1/12/2022 Draft 2 Proposed 47-3 Revisions Comments

Statute Title	Code Section	Comment	Response
General	General	Any legislation that attempt to erode the "Landowner Bill of Rights" from 2017 is not welcomed by the landowner with producing minerals. I suggest you simply do nothing until additional legislation is acturally warranted.	The changes being evaluated during this process are only pertaining to current Idaho Code. Comments from landowners with producing minerals are encouraged and evaluated individually.
Definitions	47-310	47-310(3): Require that liquids in the condensate range be considered condensate and that liquids outside of the condensate range be considered non-condensate.	Defining the range for condensate is adequate in determining what is considered condensate.
		47-310(11): Remove "The costs of marketing, transporting and processing oil and gas produced shall be borne entirely by the producer, and such cost shall not reduce the severance tax directly or indirectly."	The current wording is consistent with legislative intent.
		47-310(36-37): Inappropriate to place advertisement for industry associations in statute	The definitnions used and affiliated with these organizations are considered standard within the industry.
		47-310(38): The commissioner proposed definition of arms length is entirely at odds with the common usage of that term as well as with other understandings of the term found in law.	This definition is consistent with BLM language. No changes at this time.
		47-310(38): delete “as well as when the contract was executed” from the end of subsection (c), as it excludes a contract that is armslength at the time of production (not between affiliates) if the contract was originally executed between affiliates. At a minimum, the operator should be have the opportunity to prove that the contract terms in this situation (or in any contract between affiliates) are reasonable, i.e., within the range that would be acceptable as between ready, willing and able unaffiliated parties.	
Permit to drill or treat a well	47-316(3)(i)	§47-316(i) still needs to be amended to cover an application to establish a spacing unit (if, for example, one wishes to establish a spacing unit with a non-standard configuration).	This fee is covered by the unitization order fee. We will evauate this wording in a future draft.
Drilling Locations	47-317	Snake River supports the combination of §§ 47-317 and 318 to eliminate confusion and redundancy, as was discussed at some length at the last Commission meeting. I refer you to the proposed redline submitted with my letter commenting on the Department’s first draft of revisions for suggested language. The Act should not create the risk that an operator will integrate a spacing unit, invest millions of dollars drilling and completing a well, and then be ordered to change the configuration of the spacing unit to include an area where the percentage of mineral acres leased is then below the threshold for integration, thereby stranding the operator’s investment in the well. If a well is in a legal location within a statutorily defined spacing unit (whether by default definition or by virtue of fieldwide spacing set by the Commission), the operator should not be automatically required to return to the Commission for additional hearings.	Changes have been made to integrate the two sections.
	47-317	Snake River agrees with Commissioner Hinchcliff’s comment at the last meeting, that a legal location for an oil well should be defined in terms of setback from the unit boundary, as is the case for gas wells.	These changes have been made in draft 3.
	General	Several of the changes included in Snake River’s proposed redline of the Act included with my last letter were not addressed in the Department’s summary of comments or otherwise addressed in the Department’s second round of revisions. I would appreciate the opportunity to discuss those proposals with the Department.	Additional changes have been incorporated in this draft 3.