OIL & GAS CONSERVATION COMMISSION

Draft Minutes of Meeting July 12, 2016

Present:
Mr. Robert Wagner, Member
Mr. Frank Thorwald, Member
Mr. Bill Feyerabend, Member
Ms. Lisa Atkin, Ex-Officio Member

Mr. Thorwald, OGCC Chairman, called the Commission Meeting of July 15, 2016 to order at 10:06 a.m. in Room 321, State Land Department Building, Phoenix, Arizona.

APPROVAL OF THE MINUTES OF THE MEETING OF April 8, 2016

Mr. Wagner moved, seconded by Mr. Feyerabend:

THAT THE MINUTES OF THE MEETING OF April 8, 2016, BE APPROVED.

Motion carried unanimously.

CONFLICT OF INTEREST

None

REPORT OF THE ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

Sherri Zendri, Administrative Counsel for the Arizona Department of Environmental Quality (ADEQ) gave an update on the transition regarding the administrative support to the Oil and Gas Conservation Commission (OGCC) from the Arizona Geological Survey (AZGS) to ADEQ:

- Ms. Zendri is only an interim contact. She does have a geology background and is able to keeping current projects moving; however a long-term permanent OGCC Administrator will be hired by ADEQ. The current plan is to have the new positon filled by mid-August 2016. However, until such time as a new administrator is hired, all inquiries regarding the transition should go to Ms. Zendri
- The OGCC website is currently being transitioned to ADEQ. ADEQ has limited access at the moment but we hope to have full access next week. ADEQ is also working on transitioning all databases associated with website. That should also be finished in the next week or so.
- Ms. Zendri has reviewed the rock cuttings stored by the OGCC and is currently planning on moving the cuttings to the ADEQ Vehicle Emissions Inspection Program building in Tucson (VEIT).

REPORT OF THE STATE GEOLOGIST

Dr. Allison began his report by clarifying the difference between the rock cuttings that are required by Arizona statue to be submitted to the OGCC and the rock cores that have

been submitted voluntarily to both the OGCC and the former AZGS.

Ms. Zendri explained that due to budget constraints ADEQ was focusing on just the required cuttings, however there is certainly room for continued discussion regarding the cores.

Dr. Allison offered to ADEQ to continue with the data feeds that AZGS used to provide to OGCC, as well as the interactive map viewer that was provided on the OGCC website. He reminded the group that the OGCC is a stand-alone legal body therefore the website was created to stand alone and was hosted by a commercial service.

Dr. Allison also committed to reviewing his electronic files and documents and providing ADEQ with anything of value.

The Assistant Attorney General assigned to represent the OGCC, Rick Zeise, inquired about the keys to the former AZGS building which Dr. Allison explained is locked now. Ms. Zendri explained that the building facilities personnel and security for the 400 W. Congress building in Tucson both have keys and were able to let her in to view the materials.

Mr. Bill Feyerabend stated he felt there was value in the rock cores and asked the OGCC to monitor what happens to them. Dr. Allison committed to letting the OGCC know if there is any threat to the storage of the cores.

Assistant Attorney General Rick Zeise stated that legally the transfer appears to be moving well. There were no rules or statutes to provide direction so all the parties will need to work together and cooperate. There are certainly budgetary issues for either ADEQ or UofA in maintaining the cuttings and cores and the groups should work together.

Mr. Frank Thorwald tried to ascertain what value to the state would be lost if the cores were lost. Dr. Allison noted that Arizona has the smallest collection of cores of any of the western states. He is looking at two options right now:

1) Move the cores into the AZ Mineral Museum – once the museum is renovated it will be open to the public
2) A mining company in Tucson has offered free temporary storage space; however the cores would not be open to the public

Either open is very labor intensive regarding actually moving the materials out of the basement of 400 W Congress.

Ms. Lisa Atkins inquired whether core storage was part of the renovation plan for the Mineral Museum. Dr. Allison explained there is no detailed plan in place yet; there are a number of challenges to getting the cores to the Museum.

Mr. Bill Feyerabend reiterated he felt the cores have great value

Mr. Frank Thorwald asked Ms. Zendri how the OGCC could help keep the ADEQ/OGCC relationship cordial. Ms. Zendri replied by restating that she is only an interim contact and to remember that she does not have all the answers nor the resources to find out all the answers right now. She again committed to keeping field work moving and requested that anything not urgent wait until the permanent Administrator is hired before getting started.

Assistant Attorney General Rick Zeise restated that while we are still working on the transition, we are meeting all the legal requirements for the transfer.

Dr. Allison concluded with a reminder for ADEQ that when reviewing permits for wells on state land, AZGS would not start the OGCC approval clock until everything was approved by the State Land Department.

NEXT MEETING

The next regular meeting was proposed for October 21, 2016 at 10 am in the Stand Land Department Building.

Mr. Wagner moved, seconded by Mr. Feyerabend THAT THE NEXT REGULAR MEETING WILL BE SCHEDUKED FOR OCTOBER 21, 2016 AT 10 AM IN THE STAND LAND DEPARTMENT BUILDING – ROOM 321.

Motion carried unanimously

CALL TO THE PUBLIC

NONE

ANNOUNCEMENTS

NONE

ADJOURNMENT

Mr. Wagner moved, seconded by Mr. Feyerabend THAT THE MEETING BE ADJOURNED

Motion carried unanimously. Time of adjournment was 10:50 am.

REVIEWED

Frank Thorwald

FRANK THORWALD, CHAIRMAN

7/25/16

DATE

GUESTS IN ATTENDANCE

Mr. Rick Zeise, Assistant Attorney General
Mr. Thomas White, Kinder Morgan
Mr. Joe Dixon, AZ State Land Department
Dr. Lee Allison, Director & State Geologist, Arizona Geological Survey
Mr. Nyal Niemuth,
Garret Respondek, ADEQ
Balaji Vaidyanathan, ADEQ