

MINUTES OF THE SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES.

The meeting was called to order by Chairperson Senator David Corbin at 8:00 a.m. on March 7, 2000 in 245-N of the Capitol.

All members were present except: Senator Huelskamp who was excused.

Committee staff present:

Raney Gilliland, Legislative Research Department
Mary Ann Torrence, Revisor of Statutes Office
Lila McClafin, Committee Secretary

Conferees appearing before the committee:

Diana Edmiston, Assistant General Counsel, Kansas Corporation Commission (KCC)
Maurice Korphage, Director Conservation Division Kansas Corporation Commission (KCC)
Rex Buckanan, Kansas Geological Survey

Others attending:

See attached list.

The minutes of March 6 were approved as written.

The hearing was opened on **HB 2781**-Oil and Gas' application of certain penalties to corporation commission orders and rules and regulations.

Diana Edmiston, Asst. General Counsel, KCC, testified that the bill was intended to clarify that the commission could impose monetary penalties against oil and gas operators for violation of any rule and regulations of the commission or any order of the commission. She further stated the Oil and Gas Advisory Committee had reviewed the proposed amendment (Attachment 1). She responded to several questions.

The hearing on **HB 2781** was closed.

Chairperson Corbin called on Maurice Korphage, Director, Conservation Division, Kansas Corporation Commission, said he asked to provide the committee with information on the areas in Kansas that are designated as Sensitive Groundwater Areas. The history of this designation goes back to 1986 with the creation of a Special Surface Ponds Study Committee which was established by the Kansas Corporations Commission's Oil and Gas Advisory Committee. An integral part of the special committee's work was to delineate areas in the state where particular soil, geological, and hydro geological conditions existed and where normal or routine exploration and production operations could create a potential for contamination to groundwater. As the areas were approved by reference and cover alluvial areas, the Equus Beds aquifer and parts of the Great Bend Prairie aquifer subsequent additions or changes to these areas have been incorporated into the mapped designation over time (Attachment 2). A map of sensitive groundwater areas in Kansas were distributed (Attachment 3). Mr. Korphage and Mr. Rex Buchanan responded to numerous questions.

Chairperson Corbin thanked Mr. Korphage for coming and for providing all the information regarding the Sensitive Groundwater Areas.

Chairperson Corbin then referred the committee to **HB 2781** for discussion.

Senator Vratil moved that **HB 2781** be passed. The motion was seconded by Senator Goodwin. The motion carried.

The meeting adjourned at 8:50 a.m. The next scheduled meeting will be on Wednesday, March 8, 2000.



Kansas Corporation Commission

Bill Graves, Governor John Wine, Chair Cynthia L. Claus, Commissioner Brian J. Moline, Commissioner

Testimony of Diana Edmiston
Senior Assistant General Counsel
State Corporation Commission of Kansas
Conservation Division
before the
Senate Committee on Energy and Natural Resources
March 7, 2000

Good morning. I am appearing here today to testify in support of House Bill 2781. House Bill 2781 proposes a concise amendment to KSA 55-164. KSA 55-164 is the statute which authorizes the Kansas Corporation Commission to impose monetary penalties against oil and gas operators. KSA 55-164, which was first enacted in 1982, refers only to penalties for violations of "this act", rather than violations of any Commission rule or regulation adopted, or order issued under its KSA Chapter 55 authority. KSA Chapter 55 is dedicated solely to the oil and gas industry in Kansas, but has become a patchwork of several acts enacted and amended over the life of the oil and gas industry in Kansas, beginning in the early 1900s. There is no language elsewhere in Chapter 55 specifically authorizing the Commission to impose monetary penalties on oil and gas operators who violate provisions of Chapter 55 or Commission rules, regulations or orders.

This proposed amendment is a clarification which has become necessary over time to conform the Commission's enforcement and penalty authority to the various amendments and additions to KSA Chapter 55. The proposed statutory language will not result in a change in the enforcement practices of the Commission, but will clarify the Commission's statutory authority to impose monetary penalties for any violation of a rule or regulation adopted, or order issued by the Commission under its Chapter 55 authority.

The Oil and Gas Advisory Committee, the committee which was established pursuant to KSA 55-153 to review and make recommendations on oil and gas activities, has reviewed this proposed amendment.

Should the members of the Committee have any questions I would be glad to address them.

Thank you.

Senate Energy & Natural Resources

Attachment: /

Date: 3-7-2000

1-1

Briefing Paper
By
M.L. Korphage
Director, Conservation Division
Kansas Corporation Commission
Before the
Senate Committee on
Energy and Natural Resources
March 7, 2000

Good morning. My name is M.L. Korphage and I am the Director of the Conservation Division of the Kansas Corporation Commission. I am here at the request of the Committee to provide you with a briefing on the nature of those areas in Kansas that are designated as Sensitive Groundwater Areas by regulations of the Conservation Division. I will also provide you with some information on the origin of this designation.

The history of this designation goes back to 1986 with the creation of a Special Surface Ponds Study Committee which was established by the Kansas Corporation Commission's Oil and Gas Advisory Committee. (The Oil and Gas Advisory Committee is a statutorily mandated committee with specific charges as outlined under K.S.A. 55-153.) At that time the Special Surface Ponds Study Committee was charged with investigating the need for additional surface pond requirements in designated areas within the state. An integral part of the special committee's work was to delineate areas in the state where particular soil, geological, and hydrogeological conditions existed and where normal or routine exploration and production operations could create a potential for contamination to groundwater resources. This effort was undertaken by an Areas and Parameters Subcommittee of the special Surface Ponds Study Committee.

In evaluating areas within the state that might be considered for such special designation the subcommittee attempted to utilize a standardized methodology developed for manipulating various parameters (infiltration rate, soil type, depth to water, recharge to the aquifer, presence of salt section in the subsurface, etc.) into a ranking system which reflected the groundwater pollution potential for a given area. This effort, however, proved unsuccessful and the subcommittee's final recommendation resulted in a special designated areas across the state termed "Sensitive Groundwater Areas". The original map produced by this subcommittee was used by the KCC to generate a Sensitive Groundwater Area Table III and this

Senate Energy & Natural Resources

Attachment: 2

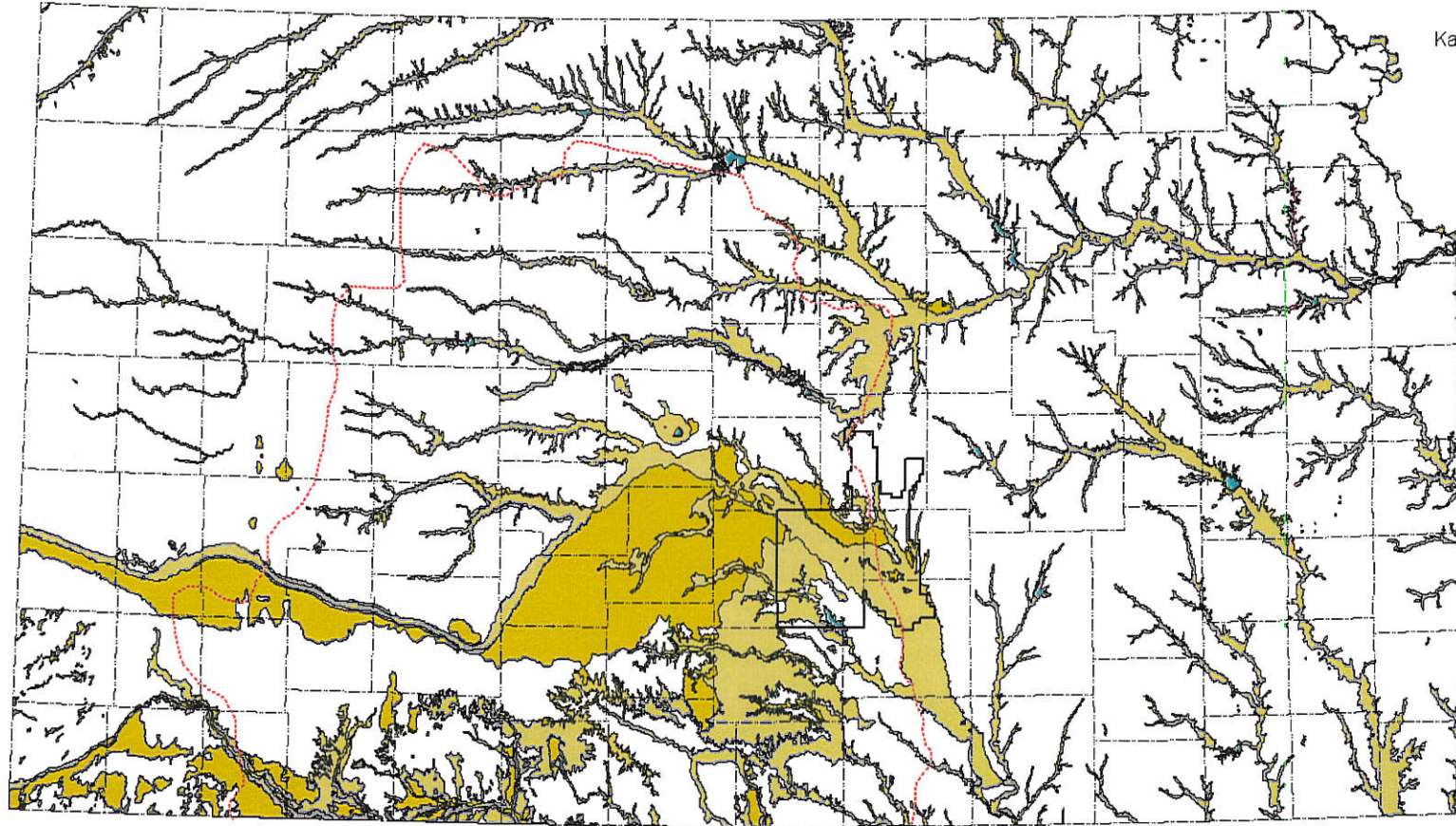
Date: 3-7-2000 2-1

was included in the Division's rules and regulations and was approved through the hearing process before the Commission. As the areas were approved by reference and cover alluvial areas, the Equus Beds aquifer, and parts of the Great Bend Prairie aquifer subsequent additions or changes to these areas have been incorporated into the mapped designation over time.

By definition within the rules and regulations of the Conservation Division "Sensitive Groundwater Area" means a geographic area designated by the Commission as having hydrogeologic, climatic, soil and other characteristics that make the area's fresh and usable groundwater vulnerable to pollution from oil and gas activities.

Should the Committee have any questions I would be glad to address them.

Sensitive Groundwater Areas



Kansas Corporation Commis
Conservation Division

- County
- Approximate limit of the Hutchinson Salt Member
- Boundary for GMD #2
- Quaternary and Tertiary Alluvium
- Quaternary Dune Sand



Map prepared by Kansas Corporation
Commission for the Conservation Division
to outline the sensitive groundwater areas
applicable to Table III as referenced in
K.A.R. 82-3-800b. Geologic boundaries
indicated on this map are consistent with the
GEOLOGIC MAP OF KANSAS, M-23 1991,
published at a scale of 1:500,000 by the
Kansas Geological Survey.

KCC, Information Resources, GIS section
6 March 2000

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