

# KANSAS REGISTER

State of Kansas

**BILL GRAVES**  
Secretary of State

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## State of Kansas

## FISH AND GAME COMMISSION

NOTICE OF HEARING  
ON PROPOSED  
ADMINISTRATIVE REGULATIONS

A public hearing will be held at 7 p.m. Tuesday, April 21, in the Mid-America Inn, 1846 N. 9th, Salina, to consider the adoption and amendment of statutorily exempt regulations of the commission.

All interested parties may submit written comments prior to the hearing to the director of the Kansas Fish and Game Commission, Route 2, Box 54A, Pratt 67124. All interested parties will be given a reasonable opportunity at the hearing to express their views orally in regard to the adoption of the proposed regulations. Following the hearing, all written and oral comments submitted by interested parties will be considered by the commission as a basis for making any changes to the proposed regulations and amendments.

The following is a brief summary of the proposed regulations and amendments:

**K.A.R. 23-1-8. Turkey; fall season; bag limits and permits.** This exempt regulation will establish new turkey hunting seasons, units and bag limits to be in effect from October 17 through October 25, 1987 for firearms and from October 1 through November 15, 1987 for archery.

**K.A.R. 23-2-2. Squirrel; season, daily bag limit and possession limit.** This exempt regulation sets the squirrel season and lists the daily bag and possession limit.

**K.A.R. 23-2-3. Rabbits and hares; seasons, daily bag limits and possession limits.** This exempt regulation sets the rabbit and hare season and establishes the daily bag and possession limit.

**K.A.R. 23-2-5. Deer; regular season; bag limits and permits.** This exempt regulation establishes the deer hunting seasons and areas for archery and firearms, and the bag and permit limits therefor.

**K.A.R. 23-2-12. Antelope; season, bag limit and permits.** This exempt regulation establishes the archery and firearm seasons and areas for antelope, and the bag and permit limits therefor.

**K.A.R. 23-2-16. Coyotes; season.** This exempt regulation establishes the hunting and trapping season for coyotes during the open season for the hunting and taking of deer by firearms.

**K.A.R. 23-2-17. Deer; special season; bag limit and permits.** This is a new exempt regulation that will establish a special deer season in addition to the regular deer season, and bag limits and permits therefor.

**K.A.R. 23-2-18. Elk; season, bag limits and permits.** This new exempt regulation establishes the elk seasons and areas and bag limits and permits therefor.

**K.A.R. 23-6-1. Furbearers; open season, possession periods, means and methods of taking.** This exempt regulation establishes the hunting, trapping and running season and areas for furbearing animals and the possession times and authorized taking methods therefor.

Copies of the full text of the proposed amendments and regulations and the fiscal impact statements may be obtained by writing to the director of the Kansas Fish and Game Commission at the address above.

JOE FOWLER  
Chairman

Doc. No. 005207

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Phone: (913) 296-3489

## State of Kansas

## BOARD OF MORTUARY ARTS

NOTICE OF MEETING  
AND EXAMINATION

The Kansas State Board of Mortuary Arts will meet in Topeka on Thursday and Friday, April 9-10.

Thursday's meeting will begin at 8:45 a.m. at the board's office, Suite 856, 900 Jackson. Friday's meeting will be held at the downtown Holiday Inn City Centre beginning with the administering of examinations at 9 a.m.

DOUGLAS "MACK" SMITH  
Executive Secretary

Doc. No. 005188

## State of Kansas

## LEGISLATURE

## LEGISLATIVE BILLS INTRODUCED

The following lists the numbers and titles of bills and resolutions recently introduced in the Kansas Legislature.

Copies of bills and resolutions are available free of charge from the Legislative Document Room, 145-N State Capitol, Topeka 66612, (913) 296-4096. There is a limit of 25 copies of any one item.

## Bills introduced March 19-25:

## House Bills

- HB 2572**, by Committee on Federal and State Affairs: An act concerning drivers' licenses; relating to nonresident drivers employed in state; amending K.S.A. 8-235, 8-236 and 8-238 and repealing the existing sections.
- HB 2573**, by Committee on Appropriations: An act concerning workers' compensation; relating to rehabilitation; preliminary hearings; amending K.S.A. 44-510g and 44-534a and repealing the existing sections.
- HB 2574**, by Committee on Appropriations: An act concerning state officers and employees; relating to salaries and compensation; authorizing and providing for certain increases and certain revisions of the classification of and compensation for positions in certain job classes; making appropriations for the fiscal year ending June 30, 1988, and authorizing certain transfers and adjustments in expenditure limitations therefor.
- HB 2575**, by Committee on Taxation: An act relating to fish and game; authorizing expenditures for certain public information and education activities; providing for the disposition of proceeds from fines, penalties and forfeitures arising from violations of fish and game laws; amending K.S.A. 20-350 and 20-2801 and repealing the existing sections.
- HB 2576**, by Committee on Taxation: An act concerning speed limits on highways; relating to certain violations thereof; amending K.S.A. 8-1336 and 8-1341 and repealing the existing sections.
- HB 2577**, by Committee on Federal and State Affairs: An act concerning accredited nonpublic schools; requiring due process hearings for certain teachers employed thereby upon contract nonrenewal or termination; amending K.S.A. 72-5436, 72-5439 and 72-5445 and K.S.A. 1986 Supp. 72-5438, and repealing the existing sections.
- HB 2578**, by Committee on Appropriations: An act concerning workers' compensation; requiring employers to provide preventive medical care and treatment to employees exposed to communicable diseases under certain circumstances.
- HB 2579**, by Committee on Taxation: An act relating to watercraft or vessels; requiring the registration of certain vessels with the county or district appraiser; amending K.S.A. 82a-804 and repealing the existing section.

## Senate Bills

- SB 392**, by Committee on Ways and Means: An act concerning the Kansas technical institute; relating to purchase of aircraft; providing exemption from bid procedures under certain circumstances.
- SB 393**, by Committee on Ways and Means: An act concerning fire safety and prevention; relating to the construction of school buildings; amending K.S.A. 31-150 and repealing the existing section.
- SB 394**, by Committee on Ways and Means: An act concerning the university of Kansas medical center; relating to repayment of a loan from the pooled money investment board for the facility for the care of and clinical research on animals; amending K.S.A. 1986 Supp. 76-830 and repealing the existing section.
- SB 395**, by Committee on Federal and State Affairs: An act concerning speed limits on highways; amending K.S.A. 8-1336 and 8-1341 and repealing the existing sections.
- SB 396**, by Committee on Ways and Means: An act concerning bonds; relating to registration of certain bonds by state treasurer; requiring the manual signature of designated fiscal agents; amending K.S.A. 1986 Supp. 10-108 and 10-501 and repealing the existing sections.
- SB 397**, by Committee on Ways and Means: An act relating to emergency medical services; concerning emergency medical technician-defibrillator; amending K.S.A. 65-4301, 65-4306a, 65-4317, 65-4321, 65-4324 and 65-4325a and repealing the existing sections.
- SB 398**, by Committee on Federal and State Affairs: An act concerning advertising of alcoholic liquor; amending K.S.A. 41-714 and repealing the existing section.
- SB 399**, by Committee on Federal and State Affairs: An act concerning manufacturers and distributors of alcoholic beverages; permitting and regulating certain seminars and samplings conducted thereby.

**SB 400**, by Committee on Federal and State Affairs: An act concerning suppliers of alcoholic beverages; requiring certain permits; amending K.S.A. 41-102 and repealing the existing section.

**SB 401**, by Committee on Federal and State Affairs: An act concerning certain persons engaged in the sale of alcoholic beverages; requiring certain permits.

**SB 402**, by Committee on Federal and State Affairs: An act relating to breweries; providing for the regulation and licensure of microbreweries; amending K.S.A. 41-102, 41-304, 41-310, 41-311, 41-312, 41-313, 41-316, 41-317, 41-319, 41-320, 41-501, 41-601, 41-602, 41-710, 41-714, 41-717, 41-718, 41-901, 79-4101, 79-4102, 79-4103 and 79-4104 and repealing the existing sections.

**SB 403**, by Committee on Federal and State Affairs: An act concerning alcoholic liquor; permitting the sale of alcoholic liquor in certain public places for consumption on the premises and providing for the licensure and regulation thereof; amending K.S.A. 41-102, 41-104, 41-306, 41-307, 41-308, 41-403, 41-409, 41-410, 41-701, 41-702, 41-703, 41-719, 41-803, 41-1101, 41-2601, 41-2605, 41-2606, 41-2608 through 41-2615, 41-2619 through 41-2623, 41-2625 through 41-2630, 41-2632, 41-2633, 41-2633a, 41-2637, 41-2640, 41-2704, 41-2708, 41-2723, 41-2724, 79-41a02, 79-41a06, 79-41a07 and 79-41a08 and K.S.A. 1986 Supp. 79-3603, 79-41a01, 79-41a03 and 79-41a04 and repealing the existing sections; also repealing K.S.A. 41-2602, 41-2603, 41-2624 and 41-2801 through 41-2804.

**SB 404**, by Committee on Federal and State Affairs: An act concerning unlawful use of drivers' licenses, nondrivers' identification cards and other identification cards; amending K.S.A. 1986 Supp. 8-260 and 8-1327 and repealing the existing sections.

**SB 405**, by Committee on Federal and State Affairs: An act concerning dentistry; relating to applicants for licensure to practice dentistry; concerning approval of schools or colleges of dentistry; amending K.S.A. 65-1426 and repealing the existing section.

## Resolutions

**HCR 5023**, by Committee on Agriculture and Small Business: A concurrent resolution urging the United States department of agriculture to modify its definition of busting sod and urging the Congress of the United States to adopt legislation permitting farmers to rotate alfalfa planted on highly erodible land without economic penalty.

**HR 6053**, by Representatives Wagon, Acheson, Barr, Bunten, Hensley, Laird, Mainey, Roy, Sebelius and Smith: A resolution congratulating and commending the Washburn University men's basketball team and its coach, Bob Chipman, on winning the 1987 NAIA National Basketball Championship.

**HR 6054**, by Representatives Sebelius, Acheson, Barr, Bunten, Hensley, Laird, Mainey, Roy, Smith and Wagon: A resolution congratulating and commending the Hayden High School boys' basketball team and its coach, Ben Meseke, on winning the 1987 Class 4A State Basketball Championship in Kansas.

**HR 6055**, by Representative Hassler: A resolution congratulating and commending Andy and Rosie Schuler on being named Master Farmer and Master Homemaker.

**HR 6056**, by Representatives Walker and Williams: A resolution congratulating and commending the Kansas Highway Patrol on its 50 years of service to the citizens of the State of Kansas.

**HR 6057**, by Committee on Agriculture and Small Business: A resolution proclaiming March 20, 1987, as "Agriculture Day."

**HR 6058**, by Representative Roenbaugh: A resolution in memory of Joe W. Lewis.

**HR 6059**, by Representative Neufeld: A resolution congratulating and commending the City of Bucklin on its Centennial Anniversary.

**HR 6060**, by Representative Neufeld: A resolution congratulating and commending the City of Minneola on its Centennial Anniversary.

**HR 6061**, by Representative Leach: A resolution congratulating and commending the Jefferson County North High School girls' basketball team and its coach, Mark McMillan, on winning the 1987 Class 3A State Basketball Championship in Kansas.

**HR 6062**, by Representative Leach: A resolution congratulating and commending the Jefferson County North High School volleyball team and its coach, Susan Holt, on winning the 1986 Class 3A State Volleyball Championship in Kansas.

**HR 6063**, by Representative King: A resolution commending Augusta, Andover and Rose Hill Chambers of Commerce for sponsoring the Tri-City Air Fair.

**HR 6064**, by Representatives Rezac, Eckert and Larkin: A resolution congratulating and commending the Onaga High School girls' basketball team and its coach, David Schmidt, on winning the 1987 Class 2A State Basketball Championship in Kansas.

**HR 6065**, by Representative Roper: A resolution congratulating and commending Scott Brown, Jill Cherry and Sarah Niesgch, sixth graders at Washington Elementary School in Frontenac, Kansas, on winning second place in a national contest to promote the 200th anniversary of the Constitution of the United States.

**HCR 5024**, by Representatives Long, Kline, O'Neal, Acheson, Amos, Aylward, Barr, Beauchamp, Bideau, Blumenthal, Bowden, Branson, Brown, Bryant, Buehler, Bunten, K. Campbell, Cribbs, Dillon, Douville, Duncan, Dyck, Eckert, Empson, Flottman, Fox, Freeman, Fuller, Gatlin, Gjerstad, Goossen, Graeber, Green, Gross, Grotwiel, Guldner, Harder, Harper, Hassler, Helgerson, Hensley, Holmes, Hoy, Jenkins, Johnson, Justice, King, Lacey, Laird, Larkin, Love, Lowther, Mead, D. Miller, R. D. Miller, Mollenkamp, Neufeld, Ott, Patrick, Peterson, Ramirez, Rezac, Roe, Roenbaugh, Rolfs, Roper, Rosenau, Roy, Russell, Sallee, Sand, Sawyer, Schauf, Shallenburger, Shore, Shriver, Smith, Spaniol, Sughrue, Vancrum, Walker, Webb, Wells, Whiteman, Wilbert, Williams and Wunsch: A concurrent resolution relating to and ratifying the proposed amendment to the Constitution of the United States providing a delay in an increase in compensation to members of Congress until an intervening election of representatives has occurred.

**SCR 1610**, by Senators Harder, Allen and Parrish: A concurrent resolution to suspend Joint Rule 5 of the Senate and House of Representatives concerning bills affecting the school district equalization act.

**SR 1843**, by Senators Hoferer, Parrish and Salisbury: A resolution congratulating and commending the Washburn University men's basketball team and its coach, Bob Chipman, on winning the 1987 NAIA National Basketball Championship.

**SR 1844**, by Senator Allen: A resolution proclaiming March 20, 1987, as "Agriculture Day."

**SR 1845**, by Senators Johnston, Anderson, Daniels, Feleciano, Francisco, Gaines, Cannon, Hayden, Karr, Martin, Mulich, Norvell, Parrish, Steineger, Strick and Warren: A resolution urging the United States Congress to provide relief for farmers who are unable to plant crops because of extraordinary circumstances relating to the weather.

**SR 1846**, by Senators Anderson, Daniels, Feleciano, Francisco, Morris and Yost: A resolution congratulating and commending the Wichita North High School boys' basketball team and its coach, Wes Schultz, on winning the 1987 Class 6A State Basketball Championship in Kansas.

**SR 1847**, by Senator Norvell: A resolution commending Fort Hays State University on its College Studies for the Gifted Program.

**SR 1848**, by Senators Francisco, Anderson, Daniels, Feleciano, Morris and Yost: A resolution honoring the work of Max N. Field, M.S.W. and Program Manager for Sedgwick County Mental Retardation and Physical Disability Services.

**SR 1849**, by Senator D. Kerr: A resolution congratulating and commending the Buhler High School girls' basketball team and its coach, Jim Baker, on winning the 1987 Class 5A State Basketball Championship in Kansas.

**SR 1850**, by Senator D. Kerr: A resolution congratulating and commending the Trinity High School boys' basketball team and its coach, Craig Fletchall, on winning the 1987 Class 2A State Basketball Championship in Kansas.

## State of Kansas

**NORTHWEST KANSAS GROUNDWATER  
MANAGEMENT DISTRICT NO. 4****NOTICE OF MEETING**

The Northwest Kansas Groundwater Management District No. 4 will meet at 10 a.m. C.S.T. Thursday, April 9, in the district office, 1175 S. Range, Colby. General administrative matters and other business will be discussed.

WAYNE A. BOSSERT  
Manager

Doc. No. 005191

## State of Kansas

**STATE CONSERVATION COMMISSION****NOTICE OF CHANGE  
OF HEARING DATE**

The public hearing to receive comments on proposed revisions of the administrative regulations of the State Conservation Commission, scheduled for 10:15 a.m. March 31 at the American Legion Hall, Oberlin, has been rescheduled for April 13 at the same time and location.

KENNETH F. KERN  
Executive Director

Doc. No. 005208

## State of Kansas

**DEPARTMENT OF TRANSPORTATION****NOTICE TO CONTRACTORS**

Sealed proposals for the construction of road and bridge work in the following Kansas county will be received at the office of the Chief of Construction and Maintenance, K.D.O.T., Topeka, until 10 a.m. C.D.T. April 16, 1987, and then publicly opened:

**DISTRICT FOUR—Southeast**

Elk—160-25 M-1470-01—U.S. 160, 1.8 miles east of the east city limits of Elk Falls, then east, slide repair. (State Funds)

Proposals will be issued upon request to all prospective bidders who have been prequalified by the Kansas Department of Transportation on the basis of financial condition, available construction equipment, and experience. Also, a statement of unearned contracts (Form No. 284) must be filed. There will be no discrimination against anyone because of race, age, religion, color, sex, handicap or national origin in the award of contracts.

Each bidder shall file a sworn statement executed by or on behalf of the person, firm, association or corporation submitting the bid, certifying that such person, firm, association or corporation has not, either directly or indirectly, entered into any agreement, participated in any collusion, or otherwise taken any action in restraint of free competitive bidding in connection with the submitted bid. This sworn statement shall be in the form of an affidavit executed and sworn to by the bidder before a person who is authorized by the laws of the state to administer oaths. The required form of the affidavit will be provided by the state to each prospective bidder. Failure to submit the sworn statement as part of the bid-approval package will make the bid nonresponsive and not eligible for award consideration.

Plans and specifications for the project may be examined at the office of the respective county clerk or at the K.D.O.T. district office responsible for the work.

HORACE B. EDWARDS  
Secretary of Transportation

Doc. No. 005171

## State of Kansas

**ATTORNEY GENERAL****Opinion No. 87-48**

**Intoxicating Liquors and Beverages—General provisions—Single-Classification Beer. Representative Ron Fox, 21st District, Shawnee Mission, March 19, 1987.**

According to Kansas caselaw, the Kansas Legislature has the power to define all beer containing less than 5 percent alcohol by weight as a cereal malt beverage (CMB). The legislature may allow the sale of this "5 percent CMB" by all entities currently allowed to sell CMB, as well as by retail liquor stores currently restricted to the sale of "strong" beer. Whether a county voted for or against the 1986 constitutional amendment allowing liquor-by-the-drink in certain establishments open to the public has no bearing on this conclusion. Cited herein: K.S.A. 41-101; 41-102; 41-103; 41-211; 41-2701 *et seq.*; L. 1937, ch. 214; L. 1949, ch. 242, §§ 1-125; Kan. Const., Art. 15, § 10. TRL

**Opinion No. 87-49**

**Constitution of the United States—Fourth Amendment—Searches and Seizures.**

**Constitution of the State of Kansas—Bill of Rights—Search and Seizure. Charles A. Peckham, Rawlins County Attorney, Atwood, March 19, 1987.**

The Fourth Amendment to the United States Constitution gives people the right to be free from "unreasonable searches and seizures." Mandatory drug testing of county employees, without regard to job performance, would violate the Fourth Amendment prohibition against "unreasonable searches and seizures." However, the testing of such an employee is permissible if based upon "reasonable suspicion." Therefore, there is no constitutional bar to the testing of a county employee where circumstances give the employer a reasonable, objective basis to suspect illicit drug use by that employee.

Mandatory drug testing of applicants, without regard to job requirements, would violate the Fourth Amendment. However, testing of an applicant is permissible if it is in furtherance of a bona fide effort to learn whether an applicant is physically capable of

performing the duties of a particular job. Accordingly, mandatory drug testing of all applicants for public safety positions is permissible. Cited herein: K.S.A. 19-101; K.S.A. 1986 Supp. 19-101a; U.S. Const., Fourth Amend.; Kan. Const., Bill of Rights, § 15. BPA

#### Opinion No. 87-50

**Uniform Commercial Code—Secured Transactions; Sales of Accounts, Contract Rights and Chattel Paper—Access to Filing Information.**

**Laws, Journals and Public Information—Records Open to Public—Access to Records.** Bill Graves, Secretary of State, Topeka, March 19, 1987.

K.S.A. 1986 Supp. 84-9-411 restricts the disclosure of Uniform Commercial Code (U.C.C.) filing information under the Kansas Open Records Act (K.S.A. 45-216 *et seq.*). Accordingly, the secretary of state may provide a business access to filings under article 9 of chapter 84 of the Kansas Statutes Annotated only if the business can demonstrate that its interest in obtaining said information is "related exclusively" to one of the transactions specifically enumerated in K.S.A. 84-9-102. Cited herein: K.S.A. 45-216; 45-217; 45-221; 84-9-102; 84-9-104; K.S.A. 1986 Supp. 84-9-411. BPA

#### Opinion No. 87-51

**Public Health—Examination, Registration and Regulation of Barbers—Schools or Colleges of Barbers; Requirements.** Charles L. Lutz, Administrative Officer, State Board of Barber Examiners, Topeka, March 19, 1987.

K.S.A. 65-1810 provides that an applicant for a school of barbering teacher's certificate must have three years of experience as a licensed practicing barber and that the applicant must pass a two-part examination with a grade of at least 75 percent. K.S.A. 65-1810 does not require that the requisite experience be obtained in Kansas in order to qualify the applicant to take the examination for a teacher's certificate. GE

#### Opinion No. 87-52

**Constitution of the State of Kansas—Corporations—Cities' Powers of Home Rule.** Dale L. Pohl, Eureka City Attorney, March 19, 1987.

It is our opinion that the city of Eureka may make a grant in the amount of \$100,000 to the Greenwood County Fair Association, Inc., a non-profit corporation, for the purpose of assisting in the development of facilities for pari-mutuel horse and dog races in the city of Eureka, as long as economic benefits are expected to return to the city. Cited herein: Kan. Const., Art. 12, § 5. TRH

#### Opinion No. 87-53

**Public Health—Alcoholism and Intoxication Treatment—Qualifications for Membership Upon Alcohol and Drug Abuse Program Certification Boards.** Senator Ben E. Vidricksen, 24th District, Salina, March 19, 1987.

Representatives of the Department of Social and Rehabilitation Services (SRS) or its agency, the Alcohol and Drug Abuse Section (ADAS), may not participate on a certification board for counselors of the Kansas Alcoholism and Drug Abuse Counselors Association (KADACA). Cited herein: K.S.A. 65-4016. TRL

#### Opinion No. 87-54

**Cities of the Second Class; Government by Mayor and Council and General Laws Applicable to Cities of the Second Class—General Provisions—Change in Classification of City From City of Third to City of Second Class; Division of City Into Wards.** Larry R. Baer, Halstead City Attorney, Newton, March 23, 1987.

Where an injunction prevents a governing body from dividing a city into wards (as required by K.S.A. 14-101) until two weeks before the city general election, K.S.A. 14-101 should be interpreted as requiring such division *after* the election. Under such circumstances, council members who are elected on April 7, 1987, and other members of the governing body, will hold their offices until the next city election in an odd-numbered year (in the absence of a charter ordinance providing otherwise). Cited herein: K.S.A. 14-101, 14-103. TRH

#### Opinion No. 87-55

**Automobiles and Other Vehicles—General Provisions; Registration of Vehicles—Transfer of Ownership; Owner Deceased.**

**Probate Code—Probate Procedure—Creditors' Claims.** William L. Navis, Republic County Attorney, Belleville, March 23, 1987.

Because of the specific methods prescribed by the Kansas probate code for dealing with unsecured claims, and the assurances given for their payment if properly exhibited, it is our opinion that the more general provisions of K.S.A. 1986 Supp. 8-135 do not authorize a different method for assuring payment of specific debts. Therefore, unless a mortuary, physician or hospital has a lien or encumbrance upon the vehicle of a decedent prior to his death, K.S.A. 1986 Supp. 8-135 does not, in our judgment, allow for the creation of such a lien subsequent to the date of the decedent's death except as provided in the probate code. Cited herein: K.S.A. 1986 Supp. 8-135; K.S.A. 59-709; 59-1301; K.S.A. 1986 Supp. 59-1302; K.S.A. 59-1405; 59-1408; K.S.A. 1986 Supp. 59-1503; K.S.A. 59-2219; 59-2220; 59-2221; K.S.A. 1986 Supp. 59-2239. JLM

ROBERT T. STEPHAN  
Attorney General

Doc. No. 005199

## State of Kansas

**DEPARTMENT OF ADMINISTRATION  
DIVISION OF PURCHASES****NOTICE TO BIDDERS**

Sealed bids for the following items will be received by the Director of Purchases, Landon State Office Building, 900 Jackson, Room 102, Topeka, until 2 p.m. local time on the date indicated, and then will be publicly opened. Interested bidders may call (913) 296-2377 for additional information.

**MONDAY, APRIL 13, 1987**

#27062

University of Kansas Medical Center—  
PHOTOGRAPHIC FILM PROCESSING AND  
PRINTING

#27077

Statewide—VIDEO TAPE

#27078

Statewide—AUDIBLE RANGE MAGNETIC TAPE

#27109

Department of Education—JANITORIAL  
SERVICES

#68285-A

Adjutant General's Department—CARPET, Salina

#68648

Adjutant General's Department—FURNISH ALL  
LABOR AND MATERIALS TO REMOVE AND  
REPLACE HEATING AND AIR CONDITIONING  
SYSTEM

#68649

Adjutant General's Department—FURNISH LABOR  
AND MATERIALS TO REPLACE FLOOR DRAINS  
AND DRAIN LINES, Kansas City

#68650

Kansas State University—RECORDERS

**TUESDAY, APRIL 14, 1987**

#A-5738

Kansas Technical Institute—REPLACE ROOF ON  
ADMINISTRATION BUILDING

#A-5742

Kansas State Historical Society—PROVIDE FIRE  
PROTECTION EXPANSION, Kansas Museum of  
History

#27612

Kansas Correctional Industries—  
SEASONINGS-MEAT PROCESSING, Oskaloosa

#68655

University of Kansas Medical Center—CHINA

#68656

Department of Transportation—HOPPER BODY  
SPREADERS, various locations

#68659

University of Kansas Medical Center—  
CARBONLESS FORM WITH LABEL

#68660

Fort Hays State University—CARPET

#68692

University of Kansas Medical Center—SALE OF  
USED LAUNDRY EQUIPMENT

**WEDNESDAY, APRIL 15, 1987**

#68664

Department of Transportation—MRA-F  
AGGREGATE, Mitchell County

#68668

Department of Transportation—VEHICLE BRAKE  
EQUALIZERS, various locations

#68669

Kansas State University—PRINTING EQUIPMENT

#68670

Department of Transportation—SURVEYING  
SUPPLIES

#68671

Emporia State University—SUB-COMPACT  
SEDANS

**THURSDAY, APRIL 16, 1987**

#68677

Kansas State University—PHOTOGRAPHIC  
SUPPLIES

#68681

Department of Transportation—LEASE OF FULL  
SIZE SEDAN

#68688

Emporia State University—SOFTWARE FOR  
UNIVERSITY ADMISSIONS

#68689

University of Kansas—COLOR HARD COPY  
DEVICE

#68690

University of Kansas Medical Center—PLAIN  
PAPER COPIER

**FRIDAY, APRIL 17, 1987**

#A-5680

Kansas State School for the Visually  
Handicapped—REPLACING ASBESTOS, Brighton  
Recreation Center

#A-5728

Emporia State University—PROVIDE  
ELECTRICAL REPLACEMENT, Albert Taylor Hall,  
on campus

#68686

University of Kansas Medical Center—COMPUTER  
SYSTEM

#68687

University of Kansas Medical Center—LIGHTPENS

#68693

University of Kansas Medical Center and Kansas  
State University—LASER PRINTER

#68694

Department of Transportation—FILE FOLDERS

**TUESDAY, APRIL 21, 1987**

#A-5628

Department of Transportation—CONSTRUCTION  
OF PRE-FAB METAL STORAGE BUILDING,  
Oakley

**TUESDAY, APRIL 28, 1987**

#27414

Statewide—FINE PAPER PRODUCTS,  
CARBONLESS SHEETS

**NICHOLAS B. ROACH**  
Director of Purchases

Doc. No. 005200

State of Kansas  
**SOCIAL AND REHABILITATION SERVICES  
KANSAS CITIZENS' COMMITTEE ON  
ALCOHOL AND OTHER DRUG ABUSE**

**NOTICE OF MEETING**

The quarterly meeting of the Kansas Citizens' Committee on Alcohol and Other Drug Abuse will be held from 8:30 a.m. to 3:30 p.m. Friday, April 10, in the Capitol Room at the Ramada Inn South, 3847 S. Topeka Blvd., Topeka. Galen Davis, special assistant to the Governor, will present Governor Hayden's new initiatives concerning alcohol and drug abuse. Other agenda items will include plans for new federal funding for alcohol and drug abuse services and an update on the new Kansas Regional Prevention Plan. The public is invited to attend.

JAMES A. McHENRY, JR.  
Commissioner of Alcohol and  
Drug Abuse Services

Doc. No. 005198

(Published in the KANSAS REGISTER, April 2, 1987.)

**NOTICE OF BOND SALE  
\$272,000  
GENERAL OBLIGATION BONDS  
SERIES 1987A  
OF  
CITY OF TROY  
DONIPHAN COUNTY, KANSAS**

The city of Troy, Doniphan County, Kansas, will receive sealed bids at City Hall, Troy, until 7 p.m. on Tuesday, April 14, 1987, for \$272,000 par value general obligation bonds, Series 1987A, of the city, at which time and place such bids will be publicly opened. No oral or auction bids will be considered by the governing body.

**Terms of the Bonds**

The bonds will be dated April 1, 1987 and will mature serially on September 1 in the years and in the amounts set forth below. The bonds will consist of fully registered certificated bonds, each in the denomination of \$5,000 or integral multiples thereof not exceeding the principal amount of bonds maturing in the same year, except one bond which shall be in the denomination of \$7,000. Interest will be payable March 1, 1988 and thereafter semiannually on March 1 and September 1 of each year until their respective maturities.

The principal of the bonds will be payable at the office of the Treasurer of the State of Kansas (the paying agent and bond registrar) to the registered owners thereof upon presentation of the bonds for payment and cancellation. Interest on the bonds will be payable by check or draft of the paying agent to the registered owners appearing on the books maintained by the bond registrar as of the 15th day of the month preceding each interest payment date (the record dates). The fees of the bond registrar for registration and transfer of the bonds will be paid by the city.

The bonds will not be subject to redemption prior to their maturity and will mature serially as follows:

Principal Amount	Maturity Date
\$17,000	September 1, 1988
\$15,000	September 1, 1989
\$15,000	September 1, 1990
\$15,000	September 1, 1991
\$15,000	September 1, 1992
\$15,000	September 1, 1993
\$20,000	September 1, 1994
\$20,000	September 1, 1995
\$20,000	September 1, 1996
\$20,000	September 1, 1997
\$20,000	September 1, 1998
\$20,000	September 1, 1999
\$20,000	September 1, 2000
\$20,000	September 1, 2001
\$20,000	September 1, 2002

**Conditions of bids**

Bids will be received for the bonds bearing such rate or rates of interest as may be specified by the bidder. The same rate will apply to all bonds of the same maturity. Each interest rate specified will be in an even multiple of 1/8 or 1/20 of 1 percent. The difference between the highest and lowest rates specified in any bid will not exceed 2.5 percent. No interest rate will exceed the maximum interest rate allowed by Kansas law, said rate being the 20 bond index of tax-exempt municipal bonds published in the weekly Credit Markets in New York, New York, on the Monday next preceding the day on which the bonds are sold, plus 2 percent. No bid of less than par and accrued interest will be considered. Bids for less than the entire issue of bonds will not be considered.

**Bid Form and Good Faith Deposit**

Bids will be submitted on the official bid form furnished by the city and will be addressed to the city at City Hall, Troy, KS 66087, Attention: LaNeta Snyder, City Clerk, and will be plainly marked "Bond Bid." No changes to said form are authorized; changes or erasures thereon may cause rejection of any bid. Each bid will specify the total interest cost to the city on the basis of such bid and the average annual net interest rate on the basis of such bid. The net interest cost to the city will be determined by subtracting the amount of the premium, if any, from the total interest cost upon all the bonds from their date until their respective maturities and will be stated as a dollar amount in the bid. The city will be entitled to rely on such dollar amount as stated in the bid as the basis of determining the lowest net interest cost. If there is any discrepancy between the said net interest cost and the average annual interest rate specified, the specified net interest cost will govern and the rates specified in the bid will be adjusted accordingly.

All bids must state: (a) the total interest cost of the bid; (b) the premium, if any; (c) the net interest cost of the bid; and (d) the average annual interest rate. All of said information shall be certified by the bidder to be correct, and the city will be entitled to rely on the certification of correctness by the bidder. Each bid

(continued)

must be accompanied by a certified or cashier's check equal to 2 percent of the total amount of the bid, and shall be payable to "Treasurer, City of Troy, Kansas." In the event a bidder whose bid is accepted shall fail to perform under his contract for the purchase of the bonds from the city, said deposit shall be retained by the city as liquidated damages. All checks of unsuccessful bids shall be returned promptly.

#### Award of Bids

The sealed bids for the bonds will be opened publicly and only at the time and place specified in this notice. The city reserves the right to reject any and all of the bids and to waive any irregularities. Unless all bids are rejected, the bonds will be awarded to the bidder whose proposal results in the lowest net interest cost to the city.

#### Delivery of the Bonds

The bonds, duly printed, executed and registered, will be furnished and paid for by the city. The bonds will be sold subject to the unqualified approving opinion of Jonathan P. Small, Chartered, bond counsel, of Topeka, Kansas, a copy of whose opinion will be printed on the reverse side of each bond. Manually signed originals of the opinion will be furnished without expense to the purchaser of the bonds at the delivery thereof. The cost of this legal opinion and the expense of printing the bonds will be paid by the city. Said legal opinion will contain a statement to the effect that the bonds constitute a general obligation of the city payable as to both principal and interest from ad valorem taxes which may be levied without limitation as to rate or amount upon all of the taxable tangible property within the territorial limits of the city and that, under existing law, the interest on the bonds will be exempt from present federal income taxation.

The number and denominations of bonds and names of the registered owners to be shown on the bonds initially delivered will be submitted in writing by the successful bidder to the bond registrar not later than seven days prior to the closing date.

The purchaser will be furnished with a complete transcript of proceedings evidencing the authorization and issuance of the bonds and the usual closing proofs, which will include a certificate that there is no litigation pending or threatened at the time of delivery of the bonds affecting their validity. Payment for the bonds will be made in immediately available funds. Delivery of the bonds will be made to the successful bidder on or before 30 days from the date of sale at any bank in the state of Kansas or Kansas City, Missouri, at the expense of the city. Delivery elsewhere will be made at the expense of the purchaser. The purchase price, together with any premium and accrued interest from the date of the bonds to the date of delivery, will be paid at delivery or the good faith deposit will be forfeited.

#### Internal Revenue Code of 1986

The President of the United States on October 22, 1986 signed into law what is referred to as the Internal Revenue Code of 1986. The code generally affects

obligations of state and local governments issued after August 15, 1986, which imposes requirements to be satisfied subsequent to the issuance and delivery of such obligations, including the bonds, to ensure that the interest on such obligations remains exempt from federal income taxation. The city will covenant to satisfy code requirements and all other applicable federal laws, regulations, published rulings and court decisions to preserve the tax-exempt status of the bonds to the extent the city's governing body may take such action. The city's failure to perform such covenants could adversely affect the bond's tax-exempt status. A purchaser of the bonds should be aware that in such event the bonds are not callable and the interest rate on the bonds will not be adjusted to reflect the loss of exemption from federal income taxation.

The code includes interest on certain obligations, such as the bonds, in the adjusted net book income of certain corporations for taxable years after 1987 and includes in the computation for alternative minimum taxable income (determined without regard to this adjustment and prior to reduction for certain net operating losses). The code further provides that banks and thrift institutions would be unable to deduct any portion of the interest cost of purchasing or carrying tax-exempt obligations (with certain exceptions described below) if such interest costs are incurred in taxable years ending after December 31, 1986, with respect to bonds acquired subsequent to August 7, 1986. The code requires certain "qualified tax-exempt obligations" as defined in Section 265(b)(3) thereof to be treated as having been acquired on August 7, 1986. The city will covenant to take such actions as are necessary to designate the bonds as "qualified tax-exempt obligations" as described above.

The code further provides that property and casualty requirements and all other applicable federal laws, regulations, published rulings and court decisions to preserve the tax-exempt status of the bonds to the extent the city's governing body may take such action. The city's failure to perform such covenants could adversely affect the bonds' tax-exempt status. A purchaser of the bonds should be aware that in such event the bonds are not callable and the interest rate on the bonds will not be adjusted to reflect the loss of exemption from federal income taxation.

The code includes interest on certain obligations, such as the bonds, in the adjusted net book income of certain corporations for taxable years after 1987 and includes in the computation for alternative minimum taxable income (determined without regard to this adjustment and prior to reduction for certain net operating losses). The code further provides that banks and thrift institutions would be unable to deduct any portion of the interest cost of purchasing or carrying tax-exempt obligations (with certain exceptions described below) if such interest costs are incurred in taxable years ending after December 31, 1986, with respect to bonds acquired subsequent to August 7, 1986. The code requires certain "qualified tax-exempt obligations" as defined in Section



(Published in the KANSAS REGISTER, April 2, 1987.)

**NOTICE OF BOND SALE  
SHAWNEE COUNTY, KANSAS  
\$1,207,737.30**

**GENERAL OBLIGATION BONDS  
SERIES 1987A (INTERNAL IMPROVEMENTS)  
and 1987B (SEWER IMPROVEMENTS)**

Shawnee County, Kansas will receive sealed bids at the office of the County Clerk, Room 107, Shawnee County Courthouse, 200 E. 7th, Topeka, until 9 a.m. C.S.T. on Tuesday, April 14, 1987, for the purchase of all, and not less than all, of the following two series of general obligation bonds of Shawnee County, Kansas: \$796,065 par value Series 1987A (internal improvements) bonds, and \$411,672.30 par value Series 1987B (sewer improvements) bonds in the aggregate principal amount of \$1,207,737.30 of the county. Immediately thereafter, the county commission shall at its meeting to be held at 9 a.m. C.S.T. on such date in the county commission chamber located in the County Courthouse publicly open at such place and time any such bids as are properly submitted to and received by the county. No oral or auction bids will be considered.

**Details of the Bonds**

The bonds will be dated April 1, 1987 and shall mature on December 1 in each of the years and in the amounts set forth below. Such bonds shall consist of fully registered certificated bonds, each in the denomination of \$5,000 (except one bond of the Series 1987A bonds in the denomination of \$6,065 and one bond of the Series 1987B bonds in the denomination of \$6,672.30) or integral multiples thereof not exceeding the principal amount of bonds maturing in any year. Interest will be payable semiannually on June 1 and December 1 of each year until their respective maturities beginning June 1, 1988. The principal of, and premium, if any, on the bonds shall be payable in lawful money of the United States of America at the principal office of the Treasurer of the State of Kansas (the paying agent and bond registrar) to the registered owners thereof upon presentation of the bonds for payment and cancellation. Interest on the bonds shall be payable in lawful money of the United States of America by check or draft of the paying agent to the registered owners appearing on the books maintained by the bond registrar as of the 15th day of the month next preceding each interest payment date. The fees of the bond registrar for the registration and transfer of the bonds shall be paid by the county.

The bonds will mature serially in accordance with the following schedule:

**The Series 1987A (Internal Improvements) Bonds**

Principal Amount	Maturity (December 1)
\$51,065	1988
50,000	1989
50,000	1990
50,000	1991
50,000	1992
50,000	1993
55,000	1994

(continued)

265(b)(3) thereof to be treated as having been acquired on August 7, 1986. The city will covenant to take such actions as are necessary to designate the bonds as "qualified tax-exempt obligations" as described above.

The code further provides that property and casualty insurance companies are required for taxable years beginning on or after January 1, 1986, to reduce the amount of their deductible underwriting losses by a percentage of the amount of tax-exempt interest received or accrued on obligations acquired after August 7, 1986. If the amount of this reduction exceeds the amount otherwise deductible as losses incurred, such excess may be includable in income.

**Superfund Amendments and Reauthorization Act of 1986**

H.R. 2005, the Superfund Amendments and Reauthorization Act of 1986, enacted on October 17, 1986, includes among its provisions the imposition of a new environmental tax. Calculation of the tax is to be based generally on a percentage of the corporate alternative minimum taxable income as defined in the 1986 code which would include interest on tax-exempt obligations, including the bonds. The amount of tax is equal to 0.12 percent of the excess of the alternative minimum taxable income (without regard to net operating losses and the deduction for the environmental tax) over \$2 million. The environmental tax is imposed whether or not the taxpayer is subject to the alternative minimum tax, but is deductible from gross income. The environmental tax is effective for taxable years beginning after 1991. The imposition of this environmental tax could result in additional taxation of interest on the bonds for certain bondowners.

**Purpose**

These bonds are being issued pursuant to K.S.A. 12-621 and 12-631t *et seq.* for the purpose of financing a portion of the cost of certain improvements to the city's sanitary sewage disposal works serving the city at large.

**Assessed Valuation and Bonded Indebtedness**

The total assessed valuation of the taxable tangible property within the city for the year 1987 for the computation of limits upon bonded indebtedness is \$1,563,726. The total general obligation bonded indebtedness of the city as of this date, including this \$272,000 proposed issue of bonds, is \$553,250. Temporary notes in the principal amount of \$281,250 will be retired out of the proceeds of the bonds and other available funds.

**Official Information**

Additional copies of this notice of bond sale, the official bid form and further information may be received from the city at the address provided above to the attention of LaNeta Snyder, City Clerk.

Dated April 2, 1987.

LaNeta Snyder  
City Clerk

55,000	1995
55,000	1996
55,000	1997
55,000	1998
55,000	1999
55,000	2000
55,000	2001
55,000	2002

#### The Series 1987B (Sewer Improvements) Bonds

Principal Amount	Maturity (December 1)
\$21,672.30	1988
20,000	1989
20,000	1990
20,000	1991
20,000	1992
20,000	1993
20,000	1994
20,000	1995
20,000	1996
20,000	1997
20,000	1998
20,000	1999
20,000	2000
20,000	2001
20,000	2002
20,000	2003
20,000	2004
20,000	2005
25,000	2006
25,000	2007

#### Redemption

At the option of the county, the bonds maturing on and after December 1, 1998 will be subject to redemption and payment prior to maturity on December 1, 1997, or on any interest payment date thereafter, in whole or in part in inverse order of maturity at a redemption price of 100 percent of the par value thereof together with accrued interest to the redemption date, without any additional premium.

If the county shall elect to call any of the bonds for redemption and payment prior to the maturity thereof, the county shall give written notice of its intention to redeem and pay said bonds on a specified date, the same being described by number and maturity, said notice to be mailed by United States registered or certified mail addressed to the registered owners of said bonds, to the State Treasurer of Kansas, and to the manager or managers of the underwriting account making the successful bid, each of said notices to be mailed at least 30 days prior to the redemption date. If any of the bonds shall be called for redemption and payment as aforesaid, all interest on such bonds shall cease from and after the date for which such call is made, provided funds are available for the payment of such bonds at the price specified herein.

Whenever bonds of less than a single maturity are to be redeemed, the paying agent and bond registrar shall select bonds by lot in multiples of \$5,000 principal amount in such equitable manner as it shall designate and shall, in the case of bonds in denominations greater than \$5,000, treat each \$5,000 of face value of

each bond as though it were a separate bond of the denomination of \$5,000.

#### Interest Rates

Proposals will be received on the bonds bearing such rate or rates of interest, not exceeding eight different interest rates, as may be specified by the bidder. The repetition of a rate will not constitute one of said maximum number of rates. The same rate shall apply to all bonds of the same maturity. Each interest rate specified shall be in an even multiple of 1/8 or 1/20 of 1 percent. The difference between the highest and lowest interest rates specified in any bid shall not exceed 2 percent. No interest rate shall exceed the maximum interest rate allowed by Kansas law, said rate being 2 percent above the 20 bond index published in Credit Markets on the Monday next preceding the sale of the bonds, and no bid of less than par plus accrued interest will be considered. Bids for less than the entire issue of bonds will not be considered.

#### Bid Form and Good Faith Deposit

Bids shall be submitted on the official bid form furnished by the county, shall be addressed to the county at the office of the County Clerk, Room 107, Shawnee County Courthouse, Topeka, KS 66603, and shall be plainly marked "Bond Bid." All bids must state the total interest cost of the bid, the premium, if any, the net interest cost of the bid, and the average annual interest rate, all certified by the bidder to be correct, and the county will be entitled to rely on the certificate of correctness of the bidder. Each bid must be accompanied by a certified or cashier's check equal to 2 percent of the total amount of the bid and shall be payable to the order of the Treasurer of Shawnee County, Kansas. In the event a bidder whose bid is accepted shall fail to carry out his contract of purchase, said deposit shall be retained by the county as liquidated damages. The checks of unsuccessful bidders will be returned promptly.

#### Legal Opinion

The bonds, duly printed, executed and registered, will be furnished and paid for by the county and sold subject to the approving opinion of Nichols and Wolfe Chartered, Topeka, Kansas, bond counsel, whose opinion will be paid for by the county.

#### Internal Revenue Code of 1986

The Internal Revenue Code of 1986 was signed into law by the President of the United States on October 22, 1986. The provisions of the code regarding obligations of state and local units of government are generally effective for obligations such as the bonds issued after August 31, 1986. Certain of these provisions impose requirements on the county which must be met subsequent to the issuance of the bonds by the county and, as a result, the county will and does hereby covenant that it will diligently undertake those steps necessary to maintain the tax-exempt status of the bonds. The county's failure to comply with such requirements could adversely affect the tax-exempt status of the bonds. Purchasers of the bonds should be aware that should the bonds lose their status as tax-exempt obligations as a result of the county's failure to

comply with such requirements, the bonds are neither callable nor will the rate of interest on the bonds be adjusted to reflect such circumstances.

The code includes interest on tax-exempt obligations, such as the bonds, in the adjusted net book income of certain corporations for taxable years beginning after December 31, 1986, and includes, through 1989, in the calculation of alternative minimum taxable income one-half of the excess of a corporation's adjusted net book income over its alternative minimum taxable income (determined without regard to this adjustment and prior to reduction for certain net operating losses). After 1989, the use of "book income" will be replaced by "adjusted current earnings," with certain other adjustments. Furthermore, Section 59A of the code, as added by the Superfund Amendments and Reauthorization Act of 1986, provides for a new environmental tax generally based on corporate alternative minimum taxable income. The amount of the tax is equal to 0.12 percent of the excess of alternative minimum taxable income, without regard to net operating losses and the deduction for this tax, over \$2 million. The environmental tax is imposed whether or not the taxpayer is subject to the alternative minimum tax. The environmental tax, which is effective for taxable years beginning after December 31, 1986, may subject certain bondowners to additional taxation for interest earned on the bonds.

The code also requires property and casualty insurance companies, for taxable years beginning on or after January 1, 1987, to reduce the amount of their deductible underwriting losses by a percentage of the amount of tax-exempt interest received or accrued on obligations acquired after August 7, 1986.

With the exception of certain "qualified tax-exempt obligations," the code provides that banks and thrift institutions may not deduct any portion of the interest cost of purchasing or carrying tax-exempt obligations such as the bonds if such interest cost is incurred in taxable years ending after December 31, 1986, with respect to obligations acquired after August 7, 1986. In accordance with the requirements of Section 265 of the code, the county intends to designate the bonds as "qualified tax-exempt obligations."

#### Identification of Initial Owners

The number, denomination of bonds and names of the initial registered owners shall be submitted in writing by the successful bidder to the bond registrar not later than April 22, 1987.

#### Delivery

The purchaser will be furnished with a complete transcript of proceedings evidencing authorization and issuance of the bonds and the usual closing proofs, which will include a certificate that there is no litigation pending or threatened at the time of delivery of the bonds affecting their validity. Payment for the bonds shall be made in immediately available funds. The county intends to deliver the bonds to the successful bidder approximately May 1, 1987, at any bank in the state of Kansas or Kansas City, Missouri, at the expense of the county. Delivery elsewhere will be made at the expense of the purchaser.

#### Purpose

The bonds will constitute general obligations of the county, payable as to both principal and interest, in part, from the collection of special assessments which have been levied on benefited property, but if not so paid, then said principal and interest will be payable from ad valorem taxes which may be levied without limitation as to rate or amount upon all of the taxable, tangible property within the territorial limits of the county. The balance of the principal and interest on the bonds not payable from the collection of special assessments will also constitute general obligations of the county payable from ad valorem taxes levied without limitation as to rate or amount upon all the taxable, tangible property within the territorial limits of the county. The bonds are being issued by the county to permanently finance and retire certain temporary notes issued by the county to finance certain sanitary sewer system, street and park improvement projects of the county.

#### Award

Sealed bids for the bonds shall be opened publicly and only at the time and place specified in this notice. The county reserves the right to reject any and all of the bids and to waive any irregularities. Unless all bids are rejected, the bonds will be awarded to the bidder whose proposal results in the lowest net interest cost to the county, and the net interest cost will be determined by deducting any amount of any premium paid from the aggregate amount of interest upon all of the bonds from their date until their respective maturities.

#### CUSIP Numbers

It is anticipated that CUSIP identification numbers will be printed on the bonds, but neither the failure to print such number or assign a number to any bond nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for said bonds. All expenses incurred in connection with the printing of CUSIP numbers on said bonds and expenses of the CUSIP Service Bureau for the assignment of said numbers shall be paid for by the county.

#### Assessed Valuation and Indebtedness

The total assessed valuation of taxable tangible property within the county (including motor vehicle valuation and motor vehicle dealers' inventory valuation) for the year 1987 is \$637,270,120. The total general obligation bonded indebtedness of the county, at the date hereof, including this proposed issue of bonds, is \$57,877,432. The county has temporary notes outstanding in the total amount of \$1,235,395, which will be redeemed and paid from the proceeds of this proposed issue of bonds and from other funds available to the county.

Additional copies of this notice of bond sale or further information may be received from the county.

Dated March 26, 1987.

SHAWNEE COUNTY, KANSAS  
Patsy A. McDonald, County Clerk

Doc. No. 005203

(Published in the KANSAS REGISTER, April 2, 1987.)

**NOTICE OF BOND SALE**  
**\$3,900,000**  
**SCHOOL BUILDING BONDS**  
**SERIES 1987**  
**OF UNIFIED SCHOOL DISTRICT 437**  
**(AUBURN-WASHBURN)**  
**SHAWNEE COUNTY, KANSAS**  
**(general obligation bonds payable**  
**from unlimited ad valorem taxes)**

9/01/2006

170,000

3/01/2007

190,000

The bonds will bear interest from the date thereof at rates to be determined when the bonds are sold as hereinafter provided, which interest will be payable semiannually on March 1 and September 1 in each year, beginning on March 1, 1988.

**Place of Payment and Bond Registration**

The principal of and interest on the bonds will be payable in lawful money of the United States of America by check or draft of the Treasurer of the State of Kansas, Topeka, Kansas (the paying agent and bond registrar). The principal of the bonds will be payable at maturity or upon earlier redemption to the registered owners upon presentation and surrender of the bonds at the office of the paying agent. Interest on the bonds will be paid by check or draft mailed by the paying agent to the registered owners thereof whose names are on the registration books of the bond registrar as of the 15th day of the month preceding each interest payment date. The bonds will be registered pursuant to a plan of registration approved by the school district and the Attorney General of the State of Kansas. The bonds will be registered as either fully registered certificated bonds or uncertificated (book entry) bonds.

The school district will pay the fees of the bond registrar for registration and transfer of the bonds and will also pay for printing a reasonable supply of registered bond blanks. Any additional costs or fees that might be incurred in the secondary market, other than fees of the bond registrar, will be the responsibility of the bondowners.

The number, type and denominations of the bonds and the names, addresses and social security or taxpayer identification numbers of the registered owners must be submitted in writing by the successful bidder to the school district and bond registrar at least two weeks prior to the closing date. In the absence of such information, the school district will deliver the bonds in the denomination of each maturity registered in the name of the successful bidder.

**Redemption of Bonds Prior to Maturity**

Bonds maturing in the years 1988 to 1994, inclusive, will become due without option of prior payment. At the option of the school district, bonds maturing in the years 1995 to 2007, inclusive, may be called for redemption and payment prior to maturity in whole or in part in inverse order of maturity (selection of bonds within the same maturity to be by lot by the school district in such equitable manner as it may determine) on September 1, 1994, or on any interest payment date thereafter at par, plus accrued interest thereon to the redemption date.

Whenever the school district is to select the bonds for the purpose of redemption, it will, in the case of bonds in denominations greater than \$5,000, if less than all of the bonds then outstanding are to be called for redemption, treat each \$5,000 of face value of each such fully registered bond as though it were a separate bond of the denomination of \$5,000.

If the school district elects to call any bonds for

**Sealed Bids**

Sealed bids will be received by the undersigned, Clerk of the Board of Education of Unified School District 437 (Auburn-Washburn), Shawnee County, Kansas, on behalf of the board at the school district's administrative offices, 5928 S.W. 53rd, Topeka, KS 66605, until 10 a.m. C.D.T. on Tuesday, April 7, 1987, for the purchase of \$3,900,000 principal amount of school building bonds, Series 1987, of the school district hereinafter described. All bids will be publicly opened and read at said time and place and will be acted upon by the board at a meeting to be held at such place at 7:30 p.m. on such date.

**Bond Details**

The bonds will consist of fully registered bonds without coupons in the denomination of \$5,000 or any integral multiple thereof. The bonds will be dated May 1, 1987, and become due serially on March 1 and September 1, beginning on March 1, 1988, in the years as follows:

Year	Principal Amount
3/01/1988	\$ 5,000
9/01/1988	15,000
3/01/1989	55,000
9/01/1989	55,000
3/01/1990	55,000
9/01/1990	65,000
3/01/1991	65,000
9/01/1991	65,000
3/01/1992	65,000
9/01/1992	70,000
3/01/1993	70,000
9/01/1993	75,000
3/01/1994	75,000
9/01/1994	80,000
3/01/1995	80,000
9/01/1995	85,000
3/01/1996	85,000
9/01/1996	90,000
3/01/1997	90,000
9/01/1997	95,000
3/01/1998	100,000
9/01/1998	105,000
3/01/1999	105,000
9/01/1999	110,000
3/01/2000	115,000
9/01/2000	115,000
3/01/2001	120,000
9/01/2001	125,000
3/01/2002	125,000
9/01/2002	130,000
3/01/2003	135,000
9/01/2003	140,000
3/01/2004	145,000
9/01/2004	150,000
3/01/2005	155,000
9/01/2005	160,000
3/01/2006	165,000

redemption and payment prior to the maturity thereof, the school district will give written notice of its intention to call and pay said bonds on a specified date, the same being described by number and maturity, said notice to be mailed by United States registered or certified mail addressed to the registered owners of said bonds, to the State Treasurer of Kansas, and to the manager or managers of the underwriting account making the successful bid, each of said notices to be mailed not less than 30 days prior to the date fixed for redemption. If any bond be called for redemption and payment as aforesaid, all interest on such bond will cease from and after the date for which such call is made, provided funds are available for its payment at the price hereinbefore specified.

#### Conditions of Bids

Proposals shall be received on the bonds bearing such rate or rates of interest as may be specified by the bidders, subject to the following conditions: The same rate shall apply to all bonds of the same maturity. Each interest rate specified shall be a multiple of 1/8 or 1/20 of 1 percent. No specified interest rate shall exceed the 20 bond index of tax-exempt municipal bonds published by Credit Markets in New York, New York, on the Monday preceding the day on which the bonds are sold, plus 2 percent. No rate specified shall be lower than any rate specified for an earlier maturity of the bonds. No bid of less than the par value of the bonds and accrued interest thereon to the date of delivery will be considered and no supplemental interest payments will be authorized. Each bid shall specify the total interest cost to the school district during the term of the bonds on the basis of such bid, the premium, if any, offered by the bidder, and the net interest cost to the school district on the basis of such bid. Each bid shall also specify the average annual net interest rate to the school district on the basis of such bid.

#### Basis of Award

The award of the bonds will be made on the basis of the lowest net interest cost to the school district, which will be determined by subtracting the amount of the premium bid, if any, from the total interest cost to the school district. If there is any discrepancy between the net interest cost and the average annual net interest rate specified, the specified net interest cost shall govern and the interest rates specified in the bid shall be adjusted accordingly. If two or more proper bids providing for identical amounts for the lowest net interest cost are received, the board will determine which bid, if any, will be accepted, and its determination will be final. The school district reserves the right to reject all bids and to waive any irregularities in a submitted bid.

#### Authority, Purpose and Security

The bonds are being issued pursuant to K.S.A. 72-6761, as amended, for the purpose of paying the cost of (1) constructing and furnishing a new elementary school; (2) constructing and furnishing an addition to an existing elementary school; and (3) remodeling and repairing existing school buildings within the school district. The bonds and the interest thereon will con-

stitute general obligations of the school district, payable from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the school district.

#### Legal Opinion and Tax Exemption

The bonds will be sold subject to the unqualified approving opinion of Gaar & Bell, bond counsel, Overland Park, Kansas, whose approving legal opinion as to the validity of the bonds will be furnished and paid for by the school district, printed on the bonds and delivered to the successful bidder as and when the bonds are delivered.

The Internal Revenue Code of 1986 imposes certain requirements which must be met subsequent to the issuance of the bonds in order for the interest thereon to be and remain exempt from federal income taxation. Non-compliance with such requirements could cause the interest on the bonds to become taxable retroactive to the date of issue of the bonds. These requirements include, but are not limited to, limitations on the use of bond proceeds, restrictions on the yield which may be earned on the investment of bond proceeds and other amounts, and the obligation to rebate certain investment earnings to the United States Treasury. In the resolution authorizing the issuance of the bonds (the bond resolution), the school district will covenant to comply with the provisions of the code relating to the exemption from federal income taxation of the interest on the bonds. In the opinion of Gaar & Bell, bond counsel, assuming continued compliance by the school district with the terms of the bond resolution, under existing statutes, regulations, rulings and judicial decisions, the interest on the bonds is exempt from federal income taxation, except as described in the following paragraphs.

For taxable years beginning after December 31, 1986, the code imposes a 20 percent alternative minimum tax on the "alternative minimum taxable income" of a corporation (less an exemption amount), if the amount of such tax is greater than the corporation's regular income tax for the taxable year. In addition, Title V of the Superfund Amendments and Reauthorization Act of 1986 imposes a new environmental tax on corporations, effective for taxable years beginning after December 31, 1986, and before January 1, 1992. The environmental tax, which is not an alternative tax, is equal to 0.12 percent of the excess of the modified alternative minimum taxable income of a corporation for the taxable year over \$2 million (determined without regard to the alternative tax net operating loss deduction and deduction for the windfall profit tax).

Generally, the alternative minimum taxable income of any corporation for any taxable year beginning after 1986 must be increased by 50 percent (75 percent after 1989) of the amount (if any) by which the adjusted net book income (adjusted current earnings after 1989) of the corporation exceeds such corporation's alternative minimum taxable income for the taxable year (determined without regard to this adjustment and the alternative tax net operating loss deduction). Because

(continued)

the interest on the bonds will be included in the calculation of adjusted net book income and adjusted current earnings, interest on the bonds may be subject to the alternative minimum tax and the environmental tax when the bonds are held by corporations. The environmental tax is imposed whether or not the taxpayer is subject to the alternative minimum tax, but is deductible from gross income.

The interest on the bonds is not an item of tax preference under Section 57 of the code. Therefore, except as described above, interest on the bonds is not subject to the alternative minimum tax imposed upon individuals and corporations imposed by the code.

Bondowners should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, property and casualty insurance companies, individual recipients of social security and railroad retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. In addition, certain corporations doing business in the United States may be subject to a new "branch profits tax" on their "effectively-connected" earnings and profits, which include interest on tax-exempt obligations such as the bonds. These categories of bondowners should consult their own tax advisers as to the applicability of these consequences.

Under Section 265(b) of the code, for taxable years ending after December 31, 1986, financial institutions are not allowed to deduct that portion of their interest expense which is "allocable" to tax-exempt interest on bonds acquired after August 7, 1986, unless such bonds qualify for the exception described herein. The portion of interest expense allocable to tax-exempt interest is equal to the total interest expense of the taxpayer multiplied by the fraction:

$$\frac{\text{Average adjusted bases (within the meaning of Section 1016 of the code) of the taxpayer's tax-exempt obligations acquired after August 7, 1986}}{\text{Average adjusted bases for all of the taxpayer's assets}}$$

A bond which constitutes a "qualified tax-exempt obligation" is exempt from the operation of section 265(b), and a financial institution may generally deduct 80% of its interest expense allocable to such a bond, as under prior law. A qualified tax-exempt obligation is a governmental purpose or qualified 501(c)(3) bond which is "designated" by the issuer for this purpose. No more than \$10 million of bonds may be designated by the issuer for this purpose during any calendar year, and the reasonably anticipated amount of qualified tax-exempt obligations (other than private activity bonds) which will be issued by the issuer during the calendar year may not exceed \$10 million.

In the bond resolution, the school district intends to designate the bonds as qualified tax-exempt obligations. The school district represents that:

(1) the reasonably anticipated amount of qualified tax-exempt obligations (other than private activity bonds) which will be issued by the school district during calendar year 1987 does not exceed \$10 million; and

(2) the school district has not designated more

than \$10 million of its obligations as qualified tax-exempt obligations for this purpose during calendar year 1987.

Assuming that the school district's designation of the bonds for this purpose constitutes a proper "designation" thereof within the meaning of Section 265 of the code, bond counsel is of the opinion that the bonds will constitute qualified tax-exempt obligations.

#### Delivery and Payment

The school district will pay for printing the bonds and will deliver the same properly prepared, executed and registered without cost to the successful bidder within 45 days after the date of sale at such bank or trust company in the state of Kansas or Kansas City, Missouri, or Chicago, Illinois, as may be specified by the successful bidder. The successful bidder will also be furnished with a certified transcript of the proceedings evidencing the authorization and issuance of the bonds and the usual closing proofs, which will include a certificate that there is no litigation pending or threatened at the time of delivery of the bonds affecting their validity. Payment for the bonds must be made in federal reserve funds, immediately subject to use by the school district.

#### Reoffering

The successful bidder shall make a bona fide public offering of the bonds, and, as a condition to the school district's obligation to deliver the bonds, the successful bidder must furnish to the school district, by 4 p.m. C.D.T. on the 10th business day after the date of sale, a certificate acceptable to bond counsel to the school district (i) specifying the reoffering prices at which a substantial amount of the bonds was sold to the public (excluding bond houses, brokers and other intermediaries) and (ii) certifying as to the accuracy of such reoffering prices. Bond counsel advises that (i) such certificate must be made on the best knowledge, information and belief of the successful bidder, (ii) the sale to the public of 10 percent or more in par amount of the bonds of each maturity at (or below) the initial reoffering price would be sufficient to certify as to the sale of a substantial amount of the bonds, and (iii) reliance on other facts as a basis for such certification would require evaluation by bond counsel to assure compliance with the applicable provisions of the code.

#### Good Faith Deposit

Each bid shall be accompanied by a cashier's or certified check drawn on a bank located in the United States of America in the amount of \$78,000 payable to the order of the school district to secure the school district from any loss resulting from the failure of the successful bidder to comply with the terms of his bid. No interest will be paid upon the successful bidder's good faith check. Said check will be returned to the bidder if his bid is not accepted. If a bid is accepted, said check will be held by the school district until the bidder has complied with all of the terms and conditions of this notice, at which time the check will be returned to the successful bidder or paid to his order at the option of the school district. If a bid is accepted but the school district fails to deliver the bonds to the bidder in accordance with the terms and conditions of

this notice, said check will be returned to the bidder. If a bid is accepted but the bidder defaults in the performance of any of the terms and conditions of this notice, the proceeds of such check will be retained by the school district as and for liquidated damages.

**CUSIP Numbers**

It is anticipated that CUSIP identification numbers will be printed on certificated bonds or assigned to uncertificated bonds, but neither the failure to print such number on or assign such number to any bond nor any error with respect thereto will constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the bonds in accordance with the terms of the purchase contract. All expenses in relation to the assignment and printing of CUSIP numbers on the bonds will be paid by the school district.

**Bid Forms**

All bids must be made on forms which may be procured from the clerk of the board. No additions or alterations in such forms are permitted and any erasures may cause rejection of any bid. The school district reserves the right to waive irregularities and to reject any or all bids.

**Submission of Bids**

Bids must be submitted in sealed envelopes addressed to the undersigned clerk of the board, and marked "Proposal for the Purchase of School Building Bonds." Bids may be submitted by mail or delivered in person to the undersigned at 5928 S.W. 53rd, Topeka, KS 66605, and must be received by the undersigned prior to 10 a.m. C.D.T. on April 7, 1987.

**Assessed Valuation and Indebtedness**

The total assessed valuation of the taxable tangible property within the school district for the year 1986 is \$73,964,110. The total general obligation indebtedness of the school district for purposes of determining statutory debt limitations, as of the date of the bonds, including the bonds being sold, is \$8,835,000. A portion of the school district's general obligation indebtedness has been refunded and defeased with cash or U.S. government obligations. Notwithstanding the total amount of general obligation indebtedness of the school district set forth above for the purposes of determining the statutory debt limitations, the amount of general obligation indebtedness of the school district which, as of the date of the bonds, remains to be retired from general ad valorem taxation, is \$9,605,000.

**Additional Information**

Additional information regarding the bonds may be obtained from the clerk or business manager of the school district.

Dated March 16, 1987.

UNIFIED SCHOOL DISTRICT 437  
(AUBURN-WASHBURN)  
SHAWNEE COUNTY, KANSAS  
Phyllis M. Roney  
Clerk of the Board of Education  
5928 S.W. 53rd  
Topeka, KS 66605  
(913) 862-0419

Doc. No. 005201

(Published in the KANSAS REGISTER, April 2, 1987.)

**NOTICE OF BOND SALE**  
**\$304,512.19**  
**GENERAL OBLIGATION BONDS**  
**SERIES 1987**  
**OF THE**  
**CITY OF WELLINGTON, KANSAS**  
**(general obligation bonds payable**  
**from unlimited ad valorem taxes)**

**Sealed Bids**

Sealed bids will be received by the undersigned, city clerk of the city of Wellington, Kansas, on behalf of the governing body at the City Administration Center, 317 S. Washington, Wellington, until 5:30 p.m. C.S.T. on Tuesday, April 7, 1987, for the purchase of \$304,512.19 principal amount of general obligation bonds, Series 1987, of the city hereinafter described. All bids will be publicly opened and read at said time and place and will be acted upon by the governing body immediately thereafter. No oral or auction bids will be considered.

**Bond Details**

The bonds will consist of fully registered bonds in denominations of \$5,000 or any integral multiple thereof, except one bond in the denomination of \$4,512.19, dated April 1, 1987, and becoming due serially on October 1 in the years as follows:

Year	Principal Amount
1988	\$ 4,512.19
1989	10,000.00
1990	15,000.00
1991	15,000.00
1992	15,000.00
1993	20,000.00
1994	20,000.00
1995	20,000.00
1996	20,000.00
1997	25,000.00
1998	25,000.00
1999	25,000.00
2000	30,000.00
2001	30,000.00
2002	30,000.00

The bonds will bear interest from the date thereof at rates to be determined when the bonds are sold as hereinafter provided, which interest will be payable semiannually on April 1 and October 1 in each year, beginning on April 1, 1988.

**Place of Payment and Bond Registration**

The principal of and interest on the bonds will be

(continued)

payable in lawful money of the United States of America by check or draft of the Treasurer of the State of Kansas, Topeka, Kansas (the paying agent and bond registrar), to the registered owners thereof whose names are on the registration books of the bond registrar as of the 15th day of the month preceding each interest payment date. The bonds will be registered pursuant to a plan of registration approved by the city and the Attorney General of the State of Kansas.

The city will pay for the fees of the bond registrar for registration and transfer of the bonds and will also pay for printing a reasonable supply of registered bond blanks. Any additional costs or fees that might be incurred in the secondary market, other than fees of the bond registrar, will be the responsibility of the bondowners.

The number and denominations of the bonds and the names, addresses and social security or taxpayer identification numbers of the registered owners shall be submitted in writing by the successful bidder to the city and bond registrar at least two weeks prior to the closing date. In the absence of such information, the city will deliver one bond per maturity registered in the name of the manager of the successful bidder. The initial reoffering price to the public by the original purchaser shall be furnished to the city at least one week prior to the closing date. A certificate setting forth such initial reoffering price to the public shall be furnished to the city by the original purchaser at closing.

#### **Redemption of Bonds Prior to Maturity**

Bonds maturing in the years 1988 to 1995, inclusive, shall become due without option of prior payment. At the option of the city, bonds maturing in the years 1996 and thereafter may be called for redemption and payment prior to maturity in whole or in part in inverse order of maturity (selection of bonds within the same maturity to be by lot by the city in such equitable manner as it may determine) on October 1, 1995, or on any interest payment date thereafter at the redemption price of 100 percent (expressed as a percentage of the principal amount), plus accrued interest to the redemption date.

Whenever the city is to select the bonds for the purpose of redemption, it shall, in the case of bonds in denominations greater than \$5,000, if less than all of the bonds then outstanding are to be called for redemption, treat each \$5,000 of face value of each such fully registered bond as though it were a separate bond of the denomination of \$5,000.

If the city shall elect to call any bonds for redemption and payment prior to the maturity thereof, the city shall give written notice of its intention to call and pay said bonds on a specified date, said notice to be mailed by United States registered or certified mail addressed to the registered owners of said bonds, to the Treasurer of the State of Kansas, Topeka, Kansas, and to the manager or managers of the underwriting account making the successful bid, each of said notices to be mailed not less than 30 days prior to the date fixed for redemption. If any bond be called for redemption and payment as aforesaid, all interest on

such bond shall cease from and after the date for which such call is made, provided funds are available for its payment at the price hereinbefore specified.

#### **Conditions of Bids**

Proposals will be received on the bonds bearing such rate or rates of interest as may be specified by the bidders, subject to the following conditions: The same rate shall apply to all bonds of the same maturity. Each interest rate specified shall be a multiple of 1/8 or 1/20 of 1 percent. No interest rate shall exceed a rate equal to the 20 bond index of tax exempt municipal bonds published by Credit Markets in New York, New York, on the Monday next preceding the day on which the bonds are sold, plus 2 percent. The difference between the highest rate specified and the lowest rate specified shall not exceed 2 percent. No bid of less than the entire par value of the bonds and accrued interest thereon to the date of delivery will be considered and no supplemental interest payments will be authorized. Each bid shall specify the total interest cost to the city during the life of the bonds on the basis of such bid, the premium, if any, offered by the bidder, and the net interest cost to the city on the basis of such bid, all certified by the bidder to be correct, and the city will be entitled to rely on the certificate of correctness of the bidder. Each bid shall also specify the average annual net interest rate to the city on the basis of such bid.

#### **Basis of Award**

The award of the bonds will be made on the basis of the lowest net interest cost to the city, which will be determined by subtracting the amount of the premium bid, if any, from the total interest cost to the city. If there is any discrepancy between the net interest cost and the average annual net interest rate specified, the specified net interest cost shall govern and the interest rates specified in the bid shall be adjusted accordingly. If two or more proper bids providing for identical amounts for the lowest net interest cost are received, the governing body shall determine which bid, if any, shall be accepted, and its determination shall be final. The city reserves the right to reject any and all bids and to waive any irregularities in a submitted bid.

#### **Authority, Purpose and Security**

The bonds are being issued pursuant to K.S.A. 12-6a01 *et seq.*, as amended, for the purpose of paying the cost of certain paving and sewer improvements. The bonds and the interest thereon will constitute general obligations of the city, payable from special assessments levied upon the property benefited by the construction of said improvements and, if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the city.

#### **Legal Opinion and Tax Exemption**

The bonds will be sold subject to the legal opinion of Gaar & Bell, Wichita, Kansas, bond counsel, whose approving legal opinion as to the validity of the bonds will be furnished and paid for by the city, printed on



the bonds and delivered to the successful bidder as and when the bonds are delivered.

On October 22, 1986, the President of the United States signed into law H.R. 3838, the Tax Reform Act of 1986, which redesignates the Internal Revenue Code of 1954 as the Internal Revenue Code of 1986. The 1986 code imposes certain additional requirements and restrictions which must be met subsequent to the issuance of state and local government obligations in order to maintain the exemption from federal income taxation of the interest on such obligations. The city will covenant in the bond ordinance to comply with the provisions of the Act and to take all action as may be necessary to comply with the Act and all applicable future law to preserve the tax-exempt status of the bonds, to the extent such actions can be taken by the governing body of the city.

In the opinion of Gaar & Bell, Wichita, Kansas, bond counsel, under existing law, statutes, regulations, rulings and judicial decisions, assuming continued compliance by the city with the terms of the bond ordinance, the bonds are exempt from intangible personal property taxes levied by Kansas counties, cities or townships, and the interest on the bonds is exempt from federal income taxation except as follows:

(a) For taxable years beginning in the years 1987, 1988 and 1989, the interest on the bonds will be included in the adjusted net book income of corporations. For purposes of computing the corporate alternative minimum tax, a corporation's alternative minimum taxable income must be increased by 50 percent of the amount by which such corporation's adjusted net book income exceeds such corporation's alternative minimum taxable income (determined without regard to this adjustment or the alternative tax net operating loss deduction). For taxable years beginning after 1989, the use of "book income" will be replaced by "adjusted current earnings," and "50%" will be replaced by "75%."

(b) For taxable years beginning after December 31, 1986, property and casualty insurance companies will be required to reduce their deduction for losses incurred on insurance contracts by 15 percent of the amount of interest received or accrued on tax-exempt obligations acquired after August 7, 1986, including the bonds.

(c) For taxable years ending after December 31, 1986, banks and thrift institutions will be unable to deduct any portion of their interest expense allocable to purchasing and carrying tax-exempt obligations acquired after August 7, 1986, including the bonds.

H.R. 2005, the Superfund Amendments and Reauthorization Act of 1986, which was enacted on October 17, 1986, includes among its provisions the imposition of a new environmental tax. Calculation of the tax is to be based generally on a percentage of the corporate alternative minimum taxable income as defined in the 1986 code which would include interest on tax-exempt obligations, including the bonds. The amount of tax is equal to 0.12 percent of excess of the alternative minimum taxable income (without regard to net operating losses and the deduction for the

environmental tax) over \$2 million. The environmental tax is imposed whether or not the taxpayer is subject to the alternative minimum tax, but is deductible from gross income. The environmental tax is effective for taxable years beginning after 1991. The imposition of this environmental tax could result in additional taxation of interest on the bonds for certain bondowners.

A form of bond counsel's opinion is contained in the official statement of the city with respect to the bonds.

#### **Delivery and Payment**

The city will pay for printing the bonds and will deliver the same properly prepared, executed and registered without cost to the successful bidder within 45 days after the date of sale at such bank or trust company in the state of Kansas or Kansas City, Missouri, as may be specified by the successful bidder. The successful bidder will also be furnished with a certified transcript of the proceedings evidencing the authorization and issuance of the bonds and the usual closing proofs, which will include a certificate that there is no litigation pending or threatened at the time of delivery of the bonds affecting their validity. Payment for the bonds shall be made in federal reserve funds, immediately subject to use by the city.

#### **Good Faith Deposit**

Each bid shall be accompanied by a cashier's or certified check drawn on a bank located in the United States of America equal to 2 percent of the total amount of the bid payable to the order of the city. If a bid is accepted, said check or the proceeds thereof will be held by the city until the bidder shall have complied with all of the terms and conditions of this notice. If a bid is accepted but the city shall fail to deliver the bonds to the bidder in accordance with the terms and conditions of this notice, said check or the proceeds thereof will be returned to the bidder. If a bid is accepted but the bidder defaults in the performance of any of the terms and conditions of this notice, the proceeds of such check will be retained by the city as and for liquidated damages. No interest will be paid upon the successful bidder's good faith check.

#### **CUSIP Numbers**

It is anticipated that CUSIP identification numbers will be printed on certificated bonds or assigned to uncertificated bonds, but neither the failure to print such number on or assign such number to any bond nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the bonds in accordance with the terms of the purchase contract. All expenses in relation to the assignment and printing of CUSIP numbers on the bonds will be paid by the city.

#### **Bid Forms**

All bids must be made on forms which may be procured from the city clerk. No additions or alterations in such forms shall be made and any erasures may cause rejection of any bid. The city reserves the right to waive irregularities and to reject any and all bids.

(continued)

**Submission of Bids**

Bids must be submitted in sealed envelopes addressed to the undersigned city clerk and marked "Bond Bid." Bids may be submitted by mail or delivered in person to the undersigned at the City Hall and must be received by the undersigned prior to 5:30 p.m. C.S.T. on April 7, 1987.

**Official Statement**

The city has prepared an official statement dated April 1, 1987, copies of which may be obtained from the city clerk. Upon the sale of the bonds, the city will adopt the final official statement and will furnish the successful bidder with a reasonable number of copies thereof without additional cost upon request. Additional copies may be ordered by the successful bidder at his expense.

**Assessed Valuation and Indebtedness**

The total assessed valuation of the taxable tangible property within the city, for the year 1986, is as follows:

Equalized assessed valuation of taxable tangible property .....	\$16,152,865
Tangible valuation of motor vehicles .....	\$ 4,892,146
Equalized assessed tangible valuation for computation of bonded debt limitations .....	\$21,045,011

The total general obligation indebtedness of the city as of the date of the bonds, including the bonds being sold, is \$1,731,512.19. Temporary notes in the principal amount of \$301,890 will be retired out of proceeds of the bonds and other available funds.

**Additional Information**

Additional information regarding the bonds may be obtained from the City Clerk, City Administration Center, 317 S. Washington, Wellington, KS 67152, Attention: Joan Martin, (316) 326-2811.  
Dated March 20, 1987.

CITY OF WELLINGTON, KANSAS  
By Joan Martin, City Clerk  
City Administration Center  
317 S. Washington  
Wellington, KS 67152  
(316) 326-2811

Doc. No. 005190

(Published in the KANSAS REGISTER, April 2, 1987.)

**NOTICE OF BOND SALE**  
**\$406,500**  
**GENERAL OBLIGATION BONDS**  
**SERIES 1987-2**  
**OF THE**  
**CITY OF WAMEGO, KANSAS**

The city of Wamego, Kansas will receive sealed bids at the office of the City Clerk, City Hall, Wamego, Kansas, until 7:30 p.m. C.S.T. on Tuesday, April 7, 1987, for \$406,500 par value general obligation bonds, Series 1987-2, of the city, at which time and place such bids will be publicly opened. No oral or auction bids will be considered.

The Series 1987-2 bonds will be dated as of May 1, 1987, and shall mature on September 1 in each of the years and in the amounts set forth below. Such bonds shall be fully registered certificated bonds, each in the denomination of \$5,000 or integral multiples thereof, except for one bond in the amount of \$6,500, not exceeding the principal amount of bonds maturing in each year. The bonds will mature serially in accordance with the following schedule:

Principal Amount	Maturity Date	Principal Amount	Maturity Date
\$11,500	September 1, 1989	\$30,000	September 1, 1996*
15,000	September 1, 1990	30,000	September 1, 1997*
20,000	September 1, 1991	35,000	September 1, 1998*
25,000	September 1, 1992	35,000	September 1, 1999*
25,000	September 1, 1993	40,000	September 1, 2000*
25,000	September 1, 1994	40,000	September 1, 2001*
30,000	September 1, 1995*	45,000	September 1, 2002*

\* **Optional redemption.** At the option of the city, bonds due September 1, 1995 and thereafter are callable for redemption, in whole or in part, on September 1, 1994, or any interest payment date thereafter, in inverse numerical order at the price of par and accrued interest to date of redemption.

Notice of any call for redemption will be mailed to the registered owners of such bonds to be redeemed at the address shown on the registration books maintained by the bond registrar not less than 30 days prior to the date fixed for such redemption and payment. Interest on the bonds so called for redemption and payment will cease to accrue after the redemption date, provided notice has been given and funds are then available to pay the full redemption price thereof.

Interest will be payable semiannually, commencing March 1, 1988, and each March 1 and September 1 thereafter. The principal of, and premium, if any, on the bonds shall be payable in lawful money of the United States of America at the office of the Kansas State Treasurer, Topeka, Kansas (the paying agent and bond registrar), to the registered owners thereof upon presentation of the bonds for payment and cancellation. Interest on the bonds shall be payable in lawful money of the United States of America, by check or draft of the paying agent to the registered owners appearing on the books maintained by the bond registrar as of the 15th day of the month next preceding the interest payment dates (the record dates). The fees

of the bond registrar for registration and transfer of the bonds shall be paid by the city.

#### Conditions of Bids

Proposals will be received on the bonds bearing such rate or rates of interest as may be specified by the bidder. The same rate shall apply to all bonds of the same maturity. Each interest rate specified shall be in an even multiple of 1/8 or 1/20 of 1 percent. The difference between the highest and lowest interest rates specified in any bid shall not exceed 3 percent. No interest rate shall exceed the maximum rate allowed by Kansas law, said maximum rate being 2 percent above the weekly Credit Market's 20 bond index of tax exempt municipal bonds, published in New York, New York, on the Monday next preceding the day on which the bonds are sold, and no bid of less than par and accrued interest will be considered. Bids involving the use of extra or supplemental interest rates will not be considered. Bids for less than the entire issue of bonds will not be considered.

Bids shall be submitted on the official bid form furnished by the city, shall be addressed to the city, Attention: T. LeRoy Stewart, City Clerk, and shall be plainly marked "Bond Bid." All bids must state the total interest cost of the bid, the premium, if any, the net interest cost of the bid, and the average annual interest rate, all certified by the bidder to be correct, and the city will be entitled to rely on the certificate of correctness of the bidder. Each bid must be accompanied by a certified or cashier's check equal to 2 percent of the total amount of the bid, and shall be payable to Treasurer, City of Wamego, Kansas. In the event a bidder whose bid is accepted shall fail to carry out his contract of purchase, said deposit shall be retained by the city as liquidated damages. The checks of unsuccessful bidders will be returned promptly.

#### Basis for Award

The sealed bids for the bonds shall be opened publicly and only at the time and place specified in this notice, and the bonds will be sold to the best bidder. The city reserves the right to reject any and all of the bids and to waive any irregularities. Unless all bids are rejected, the bonds will be awarded to the bidder whose proposal results in the lowest net interest cost to the city, and the net interest cost will be determined by deducting the amount of any premium paid from the aggregate amount of interest upon all of the bonds from their date until their respective maturities. If there is any discrepancy between the net interest cost and the average annual net interest rate specified, the specified net interest cost shall govern. If two or more proper bids providing for identical amounts for the lowest net interest cost are received, the city shall determine which bid, if any, shall be accepted, and its determination shall be final.

#### Delivery and Payment

The city will pay for printing the bonds and will deliver the same properly prepared, executed and registered without cost to the successful bidder on or about May 12, 1987, at such bank or trust company in the State of Kansas or Kansas City, Missouri, as may be

specified by the successful bidder. Delivery elsewhere will be made at the expense of the successful bidder. The number, type and denomination of bonds, and names of the initial registered owners to be initially printed on the bonds and their social security or taxpayer identification numbers shall be submitted in writing by the successful bidder to the bond registrar and the city not later than seven business days preceding delivery of the bonds. The successful bidder will be furnished with a complete transcript of proceedings evidencing the authorization and issuance of the bonds and the usual closing proofs, which will include a certificate that there is no litigation pending or threatened at the time of delivery of the bonds affecting their validity. Payment for the bonds shall be made in immediately available funds.

It is anticipated that CUSIP identification numbers will be printed on the bonds. Neither the failure to print such numbers on any bond nor any error with respect thereto shall constitute cause for failure by the successful bidder to accept delivery of and pay for the bonds in accordance with the terms of his contract and this notice of bond sale. All expenses in connection with the printing of CUSIP numbers on the bonds shall be paid for by the city.

#### Authority, Purpose and Security

The bonds and the interest thereon will constitute general obligations of the city, payable from ad valorem taxes which may be levied without limitation as to rate or amount upon all of the taxable tangible property, real and personal, within the territorial limits of the city. The bonds are being issued pursuant to K.S.A. 12-1736 *et seq.*, as amended, for the purpose of paying the cost of constructing and equipping an addition to the Wamego City Hospital.

#### Legal Opinion and Tax Exemption

The bonds will be sold subject to the legal opinion of Gaar & Bell, Wichita, Kansas, bond counsel, whose approving legal opinion as to the validity of the bonds will be furnished and paid for by the city, printed on the bonds and delivered to the successful bidder as and when the bonds are delivered.

On October 22, 1986, the President of the United States signed into law H.R. 3838, the Tax Reform Act of 1986, which redesignates the Internal Revenue Code of 1954 as the Internal Revenue Code of 1986. The 1986 code imposes certain additional requirements and restrictions which must be met subsequent to the issuance of state and local government obligations in order to maintain the exemption from federal income taxation of the interest on such obligations. The city will covenant in the bond ordinance to comply with the provisions of the Act and to take all action as may be necessary to comply with the Act and all applicable future law to preserve the tax-exempt status of the bonds, to the extent such actions can be taken by the governing body of the city.

In the opinion of bond counsel, under existing law, statutes, regulations, rulings and judicial decisions, assuming continued compliance by the city with the terms of the bond resolution, the bonds are exempt

(continued)

from intangible personal property taxes levied by Kansas counties, cities or townships, and the interest on the bonds is exempt from federal income taxation except as follows:

(a) For taxable years beginning in the years 1987, 1988 and 1989, the interest on the bonds will be included in the adjusted net book income of corporations. For purposes of computing the corporate alternative minimum tax, a corporation's alternative minimum taxable income must be increased by 50 percent of the amount by which such corporation's adjusted net book income exceeds such corporation's alternative minimum taxable income (determined without regard to this adjustment or the alternative tax net operating loss deduction). For taxable years beginning after 1989, the use of "book income" will be replaced by "adjusted current earnings," and "50%" will be replaced by "75%."

(b) For taxable years beginning after December 31, 1986, property and casualty insurance companies will be required to reduce their deduction for losses incurred on insurance contracts by 15 percent of the amount of interest received or accrued on tax-exempt obligations acquired after August 7, 1986, including the bonds.

H.R. 2005, the Superfund Amendments and Reauthorization Act of 1986, which was enacted on October 17, 1986, includes among its provisions the imposition of a new environmental tax. Calculation of the tax is to be based generally on a percentage of the corporate alternative minimum taxable income as defined in the 1986 code which would include interest on tax-exempt obligations, including the bonds. The amount of tax is equal to 0.12 percent of excess of the alternative minimum taxable income (without regard to net operating losses and the deduction for the environmental tax) over \$2 million. The environmental tax is imposed whether or not the taxpayer is subject to the alternative minimum tax, but is deductible from gross income. The environmental tax is effective for taxable years beginning after 1991. The imposition of this environmental tax could result in additional taxation of interest on the bonds for certain bondowners.

**Qualified Tax Exempt Obligations**

The Tax Reform Act of 1986, H.R. 3838, was signed into law by the President of the United States on October 22, 1986. The Act provides that banks and thrift institutions would be unable to deduct any portion of the interest cost of purchasing or carrying tax-exempt obligations (with certain exceptions) if such interest costs are incurred in taxable years ending after December 31, 1986, with respect to bonds acquired after August 7, 1986. The Act provides that certain "qualified tax-exempt obligations" as defined in Section 902(b)(3) will be treated as having been acquired on August 7, 1986. The city will covenant to take such actions as are necessary to designate the Series 1987-2 bonds as "qualified tax-exempt obligations" described above.

**Official Statement**

The city has prepared a preliminary official state-

ment dated March 3, 1987, copies of which may be obtained from the city or from the financial adviser. Upon the sale of the bonds, the city will furnish the successful bidder with a reasonable number of copies of the official statement without additional cost upon request. Additional copies may be ordered by the successful bidder at his expense.

**Financial Information**

Assessed valuation figures for the city of Wamego, for the year 1986, are as follows:

Equalized assessed valuation of taxable,	
tangible property .....	\$6,286,540
Tangible valuation of motor vehicles .....	\$2,120,360
Equalized assessed tangible valuation for	
computation of bonded debt .....	\$8,406,900

As of May 1, 1987, the total general obligation bonded indebtedness of the city of Wamego, including this issue of bonds, will be \$1,876,419.18. The city presently has no temporary notes outstanding.

**Additional Information**

Further information may be obtained from the city clerk or Ransom & Company, Inc., financial adviser to the city, 1035 Bank IV Tower, Topeka, KS 66603, Attn: David Brant, (913) 233-1173.

Dated March 3, 1987.

T. LeROY STEWART  
City Clerk  
430 Lincoln St.  
Wamego, KS 66547  
(913) 456-9119

Doc. No. 005189

(Published in the KANSAS REGISTER, April 2, 1987.)

**NOTICE OF REDEMPTION  
RENO COUNTY, KANSAS  
Single Family Mortgage  
Revenue Bonds  
1979 SERIES A**

**Serial Bonds Due November 1987-1999  
Term Bonds Due November 1, 2010**

Notice is hereby given that \$580,000 principal amount of the bonds, as listed below, are called for redemption on May 1, 1987 at the redemption price of 100 percent of the principal amount being redeemed plus accrued interest thereon to the redemption date:

The serial numbers of the coupon bonds to be redeemed in full, bearing CUSIP No. 759753 and Suffix:

AH9	API	929	1392	2071	2752	3431
203	551	954	1425	2105	2787	3465
	582	979	1459	2142	2823	3499
			1493	2173	2853	3533
AJ5	AQ9	AU0	1527	2208	2887	3567
275	599	1016	1561	2241	2919	3603
	654	1033	1595	2275	2955	3635
AK2		1059	1629	2309	2989	3669
307		1088	1663	2343	3023	3703
	AR7		1694	2377	3058	3737
AL0	724	AV8	1731	2411	3091	3771
385	768	1146	1765	2445	3126	3805
		1175	1799	2479	3159	3839
AM8	AS5	1204	1833	2513	3193	3873
417	806	1233	1867	2547	3227	3907

445	837		1901	2581	3261	3941
	866	AW6	1935	2615	3295	
AN6		1289	1969	2649	3329	
483	AT3	1323	2003	2684	3363	
514	904	1357	2037	2717	3397	

(Published in the KANSAS REGISTER, April 2, 1987.)

**NOTICE OF REDEMPTION  
RURAL WATER DISTRICT NO. 2  
OF  
SEDGWICK COUNTY, KANSAS  
WATER REVENUE BONDS  
SERIES 1981  
(Dated: May 1, 1981)**

The serial numbers of the registered bonds to be redeemed in part are:

Bond Number	Par Amount	CUSIP Number	Amount Called
R202	\$ 10,000	759753AP1	\$ 5,000
R218	30,000	759753AQ9	5,000
R277	45,000	759753AU0	5,000
R5	45,000	759753AV8	5,000
R27	200,000	759753AW6	10,000
R32	40,000	759753AW6	5,000
R369	5,000	759753AW6	5,000

Notice is hereby given that pursuant to a resolution, Rural Water District No. 2 of Sedgwick County, Kansas, passed and approved on April 23, 1981, there will be redeemed on May 1, 1987 all outstanding Rural Water District No. 2 of Sedgwick County, Kansas water revenue bonds, Series 1981, which bonds mature on May 1 in each of the years from 1988 to 1991, inclusive, and are numbered from 7 to 10, inclusive. Said bonds will be redeemed at a redemption price equal to the principal amount thereof, plus accrued interest thereon to said redemption date, together with a premium of 3 percent of the principal amount of bonds called for redemption.

On May 1, 1987, all bonds designated for redemption will become due and payable upon presentation thereof to one of the offices of the paying agents.

Coupon bonds with the November 1, 1987 coupon and all subsequent coupons attached should be presented to one of the offices of the paying agents:

Continental Illinois National Bank  
and Trust Company of Chicago  
Attention: Corporate Trust Operations  
30 N. LaSalle St., 16th Floor  
Chicago, IL 60697

Marine Midland Bank, N.A.  
140 Broadway—12th Floor  
Coupon Paying Department  
New York, NY 10010

Kansas State Bank  
and Trust Company  
Attention: Trust Department  
123 N. Market St.  
P.O. Box 427  
Wichita, KS 67201

On May 1, 1987, all bonds will be due and payable at the principal office of the State Treasurer, Topeka, Kansas. All coupons maturing subsequent to May 1, 1987 must be attached and surrendered with said bonds. From and after May 1, 1987, interest on the aforesaid bonds will cease to accrue.

Dated March 23, 1987.

Board of Directors  
Rural Water District No. 2  
Sedgwick County, Kansas

Doc. No. 005192

(Published in the KANSAS REGISTER, April 2, 1987.)

**NOTICE OF REDEMPTION  
DELAWARE TOWNSHIP  
LEAVENWORTH COUNTY, KANSAS  
WATERWORKS SYSTEM REVENUE BONDS  
SERIES 1976**

The registered bonds should be presented to the principal paying agent, Continental Illinois National Bank and Trust Company.

Interest on the bonds called for redemption will cease to accrue on May 1, 1987. Coupons for May 1, 1987 may be detached and presented in the usual manner.

Under the provisions of the Interest and Dividend Tax Compliance Act of 1983, paying agents making payments of interest or principal on corporate securities or making payments of principal on municipal securities may be obligated to withhold a 20 percent tax from remittances to individuals who have failed to furnish the paying agent with a valid taxpayer identification number. Holders of the above described securities who wish to avoid the imposition of this tax should submit certified taxpayer identification numbers when presenting their securities for collection.

Dated March 27, 1987.

By Continental Illinois National Bank  
and Trust Company of Chicago, Trustee

Doc. No. 005194

Notice is hereby given that pursuant to the provisions of a resolution of the trustees of Delaware Township, Leavenworth County, Kansas, passed and approved May 10, 1976, \$240,000 principal amount of bonds of the above-captioned issued will be redeemed and paid prior to maturity on May 1, 1987. On said date there will become due and payable upon each bond to be redeemed the principal amount thereof and accrued interest to said date, together with a premium of \$175 for each \$5,000 in principal amount of bonds so redeemed.

The bonds of said issue to be redeemed in whole are numbered 33-80, inclusive, maturing May 1, 1988 to May 1, 1996, inclusive.

Payment of bonds to be redeemed will be made at the office of the State Treasurer, Topeka, Kansas, upon presentation and surrender of such bonds, together with all coupons, if any, appertaining thereto, maturing after the redemption date. To avoid a 20 percent backup withholding as otherwise required by law,

*(continued)*

bondholders should submit certified taxpayer identification numbers when presenting their bonds for collection.

From and after May 1, 1987, interest on the bonds to be redeemed will cease to accrue and be payable.

Dated as of this 23rd day of March, 1987, by order of the governing body of Delaware Township, Leavenworth County, Kansas.

JOHN STUCKEY  
Clerk of Delaware Township  
Leavenworth County, Kansas

Doc. No. 005195

**State of Kansas**  
**STATE CORPORATION COMMISSION**

**NOTICE OF**  
**MOTOR CARRIER HEARINGS.**

Applications set for hearing are to be heard at 9:30 a.m. before the State Corporation Commission, Docking State Office Building, fourth floor, Topeka, unless otherwise noticed.

This list does not include cases previously assigned hearing dates for which parties of record have received notice.

Questions concerning applications for hearing dates should be addressed to the State Corporation Commission, 4th Floor, Docking State Office Building, Topeka 66612, (913) 296-3808 or 296-2110.

Your attention is invited to Kansas Administrative Regulations (K.A.R.) 82-1-228, "Rules of Practice and Procedure Before the Commission."

**Application set for April 14, 1987**

***Application for Certificate of Convenience and Necessity:***

Leo R. Dorzweiler, dba ) Docket No. 154,851 M  
Cattlemans Oil Operations )  
HC 39, Box 74 )  
Hays, KS 67601 )

Applicant's Attorney: Robert Tilton, 1324 Topeka Blvd., P.O. Box 1337, Topeka, KS 66601

*Oil field equipment, materials and supplies and heavy machinery,*

Between all points and places in the state of Kansas.

\*\*\*\*\*

**Applications set for April 21, 1987**

***Application for Transfer of Certificate of Convenience and Necessity:***

Gerald W. Abrahams ) Docket No. 27,825 M  
317 N. Locust )  
Whitewater, KS 67154 ) MC ID No. 100191  
TO:  
Janzen Trucking, Inc.  
417 Main  
Elbing, KS 67041

Applicant's Attorney: Clyde Christey, Southwest Plaza Building, Suite 202, 3601 W. 29th, Topeka, KS 66614

*Livestock,*

Between points and places in Butler, Sedgwick, Harvey and Reno counties; that portion of Marion County south of K-56 and K-150; that portion of Greenwood County west of K-99; that portion of Cowley County north of US-160; that portion of Sumner County north of US-160; that portion of Harper County north of US-160 and east of K-14; that portion of Kingman County east of K-14 and that portion of McPherson County south of US-56.

Also,

Between points and places in the above described territory, on the one hand, and points and places in Kansas, on the other hand.

\*\*\*\*\*

***Application for Extension of Certificate of Convenience and Necessity:***

Janzen Trucking, Inc. ) Docket No. 27,825 M  
417 Main )  
Elbing, KS 67041 )

Applicant's Attorney: Clyde Christey, Southwest Plaza Building, Suite 202, 3601 W. 29th, Topeka, KS 66614

*Livestock, grain, hay, dry feed, dry feed ingredients, salt, dry fertilizer and seeds,*

Between points and places in Wyandotte, Shawnee, Trego, Ford, Ellis, Rush, Pawnee, Edwards, Kiowa, Comanche, Barton, Stafford, Pratt, Barber, Ellsworth, Rice, Reno, Kingman, Harper, Saline, McPherson, Harvey, Sedgwick, Sumner, Dickinson, Marion, Butler, Cowley, Morris, Chase, Lyon, Greenwood, Elk and Chautauqua counties.

Also,

Between points and places in the above described territory, on the one hand, and points and places in the state of Kansas, on the other hand.

\*\*\*\*\*

***Application for Certificate of Convenience and Necessity:***

Seneca Transportation, Inc.) Docket No. 154,845 M  
1201 Baltimore )  
Seneca, KS 66538 )

Applicant's Attorney: William Barker, 3401 S.W. Harrison, Topeka, KS 66611

*Grain, seed, livestock, dry feed, dry feed ingredients, dry fertilizer, dry fertilizer ingredients, building materials and supplies,*

Between points in Washington, Marshall, Nemaha, Brown, Doniphan, Clay, Riley, Pottawatomie, Jackson, Atchison, Geary, Wabaunsee, Shawnee, Jefferson, Leavenworth, Wyandotte, Douglas and Johnson counties, Kansas, on the one hand, and on the other, all points and places in Kansas.

**Application for Certificate of Convenience and Necessity:**

Van Tassel, Inc. ) Docket No. 93,453 M  
 P.O. Box 1477 )  
 Pittsburg, KS 66762 )

Applicant's Attorney: John Jandera, 1610 S.W. Topeka Blvd., Topeka, KS 66612

*General commodities (except household goods, classes A and B explosives and commodities in bulk),*

Between points and places lying on and east of K-14.  
 Also,  
 Between points and places lying on and east of K-14, on the one hand, and on the other, points in Kansas.

\*\*\*\*\*

**Applications set for April 23, 1987**

**Application for Extension of Certificate of Convenience and Necessity:**

Paul M. Flowers, dba ) Docket No. 148,074 M  
 Flowers Trucking )  
 107 N. Central )  
 Coldwater, KS 67029 ) MC ID No. 123356

Applicant's Attorney: None

*Feed, feed ingredients, salt, fertilizer, fertilizer ingredients and grain,*

Between all points and places in the state of Kansas.

\*\*\*\*\*

**Application for Extension of Certificate of Convenience and Necessity:**

Irwin Porter, dba ) Docket No. 153,739 M  
 Porter Farms )  
 Route 1, Box 139 )  
 Quinter, KS 67752 ) MC ID No. 123831

Applicant's Attorney: None

*Grain, seed and dry fertilizer,*

Between all points and places in the state of Kansas.

\*\*\*\*\*

**Application for Abandonment of Certificate of Convenience and Necessity:**

Jack R. Adee ) Docket No. 118,922 M  
 Route 3 )  
 Phillipsburg, KS 67661 ) MC ID No. 102503

Applicant's Attorney: None

\*\*\*\*\*

**Application for Certificate of Convenience and Necessity:**

Daryl Goetz, dba ) Docket No. 154,846 M  
 Goetz Trucking )  
 Box 18 )  
 Park, KS 67751 )

Applicant's Attorney: Clyde Christey, Southwest Plaza Building, Suite 202, 3601 W. 29th, Topeka, KS 66614

*Livestock, grain, dry feed, dry feed ingredients, seeds, dry fertilizer and hay,*

Between points and places in Wyandotte, Shawnee, Saline, Reno, Sherman, Wallace, Greeley, Stanton, Thomas, Rawlins, Logan, Wichita, Kearny, Grant, Decatur, Sheridan, Gove, Scott, Lane, Finney, Haskell, Gray, Seward, Norton, Graham, Trego, Ness, Hodgeman, Ford, Phillips, Rooks, Ellis, Rush and Russell counties.

Also,

Between points and places in the above described territory, on the one hand, and points and places in the state of Kansas, on the other hand.

\*\*\*\*\*

**Application for Extension of Certificate of Convenience and Necessity:**

Mistletoe Express Service ) Docket No. 43,144 M  
 P.O. Box 25614 )  
 Oklahoma City, OK 73125 ) MC ID No. 100437

Applicant's Attorney: Clyde Christey, Southwest Plaza Building, Suite 202, 3601 W. 29th, Topeka, KS 66614

*General commodities (except household goods, classes A and B explosives and commodities in bulk),*

Between points and places in Wyandotte, Leavenworth, Atchison, Jefferson, Jackson, Shawnee, Riley and Pottawatomie counties and all points and places in Kansas south of US-24.

Also,

Between the above described territory, on the one hand, and all points and places in the state of Kansas, on the other hand.

\*\*\*\*\*

**Application for Extension of Certificate of Convenience and Necessity:**

Tom Snell, dba ) Docket No. 142,131 M  
 Tom Snell Trucking )  
 106½ N. Main )  
 Ellinwood, KS 67526 ) MC ID No. 102989

Applicant's Attorney: Clyde Christey, Southwest Plaza Building, Suite 202, 3601 W. 29th, Topeka, KS 66614

*Liquid fertilizer solutions,*

Between Cloud, Saline, Finney, Reno, Kearny, Barton, Butler, Sedgwick, Pratt, Pawnee, Atchison and Sumner counties, Kansas, on the one hand, and points and places in the state of Kansas, on the other hand.

(continued)

Applications set for April 28, 1987

**Application for Certificate of Convenience  
and Necessity:**

Wheatland Express, Inc. ) Docket No. 154,848 M  
Box 63 )  
Cimarron, KS 67835 )

Applicant's Attorney: William Barker, 3401 S.W.  
Harrison, Topeka, KS 66611

*Livestock, grain, dry feed, dry feed ingredients, dry  
fertilizer, dry fertilizer ingredients and salt,*

Between points in Greeley, Wichita, Scott, Lane,  
Hamilton, Kearny, Finney, Stanton, Grant, Haskell  
and Gray counties, Kansas, on the one hand, and on  
the other, all points and places in Kansas.

\*\*\*\*\*

**Application for Certificate of Convenience  
and Necessity:**

S & S Trucking, Inc. ) Docket No. 154,847 M  
Box 178, East Hwy. 56 )  
Hugoton, KS 67951 )

Applicant's Attorney: William Barker, 3401 S.W.  
Harrison, Topeka, KS 66611

*Livestock, grain, dry feed, dry feed ingredients, dry  
fertilizer, dry fertilizer ingredients and salt,*

Between points in Greeley, Wichita, Scott, Lane,  
Hamilton, Kearny, Finney, Stanton, Grant, Haskell  
and Gray counties, Kansas, on the one hand, and on  
the other, all points and places in Kansas.

\*\*\*\*\*

**Application for Extension of Certificate of  
Convenience and Necessity:**

5-S Trucking, Inc. ) Docket No. 141,081 M  
Rural Route, Box 135 )  
Ransom, KS 67572 ) MC ID No. 117049

Applicant's Attorney: Clyde Christey, Southwest  
Plaza Building, Suite 202, 3601 W. 29th, Topeka, KS  
66614

*Grain, hay, dry feed, dry feed ingredients, salt, seeds  
and dry fertilizer, construction, building and  
fencing materials,*

Between points and places on and west of US-281.  
Also,

Between the above described territory, on the one  
hand, and points and places in the state of Kansas, on  
the other hand.

**Grain,**

Between points and places in Reno, Saline, Shaw-  
nee, Lyon and Wyandotte counties, on the one hand,  
and points and places in the state of Kansas, on the  
other hand.

**Livestock,**

Between points and places in Gove, Trego, Ellis,  
Lane, Ness, Rush, Finney, Hodgeman, Pawnee and  
Ford counties.

Also,

Between the above described territory, on the one  
hand, and points and places in the state of Kansas, on  
the other hand.

\*\*\*\*\*

**Application for Extension of Certificate of  
Convenience and Necessity:**

Robert H. Stover ) Docket No. 153,389 M  
3931 N.W. 44th Terrace )  
Topeka, KS 66618 ) MC ID No. 123485

Applicant's Attorney: None

**Fertilizer and fertilizer ingredients,**

Between all points and places in Reno, Barton and  
Sedgwick counties, Kansas.

Also,

Between the above described territory, on the one  
hand, and all points and places in the state of Kansas,  
on the other.

\*\*\*\*\*

**Application for Certificate of Convenience  
and Necessity:**

MLC Farms, Inc. ) Docket No. 154,852 M  
Route 4 )  
Beloit, KS 67420 )

Applicant's Attorney: D. S. Hulst, P.O. Box 225, Law-  
rence National Bank Building, Lawrence, KS 66044

*Dry farm produce, feed and feed ingredients, grain,  
salt, hay, seeds, dry fertilizer, farm  
machinery and livestock,*

Between all points and places in Mitchell, Jewell,  
Smith, Osborne, Lincoln, Ottawa, Cloud and Republic  
counties, Kansas.

Also,

Between the above listed counties, on the one hand,  
and all points and places in Kansas, on the other.

\*\*\*\*\*

**Application for Certificate of Convenience  
and Necessity:**

King Grain Company ) Docket No. 154,853 M  
Route 2 )  
Winfield, KS 67156 )

Applicant's Attorney: Mark Krusor, First National  
Bank Building, P.O. Box 731, Winfield, KS 67156-  
0731

*Feed, feed ingredients, fertilizer, salt, grain, grain  
products and processed agricultural products,*

Between all points and places in the state of Kansas.

\*\*\*\*\*

**Application for Extension of Certificate of  
Convenience and Necessity:**

Bohm Grain, Inc. ) Docket No. 154,474 M  
411 N. 1st )  
Osborne, KS 67473 ) MC ID No. 101442



Applicant's Attorney: Clyde Christey, Southwest Plaza Building, Suite 202, 3601 W. 29th, Topeka, KS 66614

*Liquid fertilizer solutions,*

Between points and places in Kansas on and west of US-77.

Also,

Between points and places in the above described territory, on the one hand, and points and places in the state of Kansas, on the other hand.

\*\*\*\*\*

**Applications set for May 12, 1987**

*Application for Certificate of Convenience and Necessity:*

Translease, Inc. ) Docket No. 154,849 M  
P.O. Box 32382 )  
Amarillo, TX 79120 )

Applicant's Attorney: John Jandera, 1610 S.W. Topeka Blvd., Topeka, KS 66612

*Foodstuffs, including meat and meat by-products,*  
Between points and places in Kansas.

*Livestock,*

Between points in the Kansas counties of Finney, Ford and Seward.

Also,

Between points in the Kansas counties of Finney, Ford and Seward, on the one hand, and on the other, points in Kansas.

\*\*\*\*\*

*Application for Certificate of Convenience and Necessity:*

Willers, Inc. ) Docket No. 154,850 M  
P.O. Box 944 )  
Sioux Falls, SD 57101 )

Applicant's Attorney: John Jandera, 1610 S.W. Topeka Blvd., Topeka, KS 66612

*Foodstuffs, including meat and meat by-products,*  
Between points and places in Kansas.

\*\*\*\*\*

*Application for Extension of Certificate of Convenience and Necessity:*

Wynne Transport ) Docket No. 85,067 M  
Service, Inc. )  
2222 N. 11th )  
Omaha, NE 68110 ) MC ID No. 100601

Applicant's Attorney: John Jandera, 1610 S.W. Topeka Blvd., Topeka, KS 66612

*Liquid bulk commodities,*

Between points and places in Kansas.

ALFONZO A. MAXWELL  
Administrator  
Transportation Division

**State of Kansas**

**STATE CORPORATION COMMISSION**

**PERMANENT ADMINISTRATIVE REGULATIONS**

(Effective May 1, 1987)

**Article 1.—RULES OF PRACTICE AND PROCEDURE**

**82-1-202. Scope and purpose.** (a) These rules shall govern the practice and procedure in all proceedings before the state corporation commission, or any commissioner, examiner, attorney, or employee of the commission, under the public utilities act, the motor carrier act, the gas conservation act, the Kansas securities act and any other act administered by the state corporation commission, to the extent these rules are not in conflict with these acts. Unless otherwise required by law, the requirements of these rules may be waived by the commission upon a showing of good cause and when it is in the public interest to do so.

(b) These rules assist the commission in defining the public interest as it serves the residents of Kansas. Upon request, any person having business before the commission may receive all reasonable and proper assistance from personnel of the commission, including advice as to the form of any application, complaint, motion, answer or other paper necessary to be filed in any proceeding before the commission and the furnishing of any blank forms or other information from its records relating thereto. (Authorized by and implementing K.S.A. 55-604, 55-704, 66-106; effective Jan. 1, 1966; amended Feb. 15, 1977; amended May 1, 1987.)

**82-1-231. Applications in rate cases.** (a) Scope. Each electric, gas, telephone or water utility whose rates are under review by this commission at the request of the utility, or as a result of investigation, complaint or any other procedure, shall comply with this rule and shall be prepared to establish, by appropriate schedules and competent testimony, all relevant facts and data pertaining to its business and operations which will assist the commission in arriving at a determination of rates which will be fair, just and reasonable both to the utility and the public.

(b) Procedures for different classes of utilities.

(1) Each utility shall be classified according to the uniform system of accounts prescribed by the commission.

(2) Each class A or class B utility shall, when proposed changes in tariffs will result in a major increase in rates or charges, prepare and submit its application and schedules in conformity with subsection (c) of this rule. All rural electric cooperative distribution systems providing service to less than 15,000 customers and any utility which, for any reason, is classified as other than a class A or class B electric, gas, telephone or water utility may follow the procedures outlined in subsection (d) of this regulation.

(3) Subject to prior approval by the commission,

(continued)

utilities which propose a change in rates within 12 months after a commission order following a general rate proceeding and investigation, and which are willing to adopt all the regulatory procedures, principles and rate of return established by the commission in that order, may submit schedules which eliminate data which is a duplication of information provided in the original schedules.

(4) An application by a class A and class B utility shall be construed to propose changes in tariffs which result in a major increase in rates or charges, when:

(A) The proposed changes relate to a general increase in revenues for the purpose of obtaining an alleged fair rate of return;

(B) material changes in operations, facilities or cost of service occur subsequent to the test year employed in any major rate decision, except for proposals which are for the sole purpose of compensating for the increased production or purchase cost of a principal product; or

(C) the proposed changes will, in the opinion of the commission, materially affect the public interest.

(c) Class A and class B utility rate proceedings; application and evidence. Each application by a class A or class B utility which proposes a major increase in rates or charges shall be accompanied by schedules which will indicate to the commission the nature and extent of the proposed changes to be effected. Applications shall be based upon data submitted for a test year.

A test year is any consecutive 12-month period selected for the purpose of determining or justifying the rates. The test year selected by the applicant may be disapproved by the commission for cause.

The original and nine copies of the application and schedules shall be filed with the commission. Each application and schedule shall be bound together under one looseleaf binder, unless the bulk of the material would make such handling impractical, in which case two or more volumes in looseleaf form shall be filed. The size of print used in the application and schedules shall not be smaller than elite type reduced 25 percent. Negative numbers shall be shown in parentheses. Amounts included in the application shall be cross-referenced between the appropriate summary schedule and supporting schedules as well as between the various sections. Referencing shall include allocation ratios, when appropriate. All items shall be self-explanatory or additional information, cross references or explanatory footnotes shall be presented on the schedule. The application shall be supported by schedules as required by this regulation, and shall be assembled under topical sections, with index tabs for each section and page numbers for each schedule. The form, order and titles of each section shall conform to the following requirements:

(1) Application, letter of transmittal, and authorization. This section shall contain a copy of the application, a copy of the letter of transmittal, and the appropriate document or documents authorizing the filing of the application, if any.

(2) General information and publicity. This section shall describe the means generally employed by the

utility to acquaint the general public that would be affected by the proposed rate change with the nature and extent of the proposal. This section may include, but is not limited to, statements concerning meetings with public officials, civic organizations and citizen groups, newspaper articles and advertisements, and shall include general information concerning the application which will be of interest to the public and suitable for publication. Such information shall include, when applicable:

(A) The amount of dollars of the aggregate annual increase which the application proposes;

(B) names of communities affected;

(C) the number and classification of customers to be affected;

(D) the average, per customer increase sought in dollars and cents;

(E) a summary of the reasons for filing the application;

(F) such other pertinent information which the applicant may desire to submit or which the commission may require; and

(G) copies of any press releases issued by the applicant prior to or at the time of filing the application for a rate review which relate to that review.

(3) Summary of rate base, operating income and rate of return. This section shall contain schedules which show the components of the test year rate base, operating revenues, expenses and income as well as the rate of return under the present and proposed tariff or tariffs. The schedules shall be presented as follows:

(A) The first schedule shall summarize, for each utility service for which the rate change is sought, the total Kansas and commission jurisdictional components of the rate base, operating revenues, expenses, net income and rate of return.

(B) Supporting schedules shall show the unadjusted commission jurisdictional figures and shall further set out each adjustment to arrive at the total adjustments. When added to the unadjusted total, the adjusted commission jurisdictional figures shall correspond with the commission jurisdictional figures presented on the first schedule of this section.

(C) Additional schedules not applicable to other sections of the application may be set out in this section.

(4) Plant investments. This section shall contain the items of plant investment, presented in the following manner:

(A) The first schedule shall detail, by functional classification, unadjusted amounts, adjustments to these amounts and jurisdictional allocations.

(B) Supplemental schedules, by primary account, shall set forth year-end plant investment for the three calendar years preceding the test year, for the test year and for the 12-month period preceding the test year. Additional schedules setting forth pertinent information related to the plant may be submitted under this section. "Primary account," as utilized in this regulation, shall mean the account classification provided in the uniform system of accounts prescribed by the commission for the utility.

(5) Accumulated provision for depreciation, amor-

tization and depletion. This section shall contain schedules which shall show by functional classification, as of dates corresponding with the dates of plant investment data submitted under section 4, the balances of the reserve accounts in which the credits representing provisions for depreciation, amortization, depletion, any adjustments thereto and jurisdictional allocations are accumulated. Upon commission request, or when considered relevant by the utility, schedules may be submitted showing analysis of the activities of the reserve accounts relating to the plant in service, segregated by primary accounts, or other segregation as is required by the uniform system of accounts prescribed by the commission for that utility.

(6) Working capital. This section shall set forth in detail each component of the working capital items the applicant proposes to submit as elements in the composition of the rate base. This section shall be presented as follows:

(A) The first schedule shall contain the components included in working capital, adjustments thereto and jurisdictional allocations.

(B) The method of calculation for each component of working capital and a complete explanation of any pro forma adjustments shall be included in supporting schedules.

(7) Capital and cost of money. This section shall contain:

(A) A schedule indicating the amounts of the major components of the capital structures of the utility, including long term debt, preferred stock, and common equity, outstanding as of the beginning and at the end of the test year. This schedule shall contain the ratios of each component to the total capital including the percentage cost and the requested overall rate of return. When only a portion of the capital serves the utility operations involved in the proceeding, as would be the case in a multi-utility or multistate operation, the schedule shall show an appropriate allocation of the capital items;

(B) a schedule disclosing the cost of each issue of debt and preferred stock outstanding, with due allowance for premiums, discounts and issuance expense. Data relating to the other components of capital as may be appropriate shall also be included;

(C) a schedule displaying historical interest coverage for at least the three calendar years preceding the test year, the test year and the 12-month period preceding the test year. The method used in the calculation shall be indicated and shall be consistent with the applicant's bond indenture requirements; and

(D) the consolidated capital structure, if the applicant is a part of a consolidated group or a division of another company.

(8) Financial and operating data. This section shall contain, for each of the three calendar years immediately preceding the test year, the test year, and the 12-month period preceding the test year:

(A) A balance sheet by primary account;

(B) comparative income and retained earnings statements. The primary account numbers shall be shown and dividends paid, by class of stock, shall be indicated;

(C) operating revenues and expenses by primary accounts;

(D) operating statistics appropriate to the type of utility, including kwh or mcf sales by rate schedules and customer consumption, power cost per kwh, and maintenance cost per subscriber. The statistics shall be presented in at least the same detail as is required in the annual reports to the commission; and

(E) annual payrolls by primary account.

(9) Test year and pro forma income statements. The first schedule shall present an operating income statement depicting the unadjusted test year operations, pro forma test year operations and allocations to jurisdictions. Supporting schedules shall set forth a full and complete explanation of the purpose and rationale for the pro forma adjustments. Such pro forma adjustments may include:

(A) Adjustments to reflect the elimination or normalization of nonrecurring and unusual items; and

(B) adjustments for known or determinable changes in revenue and expenses.

(10) Depreciation and amortization. This section shall include the schedules indicating depreciation rates by primary account, depreciation expense for the test year, and amounts charged to operations, clearing accounts and construction. When items of amortization appear in the income statements, schedules showing the basis for those items shall also be included in this section or made available. If new depreciation rates are proposed, a copy of the depreciation study shall be provided or made available.

(11) Taxes. This section shall contain the following information:

(A) The first schedule shall detail the various taxes chargeable to operations, allocated jurisdictionally. Appropriate supporting schedules for taxes other than income taxes shall be provided if pro forma adjustments are presented;

(B) A schedule disclosing the calculation of taxable income shall be included.

(C) A description of adjustments to arrive at taxable income, including method of computation, shall be provided.

(D) A schedule shall be provided depicting the calculation of income taxes, the jurisdictional allocation of those taxes and a division of those taxes to reflect current and deferred taxes.

(E) A schedule shall also be included for deferred investment tax credits showing the annual charges, credits and the balance to that account for a period of not less than 10 years. Furthermore, those schedules shall show the accumulated investment tax credits by the pertinent effective rate or rates for the test year and the 12-month period preceding the test year.

(F) A schedule shall be included for deferred income taxes showing the annual charges, credits and balance to the account for a period of not less than 10 years and for the test year and the year preceding the test year. For both the investment tax credits and deferred income tax schedules, the test year and the 12-month period preceding the test year balances shall be allocated to the jurisdictions.

(continued)

(12) Allocation ratios. This section shall contain complete detail for all ratios used in the allocations between jurisdictions, areas of operations, departments, classes of customers and other allocable items. In addition, this section shall include a narrative description of the rationale for the allocation ratio, the components included in the calculation of the ratio and their source, the allocation percentages applicable to jurisdictions or departments and what is being allocated by the ratio.

(13) Annual report to stockholders and the U.S. Securities and Exchange Commission. This section shall contain:

(A) The most recent annual report of the utility to its stockholders, and if the utility is a subsidiary of a parent corporation, the most recent annual report of the parent corporation to its stockholders; and

(B) when applicable, a copy of the most recent form 10-K filed with the U.S. Securities and Exchange Commission.

(14 through 16) Additional evidence. These sections include all other schedules, exhibits and data deemed pertinent to the application which may not be properly included under the preceding sections. Such additional evidence may be submitted at the option of the applicant and shall be submitted upon the direction of the commission.

(17) This section shall be applicable only to applications and schedules filed by or pertaining to the operations of gas or electric utilities. This section shall contain:

(A) A summary schedule which provides, by general customer classification, the test year revenues utilizing the existing and proposed tariffs. (The test year revenues under existing tariffs shall be adjusted when pro forma normalization or annualization adjustments are appropriate)

(B) a schedule detailing the following data for the test year, by tariff schedule:

- (i) The tariff number;
- (ii) a narrative description of that tariff number;
- (iii) the average number of customers served during the test year;
- (iv) the units sold;
- (v) the base revenue;
- (vi) the revenue from riders, fuel or purchased power clauses;
- (vii) the total revenue, utilizing the existing tariff. The total revenue shall be shown as adjusted, if appropriate;
- (viii) revenue per unit sold;
- (ix) the proposed tariff revenue;
- (x) the proposed revenue per unit;
- (xi) the dollar increase; and
- (xii) the percentage increase.

(18) This section shall contain the proposed rate change schedules. All new language or figures shall be designated by underlining or in another appropriate manner. All deleted language or figures shall be designated in a different manner, such as italics. Upon request, and within the time limits the commission determines, the filing of the proposed rate schedule, or other materials required to be filed under this rule,

separate from the filing of the application and schedules may be permitted by the commission.

(d) Rate proceedings by rural distribution electric cooperative systems providing service to less than 15,000 customers and those utilities other than class A and B electric, gas, telephone or water utilities. Such utilities may prepare a rate application and submit schedules in accordance with the above provisions of this regulation, or they may elect to prepare a less extensive application and schedules that are more appropriate to the operations of smaller utilities. Such applications or schedules shall be in the form and substance permitted by the commission and shall eliminate foregoing requirements which may be burdensome and unnecessary for those smaller utilities.

(e) Revisions of applications and schedules. If the applicant desires to make revisions to its application and schedules, other than minor corrections and insertions which can only be made by interlineation without unduly prolonging a hearing with respect to such application or schedules, the applicant shall file with the commission such revised schedules as are necessary to reflect the desired revisions, as follows:

(1) Each page of any such revised section or schedule shall bear the same section letter designation, schedule number, and page number as the original page with the word "Revised" and the date of the revision immediately below the original section, schedule, or page designation.

(2) The same number of copies of any revised sections, schedules or pages shall be filed as the number of copies originally required to be filed.

(3) A copy of each revised section, schedule or page shall also be served upon each party whose intervention has previously been permitted by the commission pursuant to K.A.R. 82-1-125.

(4) All revised sections, schedules and pages shall be filed in accordance with the provisions of K.A.R. 82-1-221, unless otherwise ordered by the commission for good cause shown.

(5) Substantial revisions of the schedules, including changing to a different test year, may constitute grounds for the commission to continue any scheduled hearing to a later date, if necessary for its staff to conduct further investigation or revise its schedules with respect to these revisions.

(f) Prepared testimony shall be required in all class A and class B utility rate proceedings filed pursuant to subsection (c) of this regulation. The prepared testimony shall be filed simultaneously with the filing of the application.

(g) For good cause shown, any of the requirements of this rule may be waived by the commission. (Authorized by K.S.A. 66-106; implementing K.S.A. 66-106 and 66-117; effective Jan. 1, 1966; amended Feb. 15, 1977; amended, E-78-31, Nov. 9, 1977; amended May 1, 1978; amended, E-82-1, Jan. 21, 1981; amended May 1, 1981; amended, T-83-43, Dec. 8, 1982; amended May 1, 1983; amended May 1, 1987.)

**Article 3.—PRODUCTION AND  
CONSERVATION OF OIL AND GAS**

**82-3-101. Definitions.** (a) As used in these regulations:

(1) "Acreage factor" means the quotient obtained by dividing the acreage attributable to a well by the basic acreage unit. The basic acreage unit shall be defined by the commission and promulgated in the basic proration order for the common source of supply in which the well is located.

(2) "Allowable" means the amount of oil or gas authorized to be produced by order of the commission.

(3) "Allowable period" means the time in which the allowable may be produced.

(4) "Alternative cementing materials" are materials used in lieu of Portland cement blends, as prescribed by commission order, dated March 29, 1985, Docket No. 34,780-C (C-1825).

(5) "Assessment" means any charge against the parties involved in any hearing, application, investigation, or the enforcement of an order, and the assessment on natural gas and oil produced to pay the costs associated with the administration of the oil or gas conservation act.

(6) "Attributable acreage" means the acreage assigned to a well in accordance with the well spacing program adopted for each of the prorated fields.

(7) "Burn pit" means a surface pond used for the temporary confinement of oil leakage at a lease site or of materials commonly known as tank bottoms, basic sediment, bottom sediment, bottom settlings, or paraffin, for the purpose of burning such contents.

(8) "Casing" means tubular goods used to line a well bore.

(9) "Casing-head gas" means gas produced that was in solution with oil in its original state in the reservoir.

(10) "Cement" means Portland cement or a blend of Portland cement used in the oil and gas industry to support and protect casing and to prevent the migration of subsurface fluids by the formation of an impermeable barrier.

(11) "Combination well" means a well that produces both oil and gas, excluding casing-head gas, from the same common source of supply.

(12) "Commingling" means the mixing of production from more than one common source of supply.

(13) "Commission" means the state corporation commission.

(14) "Common source of supply" means each geographic area or horizon definitely separated from any other area or horizon which contains, or appears to contain, a common accumulation of oil, gas or both.

(15) "Conservation division" means the division of the commission in charge of the administration of the oil and gas conservation acts, well plugging, salt water disposal, and enhanced recovery.

(16) "Correlative rights" means that each owner or producer in a common source of supply is privileged to produce from that supply only in a manner or amount that will not:

(A) injure the reservoir to the detriment of others;

(B) take an undue proportion of the obtainable oil or gas; or

(C) cause undue drainage between developed leases.

(17) "Day" means a period of 24 consecutive hours.

(18) "Deliverability" means the amount of natural gas, expressed in Mcf per day, which a well is capable of producing into a pipeline, while maintaining a back-pressure against the well head. The amount of back-pressure to be maintained and the test procedure shall be specified by the commission in the basic proration order for the common source of supply in which the well is located.

(19) "Department" means the Kansas department of health and environment.

(20) "Director" means the director of the conservation division of the commission.

(21) "Discovery well" means the first well completed in a common source of supply which is not in communication with any other common source of supply.

(22) "Disposal well" means a well which injects, for purposes other than enhanced recovery, those fluids brought to the surface in connection with oil and natural gas production.

(23) "Division order" means a dated, written statement, duly signed by the owners and delivered to the purchasers, certifying and guaranteeing the interests of ownership of production and directing payment according to those interests.

(24) "Drilling pit" means a surface pond used to temporarily confine fluids or refuse resulting from oil and gas activities during the drilling or completion of any oil, gas, exploratory, service, or storage well.

(25) "Drilling time log" is the chronological tabulation or plotting of the rate of penetration of subsurface rocks by the rotary bit.

(26) "Emergency pit" means a surface pond used to temporarily contain fluids resulting from oil and gas activities which were discharged as a result of unforeseen and unavoidable circumstances.

(27) "Enhanced recovery" means any process involving the injection of fluids into a pool to increase the recovery of oil or gas.

(28) "Enhanced recovery injection well" means a well which injects fluids to increase the recovery of hydrocarbons.

(29) "Field" means a geographic area containing one or more pools.

(30) "First purchaser" means the person holding the division order and issuing checks to pay any working or royalty interest.

(31) "Fluid" means a material or substance which flows or moves in a semi-solid, liquid, sludge, or gas state.

(32) "Freshwater" means water containing not more than 1,000 milligrams of total dissolved solids per liter. This upper limit is approximately equivalent to 1,000 parts of salt per million or 500 parts of chlorides per million.

(33) "Gas" means the gas obtained from gas or combination wells, regardless of its chemical analysis.

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(34) "Gas" (cubic foot) means the volume of gas contained in one cubic foot of space at a standard pressure base and at a standard temperature base. The standard pressure base shall be 14.65 pounds per square inch absolute, and the standard temperature base shall be 60 degrees Fahrenheit. Whenever the conditions of pressure and temperature differ from the above standard, conversion of the volume from these conditions to the standard conditions shall be made in accordance with the ideal gas laws as corrected for deviation.

(35) "Gas-oil ratio" means the ratio of gas produced, in cubic feet, to one barrel of oil produced during the concurrent period.

(36) "Gas" (sour) means any natural gas containing more than 1½ grains of hydrogen sulphide per 100 cubic feet or more than 30 grains of total sulphur per 100 cubic feet, or gas which is found by the commission to be unfit for sale due to its hydrogen sulfide content.

(37) "Gas well" means a well that:

(A) produces gas not associated with oil at the time of production from the reservoir; or

(B) produces more than 15,000 standard cubic feet of gas to each stock tank barrel of oil from the same common source of supply, as measured by the gas-oil ratio test prescribed by and reported on the form prescribed and furnished by the commission.

(38) "Hardship well" means a well authorized by commission order to produce at a specified rate because reasonable cause exists to expect that production below the specified rate would damage the well and cause waste.

(39) "Illegal production" means any production in violation of the statutes, rules, regulations or orders of the commission.

(40) "Minimum well" means any oil well which has a productivity of 25 barrels or less per day.

(41) "Mousehole" means a service hole drilled at a slight angle and normally about 30 feet deep on those wells drilled by rotary tools.

(42) "Mud-laden fluid," as the term is commonly used in the industry, means any commission-approved mixture of water and clay or other material which will effectively seal a formation to which it is applied.

(43) "Multiple completion" means the completion of any well so as to permit production from two or more common sources of supply with the common sources of supply completely segregated.

(44) "Oil" (crude) means any petroleum hydrocarbon which is produced from a well in liquid phase and which existed in a liquid phase in the reservoir.

(45) "Oil, (pipeline)" means oil free from water and basic sediment to the degree that it is acceptable for pipeline transportation and refinery use.

(46) "Oil well" means a well that produced one stock tank barrel or more of crude oil to each 15,000 standard cubic feet of gas, as measured by the gas-oil ratio test prescribed by and reported on the form prescribed and furnished by the commission.

(47) "Open flow" means the volume of gas which a gas well is capable of producing at the wellhead during a period of 24 hours against atmospheric pressure,

computed according to the standard procedure approved by the commission.

(48) "Operator" means any person who is in charge of the development of a lease, or the operation of a producing well.

(49) "Overage" or "overproduction" means the oil or gas produced in excess of the allowable.

(50) "Person" means any natural person, corporation, association, partnership, governmental or political subdivision, receiver, trustee, guardian, executor, administrator, fiduciary, or any other legal entity.

(51) "Pipeline" means any pipes above or below the ground used or to be used for the transportation of oil, gas, liquids, or gases.

(52) "Pool" means a single and separate natural reservoir of oil or gas characterized by a single pressure system.

(53) "Producer" means any person who owns, in whole or in part, a well capable of producing oil or gas or both.

(54) "Production" means produced oil, gas, condensate, or casing-head gas.

(55) "Productivity of a well" means the daily capacity of a well to produce oil or gas.

(56) "Productivity of a pool" means the sum of the productivities of the wells completed in the pool.

(57) "Proration" means the regulation of the amount of allowed production to prevent waste, undue drainage between developed leases, unratable taking, or unreasonable discrimination between operators, producers and royalty owners who are within a common source of supply, that would favor any one pool as compared to any other pool in this state.

(58) "Purchaser" means any person who purchases production from a well, lease or common source of supply.

(59) "Rathole" means the service hole drilled at a slight angle and normally about 40 feet deep on those wells drilled by rotary tools.

(60) "Reasonable market demand" means the amount of crude petroleum or natural gas which must be produced to satisfy current rates of consumption.

(61) "Service well" means a well drilled for:

(A) The injection of fluids in enhanced recovery projects;

(B) The supply of fluids for enhanced recovery projects; or

(C) The disposal of salt water.

(62) "Shortage" means the amount by which the oil or gas legally produced and sold or removed from the premise is less than the allowable.

(63) "Spud date" means the date of commencement of drilling operations preparatory to the setting of surface casing.

(64) "Storage oil" means produced oil confined in tanks, reservoirs, or containers.

(65) "Storage oil-lease" means produced oil in tanks, reservoirs, or containers on the lease where it was produced.

(66) "Storage pit" means a surface pond used for the storage, confinement or treatment of fluids resulting from oil and gas activities.

(67) "Storage well" means a well used to inject or extract natural gas for storage purposes.

(68) "Stratigraphic hole" means a hole, normally of small diameter, drilled through subsurface strata for exploratory purposes, with no intent to produce hydrocarbons through the hole being drilled.

(69) "Surface casing" is the first casing put in a well which is cemented into place. It serves to shut out shallow water formations. It also acts as a foundation or anchor for all subsequent drilling activity. For purposes of compliance with K.A.R. 82-3-106(c)(2), additional strings of casing, which are set and cemented in a well bore below the lowest fresh and usable water strata, shall be deemed to be surface casing.

(70) "Surface pond" means any constructed, excavated or naturally occurring depression upon the surface of the earth.

(71) "Tertiary recovery process" means the process or processes described in K.S.A. 79-4217, as amended by L. 1986, Ch. 204, Sec. 1.

(72) "Undue drainage" means the uncompensated migration of either oil or gas between developed leases within the same common source of supply caused by the unratable production of some well or wells located there.

(73) "Usable water" means water containing not more than 10,000 milligrams of total dissolved solids per liter. This upper limit is approximately equivalent to 10,000 parts of salt per million or 5,000 parts of chlorides per million.

(74) "Waste oil" means any tank bottom, basic sediment, cut oil, reclaimed oil from pits, ponds or streams, dead oil, emulsions, or other types of oil not defined as pipeline oil.

(75) "Waterflood" means the process of injecting fluids into one or more wells to enhance the recovery of oil.

(76) "Well completion, (oil)" occurs when the first new oil is produced through permanent wellhead equipment into lease tanks from the producing interval after the production casing has been run.

(77) "Well completion, (gas)" occurs when the well is capable of producing gas through permanent wellhead equipment from the producing zone after the production casing has been run.

(78) "Well completion, (dry hole)" occurs when all provisions of plugging are complied with as set out in these regulations.

(79) "Wellhead working pressure" means the static pressure in the annulus while flowing through the tubing, or static pressure in the tubing while flowing through the annulus, except in cases where the casinghead is not in open communication with the producing formation because of the presence of a packer or other obstruction in the annular space between casing and tubing. In these cases, the wellhead working pressure shall be determined by adjusting the observed tubing pressure for the effect of friction caused by flow through the tubing, or by using a bottom-hole pressure bomb and correcting back to wellhead conditions.

(80) "Well log" means the written record progressively describing the well's down-hole development.

(81) "Well history" means the chronological record of the development and completion of a well.

(b) All terms not defined in this definitional section shall be interpreted to be consistent with their common use in the industry. (Authorized by and implementing K.S.A. 55-152, as amended by L. 1986, Ch. 201, Sec. 9, K.S.A. 55-602, 55-604, 55-704, 55-901, as amended by L. 1986, Ch. 201, Sec. 17 and Ch. 202, Sec. 5; effective, T-83-44, Dec. 8, 1982; effective May 1, 1983; amended, T-84-19, July 26, 1983; amended May 1, 1984; amended May 1, 1985; amended May 1, 1986; amended, T-87-46, Dec. 19, 1986; amended May 1, 1987.)

**82-3-103. Notice of intention to drill.** (a) (1) The owner, operator, or persons responsible for a drilling operation shall give written notice of the intention to drill to the conservation division before the commencement of drilling operations for:

(A) exploratory holes anticipated to penetrate a salt water formation;

(B) the discovery or production of oil, gas or other minerals, including reentry of a previously plugged and abandoned well;

(C) drilling of a service well; or

(D) drilling of a storage well.

(2) The notice shall be received by the conservation division at least five days before any drilling is commenced.

(3) The notice shall contain:

(A) the operator's name, address, and commission license number;

(B) the contractor's name, address, and commission license number;

(C) the date on which drilling is anticipated to begin;

(D) the lease name, quarter section, section, range, township, county, and the distance of the proposed drilling location from the section's East and South lines;

(E) the distance to the nearest lease or unit boundary line;

(F) the estimated total depth of the well;

(G) the type of drilling equipment to be used;

(H) the depth of the deepest freshwater at the drill site;

(I) the depth to the bottom of the deepest usable water formation at the drill site; and

(J) any other information which may be requested by the commission. The notice shall be on a form prescribed by the commission which shall be filled in completely and signed by the operator or the operator's agent.

(b) Upon receipt of the notice of intent to drill, the owner or operator shall be notified by the commission of the amount of surface pipe necessary to protect all fresh and usable water. The owner or operator shall not commence the drilling operation until after commission approval has been received. A copy of the approved notice of intent to drill shall be posted on each drilling rig.

(c) Preliminary plugging instructions shall be given

(continued)

to the operator with the approved notice of the intention to drill.

(d) The approval of the notice of intent to drill shall expire six months from the date of approval. A six-month extension of the approval may be granted by the commission, if a written request for that extension is filed with the conservation division prior to the expiration date of the intent. (Authorized by K.S.A. 55-152, as amended by L. 1986, Ch. 201, Sec. 9; implementing K.S.A. 55-151, as amended by L. 1986, Ch. 201, Sec. 8 and Ch. 203, Sec. 2, K.S.A. 55-152, as amended by L. 1986, Ch. 201, Sec. 9; effective, T-83-44, Dec. 8, 1982; effective May 1, 1983; amended May 1, 1985; amended May 1, 1987.)

**82-3-106. Cementing-in surface pipe casing.** (a) Beginning of drilling operations. Drilling shall not begin until the operator has received the approved notice of intent to drill from the conservation division, pursuant to K.A.R. 82-3-103. The notice of intent to drill shall indicate the amount of surface casing that must be set.

(b) Depth. The depth of required surface casing shall be determined in the following manner.

(1) The operator shall set a minimum of 50 feet of surface casing in the well, except as otherwise provided by paragraph (b)(2).

(2) Table 1, dated October 15, 1985, shall be used to determine the required depth of the surface casing and the cementing requirements for the protection of fresh and usable water. Upon submission of additional information, adjustments to the required depth of the surface casing may be made by the commission. These adjustments shall be indicated on the drilling permit.

(A) Operators who drill wells in areas referenced in commission order, dated January 27, 1985, Docket No. 133,891-C, may set surface casing at the minimum depth set forth in that Docket.

(B) An exception to the requirements set forth in Table 1, dated October 15, 1985, may be granted by the commission after notice is provided and a hearing held. Notice of the hearing shall be mailed or delivered at least 15 days prior to the hearing to the landowner or landowners on whose land the well is located and to landowners whose property lies within a ½ mile radius of the well. Notice of the hearing shall also be provided pursuant to K.A.R. 82-3-135.

(c) Cementing and time requirements. Protection of fresh and usable water shall be accomplished by one of the two following alternatives.

(1) Alternate I. The surface casing shall be cemented to the surface with a Portland cement blend. The surface casing shall be set and cemented below all fresh and usable water strata, according to the requirements made pursuant to subsection (b). An operator shall not drill to any depth necessary to test for oil or gas without having set and cemented a continuous string of surface casing.

(2) Alternate II. Surface casing shall be set and cemented in the following manner:

(A) The first string of casing shall be set through all unconsolidated material plus 20 feet into the underlying formation. The surface casing shall be cemented to

the surface with a Portland cement blend. An operator shall not drill to any depth necessary to test for oil or gas, without having set and cemented this string of casing.

(B) (i) All additional casing which is next to the borehole shall be cemented from 50 feet below the lowest usable water, according to the requirements made pursuant to subsection (b), to the surface with a portland cement blend except as provided by subparagraph (d)(3).

(ii) The operator shall notify the appropriate district office prior to the cementing of the additional casing. If a time period is specified by Table I, dated October 15, 1985, the additional cementing shall be completed within the time period specified. If a time period is not specified in Table I, dated October 15, 1985, the additional cementing shall be completed within a time period sufficient to allow compliance with K.A.R. 82-3-106(e). Extensions of the time period within which the additional cementing must be completed may be granted with the approval of the commission.

(d) Methods and materials to be used in setting and cementing of surface casing.

(1) In setting surface casing, the surface hole diameter shall be sufficiently larger than the surface casing to permit circulation of the cement.

(2) The annular space between the surface casing and the borehole shall be filled with a portland cement blend. The cement shall be maintained at surface level.

(3) The use of any material other than a Portland cement blend is prohibited except for the alternative cementing materials as defined by commission order, dated March 29, 1985, Docket No. 34,780-C (C-1825).

(4) The cemented casing string shall stand and further operations shall not begin until the cement has been in place for at least eight hours or until the cement has reached a compressive strength of 300 pounds per square inch. This requirement may be modified by specific order of the commission.

(e) Affidavit. Each operator shall file a sworn affidavit with the conservation division setting out the type, amount, and method of cementing used on all casing strings in a well bore. The affidavit shall be filed on the form provided by the conservation division within 120 days of the spud date of the well or as otherwise required by K.A.R. 82-3-130(b). Legible documentation of the cementing operations across fresh and usable water strata shall be attached to the affidavit. The documentation may consist of invoices, job logs, job descriptions, or other such service company reports. Falsification of the documentation or the failure to complete Alternate II cementing is punishable by a \$5,000 penalty, and the well shall be shut-in until compliance with requirements of this regulation are achieved. (Authorized by K.S.A. 55-152, as amended by L. 1986, Ch. 201, Sec. 9; implementing K.S.A. 55-151, as amended by L. 1986, Ch. 201, Sec. 8 and Ch. 203, Sec. 2, K.S.A. 55-152, as amended by L. 1986, Ch. 201, Sec. 9, K.S.A. 55-156, 55-157, 55-159, as amended by L. 1986, Ch. 201, Sec. 12, K.S.A. 55-164, as amended by L. 1986, Ch. 201, Sec. 16; effective, T-83-44, Dec. 8, 1982; effective May 1, 1983; amended



May 1, 1984; amended, T-85-1, January 13, 1984; amended, T-85-51, Dec. 19, 1984; amended May 1, 1985; amended May 1, 1986; amended, T-87-46, Dec. 19, 1986; amended May 1, 1987.)

**82-3-107. Preservation of well samples and logs.**

(a) Every person, firm, association, or corporation drilling or responsible for drilling holes for the purpose of discovery or production of oil or gas, excluding seismic "shotholes" and "coreholes," shall preserve samples and all other information as required under subsection (c). These samples shall be delivered, at the prepaid expense of that person, to the Kansas geological survey, sample library, Wichita, Kansas. All other information shall be delivered to the conservation division.

(b) Formation samples (drill cuttings) normally saved in drilling operations shall be retained by the operator. Upon request of the Kansas geological survey, these samples shall be washed, and cut into splits (sets). One set shall be placed in sample envelopes and delivered to the sample library. Notification that samples are required shall be made either by notice appended to or on a copy of the notice of intention to drill returned to the operator by the conservation division or the Kansas geological survey. Delivery of the processed samples shall be made within 120 days of the spud date of the well. The survey may request shallow samples from portions of the hole that may not normally be saved in drilling operations. The sample library shall accept all washed and cut samples whether or not they were requested.

(c) A copy of well histories, electric logs, radioactivity logs, drilling time logs and similar wireline logs or surveys run by operators on all boreholes, excluding seismic "shotholes" and "coreholes," and logs run to obtain geo-physical data, shall be delivered to the conservation division, within 120 days of the spud date of the well. The conservation division shall deposit the information with the Kansas geological survey.

(d) Information or samples filed as required in subsection (a), (b) and (c) shall be held in confidential custody by the survey for an initial period of one year from the filing date, if a written request for confidentiality is made to the conservation division at the time of filing. All rights to confidentiality shall be lost if the filings are not timely, as provided in subsection (a), (b), and (c). Samples or information may be released prior to the expiration of the one year period only upon written approval of the operator. The period of confidentiality may be extended for one additional year if a request for an extension is made at least 30 days before the expiration of the initial one year period.

(e) Exceptions to the provisions of this regulation may be granted whenever the commission finds that the granting of an exception is justified because:

- (1) Compliance with this order will create an economic hardship; or
- (2) The length of the period of confidential custody is not sufficient to satisfy the needs of the developing operator.

Exceptions shall be requested by an affidavit setting forth supporting facts. If the requested exception is not fully supported, the commission shall set the matter for hearing after giving notice.

(f) It shall be the duty of companies performing all wire line services within the state of Kansas to furnish to the conservation division a list of all holes serviced each month. (Authorized by and implementing K.S.A. 55-152, as amended L. 1986, Ch. 201, Sec. 9, 55-604, 55-704; effective, T-83-44, Dec. 8, 1982; effective May 1, 1983; amended May 1, 1984; amended May 1, 1987.)

**82-3-108. Well location; exception.** (a) Except as provided by subsection (b) or (c), each well shall not be drilled nearer than 330 feet from any lease or unit boundary line.

(b) Each oil well which is drilled to a total depth of less than 2,000 feet, and which is drilled in one of the following counties, shall not be drilled nearer than 165 feet from the nearest lease or unit boundary line: Allen, Anderson, Atchison, Bourbon, Brown, Cherokee, Coffey, Crawford, Douglas, Elk, Franklin, Greenwood, Jackson, Jefferson, Johnson, Labette, Leavenworth, Linn, Lyon, Miami, Montgomery, Neosho, Osage, Shawnee, Wilson, Woodson, and Wyandotte. Each oil well which is drilled in Chautauqua County, and which is drilled to a total depth of less than 2,500 feet, shall not be drilled nearer than 165 feet from the nearest lease or unit boundary line.

(c) After notice and hearing, a well location exception may be granted to permit drilling within shorter distances than provided in subsection (a) or (b), whichever is applicable, and to the acreage attributable and assigned allowables, when such exceptions are necessary either to prevent waste or to protect correlative rights. In granting the exception, the acreage attributable to the well and the assigned allowables shall be considered.

(d) When an exception to this regulation is desired pursuant to subsection (c), an application shall be submitted to the conservation division. The application shall contain:

- (1) A brief explanation of the exception or exceptions requested;
  - (2) the proposed location of the well, including the distance to the nearest lease or unit boundary line;
  - (3) a list of the following:
    - (A) Each offset operator whose lease line is located less than the required distance from the proposed location;
    - (B) each unleased offset mineral owner whose property boundary is located less than minimum distance required by subsection (a) or (b) from the proposed locations; and
    - (C) the applicant's lessor or lessors, if the applicant operates any lease which will be situated less than minimum distance required by subsection (a) or (b) from the proposed well location;
  - (4) the acreage attributable to the well; and
  - (5) the allowable requested.
- (e) Each application submitted under subsection

(continued)

(d) shall be accompanied by the proposed notice of the intention to drill and a plat, drawn to the scale of one inch equalling 1,320 feet, that accurately shows:

(1) the property on which the well is sought to be drilled;

(2) all other completed, partially drilled, or permitted wells on the property; and

(3) all adjacent properties and wells.

(f) Each applicant shall provide notice of hearing not less than 10 days prior to the hearing date. The notice shall be sent to:

(1) Each offset operator whose lease line is less than the required distance from the proposed location;

(2) each unleased mineral owner whose property boundary is located less than the minimum distance required by subsection (a) or (b) from the proposed location;

(3) the applicant's lessor or lessors, if the applicant owns or operates any lease which will be situated less than the minimum distance required by subsection (a) or (b) from the proposed well location.

(g) Each applicant requesting an exception pursuant to subsection (f) shall also publish notice pursuant to K.A.R. 82-3-135.

(h) An exception to permit drilling within lesser distances, and to the acreage attributable and assigned allowable, may be granted by the commission for the purposes of drilling, deepening, or additional completion, recompletion, or reentry of a well. Such an exception may be issued without hearing under either of the following conditions:

(1) If a protest has not been filed after 30 days notice has been given by the applicant to:

(A) each offset operator whose lease line is less than the required distance from the proposed location;

(B) each unleased mineral owner whose property boundary is located less than the minimum distance required by section (a) or (b) from the proposed location; and

(C) the applicant's lessor or lessors, if the applicant owns or operates any lease which will be situated less than the minimum distance required by subsection (a) or (b) from the proposed well location; or

(2) When an application is accompanied by waivers of objection signed by each operator, unleased mineral owner or lessor entitled to notice under paragraph (1) of this subsection.

(i) Each waiver of objection shall be on a form prescribed by the commission.

(j) Each well location exception issued by the commission shall expire six months from the granting of the exception, unless drilling operations are begun or an application for a six-month extension of the permit is approved by the commission. The application for a six-month extension shall be accompanied by a statement setting out the reasons for extension. Only one six-month extension shall be granted by the commission. If a well location exception permit expires, a renewal shall not be granted unless a new application is filed, notice given, a hearing held, and proof made as in an original well location exception application.

(k) Wells drilled nearer than the minimum distance required by subsection (a) or (b) from any lease or unit

boundary line without obtaining an exception from the commission shall be prohibited from producing either oil or gas until an appropriate allowable is determined.

(l) Whenever authority is granted to drill a well at a location other than specified by this regulation, the allowable shall be determined by the commission for the protection of the correlative rights of all persons entitled to share in the common source of supply in accordance with K.A.R. 82-3-207(b) and (c).

(m) This regulation shall not apply to any counties or specific areas that are exempted by the commission after notice and hearing. (Authorized by K.S.A. 55-152, as amended by L. 1986, Ch. 201, Sec. 9, K.S.A. 55-604, 55-704; implementing K.S.A. 1985 Supp. 55-605, 1985 Supp. 55-706, K.S.A. 55-152, as amended by L. 1986, Ch. 201, Sec. 9, K.S.A. 55-603, 55-703a; effective, T-83-44, Dec. 8, 1982; effective May 1, 1983; amended May 1, 1984; amended, T-85-51, Dec. 19, 1984; amended May 1, 1985; amended May 1, 1986; amended May 1, 1987.)

**82-3-109. Application for well spacing.** (a) Contents. Any interested party may file an application for well spacing and orderly development. The application shall include the following:

(1) The location, depth, and producing formation of the existing productive well or wells in the area sought to be spaced;

(2) a description of the area sought to be spaced, with an affirmation that all of the area is reasonably expected to be productive from the subject formation;

(3) the proposed well location restriction and proposed provisions for any exceptions thereto;

(4) the proposed configuration of producing units for acreage attribution purposes;

(5) the names and addresses of all lessees of record in the area sought to be spaced;

(6) the names and addresses of all owners of record of the minerals in unleased acreage within the area sought to be spaced;

(7) the names and addresses, as shown by the applicant's books and records, of all persons owning the royalty or leasehold interest in acreage sought to be spaced and operated by the applicant, or on which the applicant has a lease or an interest in the lease;

(8) if a proration formula is sought, the specific factors proposed to be utilized in the allocation of production;

(9) the applicant's license number; and

(10) such other information which may be required by the commission.

(b) Notice of hearing. An original and five copies of the application shall be filed with the secretary of the commission in Topeka, Kansas. An additional copy of the application shall be sent to the conservation division. The application shall be set for hearing by the commission. The applicant shall provide notice of the hearing. The notice shall state the time, place, and nature of the hearing. The notice shall be provided at least 10 days prior to the hearing to all lease operators of record, and all owners of record of the minerals in unleased acreage, in the area sought to be spaced. The

applicant shall also publish notice pursuant to K.A.R. 82-3-135. (Authorized by K.S.A. 55-604, 55-704; implementing K.S.A. 1985 Supp. 55-605, 1985 Supp. 55-706, K.S.A. 55-603, 55-703a, 55-704; effective, T-83-44, Dec. 8, 1982; effective May 1, 1983; amended, T-85-51, Dec. 19, 1984; amended May 1, 1985; amended May 1, 1987.)

**82-3-123. Well bore; commingling.** (a) Commingling of production from more than one source of supply shall be permitted if the total production potential is less than the allowable for a single common source of supply for the immediate area and after application and approval by the commission. Commingling shall be prohibited upon a finding by the commission that waste or violation of correlative rights is likely to result.

(b) The maximum well allowable for a well in which commingled production is approved shall be the allowable as provided in K.A.R. 82-3-203, using the depth of the deepest source of supply, or K.A.R. 82-3-312, or both.

(c) The application for commingling, including the original and one copy, shall be filed with the conservation division office and shall include the following information:

(1) a description of the well with a plat attached showing the location of the subject well, the location of other wells on the lease, the location of offset wells within a ½ mile radius of the subject well and their lessee of record or operator's names, and the acreage owned by any unleased mineral owners within a ½ miles radius of the subject well;

(2) the names of the upper and lower limits of the sources of supply involved, with proposed perforations or open holes noted;

(3) a wireline log of the subject well;

(4) the production potential of oil, water, gas or a combination thereof, for each source of supply, and the total production for the formations sought to be commingled; and

(5) the applicant's license number.

(d) The application shall be supported by an affidavit and shall contain a certificate showing service of a copy of the application without attachments to each operator or lessee of record and to each unleased mineral owner within a ½ mile radius of the subject well. When the application is accompanied by waivers of right to protest executed by the above noticed parties, the application may be approved without hearing; otherwise, it shall be held in abeyance for a period of 15 days from the date of filing. If a protest is not filed with the commission within this 15-day period and if the commission has no objection, the application may be approved without hearing; otherwise, a hearing shall be held after due notice. The applicant shall provide notice of the hearing not less than 10 days prior to the hearing date to each offset operator or lessee of record. The applicant shall also publish notice as required by K.A.R. 82-3-135.

(e) A new commingling application shall be required if the operator desires to open an additional source of supply that was not included in the initial

application. (Authorized by K.S.A. 55-602; implementing K.S.A. 55-603; effective, T-83-44, Dec. 8, 1982; effective May 1, 1983; amended May 1, 1985; amended May 1, 1987.)

**82-3-124. Dual or multiple-completed wells.** (a) Production from more than one common source of supply through the same well bore shall be permitted if separation of each source of supply is maintained and if commission approval has been obtained.

(b) Whenever an operator or producer desires to complete a well in more than one source of supply, an original and one copy of an application requesting approval of dual or multiple completion shall be filed with the conservation division. The application shall contain the following information:

(1) a description of the well with a plat attached showing the location of the subject well, the location of all other wells on the lease, the location of all offset wells within a ½ mile radius of the subject well and their lessee of record or operators' names. Well depths and producing sources of supply shall be properly designated on the plat;

(2) the names and upper and lower limits of the sources of supply involved in the dual or multiple completion;

(3) a wireline log of the subject well;

(4) a complete description of the proposed installation including the size, weight, depth, and condition of all casing and tubing, the size of all drilled holes, the amount of cement used and the location of the tops of cement behind each casing string, the location or intended location of casing perforations, the type of packer to be used and the depth at which it is to be set. A diagram of the proposed installation shall be attached to the application.

(5) a description of the proposed plan for separately measuring and accounting for the production for each source of supply;

(6) a description of storage facilities and a description and diagram of the proposed wellhead to pipeline installation; and

(7) the applicant's license number.

(c) The application shall be supported by an affidavit and shall contain a certificate showing service of a copy of the application upon the operators of all offset leases. The application may be accompanied by waivers of right to protest executed by operators of offset leases. If waivers are obtained from the operators of all offset leases, the application may be approved without hearing; otherwise, it shall be held in abeyance for a period of 15 days from the date of filing. If a protest is not filed with the commission within the 15-day period, the application may be approved without hearing; otherwise, a hearing, shall be held after due notice. The applicant shall provide notice of the hearing not less than 10 days prior to the hearing date to each offset operator or lessee of record within a ½ mile radius of the subject well. The applicant shall also publish notice as is required by K.A.R. 82-3-135.

(d) All dual and multiple completions shall be made and operated under the direction of the commission. Packer installations made in connection with a dual or

(continued)

multiple completion, and removal, reinstallation, or replacement of the packer in such a well, shall not be made except upon notice to and with the approval of a representative of the commission. If one of the producing sources of supply is abandoned, the plugging of the abandoned source of supply shall be in accordance with the requirements of the commission.

(e) If any source of supply in an intended dual or multiple completion is found upon testing to be non-productive, it shall immediately be plugged under the direction of a commission representative.

(f) Dual and multiple-completed wells shall at all times be operated and maintained so as to insure the complete segregation of all fluids from the producing sources of supply. In monitoring the installation of packers, and in inspecting dual and multiple-completed wells in the course of their operation, representatives of the commission shall make, or cause to be made, tests that may be necessary to determine whether packer leakage exists. These tests may include bottom hole pressure measurements, chemical analysis of oil, water, and gas, and any other tests which are found to be indicative of the effectiveness of the packer.

(g) Whenever evidence of leakage of the packer in any dual or multiple-completed well is discovered, this packer shall be immediately repaired, a new packer shall be installed, or the affected producing source of supply shall be plugged.

(h) The allowable for each source of supply shall be determined according to K.A.R. 82-3-203(b) or K.A.R. 82-3-312 for non-prorated common sources of supply or according to the basic proration order for prorated common sources of supply, or both.

(i) Operators shall notify the commission and the operators of offset producing leases at least 24 hours before the installation of a packer.

(j) An installation charge for each dual or multiple-completed well, and a charge for any inspection of such well, shall be made to defray necessary expenses of supervision by the commission.

(k) Failure of the operator of any dual or multiple-completed well to comply with any of the provisions of this regulation shall constitute grounds for the revocation of the order granting the dual or multiple completion, or the suspension or cancellation of current or future allowables of that well. If the order granting the dual or multiple completion of any well is revoked, all but one of the producing sources of supply shall immediately be sealed off under the direction of the commission.

(l) Tentative approval for dual or multiple-completed wells may be granted by the commission based on extenuating circumstances. Final approval may be granted after proper application. (Authorized by K.S.A. 55-602; implementing K.S.A. 1985 Supp. 55-605, 1985 Supp. 55-706, K.S.A. 55-603; effective, T-83-44, Dec. 8, 1982; effective May 1, 1983; amended, T-85-51, Dec. 19, 1984; amended May 1, 1985; amended May 1, 1987.)

**82-3-127. Documentation required for transportation and storage.** (a) Transportation.

(1) Every person that uses a motor vehicle to transport crude petroleum oil, sediment oil, water or brine produced in association with the production of oil or gas shall possess a run ticket or equivalent documents containing the following:

(A) the name and address of the transporter;

(B) the name and license number of the operator of the lease;

(C) the name of the lease or facility from which the above-named fluids were taken and the location of the tank by unit letter, section, township, range and county;

(D) the date and time that fluids were loaded for transportation and unloaded at the destination;

(E) the estimated volume of fluids, or the opening and closing tank gauges or meter readings;

(F) the signature of the driver;

(G) the name and location of the disposal, storage, processing or refining facility to which the fluid is being transported; and

(H) the name and address of the party receiving shipment.

(2) The following information shall be left at the facility from which the fluids were removed:

(A) the name and address of the transporter;

(B) the date and time that fluids were loaded for transportation;

(C) the signature of the driver;

(D) the estimated volume of fluids, or the opening and closing tank gauges or meter readings.

(3) One copy of the documentation shall be carried in the vehicle during transportation and shall be produced for examination and inspection by any representative of the commission or any federal, state, county or city law enforcement officer upon identification and request.

(4) All persons who transport fluids produced in association with the production of oil or gas shall retain a record reflecting the transportation of the fluids for at least three years.

(b) All persons that store, possess or dispose of fluids produced in association with the production of oil or gas shall retain a record reflecting a complete inventory, including detail of the acceptance and disposition of the fluids, for at least three years. (Authorized by and implementing K.S.A. 55-1504; effective, T-83-44, Dec. 8, 1982; effective May 1, 1983; amended May 1, 1987.)

**82-3-131. Vacuum and high volume pumps; application and approval.** (a) Upon application, the installation and use of vacuum pumps in fields which are nearly depleted and the installation and use of high volume pumps may be permitted by the commission. A high volume pump is one which is capable of producing total fluids in excess of 2,500 barrels per day. These pumps may be installed only after application and approval by the commission. No application for commission approval shall be required for the installation and use of high volume pumps in a field which is unitized for secondary recovery operations.

(b) The original and one copy of such applications shall be filed with the conservation division of the

commission. These applications shall contain the following information:

- (1) the applicant's license number;
- (2) the name, location, and producing formation of the well or wells to be pumped;
- (3) a plat map showing the subject well or wells, the location of all oil and gas wells on the lease, and the location of all offset wells within a ½ mile radius of the subject well or wells and their operators' names;
- (4) the anticipated maximum daily production of oil, water, and gas;
- (5) for vacuum pump applications, an estimate of the remaining recoverable hydrocarbon reserves underlying the subject lease;
- (6) for high volume pump applications, the size and capacity of the pump to be used and the estimated oil-water ratio; and
- (7) such additional information as the commission may require.

(c) Each applicant shall give notice of the application by mailing or delivering a copy of the application to the landowner on whose land the well is located, to each offset operator and to each unleased mineral owner within a ½ mile radius of the subject well or wells. Notice shall be mailed or delivered on or before the date the application is filed with the conservation division. Notice of the application shall be published in at least one issue of a newspaper with general circulation in the county or counties in which the lands involved are located.

(d) Objections to the application stating reasons for the objection shall be filed with the conservation division within 15 days after the notice is published.

(e) If any objection is filed, or if the commission, on its own motion, determines that there should be a hearing on the application, a hearing shall be held. The applicant shall provide notice of the hearing not less than 10 days prior to the hearing date. The notice shall be provided to those parties entitled to notice in subsection (c). Notice shall also be provided pursuant to K.A.R. 82-3-135. (Authorized by and implementing K.S.A. 55-604; effective, T-83-44, Dec. 8, 1982; effective May 1, 1983; amended May 1, 1987.)

**82-3-138. New pool and discovery allowable applications.** (a) New pool application. Each new pool application for certification to the Kansas department of revenue shall be submitted to the commission on the form provided by the commission and shall be accompanied by:

- (1) an affidavit of completion;
- (2) a copy of the results of a state-supervised production test, showing volumes of oil, gas and water;
- (3) the names and addresses of each operator or lessee of record and each unleased mineral owner within a ½ mile radius of the subject well;
- (4) exhibits and evidence needed to substantiate the applicant's claim of a new pool; and
- (5) other information which may be required by the commission.

(b) A newly discovered pool shall be recognized only upon the filing of a new pool application. An oil discovery allowable may be granted to wells completed in a newly discovered pool when the applicant

designates the discovery allowable request on the new pool application. When only new pool certification is requested, the applicant shall not be required to provide notice. When new pool certification and a discovery allowable are requested, the new pool application shall contain an affidavit indicating the date a copy of the application, without attachments, was served to each operator or lessee of record and to each unleased mineral owner within a ½ mile radius of the subject well.

(c) Discovery allowable. An oil discovery allowable may be granted to wells completed in a newly discovered pool at any time within 24 months from the date of first oil production from the discovery well. The oil discovery allowable shall be equal to 1½ times the current daily allowable which would be assigned to the well had it not been completed in a newly discovered pool. The current daily allowable shall be determined by using the allowables set pursuant to K.A.R. 82-3-203 or the daily allowable as established by a special pool basic proration order.

(1) A discovery allowable may be assigned to wells in a newly discovered pool for one of the following periods of time, whichever occurs first:

(A) for a period not to exceed 24 months from the date of the first oil production from the discovery well; or

(B) until further development has connected the pool with another pool which existed prior to the discovery pool.

(2) Overproduction and underproduction of the discovery oil allowable shall be subject to the same restrictions and procedures as followed for standard oil allowables.

(3) Each discovery allowable shall be subject to adjustment for the gas-oil ratio provisions in any combination pool.

(4) Each discovery allowable may be reduced temporarily to reflect the market demand determination. If reduction is required, the time for production of the discovery allowable may be extended by the commission.

(5) Discovery allowables may be obtained for each newly discovered pool in the same well bore if the well is completed in such a manner that production from a newly discovered pool is not commingled with production from any other pool in the well bore.

(6) Development wells in the newly discovered pool may be granted an oil discovery allowable, effective the date of the first oil production from the well, after the approval of an application by the commission.

(d) Hearing procedure. A new pool may be certified and a discovery oil allowable may be granted without a hearing. If a hearing is necessary, the applicant shall provide notice of the hearing not less than 10 days before the hearing date. The notice shall be provided to each offset operator or lessee of record and to each unleased mineral owner within a ½ miles radius of the subject well. The applicant shall also publish notice as required by K.A.R. 82-3-135. A hearing before the commission shall be set and proper notice given if:

(continued)

(1) the new pool application does not clearly show that the subject well is producing from a newly discovered pool; or

(2) a protest is filed with the commission by an interested party within 15 days from the date the application is filed. (Authorized by K.S.A. 55-604, 55-704; implementing K.S.A. 79-4217, as amended by L. 1986, Ch. 204, Sec. 1; effective May 1, 1985; amended May 1, 1987.)

**82-3-140. Tertiary recovery project certification.**

(a) Each application for certification of a tertiary recovery project under the provisions of the Crude Oil Windfall Profit Tax Act of 1980, 26 U.S.C. § 4993, and for certification to the Kansas department of revenue shall be submitted to the commission and shall be accompanied by:

- (1) the project name and its legal description;
- (2) the type of tertiary recovery process to be implemented;
- (3) exhibits and evidence required to support the application for certification; and
- (4) any other information which may be required by the commission.

(b) The original and five copies of the application shall be filed with the secretary of the commission in Topeka, Kansas. An additional copy of the application shall be sent to the conservation division.

(c) The applicant shall publish notice of the hearing as is required by K.A.R. 82-3-135. (Authorized by K.S.A. 55-604, 55-704; implementing K.S.A. 79-4217, as amended by L. 1986, Ch. 204, Sec. 1; effective, T-87-46, Dec. 19, 1986; effective May 1, 1987.)

**82-3-203. State and pool allowable and proration.**

(a) Oil market demand. A monthly hearing may be held by the commission to determine the total statewide oil allowable. The statewide oil allowable shall be the amount of crude petroleum that can be produced daily throughout the state, during the next succeeding proration period, without causing waste. The total statewide allowable shall be allocated by the commission among the prorated pools, leases, and wells. Any crude oil which is removed from a lease shall be charged against the allowable established for that lease, except in cases where permission is granted to use waste oil for oiling roads leading to the lease.

(b) Well allowables for non-prorated pools. Allowables shall be assigned on an individual well basis. The maximum lease allowable shall be the sum of the individual well productivities or allowables, whichever is less. The allowables for each well in non-prorated pools shall be set by the following depth schedule:

Pool Depth Range	Maximum allowable bbls/well/day
0 to 2,500	50
over 2,500 to 4,000	53
over 4,000 to 4,500	56
over 4,500 to 5,000	62
over 5,000 to 5,500	70
over 5,500 to 6,000	78
over 6,000	88

(c) Exception. After notice and hearing, an allowable may be assigned and acreage may be attributed to a given nonprorated well at variance to the allowable assigned and acreage attributed to a well of similar depth as set out in subsection (b). The applicant for such an exception shall file a verified application that shows:

- (1) the exact location of the well and the acreage attributed to the well;
- (2) the allowable requested;
- (3) the geological name of the producing formation;
- (4) the top and bottom depths of the producing formation;
- (5) the names and addresses of each operator or lessee of record and each unleased mineral owner within a ½ mile radius of the subject well, and an affidavit indicating the date service of a copy of the application was made to each; and
- (6) any other information the commission may require. (Authorized by K.S.A. 55-604; implementing K.S.A. 1985 Supp. 55-605, K.S.A. 55-604; effective, T-83-44, Dec. 8, 1982; effective May 1, 1983; amended May 1, 1984; amended, T-85-51, Dec. 19, 1984; amended May 1, 1985; amended May 1, 1986; amended May 1, 1987.)

**82-3-209. Flaring of sour gas.** (a) Upon application and after notice and hearing, the flaring of sour gas produced in connection with the production of oil may be permitted by the commission. In making such a determination, the following factors shall be considered by the commission:

- (1) the availability of a market or of pipeline facilities;
- (2) probable recoverable gas reserves;
- (3) the necessity for maintenance of gas pressure in the formation to protect the nonwasteful production of oil;
- (4) the feasibility of reinjection of sour gas;
- (5) any anticipated change in the gas/oil ratio;
- (6) the hydrogen sulfide content of the gas;
- (7) the feasibility of desulfurization of the gas;
- (8) the proposed flaring facility;
- (9) the applicant's compliance with the department's air quality regulations in K.A.R. 28-19-6 *et seq.*; and
- (10) any other fact or circumstance having bearing on the reasonableness of the request.

(b) When required by the commission, all sour gas flared under this regulation shall be metered and analyzed for its hydrogen sulfide content. Such information shall be reported to the commission semi-annually or as designated by the commission. The flaring of sour gas may be terminated by the commission when necessary. (Authorized by K.S.A. 55-604, 55-704; implementing K.S.A. 55-102, 55-604, 55-702, K.S.A. 1985 Supp. 55-703, K.S.A. 55-704; effective May 1, 1987.)

**82-3-303. Rules of procedure for determination of open flow of a gas well.** In the absence of field rules to the contrary, the open flow capacity of a gas well shall be determined by flowing the well into a pipeline for a period of 24 to 72 hours, as required to attain stabili-

zation through approved metering equipment. This procedure shall be known as a one point stabilized flow test. The rate of flow shall be recorded on a standard orifice meter chart, either graphically or mathematically. The rate of flow at the end of the period shall be extrapolated to atmospheric pressure by using the characteristic well slope as determined from a multi-point back-pressure test.

(a) Multi-point back-pressure test. A multi-point back-pressure test shall be taken for determination of characteristic well slope, "n," as determined from the equation

$$Q = C(P_c^2 - P_w^2)^n$$

where:

Q = the rate of flow, using MCF per day at 14.65 pounds per square inch absolute and 60°F;

C = the performance coefficient of the well;

$P_c$  = wellhead shut-in pressure, expressed in pounds per square inch absolute and using the casing or tubing pressure, whichever is higher;

$P_w$  = static wellhead working pressure, expressed in pounds per square inch absolute, at the termination of each flow period. The casing pressure shall be used if flowing through tubing, the tubing pressure if flowing through casing, or the wellhead flowing pressure corrected for friction if the pressure cannot be measured on a static column. All squared pressures shall be expressed in thousands; and

n = a numerical exponent characteristic of the particular well, referred to as "slope."

Only one acceptable test shall be taken during the life of the well unless permission to retest is granted by the commission for good cause shown. The procedures for taking a multi-point back pressure test are as follows.

(1) The well shall be shut-in for 72 hours plus or minus six hours, and the shut-in pressure taken. This shut-in pressure shall be considered stabilized unless readings taken with commission-approved equipment at a shorter period are higher. In this event, the highest recorded pressure during the test shall be used as the shut-in pressure. When the shut-in pressure appreciably affects the surface pressure, appropriate correction of the surface pressure shall be made in order to account for the pressure due to the liquid column.

(2) If the well being tested has a pipeline connection, it shall be flowed for at least 24 hours before the shut-in period at a rate high enough to clear the well of liquids.

(3) A series of at least four flow tests shall be taken. The test shall be run in an increasing flow rate sequence. In the case of high liquid ratio wells, a decreasing flow rate sequence may be used if the increasing sequence method will not give point alignment. When the decreasing sequence method is used, a statement giving the reasons why the use of this method is necessary, with a copy of the data taken

on increasing sequence, shall be furnished to the commission.

(4) Each flow test shall extend for a maximum period of two hours. If the wellhead working pressure does not decline more than 0.1 percent of the wellhead shut-in pressure during any 15 minute period before the end of the two-hour flow period, the pressure may be recorded and the next flow test started. All subsequent flow periods shall be of the same duration.

(5) When the back pressure curve cannot be drawn through at least three of the plotted points, the well shall be retested. If upon retest a curve cannot be drawn through at least three of the plotted points, an average curve shall be drawn through the points of the test if the slope of the curve will not be more than 1.0 nor less than 0.5.

(6) If the curve drawn through at least three points of the back pressure test has a slope greater than 1.0 or less than 0.5, the well shall be retested. If upon retest the slope of the curve is greater than 1.0, a curve with a slope of 1.0 shall be drawn through the data point corresponding to the highest rate of flow. If upon retest the slope of the curve is less than 0.5, a curve with a slope of 0.5 shall be drawn through the data point corresponding to the lowest rate of flow.

(7) All tests shall be subject to review and approval by a representative of the state corporation commission.

(8) The lowest rate of flow on the test shall be at a rate high enough to keep the well clear of liquids.

(9) If possible, the working wellhead pressure at the lowest rate of flow shall be drawn down at least five percent of the well's shut-in pressure, and if possible, 25 percent of the well's shut-in pressure at the highest rate of flow. If data cannot be obtained in accordance with the foregoing provisions, an explanation shall be furnished to the commission.

(10) An orifice meter or a critical flow prover in good operating condition shall be the only acceptable metering devices.

(11) Gas shall not be vented except when absolutely necessary.

(12) Correction for the compressibility of flowing gas shall be made in accordance with approved commission methods.

(13) When the static wellhead working pressure reading cannot be obtained due to packer or dual completion, the pressure shall be calculated by using approved tables.

(14) If a satisfactory test cannot be obtained on small wells, the commission may grant an exception to the foregoing procedure and assign a slope of 0.85.

(15) Upon completion of the test, all the calculations shall be shown on an approved form and shall be accompanied by a back pressure curve neatly plotted on equal scale log paper of at least three-inch cycles.

(b) One-point stabilized flow test.

(1) An initial one-point stabilized flow test shall be made within 30 days from the date of first production of gas into a pipeline and additional tests shall be taken yearly or as ordered by the commission. Upon

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the completion of all flow tests, a copy of the flow calculations shall be submitted to the commission.

(2) Immediately following the taking of the shut-in wellhead pressure, the well shall be opened into the pipeline and gas shall be produced for the subsequent 24 to 72 hours at the test rate as required to reach stabilization. During this time the working pressure at the wellhead shall be maintained as nearly as possible at 85 percent of the wellhead shut-in pressure, expressed in pounds per square inch gauge, or as closely to it as operating conditions in the field will permit.

(3) The wellhead working pressure shall never be more than 95 percent or less than 75 percent of the well-head shut-in pressure of the well being tested unless, in the judgment of the commission's representative, it is impractical to maintain the pressure within these limits. In such a case, the well shall be produced at maximum capacity through either the tubing or the annulus, whichever will give the greater drawdown.

(4) The open flow shall be calculated by use of the following formula. Flow shall be measured by an approved meter throughout the test period, and the wellhead and meter pressures shall be measured by commission-approved gauges at the close of the test period. The rate at which the well is producing at the end of the flow period shall be considered the stabilized producing rate corresponding to the wellhead working pressure existing at that time, provided the rate is not greater than the average producing rate for the entire flow period. The observed stabilized producing rate shall be converted to open flow by use of the following formula:

$$OF = R \text{ times } \frac{P_c - P_a}{P_c - P_w^*} n$$

where:

OF = Open flow, expressed in MCF/D.

R = Stabilized producing rate, expressed in MCF per day at 14.65 pounds per square inch absolute and 60°F.

P<sub>a</sub> = Atmospheric pressure, expressed in pounds per square inch absolute.

P<sub>c</sub> = Wellhead shut-in pressure of the well, expressed in pounds per square inch absolute.

P<sub>w</sub>\* = Stabilized wellhead working pressure at rate R, expressed in pounds per square inch absolute.

n = Characteristic well slope as determined by the multi-point back-pressure test.

(5) Shut-in wellhead pressure shall be measured after the well has been shut in for approximately 72 hours. The well shall not be shut in for less than 66 hours nor more than 78 hours at the time the shut-in pressure is taken. If the representative of the commission believes that the shut-in pressure taken upon a well is incorrect, the representative may require that the well be blown to clean fluids from the well bore, or may take any other reasonable steps that may be necessary to get a true pressure reading upon the well. If more than one shut-in pressure is taken upon a well during the test period, the highest shut-in pressure

obtained shall be used in calculating the open flow of the well. (Authorized by K.S.A. 55-704; implementing K.S.A. 1985 Supp. 55-703; effective, T-83-44, Dec. 8, 1982; effective May 1, 1983; amended May 1, 1987.)

**82-3-304. Tests of gas wells.** (a) Initial certified tests run in conformance with these rules shall be filed with the commission within 60 days of first gas sales. In prorated fields, all gas produced into a pipeline shall be counted against the allowables.

(b) In the absence of special orders issued by the commission, an annual test shall be run in accordance with these rules. The test shall be effective during the next succeeding year. Additional tests may be required by the commission at any time. The test shall become effective the first day of the month following receipt by the conservation division.

(c) Each operator of a gas well shall be responsible for conducting all tests required to obtain an allowable for the well. Each operator shall submit one copy of the test required under subsection (b) to the conservation division and one copy to the purchaser to confirm the allowable as determined by these rules.

(d) Any gas produced and sold without the required test shall be considered to be illegal production. (Authorized by K.S.A. 55-704; implementing K.S.A. 1985 Supp. 55-703; effective, T-83-44, Dec. 8, 1982; effective May 1, 1983; amended May 1, 1986; amended May 1, 1987.)

**82-3-400. Application, approval, place of injection or disposal, and records.** (a) Enhanced recovery fluids injection or disposal operations shall be permitted only upon application to and approval by the commission. Before any formations are approved for use, determinations shall be made that they are separated from fresh and usable water formations by impervious beds to give adequate protection to the fresh and usable water formations.

(b) In reviewing applications for injection or disposal wells, the protection of hydrocarbons and water resources and advisory committee recommendations concerning safe depths for injection or disposal for all producing areas in the state shall be considered by the commission. If no additional information, including well logs, formation tests, water quality data, or water well data, is made available by the operator, Table II, dated April 26, 1971, shall be used by the commission and the department in determining the minimum depth for the injection of salt water.

(c) All injection and disposal well applications filed on and after December 2, 1982, which require wellhead pressure to inject fluids shall be required to inject the fluids through tubing under a packer set immediately above the uppermost perforation or open hole zone, except as provided in K.A.R. 82-3-404. The packer shall be set opposite an interval of casing protected by cement.

(d) Each owner or operator of an injection or disposal well that is injecting fluid into a subsurface formation shall:

(1) keep a current and accurate record of the amount and kind of fluid injected into the well. That record shall be preserved for a period of five years; and



(2) at the end of each calendar year, submit a report to the commission showing the amount and kind of fluid injected or disposed of into each well and any other information that may be required.

(e) Emergency authority to inject or dispose of fluids at an alternate location, in the event a facility is shut-in for maintenance, testing, repairs or by order of the commission, may be granted by the commission. (Authorized by K.S.A. 55-152, as amended by L. 1986, Ch. 201, Sec. 9, K.S.A. 55-901, as amended by L. 1986, Ch. 201, Sec. 17 and Ch. 202, Sec. 5; implementing, K.S.A. 55-151, as amended by L. 1986, Ch. 201, Sec. 8 and Ch. 203, Sec. 2, K.S.A. 55-153, 55-901, as amended by L. 1986, Ch. 201, Sec. 17, and Ch. 202, Sec. 5, K.S.A. 55-1003, as amended by L. 1986, Ch. 201, Sec. 20; effective, T-83-44, Dec. 8, 1982; effective May 1, 1983; amended May 1, 1984; amended May 1, 1986; amended, T-87-46, Dec. 19, 1986; amended May 1, 1987.)

**82-3-401. Injection or disposal well; application, content, notice, objection, hearing and approval.** (a) Fluid shall not be injected into a well for enhanced recovery or disposal purposes until approved by the commission, following the required application and notice procedures. An exception to this requirement may be granted by the commission for good cause.

(b) Each application shall be verified and filed with the commission and shall show:

(1) The name, location, surface elevation, total depth, and plug back depth of each injection or disposal well;

(2) the location of all oil and gas wells, including abandoned wells, drilling wells and dry holes within a ½ mile radius of the injection or disposal well;

(3) the name and address of each operator of a producing or drilling well within a ½ mile radius of the injection or disposal well;

(4) the name, description, and depth of each injection interval. The application shall indicate whether the interval is through any perforations, an open-hole, or both;

(5) the depths of the tops and bottoms of all casing and cement used or to be used in the injection or disposal well;

(6) a plat showing all producing wells within a ½ mile radius and indicating producing formations and the subsea top of the producing formations;

(7) the size of the casing and tubing and the depth of the tubing packer;

(8) any information that is available in the log of the injection or disposal well, including an elevation reference;

(9) a description of the fluid to be injected, the source of injected fluid, and the estimated maximum and average daily rate of injection, in barrels per day;

(10) the names and addresses of the operators shown in paragraph (b)(3) above, who were notified of the application, and evidence that the notice was given;

(11) information showing that injection or disposal into the proposed zone will be contained within the zone and will not initiate fractures through the over-

lying strata which could enable the fluid or formation fluid to enter fresh and usable water strata. Fracture gradients shall be computed and furnished to the commission by the applicant, if requested by the commission;

(12) the applicant's license number; and

(13) any other information that the commission requires.

(c) (1) Approval of the design of a proposed well may be obtained prior to actual construction of the well. Each applicant desiring design approval shall place the words "design approval" at the top of the application for enhanced recovery or disposal operations. The design approval application shall be subject to the requirements set forth in subsections (b), (g) and (j) of this regulation.

(2) Each applicant shall be notified by the commission of its approval of the well design provided:

(A) all requirements set forth in subsections (b), (g) and (j) of this regulation have been met;

(B) the design of the proposed well will protect fresh and usable water; and

(C) no objections or complaints have been filed pursuant to subsection (h) of this regulation.

(3) Upon completion of the well construction, a copy of the well completion report, on the form prescribed and furnished by the commission, shall be submitted to the commission. The application for the injection of fluid into the proposed well for enhanced recovery or disposal purposes shall be approved, if there are no significant differences between actual construction and the approved designed construction of the proposed well and the mechanical integrity of the well has been tested pursuant to K.A.R. 82-3-405.

(d) When issuing an order approving injection or disposal, the following factors shall be considered by the commission:

(1) maximum injection or disposal rate;

(2) maximum surface pressure;

(3) the type of injection or disposal fluid and the lithology and rock characteristics of the injection or disposal zone and the overlying strata; and

(4) the adequacy and thickness of the confining zone or zones between the injection interval and the base of the lowest fresh or usable water.

(e) Applications may be filed to include the use of more than one injection or disposal well on the same lease or on more than one lease. The applicant shall provide the requested information for each well included in the application.

(f) Applications shall be executed by the operator of the proposed injection plan or disposal well.

(g) Each applicant shall give notice of the application by mailing or delivering a copy of the application to the landowner on whose land the well is located, to each operator of a producing or drilling well and to each unleased mineral owner within a ½ mile radius of the proposed injection or disposal well. Notice shall be mailed or delivered on or before the date the application is mailed to or filed with the commission. Notice of the application shall be published in at least one issue of a newspaper with general circulation in

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the county or counties in which the lands involved are located.

(h) Objections or complaints shall be filed within 15 days after the notice is published. The complaint or objection shall state the reasons why the proposed plan, as contained in the application, may cause damage to oil, gas, or fresh and usable water resources.

(i) If the application is for disposal into a formation producing within a ½ mile radius of the applicant's well, the disposal zone shall be below the oil-water contact or 50 feet below the base of the producing zone.

(j) If any objection or complaint is filed, or if the commission, on its own motion, deems that there should be a hearing on the application, a hearing shall be held. The applicant shall provide notice of the hearing not less than 15 days prior to the hearing date. The notice shall be provided to the landowner on whose land the well is located, to each operator of a producing or drilling well and to each unleased mineral owner within a ½ mile radius of the proposed injection or disposal well. Notice shall also be provided pursuant to K.A.R. 82-3-135. (Authorized by K.S.A. 55-901, as amended by L. 1986, Ch. 201, Sec. 17 and Ch. 202, Sec. 5, 55-152, as amended by L. 1986, Ch. 201, Sec. 9; implementing K.S.A. 1985 Supp. 55-605, 1985 Supp. 55-706, K.S.A. 55-152, as amended by L. 1986, Ch. 201, Sec. 9; K.S.A. 55-1003, as amended by L. 1986, Ch. 201, Sec. 20; effective, T-83-44, Dec. 8, 1982; effective May 1, 1983; amended May 1, 1984; amended, T-85-51, Dec. 19, 1984; amended May 1, 1985; amended May 1, 1986; amended, T-87-46, Dec. 19, 1986; amended May 1, 1987.)

**82-3-404. Injection or disposal well tubing and packer requirements.** (a) After December 8, 1982, each well shall be equipped to inject through tubing below a packer. A packer run on the tubing shall be set in casing opposite a cemented interval at a point immediately above the uppermost perforation or open-hole interval. The annulus between the tubing and the casing shall be filled with a corrosion-inhibiting fluid or hydrocarbon liquid. With the approval of the commission, packerless or tubingless completions may be authorized under the provisions of subsections (b) or (c) of this rule.

(b) Injection or disposal through tubing without a packer may be authorized by the commission if the following requirements are met:

(1) Surface wellhead injection pressure shall not exceed zero psig.

(2) The tubing shall be run to a depth equal to or below the uppermost perforation or open-hole of the injection interval.

(3) The annular space between the tubing and the casing shall be filled with a corrosion inhibiting fluid or hydrocarbon liquid that has a specific gravity less than 1.00, and that is displaced and maintained at a point within 50 feet of the bottom of the tubing.

(4) A positive annulus pressure shall be maintained and monitored, or an annulus fluid level shall be monitored monthly during the life of the well.

(5) Annulus pressure or annulus fluid level and

injection surface pressure shall be recorded monthly and kept by the operator for five years.

(6) All pressure readings recorded shall be taken during actual injection or disposal operations.

(c) Injection or disposal without tubing may be authorized by the commission if all five of the following criteria are continuously met during the life of the well.

(1) The casing shall be cemented continuously from setting depth to surface.

(2) Surface wellhead injection pressure shall be recorded monthly and kept by the operator for five years.

(3) All pressure readings recorded shall be taken during actual injection or disposal operations.

(4) Mechanical integrity tests shall be performed every five years by running a retrievable plug to a depth no more than 50 feet above the uppermost perforation or open-hole of the injection or disposal zone or by another method acceptable to the commission.

(5) It shall be the sole responsibility of the operator of the tubingless completion to maintain the well so that the mechanical integrity tests can be performed as specified, or the well shall be immediately plugged and abandoned by displacing cement from the bottom of the well to the surface. (Authorized by K.S.A. 55-152, as amended by L. 1986, Ch. 201, Sec. 9, K.S.A. 55-901, as amended by L. 1986, Ch. 201, Sec. 17 and Ch. 202, Sec. 5; implementing, K.S.A. 55-152, as amended by L. 1986, Ch. 201, Sec. 9, K.S.A. 55-901, as amended by L. 1986, Ch. 201, Sec. 17 and Ch. 202, Sec. 5, K.S.A. 55-1003, as amended by L. 1986, Ch. 201, Sec. 2; effective, T-83-44, Dec. 8, 1982; effective May 1, 1983; amended May 1, 1984; amended, T-87-46, Dec. 19, 1986; amended May 1, 1987.)

**82-3-405. Mechanical integrity requirements.** (a) Each injection or disposal well shall be completed, equipped, operated, and maintained in a manner that will prevent pollution of fresh and usable water, damage to sources of oil or gas, and that will confine fluids to the interval or intervals approved for injection or disposal.

An injection or disposal well shall be considered to have mechanical integrity if there are no significant leaks in the tubing, casing or packer. Mechanical integrity shall be established on each well by one of the following methods:

(1) Pressure test. The annulus above the packer, or the injection casing in wells not equipped with a packer, shall be pressure tested at least once every five years under the supervision of a representative of the operator. The date for such a test shall be mutually agreed upon by the operator's representative and a representative of the commission. Test results shall be verified by the operator's representative. A minimum of 25 percent of the tests conducted each year shall be witnessed by a representative of the commission. The test shall be conducted in accordance with subsection (b) or (c). Injection or disposal wells without tubing shall be tested in accordance with K.A.R. 82-3-404.

(2) Alternative tests. Alternative test methods

which are approved by the commission, including radioactive tracer or temperature surveys, may be used to establish mechanical integrity when conditions are appropriate. The test shall be run at least once every five years under the supervision of a representative of the operator. The date for such a test shall be mutually agreed upon by the operator's representative and a representative of the commission. Test results shall be verified by the operator's representative, and shall be interpreted as specified in commission-approved procedures. A minimum of 25 percent of the tests conducted each year shall be witnessed by a representative of the commission.

(3) Monitoring. Once a month, the operator shall monitor and record, during actual injection, the pressure or fluid level in the annulus and other such information as deemed necessary by the commission. An annual report of information logged shall be made to the commission.

(b) Before operating a well drilled or converted to injection or disposal after December 8, 1982, an operator choosing to use a pressure test for the initial mechanical integrity test shall perform the test in the following manner:

(1) Wells constructed with tubing and a packer shall be pressure tested with the packer in place. A fluid pressure of 300 psi shall be applied. If the operator requests a pressure in excess of 300 psi on the disposal or injection application, a test pressure up to the requested pressure may be required. The duration of the test shall be at least 30 minutes. Maintenance of the fluid pressure during the test shall provide assurance of the integrity of the injection casing.

(2) For wells constructed with tubing and no packer, a retrievable plug or packer shall be set immediately above the uppermost perforation or open hole zone. A fluid pressure of 300 psi shall be applied. The duration of the test shall be at least 30 minutes. Maintenance of the fluid pressure during the test shall provide assurance of the integrity of the injection casing.

(3) For wells constructed with tubing and no packer, a method of pressure testing known as fluid depression may be conducted with prior approval and under guidelines established by the commission.

(4) In lieu of paragraph (b)(3), the casing may be tested prior to perforating, upon approval of the commission. A fluid pressure of 300 psi shall be applied. If the operator requests a pressure in excess of 300 psi on the disposal or injection application, a test pressure up to the requested pressure may be required. The duration of the test shall be at least 30 minutes. Maintenance of the fluid pressure during the test shall provide assurance of the integrity of the injection casing.

(c) An operator choosing a pressure mechanical integrity test on a well permitted for injection or disposal before December 8, 1982 or on a well having passed an initial pressure mechanical integrity test as specified in subsection (b) shall conduct the test in the following manner:

(1) Wells located in areas having salt water bearing zones with sufficient bottom hole pressure to sustain a static fluid level at or above fresh or usable water

bearing zones shall be pressure tested as specified in paragraphs (b)(1) and (2) except that the maximum required test pressure shall be limited to 300 psi.

(2) Wells located in areas without salt water bearing zones with sufficient bottom hole pressure to sustain a static fluid level at or above fresh or usable water bearing zones shall be pressure tested as specified in paragraphs (b)(1) and (2) except that the maximum required test pressure shall be limited to 100 psi.

(3) For wells constructed with tubing and no packer, a method of pressure testing known as fluid depression may be conducted with prior approval and under guidelines established by the commission. (Authorized by K.S.A. 55-152, as amended by L. 1986, Ch. 201, Sec. 9, 55-901, as amended by L. 1986, Ch. 201, Sec. 17 and Ch. 202, Sec. 5; implementing K.S.A. 55-1003, as amended by L. 1986, Ch. 201, Sec. 20, K.S.A. 55-152, as amended by L. 1986, Ch. 201, Sec. 9, K.S.A. 55-901, as amended by L. 1986, Ch. 201, Sec. 17 and Ch. 202, Sec. 5; effective, T-83-44, Dec. 8, 1982; effective May 1, 1983; amended May 1, 1984; amended May 1, 1985; amended May 1, 1987.)

**82-3-406. Duration of injection or disposal well orders.** (a) Commission orders authorizing injection or disposal into wells shall remain valid for the life of the well, unless revoked by the commission for just cause.

(b) Any order granting injection or disposal may be modified, vacated, amended, or terminated by the commission during its term. Modifications or amendments of the order may be made at the request of any interested person, subject to commission approval, or on the commission's initiative. The party requesting an amendment shall give notice of the application to amend by mailing or delivering a copy of the application to the landowner on whose land the well is located, each operator of each producing and drilling well and each unleased mineral owner within a ½ mile radius of the injection or disposal well. Notice shall be mailed or delivered on or before the date the application to amend is mailed to or filed with the commission. Notice of the application shall be published in at least one issue of a newspaper with general circulation in the county or counties in which the lands involved are located. All orders shall be approved by the commission.

(c) When an operator elects only to amend an authorized enhanced recovery, fluid injection, or disposal order, the operator shall be exempted from the notification requirements, as set forth in this regulation, by submitting to the commission an application to amend the existing authorization for one or more of the following purposes:

(1) the operator seeks to lower the maximum injection pressure;

(2) the operator seeks to lower the maximum injection rate;

(3) the operator seeks to add an additional injection well to the authorized lease, provided:

(i) the well location is greater than 330 feet from the lease boundary;

(ii) the injection zone, rate, pressure, fluid and well

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configuration is consistent with the original application which was authorized; and

(iii) all the requirements in K.A.R. 82-3-401 for the notification within a ½ mile radius of the new well were accomplished when the original application was authorized; or

(4) the operator seeks to add or delete leases disposing into permitted disposal wells on the application as long as the maximum authorized injection rate or pressure is not exceeded.

(d) Mechanical failures or other conditions which indicate a well is not, or may not be, directing the injected fluid into the permitted or authorized zone may be cause to shut-in the well. If the condition may endanger any fresh or usable water source or oil or gas resources, the operator shall orally notify the commission within 24 hours. Written notice of a well failure shall be submitted to the commission within five days of the occurrence together with a plan for testing and repairing the well. Results of the testing and well repair shall be reported to the commission, and all information shall be included in the annual monitoring report to the commission. Any mechanical down-hole well repair performed on the well that was not previously reported shall also be included in the annual report. (Authorized by K.S.A. 55-152, as amended by L. 1986, Ch. 201, Sec. 9, K.S.A. 55-901, as amended by L. 1986, Ch. 201, Sec. 17 and Ch. 202, Sec. 5; implementing, K.S.A. 55-152, as amended by L. 1986, Ch. 201, Sec. 9, K.S.A. 55-901, as amended by L. 1986, Ch. 201, Sec. 17 and Ch. 202, Sec. 5, K.S.A. 55-1003, as amended by L. 1986, Ch. 201, Sec. 20; effective, T-83-44, Dec. 8, 1982; effective May 1, 1983; amended May 1, 1984; amended, T-87-46, Dec. 19, 1986; amended May 1, 1987.)

**82-3-407. Records.** The owner or operator of an injection or disposal well shall: (a) keep current and preserve for a period of five years an accurate record of the amount and kind of fluid injected into the injection or disposal well; and

(b) submit a report to the commission at the end of each calendar year, showing the monthly average wellhead pressure, maximum wellhead pressure, amount and kind of fluid injected into each well, and any other performance information that may be required by the commission. (Authorized by and implementing K.S.A. 55-152, as amended by L. 1986, Ch. 201, Sec. 9; effective, T-83-44, Dec. 8, 1982; effective May 1, 1983; amended, T-87-46, Dec. 19, 1986; amended May 1, 1987.)

**82-3-408. Transfer of authority to inject.** (a) Authority to operate an injection or disposal well shall not be transferred from one operator to another without the approval of the commission. The commission shall be notified in writing of the intent to transfer the ownership of an injection or disposal well from one operator to another. The written notice shall contain:

(1) the name and address of the present operator and the operator's license number;

(2) the name and location of the well being transferred;

(3) the order number and date of the order authorizing injection;

(4) the zone or zones of injection;

(5) the proposed effective date of transfer;

(6) the signature of the present operator and the date signed;

(7) the name and address of the new operator and the operator's license number; and

(8) the signature of the new operator and the date signed.

(b) A letter shall be mailed by the commission to the former operator and to the new operator designating approval or denial of the transfer of authority. A copy of the amended order authorizing the injection or disposal shall be attached to the letter mailed to the new operator. The former operator may be required by the commission to conduct a mechanical integrity test as a condition of the transfer. (Authorized by K.S.A. 55-152, as amended by L. 1986, Ch. 201, Sec. 9, K.S.A. 55-901, as amended by L. 1986, Ch. 201, Sec. 17 and Ch. 202, Sec. 5; implementing K.S.A. 55-1003, as amended by L. 1986, Ch. 201, Sec. 20, K.S.A. 55-152, as amended by L. 1986, Ch. 201, Sec. 9, K.S.A. 55-901, as amended by L. 1986, Ch. 201, Sec. 17 and Ch. 202, Sec. 5, effective, T-83-44, Dec. 8, 1982; effective May 1, 1983; amended May 1, 1985; amended, T-87-46, Dec. 19, 1986; amended May 1, 1987.)

**82-3-410. Assessment of costs.** Each applicant shall pay a charge established by the commission for the purpose of defraying the cost of processing the injection or disposal application. All such fees shall be submitted upon the filing of an application. (Authorized by K.S.A. 55-152, as amended by L. 1986, Ch. 201, Sec. 9, K.S.A. 55-901, as amended by L. 1986, Ch. 201, Sec. 17 and Ch. 202, Sec. 5; implementing L. 1986 Ch. 201, new Sec. 28, K.S.A. 55-152, as amended by L. 1986, Ch. 201, Sec. 9, K.S.A. 55-901, as amended by L. 1986, Ch. 201, Sec. 17 and Ch. 202, Sec. 5; effective, T-83-44, Dec. 8, 1982; effective May 1, 1983; amended May 1, 1986; amended May 1, 1987.)

**82-3-600. Application and approval of surface pond permits; pond construction.** (a) Surface ponds shall be permitted only upon application to and approval by the commission. Application shall be made upon the form prescribed and furnished by the commission.

(b) In approving applications for surface pond permits, the protection of soil and water resources from pollution shall be considered by the commission.

(c) All surface ponds, except drilling pits and burn pits, shall be constructed and designed for normal operation with a minimum of 30 inches of freeboard. Freeboard of drilling pits and burn pits shall be no less than 12 inches.

(d) Each operator of a surface pond shall:

(1) install observation trenches, holes, or walls if required by the commission;

(2) seal any surface pond, except burn pits, with artificial materials if the commission determines that an unsealed condition will present a pollution threat to soil or water resources; and

(3) prevent surface drainage from entering the

pond. (Authorized by K.S.A. 55-152, as amended by L. 1986, Ch. 201, Sec. 9; implementing K.S.A. 55-152, as amended by L. 1986, Ch. 201, Sec. 9; L. 1986, Ch. 201, new Sec. 1, 23; effective, T-87-46, Dec. 19, 1986; effective May 1, 1987.)

**82-3-601. Surface ponds permit; application, content, and approval.** (a) Surface ponds shall not be used to contain salt water, oil, or refuse resulting from oil and gas activities until approved by the commission following the required application procedure. Surface pond permits shall be considered granted unless denied within 10 days after receipt of the application.

(b) Each application shall be verified and filed with the commission and shall show:

(1) The lease name and legal description, the pond location, and the number of producing wells on the lease;

(2) the name or names of the producing formation or formations of the wells on the lease;

(3) the construction of the surface pond;

(4) the applicant's license number; and

(5) any other information that the commission may require. (Authorized by K.S.A. 55-152, as amended by L. 1986, Ch. 201, Sec. 9; implementing K.S.A. 55-152, as amended by L. 1986, Ch. 201, Sec. 9; L. 1986, Ch. 201, new Sec. 1, 23; effective, T-87-46, Dec. 19, 1986; effective May 1, 1987.)

**82-3-602. Abandonment of surface ponds.** (a) Upon the permanent cessation of the flow of fluids into any surface pond, or upon the revocation of any surface pond permit, the operator shall dispose of all fluids resulting from oil and gas activities contained in the surface pond by:

(1) Removing the fluid contents to a disposal well approved by the commission;

(2) removing the contents to a permitted solid waste landfill or an off-site disposal area approved by the department;

(3) using the fluid contents for road maintenance or construction approved by the department; or

(4) another manner required by the commission.

(b) The commission may require that groundwater monitoring wells, trenches, or holes be maintained in regard to any abandoned surface pond.

(c) Upon abandonment of any surface pond, the operator shall grade the surface of the soil as soon as practical or as required by the commission. To the greatest extent possible, the surface of the soil shall be returned to same condition as existed prior to the construction of the surface pond. (Authorized by K.S.A. 55-152, as amended by L. 1986, Ch. 201, Sec. 9; implementing K.S.A. 55-152, as amended by L. 1986, Ch. 201, Sec. 9; L. 1986, Ch. 201, new Sec. 1, 23; effective, T-87-46, Dec. 19, 1986; effective May 1, 1987.)

**82-3-603. Spill notification and lease maintenance.** (a) Every operator shall notify the appropriate district office within 24 hours of a spill which is not confined in an authorized surface pond.

(b) Each operator of an emergency pit shall empty fluids from the pit within 48 hours after the discharge

occurs. (Authorized by K.S.A. 55-152, as amended by L. 1986, Ch. 201, Sec. 9; implementing K.S.A. 55-152, as amended by L. 1986, Ch. 201, Sec. 9; L. 1986, Ch. 201, new Sec. 1, 23; effective, T-87-46, Dec. 19, 1986; effective May 1, 1987.)

#### Article 4.—MOTOR CARRIERS OF PERSONS AND PROPERTY

**82-4-2. General duty of carrier.** (a) Every motor carrier shall instruct its officers, agents, employees and representatives to be familiar with and comply with all the regulations of this commission.

(b) Every motor carrier and its officers, agents, employees and representatives shall comply with the rules and regulations of this commission and with any reasonable requests of the commission or its duly authorized agents for inspection or examination of any or all operating credentials of motor carrier equipment or required parts and accessories.

(c) Every motor carrier shall keep its current mailing address on file with the Commission. (Authorized by K.S.A. 66-1,112a and K.S.A. 66-1,112 and K.S.A. 66-1,112g; implementing K.S.A. 66-1,111; effective Jan. 1, 1971; amended May 1, 1981; amended May 1, 1984; amended May 1, 1987.)

**82-4-3. Motor carrier safety regulations.** (a) The following parts of the federal rules and regulations promulgated by the U.S. department of transportation, federal highway administration, and bureau of motor carrier safety, are hereby incorporated by reference as the rules and regulations of the state corporation commission of the state of Kansas. The incorporation by reference shall cover the parts as they exist on September 26, 1986: (1) Federal motor carrier safety regulations: General, 49 CFR Part 390, except sections 49 CFR 390.1, 390.15, 390.16.

(2) Qualifications of drivers: 49 CFR Part 391, except sections 49 CFR 391.2, 391.3, 391.5, 391.7, 391.11(b)(1), 391.41, 391.43, 391.45, 391.47 and 391.49 and 391.69.

(3) Driving of motor vehicles: 49 CFR Part 392, except sections 49 CFR 392.1(c), (d), 392.2, 392.30, 392.31, 392.32, 392.40 and 392.41.

(4) Parts and accessories necessary for safe operation: 49 CFR Part 393, except section 49 CFR 393.81, 393.87 and 393.95 (a) and (b).

(5) Notification and reporting of accidents: 49 CFR Part 394.

(6) Hours of service of drivers: 49 CFR Part 395, except sections 49 CFR 395.3(c), 395.8(k)(2) and 395.8(1)(2).

(7) Inspection, repair and maintenance: 49 CFR Part 396.

(8) Transportation of hazardous materials; driving and parking rules: 49 CFR Part 397.

(9) Transportation of migrant workers: 49 CFR Part 398.

(10) Employee safety and health standards: 49 CFR Part 399.

(b) Whenever the incorporated federal regulations refer to portions of the federal regulations that are not

(continued)

included under subsection (a), those references shall not be applicable to this regulation.

(c) The following terms as used in this regulation and the identified sections of the regulations adopted by reference are defined as follows:

(1) The term "special agent of FHWA or special agent of the federal highway administration and authorized representatives of the federal highway administration," as used in 49 CFR 394.15(a), 395.13(a), 396.9(a), 398.8(a) and 399 appendix B, means authorized representatives of the state corporation commission of Kansas, and troopers of the Kansas highway patrol and motor carrier inspectors of the department of revenue who have been certified in the inspection of motor carriers based on the motor carrier safety assistance program standards.

(2) The term "authorized FHWA personnel," as used in 49 CFR 396.9(b), means troopers of the Kansas highway patrol or authorized representatives of the state corporation commission of Kansas or motor carrier inspectors of the department of revenue who have been certified in the inspection of motor carriers based on the motor carrier safety assistance program standards.

(3) The term "associate regional administrator, motor carrier safety, federal highway administration," as used in 49 CFR 394.9(d), means superintendent, Kansas highway patrol.

(4) The term "director, regional motor carrier safety office of the federal highway administration," as used in 49 CFR 390.40, 391.51(g), 394.7(a), 394.9(a), 394.11(a) and 397.19(b) means, the superintendent, Kansas highway patrol and the administrator of the transportation division of the state corporation commission of Kansas.

(5) The term "regional federal highway administrator," as used in 49 CFR 391.51(b)(2), means director of transportation, state corporation commission of Kansas.

(6) The term "department of transportation act," as used in 49 CFR 394.3(a), means the department of transportation act and the motor carrier act of the state of Kansas.

(d) Copies of the motor carrier safety regulations promulgated by the U.S. department of transportation may be obtained from the superintendent of documents, United States government printing office, Washington, D.C. 20402. (Authorized by and implementing K.S.A. 66-1,112, K.S.A. 66-1,112a, K.S.A. 66-1,112g; and K.S.A. 66-1,129; effective Jan. 1, 1971; modified, L. 1981, ch. 424, May 1, 1981; amended May 1, 1984; amended May 1, 1985; amended May 1, 1987.)

**82-4-20. Transportation of hazardous materials by motor vehicles.** (a) The following parts of the federal hazardous materials rules and regulations promulgated by the U.S. department of transportation are incorporated by reference as the rules and regulations of the state corporation commission of the state of Kansas: Title 49 CFR, Parts 107.103(b) and 107.105, 171, 172, 173, 177 and 178, except sections 49 CFR 171.7(d)(27), 177.825, 177.842, 177.843 and 177.861, as in effect on September 28, 1984 September 26, 1986.

(b) Whenever the incorporated federal regulations refer to portions of the federal regulations that are not included under subsection (a), those references shall not be applicable to this regulation.

(c) Any reference to the following publications listed in 49 CFR 171.7 (d)(1); (d) (3)(ii), (iii) and (iv); (d)(5)(i), (ii), (vi), (vii), (ix), (xix), (xx), (xxi), (xxii), (xxiii), (xxiv), (xxv), (xxvi), (xxvii), (xxviii), (xxix), (xxx), (xxxi), (xxxii) and (xxxiii); (d)(6); (d)(7) (i), (ii), (iii) and (iv); (d)(13); (d)(14); (d)(15)(i) and (ii); (d)(16)(i); (d)(17); (d)(18); (d)(19); (d)(20); (d)(21); (d)(22); (d)(25); (d) 26; (d) 27; (d) 28; "Manual on Roof Coverings," NFPA 203M-1970; and "Specifications, Properties, and Recommendations for Packaging, Transportation, Storage, and Use of Ammonium Nitrate" are excepted from these regulations. Any regulation subsections in which these exceptions appear are not incorporated by reference in this regulation. (Authorized by K.S.A. 1983 Supp. 66-1,112, K.S.A. 66-1,112a, K.S.A. 1983 Supp. 66-1,112g and K.S.A. 66-1,129; implementing K.S.A. 1983 Supp. 66-1,112 and K.S.A. 66-1,129; effective Jan. 1, 1971; amended May 1, 1981; amended May 1, 1984; amended May 1, 1985; amended May 1, 1987.)

**82-4-22. Insurance requirements.** (a) (1) Before a certificate, permit, or license is issued to a public motor carrier of property or passengers, a contract motor carrier of property or passengers, a private motor carrier of property, or a local wrecker, the applicant shall keep in force a public liability and property damage insurance policy. The applicant shall submit proof of the required policy by filing the uniform standard insurance form established under 49 U.S.C. § 11506 and adopted in K.A.R. 82-4-24a. This policy shall be issued by an insurance company or association meeting the requirements of K.S.A. 66-1,128.

(2) The insurance shall bind the obligors to pay compensation for:

(A) injuries or death to persons, except injury to the insured's employees while engaged in the course of their employment; and

(B) loss of, or damage to, property of others, not including property usually designated as cargo, resulting from the negligent operation of the carrier.

(3) The carriers shall file proof of insurance in amounts not less than those required in K.S.A. 66-1,128. In special cases, and for good cause shown, the carriers may be required by order of the commission to file insurance in additional amounts.

(b) Public and contract motor carriers of property and local wreckers that conduct intrastate business shall keep in force a cargo insurance policy. The motor carrier shall submit proof of the required policy by filing the uniform standard insurance form established by 49 U.S.C. § 11506 and adopted in K.A.R. 82-4-24a. This policy shall be issued by a company authorized to write coverage in the state of Kansas, in a minimum amount of \$3,000.

If a motor carrier is unable to provide the uniform standard insurance form required in subsection (a) or (b) the commission may temporarily accept the original or a certified copy of the policy with all endorse-

ments attached for a period of 30 days. The motor carrier shall file the required forms in subsection (a) or (b) within the 30 days.

(d) Before the expiration date or cancellation date of an insurance policy filed in compliance with the law, and the regulations of the commission, the motor carrier shall file with the commission a new policy for the vehicle, or the vehicle shall immediately be withdrawn from service and notification of the action shall be given the commission.

(e) Operation by a motor carrier without strict compliance with this regulation shall suspend the certificate, permit or license issued to the carrier and the commission shall proceed to cancel the certificate, permit or license. (Authorized by K.S.A. 66-1,112a, K.S.A. 66-1,112, K.S.A. 66-1,112g; implementing K.S.A. 66-1,128; effective Jan. 1, 1971; modified, L. 1981, ch. 424, May 1, 1981; amended May 1, 1983; amended, T-85-48, Dec. 19, 1984; amended May 1, 1985; amended May 1, 1987.)

**82-4-27. Applications for certificates of convenience and necessity.** All applications for a certificate of convenience and necessity shall be typewritten on forms furnished by the commission. An original and three copies shall be filed and shall contain: (a) The address of the principal office or place of business and the address of the residence of the applicant;

(b) a list of the motor vehicles, and trailers, by make, year and vehicle identification number (VIN) of each vehicle, to be used by the applicant. If buses are to be used, the seating capacity shall be included;

(c) the commodity or commodities which the applicant intends to transport;

(d) the balance sheet and income statement of the applicant;

(e) a description of the complete territory proposed to be served. The territory proposed to be served shall be indicated by stating: the city, and county where the shipment will originate and all points of destination.

If the territory proposed to be served cannot be stated in the manner outlined above, the commission, upon a motion by the applicant, may allow the proposed territorial description to be stated as bound by described highways. The territorial description shall not be filed using a mileage radius from a fixed point. (Authorized by K.S.A. 66-1,112 and K.S.A. 66-1,117; implementing K.S.A. 66-1,117 and K.S.A. 66-1,139; effective Jan. 1, 1971; amended May 1, 1981; amended May 1, 1984; amended May 1, 1987.)

**82-4-27a. Applications for transfer of certificates of convenience and necessity and permits.** (a) A certificate of public convenience and necessity issued to common motor carriers under the provisions of K.S.A. 66-1,114, and permits issued to contract carriers under K.S.A. 66-1,112a, shall not be assigned or transferred without the consent of the commission. The commission may reasonably alter, restrict or modify the terms and provisions of any certificate or impose restrictions on any transfers when the public interest may be best served.

(b) Applications for approval by the commission of the transfer of the common carrier certificate shall be

completed by both transferor and transferee and filed on forms prescribed by the commission. The applicant shall file an original and three copies of the application with the commission.

The application shall contain the following information:

(1) A certified or sworn contract entered into by the parties shall be filed as an exhibit with the application, shall set out in full the agreement between the parties and shall detail all transferred items including equipment, property, good will, assumption of debt, covenants not to compete, price of certificate of convenience and necessity or permit and any other items relevant to the financial stability of the parties; and

(2) a statement indicating the complete territorial description of the authority sought to be transferred in the form required by K.A.R. 82-4-27(e).

(c) The transferor or present owner of the certificate shall file a statement containing the following information:

(1) Name and address of the present owner of the certificate;

(2) the date certificate was obtained;

(3) a signed affidavit setting out the territory where service has been performed during the past year and the number of units operated shall be filed with the application;

(4) the reason for the transfer;

(5) a signed affidavit stating whether the transferor is currently under citation or suspension by the commission;

(6) a signed affidavit stating whether all ad valorem taxes have been paid to the state of Kansas or a statement which clearly indicates which party shall be responsible for filing any delinquent rendition statement and who shall be responsible for paying any outstanding ad valorem tax obligation;

(7) a sworn statement from the transferor that the vehicle maintenance records, driver qualification files, driver logs and bills of lading of the transferor for the three years prior to the date of the transfer will be in the transferee's possession upon conclusion of the transfer; and

(8) a complete list of the names and addresses of the transferor's creditors related to the motor carrier operation, if any, the amount owed, and why it is owed shall be filed with the application.

(d) The transferee or purchaser of the certificate shall file a statement containing the following information:

(1) name and address of the purchaser or transferee;

(A) if the transferee is a corporation, the application shall designate the state in which the charter was issued and the name and address of all officers; and

(B) if the transferee is an individual, partnership or association, the application shall indicate the names and addresses of all parties owning an interest in the transferee and the percentage each owns;

(2) a financial statement showing in detail the financial ability and responsibility of the transferee;

(3) a sworn statement by the transferee shall be filed with the application specifying the amount the

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transferee borrowed or otherwise obtained to make the purchase of the items detailed in subsection (b) and specifying all details regarding the transactions;

(4) A sworn statement from the transferee that the vehicle maintenance records, driver qualification files, driver logs and bills of lading of the transferor will be in the transferee's possession for a period of three years from the date of the transfer. The transferee shall accept all responsibility for the books and records, and have them available at any time for inspection by the state corporation commission or its employees; and

(5) in the event the transferee of the certificate presently owns a certificate covering all or a part of the route authorized in the transferred certificate, the transferee shall file a request with the commission to consolidate the transfer so as to eliminate the duplication of operating authority as required in K.A.R. 82-4-27e. The request shall point out in detail which part of the commodity and geographic description of the duplicated authority is to be eliminated. (Authorized by K.S.A. 66-1,117, K.S.A. 66-1,112; implementing K.S.A. 66-1,112a, 66-1,117 and 66-1,118; modified, L. 1981, ch. 424, May 1, 1981; amended May 1, 1983; amended May 1, 1987.)

**82-4-27c. Applications for transfer for purposes of change in the form of business organization or name change of a motor carrier.** (a) Any application to transfer a certificate of convenience and necessity issued to a common motor carrier and any permit issued to a contract carrier shall be considered by the commission without a hearing pursuant to K.S.A. 66-1,115a when the transfer is required because of:

(1) incorporation of the proprietorship or partnership holding the certificate or permit to be transferred;

(2) the dissolution of the corporation holding the certificate or permit and the formation of a partnership or sole proprietorship by the entities comprising the former corporation;

(3) the dissolution of the partnership holding the certificate or permit and formation of a sole proprietorship by a former partner; or

(4) a name change of an entity holding a certificate or permit with no merger, acquisition or stock transfer involved.

(b) The application for transfer shall contain all applicable information required by K.A.R. 82-4-27a and a signed affidavit from the transferor stating that the transfer is for the incorporation of the present proprietorship or partnership, or the dissolution of a corporation to form a partnership, or sole proprietorship or dissolution of partnership to form sole proprietorship or name change and that the management, operations and equipment of the transferee will be the same as that of the transferor. (Authorized by K.S.A. 66-1,112, K.S.A. 66-1,112a, K.S.A. 66-1,117; implementing K.S.A. 66-1,112, K.S.A. 66-1,112a, K.S.A. 66-1,114, K.S.A. 66-1,115, 66-1,115a, 66-1,117; effective May 1, 1985; amended May 1, 1986; amended May 1, 1987.)

**82-4-27f. Application for temporary operating authority.** (a) Each application for temporary authority to

operate as a common or contract motor carrier shall meet the following requirements prior to consideration by the commission:

(1) Formal application for permanent authority shall be filed with the commission; and

(2) formal application for temporary authority shall be filed with the commission. The application for temporary authority shall include:

(A) The name and address of the principal office or place of business, and the address of the residence of the applicant;

(B) a complete balance sheet and income statement;

(C) a description of the commodities which the applicant intends to transport;

(D) a description of the territory proposed to be served;

(E) a tariff schedule;

(F) proof of sufficient liability and cargo insurance, as required by K.A.R. 84-4-21 through 84-4-25a;

(G) the name and mailing address of a resident agent, if the applicant is a non-resident;

(H) a copy of the articles of incorporation or partnership agreement, if applicable to the applicant's business;

(I) a brief statement as to the nature of emergency; and

(J) the name and business of a shipper witness supporting the application.

(b) Upon receipt of the completed application for temporary authority, the commission shall set the date, time and place of the hearing on the application.

(c) The rules of procedure at the hearing shall be those which govern all proceedings before the commission, as stated in the rules of practice and procedure of the commission.

(d) In order to be granted temporary authority, the applicant shall make a satisfactory showing that an immediate and urgent transportation need constituting an emergency exists and that there is no carrier within the requested territory which is capable of meeting that immediate need. The showing shall be demonstrated by sworn testimony of a person or persons, appearing at the hearing, other than the applicant.

(e) A written order either granting or denying temporary authority shall be issued and served upon the applicant as soon as practicable after the hearing. At the request of the applicant, the commission may issue a letter or telegraphic wire authorizing the commencement of the operation approved. Any application for temporary authority shall not be granted until after a hearing and until the applicant has filed with the commission all of the information required under paragraph (a)(2) of this regulation.

(f) The order granting temporary authority shall specify the length of time for which the authority is valid, subject to any extension or renewal which the commission may authorize. Temporary authority shall not exceed the date on which an order granting or denying permanent authority becomes final. (Authorized by K.S.A. 66-1,112, K.S.A. 66-1,112a, K.S.A. 66-1,117; implementing K.S.A. 66-1,112, K.S.A. 66-



1,112a, K.S.A. 66-1,114 and K.S.A. 66-1,115; effective May 1, 1986; amended May 1, 1987.)

**82-4-32. Completing motor carrier applications.** (a)

An applicant filing an application for an interstate license, private carrier or local wrecker permit, shall provide the commission with all necessary information to complete the application within a period of 30 days from the original filing date.

(b) All necessary information required to complete a filing for a certificate of convenience and necessity and contract carrier permits shall be provided to the commission within 30 days after the date of the hearing. After this time the commission without further notice may dismiss the application.

(c) Required application fees shall not be refunded if the application is dismissed by the applicant or the commission. (Authorized by K.S.A. 66-1,112, 66-1,112a, 66-1,112g and 66-1,117; implementing K.S.A. 66-1,117; effective Jan. 1, 1971; amended May 1, 1981; amended May 1, 1987.)

**82-4-35. Preserving certificates or permits.** (a)

All motor carriers and drivers of vehicles registered under certificates or permits shall, at all times, carry on every vehicle operated under the certificate or permit an authority card, issued by the commission, that defines the operating authority granted by the commission under the certificate or permit.

(b) Copies of orders of the commission which grant certificates or permits shall be carefully preserved by the holders. (Authorized by K.S.A. 66-1,112a, K.S.A. 66-1,112, 66-1,112g; implementing K.S.A. 66-1,112a, K.S.A. 66-1,112, 66-1,112g, 66-1,139; effective Jan. 1, 1971; amended May 1, 1981; amended May 1, 1984; amended May 1, 1987.)

**82-4-35a. Inspections of motor carrier documents.**

Authority cards, cab cards, driver logs, bills of lading, way bills, freight bills, run tickets or equivalent documents and orders shall be held available upon request for inspection by duly authorized representatives of the commission, or the state highway patrol, law enforcement officers or motor carrier inspectors of the department of revenue. (Authorized by K.S.A. 66-1,112a, K.S.A. 66-1,112, K.S.A. 66-1,112g; implementing K.S.A. 66-1,112a, K.S.A. 66-1,112, 66-1,112g, 66-1,139; effective May 1, 1987.)

**82-4-54. Tariff publication to become effective on less than 30 days notice.** (a)

The commission may permit departure from its requirement in K.A.R. 82-4-53(b) that tariff publications become effective on 30 days notice, providing good and sufficient cause is shown to convince the commission publication should be made on short notice.

(b) The application shall state all related facts or circumstances which may aid the commission in determining if the request is justified. If permission to establish provisions on less than required notice is sought, the petitioner shall state why the proposed provisions could not have been established upon 30 days notice.

(c) Permission to allow a tariff to become effective on less than 30 days notice shall be granted in cases

where good cause is shown. Desire to meet tariff publications of a competing carrier that has been filed on 30 days notice or 1 day notice may be considered a factor for permitting publication on short notice. (Authorized by K.S.A. 66-1,218, 66-1,112, 66-1,112a and 66-1,112f; implementing K.S.A. 66-1,218, 66-1,112, 66-1,112e and 66-1,112f; effective Jan. 1, 1971; amended May 1, 1981; amended May 1, 1987.)

**82-4-58d. Financial filing requirements for abandonment of motor carrier passenger service.** In addition to the formal filing of an application for abandonment of intrastate motor carrier passenger service the applicant shall also provide the following financial data on each and every route proposed to be abandoned:

(a) Interstate commerce commission reports or shareholder annual reports for the three previous years;

(b) expense data of the intrastate route or routes in question for the three previous years, and an explanation of the methodology used to determine costs;

(c) actual intrastate revenue by category, associated with the route or routes in question, on a monthly basis for the three previous years;

(d) an estimate of the off-route revenue that will be lost as a result of the abandonment, and an explanation of how the estimates were derived;

(e) monthly intrastate ridership data for the intrastate route or routes in question for the three previous years;

(f) monthly intrastate variable cost computations for the three previous years; and

(g) copies of interstate tariffs applicable to the routes in question. (Authorized by and implementing K.S.A. 66-1,112; effective May 1, 1987.)

**82-4-63. Contested and noncontested motor carrier hearings.**

An application, for a contract carrier permit or a common carrier certificate of convenience and necessity or abandonment of a common carrier certificate, is considered as contested when either protestants or intervenors, or both, appear at the hearing held on the application and present testimony or evidence in support of their contentions, or present a question or questions of law, or cross-examine the applicant's witnesses with regard to the application. When neither protestants nor intervenors so appear and offer testimony or evidence in support of their contentions, or raise a question of law, or cross-examine the applicant's witnesses with reference to any pending application, the same shall be considered as noncontested. (Authorized by K.S.A. 66-106, 66-1,112, 66-1,112a; implementing K.S.A. 66-106, 66-1,114, 66-1,115 and 66-1,119; effective Jan. 1, 1971; amended May 1, 1981; amended May 1, 1987.)

**82-4-65. Protestants.** Any protest against the granting of a permit, certificate, extension, abandonment, or transfer shall be considered under the following conditions:

(a) A protest may be filed by any carrier having a valid interest in the application or by the carrier's

(continued)

authorized agent, or attorney. If filed by the carrier's agent or attorney, the protest shall name the carrier in whose behalf the protest is filed. Petitions for protests shall be in writing, and shall clearly identify the name and address of the protestant, and the title and docket number, of the proceeding. The petition shall include a clear and concise statement of the direct and substantial interest of the protestant in the proceedings, including the manner in which the protestant may be affected, and the nature, extent, character and grounds of the protest.

(b) If the protest is directed in opposition to only a portion of the authority sought, the protestant shall:

(1) set forth the portion objected to; and

(2) state that, if the applicant advises the commission before the application is heard that the applicant has consented to delete that portion protested from the application, the commission may disregard the protest.

(c) Any interested party or interested person who believes himself or herself to be adversely affected by a proposed application may file a written protest. The protest shall be filed in triplicate and shall be received by the commission within 10 days after publication of the notice in the Kansas Register. Failure to file a timely protest shall preclude the interested person or interested party from appearing as a protestant.

(d) Each protestant shall serve the protest upon the applicant at the same time or before the protestant files the protest with the state corporation commission. A protest shall not be served on the applicant by the commission.

(e) To secure consideration of a protest, the protestant, intervenor or a designated representative, as defined in K.A.R. 82-4-63, shall offer evidence or a statement or participate in the hearing. (Authorized by K.S.A. 66-1,112, K.S.A. 66-1,112a; implementing K.S.A. 66-1,114; effective Jan. 1, 1971; amended May 1, 1981; amended May 1, 1985; amended May 1, 1987.)

#### Article 5.—RAILROAD SAFETY

**82-5-11. Regulation relating to transportation of hazardous materials by railroads.** (a) When the track condition on any railroad makes the transportation of explosives and other dangerous articles hazardous, restriction of the movement over the track may be imposed by the state corporation commission until track conditions are corrected or a satisfactory alternate route is available.

(b) The following parts of the federal hazardous materials rules and regulations promulgated by the U.S. department of transportation are incorporated by reference as the rules and regulations of the state corporation commission of the state of Kansas: Title 49 CFR, Parts 171, 172, 173, 174, 177, 178; and 393.77, except sections 49 CFR 174.45, 174.104(c) and (d), 174.700, 177.825, 177.842, 177.843 and 177.861, as in effect on September 26, 1986.

(c) Whenever the incorporated federal regulations refer to portions of the federal regulations that are not included under subsection (b), that reference shall not be applicable to this regulation.

(d) Any reference to the following publications listed in 49 CFR 171.7. (d)(1); (d)(3)(ii), (iii) and (iv); (d)(5)(i), (ii), (vi), (vii), (ix), (xix), (xx), (xxi), (xxii), (xxiii), (xxiv), (xxv), (xxvi), (xxvii), (xxviii), (xxxix), (xxx), (xxxi), (xxxii) and (xxxiii); (d)(6); (d)(7)(i), (ii), (iii) and (iv); (d)(13); (d)(14); (d)(15)(i) and (ii); (d)(16)(i); (d)(17); (d)(18); (d)(19); (d)(20); (d)(21); (d)(22); (d)(25); (d) 26; (d) 27; (d) 28; "Manual on Roof Coverings," NFPA 203M-1970; and "Specifications, Properties, and Recommendations for Packaging, Transportation, Storage, and Use of Ammonium Nitrate" are excepted from these regulations. Any regulation subsections in which these exceptions appear are not incorporated by reference in this regulation. (Authorized by K.S.A. 66-1,222, 66-141; implementing K.S.A. 66-1223, 66-156; effective, E-71-15, March 5, 1971; amended, E-71-22, May 28, 1971; effective Jan. 1, 1972; amended May 1, 1985; amended May 1, 1987.)

#### Article 10.—OIL AND NATURAL GAS LIQUID PIPELINE

**82-10-1. Definitions.** The following terms as used in this regulation and the identified sections of the regulations adopted by reference are defined as follows:

(1) The term "carrier" as used in 18 C.F.R. 352, means an oil or natural gas liquid pipeline company as defined as a common carrier in K.S.A. 55-501 and 66-1,215.

(2) The term "commission" as used in 18 C.F.R. 352, means the state corporation commission of Kansas. (Authorized by K.S.A. 55-504 and K.S.A. 66-1,218; implementing K.S.A. 55-501 and K.S.A. 66-1,215, effective May 1, 1987.)

**82-10-2. Rate applications of oil and natural gas liquid pipeline companies.** (a) Scope. An oil or natural gas liquid pipeline company whose rates are under review by this commission at the request of the applicant, or as a result of investigation, complaint or any other procedure, shall comply with this regulation. The applicant shall be prepared to establish by appropriate schedules and competent testimony all relevant facts and data pertaining to its business and operations which will assist the commission in arriving at a determination of rates which will be fair, just and reasonable both to the applicant and the public.

(b) In preparing justification statements, prefiled testimony and supporting schedules, the applicant shall utilize the following format:

(1) The first section shall contain a copy of the application, a copy of the letter of transmittal, and the appropriate document or documents authorizing the filing of the application, if any.

(2) The second section shall give general information and shall include:

(A) the amount of dollars of the aggregate annual increase which the application proposes;

(B) a summary of the reasons for filing the application;

(C) such other pertinent information which the applicant may desire to submit or which the commission may in its discretion require;

(D) copies of any press releases issued by the applicant prior to or at the time of filing the application for a rate review, relating to that review; and

(E) a copy of the system diagram map.

(3) The annual report or Federal Energy Regulatory Commission Form 6 shall be included.

(4) The last sections shall include all other schedules, exhibits and data deemed pertinent to the application which may not be properly included under the preceding sections. Such additional evidence may be submitted at the option of the applicant and shall be submitted upon the direction of the commission.

(c) Prefiled testimony shall be filed simultaneously with the filing of the application.

(d) For good cause shown the commission may waive any of the requirements of this rule. (Authorized by K.S.A. 55-504, K.S.A. 66-106 and K.S.A. 66-1,218; implementing K.S.A. 55-504 and K.S.A. 66-1,218; effective May 1, 1987.)

### **82-10-3. Revisions of application and schedules.**

(a) If an oil or natural gas liquid pipeline company desires to make revisions to its application and schedules, other than minor corrections and insertions which can only be made by interlineation without unduly prolonging a hearing with respect to the application or schedules, the applicant shall file with the commission revised schedules as are necessary to reflect the desired revisions:

(1) Each page of the revised section or schedule shall bear the same section letter designation, schedule number, and page number as the original page with the word "Revised" and the date of the revision immediately below the original section, schedule, or page designation.

(2) There shall be filed the same number of copies of any revised sections, schedules or pages as the number of copies originally required to be filed.

(3) A copy of each revised section, schedule or page shall also be served upon each party whose intervention has previously been permitted by the commission pursuant to K.A.R. 82-1-225.

(4) All revised sections, schedules and pages shall be filed according to the provisions of K.A.R. 82-1-221, unless otherwise ordered by the commission for good cause shown.

(5) Substantial revisions of the schedules, such as changing to a different test year, may constitute grounds for the commission to continue any scheduled hearing to a later date, if necessary for its staff to conduct further investigation or revise its schedules with respect to these revisions.

(6) Revised prefiled testimony shall be filed simultaneously with the filing of the revised application.

(b) For good cause shown the commission may waive any of the requirements of this rule. (Authorized by K.S.A. 55-504, K.S.A. 66-106 and K.S.A. 66-1,218; implementing K.S.A. 55-504 and K.S.A. 66-1,218; effective May 1, 1987.)

**82-10-4. Annual Report.** Every oil or natural gas liquid pipeline company subject to the commission's jurisdiction shall file with the commission a copy of form No. 6, "Annual Report of Oil Pipeline Compa-

nies" which has been filed with the Federal Energy Regulatory Commission. This report shall be filed by March 31 of each year for the previous calendar year. (Authorized by K.S.A. 55-504, K.S.A. 66-106, and K.S.A. 66-1,218; implementing K.S.A. 55-504 and K.S.A. 66-1,218; effective May 1, 1987.)

**82-10-5. Suspension of certificate for failure to comply with regulations.** The certificate of any oil or natural gas liquid pipeline company who fails to comply with the rules and regulations of the commission or the laws of the state of Kansas may be suspended. This failure shall be full and sufficient cause for the commission to cancel the certificate upon citation and hearing. (Authorized by and implementing K.S.A. 66-1,216; effective May 1, 1987.)

KEITH R. HENLEY  
Chairman

Doc. No. 005165

(Published in the KANSAS REGISTER, April 2, 1987.)

### HOUSE BILL No. 2055

AN ACT concerning certain water districts; relating to the powers and duties thereof; amending K.S.A. 79-201a, 80-1616, 80-1617 and 80-1618 and repealing the existing sections.

*Be it enacted by the Legislature of the State of Kansas:*

Section 1. K.S.A. 79-201a is hereby amended to read as follows: 79-201a. The following described property, to the extent herein specified, shall be exempt from all property or ad valorem taxes levied under the laws of the state of Kansas:

*First.* All property belonging exclusively to the United States, except property which congress has expressly declared to be subject to state and local taxation.

*Second.* All property used exclusively by the state or any municipality or political subdivision of the state. All property owned or operated by the state or any municipality or political subdivision of the state which is used or is to be used for any governmental or proprietary function and for which bonds may be issued or taxes levied to finance the same, shall be considered to be "used exclusively" by the state, municipality or political subdivision for the purposes of this act. Any property constructed or purchased with the proceeds of industrial revenue bonds issued prior to July 1, 1963, as authorized by K.S.A. 12-1740 to 12-1749, or purchased with proceeds of improvement district bonds issued prior to July 1, 1963, as authorized by K.S.A. 19-2776, or with proceeds of bonds issued prior to July 1, 1963, as authorized by K.S.A. 19-3815a and 19-3815b, or any property improved, purchased, constructed, reconstructed or repaired with the proceeds of revenue bonds issued prior to July 1, 1963, as authorized by K.S.A. 13-1238 to 13-1245, inclusive, or any property improved, reimproved, reconstructed or repaired with the proceeds of revenue bonds issued after July 1, 1963, under the authority of K.S.A. 13-1238 to 13-1245, inclusive, which had previously been improved, reconstructed or repaired with the proceeds of revenue bonds issued under such act on or before July 1, 1963, shall be exempt from taxation for so long as any of the revenue bonds issued to finance such construction, reconstruction, improvement, repair or purchase shall be outstanding and unpaid. Any property constructed or purchased with the proceeds of any revenue bonds authorized by K.S.A. 13-1238 to 13-1245, inclusive, 19-2776, 19-3815a and 19-3815b, and amendments thereto, issued on or after July 1, 1963, shall be exempt from taxation only for a period of 10 calendar years after the calendar year in which the bonds were issued. Any property, all or any portion of which is constructed or purchased with the proceeds of revenue bonds authorized by K.S.A. 12-1740 to 12-1749, inclusive, and amendments thereto, issued on or after July 1, 1963 and prior to July 1, 1981, shall be exempt from taxation only for a period of 10 calendar years after the calendar year in which the bonds were issued. Any property constructed

(continued)

or purchased wholly with the proceeds of revenue bonds issued on or after July 1, 1981, under the authority of K.S.A. 12-1740 to 12-1749, inclusive, and amendments thereto, shall be exempt from taxation only for a period of 10 calendar years after the calendar year in which the bonds were issued. Any property constructed or purchased in part with the proceeds of revenue bonds issued on or after July 1, 1981, under the authority of K.S.A. 12-1740 to 12-1749, inclusive, and amendments thereto, shall be exempt from taxation to the extent of the value of that portion of the property financed by the revenue bonds and only for a period of 10 calendar years after the calendar year in which the bonds were issued. The exemption of that portion of the property constructed or purchased with the proceeds of revenue bonds shall terminate upon the failure to pay all taxes levied on that portion of the property which is not exempt and the entire property shall be subject to sale in the manner prescribed by K.S.A. 79-2301 *et seq.*, and amendments thereto. Property purchased, constructed, reconstructed, equipped, maintained or repaired with the proceeds of industrial revenue bonds issued under the authority of K.S.A. 12-1740 *et seq.*, and amendments thereto, which is located in a redevelopment project area established under the authority of K.S.A. 12-1770 *et seq.* shall not be exempt from taxation.

*Third.* All works, machinery and fixtures used exclusively by any rural water district or township water district for conveying or production of potable water in such rural water district or township water district.

*Fourth.* All fire engines and other implements used for the extinguishment of fires, with the buildings used exclusively for the safekeeping thereof, and for the meeting of fire companies, whether belonging to any rural fire district, township fire district, town, city or village, or to any fire company organized therein or therefor.

*Fifth.* All property, real and personal, owned by county fair associations organized and operating under the provisions of K.S.A. 2-125 *et seq.* and amendments thereto.

*Sixth.* Property acquired and held by any municipality under the municipal housing law (K.S.A. 17-2337 *et seq.*) and amendments thereto, except that such exemption shall not apply to any portion of the project used by a non-dwelling facility for profit making enterprise.

*Seventh.* All property of a municipality, acquired or held under and for the purposes of the urban renewal law (K.S.A. 17-4742 *et seq.*) and amendments thereto except that such tax exemption shall terminate when the municipality sells, leases or otherwise disposes of such property in an urban renewal area to a purchaser or lessee which is not a public body entitled to tax exemption with respect to such property.

*Eighth.* All property acquired and held by the Kansas armory board for armory purposes under the provisions of K.S.A. 48-317, and amendments thereto.

*Ninth.* All property acquired and used by the Kansas turnpike authority under the authority of K.S.A. 68-2001 *et seq.*, and amendments thereto, K.S.A. 68-2030 *et seq.*, and amendments thereto, K.S.A. 68-2051 *et seq.*, and amendments thereto, and K.S.A. 68-2070 *et seq.*, and amendments thereto.

*Tenth.* All property acquired and used for park purposes by the state park and resources authority under the authority of K.S.A. 74-4501 *et seq.*, and amendments thereto.

*Eleventh.* The state office building constructed under authority of K.S.A. 75-3607 *et seq.*, and amendments thereto, and the site upon which such building is located.

*Twelfth.* All buildings erected under the authority of K.S.A. 76-6a01 *et seq.*, and amendments thereto, and all other student union buildings and student dormitories erected upon the campus of any institution mentioned in K.S.A. 76-6a01, and amendments thereto, by any other nonprofit corporation.

*Thirteenth.* All buildings, as the same is defined in subsection (c) of K.S.A. 76-6a13, and amendments thereto, which are erected, constructed or acquired under the authority of K.S.A. 76-6a13 *et seq.*, and amendments thereto, and building sites acquired therefor.

*Fourteenth.* All that portion of the waterworks plant and system of the city of Kansas City, Missouri, now or hereafter located within the territory of the state of Kansas pursuant to the compact

and agreement adopted by chapter 304 of the 1921 Session Laws of the state of Kansas [See K.S.A. 79-205].

*Fifteenth.* All property, real and personal, owned by a groundwater management district organized and operating pursuant to K.S.A. 82a-1020, and amendments thereto.

*Sixteenth.* All property, real and personal, owned by the joint water district organized and operating pursuant to K.S.A. 80-1616 *et seq.*, and amendments thereto.

The provisions of this section shall apply to all taxable years commencing after December 31, 1980.

Sec. 2. K.S.A. 80-1616 is hereby amended to read as follows: 80-1616. (a) The governing body of the city of Lansing, Kansas, and the governing body of Delaware township may shall establish a joint water district. The joint water district shall be governed by a nonpartisan board elected in the manner provided by subsection (b). Such board shall be independent of the township and city.

(b) Such district shall be governed by a five member board. The members of the board shall be residents qualified electors of the joint district and shall be elected on an at-large basis. Except as provided by subsection (c), board members shall hold office for a term of four years and until their successors are elected and qualified. An election to choose board members shall be held on the first Tuesday in November, 1984, and every two years thereafter. If a vacancy occurs on the joint water district board, a successor shall be appointed by the remaining board members and shall hold office until the next regular election. All elections shall be nonpartisan and shall be called and conducted by the county election officer. Laws applying to other local elections occurring at the same time and in the same locality shall apply to the elections under this act to the extent that the same can be made to apply. All members shall take an oath of office as prescribed for other public officials.

(c) At the first election, the two members receiving the largest number of votes shall hold office for a term of four years. The three remaining members shall serve for a term of two years. At all succeeding elections all members shall be elected for terms of four years.

(d) All assets and liabilities of any existing township water district may be transferred to the joint water district. All covenants, terms and conditions contained in the resolution authorizing the issuance of water revenue bonds which are outstanding at the time the joint district is established shall be maintained and complied with by the governing body of the joint water district.

(e) The joint water district board shall be responsible for the maintenance, operation, improvement and extension of the district's water system. The joint water district board shall establish rates for the district's customers.

Sec. 3. K.S.A. 80-1617 is hereby amended to read as follows: 80-1617. (a) At the first meeting of the joint water district board following January 1, 1985, and annually thereafter, the board shall elect a chairperson, vice-chairperson and secretary-treasurer for a term of one year, or until a successor is elected and has been qualified. The chairperson and all persons employed by the board shall be paid just and reasonable compensation as determined by the board. The board shall prepare annually a budget for the coming year, adjust water rates, if necessary to produce sufficient revenue required by such budget, and shall cause an annual audit of the district's records and accounts to be made.

(b) The joint water district board shall meet at such times as may be determined by the board or upon call by the chairperson or any two members of the board. The board shall adopt such rules and regulations and district bylaws deemed necessary for the conduct of the business of the district. It shall be the duty of the secretary to keep records showing all minutes, decisions and orders made by the board.

(b) The water district board may select and appoint a general manager who shall hold office at the pleasure of the board. The general manager shall have such duties and responsibilities as shall be assigned by the board in the management of the water supply and distribution system. The board shall obtain for the general manager a surety bond conditioned upon the faithful performance of the manager's duties. The board may

authorize the payment of costs of group hospitalization, medical and surgical insurance benefits for its employees and may adopt a retirement plan for all of its officers, employees and agents. The board may obtain liability insurance covering the operations of the water district and the actions of the board. The board may obtain corporate surety bonds to the state of Kansas in an amount to be determined by the board, conditioned upon the faithful performance of the board members' duties and for the true and faithful accounting of all money that may come into the members' hands by virtue of the office. Such bonds shall be filed in the office of the county clerk for the county in which the district is located after approval by the board of county commissioners of such county.

(c) The joint water district board shall meet in regular session at a place to be designated by the board on the same day each month during the year as determined by the water district board for the transaction of any business as often as the interest or business of the water district may demand. The board shall meet in special session on the call of the chairperson or at the request of any two members of the board. The board shall adopt any rules and regulations and district bylaws deemed necessary for the conduct of the business of the district. It shall be the duty of the secretary to keep records showing all minutes, decisions and orders made by the board. Except as provided by the open records act, the records and accounts of the board shall be public. Except as provided by K.S.A. 75-4317 et seq., and amendments thereto, meetings shall be open to the public. Three members shall constitute a quorum for the transaction of business.

(d) The joint water district treasurer shall keep a true account of all moneys received thereby and the manner in which the same have been disbursed, keeping a separate account with each fund. The treasurer shall deposit or cause to be deposited all public moneys received thereby in an official capacity in a bank which is a member of the federal deposit insurance corporation or a savings and loan association which is a member of the federal savings and loan insurance corporation within the county in which the joint water district is located, the same to be designated by the joint water district board. Such deposits shall be made in the name of the joint water district. Joint water district moneys not immediately required for the purpose for which such moneys were collected or received may be invested in the manner provided by K.S.A. 12-1675, and amendments thereto.

It shall be the duty of the treasurer to present to the board within 60 days from the end of the preceding quarter a quarterly financial report on the operations of the joint water district. Within 90 days after the end of each calendar year, the treasurer shall publish or cause to be published in a newspaper of general circulation within the county in which the joint water district is located a summary which shows totals for the categories of the receipts, expenditures, liabilities, assets and bonded indebtedness of such water district as of the end of such calendar year. Such publication shall include a notice that a detailed statement of such receipts, expenditures and liabilities is available for public inspection at the county clerk's office. Copies of the report shall be made available upon request. Such statement shall be duly verified and, after appropriate audit, shall be certified by a licensed municipal public accountant or by a certified public accountant.

The joint water district board shall obtain for the treasurer of the joint water district a corporate surety bond to the state of Kansas conditioned upon the faithful performance of the treasurer's duties and for the true and faithful accounting of all money that may come into the treasurer's hands. The amount of such bond shall be determined by the board. Such bond shall be filed in the office of the county clerk in the county in which the joint water district is located after approval by the board of county commissioners of such county.

Sec. 4. K.S.A. 80-1618 is hereby amended to read as follows: 80-1618. (a) Every district incorporated under this act shall have perpetual succession, subject to dissolution or consolidation pursuant to law and shall have the power to:

(1) Exercise eminent domain within the boundaries of such district;

- (2) sue and be sued;
  - (3) contract;
  - (4) hold real and personal property acquired by will, gift, purchase or otherwise, as authorized by law;
  - (5) construct, install, maintain and operate such ponds, reservoirs, pipelines, wells, check dams, pumping installations or other facilities for the storage, transportation or utilization of water and such appurtenant structures and equipment necessary to carry out the purposes of its organization and may improve, extend or enlarge the water supply and distribution system and may sell and dispose of surplus water outside the district;
  - (6) employ any person necessary to carry out the provisions of this act;
  - (7) cooperate with and enter into agreements with the secretary of the United States department of agriculture or the secretary's duly authorized representative necessary to carry out the purposes of its organization;
  - (8) accept financial or other aid which the secretary of the United States department of agriculture is empowered to give pursuant to 16 U.S.C.A., §§ 590r, 590s, 590x-1, 590x-a and 590x-3, as amended;
  - (9) issue revenue bonds as provided by K.S.A. 80-1601 et seq., and amendments thereto; and
  - (10) acquire loans for the financing of the cost of construction or purchase of any project necessary to carry out the purposes of the district, as provided by the provisions of subsection (c) of K.S.A. 82a-619, and amendments thereto. Any such loan may be secured by any or all of the physical assets owned by the district, including easements and rights-of-way.
- (b) No district organized under the provisions of this act shall have the power to levy any tax.

Sec. 5. K.S.A. 79-201a, 80-1616, 80-1617 and 80-1618 are hereby repealed.

Sec. 6. This act shall take effect and be in force from and after its publication in the Kansas register.

I hereby certify that the above BILL originated in the HOUSE, and passed that body February 4, 1987.

HOUSE concurred in SENATE amendments March 16, 1987.  
 JAMES D. BRADEN  
*Speaker of the House.*  
 GENEVA SEWARD  
*Chief Clerk of the House.*

Passed the SENATE as amended March 11, 1987.  
 ROBERT V. TALKINGTON  
*President of the Senate.*  
 LU KENNEY  
*Secretary of the Senate.*

APPROVED March 27, 1987.

MIKE HAYDEN  
*Governor.*

STATE OF KANSAS  
 Office of Secretary of State

I, BILL GRAVES, Secretary of State of the State of Kansas, do hereby certify that the above and foregoing is a correct copy of the original enrolled bill now on file in my office:

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my official seal, this 27th day of March, 1987.

(SEAL)

BILL GRAVES  
*Secretary of State.*

(Published in the KANSAS REGISTER, April 2, 1987.)

## HOUSE BILL No. 2153

AN ACT concerning water districts; relating to the officers of such districts; relating to the powers and duties of such officers; amending K.S.A. 19-3519 and K.S.A. 1986 Supp. 19-3505, 19-3516 and 19-3521 and repealing the existing sections.

*Be it enacted by the Legislature of the State of Kansas:*

Section 1. K.S.A. 1986 Supp. 19-3505 is hereby amended to read as follows: 19-3505. The governing body of any water district to which this section applies shall be a five-member board holding positions numbered one to five, inclusive. Except as otherwise provided by this section, each member shall be elected and shall hold office from May 1 following such member's election until April 30, four years thereafter and until a successor is elected and has qualified.

The first election of members of the governing body of any water district created after the effective date of this act shall be held on the first Tuesday in August of any even-numbered year, at which time members shall be elected for terms beginning on September 1 of the same year, and ending on April 30 of the third year following the beginning of such term, to positions numbered three, four and five. At such first election, members shall be elected for terms ending on April 30 of the first year following the beginning of such terms, to positions numbered one and two. Members first elected to positions one and two shall have terms of approximately eight months. Elections shall be thereafter held on the first Tuesday in April of each odd-numbered year for the member positions whose terms expire in that year.

All elections shall be nonpartisan and shall be called and conducted by the county election officer. Laws applying to other local elections occurring at the same time and in the same locality shall apply to elections under this act to the extent that the same can be made to apply.

Following each election the board shall organize itself and not later than the second regular meeting following each election shall select from among its members a chairperson, ~~secretary and treasurer and a vice-chairperson~~. The ~~chairperson may designate an acting chairperson to~~ vice-chairperson shall preside over any meetings at which the chairperson may not be present. Vacancies occurring during a term shall be filled for the unexpired term by appointment by the remaining members. All members shall take an oath of office as prescribed for other public officials. The members of the board shall be qualified electors in the water district. Prior to accepting office, the water district shall obtain for each member-elect a corporate surety bond to the state of Kansas in the amount of \$10,000, conditioned upon the faithful performance of the member's duties and for the true and faithful accounting of all money that may come into the member's hands by virtue of the office. Such bonds shall be filed in the office of the county clerk for the county in which the major portion of such water district is located after approval by the board of county commissioners of such county.

Each member of the board shall receive a monthly salary in an amount determined by the board and shall be reimbursed for all necessary and reasonable expenses incurred in performing official assigned duties.

Sec. 2. K.S.A. 1986 Supp. 19-3516 is hereby amended to read as follows: 19-3516. (a) Any water district board may issue and sell revenue bonds to finance the cost of acquisition, construction, reconstruction, alteration, repair, improvement, extension or enlargement of any such water supply and distribution system. The board shall fix by resolution such rates, fees and charges for the services furnished by such water supply and distribution system as may be reasonable and necessary and provide for the manner of collecting and disbursing such revenues subject to the limitations hereinafter contained.

Revenues derived from the operation of any such water supply and distribution system shall be deposited in a responsible bank within the county in which the greatest portion of such water district is located and the deposits shall be governed by article 14 of chapter 9 of the Kansas Statutes Annotated and shall not be used except for the purpose of: (1) Paying wages and salaries of all officers and employees, (2) paying the cost of operation, (3) paying the cost of maintenance, extension and improvement of such water supply and distribution system, (4) providing an

adequate depreciation fund, and (5) creating reasonable reserves for such purposes. All revenues over and above those necessary for the above enumerated purposes shall be placed in a reserve fund which, together with any moneys not currently needed which have been set aside for the purposes described in (4) and (5) above, may be invested in accordance with the provisions of K.S.A. 10-122, and amendments thereto, or K.S.A. 10-131, and amendments thereto. Such reserve fund shall be used solely for improving, extending or enlarging the district's water system or for the retirement of revenue bonds issued hereunder and the payment of interest thereon. Such revenue bonds are hereby made a lien on the water supply and distribution system and on the revenues produced from such water supply and distribution system but shall not be general obligations of the issuing water district. Such revenue bonds shall not be taken into account or in any way be a limitation upon the power of the water district to issue bonds for any other purpose. All revenue bonds issued under this act shall be signed by the chairperson of the issuing water district board and attested by the secretary and shall contain recitals stating the authority under which such bonds are issued; that they are issued in conformity with the provisions, restrictions and limitations of that authority; that such bonds are to be paid by the issuing water district from the revenues derived from the rates, fees or charges herein mentioned and not from any other fund or source; that the same have been registered in the office of the county clerk of the various counties in which the issuing water district is located and in the office of the treasurer of the state of Kansas, respectively; and that such bonds are negotiable. All such bonds, when registered and issued, as herein provided, shall import absolute verity, and shall be conclusive in favor of all persons purchasing such bonds, that all proceedings and conditions precedent have been had and performed to authorize the issuance thereof. The provisions of K.S.A. 10-112, and amendments thereto, shall not apply to any bonds issued under this act.

(b) Revenue bonds issued under this act shall mature not later than 40 years after the date of the bonds; may be subject to redemption prior to maturity, with or without premium, at such times and upon such conditions as may be provided by the water district board; and shall bear interest at a rate not to exceed the maximum rate of interest prescribed by K.S.A. 10-1009, and amendments thereto. The board may sell such bonds in such manner and for such price as it determines will best effect the purposes of this act. In no case where revenue bonds are issued under this act shall the total amount received therefrom be in excess of the actual cost of the plan or program which includes, in addition to all expenses incurred in the acquiring of a water supply and distribution system, all expenses incurred prior to and including the bond election, the no-fund warrants outstanding under the provisions of K.S.A. 19-3505a, and amendments thereto, and unpaid at the time such revenue bonds are issued and all costs of operation and maintenance of such water supply and distribution system estimated to be necessary for a period of two years immediately following the acquisition of such system and the amount necessary to pay the salaries of the water district board due from the date the first member of the first board is elected. Whenever any such water district board has sufficient revenues to pay the operational and maintenance cost and the board members' salaries, then such expenses shall be paid out of such revenues and any surplus funds remaining from the sale of revenue bonds shall be transferred to the revenue bond sinking fund of the water district. No water district or county in which a portion of such water district lies shall have any right or authority to levy taxes to pay any of the principal of or interest on any such bonds or any judgment against the issuing water district on account thereof, and the ~~provision provisions~~ of K.S.A. 10-113, and amendments thereto, shall not apply to any bonds issued hereunder. All water district boards created by this act shall by appropriate resolution shall make provisions for the payment of such bonds by fixing rates, fees and charges, for the use of all services rendered by such water district, which rates, fees and charges shall be sufficient to pay the wages and salaries of all officers and employees and the costs of operation, improvement and maintenance of the water supply and distribution system; to provide an adequate depreciation fund and an adequate sinking

fund to retire such bonds and pay the interest thereon when due; and to create reasonable reserves for such purposes. Such fees, rates or charges shall be sufficient to allow for miscellaneous and emergency or unforeseen expenses. The resolution of the water district board authorizing the issuance of revenue bonds may establish limitations upon the issuance of additional revenue bonds payable from the revenues of the district's water supply and distribution system or upon the rights of the holders of such additional bonds and may provide that additional revenue bonds shall stand on a parity as to the revenues of the water district and in all other respects with revenue bonds previously issued on such conditions as specified by the board in such resolution. Such resolution may include other agreements, covenants or restrictions deemed necessary or advisable by the district board to effect the efficient operation of the district's system and to safeguard the interests of the holders of the revenue bonds and to secure the payment of the bonds and the interest thereon.

(c) The water district board shall cause an audit to be made annually by a licensed municipal public accountant or by a certified public accountant of the operations of any water supply and distribution system created hereunder for which revenue bonds have been issued by any water district, and, if the audit discloses that proper provision has not been made for all of the requirements of this section, the water district board shall promptly proceed promptly to cause rates to be charged for the water supply and distribution services rendered which will adequately provide for the requirements set out herein. Within 30 days after the completion of such audit, a copy of the audit shall be filed with the county clerks of the various counties in which such water district is located, and such audit shall be open to public inspection.

(d) The water district board, by a majority vote of the members thereof, may contract for repairs, alterations, extensions or improvements of the water supply and distribution system and issue revenue bonds to pay the cost thereof without submitting to a vote of the electors of such water district the proposal to contract for the making of such repairs, alterations, extension and improvements and to issue revenue bonds to pay the costs thereof. All contracts for any construction of all or part of the water system, or for repairs, extensions, enlargements or improvements to any such water supply and distribution system created under this act, the cost of which exceeds \$25,000 shall be awarded on a public letting by the water district board to the lowest responsible bidder, and in the manner provided by K.S.A. 19-214, 19-215 and 19-216, and amendments thereto, except that the required notice of letting contracts shall be seven days if the cost does not exceed \$100,000 and 30 days if the cost exceeds \$100,000. *Whenever the board finds that an unforeseen occurrence or condition has created a public exigency requiring immediate delivery of materials or performance of services, it may declare an emergency and shorten or entirely dispense with the bidding procedure.*

Sec. 3. K.S.A. 19-3519 is hereby amended to read as follows: 19-3519. All claims, accounts and necessary expenses of the water district lawfully incurred and approved shall be paid from appropriate available funds in bank accounts of the water district by voucher check supported by an appropriate purchase order, itemized account or statement of service duly signed and certified by the vendor, claimant or other person to whom the amount is due and owing and is to be paid. All such claims shall be presented in writing with a full account of the items and may be the usual statement of account of the vendor or party rendering a service or other written statement showing the required information. Any person who obtains money from the district by willfully making a fraudulent claim for a sum of fifty dollars (\$50) \$50 or less shall be deemed guilty of a class A misdemeanor. Any person who obtains money from the district by willfully making a fraudulent claim for more than fifty dollars (\$50) \$50 shall be deemed guilty of a class D felony. *Water district voucher checks may be signed by the treasurer of the water district board and countersigned by an officer or employee designated by the board.*

The treasurer of every such water district board shall keep or see that there is kept a correct record of all voucher checks issued showing the number, date and amount thereof and the name of

the person or persons to whom such checks are made payable and with appropriate reference to the applicable purchase order or other claim, account or expense record, including payroll records. Any employee or officer authorized to sign or countersign voucher checks shall be covered by a surety bond in the form and amount as determined by the board. *At the close of the treasurer's term of office, such treasurer shall deliver to the new treasurer all district books and all other records and papers together with all district moneys.*

Sec. 4. K.S.A. 1986 Supp. 19-3521 is hereby amended to read as follows: 19-3521. Within 90 days after the end of each calendar year, the treasurer of each and every water district created hereunder water district board shall publish or cause to be published in a newspaper of general circulation within the township or townships in which such water district is located, a summary which shows totals for categories of the receipts, expenditures, liabilities, assets and bonded indebtedness of such water district as of the end of such calendar year. Such publication shall include a notice that a detailed statement of such receipts, expenditures and liabilities is available for public inspection at the county clerk's office. Copies of the report shall be made available upon request. Such statement shall be duly verified and after appropriate audit, such statement shall be certified by a licensed municipal public accountant or by a certified public accountant.

Sec. 5. K.S.A. 19-3519 and K.S.A. 1986 Supp. 19-3505, 19-3516 and 19-3521 are hereby repealed.

Sec. 6. This act shall take effect and be in force from and after its publication in the Kansas register.

I hereby certify that the above BILL originated in the HOUSE, and passed that body February 17, 1987.

JAMES D. BRADEN  
Speaker of the House.  
GENEVA SEWARD  
Chief Clerk of the House.

Passed the SENATE March 19, 1987.

ROBERT V. TALKINGTON  
President of the Senate.  
LU KENNEY  
Secretary of the Senate.

APPROVED March 27, 1987.

MIKE HAYDEN  
Governor.

STATE OF KANSAS  
Office of Secretary of State

I, BILL GRAVES, Secretary of State of the State of Kansas, do hereby certify that the above and foregoing is a correct copy of the original enrolled bill now on file in my office.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my official seal, this 27th day of March, 1987.

(SEAL)

BILL GRAVES  
Secretary of State.

(Published in the KANSAS REGISTER, April 2, 1987.)

HOUSE BILL No. 2396

AN ACT relating to credit unions; concerning certain powers; amending K.S.A. 17-2204a and K.S.A. 1986 Supp. 17-2204 and 17-2245 and repealing the existing sections.

*Be it enacted by the Legislature of the State of Kansas:*

Section 1. K.S.A. 1986 Supp. 17-2204 is hereby amended to read as follows: 17-2204. A credit union shall have the following powers:

(1) It may receive the savings of its members in payment for shares, make contracts, sue and be sued, and provide negotiable checks, money orders, travelers checks, any other money type instruments or transfer methods, safe deposit boxes or similar safekeeping facilities to its members.

(2) It may make loans to members through the credit committee ~~and on deposit or authorized loan officer~~ in the way and manner ~~hereinafter~~ provided in K.S.A. 17-2201, *et seq.*, and amendments thereto.

(3) It may invest, through its board of directors, *and under written investment policies established by the board:*

(a) In all types of shares and accounts of a central credit union, located in the state of Kansas and under the supervision of the administrator; ~~in shares of any savings and loan association having its principal office located in the state of Kansas; in the bonds of the United States, or of any state or of any municipality; the bonds of which municipality are legal investments for savings banks in the state of Kansas. It may deposit its funds;~~

(b) ~~in shares or accounts of any savings and loan association or mutual savings bank the accounts of which are insured by an insurer approved by the state in which it operates for guaranteeing the shares or accounts of such institutions;~~

(c) ~~in the bonds or other obligations of the United States of America, or securities fully guaranteed as to principal and interest thereby;~~

(d) ~~in obligations of, or obligations issued by, any state or political subdivision thereof, including any agency, corporation or instrumentality of a state or political subdivision, except that no credit union may invest more than 10% of its shares, undivided earnings and reserves in the obligations of any one issuer exclusive of general obligations of the issuer;~~

(e) ~~in savings banks, state banks, trust companies and national banks, the accounts of which are insured by an insurer approved by the state in which it operates for guaranteeing the shares or accounts of such institutions.~~

(f) Unless the administrator authorizes otherwise, the funds of the credit union shall be used first for loans to members and preference shall be given to the smaller loans in the event the available funds do not permit all loans which have been approved by a loan officer or have passed the credit committee to be made.

(4) ~~Credit unions~~ It may enter into agreements with financial institutions or organizations for the extension of credit or debit services.

(5) It may do all things necessary to obtain, continue, pay for and terminate insurance of its shares and share certificates with the national credit union share insurance fund or its successor or successors or with an insurer approved by the state commissioner of insurance or guarantee corporation approved by the administrator under the provisions of this act for such purpose.

(6) It may receive from its members or other insured credit unions payments on shares and share certificates *and may invest its funds in shares, share certificates or other accounts of insured credit unions. Except for investments in central credit unions, such investments may not exceed 25% of the investing credit unions' shares, undivided earnings and reserves.*

(7) A central credit union, located in the state of Kansas and under the supervision of the administrator, in which all credit unions in the state of Kansas are eligible for membership and as defined by subsection (e) of K.S.A. 17-2231, and amendments thereto, may buy and sell investment securities, as defined by the administrator, but the total amount of such investment securities of any one obligor or maker held by such credit union shall at no time exceed 15% of the shares, undivided earnings and reserves of the credit union except that this limit shall not

apply to obligations of the United States government or any agency thereof.

(8) Credit unions may enter into agreements with a central credit union, located in the state of Kansas and under the supervision of the administrator, in which all credit unions in the state of Kansas are eligible for membership and as defined by subsection (e) of K.S.A. 17-2231, and amendments thereto, to discount or sell to such central credit union interim student loans made pursuant to federally insured student loan programs under public law 89-329, title IV part (b) of the higher education act of 1965 as amended.

(9) A credit union may discount or sell to such central credit union or any financial institution or organization any real estate loan made by the credit union.

(10) Credit unions may enter into agreements with a central credit union, located in the state of Kansas and under the supervision of the administrator, in which all credit unions in the state of Kansas are eligible for membership and as defined by subsection (e) of K.S.A. 17-2231, and amendments thereto, to discount or sell to such central credit union any obligation of the United States government or any agency thereof, or of any state, municipality or any agency thereof, if the obligation at the time of purchase was a legal investment for credit unions.

(11) It may provide that shares and share certificates may be withdrawn for payment to the account holder or to third parties, in such manner and in accordance with such procedures as may be established by the board of directors.

(12) Every credit union incorporated pursuant to or operating under the provisions of this act may exercise such powers, including incidental powers, as shall be necessary or requisite to enable it to carry on effectively the purposes and business for which it is incorporated.

(13) A credit union may receive from the national credit union central liquidity facility created by title III of the federal credit union act, 12 U.S.C. 1795, *et seq.*, payments on: (a) Shares which may be issued at varying dividend rates; (b) share certificates which may be issued at varying dividend rates and maturities; and (c) investments in any other accounts of the credit union. A credit union may invest its funds in the capital stock of the national credit union central liquidity facility.

(14) *Subject to written guidelines issued by the administrator, a credit union may purchase notes made by individual borrowers to a financial institution at such prices as may be agreed upon by the board of directors of the purchasing credit union. No purchase may be made, however, under authority of this subsection, unless approved in writing by the administrator, if, upon the making of that purchase, the aggregate of the unpaid balances of notes of nonmembers purchased under authority of this subsection would exceed 5% of the shares, undivided earnings and reserves of the credit union.*

Sec. 2. K.S.A. 17-2204a is hereby amended to read as follows: 17-2204a. (a) Notwithstanding any other provision contained in the laws of this state providing for investments by credit unions, such credit unions may invest, through their board of directors *and under written investment policies established by the board*, in the bonds, debentures, or other similar obligations issued under the authority of and pursuant to the act of congress known as the farm credit act of 1971, as amended: ~~Provided, however,~~ The total amount of such bonds, debentures, or other similar obligations of any one obligor or maker shall at no time exceed ~~fifteen percent (15%)~~ 15% of the ~~capital, surplus, shares, undivided earnings and reserves of the credit union.~~

(b) Credit unions may invest, *through their board of directors and under written investment policies established by the board*, in capital stock of a credit union services corporation in an amount not to exceed ~~two percent (2%)~~ 2% of their shares ~~and unimpaired capital, undivided earnings and reserves.~~ "Credit union services corporation" ~~shall mean~~ means a corporation organized to perform only business administration services for two or more credit unions each of which owns a portion of the capital stock of such corporation and at least one of which is subject to supervision by the state credit union administrator.

(c) *Subject to written guidelines issued by the administrator, a credit union may invest its funds, through its board of direc-*



tors and under written investment policies established by the board, in investment securities defined by the administrator. Except for obligations of wholly owned government corporations, or obligations which provide a return of principal and interest which is guaranteed by an agency of the federal government, the total amount of such investment securities of any one obligor or maker held by the credit union shall at no time exceed 15% of the shares, undivided earnings and reserves of the credit union.

(d) Except as provided in subsection (7) of K.S.A. 17-2204, and amendments thereto, a credit union is prohibited from participating directly or indirectly in: (1) The purchase or sale of a standby commitment; (2) a futures contract; (3) in adjusted trading; or (4) in a short sale of a security. A credit union's directors, officials, committee members and employees, and immediate family members of such individuals, may not receive pecuniary consideration in connection with the making of an investment or deposit by the credit union.

(e) Nothing contained in this section shall be construed to prohibit any funds of a credit union from being invested as now provided by law.

Sec. 3. K.S.A. 1986 Supp. 17-2245 is hereby amended to read as follows: 17-2245. (a) A credit union may agree to participate in the risk liability and income of loans to credit union members jointly with other credit unions, credit union organizations, financial institutions or financial organizations. ~~Forms for such agreements and procedures for execution thereof shall be subject to the approval of the administrator. Such participation loans shall be in accordance with written policies of the board of directors. A credit union which originates a loan for which participation agreements are made in accordance with this subsection shall retain an interest of at least 10% of the face amount of the loan.~~

(b) A credit union may agree to participate in the risk liability and income of loans or guarantees with the national cooperative bank established pursuant to the act of congress known as the national consumer cooperative bank act of 1978, and any amendments thereto. Such loans may be made to any eligible borrower under such act of congress and may be made jointly with any financial institution, agency, instrumentality or foundation authorized to do so under such act.

Sec. 4. K.S.A. 17-2204a and K.S.A. 1986 Supp. 17-2204 and 17-2245 are hereby repealed.

Sec. 5. This act shall take effect and be in force from and after its publication in the Kansas register.

I hereby certify that the above BILL originated in the HOUSE, and passed that body March 9, 1987.

JAMES D. BRADEN  
Speaker of the House.  
GENEVA SEWARD  
Chief Clerk of the House.

Passed the SENATE March 19, 1987.

ROBERT V. TALKINGTON  
President of the Senate.  
LU KENNEY  
Secretary of the Senate.

APPROVED March 27, 1987.

MIKE HAYDEN  
Governor.

STATE OF KANSAS  
Office of Secretary of State

I, BILL GRAVES, Secretary of State of the State of Kansas, do hereby certify that the above and foregoing is a correct copy of the original enrolled bill now on file in my office.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my official seal, this 27th day of March, 1987.

(SEAL)

BILL GRAVES  
Secretary of State.

(Published in the KANSAS REGISTER, April 2, 1987.)

### HOUSE BILL No. 2080

AN ACT concerning the financing of county courthouse, jail or law enforcement center facilities in Montgomery and Wyandotte counties; authorizing the imposition of a countywide retailers' sales tax for such purpose; exempting revenue bonds issued for such purpose from the county bonded indebtedness limitation; amending K.S.A. 1986 Supp. 10-307, 12-187, 12-189, 12-192 and 12-195 and repealing the existing sections; also repealing K.S.A. 1986 Supp. 12-192a and 12-192b.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 1986 Supp. 12-187 is hereby amended to read as follows: 12-187. (a) No class B city shall impose a retailers' sales tax under the provisions of this act without the governing body of such city having first submitted such proposition to and having received the approval of a majority of the electors of the city voting thereon at an election called and held therefor. The governing body of any class B city may submit the question of imposing a retailers' sales tax and the governing body shall be required to submit the question upon submission of a petition signed by electors of such city equal in number to not less than 10% of the electors of such city.

(b)(1) The board of county commissioners of any county may submit the question of imposing a countywide retailers' sales tax to the electors at an election called and held thereon, and any such board shall be required to submit the question upon submission of a petition signed by electors of such county equal in number to not less than 10% of the electors of such county who voted at the last preceding general election for the office of secretary of state, or upon receiving resolutions requesting such an election passed by not less than  $\frac{2}{3}$  of the membership of the governing body of each of one or more cities within such county which contains a population of not less than 25% of the entire population of the county, or upon receiving resolutions requesting such an election passed by  $\frac{2}{3}$  of the membership of the governing body of each of one or more taxing subdivisions within such county which levy not less than 25% of the property taxes levied by all taxing subdivisions within the county.

(2) The board of county commissioners of Montgomery and Wyandotte counties may submit the question of imposing a countywide retailers' sales tax and pledging the revenue received therefrom for the purpose of financing the construction or remodeling of a courthouse, jail or law enforcement center facility, to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire upon the payment of all costs incurred in the financing of such facility. Nothing in this paragraph shall be construed to allow the rate of tax imposed by Montgomery county pursuant to this paragraph to exceed or be imposed at any rate other than the rates prescribed in K.S.A. 12-189, and amendments thereto.

(c) The boards of county commissioners of any two or more contiguous counties, upon adoption of a joint resolution by such boards, may submit the question of imposing a retailers' sales tax within such counties to the electors of such counties at an election called and held thereon and such boards of any two or more contiguous counties shall be required to submit such question upon submission of a petition in each of such counties, signed by a number of electors of each of such counties where submitted equal in number to not less than 10% of the electors of each of such counties who voted at the last preceding general election for the office of secretary of state, or upon receiving resolutions requesting such an election passed by not less than  $\frac{2}{3}$  of the membership of the governing body of each of one or more cities within each of such counties which contains a population of not less than 25% of the entire population of each of such counties, or upon receiving resolutions requesting such an election passed by  $\frac{2}{3}$  of the membership of the governing body of each of one or more taxing subdivisions within each of such counties which levy not less than 25% of the property taxes levied by all taxing subdivisions within each of such counties.

(d) Any city retailers' sales tax in the amount of .5% being levied by a class A city on June 30, 1978, shall continue in effect until repealed in the manner provided herein for the adoption and approval of such tax or until repealed by the adoption of an ordinance so providing. In addition to any city retailers' sales tax being levied by a class A city on June 30, 1978, any such city may

(continued)

adopt an additional city retailers' sales tax in the amount of .5%, provided that such additional tax is adopted and approved in the manner provided for the adoption and approval of a city retailers' sales tax by a class B city. Any countywide retailers' sales tax in the amount of .5% or 1% in effect on June 30, 1978, shall continue in effect until repealed in the manner provided herein for the adoption and approval of such tax.

(e) Any city retailers' sales tax in the amount of .5% being levied by a class B city on July 1, 1982, shall continue in effect until repealed in the manner provided for the adoption and approval of such tax or until repealed by the adoption of an ordinance so providing. In addition to any city retailers' sales tax being levied by a class B city on July 1, 1982; any such city may adopt an additional city retailers' sales tax in an amount of .5% provided that such additional tax is adopted and approved in the manner provided for the adoption and approval of such tax. Any class B city or county proposing to adopt a retailers' sales tax shall give notice of its intention to submit such proposition for approval by the electors in the manner required by K.S.A. 10-120, and amendments thereto. The notices shall state the time of the election and the rate and effective date of the proposed tax. If a majority of the electors voting thereon at such election fail to approve the proposition, such proposition may be resubmitted under the conditions and in the manner provided in this act for submission of the proposition. If a majority of the electors voting thereon at such election shall approve the levying of such tax, the governing body of any such city or county shall provide by ordinance or resolution, as the case may be, for the levy of the tax. Any repeal of such tax or any reduction or increase in the rate thereof, within the limits prescribed by K.S.A. 12-189, and amendments thereto, shall be accomplished in the manner provided herein for the adoption and approval of such tax except that the repeal of any such city retailers' sales tax may be accomplished by the adoption of an ordinance so providing.

(f) The sufficiency of the number of signers of any petition filed under this section shall be determined by the county election officer. Every election held under this act shall be conducted by the county election officer.

Sec. 2. K.S.A. 1986 Supp. 12-189 is hereby amended to read as follows: 12-189. The rate of any city retailers' sales tax shall be fixed in the amount of .5% or 1% which amount shall be determined by the governing body of the city. The rate of any countywide retailers' sales tax shall be fixed in an amount of either .5% or 1% which amount shall be determined by the board of county commissioners, *except that the board of county commissioners of Wyandotte county, for the purposes of paragraph (2) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at 1.5%.* Any county or city levying a retailers' sales tax is hereby prohibited from administering or collecting such tax locally, but shall utilize the services of the state department of revenue to administer, enforce and collect such tax. Except as otherwise specifically provided in K.S.A. 12-189a and 12-190, and amendments thereto, such tax shall be identical in its application, and exemptions therefrom, to the Kansas retailers' sales tax act and all laws and administrative rules and regulations of the state department of revenue relating to the Kansas retailers' sales tax shall apply to such local sales tax insofar as such laws and rules and regulations may be made applicable. The state director of taxation is hereby authorized to administer, enforce and collect such local sales taxes and to adopt such rules and regulations as may be necessary for the efficient and effective administration and enforcement thereof. Upon receipt of a certified copy of an ordinance or resolution authorizing the levy of a local retailers' sales tax, the state director of taxation shall cause such taxes to be collected within or without the boundaries of such taxing subdivision at the same time and in the same manner provided for the collection of the state retailers' sales tax. All moneys collected by the director of taxation under the provisions of this section shall be credited to a "county and city retailers' sales tax fund" which fund is hereby established in the state treasury. Any refund due on any county or city retailers' sales tax collected pursuant to this act shall be paid out of the sales tax refund fund and reimbursed by the director of taxation from collections of local retailers' sales tax revenue. All local retailers' sales tax revenue collected within any county or city

pursuant to this act shall be apportioned and remitted at least quarterly by the state treasurer, on instruction from the director of taxation, to the treasurer of such county or city.

Sec. 3. K.S.A. 1986 Supp. 12-192 is hereby amended to read as follows: 12-192. (a) Except as otherwise provided by subsection (b) or (d), all revenue received by ~~any county treasurer~~ *the director of taxation* from a countywide retailers' sales tax shall be apportioned among the county and each city located in such county in the following manner: (1) One-half of all revenue received by the ~~county treasurer~~ *director of taxation* shall be apportioned among the county and each city located in such county in the proportion that the total tangible property tax levies made in such county in the preceding year for all funds of each such governmental unit bear to the total of all such levies made in the preceding year, and (2) except as provided by paragraph (3),  $\frac{1}{2}$  of all revenue received by the ~~county treasurer~~ *director of taxation* from such countywide retailers' sales tax shall be apportioned among the county and each city located in such county, first to the county that portion of the revenue equal to the proportion that the population of the county residing in the unincorporated area of the county bears to the total population of the county, and second to the cities in the proportion that the population of each city bears to the total population of the county, except that no persons residing within the Fort Riley military reservation shall be included in the determination of the population of any city located within Riley county, or (3) one-half of all revenue received by the ~~county treasurer~~ *director of taxation* from countywide retailers' sales taxes levied in Geary county in any year shall be apportioned among the county and each city located in such county, first to the county that portion of the revenue equal to the proportion that the population of the county residing in the unincorporated area of the county less the population residing on a military reservation bears to the total population of the county less the population residing on a military reservation, and second to the cities in the proportion that the population of each city bears to the total population of the county less the population residing on a military reservation. All revenue ~~retained by the county~~ *apportioned to a county shall be paid to its county treasurer and shall be paid into* credited to the general fund of the county.

(b) As an alternative and in lieu of the apportionment formula provided in subsection (a), all revenue received by the Johnson county treasurer from a countywide retailers' sales tax imposed at the rate of 1% after the effective date of this act may be apportioned among the county and each city located in such county in the following manner: (1) One-half of all such revenue shall be apportioned in the manner prescribed by subsection (a) and (2) one-half of all such revenue shall be apportioned as follows: (A) One-fourth shall be apportioned among the county and each city located in such county in the proportion that the total tangible property tax levies made in such county in the preceding year for all funds of each such governmental unit bear to the total of all such levies made in the preceding year and (B) one-fourth shall be apportioned among the county and each city located in such county, first to the county that portion of the revenue equal to the proportion that the population of the county residing in the unincorporated area of the county bears to the total population of the county, and second to the cities in the proportion that the population of each city bears to the total population of the county and (C) one-half shall be retained by the county for its sole use and benefit.

(c) For purposes of subsections (a) and (b), the term "total tangible property tax levies" means the aggregate dollar amount of tax revenue derived from ad valorem tax levies applicable to all tangible property located within each such city or county. The ad valorem property tax levy of any county or city district entity or subdivision shall be included within this term if the levy of any such district entity or subdivision is applicable to all tangible property located within each such city or county.

(d) *All revenue received by any county treasurer from a countywide retailers' sales tax imposed pursuant to paragraph (2) of subsection (b) of K.S.A. 12-187, and amendments thereto, shall be retained by the county and expended only for the purpose for which the revenue received from the tax was pledged.*

(d) (e) All revenue apportioned to the several cities of the county shall be paid to the respective treasurers thereof and deposited in the general fund of the city. Whenever the territory of any city is located in two or more counties and any one or more of such counties do not levy a countywide retailers' sales tax, or whenever such counties do not levy countywide retailers' sales taxes at a uniform rate, the revenue received by such city from the proceeds of the countywide retailers' sales tax shall, as an alternative to depositing the same in the general fund, may be used for the purpose of reducing the tax levies of such city upon the taxable tangible property located within the county levying such countywide retailers' sales tax; except when the county which does not levy a countywide sales tax has within its bounds a portion of the Fort Riley military reservation, the city in the county which levies the tax shall be exempt from this requirement. In every other case, all revenue received by a city from the proceeds of a city or countywide retailers' sales tax shall be deposited in the general fund of such taxing subdivision.

(e) (f) Prior to March 1 of each year, the director of taxation shall advise each county treasurer of the revenue collected in such county from the state retailers' sales tax for the preceding calendar year.

(g) Prior to December 31 of each year, the clerk of every county imposing a countywide retailers' sales tax shall provide such information deemed necessary by the director of taxation to apportion and remit revenue to the counties and cities pursuant to this section.

Sec. 4. K.S.A. 1986 Supp. 12-195 is hereby amended to read as follows: 12-195. (a) Except as otherwise provided in subsection subsections (b) and (c), no city or county shall commit any of the funds or proceeds derived from a retailers' sales tax as a guarantee for the payment of bonds issued by such city or county.

(b) The board of county commissioners of a county which imposes a countywide retailers' sales tax may issue revenue bonds payable from the proceeds thereof for the purpose of paying the state's share of the cost of highway improvement for which a federal share is to be received.

(c) The board of county commissioners of a county which imposes a countywide retailers' sales tax pursuant to paragraph (2) of subsection (b) of K.S.A. 12-187, and amendments thereto, may issue revenue bonds payable from the proceeds thereof for the purpose of financing the construction or remodeling of a county courthouse, jail or law enforcement center facility.

(d) Any tax imposed pursuant to this subsection (b) or (c) shall terminate whenever such revenue bonds and any interest thereon has been paid in full.

Sec. 5. K.S.A. 1986 Supp. 10-307 is hereby amended to read as follows: 10-307. Notwithstanding the provisions of K.S.A. 10-306, and amendments thereto: (a) Bonds issued for the purpose of refunding outstanding debt, including outstanding bonds and matured coupons thereof, or judgments thereon; and (b) bonds issued pursuant to the provisions of article 46 of chapter 19 of the Kansas Statutes Annotated, and acts amendatory thereof or supplemental thereto; and (c) bonds issued for the purpose of financing the construction or remodeling of a courthouse, jail or law enforcement center facility, which bonds are payable from the proceeds of a countywide retailers' sales tax, shall not be included in computing the total bonded indebtedness of any county for the purpose of determining the limitations on bonded indebtedness provided in K.S.A. 10-306, and amendments thereto.

Sec. 6. K.S.A. 1986 Supp. 10-307, 12-187, 12-189, 12-192, 12-192a, 12-192b and 12-195 are hereby repealed.

Sec. 7. This act shall take effect and be in force from and after its publication in the Kansas register.

I hereby certify that the above BILL originated in the HOUSE, and passed that body March 2, 1987.

JAMES D. BRADEN  
Speaker of the House.  
GENEVA SEWARD  
Chief Clerk of the House.

Passed the SENATE March 11, 1987.

ROBERT V. TALKINGTON  
President of the Senate.  
LU KENNEY  
Secretary of the Senate.

APPROVED March 24, 1987.

MIKE HAYDEN  
Governor.

STATE OF KANSAS  
Office of Secretary of State

I, BILL GRAVES, Secretary of State of the State of Kansas, do hereby certify that the above and foregoing is a correct copy of the original enrolled bill now on file in my office.

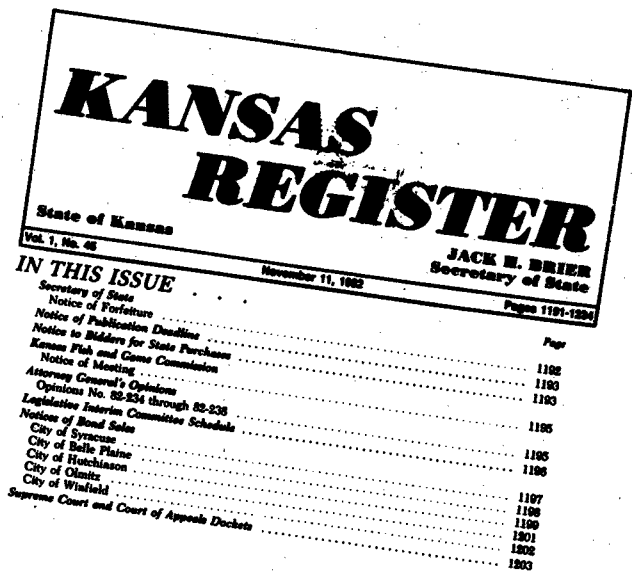
IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my official seal, this 24th day of March, 1987.

BILL GRAVES  
Secretary of State.

(SEAL)

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