

TESTIMONY

In support of HB 2652

Presented to the
SENATE COMMITTEE ON UTILITIES

March 10, 2004

M. Lee Allison, PhD

State Geologist and Director
Kansas Geological Survey
University of Kansas
Lawrence, Kansas

Chair, State Energy Resources Coordination Council

Mr. Chairman, members of the Committee, my name is Lee Allison. I am the State Geologist of Kansas and Director of the Kansas Geological Survey which is based at the University of Kansas. I also serve as Chair of the State Energy Resources Coordination Council (SERCC). Thank you for allowing me to speak in support of House Bill 2652.

The SERCC is charged by Executive Order to prepare a comprehensive state energy plan and update it annually. I previously reported on this year's plan to you and HB2652 is the outcome of one of the legislative recommendations we made.

HB2652 amends the statute on unitization of oil and gas fields to allow multiple reservoirs that are in communication with each other to constitute a single reservoir system for unitization purposes. The existing law allows only single and separate reservoirs to be unitized. Unitization, as you may recall, is defined as joint operations to maximize recovery among separate operators within a common reservoir.

SERCC endorses this legislation and I urge you to pass it out favorably. The bill will allow more efficient and effective production of the state's oil and gas reservoirs. There is no fiscal cost to the state from this bill. In fact, by allowing industry operators greater flexibility to produce from natural systems, we expect oil and gas production to be improved, which will benefit all Kansans and the economy.

Thank you for your attention. I would be pleased to take any questions.