

Approved: May 1, 2002
Date

MINUTES OF THE HOUSE COMMITTEE ON UTILITIES.

The meeting was called to order by Chairman Carl D. Holmes at 12:24 p.m. on March 29, 2002 in Room 526-S of the Capitol.

All members were present except: Representative Don Dahl
Representative Tricia Lightner
Representative Judy Morrison
Representative Don Myers

Committee staff present: Robert Chapman, Legislative Research
Dennis Hodgins, Legislative Research
Mary Torrence, Revisor of Statutes
Jo Cook, Administrative Assistant

Conferees appearing before the committee: Robert Krehbiel, Kansas Independent Oil & Gas Association
Dick Brewster, BP America
Mike LeMascus, Devon Energy
Jonathon Small, Exxon/Mobile
Diana Edmiston, Kansas Corporation Commission

Others attending: See Attached List

HB 3031 - Authorizing venting, flaring or other use of certain natural gas

Chairman Holmes opened the hearing on **HB 3031**.

Robert Krehbiel, Executive Vice President for the Kansas Independent Oil & Gas Association, testified in support of **HB 3031** (Attachment 1). Mr. Krehbiel explained that the State Conservation Commission does not have statutory authority to permit or authorize the venting or flaring of natural gas unless it was produced in connection with oil production. This bill was introduced to meet the needs of the new interest in coal bed methane production in Kansas. Additionally, Mr. Krehbiel provided language to amend the bill that allows the Corporation Commission broader authority. Mr. Krehbiel also distributed a copy of the Kansas Geological Survey Public Information Circular 19 "Natural Gas from Coal in Eastern Kansas" (Attachment 2).

Dick Brewster, Director of Government Affairs for BP America, addressed the committee in support on **HB 3031** (Attachment 3). Mr. Brewster stated that flaring or venting of gas is often necessary in the drilling and work over activities connected with gas production from conventional wells. He asked that the committee do what they can to allow the industry to continue to do all it can to increase gas production.

Mike LaMascus, Senior Operations Engineer for Devon Energy, spoke in support of **HB 3031** (Attachment 4). Mr. LaMascus stated Devon Energy has leased 300,000 acres in southeastern Kansas in hopes of developing a large amount of coalbed methane gas. Without the ability to vent or flare small quantities of natural gas during processing, producers cannot economically produce this much needed energy resource.

Jonathan Small, on behalf of Exxon/Mobile, appeared in support of **HB 3031**.

Written testimony in support of **HB 3031** (Attachment 5) was submitted by David Bleakley, Legislative Chairman of Eastern Kansas Oil and Gas Association.

Diana Edmiston, Senior Assistant General Counsel for the Kansas Corporation Commission, testified in support of **HB 3031** (Attachment 6). Ms. Edmiston told the committee the Commission occasionally received requests to vent or flare gas in situations not covered under current statute and this legislation would authorize the Commission to grant those requests.

The conferees responded to questions from the committee.

Chairman Holmes closed the hearing on **HB 3031** and opened debate on the bill.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON UTILITIES, Room 526-S Statehouse, at 12:24 p.m. on March 29, 2002.

Representative Kuether moved to amend the bill using proposed amendments from Robert Krehbiel (Attachment 1). Representative Toelkes seconded the motion. The motion carried. Representative Kuether moved to recommend **HB 3031**, as amended, favorable for passage. Representative Dreher seconded the motion. The motion carried. Representative Kuether will carry the bill.

Chairman Holmes announced he intended to have the committee meet at first recess on Tuesday.

The meeting adjourned at 12:46 p.m.

The next meeting will be April 2, 2002.