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Testimony to House Energy & Utilities Committee

House Bill 2642
An Act concerning oil and gas; relating to applications to drill

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Good morning Chairman Holmes and members of the committee. I am Edward Cross, President of the Kansas Independent Oil & Gas Association (KIOGA). KIOGA represents the interests of independent oil and natural gas producers in Kansas. With over 1,400 members across the entire state, KIOGA is the lead state and national advocate for Kansas independent oil and natural gas producers. Our members account for 86% of the oil and 63% of the natural gas produced in Kansas. I am responsible for public policy advocacy and interaction with external stakeholders including elected officials, regulators, governmental decision-makers, and community thought leaders. I am here this morning to express our opposition to House Bill 2642 (HB 2642). My comments also reflect the position of the Kansas Petroleum Council (KPC).

HB 2642 addresses procurement, sourcing and employment concerns associated with well design and hydraulic fracturing operations in Kansas. To the extent the new provisions of the bill could be deemed mandatory, such requirements would contravene the Commerce Clause of the U.S. Constitution by inhibiting interstate commerce – the tariff free, restriction free channels of commerce between and among states. To the extent the proposed new provisions of the bill are considered discretionary, they are unnecessary and of virtually no effect. Since the bill seeks to address several different aspects of oil and gas operations (i.e., from drilling to fracturing to operation and maintenance issues) the bill could cause a confusing array of new regulatory requirements for the Kansas Corporation Commission (KCC) and operators.

Because of economic and market-based reasons, industry currently uses Kansas-based opportunities whenever possible and that will continue. HB 2642 is not needed and has the potential to restrict activities in certain circumstances. KIOGA and KPC strongly urge you to not pass HB 2642 out of committee. Thank you for your time and consideration. I stand for questions.