

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

Minutes of Meeting  
July 17, 2009

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. Nations, Chairman, called the regular Commission Meeting of July 17 to order at 10:01 a.m. in Room 321, State Land Department Building in Phoenix, Arizona.

APPROVAL OF THE MINUTES OF THE MEETING OF APRIL 17, 2009

Mr. Jones moved, seconded by Mr. Cooper:

THAT THE MINUTES OF THE MEETING OF APRIL 17, 2009, BE ACCEPTED  
AS PRESENTED

Motion carried unanimously.

CONFLICTS OF INTEREST

Dr. Nations, Ms. Negley, and Mr. Cooper all indicated a potential future conflict of interest regarding NGS Energy. Mr. Cox advised that if they did not have a quorum then they would have to put their conflicts aside and continue with their responsibilities under the statute.

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. Mr. Rauzi reported that five permits were issued to Southwest Exploration Company for stratigraphic wells at its potash project southeast of Holbrook. Southwest had finished drilling two of the holes and planned to finish the remaining holes by early August. He reported that Willcox Greenhouse LLC was drilling below 3000 ft at its geothermal well north of Willcox and that APS (Arizona Public Service Company) planned to start drilling its stratigraphic test near the Cholla Power plant next week.

INTRODUCTION OF NGS ENERGY AND ELOY STORAGE PROJECT

Ms. Van Quathem distributed handouts of selected regulations and the NGS project and discussed the Commission's jurisdiction over storage wells. Ms. Laura Luce introduced individuals from NGS Energy and gave an overview of some of NGS Energy's assets and projects around the country with emphasis on the Eloy project. Mr. Chabannes described his

background and gave an overview of the construction and operational aspects of natural gas storage facilities with emphasis on the Eloy storage project. He addressed issues such as water, brine disposal ponds, pressure gradients, and operating pressures.

STATUS OF RIDGEWAY ARIZONA OIL CORPORATION DRILLING PROGRAM BETWEEN ST JOHNS AND SPRINGERVILLE INCLUDING POSSIBLE REPORT FROM A REPRESENTATIVE OF RIDGEWAY

Mr. White indicated that there was no report at this time.

CALL TO THE PUBLIC

None

ANNOUNCEMENTS

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

Mr. Rauzi reported that the Commission's website had been hacked and was off-line for about three weeks to upgrade security features.

ADJOURNMENT

Mr. Jones moved, seconded by Ms. Negley:

THAT THE MEETING BE ADJOURNED

Motion carried unanimously. Time of adjournment was 10:50 p.m.

APPROVED

  
J. Dale Nations  
Chairman

GUESTS IN ATTENDANCE

Charles Chabannes	NGS Energy
Curtis Cox	Assistant Attorney General
Joe Dixon	State Land Department
Laura L Luce	NGS Energy
Deirdre McCaffrey	NGS Energy
Slav Sopkin	EDC
Geof Storey	NGS Energy
Michele Van Quathem	NGS Energy
Thomas White	Ridgeway Arizona Oil Corporation