



Douglas A. Ducey  
Governor

State of Arizona  
**Oil and Gas Conservation Commission**

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Dennis L. Turner, Oil and Gas Administrator

Commissioners:  
Frank Thorwald, Chair  
Robert L. Wagner, Vice Chair  
Stephen R. Cooper  
William C. Feyerabend  
J. Dale Nations, Ph.D.

**MINUTES OF MEETING**  
**April 14, 2017**

PRESENT:

Mr. Frank Thorwald, Chairman of the Oil & Gas Conservation Commission (OGCC)  
Mr. Bill Feyerabend, Member  
Mr. Robert Wagner, Member  
Dr. Dale Nations, Member (via telephone)  
Mr. Rick Zeise, OGCC Counsel  
Mr. Dennis Turner, Oil & Gas Program Administrator  
Mr. Nyal Niemuth, OGCC Asst.

CALL TO ORDER

Mr. Thorwald called the OGCC Meeting of April 14, 2017 to order at approximately 11:10 a.m. in the OGCC basement storage area of 416 West Congress, Arizona Department of Administration Tucson, Arizona. The general format of this meeting was to meet first in the basement to view and discuss the oil and gas sample storage situation, break for lunch, and then reconvene for the remainder of the agenda in Room 444 of 400 W. Congress (ADEQ's Southern Regional Office).

DISCUSSION AND APPROVAL OF THE MINUTES OF THE MEETINGS

For the meeting minutes of February 17 and March 16, 2017:

Mr. Wagner moved, seconded by Mr. Feyerabend:

THAT THE MINUTES OF THE MEETINGS OF February 17 and March 16, 2017, BE APPROVED.

Motion carried unanimously.

CONDITION OF THE OIL AND GAS SAMPLE STORAGE AREA:

Mr. Turner discussed current conditions of the basement storage area and foreseeable problems. Although space is becoming more limited, most of the storage area is reasonably well organized. Mr. Constenius stated that the organization and condition of the room today is much improved from five years ago. Mr. Turner solicited suggestions from the Commissioners and members of the public that were present on how to improve conditions or alternative storage options. The ensuing discussion was about vacant space in the adjoining room, shipping OGCC samples to the Denver repository of the US Geological Survey (USGS), long term storage options elsewhere and disposal of unwanted materials.

Mr. Thorwald moved, which was and passed unanimously, to direct Dennis Turner and Nyal Niemuth to review and inventory materials on open shelving in the OGCC sample storage room. In addition, they are to notify and transfer to others any materials not directly connected with Arizona OGCC business. A number of boxes, sample storage bags (large and small, labeled and unlabeled) and sample buckets

belonging to the USGS, AZGS and others have been stored there as a courtesy. Space is limited and this action is necessary to make additional space for storing future OGCC oil and gas well cuttings.

Near the conclusion of this discussion, Commissioner Robert Wagner joined and Dale Nations left the phone conference.

The discussion continued on current storage space requirements and alternatives. Kurt Constenius reported he has used digital files received from the previous program administrator on how cutting are organized used them to select cutting for review. He noted how useful they were to Ranger and that there likely wouldn't be helium production now without these samples and well files that are on line at the OGCC website.

Mr. Constenius recommended that the Commission transfer any remaining paper records in the cutting storage area to Phoenix and later, if the cuttings could no longer be stored in the basement, that they could be transferred to the USGS' permanent storage facility in Denver. Rick Zeise noted that Arizona public records law may require them to stay in Arizona and also noted ADEQ has its own specific rules as to records in addition to those from ADOA. Mr. Turner pointed out the current access issues and difficulties with the records and cuttings being stored in Tucson. Frank Thorwald volunteered to investigate if the USGS had interest in the materials before making any decisions. Mr. Contentious offered to send the Commissioners USGS links and contacts of that storage facility.

Rick Zeise read and reviewed the pertinent Arizona statutes requiring OGCC to store and index cuttings and core.

Meeting participants then discussed the OGCC well GIS database and related website viewer and the geothermal well database previously developed and overseen by the AZGS. The discussion included background as to what it consisted of, how and where it is hosted and discussion of its status. The geothermal well database is not currently an active project. Some of the OGCC records related to oil and gas and water wells were included and data extracted to use for the web well GIS viewer. Mr. Turner pointed out that the past three to five years of well file data have not been entered and updated on the website, but that we are meeting with ADEQ's GIS specialist Victor Gass to get them current again. Commissioner Thorwald wanted to know if the database still has all the geothermal well data.

*NOTE:* following this meeting, Turner and Niemuth contacted the USGS, AZGS and Kinder-Morgan CO2 Co. LLP. Kinder-Morgan is not interested in reclaiming its samples; the USGS and AZGS are still considering their options. Both government entities will be contacted again before June 30 to get an update on their decision progress.

#### FIVE YEAR RULE REVIEW REPORT:

Mr. Thorwald recused himself and left the meeting at this point, because he is a member of the Governor's Regulatory Review Council (GRCC). The OGCC went into Executive Session at 12:20 p.m. Mr. Wagner temporarily assumed chairmanship of the meeting.

The OGCC returned to the regular session and adjourned for lunch at 12:40 p.m.

*Following a lunch break, the Commission moved to Room 444 in 400 W. Congress to continue the meeting. The remainder of the meeting agenda was discussed:*

Mr. Thorwald resumed control for the remainder of the meeting.

#### CONTINUATION OF DISCUSSION OF DRAFT POLICIES:

Mr. Turner reviewed forms that have or are being revised and enquired whether approvals are needed:

- Revised bond checklist
- Sample policy memo - 1986
- Confidentiality request form
- "Bond policy v2\_AZGS Policy Memo\_2010"

Mr. Zeise said that if the changes are administrative in nature Turner and Zeise can review and implement, but beyond that, the Commission must review and approve any other changes.

Mr. Turner asked about the Bond Policy Memo of 2010. There was no discussion as there is no urgency. The bond return checklist was discussed as an agenda item during the ADEQ meeting with Mr. Thorwald on April 11, 2017.

#### CALL TO THE PUBLIC:

No members of the public attended the session that followed lunch.

#### ANNOUNCEMENTS

##### OGCC Chairman's meeting with ADEQ on April 11

Mr. Thorwald summarized his ADEQ meeting with Dennis Turner and Balaji Vaidyanathan (ADEQ Facilities Emission Control Section Manager and Mr. Turner's supervisor). The discussion focused chiefly on how to remain within the 45 day performance measure that ADEQ requires of Mr. Turner on issuing permits. Mr. Vaidyanathan recognizes that ADEQ and the OGCC are governed by different rules and statutes. It was agreed that Mr. Turner should hold a pre-submission meeting with all oil and gas permit applicants to review all required permit application components before accepting any application to drill. The agreed upon approach is to provide each applicant (both old and new) with a checklist of application requirements either beforehand or at the time the application is submitted. In addition, the checklist will be posted on the OGCC website.

The process will work as follows: All applicants meet with the Administrator before an actual permit application is accepted, to assure that the submission is complete. If the application is woefully inadequate, the application, with permit fees and performance bond, would be returned to the applicant. The Commission will not agree to deny an application just to restart the Licensing Time Frames clock or Mr. Turner's Performance Measure. The Commission also wants to avoid any lawsuits that could result from such a denial.

Also discussed was the submittal of applications online. Turner would like to use the myDEQ system for the OGCC that ADEQ uses for its permitting and compliance programs, but due to very limited ADEQ resources, this cannot be accomplished for the foreseeable future. So, an electronic and paper submittal is required by the checklist, which manually processed. The electronic version means less time scanning every paper submittal, with the ultimate goal of updating well file information in the Oil and Gas viewer. Electronic well files have apparently not been updated since at least 2010.

Discussion of multiple zone completions by the same operator in the same area: the current rules as written require a Commission hearing and approval, according to Mr. Rick Zeise.

##### Report of OGCC Program Administrator.

Planned inspections for April and May: Dennis Turner reported on inspections in the Kinder Morgan CO2 field. He reported on well workovers and plug and abandon activities. Kinder Morgan was very receptive to the visit. Tom White of Kinder Morgan explained that they are using a 7-foot pipe for the P & A marker that extends three feet below grade into cement and is welded to a plate that is welded to the

well head. The pipe extends the required four feet above grade. Dennis approved the weld method and waived the requirement in A.A.C. R12-7-127(F) for the pipe to only be anchored in cement in the casing.

Planned training for April and May: Mr. Turner recently participated in ADEQ Lean training. Lean is being implemented ADEQ-wide to facilitate a continuous improvement process and reduce waste in regulatory program processes. He reported that ADEQ's Executive Leadership Team is pleased with OGCC's program improvements and how they fit into the Lean model. Turner will be attending free training in Oklahoma City and Austin for oil and gas inspectors. Inasmuch as the deadline is effectively May 19, the Adamana LPG facility inspections will be postponed or canceled. The OGCC has conducted no formal inspections of the facility since Steve Rauzi retired some 18 months ago. Discussion was tabled until the GRRC time frames are finalized on Monday.

Robert Wagner noted he will be out the month of July.

ADJOURNMENT

Mr. Wagner moved, seconded by Mr. Feyerabend:

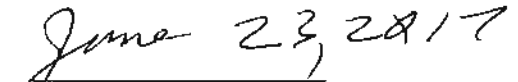
THAT THE MEETING BE ADJOURNED

Motion carried unanimously. Time of adjournment: 1:27 p.m.

REVIEWED



FRANK THORWALD  
CHAIRMAN

  
DATE

GUESTS IN ATTENDANCE:

- Joe Dixon, AZ State Land Dept.
- Keenan Murray, AZ State Land Dept.
- Kurt Constenius, Twin Bridges Geologist