

Douglas A. Ducey  
Governor

# ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY



Misael Cabrera  
Director

## OIL & GAS CONSERVATION COMMISSION 1110 W. Washington Street Phoenix, AZ 85007

### Minutes of Meeting Sept. 22, 2016

#### PRESENT:

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

#### CALL TO ORDER

Mr. Thorwald called the OGCC Meeting of Sept. 22, 2016 to order at 1:30 p.m. in Room 145, Arizona Department of Environmental Quality, Phoenix, Arizona.

#### DISCUSSION AND APPROVAL OF THE MINUTES OF THE MEETING OF July 12, 2016

Mr. Cooper moved, seconded by Dr. Nations:

THAT THE MINUTES OF THE MEETING OF September 14, 2016, BE APPROVED.

Motion carried unanimously.

#### STATUS OF MOVING CORE AND DRILL CUTTINGS TO NEW ADEQ HOME IN TUCSON

Mr. Turner said that all drill core and drill cuttings will be moved to a vacant ADEQ Vehicle Emissions & Inspections (VEI) building in Tucson at a future date yet to be determined. This matter has been discussed in at least one previous meeting this year, most notably in the July 12 minutes. The purpose of this discussion was to update the Commission on progress towards the move.

Dr. Nations and Mr. Feyerabend both reiterated the importance of keeping all samples (core and cuttings) intact. Mr. Dixon noted that the samples must be available to the public. Mr. Turner assured the Commissioners that ADEQ understands that the samples are an important public record. Mr. Turner wants Nyal Niemuth, formerly of the Arizona Geological Survey and interim Oil and Gas Administrator,

#### Main Office

1110 W. Washington Street • Phoenix, AZ 85007  
(602) 771-2300

#### Southern Regional Office

400 W. Congress Street • Suite 433 • Tucson, AZ 85701  
(520) 628-6733

[www.azdeq.gov](http://www.azdeq.gov)

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to provide assistance with the move, but Mr. Turner must get all approvals for hiring him on some sort of contract or temporary basis, first. He anticipates two trips to Tucson; the first to review and evaluate core and drill cuttings organization and plan how to move; the second will be to conduct the move, with Mr. Niemuth assisting in supervising the move. Mr. Turner is very sensitive to the importance of moving the files and samples intact, without loss, and would like to move them as soon as possible.

#### DISCUSS DELEGATING APPROVAL OF PERMIT ACTIONS TO THE OIL & GAS ADMINISTRATOR

Mr. Turner distributed draft copies of a document ("Commission Permitting Authorities, Responsibilities and Time Frames\_Draft") that summarizes all of the permitting actions under the authority of the OGCC. The document was presented only as a draft for discussion about delegating authority to make decisions to the Oil and Gas Administrator on the OGCC's behalf. The document is incorporated by reference with these minutes, with the understanding that it is still a draft, subject to update and revision. The document identifies all of the permit actions in the rules (Arizona Administrative Code (A.A.C.) Title 12, Chapter 7) under the authority of the OGCC.

Mr. Thorwald was in favor, stating that he wants the OGCC to be flexible and able to adapt quickly to the needs of the operators.

Dr. Nations moved, seconded by Mr. Wagner, that the following authorities be delegated to the Oil and Gas Administrator:

- Approve all oil and gas drilling permits and related activity, as documented in the draft version of "Commission Permitting Authorities, Responsibilities and Time Frames\_Draft"
- Perform inspections of activities associated with well drilling and completion operations
- Inspect underground gas storage facilities
- Maintain all well records and where they are located

It is important to note that any action that affects other operators/ leaseholders must still be brought before the Commission with a public hearing. The motion was carried unanimously.

Mr. Turner indicated his intent to create similar documents derived from the rule for: inspection responsibilities; operators' reporting requirements, and; actions to be taken by the OGCC after a public notice and public hearing. One or more of these may be discussed at the next regular meeting.

#### REPORT OF THE OIL AND GAS ADMINISTRATOR ABOUT NEW PERMITS AND DRILLING ACTIVITY

- Kinder Morgan temporary abandonments and plug and abandonments. Mr. Turner will issue letters in an established format to Kinder-Morgan to authorize plugging and abandoning wells 11-16-30, 11-29-30 and 11-32-30. A separate letter will authorize temporary abandonment of well 10-29-31.

Mr. Turner indicated that all future communications regarding any authorizations, ranging from new permits to Sundry Notices for existing wells, would be sent as formal correspondence from ADEQ to operators, rather than just informal emails. Mr. Zeise underscored this point in saying these types of communications are required for tracking purposes and to protect government agencies if the public or a permittee challenges an agency decision.

- Operators are showing interest (via recent emails and phone calls) in drilling in the Holbrook Basin (helium). There was no discussion; simply mentioned by Mr. Turner.

CALL TO THE PUBLIC

No issues were raised.

ANNOUNCEMENTS

The next OGCC meeting is scheduled for October 21, 2016 at 10:00 a.m. at ADEQ 1110 W. Washington Street, Phoenix, Room 3100B.


ADJOURNMENT

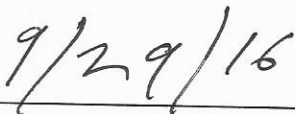
Mr. Wagner moved, seconded by Dr. Nations

THAT THE MEETING BE ADJOURNED

Motion carried unanimously. Time of adjournment was 2:23p.m.

REVIEWED

  
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FRANK THORWALD  
CHAIRMAN

  
\_\_\_\_\_  
DATE

GUESTS IN ATTENDANCE

- Mr. Joe Dixon, AZ State Land Department
- Mr. Thomas White, Kinder-Morgan
- Mr. Gordon Dudley, United Helium
- Mr. Gordon LeBlanc, Jr.