

MINUTES OF THE SENATE UTILITIES COMMITTEE

The meeting was called to order by Chairperson Robert Olson at 1:34pm on Wednesday, February 18, 2015, 548-S of the Capitol.

All members were present

Committee staff present:

Heather O'Hara, Legislative Research Department
Natalie Nelson, Legislative Research Department
Michael Welton, Kansas Legislative Committee Assistant
Matt Sterling, Office of Revisor of Statutes

Conferees appearing before the Committee:

Ryan Hoffman, Kansas Corporation Commission
Patrick Shields, Kansas Corporation Commission

Others in attendance:

[See Attached List](#)

Senator Olson welcomed attendees and opened the meeting.

Hearing on: SB91 — Abandoned oil and gas well fund.

Senator Olson opened the hearing and called upon Matt Sterling to provide a Revisor of Statutes overview to the bill ([Attachment #1](#)) .

Senator Olson called on proponents Ryan Hoffman and Patrick Shields representing the Kansas Corporation Commission to begin testimony ([Attachment #2](#)). He explained that because of oil and gas exploration and pumping has been active in Kansas since the 1860's, the fund is necessary to deal with the problems caused by entities that are no longer active.

The proponent presenters made the following points in response to questions and comments from Senators Francisco, Lynn, Knox, Olson, Powell, Masterson, Petersen and Wilborn:

- 1.) Abandoned wells are primarily identified via Kansas Corporation Commission (KCC) database of about 4,000 records, land owner reports and other tell-tail signs such as signs of leakage, salt scars or an isolated tree growing in a cleared field.
- 2.) The prioritization of which wells to cap include the level of threat to water supplies and local population. Economies of proximity might place a well on the schedule to be capped providing a scheduled project of a near by project justifies it.
- 3.) A Court of Appeals case that may be appealed to the Supreme Court may influence the current processes of well plugging and how responsibility is determined.

CONTINUATION SHEET

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4.) A discussion regarding the transfers that support the abandoned well fund initiated a research request for more information regarding the sources of the state water plan fund and the state conservation fee fund. Much of the funding was said to be derived from production fee at a per barrel rate.

5.) Methods and costs of plugging a particular well can vary widely depending on factors of location, type, period of development techniques and what is necessary to protect local water supplies.

6.) A combination of Kansas Department of Health and Welfare (KDHE) field staff and experienced contractors are utilized to plug wells. Projects expected to cost more than \$30 thousand dollars call for a bid specification quote and lesser projects are generally negotiated as fixed price contracts. Many times it makes sense to couple many small projects that are in close proximity to a larger one.

Seeing no further questions or comments Senator Olson closed the hearing on this bill.

Possible action on bills previously heard

There was no action on bills previously heard.

Senator Olson announced his intention to hold discussion on **SB91** next week after some questions have been answered. Seeing no further questions or comments, he adjourned the meeting at 2:20pm. The next meeting is scheduled for February 19, 2015.