



Douglas A. Ducey
Governor

State of Arizona
Oil and Gas Conservation Commission

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Marta Hodan, Oil and Gas Administrator

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

MINUTES OF MEETING

November 19, 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

CALL TO ORDER

Mr. Thorwald called the AOGCC Meeting of November 19th, 2021 to order at 10:04 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

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

THE MINUTES OF SEPTEMBER 17, 2021 BE ACCEPTED AS PRESENTED

Motion carried unanimously.

OIL & GAS OVERVIEW PRESENTATION (6:53)

Ms. Marta Hodan gave a brief presentation on the basic of drilling and drilling requirements in Arizona as a continuation of the last meetings presentation. This presentation covered spacing requirements and exceptions, wellsite terminology, drilling fluids and pits, casing requirements, cementing, mechanical integrity tests, data collection, and logging.

MYRIAD RESOURCES, LLC – AZTEC 3-1 – TEMPORARY ABANDONMENT REQUEST (43:18)

Ms. Hodan gave a brief background on the request for temporary abandonment status. Myriad Resources, LLC is requesting a temporary abandonment status for the Aztec 3-1 SD Fee for two (2) years. The justification for the request is time to develop a holistic economic and infrastructure plan.

Dr. Nations moved, seconded by Dr. Conway, to:

TEMPORARY ABANDONMENT STATUS OF AZTEC 3-1 UNTIL NOVEMBER 19, 2023

Motion carried unanimously.

ARIZONA ENERGY PARTNERS – AEP 2-1 MS – TEMPORARY ABANDONMENT REQUEST (46:43)

Ms. Hodan gave a brief background on the request of temporary abandonment status. Arizona Energy Partners has requested a six (6) month temporary abandonment status. drilled and set the surface casing. They experienced mechanical delays and staffing delays. The justification for the request is to allow for time to schedule a new drilling crew and mobilization. Dr. Nations recommends approving a one-year temporary abandonment instead of six months to ensure adequate time.

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

TEMPORARY ABANDONMENT STATUS OF AEP 2-1 MS UNTIL NOVEMBER 19, 2022

Motion carried unanimously.

REPORT BY THE OIL AND GAS ADMINISTRATOR

Cobalt 20-21-21-1: The Cobalt Group finished perforations and completions of that well and have submitted required documentation.

Pinta South 22-5 SD State: Pinta South submitted notice of intent to begin work on the 22-5 SD plugging.

Ranger Plugging and Abandonment applications: Ranger submitted and was approved for the plugging and abandonment of five (5) wells. Ranger 33-3 PD, Ranger 34-3 PD, Ranger Hortenstine 1-9, Ranger 33-1 NS, and Ranger 34-1 NS.

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. A new operator reached out the Commission to inquire regarding

transfer of the 12-1 State. The operator is in the process of working with ASLD to transfer the mineral lease and intend to continue to work with the Commission on the required documentation needed for the asset transfer.

Website redesign progress update and timeline: Presentations will be posted to the website when it becomes live. New material for the website is to be handed off on the website redesign before the end of the year. Goal is to have the new website live by the end of the year. Most of the initial changes to the website will be technical and the visual changes will come later. Intended additional content includes production data, meeting video recordings, presentation materials, updated checklists and forms.

Rules update:

5YRR: The Commission was granted a 120-day extension to submit the 5-year rule review. The new deadline for the 5-year rule review is March 30th, 2021. This was requested to ensure adequate time to review and respond to public comments and input.

Underground Injection Control (UIC) Primacy: Arizona is seeking UIC primacy. OGCC has been working with ADEQ to coordinate efforts on UIC.

Proposed Statutory Changes: The OGCC is in the process of drafting proposed statutory changes in order to meet EPA requirements needed for UIC primacy. Goal is to pursue the statutory changes in the next legislative session.

Rule Package Status: Due to the new efforts being made to collaborate on the UIC primacy pursuit, the rulemaking package has been delayed. The OGCC intends to seek statutory changes prior to submitting rule making packages.

Federal Funding opportunities:

Infrastructure Bill: The Infrastructure Bill was passed and signed into law at the beginning of November. OGCC intends to submit a letter of intent for the Formula grant program due December 30th, 2021. Additionally, the OGCC is looking at eligibility for other grant opportunities in addition to the Formula Grants. This includes the Initial Grants (Small - \$5 million, Large - \$25 million) and Performance Grants for Regulatory Improvements.

Preliminary Historic Well File Review: Jim Ballard has volunteered his time to look through the historic files. Goal is to have a good preliminary review complete prior to the submission of the letter of intent for the Formula Grant at the end of the year.

NMPWRC update: Annual Meeting is to be held on December 1st and 2nd. We will not be able to attend, but will request access to the information presented there.

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: Intern, Brooke Bolger has made significant progress on the well viewer file structure and will continue working on the well viewer into the Spring.

Mr. Cooper asked the Chairman if the Federal Grant money would include Native American lands as well. Mr. Thorwald informed him that Native American lands were covered under a separate pool of money.

Mr. Thorwald asked the administrator to elaborate on the NMPWRC and the work they are doing on desalination and mineral extraction. Ms. Hodan informed him that NMPWRC had not given a recent update on their progress, but that once more information was made available we would present it to the Commission.

Mr. Thorwald commented on the web portal update that the federal funding uses are currently being drafted, but the data management aspect of the project may make it possible to utilize federal funding for creation of a web portal.

Dr. Nations asked if there was a way to contact and get an update from the NMPWRC. Ms. Hodan said she would share the contact information of the director of the consortium. Mr. Thorwald stated that there are many projects in process and that they have invited us to visit New Mexico to visit some of the projects in process.

Mr. Thorwald asked the administrator about the UIC and what items are currently covered by UIC. Ms. Hodan gave information about the different classes of underground injection. Specifically, she gave information regarding Class I, Class II, Class V and Class VI. Mr. Thorwald also asked about hydrogen storage. Ms. Hodan informed him that the EPA has not yet identified if hydrogen storage would be regulated under EPA and we were waiting on further guidance.

Dr. Conway asked the administrator about Class III solution mining wells and why those are not of concern. Ms. Hodan informed him that ADEQ was pursuing primacy for all classes under UIC and that

underground storage facilities are still a gray area and that we would continue to work with ADEQ and EPA to understand those areas.

REPORT BY THE AOGCC CHAIRMAN

IOGCC: Mr. Thorwald went to the IOGCC Annual Conference. Focuses of the Conference were federal Orphaned and Abandoned Well funding, underground storage, sequestration, hydrogen, and presentation by Exxon Mobil about major pollutant sequestration.

Budget: Will be meeting with the DOI and IOGCC to coordinate and identify funding eligibility and the application process. We are currently waiting on additional information regarding federal funding opportunities as they become available.

EPA: Continue to work with EPA with respect to the UIC primacy efforts.

ONHIR Communications/Request: The draft intergovernmental agreement was sent earlier in the year, but nothing has been resolved in that are yet.

ADEQ: Working with ADEQ on refining the process of how both ADEQ & OGCC work together. Also coordinate with ADEQ and DWR with respect to plugging of wells.

Legislation: No update.

REVIEW AND CONSIDER FUTURE AGENDA ITEMS

Mr. Feyerabend brought up the issue of bonding and concern regarding bond amount being appropriate. Mr. Thorwald requested it be added to the next meeting agenda.

ANNOUNCEMENTS

AG Jay Skardon is retiring at the end of the year and Jothi Belgan will be taking over at the beginning of 2022.

ADJOURN

Mr. Feyerabend moved, seconded by Mr. Thorwald that

THE MEETING BE ADJOURNED

Motion carried unanimously. The meeting adjourned at 11:26 a.m.

REVIEWED



FRANK THORWALD
CHAIRMAN

February 11th, 2022
DATE

GUESTS IN ATTENDANCE

- | | |
|---------------------------|-------------|
| David Haag, AZ State Land | Scott |
| Lou Rozs | Todd |
| Patrick Kane | James Hayes |
| Jothi Beljan | Noa Bruhis |
| Joe Dixon, AZ State Land | Jim Ballard |