



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
January 24, 2020

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 January 24, 2020 to order at 12:15 pm 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

Mr. Feyerabend moved, seconded by Mr. Cooper, that:

THE MINUTES OF DECEMBER 6, 2020 PUBLIC MEETING BE ACCEPTED AS PRESENTED

Motion carried unanimously.

RARE EARTH EXPLORATION, LLC 12-1 STATE: (1:06)

Rare Earth Exploration, LLC 12-1 State – As of the date of this notice, the operator is out of compliance with A.A.C. R12-7-126(A) and 194(B). The operator failed to submit an application to plug and abandon this well, as ordered by the Commission on Dec. 6, 2019.

The Administrator may discuss these issues with the Commission and may request further compliance and enforcement action.

At the Dec. 6, 2019 meeting, Mr. Turner requested that the Commission order the plug and abandonment of the Rare Earth 12-1. A letter to Rare Earth dated Dec. 10, 2019 was returned as undeliverable. Mr. Turner finally made contact with Mr. Bradley Haycraft (Rare Earth president) in mid-January 2020 and was invited to participate in today's meeting via phone, but he did not call in. Mr. Turner told Mr. Haycraft he would extend the deadline to May 1, 2020, due to confusion of changing addresses and failed communications. A plug and abandon application for the 12-1 well was received this morning by email, and a hardcopy is expected next week. Mr. Haycraft verbally agreed to plug and abandon the 28-1 well. Mr. Turner is not asking the Commission rule on the 28-1 well at this time. Some discussion occurred about obtaining the correct address and how to keep the Commission properly informed. Mr. Turner will send a follow-up letter via certified mail.

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

Cobalt Group, LLC – The Cobalt 20-21-21-1 well completed drilling on Dec. 23, 2019. The company will run logs in February 2020 and follow-up with the Administrator afterward.

SunCor #1-02 – Weather delayed completion of the slurry and burial job until this month. As of Jan. 23, 2020, the job is completed. K. Hovnanian Homes emailed Mr. Turner stating they will record this site with the Maricopa County Recorder.

Prize Energy Resources, Inc. – A spacing exception hearing for 40 acre spacing to drill the Shinarump, covering approximately 850 square miles in southern Apache County, was held today, just prior to the regular meeting.

Enterprise Products, Adamana – Recently received an NOV from ADEQ Air Quality for a release of approximately 15,000 lbs. propane on Dec. 26, 2019. The cause was an Emergency Shut Down due to a malfunctioning PSV on one of the desiccant dryer systems. A release on Dec. 23, 2019 of approximately 68 lbs. was reported to the Administrator, but did not trigger an ADEQ violation. Per AOGCC regulations, Enterprise notified Mr. Turner via email within 24 hours of both incidents.

Oil & Gas and Potash GIS Viewers – Both viewers are now in the cloud.

REPORT BY THE AOGCC CHAIRMAN

Legislation – House Bill 2574 and Senate Bill 1259 are proposals to ban hydraulic fracturing in Arizona. They are poorly written and basically would ban any exploration in the state. Mr. Thorwald will be calling and testifying against those bills. The Chairman and the Administrator have met separately with Walter Blackman, State Representative and State Senator Sylvia Allen, both of Legislative Dist. 6. to discuss what is going with helium drilling activity in Apache and Navajo Counties. They both received a memo from the Commission, dated December 31, 2019 that gave an overview of activities in those counties. Mr. Thorwald reported that they were quite happy with the clarification of what drilling activities are occurring in those areas.

Website – Mr. Thorwald has made approximately half-dozen unsuccessful attempts to connect with the oil & gas commissioner of Indiana to talk about how their online portal for permits and reporting requirements works. The Chairman and the Administrator have a meeting with the ADEQ Air Quality Director on Feb. 6, 2020 to discuss a similar portal design for the AOGCC. Mr. Thorwald solicited the Commissioners to submit comments or ideas about an online portal.

Rules update – Mr. Thorwald has requested from ADEQ help in the rule writing process. Mr. Turner and Mr. Thorwald will meet weekly for a few hours to finish up getting the rules done. Mr. Thorwald met with Governor's staff to discuss the Oil & Gas Commission and the rule changes. The Governor's staff indicated they preferred to see all of the rule changes put together in one submittal. The IOGCC is committed to have the rest of the rule recommendations to us by the middle of the year.

It has been indicated to Mr. Thorwald that they would process the Exception Memo fairly quickly. Mr. Cooper asked if there would be fee changes; the Governor's office is adamant that there will be no fee changes.

Dr. Nations questioned if there was a response regarding filling the Oil & Gas Commission vacancy. Mr. Thorwald said the Governor's Office had asked for some specific information – they didn't want to make any exceptions for anyone who did not meet the Arizona residency requirements. Mr. Thorwald and Mr. Turner sent the Governor's staff a list of professional and trade organizations that may have members that would qualify to be on the Commission.

Procedures manual/ SOPs – Putting together a manual of procedures so that those who replace us aren't starting from square one. The procedures manual is not complete yet – Mr. Turner continues to work on it.

City of Flagstaff – The meeting scheduled with the City of Flagstaff has been postponed to a later date; nothing specific yet.

REVIEW & CONSIDER FUTURE AGENDA ITEMS

Mr. Feyerabend would like to discuss orphaned and abandoned drill holes.

ANNOUNCEMENTS

Mr. Turner stated the IOGCC is hosting a conference call on orphaned & abandoned wells on January 27, 2020.

ADJOURN

Mr. Thorwald moved, seconded by Mr. Feyerabend that:

THE MEETING BE ADJOURNED

Motion carried unanimously. The meeting was adjourned at 12:37 p.m.

REVIEWED



FRANK THORWALD
CHAIRMAN

3/20/2020
DATE

GUESTS IN ATTENDANCE

David Haag, ASLD
Noa Bruhis, ASU
Louis Rozs, ASLD
Gordon LeBlanc Jr, Petro Sun
Jim Ballard

Chris Robinson, Prize Energy
Mark Hanson, Prize Energy
Erin Stone, Arizona Republic
David Lelsz, ADEQ
Blake Van Patten, Prize Energy