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September 11, 2020

Chris Weiser
Snake River Oil and Gas, LLC
P.O. Box 500
Magnolia, AR 71754

SENT VIA EMAIL
chrisw@weiser-brown.com

Subject: Application for Permit to Drill, Barlow #2-14, Payette Co., ID

Dear Mr. Weiser,

The Idaho Department of Lands (IDL) has completed our review of this application for permit to drill for oil and gas. The application is denied based on the following information provided in the application and applicable Idaho code.

To ensure the correlative rights of mineral interests' owners are maintained, Idaho Code requires that a unit shall not be smaller than the maximum area that can be drained:

47-318(2)(b) – “The size of the spacing units shall not be smaller than the maximum area that can be efficiently and economically drained by one (1) well;”

Applications for permits to drill can be denied when the proposed well “will result in waste of oil or gas, a violation of correlative rights, or the pollution of fresh water supplies.” IDAPA 20.07.02.200.05.d.

The Department finds, based on the following evidence, that the drainage area of the proposed Barlow #2-14 target interval extends beyond the unit boundaries of section 14. Thus, the Department concludes that the Application does not meet the requirements of Idaho Code § 47-318 and IDAPA 20.07.02.200.05.d.

- In 2017, AM Idaho LLC applied for an Integration / Spacing unit for the proposed B Sand target. This 640-acre unit, referred to as Unit D, Docket CC-2017-OGR-01-001, encompassed Quarter-Quarter sections from four separate government sections, including the SW1/4 of Section 14 (Figure 1). The application was subsequently withdrawn, and the unit was not established. The Geologic Statement accompanying the application included a seismic amplitude map submitted in support of the geologic limits of the Sand B target, which appears to extend beyond section 14 (Figure 2).
- The Geologic Statement submitted with the application for permit to drill the Barlow #2-14 indicates the target sand as the “B” Sand in the SW1/4 of Section 14 (Figure 3). Based

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on the limits of the “B” Sand as defined in the Geologic Statement in Docket CC-2017-OGR-01-001, the target sand appears to be the same in both applications.

Additionally, Snake River indicated this would be a 640-acre unit and checked the box “gas well” on its 2020 APD without specifying any existing order for the unit. Docket No. 2016-OGR-01-001 contains the current spacing order in place for Section 14. The statewide drilling units found in Idaho Code § 47-317(3)(b) apply only in “the absence of an order . . . establishing drilling or spacing units.” The order in Docket No. 2016-OGR-01-001 does not authorize an additional well to be drilled within Section 14.

Snake River Oil and Gas may consider submitting a spacing request for Unit D for the “B” Sand to establish a new or an amended unit that meets the requirements of Idaho Code § 47-318.

Pursuant to Idaho Code § 47-316(1)(e), the applicant may appeal the Department’s decision to the Idaho Oil and Gas Commission. Pursuant to Idaho Code § 47-328(4), an appeal must be filed with the oil and gas administrator within fourteen (14) calendar days of the date of issuance of this decision. The date of issuance shall be three (3) calendar days after the oil and gas administrator deposits the decision in the U.S. mail. Such appeal shall include the reasons and authority for the appeal and shall identify any facts in the record supporting the appeal. If no appeal is filed within the required time, this decision shall become the final order. Idaho Code § 47-328(6).

If you have any questions, please contact me at 208-334-0298 or mthomas@idl.idaho.gov.

Sincerely,



Mick Thomas
Division Administrator
Minerals, Public Trust, Oil & Gas
mthomas@idl.idaho.gov

Cc:

Richard Brown, richard@weiserbrown.email
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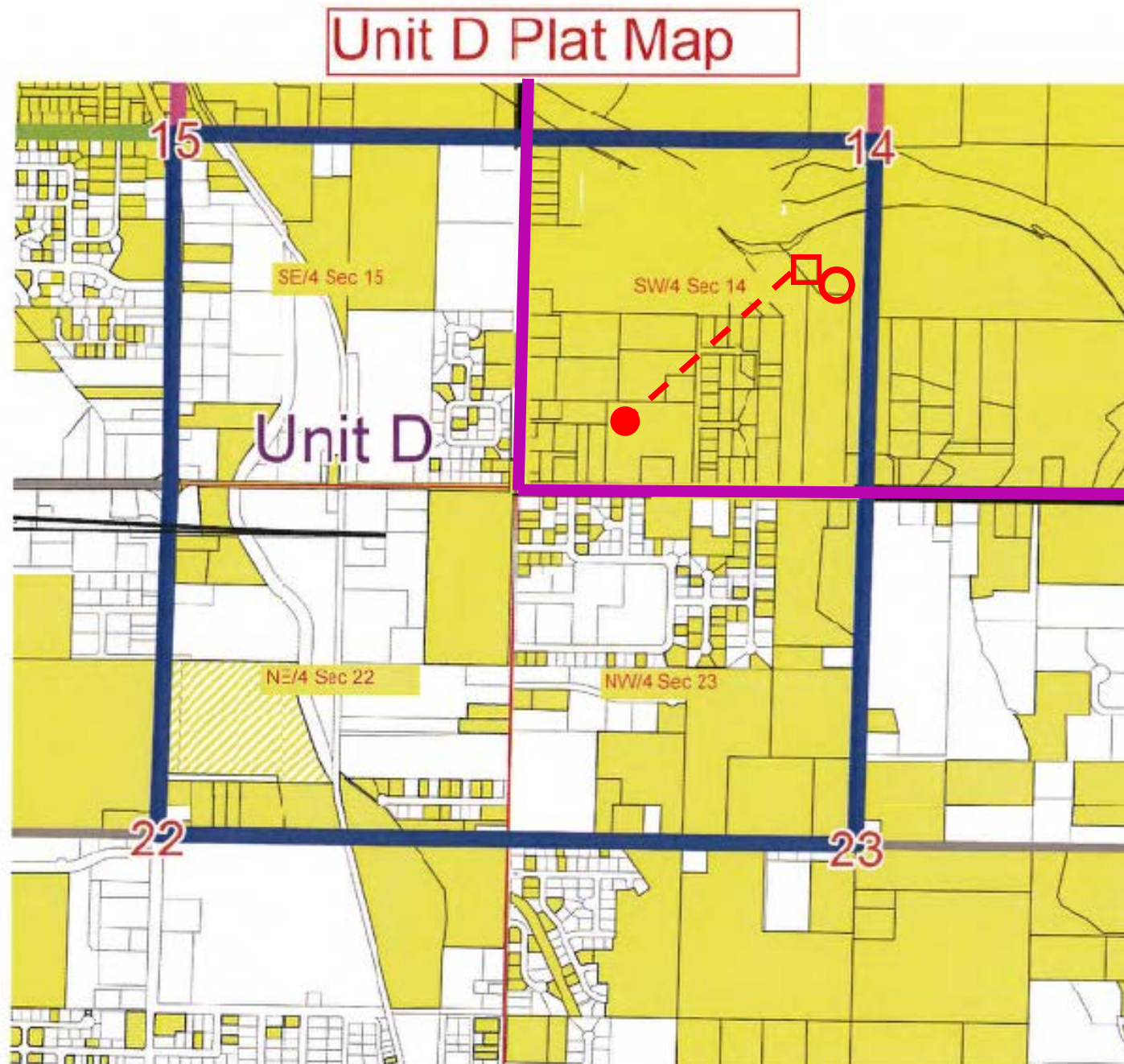
Barlow 2-14 fig 1-3.pdf



CC-2017-OGR-01-001
T8N R5W, parts of
Secs 14, 15, 22 & 23
Proposed “Unit D”
Sand B Target
Status: Withdrawn

Yellow areas
indicate leases held
by the Applicant at
the time of the
Integration /
Spacing request.

FIGURE 1



CC-2016-OGR-01-001
T8N R5W, Section 14
“Unit C”
Sand D Unit
Status: Active

CC-2017-OGR-01-001: T8N R5W, parts of Secs 14, 15, 22 & 23. Proposed “Unit D” Sand B Target

Geologic Statement for CC-2017-OGR-01-001 (D. Smith) #4: Red circle in SE1/4 Sec. 15 is proposed target. #11 states the target is likely a combination structural/stratigraphic test at approx. 3185’ TVD. Dark blue areas are interpreted to have no Sand B present.

#14 states that a large part of the pool lies outside the proposed location qtr-qtr section, including the W1/2 SW1/4 Section 14, so the overlapping 640-acre proposed Unit D is “more appropriate” to “prevent correlative rights and prevent waste.”

The 2017 proposed Unit D for a Sand “B” target includes the SW1/4 of Section 14, the target area for the proposed Barlow #2-14.

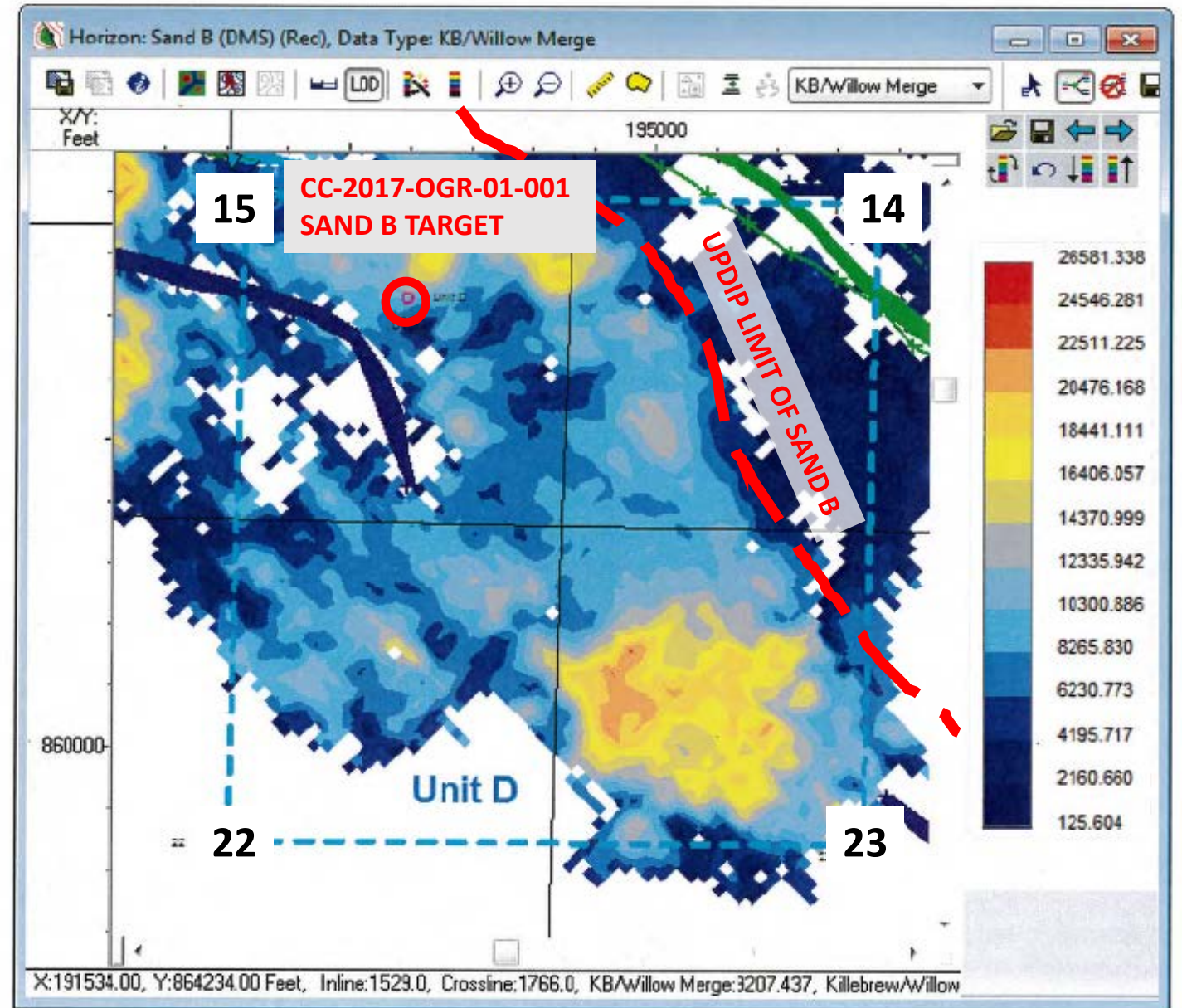


FIGURE 2



Estimated
Pinchout /
Shaleout Line for
Sand B

Notes re: Barlow 2-14

Pending Application (June 2020) – Part 2:

Barlow 2-14 target is a stratigraphic test of the “Sand B” interval which is completed in the Fallon 1-10 well to the northwest. Approximate proposed well path indicated by the dashed red line. The well is designed to test Sand B, then tag the Sand D interval in a downdip location, possibly for a stratigraphic control point.

The existing Barlow 1-14 (red circle) is completed in the “Sand D” interval. Sand B, the target interval for the 2-14, is not developed in the Barlow 1-14 well.

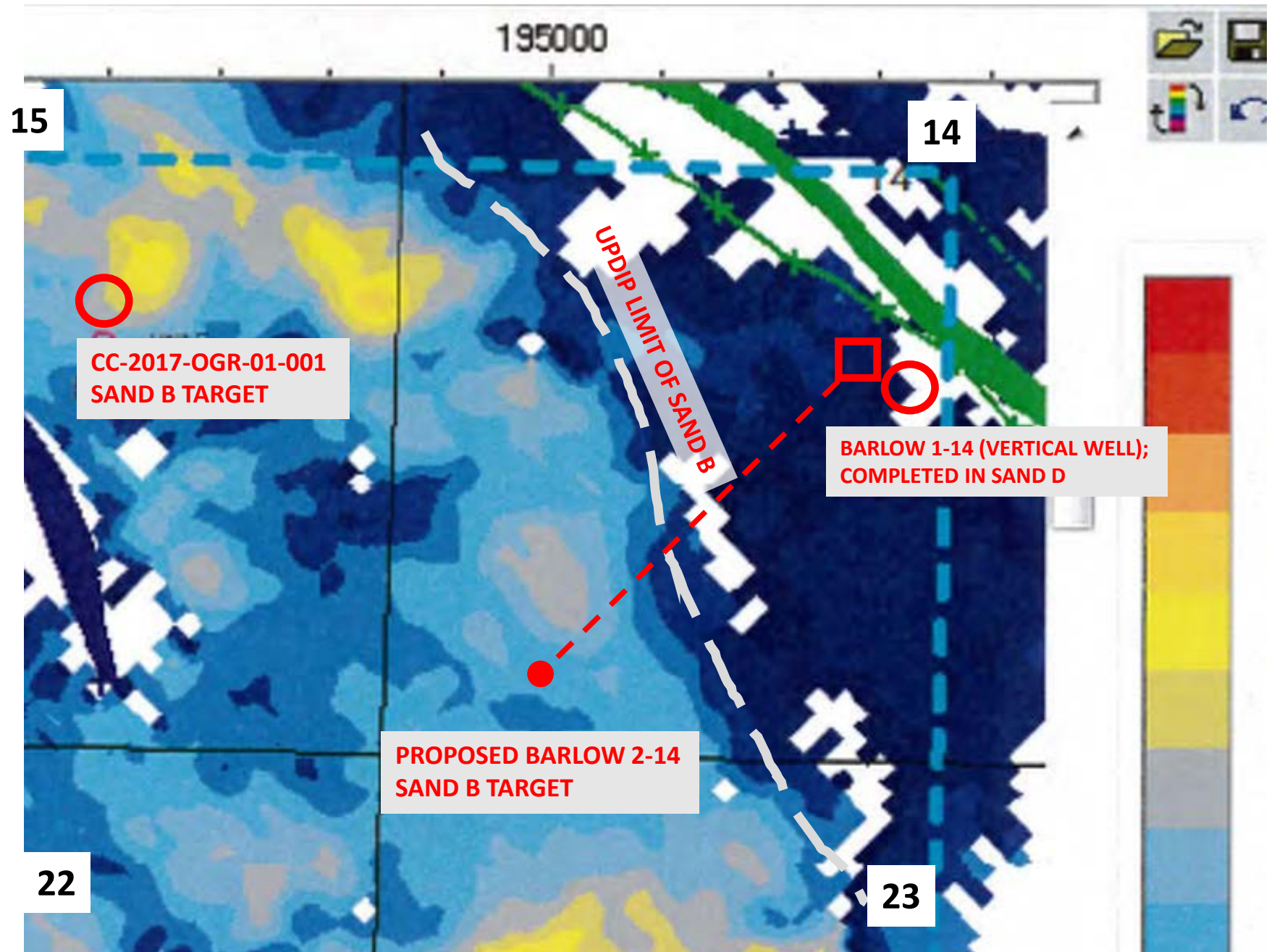


FIGURE 3