

HOUSE BILL No. 2231

By Committee on Agriculture and Natural Resources

2-4

1 AN ACT concerning oil and gas; relating to licensing of well operators,
2 fees; exceptions; amending K.S.A. 2014 Supp. 55-155 and repealing
3 the existing section.

4
5 *Be it enacted by the Legislature of the State of Kansas:*

6 Section 1. K.S.A. 2014 Supp. 55-155 is hereby amended to read as
7 follows: 55-155. (a) Operators and contractors shall be licensed by the
8 commission pursuant to this section.

9 (b) Every operator and contractor shall file an application or a
10 renewal application with the commission. Application and renewal
11 application forms shall be prescribed, prepared and furnished by the
12 commission.

13 (c) No application or renewal application shall be approved until the
14 applicant has:

15 (1) Provided sufficient information, as required by the commission,
16 for purposes of identification;

17 (2) submitted evidence that all current and prior years' taxes for
18 property associated with the drilling or servicing of wells have been paid;

19 (3) demonstrated to the commission's satisfaction that the applicant
20 complies with all requirements of chapter 55 of the Kansas Statutes
21 Annotated, and amendments thereto, all rules and regulations adopted
22 thereunder and all commission orders and enforcement agreements, if the
23 applicant is registered with the federal securities and exchange
24 commission;

25 (4) demonstrated to the commission's satisfaction that the following
26 comply with all requirements of chapter 55 of the Kansas Statutes
27 Annotated, and amendments thereto, all rules and regulations adopted
28 thereunder and all commission orders and enforcement agreements, if the
29 applicant is not registered with the federal securities and exchange
30 commission: (A) The applicant; (B) any officer, director, partner or
31 member of the applicant; (C) any stockholder owning in the aggregate
32 more than 5% of the stock of the applicant; and (D) any spouse, parent,
33 brother, sister, child, parent-in-law, brother-in-law or sister-in-law of the
34 foregoing;

35 (5) paid an annual license fee of \$100, except that an applicant for a
36 license who is operating one *or more* gas-well wells used strictly for

1 *personal use for the purpose of heating a residential dwelling or any other*
2 *structure located on the premises* shall pay an annual license fee of \$25;

3 (6) complied with subsection (d); and

4 (7) paid an annual license fee of \$25 for each rig operated by the
5 applicant. The commission shall issue an identification tag for each such
6 rig which shall be displayed on such rig at all times.

7 (d) In order to assure financial responsibility, each operator shall
8 *annually* demonstrate ~~annually~~ compliance with one of the following
9 provisions:

10 (1) The operator has obtained an individual performance bond or
11 letter of credit, in an amount equal to \$.75 times the total aggregate depth
12 of all wells ~~(including active, inactive, injection or disposal)~~, of the
13 operator.

14 (2) The operator has obtained a blanket performance bond or letter of
15 credit in an amount equal to the following, according to the number of
16 wells ~~(including active, inactive, injection or disposal)~~, of the operator:

17 (A) Wells less than 2,000 feet in depth: 1 through 5 wells, \$7,500; 6
18 through 25 wells, \$15,000; and over 25 wells, \$30,000.

19 (B) Wells 2,000 or more feet in depth: 1 through 5 wells, \$15,000; 6
20 through 25 wells, \$30,000; and over 25 wells, \$45,000.

21 (3) The operator: (A) Has an acceptable record of compliance, as
22 demonstrated during the preceding 36 months, with commission rules and
23 regulations regarding safety and pollution or with commission orders
24 issued pursuant to such rules and regulations; (B) has no outstanding
25 undisputed orders issued by the commission or unpaid fines, penalties or
26 costs assessed by the commission and has no officer or director that has
27 been or is associated substantially with another operator that has any such
28 outstanding orders or unpaid fines, penalties or costs; and (C) pays a
29 nonrefundable fee of \$100 per year.

30 (4) The operator pays a nonrefundable fee equal to 6% of the amount
31 of the bond or letter of credit that would be required by subsection (d)(2).

32 (5) The state has a first lien on tangible personal property associated
33 with oil and gas production of the operator that has a salvage value equal
34 to not less than the amount of the bond or letter of credit that would be
35 required by subsection (d)(1) or by subsection (d)(2).

36 (6) The operator has provided other financial assurance approved by
37 the commission.

38 (e) Upon the approval of the application or renewal application, the
39 commission shall issue to such applicant a license which shall be in full
40 force and effect until one year from the date of issuance or until
41 surrendered, suspended or revoked as provided in K.S.A. 55-162, and
42 amendments thereto. No new license shall be issued to any applicant who
43 has had a license revoked until the expiration of one year from the date of

1 such revocation.

2 (f) If an operator transfers responsibility for the operation of a well or
3 gas gathering system or for underground porosity storage of natural gas to
4 another person, such operator shall file a notice of transfer of operator with
5 the commission in accordance with rules and regulations of the
6 commission. The commission shall, upon receipt of such notice, send a
7 copy of such notice to the surface owner, as well as the contact
8 information, including name, address, phone number, fax or email address,
9 for a designated representative of the operator. The commission need not
10 send such information if the operator verifies that the notice filed with the
11 commission has been delivered to the surface owner. The commission
12 need not send a copy of notice to the surface owner for transfers of
13 responsibility for the operation of a gas gathering system or for
14 underground porosity storage of natural gas to another person.

15 (g) The commission shall remit all moneys received from fees
16 assessed pursuant to subsection (c)(7) of this section to the state treasurer
17 in accordance with the provisions of K.S.A. 75-4215, and amendments
18 thereto. Upon receipt of each such remittance, the state treasurer shall
19 deposit the entire amount in the state treasury. ~~Ten percent and credit 10%~~
20 ~~of each such deposit shall be credited to the state general fund and with the~~
21 ~~balance shall be credited to the conservation fee fund created by K.S.A.~~
22 55-143, and amendments thereto.

23 (h) The commission shall remit all moneys received pursuant to
24 subsections (d)(3) and (d)(4) to the state treasurer in accordance with the
25 provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of
26 each such remittance, the state treasurer shall deposit the entire amount in
27 the state treasury to the credit of the well plugging assurance fund.

28 Sec. 2. K.S.A. 2014 Supp. 55-155 is hereby repealed.

29 Sec. 3. This act shall take effect and be in force from and after its
30 publication in the statute book.