that the plan was to move the office to Tucson sometime in the last part of July.

Mr. Rauzi indicated that he would notify people of the change of location. He would also arrange to have mail and phone service transferred to Tucson by the end of July.
Minutes of Meeting
June 28, 1991
Page 2

REPORT OF THE EXECUTIVE DIRECTOR

Dr. Brennan reported that he had been served a subpoena to provide information in the case of a lawsuit between Amerigas and Fenix and Scisson. The lawsuit is apparently over the well at Amerigas that had the leak in it a couple of years ago. Dr. Brennan pointed out that the staff had no knowledge of what the suit is, that the subpoena was for records only and that it did not describe the suit at all.

Dr. Brennan reported that United Gas Search of Tulsa, Oklahoma applied for a permit to drill a 6,500 foot well in Sec. 10, T41N-R11W. The company had supplied an irrevocable letter of credit, which is not acceptable to the State Treasurer. As soon as they post the proper form of bond, a permit would be issued. Mr. Rauzi pointed out that the United Gas Search well would be the first to use a general use permit from the Department of Environmental Quality. The general use permit will allow them to construct a surface reserve pit without going through a costly six-month permitting process for surface impoundment of water. Dr. Brennan indicated that the general use permit would significantly cut the cost of drilling in Arizona. Mr. Rauzi reported that one of the individuals bidding on the lease being drilled indicated that a surface seep of oil was present at that location. Dr. Brennan will start working on a little descriptive article about this well that he will submit to Oil and Gas Journal for a little more publicity for Arizona.

Dr. Nations inquired of the relationship of the well to the Virgin Field in Utah. Dr. Brennan thought the field was probably 15 to 20 miles away. Mr. Rauzi commented that the Virgin Field is not producing at this time.

REPORT OF THE OIL AND GAS PROGRAM ADMINISTRATOR

Mr. Rauzi reported that he witnessed the annual mechanical integrity test on Kerr McGee’s injection well in the Dineh-Bi-Keyah Field. It was a good test and no drop in pressure was observed. He also pointed out that Powers Elevation and the BLM were going out to inspect the proposed surface location of the United Gas Search well next week. He also reported that Oil and Gas Journal had accepted his article on the Wittmann, Arizona, area for publication. It was scheduled to be published sometime in July. Dr. Brennan added that promoting activity in Arizona is part of our job.

Dr. Nations inquired about the water well the Forest Service recently drilled at Roosevelt Lake. Mr. Rauzi did not have a lot of information on the well, but had contacted the Forest Service and they were going to send copies of the logs on the well. They said they couldn’t use the well because it contained small amounts of hydrogen sulfide. The H2S gas was apparently coming from carbonate rocks, probably the Martin Formation, at about 1,500 feet. Dr. Brennan received a call from the Forest Service in Albuquerque last Friday requesting help with the H2S problem. He gave them the name of several H2S safety companies to call. Dr. Brennan pointed out that both he and Mr. Rauzi had taken H2S safety training in Midland earlier this year because we have H2S in a lot of our wells.

CALL TO THE PUBLIC

None.
Minutes of Meeting
June 28, 1991
Page 3

ANNOUNCEMENTS

None.

ADJOURNMENT

Dr. Nations moved, seconded by Mr. Bennett:

THAT THE MEETING BE ADJOURNED.

Motion carried unanimously. Time of adjournment was 10:50 A.M.

APPROVED

Mrs. Jan C. Wilt
Chairman

GUESTS IN ATTENDANCE:

George F. Sharpe, P.E.  Merrill Oil & Gas
Steven S. Dunn, P.E.  Merrill Oil & Gas
Joe Lane  Office of the Governor
Leslie Schwalbe  Executive Budget Office
Carol B. Lewin  Attorney General’s Office