

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

Minutes of Meeting
March 7, 2016

Present:

Mr. Stephen R. Cooper, Member (PHONE)
Mr. Frank Thorwald, Member
Mr. Dale Nations, Member (PHONE)
Mr. Chris Hanson, Deputy Director of the Arizona Geological Survey (PHONE)
Mr. Nyal Niemuth, Oil & Gas Program Administrator
Mrs. Kendra Decker, Oil & Gas Program Secretary (PHONE)

Mr. Thorwald, OGCC Chairman, called the Commission Meeting of March 7, 2016 to order at 10:03 am in Room 321, State Land Department Building, Phoenix, Arizona.

APPROVAL OF THE MINUTES OF THE MEETING OF February 5, 2016

Mr. Nations moved, seconded by Mr. Cooper:

THAT THE MINUTES OF THE MEETING OF February 5, 2016, BE APPROVED.

Motion carried unanimously.

CONFLICT OF INTEREST

None

REVIEW OF AMERICA WEST POTASH BOND ISSUE

Mr. Cooper moved, seconded by Mr. Nations:

THAT THE COMMISSION ENTER EXECUTIVE SESSION.

Motion carried unanimously. The Executive Session began at 10:05 am

The regular meeting resumed at 10:12 am

Mr. Cooper moved, seconded by Mr. Thorwald:

THAT THE COMMISSION DIRECT MR. ZEISE AND THE ARIZONA ATTORNEY GENERALS OFFICE TO RESOLVE THE BOND CLAIM OF THE KARLSSON GROUP PER DIRECTIONS GIVEN IN THE EXECUTIVE SESSION.

Motion carried unanimously.

REPORT OF THE STATE GEOLOGIST

Mr. Hanson discussed the pending transfer of the Arizona Geological Survey to the University of Arizona, discussion is ongoing between UA and Governor's office. No updates to report at this time. There are also no updates on the transfer of OGCC to DEQ. The budget is moving through the legislature and should up for discussion this week or next.

Mr. Nations expressed concern that the OGCC has had no input in this transition and could be in violation of our statutes if the move to DEQ takes place. Mr. Hanson stated that it is the understanding of the AZGS that legislation would need to take place regarding the transfer of AZGS to the UA and the assumption is that the same would be true of the transfer of the OCGG to DEQ.

Mr. Hanson explained that SB 1059, the bill to extend the OGCC, has been amended to extend the OGCC for 6 years (to match DEQ's Sunset Statute) and passed the Senate. It is being reviewed by the House rules committee today. We expect it to pass with no problems.

Mr. Hanson updated the commission of HB 2613 the bill relating to the licensing of state geologists. The bill would actually remove the requirement for geologists to be licensed. The bill passed House with a floor amendment to keep the registration for state geologists intact. But would add a clause that a geologist may engage in geologic practice without being registered. Mr. Nations expressed concern on what that may mean for professional geologists. The bill is now in the Senate- AZGS will keep the OGCC updated on the progress.

HB 2407 regarding fracking is officially dead- it was never assigned to a committee.

Mr. Dixon asked if SB 1059 will have to go back to the Senate since it was amended?

Mr. Hanson clarified that yes, the bill would have to go back to the Senate for a vote but should pass with no problems.

REPORT OF THE OIL AND GAS ADMINISTRATOR

Mr. Niemuth reported that he received a call from Carmon Bonano stating that Blackstone is drilling Rocking Chair Ranch 1.

Mr. Niemuth reported that mechanical integrity tests are being conducted at the Plains Midstream LPG storage facility and he witnessed the test being conducted in a reasonable fashion and will write a note for the permit folder regarding the testing.

Mr. Nations questioned Nyal about his comfort in doing the technical aspects of the inspections and the possibility of more training. Mr. Nations had previously contacted the IOGCC to see if they have any training programs but those programs are no longer offered.

Mr. Niemuth stated that the AZGS had discussed the possibility of traveling to Utah to do some shadowing with the Utah Geological Survey but that was put on hold considering the legislation to transfer OGCC to DEQ.

CALL TO THE PUBLIC

Mr. Porter with Ranger Development stated that he has submitted two drilling applications to the OGCC. They should be received by the office today. Joe Dixon reported that the State Land Department is doing archeological review for the well sites.

Mr. Porter requested that Ranger Development be on the next meeting agenda to give a presentation to the commission at the next meeting.

Mr. Thorwald expressed his interest in accompanying Mr. Niemuth in the site inspections.

Mr. Thorwald moved, seconded by Mr. Nations:

TO REPLACE THE PROPOSED MAY 15, 2016 COMMISSION MEETING WITH A REGULAR MEETING
ON APRIL 8, 2016 AT 10A AM IN THE STATE LAND DEPARTMENT ROOM 321.

Motion carries unanimously.

ANNOUNCEMENTS

None

ADJOURNMENT

Mr. Nations moved, seconded by Mr. Cooper:

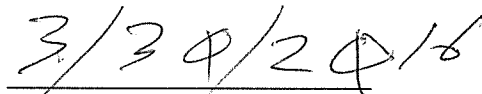
THAT THE MEETING BE ADJOURNED

Motion carried unanimously. Time of adjournment was 10:43 am.

REVIEWED



FRANK THORWALD
CHAIRMAN



DATE

GUESTS IN ATTENDANCE

- Mr. Rick Zeise, Assistant Attorney General
- Ms. Michele Van Quathem, Ryley Carlock & Applewhite
- Mr. Rick Porter, Ranger Development
- Mr. Joe Dixon, AZ State Land Department