

IDAHO OIL AND GAS CONSERVATION COMMISSION OPEN MEETING CHECKLIST

FOR MEETING DATE: December 20, 2018

Regular Meetings

	Notice of Meeting posted in prominent place in IDL's Boise Headquarters office five (5) calendar days before meeting.
	Notice of Meeting posted in prominent place in IDL's Coeur d'Alene Headquarters office five (5) calendar days before meeting.
	Notice of Meeting posted in prominent place at meeting location five (5) calendar days before meeting.
	Notice of Meeting emailed/faxed to list of media and interested citizens who have requested such notice five (5) calendar days before meeting.
	Notice of Meeting posted electronically on the OGCC public website https://ogcc.idaho.gov/ five (5) calendar days before meeting.
	Agenda posted in prominent place in IDL's Boise Headquarters office forty-eight (48) hours before meeting.
	Agenda posted in prominent place in IDL's Coeur d'Alene Headquarters office forty-eight (48) hours before meeting.
	Agenda posted in prominent place at meeting location forty-eight (48) hours before meeting.
	Agenda emailed/faxed to list of media and interested citizens who have requested such notice forty-eight (48) hours before meeting.
	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

12/12/18 12/18/18*	Notice of Meeting and Agenda posted in a prominent place in IDL's Boise Headquarters office twenty-four (24) hours before meeting.
12/12/18 12/18/18*	Notice of Meeting and Agenda posted in a prominent place in IDL's Coeur d'Alene Headquarters office twenty-four (24) hours before meeting.
12/12/18 12/18/18*	Notice of Meeting and Agenda posted at meeting location twenty-four (24) hours before meeting.
12/12/18 12/18/18*	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.
12/12/18 12/18/18*	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).

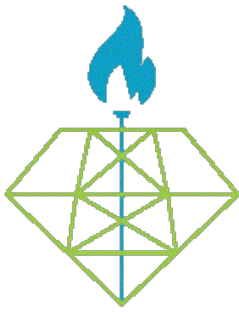
*revised agenda posted

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

12/18/18
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 DECEMBER 2018

IDAHO OIL AND GAS CONSERVATION COMMISSION TO HOLD A SPECIAL MEETING ON THURSDAY, DECEMBER 20, 2018

The Idaho Oil and Gas Conservation Commission will hold a Special Meeting on **Thursday, December 20, 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.

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

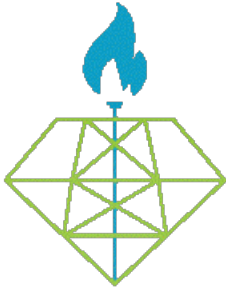
This meeting will be streamed live via audio at this web site address <http://idahoptv.org/insession/other.cfm>

First Notice Posted: 12/12/2018-IDL Boise; 12/12/2018-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

REVISED Final Agenda

Idaho Oil and Gas Conservation Commission Special Meeting

December 20, 2018 – 1:00 PM (MT)

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

The Commission at its discretion may resolve into executive session before and/or after the regular agenda item.

- **ANNOUNCEMENTS**

Argument will be taken from the parties only.

- **CONSENT – ACTION ITEM(S)**

1. **Approval of Minutes** – November 28, 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-2017-OGR-01-002; Kauffman Complaint]

- **REGULAR – ACTION ITEM(S)**

2. **Hearing Officer's Recommended Order in Docket No. CC-2017-OGR-01-002, Randy and Thana Kauffman v. AM Idaho, LLC and Alta Mesa Services, LP; Oral Argument on the Exceptions to the Recommended Order**

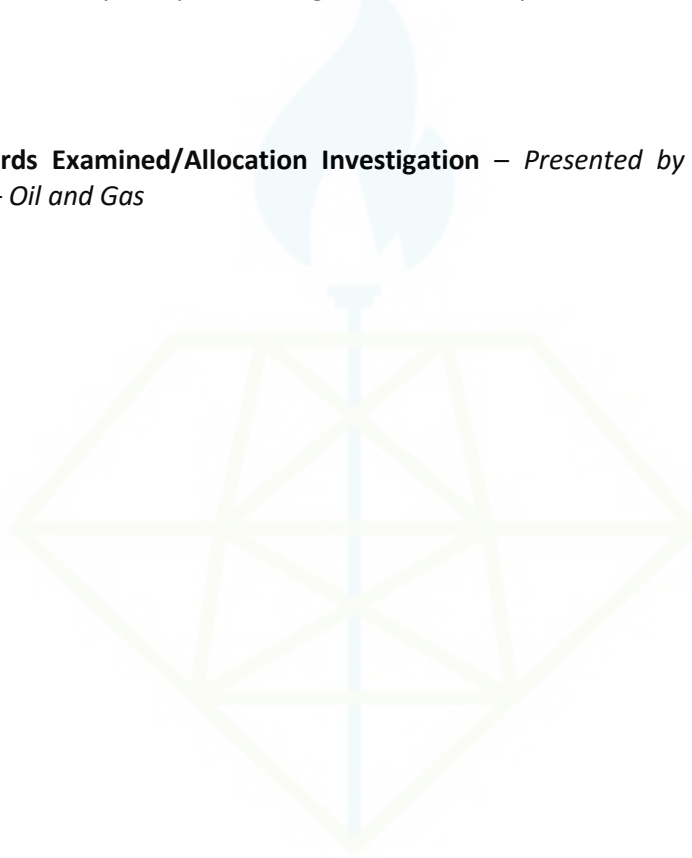
Idaho Oil and Gas Conservation Commission
REVISED Final Agenda – rev 1218
Special Meeting (Boise) – December 20, 2018
Page 1 of 2

- **EXECUTIVE SESSION**

- B. 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: Operator Records Examined/Allocation Investigation]

- **INFORMATION**

- 3. **Operator Records Examined/Allocation Investigation** – *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



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
November 28, 2018

The regular meeting of the Idaho Oil and Gas Conservation Commission was held 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 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
Commissioner Dustin T. Miller

For the record, all five Commission members were present.

• **ANNOUNCEMENTS**

Chairman Dickey stated that the regularly scheduled November and December Commission meetings were combined to the meeting for today. Chairman Dickey announced that the Commission will accept public comment 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. He also explained that there is an Executive Session in the middle of the meeting and that everyone must leave the room at that time and to take all coats, phones, and other related items.

Secretary Thomas asked Chris Gozzo, Oil and Gas Information Specialist, to explain the issues with the microphones. Mr. Gozzo explained that at the last Commission meeting there were some issues with the microphones and feedback, he stated that corrections have been made to help with that problem. Mr. Gozzo asked that only one microphone be used at each desk, that the microphone be pointed at the person speaking and to make sure the red light is on which meant the microphone was on.

Secretary Thomas announced that due to the holiday season and staff availability that the next regularly scheduled Commission meeting was not until February 13, 2019. He explained that a special meeting could be held if needed.

1. Division Administrator's Report

A. Financial Update

B. Current Oil and Gas Activity

Chairman Dickey asked about the Bell #17-2 well, Secretary Thomas confirmed that it was drilled and cased. Commissioner Love inquired about the Island Capitol well and its expiration in December. Oil and Gas Program Manager James Thum responded that it was not on the list to be plugged but that the deadline was December 4th or 5th and the operator had until then to determine a plan.

C. Status Update

i. Class II Injection Well – Permit Status

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

Chairman Dickey asked when the deadline for this case was, Secretary Thomas confirmed that the operator had until December 7th to respond and that a meeting would likely be held after that. Chairman Dickey asked if the meeting would be an executive session, Secretary Thomas responded no.

iii. Oil and Gas Royalty Audit

iv. Well Test Reports – letter requesting information

Chairman Dickey asked if this information was on all wells, Secretary Thomas clarified that it was on all active wells.

• CONSENT – ACTION ITEM(S)

2. Approval of Minutes – October 10, 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.

At 1:14 p.m., a motion was made by Commissioner Love 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. Vice Chairman Shigeta seconded the motion. *Roll Call Vote at 1:14 p.m.:* Aye: Shigeta, Love, Classen, Miller, Dickey; Nay: None; Absent: None. Chairman Dickey asked everyone to leave the room.

• 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]

At 1:46 p.m., the Commission resolved out of Executive Session by unanimous consent. Chairman Dickey stated that no action was taken by the Commission during the Executive Session.

- **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

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).

DISCUSSION: Commissioner Love asked Deputy Attorney General Kristina Fugate if she thought the amount for the violation fines were appropriate. Ms. Fugate directed the question to Secretary Thomas. Secretary Thomas explained that this was the first time the Oil and Gas Division issued a notice of violation. He explained that staff called several states and asked about their process for first-time offenders, most responded that it would be about \$1,000 per violation. Secretary Thomas added that this was more of a procedural, situational error as they did not inform the Department of what they were planning to do. Secretary Thomas reiterated that for first time offense, this amount was in the ballpark compared to other states.

COMMISSION ACTION: A motion was made by Commissioner Classen to approve the settlement as indicated. Vice Chairman Shigeta seconded the motion. The motion carried on a vote of 5-0.

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

- **INFORMATION**

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

DISCUSSION: Secretary Thomas stated that a subpoena was issued to Alta Mesa on October 16, 2018. After receiving the subpoena, Alta Mesa provided a large amount of data explaining their allocation methods for their Idaho operations. The Department has begun the evaluation of that data and is working with Chairman Dickey as a technical advisor during that evaluation. The initial evaluation revealed potential errors in the allocation process. Secretary Thomas said he had a discussion with Alta Mesa engineers regarding their allocation methods and how to move forward. Alta Mesa confirmed a systemic error in their allocation calculations, and Alta Mesa has initiated steps to resolve the error.

Chairman Dickey opened the floor for public comment. No one gave public comment.

There being no further business before the Commission, at 2:00 p.m. a motion to adjourn was made by Commissioner Miller. Vice Chairman Shigeta seconded the motion. The motion carried on a vote of 5-0. Meeting adjourned.



IDAHO OIL & GAS
CONSERVATION COMMISSION

IDAHO OIL AND GAS CONSERVATION COMMISSION
December 20, 2018
Regular Agenda

SUBJECT

Hearing Officer's Recommended Order in Docket No. CC-2017-OGR-01-002, Randy and Thana Kauffman v. AM Idaho, LLC and Alta Mesa Services, LP

BACKGROUND

At the December 7, 2017 Oil and Gas Conservation Commission (Commission) meeting, a complaint was filed with Chairman Dickey and members of the Commission on behalf of Randy and Thana Kauffman. The Kauffman's alleged that Alta Mesa violated Idaho Code §§ 47-331(4), 47-332(1) and 47-332(4). On March 12, 2018, the Commission appointed Jason Risch as Hearing Officer for this case.

The Hearing Officer submitted his *Recommended Order* on November 13, 2018 which denied any and all relief requested in the December 7, 2017 complaint. The Kauffman's submitted a *Written Brief Taking Exception to the Recommended Order* on November 16, 2018. On December 5, 2018, Alta Mesa submitted a *Brief of Respondents in Response to Complainants Exceptions to the Recommended Order* in response to the Kauffman's November 16th Exception to the Recommended Order. On December 11, 2018, a *Notice of Hearing on Complainants' Exceptions to the Recommended Order* was sent out noticing the parties of the December 20, 2018 hearing before the Commission.

DISCUSSION

The Commission will hear oral argument from the parties and make a decision on the Hearing Officer's Recommended Order.

COMMISSION ACTION

IDAHO OIL & GAS
CONSERVATION COMMISSION

IDAHO OIL AND GAS CONSERVATION COMMISSION
December 20, 2018
Information Agenda

SUBJECT

Operator Records Examined / Allocation Investigation

BACKGROUND

Alta Mesa and the Idaho Department of Lands (Department) have confirmed a systemic error in how produced volumes of hydrocarbons are allocated back to the well. This systemic error was discovered as a result of documents subpoenaed on October 16, 2018. As a result of this volume allocation error, Alta Mesa engineers began an internal audit of their Idaho allocation process. On November 26, 2018, Alta Mesa provided a summary explanation of the findings to the Department.

The Department held meetings with Alta Mesa on November 27, 2018 and November 29, 2018 to discuss how the allocation errors occurred, as well as a timeline and process for correcting the errors. Alta Mesa shared that they would meet with Northwest Gas Processing (NWGP) and Waterfield Energy. Alta Mesa uses NWGP to determine allocated volumes. NWGP in turn uses the Waterfield Energy software in combination with meter data to determine how volumes are allocated back to the well.

The Department set December 7, 2018 as the deadline for Alta Mesa to provide a timeline for resolving the allocation error. On December 7, 2018, Alta Mesa began a series of meetings with NWGP to discuss options moving forward.

DISCUSSION

On Friday, December 14, 2018, Alta Mesa provided to the Department an email they received from Capitalize Consulting (Attachment 1). This email provides a general approach to address the allocation errors and provide solutions. Capitalize Consulting indicates they will try to provide estimates and a timeline for the project by Friday, December 21, 2018.

The Department is moving forward independently with its own investigation into the volume allocation errors. When the investigation is complete, the Department will provide the results, as well as any potential recommendations, to the Oil and Gas Conservation Commission at a future meeting.

ATTACHMENTS

1. December 14, 2018 email - Waterfield Energy allocation changes

Mick Thomas

From: Michael Christian <mchristian@mch-lawyer.com>
Sent: Monday, December 17, 2018 12:03 PM
To: Mick Thomas
Subject: FW: Alta Mesa - Waterfield Energy allocation changes

Mick, see the below communication from Capitalize Consulting to Christie Meyer at AM re: work on the Waterfield issue.

Give me a call if you have any questions.

Thanks,
Mike

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

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From: Christie L. Meyer <cmeyer@AltaMesa.net>
Sent: Monday, December 17, 2018 7:33 AM
To: Michael Christian <mchristian@mch-lawyer.com>; Scott Ricks <SRicks@high-mesa.com>; F. David Murrell <dmurrell@AltaMesa.net>
Subject: FW: Alta Mesa - Waterfield Energy allocation changes

From: Steve McFarland <SteveMcFarland@capitalizeconsulting.com>
Sent: Friday, December 14, 2018 2:43 PM
To: Christie L. Meyer <cmeyer@AltaMesa.net>; Jerry Haney <jhaney@AltaMesa.net>
Cc: Cheryl Nealon <CherylNealon@capitalizeconsulting.com>; Brian Zahn <BrianZahn@capitalizeconsulting.com>
Subject: Alta Mesa - Waterfield Energy allocation changes

Alta Mesa – Highway 30 changes

The change is to change the approach to allocation of Condensate and Residue in Highway 30 within the Waterfield Energy system. Alta Mesa has provided some models (spreadsheets) of how the allocation currently works (“Base”) and the desired approach (“Corrected”). The summary of this change would be to change to keep the Volume % (mol %) of the Sales meters in tact for all levels of allocation all the way from the Sales point to the well.

Alta Mesa does not have the resources available to make these changes and has asked Capitalize Consulting to work on making these changes.

The agreement (as of Friday, Dec.14th, 2018) was to split the Sales volumes at the Sales meter level, per the mol %, into the component volumes (gal, bbls, etc.) and then allocate each of the components separately, and then at the well level, those components can then be summed up to arrive at the total allocated sales volumes for each well.

The general work approach would be to setup one set of allocations (probably Condensate, for Little Willow), and using Production data for January 2017 run tests and compare vs. the "Corrected" model. The work would involve setting up new Product / Usages (Waterfield Energy terms) and formulas to split the sales volumes into the new Product / Usages. There are 18 components. All 18 components will require meters, formulas, etc. The results in Waterfield DEV will be compared vs the "Corrected" model and once we achieve a match, we would do similar approach to Residue. Once Residue is matched, then we have to the move the setup to PROD.

It is our understanding that this does not complete the whole assignment – there will be re-runs (PPAs) with the approach going back at least to Jan 2017.

Capitalize will use this information, and come up with an estimate for the manpower to make the changes to Waterfield Energy including the changes in PROD. For now – the re-runs (PPAs) will be considered outside of this scope of work. With the holiday's coming up soon, Capitalize will try to get the estimates and timeline back to Alta Mesa by the end of next week (Friday, Dec 21).

If anyone sees anything in this note that is incorrect or should be clarified, please let me know.

Sent from [Mail](#) for Windows 10

IDAHO OIL & GAS
CONSERVATION COMMISSION