



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](http://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  
F. Michael Conway, Ph.D.  
Lisa Atkins, Land Commissioner

**MINUTES OF MEETING**  
**FEBRUARY 11, 2022**

**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
Ms. Jothi Beljan,	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 February 11, 2022 to order at 10:00 a.m. via virtual meeting at the Arizona Department of Environmental Quality (ADEQ), Phoenix, AZ. 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 Dr. Conway, that:

THE MINUTES OF NOVEMBER 19, 2021 BE ACCEPTED AS PRESENTED

Motion carried unanimously.

**2022 PUBLIC MEETING DATES**

Mr. Thorwald confirmed that all dates work for the Commission members.

- Friday, March 25th, 2022
- Friday, May 20th, 2022
- Friday, July 15th, 2022
- Friday, September 16th, 2022
- Friday, November 18th, 2022

**PROTON GREEN, LLC (FORMERLY PLATEAU CARBON, LLC) – ASSET TRANSFER REQUEST**

Ms. Hodan gave a brief background on Proton Green. Proton Green, formerly known as Plateau Carbon, has recently acquired 28 existing wells from Kinder Morgan CO2 Company, LLC. All the documentation required under R12-7-103.C.3 has been received; the bond to cover the wells, a release from Kinder Morgan and the acceptance of responsibility letter from Proton Green – the company has requested the Commission to discuss and possibly vote to approve the transfer of operatorship of these assets.

Mr. Thorwald inquired of Proton Green what their plans are with the assets. Mr. John Coats, Vice President to Technical Officer with Proton Green shared that the Company's immediate plan is to re-enter some existing wells to do some preliminary testing. At that point, they would be proposing a development plan, which will focus on the production of helium. Unlike Kinder Morgan, Proton Green's intention is to produce and extract helium from the reservoir and sell it in Arizona. In regards to the CO2 production, they plan to re-inject it. Mr. Coats explained they are in the process of applying for a Class VI injection permit to make St. Johns a regional carbon capture storage hub.

Mr. Coats explained they believe their produced water is very minimal volumes. Proton Green may apply for a Class I injection permit.

Dr. Conway inquired of the timeframe for drilling the 28 wells. Mr. Coats explained that most of the Kinder Morgan drilling was done between 2011 and 2016. There was discussion around the average percentage of helium in the wells, as well as how to extract the helium from the carbon dioxide.

There was discussion around carbon sequestration and if it goes along with the surface rights. Mr. Coats explained that there is a little more to it than that.

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

THE OIL & GAS COMMISSION APPROVE THE ASSET TRANSFER REQUEST FROM KINDER MORGAN TO PROTON GREEN, INCLUDING OPERATORSHIP

Motion carries.

**PINTA DOME OPERATING, LLC – ASSET TRANSFER CONSIDERATION**

Ms. Hodan explained she received communication from Pinta Dome Operating that they are not ready to proceed with a vote from the Commission yet on the transfer of the asset and indicated she would move this item to the next Commission meeting at the end of March.

Ms. Hodan gave a status update to the Commission on the topic since it was on the agenda. Pinta Dome reached out to the Commission with interest of transferring Rare Earth 12-1 (this is a well that the Commission voted for forfeit the bond for the plugging & abandonment, in combination with the 12-28).

Ms. Hodan has received a letter of release from Rare Earth exploration for this well and the company has been working with State Land to transfer the lease. Pinta Dome is not ready to submit a letter of acceptance, but do intend to move forward in the near future.

Mr. Cooper brought up a concern regarding voting on a matter with no application submitted, no new bond or any organizational report. He would like to ensure they come to the next meeting prepared.

#### **REPORT BY THE OIL & GAS ADMINISTRATOR**

##### **DRILLING & COMPLETIONS ACTIVITY UPDATE:**

**DESERT MOUNTAIN ENERGY MCCAULEY 1-1:** Application was submitted and approved and the company has begun drilling operations. As of last week, they were having some technical difficulties with the rig, but intended to get back to drilling very soon.

**DESERT MOUNTAIN ENERGY MCCAULEY 10-1:** Application submitted within the last week, application is in the process of being reviewed.

**DESERT MOUNTAIN ENERGY MCCAULEY 3-1:** Application submitted within the last week, still in the process of being reviewed.

**PINTA SOUTH 22-5 SD STATE:** The well was plugged on January 5<sup>th</sup> and all required paperwork and documentation has been submitted to the Commission.

**RANGER:** They plugged the Ranger 33-3 PD, Ranger 34-3 PD, Ranger Hortenstine 1-9, Ranger 33-1 NS and Ranger 34-1 NS. As of this morning, all required documentation and paperwork has been received.

##### **FEDERAL FUNDING OPPORTUNITIES:**

**INFRASTRUCTURE BILL:** This bill was passed.

**FORMULA GRANT:** Submitted a Letter of Intent to the Department of Interior (DOI) on December 29, 2021.

**DOI UPDATE ON PHASE ONE FUNDING ELIGIBILITY FOR ARIZONA:** Arizona was noted for Phase One to be eligible for \$26.262 million dollars for plugging & abandonment of orphaned wells. The breakdown for the grants is \$1.262 million dollars of Formula Grant money as well as a \$25 million-dollar Initial Grant. DOI expects to release guidance on the Initial Grant application within the next month, which would be the end of February. The deadline to apply for the Initial Grant is May 15<sup>th</sup>. Ms. Hodan has received guidance indicating each state would receive funds is within 30 days of receipt of the application. The timeline to allocate the funds for the \$25 million is within 90 days of receipt. The Formula Grant guidance for the application process will follow shortly after the Initial Grant application guidance. We are anticipating by June to have guidance on that next portion of the funds. There is an additional \$3 million that Arizona may be eligible for in a Phase Two – but we have not received any guidance on Phase Two at this point.

**PRELIMINARY HISTORIC WELL FILE REVIEW:** There was discussion at the last meeting some of the preliminary historical well review that Mr. Jim Ballard helped conduct – he has helped complete that review and that review was used in our Letter of Intent that was submitted to identify wells that did not have documentation of proper plugging. Ms. Hodan is planning to utilize Mr. Ballard's help with the preliminary scope. Also working with DEQ, ADOA and a couple of other entities regarding how to staff up to handle spending the funds, and allocating the funds in the timeline.

**WEBSITE REDESIGN PROGRESS UPDATE AND TIMELINE:** There have been some delays with priorities being shifted. The new website is anticipated to be rolled out very soon. The well viewer on the website – the intern who was helping in the fall has returned for the spring and is continuing her work on the GIS well viewer. In January, she added 10 new wells to the well viewer. She has also updated the file structure to help make things more searchable. She will also work with ADEQ's GIS team to learn how to add additional functionality. Additionally, she will be adding some layers to the maps which should allow the user to toggle on and off surface layers to make the map a bit more useful.

##### **RULES UPDATES:**

**5 YEAR RULE REVIEW (5YRR):** The new deadline for this is March 30<sup>th</sup>. Ms. Hodan is working on this, but is also looking at another potential 120-day extension.

**PROPOSED STATUTE CHANGES:** No changes. A lot of the rule package has been put on hold due to the need to change the statutory language prior to submitting a new rule package. We are continuing to work on drafting some of those proposed statutory changes and determining what the timeline for

getting those approved would be.

RULE PACKAGE STATUS: Continuing to work on this. We have identified changes needed in statute before rules can be changed. Ms. Hodan asked the Commissioners that if they have any suggestions or input to the rule making package to reach out to her.

WEB PORTAL: No updates on the web portal. We are looking at possible use of grant funding for the web portal.

PROCEDURES MANUAL/SOPs: Recently with the help of Assistant Attorney General Jothi Beljan, there was a document drafted this past week regarding bonds and financial assurance. This template will be used moving forward.

#### **REPORT BY THE AOGCC CHAIRMAN**

INTERSTATE OIL AND GAS CONSERVATION COMPACT (IOGCC): There have been a number of meetings with the IOGCC. They have been designated by the Federal Government as the key liaison to work with the Department of Interior on the grants and funding. The IOGCC has also been having discussions about funding of the Oil and Gas industry and how to deal with the decrease of funds available.

NEW MEXICO PRODUCED WATER RESEARCH CONSORTIUM (NMPWRC) UPDATE: A number of desalinization test plants and the center for national research on desalinization are in New Mexico. NMPWRC have invited us to come take a look at these sites. They will look at the needs of all of the States in regards to produced water. It has been determined that there is only a small number of differences that each state needs.

BUDGET: Have been working with Director & staff at ADEQ regarding staffing and planning and how to handle federal funds.

OFFICE OF NAVAJO AND HOPI INDIAN RELOCATION (ONHIR) COMMUNICATIONS/REQUEST: No changes to report.

LEGISLATION AFFECTING THE ARIZONA OIL AND GAS CONSERVATION COMMISSION: Mr. Thorwald asked Ms. Hodan to send out legislation that he has been following that could have impact on the Oil & Gas Commission.

CHAIRMAN & VICE CHAIRMAN POSITIONS: Mr. Thorwald expressed his desire to continue as Chairman of the Commission, however he wanted to have a discussion with the Commission about whether or not there is a desire for elections for Chairman and Vice Chairman. Dr. Nations expressed his agreement, but also voiced that he would like Mr. Thorwald to continue as Chairman. The Commissioners agreed to stay as is for now.

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

KEEP MR. THORWALD AS COMMISSION CHAIRMAN AND DR. NATIONS AS VICE CHAIRMAN

Motion carries unanimously.

#### **CALL TO THE PUBLIC:**

Ms. Noa Bruhis, a doctoral student at ASU, expressed her enthusiasm for the new well viewer and the new website, as well as her curiosity as to how we will do the job of allocating the funds and conducting the plugging itself being short-staffed and in such a tight time frame.

#### **REVIEW AND CONSIDER FUTURE AGENDA ITEMS**

Mr. Feyerabend expressed that he would like to keep bonds on the agenda until it is reviewed and any changes are made, if needed.

Dr. Conway expressed that he would like to learn more about the desalinization project here in Arizona that Mr. Thorwald mentioned.

Mr. Thorwald recommended putting suggestions regarding incoming funds as an agenda item.

#### **ADJOURNMENT**

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

THE MEETING BE ADJOURNED

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

**REVIEWED**



FRANK THORWALD  
CHAIRMAN

March 25th, 2022

DATE

**GUESTS IN ATTENDANCE**

Thomas White, Operations Mgr, Proton Green  
David Haag, AZ State Land  
Brittany Rothe  
Erin Young, City of Flagstaff  
Noa Bruhis, ASU  
Tony Hines  
Jim Ballard  
Jessica Davey  
Kevin McQueen

Joe Dixon, AZ State Land  
Todd  
Lou Rozs  
Brooke Bolger, ADEQ  
John Coats, VP Tech Officer, Proton Green  
James Hayes  
Wayne Pearce  
Aaron Cain