

February 8, 1979

LB 56

SPEAKER MARVEL: Any further discussion on the bill?
Senator Keyes.

SENATOR KEYES: Yes, I would like to ask Senator Clark a couple of questions just for my own information and I think it might help us some.

SPEAKER MARVEL: Senator Clark, do you yield?

SENATOR CLARK: Yes, I will.

SENATOR KEYES: Senator Clark, now when they get these wells classified is that by year or by what product they are sending out?

SENATOR CLARK: Well if they are old gas they have to be classified as the old gas, the old wells, and if it is new gas, the way I understand it now, Senator Keyes, is new gas will produce more money than the old gas.

SENATOR KEYES: That is the very statement I wanted someone to make. Any new well that is put in and brought on the market now will bring the current price of natural gas. Any well that was on in 1978 brings the 1978 price and any well that was on in 1976 brings the '76. As it stands right now those wells that were in production before '76-'77 are not going to be pumping gas because the gas that they pump out of the wells that they drill now will bring a great deal more money and therefore, the United States and the State of Nebraska will show up as not having sufficient oil or sufficient gas because the oil companies are using this means to cut down production on those wells that have been in production. I know this because my family has oil wells in Oklahoma that are not producing and they could produce except for the fact that they don't bring as much money. They are putting in new wells immediately adjacent to these so that they can get the higher price.

SENATOR CLARK: That may be. I really do not know about that in Oklahoma. I do know that old stripper wells that are producing less than five barrels make more money. You get more money for that oil than you do for a new well. The reason for that is it costs more to get it out and they want to pump all they can pump out. That is the object. All this does is put it in conformity with the national Gas Policy Act and if you do not have it there is no way to sell the gas. That is all that I am doing with it. I do not know about prices.