

IDAHO OIL AND GAS CONSERVATION COMMISSION OPEN MEETING CHECKLIST

FOR MEETING DATE: July 19, 2018

Regular Meetings

7/2/18	Notice of Meeting posted in prominent place in IDL's Boise Headquarters office five (5) calendar days before meeting.
7/2/18	Notice of Meeting posted in prominent place in IDL's Coeur d'Alene Headquarters office five (5) calendar days before meeting.
7/2/18	Notice of Meeting posted in prominent place at meeting location five (5) calendar days before meeting.
7/2/18	Notice of Meeting emailed/faxed to list of media and interested citizens who have requested such notice five (5) calendar days before meeting.
7/2/18	Notice of Meeting posted electronically on the OGCC public website https://ogcc.idaho.gov/ five (5) calendar days before meeting.
7/17/18	Agenda posted in prominent place in IDL's Boise Headquarters office forty-eight (48) hours before meeting.
7/17/18	Agenda posted in prominent place in IDL's Coeur d'Alene Headquarters office forty-eight (48) hours before meeting.
7/17/18	Agenda posted in prominent place at meeting location forty-eight (48) hours before meeting.
7/17/18	Agenda emailed/faxed to list of media and interested citizens who have requested such notice forty-eight (48) hours before meeting.
7/17/18	Agenda posted electronically on the OGCC public website https://ogcc.idaho.gov/ forty-eight (48) hours before meeting.
12/18/17 3/16/18 4/24/18 6/18/18	Annual meeting schedule posted – Director's Office, Boise and Staff Office, CDA <ul style="list-style-type: none"> • Revised Annual meeting schedule posted – Director's Office, Boise and Staff Office, CDA • 2nd Revised Annual meeting schedule posted – Director's Office, Boise and Staff Office, CDA • 3rd Revised Annual meeting schedule posted – Director's Office, Boise and Staff Office, CDA

Special Meetings

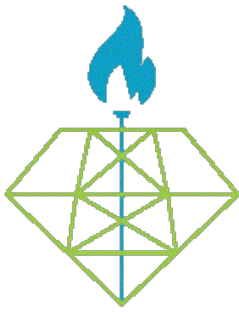
	Notice of Meeting and Agenda posted in a prominent place in IDL's Boise Headquarters office twenty-four (24) hours before meeting.
	Notice of Meeting and Agenda posted in a prominent place in IDL's Coeur d'Alene Headquarters office twenty-four (24) hours before meeting.
	Notice of Meeting and Agenda posted at meeting location twenty-four (24) hours before meeting.
	Notice of Meeting and Agenda 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 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 Romie
RECORDING SECRETARY

7/17/18
DATE



IDAHO OIL AND GAS CONSERVATION COMMISSION

Kevin Dickey, Chairman
Marc Shigeta, Vice Chairman
Dr. Renee Breedlovestrout, Commissioner
Jim Classen, Commissioner
David Groeschl, Commissioner

Mick Thomas, Secretary to the Commission

NOTICE OF PUBLIC MEETING JULY 2018

The Idaho Oil and Gas Conservation Commission will hold a Regular Meeting on **Thursday, July 19, 2018** at the **State Capitol, Lincoln Auditorium (WW02), Lower Level, West Wing, 700 W Jefferson St., Boise, Idaho**. The meeting is scheduled to begin at **1:00 pm (MT)**.

Please note meeting location and time.

This meeting will be streamed live via audio at this web site address <http://idahoptv.org/insession/other.cfm>

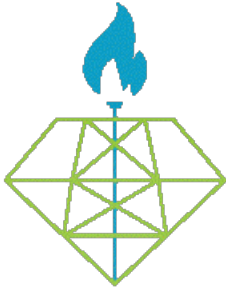
IDAHO OIL & GAS
CONSERVATION COMMISSION

First Notice Posted: 7/2/2018-IDL Boise; 7/2/2018-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

Kevin Dickey, Chairman
Marc Shigeta, Vice Chairman
Dr. Renee Breedlovestrout, Commissioner
Jim Classen, Commissioner
David Groeschl, Commissioner

Mick Thomas, Secretary to the Commission

Final Agenda

Idaho Oil and Gas Conservation Commission Regular Meeting

July 19, 2018 – 1:00 PM (MT)

State Capitol, Lincoln Auditorium (WW02), Lower Level, West Wing, 700 W Jefferson St., Boise, Idaho

Please note meeting time and location.

- **ANNOUNCEMENTS**

Public comment will be taken on items listed below.

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

- A. Financial Update
- B. Current Oil and Gas Activity
- C. Status Update
 - i. Docket No. CC-2017-OGR-01-002 – Kauffman Complaint
 - ii. Status of Hearings for CPC Mineral, LLC (Docket No. CC-2018-OGR-01-001) and Alta Mesa (Docket No. CC-2016-OGR-01-004 & Docket No. CC-2016-OGR-01-005)
 - iii. Status of Royalty Audit

- **CONSENT (ACTION)**

- 2. **Approval of Minutes** – June 13, 2018 - Regular Meeting (Boise)

- **INFORMATION**

- 3. **First Quarter 2018 Quarterly Reports** – *Presented by James Thum, Program Manager – Oil and Gas*

- 4. **Operator Records Examined – Five Years of Oil and Gas Data** – *Presented by Mick Thomas, Division Administrator – Oil and Gas*

Idaho Oil and Gas Conservation Commission
Final Agenda
Regular Meeting (Boise) – July 19, 2018
Page 1 of 2

- **REGULAR (ACTION)**

None

- **EXECUTIVE SESSION**

None



IDAHO OIL & GAS CONSERVATION COMMISSION



Idaho Statutes

TITLE 74 TRANSPARENT AND ETHICAL GOVERNMENT CHAPTER 2 OPEN MEETINGS LAW

74-206. Executive sessions — When authorized. [effective until July 1, 2020] (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 which is 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 67-2345A [\[74-206A\]](#)(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 act 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.

History:

[74-206, added 2015, ch. 140, sec. 5, p. 371; am. 2015, ch. 271, sec. 1, p. 1125.]



IDAHO OIL & GAS CONSERVATION COMMISSION

**Oil and Gas Regulatory Program
Activities Report as of June 30, 2018
Fund 0075-14 Oil and Gas Conservation Fund Cash Flow Report**

		Current Month	Year-to-Date
Beginning Cash Balance 7/1/2017	230,174.75		
Permits		1,300.00	17,840.00
*Severance Tax		7,550.60	124,343.13
Refund (previous year)		0.00	0.00
Other (transfer to GF)		0.00	0.00
Total		8,850.60	142,183.13
Personnel Expenditures		(14,521.28)	(31,652.39)
Operating Expenditures		(52.83)	(18,109.75)
P-Card Liability to be paid			0.00
Ending Cash Balance 6/30/2018			322,595.74

*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

Prior Year Encumbrances from General Fund

		Appropriation Held Over from FY17	Current Month	Year-to-Date	Balance
CTR17420-01					
GWPC - Ground Water Protection	20,000.00		0.00	20,000.00	0.00

Expenditures from General Fund FY18

		Appropriation	Current Month	Year-to-Date	Balance
PCA 55000 Expenses					
PC	432,100.00		45,301.78	412,000.00	20,100.00
OE	102,000.00		18,065.34	81,905.24	20,094.76
CO	0.00		0.00	0.00	0.00
Total	534,100.00		63,367.12	493,905.24	40,194.76

Dedicated Fund Regulatory Program Expenditures Report

Expenditures from Dedicated Fund FY18

		Appropriation	Current Month	Year-to-Date	Balance
PCA 55070 Expenses					
PC	95,100.00		14,521.28	31,652.39	63,447.61
OE	85,000.00		52.83	16,862.75	68,137.25
CO	1,300.00		0.00	1,247.00	53.00
Total	181,400.00		14,574.11	49,762.14	131,637.86



Southwest Idaho Oil & Gas Activity Map



Legend

Active Oil and Gas Wells		Inactive Oil and Gas Wells		Township
Shut in Gas	Plugged and Abandoned (P&A) Gas Show	Sections	Counties	Idaho Mineral Estate
Producing - Multi Zone	Plugged and Abandoned	Surface Ownership	BLM	IDF&G
Producing	APD Submitted	IDL		
Permitted	Highway			
	Approved Integration/Spacing Request			
	Integration/Spacing Request			

No.	US Well Number	Operator	Well Name	Status
1	11-075-20004	AM Idaho, LLC	Espino #1-2	Shut in
2	11-075-20005	AM Idaho, LLC	State #1-17	Shut in
3	11-075-20007	AM Idaho, LLC	ML Investments #1-10	Shut in
4	11-075-20009	AM Idaho, LLC	Island Capitol #1-19	Shut in
5	11-075-20011	AM Idaho, LLC	Tracy Trust #3-2	Shut in
6	11-075-20013	AM Idaho, LLC	White #1-10	Shut in
7	11-075-20014	AM Idaho, LLC	Korn #1-22	Shut in
8	11-075-20020	AM Idaho, LLC	DJS Properties #1-15	Producing
9	11-075-20022	AM Idaho, LLC	ML Investments #2-10	Producing
10	11-075-20023	AM Idaho, LLC	DJS Properties #2-14	Shut in
11	11-075-20024	AM Idaho, LLC	Kauffman #1-34	Producing
12	11-075-20025	AM Idaho, LLC	ML Investments #1-11	Producing
13	11-075-20026	AM Idaho, LLC	ML Investments #1-3	Producing
14	11-075-20027	AM Idaho, LLC	Kauffman #1-9	Producing
15	11-075-20029	AM Idaho, LLC	ML Investments #2-3	Producing
16	11-075-20031	AM Idaho, LLC	ML Investments #3-10*	Producing
17	11-075-20032	AM Idaho, LLC	Fallon #1-10*	Completed
18	11-075-20033	AM Idaho, LLC	Barlow #1-14*	Completed
19	11-075-20035	AM Idaho, LLC	Fallon #1-11*	Permitted

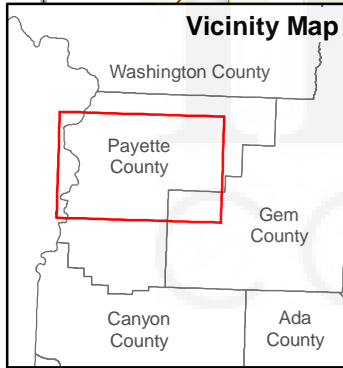
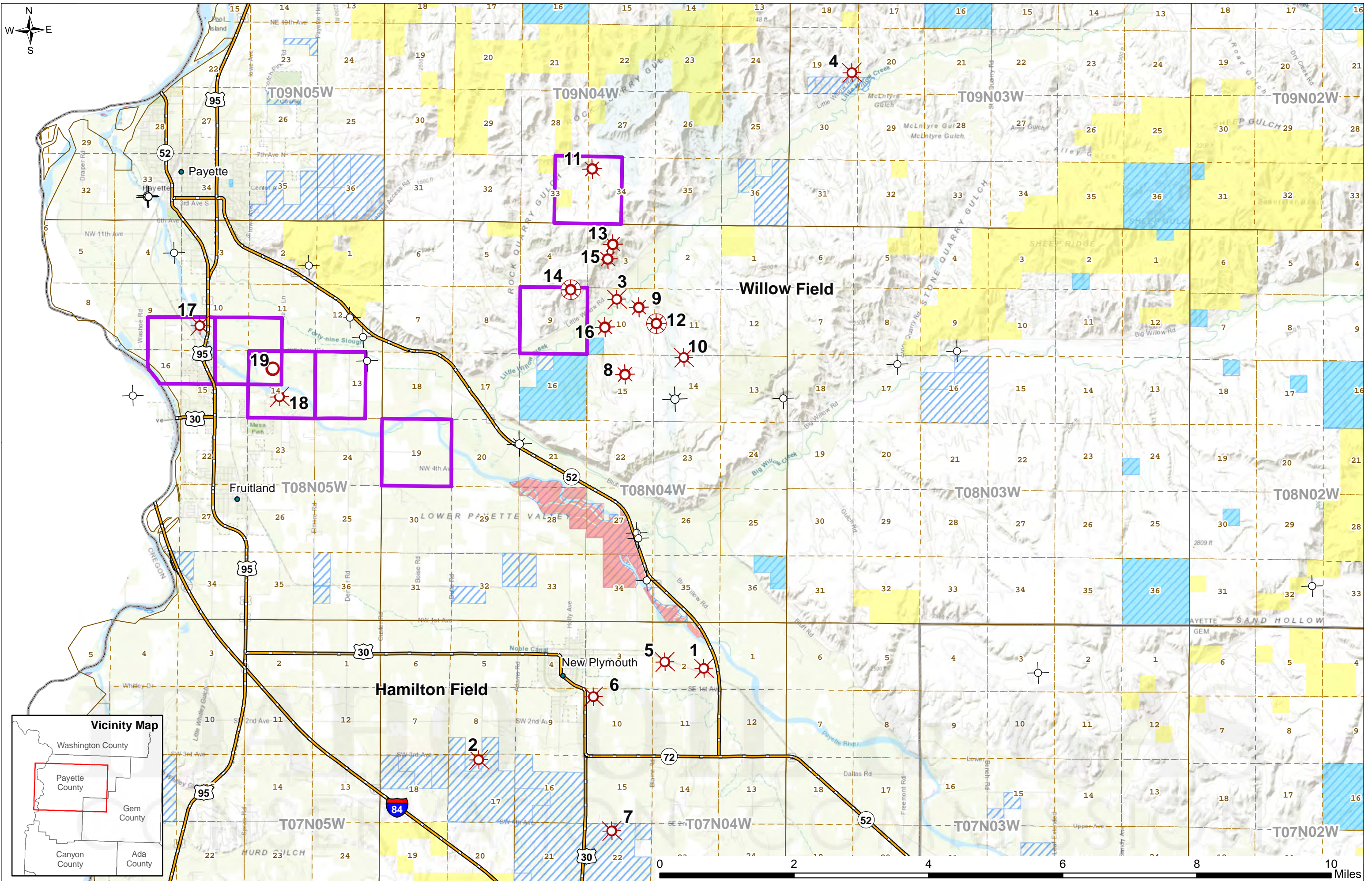
Map Notes and Data Sources

Inactive and Active Oil And Gas Wells through 7/17/2018

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.





Eastern 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) Gas Show
- Plugged and Abandoned
- APD Submitted

- Approved Integration/Spacing Request
- Integration/Spacing Request
- Idaho Mineral Estate
- Surface Ownership**
- BLM
- IDL
- Township
- Section
- County
- Highway

No.	US Well Number	Operator	Well Name	Status
1	11-019-20011	CPC Mineral, LLC	CPC Minerals LLC #17-1	Plugged and Abandoned
2	11-019-20014	CPC Mineral, LLC	Federal #20-3	Plugged and Abandoned

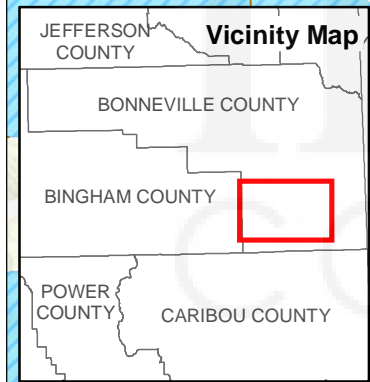
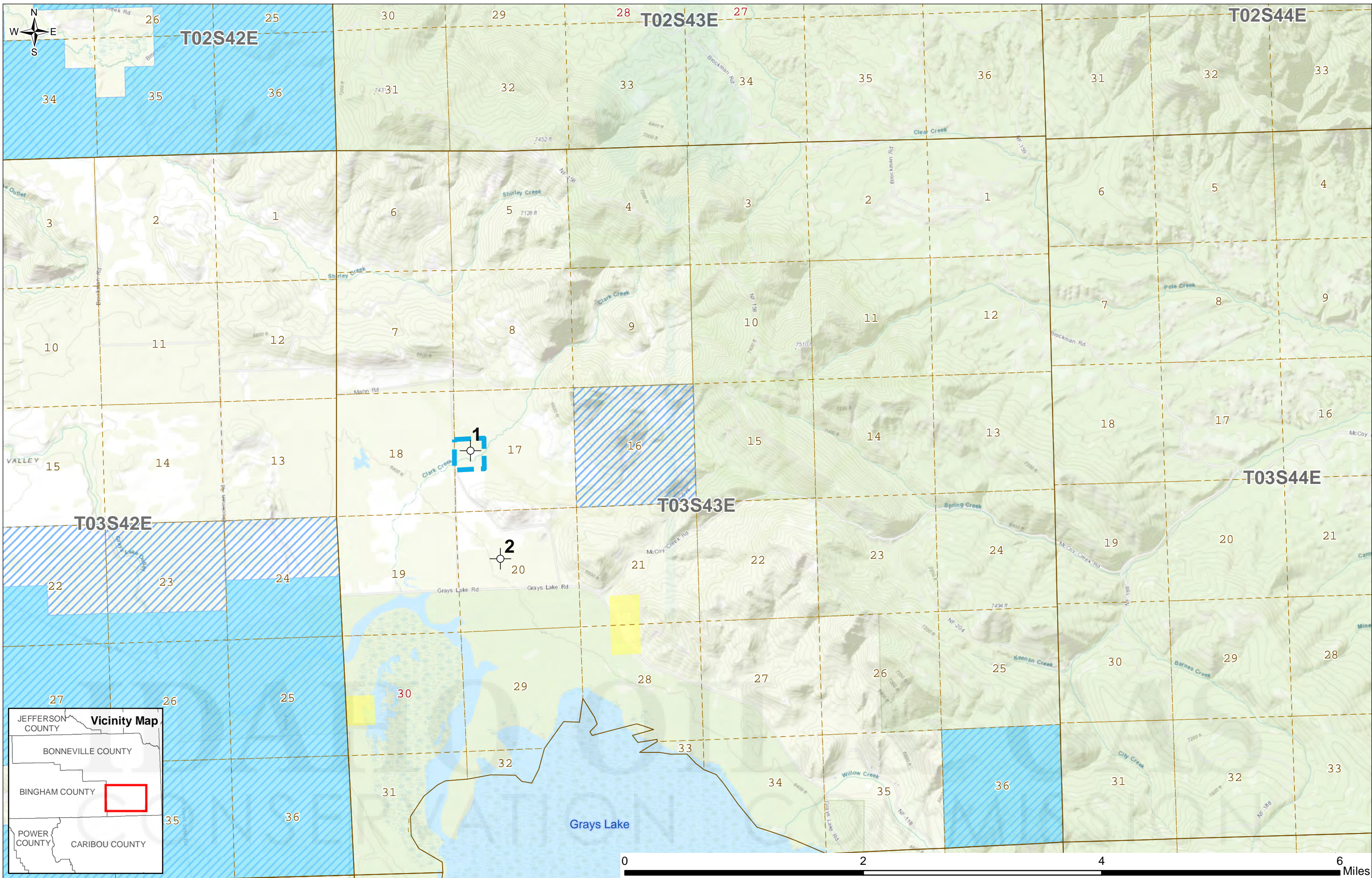
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Inactive and Active Oil And Gas Wells through 7/17/2018

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Division Administrator's Report

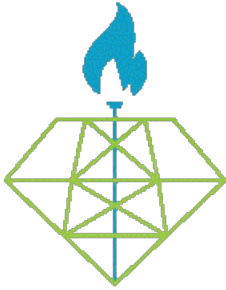
Item 1C - Status Update

- i. Docket No. CC-2017-ORG-01-002 – Kauffman Complaint
The sharing of information between the operator and the complainant continues to be discussed. There is a fifth prehearing conference set for August 13, 2018.

- ii. Docket No. CC-2018-OGR-01-001 – Application for Temporary Spacing Unit filed by CPC Mineral, LLC
The July 12, 2018 hearing was vacated and a motion to continue was filed. The applicant is working to confirm expert testimony but did not anticipate the testimony would be available by July 12, 2018.

Docket Nos. CC-2016-OGR-01-004 and CC-2016-OGR-01-005 – Petitions to Amend filed by Alta Mesa.
The applicant asked for an 18-month extension of the temporary spacing unit. The applicant has shown due diligence in the development of the temporary spacing units and seeks additional time to continue this development. The applicant shall file an application seeking a permanent spacing unit before the end of the 18-month extension.

- iii. Oil and Gas Royalty Audit
Discussion of the Oil and Gas Royalty Audit is scheduled for the August 21, 2018 Land Board meeting. We will discuss the report at the subsequent Commission meeting in September, which is currently scheduled for September 12, 2018.



IDAHO OIL AND GAS CONSERVATION COMMISSION

Kevin Dickey, Chairman
Marc Shigeta, Vice Chairman
Dr. Renee Breedlovestrout, Commissioner
Jim Classen, Commissioner
David Groeschl, Commissioner

Mick Thomas, Secretary to the Commission

Draft Minutes

Idaho Oil and Gas Conservation Commission Regular Meeting
June 13, 2018

The regular meeting of the Idaho Oil and Gas Conservation Commission was held on Wednesday, June 13, 2018, at the State Capitol, House Hearing Room (EW42), Lower Level, East Wing, 700 W Jefferson St., Boise, Idaho. The meeting began at 10:01 a.m. Chairman Kevin Dickey presided. The following members were present:

Vice Chairman Marc Shigeta
Commissioner Renee Breedlovestrout
Commissioner Jim Classen
Commissioner David Groeschl

For the record, all five Commission members were present.

• **ANNOUNCEMENTS**

Chairman Dickey announced that the Commission will accept public comments on items listed on the agenda. He pointed out the location of the sign-in sheet and asked that those who wished to speak fill out the sign-in sheet.

1. Division Administrator's Report

- A. Financial Update
- B. Current Oil and Gas Activity
- C. Status Update
 - i. Oil and Gas Royalty Audit

Commissioner Jim Classen asked if the audit results will be presented to the Commission. Secretary Mick Thomas responded the Department may present the results but not the contractor (Opportune) due to the dates of the Land Board meeting.

- ii. Docket No. CC-2017-OGR-01-002 – Kauffman Complaint

Commissioner Classen asked for clarification that the Kauffmans requested specific production data from the operator and if it was being supplied. Secretary Thomas

responded yes on the request but that it had not yet been supplied. Secretary Thomas added that they are discussing the best format, legally, to share that information.

iii. OGCC Meeting Dates Change

Chairman Dickey asked if there were any objections to the meeting dates change, Commissioner Classen remarked that family was visiting but duty calls.

- **CONSENT (ACTION)**

2. Approval of Minutes – Amendment of March 14, 2018 Final Minutes – Regular Meeting (Boise)

CONSENT AGENDA COMMISSION ACTION: A motion was made by Vice Chairman Marc Shigeta that the Commission approve the March 14, 2018 amended meeting minutes on the Consent Agenda. Commissioner Breedlovestrout seconded the motion. The motion carried on a vote of 5-0.

3. Approval of Minutes – April 11, 2018 – Regular Meeting (Payette)

CONSENT AGENDA COMMISSION ACTION: A motion was made by Commissioner Classen that the Commission approve the April 11, 2018 meeting minutes on the Consent Agenda. Commissioner Breedlovestrout seconded the motion. The motion carried on a vote of 5-0.

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

- **INFORMATION**

4. Bureau of Land Management Leasing Status in Southwest Idaho – Presented by Mick Thomas, Division Administrator – Oil and Gas

5. Operator Compliance with Monthly Reporting Forms – Presented by Mick Thomas, Division Administrator – Oil and Gas

- **REGULAR (ACTION)**

6. Operator Records Examined in Response to March 14, 2018 Commission Request as per Idaho Code § 47-315 – Presented by Mick Thomas, Division Administrator – Oil and Gas

RECOMMENDATION: Direct the Department to follow up with a letter to Alta Mesa asking for an explanation of these discrepancies.

DISCUSSION: Secretary Thomas read through the memo and went over the provided attachments. Chairman Dickey commented that the Division Administrator should not have to get this data by taking photos. Commissioner Groeschl stated that clarification can be made through a statutory change or the Commission can draft a policy within the statutory guidelines for clarification of said statute along with a recommendation of how the Commission may proceed. Chairman Dickey asked if Department staff could look into a recommendation on how to handle this going forward,

Secretary Thomas responded the staff would be happy to do so. Chairman Dickey followed up with the statement that he just wants clarification of these numbers. Commissioner Classen noted that a big picture problem is that individual well production is co-mingled into the gathering system. Chairman Dickey also followed up with some questions on the volumes. Commissioner Classen added that he felt it was the Commission's job to make data available. Commissioner Classen also noted that these numbers should be presented to the Tax Commission and help them understand the volumes. Secretary Thomas remarked that it would be a good idea for the Department to ask Alta Mesa what they submitted to the Tax Commission to compare records rather than ask the Tax Commission. Commissioner Renee Breedlovestrout suggested that it would be beneficial if someone from Alta Mesa that was involved with the reporting of the production numbers could attend the next Commission meeting to have a direct conversation. Secretary Thomas said that the Department can work with Alta Mesa to find a representative to do that. Chairman Dickey opened the floor for further discussion on co-mingling of production. Vice Chairman Shigeta referenced statute 47-323 on co-mingling of production. Secretary Thomas explained that statutory changes are not retroactive and certain items were not required to be reported in the past, which makes some data comparison difficult.

COMMISSION ACTION: Commissioner Classen made a motion that the Department can request this information in hard copy. There was no second. Secretary Thomas noted that would have to be changed in statute. Commissioner Classen later withdrew this motion. Commissioner Groeschl made a motion to direct the Department to follow-up with Alta Mesa with a letter of questions and an explanation for the discrepancies. Commissioner Groeschl also suggested that the Commission provide the Department with questions they have and Secretary Thomas can work with legal counsel to make sure the questions are in order and captured correctly for the letter for Alta Mesa. Commissioner Classen seconded the motion. Chairman Dickey repeated the motion. The motion carried on a vote of 5-0.

Chairman Dickey opened the floor for public comment. One person gave public comment.

At 11:07 a.m., a motion was made by Commissioner Groeschl that the Commission convene into executive session pursuant to Idaho Code 74-206(1)(d) and Idaho Code 74-206(1)(f) to consider records that are exempt from disclosure as provided in chapter 1, title 74, Idaho Code and to communicate with legal counsel for the public agency to discuss the legal ramifications or legal options for pending litigation, or controversies not yet being litigated but imminently likely to be litigated. Vice Chairman Shigeta seconded the motion. *Roll Call Vote:* Aye: Shigeta, Breedlovestrout, Classen, Groeschl, Dickey; Nay: None; Absent: None.

- **EXECUTIVE SESSION**

- 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. Schultz, Idaho Federal District Court Case No. 1:17-cv-00264-BLW]
- B. Idaho Code § 74-206 (1)(d) - to consider records that are exempt from disclosure as provided in chapter 1, title 74, Idaho Code. [TOPIC: Attorney/Client Privileged Memorandum]

At 12:09 p.m., the Commission resolved out of Executive Session by unanimous consent. Commissioner Groeschl stated that no action was taken by the Commission during the Executive Session.

There being no further business before the Commission, at 12:10 p.m. a motion to adjourn was made by Commissioner Classen. Commissioner Groeschl seconded the motion. The motion carried on a vote of 5-0. Meeting adjourned.



IDAHO OIL & GAS
CONSERVATION COMMISSION

IDAHO OIL AND GAS CONSERVATION COMMISSION
July 19, 2018
Information Agenda

SUBJECT

Quarterly Reports as Specified Under Idaho Code § 47-315 and § 47-324

BACKGROUND

As a result of changes to Idaho Code during the 2017 legislative session, the “department shall report quarterly to the commission on the produced volumes of oil and gas, sales volumes of oil and gas and the meeting of industry standards.” Idaho Code §47-324(6). In addition, Idaho Code §47-315(9) requires that the department inspect and report on active well sites and production and processing facilities with an opinion on any areas of concern identified during inspections.

DISCUSSION

A summary of oil and gas production and sales volumes for the first quarter of 2018 (January-February-March) will be presented. Information regarding other activities such as inspections, recompletions and workovers, sundry notices and other applications submitted to the Idaho Department of Lands during the three-month period will be included as part of the report to the Oil and Gas Conservation Commission.

ATTACHMENTS

1. Idaho Code § 47-315
2. Idaho Code § 47-324
3. PowerPoint – “First Quarter 2018 Idaho Oil & Gas Activity Report”

IDAHO OIL & GAS
CONSERVATION COMMISSION



Idaho Statutes

Print Friendly

TITLE 47
MINES AND MINING
CHAPTER 3

OIL AND GAS WELLS – GEOLOGIC INFORMATION, AND PREVENTION OF
WASTE

47-315. AUTHORITY OF COMMISSION. (1) The commission is authorized and it is its duty to regulate the exploration for and production of oil and gas, prevent waste of oil and gas and to protect correlative rights, and otherwise to administer and enforce this act. It has jurisdiction over all persons and property necessary for such purposes. In the event of a conflict, the duty to prevent waste is paramount.

(2) The commission and the department shall protect correlative rights by administering the provisions of this chapter in such a manner as to avoid the drilling of unnecessary wells or incurring unnecessary expense, and in a manner that allows all operators and royalty owners a fair and just opportunity for production and the right to recover, receive and enjoy the benefits of oil and gas or equivalent resources, while also protecting the rights of surface owners.

(3) The commission is authorized to make such investigations as it deems proper to determine whether action by the commission in discharging its duties is necessary.

(4) The commission is authorized to appoint, as necessary, committees for the purpose of advising the commission on matters relating to oil and gas.

(5) Without limiting its general authority, the commission shall have the specific authority to require:

(a) Identification of ownership of oil and gas wells, producing leases, tanks, plants, structures, and facilities for the transportation or refining of oil and gas;

(b) The taking and preservation of samples and findings, if taken or analyzed;

(c) The drilling, casing, operation and plugging of wells in such manner as to prevent: (i) the escape of oil and gas out of one (1) pool into another; (ii) the detrimental intrusion of water into an oil and gas pool that is avoidable by efficient operations; (iii) the pollution of fresh water supplies by oil, gas, or saltwater; (iv) blow-outs, cavings, seepages, and fires; and (v) waste as defined in section 47-310, Idaho Code;

(d) The taking of tests of oil and gas wells;

(e) The furnishing of a reasonable performance bond with good and sufficient surety, conditioned upon the performance of the duty to comply with the requirements of this law and the regulations of the commission with respect to the drilling, maintaining, operating and plugging of each well drilled for oil and gas;

(f) That the production from wells be separated into gaseous and liquid hydrocarbons, and that each be measured by means and upon standards that may be prescribed by the commission;

(g) That wells not be operated with inefficient gas-oil or water-oil ratios, and to fix these ratios, and to limit production from wells with inefficient gas-oil or water-oil ratios;

(h) Metering or other measuring of oil, gas, or product;

(i) That every person who produces oil and gas in the state keep and maintain for a period of five (5) years complete and accurate records of the quantities thereof, which records, or certified copies thereof, shall be available for examination by the commission or its agents at all reasonable times within said period, and that every such person file with the commission such reasonable reports as it may prescribe with respect to such oil and gas production; and

(j) The filing of reports or plats with the commission that it may prescribe.

(6) Without limiting its general authority, and without limiting the authority of other state agencies or local government as provided by law, the commission shall have the specific authority to regulate:

(a) The drilling and plugging of wells and the compression or dehydration of produced oil and gas, and all other operations for the production of oil and gas;

(b) The shooting and treatment of wells;

(c) The spacing or locating of wells;

(d) Operations to increase ultimate recovery, such as cycling of gas, the maintenance of pressure, and the introduction of gas, water, or other substances into a producing formation; and

(e) The disposal of produced water and oil field wastes.

(7) The commission is authorized to classify and reclassify pools as oil, gas, or condensate pools, or wells as oil, gas, or condensate wells.

(8) The commission is authorized to make and enforce rules, regulations, and orders reasonably necessary to prevent waste, protect correlative rights, to govern the practice and procedure before the commission, and otherwise to administer this act.

(9) The commission shall require the department to perform the following activities on an annual basis:

(a) Inspect and report on all active well sites and equipment;

(b) Visit and file a report on production and processing facilities; and

(c) Submit an opinion as to any areas of concern, as identified on inspection reports.

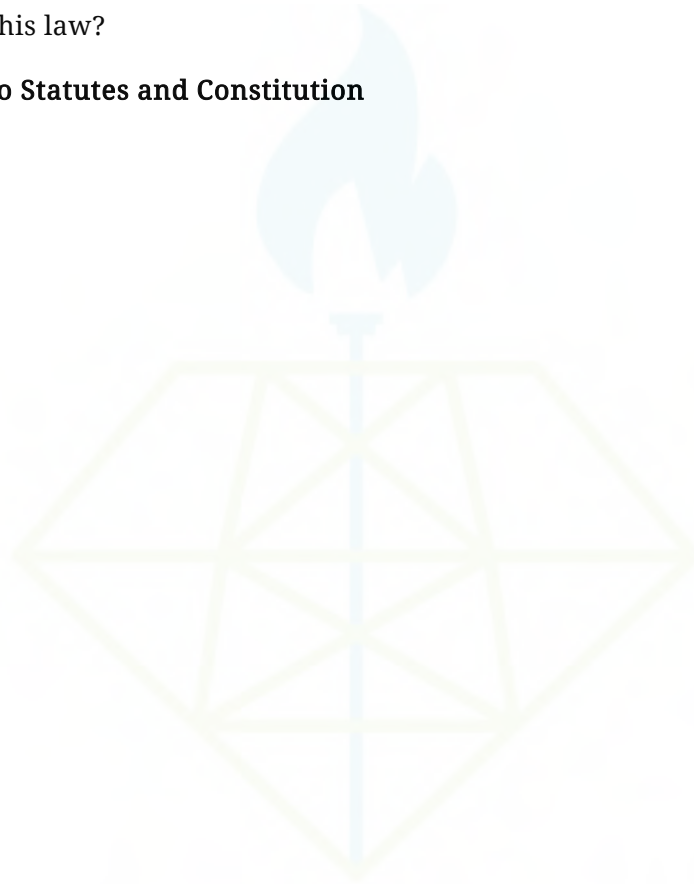
History:

[(47-315) 47-319, added 1963, ch. 148, sec. 5, p. 433; am. 1990, ch. 213, sec. 63, p. 532; am. 2012, ch. 73, sec. 2, p.

211; am. 2012, ch. 111, sec. 3, p. 303; am. 2013, ch. 189, sec. 2, p. 469; am. 2015, ch. 64, sec. 1, p. 173; am. 2015, ch. 141, sec. 120, p. 469; am. 2016, ch. 47, sec. 21, p. 115; am. 2016, ch. 194, sec. 3, p. 542; am. and redesisg. 2017, ch. 271, sec. 7, p. 683.]

How current is this law?

Search the Idaho Statutes and Constitution



IDAHO OIL & GAS
CONSERVATION COMMISSION



Idaho Statutes

Print Friendly

TITLE 47
MINES AND MINING
CHAPTER 3

OIL AND GAS WELLS – GEOLOGIC INFORMATION, AND PREVENTION OF
WASTE

47-324. REPORTING REQUIREMENTS. (1) All reporting parties shall file the applicable reports described in this section to the department within the time frames provided. Each report shall be completed on forms prescribed by the department.

(a) Monthly production report. Operators shall file monthly production reports to properly account for all oil, gas and water production and disposition from each well, including the amounts of oil and gas sold from each well. Production reports shall be filed on the required form before the fifteenth day of the second calendar month following the month of production.

(b) Gathering facility report. Operators of a gathering facility shall file monthly reports concerning the operation of the plant on the required form before the fifteenth day of the second calendar month following the month of operation.

(c) Gas processing plant report. The operator of each plant manufacturing or extracting liquid hydrocarbons, including gasoline, butane, propane, condensate, kerosene or other derivatives from natural gas, or refinery or storage vapors, shall file a report concerning the operation of the plant on the required form before the fifteenth day of the second calendar month following the month of operation.

(d) Monthly transportation and storage report. Each gatherer, transporter, storer or handler of crude oil or hydrocarbon products, or both, shall file monthly reports showing the required information concerning the transportation operations of the gatherer, transporter, storer or handler before the fifteenth day of the second calendar month following the month of operation. The provisions of this subsection shall not apply to the operator of any refinery, processing plant, blending plant or treating plant if the operator of the well has filed the required form.

(e) Monthly purchaser report. Any person who purchases or is entitled to purchase any product that is subject to the state of Idaho severance tax from the producer or operator of a lease located in this state shall file monthly reports to account for the purchase of all hydrocarbons, including volume and price paid. Purchaser reports shall be filed on the required form before the fifteenth day of the second

calendar month following the month in which the hydrocarbons were purchased.

(2) All well test reports. An operator shall file all well test reports within thirty (30) days of completing or recompleting the well. The reports shall include all oil, gas and water produced during all tests.

(3) Well production potential test reports. Unless otherwise provided for in this section, each operator of producing gas or oil wells shall test each producing well for a twenty-four (24) hour period every six (6) months and shall record all oil, gas and water volumes, including choke size, pressures and any interim bottom hole pressure surveys every six (6) months, resulting from the test on the form.

(4) Logs. An operator shall file all logs, including but not limited to those listed in this subsection, not later than thirty (30) days after the date the log was run, if run:

(a) An open hole electrical, radioactivity or other similar log, or combination of open hole logs of the operator's choice;

(b) A gamma ray log from total depth to ground level elevations. The operator may require a shorter-logged interval if it determines that the log is unnecessary or impractical or if hole conditions risk jeopardizing the open hole; and

(c) A cement bond log across the casing, verifying the formation seal integrity and isolation.

(5) Additional reports. An operator shall file a drilling, completion, workover or plugging report within thirty (30) days of completing or plugging the well.

(6) The department shall report quarterly to the commission on the produced volumes of oil and gas, sales volumes of oil and gas, and the meeting of industry standards.

(7) Should an operator fail to comply with this section, the commission may assess a penalty in accordance with section 47-329(3), Idaho Code, or may order the well or oil and gas facilities to be shut-in, after notice, opportunity to cure, and opportunity for a hearing.

History:

[47-324, added 2017, ch. 271, sec. 17, p. 696.]

How current is this law?

Search the Idaho Statutes and Constitution

Quarterly Report to the Commission
Idaho Code § 47-315(9)
Idaho Code § 47-324(6)

1st Quarter 2018 (January – March)



IDAHO OIL & GAS
CONSERVATION COMMISSION

July 19, 2018

JAMES THUM

OIL & GAS PROGRAM MANAGER

IDAHO DEPARTMENT OF LANDS

ATTACHMENT 3

**TITLE 47
MINES AND MINING
CHAPTER 3
OIL AND GAS WELLS — GEOLOGIC INFORMATION, AND
PREVENTION OF WASTE**

§ 47-324(6) The department shall report quarterly to the commission on the produced volumes of oil and gas, sales volumes of oil and gas, and the meeting of industry standards.

**IDaho OIL & GAS
CONSERVATION COMMISSION**

Volumes Produced & Sold

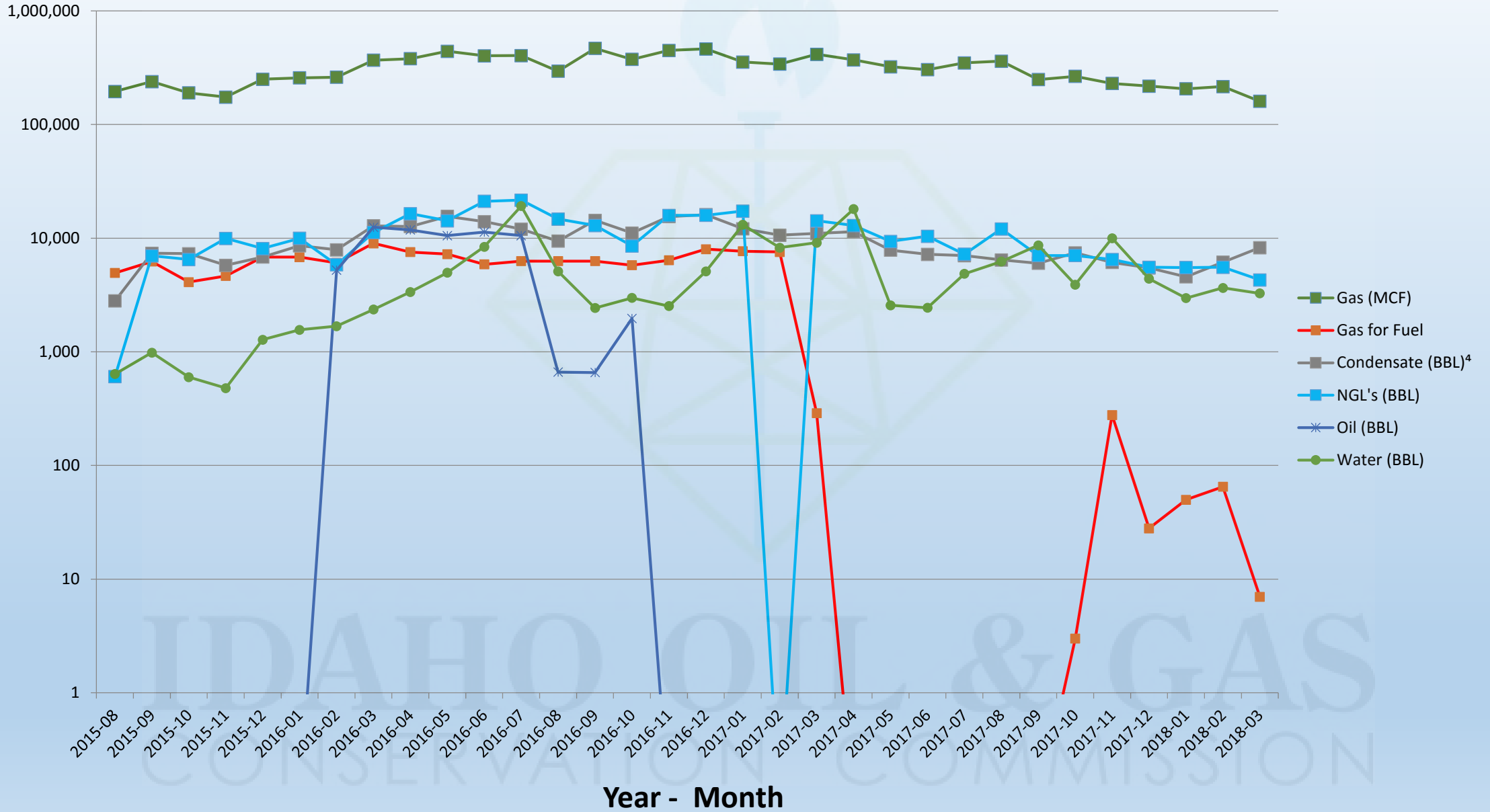
4th Quarter 2017 versus 1st Quarter 2018

<u>Volumes Produced</u>	<u>Cum. Gas (MCF)</u>	<u>Condensate (BBL)</u>		<u>Cum. Oil (BBL)</u>	<u>H2O (BBL)</u>
4th Quarter 2017	712,069.00	19,032.00		0.00	18,280.00
1st Quarter 2018	581,524.00	18,973.00		0.00	9,887.00
Increase/Decrease	-130,545.00	-59.00		0.00	-8,393.00
% Difference	-18%	- <1%		-	-46%
vs 1st Qtr 2017	-48%	-44%		-	-68%
<u>Volumes Sold*</u>	<u>Gas (MMBtu)</u>	<u>Condensate (BBL)</u>	<u>NGLs (gallons)</u>	<u>Oil (BBL)</u>	
4th Quarter 2017	740,000	17,648.43	739,612.01	0.00	
1st Quarter 2018	657,521	24,548.19	734,566.00	0.00	
Increase/Decrease	-82,479	6,899.76	-5,046.01	-	
% Difference	-11%	39%	- <1%	-	

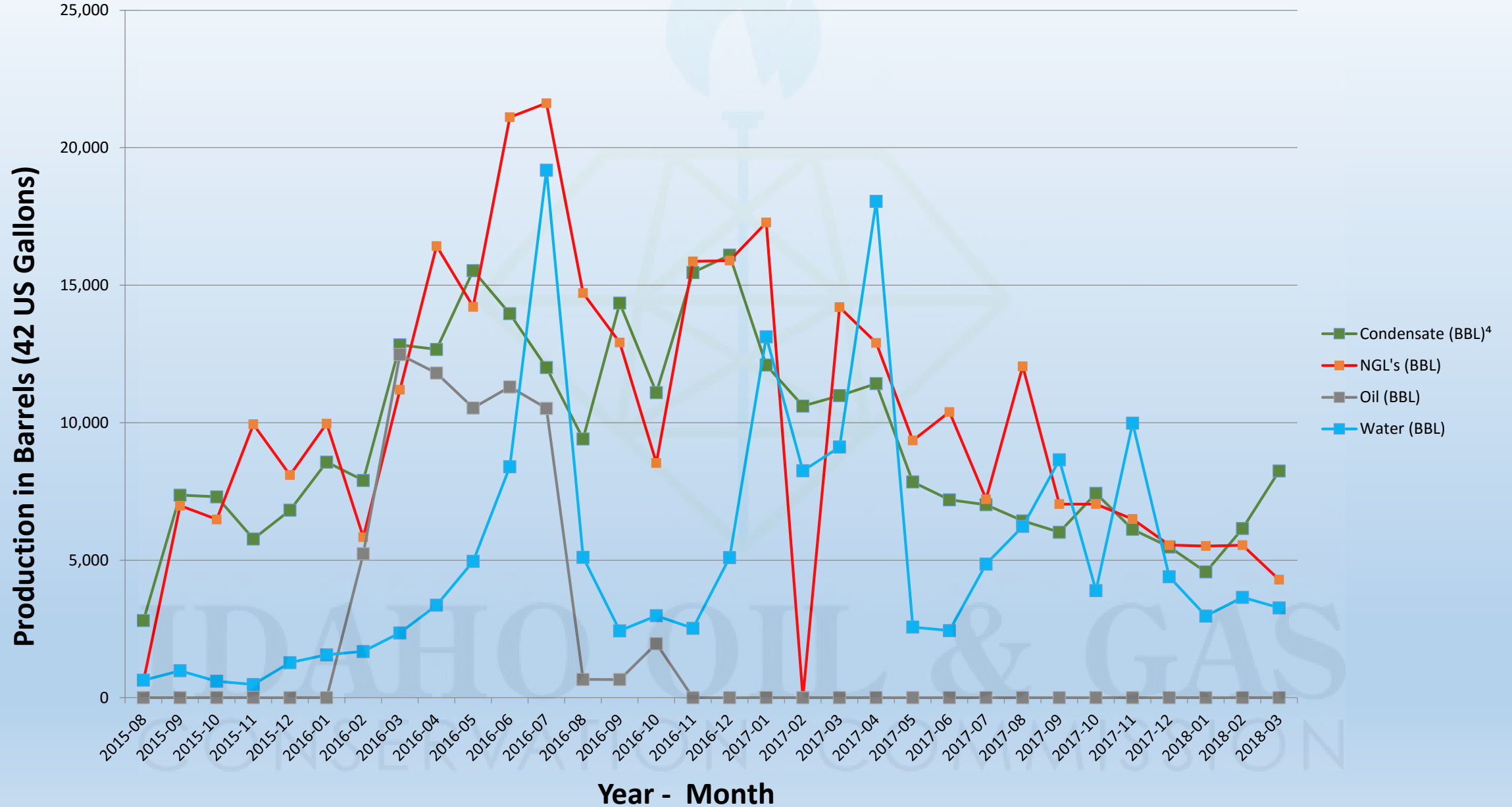
*Note: Sales volumes were not required to be reported until March 2017, so no comparison to 1st quarter 2017 is available

WILLOW FIELD – TOTAL PRODUCTION BY MONTH

Gas Production in MCF / Liquids Production in BBLs



WILLOW FIELD – LIQUIDS PRODUCTION BY MONTH



WILLOW FIELD – GAS PRODUCTION BY MONTH



Well & Permit Activity

1st Quarter 2018

<u>Wells</u>	<u>Active Permits</u>	<u>Drilling wells</u>	<u>Producing wells</u>	<u>Comments</u>		
January	18	1	6			
February	18	1	8	ML 3-10 first reported production Kauffman 1-34 intermittent prod.		
March	18	0	6	ML 1-3, ML 2-3 off line		
<u>Other</u>	<u>Sundry Notices</u>	<u>Workovers</u>	<u>APDs Received</u>	<u>APDs Approved</u>	<u>APDs Denied</u>	
January	1	0	0	0	0	
February	5	1	0	0	0	
March	2	1	0	0	0	

TITLE 47
MINES AND MINING
CHAPTER 3
OIL AND GAS WELLS — GEOLOGIC INFORMATION, AND PREVENTION OF
WASTE

§ 47-315(9) The commission shall require the department to perform the following activities on an annual basis:

- (a) Inspect and report on all active well sites and equipment;**
- (b) Visit and file a report on production and processing facilities; and**
- (c) Submit an opinion as to any areas of concern, as identified on inspection reports.**

Note: IDAPA 20.07.02.430.05 requires the Department to conduct quarterly facility inspections.

Inspection Activity – 1st Quarter 2018

- **Well Inspections**
 - 2 – Witness Surface Casing per IDAPA 20.07.02.310.05
 - 3 – General Operations, Post-Drill
- **Two Gas Facility Inspections**
 - Idaho Code § 47-315(9) – Annual
 - IDAPA 20.07.02.430.05 – Quarterly
- **No Issues or Concerns**
- **No Citations Issued**
- **2018 Totals:**
 - 5 Well Inspections
 - 2 Facilities Inspections



Questions, Comments & Suggestions?



Thank You
Next Quarterly Report – October 2018

IDAHO OIL AND GAS CONSERVATION COMMISSION
July 19, 2018
Information Agenda

SUBJECT

Operator Records Examined – Five Years of Oil and Gas Data

BACKGROUND

During the June 13, 2018 Idaho Oil and Gas Conservation Commission (Commission) meeting, the Commission discussed produced volumes Alta Mesa provided to the Idaho Department of Lands (Department) in May 2018 pursuant to Idaho Code § 47-315(5)(i) and volumes reported to the Department on its production reports pursuant to Idaho Code § 47-324. The Commission evaluated production data from February 2013 to February 2018. After evaluating the volumes, the Commission found differences between the produced volumes and reported sold volumes for some wells.

The Commission directed the Department to follow up with a letter to Alta Mesa that included questions regarding the differences in volumes.

DISCUSSION

The Department sent a letter to Alta Mesa requesting additional information and a detailed explanation of the difference (Attachment 1).

In addition, the Department, Chairman Dickey, and Commissioner Classen discussed these differences with Alta Mesa during a meeting on July 10, 2018. The Department followed up on that meeting with an e-mail to Alta Mesa representatives summarizing the Department's understanding of Alta Mesa's commitments (Attachment 2). Alta Mesa's attorney then followed up with a July 13, 2018 e-mail to the Department clarifying Alta Mesa's schedule and the actions Alta Mesa would take towards explaining these differences (Attachment 3).

The Department will evaluate the following data and report to the Commission:

- Pre-March 2017 monthly production volumes leaving the Little Willow facility as well as the volumes entering and leaving the Highway 30 plant.
- Alta Mesa investigation results regarding the Kauffman 1-9LT, Kauffman 1-9UT and Kauffman 1-34 as well as the ML Investments 1-3 and ML Investments 2-3.
- Allocation methods used to reconcile sold volumes back to the well.

ATTACHMENTS

1. July 5, 2018 Letter to Jerry Haney requesting additional information
2. July 11, 2018 E-mail to Jerry Haney and Jeff Janik re: July 10 Meeting
3. July 13, 2018 E-mail from Michael Christian to Mick Thomas

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MICK THOMAS, DIVISION ADMINISTRATOR
SECRETARY TO THE COMMISSION

IDAHO OIL AND GAS
CONSERVATION COMMISSION
Kevin Dickey, Chairman
Marc Shigeta, Vice-Chairman
Renee Breedlovestrout, Ph.D
Jim Classen
David Groeschl

July 5, 2018

Mr. Haney,

At the June 13, 2018 Oil and Gas Conservation Commission meeting, the Commission discussed the five years of production records that I viewed and recorded at your attorney's office in May 2018. Those records were records of the daily gross well production volumes from May 2013 through February 2018 as measured and recorded at the meters leaving each well and entering the Little Willow Production Facility.

After reviewing these gross well production volumes and comparing them to the statutorily-required reported volumes received on monthly production forms from the beginning of each well until February of 2018, the Commission observed well allocation differences between the produced and sold volumes. To that end, the Commission directed me to follow up with this letter outlining some of these differences, including questions from the Commission regarding those differences, and requesting a detailed explanation of all reasons for those differences.

The Department and Commission understand that gross well production volumes and reported sold volumes typically do not match exactly. This is because when an operator processes raw condensate into a marketable product, a small amount of condensate can change phases between gas and liquid which would impact the respective volumes of each. However, the gross liquid well production volumes Alta Mesa provided in May 2018 appear to be significantly different from the sold volumes reported to the Department and vary beyond what would typically be expected. The allocation differences appear particularly evident in the Kauffman 1-9(LT & UT), Kauffman 1-34, ML Investments 1-3 and ML Investments 2-3 wells.

The Commission therefore requests that Alta Mesa provide additional information and explanation to aid the Commission's understanding of the reasons for these allocation discrepancies. Toward that end, the Commission has the following specific questions and requests for additional documentation of production quantities:

1. Please provide the monthly production volumes as recorded (1) at the meters leaving the Little Willow Facility; and (2) at the meters both entering, and leaving, the Highway 30 Processing Facility from May 2013 through May 2018. The data viewed in May 2018 was from the individual meters recording volumes leaving the well and entering the Little Willow Facility. Providing these additional recorded volumes would add a more detailed account of volumes that would be helpful for the Commission in understanding the reasons for the volume differences. The Commission is asking for these additional

volumes under Idaho Code § 47-315(5)(i), which requires oil producers to maintain complete and accurate records of quantities of oil and gas removed from the well for the Commission to examine. This is not limited to gross production volumes, but also includes all other volumetric records of hydrocarbons produced.

2. With respect to reporting differences in liquid volumes: why are the gross well production volumes of oil and condensate so far off from the reported and sold oil and condensate volumes on an individual well basis, when the cumulative volumes are nearly identical?

- a. Examples:

- i. For the Kauffman 1-9UT from February 2016 until February of 2017, the volumes of oil and condensate reported to the Department totaled 2,076 barrels. The gross volume totals for that same period was 1,014 barrels. The sold volumes are greater than the gross well produced volumes by 1,062 barrels.
- ii. For the Kauffman 1-34 from October 2015 to March 2017, the volumes of condensate and oil reported to the Department totaled 35,311 barrels. The gross well volume totals for that same period was 50,174 barrels. The sold volumes are less than the gross well produced volumes by 14,863 barrels.
- iii. For the ML Investments 1-3 from February 2016 through March 2017, the volumes of oil and condensate reported to the Department totaled 48,973 barrels. The gross well volume totals for that same period was 32,768 barrels. The sold volumes are greater than the gross well produced volumes by 16,205 barrels.

3. With respect to additional allocation differences: Why are there significant differences between gross well production volumes and the reported sold volumes of liquids and gas for some wells and not others? Chairman Dickey evaluated the raw production volumes in a chart he provided to the Commission in the meeting materials for the June 2018 meeting. He observed that total liquid volumes for the field as a whole were nearly dead on, with only a 0.2% discrepancy. There is a larger discrepancy with raw gas, but still within an industry standard margin of error at 4.6%.

- a. Examples:

- i. May 2016, Gas reported sold vs. gross production:
 1. Kauffman 1-34: 45,566 mcf sold vs. 48,211 mcf produced.
 2. ML Investments 2-3: 43,080 mcf sold vs. 48,983 mcf produced.

- ii. May 2016, Condensate reported sold vs. gross production:
 1. Kauffman 1-34: 2,212 bbls sold vs. 4,320 bbls produced.
 2. ML Investments 2-3: 2,382 bbls sold vs. 1,635 bbls produced.

4. With respect to additional records to aid in explanation: In verbal conversation between yourself, Commissioner Breedlovestrout and myself, you stated that data reported to the Idaho Tax Commission would be helpful in resolving discrepancies. You repeated this in another meeting with me on June 7, 2018 at the IDL office. The Commission does not have access to this data, but it appears that data could be helpful. If Alta Mesa believes the data provided to the Idaho Tax Commission will help reconcile the reporting differences, then please provide it to the Idaho Oil and Gas Conservation Commission to aid the Commission in understanding Alta Mesa's reporting differences.

Please provide the Commission, by July 13, 2018, your schedule to deliver the documents requested above as well as a documented, detailed, and quantitative explanation for the allocation differences. A thorough and well understood explanation will aid in ensuring confidence in the production volumes reported to the Commission.

In addition to the written explanations and records requested above, the Commission would like to offer Alta Mesa the opportunity to attend a future Commission meeting to present how Alta Mesa has measured production volumes in Idaho and how it has reported those volumes over time. The upcoming Commission meeting dates are July 19, 2018 and August 8, 2018.

The Commission, as well as the Oil & Gas Division, appreciates your assistance in resolving the Commission's questions. Thank you for your help.

Regards,



Mick Thomas
Oil & Gas Division Administrator
Secretary to the OGCC

Mick Thomas

From: Mick Thomas
Sent: Wednesday, July 11, 2018 3:35 PM
Subject: July 10 Video Conference between the IDL and Alta Mesa

Jerry and Jeff,

Thank you all for the time yesterday. We look forward to continued communication with Alta Mesa.

Below are some of the topics we discussed, followed by action items and next steps.

Major Topics Discussed:

1. Communitization and Allocation Agreement between the BLM and Alta Mesa: Chairman Dickey sought clarity on the agreement between the BLM and Alta Mesa. Jerry Haney confirmed that the BLM has approved Alta Mesa's operations. More discussion may be requested on this topic.
2. I brought up the allocation differences between the gross produced volumes of condensate and the monthly reported sold volumes of condensate. Jeff Janik explained how raw condensate and gas volumes can decrease between the gross production volumes and the sold volumes. This is due to the creation of NGLs. I pointed out that this concept may apply to wells where the sold volumes are less than the gross produced volumes, but the concept does not work with wells where the volumes reported as sold show a significant increase in condensate volume, a small decrease in gas volume, and the creation of NGLs. Jeff confirmed that a significant increase in condensate volume doesn't make sense and agreed with Kevin Dickey that most of the NGLs came from the gas stream. Jeff said he would investigate.
3. Jerry Haney confirmed that no comingling occurs before the product is metered, but volumes are comingled before custody transfer / sale. He stated this is a common method in other states including Texas and Oklahoma.
4. Allocation volumes are determined using an allocation algorithm provided and maintained by Waterfield Energy.

Action Items and Next Steps:

1. Alta Mesa agreed to investigate the allocation differences between wells where the reported produced vs. sold volumes are greater than 5%. These wells include the Kauffman 1-9 LT, Kauffman 1-9 UT, Kauffman 1-34, ML Investments 1-3 and ML Investments 2-3.
2. Alta Mesa agreed to investigate the differences in oil volumes produced and oil volumes sold. This includes the Kauffman 1-9 LT.
3. Alta Mesa agreed to provide a comparison between the Waterfield allocation volumes and the reported volumes sold.
4. Alta Mesa agreed to provide gas and condensate volumes normalized for BTU for all wells.

Alta Mesa is to have the action items completed by July 31. In my July 5, 2018 letter to Jerry Haney, I requested that Alta Mesa provide a schedule to deliver the documents requested and a documented, detailed, and quantitative explanation for the allocation differences. I appreciate that the action items and next steps above are steps towards that request, but I still expect Alta Mesa to submit a comprehensive written schedule

by July 13, 2018 consistent with my July 5, 2018 letter. That will ensure we all have the same understanding of Alta Mesa's plans and the timelines going forward.

Thank you.

Mick Thomas

Division Administrator, Oil & Gas

Secretary to the Oil & Gas Commission

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IDAHO OIL & GAS
CONSERVATION COMMISSION

Mick Thomas

From: Michael Christian <mchristian@mch-lawyer.com>
Sent: Friday, July 13, 2018 11:28 AM
To: Mick Thomas
Cc: Jerry Haney
Subject: RE: July 10 Video Conference between the IDL and Alta Mesa

Mick –

Thank you for your email. AM wishes to reach a correct and mutually understood analysis of its operations, and to that end will attempt to cooperate with the requests set forth in your email and your July 5 letter. To that end, I have the following specific comments:

1. With respect to item 1 in your letter, the records you request (monthly production volumes from the meters leaving Little Willow and entering and leaving Highway 30) are records of Northwest Gas Processing, not AM as the producer, and thus outside the scope of Idaho Code 47-315(5)(i). They are also, from March 2017 on, already reported to the state on the monthly facility statements filed by NWGP. However, in order to assist in resolving the Commission's questions, AM proposes that it will request the information from NWGP and provide the information for the pre-March 2017 months in the same format as currently required to be used by NWGP. This should be easier for the Department to review and evaluate than if you had to review a large amount of volume statements.
2. With respect to item 4 in your letter, AM is willing to provide the requested tax information subject to the entry of AM and the Department into an appropriate NDA and confirmation that an applicable exemption from disclosure is available under the Idaho Public Records Act.
3. With respect to items 2 and 3 of your letter, and your action items below, I understood at the conclusion of our meeting that AM would undertake an investigation and engage in an analysis of two representative months (one before March 2017, one after) for the relevant wells, i.e., the Kauffman 1-9 LT, Kauffman 1-9 UT, Kauffman 1-34, ML Investments 1-3 and ML Investments 2-3.
4. This analysis will include an effort to identify the manner in which allocation is made back to wells, and to equate the BTU or MCFe value of the raw product at each wellhead to the same values for the finished products allocated back to the wells for revenue purposes, for the selected months.
5. I understood that following this submittal of this analysis, AM and the Department will meet again to review and discuss.
6. AM will attempt to accomplish the above analysis and provide its results to the Department by August 31. It will take some time to correctly compile and present the information so that we don't end up in another situation where the information is subject to misinterpretation. The amount of time AM is expending on this subject is well in excess of anything it has to do with any other state's regulator. If the information is compiled sooner, AM will provide it sooner.

Please give me a call to if you want to discuss or have questions.

Thanks,
Mike

Michael Christian
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