

**BEFORE THE IDAHO DEPARTMENT OF
LANDS**

In the Matter of the Application of Cascade Exploration, LLC for an Order establishing a Spacing Unit consisting of 239.15 net acres on lands situated in Section 25, Township 5 North, Range 4 West, Canyon County Idaho.

Agency Case No. CC-2025-OGR-01-003

OAH Case No. 25-320-OG-03

**FINAL ORDER ESTABLISHING
SPACING UNIT**

PROCEDURAL BACKGROUND

On June 30, 2025, Cascade Exploration, LLC (“Cascade”) filed an application requesting a spacing order (“Application”) for a proposed 239.15-acre unit situated in Section 25, Township 5 North, Range 4 West, Canyon County, Idaho (“Proposed Spacing Unit”). On July 11, 2025, IDL referred the matter to the Office of Administrative Hearings (“OAH”) to conduct a public hearing and issue a recommended order.

OAH appointed Administrative Law Judge Scott Zanzig as the hearing officer on July 14, 2025. On July 22, 2025, Hearing Officer Zanzig held a scheduling conference, wherein representatives from Cascade and IDL appeared via Zoom. Following the scheduling conference, Hearing Officer Zanzig issued a Scheduling Order setting prehearing deadlines and scheduling the public hearing on the Application for August 28, 2025.

At a prehearing conference held via Zoom on August 21, 2025, the Parties stipulated to the admission of all exhibits offered: Cascade’s Exhibits CE-01 through CE-03, and IDL’s Exhibits IDL-01 and IDL-02.

The public hearing was held on August 28, 2025 at 1:30 p.m. at the College of Western Idaho’s Nampa Micron Education Center, Room 139A, located at 5725 E. Franklin Road, Nampa, ID 83687. The hearing was recorded via Zoom. By the Parties’ agreement, no court reporter attended to transcribe the proceedings. Andrew Irvine represented Cascade at the hearing. Barrett Bronson and Heather Bader provided testimony for Cascade. Attorney Kayleen Richter appeared on behalf of IDL’s Oil and Gas regulatory program, and James Thum, IDL Oil and Gas Program

Manager provided testimony. No uncommitted mineral interest owners or members of the public appeared at the hearing.

The Parties presented testimony and evidence and cross-examined witnesses. Cascade had the opportunity to offer rebuttal testimony. Interested persons had the opportunity to present testimony as public witnesses at the hearing beginning at 5:00 p.m., pursuant to Idaho Code § 67-5242(3)(c). No interested members of the public appeared, and the hearing concluded at 5:30 p.m. No written public comments were received prior to the hearing.

After hearing IDL's concerns at the public hearing, Cascade agreed to several conditions IDL proposed. The parties submitted a joint stipulation adopting those conditions on September 4, 2025. At that point, the record was closed. Hearing Officer Zanzig issued a Findings of Fact, Conclusions of Law, and Recommended Order on September 17, 2025.

As the Administrator of IDL's oil and gas regulatory program, it is my responsibility to render a decision pursuant to I.C. § 47-328(3)(d) based on the record reviewed in the context of my personal expertise gained through education, training and experience. I relied on the entire record for this matter, including reviewing the hearing officer's Recommended Order. Set forth below are my revised findings of fact and conclusions of law. For the reasons stated below, Applicant's request for an order establishing a spacing unit is **APPROVED**, subject to the conditions stated in the Order below.

FINDINGS OF FACT

1. On June 30, 2025, Cascade filed an Application for a 239.15-acre spacing unit located in Section 25, Township 5 North, Range 4 West, Canyon County, Idaho, for a stratigraphic test well. CE-01.

2. The Application included: a legal description and plat map of the Proposed Spacing Unit; a list of mineral interest owners; a declaration from Bronson Barrett describing Cascade's ownership interest; and a declaration from a drilling engineer, Heather Bader, describing Cascade's plan for a stratigraphic test well in the Proposed Spacing Unit. *Id.*

3. On July 8, 2025, IDL Oil & Gas Program Manager James Thum responded to Cascade's Application, requesting additional information. Order Referring to OAH, Ex. 1.

4. Marchbanks Properties is the fee simple owner of all 239.15 acres comprising the

Proposed Spacing Unit. CE-01, Ex. C, Barrett Decl.; Hearing Recording (HR)¹ 00:09:59–00:10:20.

5. As a result of a lease with Marchbanks Properties, Cascade is the sole working mineral interest owner in all 239.15 acres comprising the Proposed Spacing Unit. *Id.*; HR 00:10:08–00:10:43.

6. There are no uncommitted owners within the Proposed Spacing Unit. HR 00:12:13–00:12:26.

7. On July 8, 2025, Cascade sent Canyon County a copy of the Application by certified mail. CE-02; HR 00:11:58–00:12:12.

8. No objections were filed in opposition to the Application, and IDL received no written public comments regarding the Application. HR 00:12:27–00:12:47; 00:53:08–00:53:34.

9. Following the public hearing, on September 4, 2025, Cascade and IDL filed a Joint Stipulation to Conditions for Grant of Cascade Exploration’s Application. The Parties stipulated to the following:

- The order approving the spacing unit shall allow for only one well within the unit.
- The spacing unit shall consist of a ninety-acre unit at S2SE1/4, SWSW1/4, W2NW1/4, NE1/4 in Section 25, Township 5 North, Range 4 West, Canyon County, Idaho, as further described at Exhibit A hereto. Setbacks shall be 330 feet from the closest exterior geographic boundary of the unit as described in IC 47-317(3)(a)(i).
- Beyond well testing as allowed in IDAPA 20.07.02.413, no production activities will be permitted from the stratigraphic test well.
- The spacing unit will expire 90 days after final plugging and reclamation has been completed, inspected, and approved by IDL.

10. Testimony at the public hearing established the following:

- The Application seeks permission to test for hydrogen gas. HR 00:05:47–00:06:56.
- The Application seeks an order establishing a spacing unit for exploratory testing only. The stratigraphic test well will neither produce, nor waste, oil or gas. CE-01 (Cascade Drilling Engineer Technical Decl.); HR 00:15:39–00:16:30.

¹ “Hearing Recording” refers to the time reflected on the Zoom recording of the hearing.

- Drilling a stratigraphic test well is an accepted method used in the oil and gas industry to determine the existence and extent of a prospective pool of gas. HR 00:33:21–00:33:41.
- Information from a stratigraphic test well could be used to prevent the waste of resource and to protect correlative rights. HR 00:33:42–00:33:52.
- James Thum is a trained geologist and geophysicist with more than 30 years’ experience in oil and gas exploration and development. He has served as IDL’s Oil and Gas Program Manager since January 2016. HR 00:30:05–00:30:45.
- In Mr. Thum’s opinion, the Application satisfies the Act’s requirements, except for the irregular shape of the Proposed Spacing Unit originally proposed (because the unit could not be described in accordance with the public land survey system). HR 00:44:25–00:45:54.

11. The parties’ Joint Stipulation to Conditions for Grant of Cascade Exploration’s Application remedies Mr. Thum’s concern that the Application proposed a unit that could not be described in accordance with the public land survey system.

12. IDL has thoroughly vetted the Application, proposed and received Cascade’s assent to several conditions, and recommends the Application be granted subject to the stipulated conditions.

13. No other person or entity has opposed the Application.

CONCLUSIONS OF LAW

I. The Administrator has jurisdiction over this matter.

1. The Idaho Oil and Gas Conservation Act, I.C. § § 47-306 through 336 (“Act”) applies to all matters affecting oil and gas development on all lands in the state of Idaho. I.C. § 47-313.

2. The Act and the Rules Governing Conservation of Oil and Natural Gas in the State of Idaho (IDAPA 20.07.02) govern this proceeding.

3. Cascade seeks permission to drill an exploratory stratigraphic well for hydrogen gas. The Act gives IDL the authority to establish spacing units “for oil and gas wells” and does not specifically address hydrogen exploration or stratigraphic wells. I.C. § 47-317(1).

4. While hydrogen is a “gas” as that term is generally defined, the Act defines “gas” more restrictively:

"Gas" means natural gas, which is a mixture of hydrocarbons and varying quantities of non-hydrocarbons that exist either in the gaseous phase or in solution with crude oil in natural underground reservoirs.

I.C. § 47-310(14).

5. Pure hydrogen is considered a non-hydrocarbon gas, however, natural reservoirs may contain trace quantities of hydrocarbons.

6. Nevertheless, both Cascade and IDL assert that the Act should apply to exploratory drilling for hydrogen because obtaining critical geologic data from the test well now will prevent waste and unnecessary "wildcat" wells in the future, serving the statute's goal of preventing unnecessary drilling. Bader Decl., p. 6.

7. In addition to hydrogen, the test well may encounter "natural gas" which is actively being developed in the area. Id.

8. No other person or entity offered objection or comment to the contrary, and the Administrator concludes that the Act and the Rules Governing Conservation of Oil and Natural Gas in the State of Idaho govern Cascade's Application.

9. The Commission is "authorized to make and enforce rules, regulations, and orders reasonably necessary to prevent waste, protect correlative rights, to govern the practice and procedure before the commission, and otherwise to administer [the Act]." I.C. § 47-315(8). IDL is the administrative instrumentality of the Commission, and the Administrator has authority over these proceedings pursuant to I.C. §§ 47-314(7), -317, and -328(3).

II. Cascade bears the burden of proof.

1. Cascade bears the burden of proof in this matter because it is requesting a spacing order from IDL. IDAPA 62.01.01.477.

2. Under Idaho law, "preponderance of the evidence" is generally the applicable standard for administrative proceedings, unless the Idaho Supreme Court or legislature has said otherwise. *N. Frontiers, Inc. v. State ex rel. Cade*, 129 Idaho 437, 439, 926 P.2d 213, 215 (Ct. App. 1996). "A preponderance of the evidence means that when weighing all of the evidence in the record, the evidence on which the finder of fact relies is more probably true than not." *Oxley v. Medicine Rock Specialties, Inc.*, 139 Idaho 476, 481 80 P.3d 1077, 1082 (2003).

3. A court shall affirm an agency's action unless the decision is "not supported by substantial evidence on the record as a whole; or [the decision] is arbitrary, capricious, or an abuse

of discretion.” I.C. § 67-5279(3)(d)-(e).

III. Cascade provided adequate notice pursuant to I.C. § 47-328.

1. Idaho Code § 47-328(3)(b) sets forth the applicable notice requirements.

Section 47-328(3)(b) requires that the applicant give notice to “all known and located uncommitted mineral interest owners, all working interest owners within the proposed spacing unit, and the respective city or county where the proposed unit is located.”

2. Cascade provided evidence that it notified Canyon County through certified mail. CE-02.

3. There are no uncommitted or working interest owners other than Cascade within the Proposed Spacing Unit;

4. Cascade has satisfied the notice requirements.

IV. The Proposed Spacing Unit meets the statutory requirements of I.C. § 47-317.

1. Idaho Code § 47-317(1) grants IDL the power to “issue an order establishing spacing units on a statewide basis, or for defined areas within the state, or for oil and gas wells drilled to varying depths,” “to prevent or assist in preventing the waste of oil and gas, to avoid drilling unnecessary wells or to protect correlative rights.”

2. Section 47-317(2) provides that:

- a. a spacing unit order “shall specify the location, size, and shape of the unit, which, in the opinion of [IDL], shall result in the efficient and economical development of the pool as a whole”;
- b. spacing “units established by [IDL] shall be geographic. The geographic boundary of the unit shall be described in accordance with the public land survey system”; and
- c. “[IDL] shall issue an order establishing a spacing unit or units to determine the area that can be efficiently and economically drained by one (1) well for the orderly development of the pool.”

3. Idaho Code § 47-317 allows an operator to request an amendment in the size, shape, or location of a spacing unit that is larger or smaller than 640 acres for gas. I.C. § 47-317(4)(b).

4. James Thum is an experienced oil and gas engineer who has overseen IDL’s administration of the Act for nearly a decade. His testimony that the Application, as amended by the conditions IDL proposed, meets the statutory criteria, carries great weight. Unsurprisingly, Mr.

Thum's opinion is fully supported by the evidence.

5. Drilling Engineer Heather Bartlett has over 20 years of experience in the oil and gas industries, specializing in drilling engineering and well planning for exploratory projects. Ms. Bartlett provided ample technical information commonly relied on in the industry to support her position that a stratigraphic test well will provide data to allow for efficient and economical use of the resource without unnecessary future drilling.

6. The spacing unit will be used solely for exploratory purposes. The information from the stratigraphic test well will assist IDL in assessing any subsequent spacing unit application for production, and help IDL ensure that any production from the site would be "efficient and economical."

7. Cascade's Proposed Spacing Unit, as amended by the stipulated conditions, is now "described in accordance with the public land survey system."

8. James Thum IDL Oil & Gas Program Manager thoroughly reviewed the Application and Ms. Bartlett's testimony and agrees that a stratigraphic well within an amended spacing unit will provide critical geographic information and reduce the need for multiple wildcat wells, and to efficiently collect and utilize a hydrogen resource as a whole.

9. Cascade has satisfied its burden of proving that its application for a Proposed Spacing Unit, as amended by the stipulated conditions, satisfies the requirements of the Act and the Rules Governing Conservation of Oil and Natural Gas in the State of Idaho (IDAPA 20.07.02).

ORDER

Based on the foregoing findings of fact and conclusions of law, pursuant to Idaho Code §§ 47-317 and 328, the Proposed Spacing Unit in Docket No. CC-2025-OGR-01-003 be **GRANTED** according to the terms and conditions requested by the Applicant as modified by the following stipulated conditions:

1. This order approving the spacing unit shall allow for only one well within the unit.
2. The spacing unit shall consist of a ninety-acre unit at S2SENW, SWSWNE, W2NWSE, NESW in Section 25, Township 5 North, Range 4 West, Canyon County, Idaho, as further described at **Exhibit A**.
3. Setbacks shall be 330 feet from the closest exterior geographic boundary of the unit as described in IC 47-317(3)(a)(i).

4. Beyond geographic data collection as allowed in IDAPA 20.07.02.413, no production activities will be permitted from the stratigraphic test well.

5. The spacing unit will expire 90 days after final plugging and reclamation has been completed, inspected, and approved by IDL.

Pursuant to Idaho Code § 47-328(3)(e), this Order shall not be subject to any motion to reconsider or further review, except for appeal to the Idaho Oil and Gas Commission. Applicant or any owner who filed an objection or other timely response to the application may file an appeal to the Commission within fourteen (14) calendar days of the date of this Order.

An appeal must include the reasons and authority for the appeal, and shall identify any facts in the record supporting the appeal. Appellant must provide Administrator with proof of service of appeal materials on other persons as required in I.C. § 47-328.

If no appeal is filed with the Commission within the required time, this Order shall become a Final Order pursuant to I.C. § 47-328(6).

IT IS SO ORDERED.

DATED this 30th day of September, 2025.

IDAHO DEPARTMENT OF LANDS



SHANNON CHOLLETT
OIL AND GAS DIVISION ADMINISTRATOR

CERTIFICATE OF SERVICE

I hereby certify that on this 30th day of September, 2025, I caused to be served a true and correct copy of the foregoing Order by the following method to:

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EXHIBIT A

EXHIBIT A

Spacing Unit: S2SENW, SWSWNE, W2NWSE, NESW in Section 25, T5N, R4W, Canyon County, Idaho.

