



## **WellWin Drilling Corporation**

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Senate Utilities Committee  
Testimony of  
W. C. Long, Jr.  
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Mr. Chairman and Members of the Committee:

My name is W. C. Long and I am a manager and producer of oil leases in Barber County, KS. I am supporting HB 2652 but would like to add HB 2907, currently in the House Utilities Committee, as an amendment to this bill.

House Bill 2907, as introduced by the House Appropriations Committee, would alleviate a situation where one person, one share or even a 1/32<sup>nd</sup> interest in an oil lease can hold the vast majority of interest owners and royalty owners hostage. HB 2907 would allow, with 90 percent of the royalty owners and working interest owners agreeing, a project to move forward without a potentially costly application, hearing and determination by the KCC.

For the past year, I have been trying to unitize three leases in Barber County, KS. The total amount acreage is 400 acres. The number of royalty ownership positions amounts to three owners. The number of working interest owners in these three leases amounts to twenty-eight. I have affirmation and agreements signed from all but one of the working interest owners and all of the royalty interest owners to unitize these three leases.

To unitize oil and gas leases in Kansas you have to have by statute / regulation 63% of the owners agreeing to the unitization project. This allows you to make application to KCC to unitize the project for pooling. However, if 100% of the working interest owners and royalty interest owners agree to the contract of unitization, an application does not have to go before the KCC.

When we talk about percentages of ownership we talk in barrels of total production and how much each ownership has of the total produced primary oil in the acreage to be unitized.

Since you have different owners with different levels of ownership, one 1/32<sup>nd</sup> owner of one of the leases would have approximately 1 ½ % of ownership to vote. When one owner with 1/32<sup>nd</sup> interest in 1/3 of the project is in disagreement about the unitization contract, this 1 ½ % ownership of the total barrels produced in primary production can prevent 98 ½ % of the ownership in not having to go to the KCC for licensing permits.

In understanding the formula, if you had 1,000 barrels of oil produced from the three leases in primary production, and had ten owners each would have 10% of the eligible votes. When you take 840,000 barrels of oil as the primary production and you have a owner with only 1 ½% of that total amount, you have an owner who can block basically 832,000 barrels of votes to require an application to the KCC. This seems unreal that 98 ½ % of ownership can be controlled by 1 ½ % of ownership.

Mr. Chairman, thank you for the opportunity to testify on HB 2652.