

From: [James Thum](#)
To: [External - Joy M. Vega](#)
Cc: [Mick Thomas](#); [Kourtney Romine](#)
Subject: FW: Docket No. CC-2021-OGR-01-002
Date: Monday, May 10, 2021 03:31:03 PM
Attachments: [20210510 Ltr- James Thum Fallon 1-10 Information Request Response.pdf](#)

For the record-

James

From: Sarah Hudson <sarah@smithmalek.com>
Sent: Monday, May 10, 2021 3:26 PM
To: James Thum <jthum@idl.idaho.gov>
Cc: Michael Christian <mike@smithmalek.com>
Subject: Docket No. CC-2021-OGR-01-002

Hello Mr. Thum,

Attached, please find a letter from Michael Christian. If you could please confirm that you received this correspondence, I would appreciate it. If you have any questions, please feel free to contact us.

Thank you,
Sarah Hudson
Legal Assistant

SMITH + MALEK, PLLC
101 S. Capitol Blvd., Suite 930
Boise, ID 83702 p. 208. 473.7009 | f. 208.473.7661 | e. sarah@smithmalek.com

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For additional information about Smith + Malek, PLLC, including a list of attorneys, please see our website at www.smithmalek.com.

SMITH + MALEK
ATTORNEYS

MICHAEL R. CHRISTIAN
Attorney at Law
mike@smithmalek.com
Admitted in Idaho

May 10, 2021

Via email: jthum@idl.idaho.gov

James Thum
Oil and Gas Program Manager
Division of Minerals, Public Trust, and Oil and Gas
Idaho Department of Lands
300 N. 6th St., Suite 103
Boise, ID 83720

Re: Integration Application, Harmon Unit A, Docket No. CC-2021-OGR-01-002

Dear James:

Thank you for your letter of May 3, seeking clarification on several items related to Snake River's integration application for the Fallon #1-10 / Unit A spacing unit. This letter is intended to fulfill your clarification requests.

1. Exhibit A: Idaho Code § 47-320(4) does not specifically require a plat map showing uncommitted tracts and keying to the resume of efforts (but does require, in subsection 4(g), a "list of all uncommitted owners in the spacing unit to be integrated under the application, including names and addresses," and provides that an application "shall be limited to only" the items listed in that subsection. However, you are correct that previous integration applications have included a keyed map for purposes of clarity. Attached to this letter is a revised plat map with the uncommitted tracts highlighted and numbered in coordination with the resume of efforts spreadsheet.

2. Exhibit A: Idaho Code § 47-320(4) does not require submittal of a map showing surface and bottom hole locations. However, the Fallon #1-10 well permit application, which is accessible on the Commission's website at https://ogcc.idaho.gov/wp-content/uploads/sites/3/20171019_1107520032-APD-fallon-1-10-RE-DACTED-ltrs-resizeposted2021-PTS.pdf, includes exhibits showing surface, target and bottom hole locations. Excerpts are attached to this letter. The directional survey for the well also is

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James Thum
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available online, here:

https://ogcc.idaho.gov/wp-content/uploads/sites/3/1107520032_Fallon1-10_DIR_20180218_PTS.pdf. An excerpt is attached to this letter.

3. Lease Bonus Clarification: The “ten dollars” reference in the proposed form of lease is a common usage in oil and gas leases. It is not the actual bonus paid. The subsequent clause “and other good and valuable consideration” encompasses the actual bonus paid to a given lessor. In this case the Applicant proposes to pay a bonus of \$100 per net mineral acre (or \$100 flat payment for all tracts under one acre) for the primary term, and an additional \$50 per acre to exercise the option to extend the primary term.

4. Declaration of Wade Moore III Error: You are correct that the reference to a well to be drilled in Section 7 of Mr. Moore’s declaration is in error, as the Fallon #1-10 well has been drilled and completed. We will submit a supplement to Mr. Moore’s declaration to correct the error.

5. Form of Lease: Thank you for identifying the error in the form of lease. The correct number of days is one hundred twenty (120). A revised form of proposed lease, correcting the error, is attached to this letter.

6. Form of Lease: The reference to 200’ should have been corrected to match the state setback requirement. The revised form of lease attached to this letter has been corrected to provide a minimum setback of 300’ from a house or barn.

Please let me know if you need any additional information.

SMITH+MALEK PLLC



Michael Christian

Attachments

FALLON 1-10 UNIT

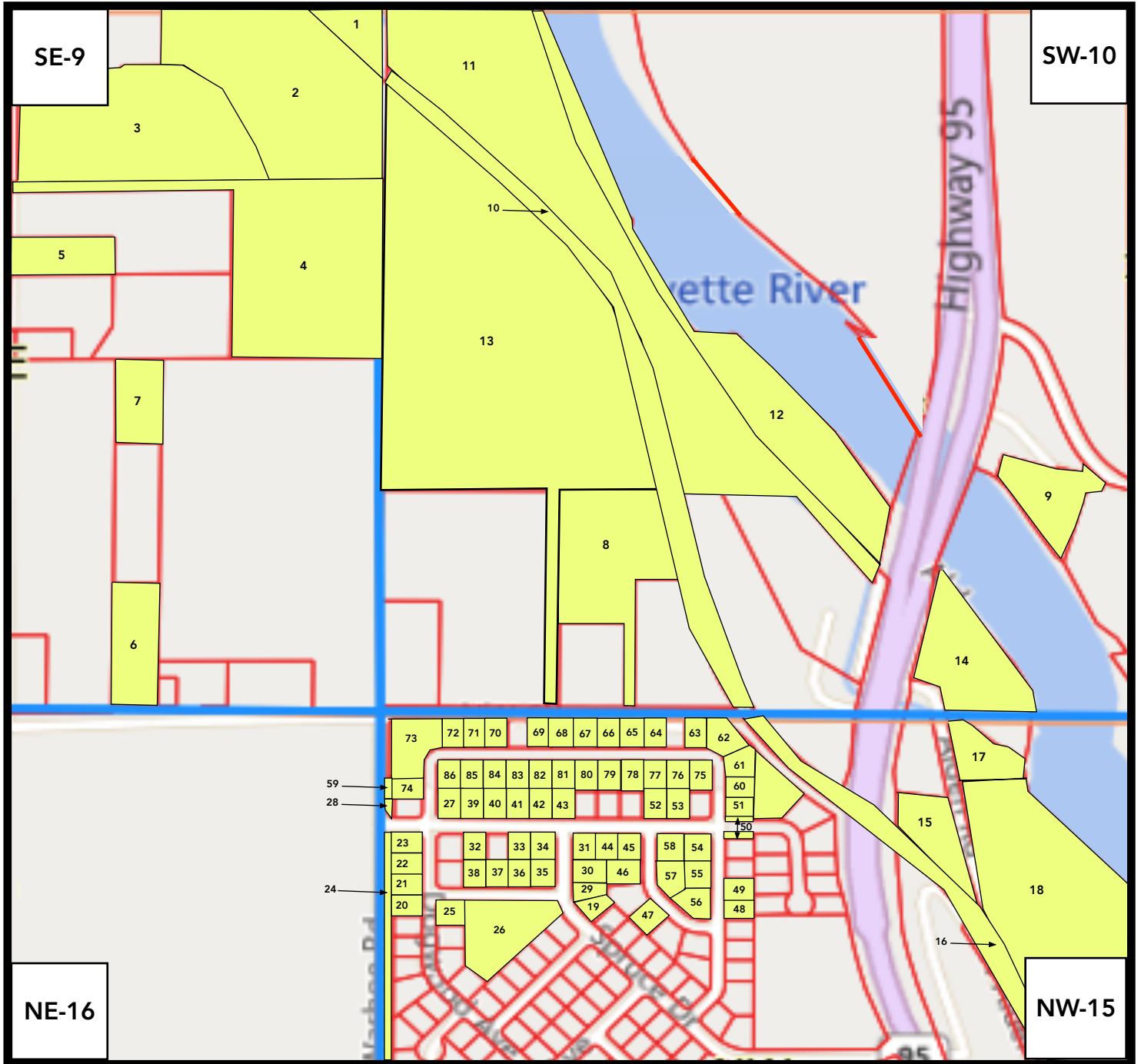
E2 SE/4 SEC 9

SW/4 SEC 10

NE/4 NE/4 SEC 16

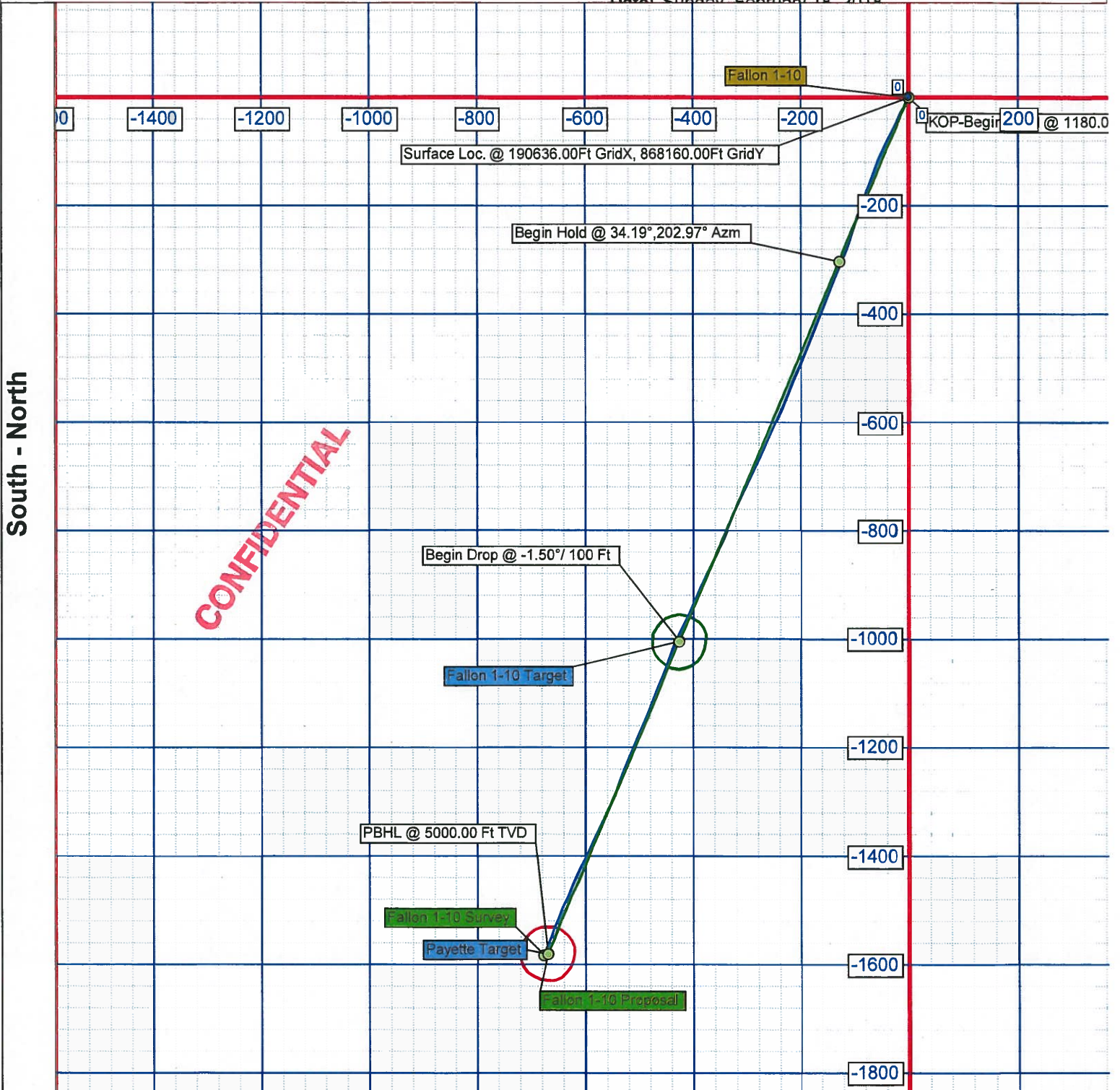
N2 NW/4 SEC 15

TOWNSHIP 8 NORTH RANGE 5W B.M.



Job Number: 201708-JMP-PGD-01
Company: Paul Graham Drilling / Alta masa
Lease/Well: Fallon 1-10
Location: Idaho
Rig Name: Paul Graham Drilling
State/County: Idaho/ Payette
Country: USA
API Number: ?

Elevation (To MSL): 0.00 ft
RKB: 0.00 ft
Projection System: US State Plane 1927 (Exact solution)
Projection Group: Idaho West 1103
Projection Datum: CLARKE 1866
Magnetic Declination: 13.67
Grid Convergence: -0.81810 W
Date: Sunday, February 18, 2018



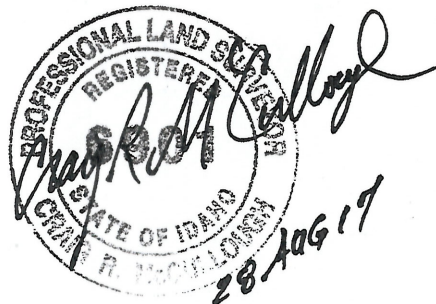
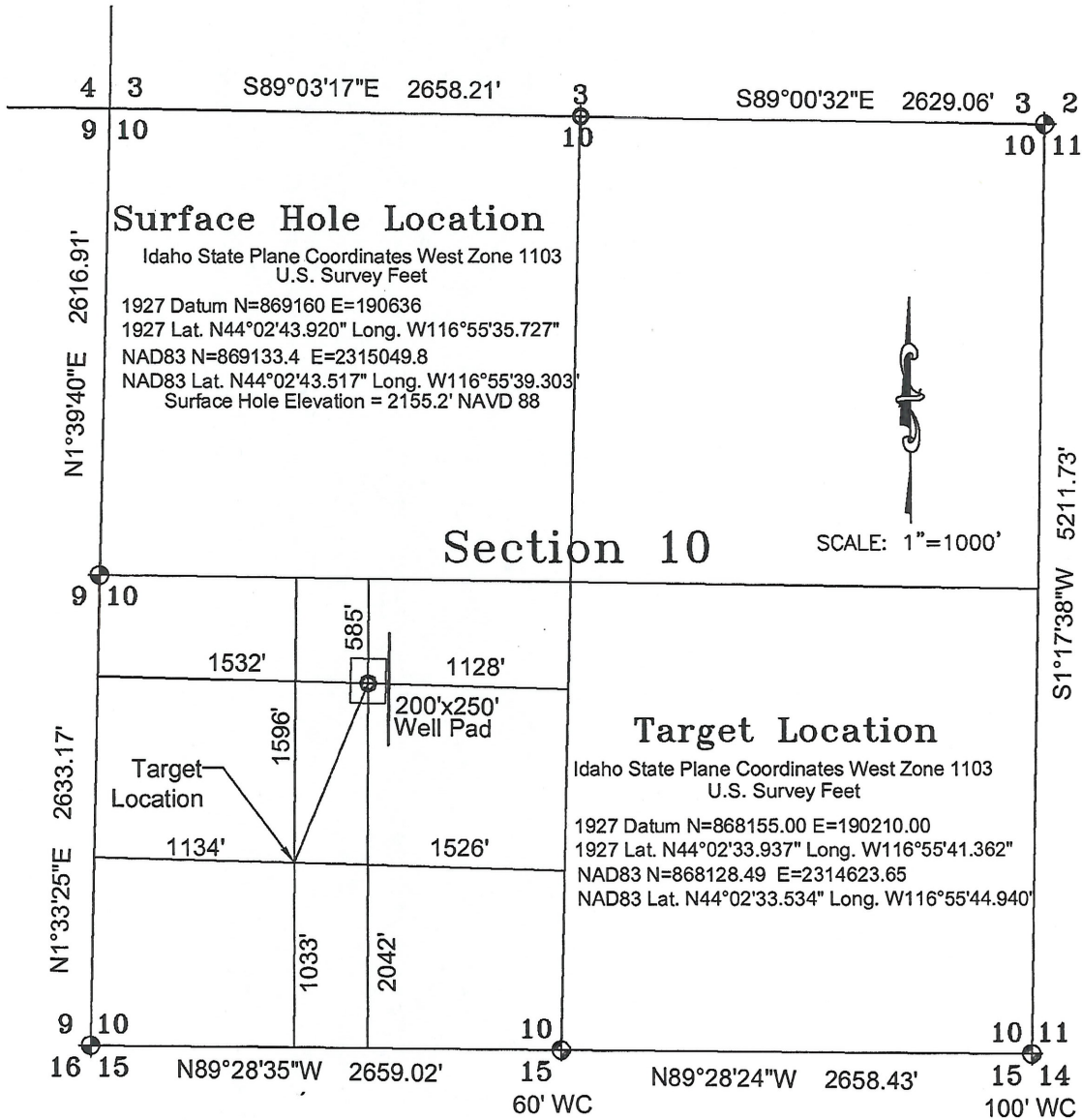
South - North

West - East



EXHIBIT MAP OF Fallon 1-10

LOCATED IN
A PORTION OF THE SOUTHWEST 1/4,
OF SECTION 10, TOWNSHIP 8 NORTH, RANGE 5 WEST, B.M.,
PAYETTE COUNTY, IDAHO
-2017-



1310 Shady Lane, EMMETT IDAHO
PHONE: 855-477-6201



ALTA MESA

Project: Payette County, ID W'27
 Area: 10-8N-5W
 Site: Fallon 1-10
 Well: #1-10
 Wellbore: #1-10 OH
 Design: Plan #1



CASING DETAILS

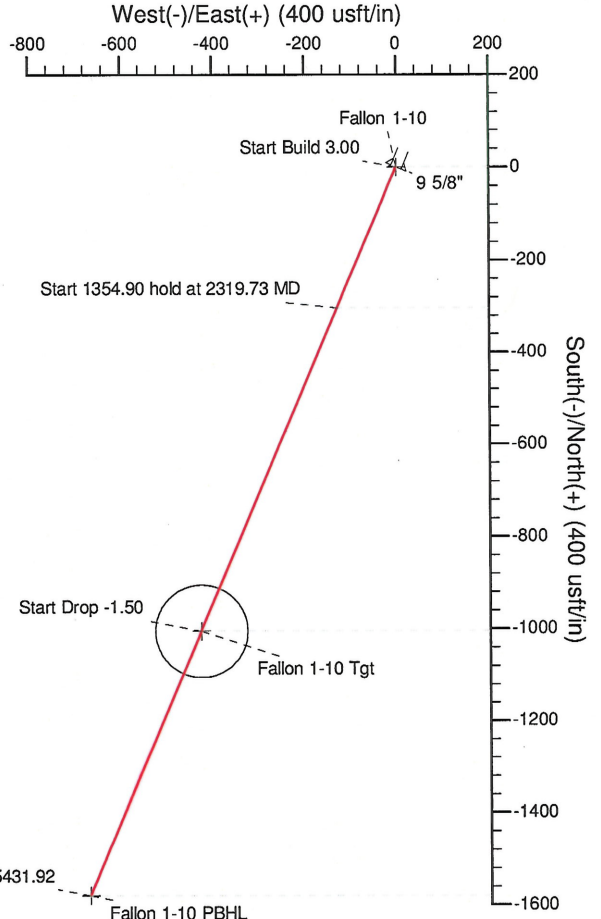
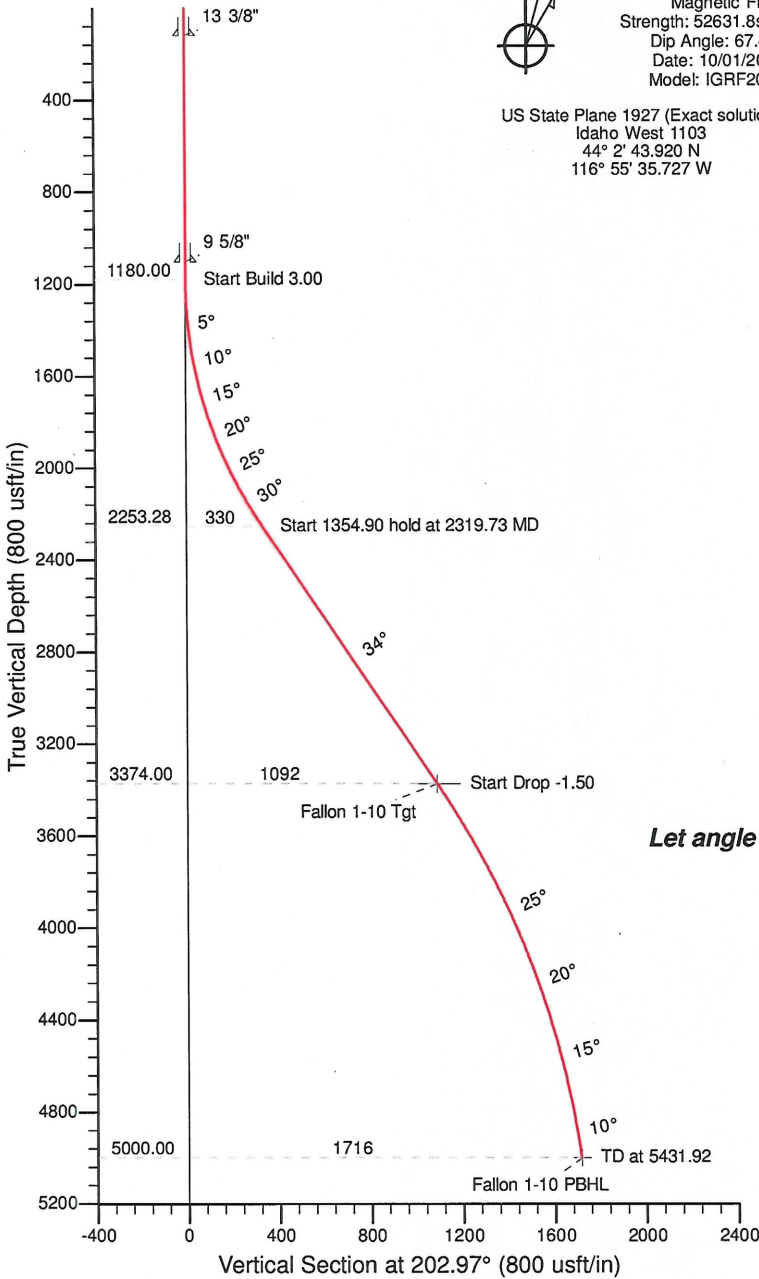
TVD	MD	Size
120.00	120.00	13-3/8
1100.00	1100.00	9-5/8



Azimuths to Grid North
 True North: 0.82°
 Magnetic North: 14.51°

Magnetic Field
 Strength: 52631.8snT
 Dip Angle: 67.47°
 Date: 10/01/2017
 Model: IGRF2015

US State Plane 1927 (Exact solution)
 Idaho West 1103
 44° 2' 43.920 N
 116° 55' 35.727 W



Digital lease data unavailable at time of print

Let angle fade to vertical after target

DESIGN TARGET DETAILS

Name	TVD	+N/-S	+E/-W	Northing	Easting	Latitude	Longitude	Shape
Fallon 1-10	0.00	0.00	0.00	869160.00	190636.00	44° 2' 43.920 N	116° 55' 35.727 W	Point
Fallon 1-10 Tgt	3374.00	-1004.96	-425.98	868155.00	190210.00	44° 2' 33.937 N	116° 55' 41.362 W	Circle (Radius: 100.00)
Fallon 1-10 PBHL	5000.00	-1579.99	-669.73	867579.94	189966.24	44° 2' 28.224 N	116° 55' 44.586 W	Point

SECTION DETAILS

Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	Dleg	TFace	VSect	Target
1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2	1180.00	0.00	0.00	1180.00	0.00	0.00	0.00	0.00	0.00	
3	2319.73	34.19	202.97	2253.28	-303.92	-128.83	3.00	202.97	330.10	
4	3674.64	34.19	202.97	3374.00	-1004.96	-425.98	0.00	0.00	1091.51	Fallon 1-10 Tgt
5	5431.92	7.83	202.97	5000.00	-1579.99	-669.73	1.50	180.00	1716.08	Fallon 1-10 PBHL

EXHIBIT D

OIL AND GAS LEASE

This Oil and Gas Lease ("Lease") is made this _____ day of _____, 2021, by and between _____, whose address is _____, ("Lessor", whether one or more) and Snake River Oil & Gas, LLC, 4415 Jefferson, Suite A, Texarkana, Arkansas 71854, ("Lessee").

WITNESSETH, For and in consideration of TEN DOLLARS, the covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Lessor does hereby grant, demise, lease and let exclusively unto said Lessee, with the exclusive rights for the purposes of mining, exploring by geophysical and other methods and operating for and producing therefrom oil and all gas or other hydrocarbon products of whatsoever nature or kind (including coalbed gas) (collectively "oil or gas"), with easement for laying pipe lines and telecommunications lines, and construction of roadways and structures thereon to produce, save and take care of said products (including dewatering of coalbed gas wells), and the exclusive surface and subsurface rights and privileges related in any manner to any and all such operations, and any and all other rights and privileges necessary, incident to, or convenient for the operation alone or conjointly with neighboring land for such purposes, all that certain tract or tracts of land situated in Payette County, Idaho, described as follows, to-wit:

SEE EXHIBIT "A" FOR DESCRIPTION OF SAID LANDS SEE EXHIBIT "B" ADDITIONAL PROVISIONS TO SAID LEASE.

And containing _____ acres, more or less, (the "Premises").

1. It is agreed that this lease shall remain in force for a term of three (3) years from this date ("Primary Term") and as long thereafter as oil or gas of whatsoever nature or kind is produced from the Premises or on acreage pooled or unitized therewith, or operations are continued as hereinafter provided. If, at the expiration of the Primary Term, oil or gas is not being produced from the Premises or on acreage pooled or unitized therewith but Lessee is then engaged in drilling, re-working or dewatering operations thereon, then this Lease shall continue in force so long as such operation are being continuously prosecuted. Operations shall be considered to be continuously prosecuted if not more than one hundred twenty (120) days shall elapse between the completion or abandonment of one well and the beginning of operation for the drilling of a subsequent well. If after discovery of oil or gas on the Premises or on acreage pooled or unitized therewith, the production thereof should cease from any cause after the primary term, this Lease shall not terminate if Lessee commences additional drilling or re-working operations within one hundred twenty (120) days from the date of cessation of production or from date of completion of dry hole. If oil or gas shall be discovered and produced as a result of such operation at or after the expiration of the Primary Term, this Lease shall continue in force so long as oil or gas is produced from the Premises or on acreage pooled or unitized therewith.

2. This is a **PAID-UP LEASE**. In consideration of the payment made herewith, Lessor agrees that Lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term. Lessee may at any time or times during or after the Primary Term surrender this lease as to all or any portion of the Premises, and as to any strata or stratum, by delivering to Lessor or by filing for record a release or releases, and be relieved of all obligations thereafter accruing as to the acreage surrendered, and Lessor shall have no obligation to return consideration received for such released acreage.

3. Lessee covenants and agrees to pay royalty to the Lessor as follows:

- a. On crude oil ("Oil") sold or used off the premises, one-eighth (1/8th) of the amount realized from the Oil so sold or used. Lessor's interest in oil shall bear its proportionate share of the cost of all transporting, gathering, treating, storage or marketing the Oil so sold or used.
- b. On gas of whatsoever nature or kind, including coalbed gas, natural gas liquids and other plant products, and other gases, condensate or other liquid hydrocarbons and their respective constituent elements, casinghead gas or other gaseous substances, produced from the Premises ("Gas") Lessee shall pay at its election as royalty: (i) for Gas sold or used off the Premises, one-eighth (1/8th) of the amount realized from Gas so sold or used, with Lessor's interest in such Gas bearing its proportionate part of the cost of all compressing, processing, treating, dehydrating, fractionating, gathering, transporting or marketing incurred in processing, selling or delivering the Gas or sold or used); (ii) for Gas sold at the well, one-eighth (1/8th) of the amount realized from such sale.

4. Where Gas from a well capable of producing Gas, or from a well in which dewatering operations have commenced, is not sold or used after the expiration of the primary term, Lessee shall pay or tender as royalty to Lessor at the address set forth above One Dollar (\$1.00) per year per net mineral acre, such payment or tender to be made on or before the anniversary date of this Lease next ensuing after the expiration of ninety (90) days from the date such well is shut in or dewatering operations are commenced and thereafter on or before the anniversary date of this Lease during the period such well is shut in or dewatering operations are being conducted. If such payment or tender is made, it will be considered that Gas is being produced within the meaning of this lease. Failure to properly or timely pay or tender such shut in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

5. If Lessor owns a lesser interest in the Premises than the entire and undivided fee simple estate therein, then the royalties (including any shut-in gas royalty) herein provided for shall be paid Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee.

6. Lessee shall have the right to use, free of cost, gas, oil and water produced on the Premises for Lessee's operation thereon, except water from wells of Lessor.

7. When requested by Lessor, Lessee shall bury Lessee's pipeline below plow depth.

8. No well shall be drilled nearer than 300 feet to the house or barn now on the Premises without written consent of Lessor.

9. Lessee shall pay for damages caused by Lessee's operations to growing crops on the Premises.

10. Lessee shall have the right at any time to remove all machinery and fixtures (including casing) Lessee has placed on the Premises.

EXHIBIT A

[Insert legal description of leased premises]

EXHIBIT B

NOTWITHSTANDING ANYTHING CONTAINED IN THE FOREGOING OIL AND GAS LEASE TO THE CONTRARY, THE FOLLOWING PROVISIONS SHALL APPLY AS AN EXHIBIT TO THE FOREGOING OIL AND GAS LEASE, AND SHALL BE IN FORCE AND EFFECT AS A PART OF SAID LEASE.

1. **SURFACE USE:** Lessee shall have the right to use only so much of the surface of the Leased Premises as is reasonably necessary for the full exercise of the purpose of this Lease; provided, that if the Leased Premises are 5.0 acres or smaller in size, Lessee shall not engage in drilling operations on the surface of the Leased Premises. Lessee shall take reasonable precautions to minimize adverse impact to Lessor's farming, dairy and ranching operations on the Leased Premises. Lessee shall advise the owner of the surface of the Leased Premises prior to commencing construction regarding the location of any well sites, roads, fences, pipelines or utilities, or installation of any production equipment, tank batteries or produced water disposal equipment. Lessee shall pay the surface owner for reasonable damages to growing crops, grass, buildings, livestock, feed, fences and other improvements and personal property caused by Lessee's operations.
2. **PROTECTION AND USE OF WATER:** Lessee shall follow generally accepted industry practices designed to protect fresh water strata from contamination and protect the surface from exposure to produced water and other contaminants. Lessee shall not use water from Lessor's irrigation and domestic wells or from the aquifers supplying said wells without Lessor's written consent. Produced water may be used for any purpose allowed by applicable laws and regulations.
3. **LIABILITY INSURANCE:** If Lessee or its agents conduct any operations on the Leased Premises then Lessee shall maintain, at Lessee's expense, for the duration of Lessee's operations on the Leased Premises, public liability insurance with adequate coverage for personal injury and damage to real property with respect to Lessee's operations. If requested by Lessor, Lessee shall deliver appropriate evidence to Lessor, prior to entrance on the Leased Premises that such insurance is in force.
4. **NOTIFICATION OF BREACH:** In the event Lessor considers that Lessee has failed to comply with any obligation hereunder, express or implied, Lessor shall notify Lessee in writing specifying in what respect Lessor claims Lessee has breached this Lease. Lessee shall then have **sixty (60) days** after receipt of said notice within which to meet or commence to meet all or any part of the breach(es) alleged by Lessor, or attempt to prove that the alleged breach(es) do(es) not exist. The service of said notice shall be precedent to the bringing of any action by Lessor on said Lease for any cause, and no such action shall be brought until the lapse of **sixty (60) days** after service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by Lessee aimed to meet all or any of the alleged breach(es) shall be deemed an admission or presumption that Lessee has failed to perform all its obligations hereunder. This Lease shall not be forfeited or cancelled for a failure to perform in whole or in part any of its implied covenants, conditions, or stipulations until a judicial determination is made that such failure exists.
5. **REGULATIONS:** All operations conducted under this Lease, including permitting, drilling, production, pooling and unitization, plugging and abandonment of wells, and surface reclamation, shall be done pursuant to and in accordance with applicable federal, state and local rules and regulations.
6. Lessee is hereby given the option to extend the Primary Term of this Lease for an additional **three (3)** years from the expiration date of the Primary Term hereof. This option may be exercised by Lessee for all or part of the acreage covered by this Lease that Lessee elects to extend and this option exercised at any time during the original Primary Term by paying the sum of **Fifty and no/100 Dollars (\$ 50.00)** per acre to Lessor. This payment shall be based upon the number of net mineral acres that Lessee elects to extend then covered by this Lease and not at such time being maintained by other provisions hereof. This payment may be made by check or draft of Lessee mailed or delivered to Lessor at any time during the original Primary Term hereof. If, at the time this payment is made, various parties are entitled to specific amounts according to Lessee's records; this payment may be divided between said parties and paid in the same proportion. Should this option be exercised as herein provided, it shall be considered for all purposes as though this Lease originally provided for a Primary Term of **Six (6)** years.
7. Lessor does hereby fully waive, release, acquit, dismiss, surrender, cancel and forever discharge any and all claims heretofore or hereafter arising against Lessee from, or in any manner connected to, (i) prior oil and gas operations of any nature on the Leased Premises, (ii) any preexisting conditions and/or (iii) any Lessor, invitee and/or tenant on the Leased Premises taking or using gas from any well(s) not drilled by Lessee.
8. **Royalty Payments:** Lessee shall submit to Lessor royalty payments in full by the last day of the calendar month following Lessee's receipt of payment for a month of production for the oil or gas. The check stub for each payment shall identify the amount of oil and/or gas produced and saved during that month, the price received therefore, and Lessor's royalty interest and applicable severance charges. If Lessee fails to timely pay any royalty when due, Lessee shall pay to Lessor in addition to the royalty one percent (1.0%) times the unpaid royalty for each calendar month or fraction thereof. Lessee shall allow reasonable access to Lessor to Lessee's records, as provided by applicable law, relevant to a determination of the amount of any royalty to be paid pursuant to this Lease.
9. **Liability:** Lessee shall indemnify, defend and hold Lessor harmless from any and all liability, charge, expense, fine, claim, suit or loss, including but not limited to losses related to crop, livestock and dairy production, and including attorney's fees and costs on appeal, caused by or resulting from any negligent or otherwise wrongful act or omission of Lessee, its assigns, sublessees, agents, operators, employees, or contractors. Lessee shall pay when due, all taxes lawfully assessed and levied under Idaho law upon Lessee's interest in the Leased Premises, including the leased deposits and oil or gas production.
11. **Sale or Lease:** Any sale or sublease of all or any part of the Leased Premises during the term of this Lease shall be subject to the terms and conditions of this Lease.
12. **Lessee Practices:** Lessee shall at all times conduct all operations and other actions relative to this Lease as a reasonable prudent operator, and shall conform to the best practices and engineering principles currently in use in the oil and gas industry for the area in which the Leased Premises are located and as contemporaneously as they are improved from time to time. Lessee shall at all times use all reasonable precautions necessary to prevent waste of oil and gas.