Approved: April 26, 2001
Date

MINUTES OF THE HOUSE COMMITTEE ON ENVIRONMENT.

The meeting was called to order by Chairperson Joann Freeborn at 3:30 p.m. on March 13, 2001 in Room 231-N of the Capitol.

All members were present except: Representative Dan Thimesch - excused
Representative Clay Aurand - excused
Representative Vaughn Flora - excused
Representative Bill Light - excused

Committee staff present: Raney Gilliland, Kansas Legislative Research Department
Mary Ann Graham, Committee Secretary

Conferees appearing before the committee: Dr. Joe L. Ratigan, Sofregaz US, Inc., Huston, Texas
Dr. M. Lee Allison, State Geologist and Director, Kansas Geological Survey, University of Kansas, 1930 Constant Avenue, Lawrence, KS 66047-3726
Karl Mueldener, Director, Bureau of Water, Kansas Department of Health and Environment, Forbes 283, Topeka, KS 66620-0001
Steve Johnson, Executive Director, Corporate Relations, Kansas Gas Service Company, Overland Park, KS

Others attending: See Attached Sheet

Chairperson Joann Freeborn called the meeting to order at 3:30 p.m. in room 313-S. She reviewed the committee agenda for Thursday, March 15, which will be meeting in room 519-S. A group of about 30 members from the Kansas Environmental Leadership Program (KELP) will be visiting the committee that day. There will be possible action on **SB237** and discussion on Substitute for **SB204**.

The Chairperson welcomed the presenters addressing the committee today on the Natural Gas Storage near Hutchinson, Kansas:

Dr. Joe L. Ratigan, Sofregaz US, Inc. appeared on behalf of the city of Hutchinson. He began providing consulting services to that city on January 19, 2001. He addressed the current Kansas Department of Health and Environment rules for underground storage and whether these rules need revision. In his testimony he described the technology of storing liquid and gaseous hydrocarbons in solution mined salt caverns, the state regulation of such technology, and the Kansas regulations and how they compare to those in other states. (See attachment 1)

Dr. Lee Allison, State Geologist and Director, Kansas Geological Survey, University of Kansas. The Kansas Geological Survey is tasked under statute to investigate and report on the natural resources of the state. They are established as a research unit of the University of Kansas to bring unbiased and scientifically sound expertise to bear on resource issues. Their role in the Hutchinson situation began the day after the trailer park explosions when it became known that geological investigations were needed. They served initially as geologic advisors to Kansas Department of Health and Environment. When many of the early vent wells turned out to be dry holes, it became clear that complex geologic conditions were likely controlling the pathways and accumulations of the gas. (See attachment 2)

Karl Mueldener, Director, Bureau of Water, Kansas Department of Health and Environment, described the Kansas facilities; hydrocarbon storage, propane, butane, natural gas, and gasoline; Stored in salt formation, solution mined caverns, jugs; 10 active facilities, one natural gas, nine LPG; Companies: Kansas Gas Service, Koch, Ferrellgas, NCRA, Texaco, Williams, and Oneok; 623 active wells, 159 plugged wells, 80 million bbls total Kansas storage; and Seven inactive facilities. He reviewed the Regulatory Program History, History, State Regulatory Authority and Regulation Plans, along with maps and diagrams. (See attachment 3)

Steve Johnson, Executive Director, Corporate Relations, Kansas Gas Service Company, addressed the role that natural gas storage plays in the timely, cost effective distribution of natural gas to their customers. Underground natural gas storage is not a new industry practice, it dates back to 1915. In today's restructured, highly competitive natural gas market, storage has taken on a much higher profile. Significant expansions and new installations in storage capacity and deliver ability were made across the country in the 1990's. Today about 8.2 trillion cubic feet of natural gas is stored in the United States, of which about 300 billion cubic feet is stored in Kansas. (See attachment 4)

John Rose, Enron Transportation Services, Senior Reservoir Engineer for Northern Natural Gas, a subsidiary of Enron Corporation, submitted written only information on Natural Gas Storage Service. Northern operates in 23 Kansas counties and owns two natural gas underground storage facilities in Kansas located near Lyons and Cunningham. Underground natural gas storage facility sites may be depleted oil and gas fields, aquifer storage or salt cavern storage. The Lyons and Cunningham fields are representative of depleted gas fields that have been converted to provide underground storage service. (See attachment 5)

The Chairperson thanked the presenters for addressing the committee.

The meeting adjourned at 5:50 p.m. The next meeting is scheduled for Thursday, March 15, 2001.