



Douglas A. Ducey
Governor

State of Arizona
Oil and Gas Conservation Commission

1110 W. Washington Street, Phoenix, AZ 85007

602-771-4501

www.azogcc.az.gov

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
August 4, 2017

PRESENT:

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

Mr. Stephen R. Cooper, Member, via telephone

Mr. Bill Feyerabend, via telephone

Dr. Dale Nations, 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 August 4, 2017 to order at 9:57 a.m. in Room 3100B at the Arizona Department of Environmental Quality, Phoenix, Arizona.

DISCUSSION AND APPROVAL OF MEETING MINUTES

Dr. Nations moved, seconded by Mr. Thorwald:

THAT THE MINUTES OF THE FOLLOWING MEETINGS BE APPROVED:

- June 23, 2017 public meeting
- June 23, 2017 Executive Session
- July 12, 2017 public hearing
- July 12, 2017 public meeting
- July 12, 2017 Executive Session

Motion carried unanimously.

REPORT BY THE OIL AND GAS ADMINISTRATOR

ADEQ intends to introduce legislation in the regular legislative session beginning January 2018 to obtain primacy for the USEPA Underground Injection Control (UIC) program. Mr. Turner said that the process (statutory changes, rule development, public participation and final rule implementation) could be finished by December 2019. However, the anticipated complexity of this particular rule-making process could extend that date into late 2020. Timing of the revisions of the OGCC rules may overlap somewhat with UIC rule development, but it's too early to know how much. Mr. Turner assured the Commission that ADEQ and the OGCC will work closely to avoid rule conflicts, redundancy and overlap with each other. This was a stated goal of the Oil and Gas Five Year Rule Review Report.

Rare Earth Exploration: The OGCC learned, contrary the operator's claims, that the site was not reclaimed, as numerous strings of production casing remained at the 24-1 well site. Therefore, the requirements of AAC R12-7-127 had not been met and the site will not be inspected until the tubing is removed. An August 2 email from Mr. Haycraft stated that all production tubing would be removed by Aug. 9. Mr. Turner said he would perform an inspection sometime later in August.

Update on exception request to EO 2017-02 for Oil & Gas rules: Mr. Thorwald stated that he will deliver the memo to the Governor's Office requesting an exception from the rulemaking moratorium.

REPORT BY THE ASSISTANT ATTORNEY GENERAL

Decision on the Oil and Gas Administrator's request for authority to approve applications without a public hearing that involve multiple zone completions or comingling production in wells where 100% of the lease holdings are held by one operator. Mr. Zeise stated that A.A.C. R12-7- 116(A) expressly prohibits multiple zone completions from more than one common source except as authorized by the Commission after notice and hearing. A.A.C. R12-7-137(A) expressly states the comingling or production from different pools is prohibited, unless authorized by order of the Commission after notice and hearing. The Commission is not authorized to bypass public notice and hearing requirements for either rule.

CALL TO THE PUBLIC

AZ State Land Department received Ranger's application for their proposed 34-3 well on July 24 and their archaeological survey report is being reviewed by ASLD's Cultural Resources Section. On July 3 ASLD received a proposed plan from the Cobalt Group to conduct a 2-D seismic survey east and north of the Triomphe No. 1 well (a checkerboard area about 50-50 State and private lands). ADLS approved the plan on July 27.

ANNOUNCEMENTS

No announcements.

ADJOURNMENT

Mr. Cooper moved, seconded by Mr. Feyerabend:

THAT THE MEETING BE ADJOURNED

Motion carried unanimously. Time of adjournment was 10:20 a.m.

REVIEWED



FRANK THORWALD
CHAIRMAN

9/13/2017
DATE

GUESTS IN ATTENDANCE:

- Joe Dixon, AZ State Land Dept.
- Keenan Murray, AZ State Land Dept.
- Michele Van Quathem, Attorney
- Ray Hobbs, United Helium