

OIL AND GAS CONSERVATION COMMISSION

416 West Congress #100
Tucson, Arizona 85701

Minutes of Meeting
May 7, 1999

Present:

Dr. J. Dale Nations, Chairman
Dr. Donald W. Clay, Member
Mr. James C. Lanshe, Member
Mr. Zed Veale, Member
Mr. Michael E. Anable, State Land Commissioner
Dr. Larry D. Fellows, Director and State Geologist
Mr. Steven L. Rauzi, Oil and Gas Program Administrator

The regular Commission Meeting of May 7, 1999, 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 THE MEETING OF JANUARY 15, 1999

Mr. Veale moved, seconded by Dr. Clay:

THAT THE MINUTES OF THE MEETING OF JANUARY 15, 1999, BE
ACCEPTED AS PRESENTED

Motion carried unanimously.

STATEMENT OF DIRECTOR AND STATE GEOLOGIST

Dr. Fellows reported that the Arizona Geological Survey was closing out the fiscal year, which ends June 30. He noted that he would be doing performance evaluations then planning projects for the next year after that.

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 2 wells at the AmeriGas LPG Facility were tested for mechanical integrity, that Commissioner Lisa Worthington was moving to New Zealand and would be resigning, and that his Open File Report OFR 99-2 about CO₂ in the St. Johns - Springerville area was now available.

STATUS OF ACTIVE WELLS

Mr. Rauzi reported that CNA Surety was anxious to get the Petro Sun 15-1 well plugged and abandoned. However, the current work load of the driller of 1st choice would cause a delay.

Mr. Rauzi reported that Ridgeway submitted a written request on January 20, 1999, to extend the shut-in status for its 10 wells near St. Johns through January 2000. He pointed out that 3 of the wells were on leases that Ridgeway had relinquished on January 15, 1999. He recommended an extension for the 7 wells on the active leases but no extension for the 3 wells on the relinquished leases. Mr. Rauzi advised that the oil and gas rules would require the 3 wells not granted an extension to be properly plugged and abandoned before the performance bond could be released on the wells.

Mr. Lanshe moved, seconded by Dr. Clay:

TO ADOPT THE RECOMMENDATION OF THE ADMINISTRATOR

Motion carried unanimously.

STATUS OF UNITED GAS SEARCH BOND

Mr. Rauzi passed out written concurrence from counsel, pursuant to the Commission's amended motion of January 1997, to reimburse Mr. Rodney Ratheal from the forfeited bond for the costs that he incurred in restoring the abandoned United Gas Search location.

STATUS OF OIL AND GAS BILL

Mr. Rauzi reported that the Governor had signed HB 2332 on Thursday, April 29, 1999.

CALL TO THE PUBLIC

Mr. Don Riggs summarized the status of Ridgeway Arizona Oil Corporation's carbon dioxide project to date. He discussed Ridgeway's plan to install some refrigeration units and market liquid CO₂ in the Phoenix and Tucson areas.

Mr. Clarence Bigelow expressed Apache County's support for Ridgeway's project. He described the county's anticipation that economic benefits from the CO₂ project would help offset the downturn in the cattle and timber industries.

ANNOUNCEMENTS

The next meeting was scheduled for September 17, 1999, in Room 500 of the Capitol Tower.

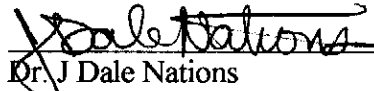
ADJOURNMENT

Mr. Lanshe moved, seconded by Dr. Clay:

THAT THE MEETING BE ADJOURNED

Motion carried unanimously. Time of adjournment was 10:40 a.m.

APPROVED



Dr. J Dale Nations
Chairman

GUESTS IN ATTENDANCE

Clarence Bigelow	Apache County Manager
Paul J. Buff	U.S. Bureau of Land Management
Theresa Craig	Assistant Attorney General
Jon Fiegen	Assistant Attorney General
Gary Kiehne	Self / Snow Oil and Gas
Chet Oakley	State Land Department
Michael J. Rice	State Land Department
Don Riggs	Ridgeway Arizona Oil Corporation
Doug Sawyer	Department of Mines and Mineral Resources
Delwin Wengat	Apache County
Thomas White	Ridgeway Arizona Oil Corporation