

Approved: 1-19-95  
Date

## MINUTES OF THE SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES

The meeting was called to order by Chairperson Don Sallee at 8:00 a.m. on January 11, 1995 in Room 423-S of the Capitol.

All members were present except: Senator Bill Wisdom - excused

Committee staff present: Raney Gilliland, Legislative Research Department  
Dennis Hodgins, Legislative Research Department  
Mike Corrigan, Revisor of Statutes  
Clarene Wilms, Committee Secretary

Conferees appearing before the committee:

Clark Duffy, American Petroleum Institute  
Don Schnacke, Kansas Independent Oil and Gas Association  
Charles Jones, Director, Division of Environment, KDHE

Others attending: See attached list

The meeting was called to order at 8:00 a.m. by Chairperson Don Sallee.

Clark Duffy, American Petroleum Institute, appeared before the committee requesting introduction of a bill which would encourage the regulated petroleum community to develop internal environmental audit programs. This legislation would recognize that environmental audit programs play an important role in achieving compliance and minimizing environmental risk in the regulated community; acknowledge that such programs will be given substantial consideration in determining whether penalties will be imposed for noncompliance; and establish a self-evaluation privilege for information contained in the audit report. (Attachment 1)

Senator Vancrum made a motion to introduce this bill. Senator Hardenburger seconded the motion and the motion carried.

Mr. Duffy also requested a bill to address transferring jurisdiction and authority for cleanup of certain pollution from the department of health and environment to the state corporation commission. The bill would impose certain assessments and provide for establishment and expansion of certain programs. It would also create an energy education and remediation board and an energy education and remediation fund. (Attachment 2)

Don Schnacke, Kansas Independent Oil and Gas Association, appeared before the committee requesting a bill similar to the one requested by Mr. Duffy. Mr. Schnacke stated his organization felt the Corporation Commission was not providing a satisfactory program in remediation as shown by continuing media references that the industry is involved in pollution of soil and water. It was felt that if the sites were shifted to the Corporation Commission who would then work in cooperation to the private board on remediation.

Following discussion both conferees agreed to the introduction of a single bill addressing transfer of jurisdiction and authority for cleanup of certain pollution.

Senator Emert, with a second by Senator Tillotson, made a motion to introduce the bill. The motion carried.

Charles Jones, Director, Division of Environment, KDHE, appeared to update committee members on the Central Interstate Low-Level Radioactive Waste Compact. (Attachment 3) Mr. Jones noted that on site storage in Kansas appears adequate at the present time and his agency will work to assure future needs can be met.

The meeting adjourned at 8:55 a.m.

The next meeting is scheduled for January 12, 1995.

# SENATE COMMITTEE ON ENERGY & NATURAL RESOURCES COMMITTEE GUEST LIST

DATE: January 11, 1995

NAME	REPRESENTING
Don Schyacke	KIOGA
Charles Jones	KDHE
David Spiker	KDHE
Jim Allca	KIOGA
Bill Mondt	KDHE
Rich McKee	KLA
Bill Fuller	KFB
Bill Waven	KMRC
Bruce Graham	KEPCO
Catrick Shurley	Shoof Creek Nuc. Op. Co
Matt Holt	KCC / Student
John Peterson	Ks Governmental Consulting
<del>Ken Peterson</del>	<del>KS Petroleum Council</del>
John Bottenberg	West Resources
Whitney Dameron	Peter McMillan Associates
Woody Moses	KIAPA

## **VOLUNTARY ENVIRONMENTAL AUDIT PROGRAMS**

### **PURPOSE**

To encourage the regulated community to develop voluntary internal environmental audit programs.

### **BACKGROUND**

In the past few years, the private sector has made substantial advances in the use of environmental assessment and audit programs to help ensure compliance with state environmental laws. Such programs have arisen from a greater commitment to environmental excellence, a better understanding of how such excellence can be achieved, and a desire to reduce the risk of liability and costs associated with noncompliance.

Environmental auditing, originally designed as a management tool, is now drawing regulatory attention. Unfortunately, present environmental laws and enforcement policies have the unintended effect of discouraging such programs. By their very nature, self-valuative activities identify and document noncompliance and raise obligations to report noncompliance to environmental regulators. Current enforcement policies do not adequately distinguish between those engaging in such desired proactive self-policing activities and those that do not.

The Interstate Oil and Gas Compact Commission recently adopted a resolution to encourage states to enact laws that encourage environmental audit programs.

### **ACTION NEEDED**

Legislation is needed to: 1) recognize that environmental audit programs play an important role in achieving compliance and minimizing environmental risk in the regulated community; 2) acknowledge that such programs will be given substantial consideration in determining whether penalties will be imposed for noncompliance; and 3) establish a self-evaluation privilege for information contained in the audit report.

## REMEDATION AND ENERGY EDUCATION ACT

### PURPOSE

The purpose of this act is to clean-up orphaned oil and gas contamination sites and establish energy and environmental awareness programs.

### BACKGROUND

At the present time, the Federal Government is considering reauthorization of CERCLA, better known as Superfund. Currently, this law excludes the petroleum industry from the act. While Superfund is well intended, it is generally considered to be a very onerous and expansive law. This is especially true in the petroleum industry, since each state is different and a "one-size-fits-all" federal program could not be flexible enough to effectively and efficiently manage and respond to the varying state concerns.

The Kansas Department of Health and Environment and the Kansas Corporation Commission have programs in place to clean-up sites. However, the Interstate Oil and Gas Compact Commission has reviewed these programs and said neither program will ever successfully remediate all orphaned contamination sites and plug all abandoned wells.

### ACTION NEEDED

This act will generate the additional funds that will be necessary to clean-up orphaned oil and gas contamination sites. This act would also establish energy and environmental awareness programs which may include:

- 1) A program to promote environmentally sound production methods and technologies,
- 2) Voluntary continuing education programs for licensed oil and gas operators,
- 3) A program to encourage the wise and efficient use of energy,
- 4) A program to promote petroleum-based alternative fuels,
- 5) Educational programs in public schools about the oil and gas industry, and
- 6) A public relations program designed to demonstrate the importance of the Kansas oil and gas exploration and production industry.

No public tax money would be used to finance this act. All activities would be financed from an assessment imposed on the industry through this legislation. This act would generate from \$1.5 million to \$2 million per year based on an assessment of \$0.015 on each barrel of oil and \$0.0015 per mcf of natural gas produced in Kansas.

Senate Energy & Nat'l. Resource  
1-11-95  
Attachment 2

State of Kansas

Bill Graves



Governor

Department of Health and Environment

Bob J. Mead, Acting Secretary

SENATE ENERGY AND NATURAL RESOURCES COMMITTEE
Central Interstate Low-Level Radioactive Waste Compact Briefing
January 11, 1995

PROJECT STATUS UPDATE

Table with 3 columns: PHASE, SCHEDULE COMPLETION DATE, EST. EXPENDITURE. Rows include Licensing, Construction, Total, and Expenditures to Date.

- LICENSE APPLICATION REVIEW: The State of Nebraska is reviewing US Ecology's application for a license to construct and operate a low-level radioactive waste management facility in Boyd Co. Nebraska.
- WETLANDS: Wetlands on the project site has been a topic of controversy since 1993, when the State of Nebraska issued an intent-to-deny the license as a result of designated wetlands found on the facility site.
- LAND OWNERSHIP: State vs. private ownership of the facility site will become an issue during Nebraska's legislative session.
- PROJECT MANAGER At the behest of the Major Generators, a project manager was recently hired to provide the CIC with stronger oversight through the licensing and construction phases of the project.

## OTHER MATTERS

- **REBATE MONEY:** The State of Nebraska is requesting \$926,365.00 of rebate money, provided to the Compact from the Department of Energy, be turned over to the State for their use to cover costs associated with the license review process. The CIC is holding the money in a separate account until appropriate accounting of expenditures of previous rebate money is provided by the State of Nebraska. There is also some consideration being given to use of the rebate money to meet CIC FY95 budgetary needs.
- **ADDITIONAL NEBRASKA COMMISSIONERS:** The State of Nebraska is demanding that the Commission seat an additional voting and nonvoting member on the Commission. Nebraska, Oklahoma, Louisiana and Arkansas adopted language which gives the Host State a stronger voice on the CIC. Kansas adopted similar language, but delayed implementation until Nebraska licenses the facility. In the opinion of the Compact General Counsel, all states must activate similar language, and Congress must ratify that language before the CIC can seat additional Nebraska commissioners. Governor Nelson attempted to force this issue by naming his additional Commissioners, and demanding that they be seated at the December 8, 1994 Commission meeting in Kansas City. The CIC refused to accommodate Governor Nelson at that time.
- **CONTRACTS:** US Ecology/CIC - New contract negotiated and signed July 1, 1994 major points considered were performance and accountability. Major Generators/CIC negotiated and signed a new contract on July 1, 1994, the additional funding covers the remainder of prelicensing costs, and provides mechanisms for cutting off funding at various points should project progress be further delayed. Also discussed in both contract negotiations was financial liability should the project never be completed.
- **LITIGATION:** Nebraska's lawsuit concerning Community Consent was recently dismissed by the US District and Supreme Courts. Governor Nelson is apparently considering further actions on the Community Consent issue.
- **NATIONAL GOVERNORS' ASSOCIATION MEETING:** Governor Nelson has indicated that he plans to discuss the CIC with member-state Governors at the NGA meeting in January.

Submitted by:

Charles F. Jones, Director  
Division of Environment  
January 11, 1995