

From: director@fracdallas.org
To: [Oil and Gas Conservation Rulemaking](#)
Cc: lwasden@cableone.net; [Tom Schultz](#)
Subject: IDL regarding Proposed Rules for Oil and Gas Conservation, Docket No. 20-0702-1601
Date: Tuesday, October 25, 2016 11:35:13 PM

Dear Mr. Wilson,

This e-mail pertains to issues of Section 400 - Production Reports, and specifically subsection ,02 - Frequency, as follows:

Section 400 – Production Reports

The proposed rule requires reporting of hydrocarbon (oil, natural gas, natural gas liquids (NGLs) and/or condensates) production 90 days after production occurs. Considering that production records are vital and essential to knowing that the state is being honestly, fairly and properly compensated for mineral production according to the laws of Idaho, and because it is industry-standard in mature oil and gas states to require production records as soon as the data becomes available, allowing 90 days after production before reports are due is a gross dereliction of management and administrative responsibilities to the citizens of Idaho who own those "state-owned" minerals.

During the negotiated rulemaking sessions you were told by C.J. McDonald (Lone Tree Petroleum) and former Idaho US Senator Larry Craig that in mature states production data is recorded in real time from flow meter measurements and fed directly into a computer on-site that compiles the data and then makes a phone call to transmit the data to the producer AND the appropriate state agency administering hydrocarbon production in the state of operation. Those reports could, conceivably, be received at IDL in real time, hourly, daily or at any other practical and desired interval. Considering that the only producer currently operating in Idaho is \$875 Million in debt with a junk bond Caa3 rating (according to Moody's Investor Services and Standard & Poors) one would think Idaho public officials would protect the state and its citizens by monitoring meter data and receiving reports at least weekly in order to protect the mineral rights of citizens. This is not a problem for responsible operators, but it will be vigorously opposed by incompetent operators who lack the fiscal assets to act responsibly.

Production reports are how the state gets paid the severance taxes and royalties that are due from allowing production of state-owned minerals. No mature oil and gas state would EVER allow 90 days for production reports.

Please make sure this e-mailed information is included in the official record of public documents submitted to IDL regarding Proposed Rules for Oil and Gas Conservation, Docket No. 20-0702-1601, as required by federal and state laws.

Most sincerely,

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"We only have one environment. When we destroy it we will become as extinct as the dinosaurs!"