

**OIL AND GAS CONSERVATION COMMISSION**

416 West Congress #100  
Tucson, Arizona 85701

Minutes of Meeting  
July 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 July 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 APRIL 20, 2012

Mr. Wagner moved, seconded by Mr. Cooper:

THAT THE MINUTES OF THE MEETING OF APRIL 20, 2012, 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 22 new permits were issued and 12 wells were drilled since the April meeting. Mr. Rauzi noted that all but two permits and one drilled well were stratigraphic tests for potash.

REQUESTS BY HNZ POTASH, AMERICAN WEST POTASH, AND PASSPORT POTASH TO EXTEND CONFIDENTIAL STATUS

Mr. Rauzi reported receipt of letters from HNZ Potash, American West Potash, and Passport Potash requesting extension of confidential status of well records for two additional years. Mr. Rauzi described the ongoing competitive activity and recommended approval of the requests.

After discussing local and global competition, the financial cost of obtaining well records, and input from Ms. Van Quathem, staff, and legal counsel, the Commission made a specific finding that the operators have provided credible evidence pursuant to A.R.S. § 27-522 that the disclosure of the information is likely to cause harm to the operator's competitive position.

Mr. Cooper stipulated that the intent of his motions was to extend confidentiality in accordance with statute and not to provide any additional protection that would be beyond the statute.

Mr. Cooper moved, seconded by Mr. Wagner:

TO APPROVE THE REQUEST OF HNZ POTASH TO EXTEND CONFIDENTIAL STATUS FOR TWO YEARS FROM THE DATE OF THE REQUEST

Motion carried unanimously.

Mr. Cooper moved, seconded by Mr. Thorwald:

TO APPROVE THE REQUEST OF AMERICAN WEST POTASH TO EXTEND CONFIDENTIAL STATUS FOR TWO YEARS FROM THE DATE OF THE REQUEST

Motion carried unanimously.

Mr. Cooper moved, seconded by Mr. Wagner:

TO APPROVE THE REQUEST OF PASSPORT POTASH TO EXTEND CONFIDENTIAL STATUS FOR TWO YEARS FROM THE DATE OF THE REQUEST

Motion carried unanimously.

STATUS OF THE KINDER MORGAN PROJECT BETWEEN ST JOHNS AND SPRINGVILLE AND POSSIBLE REPORT FROM KINDER MORGAN

Mr. White described the ongoing work at the St Johns CO<sub>2</sub> field. He indicated that Kinder Morgan planned to drill three wells in Arizona and one in New Mexico later this year.

REVIEW OF DRILLING PERFORMANCE BONDS

Mr. Rauzi reviewed the status of bonds currently on file with the Oil and Gas Conservation Commission. Mr. Rauzi will send information about the American Fuels bond to Mr. Hestand because the status of the bond is uncertain in light of a bankruptcy action in the 1970s.

REPORT ON INTERSTATE OIL & GAS COMPACT COMMISSION MEETING IN VANCOUVER

Dr. Nations reported on his attendance at the IOGCC midyear meeting in Vancouver June 3-5, 2012. He highlighted hydraulic fracturing and associated water impacts. Presentations are available online.

CALL TO THE PUBLIC

None

ANNOUNCEMENTS

The Commission scheduled its next meeting at 10:00 a.m. on October 19, 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 10:40 a.m.

APPROVED

  
J. Dale Nations  
Chairman

GUESTS IN ATTENDANCE

Mr. Joe Dixon

Mr. John Hestand

Ms. Michele Van Quathem

Mr. Thomas White

State Land Department

Assistant Attorney General

Ryley Carlock & Applewhite for HNZ

Kinder Morgan CO<sub>2</sub> Company