

HOUSE BILL No. 2224

By Representative Probst

2-11

1 AN ACT concerning oil and gas; relating to the state corporation
2 commission; department of health and environment; state geological
3 survey; authorizing drilling of monitoring wells in the Arbuckle
4 formation; assessing one-time fees upon class I and class II well
5 operators; establishing the state geological survey monitoring well
6 fund; amending K.S.A. 76-326 and repealing the existing section.
7

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

9 New Section 1. (a) The state corporation commission is hereby
10 directed to assess a one-time fee in the amount of \$100 upon each operator
11 of a class II disposal well in the state. The commission shall administer,
12 enforce and collect such fee before January 1, 2020. An operator shall be
13 subject to administrative penalties imposed pursuant to K.S.A. 55-164, and
14 amendments thereto, for failure to remit the fee imposed pursuant to this
15 section before such deadline.

16 (b) The commission shall remit all moneys collected from the fees
17 imposed pursuant to this section to the state treasurer in accordance with
18 the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt
19 of each such remittance, the state treasurer shall deposit the entire amount
20 in the state treasury to the credit of the state geological survey monitoring
21 well fund created pursuant to section 3, and amendments thereto.

22 (c) As used in this section:

23 (1) "Class II disposal well" means any well into which fluids that are
24 brought to the surface in connection with oil and natural gas production
25 are injected for disposal. "Class II disposal well" does not include class II
26 wells that are used for enhanced oil recovery or hydrocarbon storage.

27 (2) "Operator" means any person or entity responsible for the
28 physical operation of a class II disposal well.

29 New Sec. 2. (a) The secretary of health and environment is hereby
30 directed to assess a one-time fee in the amount of \$100 upon each operator
31 of a class I well in the state. The secretary shall administer, enforce and
32 collect such fee before January 1, 2020. An operator shall be subject to
33 administrative penalties imposed pursuant to K.S.A. 65-3446, and
34 amendments thereto, for failure to remit the fee imposed pursuant to this
35 section before such deadline.

36 (b) The secretary shall remit all moneys collected from the fees

1 imposed pursuant to this section to the state treasurer in accordance with
2 the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt
3 of each such remittance, the state treasurer shall deposit the entire amount
4 in the state treasury to the credit of the state geological survey monitoring
5 well fund created pursuant to section 3, and amendments thereto.

6 (c) As used in this section:

7 (1) "Class I well" means any underground injection well permitted by
8 the secretary that is classified as a class I well pursuant to 40 C.F.R. §
9 144.6, as of the effective date of this section.

10 (2) "Operator" means any person or entity responsible for the
11 physical operation of a class I well.

12 New Sec. 3. There is hereby created in the state treasury the state
13 geological survey monitoring well fund consisting of all moneys deposited
14 into such fund pursuant to sections 1 and 2, and amendments thereto. The
15 state geological survey monitoring well fund shall be administered by the
16 state geologist. All moneys in the state geological survey monitoring well
17 fund shall be expended in accordance with appropriation acts upon
18 warrants of the director of accounts and reports issued pursuant to
19 vouchers approved by the state geologist. Moneys in the fund shall be used
20 to drill monitoring wells in the Arbuckle formation for the purpose of
21 measuring underground pressure in the formation and for the purpose of
22 monitoring the effectiveness of confining beds in the injection zone of the
23 formation.

24 Sec. 4. K.S.A. 76-326 is hereby amended to read as follows: 76-326.

25 (a) The state geologist of Kansas is hereby authorized to make a complete
26 geological survey of the state of Kansas with special reference to any
27 natural products of economic importance, such as lead, zinc, gold, silver,
28 copper, coal, oil, gas, gypsum, salt, underground water, road building
29 materials and other minerals of value, in order to determine the character,
30 location and amount of such products, and to report on the same from time
31 to time as may be possible; said reports to have a standard of excellence
32 and completeness fully equal to those of other well organized state
33 geological surveys.

34 (b) *The state geologist of Kansas is hereby authorized to drill*
35 *monitoring wells in the Arbuckle formation for the purpose of measuring*
36 *underground pressure in the formation and for the purpose of monitoring*
37 *the effectiveness of confining beds in the injection zone of the formation.*

38 Sec. 5. K.S.A. 76-326 is hereby repealed.

39 Sec. 6. This act shall take effect and be in force from and after its
40 publication in the statute book.