



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

J. Dale Nations, Ph.D., Vice Chair

Stephen R. Cooper

William C. Feyerabend

MINUTES OF MEETING
APRIL 12, 2019

PRESENT:

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

CALL TO ORDER

Mr. Thorwald called the AOGCC Meeting of April 12, 2019 to order at 10:41 a.m. in Room 3100B at the Arizona Department of Environmental Quality (ADEQ), Phoenix, Arizona. No one reported any conflicts of interest and the roll call confirmed that a quorum was present.

DISCUSSION AND APPROVAL OF MEETING MINUTES (20:53)

Mr. Feyerabend moved, seconded by Mr. Thorwald that the following minutes be approved:

- March 1, 2019 Public Meeting
- March 8, 2019 Emergency Meeting

Both motions carried unanimously in separate votes.

RANGER DEVELOPMENT, LLC

As part of the Ranger Development, LLC (Ranger) update of well status, Commission member Dr. Nations requested at the meeting of March 1, 2019 that Mr. Tony Hines, Ranger, prepare a summary table of the wells. Ranger provided the summary report to the Commission prior the meeting.

Mr. Turner summarized the table of the Ranger wells' status. The report shows that Ranger Development is behind on well status reporting. Tony Hines, the project manager for Ranger Development LLC, presented status updates for wells in which Ranger is requesting shut in or temporary abandonment status.

After discussion, A.A.G. Zeise recommended that the Commission separately discuss and vote on the wells that exceed the 60-day period allowed by Arizona Administrative Code (A.A.C.) R12-7-125 (A). He recommended they first discuss the Ranger 35-1 Hortenstine, Ram 1-9 Hortenstine, and Ranger 3-1 PD, which require approval of temporary abandonment.

Mr. Cooper stated that the Commission hopes to avoid these situations in the future. A.A.G. Zeise commented that Mr. Hines should review A.A.C. R-12-7-125 regarding reporting requirements for activities of wells. Mr. Hines requested clarification of A.A.C. R12-7-125(A) about when to notify the Commission for the 60-day timeframe. A.A.G. Zeise briefly reviewed the rule and suggested that the Commission revisit this issue at a later meeting.

Mr. Hines then described the status of all the wells, including those for temporary abandonment and shut-in status.

Mr. Hines requested that the Ranger 35-1 Hortenstine, Ram 1-9 Hortenstine, and Ranger 3-1 PD be approved for Temporary Abandonment for five (5) years.

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

THE COMMISSION GRANT TEMPORARY ABANDONMENT STATUS FOR FIVE (5) YEARS FROM THE DATE OF LAST ACTIVITY FOR WELLS RANGER 35-1 HORTENSTINE, RAM 1-9 HORTENSTINE, AND RANGER 3-1 PD.

Motion carried unanimously (4-0).

Mr. Hines requested an extension of shut-in status for wells Ranger 31-1 and Ranger 33-2 for five (5) years.

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

THE COMMISSION GRANT SHUT IN STATUS FOR FIVE (5) YEARS FROM THE DATE OF THE LAST ACTIVITY FOR RANGER 31-1 PD AND RANGER 33-2 PD.

Motion carried unanimously (4-0).

The Commission then briefly discussed shut-in status for Ranger wells 2-1 MD, 34-1 PD, 34-2 PD, 31-1 NS and 28-1 NS.

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

THE COMMISSION GRANT SHUT-IN STATUS FROM THE DATE OF LAST ACTIVITY FOR RANGER WELLS 2-1 MD, 34-1 PD, 34-2 PD, 31-1 NS AND 28-1 NS FOR PERIOD OF FIVE (5) YEARS.

Motion carried unanimously (4-0).

RANGER REQUEST FOR RETROACTIVE CONFIDENTIALITY FOR WELLS IN "UNPROVEN TERRITORY" (A.R.S. § 27-522 & A.A.C. R12-7-121(C)):

The Commission discussed Ranger's requests to extend the confidentiality period for any Ranger wells drilled since October 1, 2014. Their request directly relates to the Commission's working definition of the term "unproven territory," as operators are entitled to confidentiality of completion data for up to one year when exploring in unproven territory. Operators may request that the Commission extend confidentiality for up to two years. After some discussion, the Commission concluded to leave the definition of "unproven territory" reserved for a case-to-case analysis, dependent upon field conditions.

The Commission discussed with Mr. Hines the background information for the unproven territory in the 28-1 NS well. Per A.A.G. Zeise's suggestion, Mr. Turner will hold all public records requests for this well for six weeks. At the next meeting, Ranger will present a list of wells with a request for an extension of confidentiality for the Commission's consideration, discussion and vote.

Following discussion by Dr. Nations and Mr. Cooper, Mr. Thorwald moved, Mr. Feyerabend seconded that:

THE AOGCC TEMPORARILY GRANT RANGER DEVELOPMENT'S INFORMATION CONFIDENTIAL TO EXTEND UNTIL THE NEXT MEETING AT WHICH TIME THE BOARD WILL RULE UPON THE CONFIDENTIALITY STATUS BASED ON THE INFORMATION PRESENTED AT THE TIME.

Motion carried unanimously.

Mr. Zeise requested Mr. Hines to work with Mr. Turner to create an informational matrix to present to the board for next meeting.

REPORT BY THE ADMINISTRATIVE COUNSEL

There are jurisdictional issues of the AOGCC on Federal government land, particularly the National Parks Service wishes to expand the Petrified Forest, as discussed during last meeting. Mr. Turner commented that an operator recently applied for a drilling permit in the western expansion of the Petrified Forest. There was general discussion led by Mr. Thorwald on the AOGCC's authority for the land. The AOGCC tabled this topic as an ongoing issue to be included in a future meeting.

REPORT BY THE OIL AND GAS ADMINISTRATOR

- Upcoming TOPCORP short course May 13 – 17, 2019: The AOGCC Administrator will attend a TOPCORP training on petroleum geology and engineering. The purpose of this training is to provide technical information.
- Dr. Nations led a discussion on the ability to grant authority and enforce the rules and regulations of the AOGCC.
- Enterprise Adamana LPG facility: The facility has two wells that have been offline for several years, but were never formally approved by the AOGCC (*see* A.A.C. R12-7-125(A) and R12-7-178). Enterprise Products LPG wishes to appear before the Commission to change workover status similar to Plains Midstream. At that time, an Enterprise representative will also request approval of temporary abandonment status. Mr. Turner will inspect these wells before the next meeting of May 24.
- The ADEQ Watershed Protection Program uses a small area of the AOGCC sample repository in Tucson for testing water samples collected for source characterization for E.coli in the Babocomari Drainage and San Pedro River. The samples are incubated in sealed containers in a portable incubator for 24-hours. After visual examination, all waste materials are bagged and sent to Phoenix for proper disposal. None of the waste materials are disposed / stored in the sample repository. Dr. Nations has seen this set up and believes it is a logical use of space. The sample storage area has adequate space for the AOGCC usage.
- Cloud First Policy Initiative from the Governor's Office: Under the direction of the Department of Administration and the Governor's office, all agencies with public facing data are mandated to move their data off internal servers and into the Cloud by June 30, 2020. The policy is intended to enhance availability to the public. For the AOGCC, this means the Oil & Gas Viewer, and possibly the entire web site, will migrate to the Cloud, which will enable ADEQ to utilize the newest GIS technology.

REPORT BY THE AOGCC CHAIRMAN

Mr. Thorwald met with ADEQ's Air Quality Division Director, Timothy Franquist, to discuss legislative activities and funding of the AOGCC. They also discussed the AOGCC website and the impending transition into the Cloud.

LEGISLATION AFFECTING THE ARIZONA OIL AND GAS CONSERVATION COMMISSION

No report.

CALL TO THE PUBLIC

Mr. Tony Hines, Ranger Development LLC, asked the AOGCC to review A.A.C. R12-7-125 (D) in order to clarify the definition of "works," particularly in regards to turning on a shut-in well. Mr. Hines also requested that the AOGCC review the role of the Administrator in approval processes.

Jim Ballard commented in support for helium development and the concept that the Shinarump Formation as unproven territory. He stated that there may be an issue in confidentiality that some of Ranger's wells are past their three year mark in production.

FUTURE AGENDA ITEMS

Dr. Nations requested that the Commission would need to review the attorney general opinion 60-39.

ANNOUNCEMENTS

No report.

EXECUTIVE SESSION: Dr. Nations moved that the AOGCC convene an Executive Session, seconded by Mr. Thorwald. The motion carried and the AOGCC entered Executive Session at 11:59 a.m.

The purpose of the Executive Session was to seek legal advice on the discretionary authority of the AOGCC Oil & Gas Program Administrator.

The AOGCC returned to the Regular Session at 12:55 p.m.

ADJOURNMENT

Mr. Thorwald moved, seconded by Mr. Cooper:

THAT THE MEETING BE ADJOURNED

Motion carried unanimously. The meeting adjourned at 12:56pm

REVIEWED



FRANK THORWALD
CHAIRMAN

5/24/2019
DATE

Tony Hines, Ranger Development LLC
Noa Bruhis, ASU
Jason Abplanalp, AZ State Land Department
David Haag, AZ State Land Dept.

James H. Ballard
Tara Sommer