

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

Minutes of Meeting
April 15, 2011

Present:

Dr. J. Dale Nations, Chairman
Mr. Robert L. Wagner, Vice-chairman
Mr. Stephen R. Cooper, Member
Mr. Frank Thorwald, Member
Dr. M. Lee Allison, State Geologist and Director of Arizona Geological Survey
Mr. Steven L. Rauzi, Oil and Gas Program Administrator

Dr. Nations, Chairman, called the regular Commission Meeting of April 15 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 JANUARY 21, 2011

Mr. Wagner moved, seconded by Mr. Cooper:

THAT THE MINUTES OF THE MEETING OF JANUARY 21, 2011, BE ACCEPTED AS PRESENTED

Motion carried unanimously.

CONFLICTS OF INTEREST

None

REPORT OF STATE GEOLOGIST AND DIRECTOR OF ARIZONA GEOLOGICAL SURVEY

Dr. Allison reported that SB 1002, a technical correction taking out old language about interim appointments, was still in the rules committee. He reported that the Arizona Geological Survey's budget was stable and sufficient to continue to provide the same level of support to the Commission as previously, to cover the Chairman's attendance to an annual meeting of the IOGCC, and to contribute about \$1000 of the \$6000 annual dues to the IOGCC. Dr. Allison discussed the elimination of the Arizona Department of Mines and Mineral Resources and how it would be incorporated into the Geological Survey. He reported that all of the oil and gas well records and logs would be available online sometime this summer on an interactive, user-friendly map viewer linked to the Oil and Gas Conservation Commission website.

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 23 new permits were issued and ten wells were drilled since the January meeting. He noted that HNZ Potash was drilling for potash southwest of Petrified Forest National Park and Southwest Exploration/Passport Potash was drilling west of the park. Dr. Allison noted that the U.S. Geological Survey was finishing a global assessment of potash resources and that their calculations of the potential potash resources in the Holbrook Basin were very close to those in the potash report the Arizona Geological Survey put out three years ago. Mr. Rauzi reported that Plains LPG completed a pressure test and sonar survey of its well #3 and that Arizona Natural Gas Storage requested the Federal Energy Regulatory Commission to temporarily hold its pre-filing application to store natural gas in the Picacho Basin because cut backs at ADWR and ADEQ had slowed those agencies ability to review its applications.

DRILLING PERFORMANCE BOND RELEASE PROCEDURE AND CHECK LIST

Mr. Rauzi discussed a new internal procedure and checklist to release an operator's performance bond. He suggested that the Commission move to authorize him to sign the bond release checklist after an operator had fulfilled all of its drilling, plugging, and reporting obligations.

After discussing the procedure, checklist, and monitoring bonding companies, and concurrence by Mr. Cox, the Commissioners expressed appreciation of the checklist to insure that a bond doesn't get inadvertently released but concluded that the procedure and signing the checklist were administrative tasks that did not require a motion by the Commission.

DISCUSSION OF RIDGEWAY ARIZONA OIL CORPORATION WELLS WITHIN THE ST JOHNS UNIT AND POSSIBLE DECISION CONCERNING EXTENSION OF CURRENT STATUS

Mr. Rauzi reported that this was an agenda item from January that he forgot to remove.

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

Mr. White reported that there was no new activity to report.

CALL TO THE PUBLIC

None

ANNOUNCEMENTS

Dr. Nations announced that the American Institute of Professional Geologists was planning a field to the Holbrook area on May 21. The Commission scheduled its next meeting at 10:00 a.m. on July 15, 2011, in room 321 at the State Land Department Building in Phoenix.

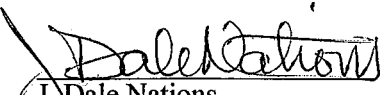
ADJOURNMENT

Mr. Thorwald moved, seconded by Mr. Wagner:

THAT THE MEETING BE ADJOURNED

Motion carried unanimously. Time of adjournment was 10:41 a.m.

APPROVED


J. Dale Nations
Chairman

GUESTS IN ATTENDANCE

Mr. Curtis Cox	Assistant Attorney General
Mr. Joe Dixon	State Land Department
Mr. Thomas White	Ridgeway Arizona Oil Corporation