



IDAHO OIL AND GAS CONSERVATION COMMISSION

Kevin Dickey, Chairman
Marc Shigeta, Vice Chairman
Jim Classen, Commissioner
Dr. Renee Love, Commissioner
Dustin T. Miller, Commissioner

Mick Thomas, Secretary to the Commission

Final Minutes

Idaho Oil and Gas Conservation Commission Regular Meeting
November 28, 2018

The regular meeting of the Idaho Oil and Gas Conservation Commission was held on Wednesday, November 28, 2018, at the State Capitol, House Hearing Room (EW42), Lower Level, East Wing, 700 W Jefferson St., Boise, Idaho. The meeting began at 1:00 p.m. Chairman Kevin Dickey presided. The following members were present:

Vice Chairman Marc Shigeta
Commissioner Jim Classen
Commissioner Renee Love
Commissioner Dustin T. Miller

For the record, all five Commission members were present.

• **ANNOUNCEMENTS**

Chairman Dickey stated that the regularly scheduled November and December Commission meetings were combined to the meeting for today. Chairman Dickey announced that the Commission will accept public comment on items listed on the agenda. He pointed out the location of the sign-in sheet at the back of the room and asked that those who wished to speak fill out the sign-in sheet. He also explained that there is an Executive Session in the middle of the meeting and that everyone must leave the room at that time and to take all coats, phones, and other related items.

Secretary Thomas asked Chris Gozzo, Oil and Gas Information Specialist, to explain the issues with the microphones. Mr. Gozzo explained that at the last Commission meeting there were some issues with the microphones and feedback, he stated that corrections have been made to help with that problem. Mr. Gozzo asked that only one microphone be used at each desk, that the microphone be pointed at the person speaking and to make sure the red light is on which meant the microphone was on.

Secretary Thomas announced that due to the holiday season and staff availability that the next regularly scheduled Commission meeting was not until February 13, 2019. He explained that a special meeting could be held if needed.

1. Division Administrator's Report

A. Financial Update

B. Current Oil and Gas Activity

Chairman Dickey asked about the Bell #17-2 well, Secretary Thomas confirmed that it was drilled and cased. Commissioner Love inquired about the Island Capitol well and its expiration in December. Oil and Gas Program Manager James Thum responded that it was not on the list to be plugged but that the deadline was December 4th or 5th and the operator had until then to determine a plan.

C. Status Update

i. Class II Injection Well – Permit Status

ii. Docket No. CC-2017-OGR- 01-002 – Kauffman Complaint

Chairman Dickey asked when the deadline for this case was, Secretary Thomas confirmed that the operator had until December 7th to respond and that a meeting would likely be held after that. Chairman Dickey asked if the meeting would be an executive session, Secretary Thomas responded no.

iii. Oil and Gas Royalty Audit

iv. Well Test Reports – letter requesting information

Chairman Dickey asked if this information was on all wells, Secretary Thomas clarified that it was on all active wells.

• CONSENT – ACTION ITEM(S)

2. Approval of Minutes – October 10, 2018 - Regular Meeting (Boise)

CONSENT AGENDA COMMISSION ACTION: A motion was made by Vice Chairman Shigeta that the Commission approve the meeting minutes on the Consent Agenda. Commissioner Miller seconded the motion. The motion carried on a vote of 5-0.

At 1:14 p.m., a motion was made by Commissioner Love to convene in Executive Session pursuant to Idaho Code 74-206(1)(f) to communicate with legal counsel for the public agency to discuss legal ramifications of and legal options for pending litigation or controversies not yet being litigated but imminently likely to be litigated. Vice Chairman Shigeta seconded the motion. *Roll Call Vote at 1:14 p.m.:* Aye: Shigeta, Love, Classen, Miller, Dickey; Nay: None; Absent: None. Chairman Dickey asked everyone to leave the room.

• EXECUTIVE SESSION

- A. Idaho Code 74-206 (1)(f) - to communicate with legal counsel for the public agency to discuss the legal ramifications of and legal options for pending litigation, or controversies not yet being litigated but imminently likely to be litigated. [TOPIC: Docket No. CC-2018-OGR-01-002; Notice of Violation]

At 1:46 p.m., the Commission resolved out of Executive Session by unanimous consent. Chairman Dickey stated that no action was taken by the Commission during the Executive Session.

- **REGULAR – ACTION ITEM(S)**

3. Docket No. CC-2018-OGR-01-002; ML Investments #2-10 - Notice of Violation – Joint Motion to Accept Settlement Agreement and Consent Order – Presented by Mick Thomas, Division Administrator – Oil and Gas

RECOMMENDATION: The Department recommends the Commission issue an order that (1) accepts the Settlement Agreement and Consent Order and (2) accepts civil penalties against Alta Mesa in the amount of \$4,000 (\$3,000 for Violation One, \$1,000 for Violation Two).

DISCUSSION: Commissioner Love asked Deputy Attorney General Kristina Fugate if she thought the amount for the violation fines were appropriate. Ms. Fugate directed the question to Secretary Thomas. Secretary Thomas explained that this was the first time the Oil and Gas Division issued a notice of violation. He explained that staff called several states and asked about their process for first-time offenders, most responded that it would be about \$1,000 per violation. Secretary Thomas added that this was more of a procedural, situational error as they did not inform the Department of what they were planning to do. Secretary Thomas reiterated that for first time offense, this amount was in the ballpark compared to other states.

COMMISSION ACTION: A motion was made by Commissioner Classen to approve the settlement as indicated. Vice Chairman Shigeta seconded the motion. The motion carried on a vote of 5-0.

Background information was provided by the presenter indicated below. No Commission action is required on the Information Agenda.

- **INFORMATION**

4. Operator Records Examined – Presented by Mick Thomas, Division Administrator – Oil and Gas

DISCUSSION: Secretary Thomas stated that a subpoena was issued to Alta Mesa on October 16, 2018. After receiving the subpoena, Alta Mesa provided a large amount of data explaining their allocation methods for their Idaho operations. The Department has begun the evaluation of that data and is working with Chairman Dickey as a technical advisor during that evaluation. The initial evaluation revealed potential errors in the allocation process. Secretary Thomas said he had a discussion with Alta Mesa engineers regarding their allocation methods and how to move forward. Alta Mesa confirmed a systemic error in their allocation calculations, and Alta Mesa has initiated steps to resolve the error.

