

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

Minutes of Meeting
October 16, 2015

Present:

Mr. Robert L. Wagner, Vice-chairman

Mr. Stephen R. Cooper, Member

Mr. Frank Thorwald, Member (appeared by telephone)

Dr. M. Lee Allison, State Geologist and Director of Arizona Geological Survey

Mr. Steven L. Rauzi, Oil and Gas Program Administrator

Mr. Wagner, Vice-Chairman, called the regular Commission Meeting of October 16 to order at 10:05 a.m. in Room 321, State Land Department Building in Phoenix, Arizona.

APPROVAL OF THE MINUTES OF THE MEETING OF JULY 17, 2015

Mr. Dixon corrected spelling of Carlson to Karlsson. Mr. Wagner corrected Wagoner to Wagner.

Mr. Cooper moved, seconded by Mr. Thorwald:

THAT THE MINUTES OF THE MEETING OF JULY 17, 2015, BE APPROVED
AS CORRECTED

Motion carried unanimously.

CONFLICTS OF INTEREST

None

REPORT OF STATE GEOLOGIST AND DIRECTOR OF ARIZONA GEOLOGICAL SURVEY

Dr. Allison clarified that the Survey did not propose raising the permit fee from \$25 to \$500 as was reported in the last meeting, rather the permit fee in Arizona was compared to permit fees in other states and presented as an option to raise funds to support the Commission. He noted that permit fees did not come to the Arizona Geological Survey but went to the State Treasurer. Dr. Allison discussed the Sunset Review of the Commission and reported that the Committee of Reference voted unanimously to continue the Commission for eight years. He discussed the online survey sent to the Commissioners by the Governor's office noting that they were reviewing all Commissions and Boards across the state to see if any are obsolete, could be consolidated, or should be moved. Dr. Allison pointed out that the Survey subsidizes half the funding for the Commission with money raised from outside the General Fund. Dr. Allison discussed two proposed pieces of legislation that came out of the sunset review: one was to clarify confusion with ADEQ rules with regard to stimulation versus hydraulic fracturing and the other to clarify confusion with ADWR rules with regard to drilling certain types of geothermal wells, particularly open loop direct use wells.

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 no permits were issued since the last meeting. He

reported Vision Energy extended its permit 1199 for six months through April 2016; Kinder Morgan plugged and abandoned 10 wells and concluded long term testing of two wells in its CO₂ field with stabilized flow rates of 15 MMCFD and 20 MMCFD. Mr. Rauzi reported that the confidential status of the Triomphe well expired on October 1 and the Karlsson Group requested release of the American West Potash bond. He noted that American West Potash concluded its drilling program in October 2013 and that the Karlsson Group acquired all the assets of American West Potash in 2014.

STATUS OF KINDER MORGAN CO2 PROJECT BETWEEN ST JOHNS AND SPRINGERVILLE

Mr. White reported that there was no new activity.

CALL TO THE PUBLIC

Mr. Dixon reported the Land Department approved three surface use plans for Carmon Bonanno Blackstone Exploration in Apache and Navajo Counties and seismic surveys for Ranger Development in the Pinta Dome and Monte Vista in the Gray Mountain areas. He mentioned the seismic activity near Kingman. Dr. Allison commented that he met with former elected leaders of the Hopi and Navajo Tribes. He reported that they had formed a non-official business partnership between leaders of the two tribes to try to encourage energy resource development in some of the joint jurisdiction lands. Dr. Allison noted that they've asked him to collaborate and that he's made presentations to two out of state companies that are interested in evaluating resources on Indian lands.

ANNOUNCEMENTS

The Commission scheduled its next meeting at 10:00 a.m. on January 15, 2016, 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 10:32 a.m.

APPROVED


J. Dale Nations
Chairman

GUESTS IN ATTENDANCE

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|---------------------|----------------------------|
| Mr. Joe Dixon | State Land Department |
| Ms. Louise Erickson | Assistant Attorney General |
| Mr. Thomas White | Kinder Morgan CO2 Company |