



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
December 11, 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 (via phone)
Stephen Cooper,	Member (via phone)
Mr. Rick Zeise,	Counsel
Mr. Dennis Turner,	Program Administrator

CALL TO ORDER

Mr. Thorwald called the AOGCC Meeting of December 11, 2018 to order at 8:37 a.m. in Room 3100B at the Arizona Department of Environmental Quality, Phoenix, Arizona. No conflicts of interest were reported and the roll call confirmed a sufficient number were present for a quorum.

DISCUSSION, CONSIDERATION, POSSIBLE DECISION AND VOTE BY THE COMMISSION:

o Temporary abandonment status of the Blackstone State #4 (a.k.a. ASLD #4) well:

In preparation for the January 7, 2019 hearing with the Office of Administrative Hearing as to ASLD #4, the AOGCC had reviewed the July 13, 2018 AZOGCC order and discussed the current status and information with counsel in an Executive Session. The AOGCC then moved into a public session to discuss and consider the July 13, 2018 AOGCC order.

At the conclusion of the discussion, Dr. Nations moved, seconded by Mr. Cooper, as follows:

THAT THE AOGCC ORDER OF JULY 13, 2018 FOR BLACKSTONE REGARDING ASLD #4 IS HEREBY DISMISSED AND RESCINDED SUBJECT TO A NEW AOGCC ORDER.

Dr. Nations then moved for a new order, seconded by Mr. Cooper as follows:

1. THAT THIS COMMISSION GRANT BLACKSTONE'S REQUEST FOR A 5-YEAR TEMPORARY ABANDONMENT (T/A) STATUS FOR THE BLACKSTONE STATE #4 PURSUANT TO A.A.C. R12-7-125 (B);
2. THAT THE FIVE YEAR PERIOD OF TIME BEGINS JUNE 1, 2018 AND EXTENDS FOR A PERIOD OF FIVE YEARS;
3. DURING THE PERIOD OF TIME THAT ASLD #4 IS ON TEMPORARY ABANDON STATUS, BLACKSTONE SHALL ENSURE THAT NO WORK BEGINS ON A TEMPORARILY ABANDONED OR SHUT-IN WELL UNTIL APPROVED BY THE COMMISSION PURSUANT TO A.A.C. R12-7-125 (D);
4. THAT BEFORE ASLD #4 T/A STATUS EXPIRES, BLACKSTONE SHALL RETURN THE WELL TO BENEFICIAL USE UNDER A PLAN APPROVED BY THE COMMISSION, PERMANENTLY PLUG AND ABANDON THE WELL, OR APPLY FOR AN EXTENSION TO TEMPORARILY ABANDON OR SHUT-IN THE WELL PURSUANT TO A.A.C. R12-7-125 (C);

5. THAT AS PART OF THE BENEFICIAL USE PLAN UNDER A.A.C. R12-7-125 (C), BLACKSTONE SHALL INCORPORATE THE WORKOVER AND TESTING OPERATIONS AS OUTLINED IN THE GEOLOGIC REPORT BY CHRISTOPHER SUMNER DATED MARCH 16, 2017, AND SUBMITTED TO CARMON BONANNO OF BLACKSTONE EXPLORATION COMPANY, LLC , SPECIFICALLY AS TO ASLD #4.

Mr. Dixon, Arizona State Land Department, requested that the Commission reduce the duration of the T/A status to two years from today's date. He said that Blackstone's expiration date for this lease was May 29, 2022. Both Dr. Nations and Mr. Cooper disagreed and recommended a vote for five year abandonment.

Commission member Feyerabend's call dropped off during the discussion. Motion carried unanimously by three votes. Mr. Feyerabend did not return to the meeting.

- o Applicable public participation language to include in all agenda announcements:

Mr. Turner requested approval to amend the public participation language that was approved at the Dec. 7, 2018 meeting, which is now included in all public notices for Commission meetings and hearings. Mr. Turner requested that a minimum of 48 hours' notice be required from a member of the public if a person desires to participate by phone. After a brief discussion, Mr. Cooper suggested amending the proposed language to require only 24 hours when an emergency meeting or hearing is called.

Dr. Nations moved, seconded by Mr. Thorwald that the modified language be adopted.

The motion passed unanimously. In the future, the following amended language for public participation shall appear in all agendas (underlined font indicates today's amended language):

"Members of the Arizona Oil and Gas Conservation Commission will attend either in person or by telephone. The public may also attend Commission meeting either in person or by telephone. Please contact the Oil and Gas administrator at least 48 hours before the scheduled meeting to make arrangements for a member of the public to attend by telephone. In cases where an emergency meeting is called by the Commission, a minimum 24 hours' notice from the public is required.

"The public may be afforded an opportunity to comment on any item on the agenda; however, by ruling of the Arizona Oil and Gas Conservation Commission, any member of the public wishing to speak at this meeting shall be limited to three (3) minutes (see Note 2). Note that agenda items may be taken out of order at the discretion of the Commission.

"NOTE 1: The Arizona Oil and Gas Conservation Commission may vote to hold an Executive Session, pursuant to AR.S. § 38-431 .03(A)(3) or (4), which will not be open to the public, to consult with its attorney and receive legal advice with respect to any regular agenda item listed on this agenda.

"NOTE 2: Any comments provided by the public at the Call to the Public shall not exceed three (3) minutes per speaker. For any comments made during the Call to the Public on any specific issue the overall comment period shall not exceed ten (10) minutes per side. The Commission shall have the authority to end any public discussion that exceeds ten (10) minutes per side or twenty (20) minutes in total."

CALL TO THE PUBLIC

Mr. Dixon requested a copy of the new Commission Order to Blackstone regarding the TA status of the State #4 (a.k.a. ASLD #4).

REVIEW AND CONSIDER FUTURE AGENDA ITEMS

No report.

ANNOUNCEMENTS

No report.

ADJOURNMENT

Mr. Thorwald moved, seconded by Mr. Cooper:

THAT THE MEETING BE ADJOURNED

Motion carried unanimously. The meeting was adjourned at 8:49 a.m.

REVIEWED

FRANK THORWALD
CHAIRMAN

DATE

GUESTS IN ATTENDANCE:

Joe Dixon, AZ State Land Dept.
Jamie Hogue, AEP consultant