



State of Idaho Oil & Gas Conservation Commission  
C. L. "Butch" Otter, Governor and President of the Commission  
Ben Yursa, Secretary of State  
Lawrence G. Wasden, Attorney General  
Donna M. Jones, State Controller  
Tom Luna, Superintendent of Public Instruction  
  
George B. Bacon, Secretary to the Commission

Final Minutes  
Idaho Oil and Gas Conservation Commission  
Regular Meeting  
May 17, 2011 – 9:00 a.m.

The regular meeting of the Idaho Oil and Gas Conservation Commission was held on Tuesday, May 17, 2011 in Boise, Idaho. The meeting began at 9:03 a.m. in the State Capitol Building, Senate and House Auditorium, Lower Level, West Wing, Room WW02, 514 West Jefferson Street, Boise. The Honorable Governor C. L. "Butch" Otter presided. The following members were present:

Honorable Secretary of State Ben Yursa  
Honorable Attorney General Lawrence Wasden (*via conference phone*)  
Honorable State Controller Donna Jones  
Honorable Superintendent of Public Instruction Tom Luna

For the record, Governor Otter recognized the presence of all members, either in person or by telephone communication.

- **CONSENT**

1. **Approval of Minutes** – April 19, 2011 Regular Meeting (Boise)

**CONSENT AGENDA COMMISSION ACTION:** A motion was made by Attorney General Wasden that the Commission adopt the Consent Agenda. Controller Jones seconded the motion. The motion carried on a vote of 5-0.

- **REGULAR**

2. **Negotiated Rulemaking for IDAPA 20.07.02** – *Presented by Eric Wilson, Minerals Program Manager*

**DEPARTMENT RECOMMENDATION:** Authorize the Department to enter into negotiated rulemaking for IDAPA 20.07.02.

**DISCUSSION:** Governor Otter inquired the reason for the proposed change requiring inactive wells to be covered by an individual bond instead of a blanket bond. Mr. Wilson noted his observation with other states' wells that as well production decreases, the owner will sell that well along with others that are declining in production, and then those secondary companies will perhaps rehab the well and go into secondary recovery or do something to increase production. Governor Otter asked if there wouldn't be

a renewed bond in that event. Mr. Wilson explained further that a certain well may change hands 2, 3 or 4 times, each time the production dropping, until finally it gets to a company that perhaps is not stable, is more speculative in nature, and oftentimes such a company just abandons wells and will declare bankruptcy and then the state is left closing that well. When a well becomes inactive and ceases production, after a certain timeframe that well would be declared inactive and it would have to be covered by an individual bond rather than under the blanket bond. Governor Otter inquired if oil and gas companies are participating in the rulemaking by invitation only. Mr. Wilson noted that the rulemaking is open to all comers. In addition to Bridge Energy, the Department is aware that Snake River Oil & Gas intends to participate. Governor Otter asked that the Department keep the Board informed of other companies, by names, which participate in the rulemaking. Secretary of State Yursa, recognizing that it is not related to rulemaking, commented on recent action by Payette County Planning & Zoning Commission in rejecting Bridge Energy's request for a permit to build a structure, a compression chamber, and inquired if the Department could elaborate on that topic and its current status for the Board. Mr. Wilson stated his understanding that Bridge Energy is undertaking permitting for a pipeline on their Willow Field, north of Payette River and they also need a compression station to tie into the pipeline. Those activities are beyond the scope of the Department's regulatory authority and the Department was unaware that Bridge Energy's initial request had been denied. Secretary of State Yursa reiterated that although that action is not connected to rulemaking it is a subject the Board will watch. Governor Otter acknowledged Payette County Planning & Zoning as the jurisdictional authority for the pipeline, compression facility and probable dewatering/de-oiling station, but suggested that the Department should be supporting Payette County Planning & Zoning, as well as DEQ, sharing knowledge of other states' protocol and procedures, and participating or counseling these agencies and asked if that was happening. Mr. Wilson noted the Department lacks expertise in those areas and has committed its limited resources only to areas under its statutory obligations. Governor Otter commented that this subject is new to the state and a one-stop shop should be established, whether it is PUC, DEQ, or another entity, and suggested Department staff should assist in that effort.

*COMMISSION ACTION:* A motion was made by Secretary of State Yursa to approve the Department recommendation to enter into negotiated rulemaking. Controller Jones seconded the motion. The motion carried on a vote of 5-0.

- **INFORMATION**

None

- **EXECUTIVE SESSION**

None

There being no further business to come before the Commission, at 9:17 a.m. a motion to adjourn was made by Secretary of State Yursa. Controller Jones seconded the motion. The motion carried on a vote of 5-0. Meeting adjourned.

