

**OIL AND GAS CONSERVATION COMMISSION**

416 West Congress #100  
Tucson, Arizona 85701

Minutes of Meeting  
October 17, 2008

Present:

Dr. J. Dale Nations, Chairman  
Mr. Robert L. Jones, Vice-Chairman  
Mr. Stephen R. Cooper, Member  
Ms. Michele P. Negley, Member  
Mr. Steven L. Rauzi, Oil and Gas Program Administrator

Dr. J. Dale Nations, Chairman, called the regular Commission Meeting of October 17 to order at 10:00 a.m. at the offices of the Arizona Geological Survey in Tucson, Arizona.

APPROVAL OF THE MINUTES OF THE MEETING OF JULY 18, 2008

Mr. Jones moved, seconded by Ms. Negley:

THAT THE MINUTES OF THE MEETING OF JULY 18, 2008, BE ACCEPTED  
AS PRESENTED

Motion carried unanimously.

REPORT OF STATE GEOLOGIST AND DIRECTOR OF ARIZONA GEOLOGICAL SURVEY

None

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 three permits were issued since the July 18 meeting, two to Ridgeway Arizona Oil Corporation for wells in its ongoing CO<sub>2</sub> project between St Johns and Springerville and one to Wind River Resources for a 7,000 ft well in northwestern Arizona about 10 miles southeast of St. George, Utah. Mr. Rauzi reported that Wind River was drilling below 1,100 ft.

STATUS OF RIDGEWAY ARIZONA OIL CORPORATION 12-15-30 STATE (PERMIT 900)

Mr. Rauzi reported that Ridgeway plugged and abandoned the 12-15-30 well. He notified the current lessee, Hunt Oil, that Ridgeway had plugged the well.

APPEAL BY GARY KIEHNE OF DETERMINATION OF SHUT-IN STATUS FOR RIDGEWAY ARIZONA OIL CORPORATION WELL NUMBER 11-21 STATE (PERMIT 895) AND STATE'S MOTION TO DISMISS.

Dr. Nations reported that the subject matter of the hearing was contained in the Notice of Hearing filed in this matter and in the Appellant's Notice of Appeal. He read an opening statement describing the nature of an administrative hearing, swore in witnesses, and opened

the floor to hear arguments on the State's Motion to Dismiss before hearing testimony from witnesses.

Mr. Cox argued in support of the Motion to Dismiss filed by the State. He argued that the Appellant did not have standing to challenge the Oil and Gas Conservation Commission decision because the Appellant had not been adversely affected by the Commission action; but rather, the Appellant's claim of adverse affect was based on the State Land Department's administrative actions. Mr. Cox further argued that the Appellant did not have standing to appeal because the Appellant's claim was not ripe because the State Land Department had not yet issued a final decision.

Ms. Van Quathem argued that the State's Motion to Dismiss should be denied because the Arizona Administrative Procedure Act provided a party who would be adversely affected by an appealable action an opportunity to respond and present evidence and argument on all relevant issues and that Mr. Kiehne was adversely affected because he was the successor to the state land lease upon which well number 11-21 was located. She further argued that the State's standing and ripeness arguments were based upon discretionary common law court policy that was not applicable in proceedings governed by the Administrative Procedure Act. Ms. Van Quathem indicated the possibility of appeal to the Superior Court if the Motion to Dismiss were granted.

After discussing several questions to Mr. Cox and Ms. Van Quathem to clarify their arguments,

Mr. Cooper moved, seconded by Mr. Jones:

**TO GRANT THE MOTION TO DISMISS**

Mr. Cooper explained that he moved to grant the Motion to Dismiss because prior action of the Commission was crafted in such a way so as to deal with a matter that the Commission did not have jurisdiction over which was basically who was to be awarded a lease from the State Land Department. He noted that the Commission's prior motion was directed in such a way that it would provide for both possible outcomes of the proceedings in the State Land Department, which the Commission had no jurisdiction over, and tried to preserve the status quo so that the proceedings in the State Land Department could reach an end as to whether the lease would go to Ridgeway or to Mr. Kiehne. Mr. Cooper considered that all the issues on appeal were basically and directly affected solely by the issue of who would be granted the lease from another administrative agency which the Commission had no regulatory authority over and that that was the basis of why he did not believe the Commission had the jurisdiction to hear this matter.

Motion carried unanimously. The Commission Order granting the Motion to Dismiss is presented separately.

**CALL TO THE PUBLIC**

Ms. Van Quathem requested time to give their presentation at a future meeting, possibly at the renewal of the temporary abandonment. The Commission instructed Mr. Rauzi to include objection by Mr. Kiehne on the agenda item to consider Ridgeway's request to renew temporary abandonment and shut-in status of its wells.

ANNOUNCEMENTS

The Commission scheduled its next meeting at 10:00 a.m. on January 16, 2009, in room 321 at the State Land Department Building in Phoenix.

Mr. Rauzi announced that Katosha Nakai with the law firm of Lewis and Roca LLP had been appointed to replace Robert Wagner. He indicated that he would inform her of the date of the next meeting.

ADJOURNMENT

Ms. Negley moved, seconded by Mr. Jones:

THAT THE MEETING BE ADJOURNED

Motion carried unanimously. Time of adjournment was 11:01 a.m.

APPROVED



J. Dale Nations  
Chairman

GUESTS IN ATTENDANCE

Colin Campbell	Ridgeway Arizona Oil Corporation
Curtis Cox	Assistant Attorney General
Joe Dixon	State Land Department
Gary Kiehne	Self
Christopher Munns	Assistant Attorney General Solicitor General's Office
Barry Portman	Ridgeway Arizona Oil Corporation
Michele Van Quathem	Kiehne
Michael Rice	Self
Mariana Sandoval	Attorney General's Office
Dan W. Snow	Kiehne
Thomas White	Ridgeway Arizona Oil Corporation