

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

THE MINUTES OF THE MEETING OF MAY 31, 1991 WERE NOT  
READY FOR APPROVAL AND WILL BE APPROVED AT THE NEXT  
REGULAR MEETING ON SEPTEMBER 6, 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 reclass 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.

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 H<sub>2</sub>S 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 H<sub>2</sub>S problem. He gave them the name of several H<sub>2</sub>S safety companies to call. Dr. Brennan pointed out that both he and Mr. Rauzi had taken H<sub>2</sub>S safety training in Midland earlier this year because we have H<sub>2</sub>S in a lot of our wells.

CALL TO THE PUBLIC

None.

Minutes of Meeting  
June 28, 1991  
Page 3

ANNOUNCEMENTS

None.

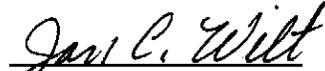
ADJOURNMENT

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.  
Steven S. Dunn, P.E.  
Joe Lane  
Leslie Schwalbe  
Carol B. Lewin

Merrion Oil & Gas  
Merrion Oil & Gas  
Office of the Governor  
Executive Budget Office  
Attorney General's Office