

**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  
Robert L Wagner, Vice Chair  
Stephen R. Cooper  
William C Feyerabend  
J. Dale Nations, Ph.D.

**MINUTES OF HEARING**

**Nov. 15, 2016**

PRESENT:

Mr. Frank Thorwald,	Chairman, 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 Nov. 15, 2016 to order at 10:02 a.m. in Room 3100B, Arizona Department of Environmental Quality, Phoenix, Arizona.

PRESENTATION BY KURT CONSTENIUS, RANGER DEVELOPMENT, L.L.C., AND DISCUSSION

Kurt Constenius of Twin Bridges, L.L.C. (a joint venture partner with IACX Energy, a.k.a. Ranger Development, L.L.C., or Ranger) presented proposals for drilling three new Helium wells, based on data from nine newly acquired seismic lines. Accompanying this well proposal package was the recommendation to re-name a part of the Pinta Dome to the Mustang Dome, based on new geologic interpretations resulting from the new data.

During the middle of the presentation, Mr. Von Jenson and Ms. Gen Northrup, representatives of a local homeowners' association (HOA) in southern Apache County, near Ranger's Pinta Dome well field, raised concerns about property ownership and access rights of local residents in the HOA. Their chief complaint centered around their belief that Ranger, and possibly other operators, had laid pipelines above ground without agreements from the local HOA. Ranger representatives explained that the pipelines are 6 inch diameter HDPE that transport the helium produced within the well field to IACX's helium recovery unit. The pipelines are submerged when crossing a roadway or right-of-way, and the pipeline's diameter is small enough that livestock in the area do not notice it and merely step over it. Commission Member Stephen Cooper questioned whether the Jenson and Northrup claims were within OGCC jurisdiction.

After approximately an hour's worth of discussion and deliberation, the Commission requested that Mr. Constenius continue his presentation. The presentation showed that the well spacing exceptions are based on recent drilling results and new seismic data. The presentation concluded that some of the previously drilled wells, once thought to have defined a simple anticlinal structure, are actually situated on two distinct anticlines. Pinta Dome also has some structural undulations on its crest, two of which are

the targets of the proposed drilling program. Ranger used seismic data and outcrop geology to demonstrate that part of Pinta Dome should be renamed Mustang Dome. The field data, including the U. of A. master’s thesis work by Dunlap (1969), shows that the proposed Ranger 2-1 well will be 25 feet higher on the upthrown side of the fault block that is separated from Pinta Dome by the northeast-trending Navajo Springs fault.

The Commission decided to vote in favor of all of the following proposals (the vote was unanimous in favor of all items):

- Approve spacing exception for proposed Ranger 2-1
- Approve spacing exception for proposed Ranger 33-2
- Approve spacing exception for proposed Ranger34-2
- Rename the Pinta Dome area to be drilled by Ranger 2-1 to the Mustang Dome

Following more discussion, the Commission requested that Mr Rick Zeise, OGCC Counsel, and Mr Paul Katz, Counsel for the Arizona State Land Dept. confer on whether the OGCC has jurisdiction over the landowners’ concerns. The Commission established another Public Hearing for Dec. 1<sup>st</sup> to hear the landowners’ case and reconsider the spacing approvals, if the discussion between the attorneys revealed that the OGCC has jurisdiction.

Following the hearing and the attorneys’ discussion, Mr Zeise informed Mr Thorwald that the Commission had no jurisdiction to consider the landowners’ concerns. The Dec. 1 hearing was immediately cancelled and the O & G Administrator notified the landowners’ representatives who attended the hearing of the cancellation.

CALL TO THE PUBLIC

No formal call to the public was made, because the discussion about Mr Jenson’s access issues was incorporated into the discussion about whether to approve the three Ranger applications to drill.

ANNOUNCEMENTS

None.


ADJOURNMENT

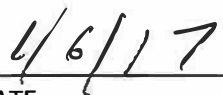
Mr. Thorwald moved, seconded by Mr. Feyerabend

THAT THE MEETING BE ADJOURNED

Motion carried unanimously. Time of adjournment was 11:30 a.m.

REVIEWED

  
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 FRANK THORWALD  
 CHAIRMAN

  
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 DATE

GUESTS IN ATTENDANCE:

Joe Dixon, AZ State Land Dept.  
Gen Northrup, landowner  
Kurt Constenius, Twin Bridges Geologist  
Nyal Niemuth, Consulting Geologist  
David Wahl, Consulting Geologist

Von Jenson, landowner  
Michele Van Quathem, Attorney  
Filip Myc, Twin Bridges, LLC  
Tony Hines, V.P., Ranger Dev.