

OIL AND GAS CONSERVATION COMMISSION

416 West Congress #100
Tucson, Arizona 85701

Minutes of Meeting
January 18, 2002

Present:

Dr. J. Dale Nations, Chairman
Mr. Robert L. Jones, Vice-Chairman
Mrs. 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 January 18, 2002, was called to order by Dr. J. Dale Nations, Chairman, at 10:00 a.m. in Room 111, Arizona Geological Survey, Tucson, Arizona.

APPROVAL OF THE MINUTES OF THE MEETING OF SEPTEMBER 21, 2001

Mr. Jones moved, seconded by Mr. Veale:

THAT THE MINUTES OF THE MEETING OF SEPTEMBER 21, 2001,
BE ACCEPTED AS PRESENTED

Motion carried unanimously.

STATEMENT OF DIRECTOR AND STATE GEOLOGIST

Dr. Fellows reported that Circular 30, *Arizona Has Salt!*, had been published, the agency received a 4.5% budget cut, which would not impact microfilming of the well records, and that he did not anticipate any problems with the sunset review process.

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. He described his recently completed reports, Circular 30, about salt, and OFR 02-01, about Precambrian source rock. He reported that the BLM had approved Mr. Ratheal's exploration unit in northwest Arizona and had issued two geothermal leases south of Clifton-Morenci.

STATUS OF RIDGEWAY'S CO₂ PROJECT

Mr. Tom White reported that FLO-CO₂ had poured the foundations for the liquids plant. He expected delivery of the plant and the start of production in a couple of months. Mr. White reported that Ridgeway would be presenting its draft unit agreement to the State Land Department for review next week. He described the process of fracturing a well with CO₂.

STATUS OF THE COPPER EAGLE GAS STORAGE PROJECT

Mr. Matt Reid reported that Copper Eagle, based partly on earlier seismic work, was drilling a stratigraphic hole near Indian School Road and Cotton Lane to determine the suitability of brine disposal near the margins of the salt. He reported that the location they drilled near Glendale Avenue and Dysart Road in February 2001 had been reclaimed.

REVISION OF A.A.C. R12-7-129 AND R12-7-140

Mr. Rauzi explained the proposed rulemaking to the Commissioners. A.A.C. R12-7-129 was being revised to correct an incorrect statutory citation. R12-7-140 was being revised to clarify language.

Mrs. Negley moved, seconded by Mr. Jones:

THAT THE COMMISSION ACCEPT THE PROPOSED RULEMAKING
AS PRESENTED

Motion carried unanimously.

CALL TO THE PUBLIC

Mr. Paul Jones discussed the Desert Crossing Transportation and Storage Company's project to store natural gas in the Red Lake salt deposit in the Hualapai Valley north of Kingman. He described the feasibility study the company was starting which included an open season to determine potential customer interest in the project and engineering and geologic studies of the site.

ANNOUNCEMENTS

Dr. Nations reported that the AIPG took a fieldtrip to Ridgeway's CO₂ project area last fall and would meet at the Arizona Geological Survey's offices on February 16.

The next meeting of the Commission was scheduled for 10:00 a.m. on April 19, 2002, in Room 321 at the Arizona State Land Office in Phoenix.

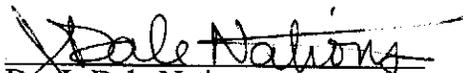
ADJOURNMENT

Mr. Jones moved, seconded by Mr. Veale:

THAT THE MEETING BE ADJOURNED

Motion carried unanimously. Time of adjournment was 10:55 a.m.

APPROVED


Dr. J. Dale Nations
Chairman

GUESTS IN ATTENDANCE

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| Alan Bohnenkamp | Arizona Corporation Commission, Office of Pipeline Safety |
| Paul A. Jones | New West Energy |
| Matt Reid | Copper Eagle Gas Storage, LLC |
| Thomas White | Ridgeway Arizona Oil Corporation |