

**OIL AND GAS CONSERVATION COMMISSION**

416 West Congress #100  
Tucson, Arizona 85701

Minutes of Meeting  
January 23, 2004

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

Dr. J. Dale Nations, Chairman, called the regular Commission Meeting of January 23 to order at 10:00 a.m. in Room 321, State Land Department Building, Phoenix, Arizona.

Dr. Nations moved agenda items 5 and 6 on the agenda to the end following agenda item 9.

APPROVAL OF THE MINUTES OF THE MEETING OF JULY 25, 2003

Mrs. Negley moved, seconded by Mr. Jones:

THAT THE MINUTES OF THE MEETING OF JULY 25, 2003, BE ACCEPTED  
AS PRESENTED

Motion carried unanimously.

REPORT OF DIRECTOR AND STATE GEOLOGIST

Dr. Fellows reported that he did not anticipate any change in the current biennial budget for fiscal years '04 and '05. Cuts in the previous biennial budget had resulted in sufficient funding for only 8.5 of the 12 authorized FTEs. He noted that the previous reductions did not affect any oil and gas activities.

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 Clayton Williams Energy drilled a dry hole north of Flagstaff, and that he had completed a report on helium production and potential in Arizona. He compared the bonding requirements in Arizona with those in Utah and New Mexico. After some discussion, the Commissioners requested Mr. Rauzi to further research the issue and present a definite recommendation at the next meeting.

COPPER EAGLE GAS STORAGE WELLS 1-24 SUNCOR (PERMIT 909), 1-19 SUNCOR (PERMIT 911), AND 1-12 KAKERLEE (PERMIT 912), MARICOPA COUNTY

Mr. Rauzi discussed El Paso's written request for temporary abandonment and described the mechanical integrity of the wells. He recommended temporary abandonment for a period of

five years. Mr. Gettman reported that El Paso purchased Copper Eagle in August 2003 and described the ongoing testing to determine the viability of their gas-storage project.

Mr. Wagner moved, seconded by Mr. Jones:

**THAT THE COMMISSION APPROVE COPPER EAGLES'S REQUEST FOR  
TEMPORARY ABANDONMENT FOR A PERIOD OF FIVE YEARS**

Motion carried unanimously.

**HIGH PLAINS PETROLEUM WELL 12-16-28 STATE (PERMIT 902), APACHE COUNTY**

Mr. Rauzi discussed High Plains's written request for temporary abandonment and described the current condition of the well. Mr. Somers described his time frame to finish testing the well. Mr. Rauzi recommended temporary abandonment for a period of one year. Mr. Somers responded that was sufficient.

Mrs. Negley moved, seconded by Mr. Jones:

**THAT THE COMMISSION APPROVE HIGH PLAIN'S REQUEST FOR  
TEMPORARY ABANDONMENT FOR A PERIOD OF ONE YEAR**

Motion carried unanimously.

Mr. Wagner noted that the well number on the agenda was different from the well number the Commissioners had taken action on. Mr. Rauzi reported that the well number on the agenda was a typographical error. Mr. Somers had no objection to the action taken even though the well number on the agenda was in error.

**GUS BERRY WELL 26-1 STATE (PERMIT 886), COCONINO COUNTY**

Mr. Rauzi reviewed the status of the well and his correspondence with Mr. English, the attorney for the Gus Berry estate. Mr. English had written that Nadine Berry, Gus Berry's daughter, was aware that the bond should be applied to the plugging liability because they had no ability to plug the well. Mr. Rauzi reported that he had sent a copy of the agenda to Mr. English and had received no other correspondence from Mr. English or Miss Berry.

Mr. Jones moved, seconded by Mr. Wagner:

**THAT THE COMMISSION FORFEIT GUS BERRY'S BOND FOR FAILURE TO  
PLUG AND ABANDON**

Motion carried unanimously.

**RIDGEWAY ARIZONA OIL CORPORATION WELL 9-22-29 STATE (PERMIT 898), APACHE  
COUNTY**

Mr. Rauzi reviewed the written correspondence concerning Ridgeway's obligation to plug the 9-22-29 well including the following: Ridgeway's relinquishing of its State lease in

January 1999, the Commission's decision to not grant temporary abandonment in its meeting of May 7, 1999, and the January 22, 2004, letter from Ridgeway, signed by Mr. L. Stephen Melzer, Director of Ridgeway Arizona Oil Corporation, that Mr. Osborn distributed to the Commissioners during the meeting. Ridgeway committed to plug and abandon the 9-22-29 well during the month of February 2004 in the letter signed by Mr. Melzer. Mr. Rauzi described and discussed the application to plug and abandon the 9-22-29 well that was attached to an earlier letter signed by Mr. Melzer.

After some discussion, Mr. Wagner moved, seconded by Mr. Jones:

TO TABLE THE ISSUE AND TO CALL A SPECIAL MEETING IF ACTION TO PLUG THE WELL WAS NOT COMPLETED BY THE END OF MARCH

After further discussion, Mr. Wagner withdrew his motion and Mr. Jones withdrew his second. Mrs. Negley moved, seconded by Mr. Jones:

TO GRANT TEMPORARY ABANDONMENT UNTIL MARCH 1, 2004, TO ALLOW RIDGEWAY SUFFICIENT TIME TO PLUG AND ABANDON THE 9-22-29 WELL BY THAT DATE

Motion carried unanimously.

RIDGEWAY ARIZONA OIL CORPORATION WELLS 3-1 STATE (PERMIT 884), 22-1X STATE (PERMIT 888), 11-21 STATE (PERMIT 895), 10-22 STATE (PERMIT 896), 9-21 STATE (PERMIT 897), 10-16-31 STATE (PERMIT 899), AND 12-15-30 STATE (PERMIT 900), APACHE COUNTY

Mr. Rauzi discussed the January 22, 2004, letter requesting temporary abandonment from Ridgeway that Mr. Osborn distributed to the Commissioners during the meeting in light of the well data and correspondence the Commission had received from Ridgeway over the past five years. Mr. Rauzi reported that Ridgeway had been working on the wells for at least five years. He recommended a shorter period of temporary abandonment than the two and four years requested by Ridgeway.

Regarding the last sentence of the first paragraph of Ridgeway's January 22 letter, Ms. Woodall, counsel for the Commission, stated for the record that Ridgeway's obligations with respect to existing wells were not legally or administratively linked to the granting of additional drilling permits and that the Commission did not accept such linkage as a condition or qualification.

Mr. Osborn asked what specific questions or issues the Commissioners wanted Ridgeway to address and requested a period of temporary abandonment to allow Ridgeway time to present a response.

Dr. Nations indicated a need for more complete and up-to-date information on each of the existing wells. He suggested a folder for each well with all the information that's available and an explanation as to how any new techniques are expected to improve each of the particular boreholes. The Commissioners agreed. Mr. Osborn indicated that Ridgeway would get the materials to the Commissioners in advance of the next meeting.

Mr. Wagner moved, seconded by Mrs. Negley:

TO GRANT A SIX-MONTH TEMPORARY ABANDONMENT TO THE WELLS

Motion carried unanimously.

CALL TO THE PUBLIC

Mr. Buff reported that the IBLA, the Interior Board of Land Appeals, did not grant Mr. Rodney Ratheal a stay in his appeal of the Bureau of Land Management's decision to terminate his Dutchman unit on the Arizona Strip. He noted that the unit was terminated for lack of diligence under the diligence requirement of the unit agreement.

ANNOUNCEMENTS

The Commission scheduled its next meeting at 10:00 a.m. on April 30, 2004, in Room 321 at the State Land Department Building in Phoenix.

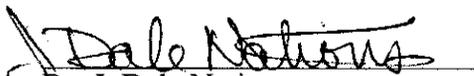
ADJOURNMENT

Mrs. Negley moved, seconded by Mr. Wagner:

THAT THE MEETING BE ADJOURNED

Motion carried unanimously. Time of adjournment was 11:55 a.m.

APPROVED

  
Dr. J. Dale Nations  
Chairman

GUESTS IN ATTENDANCE

Richard Ahern	Arizona State Land Department
Alan Bohnenkamp	Arizona Corporation Commission Pipeline Safety
Paul J. Buff	U.S. Bureau of Land Management
Theresa Craig	Assistant Attorney General, Land Department
Greg Gettman	El Paso
Gordon LeBlanc Jr.	Holbrook Basin LLC
Marc Osborn	R & R Partners
Mike Rice	Arizona State Land Department
John Somers	High Plains Petroleum
Scott Somers	High Plains Petroleum
Eric Thornton	Ridgeway Arizona Oil Corporation
Laurie Woodall	Assistant Attorney General, Oil and Gas Conservation Commission