

MINUTES OF THE HOUSE COMMITTEE ON UTILITIES.

The meeting was called to order by Chairman Carl D. Holmes at 9:07 a.m. on February 10, 2004 in Room 231-N of the Capitol.

All members were present except: Representative Eric Carter
Representative William Kassebaum
Representative Judy Morrison

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: Rex Buchanan, State Energy Resources Coordination Council
John McCanon, Kansas Corporation Commission
Don Schnacke, Kansas Independent Oil & Gas Association

Others attending: See Attached List

HB 2652 - Unitization of more than one oil or gas reservoir if constitutes a single pressure system

Chairman Holmes opened the hearing on **HB 2652**.

Rex Buchanan, appearing on behalf of the State Energy Resources Coordination Council (SERCC), appeared in support of **HB 2652 (Attachment 1)**. Mr. Buchanan explained that this bill was a result of needs identified by the SERCC and that they had requested the bill be introduced. He stated that improving the efficiency of energy production in Kansas benefits all of the citizens of the state.

John McCannon, Assistant General Counsel for the Kansas Corporation Commission, testified in support of **HB 2652 (Attachment 2)**. Mr. McCannon stated that not allowing unitization would cause premature abandonment of some wells and the waste of natural resources.

Don Schnacke, representing the Kansas Independent Oil and Gas Association, provided testimony as a proponent of **HB 2652 (Attachment 3)**. Mr. Schnacke told the committee that by not changing the definition of 'pool,' there are some reservoirs which may not be unitized and would not be subject to secondary recovery techniques, and therefore, would not be cost effective and lose revenue.

Dick Brewster, BP Corporation, submitted written testimony in support of **HB 2652 (Attachment 4)**.

Mr. Buchanan, Mr. McCannon, and Mr. Schnacke responded to questions from the committee.

Chairman Holmes announced that the bill would be worked on Thursday and closed the hearing.

The meeting adjourned at 9:47 a.m.

The next meeting will be Wednesday, February 11, 2004.