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BEFORE THE IDAHO DEPARTMENT OF LANDS	
In the matter of the Application of Snake River Oil and Gas, LLC for an Order Integrating Uncommitted Owners in a Spacing Unit Consisting of the SE ¼ of Section 15, the E ½ of the SW ¼ of Section 15, and the NE ¼ of Section 22, Township 8 North, Range 5West, Payette County, Idaho	Agency Case No. CC-2025-OGR-01-005 NON-CONSENTING OWNERS' PROPOSED FINDINGS OF FACT AND CONCLUSIONS OF LAW

COME NOW objecting, non-consenting owners and provide these Proposed Findings of Fact and Conclusions of Law in the above-captioned matter.

INTRODUCTION AND PROCEDURAL BACKGROUND

1. In case number CC-2025-OGR- 01-02, Snake River Oil and Gas ("SROG") sought a spacing unit of 400 acres of property straddling the border of the City of Fruitland and unincorporated Payette County. The spacing unit was subsequently ordered in that case. SROG then filed the current application seeking integration of mineral interests in that same spacing unit. SROG's application included exhibits allegedly mapping the leased and unleased owners, as well as listing them all and their status vis-à-vis leasing their mineral rights to SROG, in addition to information seeking to satisfy each of the application requirements set by law.

2. The determination whether to grant the application was assigned to the Office of Administrative Hearings, set for an evidentiary hearing, and such hearing as well as a public hearing were held from December 17 to December 24, 2025.

3. Base don the evidence presented at hearing, the public evidence presented by mineral interest owners and concerned individuals, and the application of SROG for integration, the Hearing Officer makes the following Findings of Fact and Conclusions of Law.

FINDINGS OF FACT

1. The application for integration appears, on its surface, to meet the requirements for integration set out in law. The Hearing Officer, however, must make the determination whether SROG has met its burden of proof on each requirement. The Hearing Officer is justified in focusing primarily on those elements as to which claims or arguments have been raised by the parties other than applicant, while recognizing that it is ultimately the duty of the Idaho Department of Lands, acting through its agents, to determine if the application is adequately supported.

2. The maps offered by SROG failed to include at least one parcel of land that is obviously within the spacing unit. Parcel F00000220770 is identified in Payette County's Public Land Surveying System as being .19 acre that is owned by the City of Fruitland. See, https://id-payette.publicaccessnow.com/Assessor/PropertySearch/Detail.aspx?p=F00000220770&a=348, accessed on December 31, 2025. The Public Land Surveying System and data is accessible to the public and to SROG via the Payette County website and its mapping services that list all parcels in the county of Payette. Parcel F00000220770 is not identified in either SROG's maps or its resume of efforts, though it clearly exists, is recorded in the Payette County system and its existence should have been known to SROG.

3. SROG includes in its Exhibits references to a lease of 21.374 acres of mineral rights from Highway District No. 1. A copy of the notice of that lease was entered into the public comments in this case by the City of Payette through its City Administrator. City of Payette asserts that it has legal jurisdiction over that property (including the right to determine if parts of that estate will be leased), and asserts without opposition that it has not agreed to lease those mineral rights. SROG has moved to exclude the City of Payette's comments, but exclusion or inclusion of the comments will not change the facts or the law relevant to this case.

4. The City Code of the City of Fruitland is a body of public law, passed by the City Council pursuant to the procedures, regulations and state laws governing the passage of ordinances. It is publicly available on the City of Fruitland's website. It is law, not evidence, and thus within the Hearing Officer's duty and ability to determine, to the best of his ability, both what the law provides and whether the requirements of law are met in this case.

5. The application of relevant state and local law will determine whether the lease by Highway District 1 of roads within the city limits of Fruitland is adequate to help SROG meet its obligation to prove it has at least 55% of the unit acreage under mineral lease. That question is a close one in this case.

6. Richard Brown, who operates SROG and is its primary owner testified in support of the application for integration. Brown testified and offered exhibits to support the claim that the proposed terms of integration were just and reasonable within the meaning of the law. Mr. Brown testified that SROG intends to operate the proposed well, including securing drilling services, evaluating well output, and, assuming the well produces, arranging for shipment and marketing of the hydrocarbons recovered. Mr. Brown testified that SROG does not need and would not

utilize the right to trespass upon the surface estate of integrated owners during operation of the well. No other witness offered contradictory testimony or evidence.

7. Mr. Brown likewise testified that SROG, as operator of the well, will not need and would not utilize any right to trespass or otherwise traverse through the subsurface estate of any integrated owner with the exception of Tracts #110 and/or 105. As to those unleased tracts, SROG's intended well would cross into the subsurface estates of Tracts 105 and/or 110 to arrive at its intended intersection with the identified pool of hydrocarbons. The owners of Tracts 105 and 110 have not entered into any use agreement or mineral lease with SROG or any of its predecessors.

8. Mr. Brown testified that due to the nature of the geology and the resource they intended to target, that there would be no need for hydraulic fracturing of the well or surrounding geologic structure.

9. Wade Moore also testified on behalf of SROG. Moore has served as SROG's landman and negotiated many of the leases of mineral rights in the spacing unit. Wade Moore testified that SROG offered to each unleased property owner a lease agreement that called for a 1/8 royalty and a payment of $150 per net mineral acre. Many leases were executed on those terms. Mr. Moore testified, and Mr. Brown confirmed, that at least one property owner who owned less than 1 acre also received the full $150 payment. Obviously, if an owner of less than 1 acre received a bonus payment of $150, then that owners bonus payment was greater than $150 per acre. Mr. Brown was unwilling to identify the owner or the tract that received a payment of $150 though lasing less than 1 net mineral acre. Brown explained only that the one owner in question owned a typical residential lot within one of the subdivisions in the spacing unit.

10. Wade Moore testified, and Mr. Brown confirmed, that only one property owner in the spacing unit was able to negotiate a royalty rate higher than 1/8. They explained that the owner in question had title to a number of properties both inside and outside the spacing unit, and that owner's total acreage gave him bargaining leverage to get a better rate for his lease. Neither Moore nor Brown offered any of the non-consenting owners lease terms that were in any way in excess of the absolute minimum terms that those owners would receive without entering into a lease, instead, they testified, non-consenting owners were offered only the statutory minimum for their leases.

11. Moore and Brown both confirmed that they intended that integrated mineral owners should receive only a 1/8 royalty which is the absolute minimum called for by law, even though other owners may have received higher royalty rates.

12. Moore and Brown both confirmed that SROG intended to provide bonus payments of $150 per net mineral acre, even though at least one owner in the spacing unit was paid at a per-acre rate that exceeded $150.

CONCLUSIONS OF LAW

LEASING OF NECESSARY ACREAGE

1. In order to obtain an order integrating a unit, SROG must demonstrate that it holds mineral rights (either by title or via lease) for at least 55% of the acres in the spacing unit. I.C. §47-320(6). SROG, as applicant, bears the burden of proof on this matter.

2. Exhibits 1 and 2 to the Application for Integration, which exhibits were received into evidence, purport to show that SROG has obtained mineral rights to 244.42 acres out of what was supposed to be 400 acres in the spacing unit, but which SROG's math has identified as

400.01 acres. If the application is correct, SROG has rights to 61% of the mineral acreage in the spacing unit.

3. Some of the leases making up that 61% were very recently signed, and some are in dispute. These include the lease by Highway District #1 which SROG purports covers 21.37 acres of streets and roads in the spacing unit. There is no evidence in the record that supports the claim that Highway District #1 actually owns the mineral rights under those roads, other than the claim in Wade Moore's affidavit that a lease was signed. The execution of a contract is not, in and of itself, however, proof of a legal entitlement to exectuet the contract. Highway District #` is not identified anywhere, including in the Payette County land records system, as the owner of those streets. In fact, the Payette County Public Land Survey data does not identify the owner of that tract. SROG has entirely failed to produce evidence that the lease is valid, because there is simply no evidence of Highway District #1's ownership, and the question can be decided only on the law.

4. The Highway District No. 1 lease purports to lease mineral rights from certain acreage shown as Tract 323 on SROG's maps and resume of efforts. Review of that map and a simple comparison to the Payette County land records reveals that all of Tract 323 constitutes public streets within platted subdivisions which are within the city limits of Fruitland.[1] Thus, the status of Tract 323 will depend upon whether the Highway District's lease is adequate to prove that the tract is, in fact, leased.

5. Idaho Code §40-1309 grants highway districts the power to buy, sell, and make contracts concerning both real and personal property. However, if a district determines to sell

[1] While no evidence was put into the record regarding the location of the city limits, the Hearing Officer is free to take notice of those limits as presented by the City of Fruitland, the entity legally responsible for establishing those limits, and by Payette County which has the legal obligation and authority to maintain the property record system.

property of any kind, it has an obligation to "first notify any person who owns real property contiguous with the" property to be sold, of their "first option to purchase" for appraised value. I.C. §340-1309(2). No such notice is known to have been sent to any of the property owners whose tracts are contiguous to the surface streets along which they live.

6. Idaho Code §40-1310(5) grants districts the general power to manage their property, but then specifies that a highway district's powers require the consent of the city council whenever "a public highway, public street and/or public right-of-way is part of a platted subdivision which lies within" a city's "impact area."

7. Idaho Code §40-1323(1) provides that where a highway district and a city have overlapping jurisdiction, then "The city council of [a city within the territory of a high district] shall have the powers and duties as provided by this chapter and as provided in chapter 3 title 50, Idaho Code." Idaho Code Title 50 Chapter 3 addressed the general powers of cities including the powers to create, manage, and abandon streets and roads within their limits.

8. These provisions, taken together, create a statutory command that where particular roads or highway lands are within both a highway district and a city, the city is authorized to act in the role of highway district regarding the opening, accepting, creating, or vacating or abandoning of any part of the property. While no Idaho court appears to have addressed whether separating mineral rights from surface rights would trigger that provision, the language of the statute is clear on one thing: the City of Fruitland has the power to make decisions about the disposition of roads within the city limits. This is guaranteed by Idaho Code §§40-1310(5), 1323(1) and Title 50, Chapter 3 which expressly grants those powers to municipalities.

9. Municipal law also supports this conclusion. Title 7, Chapter 1 of the City of Fruitland City Code governs "streets, sidewalks and public ways." Fruitland City Code §7-1-1. Pursuant to

this law, all lands within the geographic limits of the City of Fruitland that are "open[ed] up" for public use as a street or alley "must . . . be dedicated to the city, either by plat or deed, before said street or alley can become a public thoroughfare." Id.

10. In cases where existing subdivisions or additions are added to the city limits, as may have happened in several cases in the spacing unit currently under consideration, the streets within such subdivisions must likewise be transferred to the City of Fruitland. Fruitland City Code §7-1-3.

11. The City of Fruitland has provided, though the same may be consulted as sources of law, with copies of the City Ordinances by which these streets, constituting 21.37 acres were each annexed into the City of Fruitland street system and, by operation of City Code became the responsibility and jurisdiction of the City, not the Highway District.

12. Portions of the spacing unit which include significant numbers of nonconsenting owners are inside subdivisions which are also inside the City Limits of Fruitland. These include the Rivercrest subdivision, which appears as Exhibit SROG A-2, and major portions of Exhibit SROG A-3, A-4 and A-5. Within those subdivisions, as a matter of state and local law, all streets must have been dedicated either by plat or deed to the City of Fruitland. Fruitland city Code §7-1-1. The owners of the lots in those subdivisions are entitled to rely on local law which expressly provides that the streets on which they live will be managed and controlled by the City of Fruitland.

13. As a matter of Idaho statute, as well as Fruitland Code, then, the lease by Highway District #1 would be invalid either because the District did not have the power to lease, or, in the alternative because the District did not inform neighboring property owners of the availability of the leases, and did not obtain the City of Fruitland's consent, both of which would be legal

prerequisites to a valid lease of public property. On this basis it is likely correct that SROG does not have a valid lease of mineral rights underlying the streets within the Fruitland city limits.

14. Because Parcel F00000220770 was never identified by SROG in its exhibits, there is little information in the record about that parcel. Payette County property records, available online, clearly show the parcel and identify the City of Fruitland as its owner. There is no evidence that either (1) SROG negotiated in good faith with the city of Fruitland to obtain mineral rights to that parcel, or (2) that SROG has leased the full acreage it claims to have put under lease. Having excluded Parcel F00000220770 SROG has failed to provide any evidence that it negotiated with the owner of that parcel during the period required by the Oil and Gas Conservation Act. I.C. §47-320(6). The exclusion also raises a significant doubt about the accuracy of the rest of SROG's claims about the property rights it has leased.

15. SROG claims to have leased 244.42 acres of the 400-acre spacing unit. The Hearing Officer, who presided in Case 2025-01-02, entered an order designating a spacing that was "400 acres." Final Order, Case No. CC-02025-OGR-or-002pp. 1, 2, 3, 5, 6. SROG's spreadsheet, however, has significant flaws.

A. First, SROG's own exhibits claim that the unit to be integrated consists of 400.01 acres (Ex. SR-05, p. 38, designated SR-305), which SROG apparently failed to notice was not the same as 400 acres. It appears SROG has somehow fabricated an additional .01 acres that was not included in the spacing until, perhaps via a rounding error. While the case is unlikely to turn on .01 acre, the flaw demonstrates a degree of sloppiness in SROG's calculations which raises questions about the reliability and credibility of SROG's claims in this case, and casts doubt on whether SROG's affidavits actually make the ;

B. Second, SROG failed to include an entire parcel, Parcel F00000220770, consisting of .19 acres. This raises the known errors to .2 acre, still small, but it adds a second data point about the fallibility of SROG's data, and the reliability of the sworn statements of its witnesses;

C. Third, SROG claims that it has leased the mineral rights for the entirety of what it calls tract 323. SROG claims that tract 323 was leased to it by Highway District No. 1. However, there is no evidence that Highway District No. 1 actually owns those mineral rights, and the laws of the State of Idaho and City of Fruitland seem to foreclose the likelihood of Highway District #1 being the owner of city streets within city limits. City of Fruitland never leased those mineral rights to SROG or anyone else.

D. These doubtrs, however, extend only to 21.37 acres allegedly leased by the Highway District, and .2 acres consisteing of F00000220770 plus the math error committed by SROG. This totals only 21.57 acres, and if all of the remaining acreage that SROG claims to have leased was, in fact, leased, the threshold of 55% is met, though just barely.

E. Absent additional evidence, and assuming the regularity and reliability of the rest of SROG's sworn statements and exhibits, the lease threshold is met by a factor of approximately 1% of spacing unit's total acreage.

SROG's DUTY TO NEGOTIATE

16. SROG, as the applicant for integration and the proposed operator, had the obligation to prove that it "negotiated diligently and in good faith for a period of at least one hundred twenty (120) days prior to his application" with the owners of each tract of mineral rights in the spacing unit. I.C. §47-320(6)(b). Because Parcel F000002200770 was never identified or

considered by SROG, there is no evidence that SROG negotiated in good faith or otherwise with the owners of that parcel. The statutory command is clear, such negotiations are an absolute prerequisite to an order of integration. The application for integration must be denied unless and until SROG has bargained in good faith with the City of Fruitland over this particular tract.

17. There is a dispute about the proper jurisdiction of Highway District #1 and the City of Fruitland when it comes to residential city streets inside the city limits. As set out above, the law would either require that such leases be executed by the City of Fruitland, or that such leases must be executed only with the consent of the City of Fruitland. The evidence shows that neither SROG nor Highway District #1 made any attempt to negotiate with the City of Fruitland, thus, like Parcel F00000220770, tract 232 was also not the subject of good faith negotiations, and the application for integration must be denied on that basis.

PROPOSED TERMS OF INTEGRATION

18. When a state uses its legal power to compel the relinquishment of property held by one citizen to the control of another citizen or entity, certain rights are protected by law. No property may be taken from any individual without the state providing just compensation. And no person can be deprived of their property without due process of law. U.S. Const., Am. V, XIV.

19. The Supreme Court of the United States has long held that "a state has constitutional power to regulate production of oil and gas so as to prevent waste and to secure equitable apportionment among landholders of the migratory gas underlying their land, fairly distributing among them the costs of production and of the apportionment." *Hunter Co. v. McHugh,* 320 U.S. 222, 227 (1943), *citing Lindsley v. Natural Carbonic Gas Co.,* 220 U.S. 61, 77 (1911); *Bandini Pentroleum Co. v. Superior Court,* 284 U.S. 8, 22 (1931); *Champling Refining Co. v. Corporation Commission*, 286 U.S. 210, 232-4 (1932); *Thompson v. Consolidated Gas Corp.*, 300 U.S. 55, 76-

77; *Patterson v. Stanolind Oil & Gas Co.*, 305 U.S. 376, 379 (1939). Thus, the Court has held that statutes similar to Idaho's Oil and Gas Conservation Act are valid so long as they meet the requirement to impose only "just and reasonable" terms upon non-consenting mineral owners. "The [just and reasonable]Congressional standard prescribed by the statute coincides with that of the Constitution," and thus the Court's holding above sets out the standard of review for both Constitutional challenges (like the present one) and federal statutory challenges (not relevant here). *FPC v. Natural Gas Pipeline Co.,* 315 U.S. 575, 586 (1942)("the Congressional standard prescribed by the statute [just and reasonable] coincides with that of the Constitution").

20. Idaho Code similarly requires that a hearing be held to establish terms of the compelled leases that are "just and reasonable." I.C. §47-320(1). But merely reciting that terms shall be "just and reasonable" does not ensure that due process requirements are satisfied.

21. In setting the terms of transfer where the government is establishing those terms under a requirement that they be "just and reasonable," an administrative agency must determine and then act within "a zone of reasonableness within which the [agency] is free to fix" terms as long as those terms are not "confiscatory." *FPC v. Natural Gas Pipeline Corp.,* 315 U.S. 575, 585 (1942), *citing Banton v. Belt Line Ry. Corp.,* 268 U.S. 413, 422, 423 (1925)*; Columbus Gas Co. v. Commission,* 292 U.S. 398, 414 (1934); *Denver Stock Yard Co. v. United States,* 303 U.S. 470, 483 (1938). That zone of reasonableness will be established by consideration of numerous factors including both market conditions as well as, for example avoidance of terms that are "unjust, unreasonable, unduly discriminatory, or preferential" to one party over another, *Natural Gas Pipeline Corp.,* 315 U.S. at 583.

22. Idaho statute reflects these same concerns. The purpose of the statute, and thus the duty of Commission, the Administrator and this Hearing Officer is to work to "protect correlative rights" of all parties. I.C. §47-315(1). That purpose is required to be met in certain ways, and the commission (and thus the Hearing Officer) are required administer the statute is such a way as to "avoid the drilling of unnecessary wells or incurring unnecessary expense," and so as to protecdt all mineral owners' "right to recover, receive and enjoy the benefits of oil and gas or equivalent resources while also protecting the rights of surface owners." I.C. §47-315(2).

23. The command of the statute is thus to use integration solely to allow production at the lowest possible expense for mineral rights owners, and to do all of that while "protecting the rights of surface owners." Id. Nothing herein is intended to protect operators' expenses, as it is assumed that operators will also be mineral rights owners/lessees and thus the operators expenses are simply shared equally. This understanding of the Idaho statute is compelled by the existing law which the statute was intended to satisfy.

24. Idaho Code provides that a non-consenting owner must receive a minimum of 1/8 royalty. While SROG has offered a 1/8 royalty to non-consenting owners, it has failed to prove that a royalty limited to 1/8 is just and reasonable. SROG admits to offering royalties in excess of 1/8. Although SROG claims that a 1/8 royalty is "industry standard," it points only to its own leases of oil and gas rights in the Payette Valley as evidence of that "industry standard." They make this claim even though both Richard Brown and Wade Moore admitted that 1/8 is NOT an industry standard outside the state of Idaho. There is inadequate evidence to support a finding that a 1/8 royalty is just and reasonable, or even that it actually is an industry standard. As a result, the Hearing Officer cannot recommend approval of this application at a 1/8 royalty. In the absence of evidence of what SROG pays in royalties when mineral owners insist, the Hearing Officer

recommends that a just and reasonable royalty rate in this case would be 3/16, or 18.75% of revenues from the sale of hydrocarbons. The Hearing Officer could, in the alternative find that SROG has failed to meet its burden of proving that the rock-bottom minimum royalty is also the just and reasonable royalty. But setting a slightly higher royalty rate would comply with the law and allow integration to occur, while a finding of failure to carry its burden of proof would result in denial of the application.

25. SROG has paid at least one property owner within the spacing unit a lease bonus payment of $150 for a "lot" that SROG admits was less than 1 acre. SROG's witness stated that the property in question was simply a "residential lot" in one of the spacing unit's subdivisions. These lots range in size from less than a quarter acre to as much as an acre. A conservative estimate that works in SROG's favor is that the average size of such residential lots in the spacing unit is one-half acre. The Hearing Officer recommends that unit size be used to estimate SROG's payment on a "per acre" basis as required by law. The estimate protects SROG, as it is possible the lot in question was much smaller than a ½-acre. In any event, the highest bonus paid to any mineral owner "per acre" was actually at least $300 per acre if the ½-acre assumption is used. In the alternative, if using the estimate is imporper, the Hearing Officer would have to rule that SROG's offer to pay $150 per net mineral acre does not sataisfy the requirement that SROG guarantee that non-leasing pmineral owners are paid at least the highest "per acre" rate paid to any other owner. Thus, any integration order must order the payment of $300 per mineral acre, or it would have to be denied.

26. Prior integration orders have ordered that bonus payments be set with a floor by which the minimum bonus payment is made for all tracts under 1 acre, and that all tracts over 1 acre will receive that rate per acre. In all such cases, the parties did not raise a dispute over that. In this case,

however, such a provision is not supported by current law. Idaho Code §47-320(3)(c)(iii) requires that the bonus payment be set at the "highest bonus payment per acre" that the operator has paid. It does not provide for a bonus payment that changes depending on the size of the tract. The Hearing Officer is required to follow the statute and compel SROG to pay all non-consenting owners at a rate of $300 per net mineral acre, or deny the application.

27. "Unnecessary expense," and the "rights of surface owners" in the statute both point to something more than just the price of mineral leases. The statute sets minimum standards for the leases, but not maximum standards. Regardless of the minimum, an order of integration MUST be on terms that are just and reasonable. Since there is no reason that SROG would need the right to utilize the surface estate of any non-conseting owner the terms of integration should expressly exclude such surface trespass. Such a right of trespass, whether it is actually exercised or not, is a taking of property under the Fifth Amendment. *Cedar Point Nursery v. Hassid,* 141 S.Ct. 2063 (20231)[2]. In that case the Supreme Court evaluated a California law which regulated labor relations between farm owners and farm workers. As part of that regulatory system, the state of California decreed that farm owners must allow farm worker organizers to access the owners' farms in order to communicate with farm workers. 141 S.Ct. at 2069. The right of access was limited to only three hours per day, on no more than 120 days per year. *Id.* Allowing SROG unfettered surface access for an unlimited number of days would also constitute a taking.

28. Since surface access on the property of non-consenting owners is not necessary to the operation of the well or the purposes of the proposed integration, no such surface rights will be

[2] While it is an oft-stated "rule" of Idaho administrative law that hearing officers are not to make determinations about whether a statute is or is not constitutionally valid, there is no such prohibition against the hearing officer construing a statute, when he must do so, in the way that would avoid such a constitutional entanglement. While hearing officers should not decide that a statute is invalid, they also should not construe one in a way that would invite a later decision maker to find it invalid.

granted by the integration order. This will not interfere with SROG using its actual contractual access rights arising from executed, voluntary leases and will achieve the statutory goal of imposing the lowest possible expenses on holders of correlative rights.

29. There is similarly no need for SROG to access the subsurface estates of any non-consenting owner with the exception of tracts 105 and 110. As to those two tracts, SROG intends to drill through their subsurface estates. An order by an Idaho agency allowing such trespass, even to the subsurface estate, would run afoul of *Cedar Point Nursery.* Thus, the terms of integration must prohibit SROG from engaging in subsurface operations within the boundaries of any unleased property, unless the owner of such property has entered into a use agreement with SROG. This provision would not apply, obviously, if SROG chose to keep the well bore entirely within a subsurface estate as to which SROG holds mineral rights either as owner or lessee. Such a prohibition on subsurface occupation will achieve the statutory goal of imposing the lowest possible expenses on the owner of non-leased tracts so as to allow each of them their own maximum enjoyment of correlative rights. Forcing a non-leasing owner to accept a higher level of individual burden upon their property than is required of neighboring lessor properties would be neither just nor reasonable. Requiring a use agreement for unleased lots also serves the purpose of insuring that those mineral owners who suffer the greatest intrusion on their property rights should be compensated fairly and equitably, especially if they have not voluntarily leased.

30. Many property owners in and around the spacing unit in this case complained that possible well treatments including hydraulic fracturing would expose them to significant additional risks to their properties, values, and health. It is not necessary for the Hearing Officer to determine if such claims are true since Richard Brown testified unequivocally that as operator of the well SROG did not plan to, and would not engage in hydraulic fracturing of the proposed

well. Since the right to engage in this controversial development technique is not in any sense necessary or appropriate to the current integration application, non-consenting owners are entitled to a prohibition on hydraulic fracturing of this integrated pool, even if they are incorrect about the likely costs and consequences of fracking.

31. SROG, as the operator, testified that it intends to begin work on the well within a few months of an integration order. Thus a term of 5 years, with a right to a 5-year option to renew, is imposing unnecessary expenses on non-consenting owners. Since the well will be drilled, if at all, within a few months of integration, a three-year term with no extension for integrated, non-consenting owners (other than for actual production) is just and reasonable in this case.

ORDER

The Hearing Officer recommends this order be entered:

1. The application for integration is denied as it appears by a preponderance of the evidence and as a matter of law that SROG failed to negotiate in good faith over leasing the mineral rights underlying Parcel F00000220770 as well as the rights underlying tract 232 consisting of city streets. Until such period of good faith negotiations ahs been completed, the application does not meet the statutory requirements.

2. If the integration application is to be granted, it must include the following terms in order to be just and reasonable within the meaning of both state and federal law:

   a. SROG shall have no right to use any part of the surface estate of any unleased property, and shall have the rights set out in its leases to those properties whose owners have leased;

b. SROG shall have no right to use any part of the sub-surface estate of any unleased property, and shall have the rights set out in its leases as to those properties whose owners have leased;

c. To the extent SROG determines a need to use surface or subsurface portions of unleased estates, SROG shall first enter into a mutually agreeable property use agreement that complies with all laws of the state of Idaho;

d. Non-consenting owners shall be entitled to a 3/16 royalty proportionate to their relative net mineral acreage on all hydrocarbons recovered and sold from this spacing unit and well;

e. Non-consenting owners shall be entitled to a bonus payment of $300 per net mineral acre that is unleased and to be integrated in this unit;

f. SROG shall have a three-year term in which to complete the well and begin production. There shall be no extensions on the terms of the integration unless some interested party files an appropriate application to extend the term, or so long as the well is in production;

g. All non-consenting owners shall retain any private right of action they have in law against the operator for any future harms.

DATED this 31st day of December, 2025.

PIOTROWSKI DURAND, PLLC

/s/ James M. Piotrowski
James M. Piotrowski
Attorneys for Objectors