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BEFORE THE IDAHO DEPARTMENT OF LANDS

**In the Matter of the Application of
Cascade Exploration, LLC for an Order
establishing a Spacing Unit consisting of
239.15 net acres on lands situated in
Section 25, Township 5 North, Range 4
West, Canyon County, Idaho.**

**CASCADE EXPLORATION, LLC,
Applicant.**

AGENCY Case No. CC-2025-OGR-01-003

OAH Case No. 25-320-OG-02

**APPLICANT CASCADE
EXPLORATION, LLC'S
PREHEARING STATEMENT**

The Applicant, Cascade Exploration, LLC (“Cascade Exploration”), by and through its counsel of record, Andrew A. Irvine, submits the following Prehearing Statement in accordance with the *Scheduling Order* dated July 28, 2025. This matter is scheduled for an evidentiary hearing on August 28, 2025, at 1:30 p.m. MDT at the College of Western Idaho’s Nampa Micron Education Center, Room 139A, located at 5725 E. Franklin Road, Nampa, ID 83687. Cascade Exploration also hereby submits its disclosure of witnesses, its exhibit list, and its proposed exhibits for hearing.

Cascade Exploration filed its application for an Order establishing a spacing unit consisting of 239.15 net acres in Section 25, Township 5 North, Range 4 West, Canyon County, Idaho, on June 30, 2025, pursuant to Idaho Code § 47-317 (addressing the establishment of

spacing units) and Idaho Code § 47-328(3)(b) (addressing the procedural requirements for an application for an order establishing a spacing unit). *See* Ex. CE-01 (application materials). Consistent with Idaho Code § 47-328(3)(b), on July 8, 2025, Cascade Exploration satisfied the requirements for notice to all mineral interest owners as well as to the county where the proposed unit is located. *See* Ex. CE-02 (notice). The proposed spacing unit is more fully described and depicted at Exhibit CE-01, pages 4-5.

Notably, Cascade Exploration is exploring for hydrogen, not conventional oil or gas, and is planning to drill a stratigraphic test well that will not produce oil or gas (conventional or otherwise) or otherwise cause the waste of oil and gas. Rather, the stratigraphic test well is being drilled solely to obtain geological information.

I. LEGAL BACKGROUND

A. Procedural requirements for an application to establish a spacing unit.

Idaho Code § 47-328(3)(b) provides the procedural requirements for an application for an order establishing a spacing unit. Section 47-328(3)(b) requires an applicant, within seven (7) days of filing an application, to “send a copy of the application and supporting documents to all known and located uncommitted mineral interest owners, all working interest owners within the proposed spacing unit, and the respective city or county where the proposed unit is located.” The copy of the application shall be sent by certified mail and include notice of the hearing date on which the administrator will consider the application. Idaho Code § 47-328(3)(b). The “administrator” is the “division administrator for oil and gas conservation” with the Idaho Department of Lands (the “department”). *Id.* §§ 47-310(1), (10).

Once the application has been filed, “[o]nly an uncommitted owner in the affected unit may file an objection or other response to the application, and the uncommitted owner shall file at least fourteen (14) days before the hearing date provided in the notice.” *Id.*

The administrator “shall hear the application and make a decision on the application’s merits.” Idaho Code § 47-328(3)(d). The administrator may appoint a hearing officer, who shall have the power and authority to conduct hearings. *Id.* The department may appear and testify at the hearing. *Id.* “When applications are uncontested, the applicant may request and the administrator may allow approval without a hearing based on review of the merits of a verified application and the supporting exhibits.” *Id.* Finally, the administrator “shall issue a written decision on any such application within thirty (30) days of the hearing.” *Id.* § 47-328(3)(e).

B. Substantive requirements for establishing a spacing unit.

The Idaho Oil and Gas Conservation Commission has the authority to regulate the spacing and location of oil and gas wells. Idaho Code § 47-315(6)(c). A “spacing unit” in the oil and gas industry generally refers to an area designated for drilling and production of oil or gas wells, as established by state regulatory agencies. In the absence of an order by the department establishing spacing units, the statutory default area for a gas well spacing unit is 640 acres. *Id.* § 47-317(3)(b). However, pursuant to Idaho Code § 47-317(1), the department may on the application of an interested person, and after notice and opportunity for hearing, deviate from the statutory default area and issue an order establishing spacing units on a statewide basis, or for defined areas within the state, in order “[t]o prevent or assist in preventing the waste of oil and gas, to avoid drilling unnecessary wells or to protect correlative rights.”

As it relates to the drilling and production of gas, “waste” is defined at Idaho Code § 47-310(36)(a) as “the escape, blowing or releasing, directly or indirectly, into the open air of gas

from wells productive of gas only” and “the production of gas in quantities or in such manner as will unreasonably reduce reservoir pressure or unreasonably diminish the quantity of oil and gas that might ultimately be produced.” “Correlative rights” means “the opportunity for each owner in a pool to produce his just and equitable share of oil and gas in a pool without waste.” Code § 47-310(8). And a “pool” is “an underground reservoir containing a common accumulation of oil or gas, or both.” *Id.* § 47-310(29).

An order establishing spacing units “shall specify the location, size, and shape of the unit, which, in the opinion of the department, shall result in the efficient and economical development of the pool as a whole.” *Id.* § 47-317(2). The established units “shall be geographic,” with the boundary of the unit described in accordance with the public land survey system. *Id.* The department “shall issue an order establishing a spacing unit . . . to determine the area that can be efficiently and economically drained by one (1) well for the orderly development of the pool.” *Id.*

In sum, the establishment of a spacing unit under Idaho law is generally conditioned by the identification of a pool of oil and/or gas and, following identification of such, is aimed at promoting the efficient and economic development of the identified pool via a single well. Idaho law does not specifically address the situation where a pool of oil and/or has yet to be identified and there is no planned development. However, the department has general authority under Idaho Code § 47-317(1) to establish a spacing unit on the application of an interested person, and at a given location, size, and shape that will prevent or assist in preventing the waste of oil and gas, avoid the drilling of unnecessary wells, and protective correlative rights.

II. FACTUAL BACKGROUND AND STATEMENT

A. Cascade Exploration has satisfied the procedural requirements for its application to establish a spacing unit.

Following its application for an order establishing a spacing unit, the department acknowledged receipt of the application on July 8, 2025, and set a preliminary hearing date of August 14, 2025. In conformance with Idaho Code § 47-328(3)(b), Cascade Exploration then sent a copy of the application and all supporting documents to both Marchbanks Properties (the mineral interest owner) and Canyon County (the county where the proposed spacing unit is located) via certified mail on July 8, 2025. *See* Ex. CE-02. The mailing included notice of the preliminary hearing date. *See id.* Marchbanks Properties is the only mineral interest owner in the proposed spacing unit. There are no uncommitted mineral interest owners, nor any working interest owners other than Cascade Exploration. Bronson Barrett, Senior Landman for Cascade Exploration, will testify as to the notice provided and Cascade Exploration's fulfillment of the procedural requirements at Idaho Code § 47-328(3)(b).

In following and to Cascade Exploration's knowledge, there were no uncommitted owners or other parties that filed an objection or other response to the application. The application is uncontested. However, Cascade Exploration recognizes and appreciates the department's interest in proceeding with a hearing, to allow the administrator to hear the application and to provide an opportunity for public comment. In sum, Cascade Exploration has satisfied the procedural requirements at Idaho Code § 47-328(3) for its application for an order establishing a spacing unit.

B. Cascade Exploration has satisfied the substantive requirements for establishing a spacing unit.

On June 30, 2025, Cascade Exploration submitted its application for an order establishing a spacing unit consisting of 239.15 net acres in Section 25, Township 5 North, Range 4 West,

Canyon County, Idaho. The geographic boundary of the proposed spacing unit is more fully described according to the public land survey system as well as depicted at Exhibit CE-01, pages 4-5. As set forth in the Declaration of Bronson Barrett, Senior Landman for Cascade Exploration, dated June 30, 2025, Cascade Exploration is an “interested person” for purposes of Idaho Code § 47-317(1) by virtue of holding 100% of the net mineral acres in the proposed spacing unit area pursuant to a lease with the mineral interest owner (Marchbanks Properties). *See* Ex. CE-01, page 7 (June 30, 2025) (Declaration of Bronson Barrett).

Cascade Exploration is also an “owner” as defined by Idaho Code § 47-310(27) as to the tract leased by it in the proposed spacing unit area, as by virtue of Cascade Exploration’s lease with the mineral interest owner, Cascade Exploration is “the person who has the right to drill into and produce from a pool and to appropriate the oil and gas that he produces therefrom, either for himself or for himself and others.” *See* Ex. CE-01, page 7 (Declaration of Bronson Barrett).

As set forth in Cascade Exploration’s application, *see* Exhibit CE-01, and consistent with the statutory bases at Idaho Code § 47-317(1) for issuing an order establishing a spacing unit for a defined area, the proposed spacing unit will “prevent or assist in preventing the waste of oil and gas,” will “avoid drilling unnecessary wells,” and will “protect correlative rights.” Simply put, there will be no waste as Cascade Exploration has no plans to release gas into the open air or to produce any gas or oil, including not producing in any way that would “unreasonably reduce reservoir pressure or unreasonably diminish the quantity of oil and gas that might ultimately be produced.” As explained in Cascade Exploration’s application and more particularly the Declaration of Heather Bader, Drilling Engineer for Cascade Exploration, dated June 30, 2025, Cascade Exploration only plans to drill a “stratigraphic test well.” *See* Ex. CE-01, pages 8-10 (Declaration of Heather Bader). Such a well is an exploratory well drilled with the primary

purpose of collecting geological information. *Id.*, page 8, ¶ 2. The well will not produce oil or gas. *Id.*

As explained in the Declaration of Heather Bader, these types of non-producing, stratigraphic test wells are used to penetrate rock formations, retrieve core samples and record geophysical information to better understand the stratigraphy, lithology, fluid content, and reservoir potential of the rock formations. *Id.* Specifically, as detailed in Exhibit CE-03, Cascade Exploration will undertake open-hole geophysical logging, coring and sampling, as well as drill stem testing, if conditions in a particular rock formation show the presence of gas or abnormal pressure. After conducting these tests using the stratigraphic test well and obtaining the desired information, the well will be plugged and abandoned. *See* Ex. CE-01, pages 8, ¶ 2.

Specifically, the stratigraphic test well planned by Cascade Exploration will be drilled vertically to an estimated depth of 12,000 feet, solely for data acquisition and will then be plugged and abandoned following such drilling and data collection. *See id.*; *see also* Ex. CE-03 (describing well type). More specifics on Cascade Exploration's drilling program, including details on casing, well tests, drilling equipment, and an estimated drilling timeline are provided in Exhibit CE-03. Heather Bader will testify as to the purpose of the stratigraphic test well and the details of drilling such a well, conducting tests, and plugging and abandoning the well.

Importantly, Cascade Exploration's stratigraphic test well will not commit waste by releasing or producing gas in any way that would "unreasonably reduce reservoir pressure or unreasonably diminish the quantity of oil and gas that might ultimately be produced." The well will not produce oil or gas.

Consistent with Idaho Code § 47-317(1), the planned stratigraphic test well will help "to avoid drilling unnecessary wells." As explained in the Declaration of Heather Bader, the

stratigraphic test well as compared to a conventional producing gas well, can be drilled more efficiently both in terms of cost and time, and will avoid perforating any rock formations or otherwise facilitating the flow of gas into the wellbore. *See* Ex. CE-01, pages 8, ¶ 3. No fluids or other materials will be injected into the well. *See id.*; *see also* Ex. CE-03 (indicating that none of the well tests involved fluid or material injection).

If the stratigraphic test well does not return favorable information for eventual gas production, then the drilling of an unnecessary “dry” conventional gas well is avoided. If the stratigraphic test well returns favorable information, then Cascade Exploration can use the data obtained to better plan for, locate, drill, and optimize production from a conventional producing gas well in coordination with the department. *See* Ex. CE-01, pages 8, ¶¶ 2-5 (discussing benefits of drilling a stratigraphic test well versus a conventional well). At the end of the day, Cascade Exploration’s planned stratigraphic test well is more cost-efficient, quicker to drill, and causes far fewer impacts than a conventional gas well. The information gained from such stratigraphic test well will also promote the efficient and economic development of any gas discovery.

Additionally, Cascade Exploration’s stratigraphic test well will be protective of correlative rights consistent with Idaho Code § 47-317(1) as neither Cascade Exploration’s share nor any other adjacent mineral owner’s share of oil and gas in a pool will be impacted by Cascade Exploration’s well. Again, there will be no production of oil or gas from the well.

Finally, the proposed spacing unit consisting of 239.15 net acres in Section 25, Township 5 North, Range 4 West, Canyon County, will not impair the efficient and economical development of the pool as a whole (if there is a pool to develop) as contemplated by Idaho Code § 47-317(2). As there will be no production from Cascade Exploration’s stratigraphic test well,

there will be no drainage. No other mineral owners will be impacted by the stratigraphic test well. And, in the event the stratigraphic test well demonstrates gas in producing quantities, the department will retain the ability to establish a spacing unit or units to efficiently and economically drain the area by one well for the orderly development of the pool. *See* Ex. CE-01, pages 8, ¶ 5; *see also* Idaho Code §§ 47-317(1)-(2).

As discussed in the Declaration of Heather Bader, a larger spacing unit—such as the default 640 acre spacing unit—is unnecessary for a stratigraphic test well. *See* Ex. CE-01, pages 8, ¶¶ 4-5. Indeed, under the circumstances here, requiring a larger spacing unit (up to 640 acres) would be unduly burdensome on Cascade Exploration as it would be required to secure additional mineral rights as well as involve additional mineral owners at significant cost and investment of time, but for little reason as none of these mineral interests or owners would be impacted by the stratigraphic test well. A larger spacing unit would also increase the administrative burden on the department as well as deter similar exploration and related development of gas resources across the state.

As summed up in the Declaration of Heather Bader, a spacing unit of 640 acres is unnecessary and the proposed spacing unit of 239.15 acres is fit-for-purpose and more technically sound and justified. *See* Ex. CE-01, pages 8, ¶ 6. As the planned stratigraphic test well will not be producing oil or gas, there will be no waste or impairment of correlative rights, and the well will be in full conformance with Idaho Code §§ 47-317(1)-(2) concerning the establishment of spacing units. In the event Cascade Exploration's stratigraphic test well should lead to the discovery of gas in producing quantities, the department may then work with Cascade Exploration, utilizing the information obtained from the stratigraphic test well, to establish a spacing unit that would efficiently and economically drain gas from the discovered pool.

III. CONCLUSION

As set forth in its June 30, 2025 application for an order establishing a spacing unit consisting of 239.15 net acres in Section 25, Township 5 North, Range 4 West, Canyon County, Idaho, Cascade Exploration respectfully requests that the department issue an order establishing the requested spacing unit for the reasons above and those presented in the application.

DATED this 14th day of August 2025.

CASCADE EXPLORATION, LLC (APPLICANT)

A handwritten signature in black ink, appearing to read 'A. Irvine', is positioned above a horizontal line.

Andrew A. Irvine
Attorney for Cascade Exploration, LLC

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 14th day of August, 2025, I caused to be certified a true and correct copy of the foregoing by the following method to:

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