

OIL AND GAS CONSERVATION COMMISSION

416 West Congress #100
Tucson, Arizona 85701

Minutes of Meeting
January 20, 2012

Present:

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

Dr. Nations, Chairman, called the regular Commission Meeting of January 20 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 15, 2011

Mr. Wagner moved, seconded by Mr. Cooper:

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

Motion carried unanimously.

CONFLICTS OF INTEREST

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 19 new permits were issued, 33 wells were drilled, and one well was plugged since the July 2011 meeting. He reported that 75 wells were permitted, which set a record for the number of permits issued in a single year, and 67 wells were drilled in 2011. Mr. Rauzi noted that all but two permits and all wells drilled were stratigraphic tests for potash.

Mr. Rauzi reported that El Paso plugged its stratigraphic well in the Picacho Basin. He noted that El Paso found enough salt to store gas but determined that the project was not economical at this time.

FIVE-YEAR REVIEW OF OIL AND GAS RULES

Mr. Rauzi discussed his review of the rules noting that no issues came up in the last five years. He recommended that the Commission amend R12-7-107(E) to clarify that the Commission may grant exceptions to regular locations for horizontal wells after notice and hearing.

Mr. Wagner moved, seconded by Mr. Thorwald:

TO AUTHORIZE THE ADMINISTRATOR TO PROCEED WITH THE FIVE-YEAR REVIEW REPORT WITH THE RECOMMENDATION TO CHANGE R12-7-107(E)

Motion carried unanimously.

Mr. Cox indicated that he would check to see if the proposed rule change fell under the Governor's rulemaking moratorium and let Mr. Rauzi know.

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

Mr. White announced the pending sale of Ridgeway's carbon dioxide properties between St Johns and Springerville to Kinder Morgan CO₂ Company. He reported that Ridgeway permitted two obligation wells in the St Johns Gas Unit but had no plans to drill until the sale was closed.

REPORT ON INTERSTATE OIL & GAS COMPACT COMMISSION MEETING IN NEW YORK

Dr. Nations reported on his attendance at the annual IOGCC meeting in New York October 16-18, 2011. He highlighted shale gas drilling and fracturing hazards. Presentations are available online.

CALL TO THE PUBLIC

Mr. Dixon reported that the Federal Energy Regulatory Commission would hold a conference on gas storage in the southwest in Scottsdale on February 16, 2012. He indicated that the conference is in response to cold weather in February last year when many people lost heat because of a gas shortage.

Mr. Conrath reported that the BLM would be plugging several orphaned wells on the Arizona Strip in northwestern Arizona. He reported that several companies expressed interest in leasing near Flagstaff, Kingman, Safford, and Tucson. He planned to list the tracts on the November lease sale.

ANNOUNCEMENTS

Mr. Thorwald announced that he had missed some meetings because he was diagnosed with terminal cancer about a year ago. He reported that he underwent several kinds of chemo and that he was now cancer free.

The Commission scheduled its next meeting at 10:00 a.m. on April 20, 2012, in room 321 at the State Land Department Building in Phoenix.

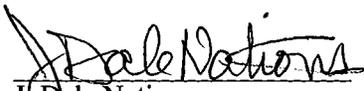
ADJOURNMENT

Mr. Cooper moved, seconded by Mr. Thorwald:

THAT THE MEETING BE ADJOURNED

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

APPROVED


J. Dale Nations
Chairman

GUESTS IN ATTENDANCE

Mr. Curtis Cox	Assistant Attorney General
Mr. Joe Dixon	State Land Department
Mr. Fred Conrath	BLM Arizona State Office
Ms. Karen Conrath	BLM Phoenix District Office
Mr. Thomas White	Ridgeway Arizona Oil Corporation