

SENATE BILL No. 299

By Committee on Ways and Means

3-4

9 AN ACT concerning the department of health and environment; relating
10 to rules and regulations for underground hydrocarbon storage wells;
11 amending K.S.A. 55-1,117 and repealing the existing section.
12

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

14 Section 1. K.S.A. 55-1,117 is hereby amended to read as follows: 55-
15 1,117. (a) As used in this section, K.S.A. 65-171d and K.S.A. 55-1,118
16 through 55-1,122, and amendments thereto:

17 (1) “Company or operator” means any form of legal entity including,
18 but not limited to, a corporation, limited liability company and limited or
19 general partnerships.

20 (2) “Secretary” means the secretary of health and environment.

21 ~~(2)~~ (3) “Underground porosity storage” means the storage of hydro-
22 carbons in underground, porous and permeable geological strata which
23 have been converted to hydrocarbon storage.

24 (b) For the purposes of protecting the health, safety and property of
25 the people of the state, and preventing surface and subsurface water
26 pollution and soil pollution detrimental to public health or to the plant,
27 animal and aquatic life of the state, the secretary of health and environ-
28 ment shall adopt separate and specific rules and regulations establishing
29 requirements, procedures and standards for the following:

30 (1) Salt solution mining;

31 (2) the safe and secure underground storage of liquid petroleum gas
32 and hydrocarbons, other than natural gas in underground porosity stor-
33 age; and

34 (3) the safe and secure underground storage of natural gas in bedded
35 salt.

36 (c) Such rules and regulations shall include, but not be limited to:

37 (1) Site selection criteria;

38 (2) design and development criteria;

39 (3) operation criteria;

40 (4) casing requirements;

41 (5) monitoring and measurement requirements;

42 (6) safety requirements, including public notification;

43 (7) closure and abandonment requirements, including the financial

1 requirements of subsection (f); and

2 (8) long term monitoring.

3 (d) (1) The secretary may adopt rules and regulations establishing
4 fees for the following services:

5 (A) Permitting, monitoring and inspecting salt solution mining
6 operators;

7 (B) permitting, monitoring and inspecting underground storage of
8 liquid petroleum gas and hydrocarbons, other than natural gas in under-
9 ground porosity storage; and

10 (C) permitting, monitoring and inspecting underground storage of
11 natural gas in bedded salt.

12 (2) The fees collected under this section by the secretary shall be
13 remitted by the secretary to the state treasurer in accordance with the
14 provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of
15 each such remittance, the state treasurer shall deposit the entire amount
16 in the state treasury to the credit of the subsurface hydrocarbon storage
17 fund.

18 (e) The secretary or the secretary's duly authorized representative
19 may impose on any holder of a permit issued pursuant to this section such
20 requirements relating to inspecting, monitoring, investigating, recording
21 and reporting as the secretary or representative deems necessary to ad-
22 minister the provisions of this section and rules and regulations adopted
23 hereunder.

24 (f) Any company or operator receiving a permit under the provisions
25 of this act shall demonstrate annually to the department of health and
26 environment evidence, satisfactory to the department, that such permit
27 holders have financial ability to cover the cost of closure of such permitted
28 facility as required by the department.

29 (g) The secretary may enter into contracts for services from consult-
30 ants and other experts for the purposes of assisting in the drafting of rules
31 and regulations pursuant to this section.

32 (h) (1) For a period of two years from July 1, 2001, or until the rules
33 and regulations provided for in ~~paragraph (3) of subsection (a)~~ (b)(3) are
34 adopted, the injection of working natural gas into underground storage
35 in bedded salt is prohibited, except that cushion gas may be injected into
36 existing underground storage in bedded salt. Natural gas currently stored
37 in such underground storage may be extracted.

38 (2) Any existing underground storage of natural gas in bedded salt
39 shall comply with the rules and regulations adopted under this section
40 prior to the commencement of injection of working natural gas into such
41 underground storage.

42 (3) Rules and regulations adopted under ~~paragraph (3) of subsection~~
43 ~~(a)~~ (b)(3) shall be adopted on or before July 1, 2003.

1 (i) No hydrocarbon storage shall be allowed in any underground for-
2 mation if water within the formation contains less than 5,000 milligrams
3 per liter chlorides.

4 Sec. 2. K.S.A. 55-1,117 is hereby repealed.

5 Sec. 3. This act shall take effect and be in force from and after its
6 publication in the Kansas register.