

**ONE HUNDRED SECOND LEGISLATURE - FIRST SESSION - 2011**  
**COMMITTEE STATEMENT**  
**LB458**

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**Hearing Date:** Wednesday February 23, 2011  
**Committee On:** Natural Resources  
**Introducer:** Schilz  
**One Liner:** Change expense recovery provisions relating to oil and gas wells

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**Roll Call Vote - Final Committee Action:**  
Advanced to General File

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**Vote Results:**

**Aye:** 8 Senators Carlson, Christensen, Dubas, Haar, Langemeier, McCoy, Schilz, Smith  
**Nay:**  
**Absent:**  
**Present Not Voting:**

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**Proponents:**

Senator Ken Schilz  
Bill Sydow  
Brian Blome  
Phil Kriz  
Bruce Evertson  
Darwin Pierson

**Representing:**

Introducer  
Nebraska Oil and Gas Conservation Commission  
Self  
Evertson Companies  
Evertson Companies  
Nebraska Independent Oil and Gas Association

**Opponents:**

**Representing:**

**Neutral:**

**Representing:**

**Summary of purpose and/or changes:**

LB 458 would change the amounts of certain expenses that can be recovered by oil and gas well drillers.

Section 1 amends 57-909, relating to oil and gas pools and spacing units, by changing how the share of production is to be allocated to a non-consenting property owner. The owner is to receive from the driller/operator their share of the production applicable to their interest, after the driller has recovered a portion of the costs of drilling and other expenses and a portion of the costs of all equipment used, both based on the depth of the well.

For drilling and other intangible expenses:

- 300% for wells less than 5,000 feet deep
- 400% for wells 5,000 to 6,499 feet deep
- 500% for wells 6,500 feet deep or deeper

For equipment:

- 200% for wells less than 5,000 feet deep
- 300% for wells 5,000 to 6,499 feet deep

- 500% for wells 6,500 feet deep or deeper

Section 2 repeals the original section.

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Chris Langemeier, Chairperson