



Douglas A. Ducey  
Governor

State of Arizona  
**Oil and Gas Conservation Commission**

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Dennis L. Turner, Oil and Gas Administrator

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

**MINUTES OF HEARING**  
**RANGER DEVELOPMENT WELL SPACING EXCEPTION**  
**February 23, 2018**

PRESENT:

Mr. Frank Thorwald,	Chairman, Arizona Oil & Gas Conservation Commission ("OGCC")
Mr. Stephen R. Cooper,	OGCC Member
Mr. Bill Feyerabend,	OGCC Member
Dr. Dale Nations,	OGCC Member (via phone)
Mr. Rick Zeise,	OGCC Counsel
Mr. Dennis Turner,	Oil & Gas Program Administrator

CALL TO ORDER

Mr. Thorwald called the OGCC Public Hearing of February 23, 2018 to order at 10:06 a.m. in Room 3100B at the Arizona Department of Environmental Quality, Phoenix, Arizona.

DISCUSSION of and VOTE on RANGER DEVELOPMENT, L.L.C. 15-1 Oso WELL SPACING EXCEPTION.

This Hearing is a continuation of the Hearing on January 12, 2018. At the previous Hearing, the OGCC was unable to determine whether United Helium had any standing in objecting to the well spacing of the Oso 15-1. The Commission voted to continue the Hearing to February 23, 2018 and requested United Helium to produce documentation before the next meeting to satisfy that it has legal standing.

The Hearing minutes of January 12, 2018 summarize the issues and are incorporated by reference.

Today, United Helium presented a copy of its lease agreement with Arizona State Land Dept., as basis for their standing. The lease agreement shows an approved transfer from Zephyr Arizona to United Helium in 2015. United Helium presented no other evidence of standing in the approval to drill the 15-1 Oso, such as a Farm-out Agreement to Arizona Energy Partners (AEP), to drill the AEP 16-1.

Ray Hobbs of United Helium, provided vague testimony as to whether the primary target of the AEP 16-1 was helium gas or oil. Dr. Nations stated that AEP should be allowed to test only for oil in units below the Shinarump and Coconino Sandstone. He said it is a legitimate exploratory test for both commodities, because it was drilling to the basement rocks and thru known formations with known occurrences of hydrocarbons. However, because the location violates the spacing requirements for gas, AEP should not be allowed to test for any gas horizons, only oil.

Mr. Gordon LeBlanc stated he would not object to Ranger's 15-1 Oso location if they drilled no deeper than the proposed depth of 1500 feet, to test the Shinarump. Mr. LeBlanc maintains the 16-1 is an exploratory or wildcat well and should be allowed, but he is not interested in testing the same formation at 1500 feet as Ranger. Mr. Tony Hines, Ranger Development project manager, confirmed that they are only interested in testing the Shinarump at 1500 feet.

After lengthy discussion and questioning, the OGCC voted to approve Ranger's request for a spacing exception for the Oso 15-1. The Commission could not definitively establish whether United Helium's

document was sufficient to prove evidence of standing in the drilling of the Ranger Oso 15-1. Therefore, Mr. Thorwald moved, seconded by Mr. Feyerabend, THAT THE SPACING EXCEPTION FOR THE APPLICATION TO DRILL THE RANGER OSO 15-1 BE APPROVED AS SUBMITTED.

The motion passed 3 to 1.

DISCUSSION of and VOTE on the WELL SPACING EXCEPTION / RE-ENTRY of the RAM OIL CO. 1-9 HORTENSTINE by RANGER DEVELOPMENT, L.L.C.

Ranger requests approval to re-enter the Ram 1-9 Hortenstine (permit #178) to test the Shinarump and strata below. As a back-up, Ranger requests renewal of the Ranger 9-1 PDS (a new well approved as permit # 1219 at the Hearing of July 20, 2017, which expired Jan. 16, 2018). The 9-1 PDS is a twin to plugged Ram well. Ranger says it would be cheaper to re-enter the old well than to drill a new well. If they encounter problems in the old well, only then would they drill the 9-1 PDS.

Mr. Rick Zeise expressed the opinion that re-entering the Ram 1-9 Hortenstine is not a spacing exception issue, but that approving the renewal of the 9-1 PDS requires a well spacing exception. Mr. Thorwald pointed out the 9-1 PDS expired, but was approved in a well spacing Hearing on July 20, 2018.

Dale Nations moved, Mr. Feyerabend seconded:

TO GRANT THE REQUEST TO RE-ENTER 1-9 HORTENSTINE AND GRANT EXTENSION TO 9-1 PDS THAT EXPIRES 180 DAYS FROM JAN. 16, 2018

Passed unanimously 4-0.

As passed by the Commission, the approval to drill the Ranger 9-1 PDS is conditional. The Commission approved Ranger Development LLC to first attempt re-entry into the Ram Oil 1-9 Hortenstine to a proposed TD of 850 feet. If re-entry fails, only then is Ranger authorized to drill the Ranger 9-1 PDS.

ADJOURNMENT

Mr. Thorwald moved, seconded by Mr. Feyerabend

THAT THE MEETING BE ADJOURNED

Motion carried unanimously. The meeting was adjourned at 11:23 a.m.

REVIEWED

  
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FRANK THORWALD  
CHAIRMAN

  
\_\_\_\_\_  
DATE

GUESTS IN ATTENDANCE:

Joe Dixon, AZ State Land Dept.  
Keenan Murray, AZ State Land Dept.  
Ray Hobbs, United Helium  
Gordon LeBlanc, AZ Energy Partners

Michele Van Quathem, Attorney  
James H. Ballard  
Tony Hines, IACX  
Kurt Constenius, Twin Bridges