



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
Vice Chair, vacant
Stephen R. Cooper
William C. Feyerabend
J. Dale Nations, Ph.D.

MINUTES OF MEETING
October 25, 2017

PRESENT:

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

Mr. Stephen R. Cooper, Member

Mr. Bill Feyerabend, Member

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 October 25, 2017 to order at 10:33 a.m. in Room 3100A at the Arizona Department of Environmental Quality, Phoenix, Arizona.

REPORT BY THE OIL AND GAS ADMINISTRATOR

Tucson basement sample repository: Mr. Turner announced that ADEQ has adopted a plan to allow the examination of drill cuttings of oil and gas wells by any interested party. Employees of the Vehicle Emissions Inspections (VEI) unit, recently relocated to the ADEQ Southern Regional Office, will supervise persons who request an appointment to study samples. The procedure will basically involve a phone call or email to the Oil and Gas Administrator to set up an appointment at a mutually convenient time for a VEI employee and the requestor. Samples cannot be removed from the basement; the requestor must furnish their own microscope and testing materials.

The 1986 Sample Policy must be updated. Space limitations will become increasingly critical over time (approximately the next three to five years) and there was discussion about the submittal of drill core, which is rare, and whether such samples should be accepted, limited to skeletonized core, or representative samples collected at regular intervals. The public will be encouraged to comment on the draft policy when it is ready.

A \$25,000 performance bond was returned to Carmon Bonanno after Mr. Turner performed a due diligence on the Gusher State Arizona files. Gusher State #1 and #2 (permits 1187 and 1188) were never drilled and the permits expired in January 2015. The Commission did not receive a written request for a refund until September 2017.

A \$10,000 performance bond was returned to Leonard Hafley after Mr. Turner performed a due diligence on the Hafley #1 well files. Permit 1196 was renewed several times at the operator's request but never drilled. The permit expired in August 2017 and the bond was returned. Permit extensions granted:

Ranger permit #1214 (28-1 NS) was granted a six month extension to March 31, 2018.

Arizona Energy Partners' permits #1215, 1216, 1217 (16-1, 2-1MS, 2-1 NA) were granted six month extensions to April 30, 2018.

OGCC meeting dates for 2018:

All regular meetings (public meetings) of the Arizona Oil and Gas Conservation Commission are scheduled for 10:00 a.m., Fridays, every 6 weeks, beginning January 12, 2018. Unless otherwise noted, all meetings will be at ADEQ's main building, conference room 3100B, 1110 W. Washington Street, Phoenix. Agendas will be posted approximately three to seven days in advance.

**PROPOSED 2018 SCHEDULE of REGULAR MEETING DATES (FRIDAYS)¹ and
CONTINGENCY MEETING DATES (THURSDAYS)²
ARIZONA OIL and GAS CONSERVATION COMMISSION**

REGULAR and CONTINGENCY MEETING DATES	
Friday, Jan 12, 2018	Thursday, July 19
Thursday, Feb. 1	Friday, Aug 10
Friday, Feb 23	Thursday, Aug. 30
Thursday, Mar. 15	Friday, Sep 21
Friday, Apr 6	Thursday, Oct. 11
Thursday, Apr. 26	Friday, Nov 2
Friday, May 18	Thursday, Nov. 22
Thursday, June 7	Friday, Dec 14
Friday, June 29	Thursday, Jan. 3, 2018

¹ All regular meetings will be held on Fridays at 10:00 a.m. in ADEQ's Room 3100B, 1110 W. Washington Street, Phoenix. PLEASE NOTE: Any of these dates may be changed to a different day or time to accommodate urgent issues, or if other conditions warrant, with ample advance notice.

² As a contingency, Room 3100B is also reserved at 6 week intervals on Thursdays at 10:00 a.m., beginning February 1, 2018. These dates are reserved for special meetings, such as Public Hearings. Most Thursday meeting dates will not be held. If a special meeting of the OGCC will occur, agendas for Thursday meeting dates will be announced and posted well in advance.

Plains Bumstead LPG facility: Mr. Turner plans to conduct safety inspection on November 1 of this underground LPG storage facility in Glendale, in accordance with A.A.C. R12-7-182(C). He noted a discussion with Mr. Zeise about the wording of section 182(C), which plainly states that LPG facilities are required to perform semi-annual inspections and submit a report regardless of whether the Administrator is present or not. A review of past practices indicates that these facilities only submitted a report if the Administrator was present for the inspection. Next year, Mr. Turner will send a reminder letter to the Enterprise Products Adamana and the Plains Bumstead facilities approximately one month before their semi-annual inspection is due. Thereafter (in 2019), the operators will be cited for failure to conduct these inspections in accordance with A.A.C. R12-8-182(C).

Well completion and filing requirements: Mr. Turner solicited comments from the public and the Commissioners about their understanding of the meaning of well completion in the context of A.A.C. R12-7-121(A). Dr. Nations stated that it has been the practice of the Commission for a long time that when an operator completes a test of an interval in a well, he is required to submit a completion report within 30 days, regardless of whether all intervals of interest have been tested. Mr. LeBlanc confirmed

that this was his understanding, as well and has complied with that requirement in his filings. The use of Form 4, Well Completion or Recompletion Report and Well Log is one of the requirements to satisfy A.A.C. R12-7-121(A).

CALL TO THE PUBLIC

Joe Dixon, Arizona State Land Department, commented that leases operators obtain from the State Land Department are good for five years and are automatically renewed for another five years. Afterwards, an operator must reapply. In contrast, OGCC drilling permits are valid only for 180 days and must be renewed by the operator; extensions are not automatic (AA.C. R12-7-104(D)).

ANNOUNCEMENTS

No announcements.

REPORT BY THE OIL AND GAS CONSERVATION COMMISSION CHAIRMAN:

Permanent and formal time limit for the public to speak during public meetings: the OGCC officially adopted a time limit of three minutes, with a three minute optional extension; Mr. Thorwald made the motion, seconded by Mr. Cooper, with none opposed.

Vice-Chair and member vacancies on the Commission – Mr. Robert Wagner formally resigned via email on Sept. 6th. There was no substantive discussion on this matter; Mr. Thorwald that recommended any potential candidate contact the Governor’s office to file an application for consideration.

The Commission convened an Executive Session at 11:20 a.m. for the purpose of obtaining legal advice on the following matters:

- o Request legal advice on the exception request to EO 2017-02 for Oil & Gas rules (exception from the Governor’s rulemaking moratorium)
- o Request legal advice on the Triomphe Energy #1 temporary abandonment/ shut-in
- o Request legal advice regarding past due compliance with A.A.C. R12-7-121 (well completion and filing requirements)
- o Request legal advice on the Suncor Bankruptcy – APS \$25,000 blanket performance bond covering 7 sites: 4 P&A’s, 2 in bankruptcy, 1 expired
- o Request legal advice on the development of the Oil & Gas Commission website
- o Request legal advice on what are appropriate public records for the well files

The OGCC returned to the Regular Session at 12:40 p.m.

ADJOURNMENT

Mr. Cooper moved, seconded by Mr. Feyerabend:

THAT THE MEETING BE ADJOURNED

Motion carried unanimously. Time of adjournment was 12:40 p.m.

REVIEWED



FRANK THORWALD
CHAIRMAN


DATE

GUESTS IN ATTENDANCE:

Joe Dixon, AZ State Land Dept.

Keenan Murray, AZ State Land Dept.

Gordon LeBlanc, AZ Energy Partners