

MINUTES OF THE SENATE UTILITIES COMMITTEE

The meeting was called to order by Chairman Stan Clark at 9:30 a.m. on March 18, 2004 in Room 526-S of the Capitol.

All members were present except:
Senator Susan Wagle- excused

Committee staff present:
Bruce Kinzie, Revisor of Statutes
Raney Gilliland, Legislative Research
Emalene Correll, Legislative Research
Ann McMorris, Secretary

Conferees appearing before the committee:
John Crump, President, Southwest Kansas Royalty Owners Association

Others attending:
See Attached List.

Chairman Clark opened the hearing on
SR 1829 - Urging standardized forms for oil and gas producers

Doug Smith on behalf of John Crump spoke in support of **SR 1829**. He noted the project proposed by **SR 1829** would be helpful in getting clearer reports to the owners. Electronic filing and public access to non-proprietary information through a central data base was supported. At present reports are filed monthly with KCC and the Department of Revenue, and county appraisers received reports annually. (Attachment 1)

Lee Allison of the Kansas Geological Survey indicated they received their data from KCC and the Department of Revenue.

Susan Duffy, executive director of the Kansas Corporation Commission, offered some language changes for **SR 1829**. Instead of the word "urging" insert "encouraging" and use streamlining instead of standardization in the appropriate sections.

Bruce Kinzie, office of Revisor of Statutes, reviewed **SR 1829** with the proposed changes.

The chairman closed the hearing on **SR 1829**.

Moved by Senator Emler, seconded by Senator Taddiken, SR 1829 be moved out favorably with changes. Motion carried.

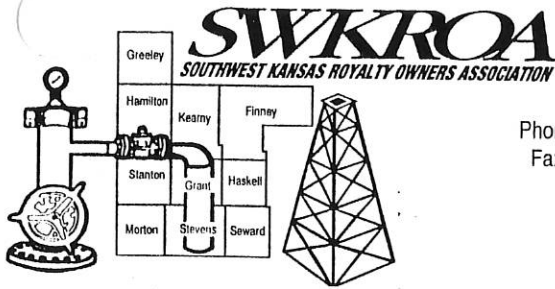
The chairman noted this was probably the last meeting of the Senate Utilities Committee this session and during the past four years, the committee has held 131 meetings, some of them at night, and covered topics from tree trimming, Yucca Mountain, Nevada, bedded salt storage, golden parachutes, wind energy and numerous other areas in the utilities field. He thanked the committee members for their positive attitude in the use of electronic technology this year and asked that they each provide him with a short written report on their views of this pilot project.

Adjournment.

Respectfully submitted,

Ann McMorris, Secretary

Attachments - 1



Phone (620) 544-4333
Fax (620) 544-2230

E-mail: SWKROA@pld.com
<http://users.pld.com/swkroa>

209 E. 6th St. / P.O. Box 250
Hugoton, Kansas 67951

Testimony before the Senate Utilities Committee

Senate Resolution No. 1829

March 18, 2004

Mr. Chairman and members of the Senate Utilities Committee:

My name is John Crump and I am President of the Board of Directors of the Southwest Kansas Royalty Owners Association. I appreciate the opportunity to present my views on Senate Resolution No. 1829 regarding a standardized reporting form for oil and gas.

Our Association supports this initiative. As we testified last week in the hearing on SB 401, we believe the reporting of gas taken from the Hugoton field is not clear and the result of this unclear reporting is that confusion exists regarding the amounts reported to the different recipients of these reports. We believe the development of a standardized report would eliminate that confusion, increase the accounting efficiency of the producing companies, and improve the timeliness of the reports.

Mr. Chairman, our Association wishes to comment on the proposed resolution and the Committee may wish to consider changes or amendments during deliberations on the Resolution. First, we support the concept of electronically filing forms and reports. In this age of computerization and automation, such filing would not be a burden but would enhance the advantages of a standard report. Second, we suggest the participating agencies consider requiring reports be filed monthly, if they are not already required to do so, including reports filed with the county appraisers. Third, we urge the Committee to instruct the parties to develop and implement this standard form without delay.

Finally, Mr. Chairman, we believe the committee should consider adding county appraisers to list of parties to work on this issue for ad valorem taxation purposes. We also suggest that the participating agencies consider granting public access of non-proprietary information reported to these state and county agencies.

In closing, the Southwest Kansas Royalty Owners Association supports the concepts set forth in the resolution and requests that the members of the Senate Utilities Committee take favorable action on Senate Resolution No. 1829.

Thank you for your consideration this morning.

Senate Utilities Committee
March 18, 2004
Attachment - 1-1

Producer/Purchaser Name _____ for the month of _____, 20__

**KANSAS CORPORATION COMMISSION
CONSERVATION DIVISION**

Instructions for filing Gas Producer/Purchaser Monthly Report:

1. The producer or first purchaser, as defined in Rule 82-3-101, respectively, paragraph 59 and paragraph 36, shall be responsible for reporting the volume of gas produced and the payment of the Conservation assessment as defined in Rule 82-3-101, paragraph 6. All production from all wells within the State shall be reported each month, regardless of the production capacity of the well.
2. List fields and wells in alphabetical order. Please group all reported wells by field in which located. Show zero volumes whenever no production is run. If more than one sheet is used in making a report, all sheets shall be numbered properly and fastened together securely. It is not necessary to use a separate sheet for each field. Gas volumes MUST be reported in M.c.f. @ 14.65 P.S.I.A. as stated in Rule 82-3-101, of the Commission's General Rules and Regulations.
3. The affidavit on this sheet shall be completed and attached to the reports and shall be filed with the Conservation Division, Wichita State Office Building, 130 S. Market, Room 2078, Wichita, KS 67202-3802.

AFFIDAVIT

STATE OF _____)
COUNTY OF _____) SS

_____, of lawful age, being first duly sworn upon his/her oath, deposes and says:

That he/she is _____ for _____, whose monthly report of gas purchases is attached hereto, and that he/she is duly authorized to make this affidavit, that the items entered hereon and on the report attached thereto, including pages 1 to ____, inclusive are, to the best of his/her knowledge and belief and from such information as he/she has been able to obtain, true and correct, and at the same time constitute a full and complete report of all gas purchased or used from leases for the month named herein, as required by law, and by the rules, regulations, and orders of the State Corporation Commission.

Signature of Affiant _____

Subscribed and sworn to before me this _____ day of _____, 20__

Notary Public

My Commission Expires: _____

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GAS ASSESSMENT RENDITION

SHALL BE FILED WITH COUNTY APPRAISER APRIL 1

Schedule (Ass 2B) (Rev.11/03)

COUNTY, KANSAS

STATE

OPERATOR I.D. NO.

P.O. ADDRESS

CITY

STATE ZIP

NAME OF PROPERTY

Property ID: Company ID:

County ID:

1st Well API #:

SECTION I - LOCATION OF PROPERTY ASSESSED			SECTION VII - ABSTRACT VALUE (FOR APPRAISER'S USE ONLY)			
DESCR			Appraised Value	Assessed	Penalty	TOTAL
			Total Working Interest (Sec. VI, Line 8)			
			Royalty Interest (Sec. VI, Line 1)			
Lot Sec	Adn. Twp	Blk Rng	Itemized Equipment (Sec. VI, Line 9)		XXXXXXXXXX	
Twp. City			Total			
Tax Unit:	School Dist:					

SECTION II - WELL AND LEASE DATA							
Wells: Pump	Flow	S.I.	S.W.D.	Bbls Water	Field	Yr. Life	Depth
Gatherer (1st Purchaser), Address, Phone Nbr.:							
Market Price (Producer) Jan 1 \$/MCF:				Net Price Jan. 1 \$/MCF:			
\$/MCF Jan 1 to Royalty Owner:				BTU Content: SPUD Date: Mo. Yr.			
NGPA Category:				Contract Expiration Date:			
Sales		Interstate:		Intrastate:		() Vacuum Operation () Coalbed Methane Well	

SECTION IV - PRODUCTION DATA			() Infill Unit:	Orig. Well:	API #:
Gas Well Production Data		Condensate - Bbls	Gas - MCF	Infill Well:	API #:
1999	Annual Production				
2000	Annual Production				
2001	Annual Production				
2002	Annual Production				
2003	Annual Production				
Total Production					
Average Annual Production					
Condensate (Converted to MCF)					
Total Annual / Average Production - MCF					
Condensate Production Data					
Avg. Prod Bbls	X	Net Price Per Bbl	=	Income Per MCF	/ Price Per MCF = Total MCF To Sec. IV

SECTION V - VALUATION OF THE TOTAL 8/8TH INTEREST			A. Schedule	B. Owner	C. Appraiser
1. Annual / Average Production - MCF					
2. Net Price/MCF:					
3. Estimated Gross Income Stream					
4. Present Worth Factor					
5. Estimated Gross Reserve Value (Transfer TOTAL to section VI, lines 1 & 2)					
SECTION VI - GROSS RESERVE VALUE X DECIMAL INTEREST			A. Schedule	B. Owner	C. Appraiser
1. Royalty Interest Valuation:	X				
2. Working Interest Valuation:	X	X (Table B Water Credit Adj)			
3. Deduct Operating Cost Allowance:		Per Well X Wells			
4a. Deduct Wellhead Compression Expense:		X			
4b. Deduct Water Expense Allowance (Table A wells; Table B wells if actual):		X			
5. SUBTOTAL (Line 2 minus Lines 3 & 4a, 4b)					
6. Minimum Lease Value (Line 2, Col. A)		X 0.10			
7. Line 5 or Line 6 (Whichever is Greater)					
8. Add Equipment Value					
A. Producing	Per Well	X Wells			
B. Non-Producing	Per Well	X Wells			
9. Add Itemized Equipment (Section III - Attach Schedule)					
10. TOTAL Working Interest Market Value (Add Lines 7 thru 9):					
11. Working Interest Assessed Value (% of line 10)			X		

* Attach Name, Address, And Interest of Royalty Owners

CERTIFICATION: I do hereby certify that this schedule contains a full and true list of all personal property owned or held by me subject to personal property taxation under the laws of the state of Kansas pursuant to K.S.A. 79-329 through 79-333

OWNER _____ DATE _____ TAX RENDITION PREPARER _____ DATE _____

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Lease Code _____ County Code _____ Lease Name _____

LJP, INC. ROYALTY DISTRIBUTION CALCULATIONS

LEASE NAME: D. RATZLAFF "B" #1

OWNER NAME: [REDACTED]

OWNER SHARE: 0.1406250

	MMBTU	PRICE/MMBTU	GROSS VALUE	PRODUCTION TAXES	NET AMOUNT DUE	YOUR SHARE
JULY, 2003	530	\$4.7656	\$2,281.86	\$103.50	\$2,178.36	\$306.33
AUGUST, 2003	707	\$4.1860	\$2,654.64	\$121.23	\$2,533.41	\$356.26
SEPTEMBER, 2003	746	\$4.4436	\$3,155.08	\$143.62	\$3,011.46	\$423.49
	1983		\$8,091.58	\$368.35	\$7,723.23	\$1,086.08

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LJP, INC. ROYALTY DISTRIBUTION CALCULATIONS

LEASE NAME: D. PATZ/ AFE "B" #2
 OWNER NAME: [REDACTED]
 OWNER SHARE: 0.1406250

	MMBTU	PRICE/MMBTU	GROSS VALUE	PRODUCTION TAXES	NET AMOUNT DUE	YOUR SHARE
JULY, 2003	668	\$4.7656	\$2,876.01	\$130.87	\$2,745.14	\$386.04
AUGUST, 2003	843	\$4.1860	\$3,165.65	\$145.06	\$3,020.59	\$424.77
SEPTEMBER, 2003	920	\$4.4436	\$3,894.99	\$177.91	\$3,717.08	\$522.71
	2431		\$9,936.65	\$453.84	\$9,482.81	\$1,333.52

1-7

LJP, INC. ROYALTY DISTRIBUTION CALCULATIONS

LEASE NAME: D. RATZI AFF "B" #3

OWNER NAME: [REDACTED]

OWNER SHARE: 0.1406250

	MMBTU	PRICE/MMBTU	GROSS VALUE	PRODUCTION TAXES	NET AMOUNT DUE	YOUR SHARE
JULY, 2003	2475	\$4.7656	\$10,655.86	\$483.39	\$10,172.47	\$1,430.50
AUGUST, 2003	2324	\$4.1860	\$8,730.42	\$398.68	\$8,331.74	\$1,171.65
SEPTEMBER, 2003	2493	\$4.4436	\$10,550.23	\$480.33	\$10,069.90	\$1,416.08
	7292		\$29,936.51	\$1,362.40	\$28,574.11	\$4,018.23
	=====	=====	=====	=====	=====	=====

1-8

LA JOLLA PROPERTIES ROYALTY DISTRIBUTION CALCULATIONS

LEASE NAME: D. RATZLAFF "B" #1

OWNER NAME: [REDACTED]

OWNER SHARE: 0.1406250

	MMBTU	PRICE/MMBTU	GROSS VALUE	PRODUCTION TAXES	NET AMOUNT DUE	YOUR SHARE
JULY, 2002	455	\$2.7600	\$1,096.23	\$58.57	\$1,037.66	\$145.92
AUGUST, 2002	425	\$2.4840	\$913.06	\$49.63	\$863.43	\$121.42
SEPTEMBER, 2002	635	\$2.7324	\$1,513.33	\$80.98	\$1,432.35	\$201.42
	1515		\$3,522.62	\$189.18	\$3,333.44	\$468.76

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PROPERTIES ROYALTY DISTRIBUTION CALCULATIONS

D. RATZLAFF "B" #2

E: 0.1406250

MMBTU	PRICE/MMBTU	GROSS VALUE	PRODUCTION TAXES	NET AMOUNT DUE	YOUR SHARE
1252	\$2.7600	\$3,016.45	\$161.19	\$2,855.26	\$401.52
284	\$2.4840	\$610.14	\$33.18	\$576.96	\$81.14
569	\$2.7324	\$1,356.05	\$72.57	\$1,283.48	\$180.49
2105		\$4,982.64	\$266.94	\$4,715.70	\$663.15

002

1-10

LA JOLLA PROPERTIES ROYALTY DISTRIBUTION CALCULATIONS

LEASE NAME: D. RATZLAFF "B" #3

OWNER NAME: [REDACTED]

OWNER SHARE: 0.1406250

	MMBTU	PRICE/MMBTU	GROSS VALUE	PRODUCTION TAXES	NET AMOUNT DUE	YOUR SHARE
JULY, 2002	2597	\$2.7600	\$6,256.96	\$334.63	\$5,922.33	\$832.83
AUGUST, 2002	2239	\$2.4840	\$4,810.21	\$261.75	\$4,548.46	\$639.63
SEPTEMBER, 2002	2005	\$2.7324	\$4,778.34	\$255.95	\$4,522.39	\$635.96
	6841		\$15,845.51	\$852.33	\$14,993.18	\$2,108.42
	=====	=====	=====	=====	=====	=====

1-11

Anadarko Petroleum Corporation

1511-003022

Customer Address ID:
 Check Date: 09/25/03
 Check Number:
 Check Amount:

1	2	3	4	5	6	7	8	9	10	11	12	13	14
PROD DATE	PROD CODE	INT TYPE	PROPERTY QUANTITY	PRICE	BTU	PROPERTY GROSS VALUE	PROPERTY TAXES / ADJUSTMENTS	PROPERTY NET VALUE	CUSTOMER DECIMAL INTEREST	CUSTOMER GROSS VALUE	CUSTOMER TAXES / ADJUSTMENTS	ADJ CODE	CUSTOMER NET VALUE
PROPERTY: 6283601			SWALAR B-1		COUNTY: STEVENS			STATE: KANSAS					
06/03 20	RI		0.00		1.086	0.00		0.00	0.01526448	0.01			0.01
06/03 45	RI		108.00	4.212		454.86	(19.70)	435.16	0.03202408	14.57	(0.63)	S	13.94
06/03 45	RI		108.00	4.212		454.86	(19.70)	435.16	0.01526448	6.94	(0.30)	S	6.64
07/03 20	RI		50,874.00	5.555	1.084	282,587.04	(12,703.04)	269,884.0	0.03202408	9,049.59	(406.81)	S	8,642.78
07/03 20	RI		50,874.00	5.555	1.084	282,587.04	(12,703.04)	269,884.0	0.01526448	4,313.54	(193.91)	S	4,119.63
TOTALS										14,496.29			13,844.60

Handwritten:
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 12 81067 6501
 6516

1-12

ANADARKO PETROLEUM CORPORATION
 SETTLEMENT STATEMENT
 PO BOX 1330
 HOUSTON, TX 77251-1330

2191-004381

Tax ID:
 Customer Address ID:
 Check Date:
 Check Number: 11/25/03
 Check Amount:

ADJUSTMENT CODE	PRODUCT CODE
C... COMPRESSION	10-19... OIL
D... DEHYDRATION	20-29... GAS
G... GATHERING	30-39... LIQUID PRODUCTS
M... MARKETING	41... SULPHUR
P... PROCESSING	45... HELIUM
R... TREATING	
S... SEVERANCE TAX	INTEREST TYPE
T... TRANSPORTATION	WI... WORKING INTEREST
V... AD VALOREM TAX	PP... PRODUCTION PAYMENT
I... STATE INCOME TAX	OR... OVERRIDING ROYALTY
W... SW DISPOSAL	RI... ROYALTY INTEREST
	SO... SURFACE OWNER
	TP... TOTAL PRODUCTION

ANY QUESTIONS, PLEASE CALL
 OUR CUSTOMER HOTLINE AT
 800-359-1692

RETAIN THIS STATEMENT
 FOR TAX PURPOSES
 DUPLICATES CANNOT BE FURNISHED

1	2	3	4	5	6	7	8	9	10	11	12	13	14
PROD DATE	PROD CODE	INT TYPE	PROPERTY QUANTITY	PRICE	BTU	PROPERTY GROSS VALUE	PROPERTY TAXES / ADJUSTMENTS	PROPERTY NET VALUE	CUSTOMER DECIMAL INTEREST	CUSTOMER GROSS VALUE	CUSTOMER TAXES / ADJUSTMENTS	ADJ CODE	CUSTOMER NET VALUE
PROPERTY: 6255002			SWALAR A-1		COUNTY: STEVENS STATE: KANSAS								
08/03 20	RI		2,020.00	4.757	1.052	9,609.68	(434.64)	9,175.04	0.03219575	309.39	(14.00)	S	295.39
08/03 20	RI		2,020.00	4.757	1.052	9,609.68	(434.64)	9,175.04	0.01511993	145.30	(6.57)	S	138.73
08/03 20	RI		2,020.00	4.757	1.052	9,609.68	(434.64)	9,175.04	0.01518432	145.92	(6.60)	S	139.32
08/03 45	RI		17.00	4.289		72.91	(3.16)	69.75	0.03219575	2.35	(0.10)	S	2.25
08/03 45	RI		17.00	4.289		72.91	(3.16)	69.75	0.01511993	1.10	(0.05)	S	1.05
08/03 45	RI		17.00	4.289		72.91	(3.16)	69.75	0.01518432	1.11	(0.05)	S	1.06
09/03 20	RI		1,289.00	5.005	1.060	6,451.07	(291.16)	6,159.91	0.03219575	207.70	(9.37)	S	198.33
09/03 20	RI		1,289.00	5.005	1.060	6,451.07	(291.16)	6,159.91	0.01511993	97.54	(4.40)	S	93.14
09/03 20	RI		1,289.00	5.005	1.060	6,451.07	(291.16)	6,159.91	0.01518432	97.96	(4.42)	S	93.54
PROPERTY: 6283601			SWALAR B-1		COUNTY: STEVENS STATE: KANSAS								
07/03 20	RI		(25,437.00)	5.555	1.084	(141,293.52)	6,351.52	(134,942.00)	0.03202408	(4,524.79)	203.40	S	(4,321.39)
07/03 20	RI		(25,437.00)	5.555	1.084	(141,293.52)	6,351.52	(134,942.00)	0.01526448	(2,156.77)	96.95	S	(2,059.82)
08/03 20	RI		23,292.00	4.906	1.085	114,275.18	(5,161.94)	109,113.24	0.03202408	3,659.56	(165.31)	S	3,494.25
08/03 20	RI		23,292.00	4.906	1.085	114,275.18	(5,161.94)	109,113.24	0.01526448	1,744.35	(78.79)	S	1,665.56

↓ PLEASE FOLD ON PERFORATION AND DETACH HERE ↓

1-13

ator: BPAMERO Lease: 01226 D/O: 2111410 Code: 617959 Prod Yr: 1992
 BP AMERICA PRODUCTION COMPANY SECURITY ELEV C (CG) City/Twp: HA
 ATTN: PROPERTY TAX DEPARTMENT HARMONY Tax Unit: 20
 PO BOX 3092 HOUSTON TX 77253 Sec 13 Twp 31 Rng 39 USD 210 HARMONY TOW

Wells: Pumping 1 Flowing SI SWD BBLs Water: Field: PANOMA COUNCIL GROVE
 Purchaser WILLIAMS PIP Prod Depth: 2840 NonProd Depth:
 Market Price MCF: 2.4301000 Compress CRG: Trans CRG: Net Price: 2.4301000
 MCF Royalty Own : 2.4301000 BTU Content: Spud Dt: 3/1972 Prod Dt:

SECTION III - Itemized Equipment Supplement

Description	Schedule	Owner	Appraiser
1. 640 ACRE UNIT, ALL SEC 13-31-39, SECURITY ELEV			
2. C, SECURITY ELEV C (CG) (PANOMA) & SECURITY			
3. ELEV C 3HI (INFILL)			
TOTAL:			

COPY

SECTION IV - Production Data

Production Yr	Condensate	Gas-MCF
1998		50,984
1999		56,068
2000		48,939
2001		45,865
2002		36,419
Total Production:		238,275
Average Annual Prod:		35,605

Condensate to MCF:
 Total Avg Prod MCF: 35,605
 NGPA Category: 104
 Expiration Dt: 08/01/1989
 Condensate Prod Data: X = DIV 2.4301000

SECTION V - Valuation of the Total 8/8ths Interest

Average Production:	Schedule	Owner	Appraiser
35,605			35,605
Net Price: 2.4301000		2.4301000	2.4301000
Est Gross Income: 86,524			86,524
Present Worth Factor: 3.630		3.630	3.630
Est Gross Resv Value: 314,082			314,082

SECTION VI - Gross Reserve Value X Decimal Interest

Royalty Interest Value:	Schedule	Owner	Appraiser
314,082 .12500000	39,260		39,260
Working Interest Value: 314,082 .87500000	274,822		274,822
Deduct Operating Cost: 66,529 x 1	66,529		66,529
Wellhead Comp Expense:			
Water Expense Allow:			
Sub Total:	208,293		208,293
Minimum Lease Value 274,822 x .10	27,482		27,482
Net Lease Value:	208,293		208,293
Add Equip Value Prod: x 1			
Non-Producing: x			
Working Int Appraised Value:	208,293		208,293
Itemized Equipment (Sec III)			

SECTION VII - Abstract Value

Working Interest:	Appraised	Assessed	Penalty	Total
208,293	30%	62,488		
Itemized Equipment:		30%		
Total Working Int:	208,293	62,488		62,488
Royalty Interest:	39,260	30%	11,778	11,778
Total Working & Royalty:	247,553		74,266	74,266

1-14

Lease: 01226
 BP AMERICA PRODUCTION COMPANY
 ATTN: PROPERTY TAX DEPARTMENT
 PO BOX 3092
 HOUSTON TX 77253

D/O: 2111410
 SECURITY ELEV C (CG)
 HARMONY

Code: 617959
 City/Twp: HA
 Tax Unit: 20
 HARMONY TOW
 USD 210 Levy: 69.085

Prod Yr: 2002

ROYALTY OWNERS

GRO RESV DEC INT SCHEDULE ASSESSED TAX

KANPROO 09/24/2003
 KANCO PROPERTIES 314082 .06250000 19630 5889 \$406.84
 % HASTINGS, LOTTIE LEE
 PO BOX 507
 LAVETA CO 81055-0507

SWACOMO 09/30/2003
 SWALAR COMPANY 314082 .06250000 19630 5889 \$406.84
 % LARRABEE, ROBERT
 PO BOX 1009
 LIBERAL KS 67901-1009

LEASE TOTAL .12500000 39260 11778 \$813.68
 WORKING INTEREST 314082 .87500000 208293 62488

1-15

Operator: BPAMERO
 BP AMERICA PRODUCTION COMPANY
 ATTN: PROPERTY TAX DEPARTMENT
 PO BOX 3092
 HOUSTON TX 77253

Lease: 01225 D/O: 2108090 Code: 76152
 SECURITY ELEV C City/Twp: HA Prod Yr: 02
 HARMONY Tax Unit: 20
 HARMONY TOW
 Sec 13 Twp 31 Rng 39 USD 210

Wells: Pumping 1 Flowing SI SWD BBLs Water: Field: HUGOTON CHASE/ABOVE 3000'
 Purchaser WILLIAMS PIP Prod Depth: 2553 NonProd Depth:
 Market Price MCF: 2.4825000 Compress CRG: Trans CRG: Net Price: 2.4825000
 MCF Royalty Own : 2.4825000 BTU Content: Spud Dt: 7/1946 Prod Dt:

SECTION III - Itemized Equipment Supplement

Description	Schedule	Owner	Appraiser
1. 640 ACRE UNIT, ALL SEC 13-31-39, SECURITY ELEV			
2. C, SECURITY ELEC C (CG) (PANOMA) & SECURITY			
3. ELEV C 3HI (INFILL)			
TOTAL:			

COPY

SECTION IV - Production Data

Production Yr	Condensate	Gas-MCF
1998		39,359
1999		38,546
2000		33,755
2001		31,629
2002		29,408
Total Production:		172,697
Average Annual Prod:		36,422

Condensate to MCF:

Total Avg Prod MCF: 36,422 NGPA Category: 104
 Expiration Dt: 08/01/1989

Condensate Prod Data: X = DIV 2.4825000

SECTION V - Valuation of the Total 8/8ths Interest

	Schedule	Owner	Appraiser
Average Production:	36,422		36,422
Net Price:	2.4825000	2.4825000	2.4825000
Est Gross Income:	90,418		90,418
Present Worth Factor:	3.630	3.630	3.630
Est Gross Resv Value:	328,217		328,217

SECTION VI - Gross Reserve Value X Decimal Interest

	Schedule	Owner	Appraiser
Royalty Interest Value: 328,217 .12500000	41,027		41,027
Working Interest Value: 328,217 .87500000	287,190		287,190
Deduct Operating Cost: 63,000 x 1	63,000		63,000
Wellhead Comp Expense:			
Water Expense Allow:			
Sub Total:	224,190		224,190
Minimum Lease Value 287,190 x .10	28,719		28,719
Net Lease Value:	224,190		224,190
Add Equip Value Prod: x 1			
Non-Producing: x			
Working Int Appraised Value:	224,190		224,190
Itemized Equipment (Sec III)			

SECTION VII - Abstract Value

	Appraised	Assessed	Penalty	Total
Working Interest:	224,190	30%	67,257	
Itemized Equipment:		30%		
Total Working Int:	224,190		67,257	67,257
Royalty Interest:	41,027	30%	12,308	12,308
Total Working & Royalty:	265,217		79,565	79,565

1-16

For: BPAMERO
 BP AMERICA PRODUCTION COMPANY
 ATTN: PROPERTY TAX DEPARTMENT
 PO BOX 3092
 HOUSTON TX 77253

Lease: 01225 D/O: 2108090
 SECURITY ELEV C
 HARMONY

Code: 76152
 City/Twp: HA
 Tax Unit: 20
 HARMONY TOW
 USD 210 Levy: 69.085

ROYALTY OWNERS

GRO RESV DEC INT SCHEDULE ASSESSED TAX

KANPROO 09/24/2003
 KANCO PROPERTIES 328217 .06250000 20514 6154 \$425.15
 % HASTINGS, LOTTIE LEE
 PO BOX 507
 LAVETA CO 81055-0507

SWACOMO 09/30/2003
 SWALAR COMPANY 328217 .06250000 20514 6154 \$425.15
 % LARRABEE, ROBERT
 PO BOX 1009
 LIBERAL KS 67901-1009

LEASE TOTAL .12500000 41028 12308 \$850.30
 WORKING INTEREST 328217 .87500000 224190 67257

1-17

Operator: BPAMERO
 BP AMERICA PRODUCTION COMPANY
 ATTN: PROPERTY TAX DEPARTMENT
 PO BOX 3092
 HOUSTON TX 77253

Lease: 01721 D/O: 21 08103 Code:
 SECURITY ELEV D 3HI
 HARMONY
 1250' FSL, 1250' FWL
 Sec 27 Twp 31 Rng 39 USD 210
 HARMONY TOW

Prod Yr: 2002

Wells: Pumping 1 Flowing SI SWD BELS Water: Field: HUGOTON CHASE/ABOVE 3000'
 Purchaser WILLIAMS PIP Prod Depth: 2538 NonProd Depth:
 Market Price MCF: 2.4485000 Compress CRG: Trans CRG: Net Price: 2.4485000
 MCF Royalty Own : 2.4485000 BTU Content: Spud Dt: 4/1988 Prod Dt:

SECTION III - Itemized Equipment Supplement

Description	Schedule	Owner	Appraiser
1. 640 ACRE UNIT, ALL SEC 27-31-39, SECURITY ELEV			
2. D, SECURITY ELEV D (PANOMA) & SECURITY ELEV			
3. D 3HI (INFILL)			
TOTAL:			

COPY

SECTION IV - Production Data

Production Yr	Condensate	Gas-MCF
1998		35,046
1999		38,323
2000		33,513
2001		31,340
2002		29,115
Total Production:		167,337
Average Annual Prod:		40,788
Condensate to MCF:		
Total Avg Prod MCF:		40,788
Condensate Prod Data:	X =	DIV 2.4485000

NGPA Category: 104
 Expiration Dt: 08/01/1989

IN FILL

SECTION V - Valuation of the Total 8/8ths Interest

Average Production:	Schedule	Owner	Appraiser
40,788			40,788
Net Price: 2.4485000		2.4485000	2.4485000
Est Gross Income: 99,869			99,869
Present Worth Factor: 3.630		3.630	3.630
Est Gross Resv Value: 362,524			362,524

SECTION VI - Gross Reserve Value X Decimal Interest

Royalty Interest Value:	Schedule	Owner	Appraiser
362,524 .12500000	45,316	45,316	45,316
Working Interest Value: 362,524 .87500000	317,209		317,209
Deduct Operating Cost: 63,000 x 1	63,000		63,000
Wellhead Comp Expense:			
Water Expense Allow:			
Sub Total:	254,209		254,209
Minimum Lease Value 317,209 x .10	31,721		31,721
Net Lease Value:	254,209		254,209
Add Equip Value Prod: x 1			
Non-Producing: x			
Working Int Appraised Value:	254,209		254,209
Itemized Equipment (Sec III)			

SECTION VII - Abstract Value

Working Interest:	Appraised	Assessed	Penalty	Total
254,209	30%	76,263		
Itemized Equipment:	30%			
Total Working Int:	254,209	76,263		76,263
Royalty Interest: 45,316	30%	13,595		13,595
Total Working & Royalty:	299,525	89,858		89,858

1-18

COF: BPAMERO
 BP AMERICA PRODUCTION COMPANY
 ATTN: PROPERTY TAX DEPARTMENT
 PO BOX 3092
 HOUSTON TX 77253

Lease: 01721 D/O: 21 08103 Code:
 SECURITY ELEV D 3HI City/Twp: HA
 HARMONY Tax Unit: 20
 1250' FSL, 1250' FWL HARMONY TOW
 Sec 27 Twp 31 Rng 39 USD 210 Levy: 69.085

Prod Yr. 002

ROYALTY OWNERS

GRO RESV DEC INT SCHEDULE ASSESSED TAX

KANPROO 09/24/2003
 KANCO PROPERTIES 362524 .06250000 22658 6797 \$469.57
 % HASTINGS, LOTTIE LEE
 PO BOX 507
 LAVETA CO 81055-0507

SWACOMO 09/30/2003
 SWALAR COMPANY 362524 .06250000 22658 6797 \$469.57
 % LARRABEE, ROBERT
 PO BOX 1009
 LIBERAL KS 67901-1009

LEASE TOTAL .12500000 45316 13594 \$939.14
 WORKING INTEREST 362524 .87500000 254209 76263

1-19

Operator: TRAPACO
 TRANS PACIFIC OIL CORP
 100 S MAIN, SUITE 200
 WICHITA KS 67202

Lease: 02373 D/O:
 SWALAR 2-27
 HARMONY

Code: Prod Yr. 2002

City/Twp: HA
 Tax Unit: 20
 HARMONY TOW

Sec 27 Twp 31 Rng 39 USD 210

Wells: Pumping Flowing 1 SI SWD BBLs Water: 3.00 Field: AOK
 Purchaser WESTAR GAS M Prod Depth: 6175 NonProd Depth:
 Market Price MCF: 2.9600000 Compress CRG: Trans CRG: Net Price: 2.9600000
 MCF Royalty Own : 2.9600000 BTU Content: Spud Dt: 8/1996 Prod Dt:

SECTION III - Itemized Equipment Supplement

Description	Schedule	Owner	Appraiser
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COPY

SECTION IV - Production Data

Production Yr	Condensate	Gas-MCF
1998		387,579
1999		243,444
2000		153,488
2001		65,812
2002		29,754
Total Production:		880,077
Average Annual Prod:		29,754

IN FILL

Condensate to MCF:

Total Avg Prod MCF: 29,754 NCPA Category: Expiration Dt:

Condensate Prod Data: X = DIV 2.9600000

SECTION V - Valuation of the Total 8/8ths Interest

	Schedule	Owner	Appraiser
Average Production:	29,754		29,754
Net Price:	2.9600000	2.9600000	2.9600000
Est Gross Income:	88,072		88,072
Present Worth Factor:	.674	.674	.674
Est Gross Resv Value:	59,361		59,361

SECTION VI - Gross Reserve Value X Decimal Interest

	Schedule	Owner	Appraiser
Royalty Interest Value: 59,361 .23000000	13,653		13,653
Working Interest Value: 59,361 .77000000	45,708		45,708
Deduct Operating Cost: 27,170 x 1	27,170		27,170
Wellhead Comp Expense:			
Water Expense Allow:			
Sub Total:	18,538		18,538
Minimum Lease Value 45,708 x .10	4,571		4,571
Net Lease Value:	18,538		18,538
Add Equip Value Prod: 5,249 x 1	5,249		5,249
Non-Producing: x			
Working Int Appraised Value:	23,787		23,787
Itemized Equipment (Sec III)			

SECTION VII - Abstract Value

	Appraised	Assessed	Penalty	Total
Working Interest:	23,787	25%	5,947	
Itemized Equipment:		30%		
Total Working Int:	23,787		5,947	5,947
Royalty Interest:	13,653	30%	4,096	4,096
Total Working & Royalty:	37,440		10,043	10,043

1-20

TO: TRAPACO
 TRANS PACIFIC OIL CORP
 100 S MAIN, SUITE 200
 WICHITA KS 67202

Lease: 02373
 SWALAR 2-27
 HARMONY

D/O:

Code:
 City/Twp: HA
 Tax Unit: 20

Prod Yr: 2012

Sec 27 Twp 31 Rng 39 USD 210 Levy: 69.085 HARMONY TOW

ROYALTY OWNERS

GRO RESV DEC INT SCHEDULE ASSESSED TAX

BANALAS 02/02/1999
 BANTA, ALAN D ORRI 59361 .00875000 519 156 \$10.78
 124 N LONGFORD CT
 WICHITA KS 67206

BANAMY5 02/02/1999
 BANTA, AMY J ORRI 59361 .00250000 148 44 \$3.04
 124 N LONGFORD CT
 WICHITA KS 67206

BPAMERS 11/04/2003
 BP AMERICA PRODUCTION CO ORRI 59361 .07500000 4452 1336 \$92.30
 ATTN: PROPERTY TAX DEPT
 PO BOX 3092
 HOUSTON TX 77253

CHRJONS 01/06/1997
 CHRISTENSEN, JON ORRI 59361 .00250000 148 44 \$3.04
 312 LONG LANE RD
 WICHITA KS 67204

EASEXP5 11/04/2003
 EASTLAND EXPLORATION INC ORRI 59361 .00500000 297 89 \$6.15
 PO BOX 5279
 AUSTIN TX 78763-5279

KANPROG 09/24/2003
 KANCO PROPERTIES 59361 .06250000 3710 1113 \$76.89
 % HASTINGS, LOTTIE LEE
 PO BOX 507
 LAVETA CO 81055-0507

PARCONS 01/30/2003
 PARMELY, CONNIE SUE 59361 .00375000 223 67 \$4.63
 1472 PERRY
 WICHITA KS 67203

SIGCONS 3/00 11/04/2003
 SIGMA CONSULTANTS INC ORRI 59361 .00750000 445 134 \$9.26
 % TRANS PACIFIC OIL CORP
 100 S MAIN #200
 WICHITA KS 67202

SWACOMO 09/30/2003
 SWALAR COMPANY 59361 .06250000 3710 1113 \$76.89
 % LARRABEE, ROBERT
 PO BOX 1009
 LIBERAL KS 67901-1009

LEASE TOTAL ORRI .12875000 7643 2293 \$282.98
 .10125000 6009 1803
 WORKING INTEREST 59361 .77000000 23787 5947

1-21

GAS ! MENT RENDITION STEVENS COUNTY 200 E 6TH HUGOTON, KS 67951 620-544-2993

FEBRUARY 25, 200

Operator: TRAPACO Lease: 02373 D/O: Code: Prod Yr: 2002
 TRANS PACIFIC OIL CORP SWALAR 2-27 City/Twp: HA
 100 S MAIN, SUITE 200 HARMONY Tax Unit: 20
 WICHITA KS 67202 HARMONY TOW
 Sec 27 Twp 31 Rng 39 USD 210

Wells: Pumping Flowing 1 SI SWD BBLs Water: 3.00 Field: AOK
 Purchaser WESTAR GAS M Prod Depth: 6175 NonProd Depth:
 Market Price MCF: 2.9600000 Compress CRG: Trans CRG: Net Price: 2.9600000
 MCF Royalty Own : 2.9600000 BTU Content: Spud Dt: 8/1996 Prod Dt:

SECTION III - Itemized Equipment Supplement

Description	Schedule	Owner	Appraiser
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SECTION IV - Production Data

Production Yr	Condensate	Gas-MCF
1998		387,579
1999		243,444
2000		153,488
2001		65,812
2002		29,754
Total Production:		880,077

Average Annual Prod: 29,754

IN FILL

Condensate to MCF:

Total Avg Prod MCF: 29,754

NGPA Category:
Expiration Dt:

Condensate Prod Data: X = DIV 2.9600000

SECTION V - Valuation of the Total 8/8ths Interest

	Schedule	Owner	Appraiser
Average Production:	29,754		29,754
Net Price:	2.9600000	2.9600000	2.9600000
Est Gross Income:	88,072		88,072
Present Worth Factor:	.674	.574	.674
Est Gross Resv Value:	59,361		59,361

SECTION VI - Gross Reserve Value X Decimal Interest

	Schedule	Owner	Appraiser
Royalty Interest Value: 59,361 .23000000	13,653		13,653
Working Interest Value: 59,361 .77000000	45,708		45,708
Deduct Operating Cost: 27,170 x 1	27,170		27,170
Wellhead Comp Expense:			
Water Expense Allow:			
Sub Total:	18,538		18,538
Minimum Lease Value 45,708 x .10	4,571		4,571
Net Lease Value:	18,538		18,538
Add Equip Value Prod: 5,249 x 1	5,249		5,249
Non-Producing: x			
Working Int Appraised Value:	23,787		23,787
Itemized Equipment (Sec III)			

SECTION VII - Abstract Value

	Appraised	Assessed	Penalty	Total
Working Interest:	23,787	25%	5,947	
Itemized Equipment:		30%		
Total Working Int:	23,787		5,947	5,947
Royalty Interest:	13,653	30%	4,096	4,096
Total Working & Royalty:	37,440		10,043	10,043

1-22

GAS MENT RENDITION STEVENS COUNTY 200 E 6TH HUGOTON, KS 67951 620-544-2993 FEBRUARY 25, 200

Operator: TRAPACO Lease: 02373 D/O: Code: Prod Yr: 2002
 TRANS PACIFIC OIL CORP SWALAR 2-27 City/Twp: HA
 100 S MAIN, SUITE 200 HARMONY Tax Unit: 20
 WICHITA KS 67202 HARMONY TOW
 Sec 27 Twp 31 Rng 39 USD 210 Levy: 69.085

ROYALTY OWNERS

GRO RESV DEC INT SCHEDULE ASSESSED TAX

BANALAS BANTA, ALAN D 124 N LONGFORD CT WICHITA KS 67206	02/02/1999 ORRI	59361	.00875000	519	156	\$10.78
BANAMYS BANTA, AMY J 124 N LONGFORD CT WICHITA KS 67206	02/02/1999 ORRI	59361	.00250000	148	44	\$3.04
BPAMERS BP AMERICA PRODUCTION CO ATTN: PROPERTY TAX DEPT PO BOX 3092 HOUSTON TX 77253	11/04/2003 ORRI	59361	.07500000	4452	1336	\$92.30
CHRJON5 CHRISTENSEN, JON 312 LONG LANE RD WICHITA KS 67204	01/06/1997 ORRI	59361	.00250000	148	44	\$3.04
EASEXP5 EASTLAND EXPLORATION INC PO BOX 5279 AUSTIN TX 78763-5279	11/04/2003 ORRI	59361	.00500000	297	89	\$6.15
KANPRO0 KANCO PROPERTIES % HASTINGS, LOTTIE LEE PO BOX 507 LAVETA CO 81055-0507	09/24/2003	59361	.06250000	3710	1113	\$76.89
PARCON5 PARMELY, CONNIE SUE 1472 PERRY WICHITA KS 67203	01/30/2003	59361	.00375000	223	67	\$4.63
SIGCON5 3/00 SIGMA CONSULTANTS INC % TRANS PACIFIC OIL CORP 100 S MAIN #200 WICHITA KS 67202	11/04/2003 ORRI	59361	.00750000	445	134	\$9.26
SWACOM0 SWALAR COMPANY % LARRABEE, ROBERT PO BOX 1009 LIBERAL KS 67901-1009	09/30/2003	59361	.06250000	3710	1113	\$76.89
LEASE TOTAL	ORRI		.12875000	7643	2293	\$282.98
			.10125000	6009	1803	
WORKING INTEREST		59361	.77000000	23787	5947	

1-23

OIL ASSESSMENT RENDITION

Schedule (s 2B) (Rev. 11/03)

SHALL BE FILED WITH COUNTY APPRAISER APRIL 1

COUNTY, KANSAS

STATEMENT

P.O. ADDRESS CITY OPERATOR I.D. NO.

NAME OF PROPERTY Property ID: Company ID: County ID: STATE ZIP 1st Well API #:

SECTION I - LOCATION OF PROPERTY ASSESSED SECTION VII - ABSTRACT VALUE (FOR APPRAISER'S USE ONLY) Table with columns: DESCR, Total Working Interest, Appraised Value, Assessed, Penalty, TOTAL

SECTION II - WELL AND LEASE DATA Table with fields: No of Wells - Oil, Gas, Inj, Ws, Secondary Recovery, Permit No, Shut In, SWD, TA, Total, Producing Formation, Year First Produced, Spud Date, Market Price Received, Average Depth of Well, Producing, SWD, Less Oil Transportation Charges, Oil Gravity, Water Production, B.P.D., Net Price, Oil Purchaser

SECTION IV - PRODUCTION DATA Table with columns: MONTH, MONTHLY PRODUCTION (2003, 2002), Notation. Includes rows for months and production calculations.

SECTION V - GROSS RESERVE CALCULATIONS Table with fields: 1. Total Amount (Bbls.) Production, 2. Net Price as of Jan. 1, 3. Est'd Gross Income Stream, 4. Present Worth Factor, 5. Est'd Gross Reserve Value

SECTION VI GROSS RESERVE VALUE X DECIMAL INTEREST Table with columns: A. Schedule, B. Owner, C. Appraiser. Rows include Royalty Interest Valuation, Working Interest Valuation, Deduct Operation Cost Allowance, and various well types.

* Attach Name, Address, And Interest of Royalty Owners CERTIFICATION: I do hereby certify that this schedule contains a full and true list of all personal property owned or held by me subject to personal property taxation under the laws of the state of Kansas pursuant to K.S.A. 79-329 through 79-333

OWNER DATE TAX RENDITION PREPARER DATE Lease Code County Code Lease Name PRESCRIBED BY KANSAS DEPARTMENT OF REVENUE, DIVISION OF PROPERTY VALUATION

1-24

CO-8 INSTRUCTIONS

FOR FILING PRODUCER'S MONTHLY REPORT OF OIL PRODUCTION FROM PRORATED OIL FIELDS (THIS REPORT MUST BE FILED ON OR BEFORE THE 15TH DAY OF EACH MONTH FOLLOWING THE MONTH IN WHICH THE PRODUCTION OCCURED).

This report is filed when a producer has producing leases on the "Table B" report. These leases are reported individually with each individual well in the lease having its production broken down on an individual basis.

EXAMPLE: Lease Total 125 Well #1 40
Well #2 60
Well #3 25

1. Column 1, Lease Name and Description

Write the lease name in CAPITAL LETTERS and arrange in alphabetical order according to surname of the lease owner. Insert the legal description of the lease as "SW/4 30-24-2" directly underneath the lease name and indicate if the Township is in the East or West range.

2. Column 2, Pool Name & Producing Formation

Insert the field name in CAPITAL LETTERS. Underneath this field name, write the name of the producing formation in smaller type.

3. Column 3, Well Number

Insert the number of each well producing on each lease corresponding with the producing formation in the previous column. Include all wells on the lease whether producing or not, but that are unplugged.

4. Column 4, Production Per Well Monthly

Insert opposite the well number shown in previous column, the total amount of production of each well including minimum wells producing each month. Where wells have been producing without separate gauging, give the best estimate possible for each well. Where minimum wells are producing on a lease with prorated wells, indicate separately for each minimum well opposite its well number the amount of oil produced.

5. Column 5, Total Pipeline Runs Per Well

List for each lease the total amount of oil to your purchaser. If more than one purchaser takes oil from the same lease, show the amount sold to each purchaser.

6. Column 6, Purchaser's Name

List the proper name for the Crude Oil Purchaser of each respective lease. A Purchaser is considered as the company holding the lease division order.

SUMMARY OF OIL PRODUCER'S REPORT
FROM PRORATED FIELDS
(To accompany Oil Producer's Monthly Report)

PRODUCER'S NAME _____ MONTH OF _____ 19_____
ADDRESS _____ LICENSE NO. _____
TELEPHONE NO. _____

- A. Total barrels of oil produced. . . . _____
- B. Total barrels of oil used. _____
- C. Total Pipe Line or other sales. . . _____

AFFIDAVIT

STATE OF _____ SS.
COUNTY OF _____

The undersigned hereby certifies as _____ (title) for
_____ (Co.), a dually authorized agent, whose
monthly oil report covering the production of crude petroleum from the
wells and leases operated by _____ within the
State of Kansas, consisting of pages 1 to _____, inclusive, which
is attached hereto and made by reference a part hereof the same as if
fully set out within, do depose and say, that the items entered in said
report and in any additional lists of explanation attached to or accom-
panying such report, are, to the best of my knowledge and belief, and
from such information as I have acquired and kept in order to comply
with the provisions of the orders, rules and regulations entered and
promulgated by; the State Corporation Commission of the State of Kansas,
true and correct; that the same embraces a full and complete statement
as required by law and the rules, regulations and orders of such Com-
mission of the entire gross productions, uses and sales of the crude
oil produced from the wells and leases reported herein or removed there-
from for the period covered thereby; and that this affidavit and report
is made in my behalf and in the behalf of all my principals, co-partners,
associates, as well as all other persons or corporations having any
joint, several, or individual control over the operation of the wells or
leases embraced herein for the purpose of obtaining future allowables or
production quotas therefor, and for the purpose of showing compliance
or non-compliance with previous orders rules and regulations.

(Signature of Affiant)

Subscribed and sworn to before me this _____ day of _____, 19____

(Notary Public)

My commission expires _____