

SESSION OF 2008

**SUPPLEMENTAL NOTE ON SENATE BILL NO. 424**

As Recommended by Senate Committee on  
Judiciary

**Brief\***

SB 424 would amend current law regarding payments made after the sale of an oil or gas lease where an owner cannot be found. The bill would require future production proceeds, or other benefits paid under the oil and gas lease, be retained by the oil and gas purchasing company. The oil and gas purchasing company would be required to hold the funds until ordered by the Court to distribute the funds or required to be distributed under the Uniform Unclaimed Property Act.

**Background**

Under current law, a receiver is appointed by the District Court to represent an owner of an oil or gas lease that cannot be located. When the lease is sold, the statute directs that payments to the absentee owner be deposited with the District Court. The receiver is discharged upon production or expiration of the lease. The production proceeds also are deposited with the District Court.

The proponent of the bill is Jeanne Turner, Clerk of the Lyon County District Court, on behalf of the Kansas Association of District Court Clerks and Administrators.

There was no testimony in opposition to the bill.

The fiscal note from the Division of Budget states that any additional expenditures associated with the enactment of this bill would be negligible and could be handled with existing resources.

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\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>