

MINUTES OF THE SENATE UTILITIES COMMITTEE.

The meeting was called to order by Chairperson Sen. Pat Ranson at 1:30 p.m. on March 8, 2000 in Room 231-N of the Capitol.

All members were present except:

Sens. Hensley, Morris, Pugh and Salisbury were excused

Committee staff present:

Lynne Holt, Legislative Research Department
Mary Torrence, Revisors of Statute Office
Jeanne Eudaley, Committee Secretary

Conferees appearing before the committee:

Cynthia Lash, Principal Auditor, Legislative Division of Post Audit

Others attending:

See attached list

Sen. Ranson announced the committee will hear a review of the KCC authority for plugging abandoned wells and the Post Audit report review today, with hearings scheduled for tomorrow. She introduced Lynne Holt, who distributed the following to the committee: Overview of Oil and Gas Well Plugging and Remediation Funds (Attachment 1) and the text of **HB 2782-concerning oil and gas; relating to disposition of certain fees, (Attachment 2)**, which is in the Senate Ways and Means Committee. She also distributed a newspaper article from the Lawrence Journal World entitled "Producers enjoying oil boom". She stated the issue of abandoned wells has been referred to this committee from a Ways and Means Subcommittee Report. Ms. Holt's presentation centered around three funds and the purposes of each. She referred to the Overview and explained where the funds originate and went over the Abandoned Oil and Gas Well Fund financial statement for FY 1998 through FY 2000. She stated the Abandoned Oil and Gas Fund was created in 1996 and is a six-year program, which will expire in July, 2002. She told of the sequence of events in 1996 when the fund was created and changes made in the funding mechanism. She pointed out that Priority I wells (most contaminated) are given priority.

Ms. Holt outlined revenue sources and receipts for FY 1999 for the Conservation Fee Fund and explained that \$200,000 of the amount shown goes into the State General Fund each year. The last page of Ms. Holt's presentation outlines policy questions concerning the funds. The last question on that page deals with administrative expenses, and she referred the committee to the text of the bill, Page 1, Lines 24 through 27. She stated the intent of the law needs to be clarified as well as what the KCC is actually authorized to spend money for and the purpose of the Financial Assurance Fund.

Sen. Ranson introduced Cynthia Lash, who referred to the Performance Audit report - "Reviewing the Activities of the Corporation Commission's Conservation Division: A K-GOAL Audit" (which is available through the Legislative Division of Post Audit, February, 1998). She directed the committees' attention to Question 2: Is the Conservation Division Effectively Dealing with the Backlog of Old, Unplugged Oil and Gas Wells in the State?, on Page 18 of the Report. Ms. Lash stated since the law was enacted in 1996, \$1.6 million per year has been earmarked for this purpose, and \$500,000 has been coming out of the Conservation Fund, making a total of \$2.1 million per year being allocated for the problem of plugging abandoned wells. She stated that staff estimated there are more than 49,000 abandoned oil and gas wells in Kansas, and approximately one-third of those are an environmental or safety risk. She estimated there are approximately 15,000 abandoned Priority I wells (present an ongoing or potential risk) and 34,000 abandoned Priority II (presents a lesser risk) wells. Ms. Lash went over an Inventory of Abandoned Wells on Page 21, pointing out that District 3 (Chanute) has the most Priority I wells. She also stated the abandoned wells in the southeast part of the state are the oldest and were drilled before regulations were in place and records are incomplete. The inventorying and classification of abandoned wells are an ongoing process, and as it progresses, more wells are found which require plugging. She also went over a graph on Page 24, which projects in what year the priority wells would be plugged if the enhanced funding continues, and if the funding ends in FY 2002.

CONTINUATION SHEET

MINUTES OF THE SENATE UTILITIES COMMITTEE, Room 231-N Statehouse, at 1:30 p.m. on March 8, 2000.

Ms. Lash stated the abandoned wells are plugged by private companies hired by the State, who must follow the State's contracting process. That law requires the Department of Administration's Division of Purchases to seek formal bids for all contracts expected to cost more than \$10,000. The Conservation Division has been authorized to award contracts expected to cost less than \$10,000, which accounted for one-third of the money spent in FY 1997. The remaining two-thirds was awarded by the Division of Purchases on nine contracts costing more than \$10,000 each. All purchasing requirements had been followed in awarding the nine contracts, and the Audit found they had been awarded to the lowest bidders. However, the Audit found that when the district offices solicit bids for plugging the smaller wells (those under \$10,000), that the district offices solicited bids for individual services which may include five different types of services for a single project, rather than one vendor for the whole project. The Audit showed that adequate bid documentation was lacking for every project and it could not ascertain if the lowest bid was awarded the contract, or if the bidding was awarded fairly. The problems are outlined on Page 25 of the Audit, with the recommendation the district offices be given guidance for the bid process and that documentation of the process be required. The Audit recommends that the KCC develop a formal plan to target Priority I-A wells before plugging Priority I-B and I-C wells and to place a high priority on completing the inventory of Priority I wells. Another recommendation involves the funding mechanism, with the observation that additional funding may need to come in the form of extending existing funding for the enhanced funding program, rather than increasing the amount currently being provided. Other recommendations are listed on Page 27.

Ms. Lash continued discussing the financial assurances the 1996 Legislature put in place to protect the State from future liability, as she pointed out requirements for operators and options regarding the type of financial assurance they can post. The law does not specify the length of time the financial assurances will be effective and does not define circumstances under which the State can make a claim on a source of financial assurance. Also, the law does not specify how the funds collected under these provisions will be used. Ms. Lash referred to a chart on Page 31 citing the reasons district staff were not able to locate responsible parties for plugging abandoned wells. She pointed out that insufficient documentation make it impossible to know if the division staff has used all reasonable options to locate the responsible parties, who should be made responsible for the wells they have abandoned. The Audit strongly recommends greater effort be made to locate those responsible for abandoned wells and that more documentation be required by the Division and District Offices, so that state dollars will not be spent for this purpose. Ms. Lash pointed out the Audit Recommendations outlined on Page 32 and in particular No.2, regarding locating those responsible parties and determining their financial viability to eliminate state funds from being used.

Sen. Ranson thanked Ms. Lash for explaining the Audit and stated the committee will hear the response from the Conservation Division tomorrow. She also referred to Page 37, and the Commission's response to the Audit, and in particular, the last paragraph, which acknowledges the recommendations and the Commission's desire to remedy the weaknesses of the Conservation Division. Ms. Lash also stated that there is a follow-up Audit, which was done last May, 1999, of the Commission's Status Report and a review of activities since the Post Audit. Sen. Ranson noted this issue came about because the Governor removed \$400,000 from the Conservation Fund and the question arose why the money is not being used. Sen. Ranson requested Mr. Korphage, Director of the Conservation Division, to appear before the committee tomorrow and to bring information which has been requested by the committee.

Meeting adjourned at 2:30.

Next meeting will be March 9.

A-1

OVERVIEW OF OIL AND GAS WELL PLUGGING AND REMEDIATION FUNDS

SENATE UTILITIES
3-8-00
ATTACHMENT 1

For Senate Utilities Committee

March 8, 2000

By Lynne Holt

Kansas Legislative Research Department

Senate Utilities
3-8-00
Attach. 1

Abandoned Oil and Gas Well Fund

Established in 1996; Purposes include:

- Investigation and remediation of contamination sites
- Investigation of abandoned wells for which drilling began **before July 1, 1996**
- Plugging, replugging, plug testing and remediation of well sites; drilling began **before July 1, 1996**; based on priorities
- No administrative expenditures except for contractual expenditures

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Conservation Fee Fund-- Abandoned Wells

Existing law; Purposes include:

- Investigation and remediation of contamination sites
- Investigation of abandoned wells for which drilling began **on or after July 1, 1996**
- Plugging, replugging, plug testing and remediation of well sites; drilling began **on or after July 1, 1996**
- Emergency plugging and nonpriority wells
- Administrative expenditures authorized

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Proposed Well Plugging Assurance Fund

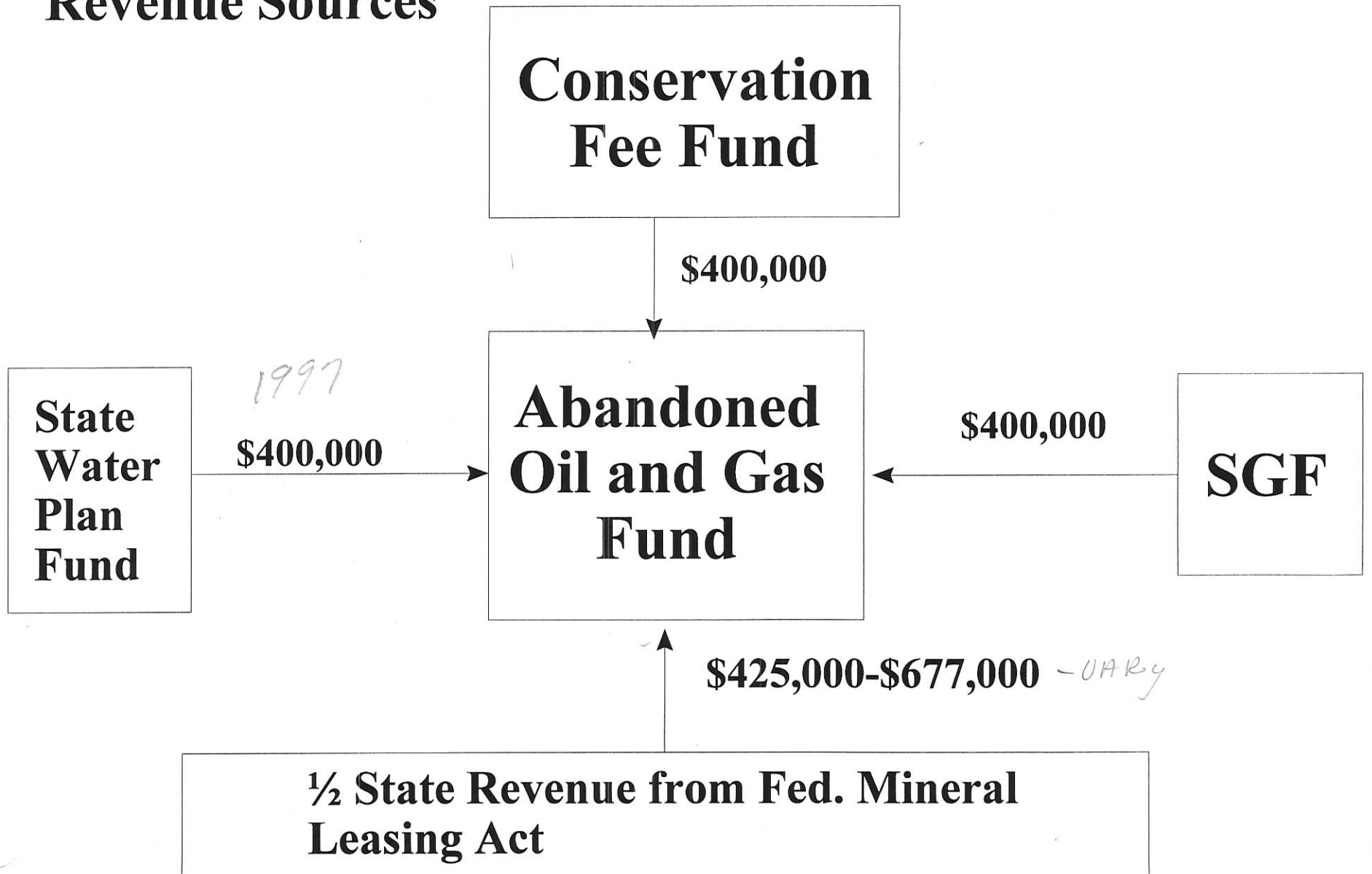
HB No. 2782; As Amended by House Committee
Purposes include:

- Investigation of abandoned wells for which drilling began **on or after July 1, 1996**
- Plugging, replugging, plug testing and remediation of well sites; drilling began **on or after July 1, 1996**; based on priorities
- No administrative expenditures except for contractual expenditures

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Abandoned Oil and Gas Fund -- Annual Revenue Sources



Abandoned Oil and Gas Well Fund

FY 1998-FY 2000

	FY 1998	FY 1999	FY 2000
Beginning Balance	\$748,899	\$1,602,342	\$1,507,260
Receipts:			
Transfers In	1,200,000	1,200,000	1,200,000
Royalties	613,484	424,668	425,000
Interest	87,646	112,516	105,000
Other	25,690	12,553	1,740
Total Available	\$2,691,719	\$3,352,079	\$3,239,000
Less: Expenditures	\$1,089,376	\$1,844,819	\$2,000,000
Transfer to SGF	0	0	400,000
Ending Balance	\$1,602,343	\$1,507,260	\$839,000

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Observations about Abandoned Oil and Gas Well Fund

- Transfers of \$1.2 million into the fund include \$400,000 from each: State General Fund; State Water Plan Fund; and the Conservation Fee Fund. These transfers will be made on a quarterly basis until July 1, 2002.
- Royalties refer to the state's portion (50 percent) of the federal Mineral Leasing Act moneys. There is no expiration date on receipt of those funds.
- Interest accrued from State General Fund; State Water Plan Fund; and Conservation Fee Fund.
- "Other" refers to salvage materials and usable condemned equipment.
- This fund is a no limit fund.

Conservation Fee Fund

Revenue Sources and Receipts -- FY 1999

Revenue Source	Fee structure	Actual FY 1999
Oil production	27.27 mills/barrel	\$ 951,415
Gas assessment	5.83 mills per MCF	3,403,516
Salt water disposal	\$200/\$100 amend	13,943
Repressuring	\$200/\$100 amend	9,650
Plugging fees	\$.034/ft. plugged	139,993
Operator license	\$100 annually	252,275
Assurance bond	\$50; 3% nonrefund.	157,207
Rig licenses	\$25 year per rig	19,700
Residential operator	\$25 applic./renew	2,125
Subtotal		\$ 4,949,824
Less SGF		\$ (200,000)
TOTAL		\$ 4,749,824

Observations about Conservation Fee Fund

- Expenditures from Conservation Fee Fund for Well Plugging: FY 1998 – \$115,293; FY 1999 – \$46,932.
- Commission proposed reducing \$450,000 for FY 2000 and FY 2001 for well plugging. The effect of that decision is a commitment of \$50,000 from the Fund for each of those years. The intent was to stabilize the Fund for FY 2000 and FY 2001. There has been reduced income due to reduced oil and gas production.

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Existing Law – Conservation Fee Fund

Operator Financial Responsibility Requirements

- ▶ Operators complying with KCC rules and regulations over the proceeding 3 years must pay a nonrefundable fee of \$50 per year.
- ▶ If operators cannot meet the above conditions, they must meet one of the following conditions on an annual basis:
 - A performance bond or letter of credit in an amount equal to \$.75 times aggregate depth of all wells under his control.
 - A blanket bond or letter of credit between \$5,000 and \$30,000, based on the depth and number of wells operated.
 - A fee equal to 3 % of the blanket bond.
 - A first lien on equipment equal to the bond requirement.
 - Other financial assurances approved by the KCC.

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Proposed Well Plugging Assurance Fund

HB 2782 (Revenues credited to Fund)

- Operators complying with KCC rules and regulations over proceeding 3 years must pay a nonrefundable fee of \$50 per year (Now credited to Conservation Fee Fund)
- A fee equal to 3 % of the blanket bond (Now credited to Conservation Fee Fund)
- Interest bearing fund
- Addresses recommendation in Post Audit Report that operators' financial assurances be applied to future well-plugging costs.

Policy Questions Concerning Funds

- As of December 31, 1999, \$818,608 has been expended or encumbered for abandoned oil and gas well plugging. What are the impediments, if any, to more rapid plugging and remediation?
- Should financial assurance funds be restructured to ensure dedicated revenues for potential future plugging liabilities of abandoned wells which were drilled on or after July 1, 1996, in accordance with HB 2782?
- Should administrative expenses be paid from funds other than the Conservation Fee Fund and the existing law concerning administrative expenses in the Conservation Fee Fund be clarified?

2/1/02

2/1/02

A-8.



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As Amended by House Committee

Session of 2000

HOUSE BILL No. 2782

By Committee on Environment

2-1

10 AN ACT concerning oil and gas; relating to disposition of certain fees;
11 amending K.S.A. 1999 Supp. 55-155, 55-161, 55-179 and 55-180 and
12 repealing the existing sections.
13

14 *Be it enacted by the Legislature of the State of Kansas:*

15 New Section 1. (a) There is hereby established in the state treasury
16 the well plugging assurance fund.

17 (b) Moneys in the well plugging assurance fund shall be used only
18 for the purpose of paying the costs of: (1) Investigation of abandoned
19 wells, and their well sites, drilling of which began on or after July 1, 1996;
20 and (2) plugging, replugging or repairing abandoned wells, and remedi-
21 ation of the well sites, drilling of which began on or after July 1, 1996, in
22 accordance with a prioritization schedule adopted by the **state corpo-**
23 **ration** commission and based on the degree of threat to public health or
24 the environment. No moneys credited to the fund shall be used to pay
25 administrative expenses of the commission or to pay compensation or
26 other expenses of employing personnel to carry out the duties of the
27 commission.

28 (c) On or before the 10th day of each month, the director of accounts
29 and reports shall transfer from the state general fund to the well plugging
30 assurance fund interest earnings based on: (1) The average daily balance
31 of moneys in the well plugging assurance fund for the preceding month;
32 and (2) the net earnings rate for the pooled money investment portfolio
33 for the preceding month.

34 (d) All expenditures from the well plugging assurance fund shall be
35 made in accordance with appropriation acts upon warrants of the director
36 of accounts and reports issued pursuant to vouchers approved by the
37 chairperson of the state corporation commission or a person designated
38 by the chairperson.

39 New Sec. 2. (a) On the effective date of this act, the chairperson of
40 the state corporation commission shall certify to the director of accounts
41 and reports the amount of moneys in the conservation fee fund which is
42 equal to: (1) All amounts credited to such fund pursuant to subsections
43 (d)(3) and (d)(4) of K.S.A. 55-155, and amendments thereto; plus (2) any

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1 amounts recovered and credited to such fund pursuant to subsection (d)
2 of K.S.A. 55-180, and amendments thereto, for plugging, replugging or
3 repairing an abandoned well, drilling of which began on or after July 1,
4 1996; minus (3) any amounts expended from such fund pursuant to K.S.A.
5 55-161, and amendments thereto, or subsection (a)(2) of K.S.A. 55-179,
6 and amendments thereto, for the purpose of: (A) Investigation of aban-

Senate Utilities
3-8-00
Attach. 2
3/7/00 12:51 PM

7 doned wells, and their well sites, drilling of which began on or after July
8 1, 1996; and (B) plugging, replugging or repairing abandoned wells, and
9 remediation of the well sites, drilling of which began on or after July 1,
10 1996. Upon receipt of such certification, the director of accounts and
11 reports shall transfer the amount certified from the conservation fee fund
12 to the well plugging assurance fund.

13 (b) All liabilities of the conservation fee fund which are attributable
14 to the following are hereby transferred to and imposed on the well plug-
15 ging assurance fund: (1) Investigation of abandoned wells, and their well
16 sites, drilling of which began on or after July 1, 1996; and (2) plugging,
17 replugging or repairing abandoned wells, and remediation of the well
18 sites, drilling of which began on or after July 1, 1996.

19 **New Sec. 3. Whenever there are insufficient moneys in the well**
20 **plugging assurance fund or the abandoned oil and gas well fund to pay**
21 **the liabilities of such fund, such liabilities shall be and are hereby imposed**
22 **on the conservation fee fund, provided such liabilities were incurred**
23 **in accordance with the prioritization schedules established pur-**
24 **suant to subsection (b)(2) of section 1, and amendments thereto,**
25 **and subsection (b)(2) of K.S.A. 1999 Supp. 55-192, and amend-**
26 **ments thereto.**

27 **Sec. 4. K.S.A. 1999 Supp. 55-155 is hereby amended to read as fol-**
28 **lows: 55-155. (a) Operators and contractors shall be licensed by the com-**
29 **mission pursuant to this section.**

30 (b) Every operator and contractor shall file an application or a re-
31 newal application with the commission. Application and renewal appli-
32 cation forms shall be prescribed, prepared and furnished by the
33 commission.

34 (c) No application or renewal application shall be approved until the
35 applicant has:

36 (1) Provided sufficient information, as required by the commission,
37 for purposes of identification;

38 (2) submitted evidence that all current and prior years' taxes for prop-
39 erty associated with the drilling or servicing of wells have been paid;

40 (3) demonstrated to the commission's satisfaction that the applicant
41 complies with all requirements of chapter 55 of the Kansas Statutes An-
42 notated, all rules and regulations adopted thereunder and all commission
43 orders and enforcement agreements, if the applicant is registered with

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1 the federal securities and exchange commission;

2 (4) demonstrated to the commission's satisfaction that the following
3 comply with all requirements of chapter 55 of the Kansas Statutes An-
4 notated, all rules and regulations adopted thereunder and all commission
5 orders and enforcement agreements, if the applicant is not registered with
6 the federal securities and exchange commission: (A) The applicant; (B)
7 any officer, director, partner or member of the applicant; (C) any stock-
8 holder owning in the aggregate more than 5% of the stock of the appli-
9 cant; and (D) any spouse, parent, brother, sister, child, parent-in-law,
10 brother-in-law or sister-in-law of the foregoing;

11 (5) paid an annual license fee of \$100, except that an applicant for a
12 license who is operating one gas well used strictly for the purpose of
13 heating a residential dwelling shall pay an annual license fee of \$25;

14 (6) complied with subsection (d); and

15 (7) paid an annual license fee of \$25 for each rig operated by the
16 applicant. The commission shall issue an identification tag for each such
17 rig which shall be displayed on such rig at all times.

18 (d) In order to assure financial responsibility, each operator shall
19 demonstrate annually compliance with one of the following provisions:

20 (1) The operator has obtained an individual performance bond or
21 letter of credit, in an amount equal to \$.75 times the total aggregate depth
22 of all wells (including active, inactive, injection or disposal) of the
23 operator.

24 (2) The operator has obtained a blanket performance bond or letter
25 of credit in an amount equal to the following, according to the number
26 of wells (including active, inactive, injection or disposal) of the operator:

27 (A) Wells less than 2,000 feet in depth: 1 through 5 wells, \$5,000; 6
28 through 25 wells, \$10,000; and over 25 wells, \$20,000.

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29 (B) Wells 2,000 or more feet in depth: 1 through 5 wells, \$10,000; 6
30 through 25 wells, \$20,000; and over 25 wells, \$30,000.

31 (3) The operator: (A) Has an acceptable record of compliance, as
32 demonstrated during the preceding 36 months, with commission rules
33 and regulations regarding safety and pollution or with commission orders
34 issued pursuant to such rules and regulations; (B) has no outstanding
35 undisputed orders issued by the commission or unpaid fines, penalties or
36 costs assessed by the commission and has no officer or director that has
37 been or is associated substantially with another operator that has any such
38 outstanding orders or unpaid fines, penalties or costs; and (C) pays a
39 nonrefundable fee of \$50 per year.

40 (4) The operator pays a nonrefundable fee equal to 3% of the amount
41 of the bond or letter of credit that would be required by subsection (d)(1)
42 or by subsection (d)(2).

43 (5) The state has a first lien on tangible personal property associated

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1 with oil and gas production of the operator that has a salvage value equal
2 to not less than the amount of the bond or letter of credit that would be
3 required by subsection (d)(1) or by subsection (d)(2).

4 (6) The operator has provided other financial assurance approved by
5 the commission.

6 (e) Upon the approval of the application or renewal application, the
7 commission shall issue to such applicant a license which shall be in full
8 force and effect until one year from the date of issuance or until surren-
9 dered, suspended or revoked as provided in K.S.A. 55-162, and amend-
10 ments thereto. No new license shall be issued to any applicant who has
11 had a license revoked until the expiration of one year from the date of
12 such revocation.

13 (f) If an operator transfers responsibility for the operation of a well,
14 gas gathering system or underground natural gas storage facility to an-
15 other person, the transfer shall be reported to the commission in accord-
16 ance with rules and regulations of the commission.

17 (g) The commission shall remit all moneys received from fees as-
18 sessed pursuant to subsection (c)(7) of this section to the state treasurer
19 at least monthly. Upon receipt of each such remittance, the state treasurer
20 shall deposit the entire amount thereof in the state treasury. Twenty per-
21 cent of each such deposit shall be credited to the state general fund and
22 the balance shall be credited to the conservation fee fund created by
23 K.S.A. 55-143, and amendments thereto.

24 (h) The commission shall deposit all moneys received pursuant to
25 subsections (d)(3) and (d)(4) into the ~~conservation fee well plugging as-~~
26 ~~urance~~ fund.

27 Sec. 5. K.S.A. 1999 Supp. 55-161 is hereby amended to read as fol-
28 lows: 55-161. The commission shall investigate abandoned wells, and,
29 based on actual or potential pollution problems, may select abandoned
30 wells to be drilled out by the commission in order to test the integrity of
31 the plugs. The cost of such testing shall be paid from the ~~conservation~~
32 ~~fee well plugging assurance~~ fund or the abandoned oil and gas well fund,
33 as appropriate.

34 Sec. 6. K.S.A. 1999 Supp. 55-179 is hereby amended to read as fol-
35 lows: 55-179. (a) Upon receipt of any complaint filed pursuant to K.S.A.
36 55-178 and amendments thereto, the commission shall make an investi-
37 gation for the purpose of determining whether such abandoned well is
38 polluting or is likely to pollute any usable water strata or supply or causing
39 the loss of usable water, or the commission may initiate such investigation
40 on its own motion. If the commission determines:

41 (1) That such abandoned well is causing or likely to cause such pol-
42 lution or loss; and

43 (2) (A) that no person is legally responsible for the proper care and

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1 control of such well; or (B) that the person legally responsible for the
2 care and control of such well is dead, is no longer in existence, is insolvent
3 or cannot be found, then, after completing its investigation, and as funds

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4 are available, the commission shall plug, replug or repair such well, or
 5 cause it to be plugged, replugged or repaired, in such a manner as to
 6 prevent any further pollution or danger of pollution of any usable water
 7 strata or supply or loss of usable water, and shall remediate pollution from
 8 the well, whenever practicable and reasonable. The cost of the investi-
 9 gation; the plugging, replugging or repair; and the remediation shall be
 10 paid by the commission from the ~~conservation fee~~ *well plugging assurance*
 11 fund or the abandoned oil and gas well fund, as appropriate.

12 (b) For the purposes of this section, a person who is legally respon-
 13 sible for the proper care and control of an abandoned well shall include,
 14 but is not limited to, one or more of the following: Any operator of a
 15 waterflood or other pressure maintenance program deemed to be causing
 16 pollution or loss of usable water; the current or last operator of the lease
 17 upon which such well is located, irrespective of whether such operator
 18 plugged or abandoned such well; the original operator who plugged or
 19 abandoned such well; and any person who without authorization tampers
 20 with or removes surface equipment or downhole equipment from an
 21 abandoned well.

22 (c) Whenever the commission determines that a well has been aban-
 23 doned and is causing or is likely to cause pollution of any usable water
 24 strata or supply or loss of usable water, and whenever the commission
 25 has reason to believe that a particular person is legally responsible for the
 26 proper care and control of such well, the commission shall cause such
 27 person to come before it at a hearing held in accordance with the pro-
 28 visions of the Kansas administrative procedure act to show cause why the
 29 requisite care and control has not been exercised with respect to such
 30 well. After such hearing, if the commission finds that the person is legally
 31 responsible for the proper care and control of such well and that such
 32 well is abandoned, in fact, and is causing or is likely to cause pollution of
 33 any usable water strata or supply or loss of usable water, the commission
 34 may make any order or orders prescribed in K.S.A. 55-162, and amend-
 35 ments thereto. Proceedings for reconsideration and judicial review of any
 36 of the commission's orders may be held pursuant to K.S.A. 55-606, and
 37 amendments thereto.

38 (d) For the purpose of this section, any well which has been aban-
 39 doned, in fact, and has not been plugged pursuant to the rules and reg-
 40 ulations in effect at the time of plugging such well shall be and is hereby
 41 deemed likely to cause pollution of any usable water strata or supply.

42 (e) For the purpose of this section, the person legally responsible for
 43 the proper care and control of an abandoned well shall not include the

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1 landowner or surface owner unless the landowner or surface owner has
 2 operated or produced the well, has deliberately altered or tampered with
 3 such well thereby causing the pollution or has assumed by written con-
 4 tract such responsibility.

5 Sec. 7. K.S.A. 1999 Supp. 55-180 is hereby amended to read as fol-
 6 lows: 55-180. (a) The fact that any person has initiated or supported a
 7 proceeding before the commission, or has remedied or attempted to reme-
 8 dy the condition of any well under the authority of this act, shall not be
 9 construed as an admission of liability or received in evidence against such
 10 person in any action or proceeding wherein responsibility for or damages
 11 from surface or subsurface pollution, or injury to any usable water or oil-
 12 bearing or gas-bearing formation, is or may become an issue; nor shall
 13 such fact be construed as releasing or discharging any action, cause of
 14 action or claim against such person existing in favor of any third person
 15 for damages to property resulting from surface or subsurface pollution,
 16 or injury to any usable water or oil-bearing or gas-bearing formation.

17 (b) The commission, on its own motion, may initiate an investigation
 18 into any pollution problem related to oil and gas activity. In taking such
 19 action the commission may require or perform the testing, sampling,
 20 monitoring or disposal of any source of groundwater pollution related to
 21 oil and gas activities.

22 (c) The commission or any other person authorized by the commis-
 23 sion who has no obligation to plug, replug or repair any abandoned well,
 24 but who does so in accordance with the provisions of this act, shall have
 25 a cause of action for the reasonable cost and expense incurred in plugging,

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26 replugging or repairing the well against any person who is legally respon-
27 sible for the proper care and control of such well pursuant to the provi-
28 sions of K.S.A. 55-179, and amendments thereto, and the commission or
29 other person shall have a lien upon the interest of such obligated person
30 in and to the oil and gas rights in the land and equipment located thereon.

31 (d) Any moneys recovered by the commission in an action pursuant
32 to subsection (c) shall be remitted to the state treasurer. The state trea-
33 surer shall deposit the entire amount of the remittance in the state treas-
34 ury and credit it to the ~~conservation fee~~ **conservation fee fund well**
35 *plugging assurance* fund or the abandoned oil and gas well fund, as ap-
36 propriate based on the fund from which the costs incurred by the com-
37 mission were paid. ~~If such costs were paid from the conservation fee fund,~~
38 ~~any moneys recovered shall be credited to the well plugging assurance~~
39 ~~fund.~~

40 Sec. 8. K.S.A. 1999 Supp. 55-155, 55-161, 55-179 and 55-180 are
41 hereby repealed.

42 Sec. 9. This act shall take effect and be in force from and after its
43 publication in the statute book.
