

County to evaluate oil and gas reporting

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Finney County will dig into its pockets for \$250,000 in the next two years. In turn, the county is banking on that investment coming back in increased - and more accurate - oil and gas valuations.

County Appraiser Alan Roop approached county commissioners about the investment Monday, saying the expertise and equipment of Visual Lease Services, an oil and gas appraisal and mapping company, will scrutinize oil companies' self-reported property for oil and gas valuations in a way his office cannot. After discussion, commissioners approved the expenditure.

Roop, like other state appraisers, said he depends on the state's guide for property valuations to assess values to oil and gas companies' property, but that guide is "not generally reflective of the market value."

Like oil property that sold in 1996 in which Jerry Wisdom, with the Holdenville, Okla.-based Visual Lease Services, estimates the county received only 60 percent of the property's actual cash value.

Wisdom said the company combines Global Positioning Systems and Geographic Information Systems to map oil and gas wells, pipelines, compressors and other equipment, all of which helps determine the actual value of an oil and gas company. The company also takes on any lawsuits the county may find itself in if oil and gas companies protest Wisdom's findings.

"It doesn't come without controversy," Wisdom told commissioners. "We're just gonna hold their feet to the fire and make sure" they pay. Because, he says, some oil and gas properties he has appraised in Oklahoma have seen their valuations go up millions of dollars.

Those oil companies aren't being unfairly targeted, he said, "it's money you're supposed to be getting but aren't because they aren't reporting it."

Despite legal consequences, Wisdom said, "in the end, it's better off for all taxpayers."

Added Roop, "We believe taxpayers will benefit by having Visual Lease Services work for them."

Wisdom said he likes to explain the process like President Reagan did the Russians, "We trust the oil companies, and we just want to verify the information."

The company could find hundreds of thousands, and perhaps millions, of dollars in omitted or undervalued property, Wisdom said. Though he couldn't pinpoint how much the oil and gas reappraisal would amount to for Finney County, he said, he already knows of \$300,000 of omitted property and valuation.

Commissioner Cliff Mayo wanted to know how soon the county might see some of the money from increased valuations. Given the county is taking \$125,000 out of this year's general fund for the company's fee, and \$125,000 next year, it would be imperative to see quick results, he said.

Wisdom said the county could see the fruits of his work in time for next year's budget.

Oil and gas valuations account for about 20 percent of Finney County's total valuation, and it has steadily declined in the last three years, Roop said. Coupled with tight economic times and more than a \$1 million loss in once-transferred money from the state, a reappraisal of oil and gas property was due, he said. Last year, oil and gas totaled \$65.8 million, or 18 percent, of the county's total valuation.

"Things are pretty tough. We want to look and make sure we're doing all things correctly. It's our opportunity to do that now," Roop said.

Finney County is the second county in Kansas to hire Visual Lease Services, which has done most of its work since 1996 in Oklahoma. Seward County inked a deal with the same company about two months ago, Wisdom said.

"I just felt like it was good time to look over oil and gas, procedure-wise," said Roop, who noted the county is now seeing sales in the Hugoton gas field and Wisdom's company can give the county, "some indication of what these properties are really worth."

If Finney County sees a payoff in the reappraisal and mapping of oil and gas property, Wisdom said, the county can opt to continue to have Visual Lease Services for oil and gas valuations. He said the cost would depend on the amount of work required. Some cities pay \$10,000 a year, while others pay up to \$45,000 a year, he said.