

March 12, 2012

The Honorable Ralph Ostmeyer, Chairperson  
Senate Committee on Natural Resources  
Statehouse, Room 225-E  
Topeka, Kansas 66612

Dear Senator Ostmeyer:

**SUBJECT:** Fiscal Note for SB 391 by Senator Olson

In accordance with KSA 75-3715a, the following fiscal note concerning SB 391 is respectfully submitted to your committee.

SB 391 would amend current law regarding leases for the production of oil, gas or other minerals. The bill would allow for an extension of a lease on land used for production of oil, gas or other minerals, as long as the production under the lease is sufficient to encourage an operator to continue production to secure a return on investment or to minimize any loss. SB 391 would relieve the operator of any liability for the plugging of a well should the well be transferred to a new operator. After a transfer, the new operator would assume all liability for the plugging of the well. The bill would not allow the owner of land with an oil, gas or other mineral lease to file an action against a lessee for cancellation of the lease until the owner has owned the land for one year.

The passage of SB 391 would have no fiscal effect on the Judiciary or the Kansas Corporation Commission.

Sincerely,



Steven J. Anderson, CPA, MBA  
Director of the Budget

cc: Mary Rinehart, Judiciary  
Tom Day, KCC