

OIL AND GAS CONSERVATION COMMISSION

416 West Congress #100
Tucson, Arizona 85701

Minutes of Meeting
October 16, 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 October 16 to order at 10:00 a.m. in Room 321, State Land Department Building in Phoenix, Arizona.

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

Mr. Jones moved, seconded by Mr. Cooper:

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

Motion carried unanimously.

CONFLICTS OF INTEREST

Dr. Nations and Ms. Negley indicated a remote potential conflict of interest regarding NGS.

REPORT OF STATE GEOLOGIST AND DIRECTOR OF ARIZONA GEOLOGICAL SURVEY

Dr. Nations asked Mr. Rauzi to discuss the budget situation in the absence of Dr. Allison. Mr. Rauzi indicated that the Governor directed all agencies to identify programs for possible elimination because of the current budget situation and reviewed the results of a recent online survey to rank the importance of programs at the Arizona Geological Survey. He reported that Dr. Allison stated in a recent staff meeting that regulation of oil and gas in Arizona was not a program that would be eliminated but that support to the Oil and Gas Conservation Commission would be reduced.

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 Southwest Exploration Company drilled four stratigraphic wells at its potash project southeast of Holbrook, Willcox Greenhouse LLC drilled its geothermal well north of Willcox to a depth of 4000 ft, and that APS (Arizona Public Service Company) drilled its stratigraphic test near the Cholla Power plant. He indicated good results in the Willcox well but the Cholla well did not identify zones capable of sequestering carbon dioxide.

STATUS OF EL PASO AGS 1-21 (PERMIT 933) AND POSSIBLE DECISION CONCERNING TEMPORARY ABANDONMENT

Mr. Rauzi reported that El Paso had submitted a written request to extend temporary abandonment of the AGS 1-21 for two years to allow for further business evaluation. He reviewed the current mechanical condition and integrity of the hole and recommended approval of El Paso's request. In response to a question from Mr. Cooper, Mr. Rauzi reported that the two-year extension would take the temporary abandonment up to the initial five-year time frame provided in the rules.

Ms. Negley moved, seconded by Mr. Jones:

TO GRANT TEMPORARY ABANDONMENT FOR TWO YEARS TO THE EL PASO AGS 1-21 WELL

Motion carried unanimously.

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

Mr. Dixon described a recent article in the Oil and Gas Journal about potential drilling activity by Vanterra Energy near Kingman and by PetroSun in the Holbrook basin. He indicated that Parks Petroleum in Carefree, Arizona had expressed interest in leasing and drilling in the Tombstone area.

ANNOUNCEMENTS

Dr. Nations announced that the IOGCC (Interstate Oil and Gas Conservation Commission) will hold its annual meeting in Tucson in November 2010. Mr. Jones announced that Chris Walker would be speaking about algae energy at the Sun City Petroleum Club in November.

The Commission scheduled its next meeting at 10:00 a.m. on January 15, 2010, in room 321 at the State Land Department Building in Phoenix.

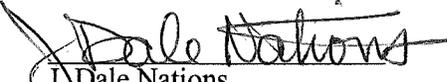
ADJOURNMENT

Mr. Jones moved, seconded by Mr. Cooper

THAT THE MEETING BE ADJOURNED

Motion carried unanimously. Time of adjournment was 10:30 p.m.

APPROVED


J. Dale Nations
Chairman

GUESTS IN ATTENDANCE

Curtis Cox	Assistant Attorney General
Joe Dixon	State Land Department
Louise Erickson	Office of Attorney General
Greg Gettman	El Paso Natural Gas
Michele Van Quathem	Public
Thomas White	Ridgeway Arizona Oil Corporation