



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

MINUTES OF MEETING
September 14, 2018

PRESENT:

Mr. Frank Thorwald,	Chairman of the Arizona Oil & Gas Conservation Commission (AOGCC)
Dr. Dale Nations,	Vice Chairman (via phone)
Mr. Bill Feyerabend,	Member
Mr. Rick Zeise,	Counsel
Mr. Dennis Turner,	Program Administrator

CALL TO ORDER

Mr. Thorwald called the AOGCC Meeting of September 14, 2018 to order at 10:30 a.m. in Room 3100B at the Arizona Department of Environmental Quality, Phoenix, Arizona. No conflicts of interest were reported.

DISCUSSION AND APPROVAL OF MEETING MINUTES

Dr. Nations moved, seconded by Mr. Feyerabend that the following minutes be approved:

- April 6, 2018 Public Meeting
- April 6, 2018 Public Hearing (Ranger Development)
- May 18, 2018 Public Meeting
- July 13, 2018 Public Meeting
- July 13, 2018 Public Hearing (Ranger Development)
- July 13, 2018 Public Hearing (Arizona Energy Partners)

All motions were carried unanimously in one vote. TRIOMPHE ENERGY / THE COBALT GROUP.

The Administrator briefly reviewed again the background to continuing the shut in status for the Triomphe #1 and recommended approval for five (5) years.

After the Commission discussed the issue, Dr. Nations moved, seconded by Mr. Feyerabend:

THAT SHUT IN STATUS OF THE TRIOMPHE ENERGY #1 WELL BE EXTENDED FIVE (5) YEARS TO SEPTEMBER 14, 2023.

Motion carried unanimously.

The Administrator announced the plans of the Cobalt Group, LLC (Cobalt) (parent company of Triomphe Energy) to drill five new wells in the general vicinity of the Triomphe #1. Four of these wells will require a hearing for spacing exception, in accordance with AAC R12-7-107(E).

After some discussion, the Commissioners agreed that seismic data was not a necessary component for Cobalt's applications. Mr. Thorwald suggested tabling the matter for further discussion until October 26,

2018 for a well spacing exception Public Hearing. Mr. Turner suggested Cobalt consider including any plans for multi-zone completions and comingled production with their applications.

ARIZONA ENERGY PARTNERS (AEP) –

Ms. Jamie Hogue, consultant for AEP, requested permit extensions for the AEP 2-1 MS and 2-1 NA.

After the Commission discussed the issue, Dr. Nations moved, seconded by Mr. Feyerabend:

THAT PERMIT STATUS OF THE AEP 2-1 NA AND AEP 2-1 MS BE EXTENDED ONE YEAR (12 MONTHS) TO SEPTEMBER 14, 2019.

Motion carried unanimously.

REPORT BY THE OIL AND GAS ADMINISTRATOR

Mr. Turner reported on the following items.

Sunbelt Holdings plugging of the SunCor 1-19 and 1-24 wells.

The responsible party for the Copper Eagle (SunCor) 1-19 (Mr. Bob Bambauer, V.P., Sunbelt Holdings) stated in an email he would record the well location with the Maricopa County recorder.

The Copper Eagle (SunCor) 1-24 well is nearly complete with the plugging process. The responsible party is Merit Partners and Mr. Turner requested a vote from the AOGCC to require Merit Partners to record the well location with the Maricopa County Recorder.

After the Commission discussed the issue, Dr. Nations moved and Mr. Feyerabend seconded

THAT MERIT PARTNERS FILE WITH THE MARICOPA COUNTY RECORDER THE GPS LOCATION OF THE COPPER EAGLE 1-24 WELL.

Motion carried unanimously.

The Administrator later announced that during the course of meeting that the Copper Eagle 1-24 cement bond log was received via email and shows good cement bond. The submittal of the final plugging report is the final step.

Permit activity.

Rare Earth Exploration may submit more permit applications, but is considering its options.

Bond release requests may be coming from Praxair who was permitted to drill the Vision Energy #1, but was never drilled. Evolution Exploration received a permit for the same location earlier this year under a separate bond.

APS has informed the Administrator that they may be seeking return of the \$25,000 bond for shallow geothermal wells drilled and plugged and abandoned. The issue is complicated because it is connected to the SunCor bankruptcy and other ownership issues.

Mr. Turner will be attending TOPCORP training from October 8 – 12, 2018, Pittsburgh, PA. The course title is Environmental Awareness.

IOGCC / SOGRE peer review of AOGCC rules. The Chairman indicated that the IOGCC's rule evaluation is progressing well. Reports to the Commission will be made in phases.

REPORT BY THE AOGCC CHAIRMAN

No report.

LEGISLATION AFFECTING THE ARIZONA OIL AND GAS CONSERVATION COMMISSION

The US Forest Service is revising its oil and gas regulations and the Chairman asked that the Administrator forward an announcement of a comment period about this to the Commission members.

ADEQ concluded its early stakeholders meetings seeking input on issues affecting Underground Injection Control primacy. ADEQ now moves to developing rules.

CALL TO THE PUBLIC

Mr. Dixon, Arizona State Land Dept., stated that the US Bureau of Land Management awarded bids on two parcels to Desert Mountain Energy with an Oklahoma address. The corporate office is actually in British Columbia. The company maintains a web site (<http://desertmountainenergy.com/>), accessed Oct. 22, 2018) with a press release and other information about their helium exploration plans.

REVIEW AND CONSIDER FUTURE AGENDA ITEMS

Amend rules relating to the Public Comments portion of the meeting

Triomphe Energy #1 well spacing exception/ reclassification

Blackstone State #4 update

EXECUTIVE SESSION – Legal advice on the status of the Blackstone appeal

Dr. Nations moved that the AOGCC go into Executive Session, seconded by Mr. Thorwald. The motion carried and the AOGCC convened an Executive Session at 11:15 a.m.

The AOGCC returned to the Regular Session at 11:45 a.m.

ANNOUNCEMENTS

No report.

ADJOURNMENT

Mr. Feyerabend moved, seconded by Mr. Thorwald:

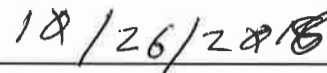
THAT THE MEETING BE ADJOURNED

Motion carried unanimously. The meeting was adjourned at 12:19 p.m.

REVIEWED



FRANK THORWALD
CHAIRMAN



DATE

GUESTS IN ATTENDANCE:

Joe Dixon, AZ State Land Dept.

Jason Abplanalp, AZ State Land Dept.

Rachel Charlton, ASU

Noa Bruhis, ASU

Stephen Romanovsky, ASU

Lisa Test, Nofrackingaz.com

James H. Ballard

Todd Clement, Triomphe Energy

Scott Bowles, Triomphe Energy

Jamie Hogue, AEP consultant

Bailey Reynolds, ASU