

**THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

In the matter of a general investigation to)	Docket No: 18-CONS-3282-CINV
propose regulatory amendments to K.A.R. 82-)	
3-206 and K.A.R. 82-3-307.)	CONSERVATION DIVISION
)	
)	License No. N/A

STATUS UPDATE

The Staff of the State Corporation Commission of the State of Kansas (“Staff” and “Commission,” respectively) files this *Status Update*.

1. On January 23, 2018, Staff filed a *Motion to Open Docket and Authorize Submission of Proposed Amendments for Approval Pursuant to the Rules and Regulations Filing Act*, regarding K.A.R. 82-3-206 and K.A.R. 82-3-307.

2. On February 8, 2018, the Commission granted Staff’s motion, further directing Staff to utilize this docket as the formal repository to continually update the Commission and the public as to the current status of this regulatory amendment proceeding.

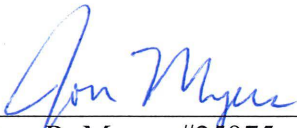
3. On February 8, 2018, Staff submitted regulations for review with the Department of Administration as required by the Rules and Regulations Filing Act. The Department of Administration completed its review and provided Staff with a single-stamped copy of the regulations on February 9, 2018.

4. On February 9, 2018, Staff submitted the single-stamped regulations for review with the Office of the Attorney General, Legal Opinions and Governmental Counsel Division as required by the Rules and Regulations Filing Act. The Office of the Attorney General completed its review on February 21, 2018, and provided Staff with a double-stamped copy of the regulations on February 26, 2018. Staff has attached a copy of the correspondence from the Office of the Attorney General.

5. On March 14, 2018, Staff submitted to the Kansas Secretary of State a request for publication in the Kansas Register of a notice of hearing. Staff anticipates publication in the Kansas Register to occur on March 22, 2018, noticing a public hearing to occur on May 24, 2018. Staff will further update this docket upon receipt of evidence of publication.

WHEREFORE, Staff submits this *Status Update*.

Respectfully submitted,

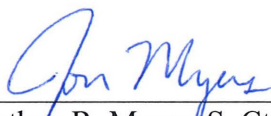


Jonathan R. Myers, #25975
Litigation Counsel, Kansas Corporation Commission
266 N. Main, Suite 220, Wichita, Kansas 67202
Phone: 316-337-6200; Fax: 316-337-6211

VERIFICATION

STATE OF KANSAS)
) ss.
COUNTY OF SEDGWICK)

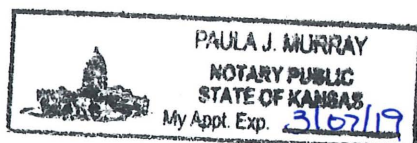
Jonathan R. Myers, of lawful age, being duly sworn upon his oath deposes and states that he is Litigation Counsel for the State Corporation Commission of the State of Kansas; that he has read and is familiar with the foregoing *Status Update*, and attests that the statements therein are true to the best of his knowledge, information and belief.


Jonathan R. Myers, S. Ct. #25975
Litigation Counsel
State Corporation Commission
of the State of Kansas

SUBSCRIBED AND SWORN to before me this 16 day of Mar, 2018.


Notary Public

My Appointment Expires: 3/07/19



RECEIVED
KANSAS CORPORATION COMMISSION

FEB 26 2018

CONSERVATION DIVISION
WICHITA, KS



STATE OF KANSAS
OFFICE OF THE ATTORNEY GENERAL

DEREK SCHMIDT
ATTORNEY GENERAL

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February 21, 2018

Jonathan R. Myers, Litigation Counsel
Kansas Corporation Commission - Conservation
266 N. Main, Ste. 220
Wichita, KS 67202

RE: **K.A.R. 82-3-206 and 82-3-307**

Dear Jon:

Pursuant to K.S.A. 2017 Supp. 77-420(b), we have reviewed the above-referenced regulations and finding no issues of concern, have approved them. The stamped original regulations are enclosed with this letter.

Sincerely,

OFFICE OF THE ATTORNEY GENERAL
DEREK SCHMIDT

A handwritten signature in cursive script, reading "Craig Paschang".

Craig Paschang
Assistant Attorney General

CP:sb
Enclosures

cc: Sen. Vicki Schmidt, Chair, Joint Committee on Rules and Regulations
Rep. Ron Highland, Vice Chair, Joint Committee on Rules and Regulations
Rep. John Carmichael, Ranking Minority Member, Joint Committee on Rules and Regulations
Raney Gilliland, Legislative Research, State Capitol, Room 68-W
Natalie Scott, Office of Revisor, State Capitol, Room 24-E

Regulations Transmittal Memo

To: Legal Opinions and Governmental Counsel Division, Office of the Attorney General

From: State Corporation Commission of the State of Kansas [KCC]

Date: February 9, 2018

Re: K.A.R. 82-3-206 & K.A.R. 82-3-307

RECEIVED

FEB 9 2018

KANSAS ATTORNEY GENERAL

The KCC is submitting the above-referenced regulation(s) for your review. We have attached a copy of the most current version of the law (each enrolled bill, Session law, or statute) cited in the history section of each proposed regulation. The regulation(s) status is as follows:

- ☒ Initial review of new, newly amended, or revoked regulation(s)
- ☐ 2nd review following disapproval by Attorney General's initial review *
- ☐ 2nd or subsequent review following agency pre-hearing changes *
- ☐ Post-hearing review with changes as suggested by public comments or the Joint Committee on Rules and Regulations *

* NOTE: Please indicate changes in some manner on the regulation(s).

Any additional comments: None.

The agency contact person is: Jonathan R. Myers, Litigation Counsel

Address: 266 N. Main, Suite 220
Wichita KS 67202

Phone: 316.337.6245

E-mail: j.myers@kcc.ks.gov

82-3-206. Oil conservation assessment. In order to pay the conservation division expenses and administration costs not otherwise provided for, an oil conservation assessment shall be made as follows:

(a) A charge of ~~91.00~~ 144.00 mills on each barrel of crude oil or petroleum marketed or used each month shall be assessed to each producer. The charge and assessment shall apply only to the first purchase of oil from the producer.

(b) Each month, the first purchaser of the production shall perform the following:

(1) Deduct the assessment per barrel of oil marketed or used from the lease before paying for production;

(2) remit the assessment in a single check to the conservation division when making regular oil payments; and

(3) account for the deductions on the regular payment statements to producers, ~~and~~ royalty owners, ~~or~~ and other interested persons. (Authorized by K.S.A. 2017 Supp. 55-152; implementing K.S.A. 2017 Supp. 55-176; effective, T-83-44, Dec. 8, 1982; effective May 1, 1983; amended May 1, 1986; amended April 23, 1990; amended Dec. 6, 1993; amended Nov. 15, 1996; amended June 1, 2001; amended Dec. 22, 2006; amended P-_____.)

APPROVED

FEB 21 2018

ATTORNEY GENERAL

APPROVED

FEB 09 2018

DEPT. OF ADMINISTRATION

82-3-307. Gas conservation assessment. In order to pay the conservation division expenses and other costs in connection with the administration of the gas conservation regulations not otherwise provided for, an assessment shall be made as follows:-

(a) A charge of ~~12.90~~ 20.50 mills shall be assessed on each 1,000 cubic feet of gas sold or marketed each month. The assessment shall apply only to the first purchaser of gas.

(b) Each month, the first purchaser of the production shall perform the following:

(1) Before paying for the production, deduct an amount equal to the assessment for every 1,000 cubic feet of gas produced and removed from the lease;

(2) remit the amounts deducted, in a single check if the purchaser desires, to the conservation division when the purchaser makes regular gas payments for this period; and

(3) show all deductions on the regular payment statements to producers, ~~and~~ royalty owners, ~~or~~ and other interested persons.

(c) The assessment established by the commission shall not apply to gas that is being returned to the ground for repressuring purposes within the field, but shall apply to gas that is produced and removed from the lease and returned to the ground for storage purposes.

(Authorized by K.S.A. 2017 Supp. 55-152; implementing K.S.A. 2017 Supp. 55-176; effective, T-83-44, Dec. 8, 1982; effective May 1, 1983; amended April 23, 1990; amended Aug. 19, 1991; amended Dec. 6, 1993; amended Nov. 15, 1996; amended June 1, 2001; amended Dec. 22, 2006; amended P-_____.)

APPROVED

FEB 21 2018

ATTORNEY GENERAL

APPROVED

FEB 09 2018

DEPT. OF ADMINISTRATION

CERTIFICATE OF SERVICE

18-CONS-3282-CINV

I, the undersigned, certify that the true copy of the attached Order has been served to the following parties by means of first class mail/hand delivered on 3/16/18.

Tom Black
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CERTIFICATE OF SERVICE

18-CONS-3282-CINV

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/S/ Paula J. Murray

Paula J. Murray