

From: [James Thum](#)
To: [Kourtney Romine](#)
Subject: FW: CC-2021-OGR-01-002 IDL request
Date: Tuesday, May 11, 2021 10:14:36 AM
Attachments: [2021.05.03_UnitAIIntegration_additionalitemrequest_IDL.pdf](#)

From: James Thum
Sent: Monday, May 03, 2021 9:11 AM
To: Michael Christian (mike@smithmalek.com) <mike@smithmalek.com>
Cc: Mick Thomas <mthomas@idl.idaho.gov>; External - Joy M. Vega (joy.vega@ag.idaho.gov) <joy.vega@ag.idaho.gov>
Subject: CC-2021-OGR-01-002 IDL request

Mike,

Please see attached. Please contact me if you have any questions.

Sincerely,

James Thum

Idaho Dept. of Lands
Division of Minerals, Public Trust, Oil & Gas
Phone: (208) 334-0243
Mobile: (208) 912-5014
<https://ogcc.idaho.gov>
<https://www.idl.idaho.gov/mining-minerals/>

IDAHO DEPARTMENT OF LANDS
DIRECTOR'S OFFICE
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MICK THOMAS, DIVISION ADMINISTRATOR
SECRETARY TO THE COMMISSION

IDAHO OIL AND GAS
CONSERVATION COMMISSION
Betty Coppersmith, Chairman
Marc Shigeta, Vice Chairman
Jim Classen
Ray Hinchcliff
Dustin Miller

May 3, 2021

Michael R. Christian
Smith + Malek, PLLC
101 S. Capitol Boulevard, Suite 930
Boise, Idaho 83702

via e-mail: mike@smithmalek.com

Re: Integration Application, Harmon Unit A – Docket CC-2021-OGR-01-002

Dear Mr. Christian:

This letter serves as acknowledgement that the Idaho Department of Lands received the above-referenced integration application on April 26, 2021 (Application). As described in Idaho Code § 47-328(3)(a), "The department shall notify the applicant within five (5) business days of receipt of an application if additional information is required for the department to evaluate the application." After reviewing the Application, the Department is requesting a couple of additional items which will help to clarify certain parts of the Application, as submitted.

1. Exhibit A – Fallon 1-10 Unit, Clarifications: First, the map, or plat, submitted as Exhibit A does not distinguish between leased and unleased tracts. There are no numbers on individual tracts corresponding to the "Number" column on the spreadsheet attached as Exhibit E – Resume of Efforts. Second, the surface and bottom hole locations of the Fallon #1-10 well are not depicted – they need to be shown. Please provide supplemental detail maps for each quarter section at a larger scale distinguishing between leased and unleased tracts. Indicate the corresponding "Number" from Exhibit E – Resume of Efforts spreadsheet on the larger scale detailed maps.

An example can be viewed on the Oil & Gas web page here, page 9, Exhibit A, Docket No. CC-2021-OGR-01-001:

https://ogcc.idaho.gov/wp-content/uploads/sites/3/001_20210326_IntegrationApplication-UnitB.pdf

Finally, the Department will be referring to this as "Unit A". Please consider having the titles of the requested maps use the phrase, "Fallon 1-10 Unit A".

2. Lease Bonus Clarification: Page three of the Application, dated April 26, 2021, contains the following statement: "The Declaration of Wade Moore attached as **Exhibit B** sets forth that the

highest bonus paid in the subject spacing unit by Applicant prior to filing the application is \$100.00 per acre.” (Emphasis original.) Page 2, Item 4 of Exhibit B - Declaration of Wade Moore III, signed and dated April 26, 2021, states the following: “Pursuant to Idaho Code 47-320(4)(i), the highest bonus payment paid to lease mineral interest owners in the subject spacing unit prior to filing this integration application is \$100 per net mineral acre for all tracts over one acre.” Similarly, Exhibit F – Form of Offer Letter proposes, in part, the following term of lease: “\$100.00 per net mineral acre (one-time signing bonus payment).”

However, in Exhibit D – Form of Lease for Integration no lease bonus amount is specified in the lease. The first paragraph states, “WITNESSETH, For and inconsideration [sic] of TEN DOLLARS, the covenants and agreements contained herein, ... Lessor does hereby grant, demise, lease and let exclusively unto said Lessee” Does the Ten Dollar amount reflect the lease bonus? Further, page 4, Item 6 states “that Lessee elects to extend and this option exercised at any time during the original Primary Term by paying the sum of **Fifty** and **no/100 Dollars (\$50.00)** per acre to Lessor.” (Emphasis original.) Does this amount reflect the lease bonus? The amount of \$100.00 is not stated elsewhere in Exhibit D – Form of Lease for Integration. Please clarify the amount of the lease bonus as stated in the application, Exhibit B and Exhibit F as \$100.00 per acre.

3. Exhibit B – Declaration of Wade Moore III, Apparent Error: In Exhibit B, page 4, section 7, subsection d), Mr. Moore appears to have testified incorrectly with the statement that: “The well to be drilled in the spacing unit targets a conventional sand.” As stated in the Application, the Fallon #1-10 has been drilled, tested and completed and is ready to produce. Please correct this error.

4. Exhibit D – Form of Lease for Integration - Paragraph 2, item 1 includes the following statement: “Operations shall be considered to be continuously prosecuted if not more than ninety (120) days..” Further, item 1 states the following: “...if Lessee commences additional drilling or re-working operations within ninety (120) days...” Please clarify the number of days in the lease terms.

5. Exhibit D – Form of Lease for Integration - Page one, item 8 states the following: “No well shall be drilled nearer than 200 feet to the house or barn now on the Premises without written consent of Lessor.” Idaho Code § 47-319 Setbacks specifies that the minimum setback for wells and facilities is three hundred feet (300’) without the express written permission of the owner. Please clarify if the intent of this statement is to gain permission from the mineral interest owner is to obtain that express written consent as a term of the lease.

Michael R. Christian
May 3, 2021
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If you have any questions, you can reach me at (208) 334-0243 or jthum@idl.idaho.gov. Thank you for your assistance.

Sincerely,

A handwritten signature in cursive script that reads "James Thum".

James Thum
Idaho Department of Lands
Division of Minerals, Public Trust, Oil & Gas

Ecc: Mick Thomas, Division Administrator, Idaho Department of Lands