

## **HB 2727 – Testimony of Ken White**

Good morning Chairman Sloan and members of the committee. My name is Ken White. I am President of White Exploration, Inc. out of Wichita and I am Chairman of the Kansas Independent Oil & Gas Association. I am here this morning to offer neutral testimony on HB 2727.

HB 2727 relates to notification and disclosure of mineral estates in real estate sales contracts. We have been working with Representative Horn, the Kansas Association of Realtors and the Land Title Association to develop language that will address the real issues and works for all stakeholders involved.

The Kansas Association of Realtors has offered an amendment to clean up the bill for their needs and I offer an amendment to help clarify the scope of the bill. The bill was introduced and starts by talking about “minerals” and then refers to “oil and gas activity”. We don’t think oil and natural gas should be singled out as the only mineral interest.

I propose for your consideration striking the language in lines 18 – 25 and replacing with the language I provided to define minerals to include oil, natural gas, iron ore, coal, salt, sand, gravel or any other natural substance which may be of commercial value and is obtained by mining, quarrying or drilling on the surface or subsurface of the lands. I also propose striking the reference to “oil and gas activity” in lines 27 – 31 and replacing with the language I provided to clarify the bill is addressing mineral interests, not just oil and gas activity.

Thank you for your consideration. I stand for questions at the appropriate time.

HOUSE BILL No. 2727

By Committee on Water and Environment

2-8

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1 AN ACT concerning real estate; requiring conditions relating to real estate  
2 sales contracts; relating to notification and disclosure of mineral  
3 interests.

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5 *Be it enacted by the Legislature of the State of Kansas:*

6 Section 1. (a) Each contract for the sale of real property shall contain  
7 the following language:

8 "NOTICE: The surface estate of the property may be owned separately  
9 from the underlying mineral estate and transfer of the surface estate may  
10 not include transfer of the mineral estate. Third parties may own or lease  
11 interests in oil, gas or other minerals under the surface, and they may enter  
12 and use the surface estate to access the mineral estate.

13 The use of the surface estate to access the mineral estate may be  
14 governed by, but is not limited to, a deed, lease, right-of-way agreement,  
15 surface agreement, letter agreement, memorandum or other notice that  
16 may be recorded with the register of deeds or the state corporation  
17 commission. Buyer is advised to consult independent legal advice.

18 ~~The oil and gas activity that may occur on or adjacent to this property~~  
19 ~~may include, but is not limited to: Surveying operations; drilling~~  
20 ~~operations; construction of facilities used for the production, treatment,~~  
21 ~~storage or transportation of oil or gas, such as oil wells, gas wells or~~  
22 ~~saltwater disposal wells; reworking operations on current wells or~~  
23 ~~enhanced recovery wells; burying of oil and gas production pipelines or~~  
24 ~~electrical lines; and installation of above ground electric lines or gas~~  
25 ~~gathering and processing facilities.~~ **Minerals are defined to include, oil,**  
**natural gas, iron ore, coal, salt, sand, gravel or any other natural**  
**substance which may be of commercial value and is obtained by**  
**mining, quarrying or drilling on the surface or subsurface of the lands.**

26 The buyer is encouraged to read the title commitment and final title  
27 insurance policy and seek additional information regarding ~~oil and gas~~  
28 ~~activity~~ **mineral ownership and mining, quarrying or drilling activity** on or  
adjacent to this property. ~~that may include, but is not limited~~  
29 ~~to, any approved oil and gas operations permits and applications for~~  
30 ~~permits including any applications to drill an oil and gas well. This~~  
31 ~~information may be available from the state corporation commission.~~  
32 Buyer is encouraged to consult independent legal advice."

33 (b) The provisions of this section shall be a part of and supplemental  
34 to the Kansas real estate brokers' and salespersons' license act.

35 Sec. 2. This act shall take effect and be in force from and after July 1,  
36 2019, and its publication in the statute book.