

IDAHO OIL AND GAS CONSERVATION COMMISSION OPEN MEETING CHECKLIST

FOR MEETING DATE: September 12, 2018

Regular Meetings

9/5/18	Notice of Meeting posted in prominent place in IDL's Boise Headquarters office five (5) calendar days before meeting.
9/5/18	Notice of Meeting posted in prominent place in IDL's Coeur d'Alene Headquarters office five (5) calendar days before meeting.
9/5/18	Notice of Meeting posted in prominent place at meeting location five (5) calendar days before meeting.
9/5/18	Notice of Meeting emailed/faxed to list of media and interested citizens who have requested such notice five (5) calendar days before meeting.
9/5/18	Notice of Meeting posted electronically on the OGCC public website https://ogcc.idaho.gov/ five (5) calendar days before meeting.
9/7/18	Agenda posted in prominent place in IDL's Boise Headquarters office forty-eight (48) hours before meeting.
9/7/18	Agenda posted in prominent place in IDL's Coeur d'Alene Headquarters office forty-eight (48) hours before meeting.
9/10/18	Agenda posted in prominent place at meeting location forty-eight (48) hours before meeting.
9/7/18	Agenda emailed/faxed to list of media and interested citizens who have requested such notice forty-eight (48) hours before meeting.
9/7/18	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 7/27/18	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 • 4th Revised Annual meeting schedule posted – Director's Office, Boise and Staff Office, CDA

Special Meetings

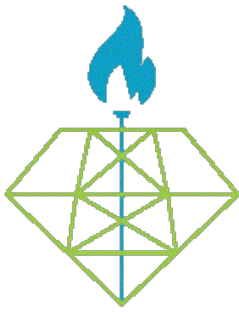
	Notice of Meeting and Agenda posted in a prominent place in IDL's Boise Headquarters office twenty-four (24) hours before meeting.
	Notice of Meeting and Agenda posted in a prominent place in IDL's Coeur d'Alene Headquarters office twenty-four (24) hours before meeting.
	Notice of Meeting and Agenda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

9/10/18
 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 SEPTEMBER 2018

The Idaho Oil and Gas Conservation Commission will hold a Regular Meeting on **Wednesday, September 12, 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>

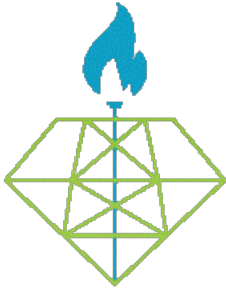
IDAHO OIL & GAS
CONSERVATION COMMISSION

First Notice Posted: 9/5/2018-IDL Boise; 9/5/2018-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 Breedlove, Commissioner
Jim Classen, Commissioner
David Groeschl, Commissioner

Mick Thomas, Secretary to the Commission

Final Agenda

Idaho Oil and Gas Conservation Commission Regular Meeting
September 12, 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 agenda items listed below.

Introduction of the Idaho Department of Lands Director

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

- A. Financial Update

- B. Current Oil and Gas Activity

- C. Status Update

- i. Docket Nos. CC-2016-OGR-01-004 and CC-2016-OGR-01-005 – AM Idaho, LLC Petition to Amend Orders, Docket No. CC-2017-OGR-01-002 – Kauffman Complaint and Docket No. CC-2018-OGR-01-001 – CPC Mineral LLC, Application
- ii. Class II Primacy – Permit Status
- iii. Instructions for Monthly Reports

- **CONSENT (ACTION)**

- 2. **Approval of Minutes** – July 19, 2018 - Regular Meeting (Boise)

- 3. **Approval of Minutes** – September 5, 2018 - Special Meeting (Boise)

- **INFORMATION**

- 4. **Oil and Gas Royalty Audit** – Presented by Mick Thomas, Division Administrator – Oil and Gas

Idaho Oil and Gas Conservation Commission
Final Agenda
Regular Meeting (Boise) – September 12, 2018
Page 1 of 2

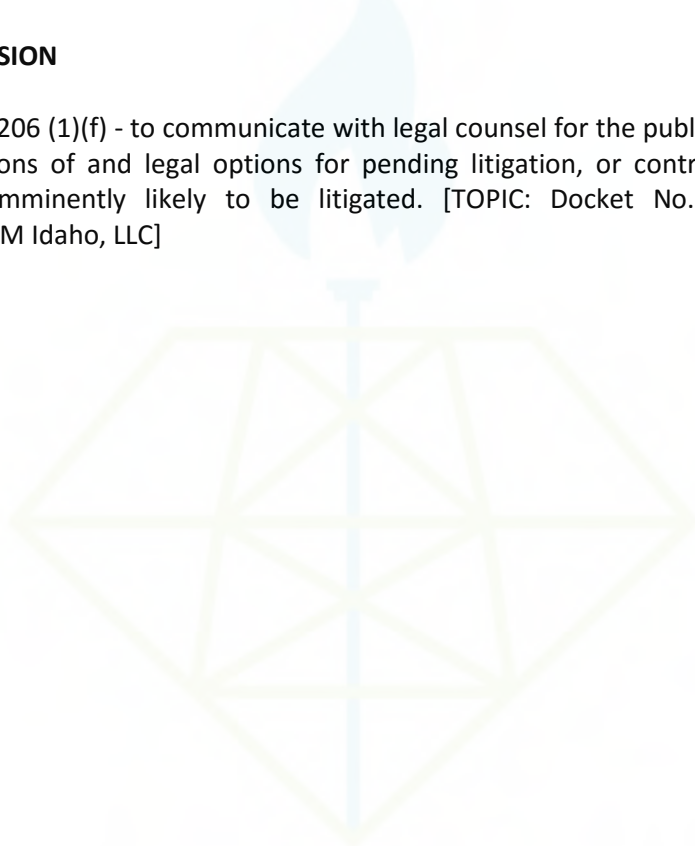
- **REGULAR (ACTION)**

5. **Election of Chairman and Vice Chairman**

6. **Operator Records Examined** – *Presented by Mick Thomas, Division Administrator – Oil and Gas*

- **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: Docket No. CC-2017-OGR-01-002; Kauffman’s v. AM Idaho, LLC]



IDAHO OIL & GAS CONSERVATION COMMISSION



Idaho Statutes

Print Friendly

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 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 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; am. 2018, ch. 169, sec. 25, p. 377.]

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 31, 2018
Fund 0075-14 Oil and Gas Conservation Fund Cash Flow Report**

		Current Month	Year-to-Date
Beginning Cash Balance 7/1/2018	322,595.74		
Permits		2,500.00	2,500.00
*Severance Tax		11,377.82	23,901.58
Refund (previous year)		0.00	0.00
Other (transfer to GF)		0.00	0.00
Total		13,877.82	26,401.58
Personnel Expenditures		(6,670.07)	(13,350.17)
Operating Expenditures		(717.69)	(770.52)
P-Card Liability to be paid			0.00
Ending Cash Balance 8/31/2018			334,876.63

*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 FY18

	Appropriation	Current Month	Year-to-Date	Balance
PCA 55000 Expenses				
PC	388,800.00	30,744.33	62,036.39	326,763.61
OE	102,000.00	23,121.63	25,275.60	76,724.40
CO	0.00	0.00	0.00	0.00
Total	490,800.00	53,865.96	87,311.99	403,488.01

Dedicated Fund Regulatory Program Expenditures Report

Expenditures from Dedicated Fund FY18

	Appropriation	Current Month	Year-to-Date	Balance
PCA 55070 Expenses				
PC	95,800.00	6,670.07	13,350.17	82,449.83
OE	110,000.00	717.69	770.52	109,229.48
CO	0.00	0.00	0.00	0.00
Total	205,800.00	7,387.76	14,120.69	191,679.31



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	Surface Ownership	IDF&G	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
			* confidential well	

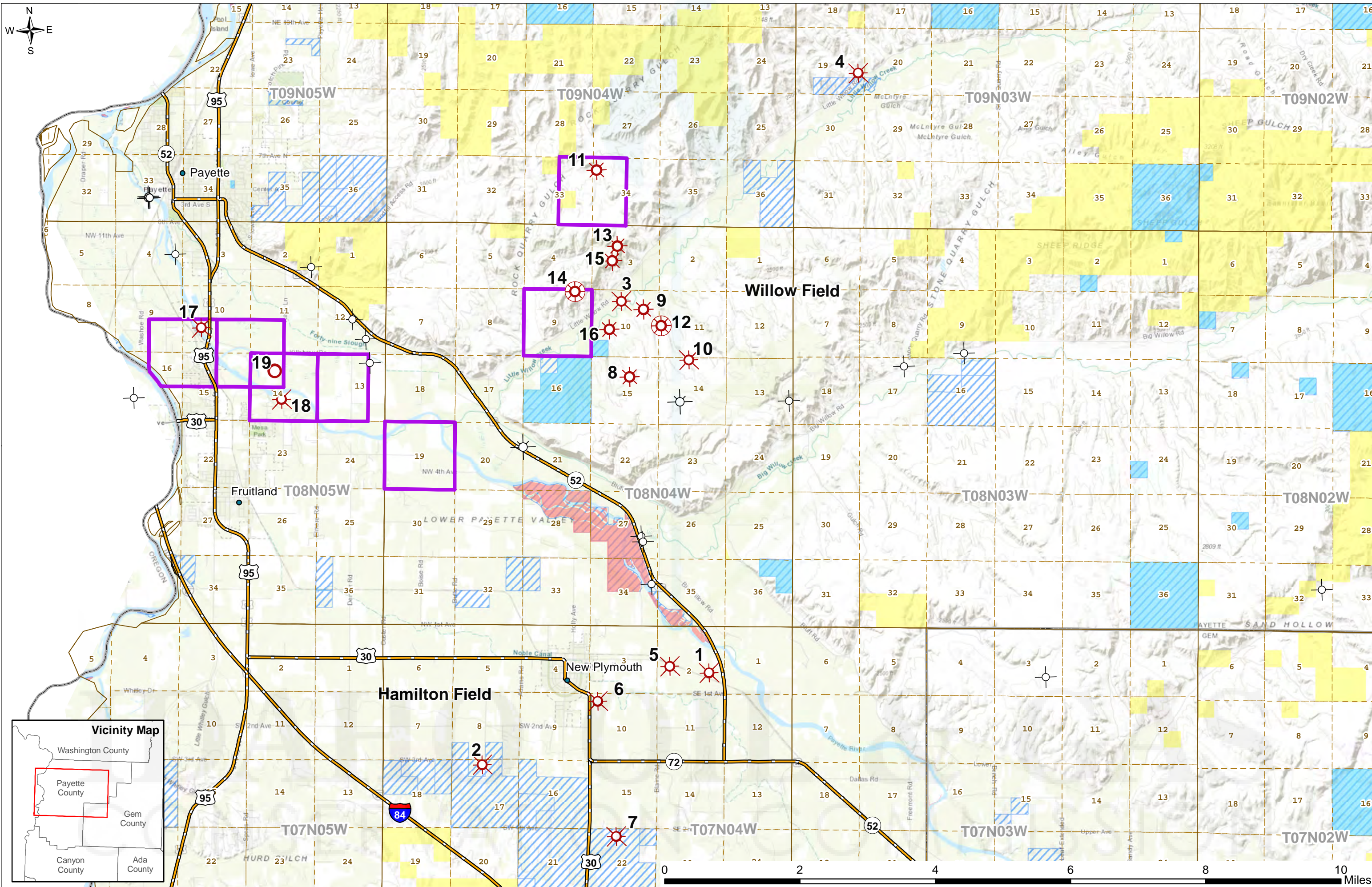
Map Notes and Data Sources

Inactive and Active Oil And Gas Wells through 9/6/2018

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

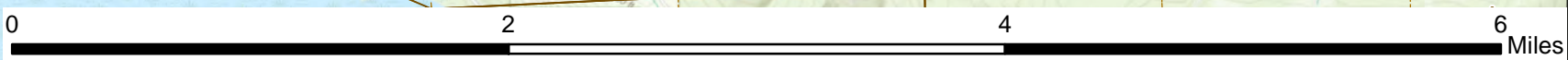
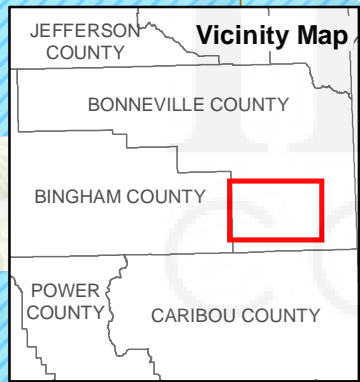
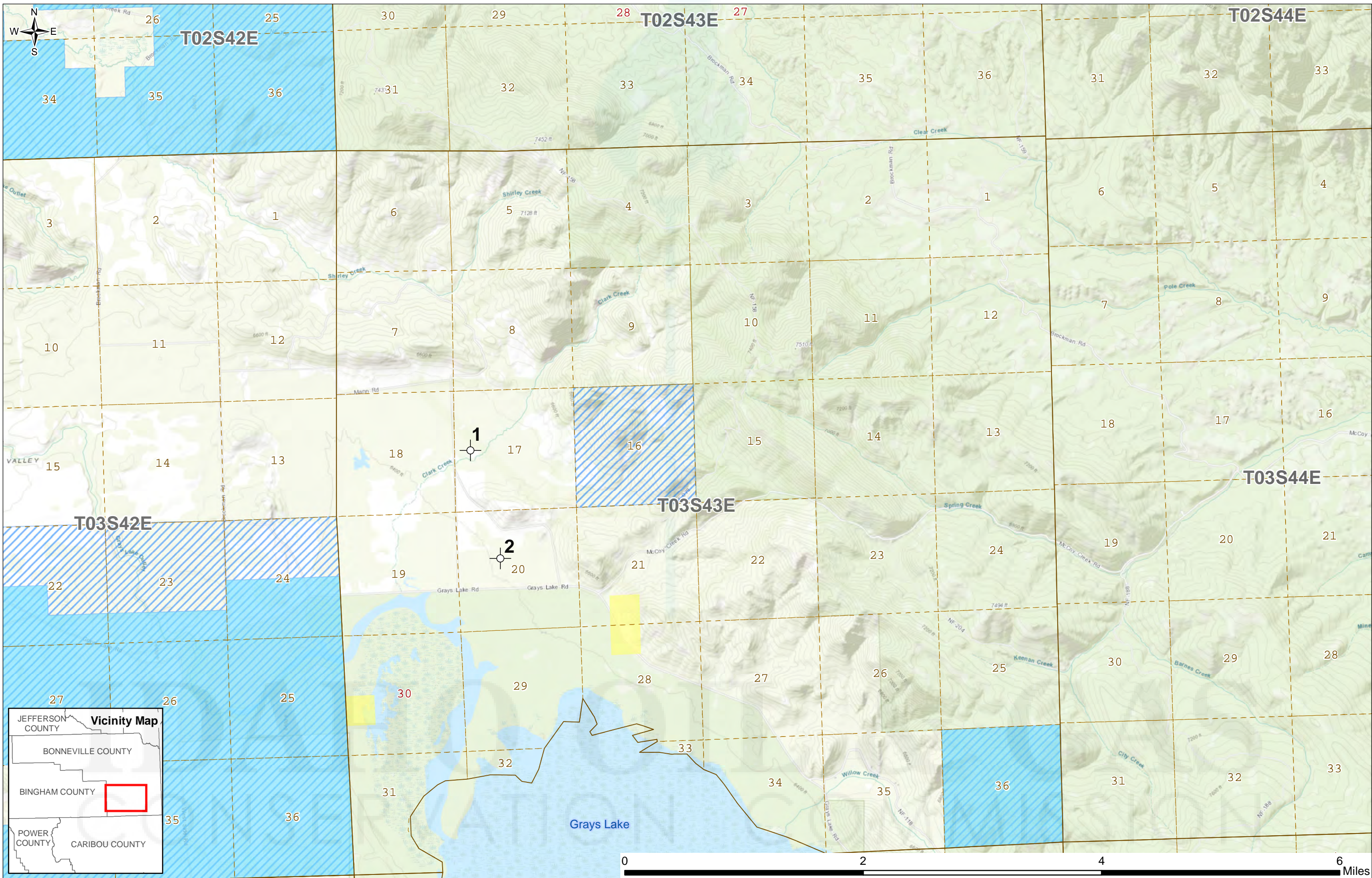
Map Notes and Data Sources

Inactive and Active Oil And Gas Wells through 9/6/2018

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.



Division Administrator's Report

Item 1C - Status Update

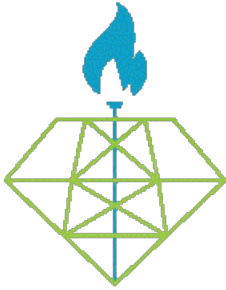
- i. Docket Nos. CC-2016-OGR-01-004 and CC-2016-OGR-01-005 – AM Idaho, LLC Petition to Amend Orders: The applicant has shown due diligence in the development of the temporary spacing units and requested an 18-month extension of the temporary spacing units. The applicant will file an application for a permanent spacing unit before the end of the 18-month extension. On July 16, 2018, the Department granted the extension for both units. There were no comments received on the Orders granting the Petitions to Amend. The extension has been finalized.

Docket No. CC-2017-OGR-01-002 – Kauffman Complaint: This case is ongoing. The hearing officer issued a protective order that defined how the information sought by the complainants could be used. That order is posted on the Commission's website. There was additional communication between the hearing officer and the complainants. The complainants asked for relief from the protective order. The hearing officer provided clarity as to why the protective order was allowed. The Department does not know if the complainants have accepted the protective order. We are currently waiting for the hearing officer to schedule the hearing.

Docket No. CC-2018-OGR-01-001 CPC Mineral LLC, Application: The application was formally withdrawn by the applicant on August 8, 2018. The hearing officer submitted an Order of Withdraw and Dismissal on September 10, 2018 formally dismissing the matter.

- ii. Class II Primacy – Permit Status: The applicant AM Idaho, LLC has submitted the application package to the EPA and is in the process of updating the package with some minor modifications and additional information. The Department does not have an updated timeline for the permits approval.
- iii. Instruction for Monthly Reports: The Department is making progress on instructions for the monthly reports.

IDAHO OIL & GAS
CONSERVATION COMMISSION



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
July 19, 2018

The regular meeting of the Idaho Oil and Gas Conservation Commission was held on Thursday, July 19, 2018, at the State Capitol, Lincoln Auditorium (WW02), Lower Level, West Wing, 700 W Jefferson St., Boise, Idaho. The meeting began at 1:00 p.m. Chairman Kevin Dickey presided. The following members were present:

Vice Chairman Marc Shigeta
Commissioner Renee Breedlovestrout

For the record, a quorum was present with three Commission members in attendance. Commissioner Jim Classen and Commissioner David Groeschl were absent.

• **ANNOUNCEMENTS**

Chairman Kevin 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 at the back of the room 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

Chairman Dickey asked about the spacing units overlapping. Secretary Mick Thomas explained while some spacing units do overlap, the map shows the bottom hole locations but the surface locations are in another location in the unit. Program Manager James Thum explained that the holes were different depths meaning there were different pools.

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)

Chairman Dickey asked if the orders for Docket No. CC-2016-OGR-01-004 & Docket No. CC-2016-OGR-01-005 were approved. Secretary Thomas responded that they were approved but there is a fourteen day comment period after the order was granted.

iii. Status of Royalty Audit

- **CONSENT (ACTION)**

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

CONSENT AGENDA COMMISSION ACTION: A motion was made by Vice Chairman Marc Shigeta that the Commission approve the meeting minutes on the Consent Agenda. Commissioner Breedlovestrout seconded the motion. The motion carried on a vote of 3-0.

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

- **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

- **REGULAR (ACTION)**

None

- **EXECUTIVE SESSION**

None

Chairman Dickey opened the floor for public comment. There was no response and no public comment was taken.

There being no further business before the Commission, at 1:28 p.m. a motion to adjourn was made by Vice Chairman Shigeta. Commissioner Breedlovestrout seconded the motion. The motion carried on a vote of 3-0. Meeting adjourned.



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 Special Meeting
September 5, 2018

A special meeting of the Idaho Oil and Gas Conservation Commission was held on Wednesday, September 5, 2018, in the Idaho Department of Lands, Garnet Conference Rooms, 300 North 6th St., Boise, Idaho. The meeting began at 1:35 p.m. Vice Chairman Shigeta presided. The following members were present:

Chairman Kevin Dickey (*via teleconference*)
Vice Chairman Marc Shigeta
Commissioner Jim Classen
Commissioner Renee Breedlovestrout (*via teleconference*)
Commissioner David Groeschl (*via teleconference*)

For the record, all five Commission members were present with Chairman Kevin Dickey, Commissioner Renee Breedlovestrout and Commissioner David Groeschl attending via teleconference. Vice Chairman Marc Shigeta and Commissioner Jim Classen attended the meeting in person.

At 1:35 p.m., a motion was made by Commissioner Classen to convene in Executive Session pursuant to Idaho Code 74-206(1)(f) to communicate with legal counsel for the public agency to discuss legal ramifications of and legal options for pending litigation or controversies not yet being litigated but imminently likely to be litigated. Commissioner Groeschl 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]

At 3:09 p.m., the Commission resolved out of Executive Session by unanimous consent. Commissioner Groeschl clarified that no action was taken by the Commission during the Executive Session.

- **REGULAR (ACTION)**

1. **CAIA v. Schultz, Idaho Federal District Court Case No. 1:17-cv-00264-BLW**

COMMISSION ACTION: None.

There being no further business before the Commission, at 3:10 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.

DRAFT

IDAHO OIL & GAS
CONSERVATION COMMISSION

IDAHO OIL AND GAS CONSERVATION COMMISSION
September 12, 2018
Information Agenda

SUBJECT

Oil and Gas Lease Royalty Audit

BACKGROUND

In 2017, the Idaho Department of Lands (Department) initiated a Request for Proposal (RFP) process to identify and contract with a third-party oil and gas lease royalty auditor. As a result, the Department executed a contract on September 7, 2017, with Opportune, LLP (Opportune) from Houston, Texas.

Under the IDL RFP, 18-400 contract, the Scope of Work (Attachment 1) included an oil and gas royalty audit of three wells under two state leases held by AM Idaho, LLC (Operator). The audit was to determine whether royalties paid to the Department for oil and gas produced, during the audit period of August 2015 through December 2016, complied with the terms of:

- Idaho Statute: Title 47 Mines and Mining, Chapter 3 - Oil and Gas Wells and Title 47 Mines and Mining, Chapter 8 - Oil and Gas Leases on State and School Lands;
- IDAPA 03.16.20.03.16: Rules Governing Oil and Gas Leasing on Idaho State Lands;
- Lease Agreements: O-01983 and O-01996.

In addition, the limited audit process under the RFP was to include the following:

- A review and summary of documents provided by the Operator such as sales contracts, gathering contracts, and processing contracts with a focus on pricing, allowable deductions, processed gas percentages, liquid settlement percentages, and custody point determinations;
- An analytical review of volume and payment reconciliations of the audit period data set and documentation of any significant differences pertinent to the audited leases;
- A confirmation that the Operator's identified arms-length transactions represent appropriate arms-length transactions through a review of hydrocarbon sales points;
- Proposed recommendations for additional auditing tasks beyond the scope of this limited oil and gas audit that would be beneficial to the Department and beneficiaries;
- Documentation of any significant findings that may warrant further investigation by the Department.

The contract required Opportune to deliver:

- An audit report to the Department that summarized and documented the audit findings.
- An in-person presentation of the audit findings and information related to the auditing process at a State Board of Land Commissioners' (Land Board) regular meeting.
- A general audit review workshop for the Department and Land Board staff to include the auditing process, methods, and practices; recommendations for future best management practices; and substantial time for questions and answers for workshop participants.

DISCUSSION:

Opportune conducted the limited audit process between September 2017 and May 2018 with the Operator submitting royalty reports and payments as requested by Opportune, related to the three wells under two state oil and gas leases as shown in Table 1 below and in the map (Attachment 2).

Table 1.

Oil & Gas Lease	Field	Well Name	Royalty Interest	Products*
O-01983	Willow	ML Investments 1-10	0.0078125	C, P, RES
	Willow	ML Investments 2-10	0.0078125	C, P, RES
O-01996	Hamilton	State 1-17	0.1171875	G

* Products:
C = Condensate
P = Natural Gas Plant Liquids
RES = Pipeline-Quality Natural Gas
G = Non-Processed Gas

Opportune completed the limited services audit report during August 2018 and provided the Department with the Oil and Gas Audit Report that includes an Executive Summary and audit findings (Attachment 3).

During the audit process, Opportune completed an examination of field production and sales that included facility processing, volume and marketing reports, as well as plant and production statements. Opportune noted a lack of transparency and detail regarding pricing and costs in product transport, plant statements, and production statements. Attachment 4 diagrams the Willow-Hamilton field, production facilities, and sales points. Opportune analyzed royalties and volumes reported to the Department as well as spot pricing comparisons related to oil and gas products. In addition, Opportune examined Alta Mesa's relationship to the entity that provides midstream, processing services of the Operator's production, Northwest Gas Processing LLC (NWGP), and to the marketing company the Operator hired to market production from the leases, ARM Energy Management LLC (AEM) (Attachment 5).

AUDIT FINDINGS:

The key Issues identified by the audit process are the lack of transparency in product pricing and costs, potential lack of contracts between Alta Mesa and related entities that address pricing and costs, and a lack of contract language within the current state lease with Alta Mesa or in the new oil and gas lease contract template that adequately addresses arms-length transactions.

James Fisher, managing director for Opportune, presented to the Land Board at the August 21, 2018 regular meeting, details of the audit report, information related to the auditing process, and audit findings.

One key issue identified is a lack of transparency for the pricing of condensate, residue gas, and natural gas liquids (NGLs). Realized prices are low compared to area benchmarks, and there is a lack of readily available market data. Opportune discussed this issue with Alta Mesa, and Alta Mesa acknowledged that they have royalty rights in their contract with AEM. Alta

Mesa indicated that these royalty rights help to ensure that Alta Mesa receives market pricing from AEM, but Alta Mesa states it has not exercised these rights.

Another issue identified by Opportune is that no costs are charged to Alta Mesa by NWGP, and Alta Mesa's representative stated that there is no contract between Alta Mesa and NWGP. Opportune believes that discussions between the Department and Alta Mesa should occur to set expectations for Alta Mesa to take steps to ensure that it is receiving market value pricing. In doing so, this would ensure Operator compliance with IDAPA 20.03.16, Rules Governing Oil and Gas Leasing on Idaho State Lands, related to disposition and market data that operators should have available for Department review.

During the audit process, the Department provided Opportune an opportunity to review the lease contract currently held by Alta Mesa, as well as a new 2018 oil and gas lease contract template drafted by the Department with assistance from the Attorney General's Office. This new lease contract template would be used for future oil and gas lease transactions. Opportune noted that within the new lease contract template the Department defined an arms-length transaction, but not the consequences if transactions do not adequately reflect an arms-length transaction. Opportune has provided the Department with a sample of lease contract language for consideration that addresses this issue.

Volumes matched between AEM, NWGP, and volumes reported to IDL. The one exception noted was NGLs for the production months of January through March in 2016. Alta Mesa reported no sales volumes during these three months. Consistent with industry practice, the aggregate sales value of NGLs was a negative value so no royalty was paid. As no royalty was paid, no volumes were reported. Opportune noted that Alta Mesa did not pay IDL for its share of plant fuel, but the net royalty calculated was approximately \$105 during the period.

DEPARTMENT ACTIONS:

The Department will take the following actions:

- 1) The Department will contact Alta Mesa and request they complete an audit of AEM. Based on the report provided by Opportune, the audit revealed that prices received by Alta Mesa from AEM are significantly lower than various market spot pricing identified by Opportune in the audit process. The Department will request that: the AEM audit include information on how prices received from AEM are determined; all deductions including transportation, marketing and processing costs; and identification of the market location where lease products are sold or shipped. An AEM audit by Alta Mesa will ensure that Alta Mesa is receiving market value pricing, and that Alta Mesa is complying with rules related to disposition and market data that it, as the Operator should have available for Department review.
- 2) IDAPA 20.03.16.045.01 states that royalty shall be due on all production from the leased premises except that consumed for the direct operation of the producing wells and that lost through no fault of the lessee. The Department will contact Alta Mesa and request payment for royalties owed associated with volumes of plant fuel used to process the product within the plant. The request

for payment and notification will include the audit period as well as set an expectation going forward for payment of royalties from January 2017 to the current period.

- 3) The Department will request that Alta Mesa provide the Department with the agreement between Alta Mesa and AEM, and provide documentation that proves existence of an arms-length transaction between Alta Mesa and AEM or other purchasers or end purchasers.
- 4) The Department will request that Alta Mesa provide detailed plant statements that specify: pricing of all oil and gas products produced from the leases, each entity that AEM sold lease products to, each entity that transported the lease products, and market location of where and to whom the products were sold and for what amount.
- 5) The Department will request documentation from Alta Mesa explaining what Alta Mesa did with oil and gas products produced from the leases that were not sold, such as propane and ethane.
- 6) The Department will continue to review the audit findings with assistance from the Attorney General's Office and return to the Land Board within the next three months regarding other recommended actions related to this audit process by Oppertune as well as a recommendation for the potential auditing of additional reporting periods.
- 7) The Department assisted Oppertune in conducting a general audit review workshop for the Department and Land Board staff, scheduled during the afternoon of August 21, 2018, following the regular Land Board meeting. This audit review workshop discussed the auditing process, methods, practices, and recommendations for future best management practices.

ATTACHMENTS

1. IDL RFP 18-400, Scope of Work (pgs. 5-8)
2. State Hydrocarbon Producing Wells Map, August 2015 – December 2016
3. Oil and Gas Audit Report – Oppertune, LLC
4. Willow and Hamilton Field Production and Sales
5. Alta Mesa Partnership

3.0 SCOPE OF WORK

PROJECT NAME: Oil and Gas Auditing Services

LOCATION: Boise, ID

OVERVIEW

The Idaho Department of Lands (IDL) requires professional auditing services necessary to assess whether royalties paid to IDL for oil and gas produced during the audit period of August of 2015 through December of 2016 from three wells under two state leases were in compliance with the terms of:

- Idaho Statute - Title 47 Mines and Mining - Chapters 3 Oil and Gas Wells,
- Idaho Statute - Title 47 Mines and Mining – Chapter 8 Oil and Gas Leases on Sate and School Lands;
- IDAPA 03.16 20.03.16 - Rules Governing Oil and Gas Leasing on Idaho State Lands; and
- Lease agreements O-01983 and O-01996.

The contracted auditor (Auditor) will provide services on behalf of IDL, and may have access to confidential systems and information not available to the public. As such, all records and reports will remain the property of IDL or the state agency where such information resides.

General Information

The Auditor will perform a limited oil and gas lease audit of royalties paid to IDL from August of 2015 through December of 2016 including: an analytical review of volume and payment reconciliations; an assessment of identified arms-length transactions; and documentation of any significant findings that may warrant further investigation. Currently, one operator (Operator) submits royalty reports and payments for the three producing wells under two state leases.

Well Name	Field	State Royalty Interest	Total Production Timeframe	Products ¹	TOTAL BOE ² FY2016 ³
ML Investments 1-10	Willow	0.0078125	Aug. 2015 - Jan 2016 ⁴	C, P, RES	58,000
ML Investments 2-10	Willow	0.0078125	Aug. 2015 - present	C, P, RES	174,000
State 1-17	Hamilton	0.1171875	Aug. 2015 - present	G	1,300

¹ Product Codes: C = Condensate
P = Natural Gas Plant Liquids
RES = Pipeline-Quality Natural Gas
G = Non-Processed Gas

² Barrel of Oil Equivalent (BOE) is approximately 5.8 MMBtu per one barrel (42 U.S. gallons) of crude oil. The BOE combines production into a single measure for generalized comparison purposes only.

³ FY2016 = July 2015 - June 2016

⁴ shut in since Feb 2016

IDL has assembled 15 audit review documents. Documents 1-8 are included in this request as Attachment 1. Documents 9-15 will be forwarded to the auditor selected for these services. Additional

severance tax information may be available from the Idaho State Tax Commission, and audit information may be available from the U.S. Department of Interior Office of Natural Resources Revenue.

List of Documents from IDL for Audit Review (documents 1-8 attached)

1. Southwestern Idaho Natural Gas Play, Idaho Geological Survey, 2014
2. Idaho Statute - Title 47 Mines and Mining - Chapters 3 Oil and Gas Wells
Statute in effect for the audit period
3. Idaho Statute - Title 47 Mines and Mining – Chapter 8 Oil and Gas Leases on Sate and School Lands
Statute in effect for the audit period
4. IDAPA 03.16 20.03.16 - Rules Governing Oil and Gas Leasing on Idaho State Lands;
Rules in effect for the audit period
5. Lease O-01983
6. Lease O-01996
7. IDL Oil & Gas Royalty Report
This is the blank form that contains the following tabs: Summary Sheet, Data Form, Field Descriptions, and Product Definitions
8. Idaho Oil and Gas Conservation Commission Monthly Production Report Form
This is the blank form for production information submitted to the newly-created Oil and Gas Regulatory Division within IDL

(Documents 9-15 are not included in this Request for Proposal due to their potential exemption from the Idaho Public Records Act. After award of the contract, Auditor will be required to sign a confidentiality agreement, and Documents 9 through 15 will be forwarded to the Auditor.

9. Production and Process Schematic Diagram (s).pdf
10. Individual Monthly Royalty Reports, 3 State wells.xls
11. Royalty Report Summary Table for all 3 State wells.xls
12. Royalty Report Summary Table for well State 1-17 on State Lease 1983.xls
13. Royalty Report Summary Table for well ML Investments 1-10 on State Lease 1996.xls
Shut-in since Feb. 2016
14. Royalty Report Summary Table for well ML Investments 2-10 on State Lease 1996.xls

15. Production Report Summary Table.xls

This spreadsheet contains compilations of production information for each well as separate tabs

SCOPE OF WORK:

IDL will complete the following three tasks upon delivery of the Notice to Proceed to the Auditor.

Document/Data Exchange and Pre-Audit Conference:

1. IDL will schedule a meeting with the Auditor to review the contract scope of services, period of performance, documents to be reviewed, work products to be developed, scheduling and coordination with the Operator, and other relevant topics.
2. IDL will provide to the Auditor relevant information about the Operator, such as office address, audit contact, key personnel, and other background information.
3. IDL will provide Documents 9-15 to the Auditor.

The Auditor will complete the following 12 tasks upon receipt of the Notice to Proceed from the IDL.

Limited Audit Process:

1. Kickoff Meeting. Participate in a phone meeting with IDL to review the contract scope of services and timing, documents to be reviewed, work products to be developed, scheduling and coordination with the auditee, and other relevant topics. Provide summary meeting notes to IDL within three business days after the Kickoff Meeting.
2. Initial Review. Review Documents 1-8 listed above and provided in this RFP. Estimate the effort necessary to review the audit period data set that will be provided to the Auditor. The audit period data set is from three wells. The audit period data set encompasses 81 rows (more or less) organized in 13 columns as shown on Document 7 (IDL Royalty Report). Inform IDL about any concerns or data gaps based upon this review.
3. Analytical Review. Perform an analytical review of volume and payment reconciliations of the audit period data set, and document significant differences that are pertinent to audited leases. Using best professional judgment, inform IDL of additional recommended out-of-scope work and estimated costs, such as a gas processing plant audit.
4. Opening Conference Call. Coordinate with IDL and the Operator to schedule an opening conference call. The conference call will include a discussion of the audit scope, audit timing, pending document requests or questionnaires to be submitted to the Operator, and any other relevant topics.
5. Written Request. Submit a written request to the Operator requesting specific information in support of the audit. Coordinate with the Operator the handling of any proprietary information in accordance with the Idaho Publics Records Act.
6. Potential Field Visit. Assess the need for a field visit and make a recommendation to IDL regarding its impact and value related to the audit. The Auditor will coordinate with IDL and the

Operator regarding the scheduling, timing, logistics, and safety measures necessary should a field visit occur.

7. Review Schematic Diagrams. The Auditor will request any necessary schematic diagrams for oil and gas operations from the Operator. The Auditor will review these schematic diagrams for appropriate completeness, field equipment, measurement points, custody points, and commingling points. The Auditor will identify any differences or necessary additions.
8. Review and Summarize Documents. Review and summarize documents provided by the Operator, such as: sales contracts, gathering contracts, and processing contracts. For processing contracts, focus will be on pricing, allowable deductions, processed gas percentages, liquid settlement percentages, and custody point determinations.
9. Confirm Arm's Length Transactions. Confirm that the raw and processed hydrocarbon sales points identified by the Operator represent appropriate arms-length transactions.
10. Additional Recommendations. Propose recommendations for additional auditing tasks beyond the scope of this limited oil and gas audit that would be beneficial to IDL and the beneficiaries given that a comprehensive oil and gas audit may not be financially justifiable due to the current low level of hydrocarbon production.
11. Audit Report. Deliver an audit report to IDL that summarizes and documents the audit findings. The report must include any work papers, such as spreadsheets, that support the Auditor's findings and conclusions.
12. Board Presentation and Audit Review Workshop. Upon completion of the auditing work and audit report, conduct an in-person presentation of the audit findings and information related to the auditing process at a formal State Board of Land Commissioners meeting (scheduled on the third Tuesday of every month in Boise). Present a 3-hour audit review workshop at IDL, which must include the auditing process, methods, practices, recommendations for future best practices, and substantial time for questions and answers for workshop participants.

All deliverables will be submitted to: Mike Murphy, Endowment Leasing Bureau Chief, Idaho Department of Lands (or his designee); or in electronic format to mmurphy@idl.idaho.gov.

Period Of Performance:


The contract will become effective once signed by all parties. The Auditor and the Contracting Officer's Representative will discuss the contract terms, work performance requirements, and tentative work schedule at the mandatory Kickoff Meeting. All requirements of the contract scope of work must be satisfactorily completed by the dates as determined and mutually agreed upon during the kickoff meeting.


Contracting Officer's Representative:


Idaho Department of Lands
Mike Murphy, Bureau Chief, Endowment Leasing
300 North 6th Street, Suite 103
Boise ID 83702
Phone: 208-334-0290
Email: mmurphy@idl.idaho.gov

State Hydrocarbon Producing Wells from August 2015 - December 2016

11/30/2017

 Highway

 Oil and Gas Well

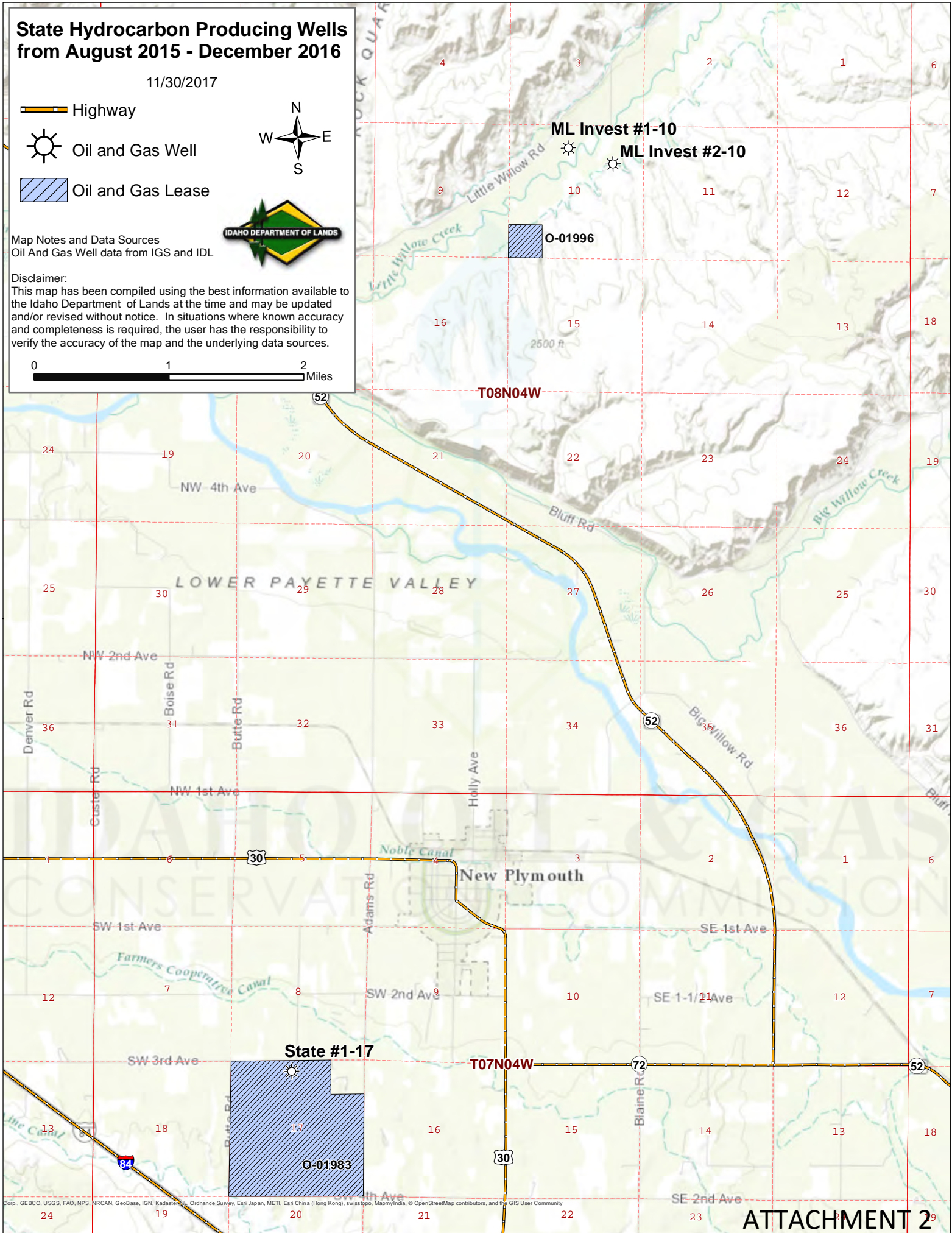
 Oil and Gas Lease



Map Notes and Data Sources
Oil And Gas Well data from IGS and IDL

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.

0 1 2 Miles





Idaho Department of Lands
ATTN: Michael Murphy,
Bureau Chief – Endowment Leasing
300 N. 6th St Suite 103
Boise, ID 83702

August 10, 2018

Dear Mr. Murphy:

The Idaho State Board of Land Commissioners (“Land Board”) and the Idaho Department of Lands (“IDL”) have entered into oil and gas leases on state endowment trust lands. IDL has the responsibility of administering trust lands on behalf of the Land Board to maximize revenue generation for specified beneficiaries. Lands and minerals owned by the State are leased to make money for those beneficiaries. Compared to other states, oil and gas leasing in the State of Idaho is currently a small component of land administration. The Idaho Legislature and the Land Board have adopted requirements for operators to provide royalty reporting to IDL. IDL has requested auditing services to assess whether royalties paid to state beneficiaries for oil and gas produced from wells on the state endowment trust lands are in compliance with the governing statutes, rules and leases and reflect accurate reporting made by the operator. IDL has engaged Opportune LLP (“Opportune”) to perform a limited oil and gas lease audit of royalties paid to IDL from August of 2015 through December 2016 (collectively, “Period”) including an analytical review of volume and payment reconciliations; an assessment of identified arms-length transactions; and documentation of any significant findings that may warrant further investigation. During the Period, one operator (“Operator”) submitted royalty reports and payments for three producing wells under two state leases. Opportune has provided this report (“Report”) as a summary of our limited audit.

The Land Board is the Lessor in two oil and gas lease agreements in which Alta Mesa Services, LP (“Alta Mesa”) was the Operator for the Period. Alta Mesa is currently the largest producer in the State and was during the Period. Lease 0-01983 is 600 acres with a gross royalty of 12.5%, and lease 0-01996 is 40 acres with a gross royalty of 12.5%. Each lease was unitized into a 640 acre section resulting in net revenue interests of 11.71875% and .78125% for the two leases, respectively. During the Period, the State 1-17 was the single well operational on 0-01983, and production was only dry gas during the Period. During the Period, both the ML Investments 1-10 and the ML Investments 2-10 were productive wells, and each well produced condensate, residue gas, and natural gas liquids (“NGLs”).

Opportune

Executive Summary

Opportune's scope of services included the following:

- Perform an analytical review of volume and payment reconciliations of the Period data set, and document significant differences that are pertinent to audited leases.
- Using best professional judgment, inform IDL of additional recommended out-of-scope work and estimated costs, such as a gas processing plant audit.
- Review Schematic Diagrams. The Auditor will request any necessary schematic diagrams for oil and gas operations from the Operator. The Auditor will review these schematic diagrams for appropriate completeness, field equipment, measurement points, custody points, and commingling points. The Auditor will identify any differences or necessary additions.
- Confirm that the raw and processed hydrocarbon sales points identified by the Operator represent appropriate arms-length transactions.
- Propose recommendations for additional auditing tasks beyond the scope of this limited oil and gas audit that would be beneficial to IDL and the beneficiaries given that a comprehensive oil and gas audit may not be financially justifiable due to the current low level of hydrocarbon production.

Opportune reconciled a schedule of royalties payable to IDL to payments submitted to IDL and performed analytical reviews of volumes and payment reconciliations. We noted that payments received were \$58.61 lower than expected payments based on reporting to IDL from Alta Mesa during the Period. The difference can be requested from Alta Mesa though the amount is immaterial compared to total receipts.

Opportune reconciled volumes reported by Alta Mesa and noted Alta Mesa did not pay royalties on plant fuel volumes. While total plant fuel volumes were understated by approximately 17K MMBTU, the resulting understated royalties were approximately \$107. Opportune was able to reconcile reported volumes to plant statements and purchaser statements from ARM Energy Management, LLC ("AEM"), the entity that markets production on behalf of Alta Mesa. Reported royalty volumes were actual physical volumes sold for condensate and NGLs. For residue gas, reported volumes were based on nominated monthly volumes rather than physical volumes delivered. Alta Mesa does not provide a reconciliation of imbalances between nominated volumes and produced volumes, but the sales volumes nominated were higher than delivered volumes by 2,516 MMBTU, resulting in IDL receiving approximately \$90 more in royalty proceeds than it would have received based on actual volumes delivered.

The key identified issue is pricing. Alta Mesa contracted with AEM to market its product, but as AEM is the entity that is making the sales, Alta Mesa does not have the data necessary to prove that it is receiving market prices. AEM takes title of production volumes upon their entering the gas plant. AEM appears to meet the criteria as an End Purchaser. Opportune recommends formally requesting Alta Mesa to audit AEM as a means for proving that AEM is getting the best market price possible. We noted that no fees are being charged to Alta Mesa for the processing of products in the gas plant. With the audit of AEM, it is possible that AEM could prove that costs are being deducted from prices received. Even with the newly updated form lease, the issues identified related to pricing and transparency of counterparties with AEM may not be improved. Additional language may be needed to require Alta Mesa to provide additional disclosures regarding ultimate sales prices.

Background Information

The Report addresses payments received by IDL, volumes produced and sold, and prices realized by Alta Mesa. We have compared data provided by IDL with data provided by Alta Mesa. Opportune's main contact with Alta Mesa was Jessica Guiliza, Alta Mesa's Revenue Manager ("Guiliza"). Guiliza provided requested documents and answers to questions presented by Opportune.

Additionally, the entity that processed Alta Mesa's production on lease 0-01996 and the entity that marketed Alta Mesa's production on 0-01996 were affiliates or related parties with Alta Mesa. Both will be discussed in more detail in the Report. The use of affiliated parties within transactions is a regular practice in the oil and gas industry. Operators often own midstream facilities or utilize affiliates to market or purchase production in order to achieve additional economies of scale, but these related transactions can be a challenge to royalty holders as financial results are examined. Companies may divest these same businesses if they can achieve more favorable results by outsourcing or contracting these same services with third parties. One key recommendation is enhancing IDL's ability to protect itself from operators' use of affiliated entities. The goal for IDL should be to receive at least the same results as if the operator were utilizing or marketing to non-affiliated, third-party entities.

Northwest Gas Processing, LLC is the midstream entity that processes Alta Mesa's production. The following is a description of the relationship and transactions between Northwest Gas Processing, LLC and Alta Mesa per the December 31, 2016 form 10K. Both passages are included in Alta Mesa's footnote regarding related party transactions (see "Item 13. Certain Relationships and Related Transactions, and Director Independence" in Alta Mesa's form 10K):

"Midstream Asset Sale and Land Purchase

On December 31, 2014, we sold our interests in a partially constructed pipeline and gas processing plant at cost to Northwest Gas Processing, LLC ("NWGP") for \$25.5 million cash and short-term note receivable of \$8.5 million, while recording no gain or loss on the sale at December 31, 2014. The \$8.5 million note receivable, dated December 31, 2014, bears interest at 8% per annum, interest payable only in quarterly installments beginning January 1, 2015, and matures on December 31, 2019. Immediately after the consummation of the transaction, NWGP's obligation under the \$8.5 million promissory note was transferred to High Mesa Services, LLC, a subsidiary of High Mesa. On December 31, 2015, we repurchased a small portion of land originally sold to NWGP at cost of \$0.7 million."

"NWGP Services Agreement

We are party to a services agreement dated January 1, 2016 with NWGP. Pursuant to the agreement, we agree to provide administrative and management services to NWGP relating to the midstream assets we sold to NWGP on December 31, 2014. During the year ended December 31, 2016 NWGP was billed for management services provided in the amount of approximately \$0.1 million. High Mesa owns a controlling interest in NWGP."

Both of these passages reference High Mesa, described as follows:

"Partnership Structure

We are structured as a private partnership. Since our inception in 1987, we have funded exploration, development and operating activities primarily through cash from operations, contributions by our limited partners, borrowings under our senior secured credit facilities and proceeds from the issuance of senior unsecured notes.

Our partnership agreement currently provides for two classes of limited partners. Our Class A limited partners include our founder, Michael E. Ellis, and other parties. Our sole Class B limited partner is High Mesa, Inc. (“High Mesa”) which has been funded through investments from HPS Investment Partners, LLC (formerly known as Highbridge Principal Strategies LLC) (“HPS”) and Bayou City Energy Management LLC (“Bayou City”) in exchange for 100% of the preferred stock in High Mesa.”

Alta Mesa outsources its product marketing efforts to ARM Energy Management, LLC (“AEM”). The relationship with ARM is described in Alta Mesa’s footnotes, but not in its “Item 13. Certain Relationships and Related Transactions, and Director Independence”, and the following from the December 31, 2016 10K describes the relationship between Alta Mesa and ARM Energy Management:

“We sell the oil and natural gas from several properties we operate primarily through a marketing agreement with ARM Energy Management, LLC (“AEM”). We are a part owner of AEM at less than 10%. AEM markets our oil and natural gas and subsequently sells it under short-term contracts generally with month-to-month pricing based on published regional indices, with differentials for transportation, location, and quality taken into account. AEM remits monthly collections of these sales to us, and receives a 1% marketing fee. Our marketing agreement with AEM commenced in June 2013. The agreement will terminate in 2018, with additional provisions for extensions beyond five years, and for early termination. During the second half of 2013 and throughout 2014 to 2016, AEM marketed majority of our production from operated fields. Production from non-operated fields, the most significant of which were our Eagleville field in South Texas, and our Hilltop natural gas field in East Texas prior to their sale, was marketed on our behalf by the operators of those properties. Production from our interests in Eagleville was sold by the operator, Murphy Oil Corporation. We sold our remaining interests in Eagleville in the third quarter of 2015. See “Note 4 — Significant Acquisitions and Divestitures” in the accompanying notes to the consolidated financial statements included elsewhere in this report for additional information.”

“For the year ended December 31, 2016, revenues marketed by AEM were \$160.7 million, or 80% of total revenue excluding hedging activities.”

“We believe that the loss of any of our significant customers, or of our marketing agent AEM, would not have a material adverse effect on us because alternative purchasers are readily available.”

Alta Mesa’s description of its relationship with AEM addresses its marketing of Alta Mesa’s revenues in Oklahoma since Alta Mesa’s significant revenue activities occur in that market. AEM also provides marketing services related to Alta Mesa’s production in Idaho, and AEM markets all products produced in the Little Willow field. Alta Mesa describes its relationship with Alta Mesa, but does not appear to consider it as a related party, as Alta Mesa’s ownership of AEM is less than 10%.

See Exhibit 1 for a graphical representation of Alta Mesa’s partnership entities and the entities party to the marketing agreement with AEM.

In order to mitigate risks related to receiving less than its fair share of royalty proceeds due to operators taking advantage of affiliated transactions to pay less than market rates, the Land Board can address the use of affiliated transactions in subsequent leases. These matters have been addressed in other oil and gas jurisdictions around the country. The Land Board could include provisions to define affiliated transactions and provide a framework to ensure payments are as favorable as would be received in an arm’s length transaction. Specifics may address both affiliated midstream costs and marketing arrangements. IDL’s oil and gas attorney will be integral in drafting language that is acceptable to IDL and can be enforced prospectively, including providing additional audit rights and information requirements to the State and or IDL. See Exhibit 2 for samples of lease language related to these matters.

Royalty Payments Made by Alta Mesa

During the Period, Alta Mesa made the following payments to IDL based on the attached listing of payments by check and wire transfer provided by Alta Mesa to Opportune:

Accounts Payable Summary Check Register (CD3310)

Payee: IDAHO DEPARTMENT OF LANDS

ALTA MESA SERVICES, LP

Acct	Check No	Check date	Type	Check amount	Wire Xfer	Status
OPER	2065724	10/22/2015	AP	1,077.60		CLEARED 10/31/15
CDOP	844	11/24/2015	AP	1,863.39		CLEARED 11/30/15
CDOP	1834	12/29/2015	AP	2,143.64		CLEARED 01/31/16
CDOP	9789	7/14/2016	AP	6,726.10		CLEARED 07/31/16
UBFA	7072	8/25/2016	AP	1,571.84	WT	CLEARED 10/31/16
UBFA	7992	9/28/2016	AP	1,439.46	WT	CLEARED 10/31/16
UBFA	8514	10/28/2016	AP	1,372.35	WT	CLEARED 10/31/16
UBFA	9081	12/5/2016	AP	2,235.66	WT	CLEARED 12/31/16
UBFA	9590	1/3/2017	AP	1,305.62	WT	CLEARED 01/31/17
WFFA	619	2/2/2017	AP	1,778.08	WT	CLEARED 02/28/17
WFFA	1604	3/6/2017	AP	2,957.42	WT	CLEARED 03/31/17

Total Payments 24,471.16

Note: The above schedule was provided by Alta Mesa and is a schedule of all payments during the Period.

Alta Mesa reported the following royalty payables by lease and commodity type as follows based on their royalty reporting requirements to IDL:

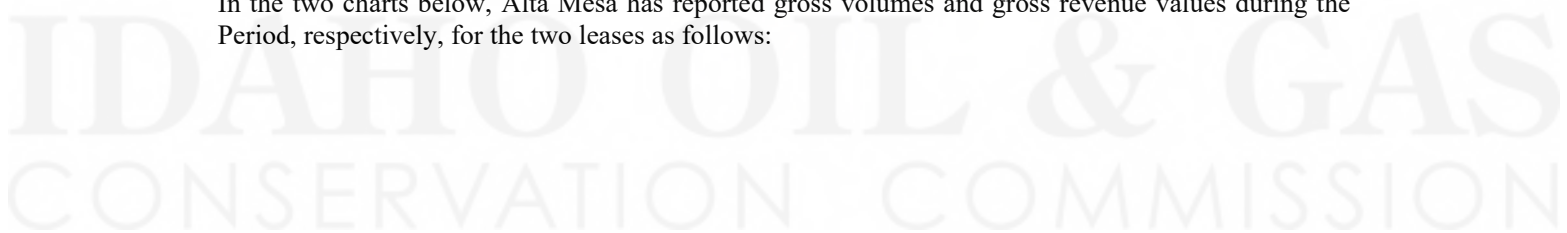
Production Month	Gas 0-01983	Gas 0-01996	Condensate 0-01996	NGLs 0-01996	Total Due	Associated Payment	Difference
Aug-15	\$ 413.53	\$ 512.16	\$ 116.52	\$ -	\$ 1,042.20	\$ 1,077.60	\$ 35.40
Sep-15	314.56	853.45	632.82	73.97	1,874.81	1863.39	(11.42)
Oct-15	317.21	1,017.08	696.67	108.58	2,139.55	2143.64	4.09
Nov-15	275.38	531.25	335.82	92.60	1,235.05		
Dec-15	49.84	388.43	430.87	4.51	873.65		
Jan-16	255.89	989.72	409.63	-	1,655.24		
Feb-16	88.82	131.38	244.76	-	464.96		
Mar-16	65.06	63.76	493.75	-	622.56		
Apr-16	-	159.56	500.17	93.11	752.85		
May-16	57.06	290.29	646.38	231.36	1,225.10	6726.1	(103.31)
Jun-16	216.49	567.29	545.64	226.12	1,555.54	1571.84	16.30
Jul-16	267.82	654.01	364.06	153.50	1,439.38	1439.46	0.08
Aug-16	178.73	691.76	377.59	124.28	1,372.35	1372.35	(0.00)
Sep-16	217.23	1,184.21	664.83	169.40	2,235.68	2235.66	(0.02)
Oct-16	25.28	647.10	478.06	155.18	1,305.62	1305.62	(0.00)
Nov-16	-	855.39	597.69	325.00	1,778.08	1778.08	(0.00)
Dec-16	-	1,955.38	594.78	406.98	2,957.14	2957.42	0.28
Totals	\$2,742.89	\$11,492.23	\$ 8,130.05	\$ 2,164.60	\$24,529.77	\$24,471.16	\$ (58.61)

Note: the above schedule is a reconciliation of royalties payable and payments made.

Payments are understated by \$58.61 for the Period. This amount can be requested from Alta Mesa for the period.

Volumes Reported by Alta Mesa

In the two charts below, Alta Mesa has reported gross volumes and gross revenue values during the Period, respectively, for the two leases as follows:



Idaho Department of Land
Alta Mesa Royalty Audit
August 10, 2018
Page 7 of 15

Month	Residue Gas (MMCF)			Condensate (Barrels)		NGLs (Gallons)	
	State 1-17	ML	ML	ML	ML	ML	ML
		Investments	Investments	Investments	Investments	Investments	Investments
		1-10	2-10	1-10	2-10	1-10	2-10
Aug-15	1,296	58,711	3,228	868	37	-	-
Sep-15	1,014	51,740	59,723	1,715	1,984	62,525	71,626
Oct-15	1,106	49,836	61,074	1,305	2,703	63,262	87,395
Nov-15	1,057	17,921	48,860	389	1,712	36,069	112,532
Dec-15	228	54,589	71,040	1,177	2,042	67,304	93,018
Jan-16	1,011	33,776	94,656	857	3,117	-	-
Feb-16	440	-	86,467	-	2,436	-	-
Mar-16	365	-	83,016	-	2,873	-	-
Apr-16	-	-	90,214	-	2,611	-	150,067
May-16	296	-	91,203	-	2,814	-	105,284
Jun-16	757	-	70,765	-	2,201	-	137,566
Jul-16	889	-	64,907	-	1,761	-	132,756
Aug-16	573	-	64,381	-	1,797	-	123,976
Sep-16	682	-	99,141	-	3,146	-	113,052
Oct-16	83	-	66,355	-	1,943	-	58,401
Nov-16	-	-	105,234	-	3,351	-	141,695
Dec-16	-	-	101,955	-	2,933	-	121,148
Total Reported	9,797	266,573	1,262,219	6,311	39,461	229,160	1,448,517

Note: The above schedule is all reported volumes by type (residue gas, condensate and NGLs) during the Period.

Month	Residue Gas Gross Value			Condensate Gross Value		NGLs Gross Value	
	State 1-17	ML	ML	ML	ML	ML	ML
		Investments	Investments	Investments	Investments	Investments	Investments
		1-10	2-10	1-10	2-10	1-10	2-10
Aug-15	\$ 3,528.78	\$ 62,145.87	\$ 3,410.15	\$ 14,283.28	\$ 631.09	\$ -	\$ -
Sep-15	2,684.27	50,708.72	58,532.95	37,549.94	43,450.96	4,775.36	4,693.25
Oct-15	2,706.90	58,497.13	71,688.51	29,043.16	60,131.14	5,486.22	8,412.51
Nov-15	2,349.92	18,248.12	49,751.75	7,958.39	35,027.16	2,587.90	9,264.69
Dec-15	425.29	21,604.28	28,115.09	20,164.53	34,986.60	375.02	202.38
Jan-16	2,183.60	33,316.38	93,368.33	11,306.75	41,125.34	-	-
Feb-16	757.91	-	16,817.18	-	31,329.02	-	-
Mar-16	555.15	-	8,161.08	-	63,199.60	-	-
Apr-16	-	-	20,424.08	-	64,022.12	-	11,918.14
May-16	486.95	-	37,156.73	-	82,737.24	-	29,613.99
Jun-16	1,847.37	-	72,612.92	-	69,841.76	-	28,943.98
Jul-16	2,285.36	-	83,713.55	-	46,599.15	-	19,647.83
Aug-16	1,525.14	-	88,545.15	-	48,331.35	-	15,907.61
Sep-16	1,853.68	-	151,579.42	-	85,098.69	-	21,683.34
Oct-16	215.71	-	82,829.37	-	61,191.71	-	19,862.87
Nov-16	-	-	109,490.02	-	76,504.67	-	41,599.85
Dec-16	-	-	250,288.44	-	76,132.33	-	52,093.53
Total Reported	\$ 23,406.03	\$ 244,520.50	\$ 1,226,484.72	\$ 120,306.05	\$ 920,339.93	\$ 13,224.50	\$ 263,843.97

Note: The above schedule is all reported gross values by type (residue gas, condensate, NGLs) during the Period.

Lease 0-01996's allocated production is produced within the Little Willow production facility and is processed through the Highway 30 facility operated by NWGP. The Highway 30 facility processed production from the following wells during the Period:

ML 2-10
ML 1-10
ML 2-3
Kaufman 1-34
Kaufman 1-9 LT
Kaufman 1-9 UT
ML 1-11 LT
ML 1-11 UT
ML 1-3

See Exhibit 3 for a graph of the Little Willow plant schematic. Included are all meters used to account for all volumes in the system.

Opportune reviewed plant statements for the Period. We noted a reconciliation between gas and product entering the plant at the inlet, representing volumes at the wellhead, volumes delivered after deductions for plant fuel and accounting for changes in inventory and sales volumes after processing. Wet gas and condensate enter the plant, and both are processed with resultant deliveries of residue gas, condensate, and NGLs. We noted volumes for plant fuel which should qualify for royalty were as follows:

Production Month	Plant Fuel MMBTU	Gross	Net
9/30/2015	1,089.50	\$ 1,042.54	\$ 8.14
10/31/2015	748.80	687.18	5.37
11/30/2015	889.66	714.05	5.58
12/31/2015	1,459.20	562.89	4.40
1/31/2016	2,017.23	1,666.05	13.02
2/29/2016	1,422.08	259.52	2.03
3/31/2016	1,331.06	113.59	0.89
4/30/2016	1,442.13	293.67	2.29
5/31/2016	795.56	276.49	2.16
6/30/2016	858.17	768.14	6.00
7/31/2016	880.92	998.14	7.80
8/31/2016	901.36	1,076.94	8.41
9/30/2016	752.61	993.33	7.76
10/31/2016	478.16	559.05	4.37
11/30/2016	993.46	884.94	6.91
12/31/2016	1,327.04	2,785.30	21.76
	17,386.94	\$13,681.81	\$ 106.89

Note: The above schedule is monthly plant fuel MMBTU volumes, gross values and net values during the Period. Amounts were obtained from the monthly plant statements.

Resultant plant fuel recoveries were calculated utilizing the residue gas rate for the associated production month.

Sales of condensate and NGLs are based on actual volumes sold. Production volumes were sent or piped into the Highway 30 facility, processed and then stored in tanks until sold. Sales volumes could also include inventory balances from prior months.

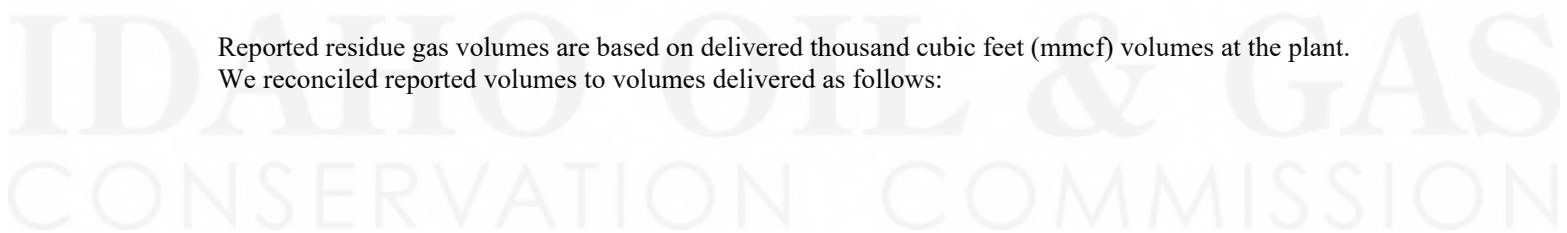
NWPG processes and AEM markets NGLs by product (ethane (C2), propane (C3), iso butane (IC4), normal (NC4), natural gasoline (C5+)). Based on metering of gas and condensate at the well, NWPG allocates individual products to each well. See sample below of June 2016 allocation of NGL gallons by product:

June 2016 NGLs by Product & Well NGL Total by Product Percentage
 (Amounts in Gallons)

Product	Well Name						
	Kauffman 1-34	Kauffman 1-9 LT	ML 1-11 LT	ML 1-11 UT	ML 1-3	ML 2-10	ML 2-3
Ethane	11,311	4,193	7,266	10,509	20,354	12,107	7,558
Propane	53,996	15,517	22,422	29,943	64,914	38,467	24,232
Isobutane	32,540	7,610	10,583	13,475	31,282	18,699	11,799
Normal Butane	51,989	12,981	18,532	23,422	55,466	33,216	20,781
Natural Gasoline	55,820	11,476	18,271	22,100	57,210	35,163	21,390
Total Gallons	205,655	51,778	77,074	99,449	229,225	137,652	85,760
Ethane	5.5%	8.1%	9.4%	10.6%	8.9%	8.8%	8.8%
Propane	26.3%	30.0%	29.1%	30.1%	28.3%	27.9%	28.3%
Isobutane	15.8%	14.7%	13.7%	13.5%	13.6%	13.6%	13.8%
Normal Butane	25.3%	25.1%	24.0%	23.6%	24.2%	24.1%	24.2%
Natural Gasoline	27.1%	22.2%	23.7%	22.2%	25.0%	25.5%	24.9%
Total Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Note: Above schedule is a sample month (June 2016) NGL gallons by product and percentage of gallons by product.

Reported residue gas volumes are based on delivered thousand cubic feet (mmcf) volumes at the plant. We reconciled reported volumes to volumes delivered as follows:



Month	Reported	Delivered	Difference	Reported	Delivered	Difference
	1-10	1-10		2-10	2-10	
	Residue Gas	Residue Gas	Residue Diff	Residue Gas	Residue Gas	Residue Diff
Sep-15	51,740	51,739	1	59,723	59,725	(2)
Oct-15	49,836	49,672	164	61,074	60,769	305
Nov-15	17,921	17,866	55	48,860	48,703	157
Dec-15	54,589	54,589	0	71,040	71,040	0
Jan-16	33,776	33,776	0	94,656	94,656	0
Feb-16				86,467	86,467	0
Mar-16				83,016	83,021	(5)
Apr-16				90,214	90,217	(3)
May-16				91,203	91,214	(11)
Jun-16				70,765	70,768	(4)
Jul-16				64,907	64,994	(87)
Aug-16				64,381	64,581	(200)
Sep-16				99,141	99,159	(19)
Oct-16				66,355	66,405	(50)
Nov-16				105,234	105,243	(9)
Dec-16				101,955	102,041	(86)
Total Variance	207,862	207,641	221	1,258,991	1,259,004	(13)

Note: The schedule above is a reconciliation of reported residue gas volumes versus delivered volumes per the monthly gas plant statements during the Period.

Reported gas volumes are higher than statement volumes for the Period.

Reported condensate and NGL volumes are based on sold volumes. Volumes are delivered to the plant and placed in tanks until they are sold.

Month	Reported Volumes				Statement Values				Difference			
	Condensate (Barrels)		NGLs (Gallons)		Condensate (Barrels)		NGLs (Gallons)		Condensate (Barrels)		NGLs (Gallons)	
	ML Investments 1-10	ML Investments 2-10	ML Investments 1-10	ML Investments 2-10	ML Investments 1-10	ML Investments 2-10	ML Investments 1-10	ML Investments 2-10	ML Investments 1-10	ML Investments 2-10	ML Investments 1-10	ML Investments 2-10
Sep-15	1,715	1,984	62,525	71,626	1,715	1,984	62,525	71,626	0	(0)	0	(0)
Oct-15	1,305	2,703	63,262	87,395	1,091	2,220	59,826	81,263	214	483	3,436	6,132
Nov-15	389	1,712	36,069	112,532	339	1,525	34,699	108,164	50	187	1,370	4,368
Dec-15	1,177	2,042	67,304	93,018	1,177	2,042	67,304	93,018	(0)	(0)	0	0
Jan-16	857	3,117			857	3,117			0	0	-	-
Feb-16		2,436				2,436			-	(0)	-	-
Mar-16		2,873				2,880			-	(7)	-	-
Apr-16		2,611		150,067		2,615		150,120	-	(4)	-	(53)
May-16		2,814		105,284		2,829		104,803	-	(15)	-	482
Jun-16		2,201		137,566		2,211		137,652	-	(10)	-	(85)
Jul-16		1,761		132,756		1,902		134,818	-	(141)	-	(2,062)
Aug-16		1,797		123,976		2,074		128,795	-	(277)	-	(4,819)
Sep-16		3,146		113,052		3,181		113,305	-	(35)	-	(253)
Oct-16		1,943		58,401		2,205		59,294	-	(262)	-	(893)
Nov-16		3,351		141,695		3,376		141,859	-	(25)	-	(163)
Dec-16		2,933		121,148		3,051		122,542	-	(117)	-	(1,394)
Total Reported	5,443	39,424	229,160	1,448,517	5,179	39,650	224,354	1,447,258	264	(225)	4,806	1,258

Note: The above schedule is a reconciliation of reported sales volumes of condensate and NGLs versus delivered condensate and NGL volumes during the Period.

Reported volumes are higher than statement volumes for both condensate and NGLs. Additionally, we noted that in January – March, 2016, no NGL volumes (and associated royalties) were reported to the State for NGLs as a result of total NGL sales value being negative. This is appropriate as no cash receipts are received by Alta Mesa related to NGLs.

Rather than deduct the NGL value from residue gas, Alta Mesa paid royalties only for condensate and residue gas. Royalties are calculated based on the accumulated NGL monthly balance rather than charged to individual plant product. A summary of NGLs for January – March are as follows:

Product	Jan-16			Feb-16			Mar-16		
Ethane	31,721	\$ (0.415)	\$(13,176.90)	17,242	\$ (0.424)	\$(7,317.50)	23,127	\$ (0.424)	\$(9,796.60)
Propane	120,795	\$ (0.255)	(30,742.33)	70,577	\$ (0.220)	(15,534.00)	141,170	\$ (0.150)	(21,175.50)
Isobutane	56,859	\$ (0.018)	(1,029.15)	32,642	\$ 0.050	1,635.36	65,649	\$ 0.026	1,693.74
Normal Butane	103,220	\$ (0.091)	(9,403.34)	60,821	\$ (0.075)	(4,579.82)	118,565	\$ (0.065)	(7,683.01)
Natural Gasoline	106,241	\$ 0.171	18,124.71	63,842	\$ 0.134	8,535.68	121,947	\$ 0.286	34,840.26
Totals	418,836	\$ (0.086)	\$(36,227.01)	245,124	\$ (0.070)	\$(17,260.28)	470,458	\$ (0.005)	\$(2,121.11)

Allocated NGLs

ML 2-10	147,579	\$ (0.090)	\$(13,282.11)	75,623	\$ (0.070)	\$(5,293.61)	101,311	\$ (0.003)	\$(253.28)
ML 1-10	49,818	\$ (0.087)	(4,319.22)						

Note: The above schedule represents three months of NGL volumes and values which yielded negative values. For IDL the negative values resulted in no royalties being paid for NGL volumes during the indicated months.

We noted that AEM has provided negative pricing for Ethane for all months during the Period. Prices range from (\$.2124)/gallon in December 2016 – (\$.4275)/gallon in December 2015.

Pricing

Key current leasing provisions related to pricing are as follows for the subject leases during the Period:

- Oil Royalty Calculation. When paid in cash, the royalty shall be calculated upon the reasonable market value of the oil at the well which shall not be less than the price actually paid or agreed to be paid to the lessee at the well by its purchaser; in no event shall the royalties be based upon a market value at the well less than the posted price in the field for such oil, or upon a market value at the well less than the prevailing price received by other producers in the field for oil of like grade and gravity at the time such oil is run into pipelines or storage tanks.
- Gas royalty calculation. On gas, including casinghead gas or other gaseous substances, the royalty shall be calculated upon the reasonable market value at the well or on the price received by lessee at the well, whichever is greater, of all gas produced and saved from the leased premises. Where gas is sold under a contract that has been approved by the State, the reasonable market value of such gas for determining the royalty payable shall be the price at which such gas is sold under the contract; provided, however, that no approval by the State of the terms of any such agreement shall operate to make the State a party thereto or obligates it.

The following are realized prices by product and by lease during the Period.

Production Month	Lease 0-01996			Lease 0-01983
	Condensate Per BBL	Gas Per MMBTU	NGL Per Gallon	Gas Per MMBTU
Sep-15	21.90	0.96	0.07	2.65
Oct-15	22.25	0.92	0.09	2.45
Nov-15	20.46	0.80	0.08	2.22
Dec-15	17.13	0.39	0.00	1.87
Jan-16	13.19	0.83	(0.09)	2.16
Feb-16	12.86	0.18	(0.07)	1.72
Mar-16	22.00	0.09	(0.00)	1.52
Apr-16	24.52	0.20	0.08	
May-16	29.40	0.35	0.25	1.64
Jun-16	31.73	0.90	0.21	2.44
Jul-16	26.46	1.13	0.15	2.57
Aug-16	26.90	1.19	0.13	2.66
Sep-16	27.05	1.32	0.20	2.72
Oct-16	31.50	1.17	0.34	2.60
Nov-16	21.87	0.89	0.29	-
Dec-16	26.88	2.10	0.42	-

Note: The above schedule is a listing of realized prices by product during the Period.

Opportune discussed pricing with Guiliza. Opportune noted prices were generally low across the board for lease 0-01996 for all products. See chart below comparing realized prices to various indices (for oil, Rocky Mountain crude is the closest index, and for gas, Kingsgate and the Alberta are the closest indices):

Oil Prices					Natural Gas Prices					
	Cushing, OK WTI Spot Price FOB (Dollars per Barrel)	Europe Brent Spot Price FOB (Dollars per Barrel)	Rocky Mountain Crude Oil First Purchase Price Historical Data	Reported Crude Price	Natural Gas Cost, as Delivered (\$/Mcf)	U.S. Natural Gas Pipeline Imports Price (Dollars per Thousand Cubic Feet)	Henry Hub Natural Gas (\$/mmbtu)	Kingsgate (ID) (Hub Sumas) (\$/mmbtu)	Alberta (Hub AECO) (\$/mmbtu)	Reported RES
Source	Thomson Reuters:	Thomson Reuters:	EIA	Alta Mesa	Langley	EIA	EIA	October 2015 final North American Market Gas-trade (NAMGas) Model	October 2015 final North American Market Gas-trade (NAMGas) Model	Alta Mesa
Sep-15	45.48	47.62	36.94	21.90	3.00	2.49	2.66	2.47	2.45	0.98
Oct-15	46.22	48.43	38.92	22.25	2.91	2.37	2.34	2.54	2.51	1.17
Nov-15	42.44	44.27	35.76	20.46	2.72	2.19	2.09	2.54	2.51	1.02
Dec-15	37.19	38.01	30.01	17.13	2.41	2.13	1.93	2.86	2.83	0.40
Jan-16	31.68	30.7	24.42	13.19	2.67	2.42	2.28	3.10	3.06	0.99
Feb-16	30.32	32.18	23.93	12.86	2.25	2.12	1.99	3.21	3.18	0.19
Mar-16	37.55	38.21	30.86	22.00	2.26	1.55	1.73	2.92	2.88	0.10
Apr-16	40.75	41.58	34.19	24.52		1.51	1.92	2.96	2.93	0.23
May-16	46.71	46.74	39.74	29.40	2.41	1.44	1.92	3.17	3.13	0.41
Jun-16	48.76	48.25	42.95	31.73	2.47	1.76	2.59	3.10	3.07	1.03
Jul-16	44.65	44.95	39.67	26.46	2.83	2.26	2.82	3.17	3.13	1.29
Aug-16	44.72	45.84	39.22	26.90	2.89	2.29	2.82	3.23	3.20	1.38
Sep-16	45.18	46.57	39.42	27.05	3.38	2.42	2.99	2.98	2.95	1.53
Oct-16	49.78	49.52	44.37	31.50	4.75	2.5	2.98	3.05	3.01	1.25
Nov-16	45.66	44.73	40.1	22.83		2.41	2.55	3.02	2.99	1.04
Dec-16	51.97	53.29	45.73	25.96	4.05	3.31	3.59	3.38	3.34	2.45

Note: The above schedule is a listing of oil (condensate) and residue gas prices by index price and then compared to the Alta Mesa realized price during the Period.

One critical question raised by IDL concerns whether Alta Mesa treating or identifying ARM as an “End Purchaser” as defined in Idaho Code 47-310(6) (End Purchaser - means a third party, arms-length purchaser of oil, gas or condensate that is ready for refining or other use, or a third party, arms-length purchaser of other fluid or gaseous hydrocarbons that have been separated in a processing facility). In this case, it appears that AEM is an End Purchaser given that title changes to AEM as volumes enter the gas processing plant. Further, AEM agrees to the realized prices and sells to the parties who take the final processed products.

AEM provides marketing services including finalizing transactions with sale counterparties and setting prices. Guiliza stated that Alta Mesa has the right to audit AEM to determine if prices are below market. Opportune suggests that IDL utilize its lease provisions and existing rules and statutes to encourage Alta Mesa to audit AEM in order for Alta Mesa to satisfy its obligations to provide proof of market value as defined in the *Rules Governing Oil and Gas Leasing on Idaho State Lands*. Opportune also suggests that future leases require these audits and require operators to provide third party sales information to IDL. IDL retains the option to market on their own behalf and take product in kind, but given the relative low volumes, it is unlikely IDL would recognize benefits outweighing the costs of marketing.

Opportune noted that volumes and values on the producer statements from AEM match the sales quantities on the plant statement. Our understanding is that plant statement sales volumes are provided

from AEM data rather than separate plant sales meters. Opportune also noted that no plant fees are shown on any of the plant statements during the period. These could include processing fees, gathering fees, dehydration fees, or transportation. In general, Opportune would expect these fees to be shown if they are being charged. Based on discussion with Guiliza and with NWGP, none of these fees are charged to Alta Mesa. Opportune requested the service contract between Alta Mesa and NWGP and were told that there is no service agreement. In light of the low commodity prices received, we believe an audit of AEM can determine if these fees are being absorbed by seller, and, therefore, recharged to IDL.

Opportune was able to review the contract between AEM and Alta Mesa. AEM was contracted to market on behalf of Alta Mesa. There were no clauses requiring minimum volumes or dollar amounts, and there were no price parameters such as indices or basis differentials, nor were there any fees charged save for a per unit marketing fee (\$.25/bbl for condensate, \$.025/MMBTU for gas) which was not charged to the State nor deducted from royalties paid to the State. AEM is required to provide a monthly statement to Alta Mesa. We reviewed the AEM monthly statements for gas, condensate, and NGLs and noted marketing fees being charged to Alta Mesa as directed in the contract. Additionally, Opportune noted that these marketing fees were not deducted from the gross revenues serving as the basis of royalties being paid to IDL. See Exhibit 4 for sample of statements for a single production month (September statement related to August production).

AEM sells residue gas based on nominated (scheduled) MMBTUs rather than actual delivered volumes, which results in a monthly imbalance of sold volumes versus produced volumes. Opportune inquired about the status of the imbalance as the monthly payable/receivable is not accounted for on either the plant statement or the purchaser statement provided by AEM on a monthly basis. Opportune inquired with Guiliza, and we were told that imbalances are not tracked on a formal basis. Jessica said that some months the variance is higher, and some months the variance is lower. We noted the following residue gas imbalance values for the Period:

Month	ML 1-10			ML 2-10			Residue	
	Gas Volume Delivered	Gas Volume Sold	Difference	Gas Volume Delivered	Gas Volume Sold	Difference	Sales Price	Variance
Sep-15	58,815.02	52,992.00	(5,823.02)	67,893.00	61,171.22	(6,721.78)	0.96	(12,004.12)
Oct-15	56,494.73	63,532.62	7,037.89	69,116.75	77,727.04	8,610.29	0.92	14,360.41
Nov-15	20,275.74	22,665.83	2,390.09	55,273.42	61,788.99	6,515.57	0.80	7,147.75
Dec-15	61,779.47	56,005.55	(5,773.92)	80,397.75	72,883.76	(7,513.99)	0.39	(5,125.84)
Jan-16	38,418.36	40,338.95	1,920.59	107,666.49	113,048.87	5,382.38	0.83	6,031.60
Feb-16				98,490.84	92,153.96	(6,336.88)	0.1825	(1,156.42)
Mar-16				94,628.48	95,641.88	1,013.40	0.09	86.48
Apr-16				102,959.30	100,299.40	(2,659.90)	0.20	(541.65)
May-16				103,907.58	106,926.60	3,019.02	0.35	1,049.22
Jun-16				80,681.63	81,127.75	446.12	0.90	399.32
Jul-16				73,920.22	73,981.17	60.95	1.13	69.06
Aug-16				73,401.67	74,339.63	937.96	1.19	1,120.67
Sep-16				113,548.52	114,867.37	1,318.85	1.32	1,740.68
Oct-16				76,109.20	70,898.79	(5,210.41)	1.17	(6,091.82)
Nov-16				120,996.76	122,927.44	1,930.68	0.89	1,719.78
Dec-16				117,625.24	119,348.51	1,723.27	2.10	3,616.95
Gross Value	235,783.32	235,534.95	(248.37)	1,436,616.85	1,439,132.38	2,515.53		12,422.08
Net Value								88.97

Note: The above schedule is a listing of imbalance volumes comparing nominated volumes to delivered volumes, and the resulting value difference is IDL receiving \$88.97 more than it would have received based on actual delivered volumes.

During the Period, IDL received \$88.97 more than it would have received based on actual deliveries. Using nominated volumes is an acceptable practice in the oil and gas industry, but operators keep track of the imbalances to ensure that all parties are receiving full value based on produced volumes.

Change of Lease Form

Since the initiation of the audit of the payments related to the Period, IDL has revised its oil and gas lease template regarding arm's length transactions. IDL has requested Opportune to review and provide comments about whether the new form addresses issues that have been identified in the Report.

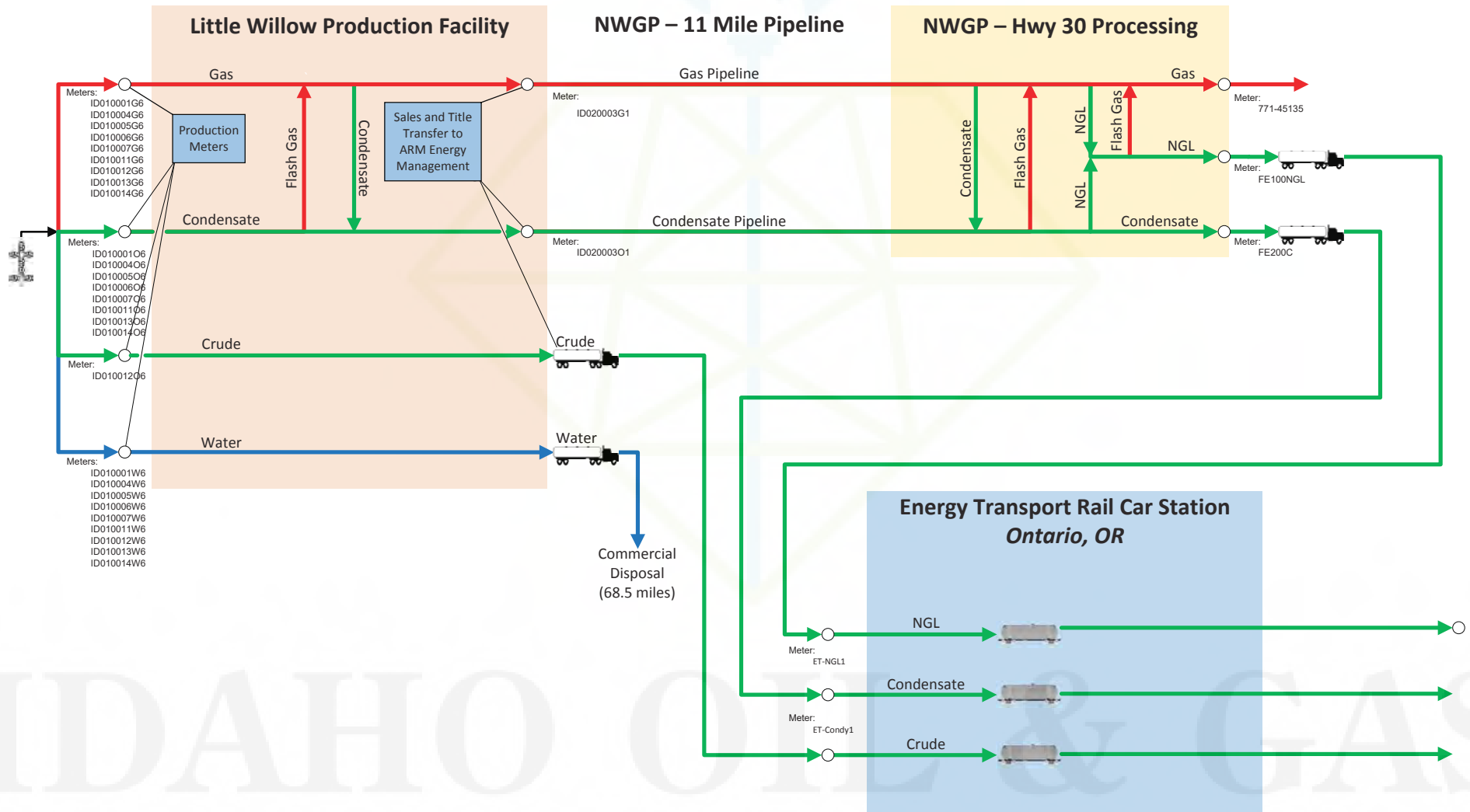
IDL defines an "Arm's-Length Transaction" as "a contract or agreement between Lessee and independent persons who are not affiliates and who have opposing economic interest regarding the contract. To be considered Arm's Length for any Production month, a contract must satisfy this definition for that month, as well as the date on which the contract was entered into." Further, IDL appears to require transactions to be arm's length. However, what is not addressed is what happens if the transaction does not meet the requirements. AEM is a third party that is in the business of marketing oil and gas production on behalf of operators across the United States. There is a contract between AEM and the Alta Mesa regarding the marketing of Idaho production. Alta Mesa owns a less than 10% interest in AEM. AEM also markets Oklahoma production for Alta Mesa. What is not clear is whether economic interests are opposing in this case. What will happen if this transaction is not arm's-length? The consequences are not clear.

Summary of Findings

Opportune reviewed data provided by IDL and Alta Mesa during the Period. The Report addresses royalties and volumes reported to IDL. The Report also addresses pricing and the entities that are providing midstream processing services of the Operator's production, NWGP, and the third-party marketing company that the Operator has hired to market on its behalf, AEM. The key issue is a lack of transparency of pricing of condensate, residue gas and NGLs. Realized prices are low to area benchmarks, and there is a lack of readily available market data. Opportune discussed this issue with Alta Mesa. Alta Mesa acknowledged that they have royalty rights in their contract with AEM to help ensure that they are receiving market pricing, but these rights have not been exercised. Opportune noted that no costs are being charged to Alta Mesa by NWGP, and Alta Mesa's representative has stated that there is no contract between Alta Mesa and NWGP. Opportune believes that discussions between IDL and Alta Mesa should occur to set expectations that Alta Mesa will take steps to ensure that it is receiving market value pricing, so Alta Mesa can comply with IDL rules related to disposition and market data that operators should have available to IDL. IDL has provided a new lease form for future lease transactions. IDL has defined an "arms-length transaction", but IDL may not have addressed the consequences when transactions are not at arms-length.

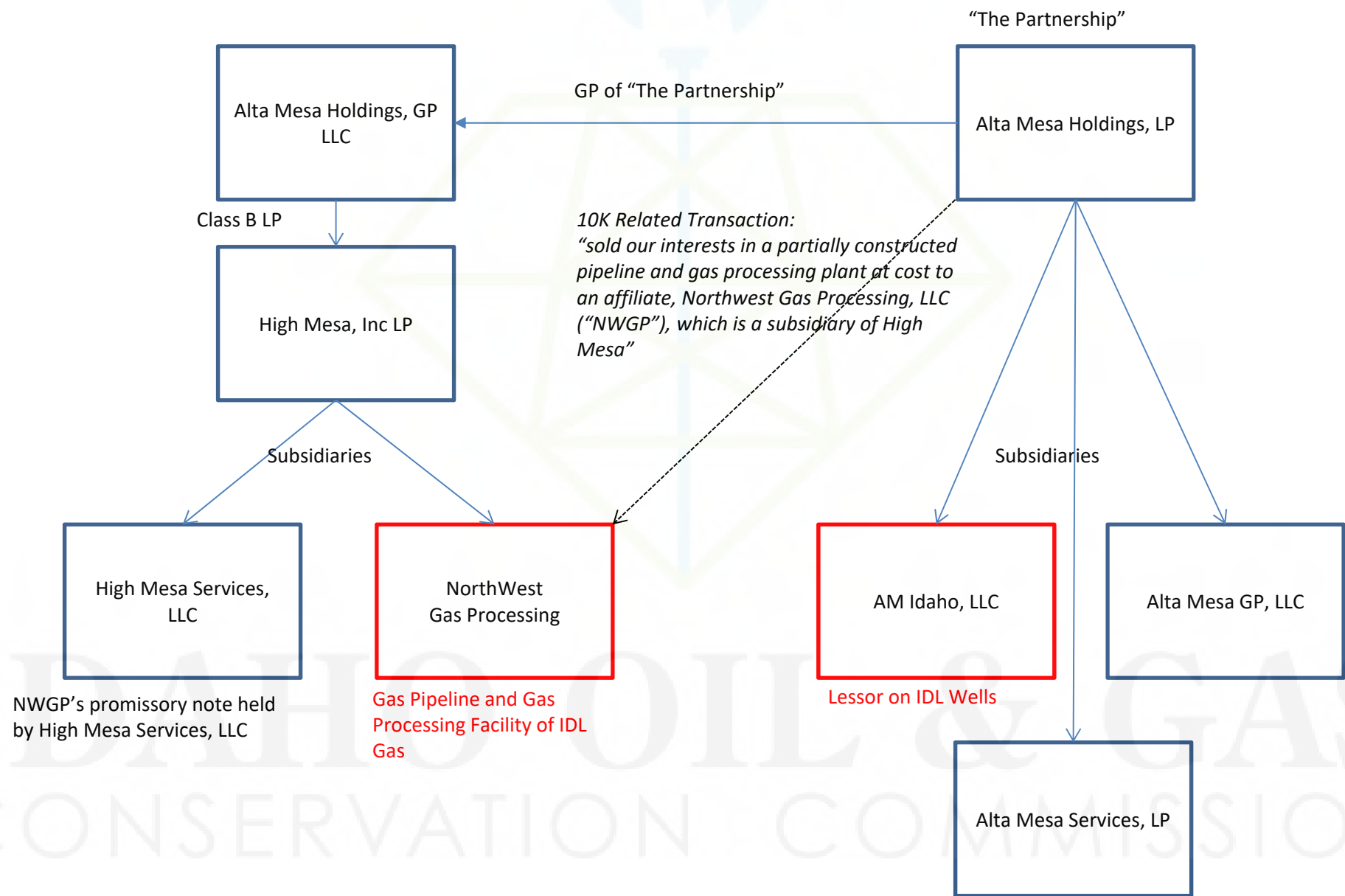
Volumes matched between AEM, NWGP, and volumes reported to IDL. The one exception noted was NGLs for the production months January through March 2016. Alta Mesa reported no sales volumes during these three months. The aggregate sales value of NGLs was a negative value, so no royalty was paid. As no royalty was paid, no volumes were reported. Opportune noted that Alta Mesa did not pay IDL for its share of plant fuel, but the net royalty calculated was approximately \$105 during the Period.

Willow Hamilton Field Production and Sales

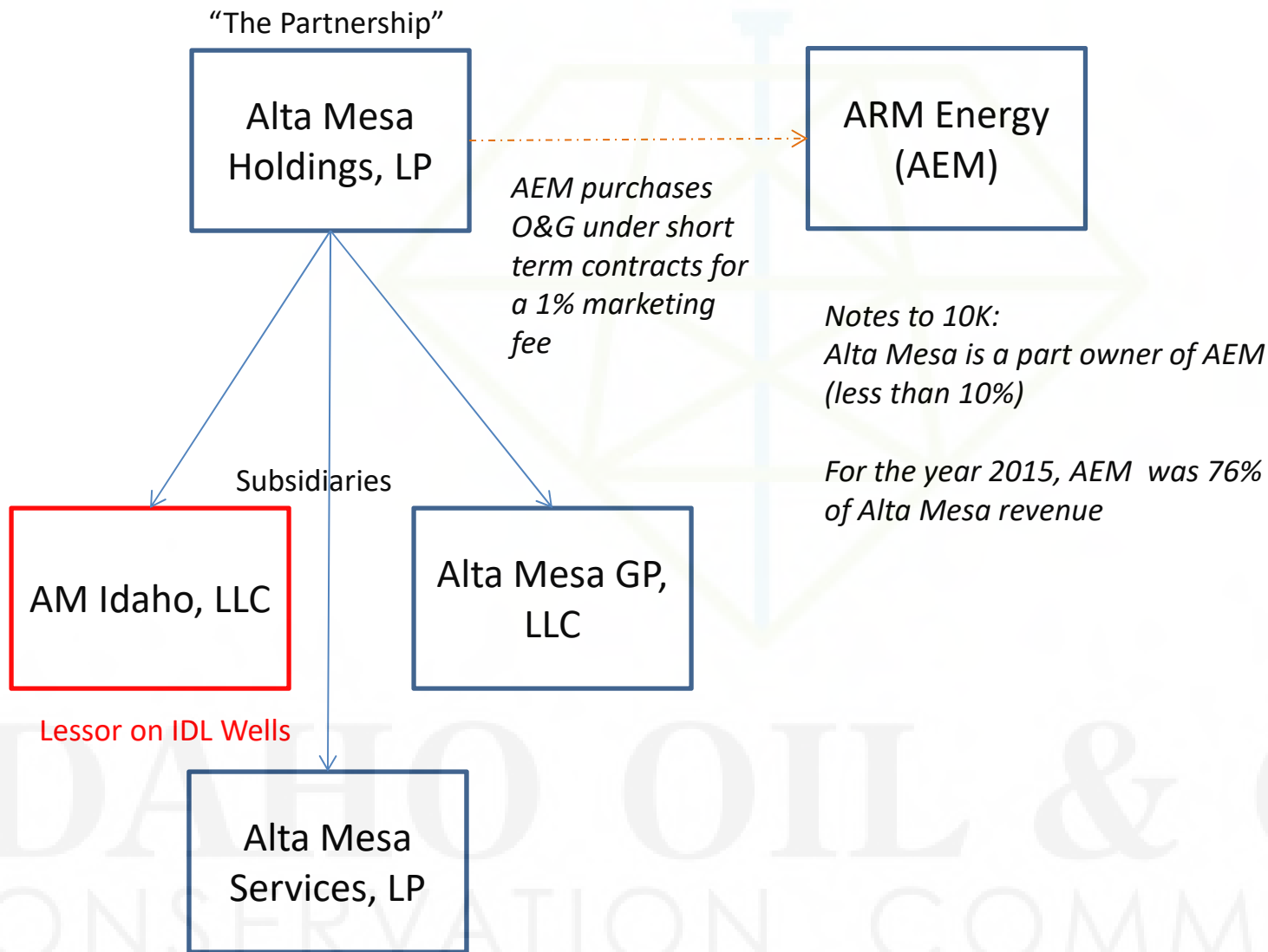


02/22/2017

1 ALTA MESA PARTNERSHIP



2 ALTA MESA MARKETING ARRANGEMENT



IDAHO OIL AND GAS CONSERVATION COMMISSION
September 12, 2018
Regular Agenda

SUBJECT

Election of Chairman and Vice Chairman

BACKGROUND

As per Idaho Code § 47-314(3), the Oil and Gas Conservation Commission (Commission) shall elect a Chairman and Vice Chairman from the Commission annually (Attachment 1).

DISCUSSION

On August 17, 2017, Kevin Dickey was elected as the Commission's Chairman and Marc Shigeta was elected as the Commission's Vice Chairman.

RECOMMENDATION

Direct the Commission to elect a Chairman and Vice Chairman.

COMMISSION ACTION

ATTACHMENT

1. Idaho Code § 47-314

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

47-314. OIL AND GAS CONSERVATION COMMISSION CREATED – POWERS – LIMIT ON LOCAL RESTRICTIONS – ATTORNEY GENERAL. (1) There is hereby created an oil and gas conservation commission of the state of Idaho within the department of lands. The commission shall consist of the director of the department of lands, a county commissioner as described in this section, and three (3) members appointed by the governor with the advice and consent of the senate.

(a) The county commissioner shall be from a county where oil and gas are being produced or have been produced within the last ten (10) years and shall be elected by a majority of the county commissioners from such producing counties. The county commissioner shall serve a four (4) year term. A vacancy shall be filled by election for the unexpired term in the same manner provided for election to a full term.

(b) The members appointed by the governor shall serve at the pleasure of the governor and shall have a college degree in geosciences or engineering and at least ten (10) years of experience in the oil and gas industry. The governor shall appoint the three (3) technical expert members: one (1) member for a term of four (4) years, one (1) member for a term of three (3) years, and one (1) member for a term of two (2) years. Thereafter, the term of office of each appointed member of the commission shall be four (4) years. A vacancy shall be filled by appointment for the unexpired term in the same manner provided for an appointment to the full term.

(2) On July 1, 2017, the terms of the existing members of the commission appointed under this section shall terminate, with the sole exception that such commission shall decide any administrative actions filed prior to July 1, 2017. Actions filed on and after July 1, 2017, shall be decided by the new commission established under this section.

(3) The commission shall annually elect a chairman and a vice chairman from their membership. Such officers shall hold their respective offices until their successors are elected. If a vacancy occurs in either office, the commission shall elect a member to fill such office for the remainder of the term.

(4) The commission shall meet at least annually and thereafter on dates set by the commission. A majority of the members shall constitute a quorum.

ATTACHMENT 1

(5) The members of the commission appointed by the governor or selected by the county commissioners shall be compensated as provided in section 59-509(n), Idaho Code.

(6) The oil and gas administrator of the department of lands shall be the secretary for the commission.

(7) The department of lands shall have the power to exercise, under the general control and supervision of the commission, all of the rights, powers and duties vested by law in the commission, except those provided in sections 47-328 and 47-329(3), Idaho Code.

(8) The commission shall have and is hereby given jurisdiction and authority over all persons and property, public and private, necessary to enforce the provisions of this act, and shall have power and authority to make and enforce rules, regulations and orders, and do whatever may reasonably be necessary to carry out the provisions of this act. Any delegation of authority to any other state officer, board or commission to administer any and all other laws of this state relating to the conservation of oil and gas is hereby rescinded and withdrawn and such authority is hereby unqualifiedly conferred upon the commission, as herein provided. The commission shall follow procedures on applications as provided in section 47-328, Idaho Code, except as provided in sections 47-316(1)(a) and 47-329(3), Idaho Code.

(9) It is the intent of the legislature to occupy the field of the regulation of oil and gas exploration and production with the limited exception of the exercise of planning and zoning authority granted cities and counties pursuant to chapter 65, title 67, Idaho Code.

(10) To implement the purpose of the oil and gas conservation act, and to advance the public interest in the orderly development of the state's oil and gas resources, while at the same time recognizing the responsibility of local governments to protect the public health, safety and welfare, it is herein provided that:

(a) The commission will notify the respective city or county with jurisdiction upon receipt of an application and will remit, electronically, a copy of all application materials.

(b) No ordinance, resolution, requirement or standard of a city, county or political subdivision, except a state agency with authority, shall actually or operationally prohibit the extraction of oil and gas; provided however, that extraction may be subject to reasonable local ordinance provisions, not repugnant to law, which protect public health, public safety, public order or which prevent harm to public infrastructure or degradation of the value, use and enjoyment of private property. Any ordinance regulating extraction enacted pursuant to chapter 65, title 67, Idaho Code, shall provide for administrative permitting under conditions established by ordinance, not to exceed

twenty-one (21) days, unless extended by agreement of the parties or upon good cause shown.

(c) No ordinance, resolution, requirement or standard of a city, county or political subdivision, except a state agency with authority, shall actually or operationally prohibit construction or operation of facilities and infrastructure needed for the post-extraction processing and transport of gas and oil. However, such facilities and infrastructure shall be subject to local ordinances, regulations and permitting requirements, not repugnant to law, as provided in chapter 65, title 67, Idaho Code.

(11) The commission may sue and be sued in its administration of this act in any state or federal district court in the state of Idaho having jurisdiction of the parties or of the subject matter.

(12) The attorney general shall act as the legal advisor of the commission and represent the commission in all court proceedings and in all proceedings before it, and in any proceeding to which the commission may be a party before any department of the federal government. The commission may retain additional counsel to assist the attorney general and, for such purpose, may employ any funds available under this act.

History:

[(47-314) 47-317, added 1963, ch. 148, sec. 3, p. 433; am. 1974, ch. 17, sec. 30, p. 308; am. 2012, ch. 111, sec. 2, p. 302; am. 2013, ch. 189, sec. 1, p. 467; am. 2014, ch. 56, sec. 1, p. 133; am. 2015, ch. 102, sec. 1, p. 244; am. 2016, ch. 48, sec. 1, p. 129; am. and redesig. 2017, ch. 271, sec. 6, p. 681.]

How current is this law?

Search the Idaho Statutes and Constitution

IDAHO OIL AND GAS CONSERVATION COMMISSION
September 12, 2018
Regular Agenda

SUBJECT

Idaho Code § 47-315 – Commission Request to Examine Records of Produced Volumes of Oil and Gas from February 2013 to Present.

BACKGROUND

Idaho Code § 47-315(5)(i) provides the Oil and Gas Conservation Commission (Commission) authority to examine the quantities of oil and gas that were produced during the preceding five (5) years. These quantities include all volumes of oil and gas removed from the well, including those volumes obtained during testing and completion. Idaho Code § 47-315(5)(i) provides:

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

...

(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;

At the June 13, 2018 Commission meeting, the Commission requested that the Idaho Department of Lands (Department) ask Alta Mesa to provide explanation as to why production volumes and sold volumes on certain wells varied by more than five percent. (Attachment 1).

To help provide clarity to this request, Chairman Dickey, Commissioner Classen, and members of the Department's Oil and Gas Division held a teleconference with Alta Mesa representatives on July 10, 2018 to discuss and agree on the best method to fulfill this request. The Commission and Alta Mesa agreed to the following:

- Analysis and explanation of the allocation methods for wells where the reported produced vs. sold volumes are greater than five percent. These wells include the Kauffman 1-9 LT, Kauffman 1-9 UT, Kauffman 1-34, ML Investments 1-3 and ML Investments 2-3. This investigation is to include data for two representative months (one before March 2017; one after). The data shall:
 - identify how allocation is made back to the wells;
 - equate the BTU or MCF value of the raw product at each wellhead to the same values for the finished products.
- Provide an explanation as to the difference between gross liquid production volumes for oil and condensate versus reported volumes sold on an individual well basis.

- Provide the monthly volumes moving from the Little Willow facility, through the Highway 30 facility, and then to the transporter.
- Investigate the differences in oil volumes produced and oil volumes sold. This includes the Kauffman 1-9 LT.
- Alta Mesa agreed to provide a comparison between the Waterfield allocation volumes and the reported volumes sold.

An email summary of that meeting is attached (Attachment 2).

DISCUSSION

After evaluating the scope of information requested, Alta Mesa recommended August 31, 2018 as the target date to provide the above information to the Commission. In an email dated August 29, 2018 (Attachment 3), Alta Mesa provided a spreadsheet containing monthly volumes moving from the Little Willow facility, through the Highway 30 facility, on to the transporter (Attachment 4). In that email, Alta Mesa indicated the remaining items would be provided the week of September 3, 2018. As of Friday, September 7, 2018, that information has not been received by the Department. As of this memo, Alta Mesa has not provided the information it agreed to provide before the agreed upon deadline. The Department has followed up with a September 10, 2018 letter (Attachment 5).

Idaho Code § 47-329 provides authority for the Commission to require the production of records, books, and documents for examination at any hearing or investigation conducted by the Commission in Idaho Code § 47-329 (Attachment 6).

RECOMMENDATION

Direct the Department to analyze the Commission's authorities and discuss and recommend the Commission's options going forward at the next regular meeting.

COMMISSION ACTION

ATTACHMENTS

1. Request for additional information - July 5, 2018
2. Email clarification between the Department and Alta Mesa - July 13, 2018
3. Email status update from Alta Mesa to the Department - August 29, 2018
4. Idaho transportation summary - August 2015 – May 2018
5. Department Follow-up letter - September 10, 2018
6. Authority of Commission - Idaho Code § 47-329

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



MICK THOMAS, DIVISION ADMINISTRATOR
SECRETARY TO THE COMMISSION

IDAHO OIL AND GAS
CONSERVATION COMMISSION
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: 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
MARCUS, CHRISTIAN, HARDEE & DAVIES, LLP
737 N. 7th Street
Boise, ID 83702

(208) 342-3563

mchristian@mch-lawyer.com

CONFIDENTIALITY NOTICE: This e-mail is intended only for the personal and confidential use of the individual(s) named as recipients and is covered by the Electronic Communications Privacy Act, 18 U.S.C. §§ 2510-2521. It may contain information that is privileged, confidential and/or protected from disclosure under applicable law including, but not limited to, the attorney client privilege and/or work product doctrine. If you are not the intended recipient of this transmission, please notify the sender immediately by telephone. Do not deliver, distribute or copy this transmission, disclose its contents or take any action in reliance on the information it contains.

From: Mick Thomas <mthomas@idl.idaho.gov>
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:

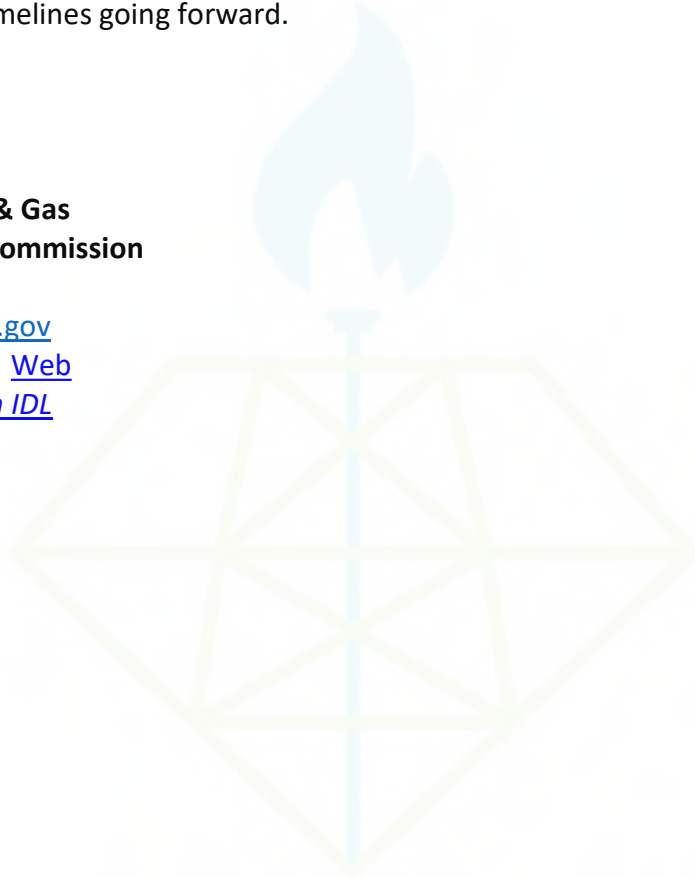
1. Alta Mesa agreed to investigate the allocation differences between wells where the reported produced vs. sold volumes are greater than 5%. These wells include the Kauffman 1-9 LT, Kauffman 1-9 UT, Kauffman 1-34, ML Investments 1-3 and ML Investments 2-3.
2. Alta Mesa agreed to investigate the differences 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
(208) 334-0298 Office
Website: <https://ogcc.idaho.gov>
[News](#) | [Facebook](#) | [Twitter](#) | [Web](#)
[Sign up to receive news from IDL](#)



IDAHO OIL & GAS
CONSERVATION COMMISSION

Mick Thomas

From: Michael Christian <mchristian@mch-lawyer.com>
Sent: Tuesday, August 28, 2018 8:35 AM
To: Mick Thomas
Subject: Information request
Attachments: Idaho Report.xlsx

Mick –

Per my August 2 email, attached is a spreadsheet showing monthly totals from NWGP. As I mentioned during our phone call yesterday, Jerry Haney is working on the analysis of representative months but expects it will take him into next week to complete.

Thanks,
Mike

Michael Christian
MARCUS, CHRISTIAN, HARDEE & DAVIES, LLP
737 N. 7th Street
Boise, ID 83702
(208) 342-3563
mchristian@mch-lawyer.com

CONFIDENTIALITY NOTICE: This e-mail is intended only for the personal and confidential use of the individual(s) named as recipients and is covered by the Electronic Communications Privacy Act, 18 U.S.C. §§ 2510-2521. It may contain information that is privileged, confidential and/or protected from disclosure under applicable law including, but not limited to, the attorney client privilege and/or work product doctrine. If you are not the intended recipient of this transmission, please notify the sender immediately by telephone. Do not deliver, distribute or copy this transmission, disclose its contents or take any action in reliance on the information it contains.

IDAHO OIL & GAS
CONSERVATION COMMISSION

IDAHO OIL AND GAS CONSERVATION COMMISSION
OIL AND GAS GAS PROCESSING PLANT REPORT FROM AUGUST 2015 - MAY 2018

Gas Processing Plant: Hwy 30 Processing Plant
Operator: Northwest Gas Processing LLC
Address: 4241 Hwy 30 S
New Plymouth, ID 83655

RECEIPTS INTO GAS PLANT MONTHLY

Monthly	ENTITY:	WELL NAME /FACILITY NAME	Wet Gas (Mcf)	Condensate (Bbl)
Aug-15	ALTA MESA	LITTLE WILLOW FACILITY	207,768.00	8,309.00
Aug-15	ALTA MESA	DJS 1-15 WELL	not on line	not on line
Sep-15	ALTA MESA	LITTLE WILLOW FACILITY	248,359.00	9,205.00
Sep-15	ALTA MESA	DJS 1-15 WELL	not on line	not on line
Oct-15	ALTA MESA	LITTLE WILLOW FACILITY	195,929.00	9,445.00
Oct-15	ALTA MESA	DJS 1-15 WELL	not on line	not on line
Nov-15	ALTA MESA	LITTLE WILLOW FACILITY	179,608.00	9,402.00
Nov-15	ALTA MESA	DJS 1-15 WELL	not on line	not on line
Dec-15	ALTA MESA	LITTLE WILLOW FACILITY	263,796.00	8,130.00
Dec-15	ALTA MESA	DJS 1-15 WELL	not on line	not on line
Jan-16	ALTA MESA	LITTLE WILLOW FACILITY	274,479.00	8,159.00
Jan-16	ALTA MESA	DJS 1-15 WELL	not on line	not on line
Feb-16	ALTA MESA	LITTLE WILLOW FACILITY	279,866.00	8,643.00
Feb-16	ALTA MESA	DJS 1-15 WELL	not on line	not on line
Mar-16	ALTA MESA	LITTLE WILLOW FACILITY	390,493.00	9,856.00
Mar-16	ALTA MESA	DJS 1-15 WELL	not on line	not on line
Apr-16	ALTA MESA	LITTLE WILLOW FACILITY	401,453.00	11,205.00
Apr-16	ALTA MESA	DJS 1-15 WELL	not on line	not on line
May-16	ALTA MESA	LITTLE WILLOW FACILITY	461,934.00	15,966.00
May-16	ALTA MESA	DJS 1-15 WELL	not on line	not on line
Jun-16	ALTA MESA	LITTLE WILLOW FACILITY	424,683.00	15,363.00
Jun-16	ALTA MESA	DJS 1-15 WELL	not on line	not on line
Jul-16	ALTA MESA	LITTLE WILLOW FACILITY	425,393.00	15,501.00
Jul-16	ALTA MESA	DJS 1-15 WELL	not on line	not on line
Aug-16	ALTA MESA	LITTLE WILLOW FACILITY	308,339.00	11,321.00
Aug-16	ALTA MESA	DJS 1-15 WELL	not on line	not on line
Sep-16	ALTA MESA	LITTLE WILLOW FACILITY	483,359.00	18,102.00
Sep-16	ALTA MESA	DJS 1-15 WELL	not on line	not on line
Oct-16	ALTA MESA	LITTLE WILLOW FACILITY	389,048.00	14,529.00
Oct-16	ALTA MESA	DJS 1-15 WELL	not on line	not on line
Nov-16	ALTA MESA	LITTLE WILLOW FACILITY	468,938.00	18,548.00
Nov-16	ALTA MESA	DJS 1-15 WELL	not on line	not on line
Dec-16	ALTA MESA	LITTLE WILLOW FACILITY	482,962.00	20,590.00
Dec-16	ALTA MESA	DJS 1-15 WELL	not on line	not on line
Jan-17	ALTA MESA	LITTLE WILLOW FACILITY	370,844.00	13,575.00
Jan-17	ALTA MESA	DJS 1-15 WELL	not on line	not on line
Feb-17	ALTA MESA	LITTLE WILLOW FACILITY	347,840.00	12,095.00
Feb-17	ALTA MESA	DJS 1-15 WELL	5,950.00	146.00
Mar-17	ALTA MESA	LITTLE WILLOW FACILITY	400,931.00	17,208.00
Mar-17	ALTA MESA	DJS 1-15 WELL	6,698.00	430.00

Apr-17	ALTA MESA	LITTLE WILLOW FACILITY	351,075.00	15,277.00
Apr-17	ALTA MESA	DJS 1-15 WELL	6,653.00	179.00
May-17	ALTA MESA	LITTLE WILLOW FACILITY	305,146.00	10,865.00
May-17	ALTA MESA	DJS 1-15 WELL	6,301.00	162.00
Jun-17	ALTA MESA	LITTLE WILLOW FACILITY	293,500.00	9,878.00
Jun-17	ALTA MESA	DJS 1-15 WELL	5,945.00	148.00
Jul-17	ALTA MESA	LITTLE WILLOW FACILITY	337,534.00	10,499.00
Jul-17	ALTA MESA	DJS 1-15 WELL	5,664.00	170.00
Aug-17	ALTA MESA	LITTLE WILLOW FACILITY	349,340.00	11,209.00
Aug-17	ALTA MESA	DJS 1-15 WELL	5,521.00	163.00
Sep-17	ALTA MESA	LITTLE WILLOW FACILITY	237,463.00	7,786.00
Sep-17	ALTA MESA	DJS 1-15 WELL	5,370.00	178.00
Oct-17	ALTA MESA	LITTLE WILLOW FACILITY	246,174.00	8,470.00
Oct-17	ALTA MESA	DJS 1-15 WELL	5,214.00	154.00
Nov-17	ALTA MESA	LITTLE WILLOW FACILITY	211,103.00	7,228.00
Nov-17	ALTA MESA	DJS 1-15 WELL	4,872.00	118.00
Dec-17	ALTA MESA	LITTLE WILLOW FACILITY	205,373.00	6,965.00
Dec-17	ALTA MESA	DJS 1-15 WELL	4,933.00	113.00
Jan-18	ALTA MESA	LITTLE WILLOW FACILITY	196,819.00	6,777.00
Jan-18	ALTA MESA	DJS 1-15 WELL	4,930.00	117.00
Feb-18	ALTA MESA	LITTLE WILLOW FACILITY	211,247.00	7,588.00
Feb-18	ALTA MESA	DJS 1-15 WELL	4,352.00	117.00
Mar-18	ALTA MESA	LITTLE WILLOW FACILITY	177,296.00	8,795.00
Mar-18	ALTA MESA	DJS 1-15 WELL	4,808.00	118.00
Apr-18	ALTA MESA	LITTLE WILLOW FACILITY	165,186.00	5,123.00
Apr-18	ALTA MESA	DJS 1-15 WELL	4,398.00	111.00
May-18	ALTA MESA	LITTLE WILLOW FACILITY	159,124.00	5,112.00
May-18	ALTA MESA	DJS 1-15 WELL	4,556.00	114.00

			TOTAL	
			CONDENSATE (Bbl)	
	TOTAL WET GAS (MCF) FROM		FROM 08/2015-	
cognos Reports	08/2015-05/2018	10,538,567.00	05/2018	379,262.00
	water field data dump#	10,538,567.10	water field data dump#	379,259.88
	Rounding difference	0.10		(2.12)

IDAHO OIL & GAS
CONSERVATION COMMISSION

IDAHO OIL AND GAS CONSERVATION COMMISSION
OIL AND GAS GAS PROCESSING PLANT REPORT FROM AUGUST 2015 - MAY 2018

Gas Processing Plant: Hwy 30 Processing Plant
Operator: Northwest Gas Processing LLC
Address: 4241 Hwy 30 S
New Plymouth , ID 83655

DELIVERIES OUT OF GAS PLANT

Monthly	ENTITY:	Residue Gas (Mcf)	ENTITY:	Condensate (Bbl)	ENTITY:	Natural Gas Liquids (gals)
Aug-15	WILLIAMS NORTHWEST PIPELINE	193,752.57	CAMPO & POOLE	4,378.00	CAMPO & POOLE	233,187
Sep-15	WILLIAMS NORTHWEST PIPELINE	237,254.85	CAMPO & POOLE	6,287.02	CAMPO & POOLE	223,349
Oct-15	WILLIAMS NORTHWEST PIPELINE	188,420.37	CAMPO & POOLE	6,870.40	CAMPO & POOLE	338,587
Nov-15	WILLIAMS NORTHWEST PIPELINE	173,014.56	CAMPO & POOLE	5,827.40	CAMPO & POOLE	417,175
Dec-15	WILLIAMS NORTHWEST PIPELINE	250,010.60	CAMPO & POOLE	6,856.28	CAMPO & POOLE	351,002
Jan-16	WILLIAMS NORTHWEST PIPELINE	256,213.45	CAMPO & POOLE	8,336.63	CAMPO & POOLE	387,319
Feb-16	WILLIAMS NORTHWEST PIPELINE	260,374.82	CAMPO & POOLE	7,976.38	CAMPO & POOLE	371,148
Mar-16	WILLIAMS NORTHWEST PIPELINE	367,179.79	CAMPO & POOLE	13,245.28	CAMPO & POOLE	393,994
Apr-16	WILLIAMS NORTHWEST PIPELINE	379,129.88	CAMPO & POOLE	12,854.73	CAMPO & POOLE	593,068
May-16	WILLIAMS NORTHWEST PIPELINE	440,173.83	CAMPO & POOLE	15,734.85	CAMPO & POOLE	639,593
Jun-16	WILLIAMS NORTHWEST PIPELINE	401,184.07	CAMPO & POOLE	13,592.40	CAMPO & POOLE	791,702
Jul-16	WILLIAMS NORTHWEST PIPELINE	403,118.92	CAMPO & POOLE	12,010.00	CAMPO & POOLE	801,050
Aug-16	WILLIAMS NORTHWEST PIPELINE	293,585.85	CAMPO & POOLE	9,203.10	CAMPO & POOLE	743,786
Sep-16	WILLIAMS NORTHWEST PIPELINE	466,155.69	CAMPO & POOLE	14,556.94	CAMPO & POOLE	529,946
Oct-16	WILLIAMS NORTHWEST PIPELINE	374,171.66	CAMPO & POOLE	11,154.60	CAMPO & POOLE	667,195
Nov-16	WILLIAMS NORTHWEST PIPELINE	448,189.34	CAMPO & POOLE	15,421.82	CAMPO & POOLE	551,691
Dec-16	WILLIAMS NORTHWEST PIPELINE	461,691.91	CAMPO & POOLE	16,106.06	CAMPO & POOLE	702,495
Jan-17	WILLIAMS NORTHWEST PIPELINE	354,540.11	CAMPO & POOLE	11,651.18	CAMPO & POOLE	735,645
Feb-17	WILLIAMS NORTHWEST PIPELINE	340,099.00	CAMPO & POOLE	10,598.17	CAMPO & POOLE	461,077
Mar-17	WILLIAMS NORTHWEST PIPELINE	390,157.00	CAMPO & POOLE	13,931.00	CAMPO & POOLE	399,613
Apr-17	WILLIAMS NORTHWEST PIPELINE	344,267.00	CAMPO & POOLE	11,375.66	CAMPO & POOLE	596,561
May-17	WILLIAMS NORTHWEST PIPELINE	302,082.00	CAMPO & POOLE	9,371.04	CAMPO & POOLE	542,004
Jun-17	WILLIAMS NORTHWEST PIPELINE	284,965.00	CAMPO & POOLE	8,672.30	CAMPO & POOLE	417,853
Jul-17	WILLIAMS NORTHWEST PIPELINE	328,190.00	CAMPO & POOLE	8,442.46	CAMPO & POOLE	392,771
Aug-17	WILLIAMS NORTHWEST PIPELINE	338,626.00	CAMPO & POOLE	9,915.12	CAMPO & POOLE	424,649
Sep-17	WILLIAMS NORTHWEST PIPELINE	232,447.00	CAMPO & POOLE	6,017.25	CAMPO & POOLE	506,270
Oct-17	WILLIAMS NORTHWEST PIPELINE	241,009.00	CAMPO & POOLE	7,431.83	CAMPO & POOLE	295,698
Nov-17	WILLIAMS NORTHWEST PIPELINE	206,694.00	CAMPO & POOLE	6,119.77	CAMPO & POOLE	329,373
Dec-17	WILLIAMS NORTHWEST PIPELINE	201,172.00	CAMPO & POOLE	5,479.63	CAMPO & POOLE	272,770
Jan-18	WILLIAMS NORTHWEST PIPELINE	193,717.00	CAMPO & POOLE	6,151.52	CAMPO & POOLE	231,623
Feb-18	WILLIAMS NORTHWEST PIPELINE	207,570.00	CAMPO & POOLE	6,151.62	CAMPO & POOLE	232,911
Mar-18	WILLIAMS NORTHWEST PIPELINE	173,987.00	CAMPO & POOLE	8,247.66	CAMPO & POOLE	180,274
Apr-18	WILLIAMS NORTHWEST PIPELINE	162,178.00	CAMPO & POOLE	3,625.79	CAMPO & POOLE	181,189
May-18	WILLIAMS NORTHWEST PIPELINE	156,118.00	CAMPO & POOLE	4,950.93	CAMPO & POOLE	213,160

	TOTAL Residue Gas (Mcf) FROM		TOTAL Condensate (Bbl) FROM 08/2015-		TOTAL Natural Gas Liquids (gals) FROM 08/2015-
	08/2015-05/2018	10,051,440.27	05/2018	318,544.82	05/2018
					15,149,730.03

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



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

September 10, 2018

Michael Christian
Marcus, Christian, Hardee & Davies, LLP
The Marcus Law Building
737 North 7th Street
Boise, Idaho 83702

SUBJECT: Operator Records Examined

Mike,

In regards to the Department's July 5, 2018 letter to Jerry Haney asking for information, thank you for your email on August 29 providing the monthly volumes moving from the Little Willow facility, through the NWGP facility and then to the transporter Campo & Poole.

In a July 13, 2018 e-mail you sent to me, Alta Mesa agreed to provide additional items to the Department by August 31. While we originally asked for the information to be provided by July 13th and later agreed to a target date of July 31st, we both agreed to extend to August 31st to allow Alta Mesa to gather and provide the information. As of September 6th, the department has not received the following information and items Alta Mesa agreed to provide after our meeting and in its July 13 e-mail to me:

- Analysis and explanation of the allocation methods for wells where the reported produced vs. sold volumes are greater than five percent. These wells include the Kauffman 1-9 LT, Kauffman 1-9 UT, Kauffman 1-34, ML Investments 1-3 and ML Investments 2-3. This investigation is to include data for two representative months (one before March 2017, one after). It is to identify how allocation is made back to the wells, equate the BTU or MCF value of the raw product at each wellhead to the same values for the finished products.
- Alta Mesa agreed to investigate the differences in oil volumes produced and oil volumes sold. This includes the Kauffman 1-9 LT.
- Alta Mesa agreed to provide a comparison between the Waterfield allocation volumes and the reported volumes sold.
- Explanation of why the gross liquid production volumes for oil and condensate are so different from reported volumes sold on an individual well basis, while the cumulative volumes are nearly identical.

When we spoke on August 27th, you shared that the above information would be late, and that Jerry Haney would have it available the week of September third. As of today I have not received the above information from Alta Mesa , so I cannot report any progress to the Commission on these items. The status of this data and next steps for the commission will be discussed as an action item during the commission meeting on September 12th, 2018.

Regards,



Mick Thomas
Division Administrator, Oil & Gas
Secretary to the Oil & Gas Commission



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

47-329. POWERS OF COMMISSION – WITNESSES – PENALTY. (1) The commission shall have the power to summon witnesses, to administer oaths, and to require the production of records, books, and documents for examination at any hearing or investigation conducted by the commission.

(2) In case of failure or refusal on the part of any person to comply with a subpoena issued by the commission, or in case of refusal of any witness to testify as to any matter regarding which he may be interrogated, any district court in the state, upon the application of the commission, may issue an attachment for such person and compel him to comply with such subpoena, and to attend before the commission and produce such records, books, and documents for examination, and to give his testimony. Such court shall have the power to punish for contempt as in the case of disobedience to a like subpoena issued by the court, or for refusal to testify therein.

(3) Any person who violates or fails to comply with any of the provisions of this chapter or any rules or orders made or promulgated hereunder may be assessed a civil penalty by the commission or its duly authorized agent of not more than ten thousand dollars (\$10,000) for each violation and shall be liable for reasonable attorney's fees. Each day the violation continues shall constitute a separate and additional violation, punishable by separate and additional civil penalties in like amount or other like civil penalties as determined by the commission; provided that the civil penalties do not begin to accrue until the date notice of violation and opportunity to be heard are given.

(a) Assessment of a civil penalty may be made in conjunction with any other commission administrative action.

(b) No civil penalty may be assessed unless the person charged was given notice and opportunity for a hearing pursuant to chapter 52, title 67, Idaho Code, which civil penalty begins to accrue no earlier than the date notice of violation and opportunity for a hearing are given.

(c) If the commission is unable to collect such penalty or if any person fails to pay all or a set portion of the civil penalty as determined by the commission, it may recover such amount by action in the appropriate district court.

(d) Any person against whom the commission has assessed a civil penalty under the provisions of this section may,

within twenty-eight (28) days of the final action by the agency making the assessment, appeal the assessment to the district court of the county in which the violation is alleged by the commission to have occurred pursuant to chapter 52, title 67, Idaho Code.

(e) All civil penalties collected pursuant to this section shall be remitted to the oil and gas conservation fund.

(4) Whenever it shall appear that any person is violating or threatening to violate any provision of this act or any rule, regulation, or order made hereunder, the commission may bring a civil action in the name of the state against such person in the district court in the county of the residence of the defendant, or in the county of the residence of any defendant, if there be more than one (1) defendant, or in the county where the violation is alleged to have occurred, to restrain such person from continuing such violation or from carrying out the threat of violation. In such suit, the court may grant injunctions, prohibitory and mandatory, including temporary restraining orders and temporary injunctions. In such suit, the commission may seek damages to recover costs caused by such violation including, but not limited to, costs of well control, spill response and cleanup, restoration of fresh waters, well plugging and abandonment, and reclamation of surface disturbance.

(5) Nothing in this act, and no suit by or against the commission, and no violation charged or asserted against any person under any provisions of this act, or any rule, regulation or order issued hereunder, shall impair or abridge or delay any cause of action for damages which any person may have or assert against any person violating any provision of this act, or any rule, regulation, or order issued thereunder. Any person so damaged by the violation may sue for and recover such damages as he otherwise may be entitled to receive. In the event the commission shall fail to bring suit to enjoin any actual or threatened violation of this act, or of any rule, regulation or order made hereunder, then any person or party in interest adversely affected and who has, ten (10) days or more prior thereto, notified the commission in writing of such violation or threat thereof and has requested the commission to sue, may, to prevent any or further violation, bring suit for that purpose in the district court of any county in which the commission could have brought suit.

(6) Any person who knowingly violates any provision of this chapter, or any of the rules promulgated hereunder for carrying out the provisions of this chapter, or who knowingly fails or refuses to comply with any requirements herein specified, or who knowingly interferes with the commission, its agents, designees or employees in the execution or on account of the execution of its or their duties under this chapter or rules promulgated hereunder, shall be guilty of a misdemeanor and upon conviction thereof, shall be fined not more than five thousand dollars (\$5,000) or be imprisoned in a

county jail for not more than twelve (12) months, or be subject to both such fine and imprisonment.

(7) Nothing in this chapter shall be construed as requiring the commission to report minor violations for prosecution when it believes that the public interest will be best served by suitable warnings or other administrative action.

History:

[(47-329) 47-325, added 1963, ch. 148, sec. 11, p. 433; am. 2012, ch. 73, sec. 3, p. 213; am. 2012, ch. 80, sec. 1, p. 230; am. and redesign. 2017, ch. 271, sec. 22, p. 701.]

How current is this law?

Search the Idaho Statutes and Constitution



IDAHO OIL & GAS
CONSERVATION COMMISSION