



February 15, 2018

HOUSE WATER & ENVIRONMENT COMMITTEE

RE: HB 2641 - An Act concerning oil and gas; relating to the state corporation commission, powers and duties: requirements for certain injection wells.

Testimony of David P. Bleakley - Regulatory Chairman
Eastern Kansas Oil and Gas Association
&
Executive Vice President
Colt Energy, Inc.

Our association represents and supports eastern Kansas oil and gas producers, gas gatherers, service companies, royalty owners and associated businesses along with the overall welfare of the Kansas oil and gas industry in this state.

The Eastern Kansas Oil and Gas Association (EKOGA) **STRONGLY OPPOSES** House Bill 2641.

KCC Well definitions:

"**Disposal well**" means a well into which those fluids brought to the surface in connection with oil and natural gas production are injected, for purposes other than enhanced recovery.

"**Enhanced recovery injection well**" means a well into which fluids are injected to increase the recovery of hydrocarbons.

Why EKOGA is Opposition to Bill HB 2641:

1. In 2014 the Governor formed the State Task Force on Induced Seismicity which consists of the Kansas Geological Survey (KSG), Kansas Corporation Commission (KCC), and the Kansas Department of Health and Environment (KDHE). These three agencies worked diligently with the cooperation of the oil and gas industry in attempt to ascertain the cause or causes of increased seismicity in parts of Harper and Sumner counties in south central Kansas. This task force developed a reasonable and pragmatic plan that was based on scientific fact and a concern that deep high-volume salt water disposal wells could cause induced seismicity. The task force's recommendation to the KCC, generally referred to as a "Stoplight System", involved a gradual stepdown over a period of several months in the volumes of produced salt water being disposed of into the deep high-volume salt water disposal wells in south central Kansas. Since the implementation of this Stoplight System, seismic activity in this area has been significantly reduced along with the magnitude of nearby earthquakes. By all accounts, this plan is working and in fact has become a model for Oklahoma and Texas to follow. ***With this constantly monitored system in place, it is unnecessary at this time to impose additional requirements,***

rules, regulations and costs upon the state and the oil and gas industry when an effective monitoring process is in place that could, if necessary, be replicated in other area of the state.

Virtually all the rules and regulations proposed by HB 2641 are already in place under current KCC statues and regulations governing the oil and gas industry. These laws and regulations can be found in the **GENERAL RULES AND REGULATIONS** for the Conservation of Crude Oil and Natural Gas, more specifically under the section **DISPOSAL AND ENHANCED RECOVERY WELL RULES**. Paragraphs 2-4 below briefly describe the current rules and regulations. Please see the KCC website link below for a complete set of General Rules and Regulations.

http://kcc.ks.gov/images/PDFs/oil-gas/conservation/cons_rr_091615.pdf

2. Requirements for maximum daily injection volumes and pressures are approved by the KCC before operators are issued a permit to dispose of any fluids into injection or disposal wells.
3. Rules providing for the annual reporting of fluid injection volumes and pressures have been required by the state for over 50 years.
4. Certification of the truthfulness of all operator filings with the KCC/UIC (Underground Injection Control) Applications for Injection Wells is required in the following form on KCC forms: *"I hereby certify that the statements made herein are true and correct to the best of my knowledge and belief"*.
5. K.S.A. 55-153 formed the **Oil and Gas Advisory Committee**. Pursuant to this state law, this Committee reviews and recommends rules and regulations governing oil and gas activities in Kansas. This committee consists of representatives of Kansas Petroleum Council, Kansas Independent Oil and Gas Association and Eastern Kansas Oil and Gas Association, one member appointed jointly by the Kansas Farm Bureau and Kansas Livestock Association who is an owner of a surface interest, one member appointed jointly by the Southwest Kansas Royalty Owners Association and the Eastern Kansas Royalty Owners Association who is an owner of a mineral interest, one member appointed by the Governor from the general public and one member representing the groundwater management districts appointed jointly by the presidents of those districts. All such appointees serve at the pleasure of their appointing authorities. In addition, the following state agencies designate a person as a member of this committee: the Kansas Corporation Commission, the Department of Health and Environment, the Kansas Geological Survey, the Kansas Water Office and the Division of Water Resources of the Kansas Department of Agriculture. This committee meets quarterly.

This committee began 1982 and has since functioned very well by considering and reviewing all proposed regulations and issues with **all** effected stakeholders. Through this diverse committee, issues of concern about oil and gas activities in the state are considered and vetted prior to proposed recommended legislation or rule making.

Nonfactual anecdotal allegations and accusations should never find their way into the legislative process or any proposed legislation.

Therefore, Mr. Chairman and members of this Committee, **EKOGA WOULD STRONGLY URGE YOU TO VOTE AGAINST HB 2641.**

Thank you for your time.

David P. Bleakley