



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

Marta Hodan, Oil and Gas Administrator

Commissioners:
Frank Thorwald, Chair
J. Dale Nations, Ph.D., Vice Chair
Stephen R. Cooper
William C. Feyerabend

MINUTES OF MEETING

September 17, 2021

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
Dr. Michael Conway,	AOGCC Member
Mr. Jay Skardon,	AOGCC Counsel, Office of the Attorney General
Ms. Marta Hodan,	AOGCC Program Administrator
Ms. Tawnya Cook,	Arizona Department of Environmental Quality

CALL TO ORDER

Mr. Thorwald called the AOGCC Meeting of September 17, 2021 to order at 10:00 a.m. via virtual meeting at the Arizona Department of Environmental Quality (ADEQ), Phoenix, AZ. No one reporting 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. Thorwald, that:

THE MINUTES OF JULY 17, 2021 BE ACCEPTED AS PRESENTED

Motion carried unanimously

INTRODUCTION OF NEW COMMISSIONER (2:32)

Ms. Marta Hodan introduced the newest Commission Member – Dr. Mike Conway. Dr. Conway is a Senior Research Scientist at the Arizona Geological Survey. Ms. Hodan gave a brief background on Dr. Conway.

INTRODUCTION OF FALL 2021 OGCC INTERN (3:09)

Ms. Hodan introduced the Fall 2021 OGCC intern – Ms. Brooke Bolger. Ms. Bolger is a Senior at ASU studying sustainability, with a focus on energy sustainability and pursuing a minor in urban planning. Ms. Hodan gave a brief overview of what Ms. Bolger's primary focus will be this fall while she is interning.

OIL & GAS OVERVIEW PRESENTATION (4:25)

Ms. Marta Hodan gave a brief presentation on AZ OGCC Activity. She explained what the goals are for these presentations – being the creation of content as a resource of information for the public and for operators.

Ms. Hodan gave an overview of what future presentation topics will be – Permitting, Drilling, Completions, etc.

Ms. Hodan gave a brief presentation on the basics of permitting and what is required from an operator in order to drill. A brief background was given on Arizona permitting and drilling activity.

DESERT MOUNTAIN ENERGY – TEMPORARY ABANDONMENT EXTENSION REQUEST (28:52)

Ms. Hodan gave a brief background on the extension request of the temporary abandonment status. DME 16-1 State and DME 10-1 State are set to expire on September 15, 2021, and they would like to extend that for 18 months (until March 15, 2023). The justification for the request is due to long lead times for materials, in addition to assembly and delivery of the components.

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

EXTEND THE TEMPORARY ABANDONMENT STATUS OF DME 16-1 STATE AND DME 10-1 STATE
UNTIL MARCH 15, 2023

Motion carried unanimously.

REPORT BY THE OIL AND GAS ADMINISTRATOR

Aztec 3-1 SD Fee: Myriad Resources have completed the well and submitted initial documentation for the completion. The Operator is deciding the path forward for this well, and may request temporary abandonment status while they determine that.

Cobalt 20-21-21-1: The Cobalt Group is currently on location, and the completion of this well is nearly done. In May of this year they submitted a sundry notice regarding perforating this well.

Arizona Energy Partners 2-1 MS: The surface casing was drilled and set in July and then they experienced mechanical issues on the rig that would delay continued drilling. The mechanical issues have since been resolved – due to the drilling crew moving on and having to hire a new crew, they expect to return to drilling in early October.

Pinta South 22-5 SD State: The Operator applied for plugging of this well and was approved. No notification from them has been received that the plugging has commenced.

Ranger wells: Ranger requested and was granted an extension of 6 months on their drill permit. The drill permit includes 5-11 NS, 6-13 NS, 271 SHNS, 27-8 NS, 28-1 SHNS, 28-8 NS, 28-10 NS, 73-13 NS and 31-7 NS. All the permits have been extended through the end of this year and early next year.

Rare Earth Exploration LLC 12-1 State and 28-1 State: Currently there are no progress updates to report on the plugging of these wells. OGCC and ADEQ are currently evaluating their path forward in terms of finding funding for the excess costs associated with plugging these wells.

Website redesign progress update and timeline: The framework of the new website has been completed. DEQ recoded the website – the code language was very out of date and hard to maintain. The basic content has been added to the new coding and framework, and we are now in the process of collecting and creating content. Ms. Hodan's goal is to get content to the staff at DEQ that is working on the web design over the course of the next month. DEQ will load the content and OGCC will review the design and make changes as needed. The target live date for the new website public is the first of the year.

Rules update:

5YRR: Survey was sent out in the beginning of September requesting comments for the 5YRR. We are in the process of applying for a 6-month extension to the November 30, 2021 deadline. This will allow adequate time to move forward with other legislative and rule making packages that will impact the 5YRR.

New Governor's Policy Advisor: The Governor's Office has appointed a new Policy Advisor over Natural Resources – Buchanan Davis. Commissioner Thorwald and Ms. Hodan have met with him and discussed the rule making packages that they are interested in moving forward and assessed the necessary documentation the new Advisor will be looking for in the exemption memo request.

Rule Package Status: Still working on draft language and currently working with DEQ regarding specific sections of the rules with respect to injection and stimulation language in order to align and prevent redundant regulation. Moving forward we will be doing rulemaking in phases of priority for certain rule changes, so there may be a couple different rule making packages in the coming months.

Federal Funding opportunities: The OGCC is currently reviewing a federal infrastructure bill that was passed by the Senate and is currently in the House. We are collaborating with other entities in the State to determine possible funds that may be available and how best to apply for them. The Commission intends to apply for a small grant (up to \$5 million) to be used to identify orphaned and abandoned wells in the State.

NMPWRC update: Ms. Hodan received the quarterly update from the Research Consortium on what they have done over the last 3 months. In the last 2 months we have been added to their Government Advisory Board, which has a meeting coming up to discuss impacts the Research Consortium could have on local and state governments.

Web portal: No current updates on the web portal at this time. Some of the federal funding opportunities could potentially be utilized for creation/updating the web portal.

Procedures manual/ SOPs: Still working on updating as other processes are being updated. Fall Intern, Brooke, is helping create Standard Work for the GIS platform.

REPORT BY THE AOGCC CHAIRMAN

IOGCC: Mr. Thorwald went to the IOGCC special meeting in Colorado Springs last month. Primarily U.S. House Bill 3684 (infrastructure) was discussed. The only way this funding won't pass is if the bill is killed. The IOGCC is also having weekly meetings to discuss the application process for the funding, and we have attended most of them.

EPA: Have been working with EPA on a variety of issues – at Headquarters, Region 9 and Region 6. Region 6 has had more helium production in the past than most other areas, which is why we are working with them.

ONHIR Communications/Request: The draft intergovernmental agreement was sent earlier in the year, and we have not heard back yet.

ADEQ: Working with ADEQ on refining the process of how both ADEQ & OGCC work together.

Budget: Have been looking at other federal funding besides the \$5 million grant. Mr. Thorwald has taken the lead on reviewing the federal legislation.

REVIEW AND CONSIDER FUTURE AGENDA ITEMS

Mr. Feyerabend would like to discuss bonds at a future meeting.

ADJOURN

Mr. Feyerabend moved, seconded by Dr. Nations that
THE MEETING BE ADJOURNED

Motion carried unanimously. The meeting adjourned at 11:00 a.m.

REVIEWED



FRANK THORWALD
CHAIRMAN

DATE

GUESTS IN ATTENDANCE

David Haag, AZ State Land

Brian Gootee, AZ Geological Survey

Lou Rozs

Todd

Patrick Kane

Jessica Davey

Tim Demko

Kevin McQueen, Ranger Development

Joe Dixon, AZ State Land

Aaron Cain

Jim Ballard

Brittany Rothe

Chris Robinson, Prize Energy

Mike Olesko

Brooke Bolger, ADEQ Intern

Rasool