# IDAHO OIL AND GAS CONSERVATION COMMISSION OPEN MEETING CHECKLIST

**FOR MEETING DATE:** May 29, 2019

## Regular Meetings

<table>
<thead>
<tr>
<th>Date</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>5/20/19</td>
<td>Notice of Meeting posted in prominent place in IDL’s Boise Headquarters office five (5) calendar days before meeting.</td>
</tr>
<tr>
<td>5/20/19</td>
<td>Notice of Meeting posted in prominent place in IDL’s Coeur d’Alene Headquarters office five (5) calendar days before meeting.</td>
</tr>
<tr>
<td>5/20/19</td>
<td>Notice of Meeting posted in prominent place at meeting location five (5) calendar days before meeting.</td>
</tr>
<tr>
<td>5/20/19</td>
<td>Notice of Meeting emailed/faxed to list of media and interested citizens who have requested such notice five (5) calendar days before meeting.</td>
</tr>
<tr>
<td>5/20/19</td>
<td>Notice of Meeting posted electronically on the OGCC public website <a href="https://ogcc.idaho.gov/">https://ogcc.idaho.gov/</a> five (5) calendar days before meeting.</td>
</tr>
<tr>
<td>5/23/19</td>
<td>Agenda posted in prominent place in IDL’s Boise Headquarters office forty-eight (48) hours before meeting.</td>
</tr>
<tr>
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</tr>
<tr>
<td>12/21/18</td>
<td>Annual meeting schedule posted – Director’s Office, Boise and Staff Office, CDA</td>
</tr>
<tr>
<td></td>
<td>Revised Annual meeting schedule posted – Director’s Office, Boise and Staff Office, CDA</td>
</tr>
<tr>
<td>3/4/19</td>
<td>2nd Revised Annual meeting schedule posted – Director’s Office, Boise and Staff Office, CDA</td>
</tr>
</tbody>
</table>

## Special Meetings

<table>
<thead>
<tr>
<th>Date</th>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Notice of Meeting and Agenda posted in a prominent place in IDL’s Boise Headquarters office twenty-four (24) hours before meeting.</td>
</tr>
<tr>
<td></td>
<td>Notice of Meeting and Agenda posted in a prominent place in IDL’s Coeur d’Alene Headquarters office twenty-four (24) hours before meeting.</td>
</tr>
<tr>
<td></td>
<td>Notice of Meeting and Agenda posted at meeting location twenty-four (24) hours before meeting.</td>
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</tr>
<tr>
<td></td>
<td>Emergency situation exists – no advance Notice of Meeting or Agenda needed. “Emergency” defined in Idaho Code § 74-204(2).</td>
</tr>
</tbody>
</table>

## Executive Sessions (If only an Executive Session will be held)

<table>
<thead>
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</tr>
<tr>
<td></td>
<td>Notice contains reason for the executive session and the applicable provision of Idaho Code § 74-206 that authorizes the executive session.</td>
</tr>
</tbody>
</table>

**Katherine Ramsey**

5/23/19

**RECORDING SECRETARY**

**DATE**
IDAHO OIL AND GAS CONSERVATION COMMISSION

Betty Coppersmith, Chairman
Marc Shigeta, Vice Chairman
Jim Classen, Commissioner
Dr. Renee Love, Commissioner
Dustin T. Miller, Commissioner
Mick Thomas, Secretary to the Commission

NOTICE OF PUBLIC MEETING
MAY 2019

The Idaho Oil and Gas Conservation Commission will hold a Regular Meeting on Wednesday, May 29, 2019 at the State Capitol, House Hearing Room (EW42), Lower Level, East Wing, 700 W Jefferson St., Boise, Idaho. The meeting is scheduled to begin at 1:00 pm (MT).

Please note meeting location and time.

This meeting will be streamed live via audio at this web site address http://idahoptv.org/insession/other.cfm

The Idaho Oil and Gas Conservation Commission is established by Idaho Code § 47-314.

Idaho Department of Lands, 300 N 6th Street, Suite 103, Boise ID 83702

This notice is published pursuant to § 74-204 Idaho Code. For additional information regarding Idaho’s Open Meeting law, please see Idaho Code §§ 74-201 through 74-208.
Please note meeting time and location.

• ANNOUNCEMENTS
  Public comment will be taken on agenda items listed below.

1. Division Administrator’s Report
   A. Financial Update
   B. Current Oil and Gas Activity
   C. Status Update
      i. Class II Injection Well – Permit Status
      ii. Oil and Gas Royalty Audit

• CONSENT – ACTION ITEM(S)

2. Approval of Minutes – April 23, 2019 - Regular Meeting (Boise)

3. Approval of Minutes – May 8, 2019 - Special Meeting (Boise)

• INFORMATION

4. Robert’s Rules of Order

5. Ethics in Government – Presentation – Brian Kane, Assistant Chief Deputy, Attorney General’s Office

6. Operator Records Examined/Allocation Investigation – Presented by Dave Schwarz – Field Inspector, Oil and Gas

7. Quarterly Report - First Quarter 2019 – Presented by James Thum, Program Manager – Oil and Gas
- **REGULAR – ACTION ITEM(S)**
  None

- **EXECUTIVE SESSION**
  None
Idaho Statutes

Idaho Statutes are updated to the web July 1 following the legislative session.

TITLE 74
TRANSPARENT AND ETHICAL GOVERNMENT
CHAPTER 2
OPEN MEETINGS LAW

74-206. EXECUTIVE SESSIONS — WHEN AUTHORIZED. (1) An executive session at which members of the public are excluded may be held, but only for the purposes and only in the manner set forth in this section. The motion to go into executive session shall identify the specific subsections of this section that authorize the executive session. There shall be a roll call vote on the motion and the vote shall be recorded in the minutes. An executive session shall be authorized by a two-thirds (2/3) vote of the governing body. An executive session may be held:

(a) To consider hiring a public officer, employee, staff member or individual agent, wherein the respective qualities of individuals are to be evaluated in order to fill a particular vacancy or need. This paragraph does not apply to filling a vacancy in an elective office or deliberations about staffing needs in general;
(b) To consider the evaluation, dismissal or disciplining of, or to hear complaints or charges brought against, a public officer, employee, staff member or individual agent, or public school student;
(c) To acquire an interest in real property which is not owned by a public agency;
(d) To consider records that are exempt from disclosure as provided in chapter 1, title 74, Idaho Code;
(e) To consider preliminary negotiations involving matters of trade or commerce in which the governing body is in competition with governing bodies in other states or nations;
(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. The mere presence of legal counsel at an executive session does not satisfy this requirement;
(g) By the commission of pardons and parole, as provided by law;
(h) By the custody review board of the Idaho department of juvenile corrections, as provided by law;
(i) To engage in communications with a representative of the public agency’s risk manager or insurance provider to discuss the adjustment of a pending claim or prevention of a claim imminently likely to be filed. The mere presence of
a representative of the public agency’s risk manager or insurance provider at an executive session does not satisfy this requirement; or

(j) To consider labor contract matters authorized under section 74-206A (1)(a) and (b), Idaho Code.

(2) The exceptions to the general policy in favor of open meetings stated in this section shall be narrowly construed. It shall be a violation of this act to change the subject within the executive session to one not identified within the motion to enter the executive session or to any topic for which an executive session is not provided.

(3) No executive session may be held for the purpose of taking any final action or making any final decision.

History:

How current is this law?

Search the Idaho Statutes and Constitution

https://legislature.idaho.gov/statutesrules/idstat/Title74/T74CH2/SECT74-206/ 9/7/2018
Oil and Gas Regulatory Program Activities Report as of April, 2019
Fund 0075-14 Oil and Gas Conservation Fund Cash Flow Report

<table>
<thead>
<tr>
<th></th>
<th>Current Month</th>
<th>Year-to-Date</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Beginning Cash Balance 7/1/2018</strong></td>
<td>322,595.74</td>
<td></td>
</tr>
<tr>
<td>Permits</td>
<td>1,500.00</td>
<td>12,500.00</td>
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<tr>
<td>*Severance Tax</td>
<td>0.00</td>
<td>103,503.01</td>
</tr>
<tr>
<td>Refund (previous year)</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Other (transfer to GF)</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,500.00</td>
<td>116,003.01</td>
</tr>
</tbody>
</table>

Personnel Expenditures

Operating Expenditures

P-Card Liability to be paid

**Ending Cash Balance 04/30/2019**

363,725.69

*The Idaho Tax Commission transfers 60% of the 2.5% Severance Tax to Fund 0075-14 Oil and Gas Conservation Fund to defray the expense of the Oil and Gas Commission.

General Fund Regulatory Program Expenditures Report

<table>
<thead>
<tr>
<th>PCA 55000 Expenses</th>
<th>Appropriation</th>
<th>Current Month</th>
<th>Year-to-Date</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>PC</td>
<td>388,800.00</td>
<td>30,386.55</td>
<td>311,226.92</td>
<td>77,573.08</td>
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<tr>
<td>OE</td>
<td>102,000.00</td>
<td>5,033.51</td>
<td>85,611.44</td>
<td>16,388.56</td>
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<tr>
<td>CO</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>490,800.00</td>
<td>35,420.06</td>
<td>396,838.36</td>
<td>93,961.64</td>
</tr>
</tbody>
</table>

Dedicated Fund Regulatory Program Expenditures Report

<table>
<thead>
<tr>
<th>PCA 55070 Expenses</th>
<th>Appropriation</th>
<th>Current Month</th>
<th>Year-to-Date</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>PC</td>
<td>95,800.00</td>
<td>6,673.80</td>
<td>67,471.21</td>
<td>28,328.79</td>
</tr>
<tr>
<td>OE</td>
<td>110,000.00</td>
<td>52.99</td>
<td>7,401.85</td>
<td>102,598.15</td>
</tr>
<tr>
<td>CO</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>205,800.00</td>
<td>6,726.79</td>
<td>74,873.06</td>
<td>130,926.94</td>
</tr>
</tbody>
</table>
# Southwest Idaho Oil & Gas Activity Map

## Legend

- **Active Oil and Gas Wells**
  - Shut in Gas
  - Producing - Multi Zone
  - Producing
  - Permitted
- **Inactive Oil and Gas Wells**
  - Plugged and Abandoned (P&A) Gas Show
  - Plugged and Abandoned
  - APD Submitted

## Map Notes and Data Sources

- **Inactive and Active Oil And Gas Wells through 1/10/2019**
- **Data Sources:** Idaho Department of Lands and Idaho Geological Survey

## Disclaimer

- This map has been compiled using the best information available to the Idaho Department of Lands at the time and may be updated and/or revised without notice. In situations where known accuracy and completeness is required, the user has the responsibility to verify the accuracy of the map and the underlying data sources.

## Map produced by:
- Idaho Department of Lands, Boise Staff Office, GIS Department 1/10/2019
- Robin Dunn

### No. | US Well Number | Operator | Well Name | Status
---|---|---|---|---
1 | 11-075-20004 | AM Idaho, LLC | Espino #1-2 | Shut in
2 | 11-075-20005 | AM Idaho, LLC | State #1-17 | Shut in
3 | 11-075-20007 | AM Idaho, LLC | ML Investments #1-10 | Shut in
4 | 11-075-20009 | AM Idaho, LLC | Island Capitol #1-19 | Shut in
5 | 11-075-20011 | AM Idaho, LLC | Tracy Trust #3-2 | Shut in
6 | 11-075-20013 | AM Idaho, LLC | White #1-10 | Shut in
7 | 11-075-20014 | AM Idaho, LLC | Korn #1-22 | Shut in
8 | 11-075-20020 | AM Idaho, LLC | DJS Properties #1-15 | Producing
9 | 11-075-20022 | AM Idaho, LLC | ML Investments #2-10 | Producing
10 | 11-075-20023 | AM Idaho, LLC | DJS Properties #2-14 | Shut in
11 | 11-075-20024 | AM Idaho, LLC | Kauffman #1-34 | Producing
12 | 11-075-20025 | AM Idaho, LLC | ML Investments #1-11 | Producing
13 | 11-075-20026 | AM Idaho, LLC | ML Investments #1-3 | Producing
14 | 11-075-20027 | AM Idaho, LLC | Kauffman #1-9 | Producing
15 | 11-075-20029 | AM Idaho, LLC | ML Investments #2-3 | Producing
16 | 11-075-20031 | AM Idaho, LLC | ML Investments #3-10 | Producing
17 | 11-075-20032 | AM Idaho, LLC | Fallon #1-10 | Shut In
18 | 11-075-20033 | AM Idaho, LLC | Barlow #1-14 | Shut In
19 | 11-075-20035 | AM Idaho, LLC | Fallon #1-11* | Permitted

* confidential well
Eastern Idaho
Oil & Gas Activity Map

Legend

Active Oil and Gas Wells
- Shut in Gas
- Producing - Multi Zone
- Producing
- Permitted

Inactive Oil and Gas Wells
- Plugged and Abandoned (P&A) Gas Show
- Plugged and Abandoned
- APD Submitted

<table>
<thead>
<tr>
<th>No.</th>
<th>US Well Number</th>
<th>Operator</th>
<th>Well Name</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>11-019-20011</td>
<td>CPC Mineral, LLC</td>
<td>CPC Minerals LLC #17-1</td>
<td>Plugged and Abandoned</td>
</tr>
<tr>
<td>2</td>
<td>11-019-20014</td>
<td>CPC Mineral, LLC</td>
<td>Federal #20-3</td>
<td>Plugged and Abandoned</td>
</tr>
<tr>
<td>3</td>
<td>11-019-20015</td>
<td>CPC Mineral, LLC</td>
<td>Bell #17-2*</td>
<td>Drilled</td>
</tr>
</tbody>
</table>

* confidential well

Map Notes and Data Sources
Inactive and Active Oil And Gas Wells through 11/26/2018

Data Sources: Idaho Department of Lands and Idaho Geological Survey

Disclaimer:
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Map produced by: Idaho Department of Lands, Boise Staff Office, GIS Department 11/26/2018

Robin Dunn
Division Administrator’s Report
May 29, 2019

Item 1C - Status Update

i. Class II Injection Well – Permit Status:
On March 11, 2019, the Environmental Protection Agency (EPA) requested a complete aquifer exemption application from the operator. The operator did not respond. The EPA sent a follow up notice to the operator on May 15, stating that the operator must provide the information by June 21, with a stand-alone exemption request provided by July 5. If the EPA does not receive the additional information by the June 21 date, they will initiate the denial process. The EPA is keeping the Idaho Department of Lands (Department) Oil and Gas Division up-to-date regarding the status.

ii. Oil and Gas Royalty Audit
The Department’s Oil and Gas Division is providing technical expertise to the Department’s Mineral Leasing Program to ensure the volumes used in the oil and gas royalty audit are correct. Revised allocation volumes have been provided to the leasing program, the auditing company (Opportune) and our AG’s office to aid where needed.
The regular meeting of the Idaho Oil and Gas Conservation Commission was held on Tuesday, April 23, 2019, at the State Capitol, House Hearing Room (EW42), Lower Level, East Wing, 700 W Jefferson St., Boise, Idaho. The meeting began at 1:01 p.m. Vice Chairman Marc Shigeta presided. The following members were present:

Commissioner Jim Classen
Commissioner Betty Coppersmith
Commissioner Renee Love – via teleconference
Commissioner Dustin T. Miller

For the record, all five Commission members were present with Commissioner Love joining via teleconference.

**ANNOUNCEMENTS**

Vice Chairman Shigeta stated that there would be public comments accepted and that public comment will be taken after the Executive Session and at the end of the meeting.

**REGULAR – ACTION ITEM(S)**

1. **Election of Interim Chairman and Vice Chairman**

*RECOMMENDATION:* Direct the Commission to elect a Chairman and Vice Chairman.

*DISCUSSION:* Vice Chairman Shigeta asked about the dates of the elections. Secretary Thomas explained that while the current Commission was established in July of 2017, the elections did not take place until the first meeting in August 2017. Secretary Thomas clarified that this election is an interim position since the Chairman position is vacant and that the next regular election will be August 2019.

*COMMISSION ACTION:* A motion was made by Commissioner Love to elect Betty Coppersmith as the interim chair of the oil and gas Commission. Commissioner Miller seconded the motion. The
motion carried on a vote of 5-0. A motion was made by Commissioner Love to keep Vice-Chairman Shigeta as Vice-Chairman. Commissioner Miller seconded the motion. The motion carried on a vote of 5-0.

2. 2019 Commission Meeting Schedule

RECOMMENDATION: The Department recommends the Commission meet either bi-monthly or quarterly for the remainder of the 2019 calendar year.

DISCUSSION: Commissioner Classen stated that if the Commission had fewer regular meetings, a special meeting could still be held if needed. Secretary Thomas responded that was correct. After the motion was made, Commissioner Love expressed concern about quarterly meetings and asked about having bi-monthly meetings instead. Chairman Coppersmith responded that additional meetings could be scheduled as needed.

COMMISSION ACTION: A motion was made by Commissioner Miller that the Commission move to quarterly meetings for the remainder of the 2019 calendar year. Chairman Coppersmith seconded the motion. The motion carried on a vote of 4-1 with Commissioner Love casting the opposing vote.

At 1:10 p.m., a motion was made by Commissioner Miller 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 1:11 p.m.: Aye: Love, Shigeta, Classen, Miller, Coppersmith; Nay: None; Absent: None.

• 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-2016-OGR-01-004 and CAIA v. Schultz, United States Court for the District of Idaho Case No. 1:17-cv-00264-BLW]

B. 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-2019-OGR-01-001; ML Investments #1-11]

At 2:17 p.m., the Commission resolved out of Executive Session by unanimous consent. Commissioner Miller stated that no action was taken by the Commission during the Executive Session.

Chairman Coppersmith explained that public comment would be taken on Docket No. CC-2016-OGR-01-004; Hearing on Vacating Order and procedures used to comply with the U.S. District Court for the District of Idaho’s order in CAIA v. Schultz. Chairman Coppersmith explained that the comments need to be limited to vacating the spacing and integration orders and procedures to use next in CAIA v. Schultz and that the Commission not is determining today what factors are used to determine the
definitions of just and reasonable. Public comment is limited to three minutes per person. Seventeen people gave public comment.

At 3:16 p.m., Chairman Coppersmith called for a short break. The Commission meeting reconvened at 3:26 p.m.

- **REGULAR – ACTION ITEM(S)**

3. **Docket No. CC-2016-OGR-01-004; Hearing on Vacating Order**

   **RECOMMENDATION:** None.

   **DISCUSSION:** Commissioner Classen asked what the choices were on this item. Chairman Coppersmith responded that it was either to vacate the order or not.

   **COMMISSION ACTION:** A motion was made by Vice Chairman Shigeta to vacate the March 7 Final Order, vacate the July 16 Administrator Order, rescind any leases made as a result of the orders, and to direct the Administrator to make a ruling on the Piotrowski motion. Commissioner Classen seconded the motion. Commissioner Miller also clarified that the motion included that the Administrator hold the hearing. The motion carried on a vote of 5-0.

4. **Procedures used to comply with the United States District Court for the District of Idaho’s Order in Citizens Allied for Integrity and Accountability, Inc. et al., v. Schultz et al., Case No. 1:17-cv-00264-BLW.**

   **RECOMMENDATION:** None.

   **DISCUSSION:** The options for this item were discussed; rulemaking or administrator order. Commissioner Classen talked about integration and that it is the Commission’s job to regulate exploration and production, prevent waste, protect correlative rights and enforce the provisions enacted by our legislators. Commissioner Classen asked Secretary Thomas to summarize points in the memo. Secretary Thomas explained that one option is the rulemaking process and the other option was an Administrator’s order. Secretary Thomas read more details from the memo. Vice Chairman Shigeta noted that rules go before germane committees with a do-pass recommendation. Commissioner Classen stated that rulemaking takes a long time. Chairman Coppersmith voiced that she was leaning toward the Administrator order because it gave multiple opportunity for public involvement whereas rulemaking was one-shot to comment and the rule would be set and if an application came in three years down the road, the public at that point would not get to provide comment. Commissioner Miller expressed concern that there is an uncertainty with rulemaking since the legislature adjourned without adopting rules and that it is a lengthy process and is not precisely what the judge called for in his order. Commissioner Love stated that the public wants to be heard and that she believed the public would have more opportunity to give public comment on a case-by-case basis. Commissioner Classen added that while the comments were important, most of them had to do with drilling not integration.
**COMMISSION ACTION:** A motion was made by Vice Chairman Shigeta that the Commission proceed with the Administrator order process. Chairman Coppersmith seconded the motion. Commissioner Classen asked for clarification that the Administrator’s order is what will be used to comply with the judge’s order. Chairman Coppersmith responded yes. The motion carried on a vote of 5-0.

5. **Docket No. CC-2019-OGR-01-001; ML Investments #1-11 – Notice of Violation – Joint Motion to Accept Settlement Agreement and Consent Order – Presented by Kristina Fugate, Deputy Attorney General**

**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 $8,000 ($5,000 for Violation One, $3,000 for Violation Two).

**DISCUSSION:** Commissioner Miller asked why there was no deadline set for the submission of required documents and application fee. Deputy Attorney General Kristina Fugate responded that it had already happened; Secretary Thomas also stated that it had. Program Manager James Thum clarified that the application and report were submitted and posted to the Commission website and that the application fee had been paid. Commissioner Classen inquired about whether or not the operator would do a better job on this in the future. Mr. Thum responded that he told the operator that he did not want this happening again and that he was available 24/7. He added that the operator was accommodating and provided the information in a timely manner. Commissioner Love asked Mike Christian, attorney for the operator, why this happened. Mr. Christian responded that he did not have any direct involvement but that his understanding was that it was a miscommunication. Chairman Coppersmith asked if the operator had made procedural changes as a result. Mr. Christian responded that since this happened, Idaho operations are no longer run by Houston but by High Mesa which is a different staff. Mr. Christian also mentioned that he has asked to be more involved with the operations to ensure that it is followed by rule and statute.

**COMMISSION ACTION:** A motion was made by Commissioner Miller that the Commission accept the settlement agreement and consent order as well as the penalties amount of $8,000. Commissioner Classen seconded the motion. The motion carried on a vote of 5-0.

6. **State Review of Oil and Natural Gas Environmental Regulation (S.T.R.O.N.G.E.R.) – Presented by Mick Thomas, Division Administrator – Oil and Gas**

**RECOMMENDATION:** The Idaho Department of Lands recommends the Commission advise the Oil and Gas Division to move forward with the S.T.R.O.N.G.E.R review process.

**DISCUSSION:** This review process would analyze the state of Idaho’s environmental regulations regarding oil and gas. The review would involve multiple state agencies and stakeholders including Idaho Department of Lands (IDL), Idaho Department of Water Resources (IDWR), Idaho Department of Environmental Quality (IDEQ) and the Environmental Protection Agency (EPA). Commissioner Classen requested that this item be explained in the minutes as it is an example of how the Commission is trying to incorporate appropriate environmental concerns. Commissioner Miller agreed and inquired about any fees assessed upon the State or Commission for this review. Secretary Thomas responded that there are no fees assessed and added that this is funded through...
the Interstate Oil and Gas Compact Commission (IOGCC) which S.T.R.O.N.G.E.R. is an affiliation of. Secretary Thomas reminded the Commission that the Department does pay to be a member of the IOGCC but the actual review is free of charge.

**COMMISSION ACTION:** A motion was made by Commissioner Love to move forward with the review process. Commissioner Miller seconded the motion. The motion carried on a vote of 5-0.

- **CONSENT – ACTION ITEM(S)**

7. **Approval of Minutes** – February 13, 2019 - Regular Meeting (Boise)

8. **Approval of Minutes** – February 26, 2019 - Special 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.

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

- **INFORMATION**

9. **Division Administrator’s Report**
   A. Financial Update
   B. Current Oil and Gas Activity
      Commissioner Love inquired about the well in Eastern Idaho and whether or not any cuttings were taken and sent to the Department. Secretary Thomas responded that cuttings were sent to the Department who then sent them to the Idaho Geological Survey.
   C. Status Update
      i. Class II Injection Well – Permit Status

10. **Quarterly Report - Fourth Quarter 2018** – Presented by James Thum, Program Manager – Oil and Gas

11. **Operator Records Examined/Allocation Investigation** – Presented by Dave Schwarz – Field Inspector, Oil and Gas

   Commissioner Love made a motion to move agenda item 11 to the next meeting due to time constraints. Commissioner Miller seconded the motion. Commissioner Classed stated that the work done by oil and gas inspector Dave Schwarz is significant and that it should be at the beginning of the next meeting. Commissioner Miller voiced agreement. The motion carried on a vote of 5-0.
There being no further business before the Commission, at 4:40 p.m. a motion to adjourn was made by Commissioner Miller. Vice Chairman Shigeta seconded the motion. The motion carried on a vote of 5-0. Meeting adjourned.
The special meeting of the Idaho Oil and Gas Conservation Commission was held on Wednesday, May 8, 2019, at the Idaho Department of Lands, Syringa Conference Rooms, 300 N 6th Street, Suite 103, Boise, Idaho. The meeting began at 10:00 a.m. Vice Chairman Marc Shigeta presided. The following members were present:

Commissioner Jim Classen
Commissioner Renee Love – via teleconference
Commissioner Dustin T. Miller – via teleconference

For the record, four Commission members were present. Vice Chairman Shigeta and Commissioner Classen attended the meeting in person. Commissioner Love and Commissioner Miller¹ joined via teleconference. Secretary Mick Thomas also joined via teleconference. Vice Chairman Shigeta presided over this meeting as acting Chair in Chairman Betty Coppersmith’s absence due to travel.

- **ANNOUNCEMENTS**
  For the record, no public comment was accepted at this meeting.

- **REGULAR (ACTION)**

    **RECOMMENDATION:** Authorize the Department to initiate Omnibus Temporary and Proposed Rulemaking for IDAPA 20.07.02 Rules Governing Conservation of Oil and Natural Gas in the State of Idaho except for sections 20.07.02.010 (10, 16, 20, 32, 34, 35, 36, 39, 42, 56, 57), .110, .120, .130, .131, .140, .400.02, .402.01, .410.02, .420.01, .430.01, .430.06.

    **DISCUSSION:** Secretary Thomas went through the memo and attachments. Commissioner Love inquired as to why certain definitions were being removed. Program Manager James Thum responded that they were covered in statute. Deputy Attorney General Kristina Fugate specified

¹ Commissioner Miller joined at 10:07 a.m.
the statute as Idaho Code § 47-310 (32 and 33). Commissioner Love also asked about other items being removed. Secretary Thomas clarified that the only rules that were being removed were those that are duplicative in statute. Ms. Fugate added that attachment three showed what rules were being removed and which statute covered it. Commissioner Classen announced that the statutes that came out in 2017 put into statute what was previously in rule. Vice Chairman Shigeta shared that there were over 8,000 pages of administrative rules in Idaho.

COMMISSION ACTION: A motion was made by Commissioner Classen to authorize the Department to work with the Division of Financial Management to initiate omnibus temporary and proposed rulemaking to reauthorize IDAPA 20.07.02 Rules Governing Conservation of Oil and Natural Gas in the State of Idaho except for sections 20.07.02.010 (10, 16, 20, 32, 34, 35, 36, 39, 42, 56, 57), .110, .120, .130, .131, .140, .400.02, .402.01, .410.02, .420.01, .430.01, .430.06. Vice Chairman Shigeta seconded the motion. The motion carried on a vote of 4-0.

There being no further business before the Commission, at 10:14 a.m. a motion to adjourn was made by Commissioner Classen. Commissioner Miller seconded the motion. The motion carried on a vote of 4-0. Meeting adjourned.
SUBJECT
Robert's Rules of Order

BACKGROUND
A public agency may adopt reasonable procedural rules or guidelines to facilitate the orderly conduct of its meetings. Idaho Open Meeting Law Manual p. 13. To ensure procedural consistency, the Oil and Gas Conservation Commission (Commission) has adopted meeting guidelines that provide that the Commission conduct meetings using Roberts Rules of Order. The Commission is required to follow the procedures in the Idaho Open Meeting Law, Idaho Code § 74-201 to 74-208.

It is timely to revisit the basics of parliamentary procedures used by the Commission every few years. The appointment of new commissioners warrants a review of these procedures as well.

DISCUSSION
The Idaho Department of Lands (Department) has attached a summary of Parliamentary Procedure Basics. This attachment also includes a summary of some of the procedural requirements addressed in the Idaho Open Meeting Law (Attachment 1). The Department will also maintain a current version of Robert’s Rules of Order for reference when requested.

ATTACHMENTS
1. Parliamentary Procedure Basics
Parliamentary Procedure Basics

A public agency may adopt reasonable procedural rules or guidelines to facilitate the orderly conduct of its meetings. Idaho Open Meeting Law Manual, p. 13. Rules of order can help meetings run smoothly and facilitate groups coming to decisions.

The Oil and Gas Conservation Commission (Commission) has adopted Guidelines for its meetings that state that, in general, Commission meetings will be conducted using Robert’s Rules of Order. Commission Guidelines for Meetings, p. 3. The Guidelines also provide that the Commission may suspend Robert’s Rules at any time by unanimous consent of the members present in order to conduct Commission business in a timely and expeditious manner. Commission Guidelines, p. 3. Robert’s Rules do not apply when inconsistent with statute or rule.

For an in-depth discussion of parliamentary procedure, please see Robert's Rules of Order, with Procedure in Small Boards.

The following is an example of simplified parliamentary procedure:

- The Commission must have a quorum to conduct business.
  - A majority of Commission members is a quorum. Idaho Code § 47-314(4).
- The Chair runs the meeting and gives permission to speak.
  - The Chair may speak in informal discussions and in debate as well as vote on all questions.
  - The Chair may initiate informal discussions and can make motions.
- Informal discussion of a topic is permitted while no motion is pending.
- A Commissioner can propose the Commission take action by making a motion (e.g., “I move that . . .”). A motion is a formal proposal for action.
  - The motion should use precise language because the Commission will vote on the exact language in the motion.
  - Another Commissioner or the Chair seconds the motion.
  - After a motion is made and seconded, the Chair repeats the motion.
  - When discussion on the motion is complete, the Chair repeats the motion and all Commissioners vote on the motion. The Chair announces the result of the vote.
- The Chair may proceed with routine items without a motion unless a Commissioner objects (e.g., managing the time allocated to agenda items).
Procedural issues addressed in the Idaho Open Meeting Law:

- An agenda is required for each meeting. Idaho Code § 74-204(4).

- If an amendment to the agenda is proposed less than 48 hours prior to a regular meeting or less than 24 hours prior to a special meeting, the amendment does not become effective until the governing body votes to amend the agenda at the beginning of the meeting. Idaho Code § 74-204(4)(b).

- An agenda may be amended after the start of a meeting upon a motion stating the reasons for the amendment and the good faith reason the item was not included when the original agenda was posted. Idaho Code § 74-204(4)(c).

- Agenda items that require a vote shall be identified on the agenda as an “action item” to provide notice that action may be taken on that item. Idaho Code § 74-204(4). Identifying an item as an action item does not require a vote to be taken on that item.

- Final action may not be taken on an agenda item added after the start of a meeting unless an emergency is declared with justification necessitating action that meeting. Idaho Code § 74-204(4)(c).

- The only time a meeting can be closed to the public is for an executive session for only the purposes and only in the manner provided in Idaho Code § 74-206. A motion and roll call vote is required for a governing body to enter executive session. An executive session must be authorized by two-thirds (2/3) vote of the governing body. Idaho Code § 74-206.

- Written minutes of meetings are required. Idaho Code § 74-205. Minutes must include all members present, all motions proposed and their disposition, and the results of all votes.
SUBJECT

Ethics in Government Presentation

BACKGROUND

The Ethics in Government manual includes three primary statutes governing ethics in government in Idaho; the Bribery and Corrupt Influence Act – Idaho Code § 18-1351, et seq., Prohibition Against Contracts with Officers Act – Idaho Code § 74-501, et seq. and Ethics in Government Act –Idaho Code § 74-401, et seq. In addition, other statutes specific to a particular state agency, state subdivision, or municipal corporation may contain provisions regulating the ethical behavior of public officials.

DISCUSSION

Brian Kane, Assistant Chief Deputy for the Idaho Attorney General’s Office, will give an informational presentation on the Ethics in Government manual and answer questions following his presentation.

ATTACHMENTS

1. PowerPoint – “Idaho Ethics in Government”
Why Ethics?

• (1) Protect the integrity of government throughout the state of Idaho while at the same time facilitating recruitment and retention of personnel needed within government;
• (2) Assure independence, impartiality and honesty of public officials in governmental functions;
• (3) Inform citizens of the existence of personal interests which may present a conflict of interest between an official’s public trust and private concerns;
• (4) Prevent public office from being used for personal gain contrary to the public interest;
• (5) Prevent special interests from unduly influencing governmental action; and
• (6) Assure that governmental functions and policies reflect, to the maximum extent possible, the public interest.
Public Office = Public Trust

• Government is a trust, officers trustees
  – Trust and trustees are created for benefit of people (Henry Clay). (Idaho Code sec. 74-402)

• Trade off of a republic:
  – We can’t do it all ourselves—elect representatives, acknowledge that they will have personal interests—but will put them aside to act in the public interest.
Approaching Ethical Scenarios

• Floor or Ceiling?
  – Why do we need ethical rules/statutes?
  – Loopholes?

• Two Courts
  – The Traditional Judicial System
    • You may be able to make a legally correct defense of your actions…. 
    BUT
  – The Court of Public Opinion
    • May not accept your explanation
    • The PRESS
    • A win in a judicial proceeding may not carry over to election time.
Constitutional Prohibition

- Article VII, § 10—Making profit from public money prohibited—The making of profit, directly or indirectly, out of state, county, city, town, township or school district money, or using the same for any purpose not authorized by law, by any public officer shall be deemed a felony, and shall be punished as provided by law.

- Nampa Hwy. Dist. No. 1 v. Graves, 77 Idaho 381 (1956)
Statutes

- Idaho Code 67-9230(2-4): Influencing award of a contract
- Title 74, Chapters 4 (Ethics in Government) & 5 (Prohibitions Against Contracts with Officers)
- Title 18, Chapter 13 (Bribery and Corrupt Influences Act)
- Title 74, Chapter 6 (Public Integrity in Elections Act)
Definition of Conflict of Interest

- Idaho Code sec. 74-403(4):
- “Conflict of interest” means any official action or any decision or recommendation by a person acting in a capacity as a public official, the effect of which would be to the private pecuniary benefit of the person or a member of the person’s household, or a business with which the person or a member of the person’s household is associated, unless the pecuniary benefit arises out of the following:
  - (a) An interest or membership in a particular business, industry, occupation or class required by law as a prerequisite to the holding by the person of the office or position;
  - (b) Any action in the person’s official capacity which would affect to the same degree a class consisting of an industry or occupation group in which the person, or a member of the person’s household or business with which the person is associated, is a member or is engaged;
  - (c) Any interest which the person has by virtue of his profession, trade or occupation where his interest would be affected to the same degree as that of a substantial group or class of others similarly engaged in the profession, trade or occupation;
  - (d) Any action by a public official upon any revenue measure, any appropriation measure or any measure imposing a tax, when similarly situated members of the general public are affected by the outcome of the action in a substantially similar manner and degree.
Conflict is NOT

- Difference of Opinion
- Advice you don’t like
- Previously stated policy position
- Personal dislike of someone
Enforcement

• Title 18—Criminal:
  18-1360. PENALTIES. Any public servant who violates the provisions of this chapter, unless otherwise provided, shall be guilty of a misdemeanor and may be punished by a fine not exceeding one thousand dollars ($1,000), or by incarceration in the county jail for a period not exceeding one (1) year, or by both such fine and incarceration. In addition to any penalty imposed in this chapter, any person who violates the provisions of this chapter may be required to forfeit his office and may be ordered to make restitution of any benefit received by him to the governmental entity from which it was obtained.
Bribery & Corrupt Influences Act

• Chapter 13, Title 18:
• Defines:
  – Public Servant (18-1351)
  – Pecuniary Benefit (18-1351)
• Prohibits Bribery/Compensation for past action (18-1352)/(18-1354)
• Prohibits threats to public officials (18-1353 & 18-1353A)
• Retaliation 18-1355
Bribery & Corrupt Influences Act

• Gifts—18-1356(2 &4)
  
  (2) Officials concerned with government contracts and pecuniary transactions. No public servant having any discretionary function to perform in connection with contracts, purchases, payments, claims or other pecuniary transactions of the government shall solicit, accept or agree to accept any pecuniary benefit from any person known to be interested in or likely to become interested in any such contract, purchase, payment, claim or transaction.

  (4) Legislative and executive officials. No legislator or public servant shall solicit, accept or agree to accept any pecuniary benefit in return for action on a bill, legislation, proceeding or official transaction from any person known to be interested in a bill, legislation, official transaction or proceeding.
Idaho Code 18-1356(5)
Exceptions

• This section shall not apply to:
  • (a) fees prescribed by law to be received by a public servant, or any other benefit for which the recipient gives legitimate consideration or to which he is otherwise legally entitled; or
  • (b) gifts or other benefits conferred on account of kinship or other personal, professional or business relationship independent of the official status of the receiver; or
  • (c) trivial benefits not to exceed a value of fifty dollars ($50.00) incidental to personal, professional or business contacts and involving no substantial risk of undermining official impartiality; or
  • (d) benefits received as a result of lobbying activities that are disclosed in reports required by Chapter 66, Title 67, Idaho Code. This exception shall not apply to any activities prohibited by subsections (1) through (4) of this section.
Using Public Position for Gain

- Idaho Code 18-1359
  - Can’t use position for private gain
  - Can’t solicit payment/gifts
  - Use confidential information
  - Be interested in contract
  - Appoint or vote for appointment within 2nd degree
  - Exception—benefits, payments in ordinary course of business
Confidential Information

• Idaho Code section 18-1359(1)(c):
  – No public servant shall use or disclose confidential information gained in the course of or by reason of his official position or activities in any manner with the intent to obtain a pecuniary benefit for himself or any other person or entity in whose welfare he is interested or with the intent to harm the governmental entity for which he serves.
Caution

• Culture of entitlement
• Know who friends are…
  – Who you are; or
  – What you are?
• Little steps…
• Rationalization
Questions?

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Office of the Attorney General

Idaho Ethics In Government Manual

JULY 2015

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INTRODUCTION

Honest and open government is fundamental to a free society. The Idaho Legislature has formalized our state’s commitment to honest and ethical government by enacting several statutes governing the ethical behavior of public officers. These laws are intended to ensure that public officials remain public servants.

Idaho has three primary statutes governing ethics in government: the Bribery and Corrupt Influence Act; the Prohibition Against Contracts with Officers Act; and the Ethics in Government Act. In addition, statutes that govern a particular state agency, state subdivision or municipal corporation often contain provisions regulating the ethical behavior of public officials.

Any complete analysis of an ethical question involving a public official must include the three acts named above as well as statutes dealing specifically with the governmental agency, office or subdivision involved. Specific statutes relating to the particular agency or subdivision will control over the more general statutes. When two or more general statutes apply to the same subject, an attempt should be made to reconcile the statutes.

All of us who accept public office, whether elected or appointed, also accept an ethical duty to serve honestly and in the public’s interest. While the state and the people must demand compliance with Idaho’s ethics laws, public officials should understand that these laws set a minimum standard of behavior. Crossing these lines can result in fines and incarceration. Responsible and ethical public officials hold themselves to an even higher standard than mere compliance.
My Office has prepared this legal manual for your information. I hope it assists you when presented with applicable situations.

Sincerely,

LAWRENCE G. WASDEN
Attorney General
# TABLE OF CONTENTS

**QUESTIONS AND ANSWERS** ................................................................. 1

- **Statutory Interpretation** ................................................................. 1
- **Purpose of Analysis of Ethics Statutes** ........................................ 1
- **Public Employees or Officials Covered by Ethics Statutes** ............. 1

- **Nepotism** ......................................................................................... 2
- **Conflicts of Interest/Prohibited Contracts** ..................................... 4
- **Bribery/Corrupt Influence & Gifts to Public Officials** ..................... 8
- **Incompatibility of Office** ................................................................. 11

**Consanguinity Chart** ........................................................................ 14

**Relevant Statutes** ............................................................................. 15

- **Bribery and Corrupt Influence Act** .............................................. 15
- **Ethics in Government Act** ............................................................ 24
- **Prohibitions Against Contracts with Officers** ............................... 30
- **Miscellaneous Statutes** ................................................................. 33

**Index of Additional Conflicts of Interest Statutes** .......................... 36
QUESTIONS AND ANSWERS

STATUTORY INTERPRETATION

Question No. 1: Is there overlap between the various ethical statutes pertaining to public employees and officials, and how should the statutes be analyzed?

Answer: Yes. The first step in analyzing which statute applies to a particular situation is to determine whether there is a specific statute dealing with the governmental entity or the public position in question. For example, Idaho Code § 33-507 contains a prohibition against school board trustees contracting with the school district. This statute controls the more general anti-contracting provisions found in chapter 13, title 18, or chapter 5, title 74, Idaho Code. See, Attorney General Opinion No. 93-10. In addition, when dealing with the more general ethics statutes, there may be some overlap. In the case where two or more general statutes apply to the same situation, an attempt should be made to reconcile the statutes.

Too often, conflict analysis begins and ends with an analysis of chapter 4 of title 74, the Ethics in Government Act. Chapter 4 covers acts by members of legislative or administrative bodies and does not necessarily prohibit any act, but merely requires disclosure. However, the action creating the conflict may be prohibited by other provisions contained within the Idaho Code.

PURPOSE OF ANALYSIS OF ETHICS STATUTES

Question No. 2: What is the purpose of the analysis of the ethical statutes with regard to the actions of public officials?

Answer: The purpose of the ethical statutes is to establish a ground floor for conduct by public officials. Proper analysis of ethical statutes should not be for “loopholes” or “technicalities” by which one can take advantage of government, the public, or other interested parties. If your analysis requires that you find a “loophole,” within Idaho’s ethical statutes, then your conduct is likely unethical. Ethics for public officials is also tricky for another reason. Within public service, there are often two courts: the traditional legal system, and the court of public opinion. A win in one does not guarantee a win in the other. When determining the proper answer to any ethics determination, a public official should be mindful of the impact his decision may have both
legally and publicly. Public officials, by the trusteeship given them by the electorate, are held to a higher ethical standard.

PUBLIC EMPLOYEES OR OFFICIALS COVERED BY ETHICS STATUTES

**Question No. 3:** Who is subject to Idaho Code §§ 18-1351 et seq., the Bribery and Corrupt Influence statutes?

**Answer:** Idaho Code §§ 18-1351, et seq., regulate the conduct of public servants in the areas of bribery and corrupt practices, including conflicts of interest and nepotism. Unless otherwise stated, these statutes apply to all “public servants,” which is defined to mean: “any officer or employee of government, including legislators and judges, and any person participating as juror, advisor, consultant or otherwise, in performing a governmental function; but the term does not include witnesses.”

**Question No. 4:** Who is subject to chapter 4 of title 74, the Ethics in Government Act?

**Answer:** All “public officials” are subject to the Ethics in Government Act. “Public official” means any person holding public office in the following capacity:

(a) As an elected public official meaning any person holding public office of a governmental entity by virtue of an elected process, including persons appointed to a vacant elected office of a governmental entity, excluding members of the judiciary; or

(b) As an elected legislative public official meaning any person holding public office as a legislator; or

(c) As an appointed public official meaning any person holding public office of a governmental entity by virtue of formal appointment as required by law; or

(d) As an employed public official meaning any person holding public office of a governmental entity by virtue of employment, or a person employed by a governmental entity on a consultative basis.

**Question No. 5:** Who is subject to the prohibition against contracts with officers contained in chapter 5, title 74, Idaho Code?
**Answer:** All members of the legislature and state, county, city, district and precinct officers are subject to the prohibitions contained in chapter 5, title 74, Idaho Code. While “officer” is not defined, the definition of “public official” contained in the Ethics in Government Act should be considered as a guide to those covered by the prohibitions in chapter 5, title 74, Idaho Code.

**NEPOTISM**

**Question No. 6:** Is the current employment of a public employee jeopardized by the subsequent election of a relative to a public office that has supervisory authority over that employee?

**Answer:** Idaho Code § 18-1359 sets forth the nepotism policy of the state of Idaho. The Attorney General’s Office has taken the position that existing public employment will not be jeopardized by the subsequent election of a relative of that employee to public office.

**Question No. 7:** How does the subsequent election of a relative affect promotion/advancement potential of a current employee?

**Answer:** Under Idaho Code § 18-1359(5), the employee may continue to work in the current job assignment and remain eligible to receive non-meritorious pay increases. Idaho Code § 18-1359(e) prohibits the public official from appointing or voting for the appointment of the relative to any position, employment or duty. Similarly, more specific sections relating to the mayor, city council, county commissioners and state legislators may prohibit any person, not just the related elected official, from appointing the current employee to any office, position, employment or duty.

**Question No. 8:** When a county employee’s spouse is elected to the county commission, is the employee’s position jeopardized?

**Answer:** As stated above, Idaho Code § 18-1359 states that existing public employment should not be jeopardized by the subsequent election of a relative to public office. The 2002 enactment of Idaho Code § 18-1359(5) is intended to permit the spouse of an elected official to continue in his/her present employment. However, Idaho Code § 74-501 may cast some doubt on whether Idaho Code § 18-1359(5) fully permits continued employment. Due to the enactment of Idaho Code § 18-1359(5) and the Statement of Purpose accompanying the bill, it appears that a court would likely permit the continued employment of a spouse of a subsequently elected official.
Idaho Code § 33-507 may prohibit the continued employment by a school district of an employee whose spouse is elected to the district’s board of trustees where the contract must be renewed annually. Idaho Code § 33-2106 incorporates Idaho Code § 33-507 applying the prohibition to trustees of junior college districts.

**Question No. 9:** May a county enter into a contract for goods or services with the son/daughter-in-law of one of the commissioners?

**Answer:** Idaho Code §§ 18-1359(1)(F) and 67-5726 applies in this situation. The code section provides:

No person related to a county commissioner by blood or marriage within the second degree shall be appointed to any clerkship, office, position, employment or duty with the commissioner’s county when the salary, wages, pay or compensation of such appointee or employee is to be paid out of public funds.

The commissioner’s son/daughter-in-law is clearly related by marriage within the second degree, and will be compensated for the performance of his/her duties. The county would be prohibited from hiring the commissioner’s son/daughter-in-law.

**CONFLICTS OF INTEREST/PROHIBITED CONTRACTS**

**Question No. 10:** What action is required under chapter 4 of title 74, Idaho Code, the Ethics in Government Act, if a conflict of interest exists?

**Answer:** The Ethics in Government Act requires certain action when a conflict of interest exists. A conflict of interest is generally defined as any “official action or any decision or recommendation by a person acting in a capacity as a public official, the effect of which would be to the private pecuniary benefit of the person or a member of the person’s household, or a business with which the person or a member of the person’s household is associated.”

When a conflict of interest exists, the public official must disclose the conflict. Under the Ethics in Government Act, disclosure does not affect an elected public official’s authority to be counted for the purpose of determining a quorum and to debate and to vote on the matter.
The public official may seek legal advice on whether a conflict of interest exists. If the legal advice is that a real or potential conflict may exist, generally, the public official must prepare a written statement describing the matter required to be acted upon and the nature of the potential conflict, and shall file such statement with the entity set forth in the statute pertaining to the appropriate elected or appointed office.

Disclosure of the conflict or consultation with counsel satisfies the requirements of the Ethics in Government Act. It does not, however, permit the public official to engage in acts prohibited by other provisions of the Idaho Code.

**Question No. 11**: Are there exceptions to the definition of conflict of interest in chapter 4 of title 74, Idaho Code, the Ethics in Government Act?

**Answer**: Yes. Under the Act, there is no conflict of interest if the pecuniary benefit received arises out of:

(a) An interest or membership in a particular business, industry, occupation or class required by law as a prerequisite to the holding by the person of the office or position;

(b) Any action in the person’s official capacity which would affect to the same degree a class consisting of an industry or occupation group in which the person, or a member of the person’s household or business with which the person is associated, is a member or is engaged;

(c) Any interest which the person has by virtue of his profession, trade or occupation where his interest would be affected to the same degree as that of a substantial group or class of others similarly engaged in the profession, trade or occupation;

(d) Any action by a public official upon any revenue measure, any appropriation measure or any measure imposing a tax, when similarly situated members of the general public are affected by the outcome of the action in a substantially similar manner and degree.

**Question No. 12**: What is the effect on a contract entered into in violation of the conflict of interest provisions of Idaho law?
**Answer:** The answer depends upon the specific statute and how the courts may have interpreted that statute. Violations of Idaho Code § 74-501 are voidable by any party, except the interested official, but not void from the beginning. Idaho Code § 74-504.

However, violations of other ethics statutes may cause the contract to be void. For instance, in Independent School Dist. No. 5 v. Collins, 15 Idaho 535, 98 P. 857 (1908), the court addressed violations of Idaho Code § 33-507, stating:

[S]uch contracts are absolutely void. If money is illegally paid on such void contract, the district may recover it back, and in case the district refuses to do so, any taxpayer of the district may, for and on behalf of the district, maintain an action for the recovery of the money so illegally paid. 15 Idaho at 541.

In any contract or transaction entered into which is ruled void, the public official would be required to refund any money he/she receives pursuant to a contract or transaction with the board. Such a challenge could be initiated by the board or by a taxpayer within the respective governmental entity.

**Question No. 13:** May the employer of a city council member contract with the city?

**Answer:** The answer is “yes,” under certain circumstances, such as when an interest is defined to be remote under Idaho Code § 74-502 and, therefore, not a conflict of interest. “Remote interest” means:

(a) That of a non-salaried officer of a nonprofit corporation; or

(b) That of an employee or agent of a contracting party where the compensation of such employee or agent consists entirely of fixed wages or salary; or

(c) That of a landlord or tenant of a contracting party; or

(d) That of a holder of less than one percent (1%) of the shares of a corporation or cooperative that is a contracting party.
However, even if the interest is remote, the public official must disclose the remote interest prior to the formation of the contract, and the governing body must approve the contract on a vote sufficient for that purpose without counting the vote of the officer having the remote interest. Furthermore, the public official cannot attempt to influence another officer of the board of which he is an officer to enter into the contract.

**Question No. 14:** Are there any circumstances where a public official can personally contract with a board of which he or she is a member?

**Answer:** In rare circumstances a public official can contract directly with the board of which he/she is a member whether or not he or she is an elected or appointed public official. Under Idaho Code § 18-1361, a public official or his/her relatives can contract with the board if:

1. The contract is competitively bid and the public servant or his/her relative submits the low bid; and
2. Neither the public servant nor his/her relative takes any part in the preparation of the contract or bid specifications, and the public servant takes no part in voting on or approving the contract or bid specifications; and
3. The public servant makes full disclosure, in writing, to all members of the governing body, council or board of said public body of his/her interest or that of his/her relative and of his or his relative’s intention to bid on the contract; and
4. Neither the public servant nor his/her relative has violated any provision of Idaho law pertaining to competitive bidding or improper solicitation of business.

**Question No. 15:** May a school district conduct business with a business establishment whose owner is a spouse of a school board trustee?

**Answer:** Idaho has a long-standing tradition of forbidding school board trustees from doing any business with or receiving any pecuniary benefit from the district they serve. Idaho Code § 33-507 states in relevant part:
It shall be unlawful for any trustee to have pecuniary interest, directly or indirectly, in any contract or other transaction pertaining to the maintenance or conduct of the school district, or to accept any reward or compensation for services rendered as a trustee except as may be otherwise provided in this section.

Purchases by the district of material from an establishment owned by the spouse of a school board trustee provide a direct or indirect pecuniary benefit to the member of the school board. The school board trustee would certainly benefit from any transactions between the district and the business establishment. Even if there is not a written contract between the business establishment and the district, it does not take the situation outside the reach of Idaho Code § 33-507. There would still be a contractual relationship between the business and the district. Moreover, the contract would be void.

Idaho Code § 33-2106 incorporates Idaho Code § 33-507 and makes the limitations on the authority of school district trustees applicable to trustees of junior college districts.

**Question No. 16**: May a county employee purchase property that the county has for sale?

**Answer**: There is no express prohibition against a county employee purchasing county property, unless that individual is a county commissioner or other officer. See Idaho Code §§ 31-807A and 74-503. This rule applies to county employees generally. Sheriffs’ deputies selling property at sheriffs’ sales are prohibited from participating in the sale.

**BRIbery/Corrupt Influence & Gifts To Public Officials**

**Question No. 17**: Would a regional tour sponsored by a chamber of commerce to acquaint legislators with a region of the state, provided without charge to every member of the Idaho Legislature, violate the Bribery and Corrupt Influence Act?

**Answer**: Idaho Code § 18-1356 regulates gifts to public servants. Subsection (4) relates to legislative and executive officials:

No legislator or public servant shall solicit, accept or agree to accept any pecuniary benefit in return for
action on a bill, legislation, proceeding or official transaction from any person known to be interested in a bill, legislation, official transaction or proceeding.

There have been no allegations, nor has it ever been suggested, that the efforts of the members of the chamber of commerce are made in return for legislative action on their behalf. Therefore, the tour in general does not violate Idaho Code § 18-1356(4).

Consideration must also be given to Idaho Code § 18-1359(1)(a), which provides:

No public servant shall:

(a) Without the specific authorization of the governmental entity for which he serves, use public funds or property to obtain a pecuniary benefit for himself.

It is the opinion of the Attorney General’s Office that the legislature, by enacting Idaho Code § 18-1359(1)(a), did not intend to prohibit and criminalize participation in activities such as this tour. The combination of official business with conferences and social activities is a fact of modern life, and it is the opinion of this office that the legislature did not intend to eliminate that reality. This tour is a legitimate function of the legislature, and the expenses associated with the tour, if submitted on a voucher, could be financed by the state. As such, they are clearly not pecuniary benefits inuring to the legislators’ personal or private benefit.

**Question No. 18**: Would a business trip by legislators for the purpose of viewing demonstrations of a product purchased by the state, in which airfare, food and lodging were paid for by the vendor, but not entertainment events, violate either the Ethics in Government Act or the Bribery and Corrupt Influences Act?

**Answer**: Idaho Code § 74-402, the Ethics in Government Act, is directed primarily towards improper activities of public officials in the course of their official duties. In this case it is apparent that the public officials would derive some pecuniary benefit from the trip. However, the pecuniary benefit does not appear personal in nature because the trip is for business purposes only, without any entertainment or personal activities on the agenda. The facts do not reveal that any “official action” or any decision or recommendation has been made by the public officials to the benefit of the company sponsoring the trip. The trip does not relate to any upcoming bidding or contracting process in which the
company stands to gain or lose. The trip does not seem to violate the Ethics in Government Act.

Idaho Code § 18-1359(1)(a) is also not an issue in this case. The officials are acting strictly in their official capacity, there will be no private or personal gain in the form of entertainment or other purely personal activities, and the business trip appears to be directed solely at a legitimate legislative function—gathering technical information relevant to the state’s interest in a product. This type of informational business trip does not call into question the type of private pecuniary gain or official action in return for such gain which Idaho’s ethics laws clearly and strongly outlaw. The trip would not violate either the Ethics in Government Act or the Bribery and Corrupt Influences Act.

**Question No. 19:** Can members of the Idaho Legislature accept gift packs from a marketing association in the state of Idaho in which the products are intended to promote the variety and quality of merchandise produced in Idaho?

**Answer:** According to Idaho Code § 74-403(4), a conflict of interest occurs when a legislative official takes official action or makes an official decision or recommendation, the effect being to the “private pecuniary benefit” of such person, the person’s household or business. Based on the facts in this case, it is difficult to foresee any legislator having a conflict of interest resulting from the acceptance of one of the complimentary gift packs. A conflict of interest requires some official action by the legislator. From the facts presented in this case, there is no indication the receipt of the gift pack was the result of any official action, decision or recommendation taken or proposed by any legislator. Mere acceptance of the gift pack does not violate the provisions of Idaho Code § 18-1359(1)(b). In addition, under Idaho Code § 18-1359(1)(b), trivial gifts or benefits, which do not exceed $50.00 in value, are not prohibited if they are incidental to personal, professional or business contacts and do not affect official impartiality.

**Question No. 20:** If a major corporate officer of a firm which performs a great deal of work for one of the state departments should become a member of the Idaho Legislature, would there be any possibility of a “conflict of interest” arising out of his holding public office and voting on appropriations while continuing to be a corporate officer of a private firm?

**Answer:** Yes. Idaho Code § 74-501, provides:
Members of the legislature, state, county, city, district and precinct officers, must not be interested in any contract made by them in their official capacity, or by any body or board of which they are members.

In addition to constitutional and statutory provisions, the rules of the senate or house of representatives may require that members declare their interest or abstain from voting in cases involving conflicting personal and public interests.

**INCOMPATIBILITY OF OFFICE**

**Question No. 21**: May an individual serve in the Idaho Legislature and as the mayor of a municipality at the same time?

**Answer**: Idaho has no constitutional or statutory provisions prohibiting a state legislator from concurrently holding another public office. However, the common law doctrine of incompatibility of office should be examined.

The common law doctrine of incompatibility as it relates to one person holding two public offices is based upon the public policy that public service requires the discharge of official duties with undivided loyalty. In the question presented, the two positions are not incompatible. The office of mayor is wholly independent from the state legislature and cannot in any sense be viewed as subordinate. The duties of the mayor do not conflict or clash with the duties of a state legislator.

Finally, it has been suggested that holding dual offices violates the distribution of powers clause of Idaho Constitution art. 2, sec. 1. This section provides:

The powers of the government of this state are divided into three distinct departments, the legislative, executive and judicial; and no person or collection of persons charged with the exercise of powers properly belonging to one of these departments shall exercise any powers properly belonging to either of the others, except as in this constitution expressly directed or permitted.

In relation to the separation of powers between state and local governments (prohibiting a person from serving in an executive capacity on the local level and as a legislator in the state government), this office
Idaho Ethics In Government

has been unable to find any authority indicating that the doctrine has any application.

The fact that a state legislator is also a municipal executive officer does not in any sense impinge or intrude upon the authority of the state judicial or executive branches. Similarly, the fact that a city mayor is also a state legislator does not intrude upon the authority of the respective city council. Thus, holding dual public offices, one municipal and one state, does not violate art. 2, § 1 of the Idaho Constitution. This office can find no statutory or common law prohibition preventing a city mayor from serving in the Idaho Legislature.

**Question No. 22**: May a member of a county planning and zoning commission serve as a city councilman without creating a conflict of interest?

**Answer**: The Local Planning Act contains a conflict of interest provision:

A member or employee of a governing board, commission, or joint commission shall not participate in any proceeding or action when the member or employee or his employer, business partner, business(,) associate, or any person related to him by affinity or consanguinity within the second degree has an economic interest in the procedure or action.

Idaho Code § 67-6506.

Because a city council member is an agent of the city he/she represents, this section would probably prevent him/her from participating in any county zoning decisions that may affect the city’s economic interests. However, there is no provision requiring the council member to resign his/her position.

There is also present a question of incompatibility of office. The common law doctrine applies if there is a potential conflict between the two offices such that one individual could not give absolute allegiance to both offices. Incompatibility is most often found where one office supervises the other or when the interests of the two offices are antagonistic to each other. 3 *McQuillin on Municipal Corporations, §§ 12.66 et seq.*
In the area of zoning, the interests of the county and the city may frequently be at odds, and it is not uncommon for cities and counties to sue one another over zoning disputes. Under such circumstances one person could not fill both offices without a conflict of loyalty. If two offices are incompatible, one office should be vacated. The Attorney General’s Office recommends that one office be vacated to eliminate the incompatibility problem.

**Question No. 23:** May a person serve as a chairman of a county political party and as a member of the Idaho State board of Correction?

**Answer:** It appears that a person cannot serve as chairman of a county political party and retain a position on the board of correction. Idaho Code § 20-204 provides:

The members of the board of correction and its officers and employees shall not, at any time of appointment nor during their incumbency of office, serve as the representative, officer, or employee of any political party.

The language of this code section is clear and unambiguous. An individual cannot serve as a representative, officer or employee of a political party and also serve on the state board of correction.
RELEVANT STATUTES

Bribery and Corrupt Influence Act

18-1351. Bribery and corrupt practices — Definitions.

Unless a different meaning plainly is required in this chapter:

(5) “Benefit” means gain or advantage, or anything regarded by the beneficiary as gain or advantage, including benefit to any other person or entity in whose welfare he is interested, but not an advantage promised generally to a group or class of voters as a consequence of public measures which a candidate engages to support or oppose.

(6) “Confidential information” means knowledge gained through a public office, official duty or employment by a governmental entity which is not subject to disclosure to the general public and which, if utilized in financial transactions would provide the user with an advantage over those not having such information or result in harm to the governmental entity from which it was obtained.

(7) “Government” includes any branch, subdivision or agency of the government of the state or any locality within it and other political subdivisions including, but not limited to, highway districts, planning and zoning commissions and cemetery districts, and all other governmental districts, commissions or governmental bodies not specifically mentioned in this chapter.

(8) “Harm” means loss, disadvantage or injury, including loss, disadvantage or injury to any other person or entity in whose welfare he is interested.

(9) “Official proceeding” means a proceeding heard or which may be heard before any legislative, judicial, administrative or other governmental agency or official authorized to take evidence under oath, including any referee, hearing examiner, commissioner, notary or other person taking testimony or deposition in connection with any such proceeding.

(10) “Party official” means a person who holds an elective or appointive post in a political party in the United States by virtue of which he directs or conducts, or participates in directing or conducting party affairs at any level of responsibility.
“Pecuniary benefit” is any benefit to a public official or member of his household in the form of money, property or commercial interests, the primary significance of which is economic gain.

“Public servant” means any officer or employee of government, including legislators and judges, and any person participating as juror, advisor, consultant or otherwise, in performing a governmental function; but the term does not include witnesses.

“Administrative proceeding” means any proceeding, other than a judicial proceeding, the outcome of which is required to be based on a record or documentation prescribed by law, or in which law or regulation is particularized in application to individuals.

18-1352. Bribery in official and political matters.

A person is guilty of bribery, a felony, if he offers, confers or agrees to confer upon another, or solicits, accepts or agrees to accept from another:

(1) Any pecuniary benefit as consideration for the recipient’s decision, opinion, recommendation, vote or other exercise of discretion as a public servant, party official or voter; or

(2) Any benefit as consideration for the recipient’s decision, vote, recommendation or other exercise of official discretion in a judicial or administrative proceeding; or

(3) Any benefit as consideration for a violation of a known legal duty as public servant or party official. It is no defense to prosecution under this section that a person whom the actor sought to influence was not qualified to act in the desired way whether because he had not yet assumed office, or lacked jurisdiction, or for any other reason.

18-1353. Threats and other improper influence in official and political matters.

(1) Offenses defined. A person commits an offense if he:

(a) threatens unlawful harm to any person with purpose to influence his decision, opinion, recommendation, vote or other exercise of discretion as a public servant, party official or voter; or
(b) threatens harm to any public servant with purpose to influence his decision, opinion, recommendation, vote or other exercise of discretion in a judicial or administrative proceeding; or

(c) threatens harm to any public servant or party official with purpose to influence him to violate his known legal duty; or

(d) privately addresses to any public servant who has or will have an official discretion in a judicial or administrative proceeding any representation, entreaty, argument or other communication with purpose to influence the outcome on the basis of considerations other than those authorized by law.

It is no defense to prosecution under this section that a person whom the actor sought to influence was not qualified to act in the desired way, whether because he had not yet assumed office, or lacked jurisdiction, or for any other reason.

(2) Grading. An offense under this section is a misdemeanor unless the actor threatened to commit a crime or made a threat with purpose to influence a judicial or administrative proceeding, in which cases the offense is a felony.

18-1353A. Threats against state officials of the executive, legislative or judicial branch.

Whoever knowingly and willfully deposits for conveyance in the mail or for a delivery from any post office or by any letter carrier, any letter, paper, writing, print, missive, or document containing any threat to take the life of or to inflict bodily harm upon any state elected official of the executive or legislative branch, or any justice, judge or magistrate of the judicial branch, or person appointed to fill the vacancy of a state elected official of the executive or legislative branch of the state of Idaho, or knowingly and willfully otherwise makes any such threat against a state elected official of the executive or legislative branch, or any justice, judge or magistrate of the judicial branch, or person appointed to fill the vacancy of a state elected official of the executive or legislative branch of the state of Idaho is guilty of a misdemeanor and upon conviction thereof shall be fined not to exceed one thousand dollars ($1,000) and shall be sentenced to not to exceed one (1) year in the county jail. If such threat is made while the defendant exhibits a firearm or other dangerous or deadly weapon, the defendant shall be guilty of a felony. Upon a second or subsequent conviction of an offense under this section, the defendant
shall be guilty of a felony and shall be sentenced to a term of not to exceed five (5) years in the state penitentiary.

18-1354. Compensation for past official behavior.

A person commits a misdemeanor if he solicits, accepts, or agrees to accept any pecuniary benefit as compensation for having as public servant, given a decision, opinion, recommendation or vote favorable to another, or for having otherwise exercised a discretion in his favor, or for having violated his duty. A person commits a misdemeanor if he offers, confers or agrees to confer, compensation, acceptance of which is prohibited by this section.

18-1355. Retaliation for past official action.

A person commits a misdemeanor if he harms another by any unlawful acts in retaliation for anything lawfully done by the latter in the capacity of public servant.

18-1356. Gifts to public servants by persons subject to their jurisdiction.

(1) Regulatory and law enforcement officials. No public servant in any department or agency exercising regulatory functions, or conducting inspections or investigations, or carrying on civil or criminal litigation on behalf of the government, or having custody of prisoners, shall solicit, accept or agree to accept any pecuniary benefit from a person known to be subject to such regulation, inspection, investigation or custody, or against whom such litigation is known to be pending or contemplated.

(2) Officials concerned with government contracts and pecuniary transactions. No public servant having any discretionary function to perform in connection with contracts, purchases, payments, claims or other pecuniary transactions of the government shall solicit, accept or agree to accept any pecuniary benefit from any person known to be interested in or likely to become interested in any such contract, purchase, payment, claim or transaction.

(3) Judicial and administrative officials. No public servant having judicial or administrative authority and no public servant employed by or in a court or other tribunal having such authority, or participating in the enforcement of its decisions, shall solicit, accept or agree to accept any pecuniary benefit from a person known to be
Idaho Ethics In Government

interested in or likely to become interested in any matter before such public servant or a tribunal with which he is associated.

(4) Legislative and executive officials. No legislator or public servant shall solicit, accept or agree to accept any pecuniary benefit in return for action on a bill, legislation, proceeding or official transaction from any person known to be interested in a bill, legislation, official transaction or proceeding.

(5) Exceptions. This section shall not apply to:

(a) fees prescribed by law to be received by a public servant, or any other benefit for which the recipient gives legitimate consideration or to which he is otherwise legally entitled; or

(b) gifts or other benefits conferred on account of kinship or other personal, professional or business relationship independent of the official status of the receiver; or

(c) trivial benefits not to exceed a value of fifty dollars ($50.00) incidental to personal, professional or business contacts and involving no substantial risk of undermining official impartiality; or

(d) benefits received as a result of lobbying activities that are disclosed in reports required by chapter 66, title 67, Idaho Code. This exception shall not apply to any activities prohibited by subsections (1) through (4) of this section.

(6) Offering benefits prohibited. No person shall knowingly confer, or offer or agree to confer, any benefit prohibited by the foregoing subsections.

(7) Grade of offense. An offense under this section is a misdemeanor and shall be punished as provided in this chapter.

18-1357. Compensating public servant for assisting private interests in relation to matters before him

(1) Receiving compensation. A public servant commits a misdemeanor if he solicits, accepts or agrees to accept compensation for advice or other assistance in preparing or promoting a bill, contract, claim, or other transaction or proposal as to which he knows that he has or is likely to have an official discretion to exercise.
Paying compensation. A person commits a misdemeanor if he pays or offers or agrees to pay compensation to a public servant with knowledge that acceptance by the public servant is unlawful.

18-1358. Selling political endorsement — Special influence.

(1) Selling political endorsement. A person commits a misdemeanor if he solicits, receives, agrees to receive, or agrees that any political party or other person shall receive any pecuniary benefit as consideration for approval or disapproval of an appointment or advancement in public service, or for approval or disapproval of any person or transaction for any benefit conferred by an official or agency of the government. “Approval” includes recommendations, failure to disapprove, or any other manifestation of favor or acquiescence. “Disapproval” includes failure to approve, or any other manifestation of disfavor or non-acquiescence.

(2) Other trading in special influence. A person commits a misdemeanor if he solicits, receives or agrees to receive any pecuniary benefit as consideration for exerting special influence upon a public servant or procuring another to do so. “Special influence” means power to influence through kinship, friendship, or other relationship apart from the merits of the transaction.

(3) Paying for endorsement or special influence. A person commits a misdemeanor if he offers, confers or agrees to confer any pecuniary benefit, receipt of which is prohibited by this section.

18-1359. Using public position for personal gain.

(1) No public servant shall:

(a) Without the specific authorization of the governmental entity for which he serves, use public funds or property to obtain a pecuniary benefit for himself.

(b) Solicit, accept or receive a pecuniary benefit as payment for services, advice, assistance or conduct customarily exercised in the course of his official duties. This prohibition shall not include trivial benefits not to exceed a value of fifty dollars ($50.00) incidental to personal, professional or business contacts and involving no substantial risk of undermining official impartiality.
(c) Use or disclose confidential information gained in the course of or by reason of his official position or activities in any manner with the intent to obtain a pecuniary benefit for himself or any other person or entity in whose welfare he is interested or with the intent to harm the governmental entity for which he serves.

(d) Be interested in any contract made by him in his official capacity, or by any body or board of which he is a member, except as provided in section 18-1361, Idaho Code.

(e) Appoint or vote for the appointment of any person related to him by blood or marriage within the second degree, to any clerkship, office, position, employment or duty, when the salary, wages, pay or compensation of such appointee is to be paid out of public funds or fees of office, or appoint or furnish employment to any person whose salary, wages, pay or compensation is to be paid out of public funds or fees of office, and who is related by either blood or marriage within the second degree to any other public servant when such appointment is made on the agreement or promise of such other public servant or any other public servant to appoint or furnish employment to anyone so related to the public servant making or voting for such appointment. Any public servant who pays out of any public funds under his control or who draws or authorizes the drawing of any warrant or authority for the payment out of any public fund of the salary, wages, pay, or compensation of any such ineligible person, knowing him to be ineligible, is guilty of a misdemeanor and shall be punished as provided in this chapter.

(f) Unless specifically authorized by another provision of law, commit any act prohibited of members of the legislature or any officer or employee of any branch of the state government by section 67-5726, Idaho Code, violations of which are subject to penalties as provided in section 67-5734, Idaho Code, which prohibition and penalties shall be deemed to extend to all public servants pursuant to the provisions of this section.

(2) No person related to any member of the legislature by blood or marriage within the second degree shall be appointed to any clerkship, office, position, employment or duty within the legislative branch of government or otherwise be employed by the legislative branch of government when the salary, wages, pay or compensation of such appointee or employee is to be paid out of public funds.
(3) No person related to a mayor or member of a city council by blood or marriage within the second degree shall be appointed to any clerkship, office, position, employment or duty with the mayor’s or city council’s city when the salary, wages, pay or compensation of such appointee or employee is to be paid out of public funds.

(4) No person related to a county commissioner by blood or marriage within the second degree shall be appointed to any clerkship, office, position, employment or duty with the commissioner’s county when the salary, wages, pay or compensation of such appointee or employee is to be paid out of public funds.

(5) (a) An employee of a governmental entity holding a position prior to the election of a local government official, who is related within the second degree, shall be entitled to retain his or her position and receive general pay increases, step increases, cost of living increases, and/or other across the board increases in salary or merit increases, benefits and bonuses or promotions.

(b) Nothing in this section shall be construed as creating any property rights in the position held by an employee subject to this section, and all authority in regard to disciplinary action, transfer, dismissal, demotion or termination shall continue to apply to the employee.

(6) The prohibitions contained within this section shall not include conduct defined by the provisions of section 74-403(4), Idaho Code.

(7) The prohibitions within this section and section 18-1356, Idaho Code, as it applies to part-time public servants, do not include those actions or conduct involving the public servant’s business, profession or occupation and unrelated to the public servant’s official conduct, and do not apply to a pecuniary benefit received in the normal course of a legislator’s business, profession or occupation and unrelated to any bill, legislation, proceeding or official transaction.

18-1360. Penalties.

Any public servant who violates the provisions of this chapter, unless otherwise provided, shall be guilty of a misdemeanor and may be punished by a fine not exceeding one thousand dollars ($1,000), or by incarceration in the county jail for a period not exceeding one (1) year, or by both such fine and incarceration. In addition to any penalty imposed
in this chapter, any person who violates the provisions of this chapter may be required to forfeit his office and may be ordered to make restitution of any benefit received by him to the governmental entity from which it was obtained.

18-1361. Self-interested contracts — Exception.

Where there are less than three (3) suppliers of a good or a service within a fifteen (15) mile radius of where the good or service is to be provided, it shall not constitute a violation of the provisions of subsection (1)(d) or (e) of section 18-1359, Idaho Code, for a public servant or for his relative to contract with the public body of which the public servant is a member if the contract is reasonably necessary to respond to a disaster as defined in chapter 10, title 46, Idaho Code, or if the procedures listed below are strictly observed. For purposes of this section, “relative” shall mean any person related to the public servant by blood or marriage within the second degree.

1. The contract is competitively bid and the public servant or his relative submits the low bid; and

2. Neither the public servant nor his relative takes any part in the preparation of the contract or bid specifications, and the public servant takes no part in voting on or approving the contract or bid specifications; and

3. The public servant makes full disclosure, in writing, to all members of the governing body, council or board of said public body of his interest or that of his relative and of his or his relative’s intention to bid on the contract; and

4. Neither the public servant nor his relative has violated any provision of Idaho law pertaining to competitive bidding or improper solicitation of business.

18-1361A. Non-compensated appointed public servant — Relatives of public servant — Exception.

When a person is a public servant by reason of his appointment to a governmental entity board for which the person receives no salary or fees for his service on said board, it shall not constitute a violation of the provisions of subsection (1)(d) or (e) of section 18-1359, Idaho Code, for a public servant or for his relative to contract with the public body of which the public servant is a member if the procedures listed below are
strictly observed. For purposes of this section, “relative” shall mean any person related to the public servant by blood or marriage within the second degree.

(1) The contract is competitively bid and the public servant or his relative submits the low bid; and

(2) Neither the public servant nor his relative takes any part in the preparation of the contract or bid specifications, and the public servant takes no part in voting on or approving the contract or bid specifications; and

(3) The public servant makes full disclosure, in writing, to all members of the governing body, council or board of said public body of his interest or that of his relative and of his or his relative’s intention to bid on the contract; and

(4) Neither the public servant nor his relative has violated any provision of Idaho law pertaining to competitive bidding or improper solicitation of business.

18-1362. Cause of action.

A prosecuting attorney or the attorney general may bring an action in the district court of the county in which a public servant resides to enjoin a violation of the provisions of this chapter and to require the public servant to make restitution to the government of any pecuniary gain obtained. The prevailing party shall be awarded his costs and reasonable attorney fees.

Ethics in Government Act

74-401. Short title.

This act shall be known and may be cited as the “Ethics in Government Act of 2015.”

74-402. Policy and purpose.

It is hereby declared that the position of a public official at all levels of government is a public trust and it is in the public interest to:
(1) Protect the integrity of government throughout the state of Idaho while at the same time facilitating recruitment and retention of personnel needed within government;

(2) Assure independence, impartiality and honesty of public officials in governmental functions;

(3) Inform citizens of the existence of personal interests which may present a conflict of interest between an official’s public trust and private concerns;

(4) Prevent public office from being used for personal gain contrary to the public interest;

(5) Prevent special interests from unduly influencing governmental action; and

(6) Assure that governmental functions and policies reflect, to the maximum extent possible, the public interest.

74-403. Definitions. — For purposes of this chapter:

(1) “Official action” means any decision on, or proposal, consideration, enactment, defeat, or making of any rule, regulation, rate-making proceeding or policy action or nonaction by a governmental body or any other policy matter which is within the official jurisdiction of the governmental body.

(2) “Business” means any undertaking operated for economic gain, including, but not limited to, a corporation, partnership, trust, proprietorship, firm, association or joint venture.

(3) “Business with which a public official is associated” means any business of which the public official or member of his household is a director, officer, owner, partner, employee or holder of stock over five thousand dollars ($5,000) or more at fair market value.

(4) “Conflict of interest” means any official action or any decision or recommendation by a person acting in a capacity as a public official, the effect of which would be to the private pecuniary benefit of the person or a member of the person’s household, or a business with which the person or a member of the person’s household is associated, unless the pecuniary benefit arises out of the following:
(a) An interest or membership in a particular business, industry, occupation or class required by law as a prerequisite to the holding by the person of the office or position;

(b) Any action in the person’s official capacity which would affect to the same degree a class consisting of an industry or occupation group in which the person, or a member of the person’s household or business with which the person is associated, is a member or is engaged;

(c) Any interest which the person has by virtue of his profession, trade or occupation where his interest would be affected to the same degree as that of a substantial group or class of others similarly engaged in the profession, trade or occupation;

(d) Any action by a public official upon any revenue measure, any appropriation measure or any measure imposing a tax, when similarly situated members of the general public are affected by the outcome of the action in a substantially similar manner and degree.

(5) “Economic gain” means increase in pecuniary value from sources other than lawful compensation as a public official.

(6) “Governmental entity” means:

(a) The state of Idaho and all agencies, commissions and other governmental bodies of the state; and

(b) Counties and municipalities of the state of Idaho, all other political subdivisions including, but not limited to, highway districts, planning and zoning commissions or governmental bodies not specifically mentioned in this chapter.

(7) “Members of a household” mean the spouse and dependent children of the public official and/or persons whom the public official is legally obligated to support.

(8) “Person” means an individual, proprietorship, partnership, association, trust, estate, business trust, group or corporation, whether operated for profit or not, and any other legal entity, or agent or servant thereof, or a governmental entity.
(9) “Public office” means any position in which the normal and usual duties are conducted on behalf of a governmental entity.

(10) “Public official” means any person holding public office in the following capacity:

(a) As an elected public official meaning any person holding public office of a governmental entity by virtue of an elected process, including persons appointed to a vacant elected office of a governmental entity, excluding members of the judiciary; or

(b) As an elected legislative public official meaning any person holding public office as a legislator; or

(c) As an appointed public official meaning any person holding public office of a governmental entity by virtue of formal appointment as required by law; or

(d) As an employed public official meaning any person holding public office of a governmental entity by virtue of employment, or a person employed by a governmental entity on a consultative basis.

74-404. Required action in conflicts.

A public official shall not take any official action or make a formal decision or formal recommendation concerning any matter where he has a conflict of interest and has failed to disclose such conflict as provided in this section. Disclosure of a conflict does not affect an elected public official’s authority to be counted for purposes of determining a quorum and to debate and to vote on the matter, unless the public official requests to be excused from debate and voting at his or her discretion. In order to determine whether a conflict of interest exists relative to any matter within the scope of the official functions of a public official, a public official may seek legal advice from the attorney representing that governmental entity or from the attorney general or from independent counsel. If the legal advice is that no real or potential conflict of interest exists, the public official may proceed and shall not be subject to the prohibitions of this chapter. If the legal advice is that a real or potential conflict may exist, the public official:

(1) If he is an elected legislative public official, he shall disclose the nature of the potential conflict of interest and/or be subject to the rules of the body of which he/she is a member and shall take all action
required under such rules prior to acting on the matter. If a member requests to be excused from voting on an issue which involves a conflict or a potential conflict, and the body of which he is a member does not excuse him, such failure to excuse shall exempt that member from any civil or criminal liability related to that particular issue.

(2) If he is an elected state public official, he shall prepare a written statement describing the matter required to be acted upon and the nature of the potential conflict, and shall file such statement with the secretary of state prior to acting on the matter. A public official may seek legal advice from the attorney representing that agency or from the attorney general or from independent counsel. The elected public official may then act on the advice of the agency’s attorney, the attorney general or independent counsel.

(3) If he is an appointed or employed state public official, he shall prepare a written statement describing the matter to be acted upon and the nature of the potential conflict, and shall deliver the statement to his appointing authority. The appointing authority may obtain an advisory opinion from the attorney general or from the attorney representing that agency. The public official may then act on the advice of the attorney general, the agency’s attorney or independent counsel.

(4) If he is an elected public official of a county or municipality, he shall disclose the nature of a potential conflict of interest prior to acting on a matter and shall be subject to the rules of the body of which he/she is a member and take all action required by the rules prior to acting on the matter. If a member requests to be excused from voting on an issue, which involves a conflict or a potential conflict, and the body of which he is a member, does not excuse him, such failure to excuse shall exempt that member from any civil or criminal liability related to that particular issue. The public official may obtain an advisory opinion from the attorney general or the attorney for the county or municipality or from independent counsel. The public official may then act on the advice of the attorney general or attorney for the county or municipality or his independent counsel.

(5) If he is an appointed or employed public official of a county or municipality, he shall prepare a written statement describing the matter required to be acted upon and the nature of the potential conflict, and shall deliver the statement to his appointing authority. The appointing authority may obtain an advisory opinion from the attorney for the appointing authority, or, if none, the attorney general. The public official
may then act on the advice of the attorney general or attorney for the appointing authority or independent counsel.

(6) Nothing contained herein shall preclude the executive branch of state government or a political subdivision from establishing an ethics board or commission to perform the duties and responsibilities provided for in this chapter. Any ethics board or commission so established shall have specifically stated powers and duties including the power to:

(a) Issue advisory opinions upon the request of a public official within its jurisdiction;

(b) Investigate possible unethical conduct of public officials within its jurisdiction and conduct hearings, issue findings, and make recommendations for disciplinary action to a public official’s appointing authority;

(c) Accept complaints of unethical conduct from the public and take appropriate action.


When a person is a public official by reason of his appointment or election to a governing board of a governmental entity for which the person receives no salary or fee as compensation for his service on said board, he shall not be prohibited from having an interest in any contract made or entered into by the board of which he is a member, if he strictly observes the procedure set out in section 18-1361A, Idaho Code.

74-406. Civil penalty.

(1) Any public official who intentionally fails to disclose a conflict of interest as provided for in section 74-404, Idaho Code, shall be guilty of a civil offense, the penalty for which may be a fine not to exceed five hundred dollars ($500), provided that the provisions of this subsection shall not apply to any public official where the governmental entity on which said official serves has put into operation an ethics commission or board described in section 74-404(6), Idaho Code.

(2) The penalty prescribed in subsection (1) of this section does not limit the power of either house of the legislature to discipline its own members, nor limit the power of governmental entities, including occupational or professional licensing bodies, to discipline their members
or personnel. A violation of the provisions of this chapter shall not preclude prosecution and conviction for any criminal violation that may have been committed.

**Prohibitions Against Contracts with Officers**

**74-501. Officers not to be interested in contracts.**

Members of the legislature, state, county, city, district and precinct officers, must not be interested in any contract made by them in their official capacity, or by any body or board of which they are members.

**74-502. Remote interests.**

(1) A public officer shall not be deemed to be interested in a contract, within the meaning of section 74-501, Idaho Code, if he has only a remote interest in the contract and if the fact and extent of such interest is disclosed to the body of which he is an officer and noted in the official minutes or similar records prior to the formation of the contract, and thereafter the governing body authorizes, approves, or ratifies the contract in good faith by a vote of its membership sufficient for the purpose without counting the vote or votes of the officer having the remote interest. As used in this section, “remote interest” means:

(a) That of a nonsalaried officer of a nonprofit corporation; or

(b) That of an employee or agent of a contracting party where the compensation of such employee or agent consists entirely of fixed wages or salary; or

(c) That of a landlord or tenant of a contracting party; or

(d) That of a holder of less than one percent (1%) of the shares of a corporation or cooperative which is a contracting party.

(2) Although a public official’s interest in a contract may be only remote, a public official shall not influence or attempt to influence any other officer of the board of which he is an officer to enter into the contract. Violation of the provisions of this subsection shall be a misdemeanor as provided in section 74-509, Idaho Code. Any contract
created or entered into in violation of the provisions of this subsection shall be void.

74-503. Officers not to be interested in sales.

State, county, district, precinct and city officers must not be purchasers at any sale nor vendors at any purchase made by them in their official capacity.

74-504. Prohibited contracts voidable.

Every contract made in violation of any of the provisions of this chapter may be avoided at the instance of any party except the officer interested therein.

74-505. Dealing in warrants prohibited.

The state treasurer and state controller, the several county, city, district or precinct officers of this state, their deputies and clerks, are prohibited from purchasing or selling, or in any manner receiving to their own use or benefit, or to the use or benefit of any person or persons, whatever, any state, county, or city warrants, scrip, orders, demands, claims, or other evidences of indebtedness against the state, or any county or city thereof, except evidences of indebtedness issued to or held by them for services rendered as such officer, deputy or clerk, and evidences of the funded indebtedness of such state, county, city, district or corporation.

74-506. Affidavit of nonviolation a prerequisite to allowance of accounts.

Every officer whose duty it is to audit and allow the accounts of other state, county, district, city or precinct officers, must, before allowing such accounts, require each of such officers to make and file with him an affidavit that he has not violated any of the provisions of this chapter.


Officers charged with the disbursement of public moneys must not pay any warrant or other evidence of indebtedness against the state, county, city or district, when the same has been purchased, sold, received or transferred contrary to any of the provisions of this chapter.
74-508. Suspension of settlement or payment — Prosecution of offenders.

Every officer charged with the disbursement of public moneys, who is informed by affidavit that any officer whose account is to be settled, audited, or paid by him, has violated any of the provisions of this chapter, must suspend such settlement or payment, and cause such officer to be prosecuted for such violation.

74-509. Violation.

A violation of the provisions of this chapter, unless otherwise provided, is a misdemeanor and shall be punished by a fine not exceeding one thousand dollars ($1,000), or incarceration in the county jail for a period not exceeding one (1) year, or by both such fine and incarceration.


When a person is a public official by reason of his appointment or election to a governing board of a governmental entity for which the person receives no salary or fee as compensation for his service on said board, he shall not be prohibited from having an interest in any contract made or entered into by the board of which he is a member, if he strictly observes the procedure set out in section 18-1361A, Idaho Code.

74-511. Violation relating to public contracts.

Officers shall not commit any act prohibited by section 67-5726, Idaho Code, violations of which are subject to penalties as provided in section 67-5734, Idaho Code, and which prohibitions and penalties shall be deemed to extend to all public officers governed by the provisions of this chapter.

Severability

The provisions of this act are hereby declared to be severable and if any provision of this act or this application of such provision to any person or circumstance is declared invalid for any reason, such declaration shall not affect the validity of the remaining portions of this act.
31-2606. Prohibitions.

No prosecuting attorney must receive any fee or rewards for or on behalf of any prosecutor or other individual, for services in any prosecution, or business to which it is his official duty to attend or discharge; nor be concerned as attorney or counsel for either party other than for the state, people or county, in any civil action depending upon the same state of facts, upon which any criminal prosecution commenced but not determined depends, and no law partner of any county attorney must be engaged in the defense of any suit, action or proceeding, in which said prosecuting attorney appears on behalf of the people, state or county.

33-507. Limitation upon authority of trustees.

It shall be unlawful for any trustee to have pecuniary interest directly or indirectly in any contract or other transaction pertaining to the maintenance or conduct of the school district, or to accept any reward or compensation for services rendered as a trustee except as may be otherwise provided in this section. The board of trustees of a school district may accept and award contracts involving the school district to businesses in which a trustee or a person related to him by blood or marriage within the second degree has a direct or indirect interest provided that the procedures set forth in section 18-1361 or 18-1361A, Idaho Code, are followed. The receiving, soliciting or acceptance of moneys of a school district for deposit in any bank or trust company, or the lending of money by any bank or trust company to any school district, shall not be deemed to be a contract pertaining to the maintenance or conduct of a school district within the meaning of this section; nor shall the payment by any school district board of trustees of compensation to any bank or trust company for services rendered in the transaction of any banking business with such district board of trustees, be deemed the payment of any reward or compensation to any officer or director of any such bank or trust company within the meaning of this section.

It shall be unlawful for the board of trustees of any class of school district to enter into or execute any contract with the spouse of any member of such board, the terms of which said contract requires, or will require, the payment or delivery of any school district funds, money or property to such spouse, except as provided in section 18-1361 or 18-1361A, Idaho Code.
When any relative of any trustee or relative of the spouse of a trustee related by affinity or consanguinity within the second degree is considered for employment in a school district, such trustee shall abstain from voting in the election of such relative, and shall be absent from the meeting while such employment is being considered and determined.

59-102. Legislators disqualified from holding certain offices.

It shall be unlawful for any member of the legislature, during the term for which he was elected, to accept or receive, or for the governor, or other officials or board, to appoint such member of the legislature to, any office of trust, profit, honor or emolument, created by any law passed by the legislature of which he is a member. Any appointment made in violation of this section shall be null and void and without force and effect, and any attempt to exercise the powers of such office by such appointee shall be a usurpation, and the appointee shall be deemed guilty of a misdemeanor, and, on conviction, shall be fined not less than $500 nor more than $5000.

67-5726. Prohibitions.

(1) No contract or order or any interest therein shall be transferred by the contractor or vendor to whom such contract or order is given to any other party, without the approval in writing of the administrator. Transfer of a contract without approval shall cause the annulment of the contract so transferred, at the option of the state. All rights of action, however, for any breach of such contract by the contracting parties are reserved to the state. No member of the legislature or any officer or employee of any branch of the state government shall directly, himself, or by any other person in trust for him or for his use or benefit or on his account, undertake, execute, hold or enjoy, in whole or part, any contract or agreement made or entered into by or on behalf of the state of Idaho, if made by, through, or on behalf of the department in which he is an officer or employee; or if made by, through or on behalf of any other department unless the same is made after competitive bids.

(2) Except as provided by section 67-5718, Idaho Code, no officer or employee shall influence or attempt to influence the award of a contract to a particular vendor, or to deprive or attempt to deprive any vendor of an acquisition contract.

(3) No officer or employee shall conspire with a vendor or its agent, and no vendor or its agent shall conspire with an officer or
employee, to influence or attempt to influence the award of a contract, or
to deprive or attempt to deprive a vendor of an acquisition award.

(4) No officer or employee shall fail to utilize an open contract
without justifiable cause for such action. No officer or employee shall
accept property which he knows does not meet specifications or
substantially meet the original performance test results.

(5) Deprivation, influence or attempt thereat shall not include
written reports, based upon substantial evidence, sent to the administrator
of the division of purchasing concerning matters relating to the
responsibility of vendors.

(6) No vendor or related party, or subsidiary, or affiliate of a
vendor may submit a bid to obtain a contract to provide property to the
state, if the vendor or related party, or affiliate or subsidiary was paid for
services utilized in preparing the bid specifications or if the services
influenced the procurement process. [I.C., § 67-5726, as added by 1975,
ch. 254, § 2, p. 686; am. 1991, ch. 158, § 5, p. 374; am. 1994, ch. 110 §
1, p. 243; am. 2001, ch. 36, § 7, p. 55.]

67-6506. Conflict of interest prohibited.

A governing board creating a planning, zoning, or planning and zoning
commission, or joint commission shall provide that the area and interests
within its jurisdiction are broadly represented on the commission. A
member or employee of a governing board, commission, or joint
commission shall not participate in any proceeding or action when the
member or employee or his employer, business partner, business
associate, or any person related to him by affinity or consanguinity
within the second degree has an economic interest in the procedure or
action. Any actual or potential interest in any proceeding shall be
disclosed at or before any meeting at which the action is being heard or
considered. For purposes of this section the term "participation" means
engaging in activities which constitute deliberations pursuant to the open
meeting act. No member of a governing board or a planning and zoning
commission with a conflict of interest shall participate in any aspect of
the decision-making process concerning a matter involving the conflict of
interest. A knowing violation of this section shall be a misdemeanor.
INDEX OF ADDITIONAL CONFLICTS OF INTEREST
STATUTES

Idaho Code § 16-106 Duties of coordinating council.
Idaho Code § 19-871 Appointment of additional counsel.
Idaho Code § 20-236 Board of Corrections -- Members or employees of board not to be interested in contracts.
Idaho Code § 20-804 Authority of county or city to house prisoners in a private prison facility.
Idaho Code § 22-436 Seed arbitration.
Idaho Code § 23-211 Liquor Dispensary -- Personnel not be to interested in private liquor traffic.
Idaho Code § 31-807A County Commissioners -- Purchase and Sale of County Property.
Idaho Code § 31-2806 Coroner to act as substitute for sheriff.
Idaho Code § 31-4905 Conflict of interest prohibited.
Idaho Code § 33-1208 Revocation, suspension or denial of certificate -- rounds.
Idaho Code § 33-1254 Professional codes and standards -- Adoption -- Publication.
Idaho Code § 31-4505 County Commissioner -- Pollution Control Financing.
Idaho Code § 31-4905 Regional Disposal Districts -- District Board.
<table>
<thead>
<tr>
<th>Idaho Code § 33-2106</th>
<th>Junior Colleges, Trustees of Junior College Districts.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Idaho Code § 33-3004</td>
<td>Idaho State University.</td>
</tr>
<tr>
<td>Idaho Code § 33-3403</td>
<td>Idaho School for the Deaf and Blind.</td>
</tr>
<tr>
<td>Idaho Code § 39-1446</td>
<td>Organization meeting -- Chairman -- Executive director -- Surety bond and conflict of interest.</td>
</tr>
<tr>
<td>Idaho Code § 39-5603</td>
<td>Standards for provision of personal assistance services.</td>
</tr>
<tr>
<td>Idaho Code § 39-7408B</td>
<td>Site review panels -- Members, chairman, quorum, meetings, staff.</td>
</tr>
<tr>
<td>Idaho Code § 39-7908</td>
<td>Site review panels established.</td>
</tr>
<tr>
<td>Idaho Code § 40-409</td>
<td>Turnpikes.</td>
</tr>
<tr>
<td>Idaho Code § 40-612</td>
<td>County Commissioners--Commissioner not to have interest in highway contracts.</td>
</tr>
<tr>
<td>Idaho Code § 41-208</td>
<td>Department of Insurance -- Director.</td>
</tr>
</tbody>
</table>
Idaho Code § 42-5227  Ground Water Districts--Directors and Officers.

Idaho Code § 43-320  Irrigation Districts--Directors and Officers.


Idaho Code § 54-829  Board of Cosmetology -- Affiliations of members with schools of cosmetology or company selling cosmetic supplies.

Idaho Code § 54-909  Board of Dentistry.

Idaho Code § 54-1202  Definitions.

Idaho Code § 54-1525  Optometrists--Referrals by optical firms prohibited.

Idaho Code § 54-1720  Other duties -- Powers -- Authority.

Idaho Code § 54-1806A  Board of Profession Discipline--physicians and surgeons.


Idaho Code § 63-3802  Members.


Idaho Code § 67-5252 Presiding officer -- Disqualification.
Idaho Code § 67-5726 Prohibitions.
Idaho Code § 67-6407 Conflict of interest.
Idaho Code § 67-6506 Conflict of interest prohibited.
Idaho Code § 67-7405 Commission -- Appointment -- Chairman.
Idaho Code § 67-7443 Conflict of interest.
Idaho Code § 68-108 Power of court to permit deviation or to approve transactions involving conflict of interest.
Idaho Code § 70-1410 Port Districts
Idaho Code § 70-2105 Port Districts -- Economic Development Financing Act
SUBJECT

Update on the ongoing Allocation Investigation for hydrocarbons from wells in Payette County operated by Alta Mesa Services. A glossary of capitalized terms follows this memo.

BACKGROUND

The wells produce two hydrocarbon streams generically referred to as gas and condensate. The two streams are processed into three marketable products: Residue Gas, Natural Gas Plant Liquids, and Plant Condensate. The volumes of these three products are then allocated back to each well completion.

In 2018, the Idaho Oil and Gas Conservation Commission (Commission) noted discrepancies in reported volumes for Residue Gas and Plant Condensate. Residue Gas is derived from Rich Gas. Rich Gas is transported from wellheads through the Little Willow Gathering Facility (Little Willow Facility), through the 11-mile long gas pipeline, and through the Northwest Gas Processing Highway 30 Plant (Highway 30 Plant). The Highway 30 Plant extracts Natural Gas Plant Liquids from Rich Gas. The remaining processed gas at the outlet of the Highway 30 Plant is Residue Gas. Plant Condensate is derived from Well Condensate. Well Condensate is transported from wellheads through the Little Willow Facility, through the 11-mile long condensate pipeline, and through the Highway 30 Plant. The remaining processed condensate at the outlet of the Highway 30 Plant is Plant Condensate.

Alta Mesa was informed of the discrepancies. They discovered a systematic error in an equation used in some steps of the allocation process. The error affected the volumes of Plant Condensate allocated to the gas and liquid streams leaving the Little Willow Facility and entering the Highway 30 Plant. Allocations of Natural Gas Plant Liquids were not affected by the error.

The error was a mismatched stream analysis reference within an equation.

- The incorrect reference applied the equivalent liquid volume percentage of each individual hydrocarbon component derived from each individual laboratory analysis.
- The correct reference applied the molecular percentage of each individual hydrocarbon component derived from each individual laboratory analysis.

Table 1 is a textbook example laboratory hydrocarbon analysis data table of chromatographic results using test method GPA 2186M. It lists the “Mole %” (molecular %) and the “Liq. Vol. %” (liquid volume percent) for 21 components. Highlighted in yellow are the Mole % and the Liq. Vol. % for methane. Note the difference in percentages for methane. Differences also occur for the other individual components.
GENERAL ALLOCATION METHOD

The individual well completions are allocated their shares of hydrocarbon products (Plant Condensate, Residue Gas, and Natural Gas Plant Liquids) produced by the Highway 30 Plant by a one-, two-, or three-step allocation method. The allocation methods differ in the number of steps because of various technical, operational, or financial constraints associated primarily with the location of each well in relation to the production process. Each individual step uses the component volumes derived from the laboratory analyses that are used to scale the contribution of each well completion to the total of each product.

- **One Step Allocation.** Only well completion DJS 1-15 uses a one-step allocation process. The fluid stream from DJS 1-15 undergo three-phase gravity separation and metering at the well pad. The two liquid hydrocarbon streams from DJS 1-15 go into the two separate pipelines that transport Well Condensate and Rich Gas from the Little Willow Facility to the Highway 30 Plant. Therefore, the Highway 30 Plant totals are allocated to DJS 1-15 in one step.

- **Two Step Allocation.** Seven well completions (Kauffman 1-9 LT (“lower tube”), Kauffman 1-9 UT (“upper tube”), ML 1-10, ML 1-11 UT, ML 1-11 LT, ML 2-10, and ML 3-10) use a two-step allocation process.
  - **Step 1:** Highway 30 Plant totals to Little Willow Facility totals;
o Step 2: Little Willow Facility totals (minus totals from the “multi wells” discussed below) to these individual well completions.

o Three Step Allocation. The three wells with partial federal mineral ownership (ML 1-3, ML 2-3, and Kauffman 1-34) use a three step allocation process.

o Step 1: Highway 30 Plant totals to Little Willow Facility totals;

o Step 2: Little Willow Facility totals to the “multi well” totals. For well completions K 1-34, ML 1-3, and ML 2-3, each well fluid stream undergoes three-phase gravity separation and metering for each well at each well pad, and not at the Little Willow Facility. Then, the three fluid streams (water, hydrocarbon liquids, and hydrocarbon gases) from the three wells (nine total fluid streams) are combined into one gathering line, which runs to the multi-well three-phase separator located at the Little Willow Facility. The multi-well separator creates three fluid streams (water, hydrocarbon liquids, and hydrocarbon gases), each individually metered.

o Step 3: The multi-well hydrocarbon stream totals are allocated to individual well completions.

DISCUSSION

Attachment 1 (McFarland datasets) comprises several allocation datasets produced for Alta Mesa by contract petroleum engineer S. McFarland. The Oil and Gas Division received these datasets on April 1, 2019. The McFarland datasets contain the monthly results and yearly summations of the original (“old”) allocation method (2015-2018), the results of the corrected (“new”) allocation method (2016-2018), and the differences between the two methods (2016-2018).

Attachment 2 (IDL Review datasets) is a year-by-year summary of the McFarland datasets. It is color-coded for ease of review. The IDL Review datasets also include a summary of Plant Condensate volumes and Residue Gas volumes using both allocation methods (new and old), as well as the difference and percent difference between these methods.

The bottom of the IDL Review dataset includes the 2016-2018 grand totals of volumes for all well completions for Plant Condensate (new, old, difference) and for Residue Gas (new, old, difference). The grand totals of volumes for new versus old are equal. In addition, the IDL Review datasets suggest that the new corrected allocation has reasonable variances of plus or minus five percent by well completion as shown by the percent differences to the old allocation results. The exception is the Kauffman 1-9 LT, which shows a negative 28 percent difference in Plant Condensate. At this point in our investigation, the variances in percent differences, including Kauffman 1-9 LT, are presumed to be related to the allocation error summarized above.
GLOSSARY

Allocation is a term used to describe the system by which ownership of oil, gas, and produced water is determined and tracked from the point of production to a point of sale or discharge. Allocation is also known as hydrocarbon accounting, hydrocarbon value realization, product measurement and allocation, and production management and reporting. Although the principles of allocation are straightforward, the details are highly complex.

Natural Gas Plant Liquids means hydrocarbon compounds in Rich Gas that are extracted as liquids at processing plants, gas processing plants, gas plants, gasoline processing plants, fractionating plants, cryogenic plants, and cycling plants. Natural Gas Plant Liquids may include ethane, propane, the butanes, the pentanes, and hydrocarbon compounds of higher molecular weight. Hydrocarbon components may be fractionated and sold as an individual hydrocarbon (such as propane), or mixed together (referred to as Y-grade or raw mix) and sold, depending on the purchaser’s sales agreement.

Plant Condensate is also referred to as stabilized condensate and means the processed liquid hydrocarbon product from a processing plant. The processing decreases the quantity of methane and ethane, which reduces the vapor pressure of the liquid, thereby preventing the production of vapor phase upon flashing the liquid, which ensures safe storage in atmospheric transportation and storage tanks.

Residue Gas is also referred to as tailgate gas, burner gas, or pipeline-quality natural gas and means 87.0 - 97.0 molecular percentage of methane that is merchantable and marketable, and meets an interstate or intrastate transmission company’s minimum specifications per American Gas Association Bulletin No. 36.

Rich Gas means all hydrocarbon compounds and gaseous substances in a raw, unprocessed liquids-rich gas (minus formation water) that is gaseous at the conditions under which its volume is measured or estimated. Rich Gas is typically recovered from the wellhead or at the surface by use of a gravity separator or similar equipment. Rich Gas typically consists mostly of methane, ethane, propane, the butanes, and minor amounts of the pentanes plus hydrocarbon compounds of higher molecular weight.

Well Condensate means undifferentiated crude oil or condensate as a mixture of raw liquid hydrocarbon components, the majority of which range from pentanes and hydrocarbon compounds of higher molecular weight recovered after the wellhead by gravity separation or a similar process, and is liquid at the conditions under which its volume is measured or estimated. Well Condensate (also called lease condensate) can be derived directly after the wellhead with no separation (historically called casinghead gasoline). Well Condensate is typically unstable for truck transport and must be processed at a specialized facility to remove specific hydrocarbon compounds or various impurities; it is then referred to as Plant Condensate.

ATTACHMENTS

1. McFarland Allocation Datasets
2. IDL Review Datasets
3. PowerPoint – “Allocation Investigation”
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**ATTACHMENT 1. McFarland Allocation Datasets**
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<td>2016 Total</td>
<td>2020 Total</td>
</tr>
</tbody>
</table>

NOTE: THIS SHEET USES A DIFFERENT ORDER OF WELLS, NGPL were not affected by the allocation error

ALLOCATION INVESTIGATION

May 29, 2019
DAVE SCHWARZ
OIL & GAS FIELD INSPECTOR
IDAHO DEPARTMENT OF LANDS
GENERAL BACKGROUND

Wells produce

2 hydrocarbon streams generically referred to as gas & condensate

2 streams are processed into 3 marketable products:

- Residue Gas
- Natural Gas Plant Liquids
- Plant Condensate

Volumes of these 3 products are then **ALLOCATED** back to each well completion
**ALLOCATION**: The system by which ownership of oil, gas, & produced water is determined & tracked from point of production to a point of sale or discharge

Although the principles of allocation are straightforward, the **details are highly complex**

equivalent volume of source $x$
attributable to the inlet of tier $K$ delivered to sink $y$ on the outlet of tier $K$:

$$V_{x_{K-1} \rightarrow y_K} = \sum_{i=1}^{I} \frac{V_{x_{K-1,i}}}{\sum_{x_{K-1}=1}^{X_{K-1}} V_{x_{K-1,i}}} \cdot V_{y_{K,i}}$$
In 2018, OGCC noted discrepancies in reported volumes of Residue Gas & Plant Condensate

*Residue Gas*: derived from *Rich Gas*

*Rich Gas*: transported from wellheads thru Little Willow Gathering Facility, thru the 11 mile long gas pipeline, to Hwy 30 Plant

Hwy 30 Plant extracts *Natural Gas Plant Liquids* from *Rich Gas*, & delivers *Residue Gas* at outlet

*Plant Condensate*: derived from *Well Condensate*

*Well Condensate*: transported from wellheads thru Little Willow Facility, thru 11 mile long condensate pipeline, thru Hwy 30 Plant
Alta Mesa discovered a systematic error in an equation used in some steps of allocation process

• Eq. scales vols of Plant Condensate allocated to gas & liquid streams leaving Little Willow Facility & entering Hwy 30 Plant

• Allocations of Natural Gas Plant Liquids not affected by error
### Example Hydrocarbon Analysis

<table>
<thead>
<tr>
<th>Components</th>
<th>Mole %</th>
<th>Weight %</th>
<th>Liq. Vol. %</th>
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<td>Carbon Dioxide</td>
<td>0.0853</td>
<td>0.1450</td>
<td>0.0687</td>
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<td>Nitrogen</td>
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<td>0.0304</td>
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<td><strong>Methane</strong></td>
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<td>Ethane</td>
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<td>16.7445</td>
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<td>Propane</td>
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<td>iso-Butane</td>
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<td>3.9483</td>
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<tr>
<td>n-Butane</td>
<td>3.8382</td>
<td>8.6156</td>
<td>5.7104</td>
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<tr>
<td>iso-Pentane</td>
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<tr>
<td>n-Pentane</td>
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<td>2.5178</td>
<td>1.5457</td>
</tr>
<tr>
<td>Cyclopentane</td>
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<td>0.0725</td>
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<td>Cyclohexane</td>
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<td>Other Hexanes</td>
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<td>Heptanes</td>
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Error = Mismatched Stream Analysis Reference of Components From Lab Analyses
Error = Mismatched Stream Analysis Reference of Components From Lab Analyses

Incorrect Allocation: applied equiv. Liq. Vol. %

Correct Allocation: applied Mole %
GENERAL ALLOCATION METHOD

Individual well completions are allocated their shares of products (Plant Cond, Residue Gas, & NGPL) produced by Hwy 30 Plant by a 1-, 2-, or 3-step allocation method.

Methods differ in # of steps because of technical, operational, or financial constraints assoc. with location of each well in relation to production process.

Each step uses component volumes derived from lab analyses that are used to scale the contribution of each well completion to total of each product.
One Step Allocation = DJS 1-15

Hwy 30 Plant totals are allocated to DJS 1-15 in a one-step process.

Fluid stream from DJS 1-15 undergo 3-phase gravity separation & metering at the well pad.

The 2 liquid hydrocarbon streams do not go to Little Willow. But directly into the 2 separate pipelines that transport Well Condensate & Rich Gas from Little Willow to Hwy 30 Plant.
Two Step Allocation: Kauffman 1-9 LT, Kauffman 1-9 UT, ML 1-10, ML 1-11 UT, ML 1-11 LT, ML 2-10 & ML 3-10

Step 1: Hwy 30 Plant totals to Little Willow Facility totals

Step 2: Little Willow Facility totals (minus totals from the “multi wells” discussed next) to these individual well completions
3 Step Allocation. 3 wells with partial federal mineral ownership: ML 1-3, ML 2-3, & Kauffman 1-34

Step 1: Hwy 30 Plant totals to Little Willow Facility totals

Step 2: Little Willow totals to “multi well” totals. Each well fluid stream undergoes 3-phase grav. sep. & metering for each well at each well pad -- not at Little Willow Facility. Then, the 3 streams (water, HC liquids, & HC gases) from the 3 wells (9 total fluid streams) are combined into 1 gathering line, which runs to the Multi-Well (MW) 3-phase sep. located at Little Willow Facility. MW separator creates 3 fluid streams (water, HC liquids, & HC gases), each individually metered.

Step 3: The MW HC stream totals are allocated to individual well completions
Attachment 1 ("McFarland datasets")

Allocation datasets produced for Alta Mesa by petroleum engineer S. McFarland. Received on Apr 1, 2019 by O & G Div

McFarland datasets contain:

Monthly results & yearly summations of:

• original ("old") allocation method (2015-18)
• corrected ("new") allocation method (2016-18)
• differences between the two methods (2016-18)
Attachment 2 ("IDL Review datasets")

- Only the yearly summations of the McFarland datasets
- color-coding of datasets for ease of review,

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<th>Product</th>
<th>Allocation Method</th>
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<th>2016-2018 Total by Weight</th>
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<td>ML 1-11 UT Condensate</td>
<td>Cond</td>
<td>New</td>
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<td>(7,594)</td>
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<td>716,022</td>
<td>554,359</td>
<td>11</td>
<td>2,097,143</td>
</tr>
<tr>
<td>FE-111AG</td>
<td>ML 1-11 UT Gas</td>
<td>Gas</td>
<td>diff</td>
<td>1,689</td>
<td>5,598</td>
<td>5,423</td>
<td>12</td>
<td>12,710</td>
</tr>
</tbody>
</table>
Attach. 2 ("IDL Review datasets")
additional summations by Plant Condensate & Residue Gas
new, old, difference, % difference

<table>
<thead>
<tr>
<th>2016 - 2018 Totals by Well Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plant Condensate (BBL)</td>
</tr>
<tr>
<td>New (1+7)</td>
</tr>
<tr>
<td>Old (2+8)</td>
</tr>
<tr>
<td>Difference (3+9)</td>
</tr>
<tr>
<td>% Difference</td>
</tr>
<tr>
<td>51,506</td>
</tr>
<tr>
<td>51,744</td>
</tr>
<tr>
<td>1,735</td>
</tr>
<tr>
<td>3%</td>
</tr>
</tbody>
</table>
Bottom of Attach. 2 shows 2016-18 grand totals of all wells for:

### 2016-2018 Totals All Wells of Plant Condensate (BBL)

<table>
<thead>
<tr>
<th>New</th>
<th>Old</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>313,357</td>
<td>313,357</td>
<td>0</td>
</tr>
</tbody>
</table>

### 2016-2018 Totals All Wells of Residue Gas (MMBtu)

<table>
<thead>
<tr>
<th>New</th>
<th>Old</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>11,304,665</td>
<td>11,304,667</td>
<td>(2)</td>
</tr>
</tbody>
</table>
Attach. 2: new corrected allocation shows reasonable variances by well completion in % differences to old allocation results. Except for Kauffman 1-9 LT: -28 % difference in Plant Condensate.

<table>
<thead>
<tr>
<th>Plant Condensate (BBL)</th>
<th>New (1+7)</th>
<th>Old (2+8)</th>
<th>Difference (3+9)</th>
<th>% Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>8,330</td>
<td>6,335</td>
<td>(1,765)</td>
<td>-28%</td>
</tr>
</tbody>
</table>

At this point in our investigation, the variances in % differences, including Kauffman 1-9 LT, are presumed to be related to the allocation error.
The equivalent volume contributed by source $x$ is equal to the contribution of component $i$ from source $x$ relative to the contributions of component $i$ from all sources, multiplied by the receipts of component $i$ by all sinks, summed over all stream components.
May 29, 2019
Idaho Oil and Gas Conservation Commission Meeting
Agenda Item # 7
Will not be presented at this meeting