



# KANSAS

CORPORATION COMMISSION

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Testimony of John McCannon  
Assistant General Counsel  
State Corporation Commission of Kansas  
Conservation Division  
before the  
Senate Utilities Committee  
March 10, 2004

The Staff of the Kansas Corporation Commission wishes to express its support of House Bill 2652 as amended, and the amendments to K.S.A. 55-1302 that the bill makes.

The proposed amendment to K.S.A. 55-1302(b), the definition of "Pool", clarifies an issue that was decided by the Commission in April 2002. The Commission's decision was sustained by the District Court and is currently before the Court of Appeals.

In the case, the Commission has interpreted the current definition of "pool" to allow the unitization of two geologic formations that had been legally commingled in wellbores within the proposed unit area. The commingling caused the two formations to be interconnected and to act as a single pressure system. The amendments proposed in HB 2652 as amended, supports the Commission's interpretation of "pool" and would confirm the Commission's authority to unitize two or more formations that have been artificially, but legally interconnected by commingling and now act as a single pressure system.

A large number of wells in the State have two or more formations open in the wellbore. Not allowing unitization, especially for enhanced recovery operations, of these wells would cause premature abandonment of the wells and waste of natural resources.

The amendment of K.S.A. 55-1302(b) as proposed in HB 2652 as amended, was a recommendation that came out of the State Energy Resources Coordination Council (SERCC). Commission Staff participates in the SERCC and supported this recommendation.

The amendment to HB 2652 made by the House Committee on Utilities addressed its concern that the bill not affect the pending appeal of the Commission's April 2002 interpretation of "pool" as used in K.S.A. 55-1302(b). Commission Staff acknowledges the need for such an amendment.

Commission Staff urges the passage of HB 2652 as amended.