State Insect
Monarch Butterfly

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Update on Well Activity

Southwest Idaho

Two wells in Payette County were plugged and abandoned in mid-October. Alta Mesa Services submitted a Notice of Intention to Plug and Abandon for DJS Properties #1-14 and Smoke Ranch #1-21 in September. After the appropriate comment period and notifications to Idaho Department of Water Resources (IDWR) and Payette County, the applications were approved October 3.

Sundry Notices for workovers and recompletions on the Kauffman #1-34 and Kauffman #1-9 wells were submitted by Alta Mesa Services on August 23. Work was completed in September and Well Completion reports for both wells were filed November 4. Both wells are back in production.

The permit for State #1-16 expired December 3, 2016. No extension was requested and the permit was therefore cancelled.

Eastern Idaho

The Udy #18-1 well approved in March 2016 has not been drilled and Idaho Department of Lands does not have an expected spud date. This past summer, CPC Mineral, LLC submitted Applications for Permits to Drill for Federal #18-2 and Federal #20-3 in Bonneville County. Both wells have a proposed depth of 7,000 feet.

After the appropriate comment period and notifications to IDWR and Bonneville County, Federal #18-2 was approved on September 29. Federal #20-3 was withdrawn and resubmitted as a Directional Deviation Application on October 20. It was approved November 10 after the appropriate comment period and notifications.

Both Federal #18-2 and #20-3 wells are located on BLM mineral lands and applications for drilling permits are also required through the BLM. The BLM approved the drilling permit for the Federal #18-2 October 24. The permit for Federal #20-3 was deferred by the BLM pending the receipt of a flood plain permit from Bonneville County.

Approximate locations of Eastern Idaho Proposed Wells
What is it?

Test your knowledge! Based on information presented in past newsletters, what is the object in the picture on the right??

___________ - Use of a scraping device for cleaning and testing petroleum and natural gas pipelines, or to separate different throughputs in a pipeline.

Answer found on bottom of page 3

2016 Oil and Gas Integrations

Two Integration Applications were approved last summer. In May, AM Idaho submitted applications for integration for Sections 14 T8N R5W and Section 19, T8N R4W, Payette County which were assigned Docket Numbers CC-2016-OGR-01-001 and CC-2016-OGR-01-002. These were the first Integration Hearings following the passage of Senate Bill 1339. The new statute gave the Department thirty days to hold the hearing, which occurred June 16, with a Continuance Hearing held July 19. No uncommitted mineral interest owners, unleased parties or opponents to the applications appeared at the hearings. Orders Granting the Applications for Integration were sent out on August 2, 2016. No appeals or objections were received.

Three more applications for integration and spacing were submitted by AM Idaho on November 17. (Docket No’s CC-2016-OGR-01-004, CC-2016-OGR-01-005 and CC-2016-OGR-01-006). The hearing for these applications took place December 14 and 15. The spacing request for Dockets 004 and 005 described a 640-acre gas unit shifted to encompass portions of more than one government section. The unit request in Docket 006 was for a smaller 480-acre gas unit in the West ½ and W ½ of the E ½ Section 13, T8N R5W Payette County. The hearings for Dockets 004 and 006 were concluded during the two days, but the record remains open for Docket 005 pending additional information. The Director will issue a written decision within 30 days of the hearing.

Rulemaking–IDAPA 20.07.02-Rules Governing Conservation of Oil and Natural Gas in the State of Idaho

The Idaho Legislature will consider a pending rule for 20.07.02 in January 2017. Idaho Department of Lands (IDL) went through an extensive negotiated rulemaking process over the past several months.

Numerous participants were present for the Negotiated Rulemaking public meetings held for the 20.07.02-Rules Governing Conservation of Oil and Natural Gas in the State of Idaho. IDL put on seven rulemaking meetings from May thru July. Community members from Ada, Gem, Payette, and Washington Counties attended. In addition, representatives from the Idaho Department of Environmental Quality, Idaho Conservation League, Idaho Association of Counties, Idaho Organization of Resource Councils, and the oil and gas industry were present.

The comment period for negotiated rulemaking ended on August 1, the Proposed Rule was presented to the Oil and Gas Conservation Commission at the August 23, 2016 Commission meeting as an information item. The Proposed Rule was then published in the October 5th Administrative Bulletin, and a 21 day comment period followed. A public hearing was held on October 12, 2016 at which three people provided testimony. IDL received 59 written public comments on the pending rule and one from IDL staff. The Pending Rule was presented to the Commission in November for approval to submit to the 2017 legislature. The Commission voted to adopt the pending rule.

For more information, please visit: https://www.idl.idaho.gov.rulemaking/20.07.02/index.html
Oil and Gas Informational Meeting in Gem County

Director Tom Schultz gave an informational presentation on oil and gas to Gem County residents on Tuesday, June 28, at the Emmett Middle School. The Gem County Commissioners and Senator Steven Thayne invited the Director to speak.

More than 100 people attended the meeting. The Director presented for an hour and then took questions from the audience for more than an hour.

IDL provided copies of information sheets on Integration, Split Estates, and Hydraulic Fracturing. A copy of the PowerPoint presentation is posted on the IDL website.

Gem County is considering land use requirements for oil and gas production in a proposed ordinance. If passed, it will be similar to the ordinance passed by Payette County.

2017 Proposed Legislation

The Commission approved two oil and gas bills to go before the 2017 Legislative Session.

In July, the Commission gave approval for IDL staff to pursue possible legislation for three identified oil and gas related topics. During the process, staff discussed the draft bills with the Commissioners, stakeholders, and had a public comment period.

At the September 15, 2016 Commission meeting, IDL staff presented the draft language for the proposed legislative ideas.

The first proposed bill would modify the procedures for administrative permit review and approval, and the procedures for processing applications that require a hearing and result in a final order.

A second proposed bill would allow Idaho to join the Interstate Oil and Gas Compact Commission (IOGCC) as a full member. With the start of commercial oil and gas production over the last year, we are now eligible for full membership.

The Commission chose not to move forward with a third proposed bill which would have clarified and modified the timeframes and types of record exemptions related to oil and gas conservation.

The Commission approved the Administrative Procedures bill and the IOGCC membership bill to be submitted to the Division of Financial Management on September 16th. Another comment period occurred and more meetings with Commissioners and stakeholders took place. The Administrative Procedures bill was modified and went again before the Commission at the October meeting. The modifications to the bill were approved and both the Administrative Procedures bill and the IOGCC bill were submitted to Legislative Services Office and will go before the Legislature in 2017.
Repeal of IDAPA 20.07.01- Rules of Practice and Procedure Before the Idaho Oil and Gas Conservation Commission

In January, the Legislature will review and vote on the repeal of IDAPA 20.07.01.

At the July 21, 2016 Commission meeting, the Commission directed the Department to enter the rulemaking process for the repeal of IDAPA 20.07.01, the Rules of Practice and Procedure Before the Idaho Oil and Gas Conservation Commission. These rules were superseded by the Idaho Administrative Procedure Act (Chapter 52, title 67, Idaho Code) and Idaho Rules of Administrative Procedure of the Attorney General (IDAPA 04.11.01). This year’s Senate Bill 1339 also contained several changes to administrative proceedings for the Oil and Gas Conservation Commission. As a result, 20.07.01 no longer governs actions by the Commission. The repeal of the IDAPA 20.07.01 rules will reduce confusion regarding administrative and hearing processes. It will also save money, as the Commission pays a yearly fee for rules that are in effect. There were no requests to have negotiated meetings or a public hearing on the repeal of this rule. At the September 15, 2016 Commission meeting, the Commission approved to repeal the 20.07.01 rules and go into Pending Rule Status.

The Pending Rule Notice was published in the November Administrative Bulletin.

Production Data Released

The public now has access to well production to date for six wells in Idaho, which can be found at idahogeology.org, and a link to the Idaho Geological Survey site is also on IDL’s oil and gas regulatory webpage. Two of the wells are dually completed and each completion has its own production data. Both sections of data are released for ML Investments #1-11. Only one section (Upper Zone) is currently released for Kauffman #1-9. Data is also being released for the State #1-17, ML Investments #1-10, ML Investments #2-10 and Kauffman #1-34 wells. Production records for ML Investments #1-3 and ML Investments #2-3, and the Lower Zone for Kauffman #1-9 are scheduled to be released during the Spring of 2017.

Between initial production and November, the non-confidential data for the six producing wells show a combined total production of approximately 3.4 billion cubic feet of gas (BCFG), 100,000 barrels of condensate (BC) and 118,000 barrels of natural gas liquids (BNGL).

Oil and Gas Term—Dual Completion

The completion of a single wellbore into two separate producing formations or zones at different depths. In most cases, two separate tubing strings are used to isolate each zone and provide the necessary level of control and monitoring for the production from each zone. This allows for the hydrocarbons to be measured and produced separately. Typically, dual or multiple completions are used in areas where drilling costs are very high or surface locations for drilling wells are limited. The economics of using dual or multiple completions can be attractive, however the operating and workover costs can be high and must be considered when planning for a dual completion.

Sources: AAPG-Wiki, Lewis Mosburg’s Oil & Gas Newsletter, Williams & Meyers Manual of Oil and Gas Terms, Schlumberger Oilfield Glossary.
Oil and Gas Conservation Commission Annual Report

The Oil and Gas Conservation Commission has released its first annual report. Previously the annual statistics for oil and gas regulatory was covered in a small section within the Idaho Department of Lands Annual Report.

With increasing commercial production of oil and gas, it was time for the Commission to have its own annual report, recording the history of this new industry in the State of Idaho.

Annual reports traditionally show a snapshot in time, July 1 through June 30 of each year. With the high level of interest in Idaho’s oil and gas production, this report also contains the most up to date information through November 2016.

The Oil and Gas Conservation Commission Annual Report can be found at www.idl.idaho.gov/oil-gas/commission/index.html

SOGRE Report

The State Oil and Gas Regulatory Exchange (“SOGRE”) is a combined effort by the Ground Water Protection Council and the Interstate Oil and Gas Compact Commission. SOGRE is conducting a comprehensive peer assessment of the Department’s statutory authorities and implementing regulations. Through this peer assessment by the SOGRE Assessment Team (“SOGRE Team”), the Department sought to obtain the perspective of other state oil and gas regulators on Idaho’s regulatory regime, including its statutory authority, implementing regulations, administrative procedures, staffing, and funding. Team members include:

John Baza, Director, Utah Division of Oil Gas, and Mining.
Cathy Foerster, Chair and Commissioner, Alaska Oil and Gas Conservation Commission.
Matt Lepore, Director, Colorado Oil and Gas Conservation Commission.
Nick Tew, PhD. State Geologist of Alabama/Oil and Gas Supervisor, Geological Survey of Alabama; State Oil and Gas Board of Alabama.
Mike Nickolaus, Special Projects Director, Groundwater Protection Council.
Carol Booth, Communications Manager, Interstate Oil and Gas Compact Commission.

IDL staff spent a day in July discussing our program with the SOGRE Team, and answering their questions. A draft report is currently being reviewed, and we are working toward have a final report in time for the 2017 legislative session.
Production in surrounding states - Part 1 - Wyoming

Since the 2010 discovery of gas in the western Snake River Basin of Idaho, much of the interest in oil and gas exploration and development has been focused on the west side of the state. With the recent submission of two applications to drill exploratory wells in Bonneville County, some may wonder why a company would want to drill so far from the recent discoveries in the state. As it turns out, the proposed wells are actually quite close to existing oil and gas fields – in western Wyoming! Oil fields were first discovered in the early twentieth century in southwest Wyoming. The area of oil and gas production can be divided into two main areas: The Thrust Belt Province outlined in blue on Map 1, and the Greater Green River Basin depicted on the map by the red and green areas outside the blue box. Since the initial discovery, over one \texttt{billion} barrels of oil and over 35 \texttt{trillion} (yes, that’s trillion) cubic feet of gas (TCFG) has been produced from primarily Mississippian, Jurassic and Cretaceous-age sandstones and limestones.

Map 1: USGS Map of Oil & Gas Production, Southwest Wyoming. Idaho, Utah and Wyoming Thrust Belt Province is outlined in blue.

Exploration in the Thrust Belt Province actually began in the late-1800s when companies tried to drill wells around naturally-occurring oil seeps but were unsuccessful. Nearly fifty years passed until the first commercial discovery was made in the area. In 2013 the Wyoming Oil & Gas Conservation Commission (WOGCC) reported that 35 fields in the trend had a combined total production of 188 million barrels of oil (MMBO) and 11.6 trillion cubic feet of gas (TCFG).

In 2003 the United States Geological Survey (USGS) made an assessment of remaining oil and gas resources to be discovered in the Thrust Belt Province (see Map 2). They estimated that nearly 39 million barrels of oil (MMBO), 918 billion cubic feet of gas (BCFG) and 57 million barrels of natural gas liquids (MMBNGL) were yet to be discovered in this trend. Given the amount of oil and gas that has been historically produced in this area, it’s easy to see why companies still have an interest in exploring here. Could the next oil and gas discovery occur in Idaho? Stay tuned!

Map 2: USGS map of the Wyoming Thrust Belt Province

References: