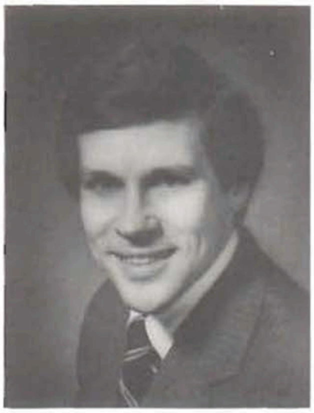
EVENING MEETING—MAY 14, 1979

KIRK W. WEINERT—Biographical Sketch



Kirk W. Weinert is vice president of Border Exploration Company, a new exploration and development company which was founded in 1978. Border is a subsidiary of Gas Producing Enterprises, Inc.

Mr. Weinert joined the Coastal States Gas Corporation legal department in 1976 as a specialist in exploration and production law. He previously served six years as Texaco Inc.'s attorney responsible for Federal Power Commission (FPC) matters.

After receiving his law degree from the University of Texas, he practiced administrative law before the FPC and other regulatory agencies with the law firm of Shannon & Morley in Washington, D.C. He also holds a Bachelor of Arts degree from the University of Texas.

Mr. Weinert is admitted to practice before the U.S. Supreme Court as well as the Fifth, Ninth, Tenth and District of Columbia circuit courts. He is licensed in Texas and the District of Columbia and is a member of the American and Texas Bar Associations. Currently, he is editor of the *Southwestern Legal Foundation Oil and Gas Reporter* for natural gas law cases and has served as Secretary of the Federal Energy Bar Association, composed of attorneys practicing before the Federal Energy Regulatory Commission.

THE NATURAL GAS POLICY ACT OF 1978 AN OVERVIEW AND PARTICULAR PITFALLS TO BE AVOIDED BY GEOLOGISTS (Abstract)

On November 9, 1979, President Carter signed into law five bills passed earlier by Congress which generally have been described as the Administration's Energy Plan. The most widely publicized of these new statutes is the Natural Gas Policy Act of 1978.

The architects of this law sought to accomplish several purposes. First, they have ended the dual intrastate and interstate gas markets for new sale of natural gas. Price ceilings have been established for new natural gas production which are hoped to provide incentive for increased exploratory and developmental effort on the part of industry. Other price ceilings have been set at lower levels in an effort to protect consumers from price increases considered by Congress to be excessive. While some categories of gas will be deregulated and allowed ultimately to seek market-clearing levels, a substantial volume of existing production will remain controlled. The law also provides for allocation of higher gas costs to certain less favored users while protecting favored users from curtailment of gas.

Specifically, the Act subjects all natural gas production after enactment on November 9, 1978, to price controls. Generally, interstate sales which were in existence on that date will continue to be controlled at the ceiling price levels established by the Federal Energy Regulatory Commission (FERC) in its earlier Area and National Rate decisions, with upward monthly adjustment for inflation. Intrastate gas sales existing on November 9, 1978 are controlled. Over time, they will equal the price allowed for new gas sales made after enactment. Other pricing rules are prescribed for so-called "roll-over" gas sales in interstate and intrastate commerce, that is, a sale under a new contract entered into following the expiration of an earlier contract covering the same gas reserves.

Higher ceiling prices are provided for four categories of sales. These are sales of (1) "new" gas resulting generally from recent exploration; (2) "onshore production well" gas, from recent onshore developmental drilling; (3) "high cost gas" attributable to wells of exceptional cost or high risk; and (4) "stripper well" gas from marginal wells. A separate price has been provided for new gas sales not qualifying for one of those four categories, and for other designated types of gas. The detailed definitions of those types of gas eligible for higher prices harbor the major practical problems which the geologist may encounter under this Act.

Other provisions of the law provide that pipelines must price higher cost gas supplies incrementally to boiler fuel users until they pay the same for gas as they would pay for alternative fuel oil. The President is given emergency authority to allocate gas supplies among interstate pipelines and to authorize emergency transportation and sales of gas. The FERC may authorize the sale and transportation of gas between intrastate and interstate pipelines without affecting the jurisdictional status of the parties. Finally, certain agricultural uses of gas are relieved to a significant degree from gas curtailments.

Interim Regulations implementing the Act have been adopted by the FERC and State regulatory agencies are currently making pricing determinations as provided therein. Appeals of several of these regulations are now pending before the Courts, as well as a direct constitutional challenge made by several producing states. Amidst all of this, compliance with this complex law presents a daily challenge to all who work with it.