

MINUTES OF THE Senate COMMITTEE ON Energy and Natural Resources

The meeting was called to order by Senator Charlie L. Angell at
Chairperson

8:00 a.m./~~PM~~ on Wednesday, February 8, 1984 in room 123-S of the Capitol.

All members were present except:
Senator Tom Rehorn (Excused)

Committee staff present:

Ramon Powers, Research Department
Raney Gilliland, Research Department
Sherry Brown, Research Department
Don Hayward, Revisor's Office
LaVonne Mumert, Secretary to the Committee

Conferees appearing before the committee:

Senator Neil Arasmith
Jim Kaup, League of Kansas Municipalities
Don Schnacke, Kansas Independent Oil and Gas Association
Dug Bendell, Douglas Energy Co., Inc.
Jack Graves, Wichita
Brian Moline, State Corporation Commission
Senator Merrill Werts
Jon Wilson, State Corporation Commission

Senator Werts moved that the minutes of the February 7, 1984 meeting be approved. Senator Vidricksen seconded the motion, and the motion carried.

S.B. 572 - Use of moneys from oil and gas leases by certain local districts and subdivisions

Senator Arasmith said the bill was introduced at the request of the City of Stockton, which has been receiving a sizable amount of money from leases and royalties. The statutes presently require that any such monies must go into the general fund of the city. S.B. 572 would change this to allow a portion of the money to be put in a special trust fund earning interest.

Jim Kaup testified in support of the bill. He said this would allow a portion of the money to be set aside for future generations and noted that it would only apply to a few cities in the state.

Don Schnacke said his organization had reviewed the bill and is in support of it.

S.B. 625 - Notice requirements for hearings relating to oil and gas

Dug Bendell explained that Kansas law provides that the State Corporation Commission (SCC), the Attorney General or "any other interested party" may seek to initiate a hearing before the SCC involving oil and gas matters. He said S.B. 625 would affect the notice to be given by "any other interested party". Mr. Bendell discussed the difficulty of monitoring legal notices published in the "Kansas Register" and the newspaper and the need for persons who may be materially affected by a proceeding to be notified. He said the bill would require that a petitioner make a reasonable attempt to give actual notice to parties who have interest in the land as reflected by public record. Senator Werts asked why a higher degree of notice should be required by a petitioner than by the SCC. Mr. Bendell said that proceedings initiated by the SCC are either regularly scheduled hearings or else so unusual they receive general media coverage.

Jack Graves said he practices before the Commission on a regular basis. He pointed out that the Commission has specific rules on the type of notice required for various hearings and Mr. Graves feels that these rules cover the problems of notice. He said the bill could have very broad application in certain cases and suggested that the bill would be more workable if line 52 were amended to read: "interest owners; provided, however, the Commission may waive the giving of such notice or may direct an alternative notice requirement. Each such notice shall state the time and place...". Chairman Angell asked if Mr. Graves would support the bill if it were amended as he suggests. Mr. Graves replied that he would not have a problem with that.

CONTINUATION SHEET

MINUTES OF THE Senate COMMITTEE ON Energy and Natural Resources,

room 123-S, Statehouse, at 8:00 a.m./~~XXX~~ on Wednesday, February 8, 1984

Don Schnacke spoke in opposition to the bill. He said that this matter has never been brought to his association, and he feels that it should be carefully discussed within the committees of the SCC.

Brian Moline testified that the SCC is in general support of the bill but would recommend that perhaps in some isolated instances there be some flexibility, such as suggested by Mr. Graves. Mr. Moline said that he would suggest giving notice in the "Kansas Register" in addition to what the bill provides.

S.C.R. 1654 - Rejecting K.A.R.'s inspection and enforcement. Mined land conservation and reclamation

Senator Werts told the Committee that the regulation simply codifies into Kansas regulation the federal regulation which heretofore has been a part of the regulation by reference. The Rules and Regs Committee rejected the regulation because they could see no reason to replace the existing one-fourth of a page of Kansas regulation with many, many pages to set out the federal regulation. Senator Werts said the regulation would apply to just a few operators.

Jon Wilson testified that the proposed regulations would have contained only two major changes: (1) regarding the extension of the abatement period for correcting violations beyond 90 days, and (2) concerning the payment of the interest that has been accrued in escrow accounts for civil penalty fines. He said that these are things that the Office of Surface Mining would like to have in the state regulations but they are not going to require them of the state in order for the state to operate the program. Mr. Wilson advised that they plan to revise the entire set of regulations during the next year.

The meeting was adjourned at 8:59 a.m. by the Chairman. The next meeting of the Committee will be at 8:00 a.m. on February 9, 1984.

Senate Energy + Natural Resources
Feb. 8, 1984

Name

Organization

Lon Stanton	NORTHERN NATURAL GAS
Dug Bendell	DOUGLAS ENERGY CO _{OPERATIVE}
Jon Wilson	KCC
Mike Mlinar	KCC
Jack Glaues	Panhandle Eastern
Don Schuck	KI OGA.
Joe Hodger	Cities Service Oil & Gas
Bill Drauses	Phillips Petroleum Co
Jim Kaup	League of Municipalities
Ed Peterson	KCC
Bj Mad.	!