

**BEFORE THE IDAHO DEPARTMENT OF LANDS**

In the Matter of the Application of AM Idaho, ) LLC for Spacing Order and to Integrate Unleased ) Mineral Interest Owners in the Drilling Unit ) Consisting of the SW ¼ of Section 10, Township ) 8 North, Range 5 West, Boise Meridian, Payette ) County, Idaho. ) AM Idaho, LLC, Applicant. )	Docket No. CC-2019-OGR-01-002  <b>ORDER TO SHOW CAUSE</b>
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A prehearing conference in this matter was held by Administrator Mick Thomas on January 31, 2020, pursuant to IDAPA 04.11.01.510. No one appeared at the prehearing conference on behalf of the Applicant, AM Idaho, LLC (“AMI”). AMI did not give any notice as to whether AMI intended to move forward with this application.

Several days prior to the prehearing conference the Administrator received written notice that AMI’s attorney was withdrawing as the representative for AMI. No new attorney filed a notice of appearance on behalf of AMI. Additionally, AMI’s attorney’s withdrawal notice and other reports indicated that AMI and its parent company had filed Chapter 7 bankruptcy cases in the United States Bankruptcy Court for the Southern District of Texas, that a portion of AMI’s interest in the mineral leases that support this application were sold, and AMI had resigned as operator under the Joint Operating Agreement.

For those reasons, on February 4, 2020, the Administrator issued an *Order to Vacate Hearing & Stay Proceeding*, which vacated the February 12, 2020 spacing evidentiary hearing and stayed and continued the proceeding, including the pending motion to dismiss. The Administrator ordered that the stay would remain in effect until AMI submitted information to the Administrator about whether and how this proceeding should move forward or until other notice was provided by the Administrator. Since then, AMI has not submitted any information

into the record about whether and how this proceeding should move forward and no other person has filed any document or motion in this proceeding.

Several facts not already in the record in this proceeding also indicate that AMI does not plan to continue with this application. The Administrator hereby takes official notice pursuant to IDAPA 04.11.01.602 of the following facts:

- AMI filed for Chapter 7 bankruptcy on January 24, 2020 [Attachment 1].
- Snake River Oil and Gas gave written notice to the Department of its intent to assume operatorship on certain wells, including the Fallon #1-10. That notice was dated January 21, 2020, prior to AMI's filing for Chapter 7 bankruptcy [Attachment 2].
- AMI gave written notice to the Department of its intent to change the operator of record for certain wells, including the Fallon #1-10. That notice was dated January 22, 2020, prior to AMI's filing for Chapter 7 bankruptcy [Attachment 3].
- The Department recognized the transfer of drilling permits from AMI to Snake River Oil and Gas, LLC, for certain wells, including the Fallon #1-10, on February 11, 2020 [Attachment 4].
- On February 24, 2020, Snake River Oil and Gas filed a spacing application for the E ½ of the SE ¼ of Section 9, SW ¼ of Section 10, N ½ of the N ½ of the NW ¼ of Section 15, and the N ½ of the NE ¼ of the NE ¼ of Section 16, Township 8 North, Range 5 West, Boise Meridian, Payette County, Idaho. That February 24, 2020 application includes within its proposed spacing unit the area requested to be included in the

spacing unit in this proceeding (Docket No. CC-2019-OGR-01-002)

[Attachment 5].

The Administrator has also not received any request to amend the application in this proceeding to substitute a new Applicant. Nor has he received a notice of withdrawal of pleading pursuant to IDAPA 04.11.01.305.

Based on the fact that AMI's Trustee has not yet filed any additional document in this proceeding and the facts officially noticed above, including AMI's relinquishment of its operatorship of the Fallon #1-10 prior to bankruptcy, it does not appear that AMI intends to continue with this application. Failure to appear at hearing would be grounds to initiate a default action against AMI. *See* IDAPA 04.11.01.700 – 702. However, given the amount of parties involved and the preparation required for a hearing, the Administrator determines that option would be time consuming, expensive, and an undue burden for the many participating parties. Thus, the Administrator instead orders AMI or its Trustee to SHOW CAUSE in writing within fourteen (14) days of service of this order as to why the Administrator should not dismiss this application for failure to prosecute. If AMI desires a hearing on this subject, it may request one by filing that request with the Administrator within fourteen (14) days. If within fourteen (14) days AMI does not submit any request for hearing or opposition to the entry of an order dismissing this application, the Administrator will enter an order dismissing the application.

IT IS SO ORDERED.

DATED this 10<sup>th</sup> day of March, 2020.



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MICK THOMAS  
Administrator, Idaho Department of Lands Oil and  
Gas Division

## CERTIFICATE OF SERVICE

I hereby certify that on this   10th   day of March 2020, I caused to be served a true and correct copy of the following item in Docket No: CC-2019-OGR-01-002: *Order to Show Cause* by the method indicated below and addressed to the following:

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Administrative Assistant

**Fill in this information to identify your case:**

United States Bankruptcy Court for the:

SOUTHERN DISTRICT OF TEXAS

Case number (if known) \_\_\_\_\_ Chapter 7

Check if this an amended filing

Official Form 201

**Voluntary Petition for Non-Individuals Filing for Bankruptcy**

4/19

If more space is needed, attach a separate sheet to this form. On the top of any additional pages, write the debtor's name and case number (if known). For more information, a separate document, *Instructions for Bankruptcy Forms for Non-Individuals*, is available.

1. Debtor's name High Mesa, Inc.

2. All other names debtor used in the last 8 years  
Include any assumed names, trade names and *doing business as* names

3. Debtor's federal Employer Identification Number (EIN) 20-5356995

4. Debtor's address	Principal place of business	Mailing address, if different from principal place of business
	<u>16600 Park Row, Suite 158 Houston, TX 77084</u> Number, Street, City, State & ZIP Code	_____ P.O. Box, Number, Street, City, State & ZIP Code
	<u>Harris</u> County	Location of principal assets, if different from principal place of business
		_____ Number, Street, City, State & ZIP Code

5. Debtor's website (URL) \_\_\_\_\_

6. Type of debtor

- Corporation (including Limited Liability Company (LLC) and Limited Liability Partnership (LLP))
- Partnership (excluding LLP)
- Other. Specify: \_\_\_\_\_

Debtor **High Mesa, Inc.**  
Name

Case number (if known)

7. Describe debtor's business
- A. Check one:
- Health Care Business (as defined in 11 U.S.C. § 101(27A))
  - Single Asset Real Estate (as defined in 11 U.S.C. § 101(51B))
  - Railroad (as defined in 11 U.S.C. § 101(44))
  - Stockbroker (as defined in 11 U.S.C. § 101(53A))
  - Commodity Broker (as defined in 11 U.S.C. § 101(6))
  - Clearing Bank (as defined in 11 U.S.C. § 781(3))
  - None of the above
- B. Check all that apply
- Tax-exempt entity (as described in 26 U.S.C. §501)
  - Investment company, including hedge fund or pooled investment vehicle (as defined in 15 U.S.C. §80a-3)
  - Investment advisor (as defined in 15 U.S.C. §80b-2(a)(11))
- C. NAICS (North American Industry Classification System) 4-digit code that best describes debtor.  
See <http://www.uscourts.gov/four-digit-national-association-naics-codes>.  
2111

8. Under which chapter of the Bankruptcy Code is the debtor filing?
- Check one:
- Chapter 7
  - Chapter 9
  - Chapter 11. Check all that apply:
    - Debtor's aggregate noncontingent liquidated debts (excluding debts owed to insiders or affiliates) are less than \$2,725,625 (amount subject to adjustment on 4/01/22 and every 3 years after that).
    - The debtor is a small business debtor as defined in 11 U.S.C. § 101(51D). If the debtor is a small business debtor, attach the most recent balance sheet, statement of operations, cash-flow statement, and federal income tax return or if all of these documents do not exist, follow the procedure in 11 U.S.C. § 1116(1)(B).
    - A plan is being filed with this petition.
    - Acceptances of the plan were solicited prepetition from one or more classes of creditors, in accordance with 11 U.S.C. § 1126(b).
    - The debtor is required to file periodic reports (for example, 10K and 10Q) with the Securities and Exchange Commission according to § 13 or 15(d) of the Securities Exchange Act of 1934. File the attachment to Voluntary Petition for Non-Individuals Filing for Bankruptcy under Chapter 11 (Official Form 201A) with this form.
    - The debtor is a shell company as defined in the Securities Exchange Act of 1934 Rule 12b-2.
  - Chapter 12

9. Were prior bankruptcy cases filed by or against the debtor within the last 8 years?
- No.  
 Yes.
- If more than 2 cases, attach a separate list.
- |          |       |      |       |             |       |
|----------|-------|------|-------|-------------|-------|
| District | _____ | When | _____ | Case number | _____ |
| District | _____ | When | _____ | Case number | _____ |

10. Are any bankruptcy cases pending or being filed by a business partner or an affiliate of the debtor?
- No  
 Yes.
- List all cases. If more than 1, attach a separate list
- |          |                                |                       |       |
|----------|--------------------------------|-----------------------|-------|
| Debtor   | <b>SEE ATTACHED SCHEDULE 1</b> | Relationship          | _____ |
| District | _____                          | When                  | _____ |
|          |                                | Case number, if known | _____ |



Debtor **High Mesa, Inc.**  
Name

Case number (if known)

**11. Why is the case filed in this district?**

Check all that apply:

- Debtor has had its domicile, principal place of business, or principal assets in this district for 180 days immediately preceding the date of this petition or for a longer part of such 180 days than in any other district.
- A bankruptcy case concerning debtor's affiliate, general partner, or partnership is pending in this district.

**12. Does the debtor own or have possession of any real property or personal property that needs immediate attention?**

No

Yes. Answer below for each property that needs immediate attention. Attach additional sheets if needed.

**Why does the property need immediate attention?** (Check all that apply.)

- It poses or is alleged to pose a threat of imminent and identifiable hazard to public health or safety.  
What is the hazard? \_\_\_\_\_
- It needs to be physically secured or protected from the weather.
- It includes perishable goods or assets that could quickly deteriorate or lose value without attention (for example, livestock, seasonal goods, meat, dairy, produce, or securities-related assets or other options).
- Other \_\_\_\_\_

**Where is the property?** \_\_\_\_\_

Number, Street, City, State & ZIP Code

**Is the property insured?**

- No
- Yes. Insurance agency \_\_\_\_\_  
Contact name \_\_\_\_\_  
Phone \_\_\_\_\_

**Statistical and administrative information**

**13. Debtor's estimation of available funds**

Check one:

- Funds will be available for distribution to unsecured creditors.
- After any administrative expenses are paid, no funds will be available to unsecured creditors.

**14. Estimated number of creditors**

- |                                  |   |  |
|----------------------------------|---|--|
| <input type="checkbox"/> 1-49    | <input checked="" type="checkbox"/> 1,000-5,000 | <input type="checkbox"/> 25,001-50,000     |
| <input type="checkbox"/> 50-99   | <input type="checkbox"/> 5001-10,000            | <input type="checkbox"/> 50,001-100,000    |
| <input type="checkbox"/> 100-199 | <input type="checkbox"/> 10,001-25,000          | <input type="checkbox"/> More than 100,000 |
| <input type="checkbox"/> 200-999 |   |  |

**15. Estimated Assets**

- |  |  |  |
|--|--|--|
| <input checked="" type="checkbox"/> \$0 - \$50,000 | <input type="checkbox"/> \$1,000,001 - \$10 million    | <input type="checkbox"/> \$500,000,001 - \$1 billion     |
| <input type="checkbox"/> \$50,001 - \$100,000      | <input type="checkbox"/> \$10,000,001 - \$50 million   | <input type="checkbox"/> \$1,000,000,001 - \$10 billion  |
| <input type="checkbox"/> \$100,001 - \$500,000     | <input type="checkbox"/> \$50,000,001 - \$100 million  | <input type="checkbox"/> \$10,000,000,001 - \$50 billion |
| <input type="checkbox"/> \$500,001 - \$1 million   | <input type="checkbox"/> \$100,000,001 - \$500 million | <input type="checkbox"/> More than \$50 billion          |

**16. Estimated liabilities**

- |  |  |  |
|--|--|--|
| <input type="checkbox"/> \$0 - \$50,000          | <input type="checkbox"/> \$1,000,001 - \$10 million              | <input type="checkbox"/> \$500,000,001 - \$1 billion     |
| <input type="checkbox"/> \$50,001 - \$100,000    | <input type="checkbox"/> \$10,000,001 - \$50 million             | <input type="checkbox"/> \$1,000,000,001 - \$10 billion  |
| <input type="checkbox"/> \$100,001 - \$500,000   | <input checked="" type="checkbox"/> \$50,000,001 - \$100 million | <input type="checkbox"/> \$10,000,000,001 - \$50 billion |
| <input type="checkbox"/> \$500,001 - \$1 million | <input type="checkbox"/> \$100,000,001 - \$500 million           | <input type="checkbox"/> More than \$50 billion          |

Debtor **High Mesa, Inc.**  
Name

Case number (if known)

**Request for Relief, Declaration, and Signatures**

**WARNING --** Bankruptcy fraud is a serious crime. Making a false statement in connection with a bankruptcy case can result in fines up to \$500,000 or imprisonment for up to 20 years, or both. 18 U.S.C. §§ 152, 1341, 1519, and 3571.

**17. Declaration and signature of authorized representative of debtor**

The debtor requests relief in accordance with the chapter of title 11, United States Code, specified in this petition.

I have been authorized to file this petition on behalf of the debtor.

I have examined the information in this petition and have a reasonable belief that the information is true and correct.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on January 24, 2020  
MM / DD / YYYY

**X /s/ Scott Ricks**  
Signature of authorized representative of debtor  
Title Authorized Representative

**Scott Ricks**  
Printed name

**18. Signature of attorney**

**X /s/ RANDY W. WILLIAMS**  
Signature of attorney for debtor

Date January 24, 2020  
MM / DD / YYYY

**RANDY W. WILLIAMS**  
Printed name

**Byman & Associates PLLC**  
Firm name

**7924 Broadway, Suite 104**  
**Pearland, TX 77581**  
Number, Street, City, State & ZIP Code

Contact phone 281-884-9262 Email address rww@bymanlaw.com

21566850 TX  
Bar number and State

**PETITION - SCHEDULE 1****Pending Bankruptcy Cases Filed by the Debtors and Affiliates of the Debtors**

Each of the affiliated entities listed below, including the debtor in this chapter 7 case (collectively, the "Debtors"), filed a petition with this Court for relief under chapter 7 of the Bankruptcy Code.

<b>Debtor Name</b>	<b>Date File</b>	<b>District</b>
Alta Mesa Acquisition Sub, LLC	1/24/2020	Southern District of Texas, Houston Division
Alta Mesa Drilling, LLC	1/24/2020	Southern District of Texas, Houston Division
Alta Mesa Energy, LLC	1/24/2020	Southern District of Texas, Houston Division
Alta Mesa GP, LLC	1/24/2020	Southern District of Texas, Houston Division
AM Idaho, LLC	1/24/2020	Southern District of Texas, Houston Division
AM Michigan, LLC	1/24/2020	Southern District of Texas, Houston Division
AMH Energy New Mexico, LLC	1/24/2020	Southern District of Texas, Houston Division
Aransas Resources, LP	1/24/2020	Southern District of Texas, Houston Division
ARI Development, LLC	1/24/2020	Southern District of Texas, Houston Division
Brayton Management GP II, LLC	1/24/2020	Southern District of Texas, Houston Division
Brayton Resources II, LP	1/24/2020	Southern District of Texas, Houston Division
Brayton Resources, LP	1/24/2020	Southern District of Texas, Houston Division
Buckeye Production Company, LP	1/24/2020	Southern District of Texas, Houston Division
Cairn Energy USA, LLC	1/24/2020	Southern District of Texas, Houston Division
FBB Anadarko, LLC	1/24/2020	Southern District of Texas, Houston Division
Galveston Bay Resources, LP	1/24/2020	Southern District of Texas, Houston Division

High Mesa Holdings GP, LLC	1/24/2020	Southern District of Texas, Houston Division
High Mesa Holdings, L.P.	1/24/2020	Southern District of Texas, Houston Division
High Mesa Services, LLC	1/24/2020	Southern District of Texas, Houston Division
High Mesa, Inc.	1/24/2020	Southern District of Texas, Houston Division
HMS Kingfisher Holdco, LLC	1/24/2020	Southern District of Texas, Houston Division
LEADS Resources, LLC	1/24/2020	Southern District of Texas, Houston Division
Louisiana Exploration & Acquisition LP	1/24/2020	Southern District of Texas, Houston Division
Louisiana Onshore Properties, LLC	1/24/2020	Southern District of Texas, Houston Division
Navasota Resources Ltd. LLP	1/24/2020	Southern District of Texas, Houston Division
Nueces Resources, LP	1/24/2020	Southern District of Texas, Houston Division
Petro Acquisitions, LP	1/24/2020	Southern District of Texas, Houston Division
Petro Operating Company, LP	1/24/2020	Southern District of Texas, Houston Division
Sundance Acquisition, LLC	1/24/2020	Southern District of Texas, Houston Division
TEA Energy Services	1/24/2020	Southern District of Texas, Houston Division
Texas Energy Acquisitions, LP	1/24/2020	Southern District of Texas, Houston Division
The Meridian Production, LLC	1/24/2020	Southern District of Texas, Houston Division
The Meridian Resource and Explorations, LLC	1/24/2020	Southern District of Texas, Houston Division
The Meridian Resource, LLC	1/24/2020	Southern District of Texas, Houston Division
Virginia Oil and Gas, LLC	1/24/2020	Southern District of Texas, Houston Division

On September 11, 2019, each of the affiliated entities listed below (collectively, the “**Initial Debtors**”) filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”) in the United States Bankruptcy Court for the Southern District of Texas. The chapter 11 cases of the Initial Debtors are being jointly administered at Case Number 19-35133 (MI).

DEBTOR	CASE NUMBER	RELATIONSHIP
Alta Mesa Resources, Inc.	19-35133	Ultimate Parent
Alta Mesa Holdings, LP	19-35134	Affiliate
Alta Mesa Holdings GP, LLC	19-35135	Affiliate
OEM GP, LLC	19-35136	Affiliate
Alta Mesa Finance Services Corp.	19-35137	Affiliate
Alta Mesa Services, LP	19-35138	Affiliate
Oklahoma Energy Acquisitions, LP	19-35139	Affiliate

On January 12, 2020, each of the affiliated entities listed below (collectively, the “**KFM Debtors**”) filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of Texas. These chapter 11 cases and the Initial Debtors’ cases are being jointly administered at Case Number 19-35133 (MI).

COMPANY
Kingfisher Midstream, LLC
Kingfisher STACK Oil Pipeline, LLC
Oklahoma Produced Water Solutions, LLC
Cimarron Express Pipeline, LLC

In addition, January 20, 2020, SR II Opco GP, LLC and SR II Opco, LP, affiliates of the Initial Debtors and the KFM Debtors, each filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of Texas. These chapter 11 cases, KFM Debtors and the Initial Debtors’ cases are being jointly administered at Case Number 19-35133 (MI).

PHONE NUMBER

870-234-3050

**SNAKE RIVER OIL & GAS, LLC**

P.O. BOX 500

MAGNOLIA, ARKANSAS 71754

FAX NUMBER

870-234-3839

January 21, 2020

Idaho Department of Lands  
Oil & Gas Division Administrator  
300 N. 6<sup>th</sup> Street, Suite 103  
Boise, Idaho 83720

RE: Change of Operator

Dear Mr. Mick Thomas and Mr. James Thum,

Please accept this letter as Snake River Oil & Gas notice to assume the operations of Idaho properties currently listing AM Idaho, LLC as operator. Snake River ask the operator of record be changed as soon as the proper paperwork and the \$100,000 blanket bond for the wells are in place. Attached as exhibit "A" is a list of wells and exhibit "B" list the equipment at the "Little Willow Gathering Facility". Please do not hesitate to contact us with comments or questions.

Sincerely,



Chris Weiser

/cr

/enclosures

**ATTACHMENT 2**



Exhibit "B"

<b>LITTLE WILLOW</b>	
COOLER	R&R ENGINEERING
400 BBL STORAGE TANKS (12 TANKS)	DIVERSE ENERGY SYSTEMS
75 MMscfd EMISSIONS FREE GLYCOL DEHY UNIT	ENGINEERED CONCEPTS
20 MMSCFD DEHY	ONLY HANDLES 10M ON GAS
FLARE KNOCKOUT SCRUBBER	
JW COMPRESSOR (LEASE UNIT)	MONTH RATE
KNOCKOUT SCRUBBER OFF COMPRESSOR	
BTEX COMBUSTOR	ABUTECH
MULTI WELL SEP	FOR 1-3, 2-3, & 1-34
YARD/MATERIALS/CHAIN LINK FENCE	GROUND LEASED
CONDENSATE SEPARATOR W/PUMP	
MCC BUILDING/SHED	
COMMUNICATION TOWER	





**AM IDAHO, LLC**

16600 Park Row  
Houston, Texas 77084

**RECEIVED**  
By IDL OGD at 9:31 am, Jan 22, 2020

January 22, 2020

Idaho Department of Lands  
Attn: Oil & Gas Division Administrator  
P.O. Box 83720  
Boise, Idaho 83720

**RE: Operator of Record Transfer**

Gentlemen:

This letter will serve as our request to change the operator of record for the wells currently being operated by AM Idaho, LLC. AM Idaho, LLC is resigning as operator of record under our Joint Operating Agreement and has transferred that responsibility to the Weiser-Brown group, who will be operating the properties as Snake River Oil and Gas LLC. I've attached a list of wells to be transferred.

As to the lease assignment forms which you have requested of us, those instruments are being prepared and will be filed and recorded at the appropriate county courthouses. AM Idaho, LLC continues to maintain ownership in certain leases and has merely sold a portion of our interest in these wells to the Weiser-Brown group.

If I can provide any additional information to facilitate this transfer of operations, please do not hesitate to contact me at (281) 994-5429 or by email at [dkassab@high-mesa.com](mailto:dkassab@high-mesa.com).

Sincerely,

Diane M. Kassab  
Regulatory Compliance Manager

Attachment

**IDAHO DEPARTMENT OF LANDS**  
**DIRECTOR'S OFFICE**  
300 N 6th Street Suite 103  
PO Box 83720  
Boise ID 83720-0050  
Phone (208) 334-0200  
Fax (208) 334-5342



MICK THOMAS, DIVISION ADMINISTRATOR  
SECRETARY TO THE COMMISSION

**IDAHO OIL AND GAS**  
**CONSERVATION COMMISSION**  
*Betty Coppersmith, Chairman*  
*Marc Shigeta, Vice-Chairman*  
*Jim Classen*  
*Renee Love, Ph.D*  
*Dustin T. Miller*

February 11, 2020

Snake River Oil & Gas, LLC  
Attn: Mr. Chris Weiser  
117 East Calhoun  
Magnolia, AR 71753-3528

SUBJECT: Conditional Transfer of Well Permits, Well Operations

Dear Mr. Weiser,

This correspondence is notification that the Idaho Department of Lands recognizes the transfer of the well permits listed below from AM Idaho, LLC to Snake River Oil & Gas, LLC. The designation of Snake River Oil & Gas, LLC as the designated operator of the wells only applies to the wells designated below and does not apply to leases administered by Idaho Department of Lands, current applications, or Orders issued by Idaho Department of Lands or the Idaho Oil & Gas Conservation Commission to Alta Mesa Services, LP, or AM Idaho LLC.

The Department of Lands received and accepted your Power of Attorney and Acknowledgment of Surety from RLI Insurance Company in the amount of \$100,000 for the following wells:

<b>No.</b>	<b>API Number</b>	<b>Well Name</b>
1.	11-075-20-020	DJS Properties #1-15
2.	11-075-20-022	ML Investments #2-10
3.	11-075-20-023	DJS Properties #2-14
4.	11-075-20-024	Kauffman #1-34
5.	11-075-20-025	ML Investments #1-11
6.	11-075-20-026	ML Investments #1-3
7.	11-075-20-027	Kauffman #1-9
8.	11-075-20-029	ML Investments #2-3
9.	11-075-20-031	ML Investments #3-10
10.	11-075-20-033	Barlow #1-14
11.	11-075-20-032	Fallon #1-10

The Idaho Department of Lands does not recognize the transfer of operator for the Tracy Trust #3-2 well (USWN 11-075-20011) because it has not received a bond for the required amount of \$100,000 per IDAPA 20.07.02.220.03 and IDAPA 20.07.02.220.04.

By assuming operatorship of the wells listed above, Snake River agrees to assume full responsibility for the operation and eventual abandonment in conformity with the laws, rules, regulations and orders issued by the Commission.

If you have any questions, please don't hesitate to contact me at your earliest convenience.

Sincerely,

A handwritten signature in blue ink that reads "Mick Thomas". The signature is written in a cursive style with a large, prominent "M" and "T".

Mick Thomas  
Division Administrator, Oil & Gas  
Secretary to the Oil & Gas Commission  
(208) 334-0298 Office  
Website: <https://ogcc.idaho.gov>  
[News](#) | [Facebook](#) | [Twitter](#) | [Web](#)  
[\*Sign up to receive news from IDL\*](#)

ecc: Chad Rader, Richard Brown, Nathan Caldwell, James Thum

SMITH + MALEK  
ATTORNEYS

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

February 24, 2020

Via Email & Hand Delivery

Mick Thomas, Administrator  
Oil and Gas  
Idaho Department of Lands  
c/o Kourtney Romine  
300 N. 6<sup>th</sup> Street, Suite 103  
Boise, ID 83702

**Re: Application of Snake River Oil and Gas, LLC for spacing order consisting of the E ½ of the SE ¼ of Section 9, SW ¼ of Section 10, N ½ of the N ½ of the NW ¼ of Section 15, and the N ½ of the NE ¼ of the NE ¼ of Section 16, N Township 8 North, Range 5 West, Boise Meridian, Payette County, Idaho**

**IOGCC Docket No: CC-2020-OGR-01-01-001**

Dear Administrator Thomas:

Pursuant to Idaho Code §47-318 and §47-328, Snake River Oil and Gas, LLC (“Applicant”), hereby applies for a spacing order consisting of the E ½ of the SE ¼ of Section 9, SW ¼ of Section 10, N ½ of the N ½ of the NW ¼ of Section 15, and the N ½ of the NE ¼ of the NE ¼ of Section 16, Township 8 North, Range 5 West, Boise Meridian, Payette County, in which the existing Fallon #1-10 well is located.

1. Size, shape and location of unit (Idaho Code § 47-318 (1), (2), (3)):  
Applicant requests a spacing order establishing a 300 acre spacing unit consisting of the E ½ of the SE ¼ of Section 9, SW ¼ of Section 10, N ½ of the N ½ of the NW ¼ of Section 15, and the N ½ of the NE ¼ of the NE ¼ of Section 16, Township 8 North, Range 5 West, Boise Meridian, Payette County, in which the existing Fallon #1-10 well is located, which is intermediate to the 160 acre and 640 acre default drilling unit configurations for vertical gas wells set forth in Idaho Code §47-317(3)(b). The configuration is depicted on the plat included as Exhibit 4 to the Declaration of James L. Allen, filed concurrently herewith, based on the information available to Applicant following drilling, completion and testing of the well, the requested unit will result in

February 24, 2020

Application of Snake River Oil and Gas, LLC

2 of 4

the efficient and economical development of the pool, and is not smaller than the maximum area that can be efficiently and economically drained by one well. The rectangular shape of the unit is described by reference to the public land survey system, best matches the expected drainage area and ensures that all mineral interest owners likely to be affected will receive their equitable share of the production of the well, and that no mineral interest owners potentially affected will be omitted from the unit. As no other wells have been drilled to the sand targeted by the Fallon #1-10 well, and it has not been developed to an extent that allows conclusions to be drawn regarding consistency of drainage across the entire sand, it would be impracticable or unreasonable to establish spacing units for the remainder of the sand.

2. Proposed unit is not smaller than the maximum area that can be efficiently and economically drained by one (1) well (Idaho Code § 47-318(2)): The Declaration of James L. Allen, setting forth facts supporting the conclusion that the proposed unit is not smaller than the maximum area that can be efficiently and economically drained by one well, is filed herewith.

3. No more than one well and location of well (Idaho Code § 47-318(4)): Pursuant to Idaho Code § 47-318(4), Applicant requests that the order establishing the spacing unit direct that no more than one (1) well shall be drilled to and produced from the common source of supply for the unit, being the Fallon #1-10 well. Applicant requests that the order establishing the spacing unit approve the Fallon #1-10 well in its existing location. The well is more than 660' from any boundary line of the proposed unit, in conformity with Idaho Code § 47-317(3)(b). As set forth in Permit to Drill #11-075-20032, the bottom hole for the Fallon #1-10 well is 1134' from the west line of the SW ¼ of Section 10, 1033' from the south line of the SW ¼ of Section 10, 1596' from the north line of the SW ¼ of Section 10, and 1526' from the east line of the SW ¼ of Section 10. Thus, the well is at least 1500' from the nearest boundary of the proposed unit.

Pursuant to an existing drilling permit (Permit to Drill #11-075-20032), Applicant drilled the Fallon #1-10 well in the SW ¼ of Section 10, Township 8 North, Range 5 West, Payette County. The well was drilled to explore for natural gas and hydrocarbon liquids. The well has been tested and is prospective for natural gas and condensate. A gathering pipeline and processing facilities have been constructed to the east of the well location. Right of way has been acquired for a gathering pipeline to service the Fallon #1-10 well and the nearby Barlow #1-14 well. Construction of the pipelined has commenced and is ongoing.

4. Notice (Idaho Code §§ 47-317, 47-318, 47-328): Idaho Code § 47-318 does not provide for either application content or notice regarding an application to establish a spacing unit. Idaho Code § 47-328(3) provides: "Except as provided in section 47-316(1)(a), Idaho Code, and subsection (2) of this section, any request for an order related to oil and gas activities within the commission's jurisdiction, other than a civil penalty proceeding pursuant to

February 24, 2020

Application of Snake River Oil and Gas, LLC

3 of 4

section 47-329, Idaho Code, or other enforcement action by the department of lands or the commission, shall be made by application to the department of lands and processed as provided in this section.” However, § 328 does not specifically address notice regarding applications for well spacing orders. Idaho Code § 47-328(3)(b) provides for notice requirements in the case of “applications involving an order regarding unit operations or integration of a drilling unit.” The reference to “unit operations” clearly refers to an application pursuant to Idaho Code § 47-321 (entitled “Unit Operations”) for an order allowing “unit operation of an entire pool or portion thereof, to increase ultimate recovery of oil and gas from that pool or portion thereof,” including potentially across multiple spacing units. Similar to an integration order, an order for unit operations under § 321 addresses operations within the defined unit area, including allocation of production within the unit, designation of an operator, and allocation of the risk and expenses of operation. This is distinct from drilling and spacing unit applications, which address unit configuration in relation to economic and efficient drainage area, not operations and allocation of production. Thus, §328(3)(b) does not apply to this application.<sup>11</sup>

If this application were treated as one for a drilling location pursuant to Idaho Code § 47-317, notice would be required as follows: “In addition to any other notice required by statute or rule, the operator shall provide notice of the proposed drilling unit by certified mail to all uncommitted owners within the proposed drilling unit.” Idaho Code § 47-317(3)(d). Applicant finds no other reference to additional notice requirements related to drilling or spacing unit applications within Idaho Code Title 47, Chapter 3. Applicant finds no provision of IDAPA 04.11.01 requiring it to provide notice to additional persons; IDAPA 04.11.01.158 provides for “interested persons” to request notice after a proceeding is commenced, and for the agency to serve notice on such persons.

Because of the lack of clarity in the statute, and in an exercise of caution in light of the proceedings related to similar applications of the prior operator related to the Fallon #1-10 well, Applicant will provide notice of this application: (a) by certified mail to all mineral interest owners in the proposed spacing unit area; and (b) by regular mail to all mineral interest owners in the remainder of the area covered by the original application by the prior operator, AM Idaho, LLC, i.e, the SE ¼ of Section 9, SW ¼ of Section 10, the NW ¼ of Section 15, the NW ¼ of Section 16. While Idaho Code §§ 47-317, 47-318, and 47-328 provide no instruction as to the timing of notice for any application *not* subject to § 328(3)(b), again in an exercise of caution, Applicant will make such mailings within seven (7) days of the date of the filing of this application.

Applicant requests that the resulting Order of the Administrator be made applicable to any successor or assignee of all parties subject to the Order.

February 24, 2020  
Application of Snake River Oil and Gas, LLC  
4 of 4

Sincerely,

SMITH+MALEK, PLLC



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MICHAEL R. CHRISTIAN

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[1] In addition, because an application for spacing potentially could cover an entire field, certified or regular mailing to every mineral interest owner over a several square mile area would be impractical and possibly prohibitively expensive.

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

**In the Matter of Application of Snake River Oil )  
and Gas, LLC, for an order establishing a )  
spacing unit for Fallon #1-10 well consisting of )  
the E ½ of the SE ¼ of Section 9, SW ¼ of )  
Section 10, N ½ of the N ½ of the NW ¼ of )  
Section 15, and the N ½ of the NE ¼ of the NE )  
¼ of Section 16, Township 8 North, Range 5 )  
West, Boise Meridian, Payette County, Idaho )  
)  
**SNAKE RIVER OIL AND GAS, LLC, )  
Applicant. )  
)****

Docket No. CC-2020-OGR-01-001

---

**DECLARATION OF JAMES L. ALLEN**

STATE OF TEXAS            )  
  ) ss  
County of Harris         )

James L. Allen declares:

1. I am a geophysicist consulting for the Applicant, Snake River Oil and Gas, LLC. I received a B.S. from Baker University and a Ph.D. from the University of Wyoming, both in physics, and have worked as a geophysicist internationally and domestically for 46 years, having started my career at Exxon, then going on my own in 1980. I have been exploring for oil and gas in Idaho since 2010, having been one of five (myself and four geologists: Spencer Wood, Stephen Getz, Jeff Allen, and David Hawk) who evaluated the hydrocarbon potential for Snake River and the partners in J.L. Allen Exploration Ventures. I am considered an expert in seismic hydrocarbon



indicators, having co-authored a book on that subject and having been an editor for one journal and a reviewer on the topic for an American and a European journal. I am also considered an expert in 3D seismic, having co-edited a book on that subject. During my career, my tasks have included managing exploration programs, designing and managing 2D and 3D seismic surveys, interpreting geophysical and geological data, identifying potential hydrocarbon traps, and selecting drilling locations. I was one of two persons who mapped the Idaho 2D and 3D seismic data and identified drilling targets, the other being David Smith.

2. I reviewed and interpreted these seismic data from a project which covered several sections in Township 8 North, Range 5 West, including the SW  $\frac{1}{4}$  of Section 10, ("the subject spacing unit"). The sediments are often complexly faulted. There are also numerous basalt flows, dikes and sills present in the subsurface. These conditions complicate geologic interpretations from geophysical data.

3. The prospect targeted by the Fallon #1-10 well was a presumed combination structural/stratigraphic trap defined by 3-D seismic data. The top of the prospective section was expected to be approximately 3300' TVD. The pre-drill targets were a minor objective Sand A expected at 3300' TVD and a primary objective Sand B at 3374' TVD.

4. The target reservoir sections were fluvial and lacustrine sands within the Poison Creek and Chalk Hills formations of the Idaho Group.

5. Previously drilled, local well control suggested significant variability of the presence, thickness, porosity and permeability of sands in the target section. Bridge Energy drilled the May #1-13 well (2.6 miles east of the proposed target) to 6512' and plugged and abandoned it as a dry hole in 2010. It encountered a 40' sand at 3650' with average porosity of 15-20%. From

3700' to 4960', the well encountered various thin sands in an interval dominated by tuffaceous gray shales and siltstones (85%). The sands vary in porosity, but average 20-24%. The well encountered basalt from 4960' to 5200'; below that, other sands were encountered with porosities of 18–24%. All of these sands were wet with none tested, and the May #1-13 well was plugged and abandoned.

6. 1.25 miles WSW of the prospect, Ore-Ida Foods drilled a geothermal test to 10,024' in 1979. The correlative objective section in that well is dominated by gray claystone and siltstone, with minor subordinate amounts of sandstone.

7. In February of 2018, AM Idaho, LLC directionally drilled the Fallon #1-10 test well to 5432' MD (4995' TVD), ran open hole logs on drill pipe, and set and cemented production casing. The proposed directional well plan is attached as Exhibit 1 to this declaration. The “as-drilled” directional vertical section and plan view plots are attached as Exhibits 2a and 2b to this declaration.

8. The petrophysical logs acquired for the Fallon #1-10 well included Spectral Gamma Ray, Induction, Neutron/Density Porosity and Dipole Sonic logs.

9. The primary objective Sand B was encountered with approximately 92' of gross gas pay from 3772'-3880' MD (3453'-3545' TVD), with 70' of net pay. Sand A objective was found from 3658'-3670' MD (3355'-3367' TVD) with 10' of possible gas pay. An annotated log is attached to this declaration as Exhibit 3.

10. In March of 2018, the primary objective sand was perforated from 3815'-3835' MD, and the well tested at 3.8 MMcf/d, 119 Bcpd and 6 Bwpd with 1290# ftp on a 28/64" choke. I understand that the previous operator later filed an amended well completion report reflecting

3.3 MMcfgd, 41 Bcpd and 0 Bwpd with 1290# fip on a 28/64" choke. I am not personally aware why this amended reporting was undertaken, but the difference does not impact my analysis. The well is currently shut-in waiting on pipeline construction and hook up.

11. The Fallon #1-10 well tested and confirmed a presumed combination structural/stratigraphic trap defined by seismic data that is now a known gas condensate reservoir.

12. Both of the objective sands were encountered 55' to 80' structurally low to pre-drill expectations: top of Sand A at 3355' TVD versus 3300' TVD expected; and top of Sand B at 3453' TVD versus expected 3374'TVD. This is most probably due to local seismic velocity gradients, and not unexpected, especially so in frontier exploration such as in Idaho.

13. As the top of the objective Sand B reservoir was expected to be encountered at approximately 3374' TVD but was encountered 80' feet structurally lower at 3453' TVD, it was appropriate to reconsider unit size and configuration.

14. In connection with a previous application regarding the Fallon #1-10 well, David Smith submitted a net pay isopach map, based on structure maps of the top of Sand B and the base of the gas pay in Sand B using logs and seismic data. I reviewed the same information and agree with Mr. Smith's interpretation. A net pay isopach map based on that interpretation is attached as Exhibit 4. I am currently preparing interpreted seismic cross sections to confirm the extent of the Sand B pay and will supplement this declaration with those cross sections shortly.

15. Experience producing the wells in this area is that the gas sands sometimes produce with a water drive. In this case, after some period of time of gas production, the well is expected to produce increasing volumes of water until it loads up and dies or reaches an economic limit.

The economic limit occurs when the daily cost of disposing of the produced fresh water exceeds the value of the hydrocarbons produced daily.

16. My view that the Fallon #1-10 well will produce with a water drive is supported by the following:

a. In his presentation to the Idaho Oil and Gas Conservation Commission on February 5, 2020, Mark Barton of the Idaho Geologic Survey identified the Kauffman #1-34 well's reservoir sand as subject to a strong water drive. He identified the ML Investments #2-10 LT as a partial water drive. He identified other wells with significantly smaller reservoirs as subject to depletion drive. This makes sense, as a larger tank provides a larger volume of water to support the gas trapped.

b. The Kaufman #1-34 well's reservoir sand, described as strong water drive in Mark Barton's presentation, is at least 300' thick (3820'-4120') but possibly 385' thick (3820'-4205') if a 10' shale break is discounted. The reservoir area is limited by faults and synclines but the thickness provides for a reservoir tank of 180,000 ac-ft. or more.

c. The ML Investments # 2-10 LT's reservoir sand, described as partial water drive in Mark Barton's presentation, is 104' thick (4288'-4392') at the well bore. Interestingly, the ML Investment's #1-11 sand, described as a depletion drive, is in the same reservoir. It is 156' thick (4130'-4286'). Using an average thickness of 130' provides a total reservoir volume of 65,000 ac-ft. The difference in reservoir performance between the two may be explained by faulting within the reservoir.

d. The B Sand in the Fallon #1-10 is 164' thick at the well bore (3772'-3936') and thickens to 180' according to seismic data. The sand pinches out to the northeast and southeast, as

can easily be mapped on seismic data. The southwest edge is cutoff by faulting, while a syncline limits the northwestern side. Using an average thickness of 90' would provide a reservoir volume of 126,000 ac-ft., twice that of the partial water drive of the ML Investments #2-10 and nearer the volume of the Kauffman #1-34.

e. Consequently, I expect the Fallon #1-10 Sand B reservoir to produce with a water drive. As a result, the mapping of the Sand B isopach in the Unit application is correct, as the productive area is limited by the depth of the uppermost perforations in a water drive reservoir.

17. When the economic limit is reached in the current set of perforations, the well would be plugged back and reperfored near the top of the sand, (3772' MD, 3453' TVD, -1289' Subsea), which would be the structural top of the ultimate producible drainage area in a water drive reservoir.

18. Post drill mapping with the new well information and the 3-D seismic data locates the ultimately producible reservoir dominantly in the SW  $\frac{1}{4}$  of Section 10, with minor presence in the SE  $\frac{1}{4}$  of Section 9, the NE  $\frac{1}{4}$  of Section 16 and the NW  $\frac{1}{4}$  of Section 15. Based on the foregoing discussion, I conclude that a 300 acre unit encompassing E  $\frac{1}{2}$  of the SE  $\frac{1}{4}$  of Section 9, SW  $\frac{1}{4}$  of Section 10, N  $\frac{1}{2}$  of the N  $\frac{1}{2}$  of the NW  $\frac{1}{4}$  of Section 15, and the N  $\frac{1}{2}$  of the NE  $\frac{1}{4}$  of the NE  $\frac{1}{4}$  of Section 16 is the best fit to cover the lands underlaid by the gas pool, and that the proposed 300 acre unit is not smaller than the maximum area that could be effectively and economically drained by one well.

19. The Fallon #1-10 well is located near the center of the proposed unit. Based on my interpretation of 3-D seismic data, I conclude that the target sand's down dip productive limit is likely contained within the proposed unit area. Results from testing of the well show that it

produces a combination of natural gas and gas condensate, making a gas unit as described above appropriate.

20. I declare under penalty of perjury under the laws of the State of Idaho that the foregoing is true and correct to the best of my knowledge.

Dated this 24<sup>th</sup> day of February, 2020.

  
James L. Allen



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



CASING DETAILS

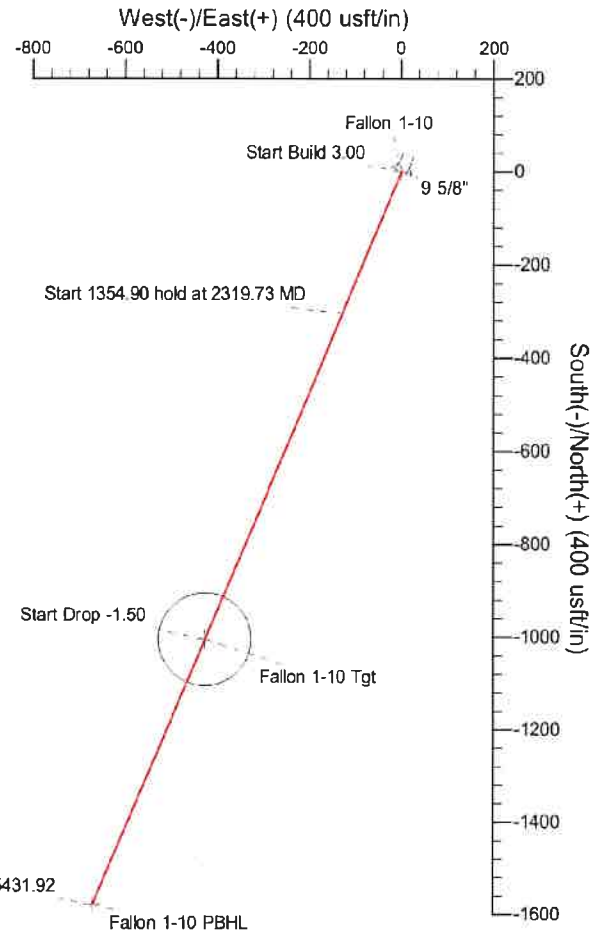
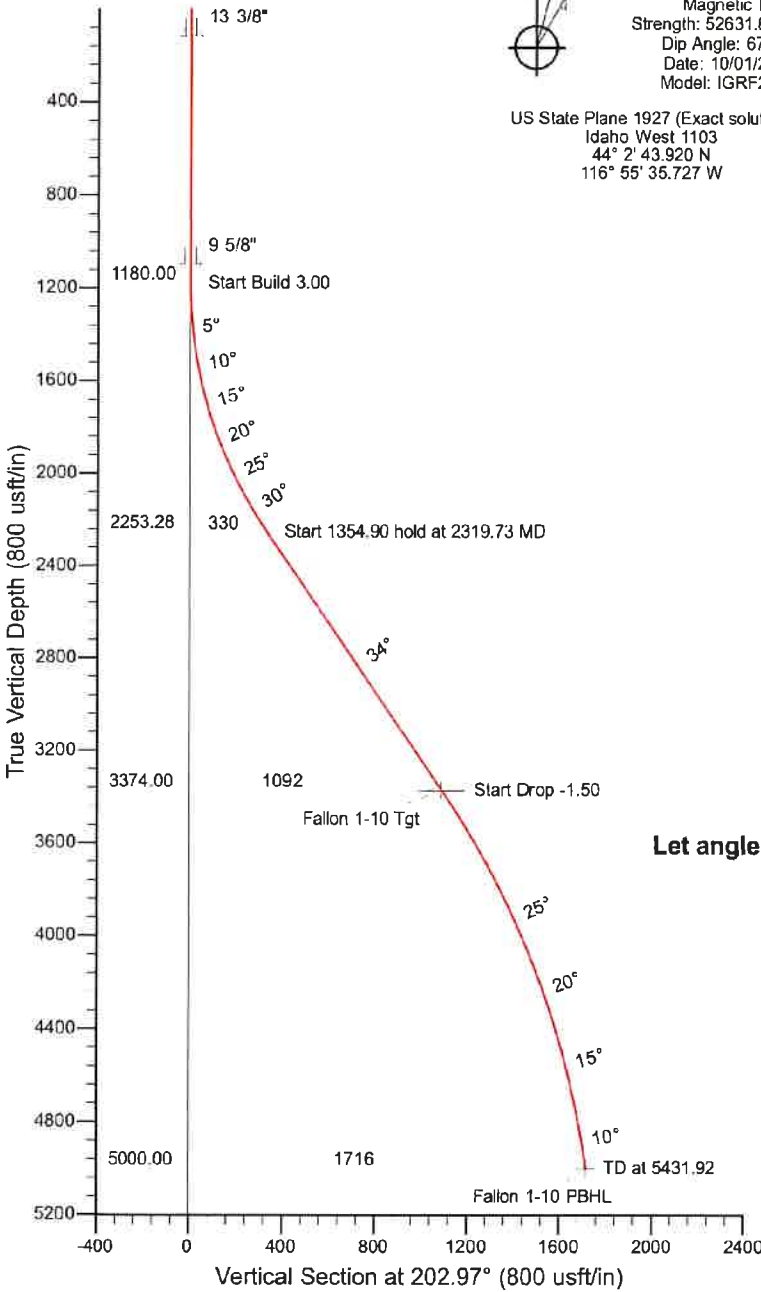
TVD	MD	Size
120.00	120.00	13-3/8
1100.00	1100.00	9-5/8



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

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

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



Digital lease data unavailable at time of print

Let angle fade to vertical after target

**EXHIBIT 1**  
**Original Directional Plan**

DESIGN TARGET DETAILS

Name	TVD	+N/-S	+E/-W	Northing	Easting	Latitude	Longitude	Sh
Fallon 1-10	0.00	0.00	0.00	920 869160.06	116° 55' 35.727 W	0.00	0.00	Point
Fallon 1-10 Tgt	3374.00	-1004.96	-425.98	0.00	868452.08	116° 55' 41.362 W	0.00	Point
Fallon 1-10 PBHL	5000.00	-1579.99	-669 7366.24	867872.98	116° 55' 44.586 W	0.00	0.00	Point

SECTION DETAILS

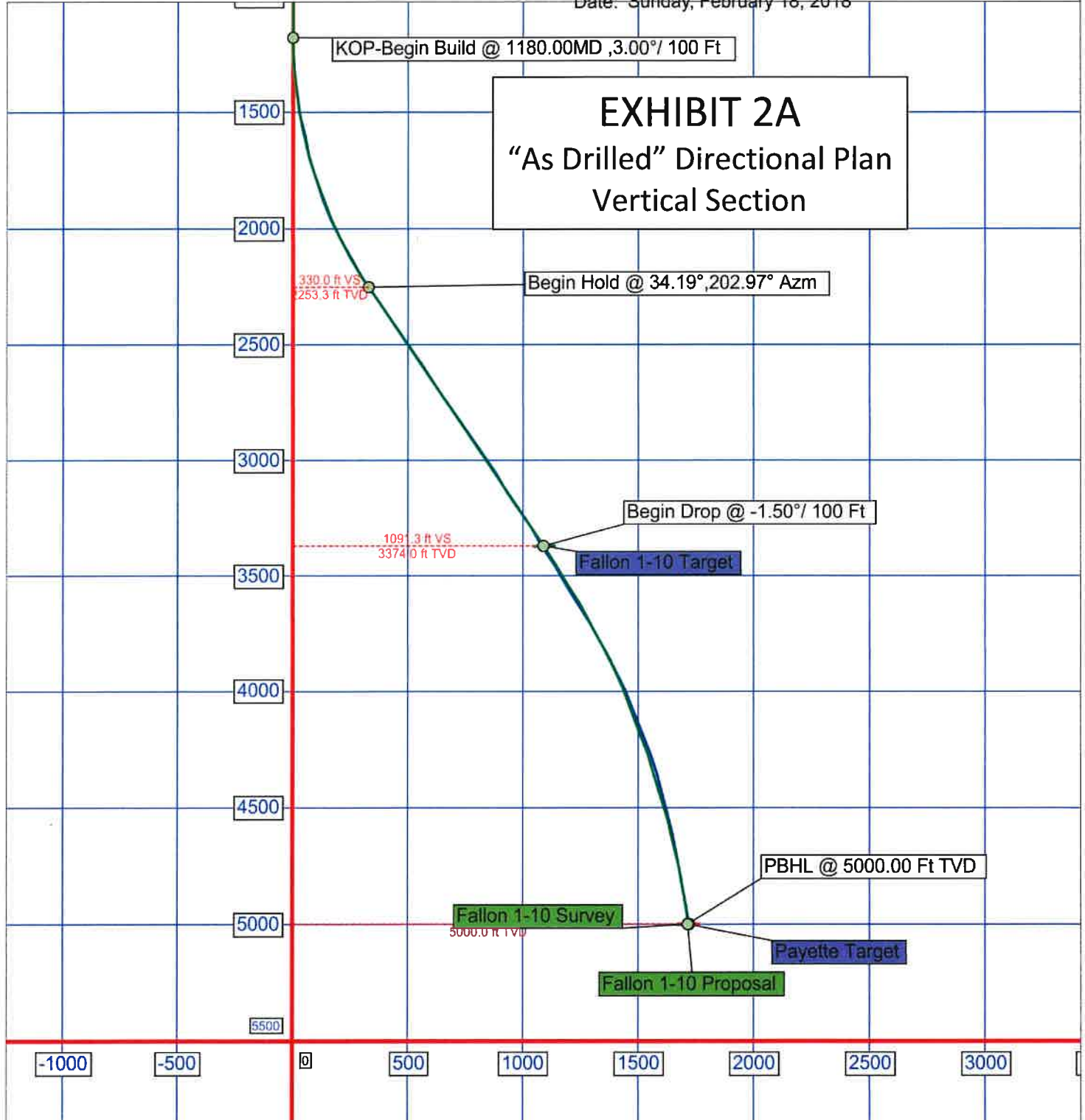
Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	Dleg	TFace	VSect	Target
1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2	1180.00	0.00	0.00	1180.00	0.00	0.00	0.00	0.00	0.00	
3	2319.73	34.19	202.97	2253.28	-303.92	30.41	28.83	3.00	202.97	3
4	3674.64	34.19	202.97	3374.00	-1004.96	91.825	9.96	0.00	0.00	10
5	5431.92	7.83	202.97	5000.00	-1579.99	71669.73	150.00	0.00	0.00	1



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

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

True Vertical Depth



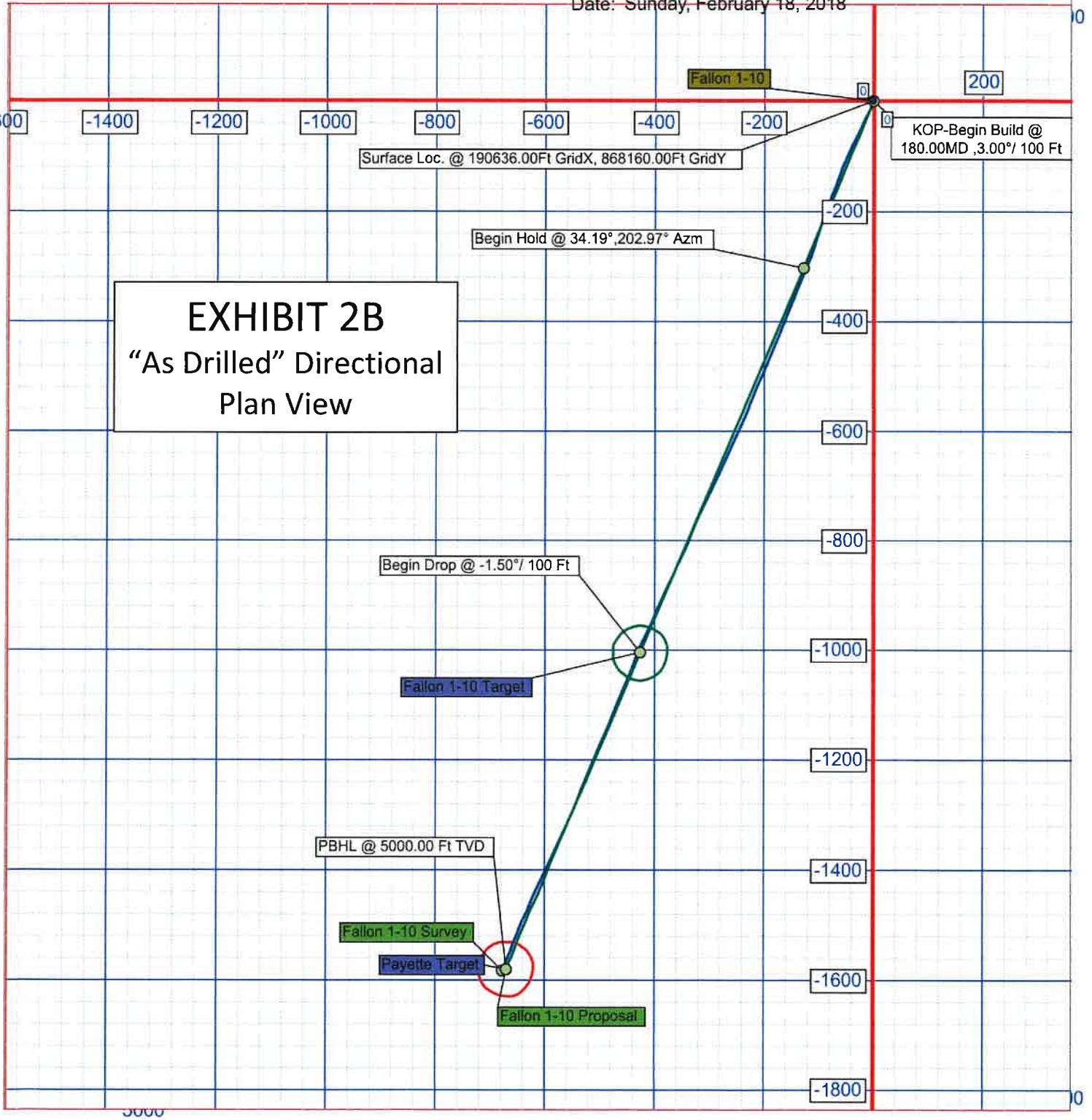
Vertical Section (500 Ft/Div) VSP: 202.00°



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

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

South - North



**EXHIBIT 2B**  
"As Drilled" Directional  
Plan View

West - East



Snake River Oil & Gas  
 Fallon 1-10  
 Wildcat Field  
 8N-5W Sec 10  
 KB 2167'

Sand 'A'  
 3658' MD  
 3355' TVD  
 -1191 SS

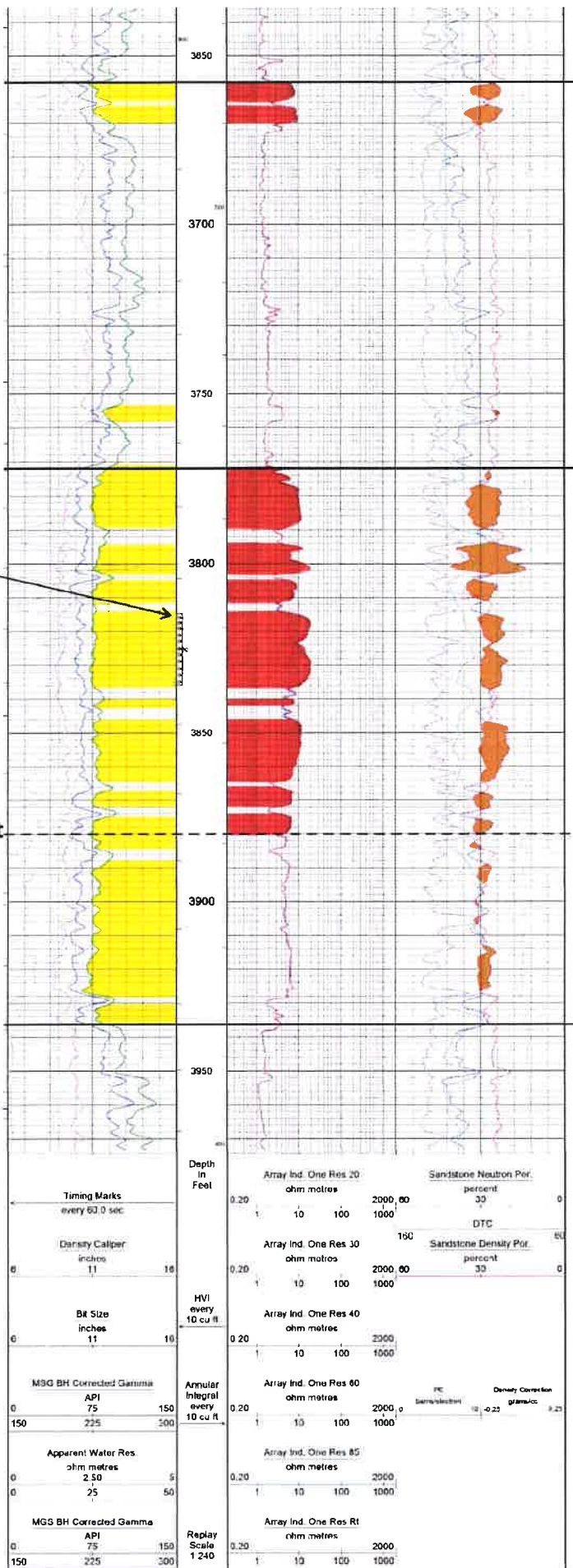
Sand 'B'  
 3772' MD  
 3453' TVD  
 -1289 SS

**Completion**  
 Perf. 3815'-35'  
 IP: 119 BCPD  
 3.8 MMCFGD  
 6 BWPD  
 1290# FTP 24/64" CK  
 3/11/2018

Probable Gas/Water Contact  
 3880' MD  
 3545' TVD  
 -1381 SS

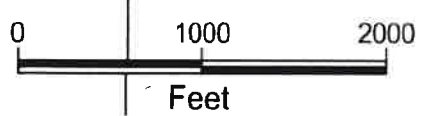
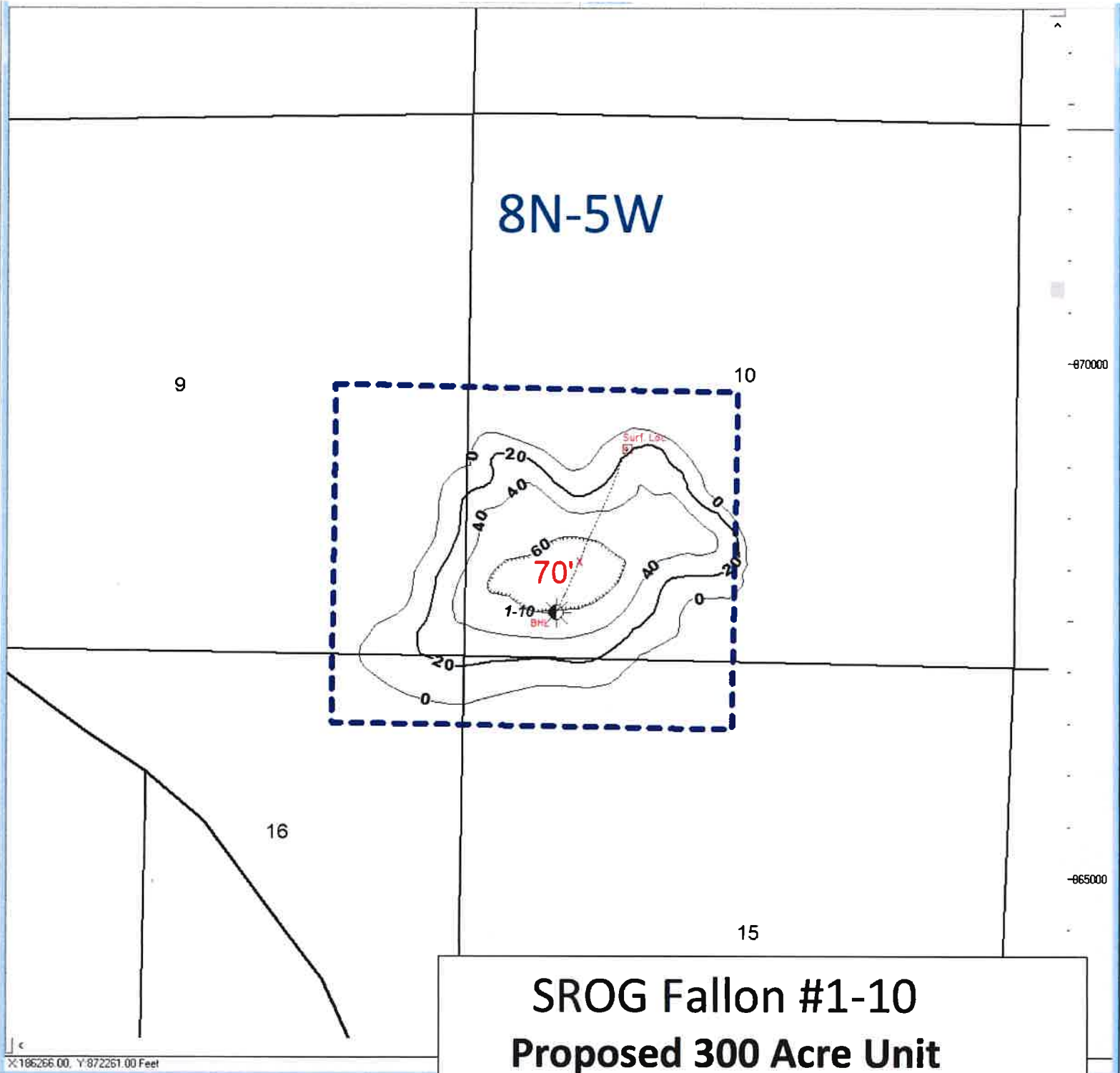
Sand 'B' Base

**EXHIBIT 3**  
 Quad Combo Log



# EXHIBIT 4

## Unit Plat & Net Pay Isopach Map



**SROG Fallon #1-10**  
**Proposed 300 Acre Unit**  
**Net Pay Isopach: Sand B**  
E/2 SE/4 of Section 9, SW/4 of Section 10, N/2 N/2 NW/4 of Section 15 & N/2 NE/4 NE/4 of Section 16 T8N-R5W  
*Contour Interval = 20'*  
Feb. 2020 Scale 1":1000'

