

March 12, 2014

The Honorable Larry Powell, Chairperson
Senate Committee on Natural Resources
Statehouse, Room 237-E
Topeka, Kansas 66612

Dear Senator Powell:

SUBJECT: Fiscal Note for SB 319 by Senate Committee on Commerce

In accordance with KSA 75-3715a, the following fiscal note concerning SB 319 is respectfully submitted to your committee.

SB 319 would amend current law regarding requirements for operators of oil and gas wells in the state, as administered by the Kansas Corporation Commission (KCC) with assistance from the Kansas Department of Health and Environment. The bill would require any operator, when filing an intent to drill application with the KCC, to include the following information:

1. A map of all proposed wells relative to structures located at the surface;
2. Proof of authority to enter the surface owner's property; and,
3. A copy of the mineral and oil lease.

The bill would require the KCC to adopt rules and regulations to ensure the rights of surface owners, and would include guidelines that the KCC should follow regarding procedures and language that must be included in the rules and regulations. In addition, the bill would:

1. Prohibit the drilling of any well within 500 feet of an existing structure;
2. Specify spacing requirements of one well per ten-acre area, unless the operator has consent of the landowner; and,
3. Authorize a variance to the spacing requirements that a mineral owner must obtain for the production of oil and gas.

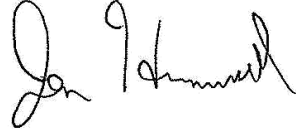
The Honorable Larry Powell, Chairperson

March 12, 2014

Page 2—SB 319

The fiscal effect of the passage of SB 319 would be negligible for both the Kansas Corporation Commission and the Kansas Department of Health and Environment.

Sincerely,

A handwritten signature in black ink, appearing to read "Jon Hummell". The signature is written in a cursive style with a large initial "J" and "H".

Jon Hummell,
Interim Director of the Budget

cc: Tom Day, KCC
Aaron Dunkel, KDHE