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TOM SCHULTZ, DIRECTOR  
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**IDAHO OIL AND GAS**  
**CONSERVATION COMMISSION**  
*Chris Beck, Chairman*  
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October 25, 2016

Tom Schultz  
Director  
Idaho Department of Lands  
PO Box 83720  
Boise, Idaho 83720

SUBJECT: Agency Comments on Proposed Rule 20.07.02, Rules Governing Conservation of Oil and Natural Gas in the State of Idaho.

Dear Director,

The Resource Protection and Assistance Bureau (RPA Bureau) has reviewed the Proposed Rule for IDAPA 20.07.02 published in the October 5, 2016 Administrative Bulletin. Several errors in publication were found, and several additional changes may be needed to improve this rulemaking effort. These changes should be considered for the Pending Rule.

We recommend the following changes to the Proposed Rule.

- 1) 006. Public Records Act Compliance. The word "exempt" should be inserted into the last sentence, which would then read as follows: "When a portion of a record or a portion of a page in that record is subject to disclosure and the other portion is subject to a claim that it is a trade secret exempt from disclosure under Title 74, Chapter 1, Idaho Code, the person making the claim must clearly identify the two portions at the time of submittal."
- 2) Definition 010.02, Active Well, is missing the title. This is a publishing error as this was not modified during the rulemaking.
- 3) A serial comma is needed in Definition 010.03, annulus, after the first use of the word "tubing".
- 4) Definition 010.21, Drill Cuttings, needs a hyphen for the words "ground-up".
- 5) Definition 010.62 – a through e should be in bold.
- 6) Definition 010.62.e – "Plug backs" should be two words.
- 7) Section 040 Permit Processing – numbering is wrong (01, 02, 02, 03)
- 8) Section 040, Introductory paragraph should be modified as follows: "Applications submitted under ~~Sections 100, 200, 201, 210, 211, 230, and 330, and 502 of these rules~~ Idaho Code 47-320(1)(a) will be..."
- 9) Subsection 040.02 - Remove existing text and replace with this: "The applicant may modify applications that are denied due to incompleteness. The applicant may resubmit a modified application within fifteen (15) business days of the applicant receiving notice of a denied application. No additional application fee will be required within that fifteen (15) days, but new fees may be required if the Department receives the revised application past that fifteen (15) day dead line and the operator does not request an extension for good cause."

OR in Procedures do we reference notifying the applicant they need to withdraw their application in first five days due to incompleteness or it will be posted for 10 days with a note that it will likely be denied due to information that is lacking or inconsistent.

- 10) Subsection 040.03 (corrected) should be deleted.
- 11) Subsection 040.04 should have the reference to 47-324(g) deleted.
- 12) Subsection 100.01 – Seismic Operations. Reference to being processed under Section 040 is needed. Put in last sentence “The application for a ~~permit for~~ seismic operations permit will be processed under Section 040 of these rules and must include all of the following:”
- 13) Subsection 100.08 – Delete “permit” from list of items that are exempt from disclosure for one year. Conflicts with posting applications in Section 040.
- 14) Paragraph 120.04.c – Delete “and instructions for participating in the hearing” at the end of this paragraph.
- 15) Subsection 120.05 – Introductory sentence should be changed to “After the applicant files their application and the Department determines a hearing date, the applicant will send any notice of hearing and response deadline as follows:”
- 16) Paragraph 120.07.e – This paragraph may need some rewording. It may be redundant with introductory paragraph for Subsection 120.07. Possibly modify as follows: “An exceptional well location may be included in the request to establish spacing units if, upon application, ~~notice, and hearing,~~ the Department finds that the spacing unit is located on the edge of a pool or field and adjacent to a producing unit, or that the required well location on the spacing unit would not be likely to produce in paying quantities, or that surface conditions would substantially add to the burden or hazard of drilling the well, or for other good cause shown. The Department ~~will~~ may act to offset any advantage that the person securing the exceptional well location may have over other producers by reason of drilling the well as an exception. The order must include provisions to prevent production from the spacing unit from being more than its just and equitable share of the producible oil and gas in the pool.”
- 17) Paragraph 120.07.e The first sentence may not make sense when applied to a field wide spacing order that allows infill drilling, and some adjustments may be needed. It currently reads: “A spacing order may permit only one well to be drilled and completed in the common source of supply on any spacing unit. The well must be drilled at a location authorized by the order.”
- 18) Subsection 130.02 – Delete last sentence describing mailing costs.
- 19) Section 140 – Change title by adding “a” to end of code reference
- 20) Subsection 140.04 – Remove existing text and replace with this: “The applicant may amend submitted applications with additional materials. The noticed parties must be forwarded the application amendments.”
- 21) Subsection 140.05 – Delete this subsection.
- 22) Paragraph 200.01.h through k are not labeled h through k.
- 23) Paragraph 200.01.o is not labeled o.
- 24) Paragraph 200.05.a Change last sentence as follows “...and with reference to the boundaries of the proposed spacing unit that conforms to the requirements in Subsection 120.01, or any spacing requirement in an ~~Commission~~ Order.”

- 25) Subsection 200.06 – Modify end of Subsection as follows: “...if the application does not contain the information required in 200.05 or if the proposed well will result in a waste of oil or gas, a violation of correlative rights, or the pollution of fresh water supplies...”
- 26) Subsection 210.08 is not numbered.
- 27) Subsection 310.06 – Requirements for BOP Equipment , Modify as follows: “Unless altered, modified, or changed ~~for a particular pool(s) upon hearing before the Commission through application to the Department,~~ BOP and related equipment shall be installed and maintained during the drilling of all wells in accordance with the following rules:”
- 28) Section 314, Vacuum Pumps Prohibited. Delete reference to hearing and modify last sentence as follows: “The use of vacuum pumps or other devices for the purpose of placing a vacuum on any gas- or oil-bearing stratum is prohibited; however, the Department may upon application ~~and hearing~~ and for good cause shown permit the use of vacuum pumps. Applications will be processed as described in ~~Section 140 of these rules~~ Idaho Code 47-320(1)(a).”
- 29) Section 315, Pulling Casing. Modify last sentence “Applications will be processed as described in ~~Section 140 of these rules~~ Idaho Code 47-320(1)(a).”
- 30) Subsection 341.1 Logging – Modify last sentence to mirror language in 200.05.d. “The log must show the ~~operator’s best estimate of formation tops of the important geologic markers, and the top of the target formation.~~”
- 31) Paragraph 341.07.b. Modify as follows: “The operator of any well drilled for oil or gas must inform the Director of all intervals that are to be sidewall cored, or have been cored. The operator will provide this notice while the well is being drilled or immediately following the well’s completion. ~~Unless specifically exempted by the Director, all sidewall cores taken will be preserved, labeled for identification and depth, and forwarded to the Department within one (1) year after completion of drilling operations. The Director may grant an extension of the one (1) year time period for good reason. If an exemption is granted, the operator will advise the Director of the final disposition of the core. This section does not prohibit the operator from taking such samples of the core as the operator may desire for testing. The operator will submit to the Department all test results when the core is submitted. If sidewall core is taken, and if the operator in possession of the sidewall core intends to dispose of it, the operator will notify the Department at least sixty (60) days prior to disposal. The Department will then have the option of obtaining the sidewall core prior to disposal.~~”
- 32) Subsection 404.03 – Second to last sentence has word or two missing: “The production will be limited to that amount which the pool can produce without waste and in accordance with sound engineering practice. The order shall also limit the amount of oil or gas, or both, that may be produced from any well in the pool, so that each owner or operator is given an opportunity to produce his just and equitable share in the pool in accordance with sound engineering practice.”
- 33) Subsection 410.02 Meters – Modify first sentence as follows: “All required meters ~~shall~~ must be calibrated ~~by an independent third party~~ at least once per quarter in each calendar year.
- 34) Subsection 500.04 Active Well, Quarterly Reporting – Change to twice a year.

Thank you for the opportunity to comment on these rules.

Sincerely,

A handwritten signature in blue ink, appearing to read "Eric Wilson". The signature is fluid and cursive, with a prominent initial "E" and "W".

Eric Wilson  
Resource Protection and Assistance Bureau Chief