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Idaho leaders sign off on oil and gas drilling rules

The state worked with industry, environmentalists and property owners to draft the guidelines.

BY ROCKY BARKER - rbarker@idahostatesman.com

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Acting Gov. Brad Little expressed concerns that the owners of surface property rights might not get fair compensation under rules approved Tuesday by the Idaho Oil and Gas Conservation Commission he chaired.

But Idaho Department of Lands Director Tom Schultz, who has managed leasing in Montana, said with millions in profits at stake, companies usually seek quick, fair agreements with landowners.

Even after a drilling company obtains mineral rights, it must negotiate with the owners of the surface property rights for access. And there's only so much the state can do for those owners: It can demand no more than a \$5,000 bond to cover possible lost agricultural income or lost value to property improvements, said Eric Wilson of the Idaho Department of Lands, who wrote the rules.

For anything more, Wilson said, "there would need to be statutory changes."

Little — standing in for Gov. Butch Otter, who's at a conference in Maui — recused himself from the vote and acknowledged he has a conflict of interest: He is negotiating with a company interested in drilling on his land.

That left Secretary of State Ben Ysursa, state schools chief Tom Luna and State Controller Donna Jones to vote 3-0 to send the rules to the Legislature for final approval. Attorney General Lawrence Wasden, attending by phone, left before the vote.

The rules were developed in negotiations that included representatives of the oil and gas industry, environmentalists, local governments and people in Payette and Washington counties, where drilling or leasing already is under way.

RULES FOR PUBLIC NOTICE, BONDS

The rules set a 15-day public comment period before a permit can be issued for drilling or well treatments — also called mini-fracking, because liquids are pumped down wells under high pressure to increase flows.

Horizontal fracturing — known as fracking — is done in shale deposits and uses higher pressures. Natural gas in Southwest Idaho is not found in shale, and no one is talking about fracking here.

But many of the same fluids are used in well treatments, and the new rules require that pits used to hold the liquids be lined to prevent leakage into groundwater. No pits are allowed in areas set aside to protect drinking water.

The rules also set up requirements for bonds of \$10,000 per well, plus an additional dollar for every foot drilled. A company also could opt for a blanket bond, covering up to 30 wells for \$150,000. The bonds would cover the state's cost of closing the well, should the wells be abandoned or the companies go out of business.

CONCERNS OVER CHEMICALS

Amanda Buchanan of Weiser, who participated in the rulemaking, urged the commission to protect landowners. She and others urged the commission to ban cancer-causing liquids for use in fracking.

"What you consider to be a potential economic boon for the state could be a devastating loss to a property owner's single largest investment, the land she lives on," Buchanan said.

"The fact is pumping cancer-causing fluids into the ground is not a good thing," said Justin Hayes, Idaho Conservation League program director.

The commission did not impose restrictions on chemicals but did require companies to disclose the compounds they do use.

Boise State University geology professor Jen Pierce testified that she had serious concerns about the possibility of groundwater contamination or even earthquakes from fracking.

"I don't feel we have a good enough understanding of the subsurface of the Western Snake River Plain," Pierce said.

Republican Rep. Judy Boyle of Midvale said the natural gas discovery has "created an opportunity for fear-mongering." Instead, she said, it should be seen as "an unexpected gift" of jobs and revenue.

"This is our opportunity to show that government is not the problem, but instead can be a partner for economic prosperity," Boyle said.

Rocky Barker: 377-6484