

Approved: April 29, 2005

Date

Carl Dean Holmes

MINUTES OF THE HOUSE COMMITTEE ON UTILITIES.

The meeting was called to order by Chairman Carl D. Holmes at 9:12 a.m. on March 11, 2005 in Room 231-N of the Capitol.

All members were present except: Representative Jason Watkins, Unexcused

Committee staff present: Mary Galligan, Legislative Research
Jo Cook, Administrative Assistant

Conferees appearing before the committee: Tim Carr, Kansas Geological Survey, Lawrence, KS

Others attending: See Attached List

Chairman Holmes welcomed Tim Carr, Geologist for the Kansas Geological Survey and Project Leader for the Simplified On-Line Automated Reporting (SOLAR) system. Mr. Carr provided information on the SOLAR project that was developed jointly by the Kansas Geological Survey (KGS), the Kansas Corporation Commission (KCC), and the Kansas Department of Revenue (KDOR) as directed by Session 2004 SR 1829. He told the committee that the system was intended to provide a single point of submission, a single production record, and an automated method to verify and route data to the appropriate agency for the reporting of oil and gas production information. Susan Duffy, Executive Director of the KCC, and Steve Stotts of the KDOR provided additional information to the committee. (ATTACHMENT!)

Mr. Carr, Ms. Duffy, and Mr. Stotts responded to questions from the committee.

The meeting adjourned at 10:19 a.m.

The next meeting is Tuesday, March 15, 2005 at 9:00 a.m. for a tour of the Westar Energy Emergency Operations Facilities.

Testimony of
Tim Carr, Geologist
Kansas Geological Survey

Before the House Utilities Committee
Report to the House Utilities Committee on SOLAR
March 11, 2005

Chair Holmes and Committee Members:

I am Tim Carr, Geologist for the Kansas Geological Survey and Project Leader for the SOLAR (Simplified On-Line Automated Reporting). I am here today to update you on our activities for the last year.

The SOLAR system project was initiated by the Kansas Geological Survey (KGS), the Kansas Corporation Commission (KCC) and the Kansas Department of Revenue (KDOR) to develop a prototype for online reporting of oil and gas production information.

The system was intended to provide a single point of submission, a single production record, and an automated method to verify and route data to the appropriate agency. This would include data to KDOR for severance taxes, counties for ad valorem taxes, and the KCC in cases of prorated production.

A prototype system was developed for an on-line system for Kansas operating companies to begin submitting the numerous forms required to operate oil and gas wells and leases. The prototype system focused on the Notice of Intent to Drill (Form C-1) submitted to the KCC for the purposes of obtaining permission to drill a well for oil and gas operations. The prototype system is currently being tested by a pilot group of first purchasers to report production to the KDOR, and for KDOR to provide digital information to reporting companies (e.g., Exemption Certificates). A pilot group of Kansas operating companies are submitting the new on-line Notice of Intent to the KCC.

The system is ready to be tested by county tax assessors in preparation for initial reporting at the end of this calendar year.

The advantages of the system include:

- Development of SOLAR followed existing work processes of reporting companies and receiving agencies. The only changes have been use of the Internet instead of paper, and obvious improvements that resulted in increased efficiencies for both parties (e.g., Severance Tax Exemption Certificates).

HOUSE UTILITIES
DATE: 3-11-05
ATTACHMENT 1

- ❑ Development of the SOLAR system has involved joint meetings of the cooperating agencies. As a result we have improved communication and efficiencies in reporting, verification and auditing of oil and gas data that is critical to all agencies.
- ❑ Development of the SOLAR system has involved cooperative efforts with companies reporting oil and gas information. This has the potential to improve the quality of the reported data and decrease the cost of reporting.
- ❑ Reporting oil and gas information by companies to one location instead of multiple agencies. SOLAR will provide one data set that all agencies receive for their varied needs thereby reducing confusion and improving the accuracy of reported data and submitted forms.
- ❑ Kansas will be better able to disseminate oil and gas information to the public and to the private sector.

The goals for the SOLAR system project for the next twelve months are:

- ❑ Develop a production website that will have 75% of production data for severance taxes being reported to KDOR through SOLAR.
- ❑ Provide production data to the KCC for prorated fields.
- ❑ Provide on-line submission of two KCC forms by a number of Kansas oil and gas operators (Intent to Drill C-1, and Injection Report U3C)
- ❑ Satisfy reporting requirement of oil and gas data with improved data provided to the public through the KGS web site.
- ❑ Roll out a site for reporting monthly production data reported to KDOR for annual reporting to county appraisers for ad valorem taxes.
- ❑ Improve the quality while decreasing costs of data that is repositied with the KCC and the KGS.


The SOLAR homepage is shown below (<http://drysedale.kgs.ku.edu/solar/>). To arrange a demonstration of the SOLAR system or answer any question please contact:

Tim Carr – Kansas Geological Survey, email: tcarr@kgs.ku.edu, voice 785.864.2135

Susan Duffy – Kansas Corporation Commission, email: s.duffy@kcc.state.ks.us, voice 785.271.3262

Steve Stotts– Kansas Department of Revenue, email: Steve_Stotts@kdor.state.ks.us, voice 785.296.6431

SOLAR : Simplified On Line Automated Reporting - Netscape



Simplified On Line Automated Reporting

HOME DOCUMENTATION LOGOUT

You are logged in as:
Tim Carr
of the Kansas Geological Survey

Exemption Certificate Database
Severance Tax Calculator
Kansas Operators Database
Well/Lease Database
User Settings

Welcome to the SOLAR home page.

We are not clear yet what unique items will be available to KGS users.

Exemption Certificate Database

On or about the 20th of each month, DOR is posting a copy of their master EXEMPTIONS database to SOLAR. The goal is to make this information available to users to:

- Search the database
- Review exemption information on-line
- Download the exemptions file electronically for local processing

Futures

- Severance Tax Calculator
- Kansas Operators Database
- Kansas Well/Lease Database

These items are not fully developed at this time. We've included them to demonstrate the kinds of things that can be done. Click on each button separately for more detail.

User (Account) Settings

Some of your user account settings can be adjusted after you log in.

Current Status

We consider this site to be productional. This doesn't mean the site is "done". We're ready to start flowing tax reports through the site and to operate it on a day-to-day basis: adding users, correctly problems, etc. We fully expect to implement many improvements as users give us feedback on what works well and what needs work. With the active participation of a user community, we think we can help make the system much more efficient, driving down costs and frustrations for everyone.

Version 1.0 02/07/2005


Partners

- Kansas Corporation Commission, Conservation Division
- Kansas Department of Revenue
- Kansas County Appraisers
- Kansas Geological Survey

Please send Comments on this site to solar_admin@kgs.ku.edu
The URL for this page is <http://drvsdale.kgs.ku.edu/solar/home.cfm>

**Simplified On Line
Automated Reporting**

Corporation Commission
Department of Revenue
Geological Survey



Goals

- Single Point of Online Submission
- Single Record
 - Production
Severance, Proration, Ad Valorem
 - Well Data
KCC Regulatory Forms and Information
- Automated Verification and Routing
 - KDOR, KCC, Counties
 - Survey
 - Public
- Year 1 – Working Prototype
 - Production Data
 - Notice of Intent to Drill (Form C-1)

Approach

- Follow Existing Work Processes
 - Reporting Companies
 - Receiving Agencies
 - Maintain Confidentiality
- Use of Internet Instead of Paper
 - Increased Efficiencies
Severance Tax Exemption Certificates
 - Improve Accuracy
- Government Inter-Agency Cooperation
- Government / Private Sector Cooperation
- Improve Information Dissemination to Public

Severance Tax Reports

Severance Tax Reports
Upload a Tax Report
Select a file (comma separated values) file to upload.
File:
Filing Period: **Firm's 2012**
Corporate Individual
[Cancel](#)

Uploaded Tax Reports for purchaser # 11020
No Report # 11020 has been submitted yet.

ID	Filing Period	Form	Description	Status	Date	Amount
1070	1/1/12 - 12/31/12 - 10 Firm's 2012	9911	Severance Tax Report	Submitted	12/11/12	1,000.00
1071	1/1/12 - 12/31/12 - 10 Firm's 2012	9911	Severance Tax Report	Submitted	12/11/12	1,000.00
1072	1/1/12 - 12/31/12 - 10 Firm's 2012	9911	Severance Tax Report	Submitted	12/11/12	1,000.00

Severance Tax Reports

Severance Tax Reports
Upload a Tax Report
Select a file (comma separated values) file to upload.
File:
Filing Period: **Firm's 2012**
Corporate Individual
[Cancel](#)

Uploaded Tax Reports for purchaser # 11020

ID	Filing Period	Form	Description	Status	Date	Amount
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1072	1/1/12 - 12/31/12 - 10 Firm's 2012	9911	Severance Tax Report	Submitted	12/11/12	1,000.00

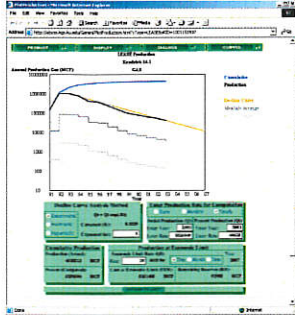
Severance Tax Reports

Severance Tax Report # 1072
[Print](#)
Details:

ID	Filing Period	Form	Description	Status	Date	Amount
1072	1/1/12 - 12/31/12 - 10 Firm's 2012	9911	Severance Tax Report	Submitted	12/11/12	1,000.00

3-6

Decline Curves



Goals (Next 12 Months)

- SOLAR Production Website
 - 75% of Production Data Reported to KDOR
- Prototype for Reporting of Production Data for Prorated Fields
 - KCC
- Online Submission of Well Forms to KCC
 - Intent to Drill (C-1)
 - Injection Report U3C
- Site for Annual Reporting to County Appraisers
 - Collected Monthly Production
 - Documented Estimates of Decline
- Provide Improved Data to Public
 - Timeliness
 - Quality
