

OIL AND GAS CONSERVATION COMMISSION
416 West Congress #100
Tucson, Arizona 85701

Minutes of Meeting
February 9, 1996

Present:

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

The regular Commission Meeting of February 9, 1996, was called to order by Dr. J. Dale Nations, Chairman, at 10:00 a.m. in Room 111, 416 West Congress, Tucson, Arizona.

APPROVAL OF MINUTES OF MEETING OF SEPTEMBER 15, 1995

Ms. Worthington moved, seconded by Dr. Clay:

THAT THE MINUTES OF THE MEETING OF SEPTEMBER 15, 1995,
BE ACCEPTED AS PRESENTED

Motion carried unanimously.

STATEMENT OF DIRECTOR AND STATE GEOLOGIST

Dr. Fellows welcomed the Commission to the new quarters of the Geological Survey. He reviewed several bills including HB 2386, which consolidates small funds such as the Oil and Gas Conservation Fund into the General Revenue Fund, and SB 1075, which continues the Oil and Gas Conservation Commission through July 2006.

Dr. Fellows discussed the second year of the biennial budget, noting that three new field vehicles were delivered last month and one will be delivered next year. He explained expenditures on the oil and gas program at the request of Dr. Nations.

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 welcomed Dr. Nation's reappointment, reviewed drilling activity, and reported that Arizona Resource Industries leased an additional 144,000 acres near St. Johns.

Ms. Worthington asked about activity at the Alpine geothermal hole since being transferred to the U.S. Geological Survey as an observation well. Mr. Rauzi was not aware of any but indicated he would send an inquiry to John Sass, U.S. Geological Survey, and put it on the agenda for the next meeting.

STATUS OF SUNSET REVIEW 1996

SB 1075 continues the Commission through July 2006. Dr. Fellows reported that it passed the Senate Committee by unanimous vote, passed the House Committee by majority vote, and will now go to the Full House. He noted that in order to consolidate the overall number of bills, SB 1075 continues four agencies including the Commission, Department of Mines and Mineral Resources, Power Authority, and Outdoor Recreation Coordinating Commission.

STATUS OF INCENTIVE LEGISLATION

Mr. Rauzi passed out copies of SB 1126, which reduces the property tax rate on oil, gas, and geothermal interests from 100 per cent of assessed value to 27 per cent of assessed value. He reported that the bill passed the Senate Finance Committee on February 5 by unanimous vote, noting the several individuals who spoke in support of the bill including Dr. Fellows. He suggested a press release be issued if the bill becomes law.

FORFEITURE OF BONDS

Mr. Rauzi reported that Copaquen Associates plugged a well in 1981 in compliance with rules but never requested return of the money. He summarized counsel's recommendation to search for a current address through the Attorney General and write a certified letter; and explained that if the money remains unclaimed it may have to go into the general fund. Dr. Nations asked Mr. Rauzi to proceed and report the status in the next meeting.

CALL TO THE PUBLIC

Mr. Haas discussed transferring inspection & enforcement (I & E) functions and royalty collections on federal lands from the federal to the state level. Royalty collections were not likely to be transferred because of industry opposition and it was too soon to tell about transferring I & E functions.

Ms. Worthington moved, seconded by Dr. Clay:

THAT THE COMMISSION GO INTO EXECUTIVE SESSION

Motion carried unanimously. At 11:10 a.m., the Executive Session began.

The regular meeting resumed at 11:46 a.m.

ANNOUNCEMENTS

Mr. Rauzi announced that the *Arizona Well Location Map and Report* was updated through September 1995, and provided a copy to each of the Commissioners.

Dr. Nations asked Mr. Rauzi to put election of officers on the agenda for the next meeting.

The next meeting was scheduled for 10:00 a.m. on May 17, 1996, in room 500 of the Capitol Tower in Phoenix.

ADJOURNMENT

Ms. Worthington moved, seconded by Dr. Clay:

THAT THE MEETING BE ADJOURNED

Motion carried unanimously. Time of adjournment was 12:15 p.m.

APPROVED



Dr. J. Dale Nations
Chairman

GUESTS IN ATTENDANCE:

John Haas

Bureau of Land Management