

OIL AND GAS CONSERVATION COMMISSION

416 West Congress #100

Tucson, Arizona 85701

Minutes of Meeting

April 19, 2002

Present:

Dr. J. Dale Nations, Chairman
Mr. Robert L. Jones, Vice-Chairman
Mrs. Michele P. Negley, Member
Mr. Robert L. Wagner, Member
Dr. Larry D. Fellows, Director and State Geologist
Mr. Steven L. Rauzi, Oil and Gas Administrator

The regular Commission Meeting of April 19, 2002, 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 welcomed Mr. Wagner to the Commission and presented him with the Governor's Certificate of Appointment. Mr. Wagner said a few words about his background. Dr. Nations announced that Mr. Joe Lane had been appointed to replace Mr. Veale but was not able to make the meeting because of a prior meeting conflict.

APPROVAL OF THE MINUTES OF THE MEETING OF JANUARY 18, 2002

Mr. Jones moved, seconded by Dr. Nations:

THAT THE MINUTES OF THE MEETING OF JANUARY 18, 2002, BE
ACCEPTED AS PRESENTED

Motion carried unanimously.

STATEMENT OF DIRECTOR AND STATE GEOLOGIST

Dr. Fellows described the sunset review process and reported that the Agency was continued for another 10 years. He reported this was the worst budget year he'd seen since 1979 and that any fiscal 2003 budget cuts would need to come out of salaries. Dr. Fellows talked about microfilming the oil and gas records, the release of Circular 29 about oil and gas and Circular 30 about salt, and an article by Dr. Nations in the next issue of Arizona Geology.

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 the semi-annual inspections at the LPG-storage facilities and indicated that Ferrellgas may construct three new caverns near Adamana. He reported that the

oil and gas records were being microfilmed for disaster recovery and would be stored in the State Records Center vault. He explained that was why they were not being scanned in digital format. He indicated he would check the Records Center's cost for making duplicate copies.

STATUS OF RIDGEWAY'S CO₂ PROJECT

Mr. White reported that the CO₂ compressor had been delivered from Texas but the building to house the plant was not yet constructed. He indicated that production would start at 150 to 250 tons a day soon after the plant building was constructed.

STATUS OF GAS STORAGE PROJECTS

Mr. Rauzi reported that he had issued a permit to Aquila Energy for a stratigraphic test north of Kingman just north of the Red Lake Playa. He reported that both Aquila and Desert Crossing were investigating the feasibility of storing natural gas in the Red Lake salt deposit. He noted that he had written a short article about that for the Oil & Gas Journal.

Mr. Reid reported that Copper Eagle was evaluating information from its stratigraphic test near Indian School and Cotton Lane and may drill two more stratigraphic tests in that area. He reported that they planned to submit an application to the FERC by September and, depending on approval, start construction of the storage facility by mid 2003.

Mrs. Negley reported that more interest was expressed in the southern part of the Desert Crossing pipeline system than in the northern part.

ORAL PROCEEDING TO ADOPT AMENDED RULES

Mr. Rauzi reported that the notice of proposed rulemaking was published in the February 15, 2002, Arizona Administrative Register. He reported that no oral or written comments were received on the proposed rulemaking.

Dr. Nations opened the floor for discussion from the public. There was none.

Mrs. Negley moved, seconded by Mr. Jones:

THAT THE PROPOSED RULES BE ADOPTED AS PUBLISHED IN
THE FEBRUARY 15, 2002, ARIZONA ADMINISTRATIVE REGISTER

Motion carried unanimously.

CALL TO THE PUBLIC

Mr. Somers handed out some maps he put together and described his Navajo Anticline helium prospect near the old helium-producing area in Apache County. He reported that he had

encountered some mineral estate problems because of recent land transfers to the Navajo Nation.

Mr. Buff discussed the status of Premco Western's activities in northwestern Arizona. He reported that Desert Crossing planned to do some geophysical work near Red Lake and would require a special land use permit to drill any stratigraphic tests related to the disposal of brine on federal lands.

ANNOUNCEMENTS

The Commission scheduled its next meeting at 10:00 a.m. on September 13, 2002, in Room 321 at the State Land Department Building in Phoenix.

ADJOURNMENT

Mrs. Negley moved, seconded by Mr. Wagner:

THAT THE MEETING BE ADJOURNED

Motion carried unanimously. Time of adjournment was 11:30 a.m.

APPROVED



Dale Nations
Chairman

GUESTS IN ATTENDANCE

Richard Ahern	State Land Department
Paul Buff	U.S. Bureau of Land Management
Jim Maloney	Praxair
Mark Osborn	R & R Partners
Matt Reid	Copper Eagle Gas Storage, LLC
Mike Rice	State Land Department
John Somers	High Plains Petroleum
Scott Somers	High Plains Petroleum
Thomas White	Ridgeway Arizona Oil Corporation