BEFORE THE IDAHO DEPARTMENT OF LANDS

In the Matter of the Application of Snake River Oil and Gas, LLC to Integrate the Spacing Unit Consisting of Section 24, Township 8 North, Range 5 West, Boise Meridian, Payette County, Idaho. Snake River Oil and Gas, LLC, Applicant.	Docket No. CC-2023-OGR-01-001 **FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER**

PROCEDURAL BACKGROUND

On January 23, 2023, Snake River Oil and Gas, LLC ("Snake River") filed an application to integrate all uncommitted mineral interest owners in the spacing unit consisting of Section 24, Township 8 North, Range 5 West, Boise Meridian, Payette County, Idaho ("Section 24" or "the unit"). The Minerals, Navigable Waterways, and Oil & Gas Division Administrator ("Administrator") of the Idaho Department of Lands ("the Department") subsequently issued a January 31, 2023 *Order Vacating Hearing and Notice of Hearing to Determine "Just and Reasonable" Factors* that set and noticed a March 14, 2023 hearing to determine "just and reasonable factors" and established briefing deadlines for that hearing.[1]

The Administrator received briefs from Snake River; the Department; Joey Ishida, Brenda Ishida, Juanita Lopez, Sarah Weatherspoon, David George, Jessica Ishida Sanchez, Juan Sanchez

[1] The March 14, 2023 hearing to determine "just and reasonable factors" was set to comply with the United States District Court for the District of Idaho's order to "explain[] the factors that will be considered when determining whether the terms and conditions of an integration order are 'just and reasonable' under Idaho Code § 47-320(1)." *Citizens Allied for Integrity & Accountability, Inc. v. Schultz*, 335 F.Supp.3d 1216, 1230 (D. Idaho 2018). The Idaho Oil and Gas Conservation Commission decided at its April 23, 2019, meeting that prior to holding an evidentiary hearing on the merits of an integration application pursuant to Idaho Code § 47-328(3)(d), the Administrator would hold a hearing and issue a ruling identifying the factors to be considered.

Jr., Gary Hale, Ryan Gentry, Mark Vidlak, and Mary Ann Miller[2] (collectively "Nonconsenting Owners"); Citizens Allied for Integrity and Accountability[3] ("CAIA"); and Jordan A. and Dana C. Gross and Little Buddy Farm LLC[4] (collectively "Grosses"). On March 14, 2023, in Fruitland, Idaho, the Administrator held the hearing on the factors used to determine "just and reasonable" terms. The following persons appeared at the March 14, 2023 hearing: Michael Christian on behalf of Snake River, James Piotrowski, on behalf of the Nonconsenting Owners, Kahle Becker on behalf of the Grosses, and Deputy Attorney General J.J. Winters on behalf of the Department.

The Administrator issued an *Order Determining "Just and Reasonable" Factors* on April 13, 2023. First, he determined that Oil and Gas Conservation Act provides applicable procedures for the evidentiary hearing on Snake River's application and, in any event, issuing an order addressing procedure at a future evidentiary hearing was outside the scope of the hearing to determine just and reasonable factors. Next, the Administrator determined that the broad requirement for an integration order to be on "just and reasonable" terms does not include authority to award additional compensation beyond statutory requirements and integration will not be denied when uncommitted owners' economic risks exceed benefits. This was because the Legislature made integration mandatory upon meeting certain statutory requirements. Further, an integration order's terms and conditions must be within the Commission's statutory authority and be consistent with the Oil and Gas Conservation Act's purposes. Finally, the Administrator

---

[2] As of the date of this Order, Joey Ishida, Brenda Ishida, Jessica Ishida Sanchez, Juan Sanchez Jr., and Mary Ann Millier have voluntarily leased and are no longer uncommitted owners. *See* Revised SR-2 andSR-3.

[3] Snake River filed a motion to determine that CAIA was not a party. CAIA did not respond. On March 22, 2023, the Administrator determined that CAIA was not a party.

[4] As of the date of this Order the Grosses and Little Buddy Farm have voluntarily leased. Revised SR-2 and SR-3.

determined that he would consider the following factors in evaluating whether terms were just and reasonable:

1. Are the proposed terms addressed in another source of law?
2. Are the proposed terms and conditions (a) consistent with industry standards; (b) consistent with terms previously accepted or rejected by courts or other oil and gas administrative agencies; and (c) applicable to the unit and its operations?
3. Are the proposed terms and conditions similar to other agreements within and near the unit? If a proposed term is not similar, is there a reason why a different term or condition is appropriate?
4. Are any proposed terms, including those addressed at drilling, equipping, and operating a well, consistent with the Oil and Gas Act and necessary given site-specific conditions?
5. Will the proposed operations, including the drill site, physically occupy the property of uncommitted owners, and are any additional terms necessary to address physical occupation?
6. If the proposed operation includes use of uncommitted owners' surface estate, is the operator's compliance with Idaho Code § 47-334 adequate to protect the surface owner?
7. Do the unit's circumstances and operations require additional bonding with the Department?
8. Does the integration order ensure that integrated owners that do not choose to participate as an owner retain the private right of action against the operator for any future harms?

On April 13, 2023, the Administrator issued a *Notice of Prehearing Conference for Evidentiary Hearing*, which was mailed to all known and located uncommitted owners. On May 2, 2023, a telephonic prehearing conference was held. Attendance at the prehearing conference was mandatory for those who intended to participate in the evidentiary hearing. Those persons participating in the prehearing conference were Michael Christian, attorney for Snake River; James Piotrowski, attorney for the Nonconsenting Owners; Deputy Attorney General J.J. Winters, attorney for the Department; James Thum, Oil and Gas Program Specialist for the Department; Kahle Becker, attorney for the Grosses; Deputy Attorney General Joy Vega, the agency attorney

assigned to advise and assist the Administrator; Yvonne Smith; and Jordan Gross.[5] At the prehearing conference, the parties requested an opportunity to address pre-evidentiary hearing issues through motion practice. The Administrator subsequently issued an *Order Setting Prehearing Briefing Schedule* to facilitate the orderly disposition of pre-evidentiary hearing motions. Pursuant to that Order, the Parties had until May 26, 2023, to file pre-evidentiary hearing motions; June 7, 2023, to file responses to those motions; and June 12, 2023, to file any reply briefs.

The Administrator received four pre-evidentiary hearing motions: (i) the Grosses' *Request for Official Notice*, (ii) the Grosses' *Motion for Issuance of Subpoenas*, (iii) the Nonconsenting Owners' *Motion for Issuance of Subpoenas*, and (iv) the Nonconsenting Owners' *Motion to Disqualify Hearing Officer*. Snake River and the Department timely filed responses to these motions and the Nonconsenting Owners timely filed a reply brief. On June 30, 2023, the Administrator issued an *Order on Prehearing Motions*. The Administrator denied the motion to disqualify, determining that (i) he had a non-discretionary statutory duty to hear and decide Snake River's application, (ii) representation of the Department and the Administrator by separate Deputy Attorneys General did not create a conflict of interest, and (iii) that the Oil and Gas Conservation Commission ("OGCC") is a decision-making body distinct from the State Board of Land Commissioners, so the presence of land managed by the Department within the boundaries of the unit did not raise a conflict of interest with the OGCC. The Administrator denied both motions for issuance of subpoenas, concluding that the unambiguous language of the Oil and Gas Conservation Act prohibiting discovery in proceedings for an integration application overrode

[5] No other uncommitted owner participated in the May 2, 2023, prehearing conference except those represented by counsel.

language in IDAPA permitting the use of subpoenas "as authorized by statute." Further, the Administrator found that resolving questions concerning the Oil and Gas Conservation Act's constitutionality were outside the scope of his authority as a hearing officer. Finally, the Administrator denied the motion for official notice, concluding that all parties would have the opportunity to present evidence at the evidentiary hearing and, to the extent the Grosses were requesting information subject to a pending public records request, the Administrator did not have jurisdiction over the denial or partial denial of that request.

Also on June 30, 2023, the Administrator provided notice of an evidentiary hearing on August 22, 2023. However, the Administrator subsequently granted the Nonconsenting Owners' *Motion to Continue Evidentiary Hearing* and issued an *Order Vacating Hearing and Notice of Rescheduled Evidentiary Hearing* on July 27, 2023. The evidentiary hearing was reset for September 11, 2023, in Payette, Idaho. However, due to technical problems with the recording software meant to capture the hearing, no recording of the September 11, 2023, evidentiary hearing was produced. Accordingly, the Administrator scheduled a rehearing of the evidentiary hearing.

On October 24, 2023, in Boise, Idaho, the Administrator held the rehearing of the evidentiary hearing on Snake River's integration application.[6] The Administrator's Notice of Rehearing provided for either in-person or virtual attendance via Microsoft Teams. The following individuals appeared at the evidentiary hearing virtually: Michael Christian representing Snake River; Richard Brown; James Piotrowski representing Nonconsenting Owners; Deputy Attorney General J.J. Winters representing the Department, James Thum; Deputy Attorney General Hayden Marotz, the agency attorney assigned to advise and assist the Administrator, attended in person.

[6] For ease of reference, the Administrator refers to the "rehearing of the evidentiary hearing" as simply the "evidentiary hearing" or "the hearing."

No other parties, nonconsenting landowners, or members of the public attended either in person or virtually.

All participating parties were provided with an opportunity to present testimony and evidence. They were also provided with the opportunity to present opening and closing statements, and cross examine witnesses. The Administrator also asked questions of witnesses. Snake River's exhibits were admitted: SR-1, Snake River's Integration Application and supporting materials; Revised SR-2, an updated Plat map showing current voluntarily leased acreage; Revised SR-3, an updated tract list; and SR-4, records of published notices and certified mail receipts. The Nonconsenting Owners did not seek to admit any exhibits.

During the hearing, the Nonconsenting Owners moved the Administrator to order disclosure of all communications between Deputy Attorney General J.J. Winters and Deputy Attorneys General advising the Administrator in this matter. The Administrator granted the Nonconsenting Owner's Motion subject to some constraints. First, the Administrator indicated that he would hold the Record open until October 26, 2023, to receive additional filings relating to the Motion. Next, he directed the Nonconsenting Owners to submit a memorandum detailing the basis and legal authority for the Motion by October 26, 2023. Finally, he directed counsel for the parties to disclose any ex parte contacts between themselves and members of the Office of the Attorney General assigned to advise him in this matter. The Administrator explained that neither himself, nor counsel assigned to advise him are party to these proceedings.

On October 26, 2023, Nonconsenting owners submitted their Brief in Support of Motion to Disclose Communications. That same day, Deputy Attorney General J.J. Winters submitted a declaration confirming that she had had no ex parte contacts with other Deputy Attorneys General assigned to advise the Administrator. Likewise, although not required to by the Administrator's

Order, Deputy Attorney General Hayden Marotz submitted a declaration confirming that he had not had ex parte contacts with any party to this case.

The Administrator considered the testimony presented and the exhibits received as evidence and hereby makes the following findings of fact, conclusions of law, and order in this matter.

FINDINGS OF FACT

1. On January 23, 2023, Snake River filed an application to integrate all uncommitted mineral interest owners in the spacing unit consisting of Section 24, Township 8 North, Range 5 West, Boise Meridian, Payette County, Idaho. The unit proposed to be integrated is approximately 640 acres. *See* SR-1 at 1-2.[7]
2. Snake River is the applicant and proposed operator of the unit. *Id.* Snake River's address is provided on the application as

   Snake River Oil and Gas, LLC
   P.O. Box 500
   Magnolia, AR 71754-0500.

3. On January 30, 2023, Snake River sent known and locatable uncommitted owners by certified mail a copy of the application and hearing date and deadlines. *1/30/2023 Letter and Mailing Receipts.* On the same day, Snake River also sent Payette County a copy of the application by certified mail. *Id.*
4. Additionally, on January 18, 2023, Snake River published notice of its intent to file the application to the two unknown interest owners. SR-1 at 4, 151-53; *1/30/2023 Letter and Mailing Receipts.*

[7] Snake River's first exhibit, SR-1, is bates-numbered with the following convention: "SR10000." The Administrator references SR-1 with simplified page numbers. Thus, a citation to "SR-1 at 1" means page SR10001 of exhibit SR-1 and so on.

5. On January 23, 2023, the Department acknowledged that it received Snake River's application and did not request any additional information. *1/23/2023 Acknowledgement Letter.*
6. Snake River's application requested that IDL publish notice on its website. SR-1 at. 8-9.
7. The Nonconsenting Owners are uncommitted owners in the unit who filed an objection or other response to Snake River's application. They filed a February 28, 2023, opening brief on just and reasonable factors related to the appropriate factors to be addressed in establishing just and reasonable lease terms for mineral rights owners. They also filed three pre-hearing motions, seeking (i) to have the Administrator issue subpoenas, (ii) to disqualify the Administrator, and (iii) to continue the evidentiary hearing. The Administrator denied the first two motions and granted the third.
8. The Grosses reached a settlement with Snake River to voluntarily lease their properties and filed a Notice of Dismissal withdrawing as parties to this matter. *Notice of Dismissal.*
9. Snake River participated in the evidentiary hearing through its attorney. Evidentiary Hearing at 25:30 – 25:40.[8]
10. Snake River introduced exhibits SR-1, SR-2, SR-3, and SR-4, which were admitted.
11. Snake River called one witness, Richard Brown, during the evidentiary hearing.
12. The Nonconsenting Owners participated in the evidentiary hearing through their attorney. Evidentiary Hearing at 25:45 – 26:05.
13. The Nonconsenting Owners did not seek to introduce any exhibits and called one witness, James Thum, during the evidentiary hearing. They also cross-examined Mr. Brown.
14. The Department participated in the evidentiary hearing through its attorney. It did not call any witnesses or conduct any cross-examination. Evidentiary Hearing at 26:10 – 26:30.

[8] Citations to the evidentiary hearing refer to the timestamp for the hearing recording, available at https://www.youtube.com/watch?v=KHyrtlEYBvE.

15. CAIA[9] does not own property within the spacing unit, lease any mineral interest in the spacing unit, and is not a party to this proceeding. *Order Determining that CAIA is Not a Party.*

16. Snake River's application included a cover letter and twelve exhibits (Exhibits A-L). The cover letter contains sections addressing: (1) Snake River's name and address; (2) a description of the spacing unit; (3) geological statement concerning the likely presence of hydrocarbons; (4) statement that the proposed drill site is leased; (5) statement of proposed operations for the spacing unit and the proposed operator's name and address; (6) a proposed joint operating agreement ("JOA") and form of lease; (7) a list of the names and addresses of all uncommitted owners in the unit; (8) a declaration indicating that the operator has leased at least sixty-seven percent (67%) of the mineral interest acres in the unit; (9) a declaration stating that the highest bonus paid to a leased owner in the unit prior to filing the application; (10) a resume of efforts; (11) publication of application notice to unknown or unlocatable owners; (12) Snake River's proposed terms of integration. SR-1 at 1-9.

17. Snake River's Exhibit A is a plat map of the unit with uncommitted owners' tracts identified and a number that corresponds with their name and address listed on the resume of efforts.[10] Exhibit B is a declaration from David Smith, geologist for Snake River. Exhibit C is a declaration of Travis Boney, Landman for Snake River. Exhibit D is the proposed JOA. Exhibit E is the proposed lease form. Exhibit F is a list of tract owners indexed to the plat.[11] Exhibit G is the resume of efforts. Exhibit H is the certified mailing receipts to uncommitted owners. Exhibit I is the form of offer letter. Exhibit J is confirmation of the publication order of the

[9] This finding does not preclude CAIA's participation in this matter as a public witness, with rights articulated in IDAPA 04.11.01.355.
[10] Snake River submitted a revised plat map as Exhibit SR-2.
[11] Snake River submitted a revised list as Exhibit SR-3.

notice of intent to develop. Exhibit K is confirmation of the publication order of the intent to file application. Exhibit L is a declaration from Richard Brown, manager of Snake River.

18. The Application describes the proposed operations as drilling an exploratory well in the SE1/4 of the SW 1/4 of Section 24, Township 8 North, Range 5 West, Payette County. Yet, because of the exploratory nature of the proposed operations, no specific subsequent operations are identified. The drill site has been leased from Wayne A. Snavely and Janet L. Snavely, Trustees of the Wayne A. and Janis L. Snavely Family Trust. SR-1 at 2.

19. A gathering line has been constructed in the vicinity of the proposed well that connects to processing facilities for production. The application states that operations may be similar to existing wells in the area, and that all operations will comply with IDAPA 20.07.02.

20. Snake River's application contains a geologic statement that refers to seismic data for Section 24 and the interpretation of that data. SR-1 at 12-18. The proposed well is targeting Sand "C", expected to be encountered at a depth of approximately 3600' TVD (-1370 subsea). *Id.* at 14. Snake River expects to encounter multiple secondary objective sands above and below Sand C. *Id.*

21. Exhibit F is Snake River's tract list. It identifies uncommitted mineral interest owners in the unit at the time of the application with their corresponding parcel numbers and acreages. Uncommitted owners listed in Exhibit F are: Hal L. "Andy" Bowden; Jay Douglas Crom and Clare Louise Crom, as Trustee of the Crom Family Revocable Trust, dated March 4, 1999; Jessica Bilyeu and Wesley Bilyeu; John Ryan Gentry; Matthew M. White; Little Buddy Farms, LLC; Klinton A. Hutton and Mary L. Hutton; Joey Ishida and Brenda Ishida; Mike E. and Mary Lou Koto Family Trust; Jordan A. Gross and Dana C. Gross; Richard J. Lzicar and Sue Lzicar; Mary Ann Miller, Trustee of the Mary Ann Miller Revocable Trust U/D/T dated

November 16, 2004; Mark E. Mullins and Melanie Mullins; Jason S. Lloyd; Gary Hale and Kathryn Hale; A. Leroy Atwood; Anthony Joel Torres and Joe Torres, Jr.; Leonard A. Newman and Sandra S. Newman; Stoney Winston; Mark Vidlak and Becky Vidlak; Felipe Lopez and Juanita Lopez; Brians Family Trust; William F. Brown; Yvonne Jane Smith; David K. George and Camille E. George; Eric A. Oleson and Stephanie E. Oleson; Andrew G. Ogburn and Jessica M. Ogburn; Joseph M. Witherspoon and Sarah W. Weatherspoon. SR-1 at 87-94; *see also* Revised SR-3 (providing an updated tract list as of the time of the hearing).

22. Several of the owners listed in Exhibit F signed leases after the application was filed and are no longer uncommitted owners. These owners are Hal L. "Andy" Bowden (2.43 acres); Little Buddy Farm, LLC (two tracts, 33.7425 acres); Joey Ishida and Brenda Ishida (1.0572 acres); Jordon A. Gross and Dana C. Gross (two tracts, 43.2817 acres); Mary Ann Miller, Trustee of the Mary Ann Miller Revocable Trust U/D/T dated November 16, 2004 (26.49 acres); Stoney Winston (2.74 acres); Juan Sanchez and Jessica Ishida Sanchez (1.11 acres). Revised SR-3.
23. At the time of the evidentiary hearing, Snake River had leased approximately eighty-eight percent (88%) of the mineral acres in the spacing unit. Revised SR-3; Evidentiary Hearing at 56:40 – 56:58.
24. Mr. Boney's declaration attested that Snake River "made good faith efforts to lease the mineral interests" in Section 24. SR-1 at 21. Snake River made at least two contacts attempts to each of the uncommitted mineral interest owners before the application was filed. SR-1 at 100-18. Some of those efforts began in January of 2022 and continued through January of 2023. *Id.* At least one contact attempt was made by certified mail. *Id.* at 100.
25. One tract in the unit (tract 54) includes mineral interests with owners who could not be located. SR-1 at 22. For Tract 54, a 50% undivided mineral interest, for approximately 4.99 net mineral

acres, was reserved to Grover C. McGee and Lillias P. McGee, husband and wife, in 1964. *Id.* Snake River determined that there was no further record of conveyance, both record owners were deceased by 1995, and a probate records search found no record of disposal of either interest. *Id.* Snake River's attempts to contact Jefferson Arthur McGee, personal representative of the estate of Lillias P. McGee, were unsuccessful. Snake River has been unable to determine if Jefferson McGee or some other individuals is the successor to the reserved interest. *Id.*

26. On January 18, 2023, Snake River published legal notice in the Argus Observer to the unknown and unlocatable owners of Tract 54, as well as all other uncommitted owners. SR-1 at 22, 152-54. The notice provided to the owners Snake River's intent to develop and reach agreement regarding the lease of their mineral interest. The notice also requested that the owners contact Snake River. *Id.*

27. On January 18, 2023, Snake River published in the Argus Observer a notice of the application, including notice of the regularly scheduled hearing date and the deadline for filing a response. SR-1 at 151-53. This notice was directed to all uncommitted mineral interest owners in the unit, including the heirs or successors of Grover C. McGee and Lillias P. McGee. *Id.* The notice provided that the application would be available on the Department's website after filing, that all uncommitted owners would have an opportunity to respond to the application, and that those responses should be filed no later than fourteen days before the hearing date. *Id.*

28. The Argus Observer is a newspaper of general circulation in Payette County, Idaho.

29. The highest bonus payment paid to leased mineral interest owners in the unit is $100 per net mineral acre for all tracts over one acre. SR-1 at 21. For all tracts one acre or less, Snake River paid a pro rata bonus based on $100 per net mineral acre. *Id.*

30. Snake River's bonus payments in the vicinity of Section 24 have gradually increased from approximately $25 per acre in 2010, to the rate offered for this application of $100 per net mineral acre. SR-1 at 156.

31. At the time of the application, no existing lessor in the unit had signed a lease with a bonus greater than $100 an acre. *Id.*; *see also id.* at 21.

32. At the time of the application, no existing lessor in the unit had signed a lease with a royalty of more than 1/8. SR-1 at 21.

33. At the time of the application, no lease in the unit had a primary term of less than three (3) years with an option to extend for an additional three (3) years. Several leases have primary terms of five (5) years with an option to extend for an additional three (3) years. SR-1 at 21.

34. None of the voluntary leases in Section 24 are limited by depth or formation. SR-1 at 158.

35. After the application was filed, Snake River reached a settlement with the Grosses. The Grosses' leased mineral interests in their tracts to Snake River for a primary term of three (3) years, a $150 per acre bonus, and a 5/32 royalty of the amount realized from produced oil and/or gas. *Notice of Dismissal.*

36. Mr. Brown testified that Snake River has roughly 1000 leases in the Payette River Basin, and of those leases approximately 8 to 10, or 1%, had a royalty greater than 1/8. Evidentiary Hearing at 2:12:39 – 2:13:10.

37. Further, Mr. Brown testified that many oil and gas leases are publicly available because they are recorded and, in his estimate, only 15-20% of leases are not recorded for confidentiality purposes. Evidentiary hearing at 1:52:50 – 1:53:16; *see also id.* at 1:57-34 – 1:57:50.

38. Snake River's proposed JOA is the American Association of Professional Landmen ("AAPL") Form 610, the 1989 version. SR-1 at 158. The AAPL Form 610, 1989 version has been used

by many participants in the oil and gas industry in many states, including by Weiser-Brown Oil Company, the company who is the sole member of Snake River Oil and Gas. *Id.* The proposed JOA is substantially similar to JOA forms approved in every previous integration in Idaho. *Id.* Snake River has used a similar JOA as a working interest owner in this State. *Id.* The rate of supervision in the JOA is similar to what Weiser-Brown pays in JOAs in operations in other states. *Id.* at 160.

39. Mr. Brown testified that Snake River's JOA with its working interest owner operating partners provides a 500% risk penalty for working interest owners. Evidentiary Hearing at 1:22:46 – 1:22:50. Snake River's proposed JOA in its application requested a 300% risk penalty. SR-1 at 160.

40. Mr. Brown's declaration stated that there was nothing about this unit or the proposed operations that led him to conclude that using the proposed JOA would not be appropriate. SR-1 at 159.

41. Snake River's proposed lease has special terms and conditions attached in Exhibit B to the lease. SR-1 at 85-86. One condition is a "no drill clause" that provides "no drilling operations shall occur on the leased premises." *Id.* Another condition is that "surface operations on lands leased herein will be mutually agreed upon by Lessor and Lessee" and "shall require a separate Surface Use Agreement to be entered into by and between Lessor and Lessee prior to any surface operations being conducted." *Id.*. These terms were not normally included in voluntary leases in the basin. *Id.* at 157.

42. Snake River's proposed form of lease is similar to the form of lease used elsewhere in this unit and across the basin, with the exception of the "no drill clause" and a condition providing for no surface operations without a surface use agreement. *Id.*

43. Mr. Brown's declaration explains that Snake River's proposed lease does not affect any private right of action against the operator for owners who choose not to participate in the well. SR-1 at 158.

44. Snake River's form offer letter to mineral interest owners stated that it "desires to reach an agreement with you pertaining to mineral rights owned by you with the intention to develop them within a gas or oil unit." SR-1 at 147. The offer provided a four-year primary term, a $100 per net mineral acre one-time signing bonus payment, a 1/8 royalty on marketable gas and oil for the life of the well, and an option to extend the primary term for three years at $100 per net mineral acre. *Id.* The offer letter was included in a mailing from Snake River to uncommitted owners. SR-1 at 4, 21.

45. Mr. Smith's declaration indicated that the initial well is a "wildcat" well in an area with limited experience and knowledge of the geology and a lack of proven production, which has a higher degree of risk for Snake River. SR-1 at 14.

46. Mr. Smith's declaration noted that it was possible additional wells could be needed to access other secondary sources of supply other than the initial primary objective target. *Id.* at 18.

47. Likewise, Mr. Brown testified that Snake River's plans regarding a second well would be informed by the knowledge gained from drilling an initial well and that the potential for secondary objectives existed in the unit. Evidentiary Hearing at 1:42:09 – 1:42:25.

48. The well will be drilled to target a conventional sand with stratigraphic variability, which makes targeting more complex and higher risk. SR-1 at 16.

49. The well will have additional mobilization and operating expenses because well service contractors are largely unavailable locally and drilling rigs are sourced from outside the area. *Id.* at 16-17.

50. No public witnesses provided testimony.

51. This Findings of Fact, Conclusions of Law, and Order incorporates by reference the entire record in this matter and accompanying exhibits, comments from mineral owners and public witnesses, correspondence with Department personnel, notices, pleadings, responses, and the hearing recordings and transcripts.

CONCLUSIONS OF LAW

A. The Administrator has authority to hear this matter.

1. The Administrator is authorized to conduct this hearing pursuant to Idaho Code §§ 47-320 and 47-328. This proceeding is governed by the Idaho Oil and Gas Conservation Act (Chapter 3, title 47, Idaho Code); Idaho Administrative Procedure Act (Chapter 52, title 67, Idaho Code); Idaho Rules of Administrative Procedure of the Attorney General (IDAPA 04.11.01), to the extent that the Rules of Administrative Procedure are not superseded by Oil and Gas Conservation Act; and the Rules Governing Conservation of Oil and Natural Gas in the State of Idaho (IDAPA 20.07.02).

2. The Oil and Gas Conservation Act applies to all matters affecting oil and gas development on all lands located in the state of Idaho. Idaho Code § 47-313. The Idaho Oil and Gas Conservation Commission ("Commission") is "authorized to make and enforce rules, regulations, and orders reasonably necessary to prevent waste, protect correlative rights, to govern the practice and procedure before the commission, and otherwise to administer this act." Idaho Code § 47-315(8). The Department is the administrative instrumentality of the Commission, and the Administrator has authority over these proceedings pursuant to Idaho Code §§ 47-314(7), 47-320, and 47-328(3).

B. Snake River bears the burden of proof.

1. The Applicant generally bears the burden of proof in this matter. "The customary common law rule that the moving party has the burden of proof – including not only the burden of going forward but also the burden of persuasion – is generally observed in administrative hearings." *Intermountain Health Care, Inc. v. Bd. of County Comm'rs of Blaine County*, 107 Idaho 248, 251, 688 P.2d 260, 263 (Ct. App. 1984), *rev'd on other grounds* 109 Idaho 299, 707 P.2d 410 (1985).
2. Under Idaho law, "preponderance of the evidence" is generally the applicable standard for administrative proceedings, unless the Idaho Supreme Court or legislature has said otherwise. *N. Frontiers, Inc. v. State ex rel. Cade*, 129 Idaho 437, 439, 926 P.2d 213, 215 (Ct. App. 1996). "A preponderance of the evidence means that when weighing all of the evidence in the record, the evidence on which the finder of fact relies is more probably true than not." *Oxley v. Medicine Rock Specialties, Inc.*, 139 Idaho 476, 481, 80 P.3d 1077, 1082 (2003).
3. A court shall affirm an agency's action unless the decision is "not supported by substantial evidence on the record as a whole; or [the decision] is arbitrary, capricious, or an abuse of discretion. Idaho Code § 67-5279(3)(d)-(e).

C. The Administrator is not bound by the Idaho Rules of Evidence.

1. Nonconsenting Owners argued that Snake River's application must be denied because it is supported solely by hearsay evidence. This contention is incorrect as both a factual and legal matter.
2. First, Mr. Brown, a Snake River official responsible for managing day-to-day operations including leasing and permitting, presented live testimony at the Evidentiary Hearing. In response to questions from Snake River's counsel as well as Nonconsenting Owner's Counsel, Mr. Brown testified to a variety of subjects that he had direct knowledge of including the

amount of Snake River leases with a royalty greater than 1/8, the amount of Snake River leases with a bonus payment greater than $100 per net mineral acre, the historic bonus rates paid by Snake River in previous integrations, and his experience in evaluating the market value for an oil and gas lease. This testimony did not involve out of court statements admitted for the truth of the matter asserted. *See* I.R.E. 801(c). Thus, Snake River's application is supported by more than hearsay evidence.

3. More importantly, the Idaho Rules of Evidence do not apply to these proceedings, and the Administrator may admit any evidence "if it is of the type commonly relied upon by prudent persons in the conduct of their affairs." Idaho Code § 67-5251(1); IDAPA 04.11.01.600 (explaining that "[t]he presiding officer at hearing is not bound by the Idaho Rules of Evidence."). Assertions that admitted exhibits constitute inadmissible hearsay are irrelevant if the evidence admitted is reliable and has probative value. *Stolle v. Bennett*, 144 Idaho 44, 50, 156 P.3d 545, 551 (2007).
4. The evidence contained in Snake River's application and supporting materials has probative value and, other than asserting it is hearsay and that Snake River representatives generally lack credibility, Nonconsenting Owners have pointed to no evidence undermining the reliability of the materials in Snake River's application.
5. The Administrator may properly rely on all the evidence in the Record, including Snake River's application, supporting materials, and Mr. Brown's testimony in making findings of fact and reaching conclusions of law based on those findings.

D. Snake River's integration application meets the requirements of the Oil and Gas Conservation Act.

1. Integration is mandatory because Snake River's application meets statutory requirements. Snake River's application, accompanying materials, and evidence produced at the evidentiary

hearing establish all the required elements for an integration order to issue under the Oil and Gas Conservation Act.

2. Idaho Code § 47-320 governs the integration of tracts. The Department, "upon the application of any owner in [a] proposed spacing unit, *shall order integration* of all tracts or interests in the spacing unit for drilling of a well or wells." Idaho Code § 47-320(1) (emphasis added).
3. Idaho Code § 47-320(4) lists the substantive requirements for an integration application, which must "substantially contain and be limited to" the following elements:
    a. The applicant's name and address;
    b. A description of the spacing unit to be integrated;
    c. A geologic statement concerning the likely presence of hydrocarbons;
    d. A statement that the proposed drill site is leased;
    e. A statement of the proposed operations for the spacing unit, including the name and address of the proposed operator;
    f. A proposed joint operating agreement and a proposed lease form;
    g. A list of all uncommitted owners in the spacing unit to be integrated under the application, including names and addresses;
    h. An affidavit indicating that at least sixty-seven percent (67%) of the mineral interest acres in the spacing unit support the integration application by leasing or participating as a working interest owner;
    i. An affidavit stating the highest bonus payment paid to a leased owner in the spacing unit being integrated prior to filing the integration application; and
    j. A resume of efforts documenting the applicant's good faith efforts on at least two (2) separate occasions . . . to inform uncommitted owners of the applicant's intention to

develop the mineral resources in the proposed spacing unit and desire to reach an agreement with uncommitted owners in the proposed spacing unit.

4. Snake River's application satisfies Idaho Code § 47-320(4)(a). The application lists Snake River as the applicant and provides its address as P.O. Box 500, Magnolia, AR 71754-0500. SR-1 at 1.

5. Snake River's application satisfies Idaho Code § 47-320(4)(b). The application provides a description of the spacing unit to be integrated as "Section 24, Township 8 North, Range 5 West, Boise Meridian, Payette County." *Id.* Snake River also attached a plat of the spacing unit with uncommitted tracts highlighted to its application. *Id.* at 10-11.

6. Snake River's application satisfies Idaho Code § 47-320(4)(c). The application includes the declaration of David M. Smith, Snake River's geologist, describing the likely presence of hydrocarbons in Section 24. *Id.* at 12-18.

7. Snake River's application satisfies Idaho Code § 47-320(4)(d). Mr. Smith's declaration locates the proposed drill site as the SE ¼ of the SW ¼ of Section 24 (tract 47). *Id.* at 18. Mr. Boney's declaration, in turn, establishes that Snake River has leased tract 47 from "Wayne A. Snavely and Janis L. Snavely, Trustees of the Wayne A. and Janis L. Snavely Family Trust." *Id.* at 23; *see also* Revised SR-2 (depicting tract 47 as leased); Revised SR-3 (listing the owner of tract 47 as "Wayne A. Snavely and Janis L. Snavely, Trustees of the Wayne A. and Janis L. Snavely Family Trust.").

8. Snake River's application satisfies Idaho Code § 47-320(4)(e). The application states that Snake River intends to drill an initial exploratory well approximately 700 feet from the nearest unit boundary. SR-1 at 2. Further, the application states that a gathering pipeline has been constructed in the vicinity and that operations will be similar to operations at other nearby sites.

Id. Snake River also notes that operations will be conducted in compliance with IDAPA 20.07.02. *Id.* Finally, the application lists Snake River as the proposed operator at the address listed above. *Id.*

9. Snake River's application satisfies Idaho Code § 47-320(4)(f). The application includes a proposed joint operating agreement and proposed lease form attached as Exhibits D and E, respectively. *Id.* at 2-3, 25-80 (proposed JOA), 81-86 (proposed lease form).
10. Snake River's application satisfies Idaho Code § 47-320(4)(g). The application includes a spreadsheet listing committed and uncommitted owners in the unit including names, addresses, net acres, and tract identifying information. *Id.* at 87-94. Further, Snake River has submitted an updated spreadsheet reflecting uncommitted owners who leased after the application had been submitted. Revised SR-3.
11. Snake River's Application satisfies Idaho Code § 47-320(4)(h). The application includes the declaration of Mr. Boney, a landman for Snake River, attesting that at the time the application was filed Snake River had voluntarily leased 70.83% of the mineral interest acres in Section 24. SR-1 at 20-21, *see also id.* at 88-94 (spreadsheet tracking all leased and unleased acres at time of application). Additionally, Snake River submitted a revised spreadsheet reflecting additional leased acres after the application had been filed. *See* Revised SR-3. As of the date of the evidentiary hearing, Snake River had leased approximately 88% of the mineral interest acres in the unit. *Id.*; Evidentiary hearing at 56:35 – 56:45.
12. Snake River's application satisfies Idaho Code § 47-320(4)(i). Mr. Boney's declaration notes the highest bonus payment paid to leased mineral interest owners in the unit prior to filing the application was $100 per net mineral acre for tracts over one acre, and a pro rata bonus based on $100 per acre for tracts less than one acre. SR. 1 at 21. Mr. Brown also submitted a

declaration to the same effect. *Id.* at 156. He also testified to that effect at the hearing. Evidentiary Hearing at 58:15-58:20.

13. Snake River's application satisfies Idaho Code § 47-320(4)(j). The application included a resume of efforts detailing Snake River's contacts with uncommitted owners informing them of Snake River's intention to develop the mineral resources in Section 24 and desire to reach an agreement. SR-1 at 95-114. Snake River attempted to contact each uncommitted owner at least twice in sixty days. *Id.* Many of these contacts were via certified mail. *Id.*, *see also* SR-1 at 115-45 (certified mailing receipts). As for unknown and unlocatable owners, Snake River attached its order confirmation for publication of a notice of intent to develop in the Argus Observer and later submitted affidavits of pre-filing and post-filing notices published in the Argus Observer. SR-4. In short, the undersigned concludes that Snake River has used "reasonable efforts" to reach an agreement with all uncommitted owners as required by Idaho Code § 47-320(4)(j).

14. The above published notices also satisfy Snake River's obligations under Idaho Code § 47-320(5).

15. In addition to the elements required of an application under Idaho Code § 47-320(4), Idaho Code § 47-328(2)(b) prescribes how an application must be distributed to known and located uncommitted owners, working interest owners within the unit, the city or county where the unit is located, and unlocatable uncommitted owners. That statute provides that "the applicant shall send a copy of the application and supporting documents to all known and located uncommitted owners, to all working interest owners within the unit, and to the respective city or county where the proposed unit is located . . . by certified mail[.]" Idaho Code § 47-328(2)(b). Such notice must occur "within seven (7) calendar days if filing the application and

include notice of the hearing date on which the oil and gas administrator will consider the application." *Id.*

16. Snake River met this requirement by providing proof that it sent the required notice to each uncommitted owner and Payette County by January 30, 2023, seven days after filing its application. SR-4.
17. Idaho Code § 47-328(2)(b) also requires an applicant to "publish notice of any application for an order, notice of hearing and response deadline once in a newspaper of general circulation in the county in which the affected property is located."
18. Snake River has met this requirement by providing proof of publication of a notice to unlocatable owners in the Argus Observer on January 25, 2023. SR-4.
19. In total, the undersigned concludes that Snake River's application complies with all statutory requirements of Idaho Code § 47-320(4)(a)-(j) and (5). Further, notice of that application and supporting materials was properly provided as required by Idaho Code § 47-328(2)(b).
20. Accordingly, the undersigned is obligated to issue an integration order pursuant to Idaho Code § 47-320(1) (stating that the Department "shall order integration" following a proper application).

E. Integration is ordered on the following just and reasonable terms as required by Idaho Code § 47-320.

1. Since Snake River's application complies with all statutory requirements, the Administrator must order integration. That integration order "shall be upon terms and conditions that are just and reasonable." Idaho Code § 47-320(1).
2. The Administrator received briefing and held a hearing to determine which factors would be considered in evaluating whether proposed integration order terms were just and reasonable. On April 13, 2023, the Administrator issued an Order listing the factors he would use to

determine the just and reasonable terms of the integration order. *Order Determining Just and Reasonable Factors*. That Order is incorporated herein in its entirety. To summarize, the Administrator determined that the following factors would guide his analysis of just and reasonable terms:

a. Are the proposed terms addressed in another source of law?

b. Are the proposed terms and conditions (a) consistent with industry standards; (b) consistent with terms previously accepted or rejected by courts or other oil and gas administrative agencies; and (c) applicable to the unit and its operations?

c. Are the proposed terms and conditions similar to other agreements within and near the unit? If a proposed term is not similar, is there a reason why a different term or condition is appropriate?

d. Are any proposed terms, including those addressed at drilling, equipping, and operating a well, consistent with the Oil and Gas Act and necessary given site-specific conditions?

e. Will the proposed operations, including the drill site, physically occupy the property of uncommitted owners, and are any additional terms necessary to address physical occupation?

f. If the proposed operation includes use of uncommitted owners' surface estate, is the operator's compliance with Idaho Code § 47-334 adequate to protect the surface owner?

g. Do the unit's circumstances and operations require additional bonding with the Department?

h. Does the integration order ensure that integrated owners that do not choose to participate as an owner retain the private right of action against the operator for any future harms?

3. In addition to the general requirement of just and reasonable terms, Idaho Code § 47-320(3) requires the Administrator to set certain economic terms in an integration order. As to the JOA, the term is the risk penalty that applies to the nonconsenting working interest owners. Idaho Code § 47-320(3)(b). As to those leased or deemed leased, the terms are the bonus payment and royalty amount. Idaho Code § 47-320 (3)(c), (d). The risk penalty, bonus payment, and royalty payment terms are discussed below.

4. A 300% risk penalty for nonconsenting working interest owners is just and reasonable.

   a. An operator "shall be entitled to recover a risk penalty of *up to* three hundred percent (300%)" of a nonconsenting working interest owner's share of the cost of drilling and operating the well under the integration order's terms. Idaho Code § 47-320(3)(b).

   b. Consistent with the statutory maximum, Snake River's application proposes a 300% risk penalty for nonconsenting owners. SR-1 at 6-7.

   c. Nonconsenting Owners have offered no argument disputing this proposed risk penalty.

   d. Of the factors listed above, the second, third, and fourth are most applicable in setting a just and reasonable risk penalty.

   e. Site specific conditions show that a 300% risk penalty is consistent with or lower than industry standards. For instance, the 300% risk penalty requested is lower than the 500% risk penalty provided in the JOA for Snake River's current working interest owners. A higher risk penalty is indicated by the exploratory nature of the proposed well and the risk involved to the operator in developing the resource. The well is proposed in an area with limited knowledge of subsurface geology that is complexly faulted. SR-1 at 13-15. While productive wells have been drilled in the vicinity, there is significant variability in sand quality, reservoir quality, and product composition that entails a higher risk to the operator. *Id.* Likewise, local service contractors are largely unavailable, requiring drilling rigs and other well services to be sourced from out of the area, increasing overall drilling costs. *Id.* A 300% risk penalty is common in developed and mature basins, and a higher penalty is common in areas like Section 24 which present a high risk to the operator. *Id.*

   f. Accordingly, the Administrator concludes that a 300% risk penalty is just and reasonable under the circumstances.

5. Leased and deemed leased owners shall receive a bonus payment of $100 per net mineral acre.

   a. Leased and deemed leased owners shall receive the "highest bonus payment per acre that the operator paid to another owner in the spacing unit prior to the filing of the integration application." Idaho Code § 47-320(3)(c), (d). This is supported by the application requirement of an "affidavit stating the highest bonus payment paid to a leased owner in the spacing unit . . . prior to filing the integration application." Idaho Code § 47-320(4)(i).

   b. Snake River's application requests a $100 bonus payment per net mineral acre for leased and deemed leased owners. Snake River paid $100 per net mineral acre for all tracts larger than one acre and a pro rata bonus based on $100 per net mineral acre for lots smaller than one acre. SR-1 at 21.

   c. Nonconsenting Owners point to evidence that leases signed after the application included a $150 per net mineral acre bonus. They also cross-examined Mr. Brown on this issue at the evidentiary hearing, and he confirmed that Snake River had raised its bonus acre rates after filing the application to avoid future contested integration applications. Evidentiary Hearing at 1:03:15 – 1:03:50.

   d. Based on the evidence in the record regarding bonus payments paid to others leased in the same unit, the Administrator determines that a $100 per net mineral acre bonus payment is appropriate. The plain language of Idaho Code § 47-320(3)(c) requires a leased or deemed leased owner to receive the highest bonus payment per acre paid to other voluntarily leased owners in the unit *prior* to the application. Here, the highest bonus rate paid to any owner in Section 24 prior to the application was $100 per net mineral acre. Evidence that Snake River raised this rate *after* the application does not bear on the rate required to be set by statute.

6. Leased owners shall receive a 1/8 royalty.

a. Idaho Code § 47-320(3)(c) gives uncommitted owners the option to enter into a lease with the operator of the integrated spacing unit under the terms and conditions in the integration order. The statute dictates that royalty paid to a leased owner shall be "no less than one-eighth (1/8) royalty." Idaho Code § 47-320(3)(c). This allows the Administrator to set a royalty higher than 1/8 for uncommitted owners who elect to sign the lease, but he cannot set a royalty lower than 1/8. Those deemed leased are always paid a 1/8 royalty. Idaho Code § 47-320(3)(d).

b. Based on the evidence in the record regarding royalties paid to others leased in the same unit and the royalty paid to those in nearby units, the Administrator determines that a 1/8 royalty is just and reasonable rate for those selecting the "leased" option. A royalty of 1/8 was paid to a vast majority of other voluntarily leased mineral interest owners in the unit. The sole exception is the lease agreement with the Grosses, which provided for a 5/32 royalty. While Mr. Brown testified that Snake River had executed some leases in the greater Payette River Basin with a royalty greater than 1/8, such leases were the exception, not the regular practice. Evidentiary Hearing at 2:12:39 – 2:13:10. Indeed, out of nearly 1,000 leases taken in the basin, Mr. Brown estimated that only around 1%, or 8 to 10 leases had been taken with a royalty rate greater than 1/8. *Id.* And those leases typically involved unique circumstances, such as a large landowner who could offer significant acreage in a unit. *Id.* at 2:13:1 – 2:13:25. Thus, a 1/8 royalty appears both consistent with industry practice and consistent with a vast majority, 99% or so, or other leases taken in the basin.

c. Further, there are no site-specific conditions that would justify a higher royalty rate. Snake River's application notes that proposed operations will be similar to other wells in the

vicinity and that there were no unique circumstances about Section 24 which would justify altering the proposed terms. Nor did Nonconsenting Owners present any evidence rebutting or disputing that Section 24 had any unique circumstances justifying a higher royalty rate.

d. Given the above, the Administrator concludes that a 1/8 royalty rate is a just and reasonable term for nonconsenting owners who choose to lease.

7. Other just and reasonable terms.

Snake River proposed terms in its submitted JOA and form of lease, in addition to several terms listed in its application cover letter. Other than generally arguing that the royalty rate and bonus payment for leased or deemed leased owners should be higher, the Nonconsenting Owners did not propose any alternative terms to be incorporated into the integration order. *See generally* Evidentiary Hearing at 2:34:46 – 2:44:10 (Nonconsenting Owners' Closing Argument). Accordingly, the Administrator will only analyze Snake River's other proposed lease and JOA terms according to the just and reasonable factors.[12]

Factor 1: Are proposed terms addressed in another source of law?

The Administrator may consider whether a proposed term is already addressed by another entity and whether proposed terms are already addressed by a department permit. No evidence was presented about whether a term proposed in either the JOA or form lease was already addressed by another entity, including any local ordinances to protect public health, safety, and order. As for any potential concerns relating to multiple wells in the unit, Snake River has not yet filed an application for permit to drill ("APD"). APDs include details of how the well will be equipped, drilled, and operated as well as any conditions for the protection of freshwater supplies. The Department processes and issues APDs according to the Oil and Gas Conservation Act and rules

[12] The bonus and royalty rates, and Nonconsenting Owner's arguments regarding those rates, are discussed above and need not be discussed again here.

set forth in IDAPA 20.07.02. For example, an APD requires "an accurate plat showing the location of the proposed well with reference to the nearest lines of an established public survey." IDAPA 20.07.02.200.04.a. That Rule also requires APDs to address the location of the nearest water supply; the type of tools and logging program; the proposed target depth and target formations; details on casing and cement; the drilling plan; erosion and sediment control; reclamation plan; and additional information for well treatments if applicable. IDAPA 20.07.02.200.04.b-j. Thus, any permit to drill issued by the Department will include additional details related to drilling, operating, and equipping the well. As a result, applying this factor to the evidence leads to the conclusion that this integration order does not need to specify additional details as to drilling, equipping, and operating the well because those details will be addressed in any subsequent proceedings relating to an APD in section 24.

Factor 2: Are the proposed terms and conditions (a) consistent with industry standards; (b) consistent with terms previously accepted or rejected by courts or other oil and gas administrative agencies; and (c) applicable to the unit and its operations?

The Administrator will consider industry standards terms and conditions, the consistency of those standards, and how those standards apply to this particular unit.

Proposed JOA

Beginning with Snake River's proposed JOA, it is the AAPL Form 610, the 1989 version, which has been used in the oil and gas industry in many states. This form JOA is substantially similar to the JOA approved in every other integration order in Idaho. Further, Snake River uses materially the same JOA with its working interest partner, indicating that Snake River finds these terms to be "just and reasonable" in its own transactions with other businesses. Declarations from Snake River officials supporting its application indicated that there is nothing unique about this unit that would support deviating from the proposed JOA. Those who choose this option would be

able to participate on the same basis as the existing working interests, except with a more favorable risk penalty of 300% versus the 500% risk penalty used with Snake River's partners.

Nonconsenting owners did not propose specific alternate terms to the JOA. They did not present any evidence that the JOA differed from industry standards. They did not present any evidence that the JOA was inconsistent with terms previously accepted or rejected by courts or other oil and gas administrative agencies. They also did not claim the JOA was not applicable to the unit or its operations or present any related evidence. Nor did they challenge Snake River's evidence on the subject, other than to say that it was hearsay. As explained above, the Administrator may consider hearsay evidence in these proceedings "if it is of the type commonly relied upon by prudent persons in the conduct of their affairs." Idaho Code § 67-5251(1); IDAPA 04.11.01.600.

Thus, applying this factor to the evidence presented weighs towards the conclusion that Snake River's proposed JOA is just and reasonable because the proposed JOA is (a) consistent with industry standards, both in Idaho and other states; (b) employs terms that are materially the same that the operator had agreed to with other working interest owners, and (c) has terms applicable to the unit and its operations.

Proposed Lease

Overall, Snake River's proposed lease is also similar to a form of lease used in other states. Snake River's proposed lease is also similar to other voluntary leases that Snake River has taken in the area and unit, with few exceptions. Those exceptions are a "no drill clause" and a condition that provides that there will be no surface operations without surface use agreement. Those exceptions are not normally included in leases in the proposed unit. Evidence in the record establishes that other than those exceptions, the proposed leased terms are commonly used in the

industry and applicable to this unit, which weighs towards finding that these commonly used terms are just and reasonable. The applicability of the uncommon lease terms to the unit and its operations are discussed further in Factors 3 and 4, below.

Factor 3: Are the proposed terms and conditions similar to other agreements within and near the unit? If a proposed term is not similar, is there a reason why a different term or condition is appropriate?

Proposed JOA

Snake River's application and supporting materials, and other evidence in the record establishes that the proposed JOA was similar to the JOA Snake River uses with its working interest partners except for the proposed JOA had a lower risk penalty of 300%. This lower risk penalty is within the statutory limit, and appropriate for the reasons discussed above. Thus, this factor also weighs towards determining the JOA is just and reasonable.

Proposed Lease

Snake River's application and supporting materials establish that the proposed lease is similar to other voluntary leases signed in the unit and surrounding area. This includes that the terms of voluntary leases in this unit and elsewhere in the basin are not currently limited by formation or depth. The terms in Snake River's proposed lease are similar to other voluntary leases in the unit, as well as leases in the surrounding area, except for the no drill term and requirement for a surface use agreement. This weighs towards finding those terms just and reasonable.

As for the no-drill and surface occupancy term, evidence in the record indicates that most voluntary leases do not have the proposed no drill clause or the proposed requirement for a surface use agreement. Although this term is not similar to other voluntary leases in the unit, it is appropriate as a just and reasonable term because Snake River has proposed a more favorable term to Nonconsenting Owners in that surface use will not occur on their properties without their consent and agreement.

Nonconsenting Owners argued that they could not provide evidence about whether the proposed lease was similar to other leases in the area because Snake River had not provided copies of leases in the area and the Administrator had denied their request to subpoena those leases. The Administrator explained in previous orders that Idaho Code § 47-328(d) prohibits discovery. Furthermore, Nonconsenting Owner's argument presumes that the only way to obtain copies of leases in the area is through a disclosure from Snake River. This is not so. As Mr. Brown testified at the evidentiary hearing, approximately 15-20% of leases are not recorded, thus 80-85% of leases are recorded and publicly available. While this does not mean that every lease is available for comparison, it certainly provides a significant volume of data on which the Nonconsenting Owners could draw on to dispute Snake River's sworn statements that the proposed list is similar to other leases in the unit and area. The Administrator does not interpret this factor as requiring a 100% identity between every voluntary lease in the unit. Further, Snake River's materials supporting its application supply a list of every voluntarily leased owner in the unit. Nothing in the Oil and Gas Act prevents Nonconsenting Owners from contacting their neighbors to obtain or view their voluntary leases. In short, while discovery is not permitted, and Snake River has not provided copies of voluntary leases in the unit, Nonconsenting Owners have not been deprived of a meaningful ability to acquire and present evidence in this matter, they have simply chosen not to.

Factor 4: Are any proposed terms, including those addressed at drilling, equipping, and operating the well, consistent with the Oil and Gas Act and necessary given site-specific conditions?

Nonconsenting owners argued in their just and reasonable factors brief that Idaho Code § 47-320 required the Administrator to articulate "whether a well is authorized to be drilled, and which precise well ("a well" in the terms of the statute) is authorized"; how the well will be drilled, by what methods; how the well will be equipped once drilled; and how the well will be operated.

After this factor was included in the just and reasonable factors order, nonconsenting owners provided no additional proposed terms regarding drilling, equipping, and operating the well.

Authorizing additional wells

Snake River's application did not expressly request that that the integration order should provide for wells beyond the one well proposed, but its proposed lease did not limit the minerals leased to a certain formation or depth. Mr. Brown clarified through testimony at hearing that the integration should not be limited to one well and it was possible Snake River would drill additional wells in this unit based on the information it obtains drilling an initial well and the identification of any secondary objectives.

Idaho Code § 47-320(1) leaves open the possibility an integration order may be for more than one well when it provides that integration can be ordered "for drilling or a well *or wells*, development and operation thereof and for the sharing of production therefrom." This statutory language directly refutes nonconsenting owners' claim that integration is always limited to only one well. Instead, integration is for "the development and operation of *the spacing unit.*" Idaho Code § 47-320(1) (emphasis added). Indeed, this spacing unit is a state-wide spacing unit composed of a single governmental section. *See* Idaho Code § 47-317. While statewide spacing does not permit drilling more than one well to the same source of supply, statewide spacing does not prohibit additional wells to additional sources of supply within a statewide spacing unit. Other than statewide spacing, there is no spacing order for this unit. The Oil and Gas Conservation Act permits integration of a statewide spacing unit to apply to more than one well to different sources of supply.[13]

[13] If Snake River decided it needed to drill another well to the same source of supply in this same unit, then it would need to make a request through the appropriate administrative process to do so and obtain authorization. However, that action is not proposed or authorized in this case.

As discussed above, the proposed lease commonly agreed to by voluntary lessors in this spacing unit and elsewhere is not limited by formation, depth, or well. Additionally, Mr. Brown testified that it was possible additional wells could be needed to access other secondary sources of supply under their initial primary objective target. Accessing secondary objectives may require an additional well or wells. Snake River has therefore established that additional sources of supply may exist given the circumstances in this unit, and that additional wells may be required to access oil and gas in this state-wide spacing unit. Thus, not limiting this integration order to only one well will protect the correlative rights of mineral interest owners in additional sources of supply within the spacing unit they are already a part of, prevent waste of the resource, and permit the development and operations of a spacing unit as a whole.

Because a lease not limited by formation, depth, and well in a state-wide spacing unit is consistent with the Oil and Gas Conservation Act, protects correlative rights in this unit as explained above, and is supported by other factors, the Administrator determines it would not be a just and reasonable term to limit the integration order to one well.

How the well will be drilled, equipped; and operated

Snake River's application notes that all operations will be conducted in compliance with IDAPA 20.07.02. The lease also provides that "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." SR-1 at 85. Thus, both the lease and Snake River's application acknowledge the necessity of compliance with the Oil and Gas Conservation Act and Rules, which establishes some basic requirements of operations.

In addition, a JOA dictates how the working interest owners for a well interact, including how the well is operated. For example, the JOA includes provisions that outline notice and reporting for drilling and testing operations, the priority of operations, and how expenses and revenues from the well are shared. A JOA governs those who choose to be a working interest owner or a nonconsenting working interest owner. Thus, those that choose to participate by agreeing to the JOA can be involved in operational decisions pursuant to the JOA.

Nonconsenting Owners did not present any evidence or offer any proposed terms relating to drilling, equipping, or operating any well in the unit. Because the lease and JOA address subsequent operations that comply with Idaho law and no evidence was presented indicating a reason for additional detail, this factor weighs towards finding the terms regarding operations, drilling, and equipping the well to be just and reasonable.

Four-year primary term

Snake River's proposed lease includes a four-year primary term with no renewal option. Mr. Boney's declaration stated that no voluntary lessor signed a lease with a primary term less than three years with an option to extend it for three years. SR-1 at 21. Further, he states that several leases have a primary term of five years with an option to extend for three years. *Id.* A four-year primary lease term with no renewal option is consistent, if not less than, the lease terms of most of the voluntary leases in the unit. The Administrator determines that four years for a primary term is a just and reasonable term.

Shut-in royalty clause

Snake River's proposed lease includes a shut-in royalty clause in paragraph 4. SR App. 69. That paragraph provides:

> 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.

This provision essentially allows the lease to be held in perpetuity after the primary term for $1.00 a year per net mineral acre without any production. In addition, the operator's failure to timely pay does not operate to terminate the lease.

In the Administrator's experience, operators can use a term like this to hold a lease during times of economic uncertainty when market prices decline, and production is not economic. Other leases in the unit and area have a similar term. Additionally, this is an exploratory field that may require additional time and resources to best produce the well and do so efficiently. For these reasons, the Administrator determines that having a shut-in royalty is a just and reasonable term.

However, to foster, encourage, and promote the development, production, and utilization of oil and gas consistent with Idaho Code § 47-311, to ensure production is resumed in a reasonable time, and to ensure certainty in the term of the order for both the Department and mineral interest owners, the Administrator determines it is just and reasonable in this exploratory unit to limit the term of the shut-in royalty to one year following cessation of drilling operations if no production is established or two years from the cessation of production from the unit. After either of the above time periods is reached the integration order will be terminated.

Factor 5: Will the proposed operations, including the drill site, physically occupy the property of uncommitted owners, and are any additional terms necessary to address physical occupation?

Surface

Snake River's application provides that no drilling operations will occur on leased premises and surface use may only occur pursuant to a separately negotiated surface use agreement. SR-1 at 3. It also provides that surface operations on integrated acres "will be mutually agreed upon by Lessor and Lessee" and "shall require a separate Surface Use Agreement to be entered into by Lessor and Lessee prior to any surface operations being conducted." In other words, Snake River will not physically occupy the surface of integrated owners without their permission, for drilling or otherwise. However, given that some of Nonconsenting Owners' questions touched on surface use and potential confusion about conflicting language in the lease,[14] the Administrator will include a term in the integration order to clarify that no physical occupation will occur on the surface estate of uncommitted owners without a surface use agreement. Given Idaho Code § 47-420(4)(d)'s requirement to have the "drill site" leased and that Snake River does not propose any surface use without a surface use agreement in place, the Administrator determines that it would be just and reasonable to include a condition in the integration order that no drilling activities or physical occupation will occur on the surface or subsurface of any deemed leased owners without a surface use agreement.

Subsurface

Idaho Code § 47-320's statutory language requires that after integration, all tracts are treated as a common interest for drilling, development, operation, and sharing of production. Idaho

[14] The first paragraph of Snake River's proposed lease provides Lessor grants the oil, gas, and hydrocarbons "with easement for laying pipelines and telecommunications lines, and construction of roadways and structures thereon . . . . and the exclusive surface and subsurface rights and privileges related in any manner to any and all such operations."

Code § 47-320(1) provides that upon meeting certain requirements, the Commission "shall order integration of *all tracts* or interests in the spacing unit *for drilling of* a well or *wells, development and operation thereof* and for the *sharing of production therefrom*." Idaho Code § 47-320(1) (emphasis added). Idaho Code § 47-320(2) explains the implications of integration further, stating "all operations, including, but not limited to, the commencement, drilling, or operation of a well upon any portion of a spacing unit for which an integration order has been entered, *shall be deemed for all purposes the conduct of such operations upon each separately owned tract in the spacing unit by the several owners thereof*." In other words, operations on one tract in the unit are the same as operations on another tract in the unit owned by a different owner. Functionally, the statute "deems" every tract in the unit as having a common interest in drilling and operating the unit. Idaho Code § 47-320(2) goes on to explain how that applies to production of oil and gas from the unit. It provides that "[t]hat portion of the production allocated to a separately owned tract included in a spacing unit shall, when produced, be deemed, for all purposes to have been actually produced from such tract by a well drilled thereon." These statutory requirements indicate that after the unit has been pooled as a common interest, the Legislature has allowed for the crossing of a subsurface wellbore within all tracts, including those tracts of uncommitted owners.

Further, the Oil and Gas Conservation Act's statutory framework creating a common interest in the unit is consistent with holdings of courts in other states analyzing similar circumstances. *See Cont'l Res., Inc. v. Farrar Oil Co.*, 559 N.W.2d 841, 846 (N.D. 1997) (holding subsurface occupation was not a trespass when a pooling state provided the that oil and gas operations on forced pooled units are "deemed, for all purposes" to be the proper "conduct of such operations upon each separately owned tract" in the unit "by the several owners thereof."; *Nunez v. Wainoco Oil & Gas Co*, 488 So.2d 955, 963 (1986) (forced pooling "convert[s] separate interests

within the drilling unit into a common interest with regard to the development of the unit and the drilling of the well" and "protect[s] private property interests, or 'correlative rights' of nondrilling landowners").

This statutory approach to establish a common interest in all tracts for the development of oil and gas in a unit ensures the fulfillment of the correlative rights of each owner within the unit. Indeed, the Commission's duty is to "prevent waste of oil and gas and to protect correlative rights." Idaho Code § 47-315(1). Correlative rights are "the opportunity of each owner in a pool to produce his just and equitable share of oil and gas without waste." Idaho Code § 47-310(4).

However, in this case Snake River has not established that there is any need for the proposed wellbore or any future wellbore to cross uncommitted tracts to protect the correlative rights of all owners within the unit. Snake River proposes a near-vertical well on a leased tract. While Mr. Brown testified that there was a possibility that subsequent wells could be drilled, he did not indicate if those wells would need to be directional or occupy neighboring subsurface properties. Snake River has not established that if a no subsurface occupation condition were placed on deemed leased tracts, then one owner could prohibit all other owners from having the opportunity to produce their just and equitable share of oil and gas in the unit. Thus, weighing all the factors, the Administrator determines that a condition prohibiting subsurface occupation would be a just and reasonable term and condition for the unit.

Factor 6: If the proposed operation includes use of uncommitted owners' surface estate, is the operator's compliance with Idaho Code § 47-334 adequate to protect the surface owner?

As explained above, Snake River's proposed lease contains a term prohibiting drilling operations and requiring a surface use agreement for any use of an uncommitted owner's surface. Hence, these terms prohibit physical occupation on the surface of any deemed leased owners and are more favorable to nonconsenting owners than voluntary leases in the unit. Therefore, a term

prohibiting surface occupation without a surface use agreement is a just and reasonable term. Thus, this factor does not apply.[15]

Factor 7: Do the unit's circumstances and operations require additional bonding with the Department?

Nonconsenting Owners presented no evidence that the unit's circumstances and operations required additional bonding. Indeed, at the evidentiary hearing no party presented any evidence of unusual conditions, horizontal drilling, or other circumstances that suggest this well has potential risk or liability in excess of that normally expected. For those reasons, no bonding is required in this order.

Factor 8: Does the integration order ensure that integrated owners that do not choose to participate as an owner retain the private right of action against the operator for any future harms?

Several terms in the proposed lease address terms associated with liability, including: Exhibit B, paragraph 7, Liability; Exhibit B, paragraph 8: Liability Insurance; Exhibit B, paragraph 12, Cumulative Remedies. However, to ensure the proposed lease does not affect the private right of action against the operator for integrated owners that do not choose to participate as an owner, the Administrator determines it is just and reasonable to include a term that a deemed leased owners retain any private right of action they have in law against the operator for any future harms.[16]

D. Summary of Terms and Conditions Established in this Order

Based on the just and reasonable factors analysis articulated above, the Administrator establishes the following additional terms and conditions:

---

[15] Idaho Code § 47-334(2)'s grant of permission to enter and use surface land does "not apply to the extent that they conflict with or impair a contractual provision relevant to an owner's or operator's use of surface land for oil and gas operations." Idaho Code § 47-334(5).

[16] The Administrator does not determine whether such a private right of action exists in law for certain situations with certain facts. Instead, the intent is to limit any liability limits imposed in the proposed lease.

- The proposed JOA is approved as just and reasonable with a 300% risk penalty of a nonconsenting working interest owner's share of the cost of drilling and operating the well under the integration order's terms.
- The proposed lease is adopted as just and reasonable as modified by the following conditions:
    - 1/8 royalty for those leased and deemed leased.
    - $100 bonus per net mineral acre for those leased and deemed leased
- The following terms are adopted as just and reasonable for those deemed leased:
    - No surface or subsurface physical occupation by the operator is permitted on the lands of deemed leased owners.
    - A four year primary term is approved; no renewal term to extend the primary term is permitted.
    - Well drilling operations must begin within three years
    - The order will be terminated one year following cessation of drilling operations if no production is established or two years from the cessation of production from the unit. After either of the above time periods is reached the integration order will be terminated.
    - The operator must comply with Idaho Code §§ 47-331 (Obligation to pay royalties as essence of contract); 47-332 (Reports to Royalty Owners); and 47-333 (Action for Accounting for Royalty).
    - Deemed leased owners retain any private right of action they have in law against the operator for any future harms.

- This integration order itself does not limit the operator to one well. In other words, the integration order applies to additional wells that are drilled within the spacing requirements of this unit.

- Nothing in this integration order alters any duty of care owed to uncommitted mineral interest owners and their property, and nothing in this order shall be interpreted to relieve the operator of any such duty or to shift to uncommitted mineral interest owners any risk of injury arising from or related to any violation of law, environmental damage, injury to real property, personal injury, negligence, or nuisance by the operator.

This order is applicable to successors or assignees of all parties, except that this order is only applicable to successor / assignees of operator when the current operators files notice with the Administrator and the Administrator grants approval.

ORDER

Based on the reasons stated above and based on the evidence in the record, pursuant to Idaho Code §§ 47-320 and 47-328, the Administrator hereby APPROVES the integration application in Docket No. CC-2023-OGR-01-001 according to the terms and conditions requested by the Applicants as modified by the terms and conditions contained herein. To the extent that any terms and conditions in this order conflict with the terms and conditions in the proposed lease, the order's terms and conditions control.

A. Integration.

All separate tracts within the 640-acre spacing unit in Section 24, Township 8 North, Range 5 West, Boise Meridian, Payette County, Idaho, are HEREBY INTEGRATED for the purposes of drilling, developing, and operating wells in the spacing unit, and for the sharing of production therefrom, in accordance with the terms and conditions of this order.

B. Designated Operator.

Snake River Oil and Gas, LLC, is the designated operator of wells to be drilled within this spacing unit and has the exclusive right to drill, equip, and operate the well.

C. Operations.

Operations on any portion of the spacing unit will be deemed for all purposes the conduct of operations each separately owned tract in the spacing unit.

D. Production Allocation.

Production allocated or applicable to a separately owned tract included in the spacing unit shall, when produced, be deemed for all purposes to have been produced from that tract by a well drilled on that tract. From and after this date all production from this spacing unit is integrated and allocated among the interest owners therein according to the proportion that each mineral interest owners' net mineral acreage bears.

E. Participatory Options.

Consistent with Idaho Code § 47-320(3), the available participatory options for this spacing unit are:

(1) Working Interest Owner. An owner who elects to participate as a working interest owner shall pay the proportionate share of the actual costs of drilling and operating a well allocated to the owner' interest in the spacing unit. Working interest owners who share in the costs of drilling and operating the well are entitled to their respective shares of the production of the well. The operator of the integrated spacing unit and working interest owners shall enter into the joint operating agreement approved in this order.

(2) Nonconsenting Working Interest Owner. An owner who refuses to share in the risk and actual costs of drilling and operating the well, but desires to participate as a working interest owner. The operator of the integrated spacing unit shall be entitled to recover a risk penalty of 300% of the nonconsenting working interest owner's share of the cost of drilling and operating the well under the terms set forth in the integration order. After all the costs have been recovered by the consenting owners in the spacing unit, the nonconsenting owner is entitled to his respective share of the production of the well and shall be liable for his pro rata share of costs as if the nonconsenting owner had originally agreed to pay the costs of

drilling and operating the well. The operator of the integrated spacing unit and nonconsenting owners shall enter into a joint operating agreement approved in this order.

(3) Leased. An owner may enter into a lease with the operator of the integrated spacing unit under the terms and conditions in the integration order. The owner shall receive a 1/8 royalty and $100 bonus per net mineral acre.

(4) Deemed Leased. If an owner fails to make an election within the 30 days set forth in this order, such owner's interest will be deemed leased under the terms and conditions in this order. The owner shall receive 1/8 royalty and a $100 bonus per net mineral acre.

F. Election Procedure.

All uncommitted owners in the spacing unit are hereby notified that they have 30 days from and after the date of the issuance of this order to make known to the operator, Snake River Oil and Gas, LLC, which of the options above they select to participate in the integrated spacing unit. This selection shall be made in writing, and mailed to the following address:

Snake River Oil & Gas, LLC
P.O. Box 500
Magnolia, AR 71754-0500

A failure to notify Snake River Oil & Gas, LLC, within 30 days of this order shall result in that owner's interest being deemed leased.

G. Idaho Code § 47-331

As provided in Idaho Code § 47-331:

- The operator shall make payments in legal tender unless written instructions for payment in kind have been provided.
- Royalty shall be due on all production sold from the leased premise except on that consumed for the direct operation of the producing wells and that lost through no fault of the operator.

- If an operator fails to pay oil and gas royalties to the royalty owner or the owner's assignee within 120 days after the first production of oil and gas under the lease is marketed, or within 60 days for all oil and 90 days for all gas produced and marketed thereafter, the unpaid royalties shall bear interest at the maximum rate of interest authorized under Idaho Code § 28-22-104(1) from the date due until paid. Provided, however, that whenever the aggregate amount of royalties due to a royalty owner for a 12-month period is less than $100, the operator may remit the royalties on an annual basis without any interest due.

H. Idaho Code § 47-332

Each royalty payment shall be accompanied by an oil and gas royalty check stub that includes the following information, as provided in Idaho Code § 47-332: (a) Lease or well identification; (b) Month and year of sales included in the payment; (c) Total volumes of oil, condensate, natural gas liquids or other liquids sold in barrels or gallons, and gas in MCF; (d) Price per barrel, gallon, or MCF, including British thermal unit adjustment of gas sold; (e) Severance taxes attributable to said interest; (f) Net value of total sales attributed to such payment after deduction of severance taxes; (g) Owner's interest in the well, expressed as a decimal to 8 places; (h) Royalty owner's share of the total value of sales attributed to the payment before any deductions; (i) Royalty owner's share of the sales value attributed to the payment, less the owner's share of the severance taxes; (j) An itemized list of any other deductions; and (k) An address at which additional information pertaining to the royalty owner's interest in production may be obtained and questions may be answered. If information is requested by certified mail, an answer must be mailed by certified mail within 30 days of

receipt of the request. All revenue decimals shall be calculated to at least 8 decimal places and all oil and gas volumes shall be measured by certified and proved meters.

Additionally, the operator must maintain, for a period of 5 years, and make available to the integrated owners upon request, copies of all documents, records or reports confirming the gross production, disposition and market value including gas meter readings, pipeline receipts, gas line receipts and other checks or memoranda of the amount produced and put into pipelines, tanks, or pools and gas lines or gas storage, and any other reports or records that the integrated owners may require to verify the gross production, disposition and market value.

I. Idaho Code § 47-333

As provided in Idaho Code § 47-332, whenever an owner of a royalty interest makes a written demand for an accounting of the oil and gas produced, but no more frequently than once every 24 months, and makes written demand for delivery or payment of his royalty as may then be due upon the person or persons obligated for the delivery or payment of the royalty, and the obligated persons then fail to make the accounting demanded and the payment or delivery of the royalty due within a period of 90 days following the date upon which the demand is made, then the royalty owner may file an action in the district court of the county wherein the lands are located to compel the accounting demanded and to recover the payment or delivery of the royalty due against the person or persons obligated. In such an action, the prevailing party or parties shall be entitled to reasonable attorney's fees to be allowed by the court, together with the costs allowed to a prevailing party, pursuant to Idaho Code § 12-120.

J. Additional Terms for those Deemed Leased

- No surface occupation by the operator is permitted on the lands of those deemed leased without a surface use agreement consistent with the lease terms.

- A four year primary term is approved, but no renewal term to extend the primary term is permitted.
- Deemed leased owners retain any private right of action they have in law against the operator for any future harms.

K. Duty of Care

Nothing in this integration order alters any duty of care owed to uncommitted mineral interest owners and their property, and nothing in this order shall be interpreted to relieve the operator of any such duty or to shift to uncommitted mineral interest owners any risk of injury arising from or related to any violation of law, environmental damage, injury to real property, personal injury, negligence, or nuisance by the operator.

L. Escrow Funds for Unknown or Unlocatable Owners

Proceeds attributable to production for unknown or unlocatable owners shall be paid into an interest-bearing account administered by a third party, escrow agent, or similar fiduciary; and shall be available for release for payment if the appropriate party is located.

M. Applicability

This order is applicable to any successor or assign of all parties subject to the order, except that this order is only applicable to any successor or assign of operator when the current operator files a notice with the Administrator and obtains Administrator approval for the transfer.

N. Termination

This order will automatically terminate one year following cessation of drilling operations if no production is established or two years from the cessation of production from the unit.

PROCEDURES AND REVIEW

Pursuant to Idaho Code § 47-328(3)(e), the above-captioned order shall not be subject to any motion to reconsider or further review, except for appeal to the Idaho Oil and Gas Conservation Commission. Pursuant to Idaho Code § 47-328(4), this order may be appealed to the Commission by the applicant or any owner who filed an objection or other response to the application within the time required. An appeal must be filed with the Administrator within fourteen (14) calendar days of the date of issuance of the Administrator's written decision. The date of issuance shall be November 24, 2023, which is three (3) calendar days after the Administrator deposits the decision in the U.S. mail. Such appeal shall include the reasons and authority for the appeal and shall identify any facts in the record supporting the appeal. Any person appealing shall serve a copy of the appeal materials to any other person who participated in the proceedings below, by certified mail, or by personal service. Any person who participated in the proceeding below may file a response to the appeal within five (5) business days of service of a copy of the appeal materials. The appellant shall provide the Administrator with proof of service of the appeal materials on other persons.

If no appeal is filed within the required time, this decision shall become a final order. Idaho Code § 47-328(6).

Dated this 21st day of November, 2023.

Mick Thomas

Richard "Mick" Thomas

Division Administrator
Minerals, Navigable Waterways, Oil & Gas
Idaho Department of Lands

CERTIFICATE OF MAILING

I hereby certify that on this _21st__ day of November 2023, I caused to be served a true and correct copy of the foregoing by the method indicated below, and addressed to the following:

Snake River Oil & Gas LLC
c/o Michael Christian
Hardee, Pinol & Kracke PLLC
1487 S. David Lane
Boise ID 83705

☒ U.S. Mail, postage prepaid
☐ Hand Delivery
☒ Email: mike@hpk.law
amy@hpk.law

Joy Vega
Deputy Attorney General
PO Box 83720
Boise ID 83720-0010

☒ Statehouse Mail
☐ Hand Delivery
☒ Email: joy.vega@ag.idaho.gov

Hayden Marotz
Deputy Attorney General
PO Box 83720
Boise ID 83720-0010

☒ Statehouse Mail
☐ Hand Delivery
☒ Email: hayden.marotz@ag.idaho.gov

JJ Winters
Deputy Attorney General
PO Box 83720
Boise ID 83720-0010

☐ Statehouse Mail
☐ Hand Delivery
☒ Email: JJ.Winters@ag.idaho.gov

Mick Thomas
Idaho Department of Lands
PO Box 83720
Boise ID 83720-0050

☐ U.S. Mail, postage prepaid
☐ Hand Delivery
☒ Email: mthomas@idl.idaho.gov

James Thum
Idaho Department of Lands
PO Box 83720
Boise ID 83720-0050

☐ U.S. Mail, postage prepaid
☐ Hand Delivery
☒ Email: jthum@idl.idaho.gov

James Piotrowski
Piotrowski Durand, Pllc
P.O. Box 2864
Boise, ID 83701
Attorney for Citizens Allied for Integrity and Accountability (CAIA), Joey Ishida, Brenda Ishida, Juanita Lopez, Sarah Weatherspoon, David George, Jessica Ishida Sanchez, Juan Sanchez Jr, Gary Hale, Ryan Gentry, Mark Vidlak, Mark and Melanie Mullins, Jessica and Andrew Cogburn, Yvonne Smith, Richard Lancaster, and Mary Ann Miller

☒ U.S. Mail, postage prepaid
☐ Hand Delivery
☒ Email: james@idunionlaw.com
marty@idunionlaw.com
Beth@idunionlaw.com

Jay Douglas and Clare Louise Crom of the Crom Family Revocable Trust
2900 NW 4th Ave
Fruitland, ID 83619

☒ U.S. Mail, postage prepaid
Hand Delivery
Email:

Jessica and Wesley Bilyeu
7920 Elmore Road
Fruitland, ID 83619

☒ U.S. Mail, postage prepaid
Hand Delivery
Email:

Matthew M. White
2950 NW 3rd Ave
Fruitland, ID 83619

☒ U.S. Mail, postage prepaid
Hand Delivery
Email:

Klinton A. and Mary L. Hutton
9164 W Hedge Hog Place
Peoria, AZ 85383

☒ U.S. Mail, postage prepaid
Hand Delivery
Email:

Mike E. and Mary Lou Koto Family Trust
7650 Denver Road
Fruitland, ID 83619

☒ U.S. Mail, postage prepaid
Hand Delivery
Email:

Richard J. and Sue Lzicar
7912 Elmore Road
Fruitland, ID 83619

☒ U.S. Mail, postage prepaid
Hand Delivery
Email:

Jason S Lloyd
2815 NW 4th Ave
Fruitland, ID 83619

☒ U.S. Mail, postage prepaid
Hand Delivery
Email:

A Leroy Atwood
2663 NW 4th Ave
Fruitland, ID 83619

☒ U.S. Mail, postage prepaid
Hand Delivery
Email:

Anthony Joel Torres and Joe Torres, Jr.
2613 NW 4th Ave
Fruitland, ID 83619

☒ U.S. Mail, postage prepaid
Hand Delivery
Email:

Leonard A. and Sandra S. Newman
7850 Elmore Road
Fruitland, ID 83619

☒ U.S. Mail, postage prepaid
Hand Delivery
Email:

Brians Family Trust
c/o Nicholas & Kate Luper
2515 NW 4th Ave
Fruitland, ID 83619

☒ U.S. Mail, postage prepaid
Hand Delivery
Email:

William F. Brown
8301 Uva Drive
Redwood Valley, CA 95470

☒ U.S. Mail, postage prepaid
Hand Delivery
Email:

William F. Brown
8301 Uva Drive
Fruitland, ID 83619

☒ U.S. Mail, postage prepaid
Hand Delivery
Email:

Eric A. and Stephanie E. Oleson
2824 NW 3rd Ave
Fruitland, ID 83619

☒ U.S. Mail, postage prepaid
Hand Delivery
Email:

Jefferson and Chris McGee
318 N. Midland Blvd #2
Nampa, ID 83651

☒ U.S. Mail, postage prepaid
Hand Delivery
Email:

Kourtney Romine
Workflow Coordinator