

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 (OGCC) and to the general public that the OGCC will hold a meeting open to the public on **September 22, 2016, at 1:30 p.m. in Room 145** of the Arizona Department of Environmental Quality 1110 West Washington Street, Phoenix, Arizona 85007.

AGENDA:

1. Call to order, Introductions
2. Discuss and approve the minutes of the September 14, 2016 meeting
3. Status of moving core and drill cuttings to new ADEQ home in Tucson
4. Discuss delegating approval of permit actions to the Oil & Gas Administrator
5. Report of the Oil and Gas Administrator on new permits and drilling activity:
 - Kinder Morgan temporary abandonments and plug and abandonments
 - Operators are showing interest (via recent emails and phone calls) in drilling in the Holbrook Basin (helium)
6. Call to the public: This is the time for the public to comment. Members of the Commission may not discuss items that are not on the agenda. Therefore, 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 at a later date.
7. Announcements
8. Adjourn

Members of the Oil and Gas Conservation Commission will attend either in person or by telephone conference call. The public may be afforded an opportunity to comment on any item on the agenda; however, at the beginning of the meeting, the Commission may vote to set up a time limit on individual comments.

NOTE: The Oil and Gas Conservation Commission may vote to go into Executive Session, pursuant to A.R.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, 602.771.4501. A copy of the agenda and background material provided to Commission members (with the exception of material relating to possible executive sessions) is available for public inspection at the Arizona Department of Environmental Quality, Records Management Center, 1110 W. Washington Street, Phoenix, AZ 85007. Note also that the agenda items may be taken out of order.

To request an auxiliary aid or service for accessible communication, please contact Caroline Oppleman, (602) 771-2215 or co2@azdeq.gov or dial 7-1-1 for TTY/TTD Services.

Room 145

1:30pm Mtg
OGCC Sept. 22, 2016 meeting

Guest register

Name / Organization – please print	email	phone
DENNIS C. TURNER / ADEQ	dt1@azdeg.gov	602/771-4501
FRANK THORWALD	FRANK_Thorwald	948/230-5844
Bob Wagner	R.wagner@cox.net	602-318-0026
GORDON DUDLEY	GED@UNITEDHelium.com	480-949-2755 602
Thomas White	Thomas_White@KinderMorgan.com	928-242-4133
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THOMAS WHITE / KINDER MORGAN	Thomas_White@KinderMorgan.com	928-242-4133
RICK ZEISE / AGO	Rick.Zeise@azag.gov	602-542-8553
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SUMMARY OF COMMISSION PERMITTING AUTHORITIES, RESPONSIBILITIES and TIME FRAMES_DRAFT

CITATION/ PERMIT ACTION	COMMISSION RESPONSIBILITY/ AUTHORITY	TIME FRAMES (Licensing Time Frame in bold)
<u>R12-7-103(A). Bond.</u>	bond is payable to the Oil and Gas Conservation Commission, State of Arizona	
<u>R12-7-103(C). Bond.</u>	<ul style="list-style-type: none"> • Commission must approve bond transfers • Commission notifies the transferor and the bonding company in writing of the release 	<ul style="list-style-type: none"> • None • None
<u>R12-7-104(A)(B). Application for Permit to Drill</u>	Operator shall submit to the Commission ... and obtain approval	30 days admin. 30 days substantive/ technical Includes weekends and holidays, except for the last day.
<u>R12-7-104(D). Request for extension</u>	the Commission may grant an extension in writing if applied for within 180 days	None
<u>R12-7-104(E). Imminent danger to public safety or of contamination of the environment</u>	Commission may authorize the drilling of an emergency relief or offset well	<ul style="list-style-type: none"> • Operator submits appl. w/in 10 days of spudding the relief well • Context is implied as immediate approval
<u>R12-7-105(A), (B). Change of Location</u> – amending an application; inside the approved drilling unit	may be made by electronic communication, in which case the Commission may authorize by electronic communication Commission may grant exceptions to well spacing	None, but w/in 10 days operator must file amended application
<u>R12-7-105(C). Change of Location</u> -outside the approved drilling unit; submit new application in accordance with R12-7-104	Commission must approve a new application in accordance with R12-7-104, includes another \$25 fee Commission may grant exceptions to well spacing	30 days admin. 30 days substantive/ technical Includes weekends and holidays, except for the last day.
<u>R12-7-107(C). Spacing of Wells</u> – geothermal	the Commission must approve and/or may modify a drilling unit	None
<u>R12-7-107(E)</u>	Commission may grant exceptions to well spacings for oil, gas or geothermal only after notice and hearing.	Rule silent, but context seems to be 15 days' notice for a hearing; rule silent on whether overall LTF is extended, but assumed to be 15 days.
<u>R12-7-107(D)(3). Spacing of Wells</u> – geothermal	Commission must approve or modify the spacing of a horizontal drill hole segment	None

CITATION/ PERMIT ACTION	COMMISSION RESPONSIBILITY/ AUTHORITY	TIME FRAMES (Licensing Time Frame in bold)
<u>R12-7-107(E). Spacing of Wells –</u>	The Commission may grant exceptions to the regular locations ... only after notice and hearing before the Commission (except for topography) <u>R12-7-107(E)(2)</u> : Commission must determine in a public hearing that application is valid <u>R12-7-107(E)(4)</u> : If an existing well’s classification changes, the Commission may approve ... with supporting data and ten days’ notice and hearing	None R12-7-107(E)(4) : Commission gives 10 days’ notice and a public hearing
<u>R12-7-107(F). Spacing of Wells –</u> applicable to oil, gas, geothermal	The Commission may, after notice and hearing, fix different spacing requirements, etc.	None
<u>R12-7-107(G). Spacing of Wells –</u>	The Commission may order pooling and integration of interests pursuant to A.R.S. §§ 27-505 (oil & gas) and 27-666 (geothermal)	None
<u>R12-7-116. Multiple Zone Completions –</u>	... prohibited except as authorized by the Commission after notice and hearing	None • Time frame for hearing?
<u>R12-7-125(B). Temporarily Abandoned and Shut-in Wells –</u>	... may temporarily abandon or shut-in a well for up to 5 years if the operator demonstrates to a quorum of the Commission a future beneficial use of the well and submit a Sundry Notice to the Commission	None
<u>R12-7-137. Commingling of Production from Pools –</u>	The Commission may approve commingling of production	The first application ... shall be approved by the Commission <u>only after notice and hearing</u> . Subsequent applications ... for commingling of the same zones in the same field may be approved administratively if, after a 15-day holding period, there are no protests from offsetting operators • Time frame for hearing?
<u>R12-7-139. Use of Vacuum Pumps.</u>	use of vacuum pumps prohibited, unless authorized by the Commission <u>after notice and hearing</u>	None; • Time frame for hearing?
<u>R12-7-152(B). Utilization of Gas</u>	Utilization of gas in the manufacture of carbon black may be made only if approved by the Commission, <u>after notice and hearing</u>	None; • Time frame for hearing? •
<u>R12-7-160. Regulation of Production.</u>	If the Commission determines that oil, gas, or geothermal resources production in the state is causing waste, the Commission shall limit, allocate, and apportion the total amount of oil, gas, or geothermal resources which may be produced	None • Time frame for hearing (if applicable)?

CITATION/ PERMIT ACTION	COMMISSION RESPONSIBILITY/ AUTHORITY	TIME FRAMES (Licensing Time Frame in bold)
<p><u>R12-7-175. Injection Wells Including Enhanced Recovery, Disposal, and Storage Wells</u> – Commission only has permit authority for certain injection wells used for enhanced recovery, disposal, or storage.</p> <p><u>R12-7-180. Supplementary Requirements for Storage Wells</u></p>	<ul style="list-style-type: none"> • Class II injection wells (saltwater disposal, EOR, hydrocarbon storage); • Class V geothermal injection wells; and other wells: • underground storage of any hydrocarbons or nonhydrocarbons that are gaseous @ STP; • used to dissolve salt to create a cavity for storage; • used for brine disposal when creating a solution mined salt cavity 	<p>... prepared in accordance with R12-7-104: 30 days admin. 30 days substantive/ technical Includes weekends and holidays, except for the last day.</p>
<p><u>R12-7-176(A)(B). Permits for injection wells</u> –</p>	<ul style="list-style-type: none"> • Hearing required, before Commission approves permit • Permit application must be prepared in accordance with R12-7-104, meet all the applicable requirements of Chapter 7 and include plat, geologic & engineering studies, injection plan, and other info 	<ul style="list-style-type: none"> • at least 15 days’ notice req’d prior to public hearing ...permit prepared in accordance with R12-7-104: • 30 days admin. • 30 days substantive/ technical • Includes weekends and holidays, except for the last day.
<p><u>R12-7-176(C). Permits for injection wells</u> –</p>	<ul style="list-style-type: none"> • Permit may be issued for up to the operating life of the well • Permit review required every 5 years • May modify or terminate permit during its term if the Commission determines that the operator is not in compliance with this Chapter’s requirements. 	<p>None</p>
<p><u>R12-7-178. Notice of Commencement, Discontinuance, and Transfer of Injection Operations</u> –</p>	<p>Commission must approve any transfer of ownership between operators before transfer occurs ...</p>	<p>R12-7-178(3)(c):</p> <ul style="list-style-type: none"> • must issue approval or denial of the transfer within 30 days of receipt of req’d info (no completeness time frame defined) • must cite reasons for denial
<p><u>R12-7-181. Design and Construction of Storage Wells and Cavities</u> –</p>	<p>181(A): ... applicant shall demonstrate to the Commission that ..., etc. [implies Commission must approve, but not stated]</p> <p>181(C): The Commission may administratively grant an exception ...</p>	<p>In accordance with R12-7-104(C)?</p>

CITATION/ PERMIT ACTION	COMMISSION RESPONSIBILITY/ AUTHORITY	TIME FRAMES (Licensing Time Frame in bold)
<u>R12-7-182(G). Operation, Inspection, and Closure of Storage Well Systems</u> –	If the Commission determines that the continued operation ... would cause unsafe operating conditions, etc. ... the Commission shall order discontinuance of operations ... until [it] determines that the project can and will be conducted in a physically and environmentally safe manner.	None
<u>R12-7-183(F). Certificate of Compliance and Authorization to Transport</u> –	<ul style="list-style-type: none"> • The Commission mails written notice of admin. completeness ... of the operator’s certificate of compliance • the Commission shall approve the certificate or provide a written explanation in compliance with A.R.S. § 41-1076 	<ul style="list-style-type: none"> • within 10 days of receipt ... • within 10 days of receipt of admin. complete certificate • total time frame = 20 days
<u>R12-7-184. Recovered Load Oil</u> –	<ul style="list-style-type: none"> • only upon approval by the Commission of a certificate for load oil credit and permit to transport recovered load oil ... upon approval, the Commission shall forward one copy to the designated transporter as authority to transport 	None

NOTES/ Discussion points:

This table is for informal use. Its purpose is to summarize and paraphrase key requirements; as such, it is subject to revision. If there are any errors or discrepancies with A.A.C. Title 12, Ch. 7, the rule shall prevail.

Any time frame noted as “None” is interpreted as less than 7 days

Any action that affects other operators/ leaseholders shall be brought before the Commission with a public hearing.

Where is the authority for potash? See A.R.S. § 27-501.21, definition of “well”: any hole drilled ... with the intention ... of penetrating oil or gas bearing strata or ... strata in search of stratigraphic data pertinent to the location of oil or gas bearing strata ...