Idaho leases thousands more acres for oil and gas development

January 16, 2014

(BOISE) - Oil and gas leases for more than 8,700 acres of State owned lands and minerals were auctioned today at the Idaho Department of Lands (IDL) in Boise.

Alta Mesa Idaho (AM Idaho LLC) was awarded leases on all 8,714 acres and paid $694,373 in bonus bids. The other bidder was Trendwell Energy Corp.

The leases were for approximately 3,475 acres in Canyon County; 1,443 acres in Payette County; 944 acres in Owyhee County; and 495 acres in Washington County.

The high competitive bid was $300 per acre and the largest total bid was $83,840 for one tract containing 640 acres in Gem County. The average bid per acre was $79.68.

Approximately 4,583 acres auctioned for lease are owned by the State endowment trust, and approximately 4,130 acres are owned by the public trust.

Lands and minerals owned by the State endowment trust are managed under a Constitutional mandate to generate maximum long-term income for public schools and other specific State beneficiaries. Today’s auction generated $456,706 in bonus bids for the endowment trusts, most of which will go to Idaho’s public schools.

Public trust lands and minerals are located in the beds of Idaho’s navigable waterways. They are owned by the State of Idaho and managed for the public benefit, generating income for the State General Fund. Today’s auction generated $237,667 in bonus bids for the General Fund.

The public trust acres auctioned for lease today are located in the beds of the Snake, Payette, and Boise Rivers.

No “surface occupancy” or drilling can occur on any of the tracts located in the river. Wells and related surface infrastructure also is prohibited within a quarter mile of the mean high water mark of the river unless otherwise approved by IDL.

Various other stipulations were put in place for all tracts auctioned, in order to protect the environment, surface owners (where split estate scenario was present), and other values. Click here for a full list of lease stipulations and corresponding tract list.

Today’s auction brings the total amount of State lands and minerals leased for oil and gas development to nearly 80,000 acres. Thousands more acres of privately owned lands and minerals also are leased for oil and gas development in Idaho. For federally owned lands and minerals, the Bureau of Land Management is not issuing any new oil and gas leases in Idaho until the agency completes planning for mitigation of sage grouse habitat.

Thirteen wells in Idaho are drilled and ready for development or already in development.

The next auction for State oil and gas leases is scheduled for April 17, 2014, and the deadline to submit nominations for tracts to be included in that auction is Feb. 14, 2014.

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Income for Idahoans

The income from leasing is only part of the potential income to Idahoans, public schools, communities, and the State of Idaho from oil and gas activity in Idaho.

Idahoans also are benefited through severance taxes on production of oil or gas.

A 1.5% tax on production goes to the Oil and Gas Conservation Commission to regulate oil and gas production in Idaho.

A 1.5% tax on production is split between:
- County where the oil or gas is produced (28%)
- Cities where the oil or gas is produced (28%)
- Public School Income Fund (28%)
- A local economic development account to provide assistance to counties that may experience severe economic hardship due to the cutback or closure of business and industry associated with oil or gas production (15%) (Idaho Code 47-330)

[Link to full list of lease stipulations and corresponding tract list]