

OIL AND GAS CONSERVATION COMMISSION

416 West Congress #100

Tucson, Arizona 85701

Minutes of Meeting

April 20, 2001

Present:

Dr. J. Dale Nations, Chairman

Dr. Donald W. Clay, Member

Mr. Robert L. Jones, Member

Ms. Michele P. Negley, 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 April 20, 2001, 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 introduced Commissioner Michele Negley. Governor Hull appointed Ms. Negley to replace Commissioner Jim Lanshe. Ms. Negley briefly discussed her background. Dr. Nations announced his reappointment.

APPROVAL OF THE MINUTES OF THE MEETING OF JANUARY 19, 2001

Mr. Jones moved, seconded by Dr. Clay:

THAT THE MINUTES OF THE MEETING OF JANUARY 19, 2001, BE
ACCEPTED AS PRESENTED

Motion carried unanimously.

STATEMENT OF DIRECTOR AND STATE GEOLOGIST

Dr. Fellows reported that the funds budgeted to microfilm oil and gas records were uncertain because of recent revenue concerns. He reported that close to 70 copies of Circular 29 have been sold and that the summer issue of *Arizona Geology* would feature energy resources in Arizona.

REPORT OF THE OIL AND GAS 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 SunCor well near Luke was drilled and plugged and the Premco Western well in northwestern Arizona was down to 3300 ft. He reported that Premco experienced lost circulation below 3000 ft so would convert from an air to a mud system before drilling deeper. Mr. Rauzi reported that Mr. Gus Berry died in February and that Mr. Rohlring had contacted him about taking over Mr. Berry's well near Meteor Crater.

RIDGEWAY'S CO₂ PROJECT

Mr. White reported that Ridgeway/FLO-CO₂ was continuing to work with TEP about the location of the liquids plant and the State Land Department about right-of-way permits for the pipelines from the wells to the plant. Ridgeway planned to complete the 10-16-31 State and 10-22 State as gas wells when the right-of-way permits were in place.

Mr. Rice announced that Mr. Richard Ahern would be assigned to Ridgeway's project. Mr. Rice reported that a 30-day comment period on Ridgeway/FLO-CO₂'s application ended April 6 and that no issues were identified that would preclude Ridgeway from laying the pipeline.

SUNCOR'S STRATIGRAPHIC TEST

Mr. Brechtel described the storage project and showed the Commissioners a 3-dimensional representation of Crystal Gas Storage's storage caverns in Mississippi. He reported that caverns developed at this site would look similar to the ones in Mississippi. Mr. Reid reviewed the results of the test and announced plans for some 3-dimensional seismic work to delineate the western extent of the salt deposit where it is anticipated that brine may be disposed of below the salt. He reported that five 30 ft lengths of core were cut and that the preliminary results looked good. Ms. Foote discussed APS's communications with local communities and selected groups about the well and the potential storage project. She reported that APS had received no complaints about the well or project to date.

ELECTION OF OFFICERS

Each Commissioner nominated a Chairman and Vice Chairman on secret ballot. Mr. Veale declined to be nominated because his term would expire in January 2002. Ms. Negley declined nomination because she was new to the Commission. Mr. Rauzi announced the results: Dr. Nations was elected Chairman and Mr. Jones was elected Vice Chairman.

CALL TO THE PUBLIC

Mr. Somers reported that he had leased land in his Little Colorado Prospect, which is north of Concho. He reported the prospect is an anticline covering 12,000 acres with 225 feet of closure. Oil shows and a blow-out of methane gas were reported in several wells on the flanks of the prospect. His company is moving forward with plans to drill a couple of tests on the structure.

Mr. Rohlfig reported that he would be taking over Mr. Berry's well near Meteor Crater and that he recently drove up to inspect the well. He described the condition of the well and some zones that he planned to test. Mr. Rohlfig reported that he stopped and examined the Devonian seep north of Payson on his way to look at Mr. Berry's well. Mr. Rohlfig and Mr. Somers agreed to lead a field trip to the site of the seep.

Mr. Buff announced that BLM would hold its next oil and gas lease sale in July. He reported that there would be 76 parcels up for bid, mostly in the Arizona Strip and a few in east-central

Arizona. He reported that there were about 700,000 acres of land available for leasing on the Arizona Strip outside of the proposed wilderness areas there.

ANNOUNCEMENTS

The next meeting was scheduled for August 10, 2001, in Payson. The Commission will take a field trip to the oil seep at 10:00 a.m. then return to Payson for the meeting.

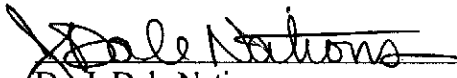
ADJOURNMENT

Dr. Clay moved, seconded by Mr. Jones:

THAT THE MEETING BE ADJOURNED

Motion carried unanimously. Time of adjournment was 11:22 a.m.

APPROVED


Dr. J. Dale Nations
Chairman

GUESTS IN ATTENDANCE

Richard Ahern	State Land Department
Curt Brechtel	APS / Pinnacle West Energy Corporation
Paul Buff	Arizona State Office, U.S. Bureau of Land Management
Sherri Foote	APS / Pinnacle West Energy Corporation
Matt Reid	APS / Pinnacle West Energy Corporation
Michael J. Rice	State Land Department
R.W. Rohlfig	Open Door Productions, Inc.
John Somers	High Plains Petroleum Corporation
Scott Somers	High Plains Petroleum Corporation
Thomas White	Ridgeway Arizona Oil Corporation