

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

Minutes of Meeting
January 10, 1997

Present:

Dr. J. Dale Nations, Chairman
Dr. Donald C. Clay, Member
Mr. James C. Lanshe, 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 January 10, 1997, was called to order by Dr. J. Dale Nations, Chairman, at 10:00 a.m. in Room 500, State Capitol Tower, Phoenix, Arizona.

APPROVAL OF THE MINUTES OF MEETING OF MAY 17, 1996

Dr. Clay moved, seconded by Mr. Veale:

THAT THE MINUTES OF THE MEETING OF MAY 17, 1996, BE
ACCEPTED AS PRESENTED

Motion carried unanimously.

STATEMENT OF DIRECTOR AND STATE GEOLOGIST

Dr. Fellows discussed the 1996 annual report, latest issue of Arizona Geology, and the new descriptive brochures and topical publication lists. He handed out copies of the brochures and publication lists. Dr. Fellows reported that the next biennial budget was submitted and that funds for IOGCC dues and travel were requested. Dr. Nations discussed his meeting with Mr. Joe Lane about funding IOGCC. Mr. Lanshe complimented Dr. Fellows on Arizona Geology. Dr. Fellows noted that about 4,500 people receive Arizona Geology.

REPORT OF 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 completed two Open-file reports about oil and gas potential and storage opportunities in Arizona, and an article about a possible evaporite basin in the White Mountains area that was published in Oil & Gas Journal. Mr. Rauzi reported that leasing on State Trust land increased from 105,000 acres in December 1995 to 246,000 acres in December 1996, whereas leasing of federal land decreased from 99,000 to 80,000 acres.

DISCUSSION AND VOTE TO FORFEIT UNITED GAS SEARCH BOND

Mr. Rauzi reviewed the matter of the performance bond and advised that a copy of the agenda was sent to both United Gas Search Company and Rodney Ratheal of Premco Western Company, both of whom had requested refund of the bond. Mr. Steadman was present to give legal counsel.

Mr. Lanshe moved, seconded by Dr. Clay:

THAT THE COMMISSION GO INTO EXECUTIVE SESSION

Motion carried unanimously. At 10:45 a.m. the executive session began.

The regular meeting resumed at 11:10 a.m.

Mr. Lanshe moved, seconded by Dr. Clay:

THAT THE \$5,000 UNITED GAS SEARCH BOND POSTED WITH THE COMMISSION BE FORFEITED

Motion carried unanimously.

Mr. Lanshe moved, seconded by Mr. Veale:

THAT THE COMMISSION AUTHORIZE THE ADMINISTRATOR TO RECEIVE A LIST OF COSTS INCURRED BY MY FATHER'S OIL, RODNEY RATHEAL, OR PREMCO WESTERN IN CONNECTION WITH THE RESTORATION OF THE PROPOSED WELL SITE IN QUESTION AND THAT HE BE AUTHORIZED TO PAY UP TO \$5,000 FOR ANY LEGITIMATE EXPENSES ASSOCIATED WITH THE COSTS OF RESTORATION INCURRED BY THOSE PARTIES

Mr. Lanshe amended his motion, seconded by Mr. Veale:

THAT PAYMENT BE MADE SUBJECT TO APPROVAL AND WRITTEN CONCURRENCE FROM COUNSEL

Motion carried unanimously.

DISCUSSION OF FIVE-YEAR REVIEW OF TITLE 12, CHAPTER 7, ARTICLE 1

Mr. Rauzi reported that the Governor's Regulatory Review Council approved the 5-year report as submitted. The report noted that two rules would be amended by June 1997.

DISCUSSION OF LICENSING TIME-FRAME REQUIREMENTS

Mr. Rauzi discussed the recently enacted time-frame statute, A.R.S. § 41-1073, and reviewed new language in A.A.C. R12-7-104 and R12-7-183 that would make the two rules consistent with the time-frame statute. Dr. Nations signed the agency certificate certifying that the two rules were true and correct as proposed. The Commission set March 14, 1997, as the hearing date for public comment and to adopt the amended rules.

CALL TO THE PUBLIC

Mr. Haas advised that the next oil and gas lease sale of federal lands in Arizona is expected soon. He noted that interest has been widespread, with specific interest in the White Mountain area, the Arizona Strip, and the Holbrook Basin. He reported that several inquiries about leasing in the White Mountain area were received after Mr. Rauzi's article was published in the Oil & Gas Journal. Mr. Haas reported on a Salt River-Pima-Maricopa Indian Community proposal to produce methane gas from landfills on their lands.

ANNOUNCEMENTS

The next meeting was scheduled for 10:00 a.m. on March 14, 1997, in Room 400 of the Capitol Tower in Phoenix.

ADJOURNMENT

Dr. Clay moved, seconded by Mr. Veale:

THAT THE MEETING BE ADJOURNED

Motion carried unanimously. Time of adjournment was 11:50 a.m.

APPROVED


Dr. J. Dale Nations
Chairman

GUESTS IN ATTENDANCE:

Marc T. Steadman	Office of the Attorney General
John Haas	Bureau of Land Management
Chet Oakley	Arizona State Land Department
Bill Greeney	Office of Strategic Planning and Budgeting