



## IDAHO OIL AND GAS CONSERVATION COMMISSION

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

Mick Thomas, Secretary to the Commission

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Final Minutes  
Idaho Oil and Gas Conservation Commission Regular Meeting  
February 13, 2019

The regular meeting of the Idaho Oil and Gas Conservation Commission was held on Wednesday, February 13, 2019, at the Borah Building, 2nd Floor Courtroom (Room 214), 304 N. 8th St. (at Bannock), Boise, Idaho. The meeting began at 1:02 p.m. Vice Chairman Marc Shigeta presided. The following members were present:

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

For the record, three Commission members were present. Commissioner Classen joined via teleconference for the Executive Session only. Vice Chairman Shigeta presided due to the resignation of Kevin Dickey.

- **ANNOUNCEMENTS**

Vice Chairman Shigeta disclosed a potential conflict of interest as follows:

“I would like to disclose a potential conflict of interest I had related to the production allocation investigation and the Kauffman contested case. I own mineral rights and I had leased my minerals to AM Idaho, LLC. However, my mineral rights were not included in any producing units and my lease expired January 28, 2019. While I acknowledge I had a potential conflict of interest in these matters, I have impartially evaluated and participated in these matters, but just a disclosure.”

Vice Chairman Shigeta stated that there would be public comments accepted and that public comment will be taken after item 5 prior to the Executive Session. Secretary Thomas announced that Commissioner Classen will call in for the Executive Session.

### **1. Division Administrator’s Report**

A. Financial Update

B. Current Oil and Gas Activity

Commissioner Love inquired as to why there were two well symbols on the Fallon 1-10 location. Secretary Thomas responded that it was a map error and that it will be corrected.

Later in the meeting, Program Manager James Thum clarified that the Fallon 1-10 well is a directional well and that the map shows surface and bottom hole well locations (thus the two well symbols).

C. Status Update

- i. Class II Injection Well – Permit Status
- ii. Docket No. CC-2017-OGR- 01-002 – Kauffman Complaint
- iii. Oil and Gas Royalty Audit

D. Operator Compliance

Vice Chairman Shigeta stated that the oil and gas town hall meeting was in Payette last week and that it went great. One issue that continues to come up is severance tax rates and whether or not it is adequate. Vice Chairman Shigeta asked that the severance tax study done by the previous Commission be put on the Oil and Gas Conservation Commission website. Secretary Thomas responded that it will be put on the website. Secretary Thomas explained that severance tax rate varies from state-to-state, and that some states that have higher tax rates may have more deductions. He stated that Idaho's 2.5% severance tax rate is comparable to other states. Later in the meeting, Mr. Thum stated that the severance tax study was on the Oil and Gas Conservation Commission website on the News and Information page. Secretary Thomas responded that it would be put on the front page.

• **CONSENT – ACTION ITEM(S)**

2. **Approval of Minutes** – December 20, 2018 - Regular Meeting (Boise)

*CONSENT AGENDA COMMISSION ACTION:* A motion was made by Commissioner Miller that the Commission approve the meeting minutes on the Consent Agenda. Commissioner Love seconded the motion. The motion carried on a vote of 3-0.

• **REGULAR – ACTION ITEM(S)**

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

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

*DISCUSSION:* Vice Chairman Shigeta stated that the election could be delayed since Commissioner Classen was not present. Secretary Thomas read the statute stating that if a vacancy occurs then a new one shall be elected. Secretary Thomas clarified that this is an interim role. Vice Chairman Shigeta asked if new officers would be elected in August and Secretary Thomas responded yes. Commissioner Miller added that the statute does not specify a time frame, and that this could be held another month so Commissioner Classen would be in attendance. Vice Chairman Shigeta stated that the fifth Commissioner could also be appointed by then.

*COMMISSION ACTION:* A motion was made by Commissioner Miller to delay the election of the interim chair for the Idaho Oil and Gas Conservation Commission until the next regularly scheduled meeting. Commissioner Love seconded the motion. The motion carried on a vote of 3-0.

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

- **INFORMATION**

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

For the record, Mr. Thum noted an error on slide 7. It stated there were no sundry notices received during this quarter. The correction was that one sundry notice was received in July 2018 for the ML Investments 1-11 well. <sup>1</sup>

**5. Operator Records Examined/Allocation Investigation** – Presented by Mick Thomas, Division Administrator – Oil and Gas

*DISCUSSION:* Secretary Thomas announced that High Mesa Holdings is separated from Alta Mesa Resources, LLC and that High Mesa Holdings is who oversees the Idaho operations. Secretary Thomas met with High Mesa Holdings in January and they confirmed the allocation errors; production is going down and the numbers on the quarterly reports may be revised as a result of this investigation. Secretary Thomas added that High Mesa Holdings has been cooperative and is submitting requested information to the Department and that the Oil and Gas Division staff are evaluating the data. Secretary Thomas explained that he met with some independent transporters and compared their records with the records High Mesa Holdings submitted. Secretary Thomas stated that ARM Energy Management, LLC (ARM) was not purchasing product toward the end of the year, and that new documents show purchasers from other states. He reiterated that the Department is diligently moving forward and that once things are confirmed, reports will be shared with the Commission who then can determine if action is needed.

Vice Chairman Shigeta opened the floor for public comment. Dr. Brent Mathieu, representing Oil and Gas Resource Council, gave public comment.

At 1:52 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. Commissioner Love seconded the motion. Roll Call Vote at 1:53 p.m.: Aye: Love, Miller, Shigeta; Nay: None; Absent: Classen.

Vice Chairman Shigeta called for a five-minute break. For the record, Commissioner Classen joined the meeting via teleconference at 1:55 p.m.

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<sup>1</sup> The meeting materials on the Oil and Gas Conservation Commission website were updated with the corrected slides after the meeting.

