

PW

~~CONFIDENTIAL~~
Release Date

#2 Power Ranches
SE/NE Sec 1-T2S-R6E Maricopa Co.

DRILL STEM TEST

NO.	FROM	TO	RESULTS

CORE RECORD

NO.	FROM	TO	RECOVERY	REMARKS
1	7890	7918	100%	

REMEDIAL HISTORY

DATE STARTED - COMPLETED	WORK PERFORMED	NEW PERFORATIONS

ADDITIONAL INFORMATION

9-9-73 Ran Reda Pump - set at 4700± Well pumped approx. 75 GWM, observed temp. at flow line 192° F. Reported Temp from survey 365° F - Pulled pump 9-20-73. Ran periodic temp. surveys to 9-28-73.

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WELL COMPLETION OR RECOMPLETION REPORT AND WELL LOG
GEOHERMAL RESOURCE WELL

DESIGNATE TYPE OF COMPLETION: Status: **Testing**

NEW WELL WORK OVER DEEPEN PLUG BACK SAME RESERVOIR DIFFERENT RESERVOIR DRY STEAM HOT WATER DRY

DESCRIPTION OF WELL AND LEASE

OPERATOR **Geothermal Kinetics Inc.** ADDRESS **301 W. Indian School Road, #117 Phoenix, Arizona 85013**

FEDERAL, STATE OR INDIAN LEASE NUMBER OR NAME OF LESSOR IF FEE LEASE **Power Ranches Inc.** WELL NUMBER **2** FIELD & RESERVOIR **Power Geothermal Prospect**

LOCATION **1980'S & 660'W of the NE Cor. Sec. 1, T2S, R6E** COUNTY **Maricopa**

SEC. TWP-RANGE OR BLOCK & SURVEY **1 T2S R6E**

DATE SPUDDED 5-13-73	DATE TOTAL DEPTH REACHED 8-23-73	DATE COMPLETED, READY TO PRODUCE testing	ELEVATION (OF RKB, RT OR GR.) 1356	ELEVATION OF CASING HD. FLANGE 13
TOTAL DEPTH 10454 ft.	P.B.T.D.	AIRDRILLED (INTERVAL) none	FLUIDDRILLED (INTERVAL) Mud 0-5400 (then to T.D.) Water 5400 -	
PRODUCING INTERVAL (S) FOR THIS COMPLETION		ROTARY TOOLS USED (INTERVAL) 0 to 10434	CABLE TOOLS USED (INTERVAL)	
WAS THIS WELL DIRECTIONALLY DRILLED? no	WAS DIRECTIONAL SURVEY MADE? Totco only	WAS COPY OF DIRECTIONAL SURVEY FILED? no	DATE FILED	
TYPE OF ELECTRICAL, TEMPERATURE, CEMENT BOND OR OTHER LOGS RUN (CHECK LOGS FILED WITH THE COMMISSION) GRN, I.E., BHC Acousticlog, Temp. Log			DATE FILED	

CASING RECORD

CASING (REPORT ALL STRINGS SET IN WELL-CONDUCTOR, SURFACE, INTERMEDIATE, PRODUCING, ETC.)

PURPOSE	SIZE HOLE DRILLED	SIZE CASING SET	WEIGHT (LB./FT.)	DEPTH SET	SACKS CEMENT	AMT. PULLED
SURFACE	26"	20"	41#	149	350.37	2.4% Cell
Intermediate	17 1/2"	13 3/8"	215 72# 59 lbs 6#	Surface - 2704	1700.52	30% SiO2
Top of Pay	12 1/4"	9 5/8"	47#	2537 to 5400	813.52	30% SiO2 1/2% DIB
Pay Zone	8 1/2"	7"		5253 to 10229	250.52	30% SiO2 1/2% DIB

TUBING RECORD

SIZE	DEPTH SET	PACKER SET AT	SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN (FT.)
IN.	FT.	FT.	IN.	FT.	FT.		

PERFORATION RECORD

NUMBER PER FT.	SIZE & TYPE	DEPTH INTERVAL	AMT. & KIND OF MATERIAL USED	DEPTH INTERVAL

INITIAL PRODUCTION **testing**

DATE	STATIC TEST SHUT IN WELL HEAD		ANALYSES OF FLUIDS & GASES					SEPARATOR DATA			
			TOTAL MASS FLOW DATA								
	TEMP. °F	PRES. PSIG.	LBS./HR	TEMP. °F	PRES. PSIG.	ENTHALPY	ORIFICE	WATER CUFT/HR	STEAM LBS/HR	PRES. PSIG.	TEMP. °F

CERTIFICATE: I, THE UNDERSIGNED, UNDER THE PENALTY OF PERJURY, STATE THAT I AM THE **Exec. Vice Pres.** OF THE **Geothermal Kinetics Inc.** (COMPANY), AND THAT I AM AUTHORIZED BY SAID COMPANY TO MAKE THIS REPORT; AND THAT THIS REPORT WAS PREPARED UNDER MY SUPERVISION AND DIRECTION AND THAT THE FACTS STATED THEREIN ARE TRUE, CORRECT AND COMPLETE TO THE BEST OF MY KNOWLEDGE.

DATE **Feb. 27, 1974** SIGNATURE *Mike J. Dornell*

RECEIVED

PERMIT NO. **611** O & G COM. COMM. FILE ONE COPY

STATE OF ARIZONA
OIL & GAS CONSERVATION COMMISSION
WELL COMPLETION OR RECOMPLETION REPORT AND WELL LOG
FORM No. G-4

(COMPLETE REVERSE SIDE)

PLUGGING RECORD

Operator Power Enterprises & Power Road Properties-Joint Venture		Address John Schneider	
Federal, State, or Indian Lease Number, or lessor's name if fee lease. Power (Permit#611)		Well No. 2	Field & Reservoir Phoenix, AZ 85016
Location of Well 1980' FNL & 660 FEL SE/4 of NE/4 Section 1,		Sec-Twp-Rge or Block & Survey TWP25, R 6E	County Maricopa
Application to drill this well was filed in name of Geothermal Kinetics Inc.	Has this well ever produced GEOTHERMAL RESOURCES? NO	Date plugged: October 12, 1994	Total depth 10,104'
NAME OF EACH FORMATION CONTAINING GEOTHERMAL RESOURCES. INDICATE WHICH FORMATION OPEN TO WELL-BORE AT TIME OF PLUGGING	DEPTH INTERVAL OF EACH FORMATION	SIZE, KIND & DEPTH OF PLUGS USED INDICATE ZONES SQUEEZE CEMENTED, GIVING AMOUNT CEMENT	
Tertiary Volcanics	Slotted 7" Liner	Halliburton 7" Bridge	
	7631'-10,104'	Plug set at 7500'	
		4 scks cement on top of plug.	
		Set 20' cement plug	
CASING RECORD 20' to surface.			
Size pipe	Put in well (ft.)	Pulled out (ft.)	Left in well (ft.)
20"	217'		217'
13 3/8"	2704'		2704'
9 5/8"	2537-5400		2537-5400'
7"	5253'-10,104'		5253'-10,104'
Give depth and method of parting casing (shot, ripped, etc.)		Packers and shoes	
		Cement circulated	
		Cement circulated	
		Cement circulated	
		Cement circulated from 5235 to 7631'	
Was well filled with mud-laden fluid, according to regulations?		Indicate deepest formation containing fresh water.	
Water left in hole-all pipe cemented in hole		@ 700'	
NAMES AND ADDRESSES OF ADJACENT LEASE OPERATORS OR OWNERS OF THE SURFACE			
Name	Address	Direction from this well:	
Lennar Homes	1610 W. Camelback Rd Phoenix	West	
U-Haul Inc.	2727 N. Central Phoenix	North	
Tom Dugan	20200 S. Higley Rd Higley AZ	East	
In addition to other information required on this form, if this well was plugged back for use as a fresh water well, give all pertinent details of plugging operations to base of fresh water sand, perforated interval to fresh water sand, name and address of surface owner, and attach letter from surface owner authorizing completion of this well as a water well and agreeing to assume full liability for any subsequent plugging which might be required.			
Use reverse side for additional detail.			
CERTIFICATE: I, the undersigned, under the penalty of perjury, state that I am the L.W. Brooks, Jr. Agent of the Power Enterprises & Power Road Properties-Joint Venture (company) and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.			
Date October 20, 1994		Signature <i>[Signature]</i>	
AZ OIL & GAS CONSERVATION COMMISSION		STATE OF ARIZONA OIL & GAS CONSERVATION COMMISSION Plugging Record File One Copy	
Permit No. #611	OCT 25 1994	FORM NO. G-10	

APPLICATION TO ABANDON AND PLUG

FIELD Unnamed
 OPERATOR Power Enterprises & Power Road Properties-Joint Venture
 Federal, State, or Indian Lease Number _____
 or Lessor's Name if Fee Lease Arizona State Permit #611 WELL NO. Power #2
 SURVEY TWP 25, Rge 6E SECTION 1 COUNTY Maricopa
 LOCATION 1980' FNL - 660' FEL (SE/4 of NE/4)

The present condition of the well is:

1. Total depth: 10454 PBSD 10,104'
2. Complete casing record, including plugs:
 20" 91-lb set 217' Cement circulated
 13 3/8" 61-lb set 2704' Cement circ.
 9 5/8" Liner set 2537'-5400' (47lb)
 cemented & top squeezed.
 7" 29-lb Liner set 5253'-10,104'
 Cemented & top squeezed.
 Slotted from 7631' to 10,104'
3. Last produced: Tested only-never produced
 Date _____

Additional data for dry hole -

4. Results of tests: (include analysis of effluent)
 - a. Bottom hole temperature: 262°
 - b. Maximum temperature: 262° Depth: 10,104
5. Stratigraphic markers and depths:
On file with commission
6. Formation at bottom Volcanics
7. Base of fresh water sands: @ 800'

8. FULL DETAILS OF PROPOSED PLAN OF WORK Set Halliburton Permanent bridge plug
at 7500' Halliburton will set sack cement seal plug on top of permanent
plug. A 20' cement plug will be placed in top of 13 3/8' casing at surface
to 20'. Well is being plugged where it can be reentered at later date for
completion as a fresh water well.

Abandonment marker shall be installed in accordance with R12-7-232(A)(6)

If well is to be abandoned, does proposed work conform with requirements of Rule G20? yes If not, outline proposed procedure above.

DATE COMMENCING OPERATIONS @ October 17, 1994

NAME OF PERSON DOING WORK L.W. Brooks, Jr. ADDRESS see below

CORRESPONDENCE SHOULD BE SENT TO DMS Holding Company

AZ OIL & GAS
 CONSERVATION COMMISSION

SEP 8 1994

Name L.W. Brooks, Jr. - Agent
 Title 7585 East Redfield Suite 212, Scottsdale, AZ
 Address 85260
 Date Sept. 2, 1994

Date Approved SEP 16 1994
 STATE OF ARIZONA
 OIL & GAS CONSERVATION COMMISSION
 By: Steven L. Rainey

STATE OF ARIZONA
 OIL & GAS CONSERVATION COMMISSION
 Application to Abandon and Plug
 File Two Copies
 FORM NO. G-9

Permit No. 611

**SUMMARY REPORT
POWER RANCHES WELL NO. 2**

5-13-73 Spudded 17" hole at 2 P.M.

5-15-73 Ran 4 Jts. 20" 91# csg. set @ 197 K.B.
Cemented w/ 350 sks. Reg cement w/2%
Caclium Chloride-Cement circ.

5-22-73 13 3/8" 61 & 72# K-55 csg. set @ 2704
Cemented w/1700 sks reg. 30% silica flour-
Cement circ.

6-02-73 Ran 9 5/8 47# N-80 Csg. liner - bottom of
liner 5400' top of liner 2537', Cemented
w/813 sks reg. cement, 30% silica flour,
3/10 of 1% D-13 retarder

6-03-73 Tested liner - No Cement Job on Top

6-05-73 Squeezed top of liner w/200 sks reg. cement
& 30% silica flour

6-06-73 Tested liner - OK

6-12-73 Ran logs

6-17-73 Core No. 1 7918 - 7890 100% Recovery

8-23-73 T.D. 10,454' Volcanics

8-24- thru
27-73 Running Temp. Surveys
High recorded Temp. 330°

9-05-73 Ran 7" liner - Hanger at 5253
Bottom of liner - 10,229. Bottom
2473 of liner slotted. Cemented w/250 sks
of Glass G + 30% silica flour
5/10 of 1% D-13 retardar
3/4% of D-65 TIC

9-07-73 Tested liner w/1000 PSI-OK

9-09-73 Running Reda Pump set at approximately 4700'

9-20-73 Pulled Pump

9-21 thru
28-73 Running Temp Survey
Maximum temp. 365°

DEPARTMENTAL CORRESPONDENCE

DATE September 10, 1973

SUBJECT PROGRESS REPORT -- DRILLING (Sept. 1 - 9)

TO Mike O'Donnell DEPT Management

FROM Bert McCormack DEPT Drilling

NO. 1 WELL:

Sept. 1st
thru 9th SHUT IN

NO. 2 WELL:

Sept. 1st WOC; Waiting on rig repair.
 Sept. 2nd Same as Above
 Sept. 3rd Received cement on location at 1:00 P.M. on 2nd; working on rig. Went in hole with drill pipe; conditioning hole to run casing.
 Sept. 4th Pulled out of hole; rigging up to run 7" casing.
 Sept. 5th Running 7" casing to 4,979'; set hanger at 5,253'; shoe at 10,229'; ran 2,378' of blanks and 2,473' of slotted. Cemented with 250 sacks of Class G + 30% silica flour, 5/10 of 1% D-13 retarder, 3/4% of D-65 TIC; job completed at 4:30 p.m.
 Sept. 6th 10,454 T.D.; WOC.
 Sept. 7th Checked liner with 1,000 lbs. of pressure for 30 minutes; o.k. - went in hole with drill pipe, washing slotted pipe.
 Sept. 8th Laid down drill pipe.
 Sept. 9th Rigged up to run Reda Pump.

DEPARTMENTAL CORRESPONDENCE

DATE June 2, 1973

SUBJECT DRILLING REPORT - No. 2 Well

TO Mike O'Donnell DEPT Management

FROM Bert McComack DEPT Drilling

REPORTED AS OF 7:00 a.m.

EACH MORNING

SATURDAY, JUNE 2, 1973

5401' T.D. WOC.

Ran 79 joints, range 3, 9 5/8" N-80,
47 lb. casing. Set at 5400'; liner
hung at 2537'.

Cemented with 813 sacks of regular
cement, 30% silica flour, 3/10 of
1% D-13 retarder.

Plugged down at 10:00 p.m., June 1st.

SUNDAY, JUNE 3, 1973

Went in with 12 1/4" bit; no cement job.
Checked liner; pulled out and went in
with 7 7/8" bit to check cement in
9 5/8" pipe at approximately 65' of
cement. Bottom of liner looked like
good cement job.

DEPARTMENTAL CORRESPONDENCE

DATE June 4, 1973

SUBJECT DRILLING REPORT - No. 2 Well

To Mike O'Donnell DEPT. Management

FROM Bert McComack DEPT. Drilling

REPORTED AS OF 7:00 a.m.

EACH MORNING

MONDAY, JUNE 4, 1973

Started in hole with Baker Bridge Plug
to squeeze top of liner.

Plug set at 90' from surface.

TUESDAY, JUNE 5, 1973

5401' T.D.; WOC.

Set Baker Bridge Plug at 2510'.
Squeezed with 200 sacks of regular
cement, 30% silica flour.

Job completed at 3:00 a.m. this morn-
ing -- looks good.

WEDNESDAY, JUNE 6, 1973

5401' T.D. Went in with Bit #7 (12 $\frac{1}{2}$ ")
drilling Baker Bridge Plug; pulled out
and went back in with Bit #8 (8 $\frac{1}{2}$ ").
Washed out to 70' from bottom.

Good cement and squeeze job.

DEPARTMENTAL CORRESPONDENCE

DATE May 21, 1973

SUBJECT DRILLING REPORT - No. 2 Well

To Mike O'Donnell DEPT. Management

FROM Bert McComack DEPT. Drilling

REPORTED AS OF 7:00 a.m.

EACH MORNING

MONDAY, MAY 21, 1973

2717' T.D. Circulating to run 13 3/8" casing.

At 2650', fluid count was 136,000 ppm.

TUESDAY, MAY 22, 1973

2704' T.D. running 13 3/8" casing. 59 joints of seal lock, 61 lb. K-55, R-3; Ran 9 joints of Butress 72 lb. on top.

Bit #3 made 799' in 44 1/2 hrs. Plugged down at 4:45 a.m., good return on cement.

WEDNESDAY, MAY 23, 1973

2715' T.D. WOC; pipe set at 2704', 13 3/8" pipe.

Cemented with 1700 sacks of regular cement, 30% silica flour. Plugged down at 4:50 a.m., May 22nd.

DEPARTMENTAL CORRESPONDENCE

DATE May 14, 1973

SUBJECT DRILLING REPORT -- No. 2 Well

To Mike O'Donnell DEPT. Management

FROM Bert McCormack DEPT. Drilling

REPORTED AS OF 7:00 a.m.

EACH MORNING

MONDAY, MAY 14, 1973

Drilling at 217' T.D., 17" hole.

Reaming at 100' and reaming at 100'
running to 26" hole at 100'.

Spudded at 2:00 p.m., May 13th, 1973.

TUESDAY, MAY 15, 1973

217' T.D., 26" hole. Ran 4 joints of
20", 91 lb. casing set at 197 K.B.

Cemented with 350 sacks of regular,
2% calcium chloride. Job completed
at 9:00 p.m., May 14th; good return
on cement.

WEDNESDAY, MAY 16, 1973

240' T.D., drilling 17½" hole, Bit #1.
60' of cement in pipe. Started under
surface at 1:00 a.m.

THURSDAY, MAY 17, 1973

1219' T.D., Bit #1 made 1219' in 26½
hours.

Deviation survey at 700', 4°.

**SUNDRY NOTICES AND REPORTS ON WELLS
GEOHERMAL RESOURCES**

1. NAME OF OPERATOR Cam-Roy Research Corp.
 2. GEOTHERMAL RESOURCES WELL OTHER (Specify) _____
 3. WELL NAME Power No. 2
 LOCATION _____
 SEC. 1 TWP. 25 ROE. 6E COUNTY Maricopa ARIZONA.
 4. FEDERAL, STATE OR INDIAN LEASE NUMBER, OR LESSOR'S NAME IF FEE LEASE. Power Ranches Tract / - or
Gilbert, ARIZONA - Power Road Properties Joint Venture
 5. FIELD OR POOL NAME. Higley Basin
 6. CHECK APPROPRIATE BOX TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
TEST WATER SHUT-OFF <input type="checkbox"/>	PULL OR ALTER CASING <input type="checkbox"/>	WATER SHUT-OFF <input type="checkbox"/>	MONTHLY PROGRESS <input type="checkbox"/>
FRACTURE TREAT <input type="checkbox"/>	DIRECTIONAL DRILL <input type="checkbox"/>	FRACTURE TREATMENT <input type="checkbox"/>	REPAIRING WELL <input type="checkbox"/>
SHOOT OR ACIDIZE <input type="checkbox"/>	PERFORATE CASING <input type="checkbox"/>	SHOOTING OR ACIDIZING <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
REPAIR WELL <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	(OTHER) _____	ABANDONMENT <input type="checkbox"/>
(OTHER) _____			

7. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

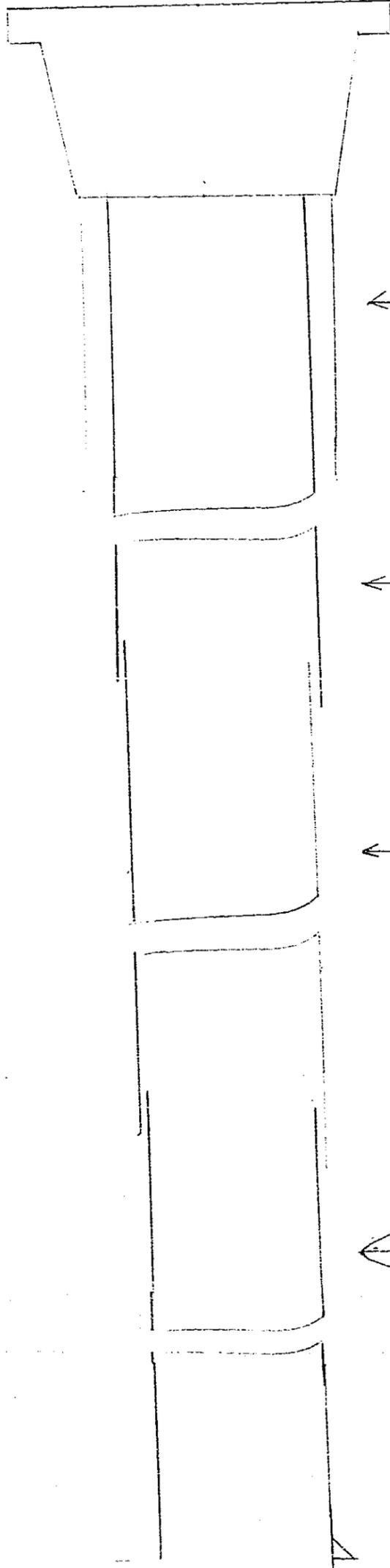
Inspected well in January, 1988. Well is equipped with 2 12-inch diameter gate valves. Unable to open the lower valve manually. Therefore, unable to measure static water level.

This well is located approximately 1500 feet north of Power No. 1 well.

8. I hereby certify that the foregoing is true and correct.
 Signed Ronald J. Turner Title Hydrogeologist Date 3-15-88

Permit No. _____

STATE OF ARIZONA
 OIL & GAS CONSERVATION COMMISSION
 Sundry Notices and Reports on Wells
 File Two Copies
 Form No. G-12



← 20" O.D @ 197' K.B

← 13³/₈" O.D @ 2704 K.B

← 9⁵/₈" O.D LINER
Top 2537'
Bottom 5400'

← 7" O.D. LINER
Top 5253
Bottom 10,229

← T.D. 10,454'

611 Power Ranches No. 2.

SUMMARY REPORT
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& 30% silica flour

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9-21 thru
28-73 Running Temp Survey
Maximum temp. 365°

SEP 29 1973

ARIZONA STATE HEALTH LABORATORY
REPORT OF CHEMICAL EXAMINATION OF WATER

9-13-73
SEP 13 1 50 PM '73

EXISTING WATER SOURCE PUBLIC NEW WATER SOURCE PRIVATE

LABORATORY NUMBER 11007 W. S. CODE NUMBER

Name of Water System GEOTHERMAL KINETICS SYSTEMS CORP.

Nearest City HIGLEY County MARICOPA

Mailing Address 4515 N. 7th AVENUE City PHOENIX

Source Number or Name POWER RANCHES-2 Sec. 1 TWP 2S RGE 6E Well Surface Spring

WELL - Depth 10,444 Ft. Static Level _____ Ft. Capacity (GPM) 75-100

Sample Collected By OIL & GAS COMMISSION Date _____ SOURCE: Treated Untreated

Describe Treatment _____

REMARKS PLEASE NOTIFY THE OIL & GAS COMMISSION OF RESULTS AS SOON AS POSSIBLE.

A. CHEMICAL EXAMINATION

<input type="checkbox"/> ROUTINE ELEMENTS (mg/l)	<input type="checkbox"/> TRACE ELEMENTS (mg/l)
SPR _____	Arsenic (0.05) _____
Soluble Solids (500) <u>32924</u>	Silver (0.05) _____
Total Hardness <u>5600</u>	Chromium (.05) <u><.01</u>
Calcium <u>2040</u>	Cadmium (0.01) _____
Magnesium <u>120</u>	Lead (.05) _____
Sodium <u>9800</u>	Barium (1.0) _____
Total Iron (0.3) <u><.05</u>	Cyanide (0.2) _____
Alk. P <u>0</u>	Selenium (0.01) _____
Alk. MP <u>40</u>	Fluoride (var.) <u>6.4</u>
Chlorides (250) <u>12400</u>	Mercury (.005) _____
Nitrates (45) <u><1</u>	
Sulfates (250) <u>2000</u>	
Manganese (.05) <u><.05</u>	
pH <u>7.7</u>	
Copper (1.0) <u><.05</u>	
Zinc (5.0) <u>0.05</u>	

B. PHYSICAL EXAMINATION

Color (15) _____

Taste (3) _____

Odor (3) _____

Turbidity (5) _____

Sediment _____

CHEMIST REMARKS WJH

By WJH Date SEP 25 1973

FOR DEPARTMENT USE ONLY

Emergency INITIAL _____ Rush INITIAL _____

C. SPECIAL TESTS AS CHECKED

Radiological MBR (ABS) (0.5) Petroleum Residue CCE (0.2) Phenols (0.001) Pesticide

INTERPRETATION OF RESULTS, WATER SUPPLY DIVISION, ENVIRONMENTAL HEALTH SERVICE, ARIZONA STATE DEPARTMENT OF HEALTH

Acceptable for Public Usage Rejected for Public Usage (see comments below)

Provisionally Acceptable for Public Usage See Attached Sheet for Further Interpretation on excessive chemicals noted.

COMMENTS _____

RECEIVED
SEP 25 1973

By _____ Date _____ O & G COMS. COMM.

DEPARTMENTAL CORRESPONDENCE

DATE September 28, 1973

SUBJECT PROGRESS REPORT -- DRILLING (Sept. 21 - 28th, 1973)

TO Mike O'Donnell DEPT Management

FROM Bert McComack DEPT Drilling # 611

NO. 1 WELL:

Sept. 21st

thru 28th

SHUT IN

✓ NO. 2 WELL:

Sept. 21st

thru 28th

Running temperature surveys at given intervals from 10,454' up the hole.

DEPARTMENTAL CORRESPONDENCE

DATE September 26, 1973

SUBJECT PROGRESS REPORT -- DRILLING (Sept. 14 - 20, 1973)

TO Mike O'Donnell DEPT Management

FROM Bert McComack DEPT Drilling # 611

NO. 1 WELL:

Sept. 14th
thru 20th

SHUT IN

✓ NO. 2 WELL:

Sept. 14th

Pumping with Reda Pump approximately 120 - 150 Gallons per minute. Chloride: 18,000 (at 9:00 A.M.); PH: 6.8; Calcium Magnesium: Saturated; Temperature: 189°.

Laid water line from #2 well to #1 reserve pit.

Sept. 15th

Pumping well. Chloride: 16,000; PH: 6.8; Calcium Magnesium: Saturated; Temperature: 190° (at 7:00 A.M.).

Salt Content check for Chloride: 17,500; PH: 6.8; Calcium Magnesium: Saturated; Temperature: 190° (at 10:00 P.M.).

Sept. 16th

Pumping well. Chloride: 18,000; PH: 6.1; Calcium Magnesium: Saturated; Temperature: 190° (at 7:00 A.M.).

Sept. 17th

Pumping well. Chloride: 17,000 (at 8:30 A.M.); PH: 6.4; Calcium Magnesium: Saturated; Temperature: 191° (at 7:00 A.M.).

Sept. 18th

Pumping well. Chloride: 18,000; PH: 6.4; Calcium Magnesium: Saturated; Temperature: 191.5° (at 7:00 A.M.) - 192° (at 9:00 P.M.).

Sept. 19th

Pumping water to 6:00 A.M.; Shut down pump to pull same. Temperature: 192° (at 6:00 A.M.).

Sept. 20th

Rigged up to pull Reda Pump. 9:00 A.M. - 5:00 P.M., pulled Reda Puma and serviced same. Rigged up starting temperature surveys.

DEPARTMENTAL CORRESPONDENCE

DATE September 17, 1973

SUBJECT PROGRESS REPORT -- DRILLING (Sept. 10 - 13, 1973)

TO Mike O'Donnell DEPT Management

FROM Bert McComack DEPT Drilling #611

NO. 1 WELL:

Sept. 10th

thru 13th

SHUT IN

✓ NO. 2 WELL:

Sept. 10th

Running Reda Pump. Chloride: 1,500 ppm;
Temperature: 166°F.

Sept. 11th

Pumping well at approximately 150 gallons
per minute. Chloride: 9,000 ppm; Tempera-
ture: 173°F.

Sept. 12th

Pumping well. Chloride: 17,000 ppm;
Temperature: 184°F.

Sept. 13th

Pumping well. Chloride: 17,000 ppm;
Temperature: 189°F.

DEPARTMENTAL CORRESPONDENCE

DATE September 10, 1973

SUBJECT PROGRESS REPORT -- DRILLING (Sept. 1 - 9)

TO Mike O'Donnell DEPT Management

FROM Bert McComack DEPT Drilling

NO. 1 WELL:

Sept. 1st
thru 9th SHUT IN

✓ NO. 2 WELL:

Sept. 1st WOC; Waiting on rig repair.

Sept. 2nd Same as Above

Sept. 3rd Received cement on location at 1:00 P.M. on 2nd; working on rig. Went in hole with drill pipe; conditioning hole to run casing.

Sept. 4th Pulled out of hole; rigging up to run 7" casing.

~~Sept. 5th~~ Running 7" casing to 4,979'; set hanger at 5,253'; shoe at 10,229'; ran 2,378' of blanks and 2,473' of slotted. Cemented with 250 sacks of Class G + 30% silica flour, 5/10 of 1% D-13 retarder, 3/4% of D-65 TIC; job completed at 4:30 p.m.

Sept. 6th 10,454 T.D.; WOC.

Sept. 7th Checked liner with 1,000 lbs. of pressure for 30 minutes; o.k. - went in hole with drill pipe, washing slotted pipe.

Sept. 8th Laid down drill pipe.

Sept. 9th Rigged up to run Reda Pump.

DEPARTMENTAL CORRESPONDENCE

DATE August 31, 1973

SUBJECT PROGRESS REPORT -- DRILLING (August 21 - 31)

TO Mike O'Donnell DEPT Management

FROM Bert McComack DEPT Drilling

NO. 1 WELL:

August 21st
thru 31st SHUT IN

✓ NO. 2 WELL:

- August 21st Drilling in volcanics at 10,125'. Bit #16 made 136' in 22 hours.
- August 22nd Drilling in volcanics at 10,288'. Bit #16 made 299' in 45 1/2 hours.
- August 23rd 10,454' T.D.; Circulating in volcanics. Bit #16 made 465' in 66 3/4 hours.
- ~~August 24th~~ 10,454' T.D.; laid down 4 1/2" drill pipe to 5,289'; running temperature surveys - At 7,500', 12:00 A.M.: 224°; 230°; 230°; 236°. At 9,140', 3:00 A.M.: 254°; 254°; 252°; 260°. At 9,963', 6:30 A.M.: 274°; 278°; 278°; 280°.
- August 25th 10,454' T.D., running temperatures - At 7,500', 3:00 P.M.: 236°; 236°; 236°; 242. At 9,140', 6:00 P.M.: 268°; 270°; 270°; 278°. At 10,450', 10:30 P.M.: 309°; 309°; 312°; 316°.
- August 26th 10,454' T.D., running temperatures - At 10,450', 11:00 A.M.: 318°; 320°; 320°; 326°. At 3:00 P.M.: 322°; 322°; 322°; 330°.
- August 27th 10,454' T.D.; temperatures would not go below 6,125' - mud setting up.
- August 28th 10,454' T.D.; Waiting on casing, repairing on rig.
- August 29th Same As Above
- August 30th Same As Above
- August 31st 10,454' T.D.; received casing at 1:00 P.M. on the 30th. Waiting to get drum out of machine shop.

DEPARTMENTAL CORRESPONDENCE

DATE August 20, 1973

SUBJECT PROGRESS REPORT -- DRILLING (August 16 - 20)

TO Mike O'Donnell DEPT Management

FROM Bert McComack DEPT Drilling # 611

NO. 1 WELL:

August 16th
thru 20th SHUT IN

✓ NO. 2 WELL:

August 16th Drilling in volcanics at 9389'. Bit #14 made 246' in 28½ hours.

August 17th Drilling in volcanics at 9500'. Bit #14 made 317' in 37½ hours; Bit #15 made 40' in 6½ hours.

August 18th Drilling in volcanics at 9690'. Bit #15 made 230' in 30½ hours.

August 19th Drilling in volcanics at 9898'. Bit #15 made 438' in 54 hours.

August 20th 9989' T.D. and tripping for Bit #16. Bit #15 made 529' in 68½ hours; drilling in 75% red volcanics.

DEPARTMENTAL CORRESPONDENCE

DATE August 15, 1973

SUBJECT PROGRESS REPORT -- DRILLING (July 31 - August 15)

TO Mike O'Donnell DEPT Management

FROM Bert McComack DEPT Drilling # 611

NO. 1 WELL:

July 31

thru Aug. 15 SHUT IN

✓ NO. 2 WELL:

July 31st

Went in with wash pipe, washed over 116'; pulled out and went in with overshot; backed off three collars; pulled out and pushed up wash pipe.

Aug. 1st

Went in with wash pipe, washing over fish - going very slow.

Aug. 2nd

Washed over with 116' of collars; pulled out, laid down wash pipe; pushed up 7½" collars, went in with sub, screwed on fish, jarring on same.

Aug. 3rd

No luck jarring; backed off three drill collars; pulled out, laid down same; pushed up wash pipe, went in washing over at 6,284'.

Aug. 4th

Finished washing over; pulled out and went in with jar; couldn't jar fish loose; backed off three drill collars; pulled out, laid down same; went in with wash pipe, washed approximately 30'.

Aug. 5th

Finished washing over fish at 6,384'; pulled out, laid down wash pipe; went in with sub, screwed in fish; recovered all fish -- THANK THE LORD!

Aug. 6th

Laid down fish and fishing tools; went in with maximum thermometers. Temperatures at 6,375': 202°; 204°; 206°. Went in with bit, reamed to 7,000'. Ran temperatures at 7,300': 260°; 260°; 256°; 258°. Started in with bit again.

Aug. 7th

Washed down to 9,143'; circulating and conditioning hole.

Progress Report - Drilling
August 15, 1973
Page 2

- Aug. 8th Pulled out trying to run temperature survey; mud dehydrated - lead weight, wouldn't go (neither would Totco); went back in to condition mud.
- Aug. 9th Pulled out to run temperatures at 9:00 P.M.: 240°; 240°; 240°; 246°. 2:00 A.M.: 246°; 250°; 253°; 258°.
- Aug. 10th Ran temperatures at 10:00 A.M.: 276°; 276°; 268°; 274°. 6:00 P.M.: 278°; 278°; 278°; 280°. 10:00 P.M.: 283°; 284°; 277°; 284°. 7:00 A.M.: 288°; 285°; 285°; 286°.
- Aug. 11th Ran temperatures at 6:00 P.M.: 286°; 286°; 285°; 290°. 1:00 A.M.: 292°; 292°; 286°; 286°.
- Aug. 12th Ran temperatures at 11:00 A.M.: 294°; 294°; 294°; 292°.
- Aug. 13th Running temperatures at 6,500': 216°; 218°; 220°; 220°. 7,500': 254°; 254°; 258°; 258°.
- Aug. 14th Running temperatures at 11:00 P.M., 9,100': 295°; 296°; 290°.
- Aug. 15th Went in hole with bit; on bottom at 4:00 A.M., 9,181', drilling with Bit #15 in volcanics - some fractures. Also ran temperatures at 11:00 A.M., Tuesday: 296°; 296°; 296°; 298°.

DEPARTMENTAL CORRESPONDENCE

DATE July 30, 1973

SUBJECT PROGRESS REPORT -- DRILLING (July 24th - 30th)

To Mike O'Donnell DEPT. Management

FROM Bert McComack DEPT. Drilling #611

NO. 1 WELL:

July 24th Ran temperatures -- 306°; 308°; 308°; 313°
 July 25th Shut In
 thru 30th " "

✓ NO. 2 WELL:

July 24th Went in with overshot and caught fish but couldn't get back off shot through junk and tool joint. Pulled out to run taper temperatures. Pushed junk through tool joint; pulled out and went back in with overshot; caught fish. Trying to drive junk down with sinker bars.

July 25th Trying to drive junk out of tool joint - no luck. Ordered down-hole jets to try.

July 26th Tried down-hole jets and spuding - no luck. Made 33' bar on tool joint and went in to try to knock out obstruction.

July 27th No luck with homemade tool. Went in with McCulloch to spud on fish - no luck. Pulled out and laid down jars and bumper sub. Went back in with overshot; waiting on 1.90 drill pipe.

July 28th Picked up 1.90 drill pipe and mill - breaking circulation.

July 29th Milled out junk and drill collar. Tried to back off - no luck. Tried to back off overshot - no luck. Pulled out and pushed up bumper sub and jar.

July 30th Went in with bumper sub and jar. Couldn't screw into drill collar. Pulled out and made guide on sub. Went in and recovered drill collar and overshot; pulled out and picked up wash pipe.

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DEPARTMENTAL CORRESPONDENCE

DATE July 17, 1973

SUBJECT PROGRESS REPORT -- DRILLING (July 9th - 17th)
 To Mike O'Donnell DEPT. Management
 FROM Bert McComack DEPT. Drilling

NO. 1 WELL:

Pump started on bottom at 2:30 a.m., July 9th, pumping 300 gallons/min. Temperature was approximately 85° when started; came up to 206° in two hours; 209° on Monday, July 9th ~~flowing~~ *pumping* 200 gallons/min. up to 211° by Monday evening (around 6:30 p.m.). Has remained there since Tuesday, July 10th, flowing 200 gallons/min. Salinity on the 9th was 38,000 ppm; the 10th, 37,000 ppm.

On July 11th through the 14th, temperature remained the same; flow decreased to 150 gallons/min. Salinity on the 11th was 36,000 ppm and 33,000 ppm on the 12th, 13th and 14th.

On July 15th, temperature up to 212°, pumping 250 gallons/min. with no change. At 5:45 p.m., overloaded and kicked pump out. Salinity, 33,000 ppm.

July 16th, kicked off at 7:00 a.m. Temperature, 105°; after three hours back to 210°; eight hours, 212°. Salinity, 33,000 ppm.

July 17th, still pumping 150 gallons/min. at 212°. A lot of steam vapor. Salinity down to 31,000 ppm.

✓ **NO. 2 WELL:**

Spotted oil around fish; 75 barrels of oil at 4:45 p.m., July 8th. Started out of hole at 1:00 a.m., July 9th. Went in with spear and recovered six joints of wash pipe. Went back in and tried to screw into fish: unsuccessful. Pulled out and went back in with overshot to try to jar fish; wore slips out in overshot. Pulled out and ran small overshot graffel; caught fish and backed off with six joints of drill pipe. Pulled out, laid down same; went in with spear and recovered last joint of wash pipe. Laid down part of joint of wash pipe following in hole to screw in to try to jar fish out. Three joints of drill pipe and 15 drill collars.

July 9th 75 barrels, 60 gallons, scott free at 4:00 p.m. Pulled out at 4:00 a.m., went in with spear.

July 10th Recovered six joints of wash pipe; one still in hole. Went in with overshot to jar on fish.

Progress Report
July 17, 1973
Page 2

- July 11th No luck jarring; went in and recovered last joint of wash pipe.
- July 12th Went in to screw in; no luck. Pulled out and went in with overshot; caught same and jarring.
- July 13th Backed off three joints of drill pipe; pulled out and left 15 drill collars still in hole.
- July 14th Went in with wash pipe. Started out of hole to look at shoe.
- July 15th Went in and tried to screw in collar; no luck, pulled out.
- July 16th Went in with overshot; couldn't jar loose. Pulled out, left guide and graffel on fish.
- July 17th Went in with small wash pipe to mill over; jack pulled out and picked up 8 1/8" wash pipe.

DEPARTMENTAL CORRESPONDENCE

DATE July 23, 1973

SUBJECT PROGRESS REPORT -- DRILLING (July 18th - 23rd)

To Mike O'Donnell DEPT Management
 FROM Bert McComack DEPT Drilling # 611

NO. 1 WELL:

July 18th Shut Down pump.
 July 19th Shut pump down at 7:00 a.m. Temperature, 212°F; pumping 150 gallons/min.
 July 20th Running pressure bombs.
 July 21st Running maximum thermometers.
 July 22nd Rig shut down; laid all hands off but two watchmen.

✓ NO. 2 WELL:

July 18th Washing over top. Ran tap; no luck, pulled out.
 July 19th Fished out wash pipe and built up shoe on inside. Went in with three joints of wash pipe to try to get through bad spot; washing bottom.
 July 20th Washed over three joints; pulled out and going in with overshot; started out.
 July 21st Pulled out with two collars.
 July 22nd Went in with wash pipe; washing over -- slow progress.
 July 23rd Pulled out wash pipe and went in; couldn't screw in fish. Pulled out and picked up overshot.

DEPARTMENTAL CORRESPONDENCE

DATE June 19, 1973

SUBJECT DRILLING REPORT - No. 2 Well

To Mike O'Donnell DEPT. Management

FROM Bert McComack DEPT. Drilling

REPORTED AS OF 7:00 a.m.

EACH MORNING

TUESDAY, JUNE 19, 1973

8570' T.D. Drilling in volcanics
on bottom with Bit #12 and stuck.
Pipe free at 7:20 a.m.

Bit #11 made 652' in 29 hours.

WEDNESDAY, JUNE 20, 1973

8931 T.D. Drilling in volcanics.

Bit #12 made 361' in 23 hours.

THURSDAY, JUNE 21, 1973

9143' T.D., drilling in volcanics.

Pulled out of hole to run tempera-
ture and logs.

Bit #12 made 573' in 34 hours.

DEPARTMENTAL CORRESPONDENCE

DATE June 15, 1973

SUBJECT DRILLING REPORT - No. 2 Well

TO Mike O'Donnell DEPT Management

FROM Bert McComack DEPT Drilling

REPORTED AS OF 7:00 a.m.

EACH MORNING

FRIDAY, JUNE 15, 1973

7694' T.D.; fishing for cone.

SATURDAY, JUNE 16, 1973

7890' T.D. Circulating samples
and cleaning hole to core.

Bit #10 made 191' in 13 3/4 hours.

SUNDAY, JUNE 17, 1973

7918' T.D. off core hole; collected
28' of core. 100% recovery. Going
in with Bit #11.

MONDAY, JUNE 18, 1973

8314' T.D. Finished tripping with
Bit #11. Reamed core hole. Drilling
in volcanics.

Bit #11 made 424' in 18 1/2 hours.

DEPARTMENTAL CORRESPONDENCE

DATE June 11, 1973

SUBJECT DRILLING REPORT - No. 2 Well

To Mike O'Donnell DEPT Management

FROM Bert McComack DEPT Drilling

REPORTED AS OF 7:00 a.m.

EACH MORNING

MONDAY, JUNE 11, 1973

7000' T.D., waiting on logging truck.

TUESDAY, JUNE 12, 1973

7023' T.D., drilling in volcanics and running logs.

Went back in hole with Bit #9; on bottom at 6:30 a.m.

Bit #9 made 778' in 15 1/4 hours.

WEDNESDAY, JUNE 13, 1973

7271' T.D., drilling in volcanics; waiting on pump parts.

THURSDAY, JUNE 14, 1973

7694' T.D., drilling in volcanics and circulating samples to come out of hole for new bit.

Bit #9 made 1439' in 37 3/4 hours.

DEPARTMENTAL CORRESPONDENCE

DATE June 7, 1973

SUBJECT DRILLING REPORT - No. 2 Well

TO Mike O'Donnell DEP'T Management

FROM Bert McComack DEP'T Drilling

REPORTED AS OF 7:00 a.m.

EACH MORNING

THURSDAY, JUNE 7, 1973

6255' T.D.; tripping in volcanics.

Bit #8 made 854' in 19½ hours.

FRIDAY, JUNE 8, 1973

At 4:00 a.m., 7,000' T.D.; circulating samples.

Bit #9 made 778' in 14 3/4 hours.

SATURDAY, JUNE 9, 1973

7000' T.D., waiting on logging truck, circulating.

SUNDAY, JUNE 10, 1973

7000' T.D., waiting on logging truck.

DEPARTMENTAL CORRESPONDENCE

DATE June 4, 1973

SUBJECT DRILLING REPORT - No. 2 Well

To Mike O'Donnell DEPT Management

FROM Bert McComack DEPT Drilling

REPORTED AS OF 7:00 a.m.

EACH MORNING

MONDAY, JUNE 4, 1973

Started in hole with Baker Bridge Plug to squeeze top of liner.

Plug set at 90' from surface.

TUESDAY, JUNE 5, 1973

5401' T.D.; WOC.

Set Baker Bridge Plug at 2510'.
Squeezed with 200 sacks of regular cement, 30% silica flour.

Job completed at 3:00 a.m. this morning -- looks good.

WEDNESDAY, JUNE 6, 1973

5401' T.D. Went in with Bit #7 (12½") drilling Baker Bridge Plug; pulled out and went back in with Bit #8 (8½"). Washed out to 70' from bottom.

Good cement and squeeze job.

DEPARTMENTAL CORRESPONDENCE

DATE June 2, 1973

SUBJECT DRILLING REPORT - No. 2 Well

To Mike O'Donnell DEPT. Management

FROM Bert McComack DEPT. Drilling

REPORTED AS OF 7:00 a.m.

EACH MORNING

SATURDAY, JUNE 2, 1973

5401' T.D. WOC.

Ran 79 joints, range 3, 9 5/8" N-80,
47 lb. casing. Set at 5400'; liner
hung at 2537'.

Cemented with 813 sacks of regular
cement, 30% silica flour, 3/10 of
1% D-13 retarder.

Plugged down at 10:00 p.m., June 1st.

SUNDAY, JUNE 3, 1973

Went in with 12 1/4" bit; no cement job.
Checked liner; pulled out and went in
with 7 7/8" bit to check cement in
9 5/8" pipe at approximately 65' of
cement. Bottom of liner looked like
good cement job.

DEPARTMENTAL CORRESPONDENCE

DATE May 30, 1973

SUBJECT DRILLING REPORT - No. 2 Well

To Mike O'Donnell DEP'T Management

FROM Bert McComack DEP'T Drilling

REPORTED AS OF 7:00 a.m.

EACH MORNING

WEDNESDAY, MAY 30, 1973

5401' T.D. Bit #6 made 715' in 25' hours.

Approximate volcanic top was at 5100'.

THURSDAY, MAY 31, 1973

5401' T.D. Circulating and conditioning hole to run pipe. Losing some mud. Made short trip.

FRIDAY, JUNE 1, 1973

5401' T.D. Circulating and waiting on 9 5/8" casing.

DEPARTMENTAL CORRESPONDENCE

DATE May 27, 1973

SUBJECT DRILLING REPORT - No. 2 Well

To Mike O'Donnell DEPT Management

FROM Bert McComack DEPT Drilling

REPORTED AS OF 7:00 a.m.

EACH MORNING

SUNDAY, MAY 27, 1973

4048' T.D., drilling in conglomerate and clay. Bit # 5 made 704' in 19½ hours.

MONDAY, MAY 28, 1973

4686' T.D. and tripping.

Bit #15 made 1342' in 40½ hours. Mud contained alot of gas at 4300'. Drilling in conglomerate and clay with some streaks of basalt.

TUESDAY, MAY 29, 1973

4767' T.D. drilling in conglomerate and clay.

Bit #6 made 81' in 2 hours; temperature, 116°.

DEPARTMENTAL CORRESPONDENCE

DATE May 24, 1973

SUBJECT DRILLING REPORT - No. 2 Well

To Mike O'Donnell DEPT Management

FROM Bert McComack DEPT Drilling

REPORTED AS OF 7:00 a.m.

EACH MORNING

THURSDAY, MAY 24, 1973

2715' T.D. WOC and nipping up.

FRIDAY, MAY 25, 1973

Tightening bolts and stopped all leaks.

2780' T.D. drilling with Bit #4.

Tested blow-out preventors (B.O.P.) with
1,000 lbs. for 15 minutes.

SATURDAY, MAY 26, 1973

3344' T.D. Tripping with Bit #4 making
629' in 24½ hrs.

Totco at 3334', ½ of 1°.

DEPARTMENTAL CORRESPONDENCE

DATE May 21, 1973

SUBJECT DRILLING REPORT - No. 2 Well

To Mike O'Donnell DEPT. Management

FROM Bert McComack DEPT. Drilling

REPORTED AS OF 7:00 a.m.

EACH MORNING

MONDAY, MAY 21, 1973

2717' T.D. Circulating to run 13 3/8" casing.

At 2650', fluid count was 136,000 ppm.

TUESDAY, MAY 22, 1973

2704' T.D. running 13 3/8" casing. 59 joints of seal lock, 61 lb. K-55, R-3; Ran 9 joints of Butress 72 lb. on top.

Bit #3 made 799' in 44½ hrs. Plugged down at 4:45 a.m., good return on cement.

WEDNESDAY, MAY 23, 1973

2715' T.D. WOC; pipe set at 2704', 13 3/8" pipe.

Cemented with 1700 sacks of regular cement, 30% silica flour. Plugged down at 4:50 a.m., May 22nd.

DEPARTMENTAL CORRESPONDENCE

DATE May 18, 1973

SUBJECT DRILLING REPORT No. 2

To Mike O'Donnell DEPT Management

FROM Bert McComack DEPT Drilling

REPORTED AS OF 7:00 a.m.

EACH MORNING

FRIDAY, MAY 18, 1973

1877' T.D., drilling in conglomerate, anhydrite and clay. Bit #2 made 1877' in 46 3/4 hrs.

Totco at 1202', 1/4°; 1728', 1/4°. Everything going fine.

SATURDAY, MAY 19, 1973

2139' T.D., drilling in clay and anhydrite. Bit #3 made 223' in 7 3/4 hrs.- 17 1/2" hole.

Totco at 1728', 1/4°.

SUNDAY, MAY 20, 1973

2381' T.D. Bit #3 made 465' in 25 3/4 hrs. drilling 17 1/2" hole.

DEPARTMENTAL CORRESPONDENCE

DATE May 14, 1973

SUBJECT DRILLING REPORT -- No. 2 Well

To Mike O'Donnell DEPT Management

FROM Bert McComack DEPT Drilling

REPORTED AS OF 7:00 a.m.

EACH MORNING

MONDAY, MAY 14, 1973

Drilling at 217' T.D., 17" hole.

Reaming at 100' and reaming at 100' running to 26" hole at 100'.

Spudded at 2:00 p.m., May 13th, 1973.

TUESDAY, MAY 15, 1973

217' T.D., 26" hole. Ran 4 joints of 20", 91 lb. casing set at 197 K.B.

Cemented with 350 sacks of regular, 2% calcium chloride. Job completed at 9:00 p.m., May 14th; good return on cement.

WEDNESDAY, MAY 16, 1973

240' T.D., drilling 17½" hole, Bit #1. 60' of cement in pipe. Started under surface at 1:00 a.m.

THURSDAY, MAY 17, 1973

1219' T.D., Bit #1 made 1219' in 26½ hours.

Deviation survey at 700', ½°.

DEPARTMENTAL CORRESPONDENCE

DATE May 11, 1973

SUBJECT DRILLING REPORT -- No. 2 Well

To Mike O'Donnell DEPT Management

FROM Bert McComack DEPT Drilling

REPORTED AS OF 7:00 a.m.

EACH MORNING

FRIDAY, MAY 11, 1973

Rigging up; on location at 4:00 p.m.

SATURDAY, MAY 12, 1973

Rigging up. Set 22' of 30" conductor pipe.

SUNDAY, MAY 13, 1973

Rigging up.



PERMIT TO DRILL

This constitutes the permission and authority from the

OIL AND GAS CONSERVATION COMMISSION,
STATE OF ARIZONA,

GEOHERMAL KINETICS SYSTEMS CORP.

To:

(OPERATOR)

to drill a well to be known as

POWER RANCHES INC. #2

(WELL NAME)

located

1980 S. & 660 W of NE Corner of Sec 1

Section

1

Township

25

Range

6E

Maricopa

County, Arizona.

The

NE/4 Sec 1-28-6E

of said

Section, Township and Range is dedicated to this well.

Said well is to be drilled substantially as outlined in the attached Application and must be drilled in full compliance with all applicable laws, statutes, rules and regulations of the State of Arizona.

Issued this **4th** day of **May**, 19 **73**.

OIL AND GAS CONSERVATION COMMISSION

By

EXECUTIVE SECRETARY

PERMIT

Nº

611

RECEIPT NO. 2951

API NO. 02-013-20005

SAMPLES ARE REQUIRED

State of Arizona
Oil & Gas Conservation Commission
Permit to Drill

FORM NO. 27

**APPLICATION FOR PERMIT TO DRILL OR RE-ENTER
GEOTHERMAL RESOURCES WELL**

APPLICATION TO DRILL

RE-ENTER OLD WELL

GEOTHERMAL KINETICS SYSTEMS CORPORATION		
NAME OF COMPANY OR OPERATOR		
301 WEST INDIAN SCHOOL ROAD	PHOENIX	ARIZONA
ADDRESS	CITY	STATE
GEO DRILLING INC.		
DRILLING CONTRACTOR		
301 WEST INDIAN SCHOOL ROAD	PHOENIX	ARIZONA
ADDRESS	CITY	STATE
DESCRIPTION OF WELL AND LEASE		
FEDERAL, STATE OR INDIAN LEASE NUMBER, OR IF FEE LEASE, NAME OF LESSOR	WELL NUMBER	ELEVATION (GROUND)
Power Ranches Inc.	2	1,336'
NEAREST DISTANCE FROM PROPOSED LOCATION TO PROPERTY OR LEASE LINE:	DISTANCE FROM PROPOSED LOCATION TO NEAREST DRILLING, COMPLETED OR APPLIED-FOR WELL ON THE SAME LEASE:	
660 FEET	1,320 FEET	
NUMBER OF ACRES IN LEASE:	NUMBER OF WELLS ON LEASE, INCLUDING THIS WELL, COMPLETED IN OR DRILLING TO THIS RESERVOIR:	
1,791	2	
IF LEASE, PURCHASED WITH ONE OR MORE WELLS DRILLED, FROM WHOM PURCHASED: NAME ADDRESS		
- 0 -		
WELL LOCATION (GIVE FOOTAGE FROM SECTION LINES)	SECTION-TOWNSHIP-RANGE OR BLOCK AND SURVEY	DEDICATION (COMPLY WITH RULE G-105)
1980' S. & 660' W of NE Corner of Sec. 1	C-SE/4 NE/4 Sec. 1 T2S R6E	NE/4 Sec. 1-2S-6E
FIELD AND RESERVOIR (IF WILDCAT, SO STATE)	COUNTY	
Field	Maricopa	
DISTANCE, IN MILES, AND DIRECTION FROM NEAREST TOWN OR POST OFFICE		
2 Miles SE of Higley		
PROPOSED DEPTH:	ROTARY OR CABLE TOOLS	APPROX. DATE WORK WILL START
6,500'	Rotary	May 10, 1973
BOND STATUS	ORGANIZATION REPORT	FILING FEE OF \$25.00
AMOUNT \$5,000.00 (Attached)	ON FILE <input checked="" type="checkbox"/> OR ATTACHED	ATTACHED <input checked="" type="checkbox"/>
REMARKS:		
We have shown the NE/4 of Section 1-T2S-R6E dedicated to the well and after completion it might be desirable, based upon the information obtained, to adjust the dedication either up or down.		
(TIGHT HOLE)		
CERTIFICATE: I, THE UNDERSIGNED, UNDER THE PENALTY OF PERJURY, STATE THAT I AM THE <u>Vice President</u>		
OF THE <u>Geothermal Kinetics Systems Corporation</u> (COMPANY), AND THAT I AM AUTHORIZED BY SAID COMPANY TO MAKE THIS REPORT; AND THAT THIS REPORT WAS PREPARED UNDER MY SUPERVISION AND DIRECTION AND THAT THE FACTS STATED THEREIN ARE TRUE, CORRECT AND COMPLETE TO THE BEST OF MY KNOWLEDGE.		
<i>Mike A. Donnell</i>		
SIGNATURE		
<u>May 4 1973</u>		
DATE		
PERMIT NUMBER: <u>611</u>	STATE OF ARIZONA OIL & GAS CONSERVATION COMMISSION APPLICATION TO DRILL OR RE-ENTER FILE TWO COPIES	
APPROVAL DATE: <u>5-4-1973</u>		
APPROVED BY: <i>[Signature]</i>		
NOTICE: BEFORE SENDING IN THIS FORM BE SURE THAT YOU HAVE GIVEN ALL INFORMATION REQUESTED. MUCH UNNECESSARY CORRESPONDENCE WILL THUS BE AVOIDED.		FORM NO. G-3

(COMPLETE REVERSE SIDE)

1. OPERATOR SHALL OUTLINE THE DEDICATED ACREAGE FOR GEOTHERMAL RESOURCES WELLS ON THE PLAT.
2. A REGISTERED PROFESSIONAL ENGINEER OR LAND SURVEYOR REGISTERED IN THE STATE OF ARIZONA OR APPROVED BY THE COMMISSION SHALL SHOW ON THE PLAT THE LOCATION OF THE WELL AND CERTIFY THIS INFORMATION IN THE SPACE PROVIDED.
3. ALL DISTANCES SHOWN ON THE PLAT MUST BE FROM THE OUTER BOUNDARIES OF THE SECTION.
4. IS THE OPERATOR THE ONLY OWNER IN THE DEDICATED ACREAGE OUTLINED ON THE PLAT BELOW? YES NO
5. IF THE ANSWER TO QUESTION FOUR IS "NO" HAVE THE INTERESTS OF ALL THE OWNERS BEEN CONSOLIDATED BY COMMUNITIZATION AGREEMENT OR OTHERWISE? YES NO IF ANSWER IS "YES" TYPE OF CONSOLIDATION _____
6. IF THE ANSWER TO QUESTION FOUR IS "NO", LIST ALL THE OWNERS AND THEIR RESPECTIVE INTERESTS BELOW:

Owner Powers Ranches Inc.	Land Description SE 1/4 NE 1/4 of Section 1, T2S, R6E of G&SRB&M, Maricopa County, Arizona
------------------------------	--

CERTIFICATION

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

Name: Mike A. Howell

Position: Vice President

Company: Geothermal Kinetics Systems Corporation

Date: May 4 1973

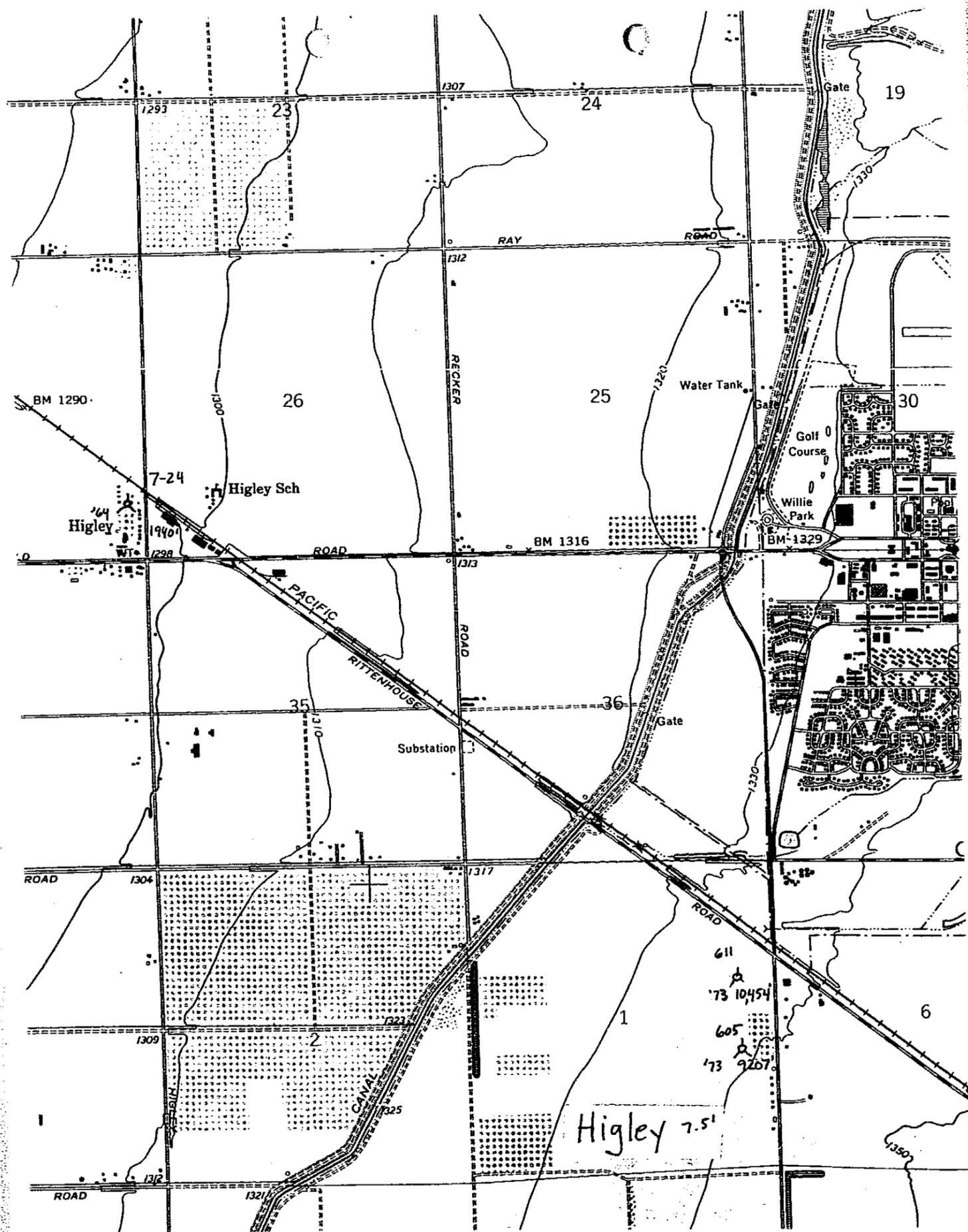
I hereby certify that the well location shown on the plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed: April 27, 1973

Registered Professional Engineer and/or Land Surveyor
George C. Blount P.E.

Certificate No. 1000 P.E. 4519 RLS

PROPOSED CASING PROGRAM						
Size of Casing	Weight	Grade & Type	Top	Bottom	Cementing Depths	Sacks Cement
20"	94.0#	H-40	0	200	200	350
13 3/8"	61.0#	MCO	0	2,500	0 - 2,500	1,200
9 5/8"	40.0#	ACO	2,300	5,900	2,300 - 5,900	750





Fife Symington
Governor

State of Arizona
Arizona Geological Survey

845 North Park Avenue, #100
Tucson, Arizona 85719
(602) 882-4795



Larry D. Fellows
Director and State Geologist

February 2, 1995

Mr. Don Switzenberg
DMS Holding Company
7585 East Redfield, Suite 212
Scottsdale, Arizona 85260

Re: Power Ranches Geothermal wells Nos. 1 and 2
Sec. 1, T. 2 S., R. 6 E., Maricopa County, Arizona
State Permits Nos. 605 and 611

Dear Mr. Switzenberg:

This letter will confirm that the two referenced wells were plugged and abandoned in accordance with A.A.C. R12-7-232 in October 1994. The performance bonds on the wells were released in November 1994.

Sincerely,

Steven L. Rauzi
Oil & Gas Program Administrator



Fife Symington
Governor

State of Arizona
Arizona Geological Survey

845 North Park Avenue, #100
Tucson, Arizona 85719
(602) 882-4795

November 28, 1994



Larry D. Fellows
Director and State Geologist

Power Enterprises
c/o John J. Schneider
Plattner, Schneidman & Schneider
Highland Court
1707 E. Highland, Suite 190
Phoenix, Arizona 85016

CERTIFIED MAIL

file '611

Dear John:

As you know, the Oil and Gas Conservation Commission moved to release the two \$5,000 performance bonds posted by Cam-Roy for the two geothermal wells on the Power Ranches property to the entity that actually performed the work of plugging the wells. Since Power Enterprises, through Mr. L.W. Brooks, performed this work, the Cam-Roy bonds were released to Power Enterprises.

As requested by Mr. Brooks, I have enclosed a cashiers check in the amount of \$10,000 made payable to Power enterprises. The bank issued a cashiers check for accrued interest in the amount of \$22.60 made payable to the Arizona Geological Survey. A check drawn on the Survey's account made payable to Power Enterprises is enclosed for the accrued interest.

Please let me know if I may be of any additional assistance.

Sincerely,

Steven L. Rauzi

Steven L. Rauzi
Oil & Gas Program Administrator

Enclosures

PURCHASED BY Cam-Roy Research Corp. OFFICE NO. 095 **T3770671**
ADDRESS UMO Tucson, ARIZONA 11-18 1994 91-1/1221

PAY TO THE ORDER OF *****POWER ENTERPRISES***** \$ 10,000.00
First Interstate **10,000** dollars **00/100** DOLLARS

First Interstate Bank of Arizona, N.A.

CASHIER'S CHECK

[Signature]
AUTHORIZED SIGNATURE

⑈37706715⑈ ⑆122100011⑆ 001170026⑈

ARIZONA GEOLOGICAL SURVEY - FUND
845 N. PARK, NO. 100 882-4795
TUCSON, AZ 85719

933

November 28 1994 91-27/1221

PAY TO THE ORDER OF Twenty two dollars and 60/100 DOLLARS \$ 22.60

POWER ENTERPRISES
1707 E HIGHLAND STE 190
PHOENIX AZ 85016

Interest on C.D.s

[Signature]

⑈000933⑈ ⑆122100024⑆ 2248⑈0084⑈

Valley National Bank of Arizona
UNIVERSITY OFFICE (028)
TUCSON, ARIZONA 85717

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- Addressee's Address
- Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:
 Power Enterprises
 c/o John Schneider
 Plattner Schneidmunt Schneider
 Highland Court
 1707 E Highland Ste 190
 Phoenix Az. 85016

4a. Article Number
 202001190

4b. Service Type

<input type="checkbox"/> Registered	<input type="checkbox"/> Insured
<input checked="" type="checkbox"/> Certified	<input type="checkbox"/> COD
<input type="checkbox"/> Express Mail	<input type="checkbox"/> Return Receipt for Merchandise

5. Signature (Addressee)
 [Signature]

6. Signature (Agent)
 [Signature]

7. Date of Delivery
 1-29-94

8. Addressee's Address (Only if requested & fees paid)

PHOENIX, AZ 85016
 JAN 29 1994

PS Form 3811, December 1991 U.S. GPO: 1993-214-214 DOMESTIC RETURN RECEIPT

Thank you for using Return Receipt Service.

Original in 605

R-145A(11-84)

BANK	01	OFFICE No.	0147	TYPE	010
CUSTOMER Number	1470-20719				
*****CAM-ROY RESEARCH CORP.*****					
PAYABLE TO <u>ARIZONA OIL and GAS COMMISSIONER</u>					
IN CURRENT FUNDS UPON MATURITY AS HEREAFTER SPECIFIED AND UPON PRESENTATION AND SURRENDER OF THIS CERTIFICATE PROPERLY ENDORSED					
SAID DEPOSITS EARN INTEREST AT THE RATE OF <u>5 90</u> PERCENT PER ANNUM FOR <u>One Year</u> TERM.					
FROM THE DATE HEREOF UNTIL ULTIMATE MATURITY; SUCH INTEREST TO BE PAYABLE <u>monthly into #1470-06342</u>					
First Interstate Bank of Arizona, N.A.					
Authorized Signature <u>[Signature]</u>					
Customer Copy					

⑆ 2506290⑆ ⑆59991800⑆

R-145A(11-84)

BANK	01	OFFICE No.	0147	TYPE	010
CUSTOMER Number	1470-20719				
*****CAM-ROY RESEARCH CORP.*****					
PAYABLE TO <u>ARIZONA OIL and GAS COMMISSIONER</u>					
IN CURRENT FUNDS UPON MATURITY AS HEREAFTER SPECIFIED AND UPON PRESENTATION AND SURRENDER OF THIS CERTIFICATE PROPERLY ENDORSED					
SAID DEPOSITS EARN INTEREST AT THE RATE OF <u>5 90</u> PERCENT PER ANNUM FOR <u>One Year</u> TERM.					
FROM THE DATE HEREOF UNTIL ULTIMATE MATURITY; SUCH INTEREST TO BE PAYABLE <u>Monthly into #1470-06342</u>					
First Interstate Bank of Arizona, N.A.					
Authorized Signature <u>[Signature]</u>					
Customer Copy					

⑆ 2506289⑆ ⑆59991800⑆

These Time Certificate's of Deposit have been received by First Interstate Bank and placed in safekeeping on 10-28-94. They will be redeemed on 12-18-94 and a cashier's check issued for 10,000.00 payable Powers Enterprises.

[Signature]
Janni Hawkins
Financial Services Manager

OIL AND GAS CONSERVATION COMMISSION
845 North Park Avenue, #100
Tucson, Arizona 85719

Minutes of Meeting
October 28, 1994

Present:

Dr. J. Dale Nations, Chairman
Mrs. Lisa C. Worthington, Vice-Chair
Mr. James C. Lanshe, Member
Dr. Jan C. Wilt, Member
Mr. Zed Veale, Member
Dr. Larry D. Fellows, State Geologist
Mr. Steven L. Rauzi, Oil and Gas Program Administrator

file 611

The regular Commission Meeting of October 28, 1994, was called to order by Dr. J. Dale Nations, Chairman, at 10:00 a.m. in Room 500, State Capitol Tower, Phoenix, Arizona.

DISCUSSION AND VOTE TO RELEASE #1 AND #2 POWER RANCHES GEOTHERMAL BONDS

After introducing Mr. Pomeroy of Cam-Roy Research Corporation, Mr. Rauzi advised that the quiet title action established that Cam-Roy is out, that the owner of the wells is the owner of the land, and that transfer of the property does not release the bonds. Furthermore, that Cam-Roy did not plug and abandon the wells after the Commission refused to extend the temporary abandonment status of the wells and because Power Enterprises, the owner of the land, did plug and abandon the wells, and thereby bring them into full and final compliance with the Commission's rules, the Commission should move to release these performance bonds to Power Enterprises.

Mr. Pomeroy stated that the bonds were posted by Cam-Roy as drilling bonds and that since Cam-Roy never did any drilling on the wells the bonds should be released back to Cam-Roy. Mr. Rauzi advised Mr. Pomeroy that the bonds were performance bonds to insure compliance with the Commission's rules including the operator's obligation to plug and abandon them if commercial production was not established.

Dr. Wilt moved, seconded by Mrs. Worthington:

THAT THE PERFORMANCE BONDS ON THE #1 AND #2 POWER RANCHES GEOTHERMAL WELLS BE RELEASED TO THE ENTITY DOING THE WORK OF PLUGGING THE WELLS (POWER ENTERPRISES)

Motion carried unanimously.

SECURITIES SAFEKEEPING
 1700 WEST WASHINGTON ST. - PHOENIX, ARIZONA 85007

DATE: OCTOBER 28, 1994

STATE AGENCY NO. _____

STATE AGENCY ARIZONA OIL & GAS COMMISSION

State Treasurer's Use Only

COMPANY CAM-ROY RESEARCH CORP ✓
P O BOX 893
CHANDLER AZ 85224

DOMESTIC FOREIGN

DEPOSIT

C.D. NO.:

BANK:

MATURITY DATE:

INTEREST RATE: %

AMOUNT \$

C.D. ASSIGNMENT MUST BE ATTACHED UNLESS C.D. IS PAYABLE TO STATE TREASURER

RELEASE

C.D. NO.: 2506290 ✓

BANK: FIRST INTERSTATE BANK OF ARIZONA ✓

MATURITY DATE: 12/18/87 ✓

INTEREST RATE: 5.9 % ✓

AMOUNT \$ 5,000.00 ✓

RECEIVED
 STATE TREASURER
 OCT 28 10 58 AM '94

STATE TREASURER VALIDATION NO. _____

RECEIVED THE ABOVE RELEASE		STATE AGENCY AUTHORIZATION	
BY <u>Steven L. Rainz</u>	<u>10/28/94</u>	BY <u>Steven L. Rainz</u>	Authorized Signature
Authorized Signature	Date		
<u>ARIZONA OIL & GAS COMMISSION</u>		STATE TREASURER AUTHORIZATION	
Bank or Firm		BY <u>Katherine Valentin</u>	Authorized Signature
FOR BANK USE ONLY		BANK AUTHORIZATION	
Checked by _____	Verified by _____	BY _____	Authorized Signature
		STATE'S DEPOSITORY BANK	



Fife Symington
Governor

State of Arizona
Arizona Geological Survey

845 North Park Avenue, #100
Tucson, Arizona 85719
(602) 882-4795



Larry D. Fellows
Director and State Geologist

October 20, 1994

Janni Hawkins
Financial Services Manager
First Interstate Bank
1701 East Speedway
Tucson, Arizona 85717

file 611

VIA TELECOPY 10/20/94

Subject: Release of drilling bonds on Power Ranches geothermal wells

Dear Ms. Hawkins:

The two referenced wells have been plugged and abandoned by Power Enterprises. As we discussed on October 7, the Oil and Gas Conservation Commission of the State of Arizona will move to release the bonds on these two wells to Power Enterprises in its next meeting scheduled for Friday, October 28, 1994.

Please recall that the bonds for these wells are in the form of two \$5,000 certificates of deposit currently in safekeeping with the State Treasurer. I plan to present them at the next Commission meeting for the Chairman's endorsement after the Commission moves to release the bonds to Power Enterprises, the current owner of the wells. As a result, I will need a cashiers check made payable to **Power Enterprises** upon surrender of the C.D.'s.

I plan to bring the endorsed C.D.'s into the bank on Monday, October 31. Please let me know if you require any additional information with respect to this transaction.

Sincerely,

Steven L. Rauzi

Steven L. Rauzi
Oil and Gas Program Administrator



Fife Symington
Governor

State of Arizona
Arizona Geological Survey

845 North Park Avenue, #100
Tucson, Arizona 85719
(602) 882-4795

September 22, 1994



Larry D. Fellows
Director and State Geologist

Mr. Beryl I. Dulsky
Attorney General's Office
1275 West Washington
Phoenix, Arizona 85007

VIA TELECOPY 9/22/94

Re: Power Ranches geothermal wells 1 and 2, State Permits 605 and 611

Dear Beryl,

Work to plug and abandon the two referenced wells may commence soon and should be completed by October 28, 1994, the time of the next Oil and Gas Commission's meeting.

Mr. L.W. Brooks requested the bond money to help defray the cost of this work. I advised him that the bonds would not be released until wells were plugged and abandoned.

I called Chairman Nations and reviewed this with him. He agreed that the Cam-Roy interests have forfeited their right to the funds because they failed to plug the wells as required after the Commission did not extend temporary abandonment. He further agreed that the funds should be released to Mr. Brooks (owners representative) and that it should be accomplished at the October 28 meeting if, in fact, the wells have been plugged by then.

The question is how to efficiently and properly release these funds to Mr. Brooks. The bond is in the form of two \$5,000 certificates of deposit payable to the "Arizona Oil and Gas Commissioner." Normally, the Commission would just endorse and return the C.D. to the depositor. In this case the funds are to be returned to someone other than the depositor. Wouldn't you think that Mr. Brooks would find it simpler to cash an endorsed cashiers check payable to the Commission than an endorsed C.D. payable to the Commission. Please advise.

Sincerely,

Steven L. Rauzi
Oil & Gas Program Administrator

Enclosures (1) Pomeroy agreement of 2/28/84, (2) copies of referenced C.D.'s, (3) Brennan letter of 3/7/88 to Pomeroy, and (4) Brennan letter of 4/12/88 to Pomeroy



Fife Symington
Governor

State of Arizona
Arizona Geological Survey

845 North Park Avenue, #100
Tucson, Arizona 85719
(602) 882-4795



Larry D. Fellows
Director and State Geologist

September 16, 1994

Mr. L.W. Brooks
BMS Holding Company
7585 East Redfield, Suite 212
Scottsdale, Arizona 85260

file 611

Re: Power Ranches wells 1 & 2, State Permits Nos. 605 & 611
Section 1, T. 2 S., R. 6 E., Maricopa County, Arizona

Dear Mr. Brooks:

Your applications dated September 2, 1994, to plug and abandon the referenced wells using bridge plugs as provided in R12-7-232 have been approved. Duplicate originals of the approved applications are enclosed for your file.

Your applications to plug and abandon the referenced wells are approved on the condition that the plugging is performed as outlined in the applications and that you notify me at least 48 hours before commencing field operations to plug and abandon the wells.

Sincerely,

Steven L. Rauzi

Steven L. Rauzi
Oil & Gas Program Administrator

Enclosures

c Beryl I. Dulsky, Attorney General's Office

September 16, 1994

Memo: Files 605 and 611
From: *Sub* Steven L. Rauzi, Oil and Gas Program Administrator

Re: Application to plug and abandon
Power Ranches wells 1 & 2, State Permits Nos. 605 & 611
Section 1, T. 2 S., R. 6 E., Maricopa County, Arizona

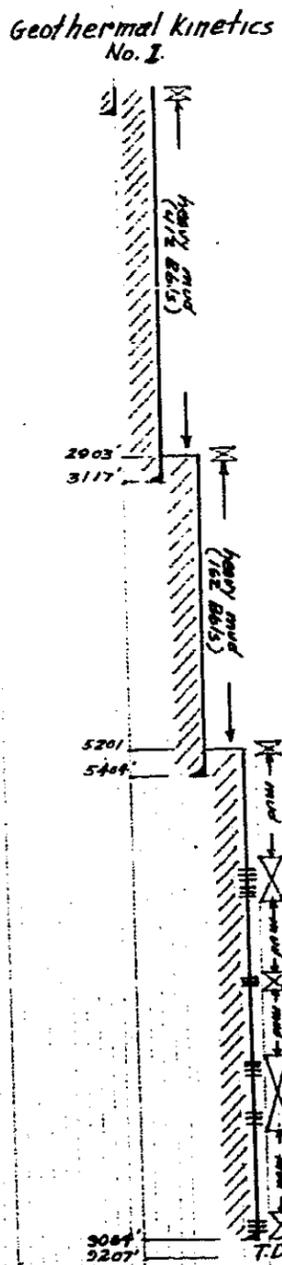
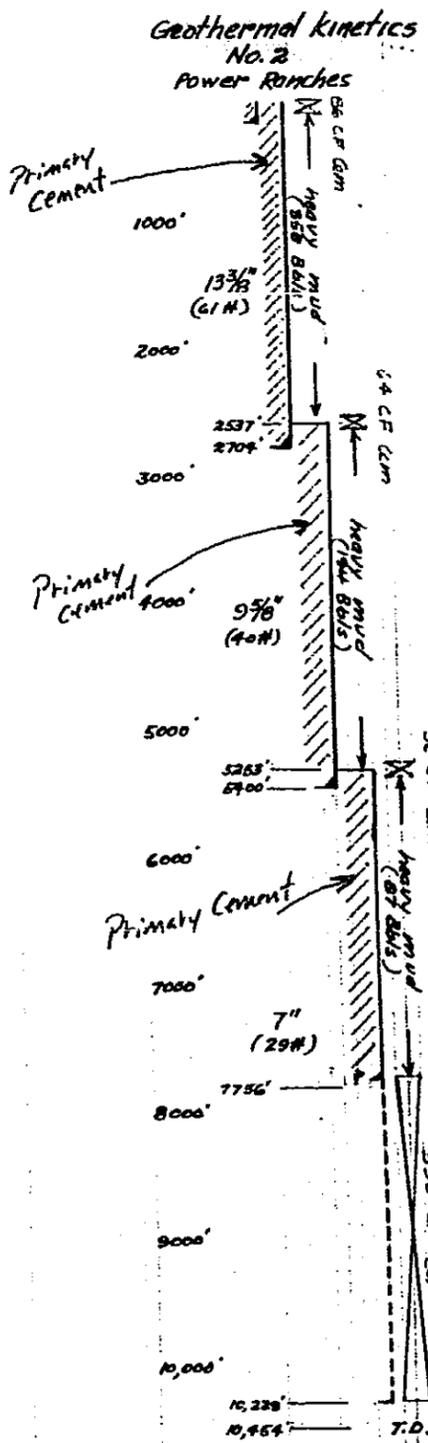
The fluid migration potential in the two referenced wells is minimal:

1. There are no pressured formations.
2. There is no sustained pressure on the surface casing annulus of either well.
3. Cement was circulated from the bottom to the surface on both the surface and intermediate casings in both of the wells.
4. Cement was circulated from the bottom to the top of each liner in both of the wells.
5. Cement was squeezed on the top of the 7" liners in both of the wells.
6. All annular spaces are plugged to the surface with cement in both of the wells.

As a result of there being no abnormally pressured formations in either of the referenced wells, the formation water present in both of the wellbores is sufficient to balance the known pore pressures in all formations to total depth.

*C.W. Brooks called 9-22-94
- Wellheads removed on both wells - no pressure
- is arranging doper work to level and restore reserve pits.*

1320'



L. W. Brooks, Jr.

L. W. Brooks, Jr.
10126 E. Topaz Drive
Scottsdale, AZ 85258

602-661-4900

September 2, 1994

file 611

Mr. Steve Rauzi
Arizona Oil & Gas Administrator
Arizona Geological Survey
845 North Park Avenue Suite 100
Tucson, AZ 85719

AZ OIL & GAS
CONSERVATION COMMISSION

SEP 8 1994

Dear Mr. Rauzi,

Attached are duplicate Applications to Plug the Power Ranch abandoned Geothermal Wells drilled in 1973 and known as Power #1 (Permit #605) and Power #2 (Permit #611).

Included are daily drilling reports substantiating the pipe and cement programs when the wells were drilled.

As you will notice, I have set a tentative date for plugging these wells as @ October 17, 1994. This will allow the weather to cool down and give plenty of time to prepare for the plugging operations.

If I have failed to include anything in these applications, please let me know.

Very truly yours,

L. W. Brooks, Jr.
L.W. Brooks, Jr.

Office Tel: 602-951-6130

DMS Holding Company
Attention: L.W. Brooks, Jr.
7585 East Redfield Suite 212
Scottsdale, AZ 85260

cc: DMS Holding Company
Power Enterprises



Fife Symington
Governor

State of Arizona
Arizona Geological Survey

845 North Park Avenue, #100
Tucson, Arizona 85719
(602) 882-4795
August 8, 1994



Larry D. Fellows
Director and State Geologist

Mr. L.W. Brooks
c/o Don Switzenberg
7585 East Redfield, Suite 212
Scottsdale, Arizona 85260

Re: Power Ranches wells 1 and 2, State Permits Nos. 605 & 611
Section 1, T. 2 S., R. 6 E., Maricopa County, Arizona

Dear Mr. Brooks:

I hope that you have been able to get all of the unenviable unpacking from your recent move from Denver behind you and that you are now comfortably settled in and enjoying your new home in Scottsdale.

This letter is a follow up to your attendance at the **Oil and Gas Conservation Commission's** meeting of July 8, 1994. Please recall our discussion in that meeting in which you indicated that after you got the move behind you, you would be getting in touch with me to discuss the details and method of plugging the two referenced wells.

Since a month has now gone by since that meeting, I am writing this letter as a reminder and to let you know that I am looking forward to hearing from you at your earliest convenience to work out the details of the plugging plan and to get that plan approved so that we may initiate the actual job of getting the wells plugged. In addition, as you noted in the July 8 meeting, this will remove the serious obstacle the two unplugged wells currently pose to the sale and development of the property as a master planned community.

Again, I look forward to hearing from you at your earliest convenience.

Sincerely,

A handwritten signature in cursive script that reads "Steven L. Rauzi".

Steven L. Rauzi
Oil & Gas Program Administrator

c Beryl I Dulsky, Attorney General's Office

LAW OFFICES

PLATTNER, SCHNEIDMAN & SCHNEIDER, P.C.

Highland Court
1707 East Highland, Suite 190
Phoenix, Arizona 85016
Telephone: (602) 274-7955
Facsimile: (602) 285-5589

LESLIE A. PLATTNER
JEFF SCHNEIDMAN
JOHN J. SCHNEIDER
GREGORY W. MacNABB

SHEILA M. RINDER
DAVID A. CRAZE
KATHERINE M. SIMMONS
VIC CASEBOLT

Of Counsel
ROBERT M. DAUDET

July 6, 1994

file 611

Arizona Geological Survey
854 N. Park Avenue, Suite 100
Tucson, Arizona 85719
ATTN: Steven L. Rauzi
Oil & Gas Program Administrator

Re: Power Ranches Geothermal Wells 1 and 2, State permit
Nos. 605 & 611

Dear Mr. Rauzi:

This firm represents Power Enterprises, an Arizona general partnership, which is the first beneficiary under Trust No. 1248. Both Power Enterprises and Gilbert-Arizona Power Road Property Joint Venture, the second beneficiary under Trust No. 1248, have requested that Mr. L.W. Brooks, C/O Don Switzenberg 7585 E. Redfield, Suite 212 Scottsdale, Arizona 85260 represent them before the Oil and Gas Conservation Commission in the above referenced matter. Mr. Brooks has over 40 years of experience in oil and gas drilling and exploration. Both the first beneficiary and the second beneficiary under Trust No. 1248 have the utmost respect and confidence in Mr. Brooks and his abilities to represent the beneficiaries mutual concerns before the Oil and Gas Conservation Commission of the State of Arizona.

This firm on behalf of Power Enterprises, the first beneficiary under Trust No. 1248, has been authorized to engage Mr. Brooks in this matter. By executing a copy of this letter, Gilbert-Arizona Power Road Property Joint Venture, the second beneficiary under Trust No. 1248, has engaged Mr. Brooks to represent the second beneficiary in this matter.

Please extend to Mr. Brooks the same cooperation and consideration in this matter which you would extend to any member of either the first or second beneficiary. If you have any

PLATTNER, SCHNEIDMAN & SCHNEIDER, P.C.

Arizona Geological Survey
July 6, 1994
Page 2

questions regarding Mr. Brooks' authorization in this matter,
please do not hesitate to contact us.

Sincerely,

PLATTNER, SCHNEIDMAN &
SCHNEIDER, P.C.



John J. Schneider

Acknowledged this ____ day of July, 1994.

GILBERT-ARIZONA POWER ROAD
PROPERTIES JOINT VENTURE, an Arizona
joint venture

By: GILBERT-ARIZONA POWER RANCH
LIMITED PARTNERSHIP, an Arizona
limited partnership

By: POWER DEVELOPMENT CORPORATION,
an Arizona corporation

By: _____
DONALD M. SWITZENBERG,
President

JJS/dc

cc: Power Enterprises

Gilbert-Arizona Power Road Property Joint Venture

35645KLT.D04

JUL 6 '94 15:30

PAGE.002

LAW OFFICES

PLATTNER, SCHNEIDMAN & SCHNEIDER, P.C.

Highland Court
1707 East Highland, Suite 190
Phoenix, Arizona 85016
Telephone: (602) 274-7955
Facsimile: (602) 285-5589

LESLIE A. PLATTNER
JEFF SCHNEIDMAN
JOHN J. SCHNEIDER
GREGORY W. MacNABB

SHEILA M. RINDER
DAVID A. CRAZE
KATHERINE M. SIMMONS
VIC CASEROLI

Of Counsel
ROBERT M. DAUDET

July 6, 1994

Arizona Geological Survey
854 N. Park Avenue, Suite 100
Tucson, Arizona 85719
ATTN: Steven L. Rauzi
Oil & Gas Program Administrator

Re: Power Ranches Geothermal Wells 1 and 2, State permit
Nos. 605 & 611

Dear Mr. Rauzi:

This firm represents Power Enterprises, an Arizona general partnership, which is the first beneficiary under Trust No. 1248. Both Power Enterprises and Gilbert-Arizona Power Road Property Joint Venture, the second beneficiary under Trust No. 1248, have requested that Mr. L.W. Brooks, C/O Don Switzenberg 7585 E. Redfield, Suite 212 Scottsdale, Arizona 85260 represent them before the Oil and Gas Conservation Commission in the above referenced matter. Mr. Brooks has over 40 years of experience in oil and gas drilling and exploration. Both the first beneficiary and the second beneficiary under Trust No. 1248 have the utmost respect and confidence in Mr. Brooks and his abilities to represent the beneficiaries mutual concerns before the Oil and Gas Conservation Commission of the State of Arizona.

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JUL 6 '94 15:30

PAGE.003

PLATTNER, SCHNEIDMAN & SCHNEIDER, P.C.

Arizona Geological Survey
July 6, 1994
Page 2

questions regarding Mr. Brooks' authorization in this matter,
please do not hesitate to contact us.

Sincerely,

PLATTNER, SCHNEIDMAN &
SCHNEIDER, P.C.



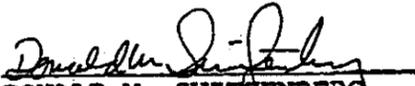
John J. Schneider

Acknowledged this 6 day of July, 1994.

GILBERT-ARIZONA POWER ROAD
PROPERTIES JOINT VENTURE, an Arizona
joint venture

By: GILBERT-ARIZONA POWER RANCH
LIMITED PARTNERSHIP, an Arizona
limited partnership

By: POWER DEVELOPMENT CORPORATION,
an Arizona corporation

By: 
DONALD M. SWITZENBERG,
President

JJS/dc

cc: Power Enterprises
Gilbert-Arizona Power Road Property Joint Venture

35645KLT.D04



Fife Symington
Governor

State of Arizona
Arizona Geological Survey

845 North Park Avenue, #100
Tucson, Arizona 85719
(602) 882-4795

June 28, 1994



Larry D. Fellows
Director and State Geologist

Mr. L.W. Brooks
c/o Don Switzenberg
7585 Redfield
Scottsdale, Arizona 85260

Re: Power Ranches geothermal wells 1 and 2, State permits Nos. 605 & 611

Dear Mr. Brooks:

The Oil and Gas Conservation Commission of the State of Arizona will meet on July 8 in Phoenix. One of the agenda items will be a discussion of the status of the two referenced wells. I would like to advise the Commission of any progress relative to your request of February 9 for information on plugging the wells and Mr. John Schneider's request of March 24 for forms required to plug and abandon. As a result, I would appreciate it if you would advise me of any progress on your part in this matter.

I would note that an alternative to the plugging quote that I mailed to you on February 9 is the placement of a bridge plug at the top of each formation open to the well bore (see A.A.C. R12-7-232(A)(1), which was mailed with the plugging quote). This alternative may cost less than the procedure outlined in the plugging quote mailed to you on February 9. In any event, the Commission looks forward to working with you on the method of plugging to get these wells properly plugged and abandoned at your earliest convenience.

An agenda for the July 8 meeting is enclosed. Of course, your attendance at the meeting would be most welcome should you prefer to personally advise the Commission of any progress to plug and abandon the wells.

Sincerely,

Steven L. Rauzi
Oil & Gas Program Administrator

c John Schneider

bc B.I.D. AG's Office



STATE OF ARIZONA

OFFICE OF THE ATTORNEY GENERAL

1275 WEST WASHINGTON, PHOENIX 85007

MAIN PHONE : 542-5025
TELECOPIER : 542-4055

GRANT WOODS
ATTORNEY GENERAL

May 23, 1994

John J. Schneider, Esq.
Plattner, Schneidman & Schneider, P.C.
1707 E. Highland, Suite 190
Phoenix, AZ 85016-4658

Re: Trust No. 1248

Dear Mr. Schneider:

Under date of March 29, I wrote you concerning the above-noted matter in answer to your letter of February 10. For your information, I enclose a copy of my letter.

In my letter, I answered your questions concerning the existence of the authority of the Oil & Gas Commission to require the property owner to perform and pay for plugging and abandoning of a well owned by it.

To date, I have not had a response to my letter. I would appreciate hearing from you at your earliest convenience so that we may bring this matter to a resolution.

Thank you for your consideration.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Beryl I. Dulsky", is written over the typed name.

BERYL I. DULSKY
Chief, Civil Unit
Environmental Enforcement Section

Encl.

f:\eescivil\bid\letters\schneid2



STATE OF ARIZONA

OFFICE OF THE ATTORNEY GENERAL

1275 WEST WASHINGTON, PHOENIX 85007

GRANT WOODS
ATTORNEY GENERAL

MAIN PHONE : 542-5025
TELECOPIER : 542-4085

March 29, 1994

John J. Schneider, Esq.
Plattner, Schneidman & Schneider, P.C.
1707 E. Highland, Ste. 190
Phoenix, Arizona 85016-4658

Re: Trust No. 1248

Dear Mr. Schneider:

Thank you for your letter of February 10 with respect to the above-noted matter.

In answer to your question as to the status of the bonds posted in connection with the two wells located on property owned by your client, Power Enterprises, please be advised that the bonds are in the possession of the Oil and Gas Commission as required by law.

In answer to your question as to the existence of authority to require the property owner to perform and pay for plugging and abandoning of a well owned by it, I refer you to A.R.S. § 27-654 which authorizes the Commission to require "every person who engages in the drilling, ownership or operation of a well" to file a bond "conditioned upon the performance of the duties required by this section and the abandonment, as approved by the commission **." Also, I refer you to A.A.C., R12-7-203(A) which requires a posting of a bond which "shall be conditioned on the following requirements:

1. Compliance with all statutes and rules and regulations.
2. Plugging and abandoning well as approved by the Commission."

Additionally, the provisions of A.A.C., R12-7-203(B) are applicable.

Thus, since your client is the first beneficiary under Trust 1248, under the terms of which I understand the beneficiaries are responsible for maintenance of the property, your client is the party responsible for plugging and abandoning

611

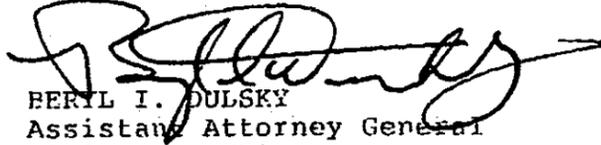
John J. Schneider, Esq.
March 29, 1994
Page Two

the wells. This is further confirmed by the successful quiet title action which terminated the Cam-Roy Lease on the property. Therefore, not only do Arizona Statutes and Rules impose the responsibility for plugging and abandoning upon your client, but fundamental principles of real property law do so as well.

The Commission is pleased that the beneficiaries under the trust recognize and appreciate the need for plugging and abandoning the wells and also that efforts are being undertaken to accomplish that.

We again invite your clients and you to contact us so that we may discuss this matter and arrange for the prompt, expeditious plugging and abandonment of these two wells.

Sincerely,



BERYL I. DULSKY
Assistant Attorney General
Civil Unit Chief,
Environmental Enforcement Section

BID:ach
0549A:42

COPY

S. Rauzi



Fre Symington
Governor

State of Arizona
Arizona Geological Survey
845 North Park Avenue, #100
Tucson, Arizona 85719
(602) 882-4795

Larry D. Fellows
Director and State Geologist

March 24, 1994

TO: John Schneider
Plattner, Schneidman & Schneider
Highland Court
1707 E Highland, Suite 190
Phoenix, AZ 85016

FR: Steve Rauzi *L. Carlton for S. Rauzi*

RE: Forms G-9, G-10 and G-12

Enclosed are the forms required to plug
and abandon a geothermal well.



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(602) 882-4795



Larry D. Fellows
Director and State Geologist

February 9, 1994

Mr. L.W. Brooks
c/o Don Switzenberg
7585 Redfield
Scottsdale, Arizona 85260

Re: Power Ranches geothermal wells 1 and 2

Dear Mr. Brooks:

I have enclosed the information that you requested on the referenced wells. This information includes a wellbore schematic showing the current mechanical condition of each of the wells and the plugging cost estimate by Wellsite Engineering, Farmington, New Mexico, for each of the wells. Cement and mush plugs are indicated on the wellbore schematics.

In addition, I have enclosed a copy of the Commission's Rules on plugging (R12-7-231 and R12-7-232) and the completion reports for each of the referenced wells.

Let me know if I may be of further assistance.

Sincerely,

Steven L. Rauzi
Oil & Gas Program Administrator

Enclosures



STATE OF ARIZONA

OFFICE OF THE ATTORNEY GENERAL

GRANT WOODS
ATTORNEY GENERAL

1275 WEST WASHINGTON, PHOENIX 85007

MAIN PHONE : 542-5025
TELECOPIER : 542-4085

January 21, 1994

File Permit 611

United Title Agency of Arizona, Inc.
3030 North Central, Suite 1102
Phoenix, Arizona 85012

Re: Trust No. 1248

Dear Gentlemen:

The records of the Maricopa County Recorders Office indicate that your company is trustee of the above-noted trust which owns certain real property located on Power Road in Higley, Arizona. The primary beneficiary of the trust is Power Enterprises and the secondary beneficiary is Gilbert-Arizona Power Road Property Joint Venture.

The Oil and Gas Commission of the State of Arizona granted permission in the 1970s for the drilling of two geothermal wells on the property. The two wells were drilled and have remained on the property although they have not been in operation for a number of years.

It has been determined by the Commission that, by virtue of the bankruptcy of the owners of the wells and a quiet title action in the late 1980s, ownership of the wells has reverted to the owner of the real property, Trust No. 1248.

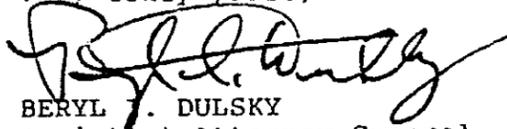
Under Arizona law, a well which is no longer in use must be "plugged and abandoned." The responsibility for performing and paying for such work is that of the property owner in the event of a reverter of well ownership.

This office has been instructed, in its capacity as attorney for the Oil and Gas Commission, to inform you that the Commission expects that the Trust will undertake such work and will pay for it. I invite you to contact me at 542-1610 at your

United Title Agency of Arizona Inc.
January 21, 1994
Page Two

earliest convenience so that we may discuss this matter and
arrange for the prompt and expeditious plugging and abandonment
of these two wells.

Very truly yours,



BERYL J. DULSKY
Assistant Attorney General
Civil Unit Chief,
Environmental Enforcement Section

BID:ach/7985A:31

cc: Power Enterprises
21826 South Power Road
Higley, Arizona 85236

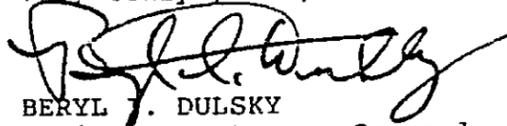
Gilbert-Arizona Power Road Property Joint Venture
c/o Mr. Donald Switzenberg
22350 North Pima Road, Suite A
Scottsdale, Arizona 85255

bcc: Mr. Steve Rauzi

United Title Agency of Arizona Inc.
January 21, 1994
Page Two

earliest convenience so that we may discuss this matter and
arrange for the prompt and expeditious plugging and abandonment
of these two wells.

Very truly yours,



BERYL J. DULSKY
Assistant Attorney General
Civil Unit Chief,
Environmental Enforcement Section

BID:ach/7985A:31

cc: Power Enterprises
21826 South Power Road
Higley, Arizona 85236

Gilbert-Arizona Power Road Property Joint Venture
c/o Mr. Donald Switzenberg
22350 North Pima Road, Suite A
Scottsdale, Arizona 85255

bcc: Mr. Steve Rauzi



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Governor

State of Arizona
Arizona Geological Survey

845 North Park Avenue, #100
Tucson, Arizona 85719
(602) 882-4795



Larry D. Fellows
Director and State Geologist

August 23, 1993

Mr. Beryl I. Dulsky
Assistant Chief Council, Civil Division
Office of the Attorney General
1275 West Washington
Phoenix, Arizona 85007

Dear Beryl:

I have enclosed a copy of the April 20, 1972, geothermal lease between Power Ranches Inc. and Geothermal-Kinetics Systems Corporation. The papers include an amendment and modification dated November 21, 1972; April 15, 1977; and April 14, 1982, and a ratification of amendment and modification executed June 11, 1982.

Let me know if I can be of additional help.

Sincerely,

Steven L. Rauzi
Oil & Gas Program Administrator

*Also see also enclosed my notes from 2/22/93
calls to Rich Powers - on 2/22/93*

3-10-93

Called Keith Power (988-2370): Don Switzenberg of
Gilbert Power Road Joint Venture now has control of the
property.

Called Don Switzenberg
Gilbert-Power Rd Joint Venture
8700 E. Pinnacle Peak
Scottsdale, AZ 85255
602-585-4260

Don's secretary(?) indicated that they won the
lawsuit against Pomeroy to P&A wells. That
she thought a cat of Pomeroy's was confiscated
as part of a settlement in the bankruptcy
action. She will have Don return my
call - maybe today or next week as I
will be out of the office tomorrow and
Friday.

Memorandum to files 605 and 611

Date: March 3, 1993
From: S.L. Rauzi, ^{SLR} Oil and Gas Program Administrator
Subject: Static water level in the vicinity of Power Ranches wells 1 & 2

On this date I contacted Richard Herther, Department of Water Resources (DWR), 255-1543, and obtained several static water levels in the vicinity of township 2 south, range 6 east, section 1, which is the location of Power Ranches wells 1 and 2. These levels are:

<u>Date</u>	<u>Location</u>	<u>level</u>	<u>Remarks</u>
11/12/91	T2S-R6E, Sec. 6, SE NE SE	224.1'	DWR measurement
11/12/91	T2S-R6E, Sec. 4, Center	158.2'	DWR measurement
5/27/91	T2S-R6E, Sec. 1, SE NE NE	181'	Drillers report
11/7/91	T2S-R7E, Sec. 5, SE SE SE	304.4'	DWR measurement
11/7/91	T2S-R7E, Sec. 7, NE NE NE	289.3'	DWR measurement

The static water level in the Power Ranches No. 1 well (Permit No. 605) was 570 feet below ground level on January 11, 1988.

This measurement is considerably below the surrounding levels as recorded in the table above and indicates that the static water in the Power Ranches No. 1 well is separate from the static water in the surrounding water wells. The surrounding water wells are recording the ground water table and the Power Ranches well is recording the static water from the zone open at a depth of 6174 feet.



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Larry D. Fellows
Director and State Geologist

February 26, 1993

Ms. Diane Hienton
Chief Council, Land and Natural Resources Section
Attorney General's Office
1275 West Washington
Phoenix, Arizona 85007

Dear Diane:

Enclosed are the materials we talked about this morning: (1) a summary of events on the two geothermal wells, (2) Mark A. Monserez's letter of February 5, 1988, summing up the situation on the two geothermal wells, and (3) the Memorandum Decision filed on December 1, 1988.

Do not hesitate to give me a call if I can be of further assistance.

Sincerely,

SLR

Steven L. Rauzi
Oil & Gas Program Administrator

Enclosures

cc Larry Fellows

611



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State of Arizona
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Larry D. Fellows
Director and State Geologist

January 8, 1993

p/w 6/11

Ms. Diane Hinton
Chief Council, Land and Natural Resources Section
Attorney General's Office
1275 West Washington
Phoenix, Arizona 85007

Dear Diane:

As a follow up to our telephone discussion on Wednesday, January 6, 1993, I have enclosed some background material on the two Cam-Roy geothermal wells: near Chandler and the Central (Contender) Oil well near Yuma. This material includes the summary of events on the two geothermal wells, and for the well near Yuma: (1) Mr. Brennan's letter of January 21, 1991, to Ms. Lewin, (2) Mr. Brennan's letter of March 1, 1991, to Mr. Brown (copy to Mr. Bradshaw), (3) Ms. Mead's letter of November 5, 1991, to Mr. Brown (copy to Mr. Bradshaw), and (4) my letter of March 9, 1992, to Mr. Bradshaw. Also enclosed is a copy of the minutes from the Commission's October 23, 1992, meeting, which record the latest status of these matters and a copy of my report of this date to the Commission as to the status of these matters as of January 1, 1993.

Please do not hesitate to give me a call if you have any questions on either of these matters or if I can be of further assistance.

Sincerely,

Steve

Steven L. Rauzi
Oil & Gas Program Administrator

Enclosures

cc Larry Fellows



Fife Symington
Governor

State of Arizona
Arizona Geological Survey

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Tucson, Arizona 85719
(602) 882-4795



Larry D. Fellows
Director and State Geologist

TO: Oil and Gas Conservation Commissioners *PIN 611*
FROM: Steven L. Rauzi, ^{SLR} Oil and Gas Program Administrator
DATE: January 8, 1993
SUBJECT: Status of legal action on the two Cam-Roy geothermal wells near Chandler and the Central (Contender) Oil well near Yuma

Ms. Diane Hinton, Chief Counsel for the Land and Natural Resources Section of the Attorney General's Office, called me on January 6, 1993. She advised me that Ms. Karen Clark is bogged down in the Indian Gaming situation, which she expects to continue for some time yet. As a result, Ms. Hinton is going to step in and review the matter of the two geothermal wells near Chandler and the well near Yuma and report to you at your meeting on March 12, 1993.

As a follow up to my conversation with Ms. Hinton, I mailed her several items to give her a general background on these two matters. For the two geothermal wells, these included (1) the summary of events on the geothermal wells which I prepared to accompany your letter to Mr. Grant Woods, and (2) a copy of the minutes from your meeting of October 23, 1992, wherein you moved that Ms. Clark pursue "whatever" legal action necessary to have the two wells plugged and abandoned. For the well near Yuma, these included (1) Mr. Brennan's letter of January 21, 1991, to Ms. Lewin requesting that the Attorney General's Office initiate appropriate action and his letter of March 1, 1991, to Mr. Bradshaw indicating that the matter was referred to the Attorney General's Office for action, (2) Ms. Mead's letter of November 5, 1991, to Mr. Bradshaw indicating that the matter had been referred to the Attorney General's Office and that an action would be filed in Superior Court if work to plug and abandon the well was not initiated by November 25, 1991, and (3) my letter of March 9, 1992, to Mr. Bradshaw reminding him that the Commission would proceed with the injunction if the well was not plugged and abandoned.

cc Larry Fellows
Diane Hinton, Attorney General's Office



Fife Symington
Governor

State of Arizona
Arizona Geological Survey

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(602) 882-4795



Larry D. Fellows
Director and State Geologist

November 6, 1992

Ms. Karen A. Clark
Assistant Attorney General
Attorney General's Office
1275 West Washington
Phoenix, Arizona 85007

Dear Karen:

Enclosed is a copy of Mr. Clifford J. Frey's letter requesting a copy of the Commission's October 23, 1992, minutes of meeting, which I mailed today.

As you may recall, Mr. Pomeroy and Mr. Saxman provided the Commission with a memorandum and request for release of the Cam-Roy bonds in the Commission's March 6, 1992, meeting. I mailed a copy of this memorandum to Tyrone Mitchell on June 5, 1992.

I have enclosed the minutes from the March 6 and July 6, 1992, meetings. They indicate the Commission has no intention of returning this bond until the wells have been plugged and abandoned.

Sincerely,

Steven L. Rauzi
Oil & Gas Program Administrator

Enclosures



Fife Symington
Governor

State of Arizona
Arizona Geological Survey

845 North Park Avenue, #100
Tucson, Arizona 85719
(602) 882-4795



Larry D. Fellows
Director and State Geologist

November 6, 1992

Mr. Clifford J. Frey
Frey & Frey P.C.
1351 North Alma School Road, Suite 275
Chandler, Arizona 85224

Dear Mr. Frey:

In response to your request of October 26, I have enclosed a copy of the Commission's October 23, 1992, minutes (page 4) that deal with the Cam-Roy wells.

I have also enclosed a copy of the Commission's March 6, 1992, minutes (pages 2 and 3) and the July 6, 1992, minutes (page 3) that deal with the Cam-Roy wells.

Sincerely,

Steven L. Rauzi

Steven L. Rauzi
Oil & Gas Program Administrator

Enclosures

FREY & FREY, P.C.

Attorneys at Law

1351 N. Alma School Road Suite 275
Chandler, Arizona 85224
(602) 786-0297
Fax (602) 963-3499

Clifford J. Frey
M. Jacqueline Frey

October 26, 1992

Mr. Steven L. Rauzi
Oil and Gas Conservation Commission
845 N. Park Ave., # 100
Tucson, Arizona 85719



Re: Ralph Pomeroy/Cam-Roy wells

Dear Mr. Rauzi:

I received yesterday a copy of your meeting agenda for October 23, 1992 meeting. Mrs. Pomeroy brought that agenda to me. She found it in her mail after the date of the meeting. Mr. Pomeroy has been in the hospital for a number of days for surgery and they had not checked their mail for several days.

I would request a copy of the minutes of the meeting concerning what the commission is doing concerning the Cam-Roy wells. I have previously requested that the cash bond posted by Cam-Roy be returned, but without success. I am contemplating filing a mandamus action to obtain a Court decision concerning this bond, but need to know what the commission's present attitude is concerning these wells and the bond, particularly since my client held them such a short time and the Court determined they did not have a valid lease on the wells.

Your kind cooperation would be appreciated. If there is a charge for a copy of the minutes, include a statement for the copy with your response and I will pay the charge.

Sincerely,

FREY & FREY

Clifford J. Frey
Clifford J. Frey

cc: Ralph Pomeroy



Fife Symington
Governor

State of Arizona
Arizona Geological Survey

845 North Park Avenue, #100
Tucson, Arizona 85719
(602) 882-4795



Larry D. Fellows
Director and State Geologist

October 23, 1992

Mr. Grant Woods
Attorney General
1275 West Washington
Phoenix, Arizona 85007

Re: **Formal request for legal assistance and representation**

Dear Mr. Woods:

The Oil and Gas Conservation Commission formally requests your assistance in getting two wells, the Cam-Roy Power Ranches #1 and Power Ranches #2, plugged and abandoned. These wells have been in violation of this Commission's order to be plugged and abandoned since February 19, 1988.

This Commission first requested assistance from your office on July 14, 1988. After completing some preliminary matters as advised by Mr. Sheldon Muller and Ms. Carol Lewin of your office, we again requested your assistance on November 16, 1990. Because no legal action had been initiated, we reiterated our request for legal assistance on November 1, 1991. Still lacking legal assistance in the courts, we again requested on March 6, 1992, that your office pursue whatever legal action was necessary to have the wells plugged. In our last meeting, July 6, 1992, this Commission yet again reiterated our desire to have this matter resolved by whatever legal remedy available. A summary of events on this matter as recorded in our minutes of meetings is attached.

Sincerely,

OIL AND GAS CONSERVATION COMMISSION

Mrs. Jan C. Wilt
Chairman

Enclosure

cc **Larry D. Fellows**
Steven L. Rauzi, Oil and Gas Program Administrator
Joe Lane, Special Assistant, Office of the Governor
Karen A. Clark, Assistant Attorney General

**SUMMARY OF EVENTS REGARDING GEOTHERMAL WELLS AS RECORDED IN
OIL & GAS CONSERVATION COMMISSION MINUTES OF MEETING**

Page 1

- 09-23-83 1) Doss letter requests information from Bannister regarding temporary abandonment, no response.
- 11-18-83 1) Still no response, Doss suggests Order to Show Cause through Attorney General's office.
- 02-24-84 1) Commission extends temporary abandonment for 1 year to June 30, 1985.
- 02-15-85 1) Pomeroy plan to rehabilitate wells, is having difficulty in arranging financing for project.
- 05-24-85 1) Pomeroy reports that his lease assignments are not valid, nor was the Geothermal Kinetic's lease.
2) Doss reports that the owners would then be responsible to plug and abandon the wells.
- 08-16-85 1) Commission extends temporary abandonment for 6 months to January 1, 1986.
- 01-17-86 1) Commission extends temporary abandonment for 6 months to July 1, 1986.
- 05-16-86 1) Brennan reports of call from Geothermal Kinetics asking about time limit to plug and abandon wells.
- 07-18-86 1) Commission extends temporary abandonment for 1 year to July 1987.
- 05-15-87 1) Resolve to cooperate with Pomeroy in regard to a DOE grant proposal or funding for development.
- 08-21-87 1) Pomeroy reports quiet title action from owners.
2) Mr. John Feegan, Assistant Attorney General (AAG), will get information and advise Commission.
3) Commission extends temporary abandonment for 6 months to February 21, 1988.
- 01-15-88 1) Pomeroy requests extension beyond February 21, Commission holds to extension date of February 21.
2) Paul Gilbert representing Powers Road Joint Venture, owners of property, opposes further extension.
3) Commission asks Attorney General to determine legal owner of property & advise on how to proceed.
- 02-19-88* 1) Commission denies extension of temporary abandonment.
2) Mr. Sheldon Muller (AAG) advises R12-7-232(B) requires wells to now be plugged and abandoned.
- 03-18-88 1) Commission ratified its 2/19/88 denial of extension of temporary abandonment.
- 07-14-88* 1) Commission requests Attorney General to file motion to dismiss Cam-Roy vs Commission lawsuit.
2) Muller advises that no statute gives Commission authority to force plug and abandon geothermal wells.
3) Commission requests that Attorney General get a court order to plug the wells on the Power Ranches.
- 01-20-89 1) Report that lease termination between Power Ranches and Cam-Roy upheld by Appeals Court.
2) Report that Cam-Roy Research Corporation is reorganizing because of bankruptcy filing.
3) Senate Bill 1044 giving Commission enforcement authority in geothermal matters to be heard on 1/29.
4) Muller advises filing lawsuit against Pomeroy, landowner, or both after SB 1044 is passed.
- 03-17-89 1) Muller advises to let Supreme Court rule on Cam-Roy "Petition for Review" before filing suit.
2) Ms. Carol Lewin (AAG) may have to file claim in bankruptcy court on Commission's behalf.
- 07-21-89 1) Commission has Brennan request Power Ranches' intention with regard to plugging the wells.
2) Lewin filed "Controverting Certificate" and motion to have Cam-Roy vs Commission dismissed.

**SUMMARY OF EVENTS REGARDING GEOTHERMAL WELLS AS RECORDED IN
OIL & GAS CONSERVATION COMMISSION MINUTES OF MEETING**

Page 2

- 09-15-89
- 1) Report that the Cam-Roy vs Commission lawsuit was dismissed.
 - 2) Report that landowners of the Power Ranches are suing Cam-Roy Research Corp to plug the wells.
 - 3) Brennan reports Pomeroy's claim to own the mineral rights and unwillingness to plug the wells.
 - 4) Commission has Brennan send letter to landowners expressing Commission's interest to plug wells.
- 12-15-89
- 1) Report that Keith Powers of Power Ranches requested forms and information on plugging the wells.
- 02-16-90
- 1) Power Ranches bought by Davidson and Davidson, real-estate syndicate who defaulted on payments.
 - 2) Keith Powers hopeful of recovering property, is aware of need to plug wells before selling property.
- 04-20-90
- 1) Lewin advises that enforcement is by injunctive action by the Superior Court,
 - 2) That the Commission get DWR to exempt the wells from Groundwater Code or accept jurisdiction,
 - 3) That there is no statutory authority to file a lien.
 - 4) Monserez advises that property is owned by Gilbert, Arizona-Power Road Properties Joint Venture,
 - 5) And that they have a suit against Pomeroy to clear title & a second suit to have Cam-Roy plug wells.
- 08-17-90
- 1) Commission issues Order #59 to require reinjection of produced water from the geothermal wells.
- 11-16-90*
- 1) Brennan writes two letters to Monserez to confirm ownership of the property, no response received.
 - 2) Commission refers the matter to the Attorney General to get the wells plugged by filing a suit.
- 02-15-91
- 1) Brennan reports on letter to Ms. Lewin (AAG) confirming request to go to court to require plugging.
- 04-19-91
- 1) Brennan reports on Cam-Roy negotiations, they expect financing to be available in 60 days.
- 11-01-91*
- 1) Commission reiterated request to have the Attorney General file suit to plug and abandon wells.
 - 2) Commission notes that Attorney General's Office has been slow to act on this matter.
 - 3) Ms. Kate Mead (AAG) advises that an option is to file a court order to plug the well,
 - 4) Have the order recorded in the county as a lien against the property,
 - 5) And thereby encumber the land and its future sale or development.
- 03-06-92*
- 1) Mead reported that ownership of the property is still in question.
 - 2) Pomeroy provided the Commission with a request for release of the Cam-Roy drilling bonds.
 - 3) Commissioners agreed that bonds are in force until new bonds put up or wells plugged and abandoned.
 - 4) Commission requested that Ms. Mead proceed immediately with legal action to plug wells.
 - 5) Commission moved that the Attorney General pursue the order to plug and abandon, and
 - 6) That the Commission not render a decision or even ask the question at this time of returning bonds.
- 07-06-92*
- 1) Ms. Karen Clark (AAG) advises that she is replacing Ms. Mead in representing the Commission.
 - 2) Commission notes that the bonds on these wells are not the issue.
 - 3) Commission's concern is "when will they get some legal action to plug and abandon these wells."
 - 4) Commission reiterates intention to file a lien on the property until this problem is resolved.
 - 5) Commission requests formal request letter to Attorney General for signature at next meeting.



Fife Symington
Governor

State of Arizona
Arizona Geological Survey

845 North Park Avenue, #100
Tucson, Arizona 85719
(602) 882-4795



Larry D. Fellows
Director and State Geologist

September 18, 1992

Ms. Karen A. Clark
Assistant Attorney General
Attorney General's Office
1275 West Washington
Phoenix, Arizona 85007

Dear Karen:

Enclosed is a copy of the letter to the Attorney General that the Commission requested me to prepare for their signature at their meeting on October 23, 1992.

Sincerely,

Steven L. Rauzi
Oil & Gas Program Administrator

Enclosure



Fife Symington
Governor

State of Arizona
Arizona Geological Survey

845 North Park Avenue, #100
Tucson, Arizona 85719
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Larry D. Fellows
Director and State Geologist

July 24, 1992

Ms. Karen A. Clark
Assistant Attorney General
Attorney General's Office
1275 West Washington
Phoenix, Arizona 85007

Dear Karen:

As requested by the Oil and Gas Conservation Commission in their meeting on July 6, 1992, I have reviewed the well files and past minutes of meetings and compiled an outline of events on the two geothermal wells in sec. 1, T. 2 S., R. 6 E., Maricopa County. The outline includes two summaries, one lists the flow of events recorded both in the well file and in the minutes of meetings, the other lists only those events recorded in the Commission's minutes of meetings. Hopefully, these summaries will give you a better understanding and appreciation of the complex history, or should I say morass, of this continuing problem. If you think I have left anything out or if I can provide you with detailed information on anything in the lists, please let me know.

I would appreciate a note on the status of the Contender Oil Complaint.

Sincerely,

Steve

Steven L. Rauzi
Oil & Gas Program Administrator

Enclosures

cc Larry Fellows

SUMMARY OF EVENTS ON GEOTHERMAL WELLS IN SEC 1-T2S-R6E, MARICOPA CO.

PAGE 1

04-20-72 Geothermal Kinetics, Inc (GKI) obtains 5-year primary term lease from Power Ranches, Inc (PRI).
04-08-73 Total depth reached on GKI PR #1 (Permit #605).
08-23-73 Total depth reached on GKI PR #2 (Permit #611).
04-11-74 Wells are shut-in to await advanced technology to develop steam (Arizona Republic report).
03-07-77 W.E. Allen letter denying release of GKI bonds until wells are plugged and abandoned.
04-20-77 5-year primary term of leases expires, 5-year extension obtained.
03-14-80 Bannister (GKI) letter requesting continuance of Temporary Abandonment (TA) status for remedial work.
03-17-80 Allen letter approves TA status & recommends GKI Plug & Abandon (PA) wells while rigs are available.
04-20-82 First 5-year extension expired, second 5-year extension obtained.
06-28-83 Bannister letter requests continuance of TA to allow time to install wellhead generators.
07-21-83 A.K. Doss letter to Bannister requests information on wellhead generator plan to justify TA to OGCC.
09-23-83 No response from Bannister to Doss's 07-21 letter.
11-18-83 Still no response from Bannister. Doss suggests an Order to Show Cause through Attorney General (AG).
12-14-83 Second Doss letter to Bannister requests specifics on wellhead generators plan.
12-20-83 Bannister letter requests TA through June '84 while negotiations to develop property continue.
01-20-84 Doss letter to Bannister approves TA to June '84 provided work begins, requires PA if not successful.
02-07-84 Pomeroy letter, acquires GKI interest in wells, request extend TA for time to create market for steam.
in 1984 GKI assigns lease to Cam-Roy Research & Develop Corp (RDC) and Geothermal Exploration Co (GEC).
02-24-84 OGCC extends TA for 1 year to June '85 provided Pomeroy posts bond and proceeds with development.
02-28-84 Pomeroy signs Doss letter; agrees to post bond, proceed with tests, & PA wells if tests not successful.
05-09-84 Bannister letter to Doss requests written release of all obligation with respect to the wells.
02-15-85 Pomeroy briefs OGCC on plan to rehabilitate wells & notes difficulty in arranging financing for project.
05-24-85 Doss reports GKI lease assignments are in question, that owner (PRI) of wells is responsible to PA.
08-16-85 Doss reports Pomeroy request to extend TA, OGCC extends TA for 6 months to January '86.
12-20-85 Pomeroy letter requests 6-month extension of TA due to financing problems for project.
01-17-86 OGCC extends TA for additional 6-months to July '86.
05-16-86 D.J. Brennan notes call from GKI requesting time limit to PA wells as they are planning to sell them.
07-09-86 Pomeroy letter requests extension of TA due to financial problems, pledges to expedite efforts to develop.
07-18-86 OGCC extends TA for 1 year to July '87.
02,03-87 Cam-Roy RDC and GEC assign their interests in lease to Cam-Roy Research Corporation (RC).
03-03-87 Cam-Roy RC posts \$5,000 bond for each well (First Interstate Bank C.D. #2506289 & C.D. #2506290).
03-05-87 Brennan letters (3) approve transfer of GKI to Cam-Roy & release GKI from all obligations to wells.
04-15-87 Cam-Roy RC contracts to sell steam to its wholly owned subsidiary Geothermal Synergy Corp (GSC).
04-17-87 Kolsrud (Cam-Roy RC) letter notifies PRI of extension of lease because of signed contract to sell steam.
04-20-87 Second 5-year extension expired, end of primary term of lease.
05-15-87 OGCC moves to cooperate with Pomeroy interests in regard to DOE grant proposal or funding to develop.
08-21-87 Pomeroy requests extension of TA, served with quiet title action: OGCC extends TA 6 months to Feb '88.
09-04-87 Brennan letter to Pomeroy notifies him of testing requirement for TA approval beyond February '88.
01-15-88 Pomeroy asks extension; PRI insists PA; OGCC requests legal owner determination, advice from AG.
02-05-88 M.A. Monserez (PRI) letter sums up situation, objects to further TA extensions, requests PA immediately.
02-16-88 Pomeroy letter requests that OGCC modify TA extension to July '88 from February '88.
02-19-88 J.A. Witcher (Energy Institute) letter to Brennan opines that PA is reasonable and legitimate.
02-19-88* OGCC denies TA. S.H. Muller (AG) advises that PA is now necessary pursuant to R12-7-232(B).
03-07-88 Brennan letter to Pomeroy notifies him of OGCC denial for TA and his obligation to now PA the wells.
03-18-88 Pomeroy letter to Brennan requests further extension of TA status.
03-18-88 OGCC ratified its decision to deny extension of TA status and require wells to be PA per R12-7-232(B).

NOTE: Events from Oil and Gas Conservation Commission Minutes of Meetings are underlined.

SUMMARY OF EVENTS ON GEOTHERMAL WELLS IN SEC 1-T2S-R6E, MARICOPA CO.

PAGE 2

04-12-88 Brennan letter to Pomeroy notifies him of OGCC ratification of TA denial, strong request wells be PA.
05-16-88 Cam-Roy RC brings suit against OGCC asking judicial review of administrative decision to deny TA.
06-28-88 Muller letter to F.K. Gibson (Cam-Roy attorney) emphasizing OGCC's determination to have wells PA.
07-13-88 Gibson letter to Muller indicates Cam-Roy RC without financial means to PA wells now or in future.
07-14-88 OGCC requests AG to file a motion to dismiss Cam-Roy lawsuit & to get a court order to PA the wells.
11-22-88 Muller letter to Brennan summarizes the Cam-Roy RC vs. OGCC lawsuit.
12-01-88 Appeals Court Memorandum Decision upholds quiet title action terminating Cam-Roy lease on PRI.
01-20-89 Muller suggests filing lawsuit to PA against Pomeroy, landowner, or both; Cam-Roy files for bankruptcy.
03-17-89* Cam-Roy appeals Appeals Court ruling; Muller "await Superior Court decision before filing PA lawsuit."
07-13-89 C.B. Lewin (AG) files "Response and Motion to Dismiss" Cam-Roy vs OGCC lawsuit.
07-21-89 OGCC requests Brennan to notify PRI of OGCC's intention to have wells PA.
10-24-89 Keith Powers (PRI) telephones request for PA forms and procedures from OGCC staff.
09-15-89 Cam-Roy vs OGCC dismissed; PRI lawsuit vs Cam-Roy to PA; Brennan write landowners to PA wells.
12-15-89 Property sold to real-estate syndicate who defaulted, Keith Powers aware PA needed before property sold.
04-13-90 Brennan letter to G.D. Davidson requesting info on his clients ownership interest in PRI property.
04-19-90* Lewin letter to Brennan: DWR exempt wells, get title report, send formal notice, get injunctive action.
04-20-90* Lewin advises enforce by injunc action, no stat auth to file lien; Monserez advises on ownership.
04-24-90 Brennan letter to Monserez to verify Gilbert-Power Road Properties Joint Venture (GPRJV) ownership.
06-12-90 Brennan letter to N.W. Plummer (DWR) requesting DWR to exempt the wells from Groundwater Code.
06-13-90 Second letter from Brennan to Monserez to verify GPRJV ownership in property.
07-03-90 H. Dishlip (DWR) letter to Brennan, DWR will exempt if OGCC requires reinjection of produced water.
08-17-90 OGCC Order #59 requires reinjection of all produced water in the two geothermal wells.
09-17-90 Brennan letter to Dishlip encloses OGCC Order #59 requiring reinjection of produced water.
09-21-90 Dishlip letter to Brennan exempts wells from the DWR.
10-22-90 Brennan letter to Monserez (GPRJV) with formal notice that wells be PA pursuant to R12-7-232(B).
11-16-90* OGCC refers matter to AG to file lawsuit in Superior Court to have wells PA by injunctive action.
11-26-90 Brennan letter to Lewin confirming OGCC request for AG to pursue injunctive action to have wells PA.
02-15-91 Brennan reports on letter to Lewin confirming OGCC request for AG to pursue injunctive action to PA.
04-19-91 Brennan reports that J. Saxman (Cam-Roy RC) indicates that financing will be available in 60 days.
11-01-91 OGCC "AG slow to act"; K.L. Mead (AG) proposes court order, record in county as lien, encumber land.
03-06-92 Pomeroy presents letter to OGCC requesting release of his performance bonds on these wells.
03-06-92 Ownership still in question; OGCC requests AG proceed immediately with legal action, bonds not at issue.
03-10-92 S.L. Rauzi (OGCC) letter to Mead encloses letters transferring obligation from GKI to Cam-Roy RC.
06-05-92 Rauzi letter to T. Mitchell (AG) encloses material sent to Mead on 3/10 and copy of OGCC 3/6 minutes.
07-06-92* OGCC "bonds not issue, failure to PA violation of State law, request letter to AG requesting action."

NOTE: Events from Oil and Gas Conservation Commission Minutes of Meetings are underlined.

**SUMMARY OF EVENTS REGARDING GEOTHERMAL WELLS AS RECORDED IN
OIL & GAS CONSERVATION COMMISSION MINUTES OF MEETING**

- 09-23-83 1) Doss letter requests information from Bannister regarding Temporary Abandonment, no response.
- 11-18-83 1) Still no response, Doss suggests Order to Show Cause through Attorney General's office.
- 02-24-84 1) Commission extends Temporary Abandonment for 1 year to June 30, 1985.
- 02-15-85 1) Pomeroy plan to rehabilitate wells, is having difficulty in arranging financing for project.
- 05-24-84 1) Pomeroy reports that his lease assignments are not valid, nor was the Geothermal Kinetic's lease.
2) Doss reports that the owners would then be responsible to Plug and Abandon the wells.
- 08-16-85 1) Commission extends Temporary Abandonment for 6 months to January 1, 1986.
- 01-17-86 1) Commission extends Temporary Abandonment for 6 months to July 1, 1986.
- 05-16-86 1) Brennan reports of call from Geothermal Kinetics asking about time limit to Plug and Abandon wells.
- 07-18-86 1) Commission extends Temporary Abandonment for 1 year to July 1987.
- 05-15-87 1) Resolve to cooperate with Pomeroy in regard to a DOE grant proposal or funding for development.
- 08-21-87 1) Pomeroy reports quiet title action from owners, Attorney General get information, advise Commission.
2) Commission extends Temporary Abandonment for 6 months to February 21, 1988.
- 01-15-88 1) Pomeroy requests extension beyond February 21, Commission holds to extension to February 21.
2) Paul Gilbert representing Powers Road Joint Venture, owners of property, opposes further extension.
3) Commission asks Attorney General to determine legal owner of property & advise on how to proceed.
- 02-19-88 1) Commission denies extension of Temporary Abandonment.
2) Attorney General (Muller) advises R12-7-232(B) now requires the wells to be Plugged and Abandoned.
- 03-18-88 1) Commission ratified its 2/19/88 denial of extension of Temporary Abandonment.
- 07-14-88 1) Commission requests Attorney General to file motion to dismiss Cam-Roy vs Commission lawsuit.
2) Muller advises that no statute gives Commission authority to force Plug and Abandon geothermal wells.
3) Commission requests Attorney General to get a court order to plug the wells.
- 01-20-89 1) Report that lease termination between Power Ranches and Cam-Roy upheld by Appeals Court.
2) Muller advises filing lawsuit against Pomeroy, landowner, or both after SB 1044 is passed.
3) Report that Cam-Roy Research Corporation is reorganizing because of bankruptcy filing.
4) Senate Bill 1044 giving Commission enforcement authority in geothermal matters to be heard on 1/29.
- 03-17-89 1) Muller advises to let Supreme Court rule on Cam-Roy "Petition for Review" before filing suit.
2) Attorney General (Lewin) may have to file claim in bankruptcy court on Commission's behalf.
- 07-21-89 1) Commission has Brennan request Power Ranches' intention with regard to Plugging the wells.
2) Lewin filed "Controverting Certificate" and motion to have Cam-Roy vs Commission dismissed.

**SUMMARY OF EVENTS REGARDING GEOTHERMAL WELLS AS RECORDED IN
OIL & GAS CONSERVATION COMMISSION MINUTES OF MEETING**

- 09-15-89
- 1) Report that the Cam-Roy vs Commission lawsuit was dismissed.
 - 2) Report that landowners of the Power Ranches are suing Cam-Roy Research Corp to Plug the wells.
 - 3) Brennan reports Pomeroy's office visit, indicating he owns mineral rights & will not plug the wells.
 - 4) Commission has Brennan send letter to landowners expressing Commission's interest to plug wells.
- 12-15-89
- 1) Report that Keith Powers of Power Ranches requested forms and information on Plugging the wells.
- 02-16-90
- 1) Power Ranches bought by Davidson and Davidson, real-estate syndicate who defaulted on payments.
 - 2) Keith Powers hopeful of recovering property, is aware of need to plug wells before selling property.
- 04-20-90
- 1) Lewin advises that enforcement is by injunctive action by the Superior Court,
 - 2) That the Commission get DWR to exempt the wells from Groundwater Code or accept jurisdiction,
 - 3) That there is no statutory authority to file a lien.
 - 4) Monserez advises that property is owned by Gilbert, Arizona-Power Road Properties Joint Venture,
 - 5) And that they have a suit against Pomeroy to clear title & a second suit to have Cam-Roy plug wells.
- 08-17-90
- 1) Commission issues Order #59 to require reinjection of produced water from the geothermal wells.
- 11-16-90
- 1) Brennan writes two letters to Monserez to confirm ownership of the property, no response received.
 - 2) Commission refers the matter to the Attorney General to get the wells Plugged and Abandoned.
- 02-15-91
- 1) Brennan reports on letter to Lewin requesting Attorney General to go to court to require Plugging.
- 04-19-91
- 1) Brennan reports on Cam-Roy negotiations, they expect financing to be available in 60 days.
- 11-01-91
- 1) Commission reiterated request to have the Attorney General file suit to Plug and Abandon wells.
 - 2) Commission notes that Attorney General's Office has been slow to act on this matter.
 - 3) Attorney General (Mead) advises to file court order to plug the well,
 - 4) Have the order recorded in the county as a lien against the property,
 - 5) And thereby encumber the land and its future sale or development.
- 03-06-92
- 1) Mead reported that ownership of the property is still in question.
 - 2) Pomeroy provided the Commission with a request for release of the Cam-Roy drilling bonds.
 - 3) Commissioners agreed that bonds are in force until new bonds put up or wells Plugged and Abandoned.
 - 4) Commission requested Mead to proceed immediately with legal action to plug wells.
 - 5) Commission moved that the Attorney General pursue the order to Plug and Abandon, and
 - 6) That the Commission not render a decision or even ask the question at this time of returning bonds.
- 07-06-92
- 1) Commission noted that the bonds on these wells are not the issue, why "environmental lien"?
 - 2) Commission's concern is "when will they get some legal action to Plug and Abandon these wells".
 - 3) Noted that in addition to environmental concern failure to Plug and Abandon is violation of State law.
 - 4) Reiterated Commission's intention to file a lien on the property to tie-up any future exchanges, sales, or development of this land until this problem is resolved.
 - 5) Commission requested Oil and Gas Program Administrator to draft letter to Attorney General outlining the history of this problem and requesting definite action as soon as possible.

MEMORANDUM TO FILE

DATE: JUNE 10, 1992

FROM: STEVEN L. RAUZI ^{SCR}

SUBJECT: CAM-ROY R&D (GKI) POWER RANCHES #2, STATE PERMIT 611
SE NE SEC. 1, T. 2 S, R. 6 E., T.D. 10,454

ARRIVED WELL SITE ABOUT NOON ON 6/10/92.

WELLHEAD IS ABOUT 8 FEET HIGH AND SECURE, BLOWIE LINE EXTENDS FROM WELLHEAD ABOUT 20 FEET INTO AN APPROXIMATELY 50 FOOT BY 150 FOOT RESERVE PIT, WHICH APPARENTLY SERVES AS A WATER POND WHEN FIELD IS IRRIGATED OR IT RAINS. IT WAS DRY ON THIS DAY.

A LARGE BUSH HAS GROWN AROUND AND PARTIALLY OBSCURES THE WELLHEAD AND BLOWIE LINE. A FEW BUSHES HAVE GROWN HERE AND THERE AROUND THE PERIMETER OF THE RESERVE PIT.

THE LOCATION AND RESERVE PIT ARE SURROUNDED BY A PLOWED FIELD, WHICH IS PLANTED WITH COTTON. NO VEHICLES COULD DRIVE TO THE WELLHEAD WITHOUT DISTURBING THE PLANTED COTTON.

THERE IS NO EQUIPMENT, PIPE, OR DEBRIS AT THIS WELL SITE.



State of Arizona
Arizona Geological Survey

845 North Park Avenue, #100
Tucson, Arizona 85719
(602) 882-4795

Larry D. Fellows
Director and State Geologist

June 5, 1992

Mr. Tyrone Mitchell
Attorney General's Office
1275 West Washington
Phoenix, Arizona 85007

Re: Cam-Roy R&D Corp. (GKI), Power Ranch #1, State Permit #605
Cam-Roy R&D Corp. (GKI), Power Ranch #2, State Permit #611

Dear Tyrone:

Enclosed is a copy of (1) the material we talked about this morning, including the cover letter to Katherine Mead dated March 10, 1992, (2) the minutes from the Oil and Gas Conservation Commission's March 6, 1992 meeting, which included an agenda item on the two geothermal wells in question, and (3) Mr. Pomeroy's memorandum and request for release of the bonds.

Let me know if I may provide any additional information from these files.

Sincerely,

Steven L. Rauzi
Oil & Gas Program Administrator

Enclosures



State of Arizona
Arizona Geological Survey

845 North Park Avenue, #100
Tucson, Arizona 85719
(602) 882-4795

Larry D. Fellows
Director and State Geologist

TO: Oil and Gas Conservation Commissioners
FROM: ^{SLP} Steven L. Rauzi, Oil and Gas Program Administrator
DATE: April 30, 1992 ^{P/N 611}
SUBJECT: Status on the Cam-Roy and Contender Oil cases.

Enclosed is a copy of Kate Mead's cover letter regarding her progress on the referenced cases, and a copy of her draft complaint on the Contender 1 Aman well. Please note that she expects an order to show cause hearing in the Contender case to be set for late May or early June, and that she is currently pulling factual information together in order to fully apprise the court of the facts in the Cam-Roy case. I informed her that your desire was to file these cases concurrently. She responded that the Cam-Roy complaint would be filed as soon as she pulled the factual information together, well before your next meeting in July.

In light of this progress, Jan C. Wilt, Chairman, and James E. Warne, Jr., Vice-Chairman, agreed that the meeting scheduled for May 15, 1992, would not be necessary. July would be the appropriate time for Kate to report on the progress of these cases.



Fife Symington
Governor

State of Arizona
Arizona Geological Survey

845 North Park Avenue, #100
Tucson, Arizona 85719
(602) 882-4795

Larry D. Fellows
Director and State Geologist

April 28, 1992

PLN 611

Robert R. Griffie
Wellsite Engineering
PO Box 2606
Farmington, New Mexico 87499

Re: Plugging and Abandonment quote

Dear Bob:

Enclosed are the papers on the two geothermal wells and on the well near Yuma. A rough quote will be sufficient. Our plan is to put a lien against the land and the owners of the land may find it feasible to go ahead and plug and abandon these wells.

Let me know if you require additional information.

Thank you for your help.

Sincerely,

Steve

Steven L. Rauzi
Oil & Gas Program Administrator

Enclosures



State of Arizona
Arizona Geological Survey

845 North Park Avenue, #100
Tucson, Arizona 85719
(602) 882-4795

Larry D. Fellows
Director and State Geologist

March 10, 1992

Ms. Katherine L. Mead
Attorney General's Office
1275 West Washington
Phoenix, Arizona 85007

Re: Cam-Roy Research Corporation, Power Ranch #1 (State Permit #605)
Cam-Roy Research Corporation, Power Ranch #2 (State Permit #611)

Dear Kate:

The enclosed correspondence documents the transfer of drilling bonds on the referenced wells from Geothermal Kinetics, Inc. to Cam-Roy Research Corporation.

This correspondence includes:

1. R.J. Pomeroy letter of 5/18/84,
2. R.A. Ybarra letter of 6/20/86,
3. Three Daniel J. Brennan letters of 3/5/87,
4. Three Russell A. Kolsrud letters of 4/17/87,
5. Copies of two C.D.'s numbered 2506290 and 2506289, and
6. Copies of the deposit of these C.D.'s with the State Treasurer.

Let me know if I can provide additional information on these wells.

Sincerely,

Steven L. Rauzi

Steven L. Rauzi
Oil & Gas Program Administrator

Enclosures



CAM-ROY RESEARCH CORPORATION

P.O. Box 893 • Chandler, AZ 85225 • (602) 963-1773

MEMORANDUM and REQUEST

To: Oil and Gas Conservation Commission
State of Arizona
Re: Cam-Roy Drilling Bond
From: Cam-Roy Research Corporation
Date: March 6, 1992

2/N 6/11

Sometime between February and April of 1987, Cam-Roy Research Corporation, through it's legal counsel, Russell Kolshrud, deposited with the Oil and Gas Commission two Certificates of Deposit for \$5,000 each, bearing #01-2506289 and #010-2506290, as drilling bonds in anticipation of work to be performed on the two geothermal wells in Sec. 1, T2S-R6E, commonly referred to as the Power geothermal wells.

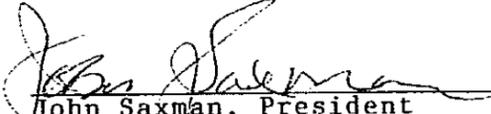
Before financing could be completed to sustain the work planned, a suit was filed by a joint venture group and a decision rendered through the three levels of the state's court, held that the lease held by Cam-Roy had terminated as of April 20, 1987.

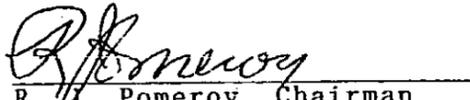
Upon advice of counsel and on the grounds that Cam-Roy never had an operational period of time to justify a deposit of the drilling bonds for work contemplated and not specifically defined to the Commission, and further due to the court decree, the corporation cannot legally perform any work on the wells since the termination date, above mentioned, we must and most urgently request the release of the bonds. We are also informed that

termination of the lease by the courts has removed Cam-Roy from any possible connotation as owner, operator, or producer.

Cam-Roy has been forced to sustain a \$1,000,000 loss by the court action and counsel advises that further retention of the drilling bonds by the commission is an unnecessary additional injury for the corporation. Request is respectfully made herewith that the commission authorize the release of the drilling bonds.

Respectfully yours,


John Saxman, President


R. P. Pomeroy, Chairman



Oil and Gas Conservation Commission

STATE OF ARIZONA

5150 N. 16th STREET, SUITE B-141
PHOENIX, ARIZONA 85016
PHONE: (602) 255-5161

November 26, 1990

TO: Carol Lewin
Assistant Attorney General

FROM: Daniel J. Brennan
Executive Director *DJB*

SUBJECT: Action to Cause Plugging of
Two Geothermal Wells

As of this date, we have received no response from Mark Monserez or Gilbert, Arizona-Power Road Properties Joint Ventures to our letter of October 22, 1990 requesting the plugging of the two geothermal wells. The wells are identified as follows:

Permit 605, Can-Roy 1 Power Rd., NENE Sec 1, T2S-R6E
Permit 611, Can-Roy 2 Power Rd., SENE Sec 1, T2S-R6E

Since we have not received the requested response, it is the desire of the Commission that the Attorney General take action to cause the plugging to occur. Please take action to file the suit needed to force the plugging.



Oil and Gas Conservation Commission

STATE OF ARIZONA

5150 N. 16th STREET, SUITE B-141
PHOENIX, ARIZONA 85016
PHONE: (602) 255-5161

October 24, 1990

Mr. Mark Monserez
Beus, Gilbert & Morrill
Ste 1000, Great American Tower
3200 N. Central Ave.
Phoenix, Arizona 85012-2417

Re: Geothermal Wells

Dear Mark,

Almost immediately after posting my certified letter to you, I discovered that I had neglected to enclose the copy of the letter from the Department of Water Resources.

I now forward to you a copy of the letter. I trust you have not been greatly inconvenienced by its tardy arrival.

We are looking forward to hearing from you.

Very truly yours,


Daniel J. Brennan
Executive Director



Oil and Gas Conservation Commission
STATE OF ARIZONA

5150 N. 16th STREET, SUITE B-141
PHOENIX, ARIZONA 85016
PHONE: (602) 255-5161
October 22, 1990

Mr. Mark Monserez
Beus, Gilbert & Morrill
Ste 1000, Great American Tower
3200 N. Central Ave.
Phoenix, Arizona 85012-2417

Re: Two Geothermal Wells
Sec. 1, T2S-R6E

Dear Mr. Monserez,

For your information, the Department of Water Resources has recently decided that the two geothermal wells:
Permit 605, Cam-Roy 1 Power Rd, NENE Sec 1, T2S-R6E
Permit 611, Cam-Roy 2 Power Rd, SENE SEC 1, T2S-R6E
are not within its jurisdiction (copy of letter enclosed.)

This action eliminates any possible conflict between the Geothermal Laws and the Water Laws of the State of Arizona.

These wells are in violation of the statutes and rule requiring plugging of a well when operations have been suspended for 60 days.

We request that these wells be plugged.

If the wells are not plugged an injunctive action will be brought in superior court

The owners are also in violation of the rule requiring filing of an Organization Report.

Enclosed are the

Please file the o
293.) Please fil
within 30 days. D
without prior app

We are looking for
successful pluggi

Certified Mail

*Organization report
per JTB.*

<p>SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address (and return address) on the reverse side. Failure to do so will prevent this card from being returned to you. The return receipt fee will provide you the name of a person delivered to and the date of delivery. For additional services available. Consult postmaster for fees and check boxes for additional services requested.</p>	
1. <input checked="" type="checkbox"/> Show to whom delivered (Extra charge)	2. <input type="checkbox"/> Restricted Delivery (Extra charge)
3. Article Addressed to: Mark Monserez Beus Gilbert & Morrill Ste 1000, Great American Tower 3200 N. Central Ave Phoenix, AZ 85012-2417	4. Article Number P 331050445
Type of Service:	
<input type="checkbox"/> Registered	<input type="checkbox"/> Insured
<input checked="" type="checkbox"/> Certified	<input type="checkbox"/> COD
<input type="checkbox"/> Express Mail	<input type="checkbox"/> Return Receipt for Merchandise
Always obtain signature of addressee or agent and DATE DELIVERED.	
5. Signature - Addressee X	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature - Agent X <i>D. V. Quinn</i>	
7. Date of Delivery	



Oil and Gas Conservation Commission

STATE OF ARIZONA

5150 N. 16th STREET, SUITE B-141
PHOENIX, ARIZONA 85016

PHONE: (602) 255-5161

October 22, 1990

Mr. Mark Monserez
Beus, Gilbert & Morrill
Ste 1000, Great American Tower
3200 N. Central Ave.
Phoenix, Arizona 85012-2417

Re: Two Geothermal Wells
Sec. 1, T2S-R6E

Dear Mr. Monserez,

For your information, the Department of Water Resources has recently decided that the two geothermal wells:

Permit 605, Cam-Roy 1 Power Rd, NENE Sec 1, T2S-R6E

Permit 611, Cam-Roy 2 Power Rd, SENE Sec 1, T2S-R6E

are not within its jurisdiction (copy of letter enclosed.)

This action eliminates any possible conflict between the Geothermal Laws and the Water Laws of the State of Arizona.

These wells are in violation of the statutes and rule requiring plugging of a well when operations have been suspended for 60 days.

We request that these wells be plugged.

If the wells are not plugged an injunctive action will be brought in superior court

The owners are also in violation of the rule requiring filing of an Organization Report.

Enclosed are the appropriate blank forms for your convenience.

Please file the organization report immediately (R 12-7-293.) Please file Form 9, Application to Plug and Abandon within 30 days. Do not undertake any work on the wells without prior approval of the Commission.

We are looking forward to hearing from you and to the successful plugging of these two wells.

Vary truly yours,

Daniel J. Brennan
Executive Director

Certified Mail

*Organization report not attached
per DJB.*

UNITED STATES POST SERVICE
OFFICIAL BUSINESS

SENDER INSTRUCTIONS
Your name, address and ZIP Code in space below. Complete items 1, 2, 3, and 4 on the reverse.
1. Attach to front of article if space permits, otherwise affix to back of article.
2. Place article "Return Receipt Requested" adjacent to number.

Print Sender's name, address, and ZIP Code
#605
611
Arizona Oil & Gas Co
5150 N 16th St
Phoenix, AZ 85016

CONSERVATION
OCT 22

be
ng
convenience.
R 12-7-
nd Abandon
e wells
to the
yours,
J. Brennan
ive Director

UNITED STATES POST SERVICE
OFFICIAL BUSINESS

SENDER INSTRUCTIONS
Print your name, address and ZIP Code in the space below.
Complete items 1, 2, 3, and 4 on the reverse.
Attach to front of article if space permits, otherwise affix to back of article.
Endorse article "Return Receipt Requested" adjacent to number.

AZ OIL & GAS
CONSERVATION COMMISSION

OCT 29 1990



PENALTY FOR PRIVATE USE, \$300

Print Sender's name, address, and ZIP Code in the space below.

#605
611

Arizona Oil & Gas Commission
5150 N 16th St Suite B-111
Phoenix AZ 85016

**AZ OIL & GAS
CONSERVATION COMMISSION**

SEP 23 1990



September 21, 1990

Daniel J. Brennan
Executive Director
Oil and Gas Conservation Commission
State of Arizona
5150 N. 16th Street, Suite B-141
Phoenix, Arizona 85016

ARIZONA
DEPARTMENT
OF WATER
RESOURCES

Rose Mofford, Governor
N. W. Plummer
Director

15 South 15th Avenue
Phoenix, Arizona 85007

file 611

Re: Geothermal Well Permit Nos. 605 and 611.

Dear Mr. Brennan:

Thank you for your letter of September 17, 1990 with the attached order of the Oil and Conservation Commission concerning the two geothermal wells known as:

Permit 605 Cam-Roy 1 Power Ranch NESE Sec 1, T2S-R6E
Permit 611 Cam-Roy 2 Power Ranch SENE Sec 1, T2S-R6E.

You have previously requested that these wells be expressly exempted from the jurisdiction of the Department of Water Resources.

Due to your order dated August 17, 1990 requiring reinjection of all waters produced from these wells, the wells now fit the criteria for exemption as outlined in A.R.S. § 45-591.01. It is therefore the decision of the Department of Water Resources that these wells are not within its jurisdiction.

If you need anything further, please let us know.

Sincerely,

Herb Dishlip
Herb Dishlip
Deputy Director
Water Management Division

HD/sm



Oil and Gas Conservation Commission

STATE OF ARIZONA

5150 N. 16th STREET, SUITE B-141
PHOENIX, ARIZONA 85016
PHONE: (602) 255-5161

September 17, 1990

Mr. Herb Dishlip, Deputy Director
Water Management Division
Department of Water Resources
15 South 15th Avenue
Phoenix, AZ 85007

Dear Mr. Dishlip:

As you may recall, we have had previous correspondence relating to two geothermal wells:

Permit 605 Cam-Roy 1 Power Ranch NESE Sec 1, T2S-R6E
Permit 611 Cam-Roy 2 Power Ranch SENE Sec 1, T2S-R6E.

The Oil and Gas Conservation Commission, on August 17, 1990, ordered that water produced from these two wells be reinjected. We are enclosing a copy of the order for your records.

The Oil and Gas Conservation Commission requests that the Director of Water Resources makes the finding that the wells in question are not subject to the control of the Department of Water Resources, pursuant to ARS 45-591.01.

If it is at all possible for you to make the determination in time, we would like to be able to proceed with ordering the plugging of these wells at the Commission meeting scheduled for November 16, 1990.

Thank you for your cooperation in this matter.

Very truly yours,


Daniel J. Brennan
Executive Director

Enclosure



Oil and Gas Conservation Commission

STATE OF ARIZONA

5150 N. 16th STREET, SUITE B-141
PHOENIX, ARIZONA 85016
PHONE: (602) 255-5161

**BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF ARIZONA**

In the matter of the Hearing called
by the Oil and Gas Conservation
Commission of the State of Arizona
for the purpose of considering:

CASE NO. 65
ORDER NO. 59

Commission staff recommendation that the Oil and Gas
Conservation Commission order reinjection of water produced
from two geothermal exploration wells, permits nos. 605 and
611.

The wells are identified and located as follows:

Cam-Roy #1 Power Ranch, NENE Sec 1, T2S-R6E
Cam-Roy #2 Power Ranch, SENE Sec 1, T2S-R6E,

both in Maricopa County, Arizona.

ORDER OF THE COMMISSION

This cause was considered at 10:00 A.M. on August 17,
1990 at Phoenix, Arizona by the OIL AND GAS CONSERVATION
COMMISSION OF THE STATE OF ARIZONA, hereinafter referred to
as the COMMISSION.

The COMMISSION, a quorum being present, having
considered the facts presented and being fully advised in
the premises, finds as follows:

FINDINGS:

(1) THAT the COMMISSION has jurisdiction of the
subject matter thereof, pursuant to ARS 27-652 and R 12-7-2
45.2.c.

(2) THAT geothermal wells may be subject to both the
Geothermal Laws and the Water Laws of the state of Arizona.

Cam-Roy/Power Ranch
Page 2

(3) THAT the Department of Water Resources may exempt geothermal wells from the Water Laws under ARS 45-591.01 only if the Oil and Gas Conservation Commission requires reinjection of produced waters.

(4) THAT the Commission finds it is desirable to order reinjection of waters produced from these wells in order to allow the Department of Water Resources to exempt them from the Water Laws of the state of Arizona so that the Oil and Gas Conservation Commission may proceed in its efforts to cause the wells to be plugged and abandoned.

THEREFORE the COMMISSION orders:

(1) THAT the waters produced from the following two wells:

Cam-Roy #1 Power Ranch, NENE SEC 1, T2S-R6E
Cam-Roy #2 Power Ranch, SENE Sec 1, T2S-R6E,

both in Maricopa County, Arizona be reinjected into the producing strata.

OIL AND GAS CONSERVATION COMMISSION

By J. Dale Nations
J. Dale Nations, Chairman

DATE 8/24/90

ATTEST:

Daniel J. Brennan
Daniel J. Brennan
Executive Director

DATE 8/30/90

Cam-Roy/Power Ranch
Page 2

(3) THAT the Department of Water Resources may exempt geothermal wells from the Water Laws under ARS 45-591.01 only if the Oil and Gas Conservation Commission requires reinjection of produced waters.

(4) THAT the Commission finds it is desirable to order reinjection of waters produced from these wells in order to allow the Department of Water Resources to exempt them from the Water Laws of the state of Arizona so that the Oil and Gas Conservation Commission may proceed in its efforts to cause the wells to be plugged and abandoned.

THEREFORE the COMMISSION orders:

(1) THAT the waters produced from the following two wells:

Cam-Roy #1 Power Ranch, NENE SEC 1, T2S-R6E
Cam-Roy #2 Power Ranch, SENE Sec 1, T2S-R6E,

both in Maricopa County, Arizona be reinjected into the producing strata.

OIL AND GAS CONSERVATION COMMISSION

By J. Dale Nations
J. Dale Nations, Chairman

DATE 8/24/90

ATTEST:

Daniel J. Brennan
Daniel J. Brennan
Executive Director

DATE 5/30/90



ARIZONA
DEPARTMENT
OF WATER
RESOURCES

Rose Mofford, Governor
N. W. Plummer
Director

15 South 15th Avenue
Phoenix, Arizona 85007

July 3, 1990

Daniel J. Brennan
Executive Director
Oil & Gas Conservation Commission
State of Arizona
5150 North 16th Street, Ste B-141
Phoenix, AZ 85016

Dear Mr. Brennan:

Your letter of June 12, 1990 concerning the abandonment of two geothermal wells (permits no. 605 and 611) has been referred to the Water Management Office of the Department of Water Resources. You have asked that the Department determine, pursuant to A.R.S. § 45-591.01, that the wells in question are not water wells subject to the control of the Department of Water Resources.

A.R.S. § 27-667(C) provides that the Director of Water Resources may prescribe rules and regulations relating to the disposition of abandoned geothermal wells. The Department's rules concerning the abandonment of wells do exclude geothermal wells, but only to the extent that they are excluded by A.R.S. §45-591.01.

Thus, the question is whether the Director may find that "the rules and regulations of the Oil and Gas Conservation Commission require the re-injection of all waters associated with the geothermal resource to the producing strata." A reading of the rules promulgated by the Oil & Gas Conservation Commission does not indicate that all wells are required to re-inject the water. Apparently they are not so required unless that Commission specifically directs.

Daniel J. Brennan
July 3, 1990
Page 2

It will be necessary, therefore, to make the specific determination and issue an order for re-injection of the water removed from the well. We appreciate the fact that this is an additional burden upon you, particularly because the wells are dry; but we are limited by the express working of the statute, A.R.S. § 45-591.01, and the rules promulgated by the Oil & Gas Conservation Commission. Without this determination, the wells do not fit the criteria set forth in the statute and cannot be exempt from the Department of Water Resources standards.

We hope that you can accommodate this additional burden. If we are advised that the order has been issued, we will respond by letter exempting the wells from the Department's authority.

Thank you for bringing this matter to our attention in advance.

Sincerely,



Herb Dishlip
Deputy Director
Water Management Division

Enclosures

HJD/RAG/mjw

Attorney General

1275 WEST WASHINGTON

Phoenix, Arizona 85007

Robert R. Corbin

April 19, 1990

INTEROFFICE MEMORANDUM

TO: Dan Brennan
Executive Director
Oil and Gas Conservation Commission

FROM: Carol B. Lewin *Carol B. Lewin*
Assistant Attorney General

SUBJECT: Geothermal Wells and Motion to Authorize
Director to Act on Behalf of the Commission

Geothermal Wells

This letter is in response to your request for advice regarding the ownership of two abandoned geothermal wells near Chandler and the proper procedure for compelling the owner to plug them. After researching the Commission's statutory authority, I have concluded that the Commission has the necessary powers to compel plugging of a geothermal well only after the Director of the Department of Water Resources makes a finding that the well is exempted from the state Groundwater Code. After the Director of the Department of Water Resources makes the appropriate finding, the procedure for enforcing the geothermal statutes and rules is by an injunctive action brought in superior court.¹ These procedures will be discussed in more detail below.

As a legislatively created agency, the Commission has only such power as the statutes confer. Hernandez v. Frohmler, 68 Ariz. 242, 204 P.2d 854 (1949). The Commission's authority with

1. This advice is informal and does not necessarily represent the formal opinion of the Attorney General.

Dan Brennan
April 19, 1990
Page 2

respect to geothermal resources is found at A.R.S. §§ 27-651 to 27-677. A.R.S. § 27-652 generally grants to the Commission supervisory authority over the drilling, operation, maintenance and abandonment of geothermal resource wells. The only other relevant statutory reference to jurisdiction over abandoned geothermal wells is found in A.R.S. § 27-667(C) entitled "Relationship of geothermal resources to water laws," which provides:

An operator shall notify the director of water resources of any well which is drilled or abandoned. The director may prescribe rules and regulations relating to the disposition of abandoned wells. (Emphasis added.)

Consequently, the state water laws and the Department of Water Resources (DWR) rules must be examined to ascertain whether DWR or the Commission has regulatory control over the wells in this case.

The state Groundwater Code applies to all openings in the earth through which water may be withdrawn or obtained from beneath the earth's surface except as provided in A.R.S. § 45-591.01. See A.R.S. § 45-402.34. A.R.S. § 45-591.01 defines the types of wells which are governed by the state Groundwater Code and associated rules, and provides in part:

Geothermal wells drilled pursuant to the provisions of title 27 are not wells as defined in this chapter [Groundwater Code] when the director [of Water Resources] finds that the rules and regulations of the oil and gas conservation commission require the reinjection of all waters associated with the geothermal resource to the producing strata.

Under the geothermal statutes and rules, the Commission may, under certain circumstances, require reinjection of the geothermal effluent or injection of other water supplies into the producing zones. A.R.S. § 27-653 and A.A.C. R12-7-245. However, neither the statute nor the rule mandates reinjection in all cases. Therefore, the Director of Water Resources may find he has jurisdiction over the wells and must make the appropriate finding exempting the wells in Chandler from the Groundwater Code before the Commission can properly assert its jurisdiction.

We now turn to the Commission's power to compel the plugging of an abandoned geothermal well. As stated above, A.R.S. § 27-652 directs the Commission to supervise the abandonment of geothermal resource wells to protect geothermal reservoirs, water of the

Dan Brennan
April 19, 1990
Page 3

state and the environment. Pursuant to A.R.S. § 27-656, the Commission may adopt rules necessary for the proper administration and enforcement of the geothermal statutes. The Commission adopted R12-7-232 which specifies plugging methods and procedures and requires a well to be plugged if drilling operations have been suspended for 60 days:

When drilling operations have been suspended for 60 days, the well shall be plugged and abandoned unless written permission for temporary abandonment shall be obtained from the Commission.

A.A.C. R12-7-232.B. Under the above statutes and rules, the geothermal wells in Chandler should be plugged if drilling operations have not occurred in the past 60 days.

Enforcement of the geothermal resource statutes and rules is governed by A.R.S. § 27-676. That statute provides:

If it appears that a person is violating any provision of this article, or a rule or order made pursuant to this article, and the person fails or refuses, on notice by the commission, to desist from the violation, the commission may bring an action in superior court in the county where the offending person resides or in the county in which the violation is alleged to have occurred, to restrain the person from continuing the violation.

Accordingly, after notice to the owner and a request that the wells be plugged, the Commission may bring an injunctive action to enforce the well abandonment and plugging statute and rule.

As a preliminary matter, it must be determined who owns the wells. Apparently, informal requests for information have not been successful. I would suggest ~~obtaining a title report.~~ Before notice can be sent or an injunctive action filed, the Commission must ascertain the identity of the owner with reasonable certainty.

In summary, the following actions may be taken to compel plugging of the wells:

1. Obtain a finding from the Director of the Department of Water Resources that the oil and gas rules require the reinjection of all waters associated with the wells to the producing strata pursuant to A.R.S. § 45-591.01 and therefore the wells are exempt from the state Groundwater Code.

Dan Brennan
April 19, 1990
Page 4

2. Obtain a title report to identify the owner of the wells.

3. Send the owner a formal notice by certified mail (1) that the wells are in violation of the statutes and rule requiring the plugging of a well when drilling operations have been suspended for 60 days; (2) requesting that the wells be plugged; and (3) informing that if the wells are not plugged an injunctive action will be brought in superior court.

4. File an injunctive action seeking to compel the owner to plug the wells.

Motion to Authorize Executive Director to Act for the Commission

You also asked for advice regarding a motion to authorize the Executive Director to act on behalf of the Commission. A copy of the draft motion is attached for reference. For the most part, it looks acceptable because standards have been set by the Commission in the form of rules governing the actions to be taken by the Executive Director. The motion authorizes the Director to approve applications only. As we have discussed, denial of a permit or a request to do work requires a hearing before the Commission. I have the following comments:

1. Reference to the rule regarding payment of bonds should be added to this paragraph:

Acceptance of Bond in the principal sum of \$5,000 per well or \$25,000 for a blanket bond in a form acceptable to the Arizona State Treasurer in accordance with R12-7-103.

2. No revisions necessary.

3. I did not find a rule relating to wells at unorthodox locations. If approvals of wells at unorthodox locations are granted in accordance to R12-7-104, reference to that rule should be included. Either a statute or rule should be cited as authority.

4. Reference to the applicable rule should be inserted:

Approval of a change of location if the new location is within the drilling unit

Dan Brennan
April 19, 1990
Page 5

described on the original application in accordance with R12-7-105.

5. It is unclear to me how this section relates to R12-7-113. This section specifies blowout prevention tests with hydraulic pressure not to exceed the manufacturer's rated working pressure and not to exceed the rating of the drill pipe in use. R12-7-113 requires blowout preventers and related equipment to be tested to a minimum of 1,000 psi on installation. The standard set forth in the rule should be incorporated in the motion. The motion should not redraft or alter the rule.

6. Add reference to appropriate rule:

... in case of failure of surface production equipment as set forth in R12-7-119.

7. This paragraph permits approval of work if it is in compliance "with rules on casing, use of tubing, setting of packers, and commingling of production." The specific rule numbers should be cited as you did in paragraph 2.

8-11. No revisions necessary.

If you have any further questions, please feel free to call.

CBL:lfc
Attachment
5264A.6



Oil and Gas Conservation Commission

STATE OF ARIZONA

5150 N. 16th STREET, SUITE B-141
PHOENIX, ARIZONA 85016
PHONE: (602) 255-5161

June 12, 1990

Mr. N. W. Plummer, Director
Department of Water Resources
15 South 15th Avenue
Phoenix, Arizona 85004

Dear Bill:

As we discussed in our recent telephone conversation, we have a situation which calls for cooperation between the Oil and Gas Conservation Commission and the Department of Water Resources.

Back in 1973, the Oil and Gas Conservation Commission issued permits to Geothermal Kinetics Systems Corporation for two geothermal exploration wells under authority of ARS 27-659. The wells were drilled and then shut in to allow for an effort to develop a market for the energy found in them. In the late 1980s the wells were taken over by Cam-Roy Research Corporation.

These two wells are now identified as follows:

Permit 605 Cam-Roy 1 Power Ranch NESE Sec 1, T2S-R6E TD 9,207
Permit 611 Cam-Roy 2 Power Ranch SENE Sec 1, T2S-R6E TD 10,454

No market has been found for whatever energy might be recovered from the wells. The Oil and Gas Conservation Commission is now in the process of causing the wells to be plugged. ARS 27-667(C) requires an operator to notify the director of water resources of any well which is drilled or abandoned.

As I understand the situation, you have authority to determine that geothermal wells are not wells as defined in ARS Title 45, Article 10, if the Oil and Gas Commission orders the reinjection of all produced water into the formation from which it came.

The wells are not now producing any water and have not produced any steam or water since they were shut in, late in 1973 or early 1974.

Mr. N. W. Plummer

June 12, 1990
Page 2

Our rules allow the Commission to require reinjection of produced water but the rule has not been invoked, because there has been no effluent to reinject, so the subject is moot.

Therefore, we would like you to decide that these two wells are exempt from the Groundwater Code.

If you feel that you can't do that without the Commission's having issued an order for reinjection, that's fine. I would then put it on the agenda for the next Commission meeting. We would like to pursue the process so that we can get the wells plugged at last.

Please let me know what you want to do. If I put the reinjection on the agenda, I have to get an ad in the paper 20 days in advance of the meeting. Right now the next meeting is scheduled for August 17, 1990. If you can let me have an answer by the middle of July, we can handle it easily.

Thank you for your cooperation in this matter. We will be looking forward to hearing from you.

Very truly yours,


Daniel J. Brennan
Executive Director



Oil and Gas Conservation Commission

STATE OF ARIZONA

5150 N. 16th STREET, SUITE B-141
PHOENIX, ARIZONA 85016
PHONE: (602) 255-5161

April 24, 1990

*re: lawsuit request
Sent 6/13/90*

Mr. Mark Monserez
Beus, Gilbert & Morrill
Ste. 1000, Great American Tower
3200 N. Central Ave.
Phoenix, AZ 85012-2417

Dear Mr. Monserez:

The Commission has asked me to extend to you and your clients their thanks for your having appeared at the Commission meeting on April 20, 1990.

It is my understanding that you stated that the owner of the "Power Road" property on which are situated two shut in geothermal exploration wells, is the Gilbert, Arizona - Power Road Properties Joint Ventures, whom you represented at the meeting.

It is my further understanding that the Joint Venture has filed suit against various Camroy entities to cause them to plug the wells and for damages, among other things. From that, I infer that the Joint Venture wishes to have the wells plugged. I understand that it is your contention that there is no valid geothermal lease on the property.

I believe you understood the Commission to express the desire to have the wells plugged irrespective of the outcome of your lawsuit against Camroy interests.

If this memorandum reflects your understanding, please initial and date the enclosed copy and return to me; if not, please let us have a memo reflecting your understanding of the situation.

Again, thank you for your attendance at the meeting and for your cooperation in this difficult matter.

Very truly yours,

Daniel J. Brennan
Executive Director

Encl.



Oil and Gas Conservation Commission

STATE OF ARIZONA

5150 N. 16th STREET, SUITE B-141
PHOENIX, ARIZONA 85016
PHONE: (602) 255-5161

April 24, 1990

Mr. Mark Monserez
Beus, Gilbert & Morrill
Ste. 1000, Great American Tower
3200 N. Central Ave.
Phoenix, AZ 85012-2417

Dear Mr. Monserez:

The Commission has asked me to extend to you and your clients their thanks for your having appeared at the Commission meeting on April 20, 1990.

It is my understanding that you stated that the owner of the "Power Road" property on which are situated two shut in geothermal exploration wells, is the Gilbert, Arizona - Power Road Properties Joint Ventures, whom you represented at the meeting.

It is my further understanding that the Joint Venture has filed suit against various Camroy entities to cause them to plug the wells and for damages, among other things. From that, I infer that the Joint Venture wishes to have the wells plugged. I understand that it is your contention that there is no valid geothermal lease on the property.

I believe you understood the Commission to express the desire to have the wells plugged irrespective of the outcome of your lawsuit against Camroy interests.

If this memorandum reflects your understanding, please initial and date the enclosed copy and return to me; if not, please let us have a memo reflecting your understanding of the situation.

Again, thank you for your attendance at the meeting and for your cooperation in this difficult matter.

Very truly yours,

Daniel J. Brennan
Executive Director

Encl.

Mark Monserez

Date



Oil and Gas Conservation Commission

STATE OF ARIZONA

5150 N. 16th STREET, SUITE B-141
PHOENIX, ARIZONA 85016
PHONE: (602) 255-5161

April 13, 1990

Mr. Gary D. Davidson
Davidson & Davidson
1130 E. Missouri
Phoenix, AZ 85014

Dear Mr. Davidson:

Enclosed is a copy of the notice and agenda for the meeting of the Arizona Oil and Gas Conservation Commission to be held on April 20, 1990.

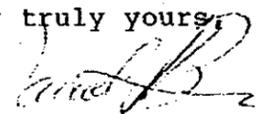
As you will note Item 4 on the agenda deals with the two geothermal wells on the Power Ranch Property. We have reason to believe that you and/or Davidson and Davidson have some sort of ownership interest in the property and in the wells.

We have previously requested that you provide us with whatever information you may have about the property and the wells. So far we have failed to receive that information.

You are invited to the meeting of the Commission as described in the enclosed notice and agenda to provide the requested information to the commissioners.

We are looking forward to your input at the meeting on April 20, 1990. In the meantime, please feel free to communicate with me at 255-5161.

Very truly yours,


Daniel J. Brennan
Executive Director

Encl.



Oil and Gas Conservation Commission
STATE OF ARIZONA

5150 N. 16th STREET, SUITE B-141
PHOENIX, ARIZONA 85016
PHONE: (602) 255-5161

October 24, 1989

Keith Powers
Power Enterprises
21826 South Power Road
Higley, AZ 85236

RE: Geothermal Kinetics Inc., #1 Power Ranches (State Permit #605)
Geothermal Kinetics Inc., #2 Power Ranches (State Permit #611)

Dear Mr. Powers:

Pursuant to our telephone conversation, I am enclosing the following information and forms for your use as you prepare to plug and abandon the above referenced wells:

1. Completion Report showing mechanical condition of each well.
2. Two schematic drawings of each well.
3. A copy of our rules pertinent to plugging and abandonment.
4. Organization Report, R12-7-293 (Form 1).
5. Bond, R12-7-203 (Form G-2).
6. Application to Plug & Abandon, R12-7-231 (Form G-9).
7. Plugging Record, R12-7-232 (Form G-10).
8. Several Sundry Report Forms (G-12).

Should you have any questions please do not hesitate to give either Dan or myself a call.

Sincerely,

Steven L. Rauzi

Steven L. Rauzi
Oil & Gas Specialist

Encls.

CIV88-0885

AZ OIL & GAS
CONSERVATION COMMISSION

JUL 21 1989

1 ROBERT K. CORBIN
Attorney General

2 CAROL B. LEWIN, SBA 009501
3 Assistant Attorney General
4 1275 West Washington
Phoenix, AZ 85007
Telephone: (602) 542-1401

5 Attorneys for Defendant

LIPS DOC JUL 13 1989
CAL
BY *[Signature]*

7 IN THE SUPERIOR COURT OF THE STATE OF ARIZONA
8 IN AND FOR THE COUNTY OF MARICOPA

10	CAM-ROY RESEARCH CORPORATION, a Nevada corporation,)	NO. CV 88-90747
11	Plaintiff,)	REPLY TO RESPONSE TO
12	vs.)	CONTROVERTING CERTIFICATE
13	OIL AND GAS CONSERVATION)	AND MOTION TO DISMISS
14	COMMISSION OF THE STATE OF)	
15	ARIZONA,)	(Assigned to the Honorable
16	Defendant.)	David L. Grounds, Div. 13)

17 Defendant Oil and Gas Conservation Commission of the
18 State of Arizona, replies to Plaintiff's Response to
19 Controverting Certificate and Motion to Dismiss as follows:

20 Plaintiff's complaint seeking review of the
21 Commission's order regarding the operating status
22 of two geothermal wells is moot and should be
23 dismissed because Plaintiff's interest in the
wells has subsequently been judicially terminated
and therefore Plaintiff no longer has an interest
in the subject matter of this suit.

24 A complaint must set forth an actual dispute or
25 controversy between parties. Courts generally do not render
26 judgments which are advisory only or which merely answer moot

1 questions. Contempo-Tempe Mobile Home Owners Association v.
2 Steinert, 144 Ariz. 227, 696 P.2d 1376 (App. 1985). A case is
3 moot when any action the reviewing court may take will have no
4 effect on the parties to the action. Lord v. City of Tucson, 10
5 Ariz. 54, 455 P.2d 1004 (App. 1969). In order to state a
6 justiciable claim, a plaintiff must demonstrate a present, legal
7 and protectable interest with respect to which he is entitled to
8 some consequential relief. Riley v. Cochise County, 10 Ariz. 55,
9 455 P.2d 1005 (App. 1969).

10 The complaint in this case is moot because Plaintiff
11 has no present interest in the subject matter of this suit and
12 therefore any judgment rendered will be ineffectual. This suit
13 seeks review of a commission decision regarding the operating
14 status of two geothermal wells. At one time, Plaintiff leased
15 property, including the wells, from the landowner, Gilbert,
16 Arizona Power Road Properties Joint Venture. However, the
17 landowner brought a quiet title action against Plaintiff, and
18 the Superior Court ruled the lease had expired by its terms. On
19 appeal, the Arizona Court of Appeals upheld the trial court's
20 judgment "which terminated the defendant's [Cam-Roy Research
21 Corp.] claims of interest in the landowner's property."
22 Gilbert, Arizona Power Road Properties Joint Venture v.
23 Geothermal Synergy Corp., Cam-Roy Research Corp., and Cam-Roy
24 Research and Development Corp., ICA-CV 88-202, Memorandum
25 Decision p. 25, attached to Defendant's Controverting
26 Certificate and Motion to Dismiss. Because Plaintiff currently

1 has no claim or interest in the wells, a determination by this
2 court regarding the operating status of those wells can have no
3 effect on the Plaintiff.

4 The complaint should also be dismissed because even if
5 this court orders the relief requested, no benefit will result
6 to the plaintiff. The complaint requests the court to set aside
7 a commission decision denying temporary abandonment status to
8 the two wells.^{1/} However, whether or not the wells are
9 approved for temporary abandonment, Plaintiff has no interest in
10 the wells and lacks authority to re-enter or take any action
11 with respect to the them. Consequently, any decision by this
12 court will be without practical significance to the Plaintiff.
13 Plaintiff has not and cannot demonstrate a real interest in the
14 subject matter of this suit or the relief sought.

15 Plaintiff seeks to have this court relitigate issues
16 which were determined by the court in the quiet title action.
17 However, collateral estoppel operates to make the quiet title
18 judgment binding here against Plaintiff and prevents
19 relitigation of the issues determined in that case. Under the
20 doctrine of collateral estoppel, a judgment is conclusive
21 evidence of the facts and issues determined and may be raised in
22 a second action by a party not involved in the first action
23

24 ^{1/}According to A.A.C. R12-7-128, "when drilling
25 operations have been suspended for 60 days, the well shall be
26 plugged and abandoned unless written permission for temporary
abandonment shall be obtained from the Commission."

1 against a party who participated in the first action.
2 Collateral estoppel is based on the notion that where a party
3 has had a full and fair opportunity to prove his claim in a
4 court of competent jurisdiction, he should not be permitted to
5 go to trial on the merits of that claim a second time to the
6 harassment and vexation of his opponent. Di Oro v. City of
7 Scottsdale, 2 Ariz. 329, 408 P.2d 849 (App. 1965).

8 In its response, Plaintiff attempts to demonstrate a
9 continuing interest in the wells by arguing that as long as
10 discovery of gas or oil has been made prior to the end of the
11 lease, actual production is not necessary to preserve the lease.
12 Plaintiff further contends that the wells are capable of
13 production and the Commission erroneously denied them temporary
14 abandonment status. Response to Motion to Dismiss, paragraphs 2
15 and 3. Implicit in this argument is the false assumption that
16 if the wells were declared to be producing wells, Plaintiff
17 would have the right to enter and extract geothermal resources
18 from them. In light of the outcome of the quiet title action,
19 Plaintiff would not have authority to operate the wells
20 regardless of their operating status. In any event, the
21 Superior Court specifically found the wells were not capable of
22 commercial production and that plaintiff's leasehold interest
23 had terminated. See Minute Entry dated February 25, 1988,
24 attached to Defendant's Controverting Certificate and Motion to
25 Dismiss. Accordingly, these issues have been litigated and
26 cannot be raised again in this action. Plaintiff has no

1 interest in the wells at issue in this suit and the complaint is
2 therefore moot and should be dismissed.

3
4
5
6 CONTROVERTING CERTIFICATE

7 Plaintiff apparently contends that the mere filing of a
8 Motion to Set and Certificate of Readiness requires the court to
9 set the matter for trial. Clearly, that is not the correct
10 interpretation of the applicable rule of procedure.

11 In the event the court denies Defendant's motion to
12 dismiss, this case should not be set for trial because the
13 Motion to Set and Certificate of Readiness fails to comply with
14 Rule V, Uniform Rules of Practice of the Superior Court.
15 According to that rule, all issues must be joined before a
16 Motion to Set and Certificate of Readiness is filed. Contrary
17 to plaintiff's contention, all issues have not been joined here
18 because an answer has not yet been filed. Plaintiff cites the
19 Arizona Appellate Handbook for authority that a trial can be
20 precipitated by filing a Motion to Set and Certificate of
21 Readiness. However, the handbook does not support Plaintiff's
22 argument. Regarding setting a matter for trial, the handbook
23 states:

24 Once [a] . . . complaint has been filed and
25 the defendants have filed their answers. . . .
26 . . .
counsel should probably file a motion to set and
certificate of readiness as stated in the Uniform

1 Rules of Practice ("URP"). The Superior Court
2 will set the case for trial after these documents
3 have been filed.

4 3 Arizona Appellate Handbook, Section 32.3.7.3.4 (emphasis
5 added).

6 Rule V also requires a list of witnesses and exhibits
7 to be filed prior to a Motion to Set and Certificate of
8 Readiness. The rule makes no exceptions for actions involving
9 judicial review of administrative decisions. Moreover, the rule
10 provides, "no exhibits or witnesses shall be used at trial other
11 than those listed in accordance with this Rule except for good
12 cause shown or upon written agreement of the parties." No such
13 agreement between the parties has been made. Consequently, if
14 this matter goes to trial, no testimony or exhibits can be
15 offered in evidence. For these reasons, the Motion to Set and
16 Certificate of Readiness is improper and this case should not be
17 set for trial.

18

19

20

21

CONCLUSION

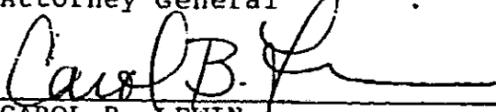
22 For all the foregoing reasons, the complaint is moot
23 and should be dismissed by this court pursuant to Rule 12(b)(6)
24 Arizona Rules of Civil Proceeding for failure to state a claim.

25 In any event, the court should not set this case for
26 trial at this time because the Motion to Set and Certificate of

1 Readiness fails to comply with Rule V, Uniform Rules of Practice
2 of the Superior Court.

3 RESPECTFULLY SUBMITTED this 13th day of July.

4 ROBERT K. CORBIN
5 Attorney General

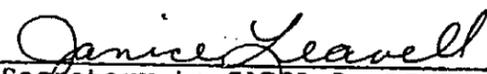
6 
7 CAROL B. LEWIN
8 Assistant Attorney General
9 Attorneys for Defendant

9 COPY of the foregoing Controverting
10 Certificate and Motion to Dismiss
11 mailed/delivered this 13th day of
12 July, 1989, to:

12 THE HONORABLE DAVID L. GROUNDS
13 Judge of the Superior Court
14 Division 13, Maricopa County
15 Southeast Judicial District
16 1837 South Mesa Drive
17 Mesa, AZ 85202

18 Mr. Gordon S. Bueler
19 Law Offices of Thomas M. Ryan
20 Suite D-208
21 2659 West Guadalupe
22 Mesa, AZ 85202

23 Mr. Franklin K. Gibson
24 1837 South Mesa Drive
25 Mesa, AZ 85210

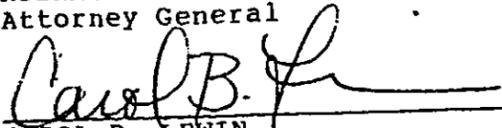
26 
Secretary to CAROL B. LEWIN

5213A.1

1 Readiness fails to comply with Rule V, Uniform Rules of Practice
2 of the Superior Court.

3 RESPECTFULLY SUBMITTED this 13th day of July.

4 ROBERT K. CORBIN
Attorney General

5 

6 CAROL B. LEWIN
7 Assistant Attorney General
8 Attorneys for Defendant

9 COPY of the foregoing Controverting
10 Certificate and Motion to Dismiss
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22 Mesa, AZ 85202

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24 1837 South Mesa Drive
25 Mesa, AZ 85210

26 
Secretary to CAROL B. LEWIN

5213A.1

BEUS, GILBERT, WAKE & MORRILL

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MERWIN D. GRANT
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PHILIP R. WOOTEN
NICHOLAS J. WOOD
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CAROLYN J. JOHNSEN
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SUITE 1000 GREAT AMERICAN TOWER
3200 NORTH CENTRAL AVENUE
PHOENIX, ARIZONA 85012-2417

(602) 274-8229
FAX (602) 234-5893
TELEX 756246

WRITER'S DIRECT LINE

234-5874

FILE NUMBER

24006-066

January 9, 1989

Mr. Sheldon H. Muller
Office of the Attorney General
1275 West Washington Street
Phoenix, Arizona 85007-0000

Re: Gilbert, Arizona-Power Road Properties
Joint Venture v. Geothermal Synergy
Corporation, et al.
Case No. CA-CV 88-202

Dear Mr. Muller:

Per your telephone request of today enclosed is a copy of the Court of Appeals' Memorandum Decision and Order relative to the above matter.

For your information the bankruptcy numbers in this matter are: BK 88-10131-PHX-RGM (Cam-Roy Research Corporation) and BK 88-10132-PHX-GBN (Ralph Johnson Pomeroy and Cecille S. Pomeroy).

If you have any questions or need further information please contact me. Thank you.

Very truly yours,

BEUS, GILBERT, WAKE & MORRILL

Deborah Giancaterin

Deborah Giancaterin
Secretary for Mark A. Monserez

:dg
Enclosures

OFFICE OF THE ATTORNEY GENERAL

INTEROFFICE MEMORANDUM

November 22, 1988

NOV 24 1988

08:57

TO: DAN BRENNAN, Executive Director
Oil and Gas Conservation Commission

FROM: SHELDON H. MULLER ^{SHM}
Assistant Attorney General

RE: Cam-Roy Research Corporation v. Oil and Gas
Conservation Commission, Case No. CV88-90747

Pursuant to your request I am writing this memorandum to describe the history and present status of the above-referenced lawsuit.

The complaint in this matter was filed on May 16, 1988 and served on this office May 27, 1988. It was forwarded to me on June 3, 1988, at which time I notified you of the existence of the lawsuit. On June 8, 1988 I contacted Cam-Roy's attorney, Franklin Gibson, to discuss the matter. At that time Mr. Gibson granted us a three-month extension to file an answer to the complaint. That three-month extension was changed to an open-ended extension in a letter Mr. Gibson sent to me on June 9, 1988. I sent you a copy of that letter by cover of a June 13, 1988 memorandum. In my memorandum to you I also mentioned that it would be reasonable to pursue settlement negotiations for a brief period of time, and asked you to review a draft response I had prepared to Mr. Gibson's June 9th letter. After you had an opportunity to review my draft letter to Mr. Gibson, I finalized the letter which I sent out on June 28, 1988, a copy of which I sent to you.

On July 13, 1988 I received a letter from Mr. Gibson which contained the formal settlement proposal I had asked him to send to me in my June 28th letter. I called you upon receiving the letter and discussed the contents with you and advised that I thought the proposal set out by Mr. Gibson was wholly inadequate. I made copies of this letter which I brought to the July 14, 1988 meeting of the Commission. During that meeting an executive session was held to discuss the Cam-Roy lawsuit.

Dan Brennan
November 22, 1988
Page Two

Subsequent to the Commission meeting of July 14, 1988, I began doing the necessary research for responding appropriately to the lawsuit. During this time I had conversations with Mark Monserez of Beus, Gilbert, Wake, and Morrill, the attorney representing the Gilbert, Arizona-Power Road Properties Joint Venture who were interested in intervening in the lawsuit. At that time I asked Mr. Monserez to delay the Joint Venture's planned intervention until I had an opportunity to complete my research on the issue of whether or not Cam-Roy's complaint could be dismissed on the basis of their having failed to join Mr. Monserez's client as a party defendant. Mr. Monserez agreed and also informed me that he was engaged in ongoing settlement negotiations with Cam-Roy. In a subsequent conversation, Mr. Monserez informed me that his firm was researching the same issue that I was and would get back to me within one to two weeks to discuss what they had found. He did not call back.

I continued my independent research on the possibility of filing a motion to dismiss rather than an answer. During this period of time, which was some time in August, my case load became very heavy and I was forced to put the Cam-Roy litigation aside. Since we had an open-ended time for filing an answer or motion to dismiss, whichever we decided to do, and in light of the history of this matter, I did not feel that it would be detrimental to delay litigation of this matter for a brief period of time.

Approximately four weeks ago it appeared that I was going to be taking a new position in the office and that another attorney would be taking over my case load including representation of the Commission. Since my case load continued to be very heavy and active, I concentrated on finalizing the more pressing matters so that my replacement would be in a position to focus on the Cam-Roy litigation immediately upon replacing me. (I had, in fact, informed my supervisor of the need for my replacement to concentrate his or her efforts, first and foremost, on the Cam-Roy litigation.) I believe I had advised you of my decision and that you understood my rationale.

It now appears that I will not be changing positions in the office and I therefore anticipate preparing a response, in consultation with you, to the Cam-Roy complaint in the near future.

Dan Brennan
November 22, 1988
Page Three

I hope that this memorandum has responded to the request you made to me over the phone yesterday. If you have any other questions, please feel free to call me at 542-1610.

SHM/clp
0571a.4-6

BURGER, GIBSON, MATHESON, WHITNEY & WEBER

ATTORNEYS AT LAW

JOHN E. BURGER
FRANKLIN K. GIBSON
RODNEY M. MATHESON
ROBERT J. WEBER, P.C.
MARK S. WHITNEY
JOHN JOSEPH VOLIN, P.C.
MAY P. GIN

July 13, 1988

THE COURT CENTER
SUITE C-100
1837 S. MESA DRIVE
MESA, ARIZONA 85210
TELEPHONE 928-0902
AREA CODE 602

Sheldon H. Mueller
Assistant Attorney General
Civil Division
Health & Education Section
1275 W. Washington
Phoenix, AZ 85007

Dear Mr. Mueller:

This is being written in response to your letter of June 28, 1988 regarding plans of Cam-Roy to plug the wells.

It is my understanding that the cost to plug the wells is in excess of \$250,000. The major asset of Cam-Roy is the lease interest in the wells and the geothermal energy. These rights are in litigation. Therefore Cam-Roy is without the financial means at this time to represent it will plug the wells now or at any time in the future.

However, we are presently in settlement discussions with the landowners and as their attorney said "We are very close to settlement". If we are successful either through settlement or litigation in obtaining the right to remove the geothermal energy there will be the means to service the wells. The only meaningful representation to the Commission must be conditional on Cam-Roy having the right to extract the geothermal resources as that is the only method of financing the setting up of the rigs that could plug the wells.

Cam-Roy can and does agree that within one year from the date that it has the right to remove geothermal energy, it will commence operations on the rehabilitation of the wells to make them worthy for the extraction of steam or hot water.

At that time it would be clearly determined that the wells were either viable for extraction of geothermal energy or whether they would otherwise be justified for abandonment and plugging. If it is then found that the wells need to be plugged, it would be done in accordance with the regulations of the commission.

You have indicated that Cam-Roy has the responsibility to take care of the wells as the owner of them. This is now an incorrect assumption as the Superior Court litigation with

the landowners ended terminating the geothermal lease. The wells are attached to and are a part of the realty. Cam-Roy has no interest in the realty. If Cam-Roy wins on appeal and it is determined to have title to the wells then it might be proper to consider what are the responsibilities it has as the owner.

Sincerely yours,

Franklin K. Gibson

Franklin K. Gibson

FKG:cl



Attorney General

1275 WEST WASHINGTON

Phoenix, Arizona 85007

Robert R. Corbin

June 28, 1988

Franklin K. Gibson, Esq.
Burger, Gibson, Matheson,
Whitney & Weber
The Court Center, Ste. C-100
1837 S. Mesa Drive
Mesa, Arizona 85210

Dear Mr. Gibson:

Thank you for your letter of June 9, 1988 in which you confirmed the open extension for the filing of an answer or other responsive pleading that you granted to the Commission when we spoke on the phone on June 8, 1988.

During our telephone conversation, you indicated that a settlement proposal would be shortly forthcoming and would include a definitive date by which Cam-Roy Research would agree to plug and abandon the wells if it had not commenced production of the wells in a manner in compliance with all statutes and rules of the Commission. The proposal was also to include a bond or similar type of financial arrangement that would assure the Commission that the wells would indeed be plugged and abandoned in accordance with all applicable statutes and rules.

During our recent phone conversation of June 24, 1988, I reminded you of your prior commitment to send me a settlement proposal with the above-described terms that I could in turn present to the Commission. I was informed yesterday that the Commission will hold its regularly scheduled meeting on July 15, 1988. Due to prior commitments I will be unable to attend that meeting; however, Dr. Brennen is attempting to schedule another meeting during the afternoon of July 14, 1988 for the purpose of discussing this litigation. In any event, it is imperative that you forward your settlement proposal to me as quickly as possible so that I will be able to present it to the Commission on July 14, 1988 if Dr. Brennen is able to schedule a meeting on that date or, if a meeting is not scheduled on that date, at a meeting that is sure to be held shortly thereafter.

As I have made clear to you, the Commission was very definite in its decision that your client's wells must be plugged and abandoned. Based on the Commission's clear statement with

Franklin Gibson
June 28, 1988
Page Two

respect to this matter and my estimation of the Commission's likelihood of success in this litigation, if a favorable settlement proposal is not shortly forthcoming I perceive that the Commission will advise me to move forward and litigate this matter with the chances of future settlement certainly being diminished.

If you have any questions, please feel free to call me at 255-1610.

Sincerely,

Sheldon H. Muller

Sheldon H. Muller
Assistant Attorney General
Civil Division
Health & Education Section

cc: Dan Brennan

SHM/clp
3537A.11-12



Oil and Gas Conservation Commission
STATE OF ARIZONA
3110 N. 19th AVENUE, SUITE 190
PHOENIX, ARIZONA 85015
PHONE: (602) 255-5161

June 16, 1988

Auditor General
2700 North Central Avenue, Suite 700
Phoenix, AZ 85004

Attention Mr. Randy Gizowski

Gentlemen:

At the request of Mr. Randy Gizowski, enclosed are copies for Securities Safekeeping for Cam-Roy Research Corporation being held by the Treasurer's Office. These refer to our Permits 605 and 611 for \$5,000.00 each. The certificate numbers are 2506289 and 2506290 respectively.

Also enclosed is a copy for Securities Safekeeping for Contender Oil Company for our Permit 850. The certificate number is 2651582 for \$5,000.00.

Please contact us if further information is necessary.

Sincerely,

Katie Barnes

Katie Barnes
Administrative Assistant

Enclosures

MAY 16 1988

COPY
CLERK OF SUPERIOR COURT

1 Franklin K. Gibson
1837 S. Mesa Drive
2 Mesa, AZ 85210
(602) 926-0902
3 #841
4
5

6 IN THE SUPERIOR COURT OF THE STATE OF ARIZONA
7 IN AND FOR THE COUNTY OF MARICOPA

8 CAM-ROY RESEARCH CORPORATION)
a Nevada corporation,)

No. CV 88-90747

9 Plaintiff,)

10 vs.)

C O M P L A I N T

11 OIL AND GAS CONSERVATION)
12 COMMISSION OF THE STATE OF)
ARIZONA,)

(Judicial Review of
Administrative Decisions)

13 Defendant.)
14

15 Comes now the plaintiff by and through its attorneys, BURGER,
16 GIBSON, MATHESON, WHITNEY & WEBER and petitions the court as
17 follows:

18 COUNT ONE

19 1. That the plaintiff is an Nevada corporation duly licensed
20 to business in the State of Arizona.

21 2. That the defendant is an agency of the State of Arizona and
22 is charged to follow the public policy of the State of Arizona.
23 That this suit is brought pursuant to the provisions of ARS 12-901
24 et seq which provide for the Judicial Review of Administrative
25 Decisions.

26 3. That plaintiff has been the owner of certain geothermal
wells located in Maricopa County in Sec. 1, T2S, R6E of the

BURGER, GIBSON, MATHESON, WHITNEY & WEBER
ATTORNEYS AT LAW
THE COURT CENTER, SUITE C-100
1837 S. MESA DRIVE
MESA, ARIZONA 85210
(602) 926-0902

BURGER, GIBSON, MATHESON, WHITNEY & WEBER
ATTORNEYS AT LAW
THE COURT CENTER, SUITE C-100
1837 S. MESA DRIVE
MESA, ARIZONA 85210
(602) 926-0902

1 G&SRB&M. That title to said property is presently in Gilbert,
2 Arizona-Power Road Properties Joint Venture, an Arizona General
3 Partnership subject to the rights of plaintiff on appeal of cause
4 number CA-CV 88-202 in the Court of Appeals, Division One of the
5 State of Arizona.

6 4. That said wells were drilled in 1973 and resulted in a find
7 of geothermal energy that has commercial value for the production
8 of electrical energy and residual heat consumption.

9 5. That the wells do not pose any threat to the environment
10 nor constitute a hazard. That said wells have been shut in under
11 a temporary abandonment permit.

12 6. That on March 18, 1988 at a meeting of the Oil and Gas
13 Conservation Commission the Commission ratified the action of the
14 commission of February 19, 1988 wherein the commission denied the
15 request of plaintiff Cam-Roy Research Corporation for an extension
16 of time of temporary abandonment of said wells. That notice of
17 the action was given to plaintiff by letter dated April 12, 1988.

18 7. That the order and decisions of March 18, 1988 were
19 contrary to the express public policy of the State of Arizona as
20 set forth in ARS 27-502 in the following matters:

21 It does not conserve the natural resources of geothermal
22 energy. It constitutes a waste of the geothermal resources. It
23 does not provide for the protection and adjustments of correlative
24 rights of owners of land wherein the natural resources of
25 geothermal energy lies. It discourages the development of
26 geothermal energy and its products.

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MESA, ARIZONA 85210
(602) 926-0902

1 8. That plaintiff seeks to have reviewed the findings of the
2 commission inherent in its order that the wells pose a threat to
3 the environment unless they are plugged and that there has not
4 been a find of geothermal energy of a commercial value.

5 9. That the plaintiff designates pursuant to ARS 12-909 the
6 transcript and record of hearings of the Oil and Gas Commission of
7 August, 1986; February 19, 1988; March 18, 1988 which pertain to
8 the aforesaid wells as the record and transcript.

9 10. That at a prior hearing in August 1986, the commission
10 acknowledged that there was no threat to the environment for the
11 wells to remain in temporary abandonment. That no evidence to the
12 contrary has been introduced at subsequent hearings.

13 11. That justice demands that there be a trial de novo so as
14 to allow for the presentation of evidence from qualified experts
15 to show that the denying of an extension of a temporary
16 abandonment was contrary to the public policy of the State of
17 Arizona.

18 Wherefore plaintiff prays for an order setting this matter for
19 a hearing on a trial de novo. That upon final hearing, the court
20 enter an order setting aside the aforesaid orders of the Oil and
21 Gas Conservation Commission and decreeing that plaintiff is
22 entitled to an order granting a temporary abandonment of said
23 wells.

24 COUNT TWO

25 As an alternative pleading the plaintiff alleges as follows:

26 12. Plaintiff incorporates by reference the allegations of
Count One.

BURGER, GIBSON, MATHESON, WHITNEY & WEBER
ATTORNEYS AT LAW
THE COURT CENTER, SUITE C-100
1837 S. MESA DRIVE
MESA, ARIZONA 85210
(602) 926-0902

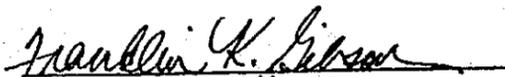
1 13. That the defendant is a "public body" within the meaning
2 of ARS 38-431 (5). That defendant is required to comply with the
3 terms of the laws regarding public meetings and proceedings as
4 provided in ARS 38-431 et seq.

5 14. That the defendant failed to comply with the requirements
6 for notice of the date and time of the meeting held on March 18,
7 1988. That there was not a quorum to conduct a meeting at the
8 time originally set for a meeting on March 18, 1988. That the
9 meeting was postponed until a quorum was present without complying
10 with the notice requirements.

11 Wherefore plaintiff prays for an order setting aside the
12 aforesaid order of March 18, 1988.

13 DATED this 16th day of May, 1988.

14 BURGER, GIBSON, MATHESON,
15 WHITNEY & WEBER

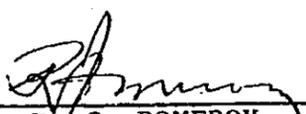
16 
17 Franklin K. Gibson
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BURGER, GIBSON, MATHESON, WHITNEY & WEBER
ATTORNEYS AT LAW
THE COURT CENTER, SUITE C-100
1837 S. MESA DRIVE, MESA, ARIZONA 85202
(602) 926-0902

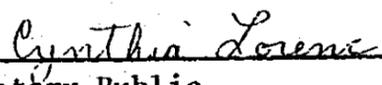
1 STATE OF ARIZONA)
2 County of Maricopa) ss.

3 R. J. Pomeroy, being first duly sworn upon
4 oath doth depose and say:

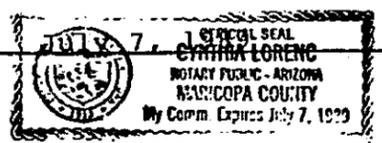
5 That he is the ^{Vice-President of} ~~Cam-Roy Research~~ Corporation in the foregoing cause
6 of action and has read the Complaint
7 herein and knows the contents thereof, and that the matters and
8 things therein stated are true and correct to the best of his
9 information, knowledge and belief.

11 
12 R. J. POMEROY

13
14 SUBSCRIBED AND SWORN to before me this 16 day of
15 May, 1988.

16 
17 Cynthia Lorenc
18 Notary Public

18 My comm. Expires:

19 
20
21
22
23



Oil and Gas Conservation Commission

STATE OF ARIZONA

3110 N. 19th AVENUE, SUITE 190

PHOENIX, ARIZONA 85015

PHONE: (602) 255-5161

April 12, 1988

Mr. R. J. Pomeroy, Chairman
Cam-Roy Research Corporation
P. O. Box 893
Chandler, AZ 85225

Dear Mr. Pomeroy:

As you are aware, at its meeting on February 19, 1988, the Arizona Oil and Gas Commission denied your request for an extension of the period of temporary abandonment for the Cam-Roy Research (Geothermal Kinetics) #1 and #2 Powers Ranch wells.

As you are also aware, at its meeting on March 18, 1988, the Commission ratified its action.

Since the extension expired on February 21, 1988 under the terms of Rules 12-7-231 and 12-7-232, the wells must now be plugged and abandoned within 60 days. Your attention is called to Rule 12-7-231.B and C, prescribing the procedure necessary to perform an approved abandonment.

While we view the 60-day period as beginning on February 21, 1988, it may be argued that the clock begins running on your receipt of notice. The return receipt for our notice of March 7, 1988 is dated March 11, 1988. However, at the outside, the 60-day period cannot begin later than the date of your receipt of this notice.

Enclosed are copies of Forms G-9, Application to Plug and Abandon, and G-10, Plugging Record. No work may take place until approval of Form G-9 is obtained.

You may wish to consult your attorneys regarding any legal remedies available to you.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Daniel J. Brennan", is written over a horizontal line.

Daniel J. Brennan
Executive Director

Enclosures

SENDER: Complete Items 1 and 2 when additional services are desired, and complete Items 3 and 4. Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent the card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address. Restricted Delivery (Extra charge)†
 2. Insured (Extra charge)†
 3. Registered (Extra charge)†
 4. Express Mail (Extra charge)†

3. Article Addressed to:
Cam - Roy Research Corp.

4. Article Number
572 809 897

Type of Service:
 Registered Insured
 Certified COD
 Express Mail

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee
 X

6. Signature - Agent
 X *C. Pomeroy*

7. Date of Delivery
4-13-88

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Mar. 1987 * U.S.G.P.O. 1987-178-208 DOMESTIC RETURN RECEIPT

P-572 809 897

RECEIPT FOR CERTIFIED MAIL
 NO INSURANCE COVERAGE PROVIDED
 NOT FOR USE WITH REGISTERED MAIL
 (See Reverse)

U.S.G.P.O. 150-506

Sent by *R. J. Pomeroy, Chairman*
 Street and No. *Cam - Roy Research Corp.*
P.O. Box 8930
 P.O. City and ZIP Code *Chandler AZ 85225*

Postage *45*

Certified Fee *85*

Special Delivery Fee

Restricted Delivery Fee

Return Receipt showing to whom and Date Delivered *90*

Return Receipt showing to whom, Date, and Date of Delivery

TOTAL *220*

Postage *65*

Postage *155*

PS Form 3800, June 1985

PHOENIX, AZ 85001 STA. 101
 APR 13 1988

Fold at line over top of envelope to the right of the return address



CAM-ROY RESEARCH CORPORATION

P.O. Box 893 • Chandler, AZ 85225 • (602) 963-1773

March 18, 1988

Dr. Daniel J. Brennan
Executive Director
Oil & Gas Commission
State of Arizona
3110 N. 16th Ave. Suite 190
Phoenix, Arizona

Dear Dr. Brennan:

Your letter dated March 4, 1988, was apparently late in posting and delivery, delaying my receipt of it until March 14, 1988. I have been confined to my home the past week due to a re-occurrence of a painful illness. I am still unable to get about and I realize I will be unable to meet you before or during the commission meeting scheduled for March 18, 1988. I consider this a most unfortunate and embarrassing situation as I feel it was necessary to discuss with you your public notice of the meeting and the six point agenda.

My particular interest in this agenda is Item # 3. "Ratification of Denial of Cam-Roy Research Corporation for Extension of Time to Plugging Two Wells". I am instructed and advised to correct that statement with you on the grounds that as stated in the announcement - it is not true. Cam-Roy Research Corporation has never requested an extension of time to plug the two wells. Our request was to extend the Temporary Abandonment of the wells under the assumption of no more authority than we had when we made the first request for TA in 1984, before we had obtained legal rights to the wells.

You are surely aware that we have never intended or considered the possibility of plugging the wells. Our conviction has always been and still is that the wells are economically viable for rehabilitation and amenable to an extraction of heated waters for industrial uses as well as for the generation of electrical power.

We also wish to advise that we share in your concern for the possible deterioration of the wells during the long past shut-in period of time. We also would have much preferred and would have greater appreciation for this discussion had it taken place in 1984, or at any time prior to the legal problems forced upon us the past six months.

Normally, a quiet title case is limited in scope with no cause for a so-called "paper mill" type law suit. As difficult as it was to manage the legal defense in our such case, we are fortunate in the preservation of our rights to an appeal and a suit for recovery of damages sustained by the runaway legal action. As previously mentioned to you, it would be particularly painful to us if our future legal action became by necessity a dual front action to include a challenging of your conclusions of justification for permanent abandonment of the wells.

I do hope that the TA will be continued, at least for a time sufficient for a better understanding and that your office will remain available to us for a more in depth discussion on the subject.

Sincerely yours,


R. J. Pomeroy
Chairman



Oil and Gas Conservation Commission

STATE OF ARIZONA

3110 N. 19th AVENUE, SUITE 190

PHOENIX, ARIZONA 85015

PHONE: (602) 255-5161

March 7, 1988

Mr. R. J. Pomeroy
Cam-Roy Research Corporation
P. O. Box 893
Chandler, AZ 85225

Dear Mr. Pomeroy:

At its meeting on February 19, 1988, the Arizona Oil and Gas Conservation Commission denied your request for an extension of the period of temporary abandonment for the Cam-Roy Research (Geothermal Kinetics) #1 and #2 Powers Ranch wells.

Since the extension expired on February 21, 1988, under the terms of Rules 12-7-231 and 12-7-232, the wells must now be plugged and abandoned within 60 days. Your attention is called to Rule 12-7-231.B and C, prescribing the procedure necessary to perform an approved abandonment.

Enclosed are copies of the Forms G-9, Application to Plug and Abandon, and G-10, Plugging Record. No work may take place until approval of Form G-9 is obtained.

You may wish to consult your attorneys regarding any legal remedies available to you.

Any opening of the wells for any purpose such as the recent water sampling should be reported on Form G-12, Sundry Notices, copies of which are also enclosed. Please have your hydrologist submit this form covering his recent testing of the water level on one of the wells.

You should be aware that the Commission may have committed a technical violation of the Arizona Open Meeting Law in the notification procedures for the February 19 meeting. To comply with all sections of the law, the Commissioners will have to vote again to ratify the action taken at the February 19 meeting.

Any interested party may speak at that meeting before the vote is taken.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Daniel J. Brennan".

Daniel J. Brennan
Executive Director

Enclosures

PS Form 3811, July 1983 447-845

SENDER: Complete items 1, 2, 3 and 4.

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.

1. Show to whom, date and address of delivery.

2. Restricted Delivery.

3. Article Addressed to:
 Mr. R. J. Pomeroy
 Cam-Roy Research Corporation
 P.O. Box 893
 Chandler, AZ 85225

4. Type of Service:	Article Number
<input type="checkbox"/> Registered <input type="checkbox"/> Insured	464050
<input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD	710
<input type="checkbox"/> Express Mail	

Always obtain signature of addressee or agent and **DATE DELIVERED.**

5. Signature - Addressee
 X

6. Signature - Agent
 X *R. Pomeroy*

7. Date of Delivery
 3-11-88

8. Addressee's Address (ONLY if requested and fee paid)
 587 N. Colorado

DOMESTIC RETURN RECEIPT

ENERGY INSTITUTE

Box 3E1/Las Cruces, New Mexico 88003
Telephone (505) 646-1745



19 February 1988

Mr. Dan Brennan
Executive Director
Arizona Oil and Gas Commission
3110 N. 19th Ave.
Suite 190
Phoenix, Arizona 85015

Dear Mr. Brennan:

Enclosed is a copy of the feasibility study for the Williams Air Force Base geothermal project. You may keep this copy for your files. Some information in the Geothermal Kinetics Power Ranches wells is included in the report.

I've tabbed cost estimates of drilling a new well versus refurbishing existing Power Ranches wells for production. It is clear that reworking the old wells is not advantageous. Therefore, plugging and abandoning these wells is reasonable and legitimate considering their probable condition.

If I can be of further assistance, don't hesitate to call.

*bull
shit*

Sincerely,

A handwritten signature in cursive script, appearing to read 'J. C. Witcher'.

James C. Witcher
Staff Geologist

ENERGY INSTITUTE

James C. Witcher
Staff Geologist



Box 30001/Dept. 3E1/Las Cruces, New Mexico 88003-0001
(505) 646-2856

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RUSSELL A. KOLSRUD *
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SARAH McGIFFERT
LINN J. PLOUS
J. STEVEN ROLLINGS
JEFFREY R. SIMMONS
GARTH V. SMITH
RITA L. SPEARS
JEAN I. UPDIKE

FEB 17 1988

February 17, 1988

BA PROFESSIONAL CORPORATION

Dr. Daniel J. Brennan
Director
Oil and Gas Commission
3110 North 19th Avenue, Suite 190
Phoenix, AZ 85015

Re: Request for Continuation of Temporary Abandonment
- Cam-Roy Research Corporation, GKI Power Ranch
#1, GKI Power Ranch #2

Dear Dr. Brennan:

As you know, Cam-Roy Research is involved in a legal battle over the ownership of the two above-referenced geothermal wells located on the Power Ranch near Gilbert, Arizona. Notwithstanding the final outcome of that legal battle, it would not be in the State's best interest to order the plugging of those wells anytime in the near future.

Although Cam-Roy Research has not yet complied with various well inspection procedures required by the Oil & Gas Commission, this has been the result of complicated legal maneuverings and lack of understanding by various lending institutions of the nature of the geothermal power. Although we are overcoming the latter of these two problems, the former is still in court.

In order to alleviate some of your concerns relating to the potential environmental impact, I have enclosed a memorandum from Ron Turner, the hydrologist who was retained by Cam-Roy. As you can see, there has not been any demonstrated hydrological problem in the past 15 years. Accordingly, it seems very unlikely that any adverse environmental damage could occur in the near future.

For these reasons, Cam-Roy Research requests that the Oil & Gas Commission extend the temporary abandonment until such time as the legal title to the wells is finalized. At that time, the owner thereof can conduct necessary reworking and

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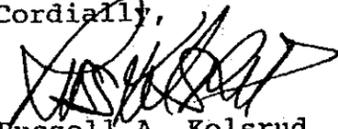
Mr. Daniel J. Brennan
February 17, 1988
Page Two

development. In the meantime, our hydrologist will monitor surrounding wells for any contamination.

Quite frankly, it would be a shame for the Commission to order the plugging of the only geothermal energy that it presently available for use in Arizona. The problems Cam-Roy is facing can and will be solved.

If you have any questions in this regard or would like further information, do not hesitate to contact me. In addition, we will be glad to appear and discuss these issues at the next meeting of the Arizona Oil & Gas Commission.

Cordially,


Russell A. Kolsrud

RAK/db

cc: Mr. R. J. Pomeroy
Mr. Logan Johnston
Mr. Sheldon Muller



CAM-ROY RESEARCH CORPORATION

P.O. Box 893 • Chandler, AZ 85225 • (602) 963-1773

FEB 17 1988

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February 16, 1988

Dr. J. Dale Nations
Chairman, Oil & Gas Commission
State of Arizona
% Dr. Daniel J. Brennan
Executive Director
3110 N. 19th Ave. Suite 190
Phoenix, Arizona

Dear Dr. Nations:

Since the last meeting of the Commission, it has become necessary to request a modification of the order adopted at that meeting, wherein this firm was to perform some exploratory work on the so-called Power wells if a temporary abandonment of them was to be extended as requested. We ask that the order be modified from the date of February 21, 1988, to July 1, 1988, to do that work. There are now legal circumstances that prohibit us from having the legal right to perform any work on the wells at this point in time, and that prohibition will continue until the current ruling of the court is appealed and successfully concluded in our favor.

In making this request, we wish it to be fully understood that we appreciate the consideration given us by the Commission the past three years. We also express our appreciation for the temperate control of the meeting that could have developed into a court-house confrontation. To a certain extent, we feel that this meeting gave a degree of exposure to the type of problems that we have inherited that are beyond our control.

Many times during the past three years, we have been tempted to cut our losses, and leave the Power wells to whatever fate might decree. We found encouragement in the willingness of the Commission to continue the T.A. of the wells. That, and the constant challenge to bring about a successful development of that particular geothermal resource, has sustained our motivation.

We firmly believe that we have the best qualified knowledge and understanding of the practical importance of the Power wells. It is also our belief that, since these are the only two produceable geothermal wells in the state, and are located in a renowned geothermal basin, the Chandler-Higley Basin, they have a tremendous impact on the future geothermal development in Arizona. In our opinion, this transcends in importance any set of regulations that could terminate the T.A. of the wells. If, in fact, there is suspicion that because of the length of time of the

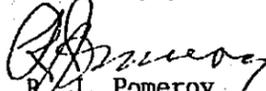
shut-in of the wells, there could be damage dangerous to the environment, we believe it is not supported by any findings on the subject to this point in time. Further, we also feel that whatever condition might develop, it is in no way going to appreciably increase the danger to the environment of the area within the extended time requested. 1-29-88

In this letter we are including a copy of a memorandum by our hydro-geologist, Ron Turner, which indicates the water wells in the area have been monitored by the Department of Water Resources and there is no indication of water contamination from the Power wells as might be feared. We have long recognized that due to the age and the lengthy shut-in-time of the wells, an extensive refurbishing and conditioning will be necessary before they can be qualified for an extracting fulfillment. In probability the # 2 well will be the easiest to control and possibly should be extended another 500 feet in depth. We feel it is the unit on which refurbishing and rehabilitation work should be started first.

Due to the experimentation in the drilling process of the # 1 well, it is not as simple to visualize the extent of work needed on that hole. But, whatever it is, the proper time to open and explore the condition of both wells is when the proper rigging facilities are available, and the financing of approximately \$1,000,000 is in place, as our plans include. In our opinion, our development plans for these wells are sound and meritorious, but unfortunately, they must be held in abeyance until the legal problems at hand are solved. We just do not have the legal right to do anything to the wells at this time.

Counsel advises that we have a good prospect of winning an appeal of the current ruling which could lead to a judgment in our favor. In addition, we are continuing our efforts to effect a compromise of the problem that would be fair and reasonable and more practical than a court proceeding. This has always been our hope and desire. May we emphasize this point? We are not attempting to steal or compromise any interest that our opponents have. In fact, we have offered to pay cash for their fee title interest which would make them wealthy. We feel we will yet succeed, if we can have your continued cooperation in this matter.

Sincerely yours,


R. J. Pomeroy
Chairman

RJP/csp

Enclosure

cc: Mr. Logan Johnston
Mr. Russ Kolsrud

RECEIVED
FEB 17 1988

O & G COMS. COMM.

BEUS, GILBERT, WAKE & MORRILL

ATTORNEYS AT LAW

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WRITER'S DIRECT LINE

234-2974
FILE NUMBER

February 5, 1988

file 611

Re: Power Ranch Well No. 1, Permit No. 605
Power Ranch Well No. 2, Permit No. 611

Dear Oil and Gas Commissioners and Staff:

At your January 15, 1988, meeting, Paul E. Gilbert of our office presented our client's opposition to any further extensions to the Temporary Abandonment status of the two above-referenced wells. The following is a summary of our presentation which has been cross-referenced with the enclosed documents for your convenience. (These are the same documents given to you at your meeting.)

The wells were drilled approximately fifteen years ago in 1973 and were granted temporary abandonment status shortly thereafter.

"The question was raised as to whether or not the Commission is adequately policing exploratory wells in order to determine that accurate and complete information is being furnished as required by the Commission rules and regulations. The consensus of opinion was that the Commission is receiving complete and accurate information in accordance with the requirements of the Commission rules and regulations and the statutes." January 16, 1976 Minutes of Meeting (Exhibit 1).

A. March 14, 1980 correspondence to Commission from GKI (Exhibit 2)

1. Request for extension of Temporary Abandonment.
2. "We anticipate the commencement of remedial work in the near future."

Contra: This request was made nearly eight years ago—the "near future" has since passed and no remedial work has ever been done.

February 5, 1988
Page 2

B. March 17, 1980 correspondence to GKI from Commission (Exhibit 3).

1. GKI's request to leave wells in Temporary Abandonment status is granted.
2. "Should remedial work as mentioned in your request fail to produce results leading to commercial operation, we would strongly suggest that you give consideration to plugging and abandoning these wells while your rigs are still available."

Contra: The rig was removed and the remedial work was never done. The wells have never been put in commercial operation, but yet, have never been abandoned or plugged.

C. June 28, 1983 correspondence to Commissioner from GKI (Exhibit 4).

1. GKI considering use of well-head generators.
2. Request permission to maintain Temporary Abandonment status.
3. GKI admits wells have been inactive for "an unusually long period of time".
4. Proposal to Williams Air Force Base fell through.

Contra: Four and one-half years ago GKI considered the temporary abandonment "an unusually long period of time." However, the abandonment status continues.

D. July 21, 1983 correspondence to GKI from Commission (Exhibit 5).

1. In response to GKI's June 28, 1983, letter (Exhibit 4), Commission requests information regarding well-head generators, sales to APS, size of proposed plant, money expended, money yet to be expended, and necessary time table to justify TA extension.

Contra: To date, no well-head generators are in place, nor have any even been ordered (Exhibit 30, p. 158, lns. 20-25; p. 159, lns. 1-8). Further, Cam-Roy still has no direct plans to construct a generating facility and will not proceed with any plan to do so until surface rights are purchased (Exhibit 30, p. 150,

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Page 3

lns. 7-13, p. 162, lns. 13-17). This could be years from now, if ever. Further, APS no longer has any plans to explore for or purchase geothermal energy from the wells (Exhibit 31).

E. September 9, 1983 Activity Report (Exhibit 6).

1. Commission's letter to GKI on July 21, 1983 (Exhibit 5).
2. ". . . wells have been on temporary abandonment status for 5 years (much too long) . . ." (Actually, at that time the wells had been on Temporary Abandonment status for nearly ten years.)

Contra: Four and one-half years ago the Commission admitted that the Temporary Abandonment status had gone on "much too long;" however, numerous additional extensions have since been granted.

F. September 23, 1983 Minutes of Meeting (Exhibit 7).

1. No response from GKI regarding information requested by Commission.

G. November 18, 1983 Minutes of Meeting (Exhibit 8).

1. Still no word from GKI regarding information requested by commission.
2. "Mr. Doss made a trip to this location to inspect the well site, and showed pictures of them. He will continue to try to contact [GKI] and give [GKI] a time limit. Our only recourse would be to issue an Order to Show Cause through the Attorney General's Office. If this situation isn't resolved, it could prove very embarrassing to the Commission."

Contra: The Commission considered imposing a time line over four years ago. Further, because the Commission has not received any test results on the wells for many, many years, the well casings may be corroded and leaking. The Commission should not tempt fate where Arizona's water supply is involved. It must order the wells permanently plugged.

H. December 14, 1983 correspondence to GKI from Commission (Exhibit 9).

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Page 4

1. Commission still awaiting GKI's information concerning wells.
2. "... the Commissioners expressed strong concern about the prolonged extension of the temporary abandonment status and how it could place the Commission in a position of legal jeopardy for having sanctioned it."

Contra: See comments to paragraph "G" above.

- I. December 20, 1983 correspondence to Commission from GKI (Exhibit 10).
 1. Apology for late response.
 2. At this time unable to close any negotiations concerning property.
 3. One problem is APS's low avoided costs.
 4. Request Temporary Abandonment status extension Cam-Roy through June 1984.

Contra: The fact that GKI, or Pomeroy have not been able to purchase property should not be a proper consideration in extending the Temporary Abandonment status. The Commission is obligated to protect Arizona's waters by being fully informed about the mechanical integrity of all wells and casings in the state. Thus, the proper consideration should be whether the wells and casings are safe. No one knows the answer to this question because no thorough testing has been done since the wells were drilled 15 years ago.

- J. January 20, 1984 correspondence to GKI from Commission (Exhibit 11).
 1. "The Commissioners granted the request [to extend to June 1984] but were unanimously opposed to any further extension, and I was instructed to inform your company that it is mandatory that the wells be plugged and abandoned at that time providing that no work is being done to legally extend the time beyond June 30, 1984."

Contra: The Commissioners were opposed to further extensions four years ago and ordered that the wells be

February 5, 1988
Page 5

plugged if no work was done on them by June, 1984. Nothing has been done to the wells since that time.

The wells were last opened in 1982 and nothing has been done to them since (Exhibit 30, p. 113, lns. 16-25, p. 114 lns. 1-3). Moreover, there are no present agreements or contracts to have the wells tested and/or reworked, and all preliminary discussions regarding these matters have been scraped pending the purchase of some property around or near the wells and the settlement of a lawsuit (Exhibit 32, p. 237, lns. 21-25, p. 238, lns. 15-19, p. 250, lns. 19-25, p. 251, lns. 17-23, p. 365, lns. 17-21).

Notwithstanding the Commission's mandatory order in January 1984, Pomeroy refuses to test or rework the wells and plans to continue to ask for extensions for so long as the lawsuit lasts and until some property can be purchased (Exhibit 32, p. 345 lns. 13-25 and p. 346, lns. 1-9). This could be years or decades from now, or never.

K. February 7, 1984 correspondence to Commission from Cam-Roy (Exhibit 12).

1. Cam-Roy plans to acquire wells from GKI pending Commission extension of Temporary Abandonment beyond June 1984, "to accommodate our new program."
2. Proposed program is to create market by subdividing adjacent acreage into industrial and modular home parks.
3. The project would be, . . . "the quickest way to create our market . . ."
4. "Since our progress is moving rapidly . . ." we request the extension.

Contra: The Commission has been more than "accommodating" to Cam-Roy for many years. Cam-Roy's "program" has never come to fruition, notwithstanding its "rapidly moving progress." Cam-Roy's inability to market the energy is discussed in paragraph "O."

L. February 24, 1984 Minutes of Meeting (Exhibit 13).

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1. Cam-Roy requested extension of Temporary Abandonment status because it is necessary to move in a rig to service and evaluate the wells.
2. Cam-Roy will assume GKI's responsibilities to plug.
3. The wells are now shut in.
4. Mr. Pomeroy of Cam-Roy wants to deepen the wells and "he plans to keep things moving."
5. Extension granted to June 30, 1985 if Pomeroy supplies bond and if the "project is to proceed as quickly as possible."

Contra: Rigs were never brought in to test, and still have not been. The wells are still "shut in." Pomeroy has not kept "things moving" because nothing has been done to the wells since 1982 (Exhibit 30, p. 113, lns. 16-25; p.114, lns. 1-3).

- M. February 28, 1984 correspondence to Cam-Roy from Commission (Exhibit 14).
1. Grants one year Temporary Abandonment status to June 30, 1985.
 2. Extension granted ". . . provided that you proceed with operations as quickly as possible, provide the bond required, file weekly sundry reports and agree to properly plug and abandon the wells if your tests are not successful."
 3. NB: Cam-Roy signed and agreed to the above conditions.

Contra: Tests have never been done, therefore, Cam-Roy did not proceed "as quickly as possible" and thus, Cam-Roy has breached his agreement with the Commission.

- N. May 18, 1984 correspondence to GKI from Cam-Roy (Exhibit 15).
1. Re: bond transfer from GKI to Cam-Roy.
 2. ". . . the permanent financing is available for the project we contemplate and in the next few weeks we must finalize the conceptual details for sub-dividing the land and projecting the

February 5, 1988
Page 7

consummation of the energy produced by the Power wells."

Contra: If the permanent financing was available in May, 1984, why wasn't the subdivision ever built?

- O. February 15, 1985 Minutes of Meeting (Exhibit 16).
1. Mr. Pomeroy of Cam-Roy briefed Commission on plan to "rehabilitate" the wells.
 2. Planned additional depth to Well #1, limited drilling for Well #2.
 3. Each well could probably handle 10 MWe generator.
 4. Laura Scudder Potato Chip Company is a prospective buyer.
 5. Missouri brewery is a prospective buyer.
 6. Pomeroy is experiencing difficulty in arranging financing.
 7. Pomeroy: ". . . land adjacent to this which he has and can be used for development."
 8. Rig for testing to be on site approximately April 1, 1985.

Contra: As stated above, the wells have never been tested, reworked, redrilled or "rehabilitated." No generators have ever been ordered or contracted for. No rig has ever been brought to the site.

Further, Cam-Roy has testified under oath that it owns no real property (Exhibit JR, p. 15, lns. 23-25, p. 16, lns. 1-14, p. 44, lns. 18-21). Thus, if Pomeroy's deposition testimony is to be believed, Cam-Roy's representation to the Commission that they owned land adjacent to the wells must have been merely a self-serving statement without any factual basis.

Further, Pomeroy may have had parties "interested" in the production and possible purchase of geothermal energy, but no contract or any agreement has ever been signed except for a questionable contract with its wholly owned subsidiary, Geothermal Synergy (Exhibit 32, p. 257, lns. 15-25, p. 258, lns. 1-18, p. 259, lns. 9-11; Exhibit 30, p. 167, lns. 7-20). Further,

February 5, 1988
Page 8

there are no committed industrial users (Exhibit 30, p. 101, lns. 15-22). In fact, Pomeroy's most recently proposed development does not even include industrial users (Exhibit 33, p. 24, lns. 1-10).

Pomeroy and his company, CRN, have admitted that no one is willing to sign a contract for the purchase of energy until they "create" a market, which includes purchasing the real property and constructing structures to utilize the energy (Exhibit 30, p. 161, lns. 17-18; Exhibit 32, p. 259, lns. 12-19 and p. 298, lns. 11-16). Pomeroy has been telling the Commission for years that he is developing a market and that these efforts justify the TA extensions. The fact show, however, that he has never secured a market or buyer, and the only chance of ever securing them would be years from now. Pomeroy has been improperly misleading the Commission to believe that buyers are imminent. This is a misstatement of fact, because by Pomeroy's own testimony under oath he admitted he has not secured buyers or users because he does not own the real property and because he has failed to build a generating facility (Exhibit 32, p. 257, lns. 15-25, p. 258, lns. 1-18, p. 259, lns. 1-11 and p. 298, lns. 11-16).

P. May 24, 1985 Minutes of Meeting (Exhibit 17).

1. Attorney informed Pomeroy that lease assignments from GKI are not valid and GKI's leases were not valid.
2. Thus, Pomeroy must acquire new land.
3. "Mr. Doss said this project may never get off the ground because of the compounded problems which Mr. Pomeroy is experiencing."
4. Mr. Doss opined that Power Ranch would be responsible to "abandon" the Wells.
5. Wells have been on Temporary Abandonment status for about 10 years.

Contra: Cam-Roy has been arguing the contrary position in court for over six months that the assignment of the GKI leases is valid. Cam-Roy has not acquired new land for the project nor has it ever acquired land.

Q. August 16, 1985 Minutes of Meeting (Exhibit 18).

February 5, 1988
Page 9

1. Cam-Roy is continuing to have problems.
2. Cam-Roy requests six month extension until January 1, 1986, which was granted.
3. General Electric is to be Cam-Roy's partner to aid in financing.

Contra: General Electric has never signed any agreement to be Pomeroy's partner and has never agreed to finance any part of the project. Mr. Pomeroy testified that General Electric's standard operating procedure is to provide a generating facility in return for a set percentage of the sales. However, GE will not agree to do this until customers can be established (Exhibit 32, pp. 208-213). In this case, it could be years, if ever, before customers can be established because Pomeroy has yet to purchase the property, test the wells, rework the wells, and build structures to utilize the energy.

Simply put, GE is willing to supply a generator, for a percentage, to anyone with an energy source and ready and willing customers. Mr. Pomeroy unjustifiably misrepresented that GE had agreed to become its partner to aid and financing.

- R. December 20, 1985 correspondence to Commission from Cam-Roy (Exhibit 19).
1. Cam-Roy requests "with some reluctance" for an extension of Temporary Abandonment status for six months.
 2. Cam-Roy has completed plans for smaller scale real estate development.
 3. "... we have an investor who will provide ten million dollars of interim funds for this new project."
 4. We have local banks for banking needs.
 5. We have developed a bond proposal that will supply the permanent financing.
 6. We have four security firms who have indicated an acceptance of our proposal for corporate bonds.

February 5, 1988
Page 10

7. Real estate development is the best way to finance geothermal development in this area.

Contra: Whatever these "plans" were and whoever the bank and security firms were, no project has ever come to fruition. Moreover, Cam-Roy now denies it had \$10,000,000 financing available in December of 1985. Mr. Pomeroy admitted that he may have talked to some investors in December, 1985 (Exhibit 32, p. 376, lns. 4-10, p. 377, lns. 2-25); however, he ". . . cannot think of anyone at the present time" (Exhibit 32, p. 380, lns. 9-13). In any event, nothing was ever agreed to and no contract or agreement was ever signed regarding financing or bonds (Exhibit 32, p. 379, lns. 11-25, p. 380, lns. 1-6). Thus, Mr. Pomeroy's statement that, ". . . we have an investor who will provide \$10,000,000 of interim finance . . ." is totally without basis. Further, the mere fact that the bond proposals were "accepted" does not mean Cam-Roy could ever actually get financing.

- S. January 17, 1986 Minutes of Meeting (Exhibit 20).

1. Pomeroy requested another extension.
2. Six month extension granted until January 1, 1986.

Contra: Notwithstanding the Commission's previous statements and orders, this extension was granted.

- T. July 9, 1986 correspondence to Commission from Cam-Roy (Exhibit 21).

1. Requests a six month extension of Temporary Abandonment status.
2. ". . . [have] developed an unusual but entirely feasible financial method to develop the [area]."
3. Request should be granted to allow time because of advances in technology and financial markets.
4. "[Cam-Roy] will pledge to continue the most expeditious efforts to justify the commission's favorable ruling for a continuance of the temporary abandonment as requested."

Contra: Although Mr. Pomeroy states here that he has a "feasible financial method," he has subsequently stated that he had no feasible financial plan to develop

February 5, 1988
Page 11

geothermal resources in July 1986 (Exhibit 32, p. 380, lns. 13-17).

Cam-Roy has been promising "expeditious" efforts, proposing new and unusual "plans" and concocting new financing schemes for years but still nothing has ever been done. No solid justifications for extensions have ever been forwarded.

U. July 18, 1986 Minutes of Meeting (Exhibit 22).

1. The heading in the Minutes is: "Consideration of an Order for Plugging of the Powers' Ranch Geothermal Wells."
2. One year extension granted until July, 1987.

Contra: Notwithstanding the Commission's consideration of an order to plug the wells, yet another extension was granted. At this point the well casings were over fourteen years old and no one knew their actual condition -- corroded, leaking or otherwise.

V. May 15, 1987 Minutes of Meeting (Exhibit 23).

1. Mr. Pomeroy requested Commission to work with Prudential-Bache and the Department of Energy to develop a food processing and storage plant.
2. Resolution adopted to promote geothermal interests and to cooperate with the above-referenced entities.

W. June 22, 1987 correspondence to Commission from Cam-Roy (Exhibit 24).

1. Request additional extension.
2. "We have signed a contract with our finance people in New York to provide the funds necessary. . . ."
3. "We are receiving favorable counsel from the Geothermal Division of the Department of Energy . . . D.O.E. will be able to guarantee a percentage of the costs of developing installations. . . ."
4. "We have an outstandingly capable builder to help us with the building and construction of the sub-division."

February 5, 1988
Page 12

5. We have located equipment to test the Wells in Los Alamos.
6. "Our legal counsel has advised us that we should hold back on work on the wells at this time to avoid a challenge of the possibility of a compromise with the fee title holders."

Contra: Mr. Pomeroy is blatantly misleading the Commission when he states, "We have signed a contract with our finance people in New York to provide the funds necessary . . .". The contract Mr. Pomeroy references is an Investment Banking Service Agreement with Prudential Bache (Exhibit 34). However, Pru-Bache is not yet obligated to do anything under this contract. Even Pomeroy admits that, at this time, Pru-Bache does not have to come up with its own money to finance the project (Exhibit 32, p. 174, lns. 7-10, p. 174, lns. 16-17, p. 382, lns. 2-4). Mr. Pomeroy has merely discussed with Pru-Bache the possibility of marketing approximately \$150,000,000 worth of bonds (Exhibit 35, para. 5). However, Mr. Pomeroy artfully omitted to tell the Commission that before the bonds can be marketed, Mr. Pomeroy is obligated to secure \$150,000,000 of collateral and/or guarantees (Exhibit 35, para. 8). Pru-Bache is not obligated to, nor does it plan to, arrange any of this collateral, nor is it obligated nor does it plan to provide any of its own financing for any development (Exhibit 35, para. 10 and 13).

If Pomeroy is unable to secure the requisite collateral, Pru-Bache cannot and will not attempt to sell the bonds (Exhibit 35, para. 11). At this time, Pru-Bache does not believe Pomeroy has arranged the appropriate collateral (Exhibit 35, para. 9). Thus, the contract is totally contingent on Pomeroy securing \$150,000,000 in collateral. Before that time, Pru-Bache has no obligation under the contract.

Further, Mr. Pomeroy misrepresented to the Commission that the Department of Energy will be able to "guarantee a percentage of the cost of developing installations." Under oath, Pomeroy stated that he had contacted the Department of Energy and was informed that it had some money available for installation and development of geothermal energy (Exhibit 32, p. 387, lns. 12-25 and p. 388, lns. 1-12). However, no commitment or agreement has ever been reached between

February 5, 1988
Page 13

Pomeroy and the Department of Energy for anything, let alone an agreement to "guarantee" money. Mr. Pomeroy further stated that the Department of Energy was willing to "look at anything we bring back to them" (Exhibit 32, p. 388, lns. 8-9). Looking at a proposal is a far cry from guaranteeing funds.

Mr. Pomeroy further misled the Commission by his statement that "we have an outstandingly capable builder to help us with the building and construction of the sub-division." Pomeroy has contracted with no one to construct anything. Pomeroy, via Geothermal Synergy, has executed a contract with Gosnell Builders (Exhibit 36). However, this contract merely obligates Gosnell to prepare a proposal for the master planning and zoning (Exhibit 33, p. 6, ln. 25 and p. 7, ln. 1). Gosnell is not financially participating in the project and is not interested in any such arrangement (Exhibit 33, p. 27, lns. 19-23). The contract does not obligate Gosnell to do any construction, and Pomeroy has acknowledged that fact under oath (Exhibit 32, p. 248, lns. 2-25).

Lastly, Mr. Pomeroy's statement that he did not want to rework the wells to "avoid a challenge of the possibility of a compromise with the fee title holders" forcefully evidences Pomeroy's motives for not testing the wells: blackmailing the property owners. The fact that these uninspected, untested and possibly dangerous wells are a threat to the landowner is a reason to cap the wells, not to ignore them even longer.

Whatever Mr. Pomeroy's financial and legal problems are, such problems do not absolve the Commission of their responsibility to insure that the wells are safe and are not endangering the environment.

X. August 21, 1987 Minutes of Meeting (Exhibit 25).

1. Request another extension because of problems with title to the property.
2. Cam-Roy informed Commission of the quiet title action.
3. "There is a possibility of getting permission from the court to examine the conditions of the wells as they might have to be plugged."
4. Pomeroy has funds to plug.

February 5, 1988
Page 14

5. John Feegan of the Attorney General's office will look into the matter.
6. Pomeroy advised the Commission that "financing is in place."
7. Pomeroy advised the Commission that "adjacent property is being acquired."
8. Mr. Yabarra explained of possible corrosive problems if the wells remain unplugged.
9. NB, the motion: "THAT THE EXTENSION OF THE TEMPORARY ABANDONMENT BE FOR SIX MONTHS WITH A REQUEST THAT THE COURT ALLOW TESTING BEFORE WE CONSIDER FURTHER EXTENSION OF THE TEMPORARY ABANDONMENT."
10. Mr. Brennan is to contact the court or judge regarding the Commission's concerns for the testing.

Contra: The only "problem" with the title is that Pomeroy does not own it; however, Pomeroy has admitted that our clients are under no obligation, nor have they ever been, to sell the property to him (Exhibit 32, p. 240, ln. 5-6 and p. 243, lns. 20-22). The fact that a buyer cannot purchase something it wants from a seller who is not obligated to sell is not a consideration the Commission should look at when deciding whether to extend a Temporary Abandonment status. Similarly, the fact that litigation is in progress does not diminish the threat of environmental pollution from the wells. Such a threat must be the Commission's concern, not Cam-Roy's legal problems.

As stated above in paragraph "W," regarding the contract with Prudential Bache, the statement that "financing is in place" is totally false.

Although Mr. Pomeroy's statement that the "adjacent property is being acquired" may have been true at the time, it is not true now. The adjacent property, commonly known as the "Speakman" parcel was in escrow in 1987; however, no forfeitable earnest money was ever paid in by Cam-Roy (Exhibit 32, p. 183, lns. 13-25 and p. 184, lns. 1-10). In late December, 1987 the escrow terminated by its own terms and has not

February 5, 1988
Page 15

since been revived or extended (Exhibit 37). The Speakerman parcel is currently on the market for sale.

The Commission correctly acknowledged in these Minutes that a disastrous corrosive problem is possible around the wells. The Commission's concern that Pomeroy should be ordered to plug the wells and that no further extensions be granted are clearly merited.

The suggestion by Mr. Pomeroy of need to get permission from the Court to test the wells is misleading. The land owner has never raised any objection to Cam-Roy's conducting the tests required by the Commission, and Cam-Roy is and always has been free to do the testings.

Y. September 4, 1987 correspondence to Cam-Roy from Commission (Exhibit 26).

1. Approved six month extension.
2. Approval contingent on opening of the wells for testing and checking their physical condition.
3. NB: "Therefore this is your official notification that the Oil and Gas Conservation Commission requires inspection and testing of these two wells by opening them and running tests of the mechanical integrity of the casing and well heads."

Contra: The wells have not been opened, thus the extension must be denied and Cam-Roy must be forced to plug the wells before the environment is further endangered.

Z. December 21, 1987 correspondence to Commission from Cam-Roy (Exhibit 27).

1. Designates companies contacted regarding testing mechanical integrity of casing and well heads.
2. Cannot use equipment from Los Alamos.
3. Lawsuit has taken all of Cam-Roy's time and resources. The lawsuit could be settled before March 1988, by summary judgment or proposed purchased "which we have recently submitted to our legal counsel."

February 5, 1988
Page 16

4. "... are sure the legal questions will be resolved in March at the latest."

Contra: In addition to the facts already stated, the fact that Cam-Roy's time and resources have been consumed with a lawsuit does not justify the possible endangerment to the environment from 15-year-old, corroding wells.

The alleged proposed purchase which Pomeroy states was submitted to his counsel in December, 1987, has never been presented to the landowner.

The landowner objects to any further extension of the Temporary Abandonment based on Cam-Roy's speculation about what the landowner may do or want in the future. The landowner can speak for itself. The landowner wants these environmental and public safety hazards on its property eliminated immediately.

We look forward to meeting with you again to discuss this matter on Friday, February 19, 1988, at 10:00 a.m. If you have any questions or would like to discuss any of these matters before that time, please do not hesitate to call me. Thank you.

Very truly yours,


Mark A. Monserez

Enclosures

cc: Logan T. Johnston, III
Sheldon Muller

47.MM_GILB.84

MEMORANDUM

To: R.J. Pomeroy
From: Ron Turner

Date: 1/29/88

PROJECT: Power Ranch Geothermal Wells

SUBJECT: Environmental Impact of the Wells

It would seem that, given our sincere intentions to develop these wells as soon as the pending lawsuit is settled, the prime concern of the Commission would be for protection of the environment. The following paragraphs present data which clearly demonstrate that there has been no adverse environmental impact as a result of these two geothermal wells.

Located within one-quarter mile of the geothermal wells is an irrigation well (#(D-2-6)1 dda) which is monitored regularly by the State of Arizona Department of Natural Resources. That well was drilled to a total depth of 802 feet and is perforated from 350 to 785 feet. The most recent static water level measured in that well is 273 feet below ground surface. The Power Ranch geothermal wells were drilled to depths of 9,207 feet and 10,464 feet and are perforated below 6,000 feet. The static water level of the aquifer tapped by the geothermal wells was measured at 570 feet below ground surface in January of 1988. The gross difference in static water levels of the two aquifers indicates that there is no hydraulic communication between the two aquifers. The Department of Water Resources is now monitoring the water level in Power well #1 on a semi-annual schedule. Any change in the hydraulic separation of the two aquifers would be readily noted by this water level monitoring.

The aquifer tapped by the irrigation well consists of alluvial, basin-fill material (i.e. sand, gravel and clay). The deep aquifer tapped by the geothermal wells is composed of dacite (the Superstition volcanic complex). These two aquifers are separated by 5,000 feet of sandstone, siltstone, claystone and evaporite beds. In the geothermal wells the entire annular space between the outside of the casing and the borehole walls, from 6,000 feet up to the surface, is cemented. Additionally, the upper 3,117 feet in Power well #1 and the upper 2,704 feet in Power well #2 has both 20-inch diameter and 13 3/8-inch diameter casing cemented into place, therefore providing double protection for the shallow aquifer that occurs in the upper 1,200 to 1,500 feet in this area.

In addition to static water levels, the Department of Water Resources has also monitored the specific conductance and fluoride content of the nearby irrigation well. Their latest publication (Hydrologic Map Series Report No. 12, 1986) reports a specific conductance of 1130 umhos/cm which indicates a total dissolved solids content of approximately 790 mg/l for the water from this well. It also reports a fluoride content of 0.5 mg/l. Both of these constituent values are within the limits set by the U.S. Environmental Protection Agency for drinking water quality. Earlier testing in the two geothermal wells indicated a specific conductance of the geothermal fluids to be about 30,000 umhos/cm which indicates a total dissolved solids content of about 21,000 mg/l. The gross differences in the water quality again demonstrate the hydraulic separation of the two aquifers. In addition, the excellent quality of the shallow aquifer indicates that it has not been contaminated by the geothermal fluids of the deep aquifer.

Since there has been no adverse environmental impacts in the 15 years that the wells have existed it seems very unlikely that any environmental damage will occur in the very near future. If testing of the integrity of the casing was conducted at this time and it was found that there was excessive corrosion or other damage to the casing those problems could be addressed in six months or a year just as effectively as they could now. In fact, if any such problems do exist, they are not necessarily insurmountable nor would that preclude the refurbishing of those wells.

CAM-ROY RESEARCH CORPORATION
P.O. Box 893, Chandler, Arizona 85224, 602/963-1773

RECEIVED
DEC 21 1987

O & G COM. DIV.

December 21, 1987

Mr. Daniel J. Brennan
Executive Director
Oil and Gas Commission
State of Arizona
3110 N. 19th Avenue, Suite 190
Phoenix, Arizona 85015

SUBJECT: Extension of the Period of Temporary Abandonment of Two Geothermal Wells.

Dear Mr. Brennan:

At the meeting of the Oil and Gas Conservation Commission on August 21, 1987, the Commission granted a six month extension of the period of temporary abandonment for the geothermal wells identified as:

GKI Power Ranch #1 NE SE Sec. 1, T2S-R6E

GKI Power Ranch #2 NE SE Sec. 1, T2S-R6E

The extension was made contingent upon opening of these two wells and running tests of the mechanical integrity of the casings and well heads.

Since the extension was granted Mr. Ron Turner, our Hydrogeologist, has contacted the following service companies to inquire into their techniques, costs and availability:

- The Dia-log Company, Taft, California, Mr. Jim Kurtz
- Schlumberger Wireline Services, Farmington, New Mexico, Mr. Ray Dickes
- Dresser-Atlas, Bakersfield, California, Mr. Bob Dunker

Based on the respective technique, cost and availability we tentatively plan on employing the services of Schlumberger Wireline Services. Once we give them the notice-to-proceed they will be on site within one or two days to run a gage tool to the bottom of each well. We had previously mentioned that we would be using equipment from Los Alamos National Laboratory but subsequently were informed that that equipment was being used outside the country.

We have also contacted Mr. Gary Ullinsky of the Arizona Department of Environmental Quality. He indicated that there would be no permit required in connection with the well inspection work if it is carried out before June of 1988. If

we were to discharge into a stream, canal or flood control channel an NPDES permit would be required. However, that sort of discharge will not be required for this phase of well testing.

The well testing has not been conducted to date, per advice from our legal counsel, due to the impending litigation over the geothermal rights in the vicinity of the wells, brought against us by the land speculators presently attempting to invalidate our lease. These speculators are testing the validity of the leases which we acquired from Geothermal Kinetics Inc. (GKI), even though GKI has no doubt as to the validity of the lease. Not only has this litigation clouded the lease but it has taken all of our time and resources. The trial date for this suit is set for March, 1988, but we feel that the issue will be settled before that date either by summary judgement or by a proposed purchase of the land which we have recently submitted to our legal counsel.

Because of the reasons mentioned above we must ask the Oil & Gas Commission for an additional extension of the temporary abandonment of the subject wells. We understand and share your concern for the status and physical condition of these wells and are sure that the legal questions will be resolved by March, 1988, at the latest. Once the legal problems are resolved then we will be immediately proceeding with the reworking of the wells and the development of this geothermal energy resource which we feel is of the utmost importance to the State of Arizona.

We sincerely thank the Commission members and Oil and Gas personnel for their assistance, patience and understanding in this matter.

Sincerely,


R.J. Pomeroy
Chairman



Oil and Gas Conservation Commission
STATE OF ARIZONA

3110 N. 19th AVENUE, SUITE 190
PHOENIX, ARIZONA 85015
PHONE: (602) 255-5161

September 4, 1987

Mr. R. J. Pomeroy
Cam-Roy Research and
Development Corporation
P. O. Box 893
Chandler, AZ 85224

Dear Mr. Pomeroy:

At the meeting of the Oil and Gas Conservation Commission on August 21, 1987, the Commission approved a six-month extension of the period of temporary abandonment for the wells identified as:

GKI Power Ranch #1 NE SE Sec. 1, T25N-R6E

GKI Power Ranch #2 SE NE Sec. 1, T25N-R6E

The approval of the extension was made contingent upon opening of these two wells and testing their potential for producing energy and their physical conditions.

Therefore this is your official notification that the Oil and Gas Conservation Commission requires inspection and testing of these two wells by opening them and running tests of the mechanical integrity of the casings and well heads.

Reports on the tests of the two wells must be submitted to the Commission within 20 days after the completion of the test.

Any brine produced during the tests must be saved and disposed of in a manner subject to prior approval of the Commission in accordance with Rules 12-7-245 and 12-7-246. You will notice that any plan to dispose of well effluents requires prior approval of the Commission.

Mr. R. J. Pomeroy

September 4, 1987
Page -2 -

We further advise you that any water produced may be subject to Rules promulgated by the Arizona Department of Environmental Quality.

Any requests for continuation of the temporary abandonment period must be received at least three weeks prior to a scheduled Commission meeting so that it can be placed on the agenda. The next Commission meeting is tentatively scheduled to occur between October 15 and 23, 1987. The next succeeding meeting may be held about December 18, 1987.

Sincerely,



Daniel J. Brennan
Executive Director

/kb



Oil and Gas Conservation Commission
STATE OF ARIZONA
3110 N. 19th AVENUE, SUITE 190
PHOENIX, ARIZONA 85015
PHONE: (602) 255-5161

July 1, 1987

Auditor General
2700 North Central Avenue, Suite 700
Phoenix, AZ 85004

Attention Mr. Randy Gizowski

Gentlemen:

At the request of Mr. Randy Gizowski, enclosed are copies of two Certificates of Deposit for Cam-Roy Research Corporation in the amount of \$5,000.00 each. The serial numbers of the Certificates are 2506289 and 2506290 respectively.

These Certificates were deposited on March 3, 1987 in the State Treasurer's Office for safekeeping. They relate to our Permits 605 and 611 as a performance bond.

If we may be of further assistance, please contact us.

Sincerely,

Katie Barnes
Katie Barnes
Administrative Assistant

/kb

Enclosures



CAM-ROY RESEARCH CORPORATION

P.O. Box 893 • Chandler, AZ 85225 • (602) 963-1773

June 22, 1987

Mr. Daniel J. Brennan
Executive Director
Oil & Gas Conservation Commission
Suite 190
3110 N. 19th Avenue
Phoenix, Arizona 85015

Dear Mr. Brennan:

We must ask the Oil & Gas Commission for an extension of the temporary abandonment of the Powers' geothermal wells near Higley, Arizona. We feel we have accomplishments the past year that merits this extension. The most notable of these are:

- (1) We have settled the problem of the ownership of the mineral rights with Geothermal Kinetics, Inc. and have in place with the office of the Oil & Gas Commission certificates of deposits for the bonds as required by Arizona law.
- (2) We have signed a contract with our finance people in New York to provide the funds necessary for the integrated development of the real estate and geothermal wells.
- (3) We are receiving favorable council from the Geothermal Division of the Department of Energy in Washington, D. C. and feel that with qualified recognition from the Oil & Gas Commission as the duly authorized state agency, D. O. E. will be able to guarantee a percentage of the cost of developing installations for the use of geothermal energy.
- (4) We have an outstandingly capable builder to help us with the building and construction of the subdivision. This was one of the requirements needed to satisfy our financial people.
- (5) We have an approved local firm to verify the feasibility of our own study, also a requirement of our financing. This firm has a man well qualified in geothermal economics having been the project manager of the research done on the Hot Rock Method at Los Alamos, New Mexico.

*Well
Files*

Permit 611

(6) We are also informed that Los Alamos has technical instruments and equipment that will be available to us on loan and which were invented by engineers on that project. We are advised that this sophisticated equipment can help determine exactly what must be done to put the Power wells into production.

Our legal counsel has advised us that we should hold back on work on the wells at this time to avoid a challenge of the possibility of a compromise with the fee title holders.

Please accept our appreciation for your timely assistance and for the understanding and trust extended to this company by the Commission members.

Sincerely yours,


R. J. Pomeroy
Chairman

RJP/csp

ALLEN, KIMERER & LAVELLE
LAWYERS

2715 NORTH THIRD STREET
PHOENIX, ARIZONA 85004-1190
602-279-5900

ROBERT H. ALLEN
GARY DAVIDSON
JAMES S. FAGERBERG
RICHARD B. HOOD
MICHAEL D. KIMERER
RUSSELL A. KOLSRUD*
RANDALL J. KRIES
MICHAEL J. LAVELLE
SARAH MCGIFFERT
LINN J. PLOUS
J. STEVEN ROLLINGS
JEFFREY R. SIMMONS
GARTH V. SMITH
SUZANNE K. TICKNOR

PA PROFESSIONAL CORPORATION

APR 20 1987
JOHN A. HENRY*
LOUIS MCLENNEN*
JOHN V. FELS*
THOMAS A. LATTA*
COUNSEL

TELECOPY 264-5566

April 17, 1987

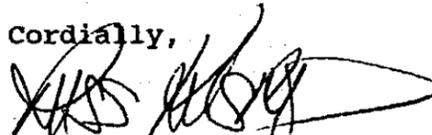
Dr. Daniel J. Brennan
Director
Oil and Gas Commission
3110 North 19th Avenue
Suite 190
Phoenix, Arizona 85015

Re: Cam-Roy Research & Development Corporation

Dear Mr. Brennan:

Enclosed for your files are copies of the recorded documents transferring title to Cam-Roy Research Corporation. If you have any questions or need any further information in this regard do not hesitate to contact me.

Cordially,


Russell A. Kolsrud

RAK:sg

Enclosure

cc: R. J. Camroy

ALLEN, KIMERER & LAVELLE
LAWYERS

2715 NORTH THIRD STREET
PHOENIX, ARIZONA 85004-1190
602-279-5900

April 17, 1987

APR 20 1987

JOHN A. HENRY*
LOUIS McCLENNEN*
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JEFFREY R. SIMMONS
GARTH V. SMITH
SUZANNE K. TICKNOR

BA PROFESSIONAL CORPORATION

CERTIFIED MAIL

Mr. Gary D. Davidson
2920 North Seventh Street
Suite 4
Phoenix, Arizona 85014

Re: Cam-Roy Research Corporation

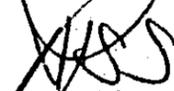
Dear Gary:

Enclosed you will find a copy of a Contract for the sale of Geothermal Resources. In addition, the Cam-Roy Research Corporation, the present Lessee, is also in the process of re-working the two existing Geothermal wells. As you know, the Lease presently owned by Cam-Roy Research shall be extended so long as a contract for the sale of Geothermal Resources has been negotiated and executed. You are hereby formally notified that the Lease is being extended for this reason as well as the fact that the wells will be re-worked.

The present time table indicates that it will take approximately twenty to twenty-four months to re-work the well as well as construct appropriate generating facilities. We will keep you advised.

If you have any questions, do not hesitate to contact us.

Cordially,



Russell A. Kolsrud

RAK:sg

cc: R. J. Pomeroy
Oil and Gas Commission

ALLEN, KIMERER & LAVELLE
LAWYERS

2715 NORTH THIRD STREET
PHOENIX, ARIZONA 85004-1190
602-279-5900

April 17, 1987

APR 20 1987
JOHN A. HENRY*
LOUIS MCLENNEN*
JOHN V. FELS*
THOMAS A. LATTA*
COUNSEL

TELECOPY 264-5566

CERTIFIED MAIL

ROBERT H. ALLEN
GARY DAVIDSON
JAMES S. FAGERBERG
RICHARD B. HOOD
MICHAEL D. KIMERER
RUSSELL A. KOLSRUD*
RANDALL J. KRIS
MICHAEL J. LAVELLE
SARAH McGIFFERT
LINN J. PLOUS
J. STEVEN ROLLINGS
JEFFREY R. SIMMONS
GARTH V. SMITH
SUZANNE K. TICKNOR

PA PROFESSIONAL CORPORATION

Power Ranches, Inc.
21826 South Power Road
Higley, Arizona 85236

Dear Mr. Powers:

Enclosed you will find a copy of a Contract for the sale of Geothermal Resources. In addition, the Cam-Roy Research Corporation, the present Lessee, is also in the process of re-working the two existing Geothermal wells. As you know, the Lease presently owned by Cam-Roy Research shall be extended so long as a contract for the sale of Geothermal Resources has been negotiated and executed. You are hereby formally notified that the Lease is being extended for this reason as well as the fact that the wells will be re-worked.

The present time table indicates that it will take approximately twenty to twenty-four months to re-work the well as well as construct appropriate generating facilities. We will keep you advised.

If you have any questions, do not hesitate to contact us.

Cordially,


Russell A. Kolsrud

RAK:sg

cc: R. J. Pomeroy
Oil and Gas Commission

ORGANIZATION REPORT

MAR 10 1987

Full Name of the Company, Organization, or Individual
Cam-Roy Research & Development Corporation

Post Office Address (Box or Street Address)
P. O. Box 893, Chandler, Arizona 85224

Plan of Organization (State whether organization is a corporation, joint stock association, firm or partnership, or individual)
Corporation (Arizona and Nevada)

Purpose of Organization (State type of business in which engaged)
Geothermal and Real Estate Development

If a reorganization, give name and address of previous organization.

If a foreign corporation, give (1) State where incorporated	(2) Name and post office address of state agent	(3) Date of permit to do business in state
Nevada	C. S. Pomeroy 589 N. Colorado Street Chandler, AZ 85224	June 23, 1983
Principal Officers or Partners (if partnership) NAME	TITLE	POST OFFICE ADDRESS
Ralph Pomeroy	President	P.O. Box 893 Chandler, AZ 85225
John H. Saxman	Executive Vice Pres.	P.O. Box 893 Chandler, AZ 85225

DIRECTORS NAME	POST OFFICE ADDRESS
R. J. Pomeroy, Chairman of Board	P.O. Box 893, Chandler, AZ 85225
Ralph Pomeroy	P.O. Box 893, Chandler, AZ 85225
Neil Pomeroy	P.O. Box 893, Chandler, AZ 85225

CERTIFICATE: I, the undersigned, under the penalty of perjury, state that I am the President of the Cam-Roy Research & Development Corp. (company), and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

Ralph Pomeroy
Signature

March 9, 1987
Date

STATE OF ARIZONA
OIL & GAS CONSERVATION COMMISSION
 Organization Report
 File One Copy
 Form No. 1



Oil and Gas Conservation Commission

STATE OF ARIZONA

3110 N. 19th AVENUE, SUITE 190

PHOENIX, ARIZONA 85015

PHONE: (602) 255-5161

March 5, 1987

Mr. James W. Dorsett
Transamerica Title Insurance Company
2346 North Central Avenue
Phoenix, AZ 85004

Re: GKI/Cam-Roy
Your Escrow No. 06027080-1

Dear Mr. Dorsett:

These escrow instructions are submitted to you on behalf of the State of Arizona Oil and Gas Conservation Commission (the "Commission").

Enclosed are originals of two letters which have been executed by the Commission. You are authorized to forward said letters to:

Geothermal Kinetics, Inc.
c/o Mary Lu Everett, Esq.
Marron, Reid & Sheehy
601 California Street, Suite 1200
San Francisco, CA 94108-2896

when and only when the following have occurred:

- a. The interests of Geothermal Kinetics, Inc. ("GKI") and Geo Exploration Co. in GKI Power Ranch Well #1 and GKI Power Ranch Well #2 have been transferred of record to Cam-Roy Research Corporation, a Nevada corporation ("Cam-Roy"), and;
- b. I have confirmed to you by telephone that Cam-Roy has assumed all obligations of GKI and Geo Exploration with respect to the above wells.

In the event escrow does not close on or before June 10, 1987, the enclosed documents shall be immediately returned to me.

Mr. James W. Dorsett

March 5, 1987
Page - 2 -

Please acknowledge your acceptance and approval of the foregoing by signing and returning to me the enclosed duplicate of this letter.

Very truly yours,

State of Arizona Oil and Gas
Conservation Commission
3110 N. 19th Avenue, Ste. 190
Phoenix, AZ 85015

By: *Daniel J. Brennan*
Daniel J. Brennan
Executive Director

Enc.

The undersigned acknowledges the receipt of the within escrow instructions and agrees to proceed in strict accordance therewith.

Transamerica Title Insurance Company

By: *Constance A. Waix for Jim W. Dorsett*

Its: _____

Date: March 6, 1987



Oil and Gas Conservation Commission

STATE OF ARIZONA

3110 N. 19th AVENUE, SUITE 190

PHOENIX, ARIZONA 85015

PHONE: (602) 255-5161

March 5, 1987

Geothermal Kinetics, Inc.
Geo Exploration Co.
1231 Bluejay Court
Concord, CA 94521

Re: Geothermal Wells - Power Ranch
Chandler, Arizona

Gentlemen:

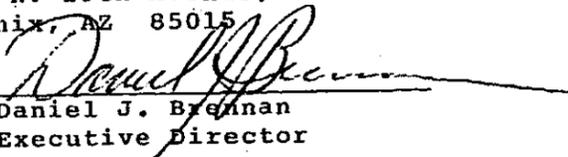
By this letter the State of Arizona Oil and Gas Conservation Commission (the "Commission") hereby approves the transfer to Cam-Roy Research Corporation, a Nevada corporation, of your respective interests, direct or indirect, in the geothermal wells commonly referred to as GKI Power Ranch #1 and Power Ranch #2 in Chandler, Arizona, and more particularly described in drilling permits Nos. 605 and 611 which were issued by the Commission.

The Commission further releases Geothermal Kinetics, Inc., Geo Exploration Co., and their affiliates from any and all obligations with respect to the wells including the obligation to plug and abandon GKI Power Ranch #1 and/or GKI Power Ranch #2.

Very truly yours,

State of Arizona Oil and Gas
Conservation Commission
3110 N. 19th Avenue, Ste. 190
Phoenix, AZ 85015

By:


Daniel J. Brennan
Executive Director



Oil and Gas Conservation Commission
STATE OF ARIZONA
3110 N. 19th AVENUE, SUITE 190
PHOENIX, ARIZONA 85015
PHONE: (602) 255-5161

March 5, 1987

United Pacific-Reliance Insurance Company
Anchor Centre One
Camelback at 22nd Street, Suite 421
Phoenix, AZ 85016

Re: Your Account No. 65-9999

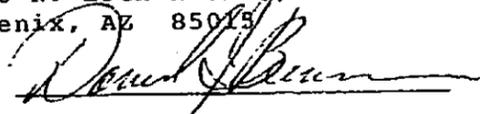
Gentlemen:

This letter authorizes you to release the following bonds:

1. Bond No. B720772 in the amount of \$5,000.00 for Power Ranch Well #1;
2. Bond No. B721028 in the amount of \$5,000.00 for Power Ranch #2.

Very truly yours,

State of Arizona Oil and Gas
Conservation Commission
3110 N. 19th Avenue, Ste. 190
Phoenix, AZ 85015

By: 

Its: Executive Director

Well No. 2

SECURITIES SAFEKEEPING
1700 WEST WASHINGTON ST. - PHOENIX, ARIZONA 85007

DATE: MARCH 3, 1987

STATE AGENCY NO. 104

STATE AGENCY Arizona Oil & Gas Commissioner
COMPANY Cam- Roy Research Corp.
Post Office Box 893
Chandler, Az. 85224

State Treasurer's Use Only

DOMESTIC FOREIGN

DEPOSIT

C.D. NO.: 2506290

BANK: First Interstate Bank
Branch No. 0147

MATURITY DATE: 12/18/87

INTEREST RATE: 5.9 %

AMOUNT \$ 5,000.00

C.D. ASSIGNMENT MUST BE ATTACHED UNLESS C.D. IS PAYABLE TO STATE TREASURER

RELEASE

C.D. NO.:

BANK:

MATURITY DATE:

INTEREST RATE: %

AMOUNT \$

STATE TREASURER VALIDATION NO. _____

RECEIVED
STATE TREASURER
MAR 3 4 24 PM '87

RECEIVED THE ABOVE RELEASE		STATE AGENCY AUTHORIZATION	
BY _____		BY <u>Katie Barnes</u>	
Authorized Signature	Date	Authorized Signature	
Bank or Firm		STATE TREASURER AUTHORIZATION	
BY _____		BY <u>Roy Stankov</u>	
Authorized Signature		Authorized Signature	
FOR BANK USE ONLY		BANK AUTHORIZATION	
BY _____		BY _____	
Checked by	Verified by	Authorized Signature	
		STATE'S DEPOSITORY BANK	

R-145A (11-84)

Bank 011	Office No. 0147	Type 010	NON-TRANSFERABLE TIME CERTIFICATE OF DEPOSIT (Continuous - No Renewal Necessary)		No. 2506290
Customer Number 1470-20719			Effective Date 12-18-86	Term 1	Redemption Value

*****CAM-ROY RESEARCH CORP.***** HAS DEPOSITED IN THIS BANK NOT SUBJECT TO CHECK

The First 5,000 **dollars** 00cts DOLLARS \$ **5,000.00** *****

PAYABLE TO **ARIZONA OIL and GAS COMMISSIONER*******
 IN CURRENT FUNDS UPON MATURITY AS HEREAFTER SPECIFIED AND UPON PRESENTATION AND SURRENDER OF THIS CERTIFICATE PROPERLY ENDORSED

SAID DEPOSITS EARN INTEREST AT THE RATE OF **5.90** PERCENT PER ANNUM FOR **One Year******* TERM
 FROM THE DATE HEREOF UNTIL ULTIMATE MATURITY, SUCH INTEREST TO BE PAYABLE **monthly into #1470-06342**

First Interstate Bank of Arizona, N.A. Authorized Signature *M. Stone*

Customer Copy

⑈ 2506290 ⑈ ⑆ 59991800 ⑆

R-145A (11-84)

Bank 011	Office No. 0147	Type 010	NON-TRANSFERABLE TIME CERTIFICATE OF DEPOSIT (Continuous - No Renewal Necessary)		No. 2506289
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PAYABLE TO **ARIZONA OIL and GAS COMMISSIONER*******
 IN CURRENT FUNDS UPON MATURITY AS HEREAFTER SPECIFIED AND UPON PRESENTATION AND SURRENDER OF THIS CERTIFICATE PROPERLY ENDORSED

SAID DEPOSITS EARN INTEREST AT THE RATE OF **5.90** PERCENT PER ANNUM FOR **One Year******* TERM
 FROM THE DATE HEREOF UNTIL ULTIMATE MATURITY, SUCH INTEREST TO BE PAYABLE **Monthly into #1470-06342**

First Interstate Bank of Arizona, N.A. Authorized Signature *M. Stone*

Customer Copy

⑈ 2506289 ⑈ ⑆ 59991800 ⑆

**CAM-ROY RESEARCH
& DEVELOPMENT
CORPORATION**

P.O. Box 893 Chandler, Arizona 85224

(602) 963-1773

July 9, 1986

The Oil & Gas Commission, State of Arizona
% Mr. Daniel J. Brennan, Director
1645 West Jefferson, Suite 420
Phoenix, Arizona

Honorable Members of the Commission:

Request is hereby made to the Oil & Gas Commission for an extension of the temporary abandonment of the geothermal Power's Wells 1 and 2 for an additional six month period.

This corporation is credited with having developed an unusual but entirely feasible financial method to develop the Chandler-Higley Geothermal Basin. In order to reach this point, this company has had to literally wade through regulatory problems and preconceived notions that the potential stability of geothermal energy was a risk unlikely to be financeable. Local reports of energy overabundance has been one of the more formidable problems also. The productive costs of electrical energy by nuclear methodology versus alternative possibilities of which geothermal production seems to have drawn the most skepticism for stability than all others, has finally reached a point where reliable technology can debunk that flawed notion. Recognition of this late development by the financial powers is a welcome relief that should encourage geothermal operations in this state.

The Power's wells being situated within the most prominently known geothermal basin in the state, should remain open to development if for no other reason than that Well # 2, according to our studies, can be put into production without excessive drilling time and costs. While the investment climate has improved, it would seem that the Power's wells already drilled would be an advantage that should not be discarded at this point in time.

This firm will pledge to continue the most expeditious efforts to justify the commission's favorable ruling for a continuance of the temporary abandonment as requested.

Sincerely,


R. J. Pomeroy
Chairman

RJP/csp



OFFICE OF
Oil and Gas Conservation Commission
STATE OF ARIZONA
1645 WEST JEFFERSON, SUITE 420
PHOENIX, ARIZONA 85007
PHONE: (602) 255-5161

June 20, 1986

Ms. Mary Wise
United Pacific-
Reliance Insurance Co.
P. O. Box 16025
Phoenix, AZ 85011

RE: Geothermal Kinetics, Inc.
Bond No.'s B72 07 72 and
B72 10 28
Maricopa County

RECEIVED
3-5-87

Dear Ms. Wise:

This letter is to acknowledge receipt of your Cancellation Notice on subject bonds.

The Commission cannot authorize release of the bonds until the wells are plugged and abandoned in full compliance with Arizona Statutes and Rules and Regulations or until replaced by other valid bonds.

If you have any questions pertaining to this matter, please call.

Sincerely,

R. A. Ybarra
R. A. Ybarra
Enforcement Director

/kb

RELIANCE INSURANCE COMPANY

HEAD OFFICE, PHILADELPHIA, PENNSYLVANIA

UNITED PACIFIC-RELIANCE INS. CO.
P. O. BOX 16025 (602)957-3886
PHOENIX ARIZ 85018

RECEIVED
JUN 20 1986

O & G CONS. COMM.

PLS. ACKNOWLEDGE OUR NOTICE OF CANCELLATION
BY SIGNING AND DATING THIS COPY AND RETURNING
IT TO OUR OFFICE. THANK YOU.

Mr. Enbaro
State of Arizona
Oil and Gas Conservation Commission
1645 W. Jefferson
Phoenix, Arizona 85007
Certified Mail #P178 914 422

CANCELLED

DATE 3-5-87

Bond No.'s B 72 07 72 and B 72 10 28
Principal Geothermal Kinetics, Inc.

You are hereby notified that the captioned bond, effective on or about 12-12-72 and 05-03-73 and executed by RELIANCE INSURANCE COMPANY, as surety, on behalf of Geothermal Kinetics, Inc. described as Maricopa County, AZ and Power Ranch #2 1980 ft from No. line 660 ft from West e is hereby canceled effective 7-18-86, or if such specified date does not provide a sufficient number of days notice, as required, then upon the earliest date permitted.

The issuance of this Cancellation Notice shall not, however, operate to extend the effective date of cancellation, if such bond has been canceled upon an earlier date under the conditions and provisions of said bond.

RELIANCE INSURANCE COMPANY shall not be responsible thereunder for any acts or defaults committed or loss occurring after the effective date of cancellation, nor for any losses not discovered in accordance with the provisions of such bond.

Yours very truly,

RELIANCE INSURANCE COMPANY

By Mary Wise
Mary Wise Attorney-in-Fact

**CAM-ROY RESEARCH
& DEVELOPMENT
CORPORATION**

P.O. Box 893 Chandler, Arizona 85224

(602) 963-1773

June 13, 1985

RECEIVED

JUN 13 1985

O & G CONS. COMM.

Oil & Gas Commission
State of Arizona
1645 W. Jefferson
Phoenix, Arizona 85007

Gentlemen:

A culmination of circumstances beyond our control has consumed six months of valuable time needed for our proposed development of the Powers geothermal wells.

Major among these circumstances was the sale of the Power ranch to a syndicated group of buyers. Upon learning that the property was subject to a mineral lease to Geothermal Kinetics of San Francisco and that the wells had been assigned to my company, Cam-Roy Research & Development Corporation, by GKI, they set in motion two eventualities: the first, to purchase the lease and the wells, and secondly, when the lease purchase was not successful, they sought to have the lease declared invalid. This claim was supported by a reputable out of state legal firm experienced in oil and gas law.

Our own legal counsel concluded that from a legal standpoint we had a good chance of winning in a legal battle, but the timing of such an action for all practical purposes could not be tolerated insofar as our future financing for development of the wells. In addition to the claim of the lease being invalid, the purchasers informed my company that they preferred the wells be permanently abandoned.

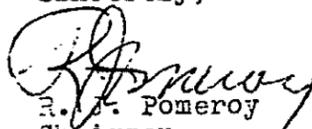
Fortunately we were able to maintain dialogue with the purchasing syndicate and they have indicated an acceptance of a proposal we made to them to purchase the land where the wells are situated and an additional acreage necessary for an economic development of the wells.

We received their indicated acceptance by telephone just this week on June 11. Technically our scheduled finance expired on June 1, of this year. We are sure it can be re-instated and that we can proceed with the development of the geothermal anomaly of the Higley area.

We have an offer for the purchase of all the electrical energy we can produce at a marketable price to sustain a profitable enterprise. We also have a proposed operational contract from a specialist in the field of geothermal electrical generation. With this phase of the project in qualified hands, our company is free to develop the cascading uses of the residue heat in industries compatible to the further development of the general area of the wells.

We therefore request an extension of the temporary abandonment of the wells for a six months period to January 1, 1966.

Sincerely,


R. A. Pomeroy
Chairman

RJP/esp

**CAM-ROY RESEARCH
& DEVELOPMENT
CORPORATION**

P.O. Box 893 Chandler, Arizona 85224

(602) 963-1773

RECEIVED

MAY 22 1984

O & G CONS. COMM.

May 18, 1984

Mr. James Kuwada
Vice President, Engineering
3 Embarcadero Center, Suite 2045
San Francisco, Calif., 94111

Dear Mr. Kuwada:

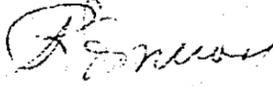
As discussed with you by telephone this morning, I am enclosing a draft of a proposed letter to be sent to this corporation. This draft was prepared by counsel, Richard Skousen, attorney for Cam-Roy Research and Development Corporation. In the event Mr. John Salmanowitz feels that he would prefer to discuss the matter further with Mr. Skousen, his telephone number is 602-833-8800.

As soon as this instrument is received, we will post bond with the Oil & Gas Commission with the State of Arizona, at which time they will notify GKI's bonding firm that they are releasing the GKI bond and will notify Mr. Bannister that GKI is no longer responsible for the Power wells # 1 and 2.

As I mentioned on the telephone, the permanent financing is available for the project we contemplate and in the next few weeks we must finalize the conceptual details for sub-dividing the land and projecting the consumption of the energy produced by the Power wells.

I appreciate your thoughtfulness in mentioning the project to DMJM.

Sincerely yours,



R. J. Pomeroy
Chairman

RJP/csp

cc: Mr. O'Donnell
Mr. Doss

(602) 963-1773

Geothermal Synergy Corporation

R. J. POMEROY
Chairman of the Board

P.O. Box 893
Chandler, AZ 85224



OFFICE OF
Oil and Gas Conservation Commission
STATE OF ARIZONA
1645 WEST JEFFERSON, SUITE 420
PHOENIX, ARIZONA 85007
PHONE: (602) 255-6161

May 16, 1984

Mr. John Bannister
Vice-President, Production
Geothermal Kinetics, Inc.
Suite 211, Building A
2300 County Center Drive
Santa Rosa, California 95401

RE: GKI POWER RANCH WELLS

Dear John:

This is to acknowledge receipt of your letter of May 9, 1984 pertaining to the above-captioned wells.

Mr. Pomeroy has just left the office and said that he was going to San Francisco to get GKI to sign a document releasing Cam-Roy Research from the provisions of Paragraph 7 in the Sales Agreement between your two companies. He indicated that it pertained to a \$100,000.00 bond requirement. He also indicated that when GKI signs the release, he will phone his son to bring two \$5,000.00 bonds to this Commission which will allow us to give you the release from all obligations.

If there is any hitch in your meeting with Mr. Pomeroy, please advise.

Sincerely,


A. K. Doss
Executive Director

/kb

RECEIVED
MAY 14 1984
O & G CONS. COMM.

May 9, 1984

Mr. A.K. Doss
Executive Director
Office of Oil & Gas Conservation Commission
State of Arizona
1645 West Jefferson, Suite 420
Phoenix, Arizona 85007

RE: GKI POWER RANCH WELLS

Dear A.K.:

You have indicated that you would send me a letter wherein the Commission recognizes that GKI has fulfilled its obligation to you as to the captioned wells.

It is my understanding that Cam-Roy Research Corporation has fulfilled the necessary requirements to release GKI from the necessity of any further action.

I would appreciate receiving such a letter so that we may clear our records.

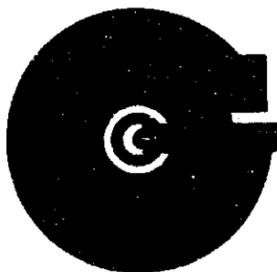
Sincerely,

John

John Bannister
Vice President, Production

JB:hd

cc: James Kuwada



GEOTHERMAL KINETICS INC.
2300 COUNTY CENTER DR. • STE. 211, BLDG. A • SANTA ROSA, CA 95401 • PHONE (707) 523-3200

**CAM-ROY RESEARCH
& DEVELOPMENT
CORPORATION**

P.O. Box 893 Chandler, Arizona 85224
(602) 963-1773

RECEIVED

MAR 30 1984

O & G CONS. COMM.

March 22, 1984

A.K. Doss
Executive Director
Office of Oil and Gas Conservation Commission
State of Arizona
1645 W. Jefferson, Suite 420
Phoenix, Arizona 85007

Re: GKI Powers Ranch #1, Permit #605
GKI Powers Ranch #2, Permit #611

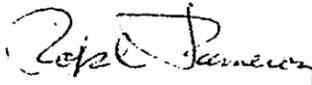
Dear Mr. Doss:

As required by ARS 27-506, we hereby notify you that on March 9, 1984, Geothermal Kenetics, Inc. assigned, transferred and conveyed all of its right, title and interest in and to the above referenced wells to our company Cam-Roy Research and Development Company, P. O. Box 893, Chandler, Arizona 85224.

The number 1 well is located in the Northeast quarter of the Southeast quarter of Section 1, Township 2 South, Range 6 East of the Gila and Salt River base meridian. Well number 2 is located in the Southeast quarter of the Northeast quarter of Section 1, Township 2 South, Range 6 East of th Gila and Salt River base meridian.

In accordance with this notice, the notice from Geothermal Kenetics, Inc., dated March 13, 1984 and our posting of the required bond, I assume that GKI will be released from all responsibility for these wells and their posted bonds related thereto will be released in accordance with Administrative Rules and Regulations R12-7-203.

Sincerely,



Ralph J. Pomeroy
President

RJP/dp
cc: Mike O'Donnell

OK

*463-1773
987-3797
7/26 RJP/dp*

RECEIVED *AKS*

MAR 16 1984

O & G CONS. COMM.

March 13, 1984

A.K. Doss
Executive Director
Office of Oil & Gas Conservation Commission
State of Arizona
1645 West Jefferson, Suite 420
Phoenix, AZ 85007

Re: GKI Powers Ranch #1, Permit No. 605
GKI Powers Ranch #2, Permit No. 611

Dear Mr. Doss:

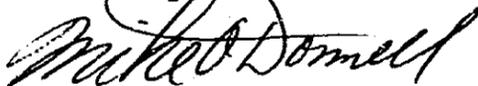
Pursuant to your request, we hereby notify you that on March 9, 1984, Geothermal Kinetics, Inc. assigned, transferred and conveyed all of its right, title and interest in and to the above referenced wells to Cam-Roy Research Corporation, P.O. Box 893, Chandler, Arizona 85224 (telephone: 602-963-1773).

The GKI Powers Ranch #1 is located in the Northeast quarter of the Southeast quarter of Section 1, Township 2 South, Range 6 East, Gila and Salt River Base and Meridian and the GKI Powers Ranch #2 is located in the Southeast quarter of the Northeast quarter of Section 1, Township 2 South, Range 6 East, Gila and Salt River Base and Meridian.

The assignment, transfer and conveyance of the above referenced wells was accompanied by the assignment, transfer and conveyance of a five acre area surrounding each of the wells. Each five acre area is in the form of a square, two sides of which lie on a due north-south axis in the center of which is the center of the respective well.

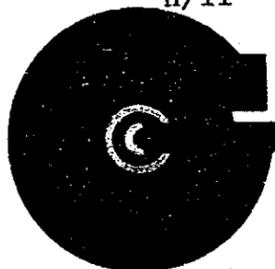
Please do not hesitate to contact us if we may be of further assistance.

Sincerely,



Mike O'Donnell,
Executive Vice President
and General Manager

cc: R.J. Pomeroy
H/11



GEOTHERMAL KINETICS INC.

Three Embarcadero Center, Suite 2045 • San Francisco, California 94111 • Telephone (415) 434-4717

PARTIAL ASSIGNMENT OF
GEOTHERMAL LEASE AND AGREEMENT

THIS PARTIAL ASSIGNMENT OF GEOTHERMAL LEASE AND AGREEMENT, made as of this 9 day of March, 1984, by and between Geothermal Kinetics, Inc. of 3 Embarcadero Center, Suite 2045, San Francisco, California 94111 (hereinafter referred to as ("Assignor")) and Cam-Roy Research Corporation of P.O. Box 893, Chandler, Arizona 85224 (hereinafter referred to as "Assignee").

WHEREAS, Assignor owns that certain Geothermal Lease and Agreement (hereinafter referred to as the "Lease") dated the 20th day of April, 1972, by and between Geothermal Kinetics, Inc. (Lessee) and Powers Ranches, Inc. (Lessor) and recorded in Docket 9948 at Page 638, Instrument 14880 of the Official Records of the County of Maricopa, State of Arizona, as amended and modified by those certain Amendments and Modifications of Geothermal Lease and Agreement dated November 21, 1972 and April 15, 1977 and respectively recorded in Docket 9948 at Page 654 and Docket 14280 at Page 118 of the Official Records of the County of Maricopa, State of Arizona and as further amended and modified by that certain unrecorded Amendment and Modification of Geothermal Lease and Assignment dated April 14, 1982;

WHEREAS, Assignor owns those certain geothermal production wells (hereinafter referred to as the "Wells") known as the GKI Powers Ranch #1, located in the Northeast quarter of the Southeast quarter of Section 1, Township 2 South, Range 6 East, Gila and Salt River Base and Meridian and the GKI Powers Ranch #2, located in the Southeast quarter of the Northeast quarter of Section 1, Township 2 South, Range 6 East, Gila and Salt River Base and Meridians together with a five acre area surrounding each of the Wells (the "Five Acre Parcels") which Five Acre Parcels are each in the form of a square, two sides of which lie on a due north-south axis and the center of which is the centermost portion of the respective Well.

WHEREAS, it is the desire of Assignor to assign said Wells and to assign said Five Acre Parcels to Assignee and of Assignee to acquire said Wells and Five Acre Parcels from Assignor;

NOW, THEREFORE, in consideration of Ten Dollars (\$10), the mutual promises of the Parties hereto and other good and valuable consideration paid by Assignee to Assignor, the receipt of which is hereby acknowledged:

1. Assignor does hereby assign, transfer and convey to Assignee all of its right, title and interest in and to the above described Wells.

2. Assignor does hereby assign, transfer and convey to Assignee all of its right, title and interest in and to the Five Acre Parcels subject to the terms and conditions of the Lease.

3. This Partial Assignment is subject to the restrictions and reservations which are specified in that Geothermal Lease Assignment Agreement of even date herewith by and between the Parties hereto.

TO HAVE AND TO HOLD unto Assignee and its successors and assigns forever.

IN WITNESS WHEREOF, this Partial Assignment is effective as of the day and year first above written.

ASSIGNOR

GEOHERMAL KINETICS, INC.

By: Mike Donnell
EX VICE PRESIDENT
(title)

ASSIGNEE

CAM-ROY RESEARCH CORPORATION

By: Jose J. Esmeralda
Pres
(title)

County of Maricopa
State of Arizona
Frances J. King
Notary Public
My Commission Expires 6/19/87



OFFICE OF
Oil and Gas Conservation Commission

STATE OF ARIZONA
1646 WEST JEFFERSON, SUITE 420
PHOENIX, ARIZONA 85007
PHONE: (602) 255-5161

February 28, 1984

Mr. R. J. Pomeroy
Board Chairman
Cam-Roy Research
and Development Corp.
P. O. Box 893
Chandler, Arizona 85224

Dear Mr. Pomeroy:

This letter will serve as your official notification that the Oil and Gas Conservation Commission at its regular meeting on February 24, 1984 voted to grant a one-year extension of temporary abandonment status from June 30, 1984 to June 30, 1985 for the two geothermal steam wells on the Power property east of Chandler provided that you proceed with operations as quickly as possible, provide the bond required, file weekly sundry reports and agree to properly plug and abandon the wells if your tests are not successful.

Sincerely,


A. K. Doss
Executive Director

/kb

AGREED:

DATE:


R. J. Pomeroy, Chairman
Cam-Roy Research and
Development Corporation

2-28-84

CAM-ROY RESEARCH CORPORATION

P.O. Box 893 Chandler, Arizona 85224 602/963-1773

February 7, 1984

RECEIVED

FEB 8 1984

D & G CONS. COMM.

Mr. A. K. Doss
Executive Director
Oil & Gas Commission
State of Arizona

Dear Mr. Doss:

As you recall, the past month or so I have been discussing the geothermal steam wells on the Power property east of Chandler with you and others. These discussions were concluded last week with an acceptable understanding with Geothermal Kinetics Inc. Executive Vice President, Mike O'Donnell. We have agreed to acquire the wells from G.K.I. pending an understanding with your office that the limited time granted G.K.I. to June, 1984, can and will be extended to accommodate our new program.

Briefly, our program involves the possibility of creating a market for the steam by subdividing the acreages adjacent to the two wells. The first phase would be an industrial park and possibly a modular home subdivision in the same area. It would appear that these two projects would be the quickest way to create our market for the steam for space heating and/or electrical energy.

Insofar as the qualification of the wells is concerned, we are relying heavily upon the information received from G.K.I. and the analysis by Dr. Ellis Armstrong. After a more thorough examination of the wells and a determination of what should be done to improve the steam flow and to bring the wells on line for production, we will be in a better position to determine how extensive our subdivisional development can be.

One thing most evident to us at this point is that there is sufficient geological information to merit further development of steam production in the Chandler zone. If, because of unfavorable circumstances of the past ten years, the wells were forcibly plugged, it would sound a death knell to further exploration of this geothermal area which appears to have the potential of over 200 megawatts of power generation for a period of over 100 years.

Since our progress is moving rapidly, we would appreciate a letter from your office appraising the extension of time as necessary which will enable us to retain our momentum.

*AKD
give
return*

May I express our appreciation for your timely assistance and it would also seem proper to commend the favorable reaction and assistance that we have received from Geothermal Kinetics and in particular, Mr. Mike O'Donnell of that firm.

Sincerely,


R. J. Pomeroy
Board Chairman

cc: Mr. Ellis Armstrong
Mr. Mike O'Donnell



OFFICE OF
Oil and Gas Conservation Commission
STATE OF ARIZONA
1645 WEST JEFFERSON, SUITE 420
PHOENIX, ARIZONA 85007
PHONE: (602) 255-6161

July 21, 1983

Mr. John Bannister
Vice-President, Production
Geothermal Kinetics, Inc.
Suite 211, Building A
2300 County Center Drive
Santa Rosa, California 95401

Re: GKI Powers Ranch #1, Permit No. 605, NE/4 SE/4
Sec. 1, T2S, R6E, G&SM

GKI Powers Ranch #2, Permit No. 611, SE/4 NE/4
Sec. 1, T2S, R6E, G&SM

Dear John:

This is to acknowledge receipt of your letter of June 28, 1983
pertaining to the above reference.

In our telephone conversation of June 28, you said your company
was planning on a 10MW well head generator on the #1 well with
the idea of selling the electricity to APS. Would you send me
something more detailed on such a hookup? What does the plant
look like? What size is it? Just how does the process work,
etc.? How much money has been expended on this project to
date, and how much additional investment will be necessary to
get the generator on line? What is your timetable for installa-
tion?

I would like to have this kind of information to present to the
Commission in order to justify extension of the T.A. time.

Sincerely,


A. K. Doss
Executive Director

/kb

RECEIVED

JUL 1 1983

O & G CONS. COMM.

June 28, 1983

Oil and Gas Conservation Commission
State of Arizona
1645 West Jefferson, Suite 420
Phoenix, Arizona 85007

Attn: Mr. A. K. Doss

RE: GKI Powers Rancy #1, Permit No. 605, NE/4 SE/4 Sec. 1,
T2S, R6E, G&SM

GKI Powers Ranch #2, Permit No. 611, SE/4 NE/4 Sec. 1,
T2S, R6E, G&SM

Gentlemen:

Please be advised that our company is considering a project on our Powers Ranch Lease to use well-head generators. Consequently, we respectfully request your permission to maintain the captioned wells on a temporarily abandoned status. We are aware that these wells have been inactive for an unusually long period of time. As you are aware, we were negotiating with Williams Air Force Base to use these wells for the development of geothermal power. However, these negotiations were not successfully concluded.

We will keep the Commission informed of our intended activities concerning these wells.

Your consideration of our request to keep these wells on temporary abandoned status is most sincerely appreciated.

Respectfully,

John Bannister
John Bannister
Vice President, Production

JB:hd



GEOTHERMAL KINETICS INC.

2300 COUNTY CENTER DR. • STE. 211, BLDG. A • SANTA ROSA, CA 95401 • PHONE (707) 523-3200



OFFICE OF
Oil and Gas Conservation Commission

STATE OF ARIZONA
1645 WEST JEFFERSON, SUITE 420
PHOENIX, ARIZONA 85007
PHONE: (602) 255-5181

April 1, 1983

Reliance Insurance Company
P. O. Box 16025
Phoenix, Az 85011

Re: Geothermal Kenetics, Inc.
Well No. Powers Ranch 2
Maricopa County
Bond No. B 72 10 28
May 3, 1973

Attention: Mr. Jeffrey Hays

Dear Mr. Hays:

This letter is to acknowledge receipt of your Cancellation Notice on subject well.

Our records show that this well is on a temporary abandoned status. Before we can authorize release of this bond, the well must be completed to geothermal production or plugged and abandoned in full compliance with Arizona Status and the Arizona Rules and Regulations.

If you have any questions on this matter, please contact me.

Sincerely,

R. A. Ybarra
R. A. Ybarra
Enforcement Director

RAY:bg

CANCELLED
DATE 3-5-87

#611

RELIANCE INSURANCE COMPANY

HEAD OFFICE, PHILADELPHIA, PENNSYLVANIA

RECEIVED *AKG*
BG

MAR 30 1983

O & G CONS. COMM.

March 29, 1983

State of Arizona
Oil and Gas Conservation Commission
1645 W. Jefferson
Phoenix, Arizona 85007

CANCELLED

DATE 7-5-87

Bond No. B 72 10 28

Principal Geothermal Kinetics, Inc.
(formerly) Geothermal Kinetics Systems Corp.

You are hereby notified that the captioned bond, effective on or about 5-3-73, and executed by RELIANCE INSURANCE COMPANY, as surety, on behalf of Geothermal Kinetics, Inc. (formerly) Geothermal Kinetics Systems Corp. described as Drilling Performance Bond is hereby canceled effective 5-3-83, or if such specified date does not provide a sufficient number of days notice, as required, then upon the earliest date permitted.

The issuance of this Cancellation Notice shall not, however, operate to extend the effective date of cancellation, if such bond has been canceled upon an earlier date under the conditions and provisions of said bond.

RELIANCE INSURANCE COMPANY shall not be responsible thereunder for any acts or defaults committed or loss occurring after the effective date of cancellation, nor for any losses not discovered in accordance with the provisions of such bond.

Yours very truly,

RELIANCE INSURANCE COMPANY

By

Jeffrey R. Hays
Attorney-in-Fact
Jeffrey R. Hays

CCE Olliver/Pilcher (phx.)

CC: Cert. Mail P22 1249610
Geothermal Kinetics, Inc.

RELIANCE INSURANCE COMPANY

HEAD OFFICE, PHILADELPHIA, PENNSYLVANIA

March 29, 1983

RECEIVED

MAR 30 1983

O & G CONS. COMM.

UPON RECEIPT OF THIS LETTER PLEASE ACKNOWLEDGE
BY DATING & SIGNING THIS COPY AND RETURNING IT
TO OUR OFFICE. THANK YOU,

State of Arizona
Oil and Gas Conservation Commission
1645 W. Jefferson
Phoenix, Arizona 85007

CANCELLED
DATE 3-5-87

Bond No. B 72 10 28
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(formerly) Geothermal Kinetics Systems Corp.

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provisions of said bond.

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committed or loss occurring after the effective date of cancellation, nor for any losses not discovered
in accordance with the provisions of such bond.

Yours very truly,

RELIANCE INSURANCE COMPANY

By

Jeffrey R. Hays
Attorney-in-Fact
Jeffrey R. Hays

CC: Olliver/Pilcher (phx.)

CC: Cert. Mail P22 1249610
Geothermal Kinetics, Inc.



OFFICE OF
Oil and Gas Conservation Commission
STATE OF ARIZONA
1645 WEST JEFFERSON, SUITE 420
PHOENIX, ARIZONA 85007
PHONE: (602) 271-5161

March 17, 1980

Mr. John Bannister
Vice President
Geothermal Kinetics Inc.
2300 Country Center Drive
Suite 211, Building A
Santa Rosa, California 95401

Re: GKI Powers Ranch #1, Permit No. 605, NE/4 SE/4 Sec. 1,
T2S, R6E, G&SM

GKI Powers Ranch #2, Permit No. 611, SE/4 NE/4 Sec. 1,
T2S, R6E, G&SM

Dear Mr. Bannister:

Your request to leave the above referenced wells in a temporarily abandoned condition is hereby granted.

Should remedial work as mentioned in your request fail to produce results leading to commercial operation, we would strongly suggest that you give consideration to plugging and abandoning these wells while your rigs are still available.

Very truly yours,


W. E. Allen
Executive Secretary

WEA/vb

March 14, 1980

Oil and Gas Conservation Commission
1624 W. Jefferson, Suite 420
Phoenix, Arizona 85007

ATTENTION: MR. W.E. ALLEN

RE: GKI POWERS RANCH #1, YOUR FILE #605, NE/4 SE/4 SECT. 1,
T-2-S, R-6-E, NMPM

GKI POWERS RANCH #2, YOU FILE # 611, SE/4 NE/4 SECT 1,
T-2-S, R-6-E, NMPM

Gentlemen:

Your permission to continue to classify the above captioned wells as Temporarily Abandoned is respectfully requested.

Mr. Jim Kuwada, P.E., of our San Francisco office, is currently reviewing our records of these two wells. We anticipate the commencement of remedial work in the near future.

Thank you for your consideration and cooperation.

Sincerely,

John Bannister

John BANNISTER
Vice President



GEOTHERMAL KINETICS INC.

2300 COUNTRY CENTER DR. • STE. 211, BLDG. A • SANTA ROSA, CA 95401 • PHONE (707) 523-3200



OFFICE OF

Oil and Gas Conservation Commission

STATE OF ARIZONA

8686 NORTH CENTRAL, SUITE 106
PHOENIX, ARIZONA 85020

PHONE: (602) 271-5161

March 7, 1977

Mr. Dent N. Hand
Geothermal Kinectics, Inc.
301 W. Indian School Road
Phoenix, Arizona 85015

Re: Performance Bond No. B 81 13 73
Geothermal Kinectics, Inc.
Amax Exploration, Inc.
Pima Farms No. 1

Dear Mr. Hand:

Since your company has complied with all the rules and regulations of this Commission on the above-referred well, this letter constitutes the Commission's authorization for the release of the subject bond.

The Powers Ranch No. 1 and No. 2 cannot be released until such time as these two wells are plugged and abandoned.

Very truly yours,

William E. Allen
Director,
Enforcement Section

WEA/vb

We are enclosing an extra copy of this letter for your insurance carrier as we do not have an address for same.

611



AMERICAN STRATIGRAPHIC COMPANY

6280 E. 39TH AVENUE
DENVER, COLORADO 80207, U.S.A.
(303) 399-2746

April 19, 1976

Mr. J. N. Conley
Director, Geology Section
Oil and Gas Conservation Commission
State of Arizona
8686 N. Central Avenue, Suite 106
Phoenix, Arizona 85020

Dear Mr. Conley:

Since our last communication, Petro-Wells Libraries, Inc. has advised us that they could provide us with copies of the mechanical logs for the Geothermal Kinetics No. 2 Power Ranches. We will study the samples in the near future, and return them to your library.

The samples of the No. 1 Pima Farms arrived via Continental Trailways.

Thank you for your cooperation.

Very truly yours,

John A. Liming
John A. Liming
Geologist

JAL:cd

JNL
W.A. ✓
RECEIVED

APR 21 1976

O & G CONS. COMM.

611

November 19, 1975

Mr. John A. Liming
American Stratigraphic Co.
6280 E. 39th Avenue
Denver, Co. 80207

RE: Geothermal Kinetics System Corporation Power Ranches #2
SE/NE Sec 1, T2S, R 6E
Maricopa County
Permit #611

Dear Mr. Liming:

The confidential status of the above referenced well was terminated August 23, 1975.

Insofar as this Commission is concerned, all information that we are holding on this well including mechanical logs is now available to the public.

Very truly yours,

W. E. Allen, Director
Enforcement Section

WEA/sl



6280 E. 39TH AVENUE
DENVER, COLORADO 80207, U. S. A.
(303) 399-2746

AMERICAN STRATIGRAPHIC COMPANY

RECEIVED

NOV 17 1975

O & G CONS. COMM.

CABLE: AMSTRAT-DENVER

November 12, 1975

Mr. James R. Scurlock
Staff Geologist
Oil & Gas Conservation Commission
State of Arizona
4515 North 7th Avenue
Phoenix, Arizona 85012

Dear Mr. Scurlock:

Since October, 1974, we have been holding the samples on Geothermal Kinetics #2 Power Ranches 1-2S-6E, Maricopa County, Arizona. Can you please give us information as to when the mechanical logs on this well will be released? We would like to complete our study and return the samples to your library.

Thank you.

Very truly yours,

John A. Liming
John A. Liming

JAL/mkg



6280 E. 39TH AVENUE
DENVER, COLORADO 80207, U. S. A.
(303) 399-2746

AMERICAN STRATIGRAPHIC COMPANY

RECEIVED

NOV 17 1975

O & G CONS. COMM.

CABLE: AMSTRAT-DENVER

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Staff Geologist
Oil & Gas Conservation Commission
State of Arizona
4515 North 7th Avenue
Phoenix, Arizona 85012

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Thank you.

Very truly yours,

John A. Liming
John A. Liming

JAL/mkg

August 26, 1975

Mr. Jim Webster
Photogrammetry & Mapping Services
Highway Division
Department of Transportation
1739 W. Jackson, Room 61
Phoenix, Arizona 85007

RE: Geothermal Kinetics System Corporation Power
Ranches No. 2
Sec 1, T2S, R6E
Permit #611

Dear Mr. Webster:

Enclosed please find Application for Permit to Drill on
the above well.

This well was spudded on May 13, 1973.

Very truly yours,

Saralee Lorenzo
Secretary to W. E. Allen
Enforcement Section

sl

Encl.

*sent info
to Mr. Hester
WES*

August 26, 1975

Mr. Rollo Pool
Petroleum Information
Box 301
Durango, Colorado 80301

RE: Geothermal Kinetics System Corporation
Power Ranches No. 2

Dear Mr. Pool:

Enclosed please find pertinent information on the above
referenced well.

Also enclosed is an invoice for \$1.05 for the copies.

Thank you.

Saralee Lorenzo
Secretary to W. E. Allen

sl

Encls.



OFFICE OF

Oil and Gas Conservation Commission

STATE OF ARIZONA

4515 NORTH 7TH AVE.

PHOENIX, ARIZONA 85013

PHONE: (602) 271-5161

5006 N. CENTRAL, SUITE 106

PHOENIX, ARIZONA 85020

August 26, 1975

Ms. Kay Waller
Petro-Well Libraries, Inc.
150 Security Life Building
1616 Glenarm Place
Denver, Colorado 80202

Dear Kay:

Enclosed you will find the following current material for August, 1975.

Data: Completion Report and miscellaneous information on Geothermal Kinetics System Corporation Power Ranches No. 2., Permit #611.

Logs: Dresser Atlas/BHC Acoustilog (2), Induction Electrolog (1), Gamma Ray Neutron (2), Temperatur Log (2)

Very truly yours,

Saralee Lorenzo
Secretary to W. E. Allen
Enforcement Section

sl

Encls.



OFFICE OF

Oil and Gas Conservation Commission

STATE OF ARIZONA

4515 NORTH 7TH AVE.

PHOENIX, ARIZONA 85013

PHONE: (602) 271-5161

March 1, 1974

Dr. J. W. Sanders, Ph.D.
Desert Research Institute
University of Nevada System
500 Date Street
Boulder City, Nevada 89005

Dear Dr. Sanders:

As I promised you at the recent Geothermal Convention, I am attaching copies of the water analysis on the two geothermal tests that were recently drilled in Maricopa County.

Very truly yours,

W. E. Allen, Director
Enforcement Section

WEA/rlb

Encs.

December 5, 1973

Memo to file: Geothermal Kinetics Power Ranches No. 2
SE/NE Sec 1-T2S-R6E, Maricopa Co., No. 611

Memo from W. E. Allen, Director
Enforcement Section

On or about December 3 the operators of the above referenced well ran 4 1/2" drill pipe in this hole to 10,400'. They are reverse circulating the hole with clear water. Their plans are to move in compressors and aerate the circulating fluid in an effort to lighten the hydrostatic head, perhaps causing the hot water to flash into steam at the lesser pressure. The compressors should be on location before the week is out.

December 3, 1973

Mr. Mike O'Donnell
Geothermal Kinetics Systems Corp.
301 West Indian School Road
Phoenix, Arizona 85013

Re: Power Ranches Well No. 1
NE/SE Sec 1-T2S-R6E
Maricopa County
Permit No. 605

Power Ranches Well No. 2
SE/NE Sec 1-T2S-R6E
Maricopa County
Permit No. 611

Dear Mike:

Please furnish this Commission with Well Completion Reports, Form G-4, on the above referenced wells. Our records indicate that, exclusive of Periodic Temperature Surveys, operations terminated on the No. 2 well on or about September 19 and a couple of months earlier on your No. 1 well. These reports are needed to complete our files.

Your cooperation is appreciated.

Very truly yours,

W. E. Allen, Director
Enforcement Section

WEA/r1b

Encs.

September 4, 1973

Mr. William E. Warne
Consultant
2090 Eighth Avenue
Sacramento, California 95818

Dear Mr. Warne:

Geothermal Kinetics Systems Corporation has taken out a permit to drill their second well in Maricopa County. This well is designated as Geothermal Kinetics Systems Corporation Power Ranches No. 2 in the SE/NE Section 1-T2S-R6E, and is presently drilling.

Both of Geothermal Kinetics wells have been drilled on a confidential basis and this Commission is not at liberty to divulge any information at the present time. We would suggest that you contact Mr. Mike O'Donnell with Geothermal Kinetics at 301 West Indian School Road, Phoenix, Arizona 85013, for any information that you desire.

If we can be of further assistance, please advise.

Very truly yours,

W. E. Allen, Director
Enforcement Section

WEA/rlb

WILLIAM E. WARNE
Consultant

WATER RESOURCES DEVELOPMENT / PROJECT FORMULATION AND APPRAISAL / AGENCY ORGANIZATION AND ADMINISTRATION

August 20, 1973

Oil and Gas Conservation Commission
State of Arizona
Phoenix, Arizona 85005

Dear Sirs:

I am interested in following the development of geothermal resources. I understand that you have issued your first permit to Geothermal-Kinetics Corporation to drill an exploratory well near Higley. Can you send me any information on that well and inform me whether other permits have been issued since its issuance? If you have any regular reporting system for things geothermal in Arizona, I would appreciate being added to the mailing list.

Thank you for your consideration.

Sincerely,

William E. Warne
William E. Warne (W)
Consultant

WEW/ss

RECEIVED

AUG 29 1973

O & G CONS. COMM.

2090 EIGHTH AVENUE
SACRAMENTO, CA 95818
TELEPHONE (916) 442-4338

WA

May 17, 1973

Mr. Bill Allen
Oil & Gas Commission
4515 North 7th Avenue
Phoenix, Arizona 85013

Dear Bill,

Enclosed are the drilling reports for May 14 - 16,
1973.

If you need further information, please contact
me.

Sincerely,



Mike O'Donnell
Vice President

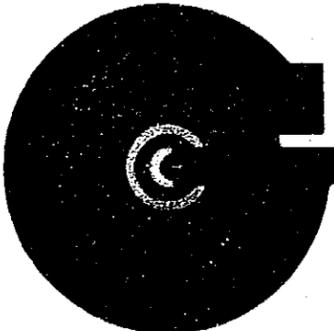
MOD/leb

Enclosures

RECEIVED

MAY 16 1973

O & G CONS. COMM.



GEOTHERMAL KINETICS SYSTEMS CORPORATION
301 W. INDIAN SCHOOL RD. • PHOENIX, ARIZONA 85013 • PHONE (602) 248-0202

May 4, 1973

Mrs. Jo Ratcliff
Four Corners Sample Cut Association
P. O. Box 899
Farmington, New Mexico 87401

Dear Mrs. Ratcliff:

The following permit was issued since April 24, 1973.

Geothermal Kinetics Power Ranches No. 2
SE/NE Sec 1-T2S-R6E
Maricopa County
Permit No. 611

Very truly yours,

W. E. Allen, Director
Enforcement Section

rib

May 4, 1973

Mr. Frank Getscher
P. O. Box 98
Scottsdale, Arizona 85252

Dear Mr. Getscher:

The following permit was issued since April 24, 1973. You will note this is another geothermal well permit.

Geothermal Kinetics Power Ranches No. 2
SE/NE Sec 1-T2S-R6E
Maricopa County
Permit No. 611

The proposed total depth is 6,500' and the elevation is 1,336'.

Very truly yours,

W. E. Allen, Director
Enforcement Section

WEA/r1b

May 4, 1973

Mr. Mike O'Donnell
Geothermal Kinetics Systems Corp.
301 West Indian School Road
Phoenix, Arizona 85013

Re: Geothermal Kinetics Power Ranches No. 2
SE/NE Sec 1-T2S-R6E
Maricopa County
Permit No. 611

Dear Mike:

Enclosed please find Receipt No. 2951, covering the \$25 filing fee, a copy of your approved Application for Permit to Drill and Permit to Drill No. 611.

Also enclosed are miscellaneous instruction sheets concerning samples and other Commission requirements.

Very truly yours,

W. E. Allen, Director
Enforcement Section

WEA/rlb

Encs.

PERFORMANCE BOND

KNOW ALL MEN BY THESE PRESENTS

Bond Serial No. B 72 10 28

That we: Geothermal Kinetics Systems Corp.

of the County of Maricopa in the State of Arizona

as principal, and Reliance Insurance Company

of Philadelphia, Pennsylvania

AUTHORIZED TO DO BUSINESS WITHIN the State of Arizona.

as surety, are held and firmly bound unto the State of Arizona and the Oil and Gas Conservation Commission, hereinafter referred to as the "Commission", in the penal sum of Five Thousand Dollars and 00/100 (\$5,000.00) lawful money of the United States, for which payment, well and truly to be made, we bind ourselves, and each of us, and each of our heirs, executors, administrators or successors, and assigns jointly and severally, firmly by these presents.

The conditions of this obligation are that, whereas the above bounden principal proposes to drill a well or wells for oil, gas or stratigraphic purposes in and upon the following described land situated within the State, to-wit:

1980 FNL - 660 FEL Sec 1-T2S-R6E
Power Ranch #2 G&SRB&M, Maricopa County, Arizona

(May be used as blanket bond or for single well)

NOW, THEREFORE, if the above bounden principal shall comply with all the provisions of the Laws of this State and the rules, regulations and orders of the Commission, especially with reference to the requirements of A.R.S. § 27-516, providing for the proper drilling, casing and plugging of said well or wells, and filing with the Oil and Gas Conservation Commission all notices and records required by said Commission, then in the event said well or wells do not produce oil or gas in commercial quantities, or cease to produce oil or gas in commercial quantities, this obligation is void; otherwise it shall remain in full force and effect.

Whenever the principal shall be, and declared by the Oil and Gas Conservation Commission in violation of the Laws of this State and the rules, regulations and orders of the Commission, the surety shall promptly:

1. Remedy the violation by its own efforts, or
2. Obtain a bid or bids for submission to the Commission to remedy the violation, and upon determination by the Commission and the Surety of the lowest responsible bidder, arrange for a contract between such bidder and the Commission, and make available as work progresses sufficient funds to pay the cost of remedying the violation; but not exceeding, including other costs and damages for which the surety may be liable hereunder, the amount set forth in the first paragraph hereof.

Liability under this bond may not be terminated without written permission of this Commission.

WITNESS our hands and seals, this 3rd day of May, 1973

Geothermal Kinetics Systems Corp.

CANCELLED
3-5-87
DATE

Lester A. Ward, Secretary and Treasurer
Principal

WITNESS our hands and seals this 3rd day of May, 1973

Reliance Insurance Company

Margaret I. Fuller
Surety
Margaret I. Fuller - Attorney-in-Fact

Surety, Resident Arizona Agent
If issued in a state other than Arizona)

(If the principal is a corporation, the bond should be executed by its duly authorized officers, with the seal of the corporation affixed. When principal or surety executes this bond by agent, power of attorney or other evidence of authority must accompany the bond.)

Approved Date: 5-4-73
STATE OF ARIZONA
OIL & GAS CONSERVATION COMMISSION
By: W. O. Cole

STATE OF ARIZONA
OIL & GAS CONSERVATION COMMISSION
Bond
File Two Copies
Form No. 2

Permit No. 611

RELIANCE INSURANCE COMPANY

ADMINISTRATIVE OFFICES, TACOMA, WASHINGTON

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, That the RELIANCE INSURANCE COMPANY, a corporation duly organized under the laws of the State of Pennsylvania, does hereby make, constitute and appoint **ROBERT D. OLLIVER or WILLIAM W. PILCHER or RICHARD L. JONES or F. ROCKNE ARNETT or MARGARET I. FULLER or SUSAN M. GRAHAM** of PHOENIX, ARIZONA its true and lawful Attorney-in-fact, to make execute, seal and deliver for and on its behalf, and as its act and deed

ANY AND ALL BONDS AND UNDERTAKINGS OF SURETYSHIP-----

and to bind the RELIANCE INSURANCE COMPANY thereby as fully and to the same extent as if such bonds and undertakings and other writings obligatory in the nature thereof were signed by an Executive Officer of the RELIANCE INSURANCE COMPANY and sealed and attested by one other of such officers, and hereby ratifies and confirms all that its said Attorney(s)-in-fact may do in pursuance hereof.

This Power of Attorney is granted under and by authority of Article VII of the By-Laws of RELIANCE INSURANCE COMPANY which became effective May 11, 1962, which provisions are now in full force and effect, reading as follows:

ARTICLE VII - Execution of Bonds and Undertakings

SECTION 1. The Board of Directors, the President, or any Vice-President or Assistant Vice-President shall have power and authority to: (a) appoint Attorneys-in-fact and to authorize them to execute on behalf of the Company, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, and (b) to remove any such Attorney-in-fact at any time and revoke the power and authority given to him.

SECTION 2. Attorneys-in-fact shall have power and authority, subject to the terms and limitations of the power of attorney issued to them, to execute and deliver on behalf of the Company, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof. The corporate seal is not necessary for the validity of any bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof.

This power of attorney is signed and sealed by facsimile under and by authority of the following Resolution adopted by the Board of Directors of RELIANCE INSURANCE COMPANY at a meeting held on the 8th day of May, 1969, at which a quorum was present, and said Resolution has not been amended or repealed:

"Resolved, that the signatures of such directors and officers and the seal of the Company may be affixed to any such power of attorney or any certificate relating thereto by facsimile and any such power of attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by facsimile signatures and facsimile seal shall be valid and binding upon the Company in the future with respect to any bond or undertaking to which it is attached."

IN WITNESS WHEREOF, the RELIANCE INSURANCE COMPANY has caused these presents to be signed by its Vice-President, and its corporate seal to be hereto affixed, this 20th day of April, 19 72

RELIANCE INSURANCE COMPANY



Morris E. Brown
Vice-President

STATE OF Washington } ss.
COUNTY OF Pierce

On this 20th day of April, 19 72, personally appeared MORRIS E. BROWN

to me known to be the Vice-President of the RELIANCE INSURANCE COMPANY, and acknowledged that he executed and attested the foregoing instrument and affixed the seal of said corporation thereto, and that Article VII Section 1 and 2 of the By-Laws of said Company, set forth therein, is still in full force.

My Commission Expires:

January 15, 19 74



Bertha M. Banagan
Notary Public in and for State of Washington

Residing at Tacoma

I, D. Keith Johnson, Assistant Secretary of the RELIANCE INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney executed by said RELIANCE INSURANCE COMPANY, which is still in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Company this 3rd day of May, 19 73



D. Keith Johnson
Assistant Secretary

PLEASE DETACH BEFORE DEPOSITING CHECK

DATE	INVOICE NO.	DESCRIPTION	GROSS	DISC. OR DEDUC.	NET
5/4/73		Permit No. 611			25.00

GEOHERMAL — KINETICS SYSTEMS CORPORATION