

Associated Press ~ Feb. 3, 2015

House committee approves changes to Idaho oil and gas rules

By KEITH RIDLER, Associated Press

BOISE, Idaho (AP) — Idaho lawmakers on a House committee advanced four bills to the full House to make alterations to oil and natural gas rules as it becomes more apparent the industry is moving ahead on the belief the state has profitable reserves.

The House Resources and Conservation Committee on Tuesday approved the bills seeking changes the Idaho Department of Lands wants and that experts say bring the state up to national standards.

One of the bills involves a technical though significant change that will give the Idaho Oil and Gas Conservation Commission a clearer path to regulating a common pool of oil or natural gas to avoid waste of the resource. The underground pools can extend through areas with multiple mineral rights owners, leading to potential conflicts.

"The surveyors and Mother Nature never got together when they laid out the grid lines," said Ken Smith, an Oil and Gas Conservation Commission member speaking after the committee hearing wrapped up. "Our job is to mesh up what the surveyors did and what Mother Nature did to make sense out of it. This House bill lays out some of the parameters to do that."

The House committee also sent to the full House a bill that will give the public access to oil and natural gas production records and that more closely follows national standards. Currently, such records are not viewable by the public in Idaho. The new rules would make the records public six months after the state receives the first report.

"What is unique about oil and gas is that this is a common practice to facilitate competition," Idaho Department of Lands Director Tom Schultz told the committee.

Jim Classen, a geologist who is also a member of the Oil and Gas Conservation Commission, testified before the committee in support of the bill.

"This production information is important that it be released to the public," he said, noting it is used by potential investors. "As an exploration geologist, I take this data and use it to try to estimate how much oil and gas we're going to get for each specific well."

No one spoke against any of the four bills presented to the committee.

A third bill approved involves eliminating a sunset clause that will drop oil and gas permit fees from up to \$2,500 to just \$100 in 2017.

Schultz told the committee that the sunset clause was originally put in place because state officials believed at the time that by now the oil and gas industry in Idaho would either be going strong or have been abandoned.

Instead, Schultz said, the industry is in some middle ground, and allowing the sunset clause to reduce fees would likely pull money from the state's general fund should Idaho oil and gas exploration continue, which now appears likely.

Finally, a fourth bill the committee passed involves potential money generated from oil and gas leases where the state owns riverbeds on the leased land. The bill in part amends existing law to send oil and gas royalty money generated by those state-owned riverbeds to the state's endowment fund.

When Idaho became a state in 1890, it acquired ownership of the beds and banks of navigable waterways, defined by whether a log could be floated down the waterway.

Currently, Schultz told the committee, the state owns about 4,600 submerged acres that are in areas leased for oil and gas production. The state owns the mineral rights beneath those submerged acres, and as a result is due royalties.

Classen, the Oil and Gas Conservation commissioner, after the meeting said he expects state leaders to continue making additional changes as the state forges ahead with its nascent oil and gas industry.

"Probably for the next several years to some degree," he said. "Idaho is not going out on a limb. (The Idaho Department of Lands) is taking historical advice from neighboring states that have decades of history in working out solutions."