

## HOUSE BILL No. 2669

By Representatives Lusk, Good, Ballard, Bishop, Clayton, Crum, Curtis, Finney,  
Henderson, Kuether, Neighbor, Ousley, Parker, Probst, Seiwert, Stogsdill and  
Victors

2-7

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1 AN ACT concerning insurance; relating to oil and gas operations; relating  
2 to operators of class II injection wells; requiring liability insurance  
3 coverage for induced seismicity damages; amending K.S.A. 2017 Supp.  
4 55-151 and repealing the existing section.  
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6 *Be it enacted by the Legislature of the State of Kansas:*

7 New Section 1. (a) No application of intent to drill a well pursuant to  
8 K.S.A. 55-151, and amendments thereto, shall be approved by the state  
9 corporation commission for any application to drill a class II injection  
10 disposal well, unless the operator provides a certificate of induced  
11 seismicity liability insurance that is reasonably sufficient to provide  
12 coverage for property damages caused by induced seismicity events as  
13 determined by the commission. The certificate of induced seismicity  
14 liability insurance shall be executed by an insurance company authorized  
15 to do business in Kansas or by a licensed insurance agent operating under  
16 authority of K.S.A. 40-246b, and amendments thereto, and shall state the  
17 effective date and the expiration date of the policy. Such liability insurance  
18 shall be subject to the insurer's policy provisions filed with and approved  
19 by the commissioner of insurance pursuant to K.S.A. 40-216, and  
20 amendments thereto, except as authorized by K.S.A. 40-246b, and  
21 amendments thereto. The insurer shall notify the commission, in writing,  
22 of any expiration, reduction or cancellation of liability insurance, furnished  
23 as a prerequisite of a well drilling application, not later than 10 days before  
24 the expiration, reduction or cancellation takes effect. Upon expiration,  
25 reduction or cancellation of the liability insurance, the commission shall  
26 suspend the operator's license issued under K.S.A. 55-155, and  
27 amendments thereto, until the insurance requirement is met by the licensee  
28 for the current license period. The certificate shall be executed on a form  
29 approved by the commission. An operator of a class II injection disposal  
30 well shall be considered a liable party for any property damages caused by  
31 an induced seismicity event, unless the operator can prove by a  
32 preponderance of the evidence that the operator could not have caused  
33 such induced seismicity event. The commission may adopt rules and  
34 regulations to enforce the provisions of this section.

1 (b) As used in this section:

2 (1) "Class II injection disposal well" means a well that is used to  
3 inject and dispose of saltwater or other waste fluids that are brought to the  
4 surface in connection with oil or natural gas production.

5 (2) "Induced seismicity" means an earthquake event that is recorded  
6 by the national seismic network and is attributable to a class II injection  
7 disposal well.

8 Sec. 2. K.S.A. 2017 Supp. 55-151 is hereby amended to read as  
9 follows: 55-151. (a) Prior to the drilling of any well, every operator shall  
10 file an application of intent to drill with the commission. Such application  
11 shall include such information as required by the commission, including  
12 the name and address of the surface owner, and shall be on a form  
13 prescribed by the commission. Such application shall also include non-  
14 binding preliminary estimates of the location of roads of ingress or egress,  
15 any tank battery and any pipeline or electrical line. The commission shall,  
16 upon receipt of such application, send a copy of such application to the  
17 named surface owner, as well as the contact information, including name,  
18 address, phone number, fax or email address, for a designated  
19 representative of the applicant. The commission need not send such  
20 information if the operator verifies that the application filed with the  
21 commission has been delivered to the surface owner.

22 (b) No change in the use of a well shall be made without express  
23 approval of the commission. The state corporation commission shall have  
24 the authority to adopt rules and regulations to fix, charge and collect a fee  
25 for an application of intent to drill a well, except that such fee for an  
26 application of intent to drill a well shall not exceed \$300. No drilling shall  
27 be commenced until the authorized agents of the commission have  
28 approved the application. The agent, in giving approval, shall determine  
29 that the proposed construction of the well will protect all usable waters.  
30 Such approval shall include the amount of pipe necessary to protect all  
31 usable water, plugging requirements upon abandonment and such other  
32 requirements deemed appropriate by the commission. The commission  
33 may refuse to process any application submitted pursuant to this section  
34 unless the applicant has been in compliance with all rules and regulations  
35 adopted pursuant to this act.

36 (c) The commission shall make available to the secretary of the  
37 department of health and environment information related to all  
38 notifications of intents to drill. The commission shall make available to the  
39 clerk of any county in which a well will be drilled information related to  
40 the intent to drill for such well.

41 (d) *This section shall be subject to the provisions of section 1, and*  
42 *amendments thereto.*

43 Sec. 3. K.S.A. 2017 Supp. 55-151 is hereby repealed.

1       Sec. 4. This act shall take effect and be in force from and after its  
2       publication in the statute book.