

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

Minutes of Meeting
May 17, 1996

Present:

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

The regular Commission Meeting of May 17, 1996, was called to order by Dr. J. Dale Nations, Chairman, at 10:20 a.m. in Room 500, State Capitol Tower, Phoenix, Arizona.

APPROVAL OF THE MINUTES OF MEETING AND EXECUTIVE SESSION OF
FEBRUARY 9, 1996

Ms. Worthington moved, seconded by Mr. Lanshe:

THAT THE MINUTES OF THE MEETING AND EXECUTIVE SESSION
OF FEBRUARY 9, 1996, BE ACCEPTED AS PRESENTED

Motion carried unanimously.

STATEMENT OF DIRECTOR AND STATE GEOLOGIST

Dr. Fellows reported that we have two new budget analysts, that he would be working on the next biennial budget this summer, and that finishing touches were being made to the core-storage facility. He reviewed current projects including the new one page FYI Series and the topical publication brochures, and discussed the status and availability of the AZGS bibliography, which currently contains 11,500 citations on Arizona geology.

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 reviewed his project to map the geology along the southwest margin of the ancient Defiance positive feature, and noted that he will co-author an abstract on storage opportunities in Arizona salt with James T. Neal, Sandia Laboratories. He handed out notices for the second annual State training for board and commission members to be held in Phoenix on September 20.

STATUS OF SB 1075 AND SB 1126

Mr. Rauzi reported that SB 1075 to continue the Commission through July 2006 passed the Legislature and was signed by the Governor. The tax equity for oil and gas interests, SB 1126, failed in the Legislature but its provisions were duplicated in the overall tax reform act, which passed the Legislature but was vetoed. He noted that tax reform may be re-addressed in a special session.

CLARIFICATION OF CONFLICT OF INTEREST LAW

Mr. Fiegen reviewed his February 29 letter to Chairman Nations and responded to questions about conflict of interest laws. Ms. Worthington asked about participating in economic or tax incentive proposals affecting industry in general. Dr. Nations noted the Commission's advisory role and its lack of authority to implement such proposals. Mr. Fiegen thought such participation would be appropriate, but advised that he would study that aspect further.

DISCUSSION OF UNITED GAS SEARCH PERFORMANCE BOND

Mr. Rauzi reported two individuals requested release of the United Gas Search performance bond, the permit applicant who posted the bond and the current lessee who restored the well site; the well was not drilled but a location was constructed by the applicant. Mr. Lanshe asked Mr. Fiegen what discretion the Commission had and what the right result would be if the Commission did have discretion.

Mr. Lanshe moved, seconded by Ms. Worthington:

 THAT THE ADMINISTRATOR SCHEDULE THE MATTER FOR A
 VOTE IN THE NEXT MEETING IF HE RECEIVES SATISFACTORY
 OPINION FROM THE OFFICE OF THE ATTORNEY GENERAL

Motion carried unanimously.

VOLUME VERIFICATION SURVEYS PURSUANT TO A.A.C. R12-7-182(D)

Mr. Rauzi reviewed the history of sonar volume determination at the Ferrellgas LPG facility and recommended that volumetric measurements be accepted to fulfill the five-year volume determination. All agreed the sonar method was the best available technology to determine cavity shapes, and that accepting volumetric measurements would be no problem as long as sonar measurements continue to be used. Dr. Nations noted that sonar determinations could be waived in individual cases in appropriate situations.

ELECTION OF OFFICERS

Ms. Worthington moved, seconded by Mr. Lanshe.

THAT DR. NATIONS BE NOMINATED FOR CHAIRMAN

Motion carried unanimously.

Dr. Clay moved, second by Mr. Lanshe.

THAT MS. WORTHINGTON BE NOMINATED FOR VICE-CHAIR

Motion carried unanimously.

CALL TO THE PUBLIC

Mr. Haas reported on the final restoration of the Petroleum Technical Service well locations near Yuma, and updated the Commission on the progress of the Premco Western well in northwestern Arizona.

ANNOUNCEMENTS

After short discussion about meeting twice a year, the next meeting was scheduled for 10:00 a.m. on January 10, 1997, in room 500 of the Capitol Tower in Phoenix.

ADJOURNMENT

Mr. Lanshe moved, seconded by Dr. Clay:

THAT THE MEETING BE ADJOURNED

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

APPROVED


Dr. Dale Nations
Chairman

GUESTS IN ATTENDANCE:

Jon E. Fiegen Office of the Attorney General
John Haas Bureau of Land Management