BEFORE THE IDAHO DEPARTMENT OF LANDS

In the Matter of Application of Snake River Oil and Gas, LLC, to Integrate the Spacing Unit Consisting of the SE¼ of Section 15, the E ½ of the SW¼ of Section 15, and the NE ¼ of Section 22, Township 8 North, Range 5 West, Boise Meridian, Payette County, Idaho **SNAKE RIVER OIL AND GAS, LLC, Applicant.**	Agency Docket No. CC-2025-OGR-01-005 OAH Case No. 25-320-OG-04 **PREHEARING STATEMENT OF APPLICANT**

A. Introduction.

On September 29, 2025, pursuant to Idaho Code §47-320 (addressing the integration of mineral interests in a spacing unit, substantive requirements for an application, and required elements of an integration Order) and Idaho Code §47-328(3)(b) (addressing procedural requirements for integration order applications), Applicant Snake River Oil and Gas, LLC ("Applicant") filed its application ("Application") for an Order integrating the mineral interests in the spacing unit consisting of the SE¼ of Section 15, the E ½ of the SW¼ of Section 15, and the NE ¼ of Section 22, Township 8 North, Range 5 West, Payette County. *See* Ex. SR-01 (application materials, also available at https://ogcc.idaho.gov/wp-content/uploads/02-REC-Ex.-A-2025.09.29_ApplicationforIntegration-ExhibitsA-G-SROGCOND.pdf).[1]

Idaho Code §47-320(1) provides in pertinent part:

> In the absence of voluntary integration, the department, upon the application of any owner in that proposed spacing unit, shall order integration of all tracts or interests in the spacing unit for drilling of a well or wells, for development and operation

[1] The subject spacing unit was established by Final Order issued in Agency Docket No. CC-2025-OGR-01-002 (Final Order available at https://ogcc.idaho.gov/wp-content/uploads/2025.10.03_Final-Order-CC-2025-OGR-01-002-amended-service-list.pdf).

> thereof and for the sharing of production therefrom. The department, as a part of the order establishing a spacing unit, may prescribe the terms and conditions upon which the royalty interests in the unit shall, in the absence of voluntary agreement, be deemed to be integrated without the necessity of a subsequent separate order integrating the royalty interests. Each such integration order shall be upon the just and reasonable terms and conditions set forth in this section.

The primary purpose of integration is to identify the mineral interest owners within a spacing unit among whom the royalty interest, or for owners electing to participate in the cost of the well, the net revenue (or "working interest") from production of oil and gas within the unit will be shared, according to each owner's net mineral acres within the unit. Idaho Code § 47-320(2).[2] An additional purpose is to establish the just and reasonable terms of integration (e.g., the bonus payment and royalty rate for integrated owners, and provisions for operations). Idaho Code § 47-320(1), (3). In the case of the 400-acre spacing unit which is the subject of the Application, the Applicant already has the consent by leasing of approximately 61.91% net mineral acres in the unit (or 247.64 acres).[3]

As discussed below, Applicant has met the requirements for entitlement to an Order integrating the mineral interests in the subject spacing unit and has requested integration on just and reasonable terms.

B. Applicant has met the requirements for entitlement to an Order integrating the mineral interests in the subject spacing unit.

As set forth in the Declaration of Richard Brown included as Exhibit C to the Application materials, Applicant is an "owner" for purposes of Idaho Code § 47-320(1) and Idaho Code § 47-310(2) (defining "owner") by virtue of currently holding approximately 61.91% of the net mineral

[2] Integration (called "pooling" in some states) is an exercise of the state's police power regulate the production of oil and gas and to alter the "Rule of Capture," which would otherwise prevail, in order to: (a) protect the correlative rights of mineral owners, and (b) prevent waste and encourage the most efficient production of oil and gas. *See*, *e.g., Gawenis v. Ark. Oil and Gas. Comm'n*, 2015 Ark. 238, 464 S.W.3d 453 (2015).

[3] At the time the Application was filed, Applicant had leased approximately 61.20% of the net mineral acres in the spacing unit but has obtained several additional leases since then. The current list of owners is Ex. SR-05.

acres in proposed spacing unit area by lease. Applicant is an "owner" as defined by Idaho Code § 47-310(27) as to each tract leased by it in the proposed spacing unit area, as by virtue of each oil and gas lease Applicant is "the person who has the right to drill into and produce from a pool and to appropriate the oil and gas that he produces therefrom, either for himself or for himself and others." *See* Ex. SR-01, p. SR-060 (Declaration of Richard Brown).

Idaho Code § 47-320(4) requires that an Application for an Order integrating mineral interests include the following information:

> (a) The applicant's name and address;
> (b) A description of the spacing unit to be integrated;
> (c) A geologic statement concerning the likely presence of hydrocarbons;
> (d) A statement that the proposed drill site is leased;
> (e) A statement of the proposed operations for the spacing unit, including the name and address of the proposed operator;
> (f) A proposed joint operating agreement;
> (g) A list of all uncommitted owners in the spacing unit to be integrated under the application, including names and addresses;
> (h) An affidavit indicating that at least sixty-seven percent (67%) of the mineral interest acres in the spacing unit support the integration application by leasing or participating as a working interest owner;
> (i) An affidavit stating the highest bonus payment paid to a leased owner in the spacing unit being integrated prior to filing the integration application; and
> (j) A resume of efforts documenting the applicant's good faith efforts on at least two (2) separate occasions within a period of time no less than sixty (60) days to inform uncommitted owners of the applicant's intention to develop the mineral resources in the proposed spacing unit and desire to reach an agreement with uncommitted owners in the proposed spacing unit. Provided however, if any owner requests no further contact from the applicant, the applicant will be relieved of further obligation to attempt contact to reach agreement with that owner. At least one (1) contact must be by certified U.S. mail sent to an owner's last known address. If an owner is unknown or cannot be found, the applicant must publish a legal notice of its intention to develop and request that the owner contact the applicant in a newspaper of general circulation in the county where the proposed spacing unit is located. The resume of efforts should indicate the applicant has made reasonable efforts to reach an agreement with all uncommitted owners in the proposed spacing unit. Reasonable efforts are met by complying with this subsection.

In addition, Idaho Code § 47-320(6) provides that, where an applicant has been unable to secure the commitment of 67% of the net mineral acres in the spacing unit, it may nevertheless obtain an order integrating the mineral interests in the spacing unit if it has obtained the commitment of at least 55% of the net mineral acres in the unit and satisfies some additional requirements:

> (6) An operator who has not been able to obtain consent from sixty-seven percent (67%) of the mineral interest acres in the spacing unit may nevertheless apply for an integration order under this section if all of the conditions set forth in this subsection have been met. The department shall issue an integration order, which shall affect only the unit area described in the application, if it finds that the operator has met all of the following conditions:
> (a) The operator has obtained consent from at least fifty-five percent (55%) of mineral interest acres;
> (b) The operator has negotiated diligently and in good faith for a period of at least one hundred twenty (120) days prior to his application for an integration order; and
> (c) The uncommitted owners in the affected unit shall receive from the operator mineral lease terms and conditions that are no less favorable to the lessee than those set forth in section 47-331(2), Idaho Code.[4]

Applicant respectfully submits that the Application and post-filing items contain all the required elements. *See* Exs. SR-01 through SR-06. In particular:

(a) The Applicant's name and address are listed in the Application. *See* Ex. SR-01, p. SR-002.

(b) The subject spacing unit is identified. *Id.*

[4] Idaho Code § 47-331(2) provides for a "royalty of no less than twelve and one-half percent (12.5%) of the oil and gas or natural gas plant liquids produced and saved," payable on "all production sold from the leased premises except on that consumed for the direct operation of the producing wells and that lost through no fault of the lessee." Applicant has requested at 1/8th royalty per the terms of Idaho Code § 47-331(2). *See* Ex. SR-01, p. SR-006.

(c) A geologic statement is included, referencing the information establishing the subject spacing order, which contains a detailed discussion of the likely presence of hydrocarbons in the unit. *Id.*, p. SR-003.[5]

(d) The Application states that the proposed drill site is leased, from the Mary Ann Miller Trust. *Id.*

(e) The Application requests that Applicant be designated the operator for the unit and includes a general statement of operations, which is similar to Applicant's existing operation in the area. *Id.*, pp. SR-003 – SR004.

(f) The Application includes a proposed form of JOA to be used with integrated owners electing working interest or nonconsenting working interest status, and the Declaration of Richard Brown describes that the form is identical to that used by Applicant with its operating partners (except that it contains a more favorable risk penalty for integrated owners). *Id.*, p. SR-067 – SR-121. The JOA form is a modified American Association of Landmen ("AAPL") Form 610, 1989 version, which is widely used in the industry in other producing states. *Id.* The same form as requested in this proceeding has been approved in earlier integration proceedings in Idaho. *See* https://ogcc.idaho.gov/wp-content/uploads/057_20231121_FindingsofFactConclusionsofLaw-Order.pdf, pp. 13-14 (Order in Docket No. CC-2023-OGR-01-001); https://ogcc.idaho.gov/wp-content/uploads/20241105_OrderforIntegration-CC2024OGR01002.pdf, p. 5 (Order in Docket No. CC-2024-OGR-01-002).

(g) The Application lists the mineral owners to be integrated. *Id.*, pp. SR-002.

[5] After the Application was filed, the Administrator issued an Order formally establishing the subject spacing unit based on the information provided by the Applicant regarding the presence of hydrocarbons. That Order is available here: https://ogcc.idaho.gov/wp-content/uploads/2025.10.03_Final-Order-CC-2025-OGR-01-002-amended-service-list.pdf.

(h) The Application establishes that over 55% (currently approximately 61.91%) of the net mineral acres in the unit are committed by leasing. *Id.*, Ex. SR-018 – SR-059; see also Ex. SR-05 (updated owner list).

(i) The Application establishes that the highest bonus paid in the unit prior to the Application's filing was $150.00 per acre. Ex. SR-01, pp. SR-004, SR-061.

(j) The Application includes a resume of efforts documenting the applicant's good faith efforts on at least two (2) separate occasions within a period of time no less than sixty (60) days to inform uncommitted owners of Applicant's intention to develop the mineral resources in the spacing unit and attempting to lease the remaining uncommitted mineral interests. At least one of those efforts was by certified mail, as required by Idaho Code § 47-320(4). A notice of intent to develop and request to negotiate was published in the Argus-Observer for unlocatable mineral owners. *See* Exs. SR-05 (resume of efforts); SR-01, pp. SR-060 – SR-066 (Declaration of Richard Brown), p. SR-127 (affidavit of publication of pre-filing notice of intent to develop); SR-02 (pre-filing certified mailing receipts).

(k) The Application provides evidence of Applicant's continued good faith and diligent effort to negotiate and pursue leases in the subject spacing unit for a period of at least 120 days prior to filing the Application. Applicant's efforts include attempts at in person contacts, certified mail contacts, and regular mail contacts to uncommitted owners in the subject spacing unit beginning in 2022. *See* Ex. SR-01, pp. SR-060 – SR-066 (Declaration of Richard Brown): pp. SR-123 – SR-125 (Declaration of Wade Moore); pp. SR-018 – SR-059 (resume of efforts).

Idaho Code § 47-328(3)(b) required Applicant to mail, by certified mail, a copy of the Application materials to the uncommitted mineral interest owners and to Payette County within seven (7) days of the date the Application was filed, along with a notice of the regularly scheduled hearing date. Applicant did so on October 6, 2025, and supplied copies of the certified mailing receipts and notice to the Department on October 20, 2025. *See* Exs. SR-03a through SR-03c (certified mailing receipts); SR-01, p. 1 (notice). Those materials are also available on the Department's docket for this matter at https://ogcc.idaho.gov/administrative-hearings/docket-no-cc-2025-ogr-01-005/.

Idaho Code § 47-328(3)(b) provides that "[o]nly an uncommitted owner in the affected unit may file an objection or other response to the application, and the uncommitted owner shall file at least fourteen (14) days before the hearing date provided in the notice." As of the deadline set forth in Idaho Code § 47-328(3)(b), fourteen days before the hearing date-- six uncommitted owners out of the 332 parcels in the subject spacing unit jointly filed an objection to the Application. One owner (Shane DeForest) filed a letter claiming he is already leased. His lease expired in 2022. As set forth the resume of efforts, Applicant made multiple efforts to lease him without success. The total acreage held by the objectors is approximately 6.014 acres, or about 1.5% of the mineral acres in the spacing unit. None stated any substantive objection to the Applicant's compliance with the elements of Idaho Code §47-320 and §47-328.

Applicant has satisfied all the requirements for obtaining an Order integrating the mineral interests in the subject spacing unit and is entitled to an Order pursuant to Idaho Code § 47-320(1) (providing that the Department "shall order" integration).

C. Applicant has requested integration upon just and reasonable terms.

Idaho Code § 47-320(3) requires the following terms if entitlement to an integration Order has been established:

> (3) Each such integration order shall authorize the drilling, equipping and operation, or operation, of a well or wells on the spacing unit; shall designate an operator for the integrated unit; shall prescribe the time and manner in which all the owners in the spacing unit may elect to participate therein; and shall make provision for the payment by all those who elect to participate therein of the reasonable actual cost thereof, plus a reasonable charge for supervision and interest. Each such integration order shall provide for the three (3) following options:
>
> (a) Working interest owner. An owner who elects to participate as a working interest owner shall pay the proportionate share of the actual costs of drilling and operating a well allocated to the owner's interest in the spacing unit. Working interest owners who share in the costs of drilling and operating the well are entitled to their respective shares of the production of the well. The operator of the integrated spacing unit and working interest owners shall enter into an approved joint operating agreement. The department shall deem the joint operating agreement as just and reasonable if the agreement is based on a standard industry form, such as those supplied by the American association of professional landmen, and if the operator demonstrates to the department that any amendments to the standard form are not prejudicial to working interest owners.
>
> (b) Nonconsenting working interest owner. An owner who refuses to share in the risk and actual costs of drilling and operating the well, but desires to participate as a working interest owner, is a nonconsenting working interest owner. The operator of the integrated spacing unit shall be entitled to recover a risk penalty of up to three hundred percent (300%) of the nonconsenting working interest owner's share of the cost of drilling and operating the well under the terms set forth in the integration order. After all the costs have been recovered by the consenting owners in the spacing unit, the nonconsenting owner is entitled to his respective shares of the production of the well and shall be liable for his pro rata share of costs as if the nonconsenting owner had originally agreed to pay the costs of drilling and operating the well. The operator of the integrated spacing unit and nonconsenting working interest owners shall enter into a joint operating agreement. The department shall deem the joint operating agreement as just and reasonable if the agreement is based on a standard industry form, such as those supplied by the American association of professional landmen, and if the operator demonstrates to the department that any amendments to the standard form are not prejudicial to nonconsenting working interest owners.
>
> (c) Base entitlement. If an owner fails to make an election within the election period set forth in the integration order, the operator shall compensate such owner for the owner's share of production with the following just and reasonable terms, provided that nothing in this paragraph shall be

deemed to prevent the operator and owners from voluntarily agreeing to different lease terms before or after the entry of an integration order:

(i) Such owner shall receive a minimum one-eighth (1/8) royalty of any gas, oil, or natural gas liquids produced, proportionate to the owner's interest in the integrated unit.

(ii) Royalty payments shall comply with the terms of section 47-331, Idaho Code.

(iii) The operator of an integrated spacing unit shall pay such owner the highest bonus payment per acre that the operator paid to another owner in the spacing unit prior to the filing of the integration application.

(iv) The operator shall avoid, to the maximum extent possible, any use of surface lands belonging to owners integrated under this subsection. Where such use cannot be reasonably avoided, use of surface lands, and compensation for such use, shall be governed by section 47-334, Idaho Code.

(v) The operator shall comply with the requirements of sections 47-319, 47-332, 47-333, and 47-334, Idaho Code.

(vi) An integration order including the terms specified in this subsection fulfills the department's obligation to integrate mineral interests upon just and reasonable terms.

Applicant requests an integration Order be issued in accordance with the above terms, i.e., (a) authorizing the drilling, equipping, and operation of a well or wells within the subject spacing unit; (b) designating Applicant as the operator for the spacing unit; (c) including the above three options for integrated mineral owners (working interest owner, nonconsenting working interest owner, or base entitlement if an owner fails to elect), including a 300% risk penalty for integrated mineral owners electing nonconsenting working interest status, for the reasons set forth in the Declaration of Richard Brown (*see* Ex. SR-01, pp. SR-060 – SR-066); (d) approving the requested form of Joint Operating Agreement ("JOA"), including (i) operator fees of $7,000 per month for drilling wells and $700 per month for producing wells, and between 2% and 5% overheard on expenses, and (ii) a 10% interest rate, for owners electing working interest or nonconsenting working interest owners, consistent with the rates charged in Applicant's JOA used with its operating partners; and (e) providing for a 30-day period for integrated mineral owners to elect one of the three options. *See* Ex. SR-01, pp. SR-005 – SR-009.

As set forth in the Declaration of Richard Brown (Ex. SR-01, p. SR-015), except for the reduced risk penalty for integrated owners, the proposed form of JOA attached as Exhibit D to the Application is the same form, based on AAPL Form 610 (1989), used by Applicant with its operating partners. The operator fees and interest rate included in the proposed JOA are consistent with those used by Applicant elsewhere in the southwest Idaho area and are consistent with those used by Applicant's member in its operations in other states. The same form has been approved in previous integration proceedings for the area, most recently in Docket No. CC-2024-OGR-01-002 (available at: https://ogcc.idaho.gov/wp-content/uploads/20241105_OrderforIntegration-CC2024OGR01002.pdf).[6] Nothing about the subject spacing unit requires deviation from the previously approved form. Thus, the form is not prejudicial to mineral owners and is just and reasonable pursuant to Idaho Code § 47-320(3)(a) and (b).[7]

As set forth in the Declaration of Richard Brown, the base entitlement of $150 bonus and 1/8th royalty is reasonable because: (a) $150 equals the highest bonus paid in the unit prior to filing of the application; and (b) nearly all the 175 voluntary leases in the spacing unit and hundreds more leases across the producing basin include a 1/8th royalty. There are no facts supporting a higher bonus or royalty for uncommitted owners. *See* Ex. SR-01, pp. SR-063 – SR-065 (Declaration of Richard Brown). The same base entitlement terms have been approved in other recent integration proceedings for spacing units in the area. *See* Docket Nos. CC-2024-OGR-01-002, CC-2023-OGR-01-001.

[6] *See also* https://ogcc.idaho.gov/wp-content/uploads/057_20231121_FindingsofFactConclusionsofLaw-Order.pdf (Findings of Fact, Conclusions of Law and Order dated November 21, 2023) in Docket No. CC-2023-OGR-01-001.

[7] As a practical matter, no uncommitted owner has ever elected to participate in a well in an integrated unit on either a consent or nonconsent basis, so the approved form of JOA has never been utilized.

At the hearing of this matter, Applicant will provide testimony of Richard Brown, Manager of Snake River Oil and Gas, LLC, as necessary and consistent with his Declaration and the above discussion, to further establish that the requested terms of integration are just and reasonable. Applicant may provide the testimony of Richard Brown, manager of Applicant, Wade Moore III, landman for Applicant, and Butch Clancy, landman for Applicant as necessary to further establish Applicant's compliance with the statutory requirements regarding a resume of efforts and notice to uncommitted mineral owners.

Applicant requests that the hearing officer rule at the Prehearing Conference that Applicant's exhibits be admitted without the need to lay additional foundation at the hearing. Applicant will confer with the Department and counsel for objectors regarding a stipulation to admit exhibits.

D. <u>Conclusion</u>.

Applicant Snake River Oil and Gas, LLC is an "owner" for purposes of Idaho Code § 47-120(1) and may apply for integration of the mineral interests in the subject spacing unit. It has provided the information and completed the procedures required in Idaho Code § 47-320 and Idaho Code § 47-328(3)(b) for entitlement to an integration order. It has requested integration on terms that are just and reasonable in accordance with Idaho Code § 47-320. Applicant respectfully requests that the hearing officer recommend issuance of an Order integrating the mineral interests in the subject spacing unit as set forth above.

DATED this 3rd day of December, 2025.

HARDEE, PIÑOL & KRACKE, PLLC

MICHAEL CHRISTIAN
Attorney for Applicant

CERTIFICATE OF SERVICE

I hereby certify that on this 3rd day of December, 2025, I caused to be served a true and correct copy of the foregoing by the following method to:

Kayleen Richter Idaho Department of Lands PO Box 83720 Boise ID 83720-0010 *Counsel for IDL*	☒ Email: krichter@idl.idaho.gov
James Thum Idaho Department of Lands PO Box 83720 Boise ID 83720-0050 IDL Program Manager, Oil and Gas	☒ Email: jthum@idl.idaho.gov
Kourtney Romine Idaho Department of Lands PO Box 83720 Boise ID 83720-0050 *IDL Workflow Coordinator*	☒ Email: kromine@idl.idaho.gov
OAH P.O. Box 83720 Boise, ID 83720-0104 Located at: 350 N. 9th., Suite 300 (208) 605-4300	☒ Email: filings@oah.idaho.gov scott.zanzig@oah.idaho.gov
James Piotrowski Marty Durand PIOTROWSKI DURAND, PLLC P.O. Box 2864 Boise, ID 83701 (208) 331-9200	☒ Email: james@idunionlaw.com marty@idunionlaw.com

Counsel for Objectors

Shane Deforest
(775) 397-3257
Objector

☒ Email: ramblingman3143@gmail.com

MICHAEL CHRISTIAN