

OIL AND GAS CONSERVATION COMMISSION

416 West Congress #100

Tucson, Arizona 85701

Minutes of Meeting

May 19, 2000

Present:

Dr. J. Dale Nations, Chairman

Dr. Donald W. Clay, Member

Mr. Robert L. Jones, Member

Mr. Zed Veale, Member

Dr. Larry D. Fellows, Director and State Geologist

Mr. Steven L. Rauzi, Oil and Gas Administrator

The regular Commission Meeting of May 19, 2000, was called to order by Dr. J. Dale Nations, Chairman, at 10:00 a.m. in Room 321, State Land Department Building, Phoenix, Arizona.

Dr. Nations announced that the Governor had re-appointed Dr. Clay through 2005.

APPROVAL OF THE MINUTES OF THE SPECIAL MEETING AND EXECUTIVE SESSION OF DECEMBER 17, 1999

Mr. Veale moved, seconded by Dr. Clay:

THAT THE MINUTES OF THE MEETING AND EXECUTIVE SESSION
OF DECEMBER 17, 1999, BE ACCEPTED AS PRESENTED

Motion carried unanimously.

STATEMENT OF DIRECTOR AND STATE GEOLOGIST

Dr. Fellows reported that HB 2492 was signed. He discussed the feature article in the most recent issue of Arizona Geology about the price of oil and exploration for geothermal resources. Dr. Fellows reported that he planned to request a new position in the fiscal year 2002 budget to help inspect the increased number of wells anticipated from the Ridgeway project. He noted that Dr. Nations had retired and that he would now have office space at the Arizona Geological Survey.

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 the PetroSun well near Concho was plugged. He inspected the restored location in April when he inspected the LPG storage wells at Adamana. Mr. Rauzi reported that he had correlated 213 wells for his study of salt in the Holbrook Basin and noted that the results would soon be released as an open-file report.

DISCUSS ACTIVE WELLS AND PROJECTS

Mr. Rauzi reported that Mr. Gus Berry was still waiting for funds to test his well near Meteor Crater. He reported that the Premco Western well on the Arizona Strip was now down to a depth of 1400 feet and that Coleman Oil and Gas had plugged one of its wells at the Dry Mesa Field.

Mr. White reported that Ridgeway and FLO-CO₂ were preparing to set up a small CO₂ liquids plant and that they hoped to start liquefying CO₂ in 4 to 5 months. He reported that CO₂ would initially be produced from 2 wells in Arizona and 1 well in New Mexico and that the liquid CO₂ would be marketed in Arizona.

DISCUSS HOUSE BILL 2492

Mr. Rauzi had sent a copy of the bill signed by the Governor to the Commissioners. Mr. Steadman summarized and discussed the changes brought about by the bill.

DISCUSS CHANGES TO RULES

Mr. Rauzi reported that he and Dr. Fellows had met with Mr. White and Mr. Osborn, Ridgeway's lobbyist, on May 5 in Tucson to discuss rule changes.

Mr. Rauzi discussed the new language in R12-7-121 that would extend the confidential period for up to 2 years if an operator could show that release would cause economic harm. Mr. White agreed it would cause economic harm to an operator to release well information that relates to the valuation of unleased land in the vicinity of the well. Mr. Rauzi discussed new language that would make R12-7-125 consistent with New Mexico's rule about temporary abandonment and noted that 3 new definitions would be added to R12-7-101 to define economic harm and shut-in and temporary abandoned wells.

CALL TO THE PUBLIC

Mr. Rice reported that FLO-CO₂ had submitted some preliminary paper work for a liquid CO₂ plant. He noted that the Land Department was working on a land exchange with the federal government and that Mr. Rauzi's study of salt in the Holbrook Basin may be helpful. Mr. Rice reported that there was still no formal unit agreement with Ridgeway Arizona Oil Corp.

Mr. White reported that Ridgeway was concentrating more effort on getting the liquid CO₂ plant up and running than the unit agreement at this time because it needed the cash flow from the plant. He described an article about CO₂ sequestration in the current issue of Oil & Gas Journal.

Mr. Rauzi reported that Mr. Paul Buff, U.S. Bureau of Land Management, had called him to report that 3 tracts of land near Mormon Lake were offered at the April lease sale in Santa Fe, New Mexico. The tracts were not leased and are now available non-competitively for 2 years from April.

ANNOUNCEMENTS

Dr. Nations noted that there was interest in the coalbed methane potential of the Black Mesa Basin. The USGS planned to publish his work on coal stratigraphy of Black Mesa as a CD ROM in October.

The next meeting was scheduled for September 15, 2000, in Room 321, State Land Department Building, Phoenix, Arizona.

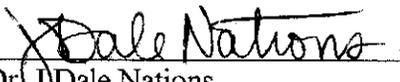
ADJOURNMENT

Dr. Clay moved, seconded by Mr. Veale:

THAT THE MEETING BE ADJOURNED

Motion carried unanimously. Time of adjournment was 11:25 p.m.

APPROVED


Dr. J. Dale Nations
Chairman

GUESTS IN ATTENDANCE

Michael J. Rice	State Land Department
Marc Steadman	Office of Attorney General
Thomas White	Ridgeway Arizona Oil Corporation