

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

Minutes of Meeting  
October 19, 2007

Present:

Dr. J. Dale Nations, Chairman  
Mr. Robert L. Jones, Vice-Chairman  
Mr. Stephen R. Cooper, 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 October 19 to order at 10:02 a.m. in Room 321, State Land Department Building in Phoenix, Arizona.

APPROVAL OF THE MINUTES OF THE MEETING OF JULY 13, 2007

Mr. Wagner corrected March 9 to July 13 in the opening sentence of page one.

Mr. Jones moved, seconded by Ms. Negley:

THAT THE MINUTES OF THE MEETING OF JULY 13, 2007 BE ACCEPTED  
AS CORRECTED

Motion carried unanimously.

REPORT OF THE STATE GEOLOGIST AND DIRECTOR

Dr. Allison discussed the \$600 million budget shortfall, which included \$100 million of cuts for selected agencies. He assured the Commission that no cuts would affect its operations and noted that the budget for the Commission was in fact increased including expenditures for the annual assessment to the Interstate Oil and Gas Compact Commission (IOGCC) and travel for the official representative and state regulatory official to IOGCC meetings.

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 reported that Plains LPG purchased the LPG-storage facility near Glendale from AmeriGas effective July 24 and Enterprise Products continued to make significant improvements to its LPG-storage facility near Holbrook. Mr. Rauzi discussed his attendance at the annual meeting of the IOGCC in New Orleans in September as the state regulatory official. Dr. Nations discussed his attendance at the IOGCC annual meeting as the official representative of the Governor.

MOTION TO RESCIND ACTION CLOSING THE RECORD ON FINAL RULEMAKING FOR  
A.A.C. R12-7-115 AND R12-7-121

Mr. Rauzi reported that the Governor's Regulatory Review Council (GRRC) recommended the Commission hold another oral hearing to remedy a defect in the July 13 oral proceeding.

Ms. Negley moved, seconded by Mr. Jones:

TO RESCIND ACTION CLOSING THE RECORD ON FINAL RULEMAKING  
FOR A.A.C. R12-7-115 AND R12-7-121

Motion carried unanimously.

ORAL HEARING TO AMEND A.A.C. R12-7-115 AND R12-7-121

Mr. Rauzi reported that no oral or written comments were received since the notice of oral proceeding on the proposed rulemaking was published in the August 31, 2007, Arizona Administrative Register specifying a date of October 19, 2007, a time of 10 a.m., and a location of 1616 West Adams Room 321, Phoenix, Arizona.

Dr. Nations called for comments on the proposed rulemaking. There were none. Ms. Woodall, council for the Commission, noted for the record that the time was 10:30 a.m. and that no person had appeared to provide comments.

Mr. Jones moved, seconded by Mr. Wagner:

TO CLOSE THE RECORD AND APPROVE THE RULES AS PUBLISHED IN  
THE ARIZONA ADMINISTRATIVE REGISTER

Motion carried unanimously.

Dr. Nations signed the cover letter and agency certificate, which are attached to these minutes, for submission of the final rulemaking to the GRRC.

DISCUSSION ABOUT HIGH PLAINS PETROLEUM 17-1 SANTA FE (PERMIT 934)

Mr. Rauzi reported that High Plains was currently testing the 17-1 Santa Fe and had several more zones to test. He reported that High Plains submitted a written request for temporary abandonment to finish testing and analyze the results. Mr. Rauzi recommended approval of the request. The Commission did not think it was necessary to consider an extension at this time because High Plains was diligently involved in testing the well.

DISCUSSION ABOUT RIDGEWAY ARIZONA OIL CORPORATION WELLS AND POSSIBLE REPORT FROM A REPRESENTATIVE OF RIDGEWAY

Mr. Rauzi reported that Ridgeway submitted samples for several of the wells but had not yet submitted test reports or gas analyses. He provided a table showing what Ridgeway had submitted for each well.

Mr. Rauzi reported receipt of a letter from Hunt Oil dated October 15 electing no interest in the Ridgeway 12-15-30 well and providing notice to Ridgeway to plug the well within 180 days in accordance with the Commission's meetings of January 2006 and March 2007. Mr. Cooper discussed setting a time limit for a new lessee to make its election in similar situations in the future.

Mr. White acknowledged receipt of a copy of Hunt Oil's letter of October 15. He reported that Ridgeway put together a robust testing and logging program but was waiting for the State Land Department to extend its leases and was pulling existing information together and sending it to Mr. Rauzi as soon as they got it.

DISCUSSION ABOUT OIL AND GAS CONSERVATION COMMISSION LETTERHEAD

The Commission discussed having a separate letterhead to distinguish the regulatory functions and business of the Commission from the non-regulatory functions and business of the Arizona Geological Survey.

CALL TO THE PUBLIC

There was no public comment.

ANNOUNCEMENTS

Dr. Nations announced the names of the Commissioners present at the meeting. The Commission scheduled its next meeting at 10:00 a.m. on January 18, 2008, in room 321 at the State Land Department Building in Phoenix.

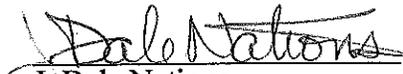
ADJOURNMENT

Mr. Jones moved, seconded by Mr. Wagner:

THAT THE MEETING BE ADJOURNED

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

APPROVED

  
J. Dale Nations  
Chairman

GUESTS IN ATTENDANCE

Mike Dennis	State Land Department
Jo Anne Jones	Public
Marc Osborn	R & R Partners
Mike Rice	State Land Department
Thomas Soteros-McNamara	Governor's Office of Strategic Planning and Budgeting
Thomas White	Ridgeway Arizona Oil Corporation
Laurie Woodall	Assistant Attorney General



Janet Napolitano  
Governor

State of Arizona  
**Arizona Geological Survey**

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M. Lee Allison  
Director and State Geologist

October 19, 2007

Mr. Graham Alex Turner, Chairman  
Governor's Regulatory Review Council  
100 N 15th Ave, Suite 402  
Phoenix, Arizona 85007

Re: Final Rulemaking: A.A.C. R12-7-115 and R12-7-121

Dear Mr. Turner:

The Arizona Oil and Gas Conservation Commission (OGCC) closed the record and adopted the referenced rulemaking in its meeting of July 13, 2007. The OGCC extended the time for public comment because of a defect in the July 13 oral proceeding. The OGCC closed the record and adopted the referenced rulemaking in its meeting of October 19, 2007. No written comments were received by the agency concerning the proposed rules and no oral comments were received at the October 19 oral proceeding to adopt the amended rules.

The rulemaking relates to a 5-year-review report approved by the Council on February 6, 2007. The proposed rules contain no new fees and no fee increases. The Commission is not requesting an immediate effective date and no studies were reviewed in making these rules.

Attachments to this cover letter include: (1) Notice of Final Rulemaking including preamble and text of the adopted rules and (2) economic, small business, and consumer impact statement. Definitions of terms contained in statutes or other rules are not attached because none are used in the adopted rules.

Sincerely,

J. Dale Nations  
Chairman Oil and Gas Conservation Commission

c M. Lee Allison, State Geologist and Director

Enclosures

**AGENCY CERTIFICATE**

**OIL AND GAS CONSERVATION COMMISSION**

1. **Agency Name:** Arizona Geological Survey (includes Oil and Gas Conservation Commission, which is attached administratively)
2. **Chapter Heading:** Oil and Gas Conservation Commission
3. **Code Citation for the Chapter:** 12 A.A.C. 7
4. **The Subchapters, if applicable; the Article; the Parts, if applicable; and the Sections involved in the rulemaking, listed in alphabetical and numerical order:**

**Subchapters, Articles, Parts, and Sections:**

**Action:**

R12-7-115  
R12-7-121

Amend  
Amend

5. **The rules contained in this package are true and correct as made:**

6. J. Dale Nations  
Signature

10/19/07  
Date of signing

J. DALE NATIONS  
Printed or typed name of signer

Chairman  
Title of signer