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 **APPLICANT'S POST-HEARING STATEMENT AND PROPOSED FINDINGS OF FACT AND CONCLUSIONS OF LAW**

I. Post-Hearing Statement.

As Applicant Snake River Oil and Gas, LLC ("Applicant") described in detail in its prehearing statement, its application materials as submitted satisfy the requirements for issuance of an order integrating the mineral interests in the subject spacing unit. In its prehearing statement, the Department of Lands ("Department") agreed, subject to clarification on two points: (a) whether the large acreage owner who was leased at a higher than 1/8th royalty was also paid a higher lease bonus than $150 per acre; and (b) whether owners of tracts under one acre were paid a pro rata amount based on $150 per acre, or whether they were paid a flat rate of $150. Applicant provided testimony on both points, confirming that the highest bonus paid in the unit prior to application was $150 per acre, and that sub-acre tract owners had been paid a mixture of pro rata and $150 flat rate bonuses. For simplicity and ease of administration, Applicant will accept a flat $150 bonus for tracts under one acre as part of integration order.

Counsel for a handful of uncommitted mineral owners holding about six acres out of the 400 acres in the spacing unit appeared at the evidentiary hearing, but none of those objecting

owners testified. Objectors offered no evidence of their own. Their counsel cross-examined Richard Brown and Wade Moore, principally on whether they had offered uncommitted owners greater than 1/8th royalty. However, Objectors submitted no evidence to support a finding that a royalty greater than 1/8th should be ordered.

Applicant's witnesses testified to multiple facts supporting a 1/8th royalty, including (a) of over one thousand leases it has taken across the Southwest Idaho area, fewer than ten were at greater than 1/8th royalty, usually because an owner could offer a large acreage position, a surface location, or other considerations; (b) only one lease in the subject spacing unit includes more than a 1/8th royalty; (c) wells in the basin in which Applicant is exploring continue to have variable production, and not all wells have been successful, and the risk and modest production do not justify a greater royalty. None of these facts were contested.

Applicant proposed in its application that it would not engage in surface activities on integrated tracts. Surface occupancy is also addressed in Idaho Code § 47-320(3)(c)(iv) and § 47-334.

Objectors' counsel also examined Richard Brown regarding subsurface occupancy of integrated tracts. Prohibition of subsurface occupancy in the spacing unit would defeat the purpose of integration – to allow development of the resource in the unit and sharing of the revenue from a well – by preventing a directional well from being drilled. Mr. Brown testified that at a minimum, the currently planned wellbore may travel under at least a few integrated tracts, and a flow line from the well to a nearby gathering line to remove produced hydrocarbons may need to be bored under integrated tracts. Mr. Brown testified that the bored flow line would travel along property boundaries and be several feet deep to avoid interference with other uses. Subsurface occupancy must be allowed in the integration order to this extent. Subsurface occupancy is necessary to

effectively integrate the mineral interest in the spacing unit and allow drilling and operation of a well in the spacing unit. *See* Idaho Code § 47-320(3) (requiring an integration order to "authorize the drilling, equipping and operation, or operation, of a well or wells on the spacing unit").

After the appearing parties rested at the evidentiary hearing, several members of the public provided comment, either verbally immediately after the hearing or in writing between then and December 24. The comments related to the location of the planned well in the spacing unit, or alleged risks from oil and gas development. None of those comments are relevant to the issue of whether Applicant satisfied the requirements to integrate the uncommitted mineral interests in the spacing unit.

On December 23, 2025, the City of Fruitland, an uncommitted mineral owner in the unit submitted extensive comment, a memorandum from its attorney, and other documents, all in support of the claim that it owns additional acreage in the spacing unit. Applicant has separately moved to exclude these submittals as an untimely objection of an uncommitted owner, and for other reasons. However, the City's arguments do not preclude issuance of an integration order. They amount to an eleventh-hour dispute over title between property owners. Aside from the untimeliness, the Department and the Commission do not have jurisdiction to resolve title disputes. Applicant has worked in good faith for years to attempt to lease mineral owners in the spacing unit, including the City, and has satisfied the requirements for issuance of an integration order. Any title dispute involving the City and another owner can be addressed in the order by a requirement that disputed royalty amounts be held in suspense and paid when the title issue is resolved.

II. Proposed Findings of Fact.

1. On September 29, 2025, Applicant Snake River Oil and Gas, LLC ("Applicant"), filed an application with the Department of Lands pursuant to Idaho Code § 47-320 and Idaho Code §470-328(3)(b), to integrate 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, Boise Meridian, Payette County, Idaho ("the spacing unit"). Ex. SR-01 (application materials).

2. 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).

3. The Declaration of Richard Brown included as Exhibit C to the Application materials establishes that 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 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." Ex. SR-01, p. SR-060 (Declaration of Richard Brown).

4. The Applicant's name and address are listed in the Application. Ex. SR-01, p. SR-002.

5. The subject spacing unit is identified. *Id*.

6. 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.

7. The Application states that the proposed drill site is leased, from the Mary Ann Miller Trust. *Id*., pp. SR-003 (application), SR-061 (Declaration of Richard Brown).

8. 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.

9. The Application includes a proposed form of Joint Operating Agreement 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). 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. *Id*., pp. SR-008 – SR-009 (application); SR-065 (Declaration of Richard Brown); SR-067 – SR-121 (form of JOA).

10. 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).

11. The Application lists the mineral owners to be integrated. *Id*., pp. SR-003, SR-018 – SR-059 (owner list); Ex. SR-05 (updated owner list identifying uncommitted owners and tracts).

12. 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.

13. 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 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. Ex. SR-01, pp. SR-060 – SR-066 (Declaration of Richard Brown); pp. SR-018 – SR-059 (owner list and resume of efforts filed with application); Ex. SR-05 (updated owner list and resume of efforts reflecting owners leased after application was filed).

14. At least one of those efforts was by certified mail, as required by Idaho Code § 47-320(4). Copies of the certified mailing receipts were supplied to the Department and offered as exhibits by Applicant at the evidentiary hearing on the application. Ex. SR-01, pp. SR-005 (application), SR-061 – SR-062 (Declaration of Richard Brown); Ex. SR-02 (pre-filing certified mailing receipts).

15. As required by Idaho Code §47-320(4), Applicant published a notice of intent to develop and request to negotiate was published in the Argus-Observer newspaper for unlocatable mineral interest owners in the spacing unit. Ex. SR-01, p. SR-127 (affidavit of publication of pre-filing notice of intent to develop).

16. As required by Idaho Code § 47-320(3), in its application, Applicant requests an integration Order be issued: (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 options set forth in Idaho Code § 47-320(3) 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 (Ex. SR-01, pp. SR-060 – SR-066); (d) approving the requested form of 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; (e) providing for a 30-day period for integrated mineral owners to elect one of the three options; and (f) including the remaining terms and conditions set forth in Idaho Code § 47-320(3)(c). Ex. SR-01, pp. SR-005 – SR-009.

17. As required by Idaho Code § 47-320(5), at the time of filing the application, Applicant certified that, for unknown or unlocatable mineral owners in the spacing unit, Applicant published a notice of the application in the Argus-Observer newspaper, including a notice to the affected uncommitted owners of the application and the deadline by which a response must be filed with the department. Ex. SR-01, p. SR-005 (application), p. SR-062 (Declaration of Richard Brown); Agency Docket No. 11 (available at https://ogcc.idaho.gov/wp-content/uploads/11-REC-2025.09.24_WestBarlowAffidavitofPublication-Pre-filingNoticeofApplication.pdf (affidavit of publication).

18. As required by Idaho Code § 47-320(6)(a), the application indicates that over 55% 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 showing acreage leased).

19. As required by Idaho Code § 47-320(6)(b), 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. 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).

20. As required by Idaho Code § 47-320(6)(c), the application requests terms and conditions for integrated owners that are no less favorable than those set forth in Idaho Code § 47-331(2), i.e.: (a) 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; and (b) royalty shall be due 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 operator. Ex. SR-01, p. SR-007.

21. As required by Idaho Code § 47-328(3)(b), Applicant sent by certified mail a copy of the application materials to the uncommitted mineral interest owners and to Payette County within seven 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. Exs. SR-03a through SR-03c (certified mailing receipts); SR-01, p. SR-001 (notice).

22. As required by Idaho Code §47-328(3)(b), Applicant published a notice of its application within seven days of filing the application, for unlocatable mineral interest owners in the spacing unit, including notice of the regularly scheduled hearing date and the deadline for filing a response to the application. Ex. SR-04 (affidavit of publication of post-filing notice of application).

23. 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." On December 3, 2025, six uncommitted owners in the subject spacing unit ("the Objectors") jointly filed an objection to the Application, through their counsel. Those owners are Julie Fugate (tract #71, 1.06 listed in Ex. SR-05 as owned by Julie R. Fugate Trust), Darleen Walker (tract #18, 0.193 acre), Sharon Harmon (tract #10, 0.16 acre), Doris Craig (tract #17, 0.191 acre, listed in Ex. SR-05 as owned by Shawn Matthew Craig and John W. and Doris M. Craig Family Trust), Larry Morris (tract #65, 2.0 acres), Charlene Gomez (tract #328, 0.421 acre), and John Sandquist (tract #63, 1.99 acres, listed in Ex. SR-05 as owned by John M. and Jean D. Sandquist Trust). The total acreage held by the Objectors is approximately 6.015 acres, or about 1.5% of the mineral acres in the spacing unit.

24. One additional uncommitted owner, Shane DeForest (tract #150), filed a letter claiming he is already leased under a lease taken February 27, 2015 by AM Idaho, LLC, a previous operator in the area. Mr. DeForest is listed as having refused to lease in Ex. SR-05, which also describes Applicant's efforts to lease his minerals. Ex. SR-05, p. SR-293.

25. None of the written objections of uncommitted owners filed before the evidentiary hearing stated any substantive objection to the Applicant's compliance with the elements of Idaho Code §47-320 and §47-328.

26. An evidentiary hearing on the application was held at Fruitland City Hall on December 17, 2025.

27. Appearing and participating in the evidentiary hearing through their respective counsel were Applicant, the Objectors, and the Department of Lands. No other uncommitted owner appeared or participated in the evidentiary hearing. None of Objectors testified.

28. All parties appearing and participating at the evidentiary hearing stipulated to the admission of all exhibits offered by Applicant (Exhibits SR-01 through SR-06), and by the Department of Lands (Exhibits IDL-01 and IDL-02). Those exhibits were admitted and made part of the record without objection. Objectors offered no exhibits.

29. Richard Brown, manager of Applicant, testified consistently with his declaration. He clarified that the highest lease bonus paid in the spacing unit prior to the application being filed was $150 per acre. He also testified, consistently with his application, that all but one of the leases taken voluntarily in the spacing unit included a 1/8th royalty, and fewer than ten leases out of several hundred or more taken by Applicant in the broader area included a royalty of over 1/8th. The few lessors receiving greater than 1/8th royalty normally offered considerations such as a large land position or an area to place a surface location for a well. Mr. Brown testified that exploration in the area is not risk-free, as some wells have not been successful and others have had variable production.

30. Mr. Brown testified, consistently with his declaration, that the form of JOA proposed by Applicant is identical to the form used by Applicant with its working interest partners, except that the risk penalty included in it (300%) is more favorable to integrated owners than the risk penalty used with its working interest partners (500%).

31. No evidence was offered by Objectors regarding the spacing unit or Applicant's planned operations which requires deviation from the previously approved form of JOA. Thus, the form is not prejudicial to mineral owners.

32. Wade Moore, landman for Applicant, testified that for lots under one acre in the spacing unit, Applicant paid lease bonus in a mix of either a flat $150, or pro rata based on tract size at a $150 per acre rate.

33. Mr. Brown testified in response to questioning from Objectors' counsel that Applicant did not require surface occupancy of any tract in the spacing unit to be integrated, consistent with the same statement in the Application.

34. Mr. Brown testified that while Applicant's planned well in the spacing unit is not finally designed, it is anticipated that it will be directionally drilled from tract #62 (Mary Ann Miller Trust), with the wellbore deviating to the southwest. He testified that Applicant anticipates the wellbore could travel under tracts #110 (Anadarko Land Co.), #105 (Dickinson Frozen Foods Co.) and #106 (Future Properties, LLC). Thus, Applicant requires subsurface occupancy at least under the tracts that will eventually be traversed by the wellbore.

35. Mr. Brown testified that it is Applicant's intent to run a flowline south from the planned well location to 16th Street, such that no subsurface occupancy of any integrated tract would be required. However, it also testified that this route was not certain or fully secured. He testified that it may be possible that a flow line would have to be run underground to the east from the well location, and this could require occupancy under some integrated tracts.

36. Objectors' counsel suggested in his cross-examination of Mr. Brown that Applicant should be required to provide bonding beyond that required under the state rules for well bonds. *See* IDAPA 20.07.02.220. However, Objectors offered no evidence to support any additional bonding amount.

37. Mr. Brown testified at the evidentiary hearing that Mr. DeForest's lease from AM Idaho, LLC was expired. Mr. DeForest did not appear at the evidentiary hearing or provide any testimony on the subject.

38. Immediately following the hearing, several members of the public provided verbal comments focused on whether the proposed well should be allowed given the location of the

spacing unit (which is already established by order of the Department of Lands in response to an unopposed application), or regarding alleged impacts from oil and gas development generally. Further comments on the same subjects were included in written public comment submitted between December 17 and December 24, 2025.

39. On December 23, 2025, the City of Fruitland filed an extensive unsworn written comment accompanied by a memorandum from its attorney and other documents, claiming that it owns approximately 20.374 acres of minerals in the spacing unit for which Applicant has taken leases from other people or entities. Applicant has separately moved to exclude the City's filing as an untimely objection of an uncommitted owner and for other reasons.

III. Proposed Conclusions of Law.

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 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.

2. 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).

3. 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).

4. As in other producing states with pooling or integration, Idaho's Oil and Gas Conservation Act, in providing for integration of mineral interests in a spacing unit and pro rata sharing of production from a well drilled on one tract among all mineral interest owners in the spacing unit, modified the Rule of Capture to give mineral owners a correlative right to share in the common source of supply below their properties without having to drill their own wells. Before the Act no such right existed. Integration enables the development of hydrocarbon resources while protecting the correlative rights of owners and producers, prevents the drilling of unnecessary wells, and prevents the waste of hydrocarbon resources. Idaho Code §§ 47-311, 47-312, 47-315(2).

5. 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).

6. 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.

7. Idaho Code § 47-320(5) requires that, at the time the application is filed, the applicant shall certify that for uncommitted owners who are unknown or cannot be located, a notice of the application was filed in a newspaper in the county where the proposed spacing unit is located, including notice to the affected uncommitted owners of the opportunity to respond to the application and the deadline by which a response must be filed with the Department.

8. "Uncommitted owner" is defined as "an owner who is not leased or otherwise contractually obligated to the operator." Idaho Code § 47-310(35).

9. 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:

> 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.[1]

8. The application and Applicant's exhibits and testimony offered at the evidentiary hearing establish that Applicant has satisfied all the required elements of Idaho Code § 47-320(4), (5) and (6):

a. The applicant's name and address are listed. *Id.*, §320(4)(a); Finding of Fact ("FF") No. 4.

b. The subject spacing unit is identified. *Id.* §320(4)(a); FF No. 5.

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.*, § 320(4)(c); FF No. 6.

d. The the proposed drill site is leased, from the Mary Ann Miller Trust, tract #62. *Id.*, § 420(4)(d); FF No. 7.

[1] 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.

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.*, § 420(4)(e); FF No. 8.

f. The Application includes a proposed form of Joint Operating Agreement. *Id.*, §420(4)(f); FF Nos. 9, 10.

g. The Application lists the mineral owners to be integrated. *Id.*, §420(4)(g); FF No. 11.

h. Applicant established by affidavit that the highest bonus paid in the unit prior to the Application's filing was $150.00 per acre. Id. § 420(4)(i); FF No. 12.

i. 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. *Id.*, § 420(4)(j); FF No. 13.

j. At least one of those efforts was by certified mail. *Id.*; FF No. 14.

k. Applicant published a notice of intent to develop and request to negotiate was published in the Argus-Observer newspaper for unlocatable mineral interest owners in the spacing unit. *Id.*; FF No. 15.

l. Applicant published a pre-filing notice of its application in the Argus-Observer newspaper, for unlocatable mineral interest owners in the spacing unit. *Id.*, § 420(5); FF No. 17.

m. The application indicates that over 55% of the net mineral acres in the unit are committed by leasing. *Id*., § 420(6)(a); FF No. 18.

n. 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. *Id.*, § 420(6)(b); FF No. 19.

o. The application reflects that uncommitted owners in the spacing unit shall receive from the operator terms and conditions that are no less favorable than those set forth in Idaho Code § 47-331(2). *Id.*, § 420(6)(c); FF No. 20.

9. 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.

10. The application meets the requirements of Idaho Code § 47-320(3):

a. It requests each of the three options for integrated owners set forth in Idaho Code § 47-320(3). FF No. 16.

b. The form of joint operating agreement proposed by Applicant is reasonable, because it is based on a standard industry form supplied by the American Association of Professional Landmen, it has been approved for use in previous integration proceedings, and Applicant has demonstrated to the that its amendments to the standard form are not prejudicial to working interest owners. FF Nos. 9, 10, 30, 31.

c. The risk penalty of 300% for owners electing nonconsenting working interest owner status is reasonable for the reasons set forth in the Declaration of Richard Brown. FF No. 16.

d. The application requests the inclusion of the remaining terms and conditions set forth in Idaho Code § 47-320(3). *Id*.

11. The base entitlement of $150 bonus and 1/8th royalty requested by Applicant are just and reasonable because: (a) $150 equals the highest bonus paid in the unit prior to filing of the application; and (b) all but one of the voluntary leases in the spacing unit and hundreds more voluntary leases across the producing basin include a 1/8th royalty; (c) Applicant's previous wells in the area have not been uniformly successful, as some wells have not been productive and others have had variable production, indicating risk to Applicant (*see* Ex. SR-01, pp. SR-063 – SR-065 (Declaration of Richard Brown)); and (d) the same base entitlement terms have been approved as just and reasonable in other recent integration proceedings for spacing units in the area (*see* IDL Docket Nos. CC-2024-OGR-01-002, CC-2023-OGR-01-001). FF Nos. 12, 29, 32.

12. Counsel for Objectors pointed out through his cross-examination of Richard Brown and Wade Moore that, other than one larger landowner in the spacing unit, Applicant did not offer higher than a 1/8th royalty to those owners who ultimately did not lease. However, Objectors

offered no evidence requiring that a higher royalty or lease bonus be required. The fact that Objectors and other uncommitted mineral owners declined to lease at $150 per acre and 1/8th royalty does not by itself make those terms unjust or unreasonable, or compel a different lease bonus or royalty.

13. Because Applicant leased some owners of tracts less than one acre in the spacing unit at a flat rate of $150, a just and reasonable condition of integration is that integrated owners of tracts less than one acre receiving the base entitlement will be paid the same lease bonus.

14. There is no indication in Idaho Code § 47-320 that well bonding is an issue to be addressed in an integration order, which is concerned with the economic terms of integration of mineral interests in a spacing unit. *See* Idaho Code § 47-320(3). Because the well has yet to be finally sited or designed, bonding is an issue more suited to addressing at the time Applicant applies for a permit to drill the well pursuant to Idaho Code §47-316. In any event, Objectors did not present any evidence compelling a requirement of additional bonding as a term or condition of an integration order.

15. The issue of surface occupancy is already covered by Idaho Code § 47-320(3)(c)(iv), which provides: "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." This condition will be included in the integration order.

16. Integration of mineral interests, to be effective, requires allowing the operator the right of subsurface access to the extent necessary to drill, equip, and operate the well, which necessarily includes drilling a wellbore and installing and connecting the well to a flow line to remove produced hydrocarbons from the unit. *See* Idaho Code § 47-320(3) (requiring an

integration order to "authorize the drilling, equipping and operation, or operation, of a well or wells on the spacing unit").

17. The Applicant has complied with the notice requirements of Idaho Code § 47-328(3)(b). FF Nos. 21, 22.

18. While Applicant's exhibits SR-05 and SR-06 indicate it has the consent by leasing of approximately 61.91% net mineral acres in the unit (or 247.64 acres), this percentage could be affected depending on the accuracy of the City of Fruitland's late submittal, if it is included in the record. However, this would not affect the outcome or Applicant's entitlement to an integration order.

19. The City's submittal asserts ownership over 20.374 additional acres in the spacing unit, or 5.09%. Even if the City's claim were credited in its entirety, it would reduce Applicant's net leased mineral acres in the spacing unit to approximately 56.81%, still above the threshold for obtaining an integration order pursuant to Idaho Code § 47-320(6).

20. As set forth above, Applicant has otherwise met the requirements for obtaining an integration order pursuant to Idaho Code §47-320 and Idaho Code §47-328. Among other things, the evidence in the record is that Applicant made extensive efforts to lease the City's mineral interest in the unit, but that the City refused to lease. Mr. Grimes' comments on behalf of the City immediately following the evidentiary hearing made it clear the City is opposed to the spacing unit and proposed well and would not lease under any circumstances. There is no evidence in the record that the City disclosed its claim to Applicant regarding the disputed tracts before its December 23, 2025 filing.

21. The City's claim – that it owns mineral acres in the unit that Applicant has already leased from other parties – amounts to a dispute between mineral owners over title and who will

receive royalty payments allocable to the disputed tracts, not whether the interests should be integrated so that a well may be drilled and produced in the spacing unit.

22. The Department of Lands and the Idaho Oil and Gas Conservation Commission do not have the jurisdiction to try or resolve disputes over title to real property. The Commission's authority is limited to enforcement of the provisions of the Idaho Oil and Gas Conservation Act. *See* Idaho Code § 47-314(7) (Commission has the "power to enforce the provisions of this act"); § 47-314(8) (intent of the Act is to "occupy the field of the regulation of oil and gas exploration and production"); §47-315(1) (the Commission "is authorized and it is its duty to regulate the exploration for and production of oil and gas, to prevent waste of oil and gas, to protect correlative rights, and to otherwise administer and enforce this act."). Actions to quiet title to real property are within the jurisdiction of the district courts. Idaho Code §§ 1-705, 6-401.

23. The City's correlative rights are protected by inclusion of a term or condition in the integration order requiring that royalty amounts related to tracts over which a dispute exists regarding title be held in suspense by the operator until the dispute is finally resolved. *See* Idaho Code § 47-331(5) (royalty payment obligations do not apply "if there is a dispute as to the title of the minerals or entitlement to royalties, the outcome of which would affect distribution of royalty payments.").[2]

24. Denying an integration application over a title dispute involving approximately 5% of the total mineral acres in the spacing unit would injure Applicant's, leased owners', and other

[2] Julie Fugate submitted written comment asserting that a neighbor told her they were unleased but had not received notice of the application, for a tract listed as leased in the application materials. The neighbor did not file any objection, appear at the hearing, or provide comment after the hearing. Ms, Fugate's comment constitutes unsworn hearsay within hearsay, and the hearing officer gives it no weight. In any event, any such dispute, if it exists, can be dealt with in the same manner, i.e., royalty amounts will be held in suspense until the dispute is resolved.

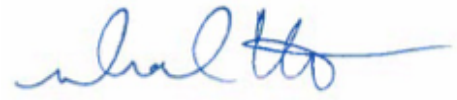
integrated owners' correlative rights, by interfering with their opportunity to produce their equitable share of oil or gas in the spacing unit.

25. Other verbal and written comments provided by public witnesses focused on whether the proposed well should be allowed given the location of the spacing unit (which is already established by order of the Department of Lands in response to an unopposed application). These comments are not relevant to the procedural or substantive requirements for obtaining an integration order, or to the terms and conditions of an integration order, which is concerned with protecting primarily the royalty rights and surface rights of integrated owners. Other provisions of the Act, and its implementing rules at IDAPA 20.07.02, address those concerns.

26. Because the application meets the requirements of Idaho Code §47-320(3), (4) and (6), and Idaho Code § 47-328(3)(b), and contains just and reasonable terms, Applicant is therefore entitled to an order integrating the mineral interests in the spacing unit pursuant to Idaho Code § 47-320(1) (providing that the Department "shall order" integration), on the terms requested by Applicant, subject to the condition described above.

RESPECTFULLY SUBMITTED this 31st day of December, 2025.

HARDEE, PIÑOL & KRACKE, PLLC



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Attorney for Applicant

CERTIFICATE OF SERVICE

I hereby certify that on this 31st day of December, 2025, I caused to be served a true and correct copy of the foregoing by the following method to:

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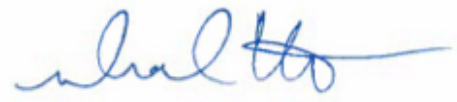

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