HOUSE BILL No. 2224

By Representative Probst

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

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

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

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

(c) As used in this section:

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

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

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

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

(c) As used in this section:

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

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

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

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

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

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

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

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