

OIL AND GAS CONSERVATION COMMISSION

416 West Congress #100

Tucson, Arizona 85701

Minutes of Meeting

September 21, 2001

Present:

Dr. J. Dale Nations, Chairman
Mr. Robert L. Jones, Vice-Chairman
Mrs. Michele P. Negley, Member
Mr. Zed Veale, Member
Mr. Steven L. Rauzi, Oil and Gas Administrator

The regular Commission Meeting of September 21, 2001, was called to order by Dr. J. Dale Nations, Chairman, at 10:02 a.m. in Room 321, State Land Department Building, Phoenix, Arizona.

APPROVAL OF THE MINUTES OF THE MEETING OF APRIL 20, 2001

Mr. Jones moved, seconded by Mr. Veale:

THAT THE MINUTES OF THE MEETING OF APRIL 20, 2001, BE
ACCEPTED AS PRESENTED

Motion carried unanimously.

STATEMENT OF DIRECTOR AND STATE GEOLOGIST

Dr. Fellows was unable to attend. On behalf of Dr. Fellows, Mr. Rauzi reported that the budget and strategic plan were submitted, a budget cut of 4% or more was anticipated this fiscal year, microfilming of the oil and gas records was scheduled for the fourth quarter, and the Arizona Geological Survey would undergo a sunset review by July 2002. He reported the Commission was not included in the review and that hearings were likely in October or November. He noted that the annual report was available on the web site.

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 many companies had inquired about storing natural gas in Arizona salt and that he had completed a draft report about known and potential salt basins in Arizona. He reviewed the drilling activity near Meteor Crater and in northwestern Arizona.

RIDGEWAY'S CO₂ PROJECT

Mr. Tom White reported that most of the gathering lines had been installed except for about 300 yards to the 10-16 State well. He reported the 10-16 well was recently fractured with CO₂

and that they were pleased with the results. He expected the liquids plant to be delivered and installed soon.

SUNCOR'S PROJECT

Mr. Matt Reid reported that APS/Crystal Gas recently completed a seismic survey between the Luke Air Force Base, the White Tank Mountains, and Northern and Thomas Roads. They may drill another stratigraphic hole later this year based on the results of the survey.

FIVE YEAR REVIEW OF RULES

Mr. Rauzi explained the requirement for each agency to review its rules at least once every five years. He reported that the Commission's next review report was scheduled for submission to the Governor's Regulatory Review Council by November 30, 2001. Mr. Rauzi distributed a draft of the five-year review report to the Commissioners. No revisions were proposed at this time because no new developments had altered the Commission's latest rulemaking in December 2001.

Mrs. Negley moved, seconded by Mr. Jones:

THAT THE COMMISSION ACCEPT THE REPORT AS PRESENTED

Motion carried unanimously.

CALL TO THE PUBLIC

Mr. Paul Buff reported that 18 of 84 parcels were sold in the July 2001 oil and gas lease sale. The sale brought in a total of \$53,227.

Ms. Dolores Yates reported that she worked as a landman in the Pacific Northwest. She planned to include Arizona in her work now that she had recently moved to Scottsdale.

Mr. John Somers reported that he was in town to consummate a deal to drill a 4500 ft test on an anticline in the Holbrook Basin. The anticline is in the Concho area.

ANNOUNCEMENTS

Dr. Nations presented Commissioner Negley with Governor Hull's certificate of appointment.

Mr. Rauzi reported that he drove to Payson to examine the seep in June. He explained that the August meeting and field trip to Payson was cancelled because the seep was not apparent due to the very low summer stream flow. Dr. Nations announced that the AIPG had scheduled a field trip to see the CO₂ area near Springerville on October 27, 2001.

The next meeting was scheduled for 10:00 a.m. on January 18, 2002, at the offices of the

Arizona Geological Survey in Tucson.

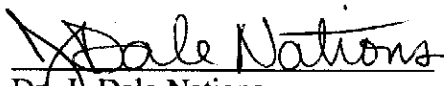
ADJOURNMENT

Mr. Veale moved, seconded by Mr. Jones:

THAT THE MEETING BE ADJOURNED

Motion carried unanimously. Time of adjournment was 11:10 a.m.

APPROVED


Dr. J. Dale Nations
Chairman

GUESTS IN ATTENDANCE

Richard Ahern	State Land Department
Alan Bohnenkamp	Arizona Corporation Commission, Office of Pipeline Safety
Curt Brechtel	APS / Pinnacle West Energy Corporation
Paul Buff	Arizona State Office, U.S. Bureau of Land Management
Marc Osborn	Ridgeway Arizona Oil Corporation
Matt Reid	APS / Pinnacle West Energy Corporation
John Somers	High Plains Petroleum Corporation
Scott Somers	High Plains Petroleum Corporation
Thomas White	Ridgeway Arizona Oil Corporation
Dolores Yates	Energy Leasing