



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
October 26, 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
Stephen Cooper,	Member
Mr. Rick Zeise,	Counsel
Mr. Dennis Turner,	Program Administrator

CALL TO ORDER

Mr. Thorwald called the AOGCC Meeting of October 26, 2018 to order at 11:00 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:

- o September 14, 2018 Public Meeting
- o September 14, 2018 Public Hearing (Arizona Energy Partners)

All motions were carried unanimously in one vote.

ARIZONA ENERGY PARTNERS (AEP) –

Ms. Jamie Hogue, consultant for AEP, made a short presentation and requested Commission approval to re-enter and resume drilling of the AEP 16-1. Ms. Hogue stated that AEP's drilling practices include: reducing water use and reusing it; storing mud and drill cuttings in portable metal tanks, and; AEP has no intention of conducting hydraulic fracturing on the AEP 16-1 well.

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

THAT THE PROPOSED RE-ENTRY AND RESUMPTION OF DRILLING OF THE AEP 16-1 BE APPROVED.

Motion carried unanimously.

REPORT BY THE OIL AND GAS ADMINISTRATOR

Mr. Turner reported on the following items.

2019 meeting dates: The commissioners had no objections to the proposed 2019 meeting dates. Meetings will continue to occur at six week intervals.

ADEQ UIC primacy activity update: the AOGCC Chairman stated that the AOGCC wants to review and comment on any draft rules for Class I and Class II that ADEQ produces, which may affect AOGCC regulations. No drafts are anticipated until January 2019, or later.

LPG underground storage facilities: A joint inspection with the Arizona Corporation Commission, Pipeline & Safety Division, Plains, Bumstead (Glendale) is planned for Dec. 6, 2018.

Workovers and MIT tests were performed on six cavern wells at the Enterprise Products' Adamana in June 2018. Final reports were received in September 2018. No outstanding issues were reported. All six cavern storage systems demonstrated the mechanical integrity required for hydrocarbon storage at the time of the tests.

TOPCORP training: Oct 8 – 12, 2018, Pittsburgh, PA. Training included a couple of tours of LPG cracking plants and LPG production facilities.

Copper Eagle (SunCor) 1-19 and 1-24, update/ progress report: all issues resolved and wells have been successfully plugged and abandoned; the recording of the Copper Eagle 1-24 well location at the Maricopa County Recorder's office is the only task remaining.

Upcoming inspections – Inspection of Adamana and Bumstead LPG cavern facilities and inspection of some shut-in or temporarily abandoned and or drilling wells are planned before year-end.

Discussion of geothermal issue, Cochise Co. Waddell-Duncan #1 Murray well Permit No. 02-24): Mr. Turner summarized what is currently known about apparent geothermally heated artesian conditions that developed sometime after plug and abandonment of this well, located on private land in SE Cochise Co., T22S R27E sec. 5. A temperature log run in June 1951 indicates much of the well ranges between 105° F and the logging tool's measurement limit of 155° F. The current owner has struggled with controlling the flow since acquiring ownership in c. 2008.

Prior to today's meeting, Mr. Turner and Mr. Zeise had determined that the AOGCC has no legal standing or authority for this well, since being plugged and abandoned.

The AOGCC recommended that Mr. Turner consult with the Arizona Department of Water Resources.

Dr. Nations stated that in the past there has been numerous wildcats and offsets in the Pedregosa Basin of SE Arizona and Dr. Nations stated that the geology of the Pedregosa Basin is similar to that of the Permian Basin of New Mexico and Texas.

REPORT BY THE AOGCC CHAIRMAN

Work with the IOGCC continues on the oil and gas draft rules.

LEGISLATION AFFECTING THE ARIZONA OIL AND GAS CONSERVATION COMMISSION

No report.

CALL TO THE PUBLIC

No report.

REVIEW AND CONSIDER FUTURE AGENDA ITEMS

No report.

ANNOUNCEMENTS

No report.

EXECUTIVE SESSION: Mr. Thorwald moved that the AOGCC go into Executive Session, seconded by Mr. Feyerabend. The motion carried and the AOGCC convened an Executive Session at 11:38 a.m.

Legal advice on the status of:

- Blackstone State #4 appeal
- Ongoing projects with the IOGCC; and
- Administrative functions governing public comments.

The AOGCC returned to the Regular Session at 12:15 p.m.

ADJOURNMENT

Mr. Thorwald moved, seconded by Mr. Cooper:

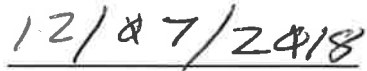
THAT THE MEETING BE ADJOURNED

Motion carried unanimously. The meeting was adjourned at 12:15 p.m.

REVIEWED



FRANK THORWALD
CHAIRMAN



DATE

GUESTS IN ATTENDANCE:

Joe Dixon, AZ State Land Dept.
David Haag, AZ State Land Dept.
Greg Parker
Lisa Test, Nofrackingaz.com, via phone

James H. Ballard
Todd Clement, Triomphe Energy
Scott Bowles, Triomphe Energy
Jamie Hogue, AEP consultant

2019 OGCC meeting dates

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 18, 2019. 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.

2019 SCHEDULE of REGULAR MEETING DATES (FRIDAYS) ARIZONA OIL and GAS CONSERVATION COMMISSION

Jan. 18, 2019

Mar. 1

Apr. 12

May 24

June 28

Aug. 9*

Sep. 20*

Nov. 1*

Dec. 13*

*July 5 is the Friday after the holiday, so this, and all succeeding dates were moved back a week.