

**Senate Natural Resources Committee
Senate Bill No. 375
Comments by Doug Louis
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Kansas Corporation Commission**

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Chairman Ostmeyer and members of the Committee, I am Doug Louis, Director of the KCC's Conservation Division. I am here today to provide staff's comment on Senate Bill 375. Thank you for this opportunity to appear before you.

Background

The Commission has been involved in regulating oil and gas exploration and production operations since the mid-1930's. Some of these activities include: licensing oil and gas operators, permitting drilling activities such as "intents-to-drill" and associated pit permits, enforcing proration orders, overseeing well-plugging operations, permitting injection well activities, regulating gas gathering, enforcing pit and spill regulations, regulating underground porosity gas storage operators and administering the abandoned well-plugging program. Staff has developed an expertise with many aspects of the industry's field activities by enforcing regulations which are designed to prevent waste of natural resources, protect correlative rights and protect public safety.

Exploring an alternative method of drilling waste disposal

In the summer of 2011, an out-of-state oil and gas exploration company approached commission staff asking if landspreading drilling mud and drill cuttings was an approved practice in Kansas. The exploration company explained they had plans to begin drilling horizontal wells in southern Kansas as a continuation of their activities in Oklahoma. It had been their experience the horizontal wells, by virtue of cutting nearly twice as much hole, generates approximately twice as much drilling waste as vertical wells. They further explained in other States they had switched to landspreading in lieu of disposal in earthen pits, as they felt managing these much larger pits caused problems. The problems include: the additional costs of dewatering the pits in times of wet weather to keep the pits from overflowing and the multiple trips by heavy equipment to push the sides of the pits to the center periodically, as the edges of the pits dry.

As the majority of the landspreading was to occur off-lease (where KDHE has statutory authority) and because KDHE had expertise in solid waste disposal, it was clear they should be involved early on.

KDHE staff did research on the topic, worked with K-State agronomists, and other States' agencies to come up with the procedure for landspreading as presented in SB 375 and Mr. Bider's testimony. The KCC regularly meets with industry, as part of the Oil and Gas Advisory Committee and other forums to discuss pertinent topics. This topic was discussed with our Oil and Gas Advisory Committee, other operators and other state agencies in various meetings this fall. The general feedback from those meetings was that it was appropriate for KDHE to develop the technical aspects of landspreading, while KCC administer the program. We generally concur in Mr. Bider's testimony concerning the process to be followed to permit landspreading of drilling mud and drill cuttings.

Commission staff's support of SB 375

Commission staff agrees with the general consensus expressed in those meetings and believes landspreading is a viable option for disposal of drilling wastes and solids. Staff also agrees that the KCC is best suited to oversee/administer the program as we license operators, issue permits related to drilling activities, have field technicians who inspect drilling locations and production sites, and the Commission has enforcement capabilities to ensure compliance.

In Conclusion

KCC staff supports SB 375. Thank you again for this opportunity and I would gladly answer any questions the committee might have.