

OIL AND GAS CONSERVATION COMMISSION

416 West Congress #100
Tucson, Arizona 85701

Minutes of Meeting
October 19, 2012

Present:

Dr. J. Dale Nations, 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 October 19 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 20, 2012

Mr. Thorwald moved, seconded by Mr. Cooper:

THAT THE MINUTES OF THE MEETING OF JULY 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 one new permit was issued and 11 stratigraphic wells were drilled for potash since the July meeting. Mr. Thorwald asked about the proposed GreenFire geothermal test near Springerville. Mr. Rauzi responded that he was not aware of any activity.

TRIOMPHE ENERGY REQUEST TO DRILL A LATERAL EXTENSION IN ITS TRIOMPHE #1 FEE (PERMIT 1095) IN SECTION 27, TOWNSHIP 20 NORTH, RANGE 21 EAST, NAVAJO COUNTY

Mr. Rauzi reported that Triomphe Energy submitted a written request to drill a lateral extension in its Triomphe #1. He indicated that the request and planned lateral extension were in compliance with the requirements of A.A.C. R12-7-115(B) and R12-7-107(D) and recommended approval.

Mr. Cooper asked about protection of aquifers. Mr. Rauzi noted that three cemented strings of casing to the proposed kickoff point would protect the Coconino aquifer in this area.

Mr. Thorwald moved, seconded by Mr. Cooper:

TO APPROVE THE LATERAL EXTENSION IN THE TRIOMPHE #1

Motion carried unanimously.

TRIOMPHE ENERGY REQUEST TO TEMPORARILY ABANDON ITS TRIOMPHE #1 WELL

Mr. Rauzi reported that Triomphe Energy submitted a written request to temporarily abandon its Triomphe #1 well because it could not drill the lateral extension until about May 2013 because of limited access to qualified service providers who can or are available to provide these types of

services to this remote area. He reviewed the mechanical condition and integrity of the hole, indicated that the request was in compliance with A.A.C. R12-7-125(B), and recommended approval of temporary abandonment for one year.

Mr. Cooper moved, seconded by Mr. Thorwald:

TO GRANT TEMPORARY ABANDONMENT FOR ONE YEAR TO THE TRIOMPHE ENERGY #1 WELL

Motion carried unanimously.

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

Mr. White reported that Kinder Morgan started drilling the 11-3-30 Fee well (Permit 989) last week and that the remedial work announced last April was progressing nicely.

CALL TO THE PUBLIC

Mr. Dixon reported that the BLM planned a lease sale in February 2013 for 14 sections of land in the Gray Mountain area. He indicated that the minerals were federal and the surface was state on 13 of the 14 sections.

ANNOUNCEMENTS

The Commission scheduled its next meeting at 10:00 a.m. on January 18, 2013, in room 321 at the State Land Department Building in Phoenix.

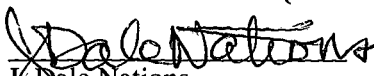
ADJOURNMENT

Mr. Cooper moved, seconded by Mr. Thorwald:

THAT THE MEETING BE ADJOURNED

Motion carried unanimously. Time of adjournment was 10:20 a.m.

APPROVED


J. Dale Nations
Chairman

GUESTS IN ATTENDANCE

Mr. Scott Bowles	Triomphe Energy
Mr. Todd Clement	Triomphe Energy
Mr. Joe Dixon	State Land Department
Mr. Dennis Hall	Montgomery & Associates
Ms. Michele Van Quathem	Ryley Carlock & Applewhite
Mr. Thomas White	Kinder Morgan CO ₂ Company