

IDAHO OIL AND GAS CONSERVATION COMMISSION OPEN MEETING CHECKLIST

FOR MEETING DATE: November 15, 2022

Regular Meetings

11/3/22	Notice of Meeting posted in prominent place in IDL's Boise Headquarters office five (5) or more calendar days before meeting.
11/3/22	Notice of Meeting posted in prominent place in IDL's Coeur d'Alene Headquarters office five (5) or more calendar days before meeting.
11/3/22	Notice of Meeting posted in prominent place at meeting location five (5) or more calendar days before meeting.
11/3/22	Notice of Meeting published on Townhall Idaho website https://townhall.idaho.gov five (5) or more calendar days before meeting.
11/3/22	Notice of Meeting emailed/faxed to list of media and interested citizens who have requested such notice five (5) or more calendar days before meeting.
11/3/22	Notice of Meeting posted electronically on the OGCC public website https://ogcc.idaho.gov/ five (5) or more calendar days before meeting.
11/8/22	Agenda posted in prominent place in IDL's Boise Headquarters office forty-eight (48) hours before meeting.
11/8/22	Agenda posted in prominent place in IDL's Coeur d'Alene Headquarters office forty-eight (48) hours before meeting.
11/8/22	Agenda posted in prominent place at meeting location forty-eight (48) hours before meeting.
11/8/22	Agenda published on Townhall Idaho website https://townhall.idaho.gov forty-eight (48) hours before meeting.
11/8/22	Agenda emailed/faxed to list of media and interested citizens who have requested such notice forty-eight (48) hours before meeting.
11/8/22	Agenda posted electronically on the OGCC public website https://ogcc.idaho.gov/ forty-eight (48) hours before meeting.
12/16/21	Annual meeting schedule posted – Director's Office, Boise and Staff Office, CDA
02/01/22	• Revised Annual meeting schedule posted – Director's Office, Boise and Staff Office, CDA
04/12/22	• 2 nd Revised Annual meeting schedule posted – Director's Office, Boise and Staff Office, CDA

Special Meetings

	Notice of Meeting and Agenda posted in a prominent place in IDL's Boise Headquarters office twenty-four (24) hours before meeting.
	Notice of Meeting and Agenda posted in a prominent place in IDL's Coeur d'Alene Headquarters office twenty-four (24) hours before meeting.
	Notice of Meeting and Agenda posted at meeting location twenty-four (24) hours before meeting.
	Notice of Meeting and Agenda published on Townhall Idaho website https://townhall.idaho.gov twenty-four (24) hours before meeting.
	Notice of Meeting and Agenda emailed/faxed to list of media and interested citizens who have requested such notice twenty-four (24) hours before meeting.
	Notice of Meeting and Agenda posted electronically on the OGCC public website https://ogcc.idaho.gov/ twenty-four (24) hours before meeting.
	Emergency situation exists – no advance Notice of Meeting or Agenda needed. "Emergency" defined in Idaho Code § 74-204(2).

Executive Sessions (*If only an Executive Session will be held*)

	Notice of Meeting and Agenda posted in IDL's Boise Headquarters office twenty-four (24) hours before meeting.
	Notice of Meeting and Agenda posted in IDL's Coeur d'Alene Headquarters office twenty-four (24) hours before meeting.
	Notice of Meeting and Agenda posted at meeting location twenty-four (24) hours before meeting.
	Notice of Meeting and Agenda published on Townhall Idaho website https://townhall.idaho.gov twenty-four (24) hours before meeting.
	Notice of Meeting and Agenda emailed/faxed to list of media and interested citizens who have requested such notice twenty-four (24) hours before meeting.
	Notice of Meeting and Agenda posted electronically on the OGCC public website https://ogcc.idaho.gov/ twenty-four (24) hours before meeting.
	Notice contains reason for the executive session and the applicable provision of Idaho Code § 74-206 that authorizes the executive session.

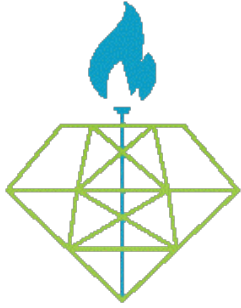
Kourtney Romine

11/8/22

RECORDING SECRETARY

DATE

IDAHO OIL & GAS
CONSERVATION COMMISSION



IDAHO OIL AND GAS CONSERVATION COMMISSION

Betty Coppersmith, Chair
Ray Hinchcliff, Vice Chair
Jim Classen, Commissioner
Dustin Miller, Commissioner
Jennifer Riebe, Commissioner

Mick Thomas, Secretary to the Commission

NOTICE OF PUBLIC MEETING NOVEMBER 2022

The Idaho Oil and Gas Conservation Commission will hold a Regular Meeting on **Tuesday, November 15, 2022**, at the State Capitol, House Hearing Room, (EW42), Lower Level, East Wing, 700 W Jefferson Street, Boise. The meeting is scheduled to begin at **1:30 pm (MT)**.

Please note meeting location.

The Oil and Gas Conservation Commission will conduct this meeting in person and by virtual means.

This meeting is open to the public. No public comment will be accepted at this meeting.

The meeting will be streamed live via IPTV: <https://www.idahoptv.org/shows/idahoinsession/>

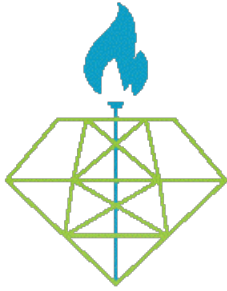
IDAHO OIL & GAS
CONSERVATION COMMISSION

First Notice Posted: 11/03/2022-IDL Boise; 11/03/2022-IDL CDA

The Idaho Oil and Gas Conservation Commission is established by Idaho Code § 47-314.

Idaho Department of Lands, 300 N 6th Street, Suite 103, Boise ID 83702

This notice is published pursuant to § 74-204 Idaho Code. For additional information regarding Idaho's Open Meeting law, please see Idaho Code §§ 74-201 through 74-208.



IDAHO OIL AND GAS CONSERVATION COMMISSION

Betty Coppersmith, Chair
Ray Hinchcliff, Vice Chair
Jim Classen, Commissioner
Dustin Miller, Commissioner
Jennifer Riebe, Commissioner

Mick Thomas, Secretary to the Commission

Final Agenda

Idaho Oil and Gas Conservation Commission Regular Meeting

November 15, 2022 – 1:30 PM (MT)

State Capitol, House Hearing Room, (EW42), Lower Level, East Wing, 700 W Jefferson Street, Boise

Please note meeting location.

The Oil and Gas Conservation Commission will conduct this meeting in person and by virtual means.

This meeting is open to the public. No public comment will be accepted at this meeting.

The meeting will be streamed live via IPTV: <https://www.idahoptv.org/shows/idahoinsession/>

- **ANNOUNCEMENTS**

No public comment will be accepted at this meeting.

- 1. **Division Administrator's Report**

- A. Financial Update
- B. Current Oil and Gas Activity
- C. Status Update
 - i. Class II Injection Well – Permit Status

- **CONSENT – ACTION ITEM(S)**

- 2. **Approval of Minutes** – August 16, 2022 – Regular Meeting (Boise)

- **INFORMATION**

- 3. **Update on Proposed Legislation for Title 47, Chapter 3, Idaho Code for the 2023 Legislative Session**

– Presented by Mick Thomas, Division Administrator – Minerals, Navigable Waters, and Oil & Gas

- 4. **Well Cellar Construction and Maintenance - Best Practices**

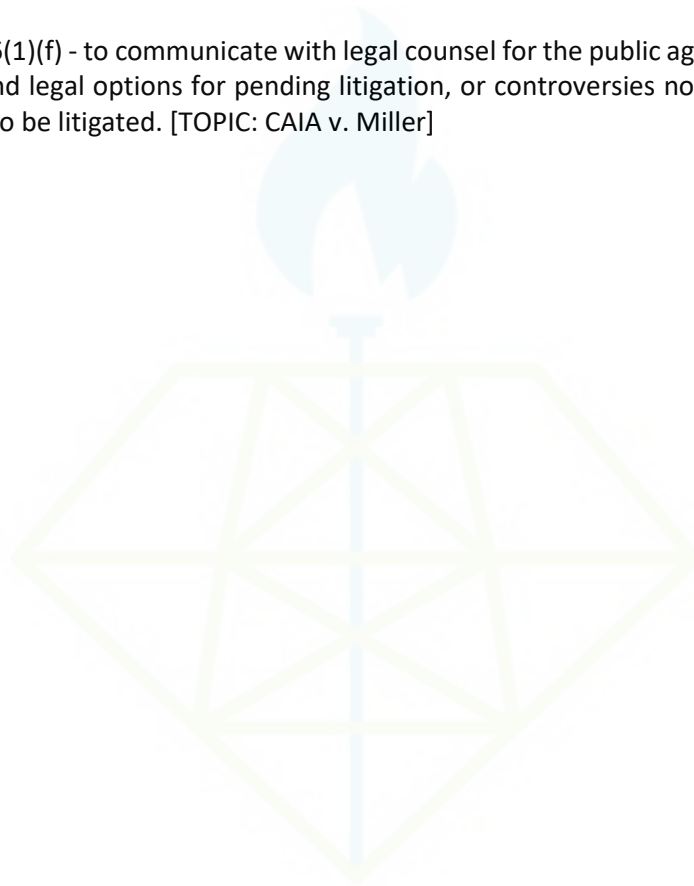
Idaho Oil and Gas Conservation Commission
Final Agenda
Regular Meeting (Boise) – November 15, 2022
Page 1 of 2

- **REGULAR – ACTION ITEM(S)**

None

- **Executive**

- A. Idaho Code 74-206(1)(f) - to communicate with legal counsel for the public agency to discuss the legal ramifications of and legal options for pending litigation, or controversies not yet being litigated but imminently likely to be litigated. [TOPIC: CAIA v. Miller]



IDAHO OIL & GAS CONSERVATION COMMISSION



Idaho Statutes

Idaho Statutes are updated to the web July 1 following the legislative session.

TITLE 74
TRANSPARENT AND ETHICAL GOVERNMENT
CHAPTER 2
OPEN MEETINGS LAW

74-206. EXECUTIVE SESSIONS – WHEN AUTHORIZED. (1) An executive session at which members of the public are excluded may be held, but only for the purposes and only in the manner set forth in this section. The motion to go into executive session shall identify the specific subsections of this section that authorize the executive session. There shall be a roll call vote on the motion and the vote shall be recorded in the minutes. An executive session shall be authorized by a two-thirds (2/3) vote of the governing body. An executive session may be held:

- (a) To consider hiring a public officer, employee, staff member or individual agent, wherein the respective qualities of individuals are to be evaluated in order to fill a particular vacancy or need. This paragraph does not apply to filling a vacancy in an elective office or deliberations about staffing needs in general;
- (b) To consider the evaluation, dismissal or disciplining of, or to hear complaints or charges brought against, a public officer, employee, staff member or individual agent, or public school student;
- (c) To acquire an interest in real property not owned by a public agency;
- (d) To consider records that are exempt from disclosure as provided in chapter 1, title 74, Idaho Code;
- (e) To consider preliminary negotiations involving matters of trade or commerce in which the governing body is in competition with governing bodies in other states or nations;
- (f) To communicate with legal counsel for the public agency to discuss the legal ramifications of and legal options for pending litigation, or controversies not yet being litigated but imminently likely to be litigated. The mere presence of legal counsel at an executive session does not satisfy this requirement;
- (g) By the commission of pardons and parole, as provided by law;
- (h) By the custody review board of the Idaho department of juvenile corrections, as provided by law;
- (i) To engage in communications with a representative of the public agency's risk manager or insurance provider to discuss the adjustment of a pending claim or prevention of a claim imminently likely to be filed. The mere presence of

a representative of the public agency's risk manager or insurance provider at an executive session does not satisfy this requirement; or

(j) To consider labor contract matters authorized under section 74-206A (1)(a) and (b), Idaho Code.

(2) The exceptions to the general policy in favor of open meetings stated in this section shall be narrowly construed. It shall be a violation of this chapter to change the subject within the executive session to one not identified within the motion to enter the executive session or to any topic for which an executive session is not provided.

(3) No executive session may be held for the purpose of taking any final action or making any final decision.

(4) If the governing board of a public school district, charter district, or public charter school has vacancies such that fewer than two-thirds (2/3) of board members have been seated, then the board may enter into executive session on a simple roll call majority vote.

History:

[74-206, added 2015, ch. 140, sec. 5, p. 371; am. 2015, ch. 271, sec. 1, p. 1125; am. 2018, ch. 169, sec. 25, p. 377; am. 2019, ch. 114, sec. 1, p. 439.]

How current is this law?

Search the Idaho Statutes and Constitution

IDAHO OIL & GAS
CONSERVATION COMMISSION

**Oil and Gas Regulatory Program
Activities Report as of August, 2022
Fund 0075-14 Oil and Gas Conservation Fund Cash Flow Report**

		Current Month	Year-to-Date
Beginning Cash Balance 7/1/2022	340,848.71		
Permits		3,300.00	3,300.00
*Severance Tax		40,145.95	68,244.02
Refund (previous year)		0.00	0.00
Other (transfer to GF)		0.00	0.00
Total		43,445.95	71,544.02
Personnel Expenditures		(4,746.12)	(9,664.89)
Operating Expenditures		(14,028.20)	(14,069.55)
P-Card Liability to be paid		0.00	0.00
Ending Cash Balance 08/31/2022			388,658.29

*The Idaho Tax Commission transfers 60% of the 2.5% Severance Tax to Fund 0075-14 Oil and Gas Conservation Fund to defray the expense of the Oil and Gas Commission.

General Fund Regulatory Program Expenditures Report

Expenditures from General Fund FY23

Expenses	Allocation	Current Month	Year-to-Date	Balance
PC	285,492.00	13,884.26	30,820.99	254,671.01
OE	92,794.00	15,062.34	17,893.04	74,900.96
CO	0.00	0.00	0.00	0.00
Total	378,286.00	28,946.60	48,714.03	329,571.97

Dedicated Fund Regulatory Program Expenditures Report

Expenditures from Dedicated Fund FY23

Expenses	Allocation	Current Month	Year-to-Date	Balance
PC	64,812.00	4,746.12	9,664.89	55,147.11
OE	86,700.00	14,028.20	14,069.55	72,630.45
CO	3,500.00	0.00	0.00	3,500.00
Total	155,012.00	18,774.32	23,734.44	131,277.56

Oil and Gas Regulatory Program
Activities Report as of September, 2022
Fund 0075-14 Oil and Gas Conservation Fund Cash Flow Report

		Current Month	Year-to-Date
Beginning Cash Balance 7/1/2022	340,848.71		
Permits		3,300.00	6,600.00
*Severance Tax		35,087.31	103,331.33
Refund (previous year)		0.00	0.00
Other (transfer to GF)		0.00	0.00
Total		38,387.31	109,931.33
Personnel Expenditures		(11,259.42)	(20,924.31)
Operating Expenditures		(867.89)	(14,937.44)
P-Card Liability to be paid		0.00	0.00
Ending Cash Balance 09/30/2022			414,918.29

*The Idaho Tax Commission transfers 60% of the 2.5% Severance Tax to Fund 0075-14 Oil and Gas Conservation Fund to defray the expense of the Oil and Gas Commission.

General Fund Regulatory Program Expenditures Report

Expenditures from General Fund FY23

Expenses	Allocation	Current Month	Year-to-Date	Balance
PC	285,492.00	19,346.29	50,167.28	235,324.72
OE	92,794.00	1,490.99	19,384.03	73,409.97
CO	0.00	0.00	0.00	0.00
Total	378,286.00	20,837.28	69,551.31	308,734.69

Dedicated Fund Regulatory Program Expenditures Report

Expenditures from Dedicated Fund FY23

Expenses	Allocation	Current Month	Year-to-Date	Balance
PC	64,812.00	11,259.42	20,924.31	43,887.69
OE	86,700.00	867.89	14,937.44	71,762.56
CO	3,500.00	0.00	0.00	3,500.00
Total	155,012.00	12,127.31	35,861.75	119,150.25

**Oil and Gas Regulatory Program
Activities Report as of October, 2022
Fund 0075-14 Oil and Gas Conservation Fund Cash Flow Report**

		Current Month	Year-to-Date
Beginning Cash Balance 7/1/2022	340,848.71		
Permits		0.00	6,600.00
*Severance Tax		39,681.57	143,012.90
Refund (previous year)		0.00	0.00
Other (transfer to GF)		0.00	0.00
Total		39,681.57	149,612.90
Personnel Expenditures		(9,326.21)	(30,250.52)
Operating Expenditures		(41.35)	(14,978.79)
P-Card Liability to be paid		0.00	0.00
Ending Cash Balance 10/31/2022			445,232.30

*The Idaho Tax Commission transfers 60% of the 2.5% Severance Tax to Fund 0075-14 Oil and Gas Conservation Fund to defray the expense of the Oil and Gas Commission.

General Fund Regulatory Program Expenditures Report

Expenditures from General Fund FY23

Expenses	Allocation	Current Month	Year-to-Date	Balance
PC	285,492.00	14,029.32	64,196.60	221,295.40
OE	92,794.00	2,342.01	21,726.04	71,067.96
CO	0.00	0.00	0.00	0.00
Total	378,286.00	16,371.33	85,922.64	292,363.36

Dedicated Fund Regulatory Program Expenditures Report

Expenditures from Dedicated Fund FY23

Expenses	Allocation	Current Month	Year-to-Date	Balance
PC	64,812.00	9,326.21	30,250.52	34,561.48
OE	86,700.00	41.35	14,978.79	71,721.21
CO	3,500.00	0.00	0.00	3,500.00
Total	155,012.00	9,367.56	45,229.31	109,782.69



Southwest Idaho Oil & Gas Activity Map



Legend

Active Oil And Gas Wells

- Shut in Gas
- Producing - Multi Zone
- Producing
- Permitted

Inactive Oil and Gas Wells

- Plugged and Abandoned (P&A) Oil Show
- Plugged and Abandoned (P&A) Gas Show
- Plugged and Abandoned (P&A) Gas Well
- Plugged and Abandoned
- APD Submitted

- Gas Pipeline
- Gas Transmission Pipeline
- Highway
- Township
- Sections
- Counties
- Approved Unit
- Approved Spacing Unit, Integration Request Submitted

- Gas Plant
- Idaho Mineral Estate
- Surface Ownership**
 - BLM
 - IDF&G
 - IDL

No.	US Well Number	Operator	Well Name	Status
1	11-075-20011	Snake River O&G	Tracy Trust #3-2	Shut in; pending P&A
2	11-075-20020	Snake River O&G	DJS Properties #1-15	Producing
3	11-075-20022	Snake River O&G	ML Investments #2-10	Producing
4	11-075-20023	Snake River O&G	DJS Properties #2-14	Shut in (Class II appl.)
5	11-075-20024	Snake River O&G	Kauffman #1-34	Shut In
6	11-075-20025	Snake River O&G	ML Investments #1-11	Producing (temp. S/I)
7	11-075-20026	Snake River O&G	ML Investments #1-3	Producing
8	11-075-20027	Snake River O&G	Kauffman #1-9	Producing (temp. S/I)
9	11-075-20029	Snake River O&G	ML Investments #2-3	Producing
10	11-075-20031	Snake River O&G	ML Investments #3-10	Producing
11	11-075-20032	Snake River O&G	Fallon #1-10	Producing
12	11-075-20033	Snake River O&G	Barlow #1-14	Producing
13	11-075-20036	Snake River O&G	Barlow #2-14	Producing
14	11-075-20037	Snake River O&G	Fallon #1-11	Producing
15	11-075-20038	Snake River O&G	Dutch-Lane #1-13	Producing
16	11-075-20039	Snake River O&G	Irvin #1-19	Drilling/Confidential
17	11-075-20040	Snake River O&G	Barlow #3-14	Drilling/Confidential

Map Notes and Data Sources

Inactive and Active Oil And Gas Wells through 11/7/2022

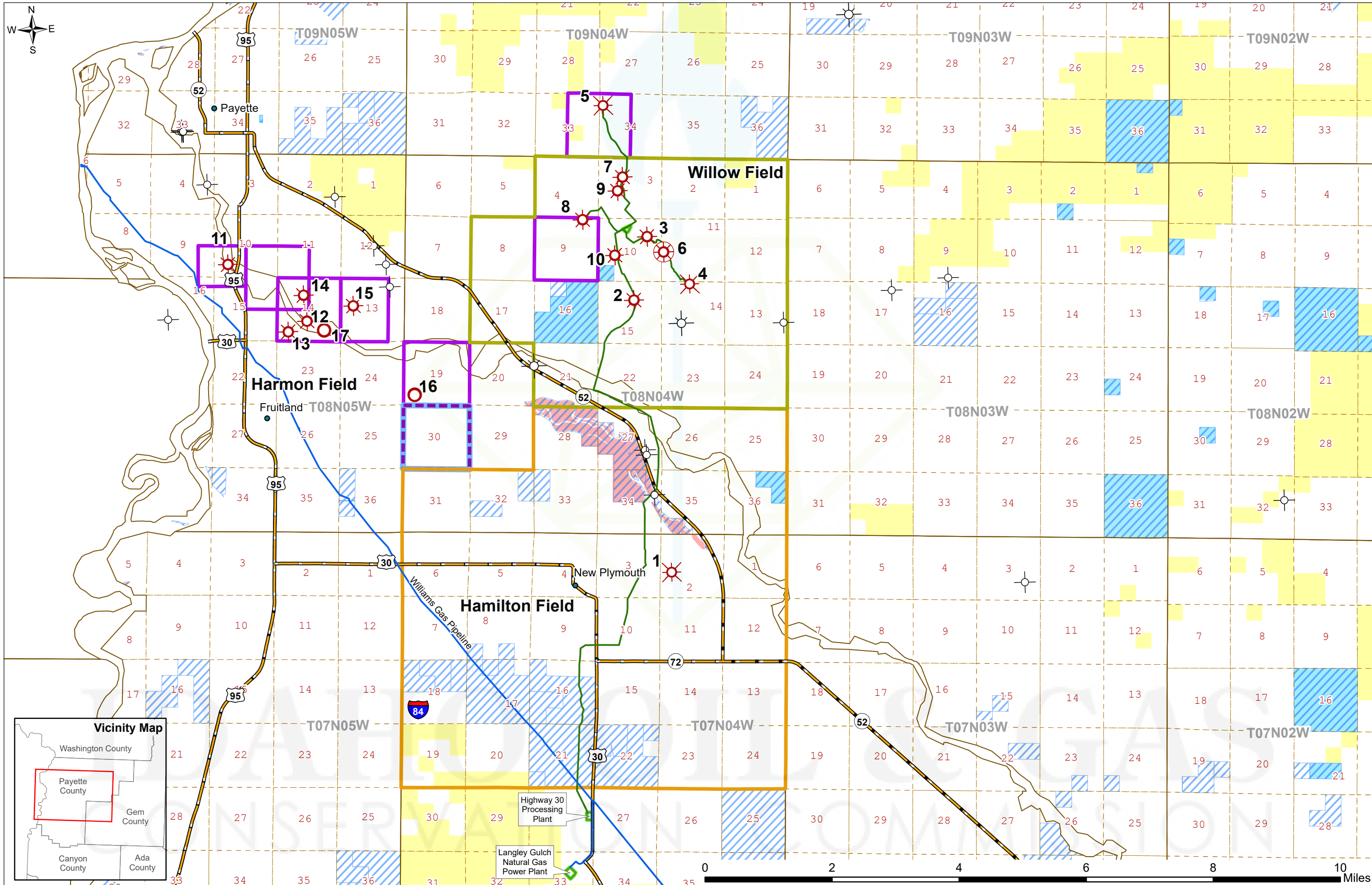
Data Sources: Idaho Department of Lands and Idaho Geological Survey

Disclaimer:

This map has been compiled using the best information available to the Idaho Department of Lands at the time and may be updated and/or revised without notice. In situations where known accuracy and completeness is required, the user has the responsibility to verify the accuracy of the map and the underlying data sources.

Map produced by: Idaho Department of Lands, Boise Staff Office, GIS Department 11/7/2022

Robin Dunn

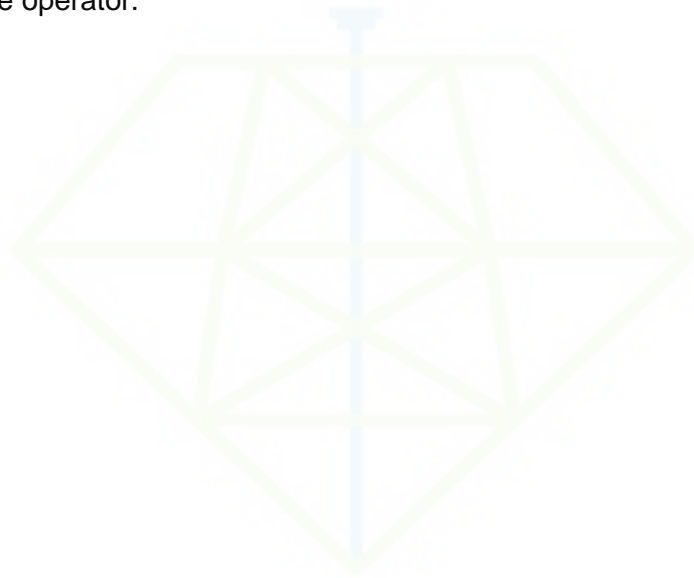


Division Administrator's Report
November 15, 2022

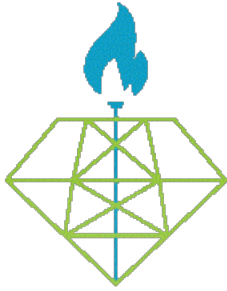
Item 1C - Status Update

i. Class II Injection Well – Permit Status:

The Environmental Protection Agency (EPA) issued a Class II UIC Permit and Aquifer Exemption to the operator, Snake River Oil and Gas, LLC on November 3, 2022. The Issuance Letter, Permit, Response to Comments, and Aquifer Exemption Record of Decision is located on the EPA website. The Department also added this information to the Commission website on the DJS Properties #2-14 well file page. This permit will be effective December 19, 2022 at 12:01AM. The next step for the operator is to rework the permitted well in preparation for potential injection. The Department has not discussed a potential timeline with the operator.



IDAHO OIL & GAS
CONSERVATION COMMISSION



IDAHO OIL AND GAS CONSERVATION COMMISSION

Betty Coppersmith, Chair
Ray Hinchcliff, Vice Chair
Jim Classen, Commissioner
Dustin Miller, Commissioner
Jennifer Riebe, Commissioner

Mick Thomas, Secretary to the Commission

Draft Minutes
Idaho Oil and Gas Conservation Commission Regular Meeting
August 16, 2022

The regular meeting of the Idaho Oil and Gas Conservation Commission was held on Tuesday, August 16, 2022, with the physical location at State Capitol, House Hearing Room, (EW42), Lower Level, East Wing, 700 W Jefferson Street, Boise, Idaho. There was also a teleconference option. The meeting began at 1:30 p.m. (MT). Chairman Betty Coppersmith presided. The following members were present:

Vice Chairman Ray Hinchcliff – via teleconference
Commissioner Dustin Miller
Commissioner Jennifer Riebe

For the record, a quorum was in attendance; Chairman Coppersmith, Commissioner Miller, Commissioner Riebe, and Secretary Thomas were present at the physical location. Vice Chairman Hinchcliff called in via teleconference. Commissioner Classen was absent.

- **ANNOUNCEMENTS**

Chairman Coppersmith went over the agenda items and confirmed that Vice Chairman Hinchcliff was on the phone.

- 1. **Division Administrator's Report**

- A. Financial Update
- B. Current Oil and Gas Activity
- C. Status Update
 - i. Oil and Gas Well Analysis
 - ii. Class II Injection Well – Permit Status

Commissioner Miller inquired about the timeline for the completion of the application. Secretary Thomas responded that there was not a timeline for the completion of the EPA Class II well. Secretary Thomas explained that in conversations with EPA, they shared there are still a few variables, and they are understandably a little cautious to say this is going to be done by November or December. Depending on how their supervisors evaluate comments, there may be an additional comment period, or there may not. Once the decision is made by the EPA to either approve or deny this application, then it's up to the operator to schedule the work-over rig to come in and do the different things needed. Secretary Thomas added that we are at least 10-12 months from having a functioning Class II injection well in Idaho or it could be way more beyond that.

- **CONSENT – ACTION ITEM(S)**

2. **Approval of Minutes** – May 19, 2022 – Regular Meeting (Boise)

COMMISSION ACTION: A motion was made by Commissioner Miller that the Commission approve the meeting minutes. Commissioner Riebe seconded the motion. The motion carried on a vote of 4-0.

- **REGULAR – ACTION ITEM(S)**

3. **Election of Chairman and Vice-Chairman** – Presented by Mick Thomas, Division Administrator – Minerals, Navigable Waters, and Oil & Gas

RECOMMENDATION: Direct the Commission to elect a Chairman and Vice Chairman.

DISCUSSION: Chairman Coppersmith asked Vice Chairman Hinchcliff if he would be willing to continue in the position of Vice Chairman. Vice Chairman Hinchcliff responded yes. Chairman Coppersmith stated that she would be happy to continue in her role unless there is a motion otherwise.

COMMISSION ACTION: A motion was made by Commissioner Miller that the Commission re-elect Betty Coppersmith as Chair and Ray Hinchcliff as Vice Chair of the Idaho Oil and Gas Conservation Commission for the next term. Commissioner Riebe seconded the motion. The motion carried on a vote of 4-0.

Background information was provided by the presenter indicated below. No Commission action is required on the Information Agenda.

- **INFORMATION**

4. **Update on Proposed Legislation for Title 47, Chapter 3, Idaho Code for the 2023 Legislative Session** – Presented by Mick Thomas, Division Administrator – Minerals, Navigable Waters, and Oil & Gas

The audio recording of this agenda item is available by request to the Department of Lands, Attn: Oil and Gas Commission Recording Secretary, PO Box 83720, Boise, Idaho 83720-0050 or by email to public_records_request@idl.idaho.gov.

5. **Presentation: Overview of Legal Requirements for Commission: Open Meetings; Public Records; Ethics in Government** – Presented by Kristina Fugate, Deputy Attorney General

At 2:11 p.m., a motion was made by Chairman Coppersmith that the Commission convene into Executive Session pursuant to Idaho Code §74-206(1)(f) to communicate with legal counsel for the public agency to discuss the legal ramifications of and legal options for pending litigation, or controversies not yet being litigated but imminently likely to be litigated. Commissioner Riebe seconded the motion. Chairman Coppersmith stated a roll call vote is required. Roll Call Vote: Aye: Riebe, Hinchcliff, Miller, Coppersmith; Nay: None; Absent: Classen.

Chairman Coppersmith noted that no more discussion will happen after the Executive Session, and no action will be taken during the Executive Session.

- **Executive**

- A. Idaho Code 74-206(1)(f) - to communicate with legal counsel for the public agency to discuss the legal ramifications of and legal options for pending litigation, or controversies not yet being litigated but imminently likely to be litigated. [TOPIC: CAIA v. Miller]

At 2:39 p.m., the Commission resolved out of Executive Session by unanimous consent. For the record, no decisions were made during the Executive Session.

There being no further business before the Commission, at 2:39 p.m. a motion to adjourn was made by Commissioner Riebe. Commissioner Miller seconded the motion. The motion carried on a vote of 4-0. Meeting adjourned.

DRAFT

IDAHO OIL & GAS
CONSERVATION COMMISSION

IDAHO OIL AND GAS CONSERVATION COMMISSION
November 15, 2022
Information Agenda

SUBJECT

Update on Proposed Legislation for Title 47, Chapter 3, Idaho Code for the 2023 Legislative Session

BACKGROUND

On May 19, 2022, the Oil and Gas Conservation Commission (Commission) reviewed and voted to submit the sixth draft text to the Division of Financial Management (DFM). Per the recommendations of the Commission, the Idaho Department of Lands (Department) reviewed the draft for grammar and format before submitting to DFM.

The Commission and Department fall under the Executive Agency Legislative System (EALS) guidelines. Following these guidelines, the Department completed and submitted the EALS Legislative Idea Form on June 23, 2022.

The Department also submitted a Statement of Purpose (SOP) and Fiscal Impact form along with the final text in August.

DFM has recommended the proposed legislation to move forward and submitted the legislation to the Legislative Services Office (LSO).

DISCUSSION

On Friday, October 28, 2022, DFM shared with the Department that the LSO has not given the oil and gas proposed legislation an RS number. This is likely due to the length of the bill, and the Department believes an RS number will be provided once the bill is reviewed. The next step is to get a sponsor for this legislation.

An update will be provided during the Commission meeting on the status of this legislation.

IDAHO OIL AND GAS CONSERVATION COMMISSION
November 15, 2022
Information Agenda

SUBJECT

Well Cellar Construction and Maintenance - Best Practices

BACKGROUND

Members of the Oil and Gas Conservation Commission (Commission) have shared a curiosity about best practices for well cellar construction, maintenance, and fill in Idaho. Idaho Department of Lands (Department) staff initiated research in the form of a questionnaire submitted to member states of the Interstate Oil & Gas Compact Commission (IOGCC) to determine what other states have in place to provide guidance to operators.

DISCUSSION

Department staff submitted a state's survey request to the IOGCC on September 22, 2022 on the topic of well cellar construction and maintenance. On October 28, 2022, IOGCC provided emailed responses from nine member states regarding their statutes, rules, and other guidance for operators on the subject of well cellars. Those responses are included as Attachment 1.

In terms of well cellar construction, member states have varying requirements. The general consensus is that well cellars will be constructed in such a manner that they will maintain integrity and prevent contamination of surrounding groundwater resources from spills or other fluids that may be present in the well cellars. Some states require liners in addition to concrete and steel to further protect against potential contamination of surface and groundwater.

Regarding the nature of materials permitted within a well cellar, there are no requirements specifying whether or not a well cellar is filled with materials such as gravel or sand or whether the cellar should remain open. Types of materials are not specified, but any fill material that is used must be free of contamination. States require that fluids should not be allowed to accumulate in well cellars for extended periods, and any fluids found during an inspection should be removed and disposed of in accordance with any state requirements. It should be noted that states that experience extreme or extended periods of cold temperatures require that no water be allowed to accumulate around the surface casing exposed in a well cellar in order to prevent freeze damage to the casing.

In summary, as long as the well cellars are constructed in a manner that protects surface and groundwater from possible contamination, is effective at containing possible spills, and is maintained in a manner that will not cause damage to the exposed surface casing, the states allow some flexibility to operators regarding the maintenance of well cellars and the materials used to fill them.

ATTACHMENT

1. IOGCC Member States Response Summary

Question submitted by Idaho to the Interstate Oil & Gas Compact Commission (IOGCC) member states regarding well cellar construction and maintenance requirements

Idaho is requesting information on your state or province's rules or other requirements regarding the construction and maintenance of producing (or capable of producing) oil and gas well cellars. Post construction, do you have specific requirements about the nature of materials allowed in a cellar such as gravel, sand, or soil? When water accumulates within the cellar, do you have requirements for the removal and disposal of fluids?

Please provide language and/or links to rules or regulations for well cellar maintenance requirements.

States responses:

Alaska

There have been several instances in Alaska where annulus valves have been compromised due to freeze up of fluids in a well cellar.

The AOGCC does not have regulations specific to the maintenance of well cellars, but in the attached guidance bulletin we include the following:

Suspended Well Industry Guidance Bulletin 21-002 includes the following footnote under "Well Site Inspection Guidance":

²The operator must have a procedure for managing water in the cellar, especially before freezing conditions occur. Instances have occurred where ice in the well cellar of suspended wells has damaged an annulus outlet and the equipment attached (valves, valve handles, gauges, flanges). Diesel and other annuli fluids have been released and leached into the adjacent well pad.

Also, Alaska Dept. of Environmental Conservation (ADEC) regulation 18 AAC 75.045(d)(2) states "well sumps shall be designed and installed to be sufficiently impermeable". Reference attached letter from ADEC to BPXA regarding a joint AOGCC-ADEC investigation of surface casing leaks.

See separate documents: AK Industry Guidance Bulletin 21-002.pdf; ADEC Well Cellar Investigation Report Final.pdf

Colorado

e. Conductors.

- (1)** An Operator will secure conductors and cellars to prevent accidental access by people, livestock, or wildlife when active work on that conductor is not occurring.
- (2)** If artesian flows are encountered when a conductor is preset, the Operator will isolate the conductor with cement from the base of the conductor to the anticipated bottom of the cellar by the pump and plug or displacement method. The Operator will file a Form 4 – Report of Work Done, Other: Conductor Artesian Flow for the Oil and Gas Location to document the artesian flow and cementing operation.
- (3)** If the Operator has not drilled the Well for which the conductor was set within 30 days after setting the conductor, or after rig demobilization and move off (whichever is

later), the Operator will have 15 days to comply with the following safety standards for maintaining a preset conductor:

A. Weld a plate on the top of the conductor pipe that remains in place until the conductor is opened for drilling;

B. Cover and fence all rat holes, mouse holes, and cellars with materials sufficient to prevent accidental access by people, livestock, or wildlife and;

C. Maintain all fencing and covers.

(4) If the Operator has not drilled the Well within 3 months of setting the conductor on Crop Land locations or within 6 months on rangeland then the Operator will plug the conductor and perform Reclamation as follows:

A. Cut the conductor pipe four feet below ground level;

B. Fill the conductor pipe with material that is clean, inert, and free from contaminants;

C. Seal the conductor pipe with either a cement plug and a screw cap or a cement plug and a welded steel plate, and backfill the hole to ground level;

400-8 As of January 15, 2021

D. Remove the cellar ring;

E. Within 30 days of the plugging, submit a Form 4 – Report of Work Done, Other: Plugged Conductor for the Oil and Gas Location, to report the plugging of the conductor(s), that includes photo documentation demonstrating compliance with Rules 406.e.(4).A–D, above; and

F. Perform Reclamation pursuant to either Rule 1003 or Rule 1004.

See separate document: IOGCC_Conductors_Colorado.pdf

Florida

In response to below request for information regarding rules and other requirements for oil and gas well cellars, Florida regulations provide no specific language regarding the construction and/or maintenance of cellars or what materials are allowed in the cellar, such as sand, gravel, etc. The regulations do require completion and submittal of a Spill Prevention and Clean Up Plan (SPCP) for regulatory review and approval. The SPCP is designed to prevent spills of crude oil and associated fluids and to expeditiously remove these fluids from the environment should a spill occur.

Michigan

1. Michigan's oil and gas rules are contained in Part 615 of the Natural Resources and Environmental Protection Act (NREPA), Act 451 of 1994, as amended. Rule R 324.422, addresses the sealing of cellars and rat and mouse holes. Specifically, Rule 422 states:
 - a. (1) A permittee of a well shall seal and set into the earth rat and mouse hole casings and cellars in a manner to prevent the migration of the drilling fluid and other foreign fluids into the groundwater
 - b. (2) Immediately after drilling completion, a permittee of a well shall fill rat and mouse holes on all rotary drilled wells solidly from bottom to top with cement or other suitable material approved by the supervisor.
2. Michigan also has Rule R 324.502 Oil, brine, or associated oil or gas field waste: storage. This rule states:

- a. “A permittee of a well shall not store or retain oil, brine, or associated oil or gas field waste in earthen reservoirs or open receptacles.” **Michigan would consider a cellar to be an open receptacle.**
3. Michigan also has Rule R 324.701 Prevention of pollution, contamination, or damage, which states:
 - a. “The storage, transportation, or disposal of brine, crude oil, or oil or gas field waste that results in, or that the supervisor determines may result in, pollution is prohibited. A permittee of a well shall ensure that wastes are stored, transported, and disposed of in a manner approved by the supervisor and consistent with all applicable state and federal laws and regulations.” **Michigan considers fluids in a cellar to be stored oil or gas field waste.**
4. Michigan also has Rule R 324.1002(3)(m) which states in part:
 - a. Wellheads, ... shall have secondary containment and spill containment areas constructed in a manner to prevent the seepage of hydrocarbons or brine, or both, into the surrounding soils, surface waters, or groundwater. Secondary containment at the wellhead shall be constructed in a manner to capture any leakage of liquid that may occur.”
5. In addition to rules, Michigan law allows for the supervisor to create Supervisor of Wells Instructions, which are essentially non-promulgated rules. Supervisor of Wells Instruction 1-84 includes in part the following instruction to operators in Michigan:
 - a. “Cellars shall be sealed... in such a manner that all fluids entering the cellar... shall not be released to the ground but shall be discharged to steel tanks, the lined reserve pit or the mud circulation system. The cellar shall be sealed on the bottom when conductor or surface casing is set and shall be constructed of cement, concrete pipe or culvert material. Other materials may be approved by the Supervisor of Wells for field testing purposes.”
6. Generally, in Michigan, cellars are made of corrugated steel with cement bottoms and a grate at the top to prevent trips/falls. The cellar is routinely emptied and the contents disposed of at a permitted disposal well.

Montana

Montana doesn't have any requirements specific to cellars, but the Montana Board of Oil and Gas rule below would apply.

36.22.1207 EARTHEN PITS AND OPEN VESSELS

(1) Waste oil, oil sludge, tank bottoms, merchantable oil, petroleum products, hazardous wastes, or hazardous or deleterious substances must not be stored, disposed of, or retained in earthen storage pits or in open vessels.

<https://rules.mt.gov/gateway/RuleNo.asp?RN=36%2E22%2E1207>

Nevada

Nevada's regulations do not specifically reference cellars. The closest is NAC 522.185:

NAC 522.185 Protection of fresh water. ([NRS 522.040](#))

1. Fresh water must be protected from pollution, whether in drilling, plugging or producing oil or gas, or in disposing of salt water already produced.

2. Oil or gas wells and wells drilled for exploratory purposes are governed by the provisions of this chapter which pertain to the drilling, safety, casing, production, abandoning and plugging of wells. All operations must be carried on so as to prevent pollution of any stream or other watercourse of this state, or of any subsurface water, as the result of the escape, release or injection of oil, gas or salt water from any well.

[Div. of Mineral Res., § 200 subsecs. 1 & 2, eff. 12-20-79]

That said, if during an inspection, if fluid is found in the cellar, we will issue an order to pump and dispose of it using general authority in NRS 522.040 (3).

In our geothermal program, we address construction and maintenance of cellars in NAC 534A.260 (1.(g)):

g) If a cellar is utilized, the design of the cellar must:

- (1) Prohibit any contact between soil and water and the casing and wellhead components; and
- (2) Prevent the occurrence of standing water around the casing and wellhead components.

And then we add the following language in our standard COA's attached to each approved permit:

Well Cellars - For corrosion prevention, the cellar must be engineered, constructed, and/or maintained, to preclude standing water from long-term contact with the casing or wellbore assembly. The top of the surface casing will be a minimum of 24 inches above the cellar floor, or ground level if a cellar is not present. Surface casing will be as high as possible around intermediate casing with excess, tapered cement so water does not pool on top of cement. At the completion of the well, the drilling pad is to be contoured in a manner that drains water away from the cellar, or surface casing if a cellar is not present.

Ohio

Construction

Ohio Administrative Code (O.A.C.) 1501:9-1-08 (F) "Surface water infiltration. Before drilling below the first casing string, the owner shall either crown the location around the wellbore to divert fluids to a flow ditch or construct a liquid-tight cellar at least three feet in diameter to prevent surface infiltration of fluids adjacent to the wellbore. If a reserve pit is used to contain cuttings and drilling fluids, the flow ditch from the cellar or crown to the reserve pit shall also be liquid tight."

Ohio does not have specific requirements about the nature of materials allowed in the cellar such as gravel, sand, or soil.

Safety

Ohio rule allows the division to require grating over the open cellar, fencing, or a person to backfill with gravel or sand. The DOGRM has not had requests to use soil.

1509:9-9-02 "All owners, contractors and persons or organizations in control of wells being drilled, reworked, reconditioned, deepened, plugged back, produced, shut-in, or plugged prior

to abandonment shall use all reasonable means to safeguard against hazards to life, limb and property and are subject to and shall comply with safety rules herein specified.”

Maintenance

1501:9-9-05(A)(9) “In order to protect life, health, and property the chief may require where a clear and present hazard exists that any producing equipment at the well-head and related storage tanks be protected by an earthen dike or earthen pit which shall have a capacity sufficient to contain any substances resulting, obtained, or produced in connection with the operation of the related oil or gas well.”

O.A.C. 1501:9 1-08 “The dike or pit shall be maintained for the purpose for which it was constructed, and the reservoir within shall be kept reasonably free of water and oil.”

Discharge

The DOGRM requires a visual inspection for sheen, chlorides less than 250ppm, and a neutral pH. We do not have specific language for discharging of stormwater from a cellar or dike. O.A.C. 1501:9-1-08(A) requires a person to conduct operations in a manner that will not cause contamination. Ohio Revised Code 1509.22 prohibits the discharge of brine, crude oil, natural gas, or other fluids associated with production operations.

General Authority

The following sections of law and rule provide the Division general overriding authority to take enforcement action that can prevent pollution or contamination

1501:9-1-08 (A) “All persons engaged in any phase of operation of any well or wells shall conduct such operation or operations in a manner which will not contaminate or pollute the surface of the land, or water on the surface or in the subsurface”

1509.22 (A) “Except when acting in accordance with section [1509.226](#) of the Revised Code, no person shall place or cause to be placed in ground water or in or on the land or discharge or cause to be discharged in surface water brine, crude oil, natural gas, or other fluids associated with the exploration, development, well stimulation, production operations, or plugging of oil and gas resources that causes or could reasonably be anticipated to cause damage or injury to public health or safety or the environment.”

Oklahoma

This is the only place cellars are mentioned in the Oklahoma Chapter 10 rules and is not statewide but only for the specific areas listed below.

SUBCHAPTER 29. SPECIAL AREA RULES

165:10-29-1. Lake Atoka and McGee Creek Reservoir

(I) **Prevention of leakage and pollution.** Equipment, pipe, pumps, tanks, and other appurtenances used in conducting operations shall be maintained at all times to prevent leakage and the escape of salt

water, oil, and other deleterious substances. All oil, water, and deleterious substances from wet strings of tubing shall be drained into steel tanks. All cellars with oil and oil sumps shall be promptly pumped out.

These are the rules that would apply to all Oil & Gas or UIC wells but they do not specifically mention cellars.

165:10-3-12. Leakage prevention in producing oil and gas wells

All wellhead connections, surface equipment, and tank batteries shall be maintained at all times so as to prevent leakage of oil, gas, salt water, or other deleterious substances.

165:10-7-5. Prohibition of pollution

- (a) **General.** Pollution is prohibited. All operators, contractors, drillers, service companies, pit operators, transporters, pipeline companies, or other persons shall at all times conduct their operations in a manner that will not cause pollution.

Texas

The Railroad Commission of Texas (RRC) does not have specific requirements for the construction of a well cellar. To comply with SWR 8 (i.e., the RRC's "no pollution" rule), the cellar would need to be maintained and emptied sufficiently to prevent leakage or overflow of accumulated fluids to ensure protection of surface water and/or groundwater. There are no other requirements, per RRC rules, that I am aware of for well cellar contents.

IDAHO OIL & GAS
CONSERVATION COMMISSION