



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

**NOTICE OF COMBINED PUBLIC MEETING AND POSSIBLE EXECUTIVE SESSION
ARIZONA OIL AND GAS CONSERVATION COMMISSION**

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the members of the Arizona Oil and Gas Conservation Commission (AOGCC or Commission) and to the general public that the AOGCC will hold a meeting open to the public on **December 6, 2019, 10:00 a.m. in Room 145**, third floor of the Arizona Department of Environmental Quality, at 1110 W. Washington St., Phoenix, AZ.

AGENDA:

1. Call to order
 - a. Establish a quorum
 - b. Conflicts of interest
2. Discussion, consideration and possible vote by the AOGCC on the minutes of:
 - October 3, 2019 Public Meeting
 - October 3, 2019 Cobalt Group, LLC Public Hearing
 - October 3, 2019 Ranger Development, LLC Public Hearing
3. Arizona Energy Partners (AEP) 16-1: As of date of this notice, the operator is out of compliance with A.A.C. R12-7-125(A) and 125(B). The Administrator will discuss the well's status and the operator's compliance issues. The Commission will discuss, consider and may vote on the temporary abandonment status of this well.
4. Rare Earth 12-1 State – As of date of this notice, the operator is out of compliance with A.A.C. R12-7-125(A) and 125(B). The operator has submitted incomplete information for temporary abandonment approval and has made no demonstration of beneficial use for the well. The Administrator will discuss these issues with the Commission and may recommend plug & abandonment.
5. Report by the Oil and Gas Administrator.
 - Progress report of recent well activities:
 - Cobalt Group, LLC
 - Pollard Helium 36-1 State
 - SunCor #1-02
 - Prize Energy
 - Mid-America Exploration, LLC
 - Ranger Development, LLC
 - Progress report on outstanding performance bonds:
 - Arzon Corp.
 - Gruy Petroleum
 - Evolution Exploration
 - Year 2020 meeting schedule – the Administrator shall discuss with the Commission the proposed bi-monthly meeting schedule. The Commission may vote to approve the 2020 meeting schedule.
6. Report by the AOGCC Chairman
 - Legislation
 - Website
7. The Commission will discuss the proposed Arizona oil and gas rule changes drafted by the Interstate Oil and Gas Compact Commission.
8. The Commission will consider the proposed matrix of authorities to be delegated to the Administrator. The Commission may discuss, amend and vote to approve all or part of the matrix of delegated authorities.

9. Legislation affecting the Arizona Oil and Gas Conservation Commission

10. Call to the public: Members of the public may address the Commission during this Call to the Public. Pursuant to A.R.S. § 38-431.01(H), the Commission members shall not discuss or take legal action on matters raised during an open call to the public unless the matters are properly noticed for discussion and legal action. Any action taken as a result of public comment will be limited to directing staff to study the matter or scheduling the matter for further discussion and decision on a future agenda. See also Note 1.

11. Review and Consider Future Agenda Items

12. Announcements

13. Executive Session: See Note 2.

After the Executive Session, the Commission may vote on any items that were discussed during Executive Session.

14. Adjourn

Members of the Arizona Oil and Gas Conservation Commission will attend either in person or by telephone. The public may also attend a Commission meeting either in person or by telephone. Please contact the Oil and Gas administrator at least 48 hours before the scheduled meeting to make arrangements for a member of the public to attend by telephone. In cases where an emergency meeting is called by the Commission and 48 hours' notice is not possible, a minimum 24 hours' notice from the public is required.

The public may be afforded an opportunity to comment on any item on the agenda; however, by ruling of the Arizona Oil and Gas Conservation Commission, any member of the public wishing to speak at this meeting shall be limited to three (3) minutes (see Note 2). Note that agenda items may be taken out of order at the discretion of the Commission.

NOTE 1: Any comments provided by the public at the Call to the Public shall not exceed three (3) minutes per speaker. For any comments made during the Call to the Public on any specific issue the overall comment period shall not exceed ten (10) minutes per side. The Commission shall have the authority to end any public discussion that exceeds ten (10) minutes per side or twenty (20) minutes in total.

NOTE 2: The Arizona Oil and Gas Conservation Commission may vote to hold an Executive Session, pursuant to AR.S. § 38-431 .03(A)(3) or (4), which will not be open to the public, to consult with its attorney and receive legal advice with respect to any regular agenda item listed on this agenda.

For additional information about this meeting, contact Dennis L. Turner, Oil and Gas Program Administrator, ogcc@azdeq.gov or (602) 771-4501. At least 24 hours prior to any meeting, a copy of the agenda will be available for public inspection at the Arizona Department of Environmental Quality (ADEQ), 1110 W. Washington Street, Phoenix, AZ 85007, or online at <http://www.azdeq.gov/ogcc-notices>. After approval by the Commission, the meeting minutes and background material provided to Commission members (with the exception of material relating to possible Executive Sessions) shall be made available at <http://www.azogcc.az.gov/meetings>.

ADEQ will take reasonable measures to provide access to department services to individuals with limited ability to speak, write or understand English and/or to those with disabilities. Requests for language interpretation, ASL interpretation, CART captioning services or disability accommodations must be made at least 48 hours in advance by contacting Ian Bingham, Title VI Nondiscrimination Coordinator at 602-771-4322 or Bingham.Ian@azdeq.gov. Teleprinter services are available by calling 7-1-1 at least 48 hours in advance to make necessary arrangements.

ADEQ tomará las medidas razonables para proveer acceso a los servicios del departamento a personas con capacidad limitada para hablar, escribir o entender inglés y / o para personas con discapacidades. Las solicitudes de servicios de interpretación de idiomas, interpretación ASL, subtítulos de CART, o adaptaciones por discapacidad deben realizarse con al menos 48 horas de anticipación contactando a Ian Bingham, Coordinador de Anti-Discriminación del Título VI al 602-771-4322 o Bingham.Ian@azdeq.gov. Los servicios de teleimpresores están disponibles llamando al 7-1-1 con al menos 48 horas de anticipación para hacer los arreglos necesarios.



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Public Meeting of the Arizona Oil & Gas Conservation Commission
10:00 a.m., December 6, 2019, Room 145

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FRANK THORWALD, CHAIRMAN		
JAY SKARDON, ASST. A.G.		



Arizona Oil and Gas Conservation Commission

Memorandum

Date: December 5, 2019
To: Members of the Arizona Oil and Gas Conservation Commission
From: Dennis L. Turner, O&G Admin.
Subject: ***CONFIDENTIAL*** Briefing Memo and recommended actions for December 6, 2019 AOGCC Regular Meeting

ARIZONA ENERGY PARTNERS (AEP) 16-1 WELL – UPDATE

AEP completed drilling on June 28, 2019. The last documented well activity was Sept. 11, 2019 (perforating casing).

The operator submitted a Sundry Notice dated Nov. 20, 2019, with a perforation record and a request for temporary abandonment (TA). The TA request did not include a time duration, or a statement of future beneficial use (R12-7-125(B)). It was only after much prodding that the operator fulfilled most of the other requirements of R12-7-125(A) and 121(A), except drill cuttings. I've been told that samples of cuttings are in transit. However, as of the date of this memo, the samples have not been received in Tucson. Logs, summary of well condition (on a Form 4, Completion Report) and drilling activity summaries have been submitted.

One could infer a statement of future beneficial use because of the perforation record, but AEP provided no drill stem tests or other data.

If the Commission believes that the operator has satisfied all of the requirements for TA status, I recommend 180 days, to expire on June 3, 2020. This allows AEP sufficient time to coordinate schedules of out-of-state well service companies that will perform the perforation testing.

RARE EARTH EXPLORATION 12-1 STATE WELL – UPDATE

Rare Earth suspended drilling on Sept. 14, 2019 at 891 ft. (proposed TD 1,875 ft.). I reminded Mr. Brad Haycraft in early November of the 60-day clock (AAC R12-7-125(A)) and the need to make a decision on the well. He emailed a brief request for TA status on Nov. 8, 2019 without any demonstration of future beneficial use and no follow-up with additional info on Sundry Notice as requested by the Administrator. With the exception of a completion report, Rare Earth has not fulfilled any other requirements in either R12-7-121(A) or 125 (A) and (B). According to his contract driller, the well is a good fresh water source in the Coconino and the formation could not be sealed off with cement. The base of the surface casing is cemented and the formation is isolated from below, but not from above.

Since Nov. 8, I have been unsuccessful in any further communication by email or phone. On Dec. 4, I called five different phone numbers and left messages on three, because the other two apparently are non-working numbers.

In the absence of any communication from the operator, no supporting data and the condition of the cement job in the casing, I am concerned this well may become orphaned if the Commission grants TA status. Therefore, I recommend that the Commission orders Rare Earth Exploration, LLC to plug and abandon the 12-1 well on or before March 5, 2020 (90days from meeting date).

TEMPORARY ABANDONMENT DETERMINATIONS

Based on performance of the majority of operators who have received permits to drill for helium in Arizona in the past three years, my concern is growing that Arizona may be creating a portfolio of orphaned wells that it must plug at its own expense.

The Commission should consider tightening its policy and grant TA status of shorter duration, say 6 months, unless an operator can make a rigorous, robust demonstration of future beneficial use to justify a longer temporary abandonment. I recommend a discussion on this topic for a future meeting.