



# Idaho's oil and gas laws focal point of 2015 legislative session



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(BOISE) - Idaho's laws governing oil and gas development saw positive changes during the 2015 legislative session, which officially ended last week. The changes better align Idaho's oil and gas laws with industry best practices, and prevent waste and protect mineral owners during oil and gas development.

The Idaho Department of Lands (IDL) looked to other states with more mature oil and gas industries in coming up with recommendations that work best for Idaho. Here's a summary of IDL-proposed rules and bills related to oil and gas.

A summary of other bills IDL proposed, as well as some other bills we tracked, also is included.

## Oil and gas rules

The Legislature passed oil and gas rule changes proposed by IDL. Some highlights of the many rule changes include:

- **Increased setbacks** from \_\_\_\_\_ the place where a well is drilled. The changes **protect people's property** and **reduce the potential for structure damage** during drilling.
- **Increased bonding requirements to plug inactive wells** so they reflect actual costs and the State of Idaho is at lesser risk of being on the hook to pay. The enhanced rule will better **protect water quality**.
- **Integration of mineral rights:** Integration **protects mineral rights by ensuring all mineral owners in a drilling unit receive compensation** upon production of the resource. Integration allows for orderly development of an oil and gas reservoir when 55 percent of

- the mineral interest owners within a unit have been leased to an operator.
- Some other things addressed in the rulemaking include **increased industry notification and state inspection of critical pre-drilling operations; online disclosure of chemicals** used during hydraulic fracturing through FracFocus.org (there are no applications or permits for fracking in Idaho); **restrictions on flaring gas** (burning off excess gas); **restrictions for on-site chemical storage; increased protection of groundwater resources**.

## *IDL-proposed oil and gas bills*

[House Bill 50](#) - PASSED - The bill defines how oil and gas companies cooperate in the development of an oil and gas field or pool, and allows fewer wells to be drilled in order to prevent waste and to efficiently drain oil and gas.

[House Bill 48](#) - PASSED - Oil and gas production records, which are considered business records, will be reported six months after production and will be exempt from public disclosure for another six months.

[House Bill 49](#) - PASSED - Sets application fees for oil and gas activities regulated by the Commission so that IDL can cover the costs to administer the applications.

## *Other IDL-proposed legislation*

[House Bill 47](#) - PASSED - Creates a Navigable Waterways Fund so that IDL management of the beds and banks of Idaho's navigable waterways is funded from a dedicated source, not the General Fund. Money in the Navigable Waterways Fund in excess of what is needed fund the program will be transferred into the Waterways Improvement Fund managed by the Parks and Recreation Board. Royalties from the extraction of minerals from navigable waterways will go to the public school endowment fund - where the principal will remain intact forever - instead of the General Fund.

## *Other legislation IDL didn't propose but still tracked*

### **OIL AND GAS**

[House Bill 269](#) - PASSED - The bill aligns tax collection policies with industry and market practices to allow for uniform tax assessment for oil and gas produced in Idaho.

[House Bill 123](#) - PASSED - Industry-proposed bill that exempts the Commission

### **SAGE GROUSE**

[House Joint Memorial 9](#) - PASSED - Urges Congress to encourage State primacy in the long term management and protection of sage grouse and its habitat. IDL will continue to stay focused on conservation measures for endowment trust rangelands in sage grouse habitat and for

### **FEDERAL LANDS**

[Senate Concurrent Resolution 126](#) - PASSED - Directs IDL to establish an internal working group to meet with federal land management agencies and to identify specific parcels of federal land for Good Neighbor Authority. IDL will report back to the Legislature on an annual

from the contested case provision of the Administrative Procedures Act. IDL will initiate rulemaking this year to complement the new law. The change is better adapted to the oil and gas industry and will be more efficient for the Commission and IDL.

[House Bill 124](#) - PASSED - Industry-proposed bill that gives the Commission the option to exclude the BLM from a drilling unit. The bill also provides for geographic units.

[House Bill 125](#) - PASSED - Industry-proposed bill that defines "gas" to include "condensate," restoring the historical definition of gas in Idaho Code and clarifying that condensate is taxable under Idaho Code.

activities in sage grouse habitat that fall under certain IDL regulatory and assistance duties. The IDL plan will be presented to the Land Board and Idaho Oil and Gas Conservation Commission for approval in April.

[House Bill 291](#) - PASSED - Protects private property rights by enabling owners and occupiers of land to enter into voluntary conservation agreements without disclosing management plans.

basis.

## LAND EXCHANGES

[Senate Concurrent Resolution 107](#) - PASSED - Encourages the Land Board to enter into land exchanges when it is in the State's best interest.

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