

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

Minutes of Meeting
July 15, 2011

Present:

Dr. J. Dale Nations, Chairman
Mr. Robert L. Wagner, Vice-chairman
Mr. Stephen R. Cooper, Member
Mr. Steven L. Rauzi, Oil and Gas Program Administrator

Dr. Nations, Chairman, called the regular Commission Meeting of July 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 APRIL 15, 2011

Mr. Wagner moved, seconded by Mr. Cooper:

THAT THE MINUTES OF THE MEETING OF APRIL 15, 2011, BE ACCEPTED AS
PRESENTED

Motion carried unanimously.

CONFLICTS OF INTEREST

None

HEARING ON RIDGEWAY ARIZONA OIL CORPORATION REQUEST FOR 160-ACRE SPACING FOR
CARBON DIOXIDE AND HELIUM GAS WELLS IN THE ST JOHNS GAS UNIT

At 10:01 a.m. the hearing regarding Ridgeway Arizona Oil Corporation concerning 160-acre spacing for carbon dioxide and helium gases in the St. Johns Gas Unit started. Mr. Tom White, Field Operations Manager for Ridgeway, presented evidence for approval of 160-acre spacing. No one opposed the request. An official transcript of the hearing is presented separately.

Mr. Wagner moved, seconded by Mr. Cooper:

THAT THE REQUEST OF RIDGEWAY ARIZONA OIL FOR 160-ACRE SPACING BE
APPROVED

Motion carried unanimously by roll call vote. The regular meeting resumed at 10:20 a.m.

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 33 new permits were issued and 31 stratigraphic wells were drilled since the April meeting. He further reported that three companies have permitted 56 and drilled 41 wells in their ongoing potash delineation program since the beginning of the year. Mr. Rauzi provided a graph showing that more permits were issued so far in 2011 than were issued since 1967 when the Dineh-bi-Keyah Field was discovered.

Mr. Rauzi reported that Southwest Exploration/Passport Potash has two rigs working and has drilled 19 wells west and southwest of Petrified Forest National Park, HNZ Potash has one rig working and has drilled 15 wells southwest and east of Petrified Forest National Park, and American West Potash has two rigs working and has drilled seven wells east of Petrified Forest National Park. Mr. Rauzi explained that

the potash wells required a permit from the Oil and Gas Conservation Commission because they penetrated the Coconino Sandstone, which has produced helium in that area. He explained that wells were being drilled within the recently authorized park boundary because even though the United States Congress authorized the expanded boundary it never authorized funds to purchase those lands.

Mr. Rauzi reported that Arizona Natural Gas Storage (ANGS) asked the Federal Energy Regulatory Commission to terminate its pre-filling review process regarding its proposed natural gas storage facility in the Picacho Basin because ANGS determined that the financial viability of the project is questionable at this time.

REVIEW OF DRILLING PERFORMANCE BONDS

Mr. Rauzi discussed the status of bonds currently on file with the Oil and Gas Conservation Commission.

REPORT ON INTERSTATE OIL & GAS COMPACT COMMISSION MEETING IN NORTH DAKOTA

Dr. Nations reported on his attendance at the mid-year IOGCC meeting in North Dakota June 27-29. He highlighted the impacts of horizontal drilling in the Bakken Formation and the many products including CO₂ for enhanced recovery produced from coal at the Great Plains Synfuel Plant.

CALL TO THE PUBLIC

None

ANNOUNCEMENTS

The Commission scheduled its next meeting at 10:00 a.m. on October 21, 2011, in room 321 at the State Land Department Building in Phoenix.

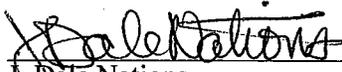
ADJOURNMENT

Mr. Wagner moved, seconded by Mr. Cooper:

THAT THE MEETING BE ADJOURNED

Motion carried unanimously. Time of adjournment was 10:42 a.m.

APPROVED


J. Dale Nations
Chairman

GUESTS IN ATTENDANCE

Mr. Curtis Cox	Assistant Attorney General
Mr. Joe Dixon	State Land Department
Ms. Jamie Hogue	Ridgeway Arizona Oil Corporation
Ms. Carmen Tanner	Ridgeway Arizona Oil Corporation
Mr. Thomas White	Ridgeway Arizona Oil Corporation