

OIL AND GAS CONSERVATION COMMISSION
416 West Congress #100
Tucson, Arizona 85701

Minutes of Meeting
January 13, 2006

Present:

Dr. J. Dale Nations, Chairman
Mr. Robert L. Jones, Vice-Chairman
Mr. Joseph J. Lane, Member
Mr. Robert L. Wagner, Member
Mr. Steven L. Rauzi, Oil and Gas Program Administrator

Dr. J. Dale Nations, Chairman, called the regular Commission Meeting of January 13 to order at 10:00 a.m. in Room 321, State Land Department Building in Phoenix, Arizona.

Dr. Nations presented Mr. Jones with a certificate of completion of ethics training from the Governor's Office.

Dr. Nations reported that the Governor had re-appointed him to the Commission. Dr. Nation's term expired in January 2006.

APPROVAL OF THE MINUTES OF THE MEETING OF OCTOBER 14, 2005

Mr. Jones moved, seconded by Mr. Lane:

THAT THE MINUTES OF THE MEETING OF OCTOBER 14, 2005 BE
ACCEPTED AS PRESENTED

Motion carried unanimously.

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 a permit was issued to Ultimate Exploration and Development for a hole near Colorado City and that APS completed two temperature gradient holes in the Clifton area.

STATUS OF 2006 SUNSET REVIEW OF THE OIL AND GAS CONSERVATION COMMISSION

Dr. Nations discussed the November 16 hearing of the Interim Committee and the follow-up material prepared by Mr. Rauzi. The Interim Committee voted 9 to 0 to continue the Commission. HB 2098 continues the Commission for 10 years through 2016.

STATUS OF RIDGEWAY ARIZONA OIL CORPORATION WELLS 22-1X STATE (PERMIT 888), 11-21 STATE (PERMIT 895), 10-22 STATE (PERMIT 896), 9-21 STATE (PERMIT 897), 12-15-30 STATE (PERMIT 900), AND 11-18 STATE (PERMIT 916), APACHE COUNTY AND POSSIBLE DECISION CONCERNING REQUEST FOR TEMPORARY ABANDONMENT AND POSSIBLE REPORT OR PRESENTATION BY A REPRESENTATIVE OF RIDGEWAY

Mr. Rauzi reported that Ridgeway submitted a written request to extend temporary abandonment through January 2007. Ms. Woodall asked who authorized Mr. White to write

the request. Mr. Lakser, President and CEO, stated that he authorized Mr. White. Mr. Rauzi recommended extension noting no change in environmental, safety or beneficial use issues from previous extensions except that four wells, permit numbers 895, 897, 900, and 916, were on leases that would expire this month and be subject to a simultaneous filing. He recommended extending temporary abandonment for the four wells if Ridgeway regained the leases or allowing Ridgeway 120 days to plug the wells if Ridgeway did not regain the leases.

Ms. Woodall asked if Ridgeway did not regain the leases would the new lessee allow access to Ridgeway to plug the wells and what about the gap between the expiration of the lease and issuance of the new lease. Mr. Rice responded that the Land Department planned to incorporate language in the new leases to allow Ridgeway access to plug the wells and would allow access during the gap. Mr. Kiehne asked if that would conflict with generally standard lease provisions allowing an operator 180 days to recover equipment from an expired lease. Ms. Woodall indicated Mr. Rice's statements to allow access covered that.

Mr. Wagner moved, seconded by Mr. Jones:

TO EXTEND TEMPORARY ABANDONMENT TO WELLS 22-1X (888) AND 10-22 (896) THROUGH JANUARY 2007

Motion carried unanimously.

Mr. Jones moved, seconded by Mr. Wagner:

TO EXTEND TEMPORARY ABANDONMENT THROUGH JANUARY 2007 TO WELLS 11-21 (895), 9-21 (897), 12-15-30 (900), AND 11-18 (916) IF RIDGEWAY REGAINED THE LEASES IN A DRAWING AS A RESULT OF A SIMULTANEOUS FILING AND TO PLUG THE WELLS WITHIN 180 DAYS OF THE DRAWING IF RIDGEWAY DID NOT REGAIN THE LEASES

Motion carried unanimously.

Ms. Woodall advised Ridgeway that in the event it did not regain the leases and was not able to plug the wells within the 180 days granted in the motion to show factual evidence of its diligent efforts to contract with appropriate companies to plug the wells.

ELECTION OF OFFICERS

In light of Dr. Nation's reappointment, Mr. Wagner moved, seconded by Mr. Jones:

TO CONTINUE THE CURRENT OFFICERS FOR ANOTHER YEAR

After discussion Mr. Lane offered a substitute motion, seconded by Mr. Jones to:

REELECT THE CURRENT OFFICERS FOR A NEW TWO-YEAR TERM

Mr. Wagner withdrew his original motion; Mr. Jones withdrew his original second.

The substitute motion carried unanimously.

CALL TO THE PUBLIC

None

ANNOUNCEMENTS

Dr. Nations announced that Dr. Lee Allison was the new Director of the Arizona Geological Survey and State Geologist but did not attend because of a previous engagement.

The Commission scheduled its next meeting at 10:00 a.m. on April 28, 2006, in the conference room at the Arizona Geological Survey in Tucson.


ADJOURNMENT

Mr. Jones moved, seconded by Mr. Lane:

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

Richard Ahern	Arizona State Land Department
Theresa Craig	Assistant Attorney General for State Land Department
Gary Kiehne	Public
Barry Lakser	Ridgeway Arizona Oil Corporation
Mike Rice	Arizona State Land Department
Gary Slusher	Arizona State Land Department
Michelle Van Quatham	Ryley Carlock & Applewhite
Tom White	Ridgeway Arizona Oil Corporation
Laurie Woodall	Assistant Attorney General for Oil and Gas Conservation Commission