

Oklahoma Landowner Hearing November 1, 2011

Good Afternoon. I am Terry Detrick, President of American Farmers and Ranchers. Thank you for the opportunity to speak to you briefly this afternoon on behalf of the landowners across the State of Oklahoma.

I am also honored that the Oklahoma Landowners Assn has requested me to visit with you regarding our mutual concerns. It has been a privilege working with them.

A cornerstone of American Farmers and Ranchers for our 106 year history has been PRIVATE PROPERTY RIGHTS which brings their issues and our issues to the same level.

Please know up front that both of our organizations and others as well want only the best for the Gas and Oil Industry in the state of Oklahoma. I think we all recognize the contribution the Gas and Oil Industry has made to our economy and is much more responsible today than in times past. We support continued research and domestic drilling incentives.

However, some of the 'sins of our fathers' now need to be dealt with.

After 106 years of grass-roots membership involvement, AFR certainly has a lot of policy positions regarding energy production in Oklahoma, some of which is very pertinent to today's discussion.

We support legislation that would have all easements automatically revert to the surface owner of record and be restored no later than three years after the easement ceases to be used for its original intent. That would help us track on a regular basis some of these old lines, some of

which are on top of the ground and need cleaned up. Others, may be buried but no longer used, and are an obstruction to new structures and land development and hurting land values. Many of these abandoned lines could lead us to abandoned well sites as well.

Another extension of the abandonment issue we are dealing with today extends to the maintenance of the roads where they cross private property to gain access to a well site which should also be maintained. Noxious grasses and weeds and washed out culverts are a detriment to every landowner. We think that should be mandated by law.

One of our main concerns and an issue of today is the number of unplugged, non-producing oil wells all across our state. The Oklahoma Corporation Commission has estimated them to number into the thousands. Many have no record of having even been drilled.

American Farmers and Ranchers has policy supporting a requirement that, UPON REQUEST, all oil companies operating in Oklahoma should be required to make available to a royalty owner, the Oklahoma Tax Commission, or the Corporation Commission an annual audit of production of gas or oil from any well enabling tracking capabilities of a well in question. Any well that is no longer in production, regardless of whether or not there are other wells holding the lease, should after a reasonable period of time be appropriately plugged. **Produce it or plug it.**

Now what about those which have been discovered as abandoned wells and there is no possible way to pin the liability upon the culprit. It is now a public nuisance endangering the drinking water, creating an environmental hazard and an unsafe situation on the surface. **That**

makes it an issue of 'Public Trust' and thus a responsibility of the legislature.

As a last resort, public funds must be used. If possible, the state should initiate legal action against those where the liability exists.

How should those funds be generated? We believe they should be generated from within the industry. Fines, bonds, or a designated piece of the gross production ~~tax might~~ could be set aside and designated for that purpose. There is currently a fund for this purpose but do to recent legislative budget restraints, those annual contributions have been held up.

The bottom line is that the current landowner should not have to suffer from the lack of proper state control in past history and today's public should not have to fear environmental contamination from a problem that can be fixed. As public servants, we believe the obligation to the general public rests with the legislature. These threats to the public will only get worse as time goes by and old well casings reach their service life expectancy. Thank you.