

## OIL AND GAS CONSERVATION COMMISSION

416 West Congress #100  
Tucson, Arizona 85701

Minutes of Meeting  
April 19, 2013

Present:

Dr. J. Dale Nations, Chairman

Mr. Robert L. Wagner, Vice-chairman

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 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 JANUARY 18, 2013

Mr. Wagner moved, seconded by Mr. Cooper:

THAT THE MINUTES OF THE MEETING OF JANUARY 18, 2013, BE ACCEPTED AS PRESENTED

Motion carried unanimously.

### CONFLICTS OF INTEREST

None

### REPORT OF STATE GEOLOGIST AND DIRECTOR OF ARIZONA GEOLOGICAL SURVEY

Dr. Allison asked if the Survey was providing the staff and technical support the Commission needs. The Commissioners considered the current support excellent but did ask for help in getting members appointed to the Commission. Dr. Allison briefed the Commissioners on the Mancos Shale play in New Mexico, which would require horizontal wells and hydraulic fracturing if pursued in Arizona. He noted more interest, inquiries, and concerns from the public, news media, and local officials about hydraulic fracturing in Arizona. Dr. Allison suggested that the Commission invite operators to file information about materials they use in fracturing in Arizona on FracFocus, which is a national hydraulic fracturing chemical registry website, or to post the information on the Commission's website when it becomes public to help allay public concerns and provide open transparency.

The Commissioners approved of the suggestion to invite operators to voluntarily post hydraulic fracturing information on FracFocus or if they did not to post the information on the Commission's website. Mr. Rauzi indicated that he would add a link to FracFocus on the Commission's web page.

### 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 seven new permits were issued and four wells were drilled since the January 2013 meeting. He reported that three wells were drilled for potash and one was drilled for carbon dioxide.

Mr. Rauzi reported that he completed an inspection of both the Plains LPG and Enterprise Products LPG storage facilities near Luke and Holbrook respectively. He reported that both facilities were in good condition and that Enterprise was testing the integrity and measuring the capacity of six wells.

REQUEST BY TRIOMPHE TO EXTEND CONFIDENTIALITY IN TRIOMPHE 1 WELL (PERMIT 1095)

Mr. Rauzi reported that Triomphe requested an extension of confidentiality for its Triomphe #1 well. Triomphe's written request stated that disclosure of information would harm its competitive position while its project was in its initial stages including pursuit of nearby land holdings. He recommended approval of an extension. After discussing the continuing work and activity at the well,

Mr. Thorwald moved, seconded by Mr. Wagner:

TO GRANT TRIOMPHE ENERGY'S REQUEST TO EXTEND CONFIDENTIAL STATUS FOR ONE YEAR FROM JUNE 2013

Motion carried unanimously.

STATUS OF THE KINDER MORGAN PROJECT BETWEEN ST JOHNS AND SPRINGERVILLE

Mr. White reported that well work and testing were continuing and that Kinder Morgan planned to drill three additional wells.

CALL TO THE PUBLIC

Mr. Dixon reported that all four tracts near Gray Mountain were leased at the February BLM lease sale in Denver.

ANNOUNCEMENTS

Dr. Nations reported that he had contacted the Governor's Office of Boards and Commission about appointments or reappointments and that he has not received a reply.

The Commission scheduled its next meeting at 10:00 a.m. on July 19, 2013, in room 321 at the State Land Department Building in Phoenix.

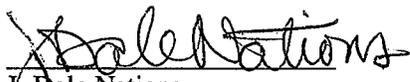
ADJOURNMENT

Mr. Wagner moved, seconded by Mr. Thorwald:

THAT THE MEETING BE ADJOURNED

Motion carried unanimously. Time of adjournment was 10:31 a.m.

APPROVED

  
J. Dale Nations  
Chairman

GUESTS IN ATTENDANCE

- |                  |                         |
|------------------|-------------------------|
| Mr. Joe Dixon    | State Land Department   |
| Dennis Hall      | Montgomery & Associates |
| Terri Luck       | Vertex                  |
| Kim Morey        | State Land Department   |
| Rebecca Price    | Vertex                  |
| Mr. Thomas White | Kinder Morgan           |