

MINUTES OF THE HOUSE COMMITTEE ON UTILITIES.

The meeting was called to order by Chairman Carl D. Holmes at 9:05 a.m. on March 11, 2004 in Room 231-N of the Capitol.

All members were present.

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

Conferees appearing before the committee: Senator Stan Clark
Bernard Nordling, Southwest Kansas Royalty Owners Assn.
Tom Schnittker
Alan Cobb, Tallgrass Ranchers Coalition
Doug Smith, Southwest Kansas Royalty Owners Assn.
Don Schnacke, Kansas Independent Oil & Gas Assn.
Scott Schneider, Kansas Wind Coalition

Others attending: See Attached List

SB 331 - Recording leases or easements related to wind resources or technologies

Chairman Holmes opened the hearing on **SB 331**.

Senator Stan Clark, Chairman of the Senate Utilities Committee and sponsor of the bill, testified in support of **SB 331 (Attachment 1)**. Senator Clark explained that the bill addressed two specific topics: wind energy leases and easements and a remedy for removing clouds on land titles. Senator Clark told the committee that the long-term goal is to increase the level of knowledge to where a standard legal form will be accepted by parties entering wind lease agreements that provide equitable terms and conditions that everyone accepts in common usage. As for the land titles, it is important that the land description be accurate and that any new drilling can involve additional abstracting and title examination expense before the title is clear and drilling can commence. Without the changes, getting clear title to land, completing abstracting for oil and gas exploration, and figuring accurate tax statements will become almost impossible. Senator Clark responded to questions from the committee.

Bernard Nordling, Assistant Executive Secretary of the Southwest Kansas Royalty Owners Association, appeared as a proponent of **SB 331 (Attachment 2)**. Mr. Nordling told the committee that wind energy is just now developing in Kansas and will have a significant impact on farm land in the stated for many years. He said that it was important to have information available in which to protect the landowner's interest and this can be accomplished by having the pertinent terms and conditions of wind energy leases filed of record as intend in the bill. Mr. Nordling also addressed the issue of land titles and the company, Cobra Petroleum, was soliciting offers to purchase mineral interests in specific quarter sections and the description on the paperwork included more land than the owner actually had possession. These types of conveyances cloud titles and create problems with the royalty rights and ownership. Mr. Nordling also referenced a publication sent out to the Swouthwest Kansas Royalty Owners Association Membership that explained many of the concerns raised in his testimony (copy available from Kansas Legislative Research). Additionally, Mr. Nordling drew the committee's attention to written testimony submitted by Amanda Spikes (**Attachment 3**) which detailed South Dakota's statutes regarding the recording of wind energy leases or easements.

Thomas Schnittker, Pratt, Kansas, addressed the committee in support of **SB 331 (Attachment 4)**. Mr. Schnittker is a real estate salesman dealing primarily with agricultural and recreational investment types of property. Mr. Schnittker told the committee that recording wind generation leases in their entirety is in the best interests of all parties.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON UTILITIES, Room 231-N Statehouse, at 9:05 a.m. on March 11, 2004.

Alan Cobb, representing the Tallgrass Ranchers, appeared in support of **SB 331** (Attachment 5). Mr. Cobb told the committee that, as the wind industry develops, a whole range of improper and questionable conduct could appear. This bill will not completely clean up the problems, but it does aid the cause of good government.

Doug Smith, appearing on behalf of the Southwest Kansas Royalty Owners Association, directed the committee's attention to written testimony submitted by John Crump (Attachment 6), Phil Ridenour (Attachment 7), and James Yoxall (Attachment 8).

Mr. Don Schnacke, for the Kansas Independent Oil and Gas Association, addressed the committee as an opponent to section of **SB 331** dealing with the oil and gas leases (Attachment 9). Mr. Schnacke stated that the language, as amended, appears to address the issue at stake, but may not fully resolve it.

Scott Schneider, on behalf of the Kansas Wind Coalition, testified in opposition to **SB 331** (Attachment 10). Mr. Schneider told the committee they opposed the bill for two reasons. The first because they believe current law is sufficient and second that the state should not be in the business of writing leases. Mr. Schneider included a copy of a Memorandum of Wind Farm Easements that was file in Gray County with his testimony.

The conferees responded to questions from the committee.

Chairman Holmes closed the hearing on **SB 331**.

The meeting adjourned at 10:27 a.m.

The next meeting will be Friday, March 12, 2004.