



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
July 12, 2017

PRESENT:

Mr. Frank Thorwald, Chairman of the Oil & Gas Conservation Commission (OGCC)

Dr. Dale Nations, Member (via telephone)

Mr. Bill Feyerabend, Member (via telephone)

Mr. Rick Zeise, OGCC Counsel

Mr. Dennis Turner, Oil & Gas Program Administrator

CALL TO ORDER

Mr. Thorwald called the OGCC Meeting of July 12, 2017 to order at 1:20 p.m. in Room 3100B at the Arizona Department of Environmental Quality, Phoenix, Arizona. This Regular Session immediately followed the Public Hearing for Ranger Development's well spacing exceptions.

REPORT BY THE OIL AND GAS ADMINISTRATOR

- Amendments to Title 12, Ch. 7 of the Arizona Administrative Code as a result of the GRRC review – Reserved for the Executive Session
- Utilization of the Interstate Oil and Gas Compact Commission (IOGCC) for secondary technical oversight of rule revisions – Reserved for the Executive Session
- Amendment to A.A.C. R12-7-107(E) – horizontal drilling [originally proposed in OGCC's March 22, 2012 GRRC Five Year Rule report] – At least one member of the Governor's Regulatory Review Council admonished the OGCC to address this matter in rule revisions, "the sooner, the better." The 2012 Five Year Report recommended this rule be revised to include horizontal drilling, no record was found that an exception to the rule moratorium at the time was not pursued. It will be included in the rule package now being contemplated.
- Multiple zone completions (A.A.C. R12-7-116) and comingling production (A.A.C. R12-7-137) in wells where 100% of the lease holdings are held by one operator – Mr. Turner requested a vote on granting him authority to approve applications involving multiple zone completions or comingling production in these lease holding situations. Mr. Zeise stated that the rules clearly require a public hearing whenever this situation arises. Three of the Commissioners supported the Administrator's request, but Mr. Thorwald recommended that the matter be tabled until Mr. Zeise could study the matter further, possibly for a vote at the next meeting.

Regarding section 137 of the rules, Mr. Zeise asked what the harm to the operator is if permit approval is delayed by the requirement for a hearing. Mr. Hines, Ranger Development, responded with the scenario where a permit to drill is in place and drill rig is onsite ready to complete a well. In this case, the rig may have to be moved off to another job until a public hearing is held, which always involves a huge cost of money and time. When the operator is applying for permit coverage, this pre-authorized approval would expedite issuance of a permit to drill and essentially guarantee that Mr. Turner can meet the ADEQ-imposed performance measure of 45 days. Whenever a hearing is required, the ADEQ performance measure will be in jeopardy.

REPORT BY THE CHAIRMAN

Seminars for the benefit of the OGCC members and staff: 1) Open Meeting Law; and 2) Public Records Law. Mr. Zeise will be the presenter at a date to be determined.

AMENDMENTS TO TITLE 12, CH. 7 OF THE ARIZONA ADMINISTRATIVE CODE AS A RESULT OF THE GRRC REVIEW

The OGCC went into Executive Session at 1:35 p.m. for the purpose of obtaining legal advice on seeking an exception to the Governor’s moratorium on rule revisions. The OGCC returned to the Regular Session at 1:55 p.m.

CALL TO THE PUBLIC

Mr. Hines asked about the recent permitting of a well in southern Apache County, but offered no specifics. The item was not on today’ agenda, so Mr. Zeise advised Mr. Hines to send the Administrator an email with specific information that could be researched further for possible inclusion in a future agenda.

ANNOUNCEMENTS

No announcements.

ADJOURNMENT

Dr. Nations moved, seconded by Mr. Cooper:

THAT THE MEETING BE ADJOURNED

Motion carried unanimously. Time of adjournment was 2:10 p.m.

REVIEWED



FRANK THORWALD
CHAIRMAN

7/14/2017
DATE

GUESTS IN ATTENDANCE:

- Joe Dixon, AZ State Land Dept.
- Keenan Murray, AZ State Land Dept.
- Tony Hines, V.P., Ranger Dev.
- Kurt Constenius, Twin Bridges Geologist