

IDAHO OIL AND GAS CONSERVATION COMMISSION OPEN MEETING CHECKLIST

FOR MEETING DATE: November 28, 2018

Regular Meetings

| | |
|--|--|
| 10/29/18 | Notice of Meeting posted in prominent place in IDL's Boise Headquarters office five (5) calendar days before meeting. |
| 10/29/18 | Notice of Meeting posted in prominent place in IDL's Coeur d'Alene Headquarters office five (5) calendar days before meeting. |
| 10/29/18 | Notice of Meeting posted in prominent place at meeting location five (5) calendar days before meeting. |
| 10/29/18 | Notice of Meeting emailed/faxed to list of media and interested citizens who have requested such notice five (5) calendar days before meeting. |
| 10/29/18 | Notice of Meeting posted electronically on the OGCC public website https://ogcc.idaho.gov/ five (5) calendar days before meeting. |
| 11/26/18 | Agenda posted in prominent place in IDL's Boise Headquarters office forty-eight (48) hours before meeting. |
| 11/26/18 | Agenda posted in prominent place in IDL's Coeur d'Alene Headquarters office forty-eight (48) hours before meeting. |
| 11/26/18 | Agenda posted in prominent place at meeting location forty-eight (48) hours before meeting. |
| 11/26/18 | Agenda emailed/faxed to list of media and interested citizens who have requested such notice forty-eight (48) hours before meeting. |
| 11/26/18 | 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 10/29/18 | 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 • 5th Revised Annual meeting schedule posted – Director's Office, Boise and Staff Office, CDA |

Special Meetings

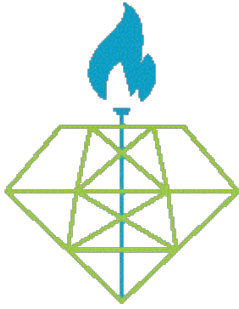
| | |
|--|--|
| | Notice of Meeting and Agenda posted in a prominent place in IDL's Boise Headquarters office twenty-four (24) hours before meeting. |
| | Notice of Meeting and Agenda posted in a prominent place in IDL's Coeur d'Alene Headquarters office twenty-four (24) hours before meeting. |
| | Notice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

11/26/18
DATE



IDAHO OIL AND GAS CONSERVATION COMMISSION

Kevin Dickey, Chairman
Marc Shigeta, Vice Chairman
Jim Classen, Commissioner
Dr. Renee Love, Commissioner
Dustin T. Miller, Commissioner

Mick Thomas, Secretary to the Commission

NOTICE OF PUBLIC MEETING NOVEMBER 2018

The Idaho Oil and Gas Conservation Commission will hold a Regular Meeting on **Wednesday, November 28, 2018** at the **State Capitol, House Hearing Room (EW42), Lower Level, East 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>

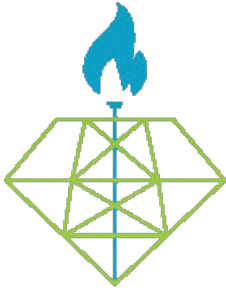
IDAHO OIL & GAS
CONSERVATION COMMISSION

First Notice Posted: 10/29/2018-IDL Boise; 10/29/2018-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
Jim Classen, Commissioner
Dr. Renee Love, Commissioner
Dustin T. Miller, Commissioner

Mick Thomas, Secretary to the Commission

Final Agenda

Idaho Oil and Gas Conservation Commission Regular Meeting

November 28, 2018 – 1:00 PM (MT)

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

Please note meeting time and location.

- **ANNOUNCEMENTS**

Public comment will be taken on agenda items listed below.

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

- A. Financial Update
- B. Current Oil and Gas Activity
- C. Status Update
 - i. Class II Injection Well – Permit Status
 - ii. Docket No. CC-2017-OGR- 01-002 – Kauffman Complaint
 - iii. Oil and Gas Royalty Audit
 - iv. Well Test Reports – letter requesting information

- **CONSENT – ACTION ITEM(S)**

- 2. **Approval of Minutes** – October 10, 2018 - Regular Meeting (Boise)

- **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-2018-OGR-01-002; Notice of Violation]

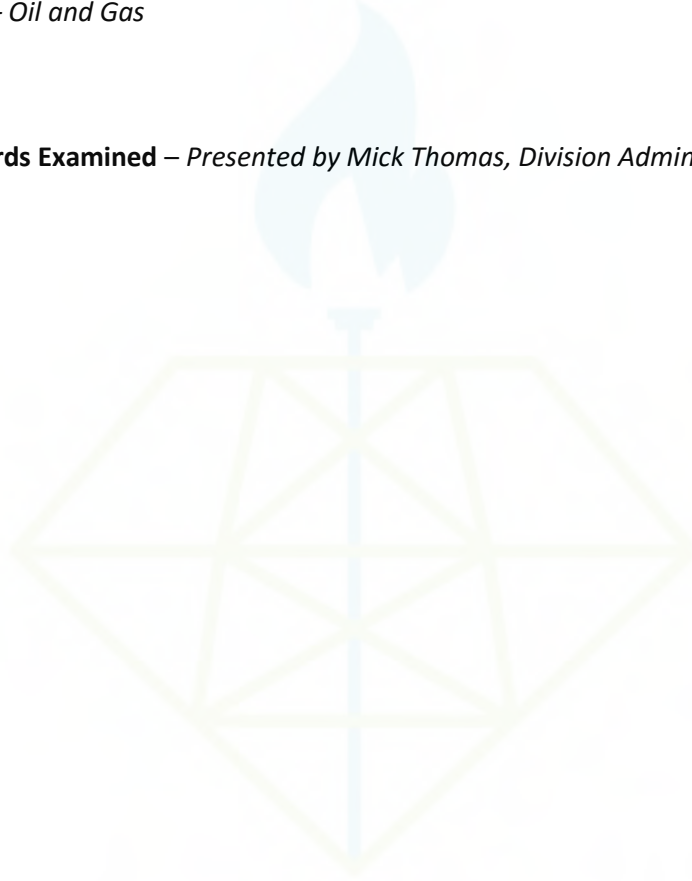
Idaho Oil and Gas Conservation Commission
Final Agenda
Regular Meeting (Boise) – November 28, 2018
Page 1 of 2

- **REGULAR – ACTION ITEM(S)**

3. **Docket No. CC-2018-OGR-01-002; ML Investments #2-10 - Notice of Violation – *Joint Motion to Accept Settlement Agreement and Consent Order* – Presented by Mick Thomas, Division Administrator – Oil and Gas**

- **INFORMATION**

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



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

| | | Current Month | Year-to-Date |
|---|------------|------------------|--------------|
| Beginning Cash Balance 10/1/2018 | 322,595.74 | | |
| Permits | | 500.00 | 7,000.00 |
| *Severance Tax | | 12,247.34 | 49,277.33 |
| Refund (previous year) | | 0.00 | 0.00 |
| Other (transfer to GF) | | 0.00 | 0.00 |
| Total | | 12,747.34 | 56,277.33 |
| Personnel Expenditures | | (6,675.97) | (26,704.41) |
| Operating Expenditures | | (52.74) | (6,564.03) |
| P-Card Liability to be paid | | | 0.00 |
| Ending Cash Balance 10/31/2018 | | | 345,604.63 |

*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

| | | Current Month | Year-to-Date | Balance |
|---------------------------|----------------------|------------------|--------------|------------|
| PCA 55000 Expenses | Appropriation | | | |
| PC | 388,800.00 | 30,603.92 | 123,318.70 | 265,481.30 |
| OE | 102,000.00 | 10,094.11 | 57,723.61 | 44,276.39 |
| CO | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | 490,800.00 | 40,698.03 | 181,042.31 | 309,757.69 |

Dedicated Fund Regulatory Program Expenditures Report

Expenditures from Dedicated Fund FY18

| | | Current Month | Year-to-Date | Balance |
|---------------------------|----------------------|------------------|--------------|------------|
| PCA 55070 Expenses | Appropriation | | | |
| PC | 95,800.00 | 6,675.97 | 26,704.41 | 69,095.59 |
| OE | 110,000.00 | 52.74 | 6,564.03 | 103,435.97 |
| CO | | 0.00 | 0.00 | 0.00 |
| Total | 205,800.00 | 6,728.71 | 33,268.44 | 172,531.56 |



Southwest Idaho Oil & Gas Activity Map



IDAHO OIL & GAS
CONSERVATION COMMISSION

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 | Shut In |
| 18 | 11-075-20033 | AM Idaho, LLC | Barlow #1-14 | Shut In |
| 19 | 11-075-20035 | AM Idaho, LLC | Fallon #1-11* | Permitted |
| | | | * confidential well | |

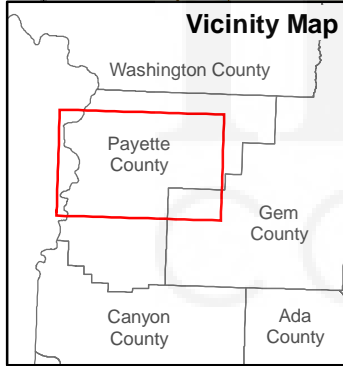
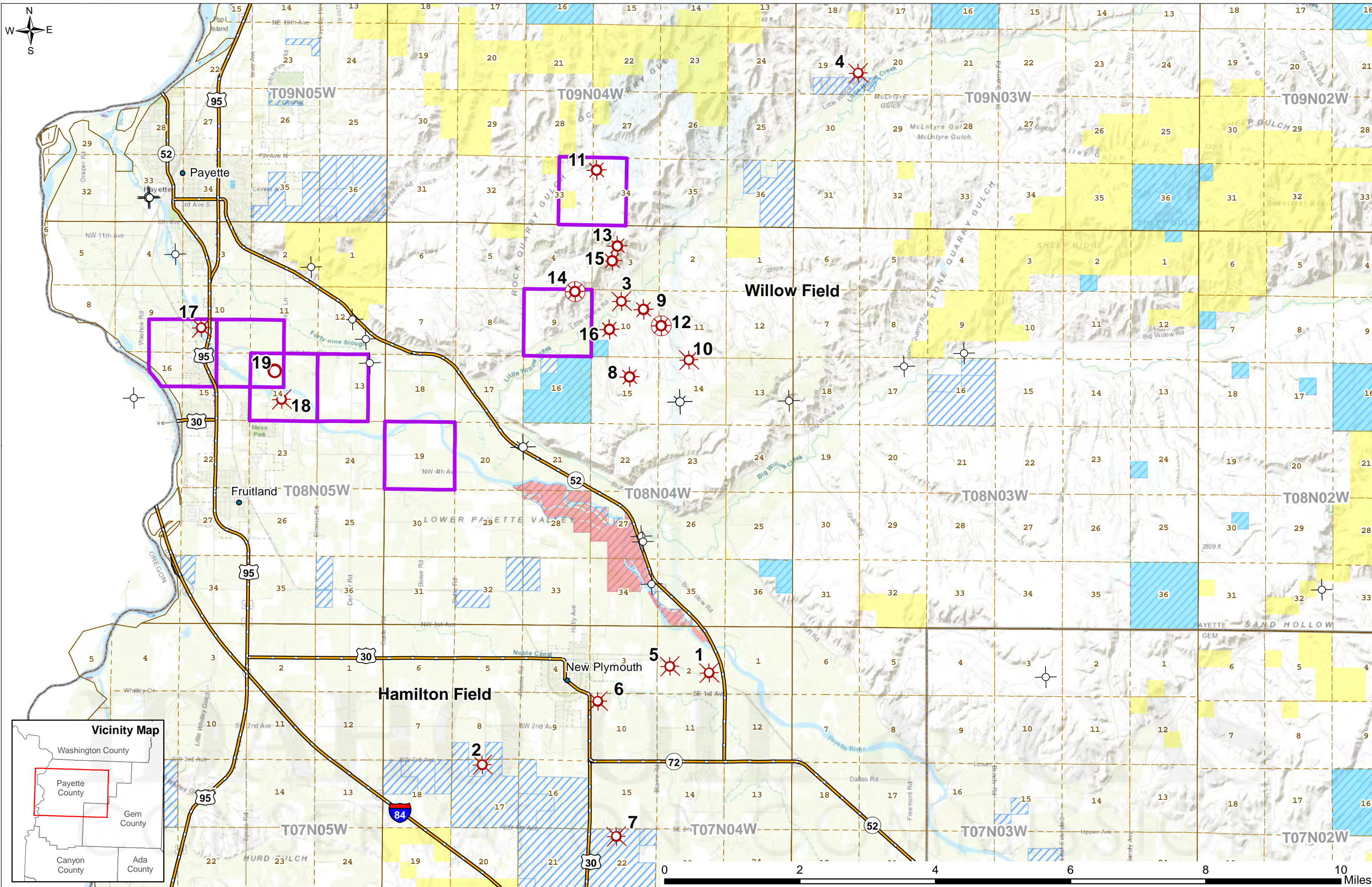
Map Notes and Data Sources

Inactive and Active Oil And Gas Wells through 11/26/2018

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 |
| 3 | 11-019-20015 | CPC Mineral, LLC | Bell #17-2* | Drilled |
| | | | * confidential well | |

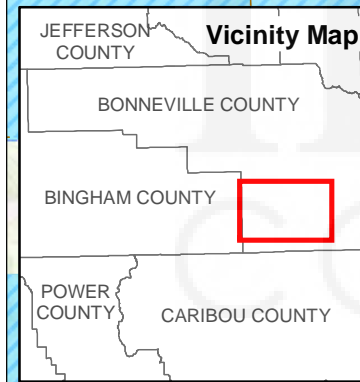
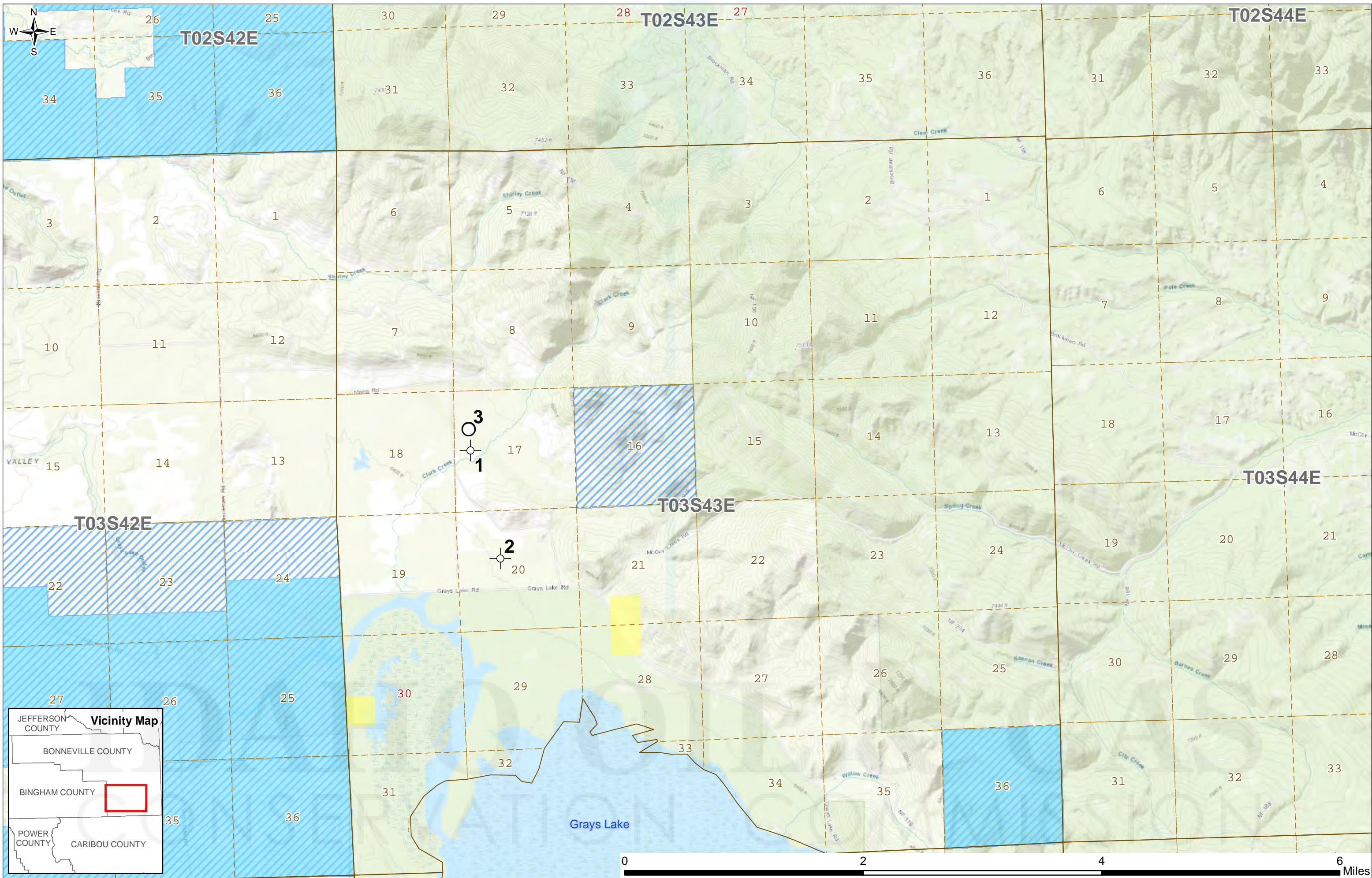
Map Notes and Data Sources

Inactive and Active Oil And Gas Wells through 11/26/2018

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.



Item 1C - Status Update

- i. Class II Injection Well – Permit Status
The application is still under review and the Environmental Protection Agency plans a public comment period in late winter/early spring of 2019.
- ii. Docket No. CC-2017-OGR- 01-002 – Kauffman Complaint
The Recommended Order was issued on November 13, 2018. The Kauffman's submitted a *Written Brief Taking Exception to the Recommended Order* to me as the OGCC Secretary on November 16, 2018. Alta Mesa has 21-days to respond to that brief. That deadline is December 7, 2018.
- iii. Oil and Gas Royalty Audit
In a September 17, 2018 demand letter, the Idaho Department of Lands requested from Alta Mesa the payment of delinquent royalties and the provision of specified documents and categories of documents. This letter was a result of the findings within the Oil and Gas Royalty Audit.
As of October 26, 2018, Alta Mesa had not responded to the demand letter. Subsequently, State of Idaho Office of the Attorney General sent a notice of default to Alta Mesa granting them ninety (90) days to cure the outstanding defaults (Attachment 1).
- iv. Well Test Reports – letter requesting information
On Tuesday, November 20, 2018, the Department sent a formal request letter to Alta Mesa for well test data outlined in Idaho Code § 47-324(3). Idaho Code § 47-324(3) requires biannual test (every six months) for each well. This test data will include 24-hour flow volumes, choke size, pressure information as well as any bottom hole pressure surveys. The deadline for Alta Mesa to provide this information is Friday, December 28, 2018.



STATE OF IDAHO

OFFICE OF THE ATTORNEY GENERAL

LAWRENCE G. WASDEN

October 26, 2018

AM Idaho LLC
c/o F. David Murrell
15021 Katy Freeway, Ste. 400
Houston, TX 77094-1813

Via First Class Certified Mail
70131710000097525875

AM Idaho LLC
c/o Harlan Chappelle
15021 Katy Freeway, Ste. 400
Houston, TX 77094-1813

Via First Class Certified Mail
70131710000097525868

Re: Notice of Default
Oil and Gas Lease No. O-01996
Oil and Gas Lease No. O-01983

Dear Messrs. Murrell and Chappelle:

On September 17, 2018, the Idaho Department of Lands (“IDL”) delivered to each of you, on behalf of AM Idaho LLC, the enclosed demand letter requiring payment of delinquent royalties and the provision of specified documents and categories of documents. As of the date of this Notice of Default, IDL has not received any response to its September 17th demand letter. Consequently, this letter is the notice to AM Idaho LLC that it is in default of the State of Idaho, Oil and Gas Lease No. O-01996, dated June 1, 2016, and Oil and Gas Lease No. O-01983, dated June 1, 2006 (collectively “Leases”).

In accordance with the terms of the Leases and Idaho Code § 47-809, AM Idaho LLC has ninety (90) days from the date of this Notice of Default to cure its defaults – by Thursday, January 24, 2019. In order to cure the outstanding defaults, AM Idaho must take the following actions:

1. Provide IDL payment of \$106.89 to offset the royalties owed associated with the “plant fuel” consumed during the Audit Period as identified in the Audit Report based on Opportune LLC’s reconciliation of volumes entering and leaving the processing plant.

2. Provide IDL payment of \$58.61 to compensate IDL for the royalties owed based on Opportune LLC's reconciliation of royalties payable and the actual payments made during the Audit Period.
3. Provide to IDL a detailed and verified written explanation of why ARM Energy Management LLC ("ARM") should be found, by IDL, to be an arm's-length end purchaser; and every written agreement between AM Idaho LLC and ARM, or other documentation that proves the existence of arm's-length sales transactions between AM Idaho LLC and ARM or other purchasers or end purchasers. Alta Mesa's response to this request should detail the royalty rights outlined in the agreement(s) (whether written or verbal) between AM Idaho LLC and ARM. If there is not any written agreement between AM Idaho LLC and ARM describing how payments are calculated please verify this in writing.
4. Provide to IDL detailed statements, plant statements, reports or other documents that specify:
 - a. End-purchaser pricing of all oil and gas products produced from the leases. This pricing should include, but not be limited to the end-purchaser price of gas as it left the Hwy 30 Processing Facility and enters the NWGP, the end-purchaser price for oil (crude, NGLs, condensate or other hydrocarbons), and the end-purchaser price for NGLs and condensate after it has left the Hwy 30 Processing Facility.
 - b. Each entity that ARM sold lease products to.
 - c. Each entity that transported the lease products.
 - d. Market location of where the lease products were sold.
5. Provide to IDL documentation showing the disposition or disposal of the oil and gas products allegedly produced at a loss by AM Idaho LLC from the Leases, such as propane and ethane.

If AM Idaho LLC does not cure these defaults on or before January 24, 2019, IDL may terminate the Leases and begin eviction proceedings against AM Idaho LLC. Upon termination, AM Idaho LLC will be required to relinquish possession of the leased premises. AM Idaho LLC may also be required to remove its personal property and improvements located on the leased premises, or IDL may remove them at AM Idaho LLC's cost. Additionally, if further legal action is required to enforce the terms and conditions of the Leases, then IDL will seek to recover its reasonable costs and attorney's fees incurred, in addition to accruing pre- and post-judgment interest. If IDL obtains a judgment against AM Idaho LLC, it may be reported to any credit bureau.

While AM Idaho LLC is in default of the Leases, neither AM Idaho LLC, nor any entity it is an owner or member of will be eligible to assign any lease, sublease any leased premises, or enter into any new lease for any state lands for any purpose. If either or both Leases are terminated, new leases will be auctioned in a competitive auction process or through any other lawful lease or

disposal process. AM Idaho LLC will not be allowed to participate in any such auction as long as it continues to be in default of either or both Leases.

In order for the defaults to be cured, IDL must receive full payment, complete and correct copies of all responsive documents, and all information required above on or before January 24, 2019. Postmarks will not be considered. You may mail or deliver the materials to: Idaho Department of Lands; c/o Mike Murphy, Endowment Leasing; 300 North 6th St, Ste 103; P.O. Box 83720; Boise, Idaho 83720-0050.

If you have any question with regard to this Notice of Default or the actions required to cure the defaults, please contact me, or have your attorney contact me at (208) 334-2400, or via email at joy.vega@ag.idaho.gov.

Regards,



JOY M. VEGA
Deputy Attorney General

Encl. – Sept. 17, 2018 Demand w/o Audit Report

JMV:mb

Ecc: Dustin Miller, IDL Director
Diane French, IDL Division Administrator, Lands and Waterways
Mike Murphy, IDL Bureau Chief, Endowment Leasing

IDAHO OIL & GAS
CONSERVATION COMMISSION

DIVISION OF LANDS AND WATERWAYS
ENDOWMENT LEASING BUREAU
300 N 6TH STREET, SUITE 103
PO Box 63720
BOISE, ID 83720-0050
PHONE (208) 334-0200
FAX (208) 334-3698



DAVID GROESCHL, DIRECTOR

STATE BOARD OF LAND COMMISSIONERS

C. L. "Butch" Otter, Governor
Lawrence E. Denney, Secretary of State
Lawrence G. Wasden, Attorney General
Brandon D Woolf, State Controller
Sherri Ybarra, Sup't of Public Instruction

September 17, 2018

AM Idaho LLC
Harlan Chappelle, Manager
15021 Katy Freeway, Ste. 400
Houston, TX 77094-1813

AM Idaho LLC
F. David Murrell, VP Land and Business Development
15021 Katy Freeway, Ste. 400
Houston, TX 77094-1813

Re: Idaho Department of Lands Oil & Gas Leases, Audit Findings

Dear Messrs. Chappelle and Murrell:

On August 21, 2018, the Idaho Department of Lands ("IDL") presented the Idaho State Board of Land Commissioners ("Land Board") with the findings of a limited oil and gas lease royalty audit ("Audit Report") completed by IDL's contractor Opportune LLP ("Opportune") of Houston, Texas. The timeframe for the audit period covered August 2015 through December 2016 ("Audit Period"). During this Audit Period, AM Idaho, LLC ("Alta Mesa") reported royalty sales volumes, average prices received, and royalty payments due on three producing wells:

ML Investments 1-10, IDL Oil and Gas Lease O-01983
ML Investments 2-10, IDL Oil and Gas Lease O-01983
State 1-17, IDL Oil and Gas Lease O-01996

IDL submits this demand for information to its lessee, Alta Mesa, pursuant to IDL's authority under the lease terms; IDAPA 20.01.16 - Rules Governing Oil & Gas Leasing on Idaho State Lands; and Idaho Code §§ 47-802, 47-805, 47-809(a), 47-331, 47-333, and 47-332(4) which expressly requires that: "The lessee must maintain, for a period of five (5) years, and make available to the lessor upon request, copies of all documents, records or reports confirming the gross production, disposition and market value including gas meter readings, pipeline receipts, gas line receipts and other checks or memoranda of the amount produced and put into pipelines, tanks, or pools and gas lines or gas storage, and any other reports or records that the lessor may require to verify the gross production, disposition and market value."

IDL requires that Alta Mesa take the following actions, and provide the following information to IDL, in order to ensure that royalty amounts paid during the Audit Period comply with governing State statutes, rules, and lease terms:

1. Alta Mesa complete an audit of ARM Energy Management LLC ("ARM") to ensure that Alta Mesa is receiving, and thus paying royalties on, market value pricing for production of oil and gas from State endowment lands. Based on the Audit Report, the prices received by Alta Mesa from ARM are significantly lower than various regional market spot pricing identified by Opportune. IDL requires that the ARM audit include, but not be limited to the

following information: a) documentation of how prices received by Alta Mesa from ARM were determined; b) identification of all deductions, whether direct or indirect, related to transportation, marketing and processing costs; and c) identification of the market location where all lease products were sold or shipped for sale. IDL requires completion of the ARM audit within sixty 60 days from the date of this letter and that Alta Mesa provide IDL with a copy of the ARM audit.

2. Alta Mesa provide payment of \$106.89 within 30 days of the date of this letter to IDL to offset the royalties owed associated with the "plant fuel" consumed during the Audit Period as identified in the Audit Report based on Opportune's reconciliation of volumes entering and leaving the processing plant. The "plant fuel," which is consumed "off the lease" and is subject to royalty payments, is different from "lease fuel" that is consumed "on the lease" that does not require royalty payments (IDAPA 20.03.16.045.01). IDL is also requiring Alta Mesa to report on, and pay, the appropriate royalties for any "plant fuel" consumed to date since the Audit Period, and continue to report on and pay royalties for all consumed "plant fuel."
3. Alta Mesa provide payment of \$58.61 within 30 days of the date of this letter to compensate IDL for the royalties owed based on Opportune's reconciliation of royalties payable and the actual payments made during the Audit Period.
4. Alta Mesa provide to IDL, within 30 days of the date of this letter, a detailed and verified written explanation of why ARM should be found, by IDL, to be an arm's-length end purchaser; and every written agreement between Alta Mesa and ARM, or other documentation that proves the existence of arm's-length sales transactions between Alta Mesa and ARM or other purchasers or end purchasers. Alta Mesa's response to this request should detail the royalty rights outlined in the agreement(s) (whether written or verbal) between Alta Mesa and ARM. If there is not any written agreement between Alta Mesa and ARM describing how payments are calculated please verify this in writing.
5. Alta Mesa provide to IDL, within 30 days of this letter, detailed statements, plant statements, reports or other documents to IDL that specify:
 - a) End-purchaser pricing of all oil and gas products produced from the leases. This pricing should include, but not be limited to the end-purchaser price of gas as it left the Hwy 30 Processing Facility and enters the NWGP, the end-purchaser price for oil (crude, NGLs, condensate or other hydrocarbons), and the end-purchaser price for NGLs and condensate after it has left the Hwy 30 Processing Facility.
 - b) Each entity that ARM sold lease products to.
 - c) Each entity that transported the lease products.
 - d) Market location of where the lease products were sold.
6. Alta Mesa provide to IDL, within 30 days of the date of this letter, documentation showing the disposition or disposal of the oil and gas products allegedly produced at a loss by Alta Mesa from the leases, such as propane and ethane.

Harlan Chappelle
David Murrell
September 17, 2018
Page 3

Enclosed is a copy of the Audit Report as provided by Opportune. IDL will continue to review the audit findings, with assistance from the Attorney Generals' Office, and may request additional information from Alta Mesa related to the audit findings and compliance with lease terms.

Please contact me if you have any questions regarding these requirements of Alta Mesa, as the state of Idaho's lessee. My e-mail is mmurphy@idl.idaho.gov and my phone number is (208) 334-0290.

Respectfully,

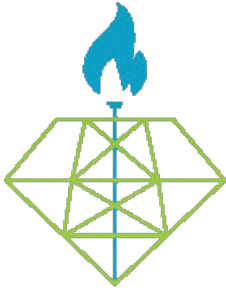


Michael J. Murphy
Bureau Chief – Endowment Leasing

Encl.: Opportune Audit Report

cc: Michael Christian, Attorney

IDAHO OIL & GAS
CONSERVATION COMMISSION



IDAHO OIL AND GAS CONSERVATION COMMISSION

Kevin Dickey, Chairman
Marc Shigeta, Vice Chairman
Jim Classen, Commissioner
Dr. Renee Love, Commissioner
Dustin T. Miller, Commissioner

Mick Thomas, Secretary to the Commission

Draft Minutes

Idaho Oil and Gas Conservation Commission Regular Meeting
October 10, 2018

The regular meeting of the Idaho Oil and Gas Conservation Commission was held on Wednesday, October 10, 2018, at the State Capitol, House Hearing Room (EW42), Lower Level, East 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 Jim Classen
Commissioner Renee Love (*via video conference*)
Commissioner Dustin T. Miller

For the record, all five Commission members were present with Commissioner Love joining via video conference.

• **ANNOUNCEMENTS**

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

Secretary Thomas introduced Dustin Miller as the new Director of the Idaho Department of Lands. Commissioner Miller replaces David Groeschl who was the Acting Director. Secretary Thomas also noted that Commissioner Love is joining via video conference and thanked Chris Gozzo, Oil and Gas Information Specialist and Soren Jacobsen, Senior IT Specialist from the Legislative Services Office who worked to make the video conferencing happen. Secretary Thomas reminded the Commissioners to speak into the microphones so Commissioner Love can hear.

1. Division Administrator's Report

A. Financial Update

Chairman Dickey asked about the \$5,700 spent from the dedicated fund. Secretary Thomas explained that \$5,000 was the annual rent payment, \$619 was for parking and the remaining were from a Verizon bill and a first aid course.

B. Current Oil and Gas Activity

Vice Chairman Shigeta asked if staff would observe the plugging of the wells. Secretary Thomas responded that the oil and gas inspector would be on site but not for the entire time. Vice Chairman Shigeta stated that some of those wells are located in farm fields and that the rules note that wells will be plugged as not to interfere with soil cultivation; he asked how deep. Commissioner Classen responded about five feet, Secretary Thomas agreed it would be five to six feet deep. Commissioner Classen also stated that a well plate is put on top with some identification information. Chairman Dickey inquired about the Island Capitol well and whether or not there were plans for that well. Program Manager James Thum responded that the Island Capitol #1-19 was on a five-year extension which expires in December 2018. Mr. Thum followed up that Alta Mesa has not indicated their intentions for this well but must by December 2018. Vice Chairman Shigeta verified that Island Capitol is in the Little Willow field; Chairman Dickey responded that it was. Commissioner Love asked if the current application for permit to drill (Bell #17-2) would be a directional well. Mr. Thum clarified that it would be marginally deviated from the surface location slightly to the southeast for legal spacing for an oil well.

C. Status Update

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

Chairman Dickey clarified that there will be no hearing but that a recommended order is being written. Secretary Thomas responded yes and that order will be reviewed by the Commission who can then accept, decline or make adjustments to the order. Chairman Dickey asked if there was no hearing or evidence, would the case be lost. Deputy Attorney General Kristina Fugate explained that there are court proceedings where a plaintiff might move for summary judgement and that the recommended order is based on the record, the Commission will evaluate the order and make the final decision. Chairman Dickey asked if that decision could be appealed, Ms. Fugate responded yes. Chairman Dickey inquired about the timeline for the recommended order, Secretary Thomas responded that the hearing officer was working on it.

ii. CPC Mineral LLC, Application for Permit to Drill

iii. Class II Primacy – Permit Status

Commissioner Classen asked if the Commission could offer any input on the application. Secretary Thomas responded yes, that the Commission and Department could offer comments during the public comment period. Commissioner Classen inquired about submitting comments, Secretary Thomas responded that he would be happy to do so.

D. Operator Compliance

Chairman Dickey asked if the Notice of Violation was in the meeting materials, Secretary Thomas responded that it was emailed to the Commission. Chairman Dickey inquired about what the Commission needed to do. Secretary Thomas explained that it could go to a hearing or it can go to a settlement. Commissioner Classen asked if the settlement was up to the Division Administrator; Secretary Thomas responded that the Deputy Attorney General will advise on that. Ms. Fugate explained that any settlement reached would be brought before the Commission.

- **CONSENT – ACTION ITEM(S)**

2. **Approval of Minutes** – September 12, 2018 - Regular Meeting (Boise)

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

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

- **INFORMATION**

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

- **REGULAR – ACTION ITEM(S)**

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

RECOMMENDATION: Direct the Department to move forward with the next steps outlined in the October 1, 2018 Notice of Formal Investigation letter, including the subpoena of documents and related witnesses to appear before the Commission to investigate Alta Mesa’s compliance with Idaho Code §§ 47-315(i) and 47-324(1).

DISCUSSION: Chairman Dickey stated that he was disappointed in the apparent stall tactics of Alta Mesa. Secretary Thomas explained that the operator has a concern about confidentiality of the documents. Commissioner Classen explained that production data is not proprietary nor should it be confidential in any oil or gas producing state. Chairman Dickey responded that the operator is saying that allocation methods may be confidential but that should not be the case. Secretary Thomas read from Idaho Code § 74-1(3) and that it does relate to production volumes and also Idaho Code § 47-3 has a time frame for confidentiality but that the time frame has passed. Commissioner Classen asked if the Chairman was seeking a motion to proceed with getting the information through a subpoena, Chairman Dickey responded yes.

COMMISSION ACTION: A motion was made by Commissioner Classen to direct the Department to proceed with appropriate subpoenas for the information that the Department deems appropriate. Commissioner Love seconded the motion. Chairman Dickey reiterated that the motion is to direct the Department to proceed with the subpoena. The motion carried on a vote of 5-0.

Secretary Thomas announced that there was a technical glitch and a portion of the meeting may not have been streamed.¹

¹ Department staff later discovered the meeting was recorded and streamed in full

Commissioner Classen clarified that Idaho Code § 47-324 discusses well test reports every six-months on all wells and that he is not aware of these ever being submitted. Secretary Thomas responded that the Department can send a formal letter requesting this information. Mr. Thum added that some pressure data is on the website and named some wells that had that information. Secretary Thomas stated that he will send a letter requesting the information back to March 2017 when the new statute took effect [HB301aa].

Chairman Dickey brought up the operator compliance topic and asked if the settlement could be used to obtain the pressure data. Ms. Fugate responded that since no violation had been issued on that there is no contested proceeding about the missing data so it could not be combined with the settlement. Ms. Fugate added that the current notice is limited to specifically what is listed in the notice. Vice Chairman Shigeta asked about the timeline for the motion that was just made regarding the production data. Ms. Fugate responded that she did not have one because the subpoenas had not yet been drafted. Vice Chairman Shigeta asked if a deadline would be given and if the data was not submitted then the next step would be civil action. Ms. Fugate responded yes.

- **EXECUTIVE SESSION**

None

Chairman Dickey opened the floor for public comment. Lee Turner and Suzanne Budge each gave public comment.

There being no further business before the Commission, at 2:19 p.m. a motion to adjourn was made by Commissioner Classen. Vice Chairman Shigeta seconded the motion. The motion carried on a vote of 5-0. Meeting adjourned.

IDAHO OIL AND GAS CONSERVATION COMMISSION
November 28, 2018
Regular Agenda

SUBJECT

Docket No. CC-2018-OGR-01-002 - Joint Motion to Accept Settlement Agreement and Consent Order

BACKGROUND

The Oil and Gas Conservation Commission (Commission) has jurisdiction and authority over all persons and property necessary to enforce the Oil and Gas Conservation Act (Act). Idaho Code § 47-314(8); Idaho Code § 47-315(1). The Commission has authority to make and enforce rules, regulations, and orders, and do whatever may reasonably be necessary to carry out the provisions of the Act. Idaho Code § 47-314(8); Idaho Code § 47-315(1), (8). Among the authorities that the Commission may exercise is the power to assess civil penalties against persons that violate the Act or the rules and orders promulgated under the Act. Idaho Code § 47-329(3).

DISCUSSION

On October 5, 2018, the Idaho Department of Lands Oil and Gas Division (Department) filed an Administrative Complaint and Notice of Violation against Alta Mesa (Attachment 1) relating to the ML Investments 2-10 well. The Department provided Alta Mesa with the opportunity for a compliance conference and settlement meeting to discuss the Complaint's two alleged violations.

Alta Mesa and the Department reached a Settlement Agreement and Consent Order (Attachment 2), which includes the following terms:

- As to the Complaint's Violation One, Alta Mesa admits it violated Idaho Code § 47-316(1)(a), IDAPA 20.07.02.030, and IDAPA 20.07.02.200.01 when Alta Mesa performed a plug back and recompletion to a different producing horizon before obtaining Department approval for a plug back and recompletion.
- As to the Complaint's Violation Two, Alta Mesa admits it violated Idaho Code § 47-324(2) and IDAPA 20.07.02.340 by failing to timely submit its Well Completion and Recompletion Report.
- Alta Mesa shall pay the Department civil penalties of \$3,000 for Violation One and \$1,000 for Violation Two.

On November 20, 2018, the Department and Alta Mesa filed with the Commission a Joint Motion to Accept Settlement Agreement and Consent Order (Attachment 3). If the Commission does not accept this Settlement Agreement and Consent Order, the agreement becomes null and void.

RECOMMENDATION

The Department recommends the Commission issue an order that (1) accepts the Settlement Agreement and Consent Order and (2) accepts civil penalties against Alta Mesa in the amount of \$4,000 (\$3,000 for Violation One, \$1,000 for Violation Two).

COMMISSION ACTION

ATTACHMENTS

1. October 5, 2018 – Administrative Complaint and Notice of Violation
2. November 15, 2018 – Settlement Agreement and Consent Order
3. November 20, 2018 – Joint Motion to Accept Settlement Agreement and Consent Order

IDAHO OIL & GAS
CONSERVATION COMMISSION

LAWRENCE G. WASDEN
Attorney General
State of Idaho

DEPT. OF LANDS
2018 OCT -5 PM 3: 02
BOISE, IDAHO

DARRELL G. EARLY
Deputy Attorney General
Chief, Natural Resources Division

KRISTINA N. FUGATE (ISB #9242)
Deputy Attorney General
Natural Resources Division
Office of the Attorney General
P.O. Box 83720
Boise, Idaho 83720-0010
Telephone: 208-334-2400
Fax: 208-854-8072
E-mail: kristina.fugate@ag.idaho.gov

Attorneys for Complainants

BEFORE THE IDAHO OIL AND GAS CONSERVATION COMMISSION

| | | |
|-------------------------------------|---|-------------------------------|
| In the Matter of: |) | Docket No. CC-2018-OGR-01-002 |
| |) | |
| AM IDAHO, LLC & ALTA MESA SERVICES, |) | ADMINISTRATIVE COMPLAINT & |
| LP. |) | NOTICE OF VIOLATION |
| |) | |
| Respondent. |) | |

This administrative complaint against AM Idaho, LLC and Alta Mesa Services, LP (collectively "Respondent" or "Alta Mesa") is filed on behalf of the Idaho Department of Lands' Oil and Gas Division ("IDL") with the Idaho Oil and Gas Conservation Commission ("Commission") pursuant to Idaho Code §§ 47-329 and 47-328(1) and (2). This complaint also serves as a notice of violation issued to Alta Mesa pursuant to Idaho Code § 47-329. As described below, IDL has identified certain alleged violations by Alta Mesa of Title 47, Chapter

3, Idaho Code, commonly known as the Oil and Gas Conservation Act, and the Rules Governing Conservation of Oil and Natural Gas in the State of Idaho, IDAPA 20.07.02.

JURISDICTION AND AUTHORITY

1. The Commission has jurisdiction and authority over all persons and property necessary to enforce the Oil and Gas Conservation Act (“Act”). Idaho Code § 47-314(8); Idaho Code § 47-315(1).
2. The Commission has authority to make and enforce rules, regulations, and orders, and do whatever may reasonably be necessary to carry out the provisions of the Act. Idaho Code § 47-314(8); Idaho Code § 47-315(1), (8).
3. Complainant IDL has “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 § 47-314(7).

APPLICABLE LAWS AND REGULATIONS

4. Idaho Code § 47-316 provides:
 - (1) It shall be unlawful to commence operations for the drilling or treating of a well for oil and gas without first giving notice to the commission of intention to drill or treat and without first obtaining a permit from the commission under such rules and regulations as may be reasonably prescribed by the commission and by paying to the commission a filing and service fee as provided by this section.
 - (a) Any request for a permit or authorization as set forth in subsection (3)(a), (b), (c), (d), (e), (f), (g), (m), (n) or (o) of this section shall be made by application to the department of lands, and processed as provided in this section.
...
 - (3) The department shall collect the following fees . . .
...
 - (g) Application for a recompletion, modified blow out prevention standards, using a vacuum for oil or gas recovery, removing casing, or multiple zone completion, if separate from an application for a permit to drill or plug and abandon a well.....1,000

5. IDAPA 20.07.02.30.01 provides:

Written Authorization Required. Any written notice of intention to do work or to change plans previously approved must be filed with the Department, unless otherwise directed, and must be approved before the work is begun. Such approval may be given orally and, if so given, shall thereafter be confirmed by the Department in writing. Written notices may be submitted to the Department by e-mail or facsimile.

6. IDAPA 20.07.02.200.01 provides:

Permits Required. Prior to the commencement of operations to drill, deepen, or plug back to any source of supply other than the existing producing horizon, application shall be delivered to the Department of intention to drill, deepen, or plug back any well for oil or gas, and approval obtained.

7. Idaho Code § 47-324(2) provides “An operator shall file all well test reports within thirty (30) days of completing or recompleting the well. The reports shall include all oil, gas and water produced during all tests.”

8. IDAPA 20.07.02.340 provides:

WELL COMPLETION/RECOMPLETION REPORT AND WELL REPORT. Within thirty (30) days after the completion of a well drilled for oil or gas, or the recompletion of a well into a different source of supply, or where the producing interval is changed, a completion report shall be filed with the Department, on a form prescribed by the Department. Such report shall include name, number, and exact location of the well; lease name, date of completion and date of first production, if any; name and depth of hydrocarbon reservoir(s), if a multiple completion, from which well is producing; annulus pressure test; initial production test, including oil, gas, and water, if any; a well report as defined in Section 010; and such other relevant information as the Department may require.

9. Idaho Code § 47-329(3) provides:

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.

FACTS

10. IDL granted Alta Mesa a permit to drill a gas well named the ML Investments #2-10 on June 27, 2013. The ML Investments #2-10 well is located in a 640 acre spacing unit composed of Section 10, Township 8N, Range 4W, Boise Meridian, Payette County, Idaho, located in the Willow Field.
11. Alta Mesa is the current operator of the ML Investments #2-10.
12. Alta Mesa completed the ML Investments #2-10 well on March 26, 2014. The well completion report named the producing interval as 4194–4204' MD (Measured Depth). The well's valve was opened to allow gas to flow on or about August 29, 2015.

13. On May 31, 2017, IDL sent a letter to Alta Mesa that approved May 2017 sundry notices for plug back / workover operations subject to several conditions, including that “All plug back and workover operations will be limited to the existing producing horizon in each well.”
14. Alta Mesa performed a series of workovers in the producing horizon referred to as “LT” (Lower Target) or “Sand 2” in February, March, and April of 2018. The purposes of those workovers was to alleviate water encroachment.
15. On April 10, 2018, Alta Mesa sent a sundry notice to IDL that stated its intention to plug back the ML Investments #2-10 well from the “Sand 2” or “LT” interval and instead perforate and test the “Sand 1” interval between 4000-50’ MD.
16. On April 16, 2018, Alta Mesa resent its sundry notice to plug back and recomplete the ML Investments #2-10.
17. On April 17, 2018, IDL notified Alta Mesa that the operations described in its sundry notice required an application.
18. On April 18, 2018, IDL received Alta Mesa’s application to recomplete and plug back the ML Investments #2-10 well. Alta Mesa paid the \$1,000 required application fee on May 10, 2018.
19. IDL approved Alta Mesa’s application for recompletion on May 16, 2018. The approved permit stipulations cited Idaho Code § 47-324(2) and specifically stated that “A Well Completion or Recompletion Report and Well Report (form IDLOG0021.01, revised 12/17) shall be filed with the department within thirty (30) days of completion and testing operations.”

20. On June 20, 2018, IDL received Alta Mesa's ML Investments #2-10's well completion report, which Alta Mesa signed and dated June 18, 2018. The completion report gave April 15, 2018 as the date of test and date of first production.
21. On July 18, 2018, Alta Mesa submitted to IDL a revised Production / Disposition Report for the ML Investments #2-10 well. That production report did not indicate what producing horizon or zone the well's April 2018 production had occurred from. In a July 25, 2018 e-mail to Alta Mesa representatives, IDL requested that Alta Mesa submit a revised report for April 2018 and subsequent months that indicated from which zone production occurred. After not receiving any response from Alta Mesa, on August 3, 2018, IDL sent another e-mail to Alta Mesa representatives requesting revised production reports.
22. Alta Mesa provided a revised April 2018 production report to IDL via e-mail on August 3, 2018. The revised April Production Report reported condensate and gas production from both ML Investments #2-10's "Sand 1" and ML Investments #2-10's "Sand 2."

VIOLATIONS

Violation One: Violation of Idaho Code § 47-316(1)(a), IDAPA 20.07.02.030, IDAPA 20.07.02.200.01

Proposed Civil Penalty Amount: \$10,000

Alta Mesa violated Idaho Code § 47-316(1)(a), IDAPA 20.07.02.030, and IDAPA 20.07.02.200.01 when Alta Mesa performed a plug back and recompletion to a different producing horizon before obtaining IDL approval for a plug back and recompletion. Alta Mesa's June 20, 2018 Well Recompletion Report indicated that the ML Investments #2-10's date of first production from the Sand 1 recompletion was April 15, 2018. Thus, workover

operations would have to have begun on or before April 15, 2018. While Alta Mesa submitted a sundry notice on April 10 and April 16, 2018, and IDL received Alta Mesa's application to recomplete the well on April 18, 2018, IDL did not approve Alta Mesa's application for recompletion until May 16, 2018. IDL's approval was therefore at least thirty days after the work was performed. Alta Mesa's April 18, 2018 application did not indicate that Alta Mesa had already performed the work it applied for approval to perform. Alta Mesa was required to obtain IDL approval before Alta Mesa performed that work. Alta Mesa failed to do so. Thus, IDL alleges Alta Mesa violated Idaho Code § 47-316(1)(a), IDAPA 20.07.02.030, and IDAPA 20.07.02.200.01.

Violation Two: Violation of Idaho Code § 47-324(2) and IDAPA 20.07.02.340

Proposed Civil Penalty Amount: \$10,000

Alta Mesa violated Idaho Code § 47-324(2) and IDAPA 20.07.02.340 by failing to timely submit its Well Completion or Recompletion Report. Alta Mesa's Recompletion Report was dated June 18, 2018 and received by IDL on June 20, 2018. That report indicated that the ML Investments #2-10 well's date of first production from the recompletion of Sand 1 was April 15, 2018. Idaho Code § 47-324(2) requires a well test report to be filed "within 30 days of completing or recompleting the well." Thirty days after the April 15, 2018 reported date of first production was May 16, 2018. Alta Mesa filed its report June 20, 2018, which was 36 days past the 30 days specified in Idaho Code § 47-324(2). Thus, IDL alleges Alta Mesa violated Idaho Code § 47-324(2).

Total Proposed Civil Penalty: \$20,000

REQUEST FOR RELIEF

As a result of the violations above, IDL requests the Commission award the following relief:

1. Civil penalties of \$20,000 to IDL, which IDL shall remit to the Oil and Gas Conservation Fund pursuant to Idaho Code § 47-329(3)(e).
2. IDL's reasonable attorney fees under Idaho Code § 47-329(3).

OPPORTUNITY TO RESPOND

This complaint also serves as a notice to Alta Mesa of its violations and notice of Alta Mesa's opportunity for a hearing as provided in Idaho Code § 47-329. Because the Department has filed this Notice of Violation with the Commission as an administrative complaint, Alta Mesa has the right to proceed directly to a formal administrative hearing before the Commission under the Idaho Administrative Procedure Act, Title 67, Chapter 52, Idaho Code. Alternatively, the Idaho Rules of Administrative Procedure of the Attorney General at IDAPA 04.11.01 encourage the use of informal proceedings, also known as settlement conferences, to settle contested cases.

If Alta Mesa decides to resolve this matter without proceeding directly to an administrative hearing, Alta Mesa can request a settlement meeting at IDL's Boise office. A request for an informal settlement meeting must be made via phone or e-mail within fourteen (14) days of receipt of this Notice of Violation. Please contact Kristina Fugate, Deputy Attorney General, to schedule an informal settlement meeting at (208) 334-2400 or kristina.fugate@ag.idaho.gov.

The following IDL Oil and Gas Division representatives may be in attendance at the settlement meeting: Administrator, Program Manager, and Deputy Attorney General. At the settlement meeting, IDL will review the facts of this case, including any information and explanation Alta Mesa may wish to provide.

If Alta Mesa decides to forego the informal settlement meeting and request a formal administrative hearing before the Idaho Oil and Gas Conservation Commission, Alta Mesa must submit that request in writing by e-mail or letter within fourteen (14) days of receipt of this Notice of Violation. Please address requests for an administrative hearing to: Mick Thomas, Secretary to the Idaho Oil and Gas Conservation Commission at 300 N. 6th St, Suite 103, Boise, ID 83720 or mthomas@idl.idaho.gov. A failure to request an informal settlement meeting or to request a formal administrative hearing will result in IDL proceeding to a formal hearing before the Commission pursuant to Idaho Code §§ 47-328 and 47-329.

DATED this 5th day of October, 2018.



KRISTINA N. FUGATE
Deputy Attorney General

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 5th day of October, 2018, a true and correct copy of the foregoing document was served on the following individual(s) by the method indicated:

Alta Mesa Services, LP &
AM Idaho, LLC
c/o Michael Christian
Marcus, Christian, Hardee &
Davies, LLP
737 North 7th Street
Boise ID 83702-5595

Certified Mail, Return Receipt
Requested
 U.S. Mail
 Overnight Delivery
 Messenger Delivery
 Email: [MChristian@mch-
lawyer.com](mailto:MChristian@mch-lawyer.com)



KRISTINA N. FUGATE
Deputy Attorney General

IDAHO OIL & GAS
CONSERVATION COMMISSION

BEFORE THE IDAHO OIL AND GAS CONSERVATION COMMISSION

In the Matter of:) Docket No. CC-2018-OGR-01-002
)
AM IDAHO, LLC & ALTA MESA SERVICES,) SETTLEMENT AGREEMENT AND
LP.) CONSENT ORDER
)
Respondent.)

1. The Idaho Department of Lands' Oil and Gas Division ("IDL"), and Alta Mesa Services, LP and AM Idaho, LLC (collectively "Alta Mesa"), voluntarily enter into this settlement agreement and consent order ("SACO") pursuant to the Idaho Oil and Gas Conservation Act ("the Act"), Title 47, Chapter 3, Idaho Code; the Rules Governing Conservation of Oil and Gas in the State of Idaho, IDAPA 20.07.02; the Idaho Administrative Procedure Act, Title 67, Chapter 53, Idaho Code; and the Idaho Rules of Administrative Procedure of the Attorney General, IDAPA 04.11.01. IDL and Alta Mesa may be collectively referred to as the "Parties."
2. Alta Mesa is the current operator of the ML Investments 2-10 well in Payette County, Idaho. On April 10, 2018, Alta Mesa sent a sundry notice to IDL that stated its intention to plug back the ML Investments 2-10 well from the "LT" or "Sand 2" interval and instead perforate and test the "Sand 1" interval between 4000-4050' MD. On April 18, 2018, Alta Mesa submitted its application to recomple and plug back the ML Investments #2-10 well. Alta Mesa paid the \$1,000 required application fee on May 10, 2018. IDL approved Alta Mesa's application for recompletion on May 17, 2018 and received Alta Mesa's Well Completion or Recompletion Form on June 20, 2018.
3. On October 5, 2018, IDL filed an Administrative Complaint and Notice of Violation ("Complaint") alleging two violations against Alta Mesa. The October 5, 2018 Administrative Complaint is incorporated into the SACO by reference.
4. IDL provided Alta Mesa with the opportunity for a compliance conference and settlement meeting to discuss the October 5, 2018 Complaint's alleged violations and entry into a settlement agreement. On October 23, 2018, the settlement meeting was held.
5. Alta Mesa agrees to this SACO and the following terms:
 - a. As to the October 5, 2018 Complaint's Violation One, Alta Mesa admits it violated Idaho Code § 47-316(1)(a), IDAPA 20.07.02.030, and IDAPA 20.07.02.200.01 when Alta Mesa performed a plug back and recompletion to a different producing horizon before obtaining IDL approval for a plug back and recompletion. Alta Mesa performed its recompletion on or before April 15, 2018, but IDL did not approve Alta Mesa's application for recompletion until

May 16, 2018. Alta Mesa's April 18, 2018 application did not indicate that Alta Mesa had already performed the work it applied for approval to perform. Under Idaho Code § 47-316(1)(a), IDAPA 20.07.02.030, and IDAPA 20.07.02.200.01 Alta Mesa was required to obtain IDL approval before Alta Mesa performed that work, and Alta Mesa failed to do so.

- b. As to the October 5, 2018 Complaint's Violation Two, Alta Mesa admits it violated Idaho Code § 47-324(2) and IDAPA 20.07.02.340 by failing to timely submit its Well Completion or Recompletion Report. Alta Mesa's Recompletion Report reported the date of first production as April 15, 2018, but was received by IDL on June 20, 2018. Idaho Code § 47-324(2) requires a well test report to be filed "within 30 days of completing or recompleting the well." Alta Mesa filed its report after the 30 days specified in Idaho Code § 47-324(2). Thus, Alta Mesa admits it violated Idaho Code § 47-324(2).
 - c. Alta Mesa shall pay IDL civil penalties in the following amounts:
 - i. Three thousand dollars (\$3,000) for the October 5, 2018 Complaint's Violation One.
 - ii. One thousand dollars (\$1,000) for the October 5, 2018 Complaint's Violation Two.
 - d. Payment of civil penalties for Violation One and Violation Two shall be made no later than thirty (30) days after the Commission approves this SACO.
6. Payments shall be made payable to the Idaho Department of Lands and submitted to:
- Oil and Gas Division
Idaho Department of Lands
300 N. 6th St, Suite 103
Boise, ID 83720
7. IDL shall deposit these payments into the Oil and Gas Conservation Fund.
 8. This SACO shall not in any way relieve Alta Mesa from its obligation to comply with Title 47, Chapter 3, Idaho Code; the Rules Governing Conservation of Oil and Gas in the State of Idaho, IDAPA 20.07.02, or other applicable local, state, or federal law.
 9. This SACO shall bind Alta Mesa and its successors and assigns. Any change in ownership or corporate status of Alta Mesa, including, but not limited to, any transfer of assets or real or personal property shall not alter Alta Mesa's obligation to comply with the SACO's requirements, or to ensure compliance by any of Alta Mesa's successors or assignees, regardless of whether Alta Mesa continues to exist after any such transaction.
 10. The provisions of this SACO are severable. If any provision of this SACO or part thereof is declared unenforceable or invalid, it shall not affect the validity or enforceability of the remaining provisions of this SACO.

11. Alta Mesa expressly recognizes that failure to comply with the terms of this SACO may result in a district court action for collection of civil penalties and other relief available under Idaho Code § 47-329.
12. This SACO contains the entire agreement between the Parties. This SACO may not be enlarged, modified, or altered without written consent of both Parties.
13. Each Party represents and warrants that it has the authority to enter into this SACO and to take all actions provided for herein. The effective date of this SACO shall be the date the IDL Oil and Gas Administrator signs the agreement. However, the SACO does not become enforceable until the Oil and Gas Conservation Commission ("Commission") issues an order accepting the SACO. If the Commission does not accept the SACO, this SACO becomes null and void.
14. The Parties agree that this SACO will be presented to the Commission and reviewed by the Commission under IDAPA 04.11.01.612. The Parties both carry the burden of showing the Commission that the settlement is in accordance with the law. IDAPA 04.11.01.613.

Dated this 14th day of Nov., 2018


David Murrell, Vice President of Land and Business Development
Alta Mesa Services, LP & AM Idaho, LLC

Dated this 15th day of Nov, 2018


Richard "Mick" Thomas, Oil and Gas Division Administrator
Idaho Department of Lands

LAWRENCE G. WASDEN
Attorney General
State of Idaho

DARRELL G. EARLY
Deputy Attorney General
Chief, Natural Resources Division

KRISTINA N. FUGATE (ISB #9242)
Deputy Attorney General
Natural Resources Division
Office of the Attorney General
P.O. Box 83720
Boise, Idaho 83720-0010
Telephone: 208-334-2400
Fax: 208-854-8072
E-mail: kristina.fugate@ag.idaho.gov

DEPT. OF LANDS
2018 NOV 20 AM 10:30
BOISE, IDAHO

Attorneys for Complainants

BEFORE THE IDAHO OIL AND GAS CONSERVATION COMMISSION

| | | |
|-------------------------------------|---|-------------------------------|
| In the Matter of: |) | Docket No. CC-2018-OGR-01-002 |
| AM IDAHO, LLC & ALTA MESA SERVICES, |) | |
| LP. |) | JOINT MOTION TO ACCEPT |
| |) | SETTLEMENT AGREEMENT AND |
| Respondent. |) | CONSENT ORDER |
| |) | |

The Idaho Department of Lands' Oil and Gas Division ("IDL") filed an administrative complaint and notice of violation ("October 5, 2018 Complaint") against AM Idaho, LLC and Alta Mesa Services, LP (collectively "Alta Mesa") with the Idaho Oil and Gas Conservation Commission ("Commission") pursuant to Idaho Code §§ 47-329 and 47-328(1) and (2). In its October 5, 2018 Complaint, IDL identified certain alleged violations by Alta Mesa of Title 47, Chapter 3, Idaho Code, commonly known as the Oil and Gas Conservation Act, and the Rules Governing Conservation of Oil and Natural Gas in the State of Idaho, IDAPA 20.07.02.

JURISDICTION

The Commission has jurisdiction and authority over all persons and property necessary to enforce the Oil and Gas Conservation Act (“Act”). Idaho Code § 47-314(8); Idaho Code § 47-315(1). The Commission has authority to make and enforce rules, regulations, and orders, and do whatever may reasonably be necessary to carry out the provisions of the Act. Idaho Code § 47-314(8); Idaho Code § 47-315(1), (8). Among the authorities that the Commission may exercise is the power to assess civil penalties against persons that violate the Act or the rules and orders promulgated under the Act. Idaho Code s§ 47-329(3).

JOINT MOTION TO APPROVE SETTLEMENT

Pursuant to IDAPA 04.11.01.557, .612, and .613, the parties request the Commission issue an order that (1) accepts the attached Settlement Agreement and Consent Order (“SACO”) and (2) accepts civil penalties against Alta Mesa in the amount of \$4,000 (\$3,000 for Violation One, \$1,000 for Violation Two). Pursuant to IDAPA 04.11.01.613, the parties will present this joint motion and the SACO to the Commission at its November 28, 2018 meeting. The SACO reached is attached to this motion as Exhibit A and is part of the record, but “facts disclosed, offers made, and all other aspects of negotiation . . . in a contested case are not part of the record.” IDAPA 04.11.01.610.

Upon issuance of a Commission order accepting the SACO and the agreed-upon civil penalties, IDL’s Complaint will be deemed withdrawn with prejudice. Aside from the agreed-upon civil penalties, each party will bear its own costs, expenses, and attorney’s fees.

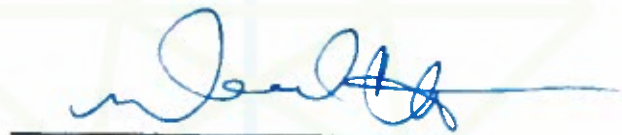
Dated this 20th day of November, 2018.

LAWRENCE G. WASDEN
Attorney General
DARRELL G. EARLY
Deputy Attorney General
Chief, Natural Resources Division


KRISTINA N. FUGATE
Deputy Attorney General

Attorneys for the Idaho Department of Lands

Dated this 19th day of November, 2018.


MICHAEL CHRISTIAN
Marcus, Christian, Hardee & Davies, LPP

Attorneys for AM Idaho, LLC & Alta Mesa Services, LP

IDAHO OIL & GAS
CONSERVATION COMMISSION

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 20th day of November, 2018, a true and correct copy of the Joint Motion to Accept Settlement Agreement and Consent Order and Exhibit was served on the following individual(s) by the method indicated:

Alta Mesa Services, LP & [] U.S. Mail
AM Idaho, LLC [] Overnight Delivery
c/o Michael Christian [] Messenger Delivery
Marcus, Christian, Hardee & [X] Email: MChristian@mch-
Davies, LLP lawyer.com
737 North 7th Street
Boise ID 83702-5595



KRISTINA N. FUGATE
Deputy Attorney General

IDAHO OIL & GAS
CONSERVATION COMMISSION



EXHIBIT A

**SETTLEMENT AGREEMENT AND
CONSENT ORDER**

IDAHO OIL & GAS
CONSERVATION COMMISSION

BEFORE THE IDAHO OIL AND GAS CONSERVATION COMMISSION

In the Matter of:) Docket No. CC-2018-OGR-01-002
)
AM IDAHO, LLC & ALTA MESA SERVICES,) SETTLEMENT AGREEMENT AND
LP.) CONSENT ORDER
)
Respondent.)

1. The Idaho Department of Lands' Oil and Gas Division ("IDL"), and Alta Mesa Services, LP and AM Idaho, LLC (collectively "Alta Mesa"), voluntarily enter into this settlement agreement and consent order ("SACO") pursuant to the Idaho Oil and Gas Conservation Act ("the Act"), Title 47, Chapter 3, Idaho Code; the Rules Governing Conservation of Oil and Gas in the State of Idaho, IDAPA 20.07.02; the Idaho Administrative Procedure Act, Title 67, Chapter 53, Idaho Code; and the Idaho Rules of Administrative Procedure of the Attorney General, IDAPA 04.11.01. IDL and Alta Mesa may be collectively referred to as the "Parties."
2. Alta Mesa is the current operator of the ML Investments 2-10 well in Payetts County, Idaho. On April 10, 2018, Alta Mesa sent a sundry notice to IDL that stated its intention to plug back the ML Investments 2-10 well from the "LT" or "Sand 2" interval and instead perforate and test the "Sand 1" interval between 4000-4050' MD. On April 18, 2018, Alta Mesa submitted its application to recompleat and plug back the ML Investments #2-10 well. Alta Mesa paid the \$1,000 required application fee on May 10, 2018. IDL approved Alta Mesa's application for recompleat on May 17, 2018 and received Alta Mesa's Well Completion or Recompleat Form on June 20, 2018.
3. On October 5, 2018, IDL filed an Administrative Complaint and Notice of Violation ("Complaint") alleging two violations against Alta Mesa. The October 5, 2018 Administrative Complaint is incorporated into the SACO by reference.
4. IDL provided Alta Mesa with the opportunity for a compliance conference and settlement meeting to discuss the October 5, 2018 Complaint's alleged violations and entry into a settlement agreement. On October 23, 2018, the settlement meeting was held.
5. Alta Mesa agrees to this SACO and the following terms:
 - a. As to the October 5, 2018 Complaint's Violation One, Alta Mesa admits it violated Idaho Code § 47-316(1)(a), IDAPA 20.07.02.030, and IDAPA 20.07.02.200.01 when Alta Mesa performed a plug back and recompleat to a different producing horizon before obtaining IDL approval for a plug back and recompleat. Alta Mesa performed its recompleat on or before April 15, 2018, but IDL did not approve Alta Mesa's application for recompleat until

May 16, 2018. Alta Mesa's April 18, 2018 application did not indicate that Alta Mesa had already performed the work it applied for approval to perform. Under Idaho Code § 47-316(1)(a), IDAPA 20.07.02.030, and IDAPA 20.07.02.200.01 Alta Mesa was required to obtain IDL approval before Alta Mesa performed that work, and Alta Mesa failed to do so.

- b. As to the October 5, 2018 Complaint's Violation Two, Alta Mesa admits it violated Idaho Code § 47-324(2) and IDAPA 20.07.02.340 by failing to timely submit its Well Completion or Recompletion Report. Alta Mesa's Recompletion Report reported the date of first production as April 15, 2018, but was received by IDL on June 20, 2018. Idaho Code § 47-324(2) requires a well test report to be filed "within 30 days of completing or recompleting the well." Alta Mesa filed its report after the 30 days specified in Idaho Code § 47-324(2). Thus, Alta Mesa admits it violated Idaho Code § 47-324(2).
 - c. Alta Mesa shall pay IDL civil penalties in the following amounts:
 - i. Three thousand dollars (\$3,000) for the October 5, 2018 Complaint's Violation One.
 - ii. One thousand dollars (\$1,000) for the October 5, 2018 Complaint's Violation Two.
 - d. Payment of civil penalties for Violation One and Violation Two shall be made no later than thirty (30) days after the Commission approves this SACO.
6. Payments shall be made payable to the Idaho Department of Lands and submitted to:
- Oil and Gas Division
Idaho Department of Lands
300 N. 6th St, Suite 103
Boise, ID 83720
7. IDL shall deposit these payments into the Oil and Gas Conservation Fund.
 8. This SACO shall not in any way relieve Alta Mesa from its obligation to comply with Title 47, Chapter 3, Idaho Code; the Rules Governing Conservation of Oil and Gas in the State of Idaho, IDAPA 20.07.02, or other applicable local, state, or federal law.
 9. This SACO shall bind Alta Mesa and its successors and assigns. Any change in ownership or corporate status of Alta Mesa, including, but not limited to, any transfer of assets or real or personal property shall not alter Alta Mesa's obligation to comply with the SACO's requirements, or to ensure compliance by any of Alta Mesa's successors or assignees, regardless of whether Alta Mesa continues to exist after any such transaction.
 10. The provisions of this SACO are severable. If any provision of this SACO or part thereof is declared unenforceable or invalid, it shall not affect the validity or enforceability of the remaining provisions of this SACO.

11. Alta Mesa expressly recognizes that failure to comply with the terms of this SACO may result in a district court action for collection of civil penalties and other relief available under Idaho Code § 47-329.
12. This SACO contains the entire agreement between the Parties. This SACO may not be enlarged, modified, or altered without written consent of both Parties.
13. Each Party represents and warrants that it has the authority to enter into this SACO and to take all actions provided for herein. The effective date of this SACO shall be the date the IDL Oil and Gas Administrator signs the agreement. However, the SACO does not become enforceable until the Oil and Gas Conservation Commission ("Commission") issues an order accepting the SACO. If the Commission does not accept the SACO, this SACO becomes null and void.
14. The Parties agree that this SACO will be presented to the Commission and reviewed by the Commission under IDAPA 04.11.01.612. The Parties both carry the burden of showing the Commission that the settlement is in accordance with the law. IDAPA 04.11.01.613.

Dated this 14th day of Nov, 2018



David Murrell, Vice President of Land and Business Development
Alta Mesa Services, LP & AM Idaho, LLC

Dated this 15th day of Nov, 2018



Richard "Mick" Thomas, Oil and Gas Division Administrator
Idaho Department of Lands

IDAHO OIL AND GAS CONSERVATION COMMISSION
November 28, 2018
Information Agenda

SUBJECT

Operator Records Examined

BACKGROUND

On October 16, 2018, the Idaho Oil and Gas Conservation Commission (Commission), pursuant to Idaho Code § 47-329(1) sent a subpoena to Alta Mesa Services, LP and AM Idaho, LLC (Alta Mesa); (Attachment 1). The subpoena commanded Alta Mesa to provide data that the Commission could use to answer questions regarding how Alta Mesa allocated produced volumes back to individual wells. These wells were the Kauffman 1-9 LT, Kauffman 1-9 UT, Kauffman 1-34, ML Investments 1-3, and ML Investments 2-3.

The subpoena requested six items from Alta Mesa:

1. All documents from March 2013 to present related to the oil volumes produced and the oil volumes sold or disposed for the Kauffman 1-9.
2. Percentage of proceeds statements from March 2013 to present for the Kauffman 1-9 LT, Kauffman 1-9 UT, Kauffman 1-34, ML Investments 1-3, and ML Investments 2-3.
3. Plant settlement statements from March 2013 to present that relate to the Kauffman 1-9 LT, Kauffman 1-9 UT, Kauffman 1-34, ML Investments 1-3, and ML Investments 2-3.
4. A template of any spreadsheets NWGP developed internally and provided to Alta Mesa to validate the Waterfield software results, which should include the variables and formulas used to confirm the Waterfield results.
5. Any documents describing or explaining the contents of the cells included in any spreadsheet templates required to be produced under paragraph (4).
6. All composition analysis reports from March 2013 to present related to the Kauffman 1-9 LT, Kauffman 1-9 UT, Kauffman 1-34, ML Investments 1-3, and ML Investments 2-3.

DISCUSSION

Alta Mesa provided two data sets in response to the subpoena.

The first set was received on October 17, 2018 before the subpoena was received by Alta Mesa and contained the following:

- A. Gas meter analysis for 11/9/2016 providing Mol% for C₁ to C₇.
- B. Gas meter flow volumes for 2/1/2016 measured in MCF.

- C. Gas and condensate allocation worksheet for January and April 2017.
- D. MW Gas and Condensate Analysis for January and April 2017.
- E. Allocation results for the Kauffman and ML wells for January and April 2017.
- F. Reported condensate and gas volumes for the Kauffman and ML wells for January and April 2017.
- G. Plant fuel volumes for January and April 2017.
- H. Little Willow Gas Analysis for January and April 2017.
- I. Gas analysis for the Kauffman and ML wells for January and April 2017.
- J. Condensate analysis for the Kauffman and ML wells for January and April 2017.
- K. Little Willow and HWY 30 Mol analysis for January and April 2017.
- L. NWGP gas point of purchase statement for the Kauffman and ML wells for January and April 2017.
- M. Plant volume settlement statements for the Kauffman and ML wells for January and April 2017.

The second data set was provided via secure online sharefolder and included the following:

- A. General Information: Revised Monthly Production Numbers for the following months:
 - i. August 2015 and November 2015
 - ii. November 2016 to April 2018
 - iii. August 2018
- B. Subpoena Item 1: All documents from March 2013 to present related to the oil volumes produced and the oil volumes sold or disposed for the Kauffman 1-9.
Alta Mesa provided the following:
 - i. Kauffman 1-9 Monthly gas and condensate temperature and density data from August 2015 to October 2018. The condensate average base density listed was ~630 kg/m³
 - ii. Daily tank volumes for the Kauffman 1-9 LT from March 8, 2015 to October 30, 2018.
 - iii. Oil, gas and water volumes produced and Oil, gas, condensate and NGL volumes sold from August 2015 to October 2018 for the Kauffman and ML Investment wells.
NOTE: *This data has been previously reported to the IDL in the form of monthly production reports.*
- C. Subpoena Item 2: Percentage of proceeds statements from March 2013 to present for the Kauffman 1-9 LT, Kauffman 1-9 UT, Kauffman 1-34, ML Investments 1-3, and ML Investments 2-3.
Alta Mesa provided the following:
 - i. Consolidated gas statements from Northwest Gas Processing for the months of August 2015 to October 2018.

- D. Subpoena Item 3: Plant settlement statements from March 2013 to present that relate to the Kauffman 1-9 LT, Kauffman 1-9 UT, Kauffman 1-34, ML Investments 1-3, and ML Investments 2-3.

Alta Mesa provided the following:

Monthly Plant Volume Settlement Statements by Well for the months of August 2015 to October 2018. These statements included:

- i. Wet Gas Inlet Mcf
- ii. Residue Sale Mcf
- iii. Residue Sale MMBtu
- iv. Residue Nominated MMBtu
- v. Liquid Plant Inlet BBLs
- vi. Condensate Sales BBLs
- vii. NGL Sales Gallons
- viii. Total Fuel Mcf

- E. Subpoena Item 4: A template of any spreadsheets NWGP developed internally and provided to Alta Mesa to validate the Waterfield software results, which should include the variables and formulas used to confirm the Waterfield results.

Alta mesa provided the following:

- i. Mol analysis of condensate for the Kauffman and ML Investments wells for April 2017 and January 2017.
- ii. Mol analysis of NGL's for the Kauffman and ML Investments wells for April 2017 and January 2017.
- iii. Mol analysis of Gas for the Kauffman and ML Investments wells for April 2017 and January 2017.
- iv. Gas stream allocations spreadsheet for the Kauffman and ML Investments wells for April 2017 and January 2017.

- F. Subpoena Item 5: Any documents describing or explaining the contents of the cells included in any spreadsheet templates required to be produced under paragraph (4).

Alta Mesa did not provide any documents.

- G. Subpoena Item 6: All composition analysis reports from March 2013 to present related to the Kauffman 1-9 LT, Kauffman 1-9 UT, Kauffman 1-34, ML Investments 1-3, and ML Investments 2-3.

Alta Mesa provided the following:

- i. Compositional analysis for the Kauffman and ML Investments wells from April 2015 to October 2018. Much of this data was included in the above subpoena items.
- ii. Alta Mesa also provided separate condensate and gas analysis for the above wells for the months of January 2016 to January 2017.

To enable a preliminary investigation of the data, the Commission selected Chairman Kevin Dickey and Commissioner Jim Classen to act as a subcommittee. Chairman Dickey worked with the Idaho Department of Lands (Department) to coordinate a discussion directly with Alta Mesa. The main goal was to discuss the allocation data and methods with an Alta Mesa

engineer who could explain the methods used and address any questions the Commission may have. On November 26, 2018, Alta Mesa provided additional material regarding the allocation methods used. The investigation is ongoing and the Department is analyzing the data as it is received.

ATTACHMENTS

1. October 16, 2018 – Subpoena of Documents and Records



IDAHO OIL & GAS
CONSERVATION COMMISSION

BEFORE THE IDAHO OIL AND GAS CONSERVATION COMMISSION

IN THE MATTER OF INVESTIGATION)
OF ALTA MESA SERVICES, LP AND)
AM IDAHO, LLC'S COMPLIANCE) SUBPOENA OF DOCUMENTS AND
WITH IDAHO CODE § 47-324) RECORDS
)
)

TO: Alta Mesa Services, LP and AM Idaho, LLC

Pursuant to Idaho Code § 47-329(1), you are hereby commanded to:

to appear at a hearing in this matter at the place, date and time specified below to testify in the above case.

to appear at the place, date, and time specified below to testify at the taking of a deposition in the above case

to produce or permit inspection and copying of the following documents or objects, including electronically stored information, at the place, date and time specified below:

- (1) All documents from March 2013 to present related to the oil volumes produced and the oil volumes sold or disposed for the Kauffman 1-9.
- (2) Percentage of proceeds statements from March 2013 to present for the Kauffman 1-9 LT, Kauffman 1-9 UT, Kauffman 1-34, ML Investments 1-3, and ML Investments 2-3.
- (3) Plant settlement statements from March 2013 to present that relate to the Kauffman 1-9 LT, Kauffman 1-9 UT, Kauffman 1-34, ML Investments 1-3, and ML Investments 2-3.
- (4) A template of any spreadsheets NWGP developed internally and provided to Alta Mesa to validate the Waterfield software results, which should include the variables and formulas used to confirm the Waterfield results.
- (5) Any documents describing or explaining the contents of the cells included in any spreadsheet templates required to be produced under paragraph (4).
- (6) All composition analysis reports from March 2013 to present related to the Kauffman 1-9 LT, Kauffman 1-9 UT, Kauffman 1-34, ML Investments 1-3, and ML Investments 2-3.

[] to permit inspection of the following premises at the date and time specified below.

PLACE, DATE, AND TIME:

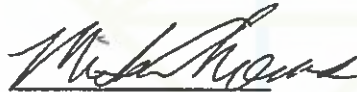
Place: Idaho Department of Lands' Oil and Gas Division, 300 N. 6th St, Suite 103, Boise ID 83702.

Date: October 31, 2018

Time: 3:00pm

You are further notified that if you fail to produce or permit copying or inspection of the documents and records listed above at the time and place specified above, the Commission may apply to any Idaho district court and that court may compel compliance with this subpoena. Idaho Code § 47-329(2). Such court has the power to punish for contempt for refusal to comply with the subpoena. Idaho Code § 47-329(2).

DATED this 16 day of October 2018



Mick Thomas

Idaho Department of Lands Oil and Gas Division Administrator
Secretary to the Idaho Oil and Gas Conservation Commission

IDAHO OIL & GAS
CONSERVATION COMMISSION