



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
MAY 15, 2020**

PRESENT

Mr. Frank Thorwald,	Chairman, Arizona Oil & Gas Conservation Commission (AOGCC)
Dr. Dale Nations,	AOGCC Vice Chairman
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 May 15, 2020 to order at 10:26 am via virtual meeting 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. Thorwald, that:

THE MINUTES OF MARCH 20, 2020 PUBLIC MEETING BE ACCEPTED AS PRESENTED

Motion carried unanimously.

PRESENTATION BY THE ADEQ IT CONSULTANT OF PLANS FOR A NEW AOGCC WEB PORTAL

Mr. Rob Stewart, IT Business Analyst for ADEQ, was assigned the task of developing a plan for a web portal for the Arizona Oil & Gas Conservation Commission to receive permit application submittals and track reporting requirements electronically.

Timeline of a typical well:

Mr. Stewart opened with a spreadsheet showing an example of a typical well and the timeline of events. He explained how the process and the various permitting steps are illustrated in the flow diagrams. Using the example well, he created scenarios that would have specific requirements, and walked through them from beginning to end.

Designs and Ideas of how an Operator would log-on to the portal:

Mr. Stewart brought up the log-in screen, and explained that the responsible user would have applied for a user ID & password, for which their identity would be verified, prior to being given access to the portal. The log-in page would be accessed from the website. After the responsible user signs in, they are brought to their company specific dashboard.

On the top left of the screen, the user will see information about their company, as well as a small map of wells of interest to them. To the right of that is the "Notices" section – which shows the user any reports that are due or past due. The "Settings" section will allow the user to make changes to company information, etc. The Commission decides if one responsible user is assigned for the company, or if one

can be a delegated. The bottom portion of the page shows the company's wells, and includes all the information regarding the wells (well ID #, API#, location, drill start date, well status). The far right has a list of actions available to the responsible user. The action drop-down menu is dependent on the well status.

In this example, Mr. Stewart chose from the "in-production" well to submit a report. When this option is selected, several reports appear in a menu that are available to be submitted. In this example, he selected the "monthly producers report" and selected continue. At the top of the page the field name and the latitude/longitude is listed so that the user can verify it is the correct well, and the well number and the permit are pre-populated. The responsible user will enter all the appropriate information, and once all the information has been entered, the user checks the box to certify that the information given is true and complete to the best of their knowledge. At this stage it can be required to have the person filling out the form answer one of the security questions for further verification. The user will then click submit and the information is submitted to the database and the user is returned to the dashboard.

Operator's online drilling permit application and notifications console:

Mr. Stewart then demonstrated how to apply for a new permit/well. The process is a digitized version of the paper form. A "save & exit" button at the top of the screen allows the user to save whatever information is entered into the application if it cannot be completed in one sitting. There was much discussion surrounding the map – if the latitude/longitude could just be entered by the user or if they had to use the map – Mr. Stewart said at this point they would like the verification by using the map. The maps that are on the application and the GIS viewer on the Oil & Gas website use ESRI, and Mr. Stewart's intention is to use ESRI in the application as well so that the dots are in the same place, and so that the information entered in this system will also be reflected and viewable in the GIS viewer. Mr. Thorwald suggested that Mr. Stewart work with AZ State Land Department to link their information with ours so that it auto populates on the application.

There was a question regarding all the existing wells that are producing – is the plan to build a database with the existing wells that are in production from a certain date and then that date going forward is what will automatically be added to the database? Mr. Stewart's recommendation is to start from a specific date and notify users that from a specific date (whatever the Commission chooses) online applications only will be accepted.

The responsible officer certifies the information is true and answers a security question to verify their identity and then clicks on "continue". This takes the user to the payment page, where they can either make the payment now, or save and make the payment later. In this example, making payment now was chosen. This takes the user to the page showing how much the permit fee is, the user clicks on "continue" and is taken to the credit card payment page. Once the payment is made, the user receives confirmation and is given authorization to conduct activities under this permit. If there was an issue, there would be a message saying that the account is pending depending on what information is required. The information is given via PDF and the responsible user will receive an email to their email address.

Oil and Gas Administrator's console:

Mr. Stewart continued on to the Management Console. When the Administrator logs-in, they are brought to a screen showing a list of pending requests. When the Administrator clicks on "view", it brings up the permit application. At various points throughout the application, there are "revisions required", "comment" or "history" for the Administrator to select. For example, if the Surveyors' License Expiration date was wrong, the Administrator could click on "yes" for revisions required, and an email would go out to the responsible user letting them know what needs to be done. The

Administrator can make a comment on the action that was taken and the comments would be stored in “history”, and if the Administrator came back in 2 weeks later, they could click on “history” and the comments would be there. In the “Permit Review” section, the Administrator could choose “approved”, “reject”, “N/A previously reviewed” and one item that isn’t in this example is “public hearing required”. The next tab is all of the approved requests. The Administrator can filter and search through the approved requests. The third tab is rejected applications. The final tab is notifications, which shows all of the Operators in Arizona and how they are doing on their reports. It defaults to everything that is outstanding. In this tab, the Administrator can also filter and search to find a specific item or group of items. The Administrator can select the drop-down menu to see what the options are. They can notify the Operator, which would send an email with standard language to the responsible user of the account, they can snooze the notification for 14 days, or they can dismiss the notification.

Question and answer period from stakeholders and Commissioners on the new web portal and redesign of the AOGCC web site:

There was a recommendation to make adding the drilling contractor optional – sometimes it is not known who that will be until the last minute. There was also a question about whether or not the State was going to require that the drilling contractors are registered with them. Mr. Stewart explained that he can absolutely make that an optional question, however, in regards to the question about the State and the drilling contractors, he deferred to Mr. Thorwald. Mr. Thorwald stated that he will explore that with Mr. Turner and the other Commissioners. Mr. Stewart suggested that one of the required fields be the Arizona Corporation Commission file number, which would show the standing of the drilling contractor. Mr. Thorwald feels that it is important to have that information in there, so if they can’t get a hold of the owners, at least they could get a hold of the drillers themselves, if there was an issue.

Mr. Brian Wood suggested that the drilling information be put on the SPUD notice, due to the fact that the Operator may not know until the very last minute who the driller will be, so the best option, if the information is really needed, would be to put it on the SPUD notice.

Mr. Wood also suggested that it would be helpful to specify whether total depth is referring to total vertical depth or measured depth.

Mr. Wood also suggested that if the user is inputting the Surveyor’s Arizona license number that should allow the State to link up with the State Technical Board of Registration to automatically populate the name, address and expiration date. Mr. Hines agreed that the more auto-populated fields there can be, the better for the user filling out the application.

A suggestion was given regarding allowing some companies to continue doing paper applications – Mr. Thorwald recommended either going 100% automated, or not automated at all. The point of this is to make it easier on the Stakeholders as well as the Administrator, but by only automating it part of the way, it adds extra work and time and takes away any benefit to the Commission and/or the Administrator. Mr. Stewart explained that generally in tech when they want to do something, they ask themselves “does this benefit 80% of our users?” If so, that is what they shoot for, if it doesn’t, they might want to rethink it. There are also companies who specialize in helping non-technical people fill out applications. Mr. Thorwald explained that since there is only one Administrator, it is very difficult to keep up with all of the paperwork that comes to them. Through automating these systems, it should increase the Administrator’s efficiency and effectiveness, and make it more effective for the Stakeholders and the users to submit the information in a timely manner.

ARIZONA ENERGY PARTNERS (AEP) 16-1

Mr. Thorwald asked if there was anybody from Arizona Energy Partners online. Owing to technical difficulties with the virtual meeting software, unknown to the Commission at the time, Mr. Gordon LeBlanc was unable to speak to the Commission via the links provided and was only able to listen.

Mr. Thorwald asked the Administrator to summarize what is known about the status of the AEP 16-1 State well. In December, the Commission granted a six-month temporary abandonment status, which expires June 3, 2020. Mr. Turner was expecting AEP to present their rationale for continuing temporary abandonment at this meeting. The Commission has a copy of the Operator's Future Beneficial Use, but being unsure what is confidential in this context, Mr. Turner requested the discussion be kept general. However, Mr. Jay Skardon, AOGCC Counsel, stated that at this point he thinks it is possible to discuss the application without revealing the specific information of what is in the well report.

Mr. Turner stated that he would like to know if AEP perforated the well, took samples, what formations were targeted and tested, results from any of those perforations tested, how they correlate to perforated intervals and results of any other tests done, such as pressure tests, flow tests, etc.

Mr. Turner concluded that he has received no evidence that indicates the well is capable of production, hence, it is not a candidate for shut-in status. Another short period of temporary abandonment status may be possible, if the Operator answers some of these questions.

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

GRANT TEMPORARY ABANDONMENT STATUS FOR A PERIOD OF 90 DAYS WITH NO FURTHER EXTENSIONS BEING GRANTED WITHOUT FULL COMPLIANCE OF THE REQUIREMENTS SET FORTH IN THE MAY 15TH 2020 MEETING. SHOULD THERE BE NO COMPLIANCE WITH THE REQUESTED INFORMATION FROM THE OIL & GAS COMMISSION, AT THE PERIOD OF 90 DAYS THE BOARD WILL CONSIDER AN ORDER OF PLUG & ABANDONMENT FOR ARIZONA ENERGY PARTNERS WELL 16-1.

NOTE: EXPIRATION OF THE 90 DAY PERIOD IS AUGUST 13, 2020.

Motion carried unanimously.

POLLARD HELIUM 36-1

Mr. Thorwald asked if there was anyone from Pollard Helium on the line, to which there was no response. Mr. Turner was also unable to return to the audio portion of virtual meeting due to the unforeseen technical issues and communicated with the Chairman via text for the remainder of the meeting. Mr. Thorwald stated that there have been a number of conversations regarding Pollard Helium, and asked the Commission if there was any further discussion. Dr. Nations suggested with their history that the Commission proceed with an order of plug and abandonment. Mr. Thorwald asked the Commission if they wanted to give the Operator any more time, as the temporary abandonment status expired April 4, 2020. Mr. Cooper asked Mr. Skardon if there is a procedure for an individual to seek reconsideration of an AOGCC order. Mr. Skardon said that he believes a decision confiscate the performance the bond is an Appealable Agency Action. Mr. Thorwald pointed out that the performance bond has a clause in it that allows the issuers of the bond to take their own action, instead of the Commission, however Mr. Skardon stated that that does not change the fact that this is an Appealable Agency Action. Dr. Nations recommended that the Commission take over the well and use the performance bond, given the long history of non-compliance with Pollard Helium. Mr. Turner (via text) recommended that the Commission contact the insurance company directly and let them seek their remedy.

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

THE OIL & GAS COMMISSION ISSUE AN ORDER TAKING OVER POLLARD HELIUM 36-1 WELL AND PLUG AND ABANDON IT USING THE WELL’S PERFORMANCE BOND POSTED BY THE LISCENSEE POLLARD HELIUM

Motion carried unanimously.

REPORT BY THE AOGCC CHAIRMAN

Rules update – Still in progress.

Procedures manual/ SOPs – Still in progress. Developing the website and automating items has helped Mr. Turner in moving forward with the manual. More information will be available at the next meeting.

ANNOUNCEMENTS

Please email comments/suggestions on the web portal and web redesign to Mr. Turner.

ADJOURN

Mr. Cooper moved, seconded by Mr. Thorwald that

THE MEETING BE ADJOURNED

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

REVIEWED



FRANK THORWALD
CHAIRMAN

July 17, 2020
DATE

Jim Ballard	Khursheed Mallick, ADEQ	Shannon Thune
Latha Toopal, ADEQ	Kirk Jalbert, ASU	Chris McCarthy
Brian Wood	Bryan Cook, Navajo County	Dave Cherry
Mark Hanson, CIMAREX	Barry Albin	Pat
Noa Bruhis, ASU	Tony Hines, Ranger Development	Scott Bowles
Thomas White, Kinder Morgan	Ren Gardner	Iou Rozs
Mike Allison	Wesley Marshall, Pro Helium	David Haag, AZ State Land
Rob Stewart, ADEQ	Ned Bliss	