**BEFORE THE IDAHO DEPARTMENT OF LANDS**

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| In the Matter of the Application of Snake River Oil and Gas, LLC for an Order Integrating Unleased Mineral Interest Owners 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, Idaho. | ) | AGENCY Case No. CC-2025-OGR-01-005<br><br>OAH Case No. 25-320-OG-04<br><br>**FINDINGS OF FACT, CONCLUSIONS OF LAW, AND RECOMMENDED ORDER** |

Applicant, Snake River Oil and Gas, LLC (SROG), filed an application for an integration order (Application). SROG has applied to integrate all uncommitted mineral interest owners in the approximately 400-acre 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 5 West, Payette County, Idaho. This spacing unit was established through a Final Order Establishing a Spacing Unit entered by Shannon Chollett, Administrator of the Oil and Gas Division of the Idaho Department of Lands (IDL) on September 30, 2025. IDL Case No. CC-2025-OGR-01-002.[1]

The following uncommitted mineral interest owners in the unit objected to the application: Julie Fugate, Darleen Walker, Sharon Harmon, Doris Craig, Larry Morris, Charlene Gomez, and John Sandquist (Objectors).[2]

IDL referred the Application to the Office of Administrative Hearings (OAH) to conduct a public hearing and provide a recommended order to Administrator Chollett. OAH appointed

[1]The order is available on the Idaho Oil and Gas Conservation Commission's (OGCC) website at https://ogcc.idaho.gov/wp-content/uploads/2025.10.03_Final-Order-CC-2025-OGR-01-002-amended-service-list.pdf.

[2] Citizens Allied for Integrity and Accountability, Inc. (CAIA) also filed an objection to the application. However, on December 15, 2025, the Hearing Officer entered an *Order Granting Unopposed Motion to Determine CAIA is Not a Party*. Live Dkt. 44. CAIA is not an "uncommitted owner" as required by Idaho Code § 47-328(3)(b) to become an objecting party. Therefore, the order determined that CAIA is not a party but was permitted to participate in the public hearing as a public witness under IDAPA 62.01.01.207.

Administrative Law Judge Scott Zanzig to serve as the hearing officer. On December 17, 2025, Hearing Officer Zanzig held a public evidentiary hearing on this application that was followed by the presentation of in-person public comment. The hearing was held at the Fruitland City Hall. The hearing was recorded via Zoom.[3]

SROG, Objectors, and IDL all appeared represented by counsel. SROG called two witnesses: Richard Brown (manager of SROG) and Wade Moore III (landman for SROG). Objectors recalled Richard Brown as their only witness. IDL did not offer any testimony. All witnesses were sworn and subject to cross-examination by all parties.

SROG offered the following exhibits: SR-01 through SR-06 (SR-03 includes subparts a, b, and c). All those exhibits were admitted without objection. IDL's exhibits IDL-01 and IDL-02 also were admitted without objection. Objectors offered no exhibits.

The evidentiary portion of the hearing concluded earlier than anticipated at about 1:00 p.m. The Hearing Officer opened the proceeding for public comment to allow the then-assembled public to give public comment if they wished. Eight people commented during the early public comment opportunity:

1. Charles Otte
2. Poppy Enos
3. Darleen Walker
4. Joey Ishida
5. Shelley Brock, CAIA President
6. Stuart Grimes, Fruitland City Administrator
7. Brenda Ishida
8. Mike Gomez

The Hearing Officer reopened public comment at 5:00 p.m. as originally scheduled. Ten people commented during that session:

1. Julie Fugate
2. Stuart Reitz
3. Shannon Crawford
4. Mel Person

[3] The recording is available to review on the OGCC website at: https://ogcc.idaho.gov/administrative-hearings/docket-no-cc-2025-ogr-01-005/. Live Dkt. 050.

5. John Sandquist
6. Stuart Grimes
7. Shawna Pierson
8. Duke Fugate
9. Shelley Brock
10. Sue Bixby

At the conclusion of the initial round of in-person public comment, the Hearing Officer determined that the written public comment period would be held open until December 24, 2025. A number of persons submitted written comments following the hearing. Those comments are posted on the Live Docket on the OGCC website.

The Hearing Officer also directed the parties to file any written closing arguments and proposed findings of fact and conclusions of law by December 31, 2025. SROG, Objectors, and IDL filed their post-hearing submissions December 31, 2025. At that point, the record was closed, so the Administrator's final decision is due January 30, 2026.

Based on the administrative record and the evidence submitted in connection with the hearing, the Hearing Officer makes the following findings of fact and conclusions of law under IDAPA 62.01.01.252.d.

## PRELIMINARY ISSUE

Following the hearing, the City of Fruitland submitted an email with attachments on December 23, 2025, Live Dkt. 61, raising concerns about the Application. SROG moved to exclude this submission from the record on the grounds that it is an untimely objection to the Application submitted by an uncommitted mineral owner in the spacing unit. Live Dkt. 62.

Idaho Code section 47-328(3)(b) requires uncommitted owners to file an objection to an application no later than 14 days before the scheduled public hearing on the application. An uncommitted owner who does so is given objector status entitling them to participate in the evidentiary portion of the hearing. This status allows a timely objector to submit testimony under

oath, offer exhibits to be admitted to the record as evidence, cross-examine witnesses called by other parties, and object to the admission of exhibits offered by other parties.

Had the City of Fruitland made its submission 14 days before the hearing, it would have had objector status. It could have offered evidence (testimony under oath and exhibits) in support of its position. And SROG would have had the opportunity to present evidence to rebut the City's position. But the City did not object prior to the hearing, and it did not participate in the hearing with objector status. So, to the extent that SROG's motion seeks a determination that the City of Fruitland does not have objector status and its submission does not constitute substantive evidence on par with the sworn testimony and exhibits offered and admitted at the hearing, the motion is granted.

On the other hand, to the extent SROG's motion seeks an order that the City of Fruitland's submission be completely excluded from the record, the motion is denied. The City made its submission before the December 24, 2025, deadline for written public comments. And SROG raised no objection to that deadline when it was discussed and decided at the hearing. The submission will be included in the record as a public comment, not as substantive evidence admitted during the evidentiary portion of the hearing. (As SROG correctly notes, public comments are considered hearsay because they are not testimony under oath. And no factual finding can be supported solely by hearsay unless permitted by statute or where the hearsay is admitted without objection. IDAPA 62.01.01.478.)

## FINDINGS OF FACT

1. On September 29, 2025, Snake River Oil and Gas, LLC (SROG) filed an application to integrate all uncommitted mineral interest owners in the 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 5 West, Payette County, Idaho (Application). The spacing unit the Application proposes to integrate (Unit) is approximately 400 acres. SR-01.

2. The Unit was established through a Final Order Establishing a Spacing Unit entered by Shannon Chollett, Administrator of the Oil and Gas Division of the Idaho Department of Lands (IDL), on September 30, 2025. IDL Case No. CC-2025-OGR-01-002.[4]

3. Prior to filing the Application, on September 17, 2025, SROG caused the Argus Observer to publish a notice of intent to develop the hydrocarbon mineral resources in the Unit and a request to negotiate with mineral owners. SR-01 at p. SR-127. SROG also caused the Argus Observer to publish a notice of intent to file the Application on September 24, 2025. Live Dkt. 11.

4. On October 1, 2025, SROG caused the Argus Observer to publish notice of the Application to all uncommitted mineral interest owners including unknown or unlocatable mineral interest owners and their heirs or successors. SR-04.

5. On or about September 3, 2025, September 14, 2025, and October 6, 2025, SROG sent a copy of the Application and notice of hearing date and deadlines to all known and locatable uncommitted owners by certified mail. SR-02, SR-03a, SR-03b, and SR-03c.

6. On October 30, 2025, Citizens Allied for Integrity and Accountability, Inc. ("CAIA"), Julie Fugate, Darleen Walker, Sharon Harmon, Doris Craig, Larry Morris, Charlene Gomez, and John Sandquist filed their objection to the Application. Live Dkt. 7. The objection alleges that the Application violates Objectors' constitutional and other unspecified rights, but does not assert that the Application fails to comply with Title 47, Chapter 3, Idaho Code, which governs

[4] The order is available on the Idaho Oil and Gas Conservation Commission's (OGCC) website at https://ogcc.idaho.gov/wp-content/uploads/2025.10.03_Final-Order-CC-2025-OGR-01-002-amended-service-list.pdf.

this proceeding.

7. There is no evidence CAIA owns property or leases any mineral interest in the Unit. It is not a party to this proceeding. Live Dkt. 44.

8. No other formal objection or response to the Application by an uncommitted mineral owner was filed with OAH or IDL by the deadline of December 3, 2025.

9. SROG is the applicant and proposed operator of the Unit (Operator). SROG's address as provided on the Application is:

Snake River Oil and Gas, LLC
P.O. Box 500
Magnolia, AR 71754-0500

10. The Application contains a geologic statement regarding the likely presence of hydrocarbons in the Unit, which was established in the proceedings in Docket No. CC-2025-OGR-01-002.

11. The proposed drill site is in the SE ¼ of Section 15 and is leased from Mary Ann Miller Trust as stated in the Declaration of Richard Brown, attached as Exhibit C to the Application.

12. The Application contains a statement of proposed operations for the Unit, identifying SROG as the Operator.

13. The Application contains a proposed Joint Operating Agreement (JOA) based on a standard industry form as Exhibit D to the Application. *See* Declaration of Richard Brown, ¶ 10. SR-01 at p. SR-065.

14. The Application contains a list of the names and addresses of proposed uncommitted mineral interest owners to be integrated in Exhibit B to the Application, which identifies owners by tract numbers corresponding with the component parcels of the Unit as depicted by the plat attached as Exhibit A to the Application.

15. The Application contains a Declaration of Richard Brown, attached to the Application as Exhibit C, which states that at the time of filing the Application SROG had support

from more than 55% of the mineral interest acres in the Unit, including SROG as an owner by virtue of its status as a mineral lessee within the Unit. *See also* SR-01 at p. SR-059 (totaling net leased acres at time of application at 244.423 acres of 400.010 total acres or 61.11%).

16. Some mineral interest owners listed in Exhibit B to the Application signed leases after SROG filed the Application and are no longer uncommitted owners. Accordingly, at hearing SROG provided an updated owner list/resume of efforts as Exhibit SR-05 and updated Unit maps as Exhibit SR-06.

17. At the time of hearing, SROG's updated owner list/resume of efforts indicated that SROG had support from 61.91% of the mineral interest acres in the Unit (totaling net leased acres at time of hearing at 247.654 acres of 400.010 total acres). SR-05 at p. SR-305.

18. After the hearing, the City of Fruitland submitted a written comment. It alleges that one of SROG's lessors, Highway District No. 1, does not have ownership of 21.374 acres subject to a lease to SROG. Live Dkt. 61. This allegation is based solely on hearsay to which SROG objected.

19. Even if the City's suggestion in its public comment is accurate and it ultimately quiets title and prevails, SROG has the support of more than 55% of the mineral interest owners in the Unit, because the size of the disputed property allegedly is only 21.374 acres, which is less than 5.4% of the Unit. Even leaving this property out of SROG's leases, SROG has the commitment of more than 56% of the mineral acres in the Unit.

20. To address any concerns related to the disputed property in the City of Fruitland's comment, IDL recommends that any integration order requires that any royalties due the owner of that property be placed into escrow until the ownership dispute is resolved. Live Docket 65 at p. 7. SROG finds this solution acceptable. *See* Live Dkt. 64 at p. 3. Objectors urge the Hearing Officer to resolve the apparent property dispute. *See* Live Dkt. 66 at pp. 3, 6-9.

21. The Declaration of Richard Brown, Exhibit C to the Application, reports that the highest bonus payment paid to lessor mineral interest owners in the Unit prior to filing the

Application was $150.00 per net mineral acre and that only one owner in the Unit is leased at greater than 1/8 royalty. SR-01 at p. SR-061.

22. Testimony at the hearing established that SROG paid some mineral interest owners in the Unit a bonus of $150.00 even though they owned less than one acre. R. 1:11:57-1:13:11.[5] But there is no evidence establishing the precise size of any such owner's lot.

23. The evidence does establish, though, that SROG entered into leases with many owners of less than one acre; the size of these leased parcels ranges from .05 acre to .955 acre; and many leased parcels are .5 acre or smaller. *See* SR-05.

24. IDL recommends that any integration order contains a provision requiring SROG to compensate mineral interest owners in the Unit with a flat $150.00 bonus for property less than one acre and with a bonus of $150.00 per net mineral acre for property larger than one acre. Live Docket 65 at p. 5. This apparently is designed to address the concern that SROG has paid some mineral interest owners in the Unit who own less than one acre a bonus payment of $150.00, which is more than $150.00 per acre. SROG has accepted IDL's recommendation as the appropriate means for compensating mineral interest owners. Live Dkt. 64 at p.m. 1. Objectors argue that base entitlement mineral interest owners should instead receive $300.00 per mineral acre to comply with Idaho Code section 47-320(3)(c)(iii)'s requirement that the bonus payment to such persons must be set at the "highest bonus payment per acre" the operator has paid. Live Dkt. 66 at pp. 14-15.

25. The Application contains a resume of efforts documenting SROG's efforts by landmen working in the Unit including Richard Brown, Chris Matthews, Travis Boney, Wade Moore III, Butch Clancy, and Rodney May to contact and reach an agreement with uncommitted owners on at least two separate occasions within a period of no less than 60 days attached to the Application as Exhibit B; certified mailing receipts provided to IDL included in the record as Exhibits SR-02, SR-03a, SR-03b, SR-03c, and SR-04; and a copy of the form letter mailed by the

[5] "R." refers to the Zoom recording of the hearing.

landmen to uncommitted mineral owners attached to the Application as Exhibit E. The letter and the evidence of mailing show that SROG attempted to give actual prior notice to each of the uncommitted mineral interest owners at their last known address of SROG's intent to develop the mineral resources in the Unit and a desire to reach an agreement with that owner. Unknown or unlocatable mineral interest owners in the Unit were noticed by publication in the Argus Observer newspaper twice as evidenced by Exhibit G to the Application.

26. The Application contains proposed terms of integration reflecting the options for participation in the Unit. The Application describes three participatory options whereby a mineral interest owner could either: 1) become a working interest owner and bear their proportionate share of the cost of drilling and operating a well, entitling them to receive their respective shares of the production of the well as provided in a joint operating agreement; 2) become a nonconsenting working interest owner as provided in a joint operating agreement and ultimately receive their proportionate share of the revenue from the well as a carried interest, after incurring up to a 300% risk penalty; and 3) become a mineral interest owner failing to make an election in response to the notice of the integration, in which case they shall receive the base entitlement and be deemed to have elected to accept a bonus of $150.00 per net mineral acre as compensation in lieu of the right to participate in the working interest in said unit with a 1/8th royalty interest attributable to their net mineral acreage.

27. IDL maintains that SROG has met the statutory conditions requiring IDL to issue the integration order requested in the Application. Live Dkt. 65 at p. 4.

28. Objectors acknowledge that the Application on its face appears to comply with the statutory conditions, but requests that the Hearing Officer examine the evidence, especially focusing on the arguments of the parties other than SROG, to determine whether the evidence supports SROG's Application. Live Dkt. 66 at p. 2.

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## CONCLUSIONS OF LAW

1. The applicant, SROG, bears the burden of proof in this matter because it is requesting an integration order from IDL. IDAPA 62.01.01.477.

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

3. A court shall affirm an agency's action unless the decision is "not supported by substantial evidence on the record as a whole; or [the decision] is arbitrary, capricious, or an abuse of discretion." I.C. § 67-5279(3)(d)-(e).

4. The Idaho Oil and Gas Conservation Act (Chapter 3, title 47, Idaho Code) (the Act) applies to all matters affecting oil and gas development on all lands located in the state of Idaho. I.C. § 47-313.

5. The Act governs SROG's Application because SROG seeks an integration order. This procedure is governed by Idaho Code sections 47-320 and 47-328.

6. IDL is the administrative instrumentality of the Idaho Oil and Gas Conservation Commission (OGCC), and the Oil and Gas Administrator has authority over these proceedings pursuant to Idaho Code section 47-328(3).

7. The Administrator is authorized to conduct this hearing and appoint a hearing officer to conduct a hearing under Idaho Code section 47-328(3).

8. OAH's Hearing Officer was authorized to conduct the hearing under Idaho Code section 67-5280(2)(b) because the Administrator referred this matter to OAH to conduct the hearing. Live Dkt. 1.

9. Under the Act, the OGCC, through IDL as its administrative instrumentality, has the authority and duty to "regulate the exploration for and production of oil and gas, to prevent waste of oil and gas, [and] to protect correlative rights." I.C. §§ 47-314(6), 47-315(1).

10. Prevention of waste is paramount under the Act. I.C. § 47-315(1). As it relates to gas production, waste is defined as "production of gas in quantities or in such manner as will unreasonably reduce reservoir pressure or unreasonably diminish the quantity of oil and gas that might ultimately be produced." I.C. § 47-310(36)(a).

11. A correlative right is defined as "the opportunity of each owner in a pool to produce his just and equitable share of oil and gas in a pool without waste." I.C. § 47-310(8).

12. The Act requires IDL to regulate oil and gas development "in such a manner as to avoid the drilling of unnecessary wells or incurring unnecessary expense and in a manner that allows all operators and royalty owners a fair and just opportunity for production and the right to recover, receive and enjoy the benefits of oil and gas . . . while also protecting the rights of surface owners." I.C. § 47-315(2).

13. Ordering the integration of tracts or mineral interests within a spacing unit is an integral component of oil and gas regulation. I.C. § 47-320. Integration allows separate tract or mineral interest owners within a spacing unit to participate in the risks and rewards of the development and production of a pool. *Id.*

14. If all mineral interest owners in a spacing unit do not voluntarily agree to cooperate with an operator, the Act provides a process for statutory integration. Idaho Code section 47-320(1) provides in relevant part:

> In the absence of voluntary integration, [IDL], 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. [IDL], 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.

15. The "just and reasonable terms and conditions set forth in this section" include providing mineral interest owners with three options for participating in the drilling, equipping, and/or operation of a well on the spacing unit: (1) as a working interest owner, (2) as a non-consenting working interest owner, or (3) through the base entitlement. I.C. § 47-320(3).

16. Idaho Code section 47-320(4) prescribes the requirements for the contents of an application for an integration order. The application "shall substantially contain and be limited to only the following":

(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.

17. If an operator cannot show that it has the consent of, or has obtained leases from, at least 67% of the mineral interest acres to satisfy Idaho Code section 47-320(4)(h), an operator may still apply for an integration order if the operator meets certain additional conditions set forth in Idaho Code section 47-320(6).

18. Section 47-320(6) provides:

> 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.

19. Idaho Code section 47-331(2) obligates a lessee to make royalty payments of no less than twelve and one-half percent of the oil and gas liquids "produced and saved" and requires royalty 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 lessee."

20. Idaho Code section 47-320 sets forth the effective term of an integration order is five (5) years, clarifies that the entry of an integration order does not restrict a mineral interest owner from pursuing certain damages claims against the operator, and provides that the procedures set forth in Idaho Code section 47-328 govern applications for integration. I.C. §§ 47-320(7), 47-320(8), 47-320(9).

21. As Objectors acknowledge, SROG's Application on its face appears to satisfy the statutory requirements. As Objectors suggest, however, the Hearing Officer must assess the evidence, specifically focusing on any arguments raised by other parties, to determine whether the evidence supports SROG's Application and whether SROG has met its burden of proof that it meets the statutory requirements for integration.

**Required Bonus Payments for Base Entitlement**

22. Both IDL and Objectors have raised the issue of the appropriate amount of the bonus payment integrated mineral interest owners should receive. Idaho Code section 47-320(3)(c)(iii) requires an operator to pay a non-consenting, base entitlement 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."

23. SROG's Application proposed that such owners would receive $150 per mineral interest acre as a bonus payment. Evidence at the hearing established that SROG paid at least some mineral interest owners of less than one acre a $150 bonus payment. In literal terms, those

owners received more than $150 *per mineral interest acre* as a bonus payment because they received $150 even though they own less than an acre.

24. IDL apparently contends that an integration order can comply with the statute so long as it requires SROG to pay any mineral interest owner a minimum $150 bonus payment, even if they own less than an acre; and SROG has accepted this term. But IDL does not explain how its proposed solution guarantees that integrated base entitlement owners will receive the statutorily required "highest bonus payment per acre that the operator paid to another owner." The statutory requirement is not based on a per-lot approach. It requires a per-acre approach.

25. Objectors offer a different approach that is more consistent with the statute. They argue that a minimum flat fee of $150 per owner for owners of less than an acre does not comply with the statutory demand of "the highest bonus payment per acre" the operator paid others, because an owner of less than one acre who received $150 received more than $150 per mineral interest acre as a bonus payment. Objectors propose that any integration order require SROG to pay all integrated base entitlement owners a $300-per-acre bonus.

26. Choosing between the competing approaches to adjust for the fact that SROG paid a $150 bonus to some owners of less than one acre is a matter of statutory interpretation. "'Statutory interpretation begins with the literal language of the statute . . . and words should be given their plain, usual, and ordinary meanings.'" *Melton v. Alt*, 163 Idaho 158, 163 (2018) (quoting *State v. Dunlap*, 155 Idaho 345, 361 (2013)). And we cannot "insert words into a statute that [we believe] the legislature left out, be it intentionally or inadvertently." *Melton*, 163 Idaho at 164.

27. The statute's words–"per acre"– have a plain, well-understood meaning. Paying $100 for a quarter acre, for example, is paying at the rate of $400 per acre. If the legislature had

used the words "per lot (regardless of size)," or "per acre, or any smaller portion thereof," IDL's and SROG's position would have more traction. And while IDL's proposal may further the statute's purpose (at least to an extent) and be easy to administer, it must be rejected because it would require inserting additional language into the statute to support the proposed approach.

28. There are unfortunate gaps in evidence on this issue: We do not know which owners of less than one acre received a $150 bonus payment, nor how large their lots were.

29. Objectors have offered a solution to address the evidentiary gaps. They say they would accept a $300 bonus payment per mineral interest acre for all integrated base entitlement owners. This is based on their estimate that the approximate mean size of a residential lot owner's property is one-half acre.

30. Admittedly this approach is not a perfect match to the statutory requirement to provide "just and reasonable" compensation by paying a bonus at the highest payment per acre SROG paid, because we simply do not know what that bonus was. It could have been as high as $3,000 per acre if paid to the smallest .05-acre lot, or as low as $157 per acre if SROG paid the flat $150 rate to only the owner of the largest .955-acre tract. It is fair to ask SROG to bear some burden in the face of these evidentiary shortcomings, because it bears the burden of proving its entitlement to the integration order and it possesses the records that would allow a precise determination of the highest price per acre it paid. And Objectors' proposed $300-per-acre bonus is a reasonable estimate in light of the evidence that there are many leased properties smaller than .5 acre that may have received a $150 bonus payment.

31. Idaho Code section 47-320(3)(c)(iii) requires an operator to pay an integrated base entitlement 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." To be faithful to the statute, SROG should be required to pay such owners a $300-per-acre bonus.

**Parcel F0000022070**

32. Objectors have raised several other arguments. First, Objectors argue the Application should be denied because SROG allegedly failed to include in its maps and its resume of efforts a parcel owned by the City of Fruitland. Objectors identify that parcel as F0000022070, and contend that it "is obviously within the spacing unit." Live Dkt. 66 at p. 2.

33. The primary problem with Objectors' argument is that no party presented any evidence about this issue at the hearing. As a result, Objectors offer nothing but hearsay in support of their claim. Objectors' statement that the allegedly omitted parcel "obviously" should have been included in the Application is hearsay unsupported by any admitted evidence. And the hearsay Objectors offer in the form of Payette County's online mapping system contains a prominent disclaimer about its reliability. Hearsay that on its face warns viewers about its reliability cannot support a finding of fact.

34. If Objectors intended to rely on this theory to oppose the Application, they had the opportunity to offer admissible evidence at the hearing. The Hearing Officer rejects Objectors' argument that the Application should be denied on this ground.

**Royalty Payment**

35. Objectors also argue that SROG has failed to establish that its proposed 1/8 royalty payment is just and reasonable. Objectors request a 3/16 royalty instead. Live Dkt. 66 at pp. 13-14.

36. The Hearing Officer appreciates that Objectors would prefer a higher royalty. But Objectors' argument ignores the fact that Idaho Code section 47-320(c) specifically says that a

"minimum one-eighth (1/8) royalty" is a "just and reasonable" term to provide as part of the base entitlement. The statute further states that an "integration order including the terms specified in this subsection [including the minimum 1/8 royalty] fulfills [IDL's] obligation to integrate mineral interests upon *just and reasonable terms*." I.C. § 47-320(3)(c)(vi) (emphasis added). The statute mentions no exception to this rule (and Objectors cite no authority for one) that would require an operator to independently establish that a 1/8 royalty is just and reasonable.

**Allegedly Disputed Property**

37. Objectors suggest that the Hearing Officer should resolve the potential ownership dispute raised by the City of Fruitland in its public comment. Live Dkt. 66 at pp. 6-8.

38. The Hearing Officer declines this invitation. Neither IDL nor the OGCC has authority to try or resolve disputes over title to real property. Actions to quiet title to real property are within the jurisdiction of the district courts. I.C. §§ 1-705, 6-401.

39. Moreover, resolution of this alleged dispute is not necessary to this proceeding. Even excluding the allegedly disputed property and SROG's attendant lease rights, SROG has commitments exceeding the 55% required by Idaho Code 47-320(6)(a).

**Constitutional Rights**

40. In their initial objection and post-hearing filing, Objectors assert that applying the Act and granting the Application would interfere with their constitutional rights. The Hearing Officer has no authority to resolve constitutional attacks against statutory provisions. *See* IDAPA 62.01.01.253. The Hearing Officer is required to apply statutes as written. If Objectors are dissatisfied with the statutes' consequences, they may raise their concerns with their legislators or in the courts.

41. To the extent Objectors are concerned about SROG trespassing on their surface rights, the statute addresses the concern. Idaho Code section 47-320(3)(c)(iv) 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.

42. To the extent Objectors are concerned about subsurface rights, integration of mineral interests under Idaho law requires allowing the operator some right of subsurface access to the extent necessary to drill, equip, and operate the well. *See* I.C. § 47-320(3) (integration order to "authorize the drilling, equipping and operation, or operation, of a well or wells on the spacing unit"). In addition, SROG has not yet applied for a permit to drill a well in the Unit. If it does, IDL will post the application to its website for a ten-day (10) written public comment period. IDAPA 20.07.02.040.

**Public Comments**

43. Many citizens who reside in or near the Unit have offered public comments in opposition to the Application, both at the hearing and in writing. Because these comments are considered hearsay (not testimony under oath), they have not been the basis of any findings of fact in this order. *See* IDAPA 62.01.01.478 (factual findings generally cannot be based solely on hearsay). This includes the public comments offered by the City of Fruitland both at the hearing and afterward in writing. Nevertheless, the Hearing Officer has considered all these comments and understands that they express genuine concerns many are feeling about the Application as a potential prelude to oil and/or gas drilling operations near their homes.

44. One important thing that all should understand is the limited scope of this proceeding and the Hearing Officer's authority. This proceeding is limited to determining whether SROG has met the requirements to obtain an integration order. That process is governed by Idaho

statutes adopted by our state legislature. And it is designed to establish the general rules governing the relationship between the operator and other owners in the Unit, but it does not finally determine whether or where any potential drilling operations may occur, or what limitations may be placed on the operations.

45. A majority of the public comments expressed concern about the potential drilling operations and their location. Many expressed concerns about potential risks to the health and safety a drilling operation might pose. Those concerns, while sincere and valid, do not affect a determination under Idaho's integration statute whether IDL must issue a requested integration order.

46. If SROG does desire to move forward with a drilling operation, it will first need to apply for and obtain a permit to drill from IDL. IDAPA 20.07.02.200. The application must include detailed information about the proposed drilling program as prescribed by IDAPA 20.07.02.200.04. If SROG submits such an application, by law it must be posted on IDL's website where the public may view it and submit comment. IDAPA 20.07.02.040.

47. The City of Fruitland'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* I.C. § 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").

/ / /

**SROG has established that its Application meets all the statutory requirements under Idaho Code section 47- 320, except paying a just and reasonable bonus to base entitlement owners. That bonus should be $300 per acre, not $150 per acre.**

48. Based on substantial evidence in the record, the Application complies with all statutory elements of Idaho Code sections 47-320 and 47-328.[6]

49. With the condition that SROG pay base entitlement owners $300 per acre, it is appropriate to integrate the uncommitted mineral interest owners named by SROG for the development and operation of the Unit.

50. With the condition that SROG pay base entitlement owners $300 per acre, SROG has met its burden of proving entitlement to an integration order.

## RECOMMENDED ORDER

Based on the foregoing findings of fact and conclusions of law, pursuant to Idaho Code sections 47-320 and 47-328, the Hearing Officer recommends that the Administrator issue a final order **GRANTING** SROG's Application in Docket No. CC-2025-OGR-01-005 on the following terms:

1. All separate tracts within the spacing unit be INTEGRATED for the purpose of drilling, developing, and operating a well in the spacing unit, and for the sharing of all production therefrom from the spacing unit, in accordance with the terms and conditions of this Order.

2. Snake River Oil and Gas, LLC is the designated operator of the well to be drilled in the spacing unit, and has the exclusive right to drill, equip, and operate the well within the spacing unit.

3. Operations on any portion of the spacing unit will be deemed for all purposes the conduct of operations upon each separately owned tract in the spacing unit.

4. Production allocated or applicable to a separately owned tract included in the

[6] The Application's supporting affidavit erroneously states that $150 per acre was the highest bonus paid, but that error has been corrected and addressed through the hearing process.

spacing unit shall, when produced, be deemed for all purposes to have been produced from that tract by a well drilled on that tract.

5. All production from the spacing unit be integrated and allocated among the interest owners therein according to the proportion that each mineral interest owner's net mineral acreage bears to the total mineral acreage of the spacing unit. All royalty interest in the spacing unit shall, in the absence of any voluntary agreement, be deemed to be integrated as of the date of the Administrator's final integration order without the necessity of any subsequent separate order.

6. ALL UNCOMMITTED OWNERS IN THE SPACING UNIT ARE HEREBY NOTIFIED that they have thirty (30) days from and after the date of the issuance of this Order to make known to the operator, Snake River Oil and Gas, LLC, which of the following options they select for participation in the integrated spacing unit. This selection shall be made in writing, and addressed to:

Snake River Oil and Gas, LLC
P.O. Box 500
Magnolia, AR 71754-0500

Uncommitted mineral interest owners may either choose to participate as a working interest owner, a non-consenting working interest owner, or be compensated according to the base entitlement.

7. Failure to notify the operator, Snake River Oil and Gas, LLC, within thirty (30) days of this Order shall result in that owner's interest being deemed leased.

8. Consistent with Idaho Code section 47-320(3), the available participatory options are:

a. Participate as a working interest owner and 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 the joint operating agreement approved in this Order.

b. Participate as a nonconsenting working interest 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. 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 non-consenting working interest owners shall enter into the joint operating agreement approved in this Order.

c. If an owner fails to make an election within the thirty (30) days set forth in this Order, such owner will be compensated according to the base entitlement. The owner shall receive a 1/8th royalty of any gas, oil, or natural gas liquids produced attributable to their net mineral acreage. The owner shall also receive a bonus of $300.00 per net mineral acre. Royalty payments shall comply with the terms of Idaho Code section 47-331. 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 Idaho Code section 47-334. The Operator shall comply with the requirements of Idaho Code sections 47-319, 47-332, 47-333, and 47-334.

9. As provided in Idaho Code section 47-331:

a. The Operator shall make payments in legal tender unless written instructions for payment in kind have been provided.

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.

c. If the Operator fails to pay oil and gas royalties to the royalty owner or the owner's assignee within 120 days after the first production of oil and gas under the lease is marketed, or within 60 days for all oil and 90 days for all gas produced and marketed thereafter, the unpaid royalties shall bear interest at the maximum rate of interest authorized under Idaho Code section 28-22-104(1) from the date due until paid. Provided, however, that whenever the aggregate amount of royalties due to a royalty owner for a 12-month period is less than $100, the Operator may remit the royalties on an annual basis without any interest due.

d. A royalty owner seeking a remedy for failure to make payments under the lease or seeking payments under this section may file a complaint with the commission or may bring an action in the district court pursuant to Idaho Code section 47-333. The prevailing party in any proceeding brought under this section is entitled to recover court costs and reasonable attorney's fees.

e. This section does not apply if a royalty owner or the owner's assignee has elected to take the owner's or assignee's proportionate share of production in kind or 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.

10. As provided in Idaho Code § 47-332, each royalty payment shall be accompanied by an oil and gas royalty check stub that includes the following information:

a. Lease or well identification;

b. Month and year of sales included in the payment;

c. Total volumes of oil, condensate, natural gas liquids or other liquids sold in barrels or gallons, and gas in MCF;

d. Price per barrel, gallon, or MCF, including British thermal unit adjustment of gas sold;

e. Severance taxes attributable to said interest;

f. Net value of total sales attributed to such payment after deduction of severance taxes;

g. Owner's interest in the well, expressed as a decimal to eight (8) places;

h. Royalty owner's share of the total value of sales attributed to the payment before any deductions;

i. Royalty owner's share of the sales value attributed to the payment, less the owner's share of the severance taxes;

j. An itemized list of any other deductions; and

k. An address at which additional information pertaining to the royalty owner's interest in production may be obtained and questions may be answered. If information is requested by certified mail, an answer must be mailed by certified mail within thirty

(30) days of receipt of the request.

11. The Operator must maintain, for a period of five (5) years, and make available to the owners upon request, copies of all documents, records or reports confirming the gross production, disposition and market value including gas meter readings, pipeline receipts, gas line receipts and other checks or memoranda of the amount produced and put into pipelines, tanks, or pools and gas lines or gas storage, and any other reports or records that the integrated owners may require to verify the gross production, disposition and market value.

12. As provided in Idaho Code section 47-333, whenever an owner of a royalty interest makes a written demand for an accounting of the oil and gas produced, but no more frequently than once every twenty-four (24) months, and makes written demand for delivery or payment of his royalty as may then be due upon the person or persons obligated for the delivery or payment of the royalty, and the obligated persons then fail to make the accounting demanded and the payment or delivery of the royalty due within a period of ninety (90) days following the date upon which the demand is made, then the royalty owner may file an action in the district court of the

county wherein the lands are located to compel the accounting demanded and to recover the payment or delivery of the royalty due against the person or persons obligated. In such an action, the prevailing party shall be entitled to reasonable attorney's fees to be allowed by the court, together with the costs allowed to a prevailing party, pursuant to Idaho Code section 12-120.

13. 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 Idaho Code section 47-334.

14. This integration order shall be in effect for a term of five (5) years and as long thereafter as oil and gas operations are being conducted by the operator, unless extended by IDL upon application of the Operator. Any application to amend or extend an integration order shall comply with the notice requirements of Idaho Code section 47-328(3)(b). For purposes of such notice, all parties receiving the base entitlement shall be considered uncommitted owners.

15. Nothing in this Order alters any duty of care owed to uncommitted mineral interest owners and their property, and nothing in this Order shall be interpreted to relieve the Operator of any such duty or to shift to uncommitted mineral interest owners any risk of injury arising from or related to any violation of law, environmental damage, injury to real property, personal injury, negligence, or nuisance by the operator.

16. The entry of an integration order does not inhibit the right of mineral interest owners to pursue claims against the Operator for damages to person, property, or water rights.

17. Proceeds attributable to production for unknown or unlocatable owners shall be paid into an interest-bearing account administered by a third party, escrow agent, or similar fiduciary; and shall be available for release for payment if the appropriate party is located.

18. Proceeds attributable to production for owners whose ownership is subject to dispute shall be paid into an interest-bearing account administered by a third party, escrow agent, or similar fiduciary; and shall be available for release for payment when the Operator learns that the dispute has been resolved. This provision shall apply to the property the City of Fruitland has

identified in its public comment as property it alleges it owns but which Highway District No. 1 has purportedly leased to the Operator.

19. This Order is applicable to any successor or assign of all parties subject to the order, except that this Order is only applicable to any successor or assign of the Operator when the current Operator files a notice with the Administrator and obtains Administrator approval for the transfer.

20. This order will automatically terminate one (1) year following cessation of drilling operations if no production is established or two (2) years from the cessation of production from the unit.

**RECOMMENDED ORDER NOTICE**

**This is a recommended order of the hearing officer. It will not become final without action of the Administrator**. By law, the Administrator must issue a final order within 30 days of the close of the evidentiary portion in this case, *see* I.C. § 47-328, which occurred on December 31, 2025, when SROG, IDL, and Objectors submitted written closing arguments and proposed findings of fact and conclusions of law. The Administrator's final order in this case **must be issued by January 30, 2026**.

Pursuant to Idaho Code section 47-328(3)(e) "[t]he [A]dministrator's decision shall not be subject to any motion for reconsideration or further review, except for appeal to the commission[.]"

IT IS SO ORDERED.

DATED: January 15, 2026.

OFFICE OF ADMINISTRATIVE HEARINGS

*/s/ W. Scott Zanzig*
W. Scott Zanzig
Lead Administrative Law Judge/Hearing Officer

**CLERK'S CERTIFICATE OF SERVICE**

I hereby certify that on this 15th day of January, 2026, I caused to be served a true and correct copy of the foregoing by the following method to:

| | |
|---|---|
| Snake River Oil and Gas, LLC<br>c/o Michael Christian<br>Hardee, Pinol, & Kracke, PLLC<br>1487 S. David Lane<br>Boise, ID 83705<br>*Attorney for Applicant* | ☐ U.S. Mail<br>☒ Email:<br>mike@hpk.law |
| James Piotrowski<br>Marty Durand<br>PIOTROWSKI DURAND, PLLC<br>P.O. Box 2864<br>Boise, ID 83701<br>(208) 331-9200<br>*Counsel for Multiple Objectors* | ☐ U.S. Mail<br>☒ Email:<br>james@idunionlaw.com<br>marty@idunionlaw.com |
| Shane Deforest<br>(775) 397-3257<br>*Objector* | ☐ U.S. Mail<br>☒ Email:<br>ramblingman3143@gmail.com |
| James Thum<br>Idaho Department of Lands<br>300 North 6th Street<br>Boise, ID 83702<br>*IDL Program Manager, Oil & Gas* | ☐ U.S. Mail<br>☒ Email:<br>jthum@idl.idaho.gov |
| Idaho Department of Lands<br>John Richards, General Counsel<br>Kayleen Richter, Counsel<br>300 N. 6th Street, Ste. 103<br>Boise, ID 83702<br>(208) 334-0200<br>*Counsel for IDL* | ☐ U.S. Mail<br>☒ Email:<br>jrichards@idl.idaho.gov<br>krichter@idl.idaho.gov |
| Kourtney Romine<br>Kayla Dawson<br>Idaho Department of Lands<br>300 N. 6th Street, Suite 103<br>Boise, ID 83702<br>*Service Contacts for IDL* | ☐ U.S. Mail<br>☒ Email:<br>kromine@idl.idaho.gov<br>kdawson@idl.idaho.gov |

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/s/ *Elaine Maneck*
Elaine Maneck, Deputy Clerk
Office of Administrative Hearing