SESSION OF 2019

HOUSE BILL No. 2240

By Representative Victors

AN ACT concerning oil and gas; relating to the state corporation commission; rules and regulations; requiring a seismic risk analysis for certain class II disposal wells; amending K.S.A. 55-150 and K.S.A. 2018 Supp. 55-151 and 55-901 and repealing the existing sections.

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

Section 1. K.S.A. 55-150 is hereby amended to read as follows: 55-150. As used in this act unless the context requires a different meaning:

(a) "Commission" means the state corporation commission.

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

(c) "Contractor" means any person who acts as agent for an operator as a drilling, plugging, service rig or seismograph contractor in such operator's oil and gas, cathodic protection, gas gathering or underground natural gas storage operations.

(d) "Fresh water" means water containing not more than 1,000 milligrams per liter, total dissolved solids.

(e) "Gas gathering system" means a natural gas pipeline system used primarily for transporting natural gas from a wellhead, or a metering point for natural gas produced by one or more wells,ke point of entry into a main transmission line, but shall not mean or include: (1) Lead lines from the wellhead to the connection with the gathering system which are owned by the producing person; and (2) gathering systems under the jurisdiction of the federal energy regulatory commission.

(f) "Operator" means a person who is responsible for the physical operation and control of a well, gas gathering system or underground porosity storage of natural gas.

(g) "Person" means any natural person, partnership, governmental or political subdivision, firm, association, corporation or other legal entity.

(h) "Rig" means any crane machine used for drilling or plugging wells.

(i) "Underground porosity storage" has the meaning provided by K.S.A. 55-1,115, and amendments thereto.
"Usable water" means water containing not more than 10,000 milligrams per liter, total dissolved solids.

"Well" means a hole drilled or recompleted for the purpose of:

1. Producing oil or gas;
2. Injecting fluid, air or gas in the ground in connection with the exploration for or production of oil or gas;
3. Obtaining geological information in connection with the exploration for or production of oil or gas by taking cores or through seismic operations;
4. Disposing of fluids produced in connection with the exploration for or production of oil or gas;
5. Providing cathodic protection to prevent corrosion to lines; or
6. Injecting or withdrawing natural gas.

Sec. 2. K.S.A. 2018 Supp. 55-151 is hereby amended to read as follows: 55-151. (a) Prior to the drilling of any well, every operator shall file an application of intent to drill with the commission. Such application shall include such information as required by the commission, including the name and address of the surface owner, and shall be on a form prescribed by the commission. Such application shall also include non-binding preliminary estimates of the location of roads of ingress or egress, any tank battery and any pipeline or electrical line. The commission shall, upon receipt of such application, send a copy of such application to the named surface owner, as well as the contact information, including name, address, phone number, fax or email address, for a designated representative of the applicant. The commission need not send such information if the operator verifies that the application filed with the commission has been delivered to the surface owner.

(b) (1) No change in the use of a well shall be made without express approval of the commission. The state corporation commission shall have the authority to adopt rules and regulations to fix, charge and collect a fee for an application of intent to drill a well, except that such fee for an application of intent to drill a well shall not exceed $300. No drilling shall be commenced until the authorized agents of the commission have approved the application. The agent, in giving approval, shall determine:

(A) That the proposed construction of the well will protect all usable waters; and

(B) if the well is a class II disposal well, that such well is not located above a known fault line and does not pose a direct risk of induced seismic activity. Such determination shall be based upon a seismic risk analysis that shall be conducted by a professional geologist as defined in K.S.A. 74-7003, and amendments thereto.

(2) Such approval shall include the amount of pipe necessary to protect all usable water, plugging requirements upon abandonment and
such other requirements deemed appropriate by the commission. The commission may refuse to process any application submitted pursuant to this section unless the applicant has been in compliance with all rules and regulations adopted pursuant to this act.

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

Sec. 3. K.S.A. 2018 Supp. 55-901 is hereby amended to read as follows: 55-901. (a) The owner or operator of any oil or gas well which may be producing and which produces salt water or waters containing minerals in an appreciable degree shall have the right to return such waters to any horizon from which such salt waters may have been produced, or to any other horizon which contains or had previously produced salt water or waters containing minerals in an appreciable degree, if the owner or operator of such well makes a written application to the state corporation commission for authority to do so, and written approval has been granted to the owner or operator after investigation by the state corporation commission.

(b) The state corporation commission is hereby directed to adopt such rules and regulations as may be just and equitable to carry out the provisions of this section. The commission shall promulgate rules and regulations that require an owner or operator of a class II disposal well to show, as part of an application for injection authority, that such well is not located above a known fault line and does not pose a direct risk of induced seismic activity. Such determination shall be based upon a seismic risk analysis that shall be conducted by a professional geologist as defined in K.S.A. 74-7003, and amendments thereto.

(c) Subject to the provisions of K.S.A. 55-143, and amendments thereto, the state corporation commission shall assess all or any part of the cost that may be incurred under the provisions of this section against the applicant.

(d) The commission shall remit all moneys received by or for it for costs assessed under 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. Ten percent of each such deposit shall be credited to the state general fund and the balance shall be credited to the conservation fee fund created by K.S.A. 55-143, and amendments thereto.

Sec. 4. K.S.A. 55-150 and K.S.A. 2018 Supp. 55-151 and 55-901 are hereby repealed.

Sec. 5. This act shall take effect and be in force from and after its
publication in the statute book.