

## Idaho Department of Lands—comments on proposed Oil & Gas Rules

### Submitted by:

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### **Section 110. Surface Owner Protections (P 551) - Specifically subsection .04 Surface Use Bond:**

The minimum bond amount specified is far too low to protect surface property owners from damage that might be caused by oil and gas developments. It needs to be **substantially** higher. I'm sure I'm clear what's to be covered by this bond, especially if it only applies to the surface owner's loss of "agricultural income and improvement values," which seems to completely disregard that some of these leases are in areas where there are entire subdivisions on the surface. What compensation would homeowners on the surface have?

If an accident or explosion destroys a car parked on your property, \$5,000 wouldn't even cover that. If buildings are destroyed, or a toxic chemical spill or leak contaminates your water supply, even \$20,000 would not be enough compensation. A bond for \$500,000-1,000,000 is warranted, and a bond in that amount wouldn't be much more expensive to the industry than a bond for \$5,000.

### **Section 130. Integration (P 554) -**

NO private landowner should EVER be forced into a minerals production agreement against their will! Aside from other potential damages to private property, it is a documented fact that oil and gas leasing reduces property values significantly, and can jeopardize mortgage contracts, and invalidate insurance policies. Therefore, force-pooling unwilling landowners is an unjust taking of private property.

### **Section 211. Hydraulic Fracturing (P 562) - specifically subsection .02 - VOCs and distillates**

The introduction of ANY VOCs (volatile organic compounds - most of which are carcinogenic, toxic and/or neurotoxic to humans and animals) or distillates into any well is a potential ground water contamination issue. Put into perspective, one gallon of gasoline will contaminate up to 750,000 gallons of fresh water, and most VOCs and distillates are far more hazardous than gasoline. Mature oil and gas states do NOT allow ANY injection of BTEX chemicals into any well regardless of its proximity to water tables. Once injected, there is absolutely no way to prevent seepage, leaks or migration of those contaminants into whatever pathway is opened naturally, or by fracturing.

For the protection of Idahoans and our water supply, I strongly urge you to prohibit the introduction of even small amounts of VOCs into ANY well.

**Section 220. - Bonding (P 564)**

Bonding requirements, as proposed, are far too inadequate to cover possible damages resulting from spills, leaks, fugitive emissions, blow-outs, fires, explosions, road damage caused by heavy trucks and other problems commonly found around oil and gas operations. Bonds MUST be substantial enough to cover all possible losses resulting from operator accidents, errors, omissions or other problems that harm people and/or property.

The proposed limits are far too low to adequately protect anybody other than the oil and gas producer. Idaho should look at mature states like Texas, Louisiana, Pennsylvania or Colorado for guidance on this issue, as well as every other issue being considered. In Texas, the biggest oil & gas producing state in the Nation, bonds run millions of dollars PER WELL. With bonds as low as \$5,00 per well, Idahoans will be left completely unprotected from the damages the oil and gas industry may cause and as taxpayers, we'll be left footing the bill for damages to our state land and resources and private property. This is completely unacceptable!

**Section 310. General Drilling Rules (P 569)**

**.05 - Surface Casing Requirements:** There are many issues with the proposed rules relating to well casing. In Texas, Oklahoma and other places there may be as many as five intermediate casings between the surface casing and the production casing. This is critical for the protection of the well itself and the freshwater-bearing strata penetrated by the well.

Dr. Anthony Ingraffea, the Professor of Fracture Mechanics at Cornell University publicly stated that 5% of all well casings fail immediately, and that 50% will fail within 15 years. The problem is exacerbated by the common use of inferior quality Chinese steel pipe that is weaker and more brittle than US-made steel. Allowing use of Chinese steel pipe is an open invitation to well blow-outs, loss of control, possible releases of toxic, neurotoxic and carcinogenic contaminants into our water, air and soil. Use of Chinese steel pipe in Idaho should be strictly prohibited under penalty of law.

**.07 - Intermediate Casing Requirements:** Intermediate casing should match the length of the surface casing, and should extend AT LEAST 100 feet BELOW the lowest level of any freshwater reservoir into which the wellbore penetrates. Casing requirements MUST be tightened to protect the groundwater reservoirs from contamination due to leaks, blow-outs or other well control problems related to casing and cementing. The drinking water of all Idahoans is at risk!

**Section 400. - Production Reports (P 575)**

The proposed rule requires reporting of hydrocarbon (oil, natural gas, natural gas liquids (NGLs) and/or condensates) production 90 days after production occurs. This is NOT standard industry practice. No mature oil and gas state would EVER allow 90 days for production reports. Production reports are how the state is paid the severance taxes and royalties due from

allowing production of state-owned minerals. This information should be available instantly or at least within 24 hours via automated metering and reporting, with data sent to IDL at the same time it is sent to the producer. Without this information, the State and its citizens do not know they are being properly compensated for the production from their mineral interests.

**.02 – Frequency:** Mature oil and gas states receive production reports on an on-going and constant basis through the use a computer connected to a telephone and flow meters. The computer gathers and tabulates data, and then transmits the data automatically to all appropriate parties immediately.

**Section 410. - Meters (P 577):** Metering is the ONLY way the state and mineral owners have of knowing if they are being justly and fairly compensated for the minerals produced. Having accurately calibrated flow meters on wells is essential to insuring that accurate production records are kept and that the state is appropriately compensated. In mature oil and gas states, metering calibration is routinely required on a frequent basis (AT LEAST MONTHLY), whereas Idaho requires just one annual calibration.

Trusting an operator to properly maintain meters and accurately report production is NEVER done in mature oil and gas states, and it should not be allowed in Idaho. An independent, third party company, with the recognized qualifications to perform meter calibrations, should be retained to perform this service. Metering data should be automatically transmitted to IDL on at least a daily basis because the price of oil and gas fluctuate daily according to global market conditions.

#### **420. TANK BATTERIES**

The proposed rules are completely inadequate to protect life and property from the inherent dangers of fugitive emissions of toxic, carcinogenic and/or neurotoxic vapor releases, explosions, fires and other hazards to health, safety and property. Between 1983 and 2010, there were a confirmed 26 tank battery explosions resulting in 44 fatalities and 25 injuries. The very real potential for harm to people and property demands a setback distance of AT LEAST 2,000 feet from any occupied structure (other than those on the padsite) or freshwater source, agricultural production area, street, road, highway, bridge or other critical infrastructure. **NO EXCEPTIONS** should be allowed by occupied structure residents due to the public cost associated with responding to disasters and caring for those injured, as well as compensating families of those killed.

**Subsection 01.b:** To protect against possible contamination to vital water supplies, demands a setback distance of AT LEAST 2,000 feet from ANY surface water source or conduit, including canals, ditches or other waterways that feed any public water supply, whether for drinking or agricultural production.