

**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

MOTION TO OPEN DOCKET AND
AUTHORIZE SUBMISSION OF PROPOSED AMENDMENTS FOR APPROVAL
PURSUANT TO THE RULES AND REGULATIONS FILING ACT

Commission Staff (Staff) of the State Corporation Commission of the State of Kansas (Commission) files this Motion to Open Docket for the purpose of amending the Commission's Conservation Division Rules and Regulations and for an Order Authorizing Submission of Proposed Amendments for Approval Pursuant to the Rules and Regulations Filing Act. In support of its motion, Staff states as follows:

1. Staff seeks to open this docket to begin the process of amending K.A.R. 82-3-206 and K.A.R. 82-3-307.
2. The initial drafts of the amendments to the aforementioned regulations are attached and made a part of this motion.
3. Staff seeks to amend the aforementioned regulations to increase the mills assessed on oil and gas production.
4. This general investigation would not be opened pursuant to the Kansas Administrative Procedures Act,¹ but instead under the Rules and Regulations Filing Act,² which governs the procedure for any amendments to existing regulations or the promulgation of a new regulation or regulations.

¹ K.S.A. 77-501 through 77-566.

² K.S.A. 77-415 through 77-438.

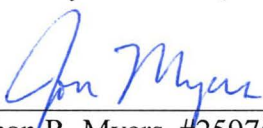
5. Opening this docket is the first of a multi-part process for seeking the eventual approval and enactment of the aforementioned regulations. This process includes, among other things, obtaining approval of the amendments from the Secretary of Administration and Attorney General's Office, a period of public notice and comment, a review by the Joint Committee on Administrative Rules and Regulations, a Public Hearing and the Commission's approval by roll call vote.

6. Opening this docket serves as a Commission record of the process of amending K.A.R. 82-3-206 and K.A.R. 82-3-307 where Staff can apprise the Commission of its progress, serve as a repository for documents filed related to the amendment process, as well as a means to keep the general public informed of the progress of proposed rules and regulations.

7. Staff further requests authorization to submit its proposed amendments to K.A.R. 82-3-206 and K.A.R. 82-3-307, as attached to its motion, for approval in accordance with the Rules and Regulations Filing Act; K.S.A. 77-415 through 77-438.

WHEREFORE, for the reasons set forth above, Staff respectfully requests that the Commission issue an order opening a docket in the above matter, authorizing and directing Staff to submit the proposed amendments for approval pursuant to the rules and regulations filing act, and authorizing Staff to take all other actions necessary as part of the regulation approval process.

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

82-3-206. 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 91.00144.00 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 other interested persons. (Authorized by K.S.A. 55-152; implementing K.S.A. 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-_____.)

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 other interested parties.

(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. 55-152; implementing K.S.A. 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-

_____.)

CERTIFICATE OF SERVICE

I certify that on 1/23/18, I caused a complete and accurate copy of this Motion to be served via United States mail, with the postage prepaid and properly addressed to the following:

Kent Eckles
Kansas Petroleum Council
800 SW Jackson Street, Suite 1005
Topeka, KS 66612
Adv. Comm. Mem., Kansas Petroleum Council

Jon Callen
Edmiston Oil Company, Inc.
125 N. Market, Suite 1420
Wichita, KS 67202-1714
Adv. Comm. Mem., KIOGA

David Bleakley
Colt Energy Inc.
PO Box 388
Iola, KS 66749-0388
Adv. Comm. Mem., EKOGA

Tom Black
10166 Lake Road
Pratt, KS 67214
Adv. Comm. Mem., Kansas Farm Bureau/Kansas Livestock Assn

Kenny Carter
E.K.R.O.A.
PO Box 295
Fredonia, KS 66736
Adv. Comm. Mem., SWKROA and EKROA

Tim Boese
Equus Beds Groundwater Management District #2
313 Spruce Street
Halstead, KS 67056-1925
Adv. Comm. Mem., Groundwater Management Districts

Mike Cochran
Kansas Department of Health and Environment
1000 SW Jackson Street, Suite 420
Topeka, KS 66612-1367
Adv. Comm. Mem., Dept. of Health and Environment

Mike Dealy
Kansas Geological Survey
4150 W. Monroe Street
Wichita, KS 67209-1261
Adv. Comm. Mem., Kansas Geological Survey

Diane Knowles
Kansas Water Office
900 SW Jackson Street, Suite 404
Topeka, KS 66612
Adv. Comm. Mem., Kansas Water Office

Oil & Gas Advisory Committee Member or Legal Section
Division of Water Resources
Kansas Department of Agriculture
900 SW Jackson, Room 456
Topeka, KS 66612
Adv. Comm. Mem., Div. of Water Res., Kan. Dept. of Agric.

and via email to:

Ryan Hoffman, Director
KCC Central Office

Jonathan R. Myers, Litigation Counsel
KCC Central Office

/s/ Paula J. Murray
Paula J. Murray
Legal Assistant
Kansas Corporation Commission