

OIL AND GAS CONSERVATION COMMISSION
845 North Park Avenue, #100
Tucson, Arizona 85719

Minutes of Meeting
March 6, 1992

Present:

Mrs. Jan C. Wilt, Chairman
Mr. J. E. Warne Jr., Vice-Chairman
Mrs. Barbara J. Murphy, Member
Dr. J. Dale Nations, Member
Dr. Larry Fellows, State Geologist
Mr. Steven L. Rauzi, Oil and Gas Program Administrator

The regular Commission Meeting of March 6, 1992, was called to order by Mrs. Jan C. Wilt, Chairman, at 10:00 a.m. in Room 500, State Capitol Building, Phoenix, Arizona.

APPROVAL OF MINUTES OF MEETING OF NOVEMBER 1, 1991.

Mr. Warne moved, seconded by Dr. Nations:

THAT THE MINUTES OF THE MEETING OF NOVEMBER 1, 1991, BE
ACCEPTED AS PRESENTED.

Motion carried unanimously.

STATEMENT OF DIRECTOR AND STATE GEOLOGIST

Dr. Fellows reported that all vacancies are now filled and that he did not foresee any impact from the proposed budget on current personnel or the oil and gas program. He indicated that there is a recommendation for a 2% to 3.7% mid-year budget cut for the Survey. He also expected that fiscal year 1994 will be another tough budget year.

Dr. Fellows handed out copies of Senate Bill 1055 to all the Commissioners and discussed the various clarifications of language and general house keeping changes in the bill with respect to the oil and gas program. The House will not act on this bill until after March 13, 1992.

Dr. Nations moved, seconded by Mrs. Murphy:

THAT JAN WILT, CHAIRMAN, WRITE A LETTER ON BEHALF OF THE
COMMISSION TO THE HOUSE OF REPRESENTATIVES TO CONTINUE
THE ARIZONA GEOLOGICAL SURVEY FOR THE NEXT TEN YEARS
AND TO SUPPORT SENATE BILL 1055.

Motion carried unanimously.

REPORT OF THE OIL AND GAS PROGRAM ADMINISTRATOR

The activity report of Mr. Rauzi was sent to the Commissioners and has been made a part of these minutes. Mr. Rauzi reported that he has not yet received word on the two wells that are to be drilled. He also reported that Kerr-McGee would be conducting mechanical integrity tests on their idle wells at the Dineh-bi-keyah field by July and that Ferrellgas would be running sonar calipers on four caverns at Adamana toward the end of this month. He indicated that a Canadian investor had expressed interest in drilling the Luke salt deposit in the Phoenix area and noted that the United Gas Search permit was extended to June.

CONSIDERATION TO INITIATE RULE MAKING PROCEEDINGS

The proposed amendments to rules R12-7-135 through 161 and R12-7-183 through 195 were sent to the Commissioners and have been made a part of these minutes. Mr. Rauzi handed out a calendar and flow-chart of the rule making procedure and explained that the proposed dates for future meetings were picked to coincide with the deadlines to submit the rules to GRRC. He reported that he had decreased printing costs by reducing the number of specific forms required in the rules.

Dr. Nations moved, seconded by Mrs. Murphy:

THAT THE OIL AND GAS CONSERVATION COMMISSION APPROVE
THE RULES AS PRESENTED AND INITIATE THE RULE MAKING
PROCEEDINGS.

Motion carried unanimously.

CONTENDER OIL 1 AMAN, SEC. 5, T10S-R23W, YUMA CO.

Mrs. Mead reported that she wrote a letter to Mr. Bradshaw requesting that he respond in fifteen days. He contacted her and requested an additional 90 days in hopes of putting the well to some beneficial use. Mr. Warne requested that a note be sent to Mr. Bradshaw reminding him of the 90 day extension and then, at the end of the extension period, to proceed to file the injunction to close the well without any further delay.

GEOHERMAL WELLS, SEC. 1, T2S-R6E, MARICOPA CO.

Mrs. Mead reported that the ownership of the property was still in question and that not much was accomplished since the last meeting. Mr. Pomeroy and Mr. Saxman provided the Commission with a memorandum and a request for release of the Cam-Roy drilling bonds. Mr. Pomeroy then explained that nothing is being done on the wells by the Power's people, that a vacuum situation exists, and that they have no rights to the wells or property as things currently stand. A general discussion ensued on what has been done and what the issues are with regard to returning the bonds and as to who is responsible to plug and abandon the two wells. The Commissioners agreed that the bonds go with the land and are in force until either new bonds are put up or the wells are plugged and abandoned as required.

Mr. Warne moved, seconded by Mrs. Murphy:

THAT KATE MEAD PROCEED IMMEDIATELY WITH LEGAL ACTION ON BEHALF OF THE OIL AND GAS CONSERVATION COMMISSION TO HAVE THE WELLS PLUGGED AND ABANDONED.

Motion carried unanimously.

Mrs. Mead said that she would give a legal opinion on the release of the bonds. Dr. Nations did not think that a legal decision was necessary because the bonds are committed to the wells and that they could not be legally released until the wells are properly plugged and abandoned.

Dr. Nations moved, seconded by Mr. Warne:

THAT THE ATTORNEY PURSUE THE ORDER TO PLUG AND ABANDON AND THAT THE COMMISSIONERS NOT RENDER A DECISION OR EVEN ASK THE QUESTION AT THIS TIME OF RETURNING THE BONDS.

Motion carried unanimously.

CALL TO THE PUBLIC

Mr. Pomeroy stated that the bonds were not for general work but are drilling bonds and should not be held up as bonds for past errors.

ANNOUNCEMENTS

The next meeting was scheduled for May 15, 1992, in room 500 of the State Capitol Building with a single agenda item on the Geothermal wells, Sec. 1, T2S-R6E, Maricopa County.

A meeting was scheduled for July 6, 1992, in room 500 of the State Capitol Building.

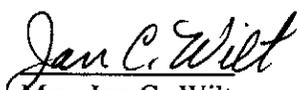
ADJOURNMENT

Mrs. Murphy moved, seconded by Dr. Nations:

THAT THE MEETING BE ADJOURNED.

Motion carried unanimously. Time of adjournment was 11:35 a.m.

APPROVED


Mrs. Jan C. Wilt
Chairman

GUESTS IN ATTENDANCE:

**Kate Mead
R. J. Pomeroy and
John Saxman**

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