

Approved: 2-6-96  
Date

MINUTES OF THE SENATE COMMITTEE ON ENERGY & NATURAL RESOURCES.

The meeting was called to order by Chairperson Don Sallee at 8:00 a.m. on February 1, 1996 in Room 254-E- of the Capitol.

All members were present except:  
Senator Phil Martin

Committee staff present: Raney Gilliland, Legislative Research Department  
Dennis Hodgins, Legislative Research Department  
Ardan Ensley, Revisor of Statutes  
Clarene Wilms, Committee Secretary

Conferees appearing before the committee:  
Nancy Heinz, Intergovernmental Coordinator, Conservation Division, Kansas Corporation Commission  
Erick Nordling, Executive Secretary, Southwest Kansas Royalties Owners Association  
Representative Eugene Shore  
Gregory Stucky, General Counsel, Southwest Kansas Royalties Owners Association  
Ed Schaub, Western Resources, Inc.  
Donald P. Schnacke, Executive Vice President, Kansas Independent Oil & Gas Assn.  
Lynda Clinger, Manager, Ownership Services group of Koch Oil Company

Others attending: See attached list

The minutes of January 23, 24, 25, 26, 1996 were placed before the committee for approval or correction.

Senator Vancrum moved approval of the minutes with a second from Senator Morris. The motion carried.

**SB 472 - relating to oil and gas; prescribing information to be included with payments to interest owners from sales and oil and gas.**

Nancy Heinz, Intergovernmental Coordinator, Conservation Division, KCC, appeared and presented testimony to the committee stating support for **SB 472 (Attachment 1)**. Ms. Heinz stated a large number of calls are received from interest owners seeking information about production, deductions and other related matters and the KCC does not have access to this information. Therefore she was of the opinion that the interest owners should receive sufficient information in order to make intelligent decisions involving their mineral interests.

Erick Nordling, Executive Secretary, Southwest Kansas Royalties Owners Association, appeared in support of **SB 472 (Attachment 2)**. Mr. Nordling told the Committee that he received numerous questions from the members of the Association concerning various issues which affect their royalty interests. Royalty remittance statements often are the only regular communication from the gas and oil companies about production received by owners of the mineral rights. Lack of information, incomplete answers, confusion in understanding and general frustration are some areas where additional information is needed. Since the Federal Regulatory Energy Commission has "unbundled" services and allowed open access to the pipelines, the issue is further complicated with more than one working interest owner in a unit. Additional charges for gathering, compression, processing and transportation are now being added with little or no explanation and it is impossible to determine whether the charges are proper. Mr. Nordling offered a number of revisions to **SB 472** which are contained in Attachment 2.

Representative Eugene Shore expressed support of **SB 472** noting different companies presented information in different ways and some seems impossible to decipher. Representative Shore urged favorable passage of the bill.

Gregory Stucky, General Counsel, Southwest Kansas Royalties Owners Association, appeared in support of **SB 472 (Attachment 3)**. Mr. Stucky told the Committee the natural gas industry has undergone a fundamental restructuring in the past decade. Previously the accounting provided to royalty owners was straight forward and understandable. Regulations issued by FERC together with the passage by congress of an act which disassembled the federal natural gas pricing regime has developed a multitude of different arrangements for the sale of gas. Information provided by the producer to its royalty owner does not reflect the realities of new marketing arrangements. Changes noted are transportation of gas, gas gathering from various places and placing gas in a system at which point the gas is sold, as well as other types of arrangements. These changes along with

## CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES, ROOM 254-E-Statehouse, at 8:00 a.m. on February 1, 1996.

lack of uniformity in reporting makes determination of whether or not proper payment is being made nearly impossible.

Mr. Stucky stated his belief that **SB 472** would require the producer to disclose information to its royalty owner. Mr. Stucky told members that Alabama, Nevada, North Dakota, Oklahoma and Wyoming have all worked to develop some type of legislation to solve reporting difficulties and asked the Committee to pass **SB 472**.

Mr. Ed Schaub, Western Resources, Inc., appeared in support of **SB 472** presenting a balloon to the bill proposing a friendly amendment (Attachment 4). Mr. Schaub referred to an example included with attachment 4, noting that Western Resources, Inc. is nearly in total compliance with the bill in furnishing information. However, it was noted that Sec. 1 (i) refers to the owner's share of the total value of sales prior to any tax deductions. Mr. Schaub stated they are simply out of room for further bookkeeping totals but that figure can be obtained by simply the owner taking the total value figure and multiplying it by his royalty interests. This will provide the necessary information. Lack of acceptance of the amendment would mean further computer programming changes which are felt to be unnecessary.

Donald P. Schnacke, Executive Vice President, Kansas Independent Oil and Gas Association, appeared and presented testimony in opposition to **SB 472** telling the committee that this bill would impose a standardized system of reporting information to interest holders upon the sale of crude oil and/or natural gas (Attachment 5). He told members that most, if not all, of the information proposed under this bill would normally be included with an interest statement on a regular basis when the producer/operator has the computer equipment, staff and access to information required. However, some few small producers with stripper gas wells would face hardships and feel they would have to shut down the wells because processing costs would be prohibitive to the interest holders.

### **SB 520 - concerning interest payments on proceeds from oil and gas production - accruing interest**

Nancy Heinz, Intergovernmental Coordinator, Conservation Division, Kansas Corporation Commission, appeared to comment on **SB 520** (Attachment 6). Ms. Heinz told members of the Committee that while they do not have jurisdiction to resolve contractual matters between first purchasers and individuals having a financial interest in production, they do receive many inquiries when payees don't know where to turn. By changing this dollar amount they may receive more inquiries but they can be handled by existing staff. She further noted they often make inquiry of a first purchaser/producer on behalf of those individuals and this does seem to have some positive affect in getting responses.

Erick E. Nordling, Executive Secretary, Southwest Kansas Royalties Owners Association, appeared in opposition to **SB 520** (Attachment 7). Mr. Nordling told the Committee that under the terms of most of oil and gas leases in Kansas, the Lessee is required to pay royalties on a monthly basis. Stating that royalty interests have descended through several generations, the original family mineral ownership has been divided and re-divided so that current royalty owners own very small fractional interests. Changes in **SB 520** may have substantial negative impact on some owners who, because of small interest, may need and deserve special consideration. Suggested changes are included in Attachment 7.

Lynda Clinger, Manager of Ownership Services group of Koch Oil Company, appeared in support of **SB 520** (Attachment 8). Ms. Clinger stated Ownership Services group at Koch employs almost 50 people and their job is to track ownership and make proper and timely payment of proceeds from the production which Koch purchases. She stated the number of owners of interest continually grows as interests are transferred and divided into more and more owners. Growing numbers of owners in turn drive up the administrative costs which include issuing and handling checks, postage, envelopes, check stock, and computer time. **Senate Bill 520** would allow a reduction in the number of checks issued and lower overhead which could extend the life of marginally producing wells by allowing them to remain profitable.

Ms. Clinger read excerpts of several letters received concerning the issuing of small checks, some under \$1 noting that most recipients seemed to feel they were only a nuisance.

The Chairperson announced that the Kansas Corporation Commission, Conservation Division had placed a remediation site status report at each member's place. The report is in compliance with Senate Concurrent Resolution 1614 (Attachment 9).

The meeting adjourned at 9:58 a.m.

The next meeting is scheduled for February 2, 1996.



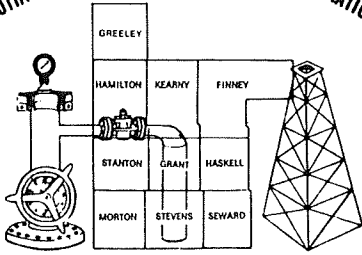
Testimony of Nancy J. Heinz  
Intergovernmental Coordinator  
Kansas Corporation Commission  
Conservation Division  
before the  
1996 Senate Committee on Energy and Natural Resources  
February 1, 1996

Good morning, Mr. Chairman, Members of the Committee. I am Nancy Heinz, Intergovernmental Coordinator for the Conservation Division of the Kansas Corporation Commission. The Commission would like to express support for Senate Bill 472. We believe that currently the information that is provided by some first purchasers to certain interest owners of oil and gas leases probably does not provide all of the information to which those owners are entitled.

The Conservation Division does not receive production information on wells and leases that are not in prorated fields and we do not have access to that information. However we do receive a large number of calls from interest owners seeking information about production, deductions, and other related matters. The area of mineral interest payments has never been within our jurisdiction. We feel that the interest owners should receive sufficient information in order to make intelligent decisions involving their mineral interest.

Senate Energy + Nat'l Resources  
February 1, 1996  
Attachment 1

SOUTHWEST KANSAS ROYALTY OWNERS ASSOCIATION



PHONE (316) 544-4333  
FAX (316) 544-2230

209 EAST SIXTH STREET

P.O. BOX 250  
HUGOTON, KS 67951

STATEMENT OF  
ERICK E. NORDLING, EXECUTIVE SECRETARY  
SOUTHWEST KANSAS ROYALTY OWNERS ASSOCIATION  
HUGOTON, KANSAS 67951

February 1, 1996

PRESIDENT,  
JACK HAYWARD

EXECUTIVE SECRETARY,  
ERICK E. NORDLING

ASS'T SECRETARY,  
B. E. NORDLING

ASS'T SECRETARY,  
WAYNE R. TATE

To the Honorable Members of the Committee on Energy and Natural Resources.

INTRODUCTION

Mr. Chairman and Members of the Committee:

My name is Erick E. Nordling of Hugoton. I am Executive Secretary of the Southwest Kansas Royalty Owners Association. I am appearing on behalf of members of our Association and on behalf of Kansas royalty owners in support of S.B. 472 which prescribes information to be included with payments to interest owners, including royalty owners, from production of oil and gas.

BACKGROUND INFORMATION

Our Association is a non-profit Kansas corporation, organized in 1948, for the primary purpose of protecting the rights of landowners in the Hugoton Gas Field. We have a membership of over 2,500 members. Our membership primarily consists of landowners owning mineral interests in the Kansas portion of the Hugoton Field who are lessors under oil and gas leases as distinguished from

Senate Energy & Nat'l Resources  
February 1, 1996  
Attachment 2

oil and gas lessees, producers, operators, or working interest owners.

For those of you who are not familiar with the Hugoton Gas Field, it covers parts of 11 southwest Kansas counties, including Seward, Stevens, Morton, Stanton, Grant, Haskell, Finney, Kearny, Hamilton, Wichita and Gray. It extends through the Oklahoma Panhandle into Texas. The Hugoton Field runs 150 miles north and south and 50 miles east and west and is one common source of supply.

In order to explore and develop the oil and gas reserves underlying quite a bit of Kansas, owners of the oil and gas rights (Lessors) entered into oil and gas leases with oil and gas producers (Lessees) which grant the Lessee the right to explore, develop, produce and sell such oil and gas underlying Lessor's property. In return for the granting of the oil and gas lease, Lessors receive the right to receive compensation, in the form of royalties, for oil and gas produced from such property. There are literally thousands of royalty owners in Kansas receiving gas and oil royalty payments each month.

#### PROBLEMS WITH ROYALTY REMITTANCE STATEMENTS

As Executive Secretary, I receive questions from our members on various issues which effect their royalty interests. Over the years, the Secretary's office has probably received the most complaints from information, or the lack thereof, provided to our royalty owner members from the gas and oil companies. The

royalty remittance statement is generally the only regular communication from the gas and oil companies with regard to production of their mineral rights.

When a royalty owner does not understand information provided to him on his royalty remittance statement he must try to contact the company for an answer. I believe from the feedback of comments by members of our Association that in many instances the royalty owner was either not able to receive a satisfactory answer, or was very frustrated with the run-around by persons who could not answer their questions. Other members contact us first to see if we can answer their question. However, in most instances, we are unable to provide our members with satisfactory answers regarding such remittance statements. We usually must advise them to contact their oil and gas lessee for further clarification. As a result of incomplete answers, confusion in understanding the answers, and in general the frustration of trying to obtain the information, our members often become skeptical and naturally untrusting in their dealings with their lessees and with information, or lack of information, provided to them by the gas and oil companies.

FURTHER EXAMPLES OF PROBLEMS

It is impossible to determine whether the price reported on the royalty remittance statement is a net or gross amount. (This also may be a similar problem for the starting point to determine the price for the State to collect for severance taxes, ad valorem taxes, and the KCC assessment fee.) We must take it on

blind faith that the price reported on the royalty remittance statement is correct. We support S.B. 472 so that the payors on oil and gas production would be required to provide information on how the price reported on the remittance statement was calculated or determined.

Likewise, the volumes of gas and oil reported on the remittance statements may cause confusion or may be inaccurate. I have had several instances where a royalty owner has tried to verify the production figures reported on the remittance statement with the production/allowable reports filed with the Kansas Corporation Commission. The information which was obtained from the Commission did not jibe with the remittance statement.

Now that the Federal Regulatory Energy Commission (FERC) has "unbundled" services and allowed open access to the pipelines, it is more likely that more than one working interest owner in a gas unit will market its own share of the gas produced from the unit. As such the royalty owner could receive more than one royalty check for production from the same well. I know that this does not sound like a bad problem to have, but such a situation makes it impossible, without explanation by the producer, whether the volumes of gas and oil shown on the remittance statement represent the full production volumes, or if the volumes had been adjusted to reflect just that particular working interest owners' production from the well. The royalty owner's decimal interests may be similarly adjusted without explanation, making it



impossible to verify whether they had received proper credit for the production from the well. S.B. 472 should help to alleviate these problems.

Also allegedly due to the recent changes in the Federal and State regulatory environment, the royalty owners have noticed that charges for costs such as gathering, compression, processing, and transportation are now showing up on the royalty remittance statements, with little or no explanation. Some of these charges may not even be proper deductions, but when there is not an explanation on the remittance statement, or if the gas and oil companies do not provide an adequate answer, it is impossible to determine whether the charges are proper.

I have also brought a sampling of several royalty remittance statements from various oil and gas companies for you to review. These statements are for royalties received by my father, Bernard Nordling. You can see that the information provided varies widely from company to company. On many of the statements it is difficult or impossible to determine from the statement the location of the well, the name of the well, or the producing formation. Such information would be very helpful in tracking royalty production and payments. You should also be able to see other examples of the problems which I referred to above.

SUGGESTED REVISIONS TO S.B. 472

S.B. 472 provides a very positive step to alleviate some of the problems referred to above. Put simply, the "Truth in Royalty" bill, as it has been referred by Sen. Morris, will pave the way for royalty owners to receive royalty remittance statements which will provide accurate and precise information. It also provides a mechanism to have the companies provide additional information to a royalty owner upon inquiry.

After reviewing S.B. 472, we would respectfully like to offer some changes to the bill. For your convenience, we have prepared a revised form of bill. A copy of the proposed changes are attached to my statement.

It may also be a suggestion to include a penalty provision for payors who fail to provide the required information. The North Dakota Legislature in similar legislation provided that it is a class B misdemeanor for a person to fail to provide the required information. (N.D. Century Code 38-08-06.3)

In summary, we urge your consideration and support of a bill which will require payors of oil and gas production to provide information which will allow the royalty owner to clearly identify the amount of oil or gas produced, and the amount and purpose of each deduction made from the gross amount due to such royalty owner.

Thank you for this opportunity to appear before your honorable committee.

Respectfully submitted,



Erick E. Nordling  
Executive Secretary  
SOUTHWEST KANSAS ROYALTY  
OWNERS ASSOCIATION

EEN:een

# ANADARKO PETROLEUM CORPORATION

P.O. BOX 1330, HOUSTON, TEXAS 77251

RETAIN THIS STATEMENT FOR TAX PURPOSES  
 DUPLICATES WILL NOT BE FURNISHED

FOR INQUIRIES ON THIS PAYMENT PLEASE WRITE  
 TO THE ADDRESS ON THIS STATEMENT  
 REFER TO YOUR OWNER NUMBER AND PROPERTY  
 ID ON ALL CORRESPONDENCE

CHECK DATE: 10/25/95      CHECK NUMBER: 527849      OWNER NUMBER: 10788      10

PROPERTY ID AND NAME											----- OWNER'S SHARE ----- (- DENOTES NEGATIVE)		
SALES DATE	PR CD	GROSS VOLUME	PRICE	BTU	GROSS VALUE	TAX	NET VALUE	INT TYPE	PC	TRAN CODE	DECIMAL	GROSS VALUE	NET PAYMENT
101771	MORGAN	1 21											
0995	20	194300	1288500	10304	250350	13592	236758	RI	00		001562500	3912	3699
101847	PATE	1 31											
0995	20	575000	1326200	10605	762555	41308	721247	RI	00		000121300	925	875
713/874-3342      SEE LEGEND ON BACK											TOTAL	4574	

2-2

# Mobil Oil Corporation

P.O. BOX 2080  
DALLAS, TEXAS 75221-4017

Our records indicate that your Social Security No./Taxpayer ID No. is as follows: **511-01-3784**  
If this is not correct, please contact Owner Inquiry at the address on back.

RETAIN FOR YOUR RECORDS  
DUPLICATES CANNOT BE FURNISHED

### NOTICE!!! NEW PHONE NUMBER

Effective March 15, 1994 the phone number for the owner inquiry hot line is: (214) 951-4900.

Minus (-) sign denotes an adjustment

#### PROPERTY INFORMATION

#### YOUR INTEREST

D.O.	OCC	MO/YR	LX	TI	PC	QUANTITY	PRICE	SEV	TAX/MISC	NET VALUE	DECIMAL	GROSS VALUE	SEV	TAX/MISC	NET VALUE	
<b>GUY FAIRCHILD UNIT &amp; #3 GRANT KS</b>																
0064001	001	12/1995	00	RI	38	1.00	1.45		0.01	1.44	.0156250	0.03		0.00	0.03	
0064001	001	11/1995	00	RI	33	4245.00	1.57		356.44	6305.45	.0156250	104.09		5.56	98.53	
0064001	001	11/1995	00	RI	34	2659.00	1.57		223.52	3954.39	.0156250	65.28		3.49	61.79	
0064001	001	11/1995	00	RI	36	1090.00	1.85		123.36	1892.51	.0156250	31.50		1.93	29.57	
0064001	001	11/1995	00	RI	37	19.00	11.23		11.95	201.39	.0156250	3.33		0.18	3.15	
															<b>DIVISION ORDER TOTAL</b>	<b>193.07</b>
<b>GUY FAIRCHILD UNIT - WELL #4 (CHASE INFILL) GRANT KS SEC. 36-30-36</b>																
0643640	001	11/1995	00	RI	33	4148.00	1.54		341.40	6030.49	.0156250	99.56		5.34	94.22	
0643640	001	11/1995	00	RI	36	582.00	1.65		59.89	901.66	.0156250	15.02		0.93	14.09	
0643640	001	11/1995	00	RI	37	12.00	12.11		8.09	137.25	.0156250	2.27		0.13	2.14	
															<b>DIVISION ORDER TOTAL</b>	<b>110.45</b>

SEE REVERSE SIDE FOR EXPLANATION OF CODES

INTEREST OWNER NO.	DATE	CHECK NO.	GROSS VALUE	SEV/MISC TAX	NET VALUE
725490-00	01-25-1996	5157653	321.08	17.56	303.52

# Mobil Oil Corporation

P.O. BOX 2080  
DALLAS, TEXAS 75221-4017

Our records indicate that your Social Security No./Taxpayer ID No. is as follows: 511-01-3784  
If this is not correct, please contact Owner Inquiry at the address on back.

RETAIN FOR YOUR RECORDS  
DUPLICATES CANNOT BE FURNISHED

## NOTICE!!! NEW PHONE NUMBER

Effective March 15, 1994 the phone number for the owner inquiry hot line is: (214) 951-4900.

Minus (-) sign denotes an adjustment

D.O.	OCC	MO/YR	LX	TI	PC	PROPERTY INFORMATION				YOUR INTEREST			
						QUANTITY	PRICE	SEV	TAX/MISC	NET VALUE	DECIMAL	GROSS VALUE	SEV
GUY FAIRCHILD UNIT & #3 GRANT KS													
0064001	001	11/1995	00	RI	38	236.00	1.45	1.30	340.90	.0156250	5.34	0.02	5.32
0064001	001	10/1995	00	RI	33	4012.00	1.49	319.97	5637.99	.0156250	93.09	5.00	88.09
0064001	001	10/1995	00	RI	34	2728.00	1.49	217.80	3838.21	.0156250	63.38	3.40	59.98
0064001	001	10/1995	00	RI	36	2398.00	1.07	160.94	2410.86	.0156250	40.18	2.52	37.66
0064001	001	10/1995	00	RI	37	22.00	9.53	11.97	197.59	.0156250	3.28	0.18	3.10
											DIVISION ORDER TOTAL		194.15
GUY FAIRCHILD UNIT - WELL #4 (CHASE INFILL) GRANT KS SEC. 36-30-36													
0643640	001	10/1995	00	RI	33	2908.00	1.44	225.80	3970.38	.0156250	65.56	3.53	62.03
0643640	001	10/1995	00	RI	36	968.00	0.95	58.41	856.93	.0156250	14.30	0.91	13.39
0643640	001	10/1995	00	RI	37	10.00	10.41	5.89	98.23	.0156250	1.63	0.10	1.53
											DIVISION ORDER TOTAL		76.95

SEE REVERSE SIDE FOR EXPLANATION OF CODES

INTEREST OWNER NO.	DATE	CHECK NO.	GROSS VALUE	SEV/MISC TAX	NET VALUE
725490-00	12-25-1995	5144471	286.76	15.66	271.10

# Mobil Oil Corporation

P.O. BOX 2080  
DALLAS TEXAS 75221-4017

Our records indicate that your Social Security No./Taxpayer ID No. is as follows: **511-01-3784**  
If this is not correct, please contact Owner Inquiry at the address on back.

RETAIN FOR YOUR RECORDS  
DUPLICATES CANNOT BE FURNISHED

**NOTICE!!! NEW PHONE NUMBER**  
Effective March 15, 1994 the phone number for  
the owner inquiry hot line is: (214) 951-4900.

Minus (-) sign denotes an adjustment

D.O.	OCC	MO/YR	LX	TI	PC	PROPERTY INFORMATION				YOUR INTEREST			
						QUANTITY	PRICE	SEV	TAX/MISC	NET VALUE	DECIMAL	GROSS VALUE	SEV
GUY FAIRCHILD UNIT & #3 GRANT KS													
0064001	001	09/1995	00	RI	33	4304.00	1.45	336.18	5914.01	.0156250	97.66	5.25	92.41
0064001	001	09/1995	00	RI	34	1070.00	1.45	83.53	1469.35	.0156250	24.26	1.31	22.95
0064001	001	09/1995	00	RI	36	341.00	0.74	16.89	235.73	.0156250	3.94	0.26	3.68
0064001	001	09/1995	00	RI	37	3.00	9.71	1.56	27.56	.0156250	0.46	0.02	0.44
											DIVISION ORDER TOTAL		119.48
GUY FAIRCHILD UNIT - WELL #4 (CHASE INFILL) GRANT KS SEC. 36-30-36													
0643640	001	09/1995	00	RI	33	6833.00	1.45	531.42	9345.32	.0156250	154.32	8.30	146.02
0643640	001	09/1995	00	RI	36	399.00	0.52	14.90	191.14	.0156250	3.22	0.23	2.99
0643640	001	09/1995	00	RI	37	3.00	9.89	1.60	28.08	.0156250	0.46	0.02	0.44
											DIVISION ORDER TOTAL		149.45

SEE REVERSE SIDE FOR EXPLANATION OF CODES

INTEREST OWNER NO.	DATE	CHECK NO.	GROSS VALUE	SEV/MISC TAX	NET VALUE
725490-00	11-25-1995	5131289	284.32	15.39	268.93

2-12

NOTE: PLEASE ADVISE US OF ANY ADDRESS CHANGE. FAILURE TO DO SO DELAYS THE DELIVERY OF YOUR CHECK.

OXY USA INC.  
P.O. BOX 300  
TULSA, OK 74102-0300

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

327-651168  
B E NORDLING  
209 EAST 6TH  
HUGOTON KS 679510000

\*\*\*\*\*

#1 PLEASE NOTE THESE TELEPHONE NUMBERS FOR INQUIRIES:  
CHECK PAYMENT QUESTIONS----- (918) 561-2327  
ALL PAYMENT RELATED QUESTIONS  
STOP PAYMENTS FOR LOST OR STOLEN CHECKS  
OWNERSHIP QUESTIONS----- (918) 561-2004  
REQUIREMENTS TO CHANGE OR OWNERSHIP CHANGES  
LEGAL DESCRIPTIONS  
FAX NUMBER----- (918) 561-2810  
ADDRESS CHANGES

#2 THE CORRESPONDENCE ADDRESS IS:  
OXY USA INC.  
ATTN: OWNER SERVICES  
P. O. BOX 300  
TULSA, OK 74102

#3 31% BACKUP WITHHOLDING TAX IS WITHHELD FROM CHECKS IF OXY USA HAS NOT RECEIVED A SOCIAL SECURITY OR TAXPAYER NUMBER PRIOR TO THE CHECK WRITE PROCESS. THIS DEDUCTION WILL CONTINUE UNTIL THE NUMBER IS FURNISHED.

#4 THE NATIONAL ASSOCIATION OF ROYALTY OWNERS (NARO) CAN HELP YOU TO LEARN MORE ABOUT MANAGING YOUR ROYALTY INTERESTS. THEIR ADDRESS IS

119 N. BROADWAY, ADA, OK 74820. CONTACT NARO AT 1 (800) 558-0557 OR USE THEIR FAX NUMBER (405) 436-1535.

#5 THE FIRST DAY TO REQUEST STOP PAYMENT ON A CHECK DATED DECEMBER 25 1995 IS JANUARY 15, 1996

#6 1099'S FOR 1995 WILL BE MAILED BY JANUARY 31, 1996. THE INFORMATION IS NOT AVAILABLE PRIOR TO THIS DATE. 1099'S ARE NOT SENT TO ROYALTY OWNERS WHO RECEIVE LESS THAN \$10.00 AND WORKING INTEREST OWNERS WHO RECEIVE LESS THAN \$600.00 FOR THE YEAR.

Our records indicate your Social Security Number/Taxpayer ID is as follows:

511-01-3784

Furnish us with the correct number if the one indicated is not correct. If the space is "blank", you need to furnish us with your number to avoid future backup withholdings.

327-651168  
B E NORDLING  
209 EAST 6TH  
HUGOTON KS 679510000

CHECK DATE: 12/25/95  
CHECK AMOUNT: \$17.43

2-12



B E-NORDLING  
 209 EAST 6TH  
 UGOTON KS 679510000

OXY USA INC.  
 OIL & GAS REVENUE DETAIL

FOR ADDITIONAL INFORMATION, CONTACT:  
 INTEREST OWNER RELATIONS DEPARTMENT  
 P.O. BOX 300  
 TULSA, OK 74102-0300  
 (918) 561-2327

OWNER NO. 327-651168  
 CHECK NO. 876527 CHECK DATE DECEMBER 25, 1995  
 TOTAL OIL AND GAS CHECK AMOUNT \$17.43

DIVISION ORDER # NAME	COUNTY STATE	P C	PROD DATE	BTU FACTOR (if used)	V P B	C O D E	K I N D O F I N T E R E S T	OWNERSHIP DECIMAL	PRICE	VOLUME	GROSS VALUE	PRODUCTION TAXES	T Y P E	OTHER	NET VALUE	OWNER INT. NET VALUE
														AMOUNT		
1555940-001 MLP KANSAS UNIV A	STEVENS KS	4	10/95	.9960	2	L	2	.0007930	1.494	3057.00 3.00	4569.00 3.62	245.26 .19			4323.74	3.43
1555940-001 MLP KANSAS UNIV A	STEVENS KS	4	09/95	1.0018	2	L	2	.0007930	1.707	4912.00 3.00	8385.99 6.65	446.32 .35			7939.67	6.30
1555940-001 MLP KANSAS UNIV A	STEVENS KS	4	08/95	1.0057	2	L	2	.0007930	1.452	2975.00 3.00	4321.76 3.42	65.26 .05			4256.50	3.37
1555940-001 MLP KANSAS UNIV A	STEVENS KS	4	07/95	1.0000	2	L	2	.0007930	3.782	1327.00 1.00	5019.06 3.97	258.25 .20			4760.81	3.77
1555940-002 MLP KANSAS UNIV A	STEVENS KS	6	10/95	1.0000	2	L	2	.0007930		5.00	129.19 .10	6.49			122.70	.10
1555940-002 MLP KANSAS UNIV A	STEVENS KS	6	09/95	1.0000	2	L	2	.0007930		6.00	179.03 .14	8.98 .01			170.05	.13
1555940-002 MLP KANSAS UNIV A	STEVENS KS	6	08/95	1.0000	2	L	2	.0007930		2.00	65.96 .05	3.31			62.65	.05
1555940-002 MLP KANSAS UNIV A	STEVENS KS	6	07/95	1.0000	2	L	2	.0007930		13.00	367.49 .29	18.44 .01			349.05	.28
YOUR OWNER TOTALS ARE:											18.24	.81		YOUR PAYMENT IS:	17.43	

(KI) KIND OF INTEREST (PC) PRODUCT CODE (VPB) VOLUME PRESSURE BASE OTHER TYPE OTHER TYPE CODE  
 1- Working 1- Oil 1- 14,730 psi 1- Gathering/Compression 8- Interest Expense L- Lease Total  
 2- Royalty 2- Condensate 2- 14,850 psi 2- Extraction 7- Marketing Expense O- Owner's Share  
 3- Overriding Royalty 3- Oil Well Gas 3- 15,025 psi 3- Conservation 9- Ad Valorem Tax/Mineral Value S- Release From Suspense  
 4- Gas Well Gas 4- 15,326 psi 4- Transportation P- Production Payment A- Adjustment  
 5- Carbon Dioxide Gas 5- Other 5- Interest Income W- Windfall Profit Tax  
 6- Helium  
 7- Plant Products

-- RETAIN THIS STATEMENT --  
 FOR TAX PURPOSES  
 DUPLICATES CANNOT BE FURNISHED

FOR THE ACCOUNT OF OXY USA INC.  
P.O. BOX 300 TULSA, OK 74102-0300

51-61 (9-94)

2-14

CHECK NO  
876527

DATE  
12/25/95

OWNER NUMBER  
651168

```

*****
*
* NOTE: PLEASE ADVISE US OF ANY
* ADDRESS CHANGE. FAILURE TO DO
* SO DELAYS THE DELIVERY OF YOUR
* CHECK.
*
*****

```

YOUR SHARE OIL PROCEEDS	.00
YOUR SHARE GAS PROCEEDS	17.43
CALIFORNIA FRANCHISE TAX	.00
BACKUP WITHHOLDINGS	.00
TOTAL	17.43

00145 (05/94)

REVENUE PAYMENT DETAIL ENCLOSED

2-14

2-15

NOTE: PLEASE ADVISE US OF ANY ADDRESS CHANGE. FAILURE TO DO SO DELAYS THE DELIVERY OF YOUR CHECK.

OXY USA INC.  
P.O. BOX 300  
TULSA, OK 74102-0300


327-651168  
B E NORDLING  
209 EAST 6TH  
HUGOTON KS 679510000

\*\*\*\*\*

#1 PLEASE NOTE THESE TELEPHONE NUMBERS FOR INQUIRIES:  
CHECK PAYMENT QUESTIONS----- (918) 561-2327  
ALL PAYMENT RELATED QUESTIONS  
STOP PAYMENTS FOR LOST OR STOLEN CHECKS  
OWNERSHIP QUESTIONS----- (918) 561-2004  
REQUIREMENTS TO CHANGE OR OWNERSHIP CHANGES  
LEGAL DESCRIPTIONS  
FAX NUMBER----- (918) 561-2810  
ADDRESS CHANGES

#2 THE CORRESPONDENCE ADDRESS IS:  
OXY USA INC.  
ATTN: OWNER SERVICES  
P. O. BOX 300  
TULSA, OK 74102

#3 31% BACKUP WITHHOLDING TAX IS WITHHELD FROM CHECKS IF OXY USA HAS NOT RECEIVED A SOCIAL SECURITY OR TAXPAYER NUMBER PRIOR TO THE CHECK WRITE PROCESS. THIS DEDUCTION WILL CONTINUE UNTIL THE NUMBER IS FURNISHED.

#4 THE COVER PAGE OF THE CHECK DETAIL MAY BE USED WHEN NOTIFYING OXY OF AN ADDRESS CHANGE OR A TAX NUMBER. THIS CAN BE FAXED OR MAILED TO OXY USA INC.

#5 THE NATIONAL ASSOCIATION OF ROYALTY OWNERS (NARO) CAN HELP YOU TO LEARN MORE ABOUT MANAGING YOUR ROYALTY INTERESTS. THEIR ADDRESS IS 119 N. BROADWAY, ADA, OK 74820. CONTACT NARO AT 1 (800) 558-0557 OR USE THEIR FAX NUMBER (405) 436-1535.

#6 THE FIRST DAY TO REQUEST STOP PAYMENT ON A CHECK DATED SEPTEMBER 25 1995 IS OCTOBER 16, 1995.

Our records indicate your Social Security Number/Taxpayer ID is as follows:

511-01-3784

Furnish us with the correct number if the one indicated is not correct. If the space is "blank", you need to furnish us with your number to avoid future backup withholdings.

327-651168  
B E NORDLING  
209 EAST 6TH  
HUGOTON KS 679510000

CHECK DATE: 09/25/95  
CHECK AMOUNT: \$29.58

2-15

B BORDLING  
 : ST 6TH  
 h AN KS 679510000

**OXY USA INC.**  
**OIL & GAS REVENUE DETAIL**

FOR ADDITIONAL INFORMATION, CONTACT:  
 INTEREST OWNER RELATIONS DEPARTMENT  
 P.O. BOX 300  
 TULSA, OK 74102-0300  
 (918) 561-2327

OWNER NO. 327-651168  
 CHECK NO. 831428 CHECK DATE SEPTEMBER 25, 1995  
 TOTAL OIL AND GAS CHECK AMOUNT \$29.58

DIVISION ORDER # NAME	COUNTY STATE	P C	PROD DATE	BTU FACTOR (if used)	V P B	C O D E	K	OWNERSHIP DECIMAL	PRICE	VOLUME	GROSS VALUE	PRODUCTION TAXES	T Y P E	OTHER	NET VALUE	OWNER INT. NET VALUE
														AMOUNT		
1555940-001 MLP KANSAS UNIV A	STEVENS KS	4	07/95	.9899	2	L	2	.0007930	1.227	10763.00 9.00	13210.96 10.49	719.75 .58			12491.21	9.91
1555940-001 MLP KANSAS UNIV A	STEVENS KS	4	06/95	.9911	2	L	2	.0007930	1.693	12081.00 10.00	20457.78 16.22	1293.92 1.03			19163.86	15.19
1555940-001 MLP KANSAS UNIV A	STEVENS KS	4	05/95	1.0000	2	L	2	.0007930	4.398	1190.00 1.00	5234.44 4.15	320.62 .25			4913.82	3.90
1555940-002 MLP KANSAS UNIV A	STEVENS KS	6	06/95	1.0000	2	L	2	.0007930		14.00	386.33 .31	23.26 .02			363.07	.29
1555940-002 MLP KANSAS UNIV A	STEVENS KS	6	05/95	1.0000	2	L	2	.0007930		14.00	386.33 .31	23.26 .02			363.07	.29

YOUR OWNER TOTALS ARE:

31.48 1.90 YOUR PAYMENT IS: 29.58

(KI) KIND OF INTEREST 1- Working 2- Royalty riding Royalty	(PC) PRODUCT CODE 1- Oil 2- Condensate 3- Oil Well Gas 4- Gas Well Gas 5- Carbon Dioxide Gas 8- Helium 7- Plant Products	(VPB) VOLUME PRESSURE BASE 1- 14.730 psi 2- 14.650 psi 3- 15.025 psi 4- 15.325 psi 5- Other	OTHER TYPE 1- Gathering/Compression 2- Extraction 3- Conservation 4- Transportation 6- Interest Income	OTHER TYPE 6- Interest Expense 7- Marketing Expense 9- Ad Valorem Tax/Mineral Value P- Production Payment W- Windfall Profit Tax	CODE L- Lease Total O- Owner's Share S- Release From Suspense A- Adjustment
---	---	---	---	---	---

-- RETAIN THIS STATEMENT --  
 FOR TAX PURPOSES  
 DUPLICATES CANNOT BE FURNISHED

FOR THE ACCOUNT OF OXY USA INC.  
P.O. BOX 300 TULSA, OK 74102-0300

CHECK NO  
831428

DATE  
09/25/95

OWNER NUMBER  
651168

```

*****
*
* NOTE: PLEASE ADVISE US OF ANY
* ADDRESS CHANGE. FAILURE TO DO
* SO DELAYS THE DELIVERY OF YOUR
* CHECK.
*
*****

```

YOUR SHARE OIL PROCEEDS	.00
YOUR SHARE GAS PROCEEDS	29.58
CALIFORNIA FRANCHISE TAX	.00
BACKUP WITHHOLDINGS	.00
TOTAL	29.58

092145 (05/94)

REVENUE PAYMENT DETAIL ENCLOSED

FEDERAL AND STATE TAXES  
HAVE BEEN DEDUCTED AND  
PAID WHERE REQUIRED

LEE BANKS d/b/a BANKS OIL COMPANY  
200 W. DOUGLAS, SUITE 550, WICHITA, KS. 67202

009797

LEASE NO.	OWNER NO.	DATE		*	BBLs. OR MCF.	OTHER DED.	TAXES	NET VALUE	OWNERS INTEREST
		MONTH	YEAR						
000008	00482	HE	93	2				20 38	2
000008	00482	SEP	94	2				31 56	4
000008	00482	OCT	94	2	234			226 64	27
000008	00482	XXX	94	2				31 91	4
000008	00482	NOV	94	2	298			390 82	47
000008	00482	DEC	94	2	310		1 71	427 80	51
000008	00482	J	95	2			22	2 63	
000008	00482	F/M	95	2			19	5 16	1
000008	00482	FEB	95	2	237		16 39	262 03	31
000008	00482	MAR	95	2	253		1 39	324 94	39
000008	00482	APR	95	2	256		1 41	324 72	40
000008	00482	JAN	95	2	268		7 14	269 23	33
000008	00482	MAY	95	2	263		1 45	375 31	45
000008	00482	JUN	95	2	294		1 62	417 12	51
000008	00482	JUL	95	2	295		1 62	348 40	42
000008	00482	AUG	95	2	301		1 66	326 73	40
000008	00482	SEP	95	2	277		1 52	362 67	44
000008	00482	JUN	95	3			48	6 88	1
									\$ 02

WHEN WRITING REFER TO  
LEASE AND OWNER NUMBERS

\* 1 - CRUDE OIL 2 - GAS 3 - CONDENSATE

CHECK NO.

0085621

OWNER NO.

0010568

WHEN WRITING REFER TO  
OWNER AND  
LEASE NUMBER

## BEREXCO INC.

970 Fourth Financial Center  
Wichita, Kansas 67202  
(316) 265-3511RETAIN THIS STATEMENT  
FOR TAX PURPOSES-DUPLICATES  
CANNOT BE FURNISHED

CHECK DATE

12/29/95

LEASE NO.	DATE	GROSS VOLUME	GROSS VALUE	DECIMAL INTEREST	PRODUCTION TAX	YOUR INTEREST			NET VALUE
						WINDFALL TAX			
						AMOUNT	TIER	RATE	
W1138001	95/10	343.00	435.10	005208300	.01				2.25 G
W1138001	95/10		1.40	005208300					.01 G
W1138002	95/10	2664.00	3135.68	003802059	.64				11.15 G
W1138002	95/10		10.87	003802059					.04 G
W1138004	95/10	1812.00	2528.63	003802059	.52				9.10 G
W1138004	95/10		7.39	003802059	.01				.01 G
W1139801	95/10	2169.00	2925.68	002604150	.03				7.59 G
MONTHLY TOTALS					1.21-				30.16
YEAR-TO-DATE					17.31-				320.54

CHECK NO.  
**0084488**  
 OWNER NO.  
**0010568**

WHEN WRITING REFER TO  
 OWNER AND  
 LEASE NUMBER

**BEREXCO INC.**  
 970 Fourth Financial Center  
 Wichita, Kansas 67202  
 (316) 265-3511

RETAIN THIS STATEMENT  
 FOR TAX PURPOSES-DUPLICATES  
 CANNOT BE FURNISHED

CHECK DATE  
**11/30/95**

LEASE NO.	DATE	GROSS VOLUME	GROSS VALUE	DECIMAL INTEREST	PRODUCTION TAX	YOUR INTEREST			NET VALUE	
						WINDFALL TAX				
						AMOUNT	TIER	RATE		
W1138001	95/09	290.00	344.01	.005208300	.01				1.78	
W1138001	95/09		1.16	.005208300						
W1138001	95/08	413.00	403.88	.005208300	.02				2.08	
W1138001	95/03		3.44	.005208300					.01	
W1138002	95/09	2861.00	3124.12	.003802059	.66				11.22	
W1138002	95/09		11.44	.003802059					.05	
W1138002	95/08	3348.00	3013.81	.003802059	.65				10.81	
W1138002	95/08		27.91	.003802059	.01				.09	
W1138004	95/09	2059.00	2691.69	.003802059	.56				9.68	
W1138004	95/09		8.23	.003802059	.01				.02	
W1138004	95/08	2570.00	2769.69	.003802059	.58				9.95	
W1138004	95/08		21.42	.003802059					.08	
MONTHLY TOTALS										
YEAR-TO-DATE										

CONTINUED

CHECK NO.  
**0084488**  
 OWNER NO.  
**0010568**

WHEN WRITING REFER TO  
 OWNER AND  
 LEASE NUMBER

**BEREXCO INC.**  
 970 Fourth Financial Center  
 Wichita, Kansas 67202  
 (316) 265-3511

RETAIN THIS STATEMENT  
 FOR TAX PURPOSES-DUPLICATES  
 CANNOT BE FURNISHED

CHECK DATE  
**11/30/95**

LEASE NO.	DATE	GROSS VOLUME	GROSS VALUE	DECIMAL INTEREST	PRODUCTION TAX	YOUR INTEREST			NET VALUE	
						WINDFALL TAX				
						AMOUNT	TIER	RATE		
W1139801	95/09	10.00	12.63	.002604150					.03	
W1139801	95/08	92.00	76.23	.002604150					.20	
MONTHLY TOTALS						2.50-				45.00
YEAR-TO-DATE						16.10-				290.38





**CABOT OIL & GAS CORPORATION -** P.O. BOX 4544  
 HOUSTON, TEXAS 77210-4544  
 DETAILED SETTLEMENT STATEMENT (EXPLANATION ON REVERSE)

CHECK NO. **1900009390**

LEASE NO.	LEASE NAME	DATE MO./YR.	PROD.	INT. TYPE	LEASEHOLD DECIMAL	SETTLEMENT DECIMAL	PRICE
GROSS VOLUME	GROSS VALUE	TAXES	DEDUCTION		GROSS DEDUCTION	NET VALUE	
OWNER'S VOLUME	OWNER'S GROSS VALUE	OWNER'S TAXES	OKLAHOMA BTU CONTENT		OWNER'S DEDUCTION	OWNER'S NET VALUE	
150028-001	LYNCH 1	7-95	2	2	.00508090	.00508090	1.038
2857.00	2966.31	15.71					2950.60
14.52	15.08	.08					15.00
150028-001	LYNCH 1	7-95	2	2	.00508090	.00508090	
.00		177.98					177.98-
.00		.90					.90-
150028-001	LYNCH 1	8-95	2	2	.00508090	.00508090	.927
2627.00	2436.51	14.45					2422.06
13.35	12.38	.07					12.31
150028-001	LYNCH 1	8-95	2	2	.00508090	.00508090	
.00		146.19					146.19-
.00		.74					.74-

ADDRESS ALL INQUIRIES REGARDING THIS STATEMENT TO THE ROYALTY COORDINATOR OR CALL THE NUMBER PRINTED BELOW. WHEN CALLING OR WRITING PLEASE REFER TO YOUR LEASE NUMBER AND OWNER NUMBER. RETAIN THIS STATEMENT FOR TAX PURPOSES.

DATE	OWNER NUMBER	TOTAL
10/25/95	460260	25.67

TOLL-FREE NUMBER: 1-800-434-3985

PRODUCTS: 2-GAS  
 INT TYPES: 2-ROY.

2-22

CHECK NO.  
451578  
OWNER NO.  
276950

WHEN WRITING REFER TO  
OWNER AND  
LEASE NUMBER

**CENTRAL CRUDE CORPORATION**

401 E. DOUGLAS, SUITE 402  
WICHITA, KANSAS 67202

RETAIN THIS STATEMENT  
FOR TAX PURPOSES - DUPLICATES  
CANNOT BE FURNISHED

CHECK DATE  
12/22/95

LEASE NO.	DATE	GROSS VOLUME	GROSS VALUE	DECIMAL INTEREST	PRODUCTION TAX	YOUR INTEREST			NET VALUE	
						WINDFALL TAX				
						AMOUNT	TIER	RATE		
828	11/95	457.82	7009.88	001302075	.41	.00	3.000		8.72	
3032	11/95	163.17	2531.58	004166600	.47	.00	3.000		10.08	
3437	11/95	835.88	13117.67	000347220	.21	.00	3.000		4.34	
3439	11/95	885.05	13889.23	000347220	.22	.00	3.000		4.60	
3446	11/95	737.54	11574.38	001041660	.54	.00	3.000		11.52	
3571	11/95	154.38	2434.57	002604150	.01	.00	3.000		6.33	
4639	11/95	149.52	2389.33	001692700	.19	.00	3.000		3.85	
7490	11/95	4348.57	64143.89	003124980	8.97	.00	3.000		191.48	
7491	11/95	181.17	2672.35	003124980	.37	.00	3.000		7.98	
7809	11/95	1469.60	23171.43	001215270	1.26	.00	3.000		26.90	
9352	11/95	315.43	4754.68	005208300	1.10	.00	3.000		23.66	
MONTHLY TOTALS						13.75	.00			299.46
YEAR-TO-DATE						181.04	.00			4,051.44

CHECK NO.  
446763  
OWNER NO.  
276950

WHEN WRITING REFER TO  
OWNER AND  
LEASE NUMBER

**CENTRAL CRUDE CORPORATION**

401 E. DOUGLAS, SUITE 402  
WICHITA, KANSAS 67202

RETAIN THIS STATEMENT  
FOR TAX PURPOSES - DUPLICATES  
CANNOT BE FURNISHED

CHECK DATE  
11/24/95

LEASE NO.	DATE	GROSS VOLUME	GROSS VALUE	YOUR INTEREST					NET VALUE	
				DECIMAL INTEREST	PRODUCTION TAX	WINDFALL TAX				
						AMOUNT	TIER	RATE		
828	10/95	148.04	2185.07	.001302075	.12	.00	3.000		2.73	
3032	10/95	316.53	4480.21	.004166600	.84	.00	3.000		17.83	
3437	10/95	923.39	13828.48	.000347220	.22	.00	3.000		4.58	
3439	10/95	869.04	13014.55	.000347220	.21	.00	3.000		4.31	
3446	10/95	923.39	13828.48	.001041660	.64	.00	3.000		13.76	
7490	10/95	4153.07	58501.86	.003124980	8.19	.00	3.000		174.63	
7491	10/95	471.26	6854.27	.003124980	.96	.00	3.000		20.46	
7809	10/95	2139.43	31603.53	.001215270	1.71	.00	3.000		36.70	
9352	10/95	160.78	2310.41	.005208300	.54	.00	3.000		11.49	
9359	10/95	167.38	2553.38	.003802059	.01	.00	3.000		9.70	
MONTHLY TOTALS					13.44	.00				296.19
YEAR-TO-DATE					167.29	.00				3,751.98

048807

*****				LEASE NUMBER		LEASE NAME				
T	P	MO.	YR.	UNIT PRICE	BBLs OR MCF	GROSS VALUE	LEASE WPT	SEV/PROD TAX	NET VALUE	
				YOUR DECIMAL	YOUR BBLs OR MCF	YOUR GROSS	YOUR WPT W/H	YOUR SEV/PROD TAX	YOUR OTHER W/H	
0	G	10	95	1.36 .001692700	1338.00 2.26	1818.00 3.03	W 36163 LIGHT #01-20	98.25 .17	1719.75	2.91
0	G	10	95	1.37 .003906220	3534.00 13.80	4855.10 18.96	W 36216 MONTGOMERY #01-29*	262.21 1.02	4592.89	17.94
0	G	10	95	1.53 .002343730	5735.00 13.44	8767.50 20.55	W 36248 MYERS #01-29	469.92 1.10	8297.58	19.45
0	G	10	95	1.43 .002343730	19440.00 45.56	27704.03 64.93	W 36257 LEMON #01-29	1492.12 3.49	26211.91	61.44
YOUR TOTALS →						107.52		5.78		101.74
PRODUCT						OWNER NUMBER			CHECK DATE	
O - OIL G - GAS						3284			12/29/95	
C - CONDENSATE P - PLANT PRODUCT						OWNER NAME			CHECK NO.	
OWNER TYPE W - WORKING R - ROYALTY O - OVERRIDE						BERNARD E NORDLING			71330	

LB INDUSTRIES, INC.  
OIL & GAS DIVISION  
12200 EAST BRIARWOOD AVE SUITE 250  
ENGLEWOOD COLORADO 80112

DETACH AND RETAIN THIS STATEMENT FOR TAX PURPOSES. DUPLICATES CANNOT BE FURNISHED

047849

*****					LEASE NUMBER	LEASE NAME					
T	P	MO.	YR.	UNIT PRICE	BBLS OR MCF	GROSS VALUE	LEASE WPT	SEV/PROD TAX	NET VALUE		
				YOUR DECIMAL	YOUR BBLS OR MCF	YOUR GROSS	YOUR WPT W/H	YOUR SEV/PROD TAX	YOUR OTHER W/H	YOUR NET	
				*****							
0	G	0995		1.27	969.00	1226.87		5.33	1221.54		
				.001692700	1.64	2.07		.01		2.06	
				*****							
0	G	0995		1.28	3600.00	4610.03		250.31	4359.72		
				.003906220	14.06	18.01		.98		17.03	
				*****							
0	G	0995		1.43	3924.00	5624.37		302.80	5321.57		
				.002343730	9.20	13.18		.71		12.47	
				*****							
0	G	0995		1.33	20977.00	27854.48		1508.09	26346.39		
				.002343730	49.16	65.29		3.54		61.75	
YOUR TOTALS →						98.55		5.24		93.31	

PRODUCT: O - OIL C - CONDENSATE  
 G - GAS P - PLANT PRODUCT  
 OWNER TYPE: W - WORKING R - ROYALTY O - OVERRIDE

BERNARD E NORDLING  
 OWNER NAME

OWNER NUMBER: 3284  
 CHECK DATE: 11/30/95

CHECK NO. 71312

LB INDUSTRIES, INC.  
 OIL & GAS DIVISION  
 12200 EAST BRIARWOOD AVE SUITE 250  
 ENGLEWOOD COLORADO 80112

DETACH AND RETAIN THIS STATEMENT FOR TAX PURPOSES. DUPLICATES CANNOT BE FURNISHED

2-26

Lease#	Codes	Date	Volume	Tax	Other	Net Value	Interest	Net Share
101004	2 2	09/95	813.00	4.47		934.81	.00781250	7.30
107001	2 2	09/95	1,704.00	9.37		1,842.62	.00781250	14.40
187001	2 2	09/95	1,215.00	6.64		1,367.52	.00781250	10.68
187002	2 2	09/95	5,141.00	28.24		5,739.92	.00781250	44.84
187003	2 2	09/95	2,298.00	150.24		2,431.36	.00781250	19.00

-----Interest Codes-----  
 1 Work 2 Rlty 3 Ovrld

-----Product Codes-----  
 1 Oil 2 Gas 3 Cond. 4-9 Other

TOTAL >

96.22

Owner number 02341

123636

Lease#	Codes	Date	Volume	Tax	Other	Net Value	Interest	Net Share
101004	2 2	08/95	879.00	4.83		850.00	.00781250	6.64
101004	2 8	08/95	3.00	.82		15.64	.00781250	.12
107001	2 2	08/95	1,510.00	8.31		1,271.47	.00781250	9.93
107001	2 8	08/95	5.00	1.06		20.14	.00781250	.16
187001	2 2	08/95	2,920.00	164.56		2,621.28	.00781250	20.48
187001	2 8	08/95	1.00	2.48		47.32	.00781250	.37
187002	2 2	08/95	7,948.00	43.68		7,475.36	.00781250	58.40
187003	2 2	08/95	8,359.00	467.60		7,443.28	.00781250	58.15
187003	2 8	08/95	4.00	6.80		129.84	.00781250	1.01

-----Interest Codes-----	-----Product Codes-----	TOTAL >	155.26
1 Work 2 Rlty 3 Ovrid	1 Oil 2 Gas 3 Cond. 4-9 Other	122624	
	Owner number 02341		



N H WHELESS OIL COMPANY  
 333 TEXAS STREET SHREVEPORT, LA. 71101  
 318-222-3137

90

ORIGINAL, DO NOT THROW AWAY, RETAIN FOR YOUR RECORDS.

PAGE 1

PAYEE: 85379 BERNARD E NORDLING

CHECK NO: 3908

DATE: 01/25/96

SALE DATE	TYP	PROD INT	PRICE	QUANTITY	GROSS	YOUR INTEREST	YOUR SHARE
-----------	-----	----------	-------	----------	-------	---------------	------------

WELL: 665 LEONARD 1

11/95	G	RI	1.6797	5836.00			
			GROSS VALUE		9802.90	0.00317180	31.09
			PRODUCTION TAX - 1ST LEVEL		522.36		1.66
			NET AMOUNT		9280.54		29.43

WELL: 668 LEONARD 1 1

11/95	G	RI	1.6000	4575.00			
			GROSS VALUE		7320.00	0.00317180	23.22
			PRODUCTION TAX - 1ST LEVEL		391.16		1.24
			NET AMOUNT		6928.84		21.98

TOTAL CHECK AMOUNT 51.41

G GAS PRODUCT LEGEND

N H WHELESS OIL COMPANY

333 TEXAS STREET SUITE 2020 SHREVEPORT, LA. 71101

PAYEE	CHECK NO.	DATE
BERNARD E NORDLING	85379	3908 01/25/96

TOTAL CHECK AMOUNT 51.41

FOR DETAILED INFORMATION - SEE CONTINUATION FORM

ORIGINAL, DO NOT THROW AWAY, RETAIN FOR YOUR RECORDS.

PAGE 1

PAYEE: 85379 BERNARD E NORDLING CHECK NO: 3310 DATE: 11/27/95

SALE DATE	TYP	INT	PRICE	QUANTITY	GROSS	YOUR INTEREST	YOUR SHARE
-----------	-----	-----	-------	----------	-------	---------------	------------

WELL: 665 LEONARD 1

09/95	G	RI	1.6797	9879.00			
			GROSS VALUE		16594.06	0.00317180	52.63
			PRODUCTION TAX - 1ST LEVEL		884.23		2.80
			NET AMOUNT		15709.83		49.83

WELL: 668 LEONARD 1 1

09/95	G	RI	1.6000	7367.00			
			GROSS VALUE		11787.20	0.00317180	37.39
			PRODUCTION TAX - 1ST LEVEL		629.88		2.00
			NET AMOUNT		11157.32		35.39

TOTAL CHECK AMOUNT 85.22

PRODUCT LEGEND

G GAS

N H WHELESS OIL COMPANY 333 TEXAS STREET SUITE 2020 SHREVEPORT, LA. 71101

PAYEE	CHECK NO.	DATE
BERNARD E NORDLING	85379	3310 11/27/95

TOTAL CHECK AMOUNT 85.22

FOR DETAILED INFORMATION - SEE CONTINUATION FORM

1 **PROPOSED REVISION TO SENATE BILL 472**

2  
3 AN ACT relating to oil and gas; prescribing information to be included with payments to interest  
4 owners from sales of oil and gas.

5  
6 *Be it enacted by the Legislature of the State of Kansas:*

7  
8 Section 1. As used in this act:

9 (a) "Payee" means any person or persons, or a court of competent jurisdiction, to whom  
10 payment of revenues accrued from the first sale of oil or gas from an oil or gas well located in  
11 Kansas should be made, whether the same arises from ownership of the proceeds or an interest  
12 in the producing property or a contract right to receive or disburse the payment;

13 (b) "Payment" means the sum to be paid to a payee by a payor arising from payee's interest  
14 in a first sale of oil or gas occurring on or after the effective date of this act.

15 (c) "Payor" means:

16 (1) The first purchaser of production of oil or gas from an oil or gas well. If the first purchaser  
17 makes payment to a third party for distribution to payee, the first purchaser is a payor as to the  
18 third party to whom payment is made, or

19 (2) any person who has entered into an agreement with the first purchaser to make payment to  
20 payee and receives moneys from the first purchaser for distribution pursuant to such agreement.

21 (d) "First sale" means the transfer of ownership of oil or gas first occurring after its severance  
22 from the ground to a non-affiliated party.

23 (e) "First purchaser" means the owner of the oil or gas after consummation of a first sale.

24 (f) "Person" means any individual, corporation, limited partnership, partnership, association,  
25 joint stock company, living trust, irrevocable trust, trust where the interest of the beneficiaries  
26 are evidenced by a security, an unincorporated organization, a government, a political  
27 subdivision of government, or any combination thereof.

28 (g) "Gas" means all gaseous substances produced from an oil and gas well, including helium,  
29 and any products, produced from such gas, including liquid and liquefiable hydrocarbon  
30 products.

31  
32 Section 2. The payor shall include the following information with each payment made to a  
33 payee.

34 (a) The lease, property, or well name or any lease, property, or well identification number used  
35 to identify the lease, or well;

36 (b) the month and year during which a first sale occurred for which payment is being made;

37 (c) one hundred percent of the volume of oil, regardless of ownership, related to a first sale,  
38 measured in barrels, and one hundred percent of the volume of either wet or dry gas, regardless  
39 of ownership, related to a first sale, measured in thousand cubic feet;

40 (d) Price:

41 (1) Oil. The price per barrel received upon the first sale. Any deductions made by the first  
42 purchaser are to be explained pursuant to subsection (f);

43 (2) Gas. The price per thousand cubic feet received upon the first sale. Any deductions made  
44 by the first purchaser are to be explained pursuant to subsection (f);

45 (e) total amount of state severance and production taxes;

- 1 (f) any other deductions or adjustments, including volumetric deductions, with explanations of  
2 such treatment;
- 3 (g) the price after deductions or adjustments;
- 4 (h) payee's interest in the first sale expressed as a decimal;
- 5 (i) payee's share of the first sale before any deductions or adjustments;
- 6 (j) payee's share of the first sale after deductions or adjustments;
- 7 (k) the quantity of any gas or oil, produced from the lease, property, or well, during the period  
8 specified in subsection(b) which was not disposed of through a first sale; and
- 9 (l) an address and telephone number where additional information may be obtained and any  
10 questions answered. If information is requested by certified mail, the payor must mail the  
11 answer to the payee by certified mail within thirty days of receipt of the request.

12  
13 Section 3. Nothing contained in this act shall be construed to amend or otherwise affect any  
14 contractual obligations or rights which may otherwise exist.

15  
16 Section 4. If the payor fails to provide information required under Section 2 hereof, the payee  
17 may secure injunctive relief against the payor to enforce this act in an action brought in any  
18 court of competent jurisdiction and may recover reasonable attorneys fees and costs in such an  
19 action.

20  
21 Section 5. This act shall take effect and be in force from and after its publication in the statute  
22 book.

**TESTIMONY OF GREGORY J. STUCKY  
IN CONNECTION WITH SENATE BILL 472**

I am Gregory J. Stucky, general counsel of the Southwest Kansas Royalty Owners Association. The Association, which is nearly fifty years old, is a non-profit organization, whose purpose is to protect and foster the interests of royalty owners in the Hugoton Gas Field of Southwest Kansas. Its membership is in excess of 2,500 persons and other entities.

Since my graduation from the University of Kansas School of Law in 1977, a very substantial part of my professional career has been devoted to the representation of royalty owners, principally in the Kansas Hugoton Field.

The natural gas industry has undergone a fundamental restructuring in the past decade. Until the mid-1980s, the normal arrangement under which gas was marketed in the Hugoton Field in Kansas was through a federally-regulated sale occurring at or near the wellhead by the producer to the pipeline company. The pipeline company would then transport the gas and re-sell it to a local distribution company near the point of ultimate consumption. Formerly, producers generally paid royalty owners one-eighth of the proceeds they received from the sale of gas under a contract to which the royalty owners' lands were committed. Under those circumstances, the accounting provided by the producers to their royalty owners on their check stubs usually was straight forward and understandable.

With the advent of a series of regulations issued by the Federal Energy Regulatory Commission, together with the passage by

*Senate Energy & Natural Resources  
February 1, 1996  
Attachment 3*

Congress of an act which disassembled the federal natural gas pricing regime that had been in effect nearly since the Southwest Kansas Royalty Owners Association has been in existence, a multitude of different arrangements for the sale of gas have now developed.

In many instances, the producer no longer sells the gas at the wellhead to the pipeline company. Rather, it often makes its first sale of the produced gas near or at the point of consumption, using the same pipeline company (which had previously purchased the gas) to transport the gas. In such an arrangement, the producer pays the pipeline company for its services in connection with the transportation of the gas.

In other arrangements, the producer (or a sister corporation) may gather the gas from various wells and then place that gas into the pipeline system, at which point the gas is sold — either to the pipeline company (or a sister company), the distribution company or the ultimate consumer of the gas. Another example would be when the gathering system is owned by a party unaffiliated to the producer, and the producer is charged for gathering costs. There are numerous other possible arrangements for the sale of gas.

In many instances, the information provided by the producer on the check stubs to its royalty owner does not reflect the realities of these new marketing arrangements. When producers sold the gas at the wellhead before these new marketing arrangements became common, the check stubs generally showed the price received by the producer in connection with that sale, together with the amount of

gas sold and any deductions for production-related taxes, such as the severance tax. Now the check stubs still show a "price" or "unit value" or other designation upon which the producer calculates royalty, but it is impossible to tell where that number comes from. Is it the sales price for the gas? Is it some index price for gas selected by the producer? Or is it some other figure unilaterally chosen by the producer upon which it calculates royalty?

The situation becomes even more complicated in view of the fact that the "price" or "unit value" noted on the royalty owner check stub sometimes is not even the beginning price from which royalty was calculated. The price reflected on the royalty check stubs may be the number left after deduction of certain expenses. In some instances, those deductions are noted on royalty check stubs, but often, they are not. The deductions (disclosed or not) sometimes taken by producers are for charges such as compression, gathering, transportation, and marketing.

The royalty check stubs almost always fail to present adequate information to make any determination as to whether or not the royalty owner's producer is paying the proper amount of royalty. Many states have attempted to address this problem — lack of information — by passing statutes which require producers to give royalty owners more information on check stubs.<sup>1</sup> This legislation

---

<sup>1</sup>Alabama (Ala. Code §9-17-33 (Supp. 1995)); Arkansas (Ark. Code Ann. §15-74-707 (Michie 1987)); Nevada (Nev. Rev. Stat. Ann. §522.115)); North Dakota (N.D. Cent. Code §38-08-06.3)); Oklahoma (Okla. Stat. Tit. 52 Ann. §570-10 (West Supp. 1995)); Texas (Tex. Nat. Res. Code §91.501,502)); Wyoming (Wyo. Stat. §30-5-303, 305

of other states, which is of recent origin, presumably was designed to address the frustrating circumstances that a royalty owner would face each month when she receives her royalty check: The information contained on the check stub would be woefully inadequate for the royalty owner to determine upon what basis she has been paid by the producer.

Could you imagine being presented by a cashier at your local grocery store with a ticket for your groceries, which is indecipherable or so incomplete that it is impossible for you to determine whether or not you are being charged the correct amount for your groceries? If you can imagine such a strange situation, you can appreciate the frustration that a royalty owner feels each month when she reviews her check stub. Do you think that you would be entitled to some explanation from your grocer? This Bill would require that the producer to give at least some rudimentary information on the check stub.

I have reviewed Senate Bill 472 and believe that it addresses the legitimate need for the royalty owner to know how it is being paid, while not placing any undue burden on the producer to furnish that information to its royalty owner.

Most of the acts of the other states that require the producer to disclose information to its royalty owner, after which Senate Bill 472 appears to be patterned, include some definitional or

---

(Supp. 1995)).



enforcement sections.<sup>2</sup> We have proposed various changes to Senate Bill 472, which, for the most part, are designed to define more precisely the parties subject to the act and the information required to be provided by the producer and to provide an enforcement mechanism if the producer fails to comply with the terms of the act. We urge you to consider adoption of those proposed changes.

On behalf of the Southwest Kansas Royalty Owners Association, I thank you for the time and courtesies you have extended to me and commend you for perceiving a need for this type of legislation.

---

<sup>2</sup>Alabama (Ala. Code §9-17-33) (definitional section); Nevada (Nev. Rev. Stat. Ann. §522.115) (\$100 fine for each violation); North Dakota (N.D. Cent. Code §38-08-06.3) (Class B misdemeanor); Oklahoma (Okla. Tit. 52 Ann. §570-10 (West Supp. 1995)) (definitional section); Wyoming (Wyo. Stat. §30-5-303) (\$100 per month that reporting is not supplied)

AMENDMENT SUBMITTED BY  
ED SCHAUB, WESTERN RESOURCES

Session of 1996

SENATE BILL No. 472

By Committee on Energy and Natural Resources

1-17

9 AN ACT relating to oil and gas; prescribing information to be included  
10 with payments to interest owners from sales of oil and gas.

11

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

13 Section 1. The following information for each property and month  
14 of sale shall be included with each payment made to an interest owner  
15 from the sale of oil or gas:

16 (a) The lease, property, or well name or any lease, property, or well  
17 identification number used to identify the lease, property, or well if the  
18 owner is initially provided with the lease, property, or well name to which  
19 the lease, property, or well name refers;

20 (b) the month and year during which sales occurred for which pay-  
21 ment is being made;

22 (c) one hundred percent of the corrected volume of oil, regardless of  
23 ownership, which is sold during the period for which payment is made  
24 measured in barrels, and one hundred percent of the volume of either  
25 wet or dry gas, regardless of ownership, which is sold or removed from  
26 the premises for the purpose of sale, or sale of its contents and residue,  
27 measured in thousand cubic feet during the period for which payment is  
28 made;

29 (d) Price:

30 (1) Oil. Weighted average price per barrel received by the producer  
31 for all oil sold during the period for which payment is made. The price  
32 would be the net price received by the producer after purchaser's de-  
33 ductions. The purchaser's deductions are to be explained pursuant to  
34 subsection (f);

35 (2) gas. Weighted average price per thousand cubic feet (28.32 cubic  
36 meters) received by the producer for all gas sold during the period for  
37 which payment is made. The price would be the net price received by  
38 the producer after purchaser's deductions. The purchaser's deductions  
39 are to be explained pursuant to subsection (f);

40 (e) total amount of state severance and production taxes;

41 (f) any other deductions or adjustments. Those not explained on the  
42 statement or in a separate mailing must be explained to the owner upon  
43 inquiry to the disbursing;

or be determinable from  
other information provided,

Senate Energy & Nat'l Resources  
February 1, 1996  
Attachment 4

- 1 (g) net value of total sales after deductions;  
2 (h) owner's interest in sales from the lease, property, or well ex-  
3 pressed as a decimal;  
4 (i) owner's share of the total value of sales prior to any tax deductions;  
5 (j) owner's share of sales value less deductions; and  
6 (k) an address where additional information may be obtained and any  
7 questions answered. If information is requested by certified mail, the  
8 answer must be mailed by certified mail within thirty days of receipt of  
9 the request.
- 10 Sec. 2. This act shall take effect and be in force from and after its  
11 publication in the statute book.

VENDOR NUMBER  
800812101

# Western Resources, Inc.

10/20/95

CHECK NUMBER  
152998

DATE		WELL NUMBER	M C F PRODUCED	PRICE PER MCF	TOTAL VALUE	STATE Assessments	AMOUNT DUE ALL INTERESTS	PAYEE'S DECIMAL INTEREST	KIND of INT.	AMOUNT DUE PAYEE
MO.	YR.									
09	95	00171	1,607	1.786	2,869.46	152.31	2,717.15	0.0104160	RI	28.30
								CHECK AMOUNT		28.30

138

THE ABOVE IS A STATEMENT OF THE AMOUNTS INCLUDED IN THIS CHECK. PLEASE DETACH AND RETAIN FOR YOUR RECORDS.



## KANSAS INDEPENDENT OIL & GAS ASSOCIATION

105 S. BROADWAY • SUITE 500 • WICHITA, KANSAS 67202-4262  
(316) 263-7297 • FAX (316) 263-3021  
800 S.W. JACKSON • SUITE 1400 • TOPEKA, KANSAS 66612-1216  
(913) 232-7772 • FAX (913) 232-0917

**Testimony of Donald P. Schnacke, Executive Vice President  
Kansas Independent Oil & Gas Association  
before the  
Senate Committee on Energy & Natural Resources  
February 1, 1996**

**RE: SB 472 - Information Required Upon Sales of Oil or Gas**

I am Don Schnacke, Executive Vice President of the Kansas Independent Oil & Gas Association, a 59-year old statewide association of oil and gas producers and supporting industry, composed of over 900 individual and company members. We are appearing today to oppose the passage of SB 472.

SB 472 would impose a standardized system of reporting information to interest holders upon the sale of crude oil and/or natural gas. Most, if not all, of the information proposed under SB 472 would normally be included with an interest statement on a regular basis when the producer/operator has the computer equipment, staff and access to the information required. For instance, of the eighteen producing entities operating in the southwest Kansas Hugoton Field, we would assume that each and every one of those operators would be able to comply and are complying with the information requirements that would be mandated under SB 472.

Unfortunately, many producers in the Kansas oil and gas industry are not at all comparable with those who operate in the Hugoton Field. Many Kansas operators are not able to comply with the proposed mandates found in SB 472. We selected a few small producers to give us their views concerning SB 472. I want to read a brief letter from Don Sanders of Sterling, Kansas, a copy of which I have attached.

Each year we purchase updated information from Petroleum Information which is a recognized data service that reports the quantities of crude oil and natural gas produced by each operator in Kansas. Their 1995 report lists 2,588 Kansas producers with a wide range of production. Our concerns about SB 472 are for the small producer like those reflected by Mr. Don Sanders. The PI reports lists 268 producers who produce less than one barrel of oil per day.; 1170 producers who produce less than 10 barrels per day, the recognized stripper oil well definition; and 367 producers who produce less than 60 mcf of gas per day, the recognized stripper gas well definition.

We have also heard from some mid-sized Kansas operators which are burdened with revenue disbursements. We have examined examples of revenue check stubs from some mid-sized operators who are not in compliance with what would be mandated by SB 472. We feel an aggrieved interest holder payee can obtain the information proposed in SB 472 on request to the payor, without requiring computer software changes that can be costly and burdensome.

*Senate Energy & Nat'l Resources  
February 1, 1996  
Attachment 5*

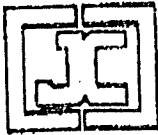
**Testimony of Donald P. Schnacke, Executive Vice President**  
**RE: SB 472 - Information Required Upon Sales of Oil or Gas**  
**February 1, 1996**  
**Page 2**

We look upon SB 472 as the state government interfering with contractual arrangements between the parties. We don't hear of a need for this legislation. We have not had any public complaints reported to us, nor have we had this issue raised by our Board of Directors composed of nearly 80 leading independent oil and gas operators in Kansas. You would have thought that we would have a file containing a stack of complaints from interest holders that would reflect that there is a problem and a need for legislation like SB 472.

Because of the absence of complaints, the fact that many small operators are not able to comply, and that this bill would appear to inject a state-mandated standard of reporting into the contractual relationship between operators and their first purchaser and the interest holders, we urge that SB 472 not be passed.

Donald P. Schnacke

DPS:pp  
Attachment

**JACAM Chemical Partners, Ltd.**

P.O. Box 96 • 205 S. Broadway • (316) 278-3355 • FAX (316) 278-2112  
STERLING, KANSAS 67379  
U.S.A.

January 29, 1996

Donald Schnacke  
KIOGA  
Fax: (913) 232-0917

Re: Senate Bill #472

Dear Don;

As you are aware, the information outlined in the proposed bill is on the statements from the first purchaser.

A hardship would occur on stripper gas wells. As you know, the gas companies make total distribution to the operator who in turn makes payment to the interest holders. Our procedure is to make copies of the gas companies sheet and attach it to the interest holders check. If we had to provide the information as required by the bill, I would be forced to shut down the wells. The time and processing costs would be prohibitive to the interest holders.

It is not uncommon to have 25 or more interest holders in these old gas wells, with some having hundreds. Many interest holder's checks for the whole year won't be \$25.00. You can imagine the bookkeeping nightmare that would occur if you had to list all this information for each month's runs.

I hope this is of help. If I can be of further assistance, let me know.

Best Regards

Donald Sanders  
Sr. Vice President

DWS/jh

Testimony of Nancy J. Heinz  
Intergovernmental Coordinator  
Kansas Corporation Commission  
Conservation Division

before the  
Before the Senate Committee on Energy and Natural Resources  
on Senate Bill Number 520.  
February 1, 1996

Good morning Mr. Chairman, Members of the Committee. My name is Nancy Heinz and I am the Intergovernmental Coordinator for the Conservation Division of the Kansas Corporation Commission. I am appearing today to comment on Senate Bill #520.

As the Committee is well aware Senate Bill #520 is an amendment to existing law, that being K.S.A. 55-1614. Upon the sale of oil and gas, the payor makes payment to parties having an interest in that oil or gas production. The payor can be the actual operator of the well but more often is the first purchaser of the oil or gas which has been severed from the land.

Under K.S.A. 55-1615 the payor shall owe its payee interest on any payment, other than "excluded payments", at the interest rate provided therein. S.B. 520 amends the definition of "excluded payments". Under current law "excluded payments" means payments which in the aggregate of twelve (12) months accumulation to any one payee do not exceed \$25.00 provided that such excluded payments are disbursed annually if they exceed \$10.00. The amendment contemplated by this law would change the aggregate amount from \$25.00 to \$100.00.

The Conservation Division is concerned with the regulation of the production of oil and gas in the state of Kansas along with other statutory duties. We do not have jurisdiction to resolve contractual matters between first purchasers and individuals having a financial interest in production. However we do receive many inquiries when payees don't know where to turn. By changing this dollar amount we may receive more inquiries but those can be handled by existing staff. We often make inquiry of a first purchaser/producer on behalf of those individuals which does seem to have some positive affect in getting responses.

Thank you. If you have any questions, I'll be glad to answer them.

Senate Energy & Nat'l Resources  
February 1, 1996  
Attachment 6



Testimony of Nancy J. Heinz  
Intergovernmental Coordinator  
Kansas Corporation Commission  
Conservation Division  
before the  
Before the Senate Committee on Energy and Natural Resources  
on Senate Bill Number 520.  
February 1, 1996

Good morning Mr. Chairman, Members of the Committee. My name is Nancy Heinz and I am the Intergovernmental Coordinator for the Conservation Division of the Kansas Corporation Commission. I am appearing today to comment on Senate Bill #520.

As the Committee is well aware Senate Bill #520 is an amendment to existing law, that being K.S.A. 55-1614. Upon the sale of oil and gas, the payor makes payment to parties having an interest in that oil or gas production. The payor can be the actual operator of the well but more often is the first purchaser of the oil or gas which has been severed from the land.

Under K.S.A. 55-1615 the payor shall owe its payee interest on any payment, other than "excluded payments", at the interest rate provided therein. S.B. 520 amends the definition of "excluded payments". Under current law "excluded payments" means payments which in the aggregate of twelve (12) months accumulation to any one payee do not exceed \$25.00 provided that such excluded payments are disbursed annually if they exceed \$10.00. The amendment contemplated by this law would change the aggregate amount from \$25.00 to \$100.00.

The Conservation Division is concerned with the regulation of the production of oil and gas in the state of Kansas along with other statutory duties. We do not have jurisdiction to resolve contractual matters between first purchasers and individuals having a financial interest in production. However we do receive many inquiries when payees don't know where to turn. By changing this dollar amount we may receive more inquiries but those can be handled by existing staff. We often make inquiry of a first purchaser/producer on behalf of those individuals which does seem to have some positive affect in getting responses.

Thank you. If you have any questions, I'll be glad to answer them.

Testimony of Nancy J. Heinz  
Intergovernmental Coordinator  
Kansas Corporation Commission  
Conservation Division

before the

Before the Senate Committee on Energy and Natural Resources  
on Senate Bill Number 520.

February 1, 1996

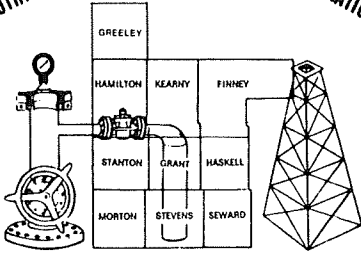
Good morning Mr. Chairman, Members of the Committee. My name is Nancy Heinz and I am the Intergovernmental Coordinator for the Conservation Division of the Kansas Corporation Commission. I am appearing today to comment on Senate Bill #520.

As the Committee is well aware Senate Bill #520 is an amendment to existing law, that being K.S.A. 55-1614. Upon the sale of oil and gas, the payor makes payment to parties having an interest in that oil or gas production. The payor can be the actual operator of the well but more often is the first purchaser of the oil or gas which has been severed from the land.

Under K.S.A. 55-1615 the payor shall owe its payee interest on any payment, other than "excluded payments", at the interest rate provided therein. S.B. 520 amends the definition of "excluded payments". Under current law "excluded payments" means payments which in the aggregate of twelve (12) months accumulation to any one payee do not exceed \$25.00 provided that such excluded payments are disbursed annually if they exceed \$10.00. The amendment contemplated by this law would change the aggregate amount from \$25.00 to \$100.00.

The Conservation Division is concerned with the regulation of the production of oil and gas in the state of Kansas along with other statutory duties. We do not have jurisdiction to resolve contractual matters between first purchasers and individuals having a financial interest in production. However we do receive many inquiries when payees don't know where to turn. By changing this dollar amount we may receive more inquiries but those can be handled by existing staff. We often make inquiry of a first purchaser/producer on behalf of those individuals which does seem to have some positive affect in getting responses.

Thank you. If you have any questions, I'll be glad to answer them.



STATEMENT OF  
ERICK E. NORDLING, EXECUTIVE SECRETARY  
SOUTHWEST KANSAS ROYALTY OWNERS ASSOCIATION  
HUGOTON, KANSAS 67951

February 1, 1996

PRESIDENT,  
JACK HAYWARD  
EXECUTIVE SECRETARY,  
ERICK E. NORDLING  
ASS'T SECRETARY,  
B. E. NORDLING  
ASS'T SECRETARY,  
WAYNE R. TATE

To the Honorable Members of the Committee on Energy and  
Natural Resources.

INTRODUCTION

Mr. Chairman and Members of the Committee:

My name is Erick E. Nordling of Hugoton. I am Executive Secretary of the Southwest Kansas Royalty Owners Association. I am appearing on behalf of members of our Association and on behalf of Kansas royalty owners in opposition to the present form of S.B. 520 which prescribes changes to payments which would be excluded from the payment of interest on the proceeds from oil and gas production.

BACKGROUND INFORMATION

Our Association is a non-profit Kansas corporation, organized in 1948, for the primary purpose of protecting the rights of landowners in the Hugoton Gas Field. We have a membership of over 2,500 members. Our membership primarily consists of landowners owning mineral interests in the Kansas portion of the Hugoton Field who

Senate Energy & Nat'l Resources  
February 1, 1996  
Attachment 7

are lessors under oil and gas leases as distinguished from oil and gas lessees, producers, operators, or working interest owners.

For those of you who are not familiar with the Hugoton Gas Field, it covers parts of 11 southwest Kansas counties, including Seward, Stevens, Morton, Stanton, Grant, Haskell, Finney, Kearny, Hamilton, Wichita and Gray. It extends through the Oklahoma Panhandle into Texas. The Hugoton Field runs 150 miles north and south and 50 miles east and west and is one common source of supply.

The Association was very supportive and instrumental in the passage of the current version of K.S.A. 55-1614, et seq, which provides statutory authority for interest on payments from the first sale of oil or gas production.

S.B. 520 IS TO ADDRESS INDUSTRY CONCERNS

It is our understanding that the proposed change to K.S.A. 55-1614, through S.B. 520 is to address concerns by the oil and gas industry of very small royalty payments which may take several months to accumulate a sufficient amount of money before such funds are disbursed. This will help to reduce overhead for the companies. It may also provide a boon for the interest which such suspended funds could generate for the payors of the oil and gas royalties if they were excused by the legislature from having to pay interest on such funds. It is a general business principle that if you have the use of someone else's money, you should be required to pay interest to the person to whom those monies belong.

Under the terms of most of oil and gas leases in Kansas, the Lessee is required to pay royalties on a monthly basis. The proposed bill changes this obligation, and for such reason we oppose S.B. 520.

The Act now provides for interest at a rate of one and a half percentage points above a New York Federal Reserve Bank Rate. It is apparent that the Federal Reserve Rate over the last several years has become a political tool and an unreliable indicator of the real cost of money. We suggest you revise Paragraph (h) of the Act by using the general interest statute of K.S.A. 16-201, rather than the interest rate referring to a New York Federal Reserve Bank Rate.

Over the years, the royalty interests have descended through several generations. As such, the original family mineral ownership has been divided and re-divided so that many of the current royalty owners own very small fractional interests. The changes suggested by Senate Bill 520 may have substantial negative impact for many royalty owners. We suggest that the Committee study the impact on those royalty owners who, because of their small interest, may need and deserve special consideration.

SWKROA would encourage and be supportive of S.B. 520 if it were revised to address the following concerns:

(a) Royalties be paid and accounted for on at least a calendar year basis.

(b) Interest should be paid on any delayed payment at the Kansas statutory rate as provided in K.S.A. 16-201, such interest to be paid beginning from date of suspension of royalties.

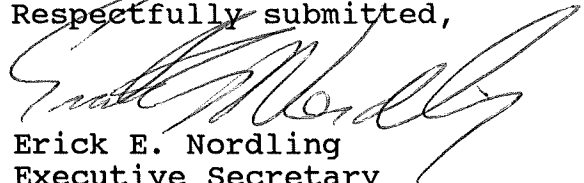
(c) Notice and authorization provisions before payments could be delayed. No such action should be taken without express authorization from the royalty owner for the company to stop paying royalties on a monthly basis.

(d) The amount which the payor is allowed to accumulate until the royalties reaches a minimum amount before a royalty payment is made should not exceed \$100.00, and any such accumulation, regardless of the amount, shall be disbursed at least on a calendar year basis.

(e) If royalties exceed the minimum amount, on any given month, then such royalty shall be paid within thirty days of the end of the month following such production. If not paid within such time, then interest must be paid at the Kansas statutory rate as provided by K.S.A. 16-201.

Thank you for this opportunity to appear before your honorable committee.

Respectfully submitted,



Erick E. Nordling  
Executive Secretary  
SOUTHWEST KANSAS ROYALTY  
OWNERS ASSOCIATION

EEN:een

**Testimony on Kansas Senate Bill 520  
Increasing the Minimum Payment Amount for Production Proceeds**

**Lynda Clinger, on behalf of Koch Oil Company, Wichita, Kansas  
February 1, 1996**

My name is Lynda Clinger. I am the manager of the Ownership Services group of Koch Oil Company, a division of Koch Industries located in Wichita. Koch employs nearly 3,000 employees in Kansas and is a major first purchaser of crude oil in the State. (approximately 30,000 B/D). Koch also has approximately 1,700 miles of pipeline and extensive crude transportation systems in Kansas. I appreciate the opportunity to speak with you today. I am here on behalf of Koch to urge you to pass Senate Bill 520.

The Ownership Services group at Koch employs almost 50 people. Our job is to track ownership and make proper and timely payment of proceeds from the production which Koch purchases.

Koch's decision to purchase production is based on many market and economic factors. The administrative costs associated with the payment process for our purchased production is one of these factors.

The number of owners of interest in production from oil and gas properties continually grows as those interests are transferred and divided into more and more owners. That growing number of owners in turn drives up the administrative costs which include issuing and handling checks, postage, envelopes, check stock, and computer time. The National Association of Division Order Analysts has compiled survey results showing that nation-wide last year approximately 3 million payment checks were issued and that 50% of these were for amounts under \$100. For checks issued for amounts under \$10, 33% were never cashed. Further increased costs are a result of internal reconciliation, check data to banks, bank reconciliation, re-issues of lost checks, and follow-up procedures with outstanding checks such as stale-dating and unclaimed property reporting procedures. Other governmental compliance reporting such as year-end 1099's, severance tax and transporter reporting add to our costs.

These administrative burdens especially impact the economic feasibility of purchasing from marginally producing wells. The costs to administer the ownership on a 5-10 B/D well with a large number of owners can make the purchase of that production unprofitable.

*Senate Energy & Natural Res.  
February 1, 1996  
Attachment 8*

Senate Bill 520 will allow a reduction in the number of checks which must be issued thereby lowering the overhead associated with the distribution of proceeds of the production from oil and gas properties in the State. That lower overhead can in turn extend the life of marginally producing wells by providing some relief to the producer or purchaser and allowing the purchased barrels to remain profitable.

In 1995, Koch, by law, was required to write almost 35,000 checks that were under \$5.00. I can tell you with certainty there are many of our owner/customers who do not appreciate receiving and handling these small checks. We receive many notes, letters, and phone calls from our customers expressing disbelief that we cut these small checks, not realizing we are legally required to do so. If I may, I will share just a few of their comments with you.

(Read 2 or 3 excerpts from various notes and letters from owners irritated by receiving minimal checks.)

In conclusion, I again urge you to pass Senate Bill 520 which will benefit producers, purchasers, and owners alike by reducing administrative costs, increasing the life of marginal wells, and eliminating the economic waste of creating small checks which go uncashed or are passed through systems at a cost many times the value of the check itself. Our customers are right, there has to be a better way, and the passage of Senate Bill 520 will help get us there.

Thank you again for the opportunity to speak with you, and I will be happy to respond to any questions you may have.





## Kansas Corporation Commission

*Bill Graves, Governor Susan M. Seltsam, Chair F.S. Jack Alexander, Commissioner Timothy E. McKee, Commissioner  
Judith McConnell, Executive Director David J. Heinemann, General Counsel*

January 31, 1996

Honorable Don Sallee, Chairman  
Senate Committee on Energy and Natural Resources  
Room 255-E, Statehouse  
Topeka, Kansas 66612

Dear Senator Sallee:

As required by Senate Concurrent Resolution No. 1614, enclosed you will find a copy of the updated status report for the oil and gas remediation sites transferred from the Kansas Department of Health and Environment to the State Corporation Commission pursuant to Chapter 204 of the 1995 Session Laws of Kansas. This report is an update to previous documentation provided by the Commission during interim hearings and specifically addresses issues enumerated in SCR 1614.

You should note that this report reflects data from initial site inspections and file reviews which were required in an effort to determine the current status of the sites as well as the appropriate levels of remediation and estimated costs. This report therefore reflects the current situation based on our best available information and as such should not be considered a report of a static condition. In fact it is quite likely that some of the sites' level of immediacy, as well as costs, will increase with time as contaminate plume migration results in impacts to a greater number of water users. Examples of this type of situation would include the South Wichita, Schulte Field, Hollow-Nikkel and Wildboy's sites.

Senate Bill 76 of the 1995 Session which effectuated the transfer of these sites prohibited the Commission from adopting or increasing any fee, assessment or charge for the purpose of paying expenses incurred in carrying out the powers, duties, and functions that were transferred from KDHE. House Bill 2599 of the current Session proposes to address this situation by the creation of an oil and gas remediation fund. During discussions before the House Committee on Energy and Natural Resources it was suggested by legislative staff that both the recently transferred sites from KDHE and existing sites already under the control of the State Corporation Commission would qualify for remediation under the fund contemplated by House Bill 2599. Prior to the transfer of the specific sites listed in this report, the Commission had an existing inventory of 92 such contamination cases.

*Senate Energy + Nat'l Resources  
February 1, 1996  
Attachment 9*

Honorable Don Sallee, Chairman  
January 31, 1996  
Page 2

We trust that the enclosed document satisfactorily complies with the requests outlined in Senate Concurrent Resolution No. 1614. If you require any further information, please don't hesitate to contact the undersigned.

Very truly yours,



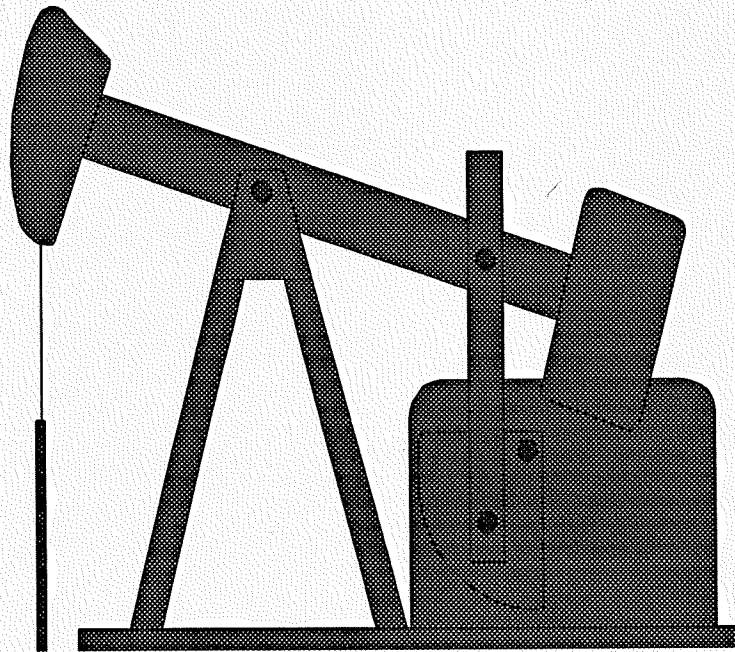
M. L. Korphage  
Director, Conservation Division

MLK:kdd  
Enclosure  
cc w/enc:

Chair Seltsam  
Commissioner Alexander  
Commissioner McKee  
Nancy Heinz  
William J. Wix

**KANSAS CORPORATION COMMISSION  
CONSERVATION DIVISION**

**REMEDIATION SITE  
STATUS REPORT**



**FEBRUARY 1, 1996  
(REF: SENATE CONCURRENT RESOLUTION 1614)**

*Senate Energy & Nat'l Resources  
February 1, 1996  
Attachment 9*

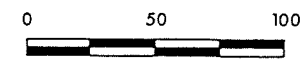
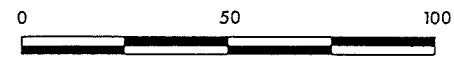
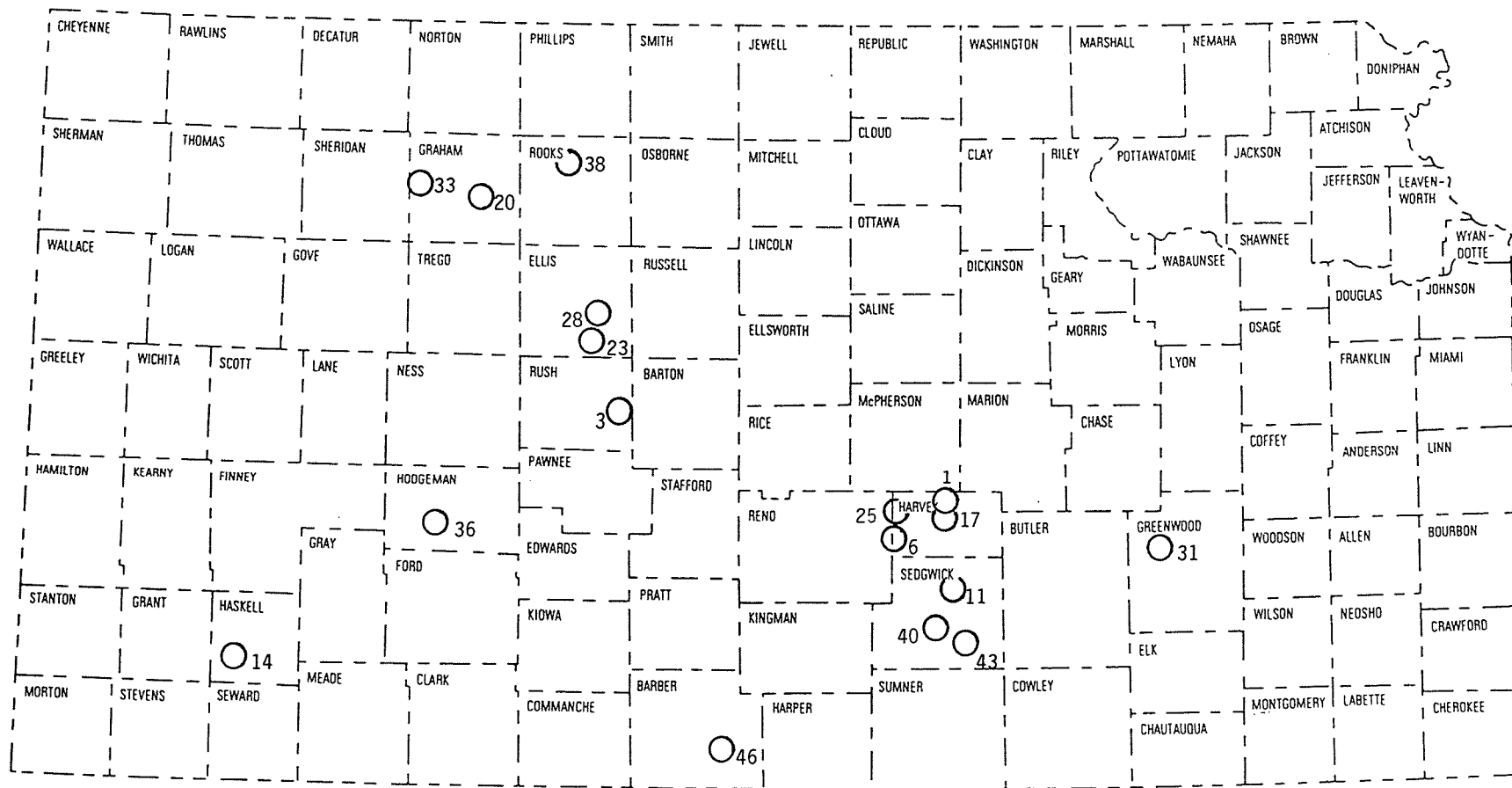


FIG. 1— Site Locations  
(Report Page Number)

7-4

**Impacts, Immediacy and Target Remediation Levels  
For  
Contamination Sites Transferred to the Kansas Corporation Commission**

<b>Site Name</b>	<b>County</b>	<b>KCC District</b>	<b>Impact</b>	<b>Immediacy</b>	<b>Target Level Of Remediation</b>	<b>Unusual Problems</b>	<b>Estimated Total Cost</b>
Alta Mills	Harvey	2	Domestic	Low	500 to 750 ppm	Yes	\$ 20,500
Avey, Gene	Rush	1	Domestic	Low	350 ppm	No	\$ 11,500
Burrton	Harvey/Reno	2	Domestic / Irrigation	High	Variable	Yes	\$3,000,000(?)
Catron, James	Sedgwick	2	Domestic / Irrigation	Moderate	250 to 400 ppm	Yes	\$ 20,000
Clawson(Mesa)	Haskell	1	Irrigation	Mod-Low	350 ppm	Yes	0
Dettweiler	Harvey	2	Domestic / Irrigation	Low	500 to 750 ppm	Yes	\$ 13,500
Fink, Leon	Graham	4	Stock Well	Low	500 ppm	Yes	\$ 2,500
Gross, Marcellus	Ellis	4	Groundwater	Low-Mod	500 ppm	No	\$ 25,000
Hollow-Nikkel	Harvey	2	Domestic / Irrigation	Moderate	500 ppm	Yes	\$ 77,250
Lang, Doris	Ellis	4	Domestic(Sole Source)	Mod-High	250 ppm	No	\$ 2,500
Otis Creek Basin	Greenwood	3	GW / SW / Soil	Low	500 ppm	No	\$ 1,000
Richmeier, Paxson, Toll	Graham	4	GW / SW / Irrigation	Low	500 ppm	Yes	\$ 1,500
Schraeder Stock Well	Hodgeman	1	GW / Stock Well	Low	350 ppm	No	\$ 223,000
Schruben-Rogers	Rooks	4	Domestic(Sole Source)	Low	250 ppm	No	\$ 1,500
Schulte Field	Sedgwick	2	Domestic / Industrial	Low	500 ppm	Yes	\$ 615,000
South Wichita (Blood Orchard)	Sedgwick	2	Domestic / Irrigation	Mod-Low	500 to 750 ppm	Yes	\$ 133,000(+)
Wildboy's	Barber	1	GW / SW / PWSW	Mod-High	500 ppm	No	<u>\$ 223,000</u>
<b>Total Estimated Cost</b>							<b>\$4,370,750</b>

GW=Groundwater    SW=Surface Water    PWSW=Public Water Supply Well    Mod=Moderate

**Estimated Cost of Pollution Cleanup  
of  
Certain Contamination Sites Transferred to the Kansas Corporation Commission**

<b>Site Name</b>	<b>Estimated Investigatory Cost</b>	<b>Estimated Long Term Cost</b>	<b>Estimated Total Cost</b>	<b>Page Number</b>
Alta Mills	\$ 6,000	\$ 14,500	\$ 20,500	1
Avey, Gene	\$ 1,500	\$ 10,000	\$ 11,500	3
Burrton	\$70,000	\$2,930,000(?)	\$3,000,000(?)	6
Catron, James	\$ 5,000	\$ 15,000	\$ 20,000	11
Clawson(Mesa)	PRP (*)	PRP	\$ 0	14
Dettweiler	\$ 1,000	\$ 12,500	\$ 13,500	17
Fink, Leon	\$ 500	\$ 2,000	\$ 2,500	20
Gross, Marcellus	\$ 5,000	\$ 20,000	\$ 25,000	23
Hollow Nikkel	\$ 2,250	\$ 75,000	\$ 77,250	25
Lang, Doris	\$ 500 (*)	\$ 2,000	\$ 2,500	28
Otis Creek Basin	\$ 0	\$ 1,000	\$ 1,000	31
Richmeier, Paxson, Toll	\$ 500	\$ 1,000	\$ 1,500	33
Schraeder Stock Well	\$ 3,000	\$ 220,000	\$ 223,000	36
Schruben-Rogers	\$ 500	\$ 1,000	\$ 1,500	38
Schulte Field	\$15,000	\$ 600,000	\$ 615,000	40
South Wichita (Blood Orchard)	\$ 8,000	\$ 125,000(+)	\$ 133,000(+)	43
Wildboy's	<u>\$ 3,000</u>	<u>\$ 220,000</u>	<u>\$ 223,000</u>	46
<b>Total Estimated Costs</b>	<b>\$121,750</b>	<b>\$4,249,000</b>	<b>\$4,370,750</b>	

(\*) = Complete or Partial Participation by Potentially Responsible Party

**Project: *Alta Mills Contamination Site***

**Site Location:** The site is located in northwestern Harvey County approximately 14 miles northwest of the city of Newton. The site includes parts of Section 2, Township 22 South, Range 2 West and possibly portions of adjoining acreage.

**Impact/Immediacy:** Six domestic wells, that are completed within all three of the Equus Bed zones, are located within a one mile down gradient radius of the site. At this time this site can be ranked as a low immediacy level.

**Site Description:** No specific information is available as to the size of the area effected by the contamination. The general area of the site is underlain by the Equus Beds aquifer with depth to water at approximately 35 feet and total saturated thickness within the range of 100 to 150 feet.

**Site History:** The contamination at this site is believed to be the result of "evaporation" pond use and improper use of emergency pits in the general area of the Alta Mills and Harmac Southeast Fields. On going sources of the contamination were reportedly removed during 1984 and 1985.

**Status of the Project:** The file and record on this site is very sparse. Some water quality monitoring occurred in 1989. Levels of contamination and degree of impact to water resources is unknown.

**Unusual Problems:** The site is located within the Equus Beds aquifer, consequently multiple water bearing zones could be effected making remediation more costly.

**Recommendations for Future Work:** District staff's plan for future activities for this site include:

1. Perform complete site inspection and file review.
2. Sample any available monitoring or private wells with in the area to determine scope of contamination.

**Level of Remediation Sought:**

**Ideal:** 250 ppm Chloride

**Target:** 500 to 750 ppm Chloride

**Initial Costs:**

Phase I: Site inspection and file review.

**\$1000** Staff time and some water analysis.

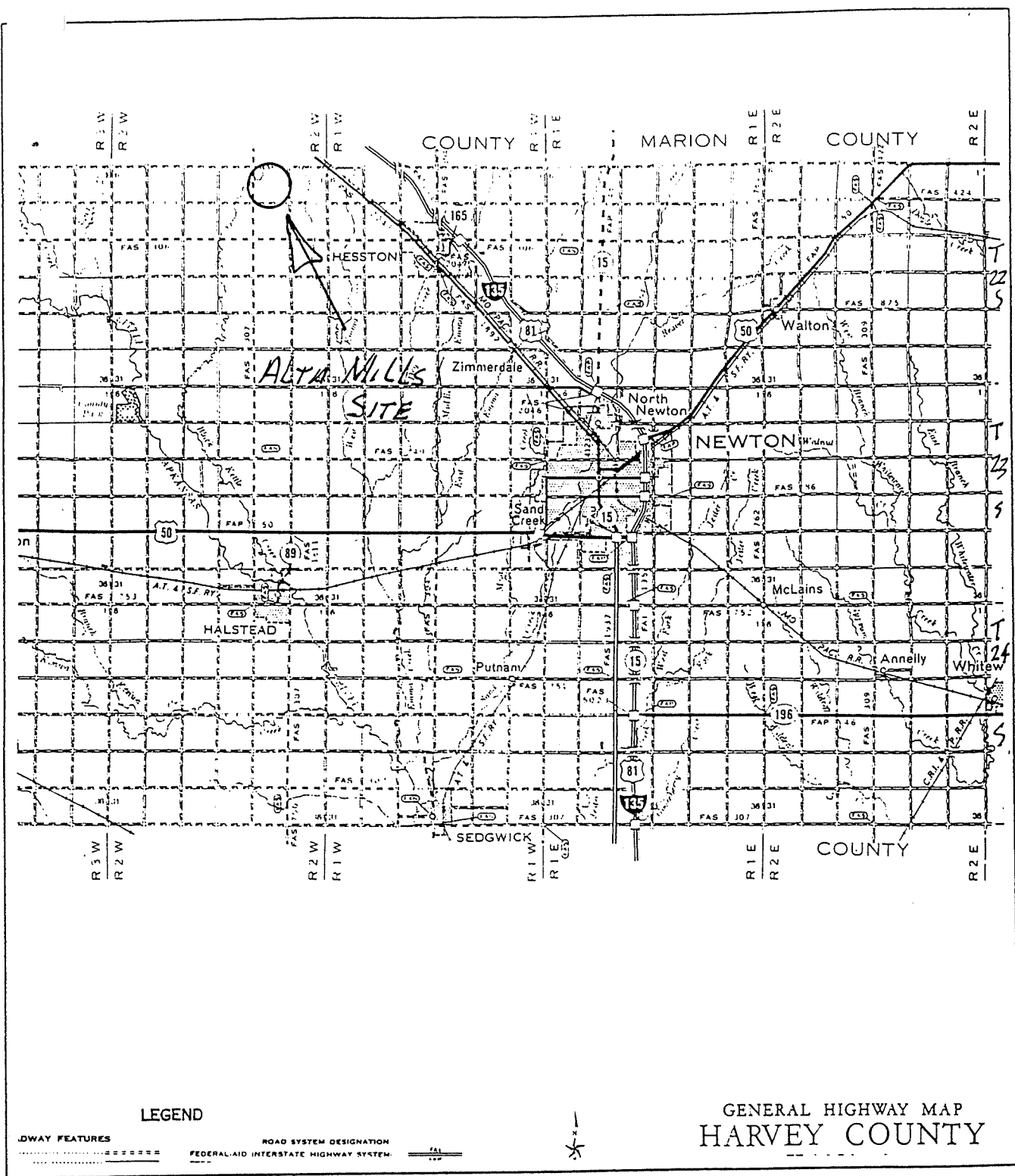
**\$5000** Initial water quality monitory from existing wells, staff time and water analysis.

**\$6000 Total Estimated Cost of Initial Investigation.**

**Long Term Costs:**

Assuming adequate access to existing wells indicates no severe or extensive contamination this site would be placed on a 5 year monitoring program for further evaluation.

**Estimated Costs: \$14,500**



Scale:  
1" = 4 miles

Kansas Corporation Commission  
Conservation Division

Site: ALTA MILLS SITE

County: Harvey

Datum: Location Map

Comments: \_\_\_\_\_



**Project: Gene Avey Contamination Site**

**Site Location:** Legal location is NE/4 of Section 15, Township 18 South, Range 16 West, Rush County.

**Impact/Immediacy:** Domestic water well. Site is rated at a low level of immediacy.

**Site Description:** The project area consists of a localized groundwater pollution problem with groundwater movement to the east/southeast. The affected well is located in the alluvial valley of a tributary of the Wet Walnut Creek. The depth to groundwater is 20 feet. The depth to bedrock is 50 feet.

**Site History:** The contamination is probably due to saltwater originating from the Cheyenne or Cedar Hills via an old poorly plugged oil exploration hole. The house well yielded water containing 580 ppm chlorides.

**Status of Project:** KDHE drilled test holes which indicated a localized problem. In 1990 KDHE indicated that no additional work or monitoring had been done in the 1980's. Samples were taken in April of 1991 which indicated a continuing mineralization problem, the water tested at 340 ppm chlorides. In October 1993, a water sample contained 252 ppm chlorides. KDHE attributed the decline to be temporary due to substantial local aquifer recharge.

**Unusual Problems:** None

**Recommendation for Future Work:**

1. Thoroughly examine, evaluate, and process materials when received.
2. Perform site inspection and investigation.
3. Sample house well.
4. Evaluate sample results and determine monitor schedule.
5. Deeper monitoring wells if evaluation of site warrants \*
6. Close site if the chloride levels are in the same range of 1993 (252 ppm)

**Level of Remediation Sought:**

**Ideal:** 250 ppm Chloride

**Target:** 350 ppm Chloride

**Initial Costs:**

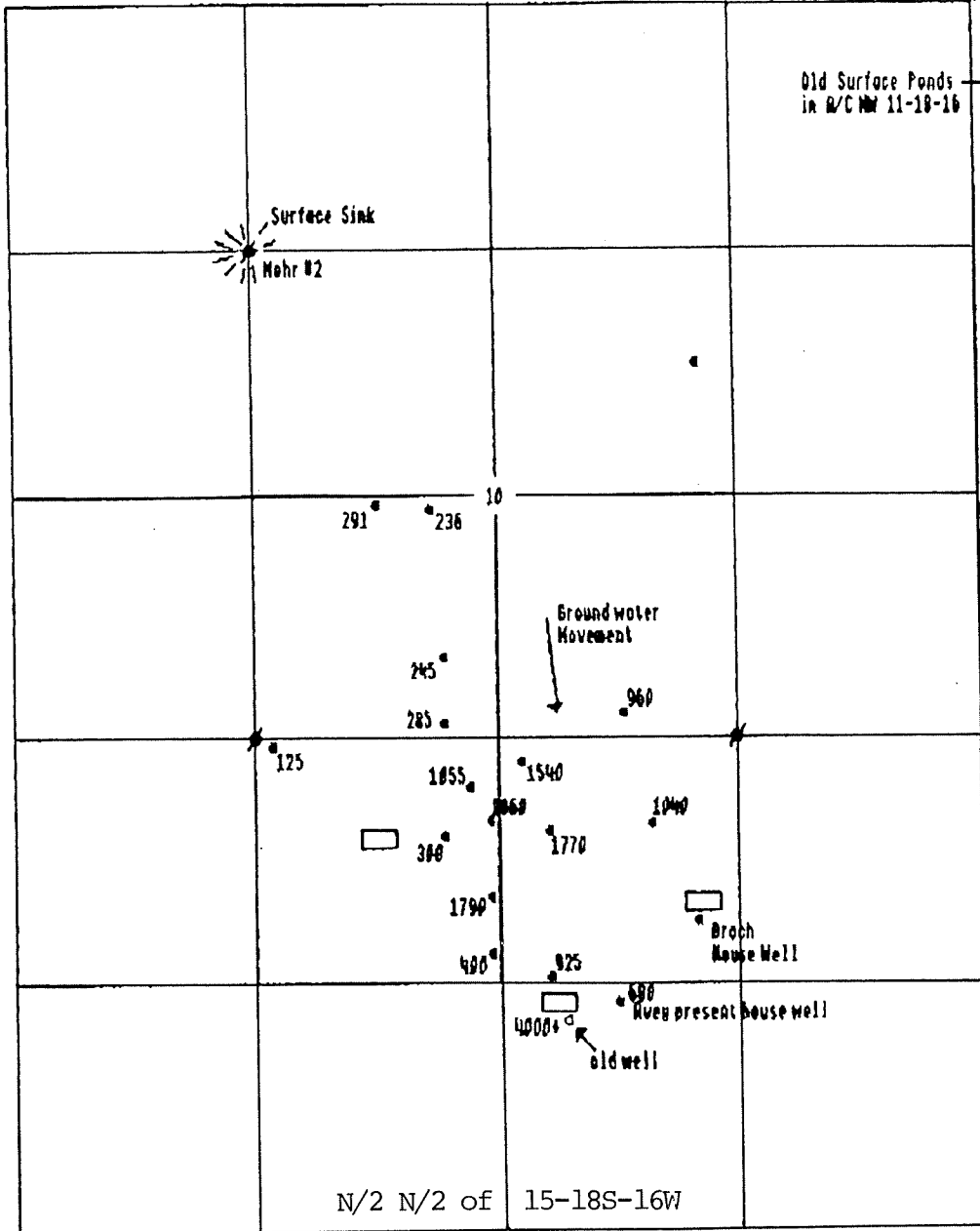
**\$1500** Labor costs to perform site inspection, sample house well, run chloride analysis and review information

**Long Term Cost:** Drilling of deeper monitoring wells to determine if the problem is from oil field brine or is of natural occurrence. Remediation clean up will probably be a natural event of ground water dilution of the chlorides in the area. Long term costs would be minimal if chloride levels stabilize at 1993 levels.

***Gene Avey Contamination Site***

**Estimate Long Term Costs:** \$10,000 (Assumes necessity of installation of deep monitoring wells and extended monitoring.)

Gene Avey Investigation T18s, R16w, Rush County



Scale:  
1" = 1000'

Kansas Corporation Commission  
Conservation Division

Site: Gene Avey Contamination Site

County: Rush

Datum: \_\_\_\_\_

Comments: \_\_\_\_\_

**Project: *Burrton Contamination Site***

**Site Location:** The site is located in western Harvey County and eastern Reno County approximately 18 miles west of the city of Newton and 12 miles east of the city of Hutchinson. The site includes acreage in Townships 23 and 24 South, Ranges 3 and 4 West.

**Impact/Immediacy:** Presently the contamination site is effecting local domestic and irrigation wells. In the long term the plume will intercept the Wichita Well Field, which is a major source of public supply for much of the population of Sedgwick County. This case should be considered to be ranked at a high level of immediacy.

**Site Description:** Total maximum area effected by the contamination covers approximately 25 to 30 square miles. The contaminate plume is aligned in a northeast to southwest configuration parallel with the associated producing areas. A water quality sampling network maintained by the local groundwater management district indicates oil field brine contamination of all three major zones within the Equus Beds Aquifer. Depth to groundwater ranges from 10 to 35 feet with saturated thicknesses in the order of 150 to 250 feet.

**Site History:** The brine contamination at this site is the result of past disposal and production practices used in the Burrton Oil Field. Contaminate plume morphology is closely aligned with the pattern of "evaporation ponds" utilized in the early production history of the area. Additional contamination may have also resulted from the use of a shallow injection zone for the disposal of produced brines. The resulting contamination from these sources and other surface sources (spills, line leaks, and poorly maintained production facilities ) has become vertically segregated within the aquifer. Current maximum chloride values for the shallow zone stand at approximately 1900 ppm, while the intermediate zone exhibits maximum values within the range of 2200 to 4100 ppm.

Following a hearing in 1982 before the Chief Engineer of the State of Kansas (DWR), a task force was created to study part of the area of contamination. The task force consisted of representatives from KDHE, GWMD #2, KCC, the Kansas Water Office, the Kansas Water Authority, the KGS, and the Kansas Independent Oil & Gas Association. The task force developed a number of recommendations in an initial report generated in February of 1984. During the next ten years the majority of these recommendations were acted on by agencies or organizations associated with the site. During the early phases of this work, oil and gas regulatory efforts and this site were the under the joint control of KDHE and KCC. In addition, GMD #2 has actively sought out alternate funding for additional studies relative to overall water quality within the area of contamination. The Bureau of Reclamation and the USGS have been involved in some of these water quality investigatory / management studies. In June of 1992 the Kansas Corporation Commission issued an Order (Docket No. 178,904-C) creating an Equus Beds Oil and Gas Brine Committee. The principle charge of this committee is to gather together data concerning brine contamination to the Equus Beds Aquifer and develop methods to manage or remediate such contamination. The committee members include representatives of the KCC, KGS, KDHE, DWR, KWO, GMD #2, KIOGA, and the Kansas Water Authority.

**Burrton Contamination Site  
Harvey County**

**Status of the Project:** The most recent investigatory / management study for the area was completed in 1993 under the direction of the Bureau of Reclamation in conjunction with the USGS and several state and local agencies. This study examines water management strategies and attempts to determine how aquifer use affects the distribution of existing chloride contamination . The computer modeling and sensitivity analysis included in this study suggests that the installation of intercept wells within the pathway of the oil field brine would be effective in minimizing the impact on the Wichita well field. The degree of effectiveness of this strategy would be dependent on the position of the wells and the volumes of contaminated water removed.

In July of 1995 the KCC completed eight monitoring wells at three locations in the contaminated area. In addition the KCC committed to funding water quality analysis for the 1995 sampling period (previously water analysis was funded by KDHE).

**Unusual Problems:** The lack of suitable disposal facilities and the large areal extent of the plume makes the clean-up of this site very costly. The physical day to day maintenance and monitoring of a withdrawal and disposal system of this size would require a large commitment of labor and resources.

**Recommendations for Future Work:** District staff's plan for future activities for this site include:

1. Complete evaluation of existing investigatory and hydrogeologic data.
2. Develop a list of potentially responsible parties and establish commitment for participation in remediation activities.
3. Contract engineering services for design and development of withdrawal and disposal system.

**Level of Remediation Sought:**

**Ideal:** 250 ppm Chloride

**Target:** Because of the variable conditions within the aquifer different areas within the contaminate plume would need to be evaluated separately during clean-up to insure that fresh and usable water is not being disposed of in a needless manner.

**Initial Costs:**

Phase I: Complete review and evaluation of existing data.

\$5000 Staff time

\$5000 Water quality analysis (1995 & 1996 sampling)

\$5000 Installation of additional monitoring wells

Phase II: Perform records check to determine past and present ownership of production operations in the source area of the contamination.

\$5000 Staff time

Phase III: Contract design and development for remediation project.

\$50,000 Engineering services \* (Variable with size and complexity of the project)

**\$70,000 Estimated Total Initial Costs**

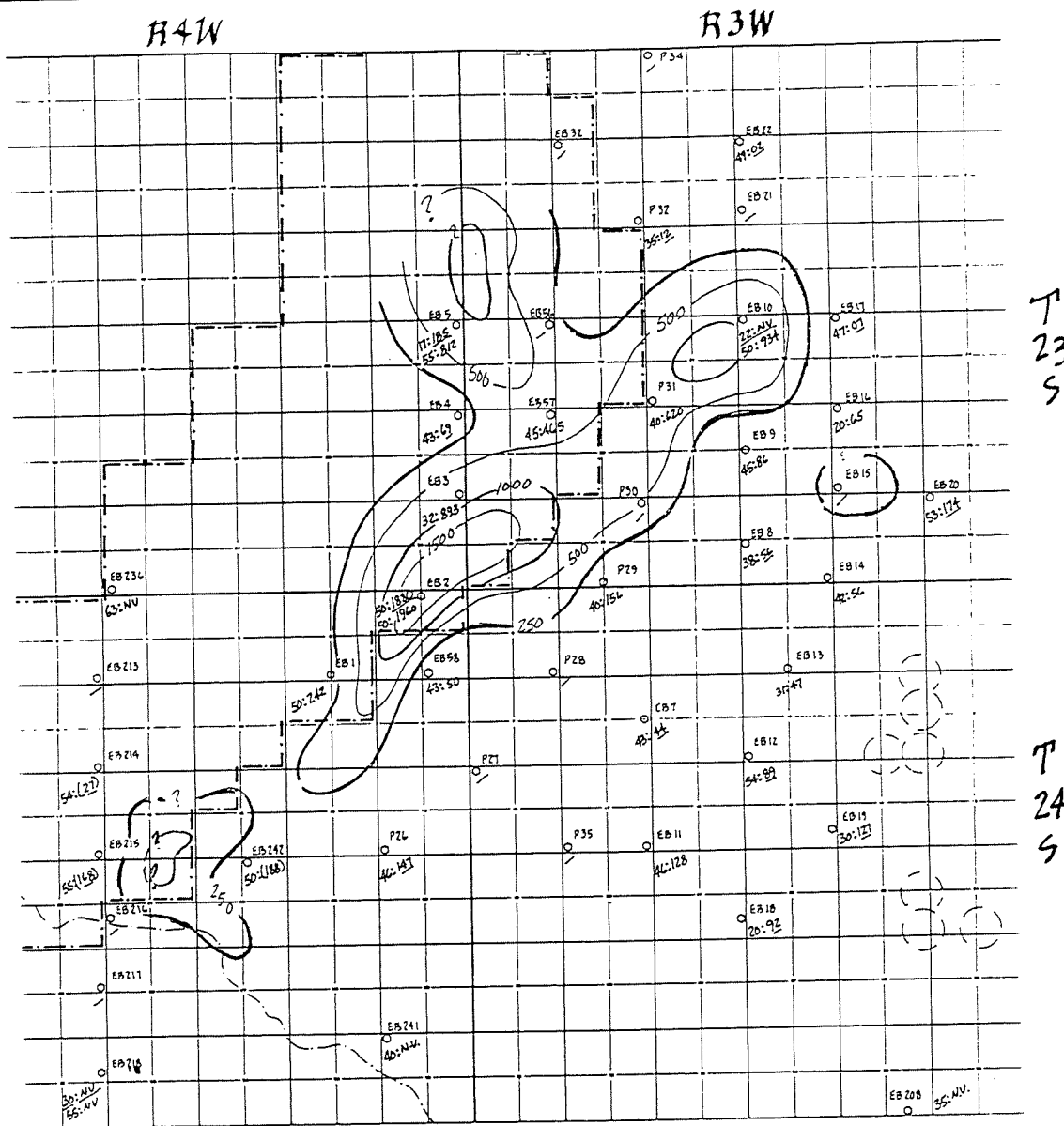
***Burrton Contamination Site***  
**Harvey County**

**Long Term Costs:**

Long term costs for remediation of this site would include construction of withdrawal wells, a relatively lengthy distribution system, and a disposal system capable of handling large volumes of brine contaminated water. The size, operating capacity, and length of service for the system would ultimately depend on the final hydrogeological and engineering assessment. Additional considerations would include the presence of concurrent management strategies implemented through alternative funding sources.

Assuming a mid level rate of withdrawal (3,200 acre-ft/year) from a total of approximately 20 withdrawal wells with disposal into 4 or 5 high volume disposal wells would, even over a relatively short time frame, yield a very significant cost allocation.

**Estimated Long Term Costs: \$2,750,000 to \$3,000,000 (?)**



**Legend**

- EB 15 Monitoring Site
- Oil Field
- Well Field (City of Wichita)

Scale: 1" = 1 Mile

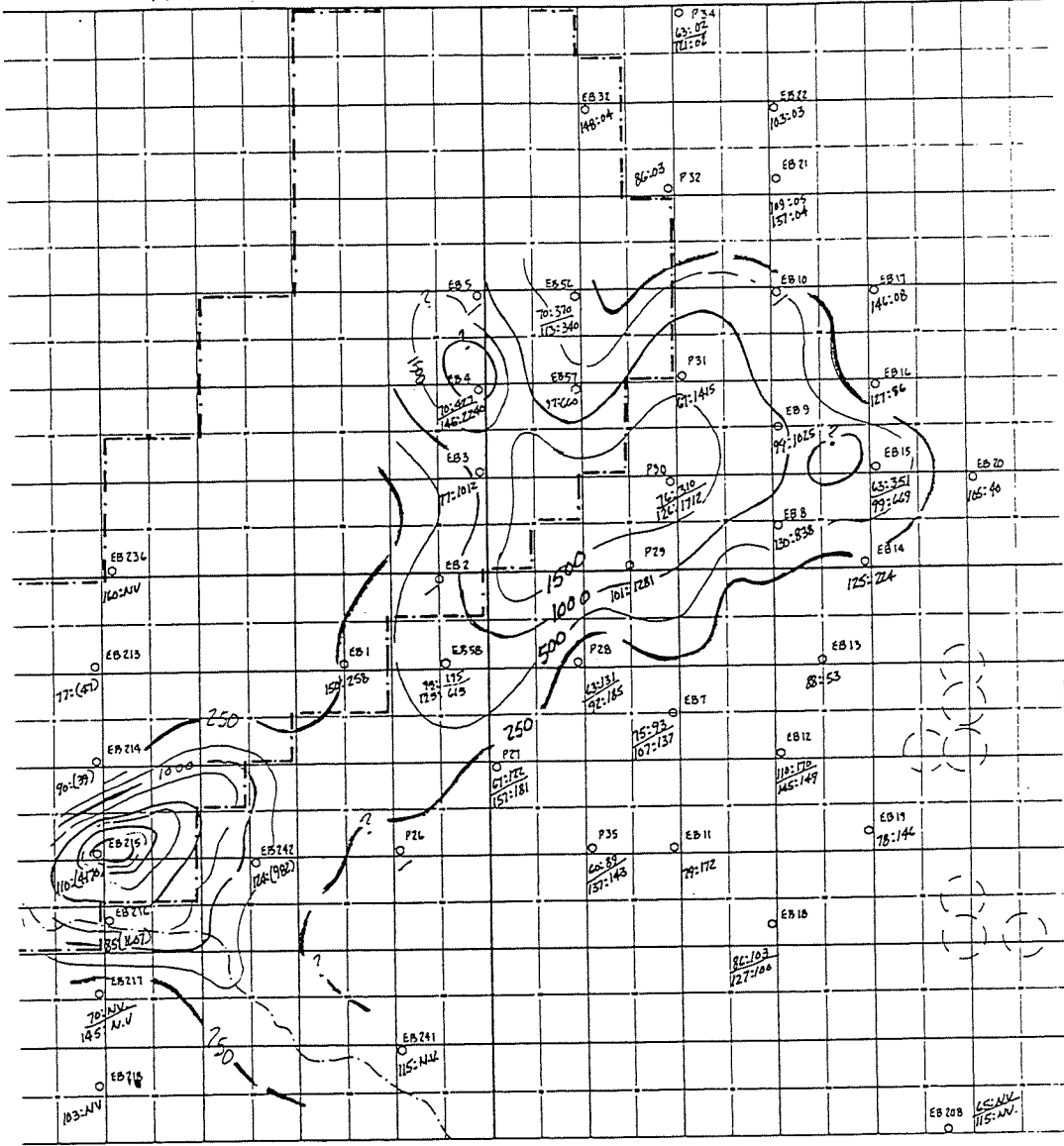
Scale:  
1" = 1/2 Mile

**Kansas Corporation Commission  
Conservation Division**

Site: BURRTON CONTAMINATION SITE  
 County: Harvey & Reno  
 Datum: Chloride Plume - Shallow Zone  
 Comments: Based on 1992, 1993, & 1995  
Water Quality Data

R4W

R3W



T  
23  
S

T  
24  
S

**Legend**

- EB15 Monitoring Site
- - - Oil Field
- Well Field (City of Wichita)

Scale: 1" = 1 Mile

Scale:  
1" = 1/2 Mile

**Kansas Corporation Commission  
Conservation Division**

Site: BURRTON CONTAMINATION SITE  
 County: Harvey & Reno  
 Datum: Chloride Plume, Intermediate Zone  
 Comments: Based on 1992, 1993 & 1995  
Water Quality Data.



**Project: *James Catron Contamination Site***

**Site Location:** The site is located in north central Sedgwick County approximately 1.5 miles north of the city of Wichita and one mile south of city of Valley Center. The site includes parts of Section 7, Township 26 South, Range 1 East and Sections 1 and 12 of Township 26 South, Range 1 West.

**Impact / Immediacy:** Residential wells used for drinking and residential irrigation in a suburban setting. Although the contamination levels appear to be waning an increase in concentrations could render domestic wells useless. Citizens are currently engaged in finding alternative alternative public water services. Considering these factors this site should be ranked at a moderate immediacy level.

**Site Description:** The project area covers approximately 400 acres with maximum chloride values in the range of 260 ppm to 1950 ppm. Water quality data suggests an area of contamination approximately 1 mile in length and .5 mile in width. Groundwater flow is generally to the southeast. Most wells in the area are 35 to 45 feet in depth and are completed in alluvium or terrace deposits. The wells are utilized for domestic supply and residential irrigation. Most residences are equipped with water softeners and / or reverse osmosis treatment systems. Maximum thickness of the aquifer is approximately 65 feet. Naturally occurring levels of sulfates and iron appear to be aggravating water quality problems in the area.

**Site History:** The brine contamination at this site is the result of past brine disposal practices associated with the early production in the Valley Center Oil Field. The use of "evaporation " ponds in the sandy alluvial soil is considered to be the major contributor to the current contamination problem. A secondary source may have been pressure injection operations which were active in the early 1960's. A field survey and limited test drilling effort were conducted by KDHE in the early 1980's. This effort found no active or ongoing sources for the contamination. In addition to the brine contamination some complaints relative to hydrocarbon contamination have been received within the general area of this site. No verifiable sources for this contamination have been established to date.

**Status of the Project:** Following the initial complaint and KDHE's investigatory program the site was placed on a long term monitoring program with only limited sample collection. An initial report by KDHE personnel indicated that the site hydrology is not conducive to the placement of an effective withdrawal system. Residential reverse osmosis treatment systems were recommended as the most effective way of dealing with the contamination. During the past two years the KCC has done some limited water sampling in the area and has reviewed well plugging information in the W/2 Section 7, Township 26 South, Range 1 East to determine if any remedial plugging operations were warranted.

**Unusual Problems:** The project is unique because it is in a housing development which could restrict access and subject facilities to vandalism. Hydrologic modeling could be difficult because of the interaction of the Little Arkansas River and the surrounding aquifer as well as the mix of contamination sources.

**James Catron Site  
Sedgwick County**

**Recommendations for Future Work:** District staff's plan for future activities for this site include:

1. Establishment of a water quality monitoring network at existing water wells within the contaminated area.
2. Placement of two down gradient monitoring wells at the leading edge of the plume to monitor plume movement beyond current boundaries.
3. Continue investigation into sources for hydrocarbon contamination.

**Level of Remediation Sought:**

**Ideal:** 250 ppm Chloride

**Target:** 250 to 400 ppm Chloride

**Initial Costs:**

Phase I: Establish monitoring network at existing wells.

**\$1000** Staff time and sample analysis

Phase II: Complete installation of monitoring wells.

**\$4000** Staff time, equipment and sample analysis.

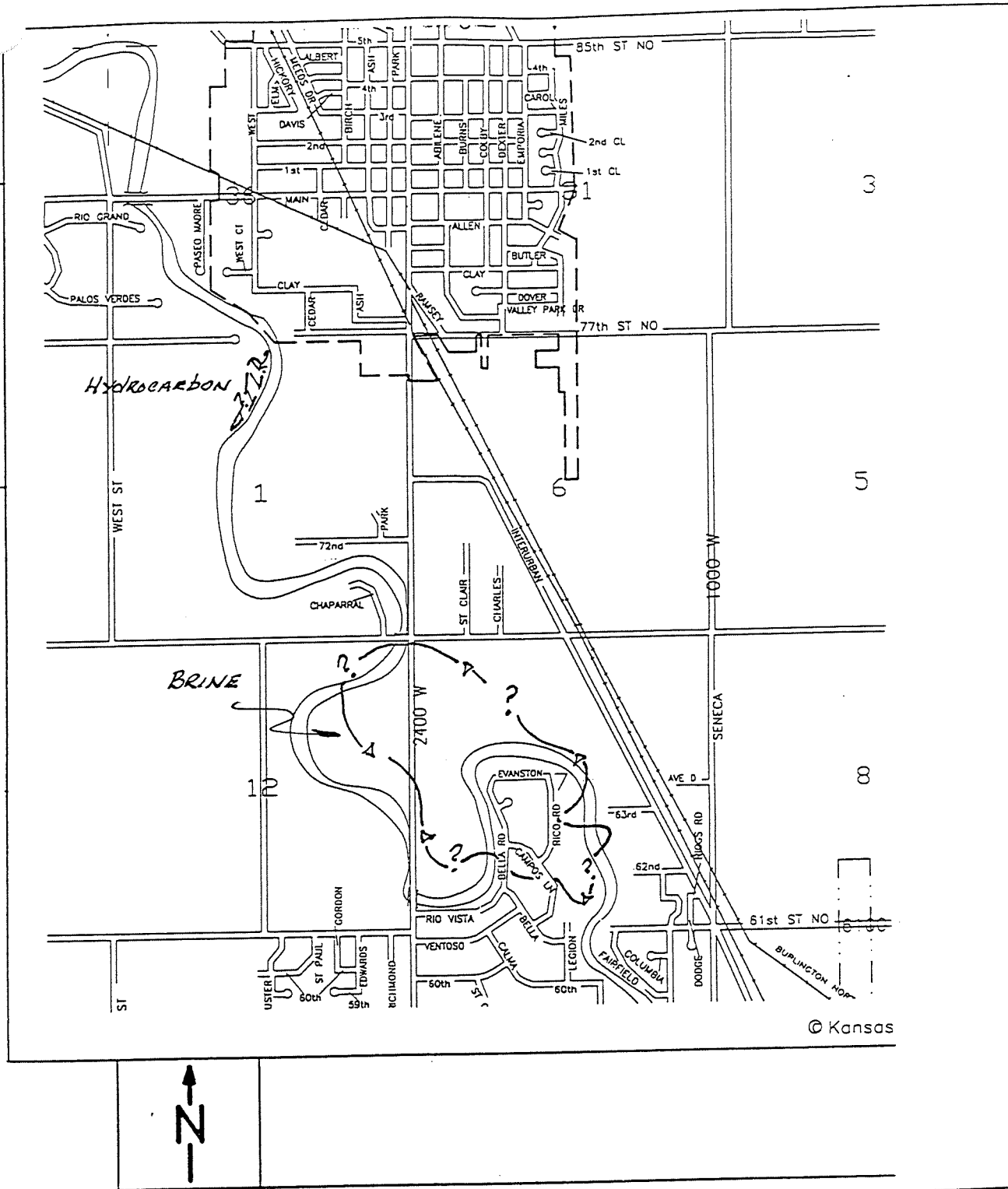
**\$5000 Total Estimated Cost of Initial Investigation**

**Long Term Costs:**

Following completion of the initial investigatory work plan the site would be placed on a long term monitoring program. Sampling and site monitoring would continue for a minimum of ten years.

Costs to be incurred during this period would include staff time and water quality analysis.

**Estimated Costs: \$15,000**



Scale: 1" = 1/2 Mile

Kansas Corporation Commission  
Conservation Division

Site: JAMES CATRON (RIO VISTA)  
 County: Sedgewick (400 Acres)  
 Datum: Approx. Plume Boundry  
 Comments: Brine contamination.  
Maximum contamination levels 500-1900 PPM

**Project:** *Clawson Contamination Site*

**Site Location:** Legal location is E/2 of Section 33 and all of Section 34, Township 29 South, Range 34 West, Haskell County.

**Impact/Immediacy:** Irrigation well contaminated and a pollution threat to other irrigation wells if contaminate not contained to site. Long term possible impact on Public water supply. Site immediacy is rated at moderate to low.

**Site Description:** The site consists of a plume of brine contaminated groundwater moving in an easterly direction. Area is blanketed by 500 feet of Ogallala sand and gravel bedrock underlying the Ogallala is the Dakota/Cheyenne formation. There is a total of 600 feet of freshwater bearing strata. Pollution occurs along a clay layer 360 feet below the surface (in the upper part of the freshwater aquifer). No domestic wells in the affected area. One irrigation well is polluted to the extent it cannot be used. Depth to groundwater is 300 feet. Depth to Cretaceous bedrock is 510 feet in the center of the SW/4 of section 34. The Red Beds underlie the three aquifers at a depth of 635 feet.

**Site History:** The groundwater contamination was caused by brine leaking from a saltwater disposal well in the SE/4 of 33-29S-34W. The well was drilled in 1961 and was subsequently plugged in May of 1983 when Mesa Petroleum (PRP) discovered that the well had "extensive damage of casing due to corrosion". KDHE received a complaint on September 10, 1983, of an irrigation well which was producing water with a chloride content of 700 ppm.

**Status of Project:** PRP drilled 10 test holes during the spring 1984 in an attempt to define the extent of the contamination plume. Water sample test results ranged from 22 ppm to 27,400 ppm chloride. Twenty-one test holes, 44 monitor wells, and five recovery wells have been installed to date. Recovery of the contaminated water commenced on August 1, 1988, with one recovery well and increased by four additional recovery wells during June of 1993. Total cumulative recovered water through October 1995: 4,713,362 bbls. Samples collected from the recovery wells in October of 1995 ranged from 808 ppm to 6380 ppm chloride.

**Unusual Problems:** The water table in the area is dropping at a rate of 3.5 feet per year due to area irrigation. The water level could be at the high point of the aquiclude, Blanco formation, in approximately thirteen years, which should result in much higher chloride readings in all wells in the area. The rate of pumping 74 g.p.m. from the five recovery wells does not contribute to the rate of water table decline of the aquifer at the project site. The irrigation well may never obtain water from the aquifer above the Blanco formation.

**Recommendations for Future Work:** The site is managed by the PRP. KCC District and central staff met with the PRP and their consulting firm on January 18, 1996. The history of the site was reviewed and additional documentation was requested by the KCC. The additional information will be reviewed by KCC staff.

***Clawson Contamination Site***

**Level of Remediation Sought:**

**Ideal :250 ppm Chloride**

**Target :350 ppm Chloride**

**Initial Costs:** PRP has expended over \$1.6 million. Estimated yearly cost \$2000 which will be paid for by PRP.

**Long Term Cost:** Funding for long term project costs provided by PRP and include operation of current remediation program.

**Long Term Estimated Cost:** \$0 to KCC. PRP cost for remainder of remediation effort will be dependent on efficiency and duration of project. Estimate probable expenditures by PRP to be in excess of \$2 million(?).



**Project: Dettweiler Contamination Site**

**Site Location:** The site is located in northwestern Harvey County approximately nine miles northwest of the city of Newton. The site includes parts of Section 2, Township 23 South, Range 2 West.

**Impact / Immediacy:** Rural residential and irrigation. Records reflect that five domestic wells and one irrigation well are located within a one mile down gradient radius of the site. At this time this site can be ranked as a low immediacy level.

**Site Description:** From the available information it would appear that the site covers less than 160 acres. The maximum chloride levels found at the site during the initial investigation were in the order of 700 to 1700 ppm. Depth to groundwater is estimated at 35 feet.

**Site History:** The original complaint filed with KDHE and subsequent investigation indicates that the contamination was the result of improper use of an emergency pit at a lease facility. The operator of the property was required to drill two water quality monitoring wells between the emergency pit and the effected domestic well. The domestic well had experienced chloride levels as high as 1200 ppm. In addition to the monitoring wells it appears that the operator was required to replace some lease tankage.

**Status of the Project:** The file and record on this site is very sparse. The last record of sampling is approximately 1978. The Dettweiler lease is no longer active.

**Unusal Problems:** The site is located within the Equus Beds aquifer, consequently multiple water bearing zones could be effected making remediation more costly.

**Recommendations for Future Work:** District staff's plan for future activities for this site includes:

1. Perform complete site inspection and file review. Determine if monitoring and domestic wells are still in place and accessible for sampling.
2. Sample wells for water quality.

**Level of Remediation Sought:**

**Ideal:** 250 ppm Chloride

**Target:** 500 to 750 ppm Chloride

**Initial Costs:**

Phase I: Site inspection, water sampling, and file review.

**\$1000** Staff time and water analysis.

**\$1000** Total Estimated Cost of Initial Investigation

**Long Term Costs:**

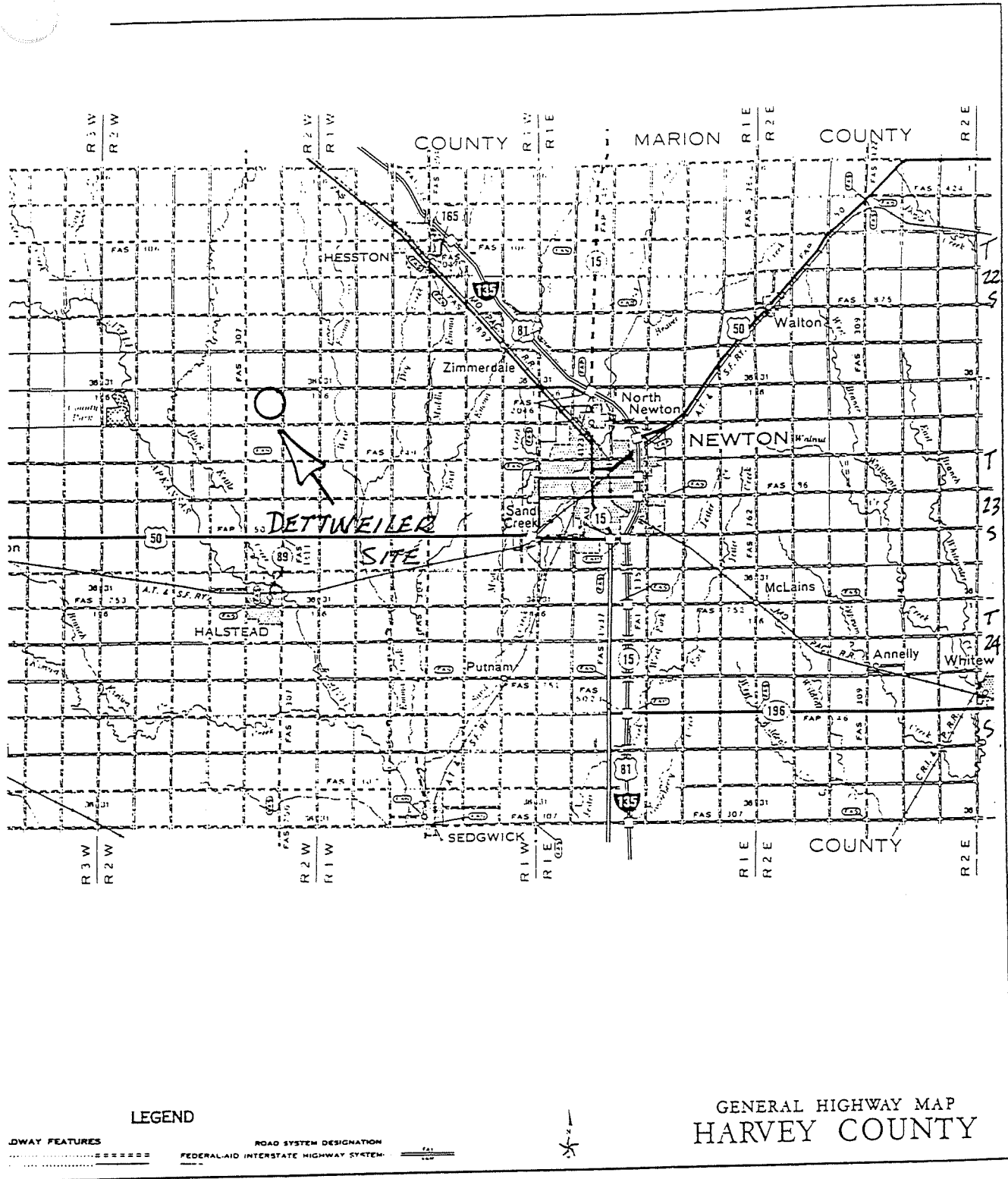
Assuming monitoring well or wells are still in place, sample wells and place project on 5 year

***Dettweiler Site***  
**Harvey County**

monitoring program for further evaluation. If no wells are accessible for sampling then a minimum of three investigatory wells will be needed to determine status of project.

**Estimated Costs: \$12,500**





Scale:  
1" = 4 miles

### Kansas Corporation Commission Conservation Division

Site: DETTWEILER SITE  
 County: Harvey (140 Acres ?)  
 Datum: Location Map  
 Comments: Impact is to a rural residential well.

**Project: *Fink Contamination Site***

**Site Location:** NE/4 of Section 27, Township 8 South, Range 22 West, Graham County.

**Impact/Immediacy:** Codell Sandstone stock well high in chlorides. Immediacy level is rated as low.

**Site Description:** Contamination of shallow ephemeral water and Codell water well by oil field brine. Saltwater had moved through the Niobrara chalk and probably into the Codell aquifer. The Codell aquifer is encountered at 300 feet.

**Site History:** According to Kansas Department of Health and Environment records received by this office, problems in this area were first reported to KDHE in 1960 involving the Michelson house well. This well, located in the NE/4 of 27-8-22W, Graham County, was completed in the Codell Sandstone to a depth of 335 feet and had chloride concentrations of 1262 ppm in 1960. The cause of the pollution was thought to be an old brine pit located upgradient of the Michelson water well. However, a letter to John O. Farmer, Inc., mentions an injection well (Michelson #2 in the NW SE NE of the section) as being over pressure in 1962. This well was plugged in 1972. There is no mention of any other activity in the file until Mr. Finks complaint in 1978.

A new stock well drilled by Mr. Fink in the NE/4 of 27-8-22W and completed in the Codell Sandstone to a depth of 265 feet in 1978 had a chloride concentration of 3,525 ppm. According to the file, this new stock well was located 10 feet from the polluted Michelson house well. The Fink site was investigated by KDHE from 1978 until 1984. It was thought at the time that a Cedar Hills disposal well (reentered Michelson #2 mentioned above but renamed the Fink #2 SWD by Fell & Wolf) was the cause of the problem. This disposal well was plugged in November of 1984.

**Status of Project:** The KCC investigated the problem in 1989. Samples from the stock well were still at 3000 ppm during a five day pump test of the well. Samples from this well were at 2125 ppm chloride in September of 1992 and at 1900 ppm in January of 1995.

**Unusual Problems:** Codell Sandstone at 250 to 300 feet deep.

**Recommendations for Future Work:** Continue to monitor the site. Chloride concentrations are on a downward trend.

**Level of Remediation Sought:**

**Ideal:** 140 ppm Chloride (background levels)

**Target:** 500 ppm Chloride

**Initial Costs:** \$500 for monitoring

### ***Fink Contamination Site***

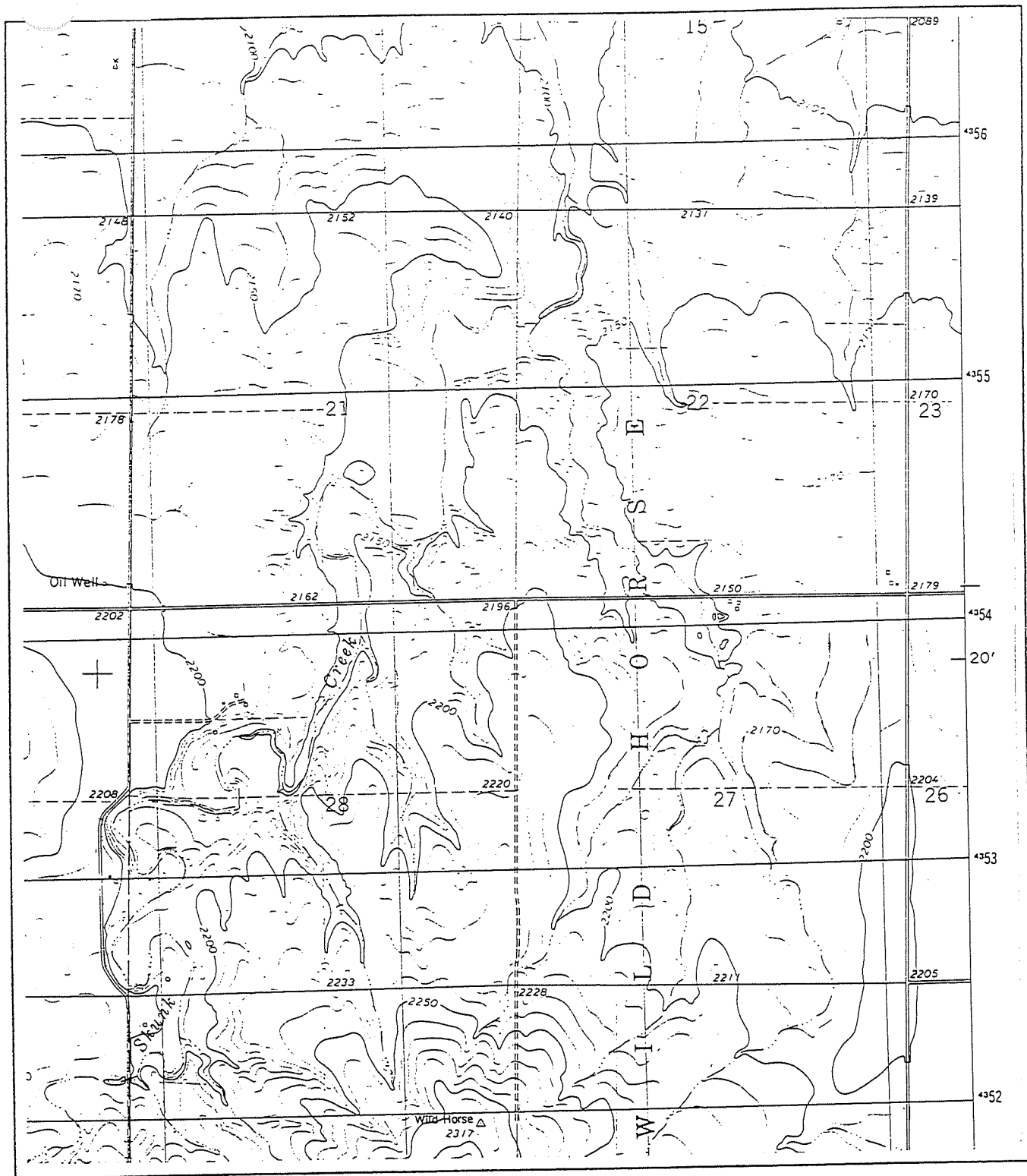
#### **Long Term Costs: \$2000**

Due to the problem of the depth of the affected aquifer, this site is not a candidate for investigative drilling. Reasons for this include:

- (1) Codell Formation is at a depth that makes it cost prohibitive for drilling out the area.
- (2) Affected well is not in use at the present time.
- (3) Stated use of the well is for watering stock.
- (4) Chloride levels are at usable levels by definition of usable water (Chlorides below 5000 ppm).
- (5) Chloride levels are on a downward trend.
- (6) The only suspected source (the SWD) has been plugged.

The chloride history shows that the chloride concentrations will be slow to drop to background levels. Costs for long term monitoring are dependent on length of time monitored and number of samples.

**Estimated Long Term Costs: \$2000 for long term monitoring.**



Scale:  
1" = 2000'

Kansas Corporation Commission  
Conservation Division

Site: Leon Fink Contamination Site  
 County: Graham  
 Datum: \_\_\_\_\_  
 Comments: \_\_\_\_\_  
 \_\_\_\_\_

**Project: *Marcellus Gross Contamination Site***

**Site Location:** NE/4 of Section 18, Township 15 South, Range 17 West, Ellis County.

**Impact/Immediacy:** Ground surface affected by brine contamination but brine scars have improved. Groundwater is contaminated in the waterway. Immediacy level is rated as low to moderate.

**Site Description:** Contamination of shallow alluvial aquifer. The water is moving on the contact zone between soil and clay. The Greenhorn limestone outcrops in the area. The land use in the area is primarily pasture land.

**Site History:** Source of contamination from past use of an emergency pit was eliminated by KDHE years ago. A surface salt scar which was a result of the emergency pit overflows initiated the investigation. Water containing 2,450 ppm chloride was encountered at a depth of 3 feet. This problem is believed to be a stationary body of brackish water tied up in the soil and clay near the ground surface.

**Status of Project:** KDHE attempted to drill test holes, but was unable to arrange locations with the landowner. No action has been taken by KDHE since 1990.

**Unusual Problems:** None

**Recommendations for Future Work:**

1. Perform site inspection and investigation.
2. Collect water samples from drainage area.
3. Evaluate sample results and determine site status.
4. Possibly close out the site if test results indicate chlorides have been flushed from the drainage.

**Level of Remediation Sought:**

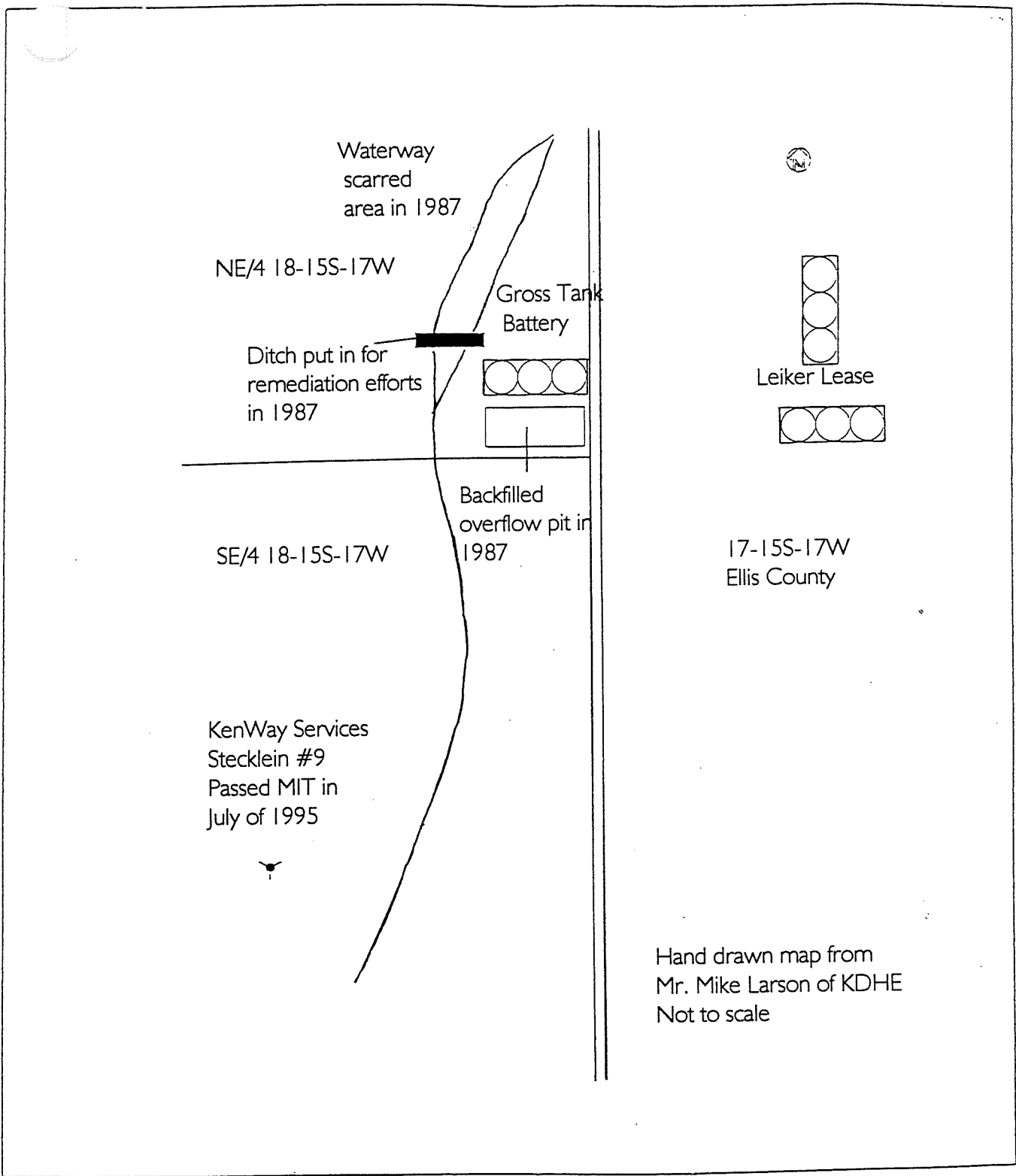
**Ideal:** 200 ppm Chloride (background levels)

**Target:** 500 ppm Chloride

**Initial Costs:** \$5000 (Site Investigation)

**Long Term Costs:** If investigation requires drilling, surveying, mapping, sampling and chloride analysis costs would be determined by these requirements. Remedial cost involving groundwater would be substantially higher.

**Estimated Long Term Costs:** \$10000 to \$20000



Scale:  
1" = \_\_\_\_\_

Kansas Corporation Commission  
Conservation Division

Site: Marcellus Gross Contamination Site

County: Ellis

Datum: \_\_\_\_\_

Comments: \_\_\_\_\_

\_\_\_\_\_

**Project: *Hollow-Nikkel Contamination Site***

**Site Location:** The site is located in northwestern Harvey County approximately eighteen miles northwest of the city of Newton . The site includes parts of Sections 7, 8, 17, 18, 19, 20, 29, and 30 in Township 22 South, Range 3 West.

**Impact:** Potential impact is to irrigation and rural residential wells. Directly down gradient of the site there are nine domestic wells and one irrigation well. This site should be rated at a moderate immediacy level.

**Site Description:** The project area covers approximately 700 acres with maximum chloride values in the range of 6000 to 7000 ppm. The contaminate plume is aligned in a north to south configuration and is approximately .5 mile wide and 2 miles in length. Plume morphology appears to be controlled by a bedrock channel which has an alignment similar to that of the plume. Contamination mapped to date is primarily confined to the lower zone of the Equus Beds aquifer which consists of unconsolidated sand and gravel deposits and lies at a depth of 200 to 250 feet.

**Site History:** The brine contamination at this site is the result of past brine disposal practices used in the Hollow-Nikkel Oil Field which is closely associated with the site. These practices included the use of "evaporation" ponds and shallow injection zones which were quite common to the area from the late 1930's through the late 1950's. The resulting contamination has become vertically segregated with time to its current position. A groundwater monitoring system installed in the 1980's identified the plume and delineated the hydrogeology.

**Status of the Project:** A pilot project for remediation of the site was undertaken in 1989. The project was funded by KDHE and managed by Equus Beds Groundwater management District No. 2. The project operated from December 1989 to April of 1993. During the course of operations the Chloride concentration of the withdrawal water ranged from approximately 5000 ppm to 2000 ppm. Within the past two years some interest has been shown by a local firm as to the possibility of using the contaminated water in enhanced oil recovery operations . Project economics and a depressed oil market have stalled these privatization efforts. The KCC has done some preliminary bid summary work to delineate the construction cost for a recovered water transport line.

**Unusual Problems:** In the remediation stage, specifically the stage in which a new transportation line will be trenched to a new disposal facility, problems could arise in obtaining right of ways, and costs could also become inflated by difficult road and stream crossings. Loss of participation by local operator could **substantially increase disposal costs.**

**Recommendations for Future Work:** District staff's plan for future activities for this site include:

1. Complete transport line survey work.
2. Renew efforts to gain commitment for access to enhanced oil recovery project. Low disposal cost and beneficial use of recovered water would greatly reduce overall cost of site remediation.

***Hollow-Nikkel Site***  
**Harvey Co.**

**Level of Remediation Sought:**

**Ideal:** 250 ppm

**Target:** 500 ppm

**Initial Costs:**

Phase I: Complete bid summary and cost estimates for transport line

**\$750** Staff time and legal services for development of disposal agreement.

Phase II: Complete line survey and obtain necessary permits.

**\$1500** Staff field survey work.

**\$2250 Total Estimated Cost of Initial Investigation**

**Long Term Costs:**

Assuming access to enhanced oil recovery operations can be secured, a five year remediation project would be placed in operation at a withdrawal rate of approximately three to four orders of magnitude above the previous system. Because of the unique hydrogeology of the site a one point withdrawal system should be sufficient. Data as to operating costs and efficiency would be useful in development of the larger Burrton Site located immediately south of the Hollow Nikkel Site.

**Estimated Costs: \$75,000**





**Project: Doris Lang Contamination Site**

**Site Location:** SE/4 of Section 04, Township 14 South, Range 17 West, Ellis County.

**Impact/Immediacy:** Groundwater. Brine contamination has affected a domestic water well that is the only source of water for the residence. Immediacy is rated as moderate to high.

**Site Description:** Brine has contaminated a shallow aquifer. The use of unlined drill pits over a very shallow sand allowed brine to enter this aquifer.

**Site History:** The source of contamination was from the disposal of high chloride water into the drilling pits during the testing the Pete #3 SWD for production (SE/NW/SE). A stock well and the Lang's domestic well were contaminated. Chloride analysis of the water well indicated a chloride content of 125 ppm in 1978 and 625 ppm in April 1982. The chloride concentrations in both wells subsequently increased to 2500 ppm.

**Status of Project:** Eight monitor wells were drilled by the KCC in the spring of 1991. The highest chlorides were found in the #4 Lang monitor well with chlorides at 5650 ppm. A recovery well was installed in 1991 by the Principle Responsible Party (PRP) so that remediation of the area could begin. Since November of 1992, approximately 3.5 million gallons of contaminated water have been pumped out and disposed of down a disposal well.

Mr. Lang drilled a new water well in September of 1992 and found chloride concentrations of 400 ppm. In January 1995, the new water well tested at 700 ppm chlorides and the old water well tested at 1800 ppm chlorides. In samples collected on October 10, 1995, the new water well tested 400 ppm and the old water well tested 650 ppm chloride showing a decrease of 300 ppm and 1150 ppm respectively. The monitor wells ranged in chloride concentration from 450 ppm to 1100 ppm during this testing period. The withdrawal well is currently shut down. Approximately \$6,000 has been spent by the KCC on this project since 1991. This breaks down to \$5,000 for the investigation of the site and \$1,000 for monitoring. The PRP has spent \$41,000 to date.

**Unusual Problems:** None

**Recommendations for Future Work:** Continue to monitor the site. If chlorides increase in the new water well, the recovery well will be returned to service.

**Level of Remediation Sought:**

**Ideal:** 100 ppm Chloride (background level)

**Target:** 250 ppm Chloride

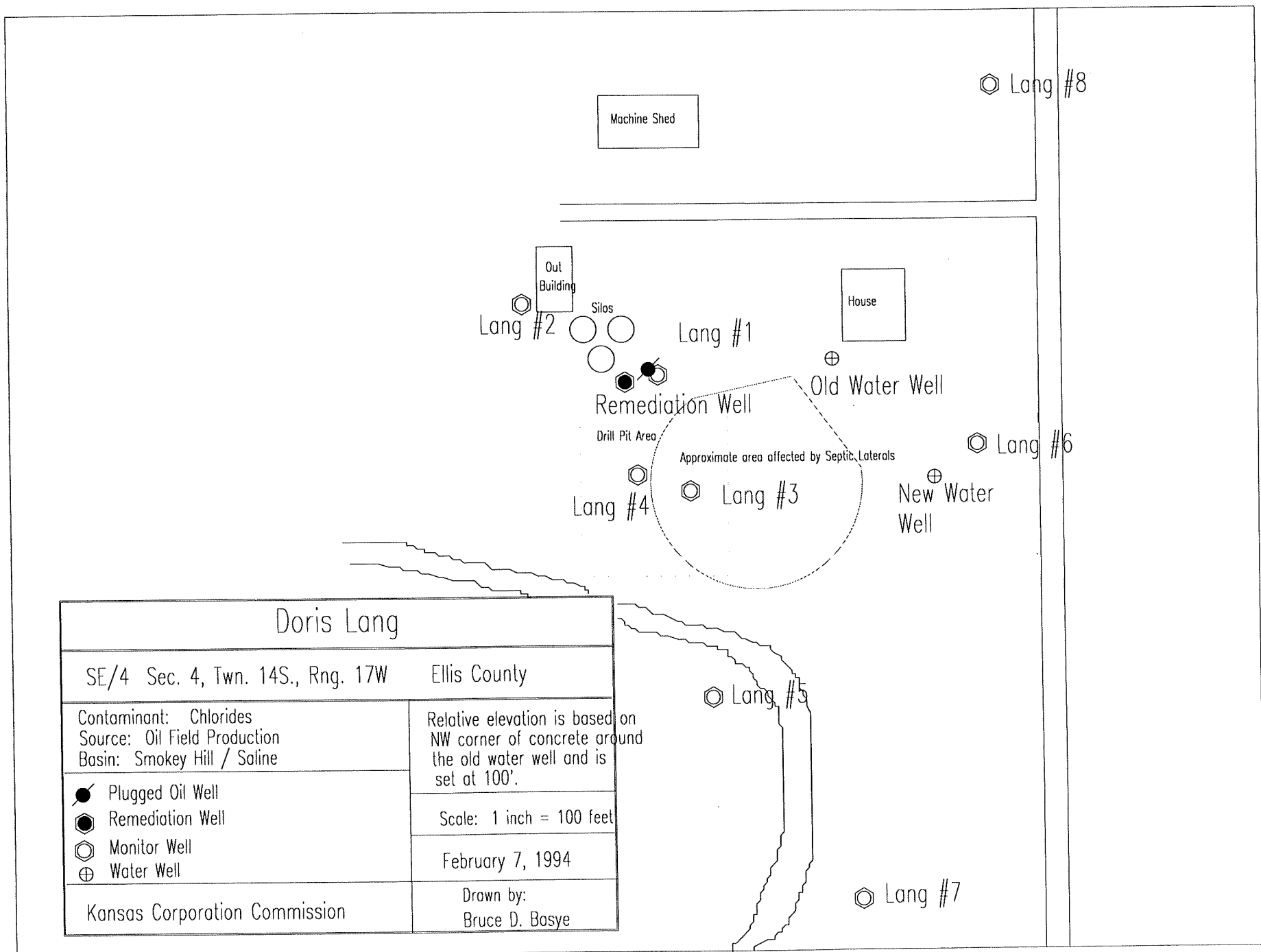
**Initial Costs:** \$500

***Doris Lang Contamination Site***

**Long Term Costs: \$2000**

Costs for monitoring are dependent on the amount of time needed to reach the target chloride levels and the number of times samples are taken. This may be a long term project. A PRP has been identified and will assume any additional cost from new monitoring and recovery wells.

**Estimated Long Term Costs:** Approximately \$2500 more will be required for site monitoring for four years.



Doris Lang	
SE/4 Sec. 4, Twn. 14S., Rng. 17W Ellis County	
Contaminant: Chlorides Source: Oil Field Production Basin: Smokey Hill / Saline	Relative elevation is based on NW corner of concrete around the old water well and is set at 100'.
<ul style="list-style-type: none"> <li>● Plugged Oil Well</li> <li>● Remediation Well</li> <li>⊙ Monitor Well</li> <li>⊕ Water Well</li> </ul>	Scale: 1 inch = 100 feet
Kansas Corporation Commission	February 7, 1994
	Drawn by: Bruce D. Bosye

**Project: Otis Creek Basin Site**

**Site Location:** SE/4 of Section 4, Township 25 South, Range 9 East, Greenwood County

**Impact/Immediacy:** Groundwater, surface water, soil. Water is used mainly for livestock. Immediacy level is rated as low.

**Site Description:** The original site consists of a small drainage which originates in section 4 and flows south into section 9. This is an ephemeral drainage. The affected area of this original site was very localized in size. The site/complaint eventually expanded to other suspected problems which occurred in about a 50 square mile area, according to KDHE.

**Site History:** This project stems from an original complaint in section 9 from a landowner. Elevated chloride levels were observed in a small drainage in section 9. The KCC was contacted about the problem and conducted the initial investigation. The source of the high chloride water was traced to an injection well in the southeast quarter of section 4. The well was found to have a hole in the casing just below ground level. This well was immediately repaired. The chloride level in the drainage quickly declined after the source was stopped. An inventory and check of the remaining wells in section 4 did not find any other problems. The chloride level found in the drainage was about 3,000 mg/l. Numerous other complaints by the same landowner were brought to the attention of the KDHE. The last samples were collected in 1993 by Bill Thornton of the KDHE. These samples covered nearly every creek and tributary in the concerned area. The highest chloride concentration found during this sampling was 168 mg/l. From this data it appears that there are no ongoing problems.

**Status of the Project:** The original complaint on this site has been corrected. The other complaints in this area do not appear to be of concern based on the latest sampling.

**Unusual Problems:** None

**Recommendations for Future Work:** Sample the locations which had elevated chloride levels on a semi-annual basis to ensure that there are no further or ongoing problems.

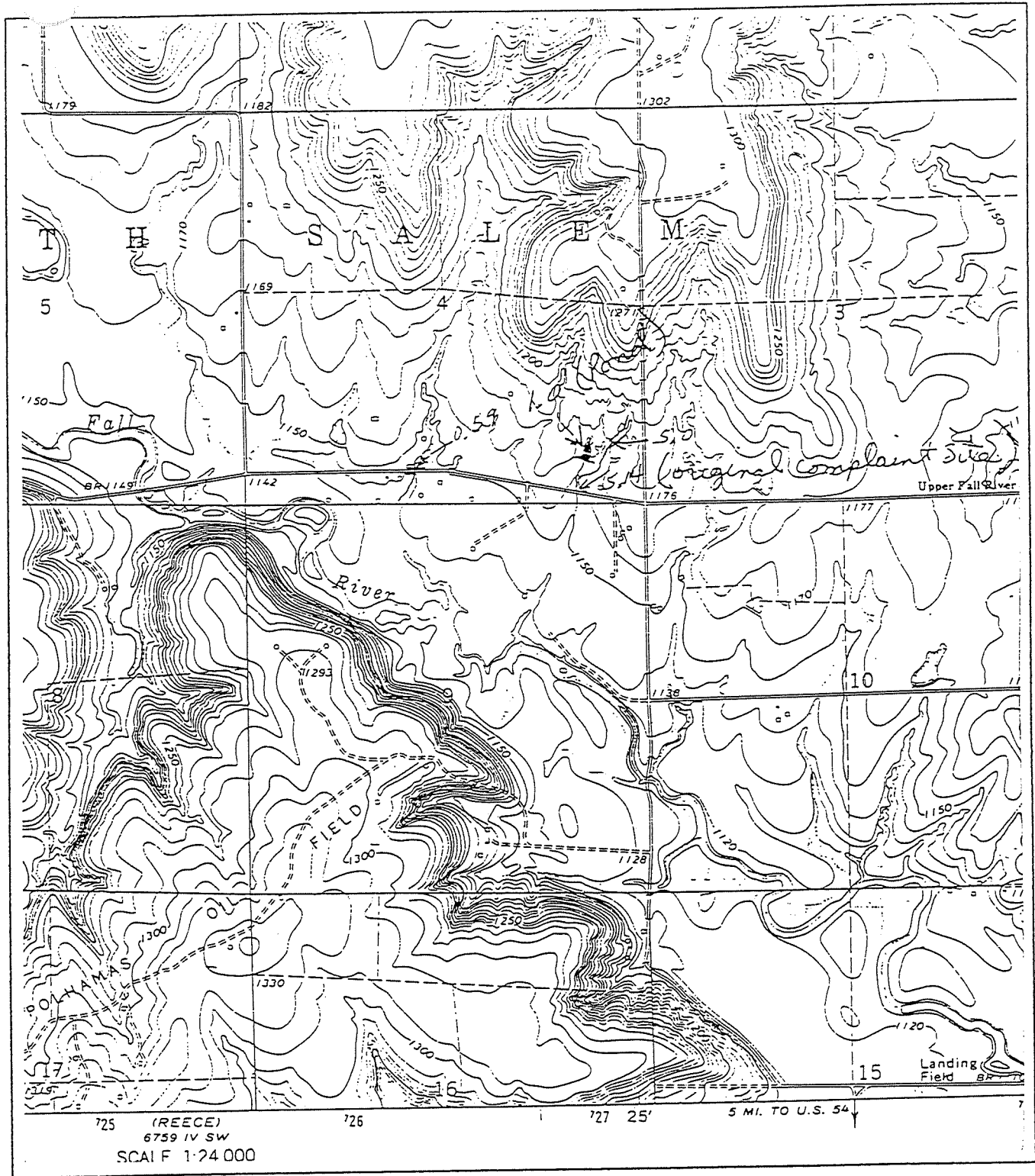
**Level of Remediation Sought:**

**Ideal:** 150 ppm Chloride (background levels)

**Target:** 500 ppm Chloride

**Initial Costs:** \$0

**Long Term Costs:** Semi annual monitoring at approximately \$300(+)/yr. Anticipated term of monitoring is 3 years. Total cost \$1000.



Scale:  
 1" = 2000'

**Kansas Corporation Commission  
 Conservation Division**

Site: Otis Creek Basin Contamination Site  
 County: Greenwood  
 Datum: \_\_\_\_\_  
 Comments: \_\_\_\_\_

**Project: Richmeier, Paxson, Toll Contamination Site**

**Site Location:** S/2 of Section 15 and N/2 of Section 22, Township 8 South, Range 25 West, Graham County.

**Impact/Immediacy:** Groundwater, surface water, irrigation wells. Current immediacy level is rated as low.

**Site Description:** The brine contamination plume is moving to the east-northeast, toward the town of Morland. The land use in the area is agricultural. Depth to groundwater is 30 feet. Depth to bedrock is 90 feet.

**Site History:** The contamination was caused by a leaking salt water disposal well (SWD). The SWD well was plugged in 1981. The Richmeier, Paxson and Toll irrigation wells were contaminated. In 1981, the Richmeier well tested at 6,050 ppm chlorides, down to 250 ppm in 1988; Paxson tested 3,725 ppm and 100 ppm chlorides during the same period.

**Status of Project:** Remediation program pumped out Paxson well. Site monitoring was initiated because of the migration of the plume. The Toll irrigation well increased in chloride level from 200 ppm to 1,500 ppm during the irrigation season of 1990. This well is located down gradient of the original contamination site. The KCC drilled six monitor wells during 1991 around the Toll irrigation well. Chloride levels were up to 1500 ppm in one monitor well down gradient of the irrigation well. Mr. Toll pumped his irrigation well thereby helping to remediate the contamination. Chloride levels in all wells continued to fall and the monitor wells were plugged. Two additional monitor wells were drilled south of the high chloride level monitor well in October of 1992 by the KCC. Chloride levels continue to decrease. On December 28, 1994, the two new wells tested at 300 ppm and 350 ppm chlorides. On October 9, 1995, these wells tested at 100 ppm and 350 ppm chlorides. The KCC has to date expended approximately \$10,000 on the site

**Unusual Problems:** Lack of cooperation with some landowners in the area caused plugging of three monitor wells prematurely.

**Recommendations for Future Work:**

1. KCC district staff will continue to monitor the site.
2. Samples will be collected every six months and tested for chloride content.
3. If sample results indicate stabilization or decrease of chloride concentration, then possible closure of the site within 12 months.

**Level of Remediation Sought:**

**Ideal:** 100 ppm Chloride (background levels)

**Target:** 500 ppm Chloride

**Initial Costs:** \$500

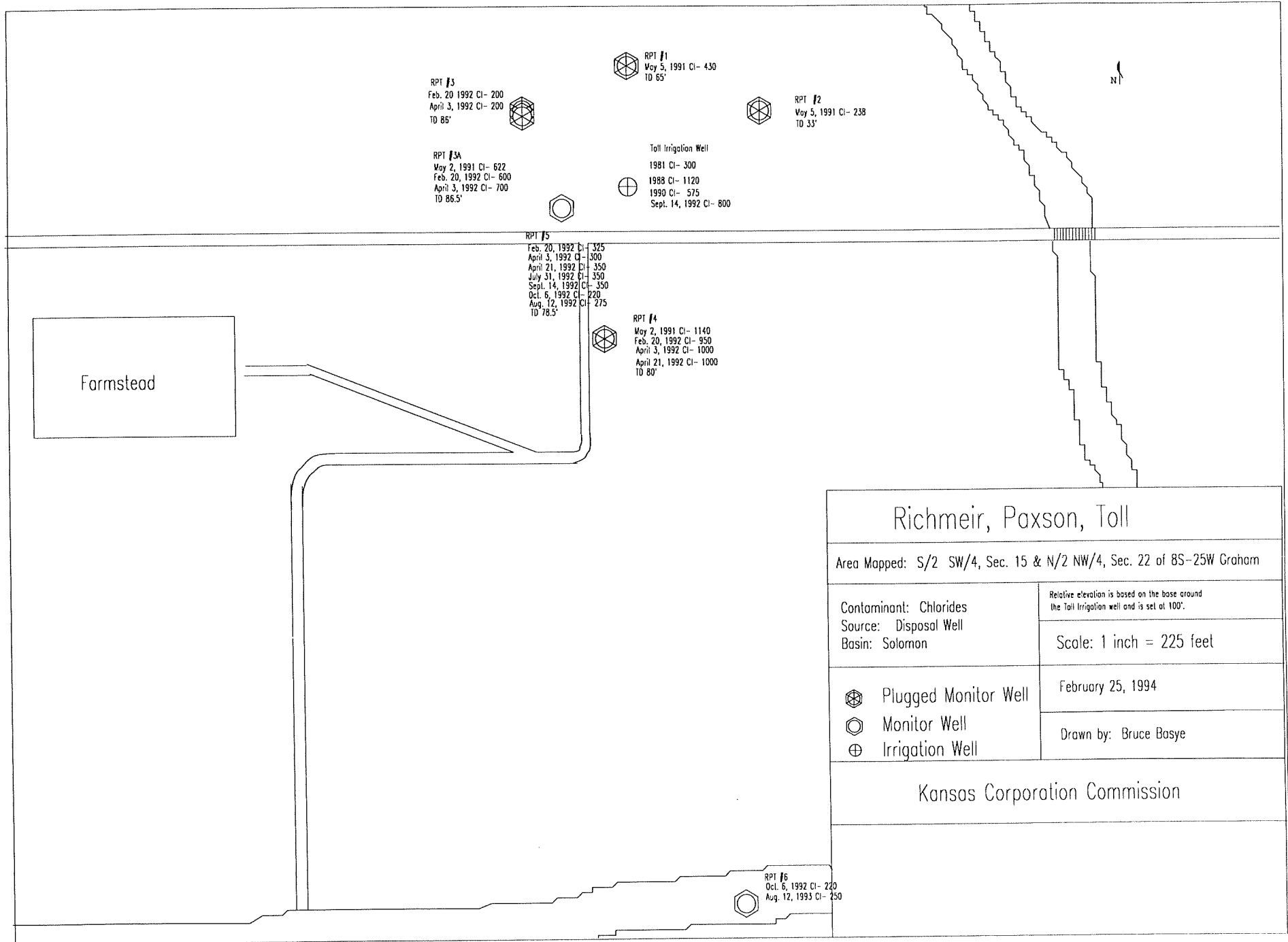
***Richmeier, Paxson, Toll Contamination Site***

**Long Term Costs:**

The site should be monitored until chloride levels reach the target concentrations. Costs are dependent on time and sampling periods. This site was below the target during last sampling. If the chloride levels remain below the targeted concentrations during the next sampling, this site should be closed.

**Estimated Long Term Costs:** \$1000 (Assuming a two year monitoring at present levels.)





**Project: *Schraeder Contamination Site***

**Site Location:** Legal location is E/2 of Section 03 and W/2 of Section 02, Township 24 South, Range 24 West, Hodgeman County.

**Impact/Immediacy:** Contamination to groundwater, stockwell and possibility an irrigation well in the future. Immediacy level is rated as low.

**Site Description:** The chloride concentration of the Ogallala formation water supplying a stockwell has been high in chlorides.

**Site History:** This case was brought to the attention of KDHE in 1972 and was under investigation and a groundwater management program. The pollution was originally related to periodic use of an emergency pit at a disposal well where the brine was not removed properly after each period of use.

**Status of Project:** In 1982 the 11,200 ppm chloride in the stockwell was higher than the 7600 ppm found in 1972. The Cedar Hills formation brine disposal well was under observation and was to be tested for casing and cementing integrity. KCC's 1988 Program Report notes that repair of the disposal well several years ago may have eliminated the source. Contamination at the stockwell continues to decrease. In July of 1993, the irrigation well tested 480 ppm chloride. Much of the contamination is probably diluted and spread out. The chloride sample run on this project in December 1995 ranged from 30 ppm to 2400 ppm.

**Unusual Problems:** None

**Recommendations for Future Work:**

1. KCC district staff will continue to monitor the site.
2. Samples will be collected every 6 months and tested for chloride content.
3. Drill additional test holes.
4. Install monitor wells if additional test results warrant.
5. Compile new data and formulate a remediation plan if appropriate.

**Level of Remediation Sought:**

**Ideal:** 250 ppm Chloride

**Target:** 350 ppm Chloride

**Initial Costs: \$3000**

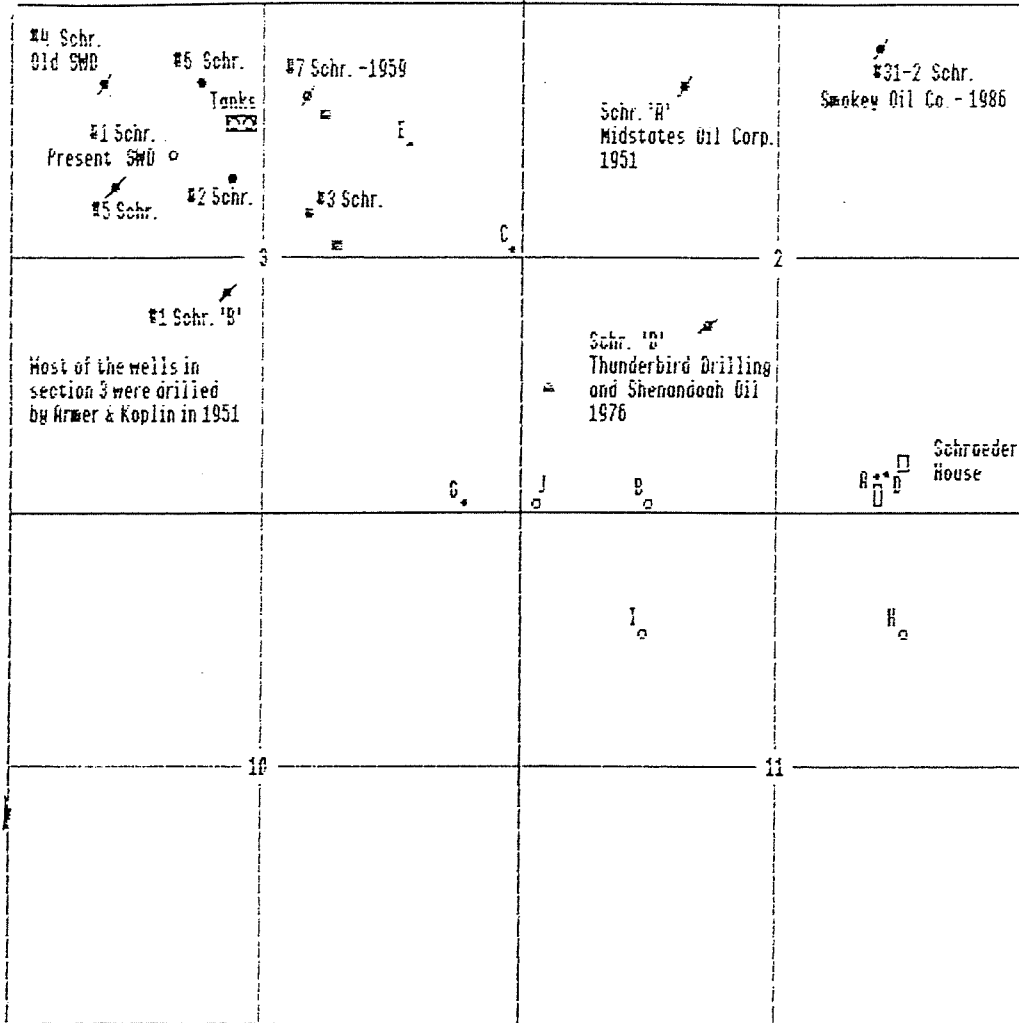
Labor costs to perform site inspection and to collect water sample and run chloride analysis. Anticipate three year monitor program prior to potential implementation of remediation program.

**Long Term Costs:** Estimated long-term costs to implement a remediation program if warranted by short term monitoring program.

**Estimated Long Term Costs: \$220,000**

R24w

F. Schraeder Pollution Area -- Well Locations



- Producing Oil Well
- ✕ Plugged Oil Well
- ⊗ Dry Hole
- Disposal Well
- Observation Well
- Irrigation Well
- Surface Pond or Pit
- ⊞ Proposed Monitor Well Location

Scale:  
1" = 2000'

Kansas Corporation Commission  
Conservation Division

Site: Schrader Contamination Site

County: Hodgeman

Datum: Location Map

Comments: \_\_\_\_\_

**Project: *Leo Schruben-Rogers Contamination Site***

**Site Location:** SE/4 of Section 18, Township 7 South, Range 18 West, Rooks County

**Impact/Immediacy:** Groundwater. Domestic well is the sole source of water for the residence. Immediacy level is rated as low.

**Site Description:** The groundwater at this site was contaminated by oil field brine on two separate occasions. The site is located within terrace alluvium of the South Fork of the Solomon River. Land use in the area is agricultural and oil field production. Area wells consist of domestic water wells.

**Site History:** The original complaint was filed in May of 1986. The chloride concentration was 8800 ppm in July of 1986 in Mrs. Schrubens domestic well. KDHE drilled monitor wells in an effort to delineate the problem. The cause was attributed to various brine line leaks, spills contained in emergency pits but not removed immediately, and generally poor lease practices in the area. The chloride levels fell to 160 ppm by May of 1987.

To alleviate this from recurring, the KCC had all emergency pits lined within the Stockton area with bentonite with the understanding with area oil producers that all brine releases would be picked up immediately.

A second complaint concerning contamination was received in January of 1992. A sample taken at that time showed levels up to 4000 ppm chloride. Improper control of brine discharges into an emergency pit was found to be the source of the contamination. Remediation of this contamination involved pumping the available water wells to water stock. Brine lines were also tested in the area and none were found to be leaking. The effected domestic well had a reverse osmosis unit installed to deal with the high chlorides and high nitrates.

**Status of Project:** Continued sampling throughout the spring and summer of 1992 showed a steady decrease of chlorides from 1700 ppm on March 23rd to 975 ppm on August 11, 1992. Samples taken on November 1, 1994, and October 12, 1995, tested at 750 ppm and 250 ppm chlorides respectively.

**Unusual Problems:** None

**Recommendations for Future Work:** Continue to monitor the site.

**Level of Remediation Sought:**

**Ideal:** 100 ppm Chloride (background levels)

**Target:** 250 ppm Chloride

**Initial Costs:** \$500

**Long Term Costs:**

This site should be checked to see if the chloride levels remain at the target concentrations. If these levels remain at the target concentrations, this site should be closed.

**Estimated Long Term Costs:** \$1000 for monitoring, assuming a two year monitoring cycle.



**Project: *Schulte Brine Contamination Site***

**Site Location:** The site is located north and east of the city of Schulte in Sedgwick County. Legal location is E/2 of Sections 7 and 17 and the W/2 of Sections 8 and 18, all in Township 28 South, Range 1 West.

**Impact/Immediacy:** The project area has many surrounding domestic and industrial water users. Although it is not a sole source, the aquifer appears to be a good alternative source to purchased water. Consequently, the immediacy of this project is at a lower level.

**Site Description:** The project area consists of a groundwater plume contaminated by oilfield brine moving in an easterly direction. The site is situated between Wichita Mid-Continent Airport to the northeast and the unincorporated town of Schulte to the west. The land use is a combination of light industrial, agricultural and residential.

The depth of the effected water wells in the area is approximately 50 feet. The depth to bedrock is approximately 150 ft. The aquifer consists of unconsolidated sand, clay and gravel deposits.

**Site History:** The brine contamination is apparently a result of salt water evaporation pits associated with the production of oil and gas from the Schulte Field in the late 1940's and early 1950's. KDHE was initially contacted by a landowner in 1952 reporting contamination in two farmstead wells.

**Status of Project:** KDHE, using EDIF and SWP funds, retained the services of Test Environmental Services and Technologies (TEST) to do a study of the area in 1989. TEST subsequently performed an extensive conductivity survey and drilling program to define the plume. The firm drilled 16 wells (casing 8 wells) and took 515 conductivity readings. The highest chloride value encountered was 19,963 parts per million.

Using this data the contractor submitted a report containing maps, cross sections and basic hydrologic parameters. In this report the firm recommended additional drilling to better define the plume and another round of water well sampling of private wells (the last such sampling event occurred in the early 1970's).

**Unusual Problems:** The semi-urban industrial setting restricts the placement of monitoring and withdrawal structures. Transportation of contaminated fluids via pipeline to the disposal facility would cross many landowners, roads and industrial properties.

**Recommendations for Future Work:** After a cursory examination of the received materials the following is the District staff's plan for future activities:

1. Thoroughly examine, evaluate, and process received materials.
2. Locate and evaluate condition of monitor wells. Repair monitor wells. Perform site inspections and investigations.

3. Sample available private water wells, existing monitor wells and public water supply wells. Use this current data and update chloride and plume maps.

4. Drill a minimum of five additional wells to further define eastern and southeastern extent of plume.

5. Assimilate new data and formulate a remediation plan that would incorporate the use of up to five withdrawal wells, surface storage tankage, a transport line and an existing Class II disposal well.

***Schulte Brine Contamination Site***

**Level of Remediation Sought:**

**Ideal:** 250 ppm Chloride

**Target:** 500 ppm Chloride

**Initial Costs:**

***PHASE I-Preliminary Investigation***

**\$1,000** Labor costs to further examine case and conduct initial field survey.

***PHASE II- Sampling and Drilling of Additional Wells***

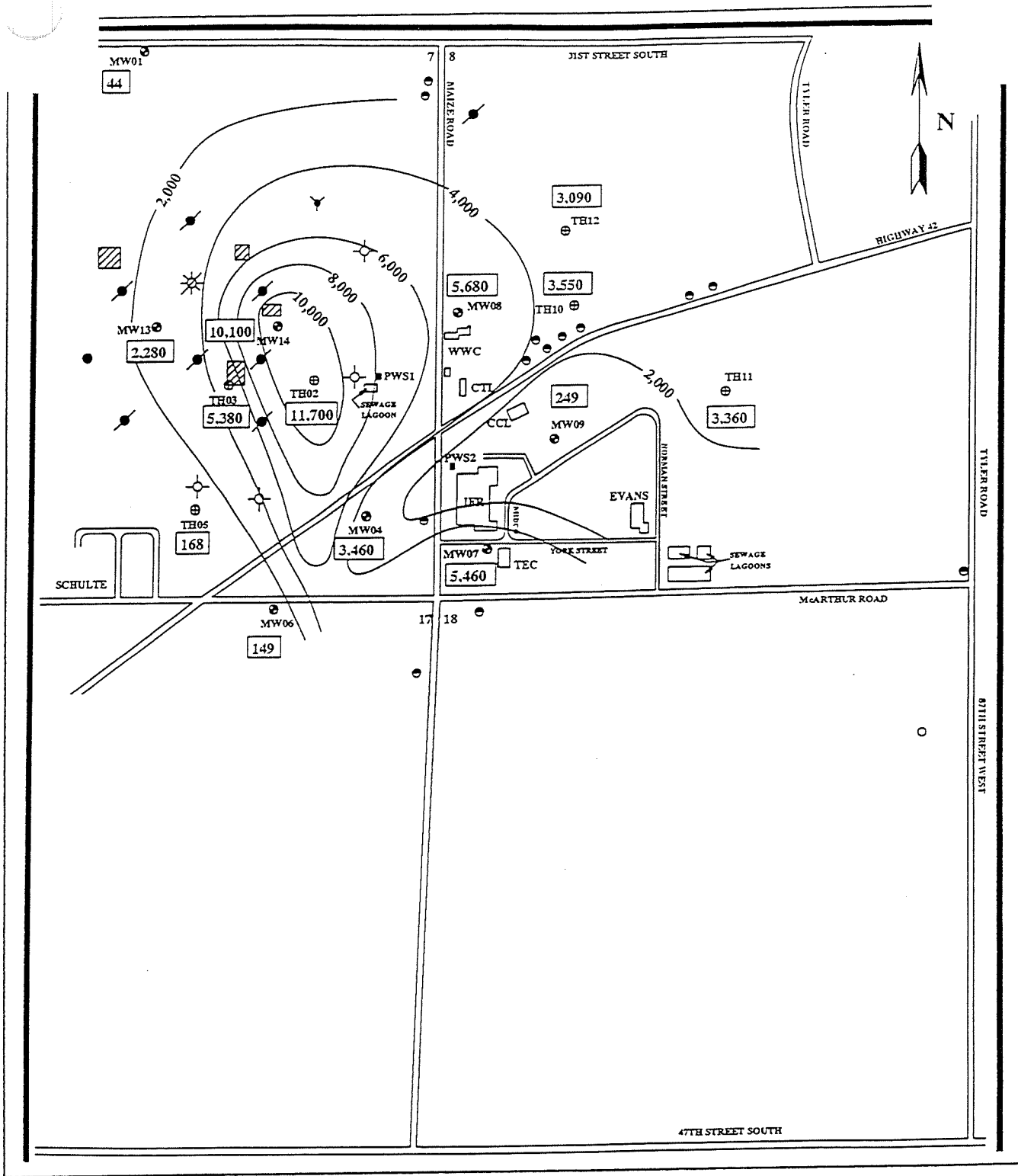
**\$14,000** Estimated expenditures of sampling monitor, private and public supply water wells. Cost of internally drilling and equipping 5 monitor wells. Expense of drafting and updating maps, cross-sections and file. Labor and overhead costs of designing a remediation plan.

**\$15,000 Total Estimated Cost for Initial Investigation**

**Long-term Costs:**

***PHASE III- Remediating the Aquifer***

**\$600,000** Estimated long-term cost for drilling and completing 5 withdrawal wells, installing surface equipment and transportation lines and disposal fees to the operator of the Class II disposal well. The life of the project is thought to be ten years with the wells continuously withdrawing water at the rate of 25 gallons per minute.



Scale:  
 1" = 1200 ft.  
 Source: KDHE, 1994

Kansas Corporation Commission  
 Conservation Division

Site: SCHULTE SITE  
 County: Sedgwick (960 Acres)  
 Datum: Chloride Plume Map  
 Comments: Impact is to Domestic and Public Water Supplies.



## **Project: *South Wichita Chloride Study***

**Site Location:** South Wichita, near the intersection of the Kansas Turnpike and the Wichita Valley Center Floodway. Centered roughly near the intersection of 63rd St. South and Broadway, in south Wichita. Legal location: Sections 28, 29, 31, 32, 33, and 34 of Township 28 South, Range 1 East and Sections 3 and 4 of Township 29 South, Range 1 East.

**Impact/Immediacy:** Municipal, irrigation, and domestic water uses. A low to moderate level of immediacy is warranted for this site.

**Site Description:** The project area consists of a groundwater plume contaminated by oilfield brine moving in an southeasterly direction. The site is situated in an area that is residential, agricultural, commercial and light industrial. The surface geology is composed of unconsolidated sand and silt. Underlying this zone are sands and gravels that form the aquifer. Historically, the aquifer has delivered large quantities of high quality drinking water. The depth of most of the domestic water wells in the area range from 30 to 50 feet.

**Site History:** The saltwater plume is a result of an oilfield enhanced recovery project over pressuring deep producing zones. The over pressured zone leaked brine up into the shallow fresh water zone by traveling up poorly plugged and abandon oil wells. A minor amount of the brine plume is thought to be caused by saltwater spills, leaky saltwater lines and poorly maintained emergency pits at oil production facilities. The first report of contaminated fresh water occurred in 1969. After a preliminary file review, the highest chloride value found was 2375 ppm. This sample was taken in 1988 from a well in the SE corner of 33-28-1E.

**Status of Project:** In 1984, KDHE formed the "South Wichita Chloride Study Task Force" to solicit input from other agencies, local governments, and the business community. A result of this Task Force was to retain an outside consulting firm to drill select monitor wells, gather additional data and produce a generalized report recommending future work to be done. In the meanwhile, the pressure maintenance operations of the oilfield were discontinued and the oilfield wells subsequently plugged. The Task Force has since disbanded leaving no future recommendations or actions to be taken.

**Unusual Problems:** The urban setting restricts the placement of monitoring and withdrawal structures. Transportation of contaminated fluids via pipeline to a disposal facility would cross many landowners, roads and waterways.

**Recommendations for Future Work:** After a cursory examination of the received materials the following is the District Staff's plan for future activities.

1. Thoroughly examine, evaluate, and process received materials.
2. Perform a site inspection of project area, locating monitor wells and other sampling sources.
3. Sample available private wells, existing monitor wells and public supply wells.
4. Assimilate new data and incorporate with historical data to produce updated plume maps and cross-sections.
5. Retain an outside consulting firm to create a hydrological model of the aquifer and down gradient environment.

*South Wichita Chloride Study*

**Recommendations for Future Work (Continued)**

6. Use the hydrological model to study impact of down gradient public supply and domestic water wells.

7. Formulate a strategic plan to remediate aquifer if warranted.

**Level of Remediation Sought:**

**Ideal:** 200 ppm Chloride

**Target:** 500 to 750 ppm Chloride

**Initial Costs:**

*PHASE I-Preliminary Investigation*

**\$1,000** Labor costs to further examine case and conduct initial field survey.

*PHASE II- Sampling Existing Wells and Posting New Data*

**\$5,000** Sampling and testing of monitor wells, private wells and public supply wells.

**\$2,000** Drafting and labor costs of updating maps using new data.

**\$8,000 Total Estimated Initial Costs**

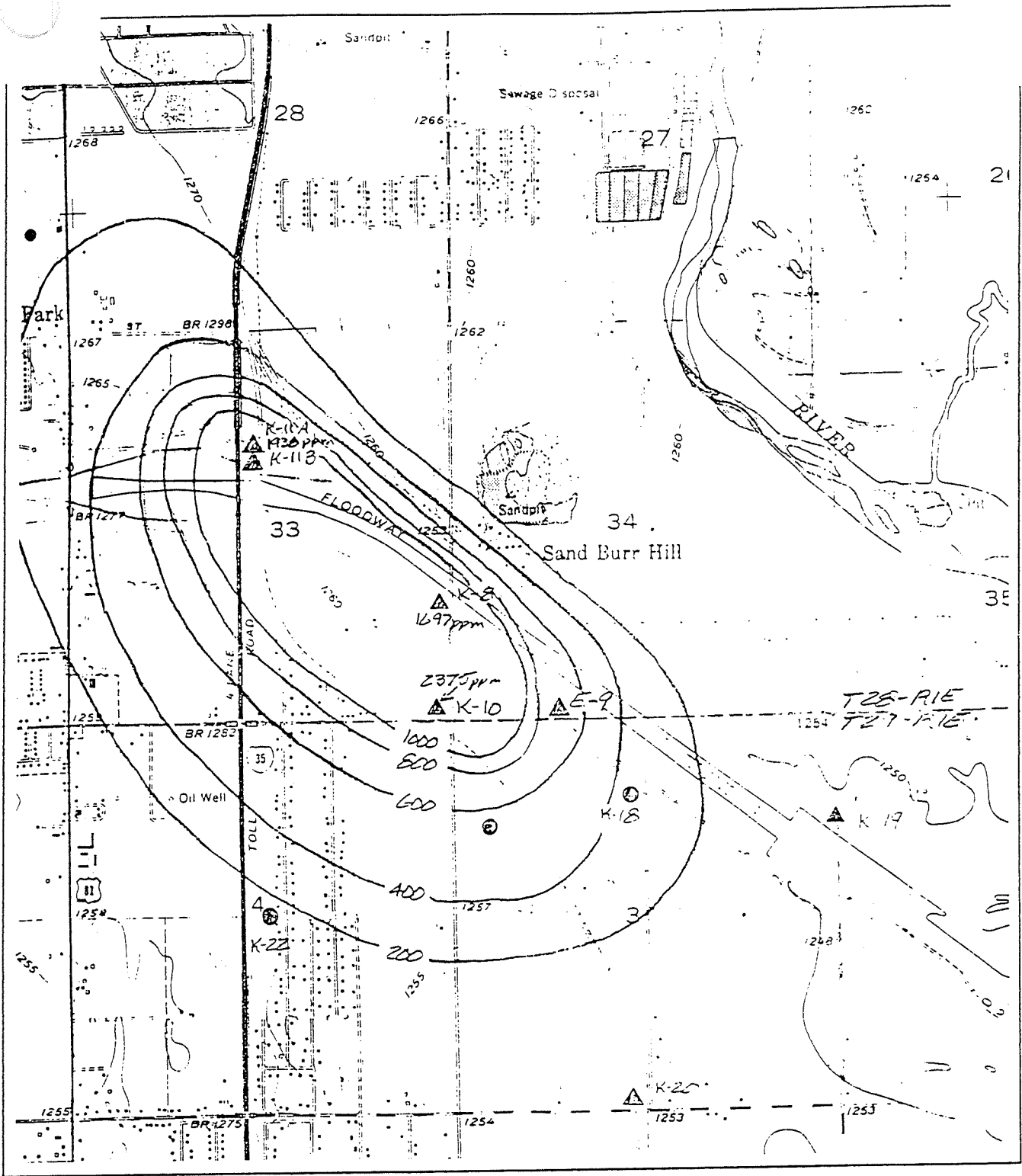
**Long-term Costs:**

*PHASE III- Hydrological Modeling*

**\$125,000** Retain an outside consulting firm to produce a computer based hydrological model of the aquifer. This model should accurately calculate plume movement, size and impact on down gradient wells.

*PHASE IV- Implementation of Remediation*

**Estimated Costs Unknown**



**Project: Wildboy's Land & Cattle Contamination Site**

**Site Location:** Legal location is NE/4 of Section 28, Township 33 South, Range 11 West, Barber County.

**Impact/Immediacy:** The damage has already been done to the groundwater, surface water, public water supply wells. Immediacy level is rated at moderate to high.

**Site Description:** The site is located within the Medicine Lodge River Valley.

**Site History:** On April 27, 1981, Supreme Drilling Company encountered an uncontrollable flow of salt water at 220-230 feet while drilling an oil test for Wildboy's Land and Cattle Company. Initial flow was 10,000 barrels of brine per hour, with a chloride concentration exceeding 100,000 ppm. Four days later the flow had decreased to less than 100 barrels per hour, most of which was feeding back into the groundwater aquifer which bottoms out at 32-37 feet below the surface.

**Status of Project:** A monitor well was completed to 38 feet on August 15, 1981. The initial concentration was 84,000 ppm chlorides. The chloride concentration in the 38' well declined to 2500 ppm during the last several years but indicates there is still some saltwater upwelling from the "lost hole" (1989). Chloride levels in three of the observation wells remained relatively the same as 1991, 400-900 ppm. (1992). The observation well chloride concentration at the blowout site has declined from 5,150 ppm in 1988 to 1,550 ppm in September 1992. Wells were sampled in April of 1994 and showed a decrease of approximately 50 ppm. Water samples collected and tested in December of 1995 ranged in chloride concentration from 700 ppm to 1900 ppm. Reevaluation of project for placement of additional monitoring wells may be necessary.

**Unusual Problems:** None

**Recommendations for Future Work:**

1. KCC district staff will continue to the monitor site.
2. Samples will be collected every six months and tested for chloride content.
3. Drill additional monitoring wells
4. Drill Recovery well
5. Drill site disposal well

**Level of Chloride Sought:**

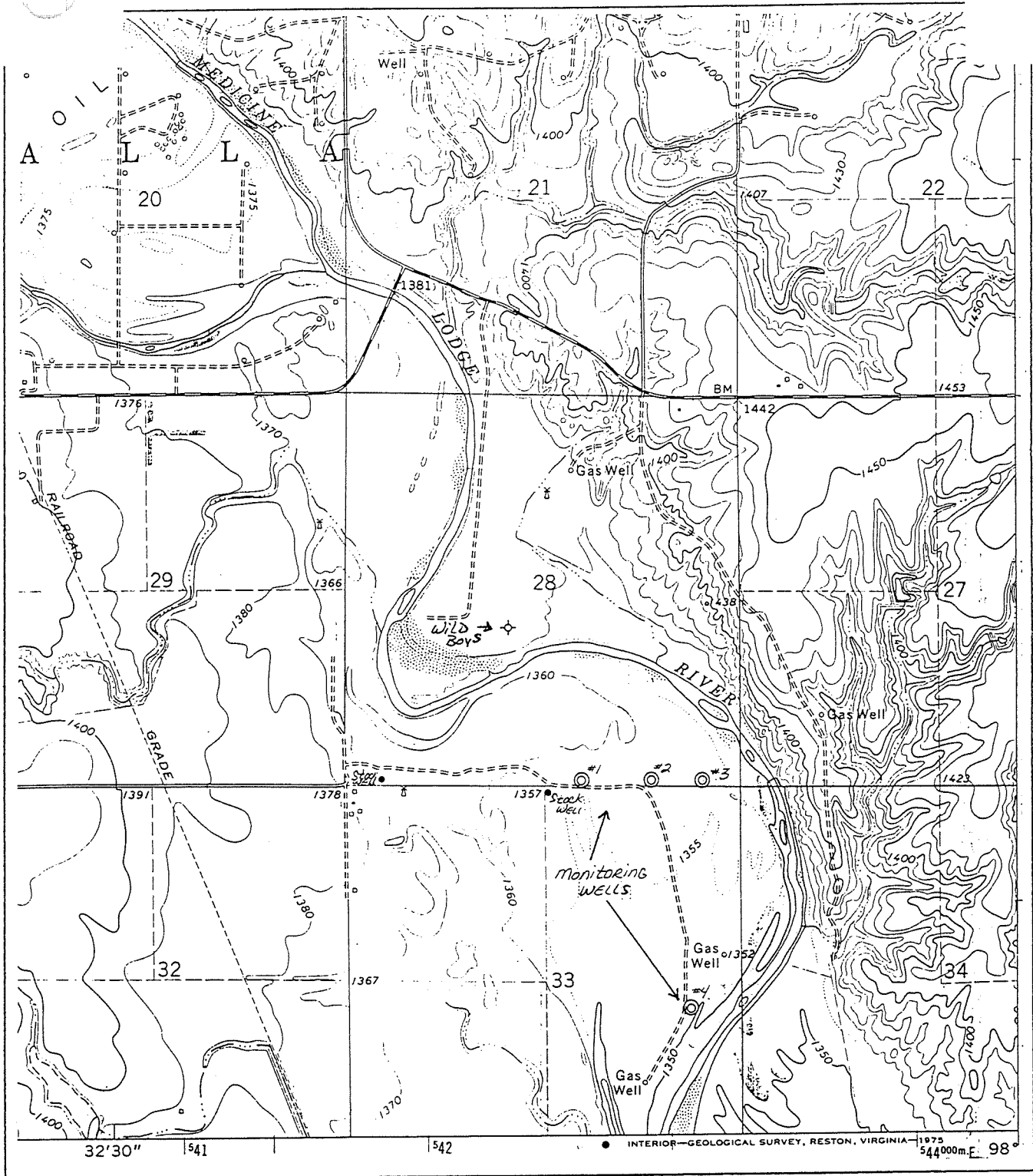
**Ideal:** 250 ppm Chloride  
**Target:** 500 ppm Chloride

**Initial Cost:** \$3000

Labor costs to perform site inspection and to collect water sample and run chloride analysis. Anticipate three year monitoring program prior to implementation of remediation program.

**Long Term Cost:** Installation of recovery system and disposal facility with long term monitoring.

**Estimated Long Term Cost:** \$220,000



Scale:  
1" = 2000'

## Kansas Corporation Commission Conservation Division

Site: Wildboy's Contamination Site  
 County: Barber  
 Datum: \_\_\_\_\_  
 Comments: \_\_\_\_\_  
 \_\_\_\_\_