



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

MINUTES OF MEETING
August 9, 2019

PRESENT

Mr. Frank Thorwald,	Chairman, Arizona Oil & Gas Conservation Commission (AOGCC)
Dr. Dale Nations,	AOGCC Vice Chairman (via phone)
Mr. Bill Feyerabend,	AOGCC Member
Mr. Stephen Cooper,	AOGCC Member
Mr. Jay Skardon,	AOGCC Counsel, Office of the Attorney General
Mr. Dennis Turner,	AOGCC Program Administrator
Ms. Tawnya Cook,	Arizona Department of Environmental Quality (ADEQ)

CALL TO ORDER

Mr. Thorwald called the AOGCC Meeting of August 9, 2019 to order at 10:00 a.m. in Room 3100B at the Arizona Department of Environmental Quality (ADEQ), Phoenix, Arizona. No one reported any conflicts of interest and the roll call confirmed a sufficient number were present for a quorum.

DISCUSSION AND APPROVAL OF MEETING MINUTES

Dr. Nations moved, seconded by Mr. Feyerabend, that:

THE MINUTES OF JULY 12, 2019 PUBLIC MEETING BE APPROVED
Motion carried unanimously.

COBALT GROUP

Request extension of permits 20-22-18 #1 State, Permit 1230; 20-21-24 #1 State, Permit 1231; 20-22-8 #1 State, Permit 1232; 20-22-17 #1 Jeffers, Permit 1234:

Mr. Turner reviewed the reasons for the Cobalt Group's request for expiration date extensions of their undrilled permits. Mr. Turner recommended permits be extended 180 days.

Mr. Scott Bowles, Cobalt Group, extended his thanks to the Commission and confirmed that their biggest challenge at this time is getting the proper rig for the jobs.

Dr. Nations moved, seconded by Mr. Thorwald to:

APPROVE THE PERMIT EXTENSION FOR 180 DAYS FROM THE EXPIRATION DATE LISTED ON THE TABLE ON THE AGENDA:

<u>Well No.</u>	<u>Permit No.</u>	<u>Expiration Date</u>	
		<u>Old</u>	<u>Approved</u>
Cobalt 20-22-18 #1 State	1230	9/21/2019	3/19/2020
Cobalt 20-21-24 #1 State	1231	10/21/2019	4/18/2020
Cobalt 20-22-8 #1 State	1232	10/21/2019	4/18/2020
Cobalt 20-22-17 #1 Jeffers	1234	10/21/2019	4/18/2020

Motion carried unanimously.

Temporary abandonment of Cobalt 20-22-9 #1 State, permit 1233:

Mr. Turner explained that Cobalt had submitted justification for needing extra time, as discussed in previous meetings and memos to run velocity logs to correlate with seismic interpretations. At this time, Cobalt is requesting a temporary abandonment; the beneficial use being that they may deepen the well in light of new data. Mr. Turner recommends approval up to 5 years. Cobalt is trying to reduce the cost of rig mobility and needs time to find another rig. Temporary abandonment gives them time to do this as well as plans for possible deepening; most likely, this will happen in the next 6 months. Mr. Turner asked if this was the offset well, with stuck tools, and if the drill pipe was recovered. Mr. Bowles confirmed it was, but that they had not attempted recovery yet, but hope to do so when a bigger rig is available. Mr. Turner requested to be kept advised when this happens, as they will need to Commission approval to plug and abandon the well.

Dr. Nations moved, seconded by Mr. Feyerabend to:

APPROVE TEMPORARY ABANDONMENT OF THE COBALT 20-22-9 #1 STATE, PERMIT 1233, FOR A PERIOD OF 5 YEARS BEGINNING AUGUST 9, 2019.

Motion carried unanimously.

RANGER DEVELOPMENT, LLC (RANGER):

Mr. Thorwald stated that there was some confusion with respect to the start dates on what was decided on in the last meeting. Mr. Turner explained the rule that says an operator is granted one year of confidentiality from the date the drilling is completed. If the operator wants an extension of confidentiality, they need to request it, and the Commission may approve up to 2 years of extension from the date of the request. Ranger's request is dated March 26, 2019, requesting a two-year extension for the wells in the table below. Previously, the Commission had determined that confidentiality could be extended, if the public record did not already contain confidential information. The one year of confidentiality provided by A.A.C. R12-7-121(C) for most of these wells has already expired, but no confidential materials have been placed in the public well files. Therefore, Mr. Turner recommended that the two-year extension be approved from the date of Ranger's request (March 26, 2019).

After a brief discussion, Dr. Nations moved, seconded by Mr. Thorwald to:

RECONSIDER THE JULY 12, 2019 APPROVAL TO GRANT CONFIDENTIALITY OF RANGER WELLS INCLUDED IN THE TABLE PROVIDED ON THAT DAY

Dr. Nations moved, seconded by Mr. Thorwald to:

CHANGE THE EXPIRATION OF CONFIDENTIALITY TO MARCH 26, 2021

Both motions carried unanimously in two separate votes.

CONFIDENTIALITY EXPIRATION DATES for RANGER DEVELOPMENT, LLC
Confidentiality period extended 2-years “from date of the request” (3/26/2019)
in accordance with AAC R12-7-121(C)(1)

<u>Permit No. & Well Name</u>	<u>TD Date</u>	<u>Confidential Period Expires</u>
1204 Ranger 3-1 PD	6/10/2016	3/26/2021
1205 Ranger 34-1 PD	6/13/2016	3/26/2021
1213 Ranger 34-2 PD	12/13/2016	3/26/2021
1211 Ranger 33-2 PD	12/28/2016	3/26/2021
1212 Ranger 2-1 MD	1/5/2017	3/26/2021
1221 Ranger 34-3 PD	12/5/2017	3/26/2021
1220 Ranger 33-3 PD	1/21/2018	3/26/2021
1214 Ranger 28-1 NS	2/2/2018	3/26/2021
1225 Ranger 1-10A NS	8/10/2018	3/26/2021

REPORT BY THE OIL AND GAS ADMINISTRATOR. Mr. Turner reported on the following items:

Pollard Helium 36-1 State (Northstar) – The company wants to test a zone of interest and expects to run logs by mid-September. Mr. Pollard is aware of the 60-day time frame in A.A.C. R12-7-125(A) and asked if it is possible for the Commission to change the rule. Mr. Turner explained there is a formal process for a rule change, and assured Mr. Pollard that he would be kept informed as a stakeholder in that process.

Rare Earth 12-1 State – The company’s latest estimate is August 19 for a spud date. NOTE: following this meeting, Rare Earth officially notified the Administrator that the well would spud on Sept. 4, 2019.

Ranger Development - preparing a new well application, which will be on State Land. They have finished drilling on well 27-6 NS, and re-entry on well 33-3 PD is in progress.

Arizona Energy Partners (AEP) 16-1 - finished drilling at the end of June. Sixty days of inactivity expires August 28 (A.A.C. R12-7-125(A)). If nothing reported by then indicating any activity, Mr. Turner will talk to them about temporary abandonment status again. A report of a “hazardous spill” at the 16-1 sent to ADEQ in July, upon inspection, turned out to be nothing. The spilled material is a product of the normal day-to-day operations, no violations of any regulations.

New organization Report form (Form 1) - there was a need to update the form, which will be implemented for all future applications, as well as sent to all existing permittees and have them update their information.

IOGCC Inspectors’ forum - August 25th – 26th and will be held in North Dakota.

REPORT BY THE AOGCC CHAIRMAN

Mr. Thorwald met with Daniel Czecholinski, the Acting Director of the ADEQ Air Quality Division, to discuss improvements to the website and the creation of a new web portal. The purpose of the proposed online portal would be to automate/ streamline/ modernize systems and tracking of oil and

gas operator actions for the program. Mr. Czecholinski is working with the ADEQ's GIS to create a timetable and a budget for the changes to the website.

Mr. Thorwald spoke to a contact at CEMEX about cement types used in wells. The current AOGCC regulations do not give clear direction on types of cement or standards for use in oil and gas wells. CEMEX sent a list of cement types that have been used in the past (no longer a supplier of cement for the oil & gas industry). Mr. Thorwald also spoke to persons at Western States Petroleum and American Petroleum Institute; both stated they want to be included as stakeholders during rule development.

CALL TO THE PUBLIC

Mr. Jim Ballard expressed his support for the Commission's actions regarding Cobalt's request. He also mentioned his support of the Commission's approval to extend Ranger's confidentiality for 2 years.

Mr. Josh Pollard thanked the Commission for working with them, and expressed his frustration with the 60-day rule in R12-7-125(A). Mr. Pollard also asked about an operator's liability for leaving an above ground marker after plugging and abandoning wells. He said that other states do not require a surface marker, but cut the well casing off below the surface at about 3 feet. Mr. Thorwald stated that the Commission cannot answer questions during the call to the public, but can certainly add the topic to a future agenda.

REVIEW AND CONSIDER FUTURE AGENDA ITEMS

Dr. Nations requested that the next agenda include an item about the opinion of the Attorney General's Office about Opinion 60-39.

ADJOURN

Mr. Feyerabend moved, seconded by Dr. Nations that:

THE MEETING BE ADJOURNED

Motion carried unanimously. The meeting was adjourned at 10:28 a.m.

REVIEWED



FRANK THORWALD
CHAIRMAN



DATE

GUESTS IN ATTENDANCE

Jason Abplanalp, AZ State Land Department
James H. Ballard

Scott Bowles, Cobalt Group (via phone)
Tony Hines, Ranger Development LLC (via phone)
Josh Pollard, Pollard Helium (via phone)