

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

Minutes of Meeting
March 17, 1995

Present:

Dr. J. Dale Nations, Chairman
Mrs. Lisa C. Worthington, Vice-Chair
Mr. James C. Lanshe, Member
Mr. Zed Veale, Member
Dr. Larry D. Fellows, State Geologist
Mr. Steven L. Rauzi, Oil and Gas Program Administrator

The regular Commission Meeting of March 17, 1995, was called to order by Dr. J. Dale Nations, Chairman, at 10:05 a.m. in Room 500, State Capitol Tower, Phoenix, Arizona.

APPROVAL OF MINUTES OF MEETING OF JANUARY 20, 1995

Mr. Veale moved, seconded by Ms. Worthington:

THAT THE MINUTES OF THE MEETING OF JANUARY 20, 1995, BE
ACCEPTED AS PRESENTED

Motion carried unanimously.

STATEMENT OF DIRECTOR AND STATE GEOLOGIST

Dr. Fellows reported that HB 2013 had passed in the House and had recently passed the Senate Natural Resources, Agriculture, and Environment Committee. It will now go to the Senate floor for approval. He reported that a backlog of appointments exists and noted that the Governor's Office was considering a program to train new Commission and Board Members on government procedures. Dr. Fellows reported that the relocation of the agency to the new office was on schedule to take place in June 1995.

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 Ridgeway Arizona Oil Corporation and The Townsend Company had applied for permits to drill. He reported on the status of the certification of the rules and explained the amended Concise Explanatory Statement. Chairman Nations signed the amended Concise Explanatory Statement.

Mr. Lanshe stated for the record that he had purchased, individually, an interest in The Townsend Company venture on the same terms and conditions as any other investor, that no special consideration was involved, and that to avoid any possible conflict of interest, he would refrain from participating in any manner in this matter.

POLICY ON FEDERAL AND INDIAN LANDS

Mr. John Haas of the BLM passed out drafts of a Memorandum of Understanding between the BLM and the Commission. A discussion on the drafts and the issues of sharing data and conducting hearings followed.

Mr. Lanshe moved, seconded by Ms. Worthington with amendment:

TO APPROVE THE DRAFTS SUBJECT TO FINAL NEGOTIATIONS
BETWEEN THE BLM AND BIA AND LEGAL OPINION OF COUNSEL,
AND TO ADOPT THE POLICY SET FORTH IN THE DRAFTS WITH
AN AMENDMENT THAT THE BLM REIMBURSE THE COMMISSION
FOR HEARING COSTS

Motion carried unanimously.

POTENTIAL INCENTIVE PROGRAM

After discussing incentives in adjacent states and the draft report on oil and gas potential in Arizona, the Commission requested that a final report, including a full list of incentives in other states, be ready by the end of March in anticipation of a presentation to advise the Governor of the positive oil and gas potential in Arizona.

CALL TO THE PUBLIC

Mr. Haas informed the Commissioners that the BLM may forego royalties for a period of time as an incentive program. On the other hand, he reported that the Associate Director had raised the possibility of eliminating oil and gas leasing in Alaska, Arizona, Idaho, and Oregon.

ANNOUNCEMENTS

The next meeting was scheduled for 10:00 a.m. on September 15, 1995, at the Capitol Tower in Room 500.

ADJOURNMENT

Mrs. Worthington moved, seconded by Mr. Lanshe:

THAT THE MEETING BE ADJOURNED

Motion carried unanimously. Time of adjournment was 11:55 a.m.

APPROVED



D. Dale Nations

Chairman

GUESTS IN ATTENDANCE:

John B. Fiegen

Assistant Chief Council, Attorney General's Office

John Haas

U.S. Bureau of Land Management