



DOUGLAS COUNTY COMMISSIONERS

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Committee on Water and Environment

Hearing on House Bill 2727

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Written Only Testimony of Nancy Thellman, Douglas County Commissioner and Proponent

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Honorable Tom Sloan and members of the Committee, my name is Nancy Thellman, and I submit this testimony supporting the adoption of HB 2727, relating to notification and disclosure of mineral interests in connection with real estate sales contracts.

This bill provides important protections to purchasers and sellers of real estate by expressly advising parties to a real estate transaction that the surface estate of the property may be owned separately from the underlying mineral estate, and that transfer of the surface estate may not include transfer of the mineral estate. Buyers of real property in the State of Kansas are sometimes unaware that third parties may have enforceable legal rights to extract oil, gas, or other natural resources from the subsurface of their property. The activities associated with drilling operations, construction of facilities for production, treatment, storage or transportation of oil and gas, such as oil wells, gas wells or saltwater disposal wells, pipelines and enhanced recovery wells, and other similar activities can be very disruptive to the surface owner, and yet the surface owner may be legally powerless to prevent or curtail these activities. Therefore, a buyer of real property should be advised to investigate potential third party interests in the property, and to carefully evaluate how those third party rights might affect the buyer's use and enjoyment of the property.

The owners of legal interests in the subsurface estate will benefit from this bill, as well. If buyers and owners of real property are on notice of third party interests, there is less likelihood of a dispute and potentially time-consuming and expensive litigation concerning the legitimacy of the interests at issue. This bill could also help reduce disputes between buyers and sellers of real property because a buyer will be on notice of the need to evaluate the possibility of third party interests in the subsurface estate.

In summary, this legislation will help parties to real estate transactions, as well as owners of legal rights to subsurface oil, gas, and mineral rights, by encouraging property owners to apprise themselves of possible third party interests before assuming ownership of real property potentially subject to those rights.

Accordingly, Douglas County, Kansas supports House Bill 2727 and respectfully requests your support of this important legislation.