

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./~~xxx~~ on Thursday, March 1, 1984 in room 123-S of the Capitol.

All members were present except:
Senator Paul Hess
Senator Ed Roitz (Excused)

Committee staff present:
Don Hayward, Revisor's Office
LaVonne Mumert, Secretary to the Committee

Conferees appearing before the committee:
Bill Bryan, Cities Service Oil and Gas Corporation
Patricia Gorham, State Corporation Commission

Senator Gordon moved that the minutes of the February 29, 1984 meeting be approved. Senator Rehorn seconded the motion, and the motion carried.

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

Bill Bryan summarized his written testimony (Attachment 1). He explained his suggested amendments to the bill.

Patricia Gorham explained the Commission's suggested amendments to the bill (Attachment 2). She said they feel that the applicant should have the responsibility of mailing notice to the parties and of providing publication notification. The Commission is proposing that the language be changed to provide that the list be made up of people who have sent in their names and addresses for purposes of receiving notice. Ms. Gorham said she feels that if the Commission is to be responsible for sending out notification, they should be able to assess the costs of notification. She told the Committee that the Commission would like for the time period in line 61 to be changed from 15 days to 30 days. She added that the Commission did not feel comfortable with designating a specific newspaper to be used for publication.

Bill Bryan said that the reason his proposed amendment designates a newspaper of general circulation in Wichita is because most of the attorneys are located in Wichita who practice before the Conservation Division of the State Corporation Commission, which is also in Wichita. They also feel all notices should be published in the same newspaper for the sake of uniformity.

Senator Gordon moved that line 61 of the bill be amended to 30 days instead of 15 days. Senator Feleciano seconded the motion, and the motion carried. Senator Feleciano moved that the language proposed by the State Corporation Commission be amended into the bill. Senator Gannon seconded the motion, and the motion carried. Senator Gordon moved that the bill provide that the mailing of notices be done by the State Corporation Commission and the cost borne by the applicant. Senator Rehorn seconded the motion, and the motion carried. Senator Gordon moved that the bill be amended to allow the State Corporation Commission to charge a subscription rate for parties desiring to be on the mailing list. Senator Werts seconded the motion, and the motion carried. Senator Werts moved that the bill be amended to provide that the State Corporation Commission shall designate the newspaper to be used for publication purposes. Senator Feleciano seconded the motion, and the motion carried. Senator Feleciano moved that S.B. 625, as amended, be recommended favorably for passage. Senator Werts seconded the motion, and the motion carried 9-0.

By consensus, the Committee agreed to use the following language in the resolution regarding the Arkansas River problem: "That we respectfully request the members of the Kansas Congressional Delegation to investigate and determine whether or not the administrative practices of the Bureau of Reclamation and the U. S. Army Corps of Engineers with respect to their respective responsibilities relating to operation of the Trinidad project and the Pueblo and John Martin reservoirs comply with the spirit and intent of the Arkansas River Compact."

CONTINUATION SHEET

MINUTES OF THE Senate COMMITTEE ON Energy and Natural Resources,
room 123-S, Statehouse, at 8:00 a.m. ~~p.m.~~ on Thursday, March 1, 1984

The meeting was adjourned at 8:47 a.m. by the Chairman. The next meeting of the Committee will be at 8:00 a.m. on March 2, 1984.

Senate Energy & Natural Resources

Mar. 1, 1984

<u>Name</u>	<u>Organization</u>
Robert Anderson	MidCont Oil & Gas
Joe Hedger	Citrus Service Oil & Gas
Ed Reinert	the LWV's
Bill Perdue	KOL / GAS SERVICE
Walter Dunn	EKOGA
G. BOB BARNETT	EKOGA
Kent Jackson	KF&G
Terri Johnson	Government Office
Gather Graham	KCC
Jim McBride	united way of Topeka
George A. Simis	mobil

COMMENTS ON SENATE BILL 625

PRESENTED BY

CITIES SERVICE OIL AND GAS CORPORATION

BILL F. BRYAN

March 1, 1984

Atch. 1

NOTICE REQUIREMENTS
FOR THE
KANSAS CORPORATION COMMISSION

The notice requirements for hearings before the Kansas Corporation Commission are addressed under K.S.A. 55-605 and K.S.A. 55-706. These two sections require only that one publication be made in a newspaper of general circulation and the Commission mail notice to all parties who have filed their name and address with the Commission.

This notice is not followed by many operators as they recognize that such is inadequate and is not constitutionally defensible. The Commission has additionally set more stringent notice provisions in many cases. The notice provisions need to be better defined to assure that all parties who are vitally affected by Corporation Commission action receive proper notice and an opportunity to be heard. The problems come in balancing the public's right to know and establishing a policy that is physically and economically feasible.

Attached are several different states provisions for notice. Each state recognizes that different parties have a right to notice depending on the type of action before the Commission and that blanket notice provision is both unnecessary and unfeasible.

Kansas, unlike other states, has unique situations in that the depositional environment of many of its oil and gas reservoirs extend over wide areas. Some reservoirs extend over millions of acres with thousands of operators and royalty owners. No other state faces this problem as most have fairly small reservoirs limited in area extent.

Thus it is recommended that the legislature set minimum notice provisions of publication in the county where the lands of any case are located and in Wichita and that they direct the Commission to establish additional notice procedures as is dictated for its varied types of causes by rule and regulation.

OKLAHOMA REGULATORY PRACTICES

<u>Type of Action</u>	<u>Governing Rule(s)</u>	<u>Notice Requirements</u>
Pooling	OCCRP 8(d)(1)	Copy of Application and Notice to each party subject of Application by certified mail
Prospective Spacing		Public Notice by Publication
Spacing Lands w/Existing Wells	OCCRP 8(d)(3)	Copy of Notice of hearing to all persons having the right to participate in production from the existing well(s) by regular mail.
Increased Well Density	OCCRP 8(d)(3)	Copy of Notice to all persons having right to participate in production from the existing unit well and operator(s) of each adjoining tract or drilling and spacing unit where a well is currently producing from the same formation, by regular mail.
Location Exception	OCCRP 8(d)(2)	Copy of Application and Notice by regular mail upon the operator of each well currently producing from the subject formation, toward which proposed well is to be moved. (To all working interest owners if Applicant is operator of said well(s)).
Water Injection & Disposal Wells	OCC 3-304	Public Notice by Publication
Unitization	52 O.S. 1961 Sec. 287.1	Notice of Application by regular mail (by applicant) upon each party who would be entitled to share in production from the proposed unit.
Commingling	OCC. 3-224(b)	Copy of Application mailed by applicant to each operator of a producing leasehold within 1/2 mile of the well location.

In addition to the above outlined requirements, 52 O.S. Sec. 87.1 (a) requires publication of Notice of Hearings at least fifteen (15) days prior to the hearing date in a newspaper of general circulation printed in Oklahoma City and one in the county or counties in which the subject lands are embraced.

TEXAS NOTIFICATION REQUIREMENTS

<u>Rule</u>	<u>Purpose</u>	<u>Notification</u>
6	Multiple Completions	Offset Operators
9	Disposal Wells	Surface Owners Adjoining Offset Operators County Clerk City Clerk County Newspaper
14	Plugging	Commission Office
37	Spacing Exception	Adjacent lessees
38	Well Densities	Offset Operators
40	Assignment of Acreage to Proration Units	Interest Holders
41	Permanent Field Rules and Field Rules Modification	Offset Operators Unleased Mineral Owners
43	Temporary Field Rules	Adjoining Offset Operators Unleased Mineral Owners
46	Fluid Injection into Productive Reservoirs	Surface Owner Adjoining Offset Operators County Clerk City Clerk County Newspaper
Statute	Mineral Interest Pooling Act	Interested Parties and Publication if unknown parties or address unknown

ALABAMA NOTIFICATION REQUIREMENTS

Purpose

Notification

Location Exception

Adjoining Offset Operators

Drilling or
Production Units
(Field Rules)

All operators in field
All owners in unit

Amend Drilling or
Production Units
(Field Rules)

All owners in existing unit
All owners in amended unit
All operators in field

Establish or Amend
Allowables

All operators in field

Forced Pooling

Interest owners who have not reached
agreement with petitioner

Compulsory
Unitization

All operators in field
Unleased mineral owners
Working interests
Overriding royalty interest
Royalty interest not ratified
All owners in field

Publication:

Newspaper of general circulation
County newspaper



SENATE BILL No. 625

By Committee on Energy and Natural Resources

1-31

0016 AN ACT concerning the state corporation commission; relating
0017 to the notice required for certain hearings thereof; amending
0018 K.S.A. 55-605 and 55-706 and repealing the existing sections.

0019 *Be it enacted by the Legislature of the State of Kansas:*

0020 Section 1. K.S.A. 55-605 is hereby amended to read as fol-
0021 lows; 55-605. (a) Any person, or the attorney general on behalf of
0022 the state, or the state corporation commission on its own initia-
0023 tive, may institute proceedings before the commission upon any
0024 question relating to the enforcement of this act, or for the mak-
0025 ing, revocation, change, renewal or extension, or for the en-
0026 forcement of, any rule, regulation or order thereunder, and
0027 jurisdiction is hereby conferred upon said the commission to
0028 hear and determine the same. ~~The commission shall set a rea-~~
0029 ~~sonable time and place when such hearing shall be had, and, in~~
0030 ~~the case of proceedings initiated by the attorney general or the~~
0031 ~~commission, give reasonable notice thereof, in no case less than~~
0032 ~~ten (10) 10 days, to all persons interested therein by one (1)~~
0033 ~~publication of such notice, in some newspaper or newspapers~~
0034 ~~having a general circulation in this state, and by the second-class~~
0035 ~~mailing (second class) of a copy thereof to each such person who~~
0036 ~~shall have filed with the commission his or her such person's~~
0037 ~~name and address or whose name and address is otherwise made~~
0038 ~~known to it. In all other cases and in addition to such notice~~
0039 ~~requirements, actual notice of such proceedings shall be giv-~~
0040 ~~by the person initiating the proceedings and shall be se-~~
0041 ~~upon every person owning the real estate or having an oil or gas~~
0042 ~~leasehold or royalty interest therein which is the subject of such~~
0043 ~~proceedings and every person owning real estate or having an~~
0044 ~~oil or gas leasehold or royalty interest therein which shall be~~

CC: Regulatory Practices Com.

625

S B



oma-Kansas Oil & Gas Association

(1)

~~diagonally touches upon the subject lands, as such interest or ownership is reflected by the records of the county or counties in which the subject lands are located. The commission may accept as proof of actual notice an affidavit sworn to by the person initiating such proceedings that such notice has been served by registered or certified U.S. mail to the last known address of the record real estate owners and leasehold or royalty interest owners.~~ Each such notice shall state the time and place of hearing and contain such other information as will briefly and adequately disclose the matter to be considered or the relief sought. In case an emergency is found by the commission to exist which in its judgment requires the making of a rule, regulation or order or taking an enforcement action, without first having a hearing, such emergency rule, regulation, order or action shall have the same validity as if a hearing with respect to the same had been held after due notice, but same shall remain in force no longer than fifteen (15) 15 days from its effective date. In the exercise and enforcement of such jurisdiction said the commission is authorized to summon witnesses, administer oaths, make ancillary orders, and use such mesne means and final process, including inspection of records and books analogous to proceedings under its control over public service corporations as now provided by law. In connection with the exercise and enforcement of its jurisdiction, the commission shall also have the right and authority to certify as for contempt to the district court of any county having jurisdiction, violations by any person of any of the provisions of this act or rules, regulations or orders of the commission, and if it be found by said the district court that such person, firm or corporation has knowingly and willfully violated same, then such person shall be punished as for contempt in the same manner and to the same extent and with like effect as if such contempt had been of an order, judgment or decree of the district court to which said the certification is made.

(b) The state corporation commission is hereby authorized to designate or appoint its director of petroleum conservation or its assistant director of petroleum conservation or one of its attor-

0082 neys as an examiner or referee to make investigations and con-
 0083 duct hearings that are required of the commission by this act of
 0084 which this section is amendatory. Such investigations and hear-
 0085 ings shall be made and conducted in the same manner as by the
 0086 commission. Such examiners and referees shall have the power
 0087 to administer oaths and to subpoena witnesses. The commission
 0088 may provide for a record to be made of any hearing or investiga-
 0089 tion. Such examiners and referees shall submit their findings and
 0090 recommendations in writing to the commission.

0091 Sec. 2. K.S.A. 55-706 is hereby amended to read as follows:
 0092 55-706. (a) Proceedings may be instituted before the commission
 0093 upon petition of any interested party, or by the attorney general
 0094 on behalf of the state, or on the motion of the commission, upon
 0095 any question relating to the enforcement of this act or the
 0096 promulgation, revocation, amendment, renewal, interpretation,
 0097 extension, or the enforcement of any rule, regulation or order, or
 0098 the determination of any right thereunder, in the manner pro-
 0099 vided in K.S.A. 55-605, and that each and all of the provisions of
 0100 said section as amended, shall apply to and govern such pro-
 0101 ceedings under this act amendments thereto.

0102 (b) The state corporation commission is hereby authorized to
 0103 designate or appoint its director of petroleum conservation or its
 0104 assistant director of petroleum conservation or one of its attor-
 0105 neys as an examiner or referee to make investigations and con-
 0106 duct hearings that are required of the commission by this act of
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 0111 may provide for a record to be made of any hearing or investiga-
 0112 tion. Such examiners and referees shall submit their findings and
 0113 recommendations in writing to the commission.

0114 Sec. 3. K.S.A. 55-605 and 55-706 are hereby repealed.

0115 Sec. 4. This act shall take effect and be in force from and
 0116 after its publication in the statute book.

The Commission shall set a reasonable time and place when such hearing shall be had, and, in the case of proceeding initiated by the attorney general or the Commission, give reasonable notice thereof, in no case less than 10 days, to all persons interested therein by one publication of such notice, in some newspaper or newspapers in the city of Wichita having a general circulation in the state, and in a paper of general circulation in the county where such lands to be affected by such proceedings are located, and by second class mailing of a copy thereof to each person who shall have filed with the Commission such persons name and address or whose name and address is otherwise made known to it. In other cases, reasonable notice shall be given thereof by the applicant, in no case less than 10 days, by publication of such notice in some newspaper or newspapers in the city of Wichita having a general circulation in the state, and in a paper of general circulation in the county where such lands to be affected are located, and additional notice shall be given by the applicant according to the rules and regulations of the Commission.

The Commission may accept as proof of notice an affidavit sworn to by the person initiating such proceedings that such notice has been perfected and such affidavits shall be filed with the Commission by the applicant on or before the hearing date. The Commission, in addition to the applicants notice, shall mail by second class mail a copy of notice to each person who shall have filed with the Commission such persons name and address or whose name and address is otherwise made known to it.

Commission proposed language.

The Commission shall set a reasonable time and place when such hearing shall be had, and in the case of proceedings initiated by the attorney general or the Commission, give reasonable notice thereof, in no case less than 10 days, to all persons interested therein by one publication of such notice, in a newspaper having a general circulation in the state, and in a paper of general circulation in the county or counties where such lands to be affected by such proceedings are located, and by second class mailing of a copy thereof to each person who shall have filed with the Commission such persons name and address for the purpose of receiving notice. In all other cases, reasonable notice shall be given by the applicant, in no case less than 10 days prior to the hearing, by publication of such notice in a newspaper having a general circulation in the state, and in a paper of general circulation in the county or counties where such lands to be affected are located and the applicant shall mail by second class mail a copy of notice to each person who shall have filed with the Commission such persons name and address for the purpose of receiving notice. Additional notice shall be given by the applicant according to the rules and regulations of the Commission.

The Commission may accept as proof of notice an affidavit sworn to by the person initiating such proceedings that such notice has been perfected and such affidavits shall be filed with the Commission by the applicant on or before the hearing date.

The Commission is also proposing that emergency orders etc. be effective for thirty (30) days.

LWVK LEAGUE OF WOMEN VOTERS OF KANSAS

909 Topeka Boulevard-Annex

913/354-7478

Topeka, Kansas 66612

February 29, 1984

TO THE SENATE ENERGY AND NATURAL RESOURCES COMMITTEE.

Because our testimony of February 23 on Resolution 1642 was so well received the League of Women Voters of Kansas is submitting further testimony.

WHEREAS, the oil industry owns large amounts if not most of the old gas reserves; and

WHEREAS, the gas and oil industry has demonstrated the ability to withhold those reserves from the market until prices rise to their liking; and

WHEREAS, the industry then would have a "windfall" of several billions of dollars;

THEREFORE, the League of Women Voters continues to see no reason not to oppose decontrol of natural gas prices unless attached to a provision for "windfall profits" tax. The money could go for weatherization and to help pay the gas bills of the needy.



Ed Reinert
LWVK Lobbyist