

MINUTES OF THE SENATE UTILITIES COMMITTEE.

The joint meeting of the House and Senate Utilities Committees was called to order by Chairman Senator Stan Clark at 9:30 a.m. on January 28, 2002 in Room 526-S of the Capitol.

All members were present except: Senator Karin Brownlee (excused)  
Senator Susan Wagle (excused)

Committee staff present: Raney Gilliland, Legislative Research  
Ann McMorris, Secretary

Conferees appearing before the committee:  
Ron Hein, Pioneer Natural Resources  
Steve M. Hanna, Utilicorp United Energy One  
Ron Gaches, El Paso Corporation

Others attending: See attached list

Updates on the Natural Gas & Oil Industry

Ron Hein, legislative counsel for Pioneer Natural Resources, provided information on the activities of Pioneer Natural Resources, USA, Inc., one of the largest independent exploration and production oil and gas companies in North America, with major natural gas production in the Hugoton field in southwest Kansas. He stressed that Kansas remains one of the highest taxing states in the country on oil and gas production which may be one reason for companies looking at other states for capital expenditures. He also recommended study of long range solutions given the new technology and exploration and production techniques which offer hope that additional production can be achieved from Kansas reserves. (Attachment 1)

Steve M. Hanna, regional director Kansas, Colorado, Missouri- Gas Field Operations for Utilicorp United Energy One, provided background and 2001 operations highlights on three of their Kansas companies in his responsibility area. He reviewed the 2002 budgetary outlook for Kansas and the major approved projects. (Attachment 2)

Ron Gaches, of Gaches, Braden, Barbee & Association, presented information on the El Paso Corporation plan to strengthen its capital structure and enhance its liquidity. (Attachment 3)

Chair opened the floor for questions. The committee questions covered long range planning, equity financing, coal bed methane gas exploration, gas supply for irrigation, tax structure impact on exploration and long term liability.

The next meeting of the joint committees will be on January 29, 2002.

Adjournment.

Respectfully submitted,

Ann McMorris

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