## **BEFORE THE IDAHO DEPARTMENT OF LANDS**

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In the Matter of Application of Snake River Oil ) and Gas, LLC, for Order Establishing a Spacing Unit Consisting of the SE ¼ of Section ) 15, the E <sup>1</sup>/<sub>2</sub> of the SW <sup>1</sup>/<sub>4</sub> of Section 15, and the NE ¼ of Section 22, Township 8 North, Range 5 West, Pavette County, Idaho.

SNAKE RIVER OIL AND GAS, LLC, Applicant.

Agency Docket No. CC-2025-OGR-01-002

OAH Case No. 25-320-OG-01

## PREHEARING STATEMENT OF APPLICANT

On May 22, 2025, pursuant to Idaho Code §47-317 (addressing the establishment of spacing units) and Idaho Code §47-328(3)(b) (addressing procedural requirements for spacing order applications), Applicant Snake River Oil and Gas, LLC ("Snake River") filed its application for an Order establishing a spacing unit consisting of the SE 1/4 of Section 15, the E 1/2 of the SW <sup>1</sup>/<sub>4</sub> of Section 15, and the NE <sup>1</sup>/<sub>4</sub> of Section 22, Township 8 North, Range 5 West, Payette County, Idaho. See Ex. SR-01 (application materials and notice).

Spacing units describe the area economically and efficiently drainable by a single well and are used to prevent the drilling of unnecessary wells, assist in the prevention of waste, and protect correlative rights. Idaho Code §47-317(1) (listing reasons for establishing spacing units).<sup>1</sup> Spacing units are defined in terms of reserves of hydrocarbons referred to as "pools." See Idaho Code § 47-317(1)-(2). A pool is defined as "an underground

<sup>&</sup>quot;Correlative rights" means "means the opportunity of each owner in a pool to produce his just and equitable share of oil and gas in a pool without waste." Idaho Code § 47-310(8). "Waste" as applied to natural gas includes "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[.]" Idaho Code § 47-310(36)(a).

reservoir containing a common accumulation of oil or gas, or both." Idaho Code § 47-310(29). A spacing unit must be "the area that can efficiently and economically be drained by one (1) well for the orderly development of the pool." Idaho Code § 47-317(2). In the absence of a spacing order to the contrary, the statutory default size for a gas<sup>2</sup> spacing unit is 640 acres, the size of a standard section of land under the public land survey system. Idaho Code § 47-317(3)(b). However, a different size or shape of spacing unit may be established upon application of an interested person or the Department's own motion if supported by geologic evidence. An order establishing a spacing unit must "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.* The location, size, and shape of a spacing unit must be described using the public land survey system (i.e., by reference to township, range, and section or fractions of a section). *Id.* 

As set forth in the Declaration of Richard Brown included as Exhibit C to the application materials, Snake River is an "interested person" for purposes of Idaho Code § 47-317(1) by virtue of currently holding over 50% of the net mineral acres in proposed spacing unit area by lease as of the time of application.<sup>3</sup> Snake River is an "owner" as defined by Idaho Code § 47-310(27) as to each tract leased by it in the proposed spacing unit area, as by virtue of each lease Snake River 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. SR-01, Ex. B (Declaration of Richard Brown).

<sup>&</sup>lt;sup>2</sup> Wells drilled in the area of the proposed unit produce primarily natural gas, and the well planned for the proposed spacing unit is anticipated to be a gas well.

<sup>&</sup>lt;sup>3</sup> Since the time of application, Snake River has leased additional tracts in the proposed unit area and its net mineral acreage in the unit area has increased.

A copy of the application materials and a notice of the regularly scheduled hearing date and deadline for filing an objection was mailed via certified mail to uncommitted mineral owners in the proposed unit area and to Payette County on May 29, 2025, as required by Idaho Code §47-238(3)(b). *See* Exs. SR-01 (application materials including notice); SR-02 (certified mailing receipts). The notice was also mailed regularly to uncommitted mineral owners for properties adjacent to the proposed unit area (to the extent not already noticed by virtue of being included in the proposed unit area), although not required by § 47-328(3)(b). Additionally, on May 28, 2025, notice of the Application, response deadline, and regularly scheduled hearing date was published in a newspaper of general circulation in the county to all unknown or unlocatable mineral interest owners, as required by Idaho Code §47-328(3)(b). *See* Ex. SR-03 (affidavit of publication). Snake River will provide, as necessary, testimony from Richard Brown, manager of Snake River Snake River Oil and Gas, LLC, and Wade Moore and Rodney May, landmen for Snake River, as necessary regarding Snake River's interested party status and compliance with Idaho Code § 47-328(3).

Counsel for Snake River and counsel for the Department have discussed an issue related to the receipts of certified mailing and potential curative action, which the parties anticipate taking up with the Hearing Officer at the prehearing conference on July 7.

Only one uncommitted owner in the proposed spacing unit area, Charlene Gomez (Tract 328 on Exhibit A to the Application materials, which are Exhibit SR-1), filed an objection to the Application via email to OAH on June 26, 2025. The objection appears to have been made in an exercise of caution by Ms. Gomez. The content of her email is:

I am an "uncommitted mineral interest owner" in the above-referenced matter. I do not have enough information to make an informed decision about whether to object to the proposed spacing unit. I am concerned over the potential risks of drilling near my home and through my drinking water aquifer. Consequently,

considering today's deadline for a response, I must object to being included in this spacing unit. Thank you for your consideration.

Counsel for Snake River has communicated with Ms. Gomez by email and attempted to answer her questions about the spacing process.

On May 30, 2025, pursuant to its authority under Idaho Code § 47-328(3)(a), the Department requested additional information from Snake River. On June 10, 2025, Snake River provided copies of certified mailing receipts and the affidavit of publication to the Department. On July 2, 2025, Snake River provided additional geologic exhibits (which are now Exs. SR-05 through SR-26) in response to the Department's request.

At the hearing of this matter, Snake River will provide testimony of geologist David Smith consistent with his Declaration filed in support of the Application (Ex. D to Ex. SR-01), the exhibits to his Declaration, and additional exhibits SR-05 through SR-14, that: (a) Sands A and B are likely to be productive of hydrocarbons within the proposed unit area; (b) his conclusions result from interpretation of seismic data, and correlating to the presence of the sands in the nearby Fallon #1-10 and Barlow #2-14 wells as evidenced in the logs and production history of those wells; and (c) the proposed unit area reasonably describes the area economically and efficiently drainable by one well and is an appropriate configuration for a spacing unit.

Mr. Smith and petroleum engineer Cliff Partridge will also provide testimony as needed in response to the request for additional information made by James Thum of the Department in his May 30, 2025 letter to Snake River, to further support the requested unit area. Mr. Partridge will testify regarding exhibits SR-15 through SR-26.

Snake River previously applied for and obtained orders establishing non-standard spacing units as part of its development of oil and gas resources in the area. *See Findings of Fact*,

*Conclusions of Law, and Order,* Docket No. CC-2020-OGR-01-002 (September 28, 2020)<sup>4</sup>; *Findings of Fact, Conclusions of Law, and Order,* Docket No. CC-2020-OGR-01-001 (November 5, 2020)<sup>5</sup>; *Findings of Fact, Conclusions of Law, and Final Order,* Docket No. CC-2024-OGR-01-001, OAH Case No. 24-320-OG-01 (July 17, 2024).<sup>6</sup> Snake River respectfully refers the hearing officer to these prior orders for handling of previous similar requests.

The geologic evidence presented indicates a likely pool of hydrocarbons in the Sand A and Sand B formations, with probable economically and efficiently productive limits within the proposed 400-acre spacing unit area. A single well located in the proposed spacing unit area would efficiently and economically drain hydrocarbons from the identified pool.

DATED this 3rd day of July, 2025.

HARDEE, PIÑOL & KRACKE, PLLC

MICHAEL CHRISTIAN Attorney for Applicant

<sup>5</sup> <u>https://ogcc.idaho.gov/wp-</u> content/uploads/104 20201105 FindingsofFactConclusionsofLawandOrder.pdf.

<sup>&</sup>lt;sup>4</sup> <u>https://ogcc.idaho.gov/wpcontent/uploads/046\_20200928\_FindingsofFactConclusionsofLawOrder.pdf.</u>

<sup>&</sup>lt;sup>6</sup> <u>https://ogcc.idaho.gov/wp-content/uploads/20240717\_FinalOrder.pdf</u>

## **CERTIFICATE OF SERVICE**

I hereby certify that on this 3rd day of July, 2025, I caused to be served a true and correct copy of the foregoing by the following method to:

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Unleased Owner

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MICHAEL CHRISTIAN