

**Before the House Appropriations Committee
Presented by Zack Pistora, Kansas Sierra Club
Neutral to HB 2534
February 13, 2020**



Chairman Waymaster and Honorable Members of the Committee,

Thank you for the opportunity to submit neutral testimony on HB 2534, which essentially merges the Well Plugging Assurance Fund into the Abandoned Oil and Gas Well Fund.

The Sierra Club is actively concerned with public policy that has an impact on the environment. We understand the legislative intent of HB 2534 is to ‘streamline’ government funds to effectively make our State work better to address abandoned oil and gas wells. We support this aim. Conceptually, we are indifferent to one merged fund to tackle *all* the abandoned wells compared to two funds that separate the target wells to be plugged by date. However, we are curious to why this legislation is necessary. That is why Sierra Club is testifying neutral today.

What is the pressing need for this legislation? Why override previous Legislative intent?

In 1996, the Kansas Legislature made a commitment to address a longstanding, chronic problem of abandoned oil and gas wells. Spanning decades, tens of thousands of oil and gas wells have been ‘abandoned’ with no responsible party, ultimately leaving the State to tackle the problems created by the oil and gas industry. It was the wisdom of the Legislature to create two separate funds 1) the Abandoned Oil and Gas Well Fund to address ‘legacy wells’ (those abandoned prior to July 1, 1996), and 2) the Well Plugging Assurance Fund to address newer, post-July 1, 1996 wells.

According to the Governor’s Budget FY 2021 Report, the estimated ending balances for FY 2020 in the Well Plugging Assurance Fund and the Abandoned Oil and Gas Well Fund are \$4.6 million and \$2.5 million, respectively. The Abandoned Oil and Gas Well Fund depends on a transfer of \$500,000 from the Well Plugging Assurance Fund and \$800,000 from the Conservation Fee Fund for more than 75.0 percent of its revenue. So while we understand the argument of ‘why do we need to funds, especially when one fund compensates the other’, we do not a particular problem with the current set up, especially as both the funds have ample funds to each address their unique challenges with plugging abandoned wells.

Our biggest concern is that HB 2534 gives the KCC a reason to suggest the sunset of the Conservation Fee Fund Transfer.

The statutory requirement for the Conservation Fee Fund transfer will sunset at the end of FY 2020. According to the Governor’s Budget report, “Allowing the transfer from the Conservation Fee Fund to sunset and combining the two well plugging funds would decrease annual revenue for well plugging by \$1.3 million, while increasing available revenues in the Conservation Fee Fund by \$800,000, annually.”

Unless I’m mistaken, it appears that this merging of funds with HB 2534 may ultimately subtract a half million dollars from the plugging of abandoned oil and gas wells. I hope I am mistaken, as the problem of abandoned wells is a serious risk to our environment. If this is the case, Sierra Club would effectively switch our neutral testimony to opponent.

Sincerely,

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The Sierra Club is the largest grassroots environmental organization dedicated to enjoying, exploring, and protecting our great outdoors. The Kansas Chapter represents our state’s strongest grassroots voice on environmental matters for more than forty years.