

Texas oil company asks Idaho officials to break impasse

KEITH RIDLER, Associated Press

BOISE, Idaho (AP) — A state commission took a step Wednesday toward intervening in a dispute between a Texas oil company and mineral rights holders so plans to drill for natural gas or oil can move forward in western Idaho.

The Oil and Gas Conservation Commission selected its chairman, Chris Beck, to preside over procedural matters involving applications filed by Houston-based Alta Mesa Holdings to begin a process called integration in Payette County..

"I expect there will be more requests for integration," Beck said after the meeting that took only a few minutes.

The process allows the commission to act when a minority of mineral rights holders decline to take part in developing a potentially profitable oil or gas field.

It's the first time the process approved by Idaho lawmakers earlier this year is being used.

Drilling units are typically 640 acres in Idaho, and all mineral rights holders in those acres have a right to share in potential profits from oil or gas.

The state has had integration rules for decades, but the regulations haven't been put to the test because Idaho did not have much an oil and gas industry. That changed in recent years as new technologies have made it possible for companies to more accurately locate oil and gas pools.

Now, when 55 percent of mineral rights owners in a unit support drilling, they can ask the state to integrate other rights holders who refuse to participate.

"Some folks, for whatever reason, don't want to give an oil and gas mineral lease," Jim Classen, a member of the Oil and Gas Conservation Commission, said after the meeting. "That's their right not to do that. However, it's the state's viewpoint that we should develop oil and gas for the state of Idaho. It's in the public interest. So this process tries to meld different viewpoints to accomplish that goal."

John Foster, a spokesman for Alta Mesa, said the integration process makes it more challenging for oil companies.

"Without integration, we just sign a lease and go drill a well," he said. "We don't have to worry about surrounding landowners."

The process, however, has the potential to drain oil and gas belonging to a neighboring mineral rights holder — a possibility the process is intended to guard against.

Sections in Alta Mesa's application that contain the names of mineral rights holders to be integrated have been redacted, as are geological reports that would show what the company expects to find.

Alta Mesa has previously skirmished with the U.S. Bureau of Land Management over drilling in units that contain federal land.

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