

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

Minutes of Meeting
April 28, 2006

Present:

Dr. J. Dale Nations, Chairman
Mr. Joseph J. Lane, Member
Ms. Michele P. Negley, Member
Mr. Robert L. Wagner, Member
Dr. M. Lee Allison, State Geologist and Director
Mr. Steven L. Rauzi, Oil and Gas Program Administrator

Dr. J. Dale Nations, Chairman, called the regular Commission Meeting of April 28 to order at 10:05 a.m. in Room 111, Arizona Geological Survey in Tucson, Arizona.

APPROVAL OF THE MINUTES OF THE MEETING OF JANUARY 13, 2006

Mr. Lane moved, seconded by Mr. Wagner:

THAT THE MINUTES OF THE MEETING OF JANUARY 13, 2006 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 El Paso Natural Gas permitted another stratigraphic hole in the Picacho Basin and that Ultimate Exploration and Development plugged its well near Colorado City after drilling to a total depth of 7690 ft. He noted that APS continued to monitor temperatures in its two temperature gradient holes near Clifton.

CALL TO THE PUBLIC

Dr. Nations invited Dr. Allison, new State Geologist and Director of the Arizona Geological Survey, to introduce himself and make a statement after the report of the oil and gas administrator.

Dr. Allison introduced himself and described his background as director of the geological surveys of Utah and Kansas and noted his background and personal interest in oil and gas. He reported that he set some staff goals to develop partnerships with universities and other state and federal agencies to leverage the survey's resources. Dr. Allison indicated his intention to put as much oil and gas data as possible online to facilitate the availability and use of that data and possibly set up a separate webpage for the Oil and Gas Conservation Commission to increase its profile and highlight its distinctness from the Geological Survey. Dr. Allison discussed his involvement in developing a standardized sample numbering system and talked about possible funding mechanisms at the federal level for sample preservation. He described the recent big oil discovery in central Utah and discussed Arizona's proposed entry into the Intermountain West Geothermal Consortium.

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

Mr. Rauzi reported that Governor Napolitano signed HB 2098 on April 10, 2006. HB 2098 continues the Commission to July 1, 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 the State Land Department held a simultaneous filing for leases in the St Johns area but had not yet held a drawing to determine whether or not Ridgeway had regained the leases. Mr. Ahern indicated that there was no time-frame for when the drawing would be held.

Mr. White reported that Ridgeway had purchased its own drilling rig and planned to start an 18-well drilling program this summer. He noted the anticipated closing of a big financing next week and reported that Ridgeway had completed a study of putting in a pipeline to west Texas. Mr. White indicated that a pipeline to California was more problematic and expensive than one to Texas in response to a question from Dr. Nations and reported that it took about 18 months to permit and acquire right-of-ways and only about six months to build the pipeline in response to a question from Ms. Negley. Mr. White did not know of any other entities to share the right-of-way.

ANNOUNCEMENTS

The Commission scheduled its next meeting at 10:00 a.m. on July 28, 2006, in room 321 at the State Land Department Building in Phoenix.

ADJOURNMENT

Ms. Negley moved, seconded by Mr. Wagner:

THAT THE MEETING BE ADJOURNED

Motion carried unanimously. Time of adjournment was 11:00 a.m.

APPROVED


Dr. J. Dale Nations
Chairman

GUESTS IN ATTENDANCE

Richard Ahern
Tom White

Arizona State Land Department
Ridgeway Arizona Oil Corporation