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February 13, 2020

## **HOUSE APPROPRIATIONS COMMITTEE**

**RE: HB 2534 - An Act concerning abandoned oil and gas wells; relating to the state corporation commission; abolishing the well plugging assurance fund; transferring assets and liabilities to the abandoned oil and gas well fund;**

&

**RE: HB 2536 - An Act concerning oil and gas wells; relating to the state corporation commission; abandoned wells; investigations by the commission; determination of responsible persons; plugging of abandoned wells, authorizing payment from the abandoned oil and gas well fund for certain plugging operations;**

Testimony of David P. Bleakley - Chairman  
Kansas Independent Oil and Gas Association

&

Executive Vice President  
Colt Energy, Inc.

**The Kansas Independent Oil and Gas Association (KIOGA) SUPPORTS House Bill 2534.**

### **Why KIOGA Supports HB 2534 “THE PLUGGING FUNDS MERGER BILL”:**

1. Both of the abandoned well plugging funds, the “**Well Plugging Assurance Fund**” designed to plug wells drilled on or after July 1<sup>st</sup>, 1996, and the “**Abandoned Oil and Gas Well Fund**” designed to plug wells drilled prior to July 1<sup>st</sup>, 1996 are truly the tale of two cities or Funds in this case. The **Well Plugging Assurance Fund** has been used very little to plug abandoned oil and gas wells since its inception in 1996. On the other hand, the **Abandoned Oil and Gas Well Fund** has been used extensively every year for the plugging of abandoned oil and gas wells since its inception in 1996. The lack of use of the Well Plugging Assurance Fund is due to the very few numbers of wells that have been drilled and abandoned after July 1<sup>st</sup>, 1996 so the fund sits there accumulating its required funding which is now generated solely from the oil and gas industry but not utilizing it funds as it could be to plug more abandoned oil and gas wells.

2. The accumulating funds in the Well Plugging Assurance Fund become a tempting target when the state has budget shortfalls and the talk turns to fund sweeps to raise revenue. The funds have been collected for the intended purpose to plug abandoned wells not to be swept into the General Fund.
  3. KIOGA does not believe there is any logical reason to have two abandoned well plugging funds anymore and the industry does not see a need to differentiate between an abandoned well drilled before July 1<sup>st</sup>, 1996 and one drilled after. In other words, an abandoned well is an abandoned well regardless of when it was drilled. We believe the two funds should be merged so both funds can be utilized to help plug more abandoned wells now.
  4. Therefore, KIOGA **SUPPORTS** the passage of House Bill 2534.
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## **The Kansas Independent Oil and Gas Association (KIOGA) SUPPORTS House Bill 2536.**

### **Why KIOGA Supports HB 2536 “THE RESPONSIBLE PARTY & REIMBURSEMENT BILL”:**

This bill addresses decades-old attempts by the KCC and the industry to define what is an abandoned well, who has the legal responsibility for the proper care and control of an abandoned well, and how to regulate and be regulated under the current abandoned well regulations.

The KCC and the industry have struggled for many years trying to find a solution to these abandoned well issues and this bill finally addresses these issues in a rational, realistic and fair and balanced way. The amendments below detail the essential changes to the current Kansas Statutes.

Amendments to the following under **Sec. 2 K.S.A. 55-178**:

1. Filing a complaint concerning pollution from abandoned wells under Sec. 2 K.S.A. 55-178. Clarification by adding the type of well abandoned and such abandoned well is causing the *loss of any usable water* or the loss of any usable water is now determined to be an imminent loss or pollution of any usable water.
2. (b) Determination by the commission whether an abandoned well is causing loss of any usable water or pollution of any usable water under K.S.A 55-162(d) and K.S.A. 55-606
3. (c) Clarity of the definition of “abandoned well” as used in Sec. 2 of this amendment means a well that is not claimed on an operator’s license that is active with the commission and is unplugged, improperly plugged or no longer effectively plugged.

Amendments to the following under **Sec. 3 K.S.A. 55-179**:

1. (a) If the commission determines that a well is an abandoned well and has reason to believe that any person is legally responsible for the proper care and control of such well, the commission shall cause any such person to come before the commission in accordance with the provisions of the Kansas administrative procedure act.
2. (b) A person that is legally responsible for the proper care and control of an abandoned well shall be limited to one or more of the following:

- (1) thru (6) in the bill defines and clarifies a person that is legally responsible for the proper care and control of an abandoned well and their limits.
3. (c) If the commission determines that no person is legally responsible for the proper care and control of an abandoned well... the commission can utilize the abandoned oil and gas well fund to plug the abandoned well.
4. (d) Any orders issued by the commission prior to July 1, 2020, would not be affected by the provisions of this section.
5. (e) As used in this Sec. 3, "abandoned well" means a well that is not claimed on an operator's license that is active with the commission and is unplugged, improperly plugged or no longer effectively plugged.

Amendments to the following under **Sec. 4 K.S.A. 55-180**: (Reimbursement section)

1. (c) Any abandoned well may be plugged by any person with written consent from the surface owner upon which well is located and plugging is done by a person licensed with the commission and in accordance with all rules and regulations.
2. (f) (1) For any well that has been abandoned for five (5) years or more, any person who has no obligation to plug, replug or repair the well that causes such well to be plugged may seek reimbursement from the abandoned oil and gas well fund.  
  
(2) No person shall be entitled to receive reimbursement from the abandoned oil and gas well fund for plugging any abandoned well five (5) years or more unless such reimbursement is approved pursuant to the rules and regulations established by the commission for such purpose.  
  
(g) No person shall become legally responsible for the care and control of any well solely on the basis of having appropriately plugged a well pursuant to this section.
3. (h) As used in this Sec. 4, "abandoned well" means a well that is not claimed on an operator's license that is active with the commission and is unplugged, improperly plugged, or no longer effectively plugged.

Therefore, Mr. Chairman and members of this Committee, **KIOGA WOULD STRONGLY URGE YOU TO VOTE IN FAVOR OF THE PASSAGE OF HB 2534 AND HB 2536.**

Thank you for your time and I would stand for questions.

David P. Bleakley  
Chairman KIOGA