

OIL & GAS CONSERVATION COMMISSION
416 W. Congress St. #100
Tucson, AZ 85701

Draft Minutes of Meeting
January 15, 2016

Present:

Mr. Stephen R. Cooper, Member
Mr. William Feyerabend, Member
Mr. Frank Thorwald, Member
Dr. M. Lee Allison, State Geologist and Director of the Arizona Geological Survey
Mr. Nyal Niemuth, Oil & Gas Program Administrator
Mrs. Kendra Decker, Oil & Gas Program Secretary

Mr. Niemuth, OGCC Program Administrator, called the regular Commission Meeting of January 15, 2016 to order at 10:01 a.m. in Room 321, State Land Department Building, Phoenix, Arizona.

APPROVAL OF THE MINUTES OF THE MEETING OF OCTOBER 16, 2015

Mr. Thorwald moved, seconded by Mr. Feyerabend:

THAT THE MINUTES OF THE MEETING OF OCTOBER 16, 2015, BE APPROVED.

Motion carried unanimously.

CONFLICT OF INTEREST

None

VOTE ON AN ACTING CHAIR OR NEW COMMISSION CHAIR

Mr. Niemuth reported on his discussion with Mr. Dale Nations concerning Mr. Nation's medical condition that may prevent him from serving as OGCC Commissioner in the future. Mr. Nation's expressed interest in reapplying as chairman once he was able to properly serve. Mr. Thorwald suggested appointing an acting chairman until Mr. Nation's was able to serve. Mr. Cooper suggested

appointing Mr. Thorwald as co-chair with Mr. Nations for a period of one year. Mr. Feyerabend stated his view that it is important to appoint someone who can properly fulfill the duties as Commissioner. The OGCC Members turned to Mr. Ziess and asked if any legal issues pertained to appointing a Commissioner. Mr. Ziess stated that while there were no legal issues his suggestion was to appoint a new chair and reconsider Mr. Nations when he was able to assume all regular duties.

Mr. Cooper moved, seconded by Mr. Feyerabend:

THAT MR. FRANK THORWALD BE APPOINTED OGCC CHAIRMAN

Motion carried unanimously.

Mr. Cooper moved, seconded by Mr. Feyerabend:

THAT MR. DALE NATIONS BE APPOINTED OGCC VICE CHAIR

Motion carried unanimously.

REPORT OF STATE GEOLOGIST AND DIRECTOR OF THE ARIZONA GEOLOGICAL SURVEY

Dr. Allison reported that the Interstate Oil & Gas Compact Commission (IOGCC) is recognizing Mr. Nations as the longest running state oil and gas representative. A formal recognition will take place at the next IOGCC annual meeting. Dr. Allison has notified Hunter Moore and has suggested the state of Arizona and the Governor's office recognize Mr. Nations as well.

Dr. Allison reported that with the recent retirement of Steven Rauzi he has appointed Nyal Niemuth as the OGCC Administrator and Kendra Decker as the OGCC Secretary. Mr. Niemuth will serve as technical lead, Mrs. Decker will provide administrative support. There will be no change to the files or records, everything will remain at the Tucson office.

Dr. Allison briefed the commission on relevant legislation.

SB1059 would continue the OGCC for 8 years (the maximum term). There is no expected opposition to this bill. The Arizona Geological Survey will inform members of any hearings. Mr. Niemuth will attend hearings as OGCC representative.

HB2407 would prohibit hydraulic fracturing. Dr. Allison didn't think this would pass or get much attention. Dr. Allison's recommendation to the governor's office would be to oppose the bill. This brought up the matter of the role and position of the OGCC regarding the legislation. Members considered scheduling a special meeting to discuss legislation.

INTRODUCE THE NEW ATTORNEY GENERAL FOR THE OGCC

Mr. Zeiss briefly introduced himself to the group as the new Attorney General for the OGCC.

REVIEW OF AMERICA WEST POTASH BOND ISSUE

Mr. Zeiss recommended to the commission that they begin an executive session.

Mr. Thorwald moved, seconded by Mr. Cooper:

THAT THE COMMISSION GO INTO EXECUTIVE SESSION TO RECEIVE LEGAL ADVICE

Motion carried unanimously. The Executive Session began at 10:33 am

The regular meeting resumed at 10:52 am.

Mr. Thorwald moved, seconded by Mr. Feyerabend:

TO POSTPONE ACTION ON THE AMERICA WEST POTASH BOND

Motion carried unanimously.

Mr. Cooper moved, seconded by Mr. Feyerabend:

THAT THE MEETING RETURN TO ITEM 6 ON THE AGENDA

Motion carried unanimously.

REPORT OF THE OGCC ADMINISTRATOR

Mr. Niemuth reported that four new well permits have been issued to Blackstone Exploration. Blackstone Exploration is likely to increase their bond amount from \$25,000 to \$50,000 to support additional permits.

As of January 1, 2016 the State Land Department has 490 leases that cover 894,924.96 acres

CALL TO THE PUBLIC

Mr. Richard Porter, Twin Bridges LLC, introduced himself. He reported Ranger Development has drilled two wells, shot seismic lines and may acquire more permits. They plan to be very active in Arizona. He would like to get on the agenda for the next meeting to present on their plans and activity.

Mr. Joe Dixon, Arizona State Land Department, reported that it has approved three additional permits on State land to Carmon Bonanno and will be sending the information to the OGCC.

ANNOUNCEMENTS

Mr. Niemuth announced that the next meeting was scheduled for Friday April 15, 2016 at 10 a.m. in Room 321 of the State Land Department Building in Phoenix, Arizona.

ADJOURNMENT

Mr. Thorwald moved, seconded by Mr. Feyerabend:

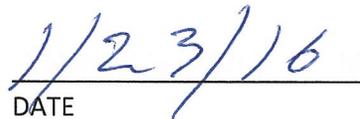
THAT THE MEETING BE ADJOURNED

Motion carried unanimously. Time of adjournment was 11:05 am.

REVIEWED



FRANK THORWALD
CHAIRMAN



DATE

GUESTS IN ATTENDANCE

- Mr. Rick Zeise, Assistant Attorney General
- Ms. Louise Erickson, Assistant Attorney General
- Mr. Joe Dixon, State Land Department
- Mr. Richard Porter, Twin Bridges LLC
- Mr. Thomas White, Kinder Morgan CO₂ Company