

Approved: 3-23-99
Date

MINUTES OF THE SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES.

The meeting was called to order by Chairperson Senator David Corbin at 8:11 a.m. on March 19, 1999 in Room 254-E of the Capitol.

All members were present.

Committee staff present:

Raney Gilliland, Legislative Research Department
Mary Ann Torrence, Revisor of Statutes Office
Lila McClafin, Committee Secretary

Conferees appearing before the committee:

Dennis Clem, IHS Energy
Diane Edmiston, Assistant General Counsel, State Corporation Commission of Kansas
Ken Peterson, Petroleum Council
Bob Krehbiel, Kansas Independent Oil and Gas Association

Others attending:

See attached list.

With a motion from Senator Biggs and a second from Senator Stephens the minutes of March 16 and 17 were approved as written

SB 348: Disclosure of certain information received by the Department of Revenue.

Chairperson Corbin said a fiscal note had been distributed. He called on Dennis Clem.

Dennis Clem, IHS Energy, supported the bill, as it would allow them to continue to gather production data from the State of Kansas as they have been doing for 50 years. It is important to the petroleum industry, state and federal governments for this information to be publicly available and for this bill to pass (Attachment 1). Mr. Clem responded to several questions regarding how the information was used.

Diana Edmiston, Assistant General Counsel, State Corporation Commission of Kansas, testified in support of the bill. She said the proposed amendment to KSA 75-5513 was originally drafted as a cooperative effort between attorneys for the KCC and the Kansas Department of Revenue. The proposed amendment would clarify that the Department of Revenue could disclose production data to anyone outside the agency (Attachment 2).

Ken Peterson, Petroleum Council, supported the legislation. He said this information has been available for years and it needs to continue to be available to the interested parties.

Robert E. Krehbiel, Executive Vice-President, Kansas Independent Oil and Gas Association, supported the bill. He said information concerning production of oil and gas in Kansas is fundamental to the independent oil and gas producers (Attachment 3).

A motion was made by Senator Morris that SB 348 be passed. The motion was seconded by Senator Biggs. Staff pointed out the need for a technical amendment on page 2, "Kansas Corporation Commission" should be "State Corporation Commission". It was recommended by the Corporation Commission that the bill be amended to have the act take effect after its publication in the Kansas Register. Senators Morris and Biggs agreed they were friendly amendments and they would accept them and the motion was **SB 348 be passed as amended.** The motion carried.

The meeting adjourned at 8:28 a.m. The next meeting will be held on March 23, 1999.

IHS ENERGY GROUP

Creating Energy from Information™

Testimony of
Dennis Clem, Director, US Production Data Accumulation
Information Handling Services Energy Group
On Senate Bill 348
Before the Senate Energy and Natural Resource Committee
March 19, 1999

Mr. Chairman and Members of the Committee:

My name is Dennis J. Clem and I want to thank you for allowing me the opportunity to testify before this committee concerning access to Kansas Oil & Gas production data and support of Senate Bill 348. This bill is critical to the flow of production information to the government and industry.

My firm, IHS Energy formerly Petroleum Information/Dwight's LLC has been in the business of gathering and reporting Oil & Gas Well information and Production information for more than 65 years, and I have been employed by the firm for 30 years. IHS Energy gathers domestic production data from 25 states, the Minerals Management Service Gulf of Mexico Region and Pacific Coast Region (approximately 98% of US production) in addition we gather data from more than 160 countries worldwide. A primary use of the domestic data is for reserve and acquisition analysis.

We have been actively gathering production data from the State of Kansas for over 50 years and since 1987 we have been receiving production data from the Department of Revenue in the form of a digitized file. This digitized file is the only source of production data available to anyone for complete and total production for the state of Kansas. This production data is vital to our customers and country. Every major petroleum firm in the nation subscribes or uses our services. Clients also include large and small independent oil & gas companies, oil and gas transmission firms, well servicing companies, consulting petroleum engineers, geologists, accountants, libraries, law firms, banks as well as government agencies such as Kansas Geological Survey, Kansas County Tax Assessors, DOE, IRS, and USGS. In addition we provide complimentary copies of our data to the Kansas Corporation Commission, and the Kansas Department of Revenue. Essentially we exist to provide oil and gas production data to anyone who needs this type of information.

According to the Independent Petroleum Association of America (IPAA), America's Oil and Gas Producers, Kansas ranks 9th in total crude oil production and 7th in total natural gas production in the United States. The magnitude of this state and the accessibility to production data is vitally important to the industry and country.

This information is necessary to the continued success of Kansas as a major producer of Oil and Gas and it is essential to the development of exploration, acquisition, monitoring outside operated properties and investment institutions maintaining loan portfolios.

It is important to the petroleum industry, state and federal governments for this information to be publicly available and for this Bill to pass. Thank you for your time and consideration.

Senate Energy & Natural Resources

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Attachment: 1

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Kansas Corporation Commission

Bill Graves, Governor John Wine, Chair Cynthia L. Claus, Commissioner Brian J. Moline, Commissioner

Testimony of Diana Edmiston
Senior Assistant General Counsel
State Corporation Commission of Kansas
Conservation Division
before the
Senate Energy and Natural Resources Committee
March 19, 1999

This testimony is in support of Senate Bill 348. This bill will assure that certain oil and gas production data reported on producers' tax returns and license applications, will be available to all oil and gas producers and to reporting services who compile and publish the information for the industry. The bill would clarify and confirm the authority of state agencies under KSA 75-5513, to continue to disclose oil and gas production data by location and producer. Access to this information is vital to the growth and development of the oil and gas industry in Kansas. The location-specific production data is a key factor in determining where to drill new oil or gas wells. The information is useful in identifying and optimizing production from leasehold units and common sources of supply. With depleting wells, the data is key in determining what type of secondary or tertiary recovery methods will optimize production.

KSA 75-5513 in its current form allows the Department of Revenue to disclose taxpayer data to the Kansas Corporation Commission, but imposes unclear limits on the disclosure of production data to anyone outside the agency.

This proposed amendment was originally drafted as a cooperative effort between attorneys for the KCC and the Kansas Department of Revenue. The language has been circulated to certain members of Kansas Independent Oil and Gas Association, Kansas Petroleum Council, Kansas Geological Survey, and the rules and regulations subcommittee of the KCC Industry Advisory Committee, which includes representatives from Mobil, OXY USA, BP Amoco, and several Kansas independent producers. Each of these representatives emphasized the need to have timely, continual access to the oil and gas production data.

Senate Energy & Natural Resources

Attachment: 2

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KANSAS INDEPENDENT OIL & GAS ASSOCIATION

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TESTIMONY OF
ROBERT E. KREHBIEL, EXECUTIVE VICE-PRESIDENT
KANSAS INDEPENDENT OIL AND GAS ASSOCIATION
ON SENATE BILL 348
BEFORE THE SENATE ENERGY AND NATURAL RESOURCES COMMITTEE
MARCH 19, 1999

Chairman Corbin and Members of the Committee:

My name is Robert E. Krehbiel and I am appearing on behalf of the Kansas Independent Oil and Gas Association in support of Senate Bill 48. This Association was organized 62 years ago to represent the many independent oil and gas producers and associated service companies operating in Kansas.

Information concerning production of oil and gas in Kansas is fundamental to the exploration and production of crude oil and natural gas. Compilation of the production data provided to the state by producers is a valuable and necessary service. Petroleum Information and Dwight's have compiled this data for many years and our industry is dependent on this service. To discontinue this long standing practice would cause serious problems for Kansas producers.

We support passage of S.B. 348 and urge your favorable consideration.

Thank you very much.

Robert E. Krehbiel

Senate Energy & Natural Resources

Attachment: 3

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