Conservation Division 266 N. Main St., Ste. 220 Wichita, KS 67202-1513

Andrew J. French, Chairperson Dwight D. Keen, Commissioner Annie Kuether, Commissioner



Phone: 316-337-6200 Fax: 316-337-6211 http://kcc.ks.gov/

Laura Kelly, Governor

#### Before the Standing House Committee on Agriculture and Natural Resources February 4, 2025 112-N, 3:30 p.m.

#### Informational Briefing on Abandoned Wells By Ryan A. Hoffman, Director, Conservation Division, Kansas Corporation Commission

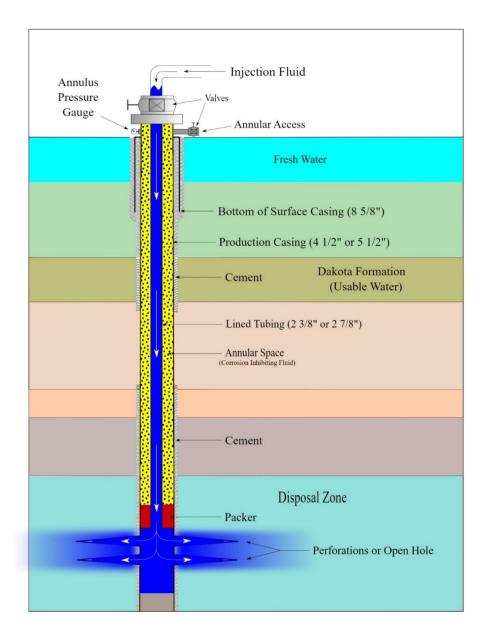
Chair Rahjes, Vice Chair Neelly, and Ranking Minority Member Featherston, thank you for the opportunity to speak with you today regarding abandoned wells and the efforts of the KCC to address the issue.

The four main questions I get about abandoned wells are:

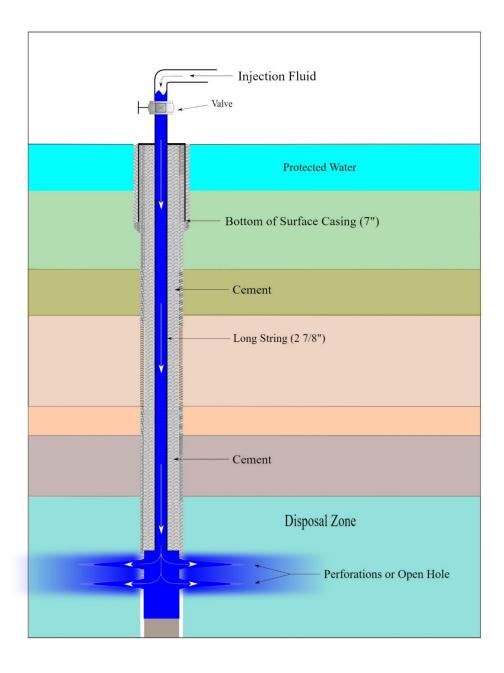
- 1. How do you plug an abandoned well?
- 2. How much does it cost to plug an abandoned well?
- 3. How many abandoned wells are there?
- 4. What is the KCC doing to address the problem of abandoned wells?

Cheyer	nne F	awlins	Decatur	Norton	Phillips	Smith	Jewell	Republic	Washingt	on Mars	hall Nemal	ha Brow	n Donipha	E.
Sherm	an T	homas	Sheridan	Graham	Rooks	Osborne	Mitchell	Cloud	Clay	Riley	ttawatomie Ji	ackson	tchison <b>ද</b> Leavenwo	2
Wallace	Lo	gan	Gove	Trego	Ellis	Russell	Lincoln	Ottawa		Geary	Wabaunse	Shawnee	fferson	andotte Johnson
	-			nego	*	Russell	Ellsworth	Saline	Dickinso	n Morris	۲	Osage		Miami
Greeley	Wichita	Scott	Lane	Ness	Rush	Barton	Rice	McPherson	Marior	Cha	Lyon		Franklin	
lamilton	Kearny	Finr	ney	Hodgeman	Pawnee	Stafford		Harv	vev	Gila	"	Coffey	Anderson	Linn
		Gr		*	Edwards	Stanord	Reno 2		2		Greenwood	Woodson 3	n Allen	Bourbon
Stanton	Grant	Haskell		Ford	Kiowa	Pratt	Kingman	or conservation in	* rick		Elk	Wilson	★ Neosho	Crawford
Aorton	Stevens	Seward	Meade	Clark	Comanche	Barber	Harper	Sumn	her	Cowley	Chautauqu	Montgo	mery Labette	Cherokee

# Well Schematic of a Typical Western Kansas Class II Well



# Well Schematic of Typical Eastern Kansas Class II Well



## How much does it cost to plug an abandoned well?

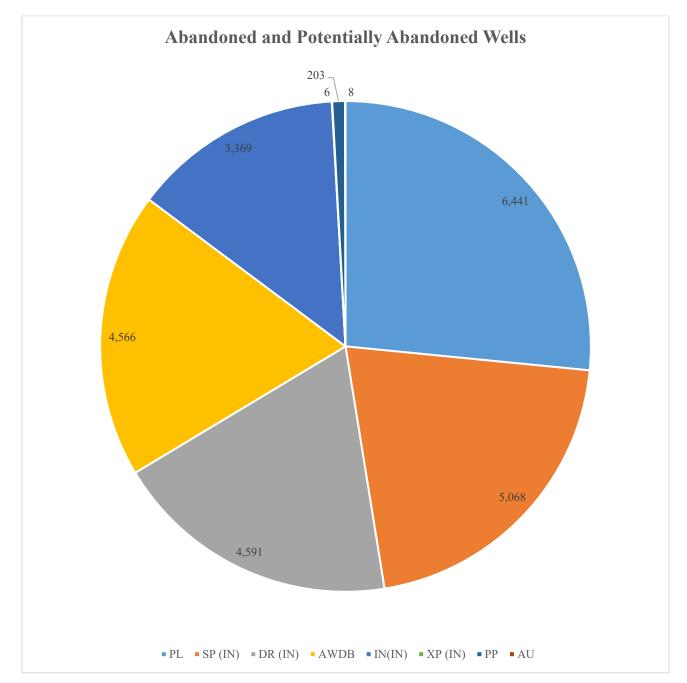
			Averag	ge Well Plugging ( (per well)	Cost		
District		FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
	Wells Plugged	6	10	36	11	0	14
1	Expenditures	\$ 83,913.75	\$ 148,825.80	\$ 542,787.08	\$ 181,521.75	\$ 0.00	\$ 359,602.83
	Cost Per Well	\$ 13,985.63	\$ 14,882.58	\$ 15,077.42	\$ 16,501.98	\$ 0.00	\$ 25,685.92
	Wells Plugged	4	9	29	9	5	11
5	Expenditures	\$ 61,396.70	\$ 118,706.20	\$ 427,927.19	\$ 92,564.40	\$ 101,077.80	\$ 228,335.45
	Cost Per Well	\$ 15,349.18	\$ 13,189.58	\$ 14,756.11	\$ 10,284.93	\$ 20,215.56	\$ 20,757.77
	Wells Plugged	116	122	245	249	88	36
3	Expenditures	\$ 472,969.20	\$ 408,329.45	\$ 884,850.38	\$ 1,539,928.70	\$ 1,123,197.35	\$ 555,285.15
	Cost Per Well	\$ 4,077.32	\$ 3,346.96	\$ 3,611.63	\$ 6,184.45	\$ 12,763.61	\$ 15,424.59
	Wells Plugged	11	10	32	12	0	0
4	Expenditures	\$ 137,662.97	\$ 271,978.40	\$ 450,356.94	\$ 166,809.54	\$ 0.00	\$ 0.00
	Cost Per Well	\$ 12,514.82	\$ 27,197.84	\$ 14,073.65	\$ 13,900.80	\$ 0.00	\$ 0.00

ide	Wells Plugged	137	151	342	281	93	61
tew	Expenditures	\$ 755,942.62	\$ 947,839.85	\$ 2,305,921.59	\$ 1,980,824.39	\$ 1,224,275.15	\$ 1,143,223.43
Sta	Cost Per Well	\$ 5,517.83	\$ 6,277.09	\$ 6,742.46	\$ 7,049.20	\$ 13,164.25	\$ 18,741.37

\*\* Fiscal Year consists of July 01 to June 30

	Abandoned Well Pluggi (from progr	ng Program – Well Pl am inception to now)	ugging Cost
Fiscal Year	Plugging Cost	Number of Wells Plugged	Average Cost Per Well
1996		ed Well Plugging & S A 55-192 & KSA 55-	ite Remediation Fund 193)
1997	\$ 1,473,600.00	414	\$ 3,559.42
1998	\$ 1,368,095.00	579	\$ 2,362.86
1999	\$ 1,230,115.00	491	\$ 2,505.33
2000	\$ 1,527,026.00	545	\$ 2,801.88
2001	\$ 1,920,205.00	581	\$ 3,305.00
2002	\$ 1,701,922.00	753	\$ 2,260.19
2003	\$ 2,185,962.00	696	\$ 3,140.75
2004	\$ 1,904,984.00	656	\$ 2,903.94
2005	\$ 2,164,038.00	659	\$ 3,283.82
2006	\$ 1,988,240.00	560	\$ 3,550.43
2007	\$ 2,397,795.00	612	\$ 3,917.97
2008	\$ 2,816,197.00	577	\$ 4,880.76
2009	\$ 1,996,839.00	522	\$ 3,825.36
2010	\$ 1,445,889.00	325	\$ 4,448.89
2011	\$ 1,574,833.00	355	\$ 4,436.15
2012	\$ 1,347,141.00	316	\$ 4,263.10
2013	\$ 1,635,070.00	381	\$ 4,291.52
2014	\$ 2,018,043.00	375	\$ 5,381.45
2015	\$ 1,210,802.00	257	\$ 4,711.29
2016	\$ 1,192,755.00	310	\$ 3,847.60
2017	\$ 842,454.00	127	\$ 6,633.50
2018	\$ 374,907.03	103	\$ 3,639.87
2019	\$ 755,942.62	137	\$ 5,517.83
2020	\$ 556,245.91	161	\$ 3,454.94
2021	\$ 2,305,921.59	342	\$ 6,742.46
2022	\$ 1,980,824.39	281	\$ 7,049.20
2023	\$ 591,446.90	75	\$ 7,885.96
2024	\$ 1,143,223.43	61	\$ 18,741.37





Database Well Codes on Inactive Licenses								
PL = Plugging List	SP = Spudded							
DR = Drilled	AWDB = Abandoned Well Database							
IN = Inactive	XP = Expired Plugging Application							
PP = Federal Project	AU = Abandoned Well							

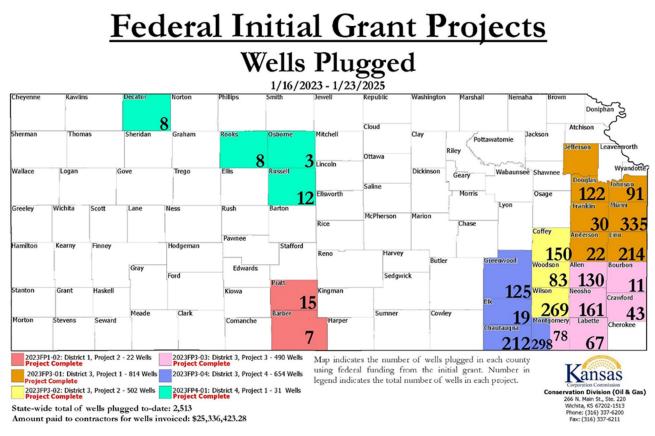
#### What is the KCC doing to address the abandoned well problem?

- 1. State Plugging Program
  - a. Streamlined and uniform process
  - b. Changed the website
  - c. <u>www.govdeals.com/kcc</u>
  - d. Proposed Plugging Reimbursement Regulations
- 2. Federal Grant Plugging
  - a. IIJA or BIL contains \$4.275 B to address orphaned well plugging through grants administered by the Department of the Interior (DOI)
    - i. Initial Grants \$775 M
      - 1. KCC received \$25 M
    - ii. Formula Grants \$2 B
      - 1. KCC eligible to receive \$33.6 M
    - iii. Performance Grants \$1.5 B
      - 1. Regulatory Improvement up to \$20 M
      - 2. Matching up to \$20 M

#### **Initial Grant**

heyenne	Rawlins	5	Decatur	Norton	Phillips	Smith	Jewell	Republic	Washingto	on Marshall	Nemah	a Brown	2	phan
						0.1		Cloud					Atchison	5
herman	Thoma	as	Sheridan	Graham	Rooks	Osborne	Mitchell		Clay	Riley Potta	watomie	ackson	Jefferson	Leavenworth
37 W	/ells				31	Wells	Unite	Ottawa	-	- Y				2
/allace	Logan		Gove	Trego	Ellis	Russell	Lincoln		Dickinson	Geary	Wabaunsee	Shawnee	Douglas	Wyandott
							Fileworth	Saline	6	1_		0		Johnson
							Ellsworth			Morris	lunn	Osage	Franklin	Miami
reeley	Wichita	Scott	Lane	Ness	Rush	Barton		McPherson	Marion	521 V	Vells	1		
							Rice	MCPHEISON	Manon	Chase	VCIIS		668	Wells
					Pawnee	-						Coffey	Anderson	
amilton	Kearny	Finney		Hodgeman	runnee	Stafford		1					1	1
							Reno	Harvey	But	er (	reenwood			
15 V	Wells	5	Gray		Edwards							Woodson	Allen	Bourbon
			1	Ford		Pratt	-	Sedgw	ICK	567	<b>Wells</b>			1
tanton	Grant	Haskell	-		Kiowa		Kingman	1				Wilson	Neosho	Crawford
										E	lk		401	
orton	Stevens	Seward	Meade	Clark	Comanche	Barber	Harper	Sumner	Cov	vley		Montgome	491 Ty Labette	Wells
	Stevens	Sendra	,		comanche	22 W				c	hautauqua	riongoine	ay Labelle	Cherokee
						22 W	ens							
				5 - 491 Wel								2	66 N. Main St.,	on (Oil & Gas) Ste. 220
Project	t 2 - 22	Wells •	Project	5 - 567 Wel	s								Vichita, KS 672 Phone: (316) 3	
-			-	7 - 31 Wells									Fax: (316) 33	

-Project 4 - 521 Wells-Project 8 - 37 Wells



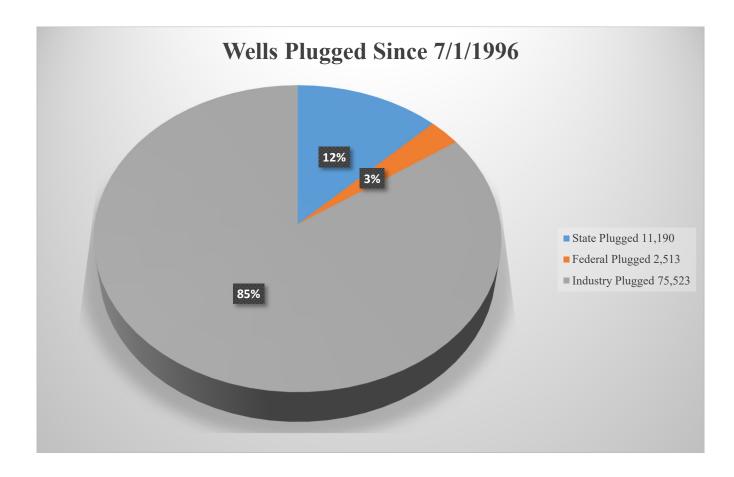
\*Sale of salvageable goods has resulted in the plugging of 218 additional wells. Further use of salvageable goods is projected to cover the cost of plugging at least 40 more wells.

#### **Formula Grant**

Ravin	6	Decatur	Norton	Philips	Smith	Jewell	Republic	Washingto	n Marshall	Nemahi	a Brown	~	S.
Those	-	Sheridan	Graham	Rooks	Orburne	Mada	Cloud	0		- 14	rikana	Atchison	5
					C ARCHINE	PERCOCH		Cary		omie		Jefferson Le	wenworth
							Ottawa	1	<b>F</b>	ampt			2
Logan	Gove		Trego	Clis	Russel	Lincoln		Dickinson		Wabaunsee	Shavnee	Duralis	Wyando
		Elsworth				Saline		Morris		Osage	Constan	Johnson	
Wichita	Scott	Lane	Ness	Rush	Barton				1	Lyon		Franklin	Hami
						Rice	McPherson Marion	Chart					
				Pawnee	-	A.C.C			C. BR		Coffey	Anderson	Linn
Kearny	Finney		Hodgeman		Stafford	Reno	Havey						
		(come					[,	Buth	er Gree	boown	Woodson	Allen	Bourbon
4	ų –	Geay	Ford	Edwar			Sedgwi	ck.					
Grant	Haskell	-		Kiowa	Pract	Kingman					Wilson	Neosho	Crawford
		Manda				_							
Stevens	Seward	-	Clark	Comanche	Barber	Harper	Sumner	Cow		Lauqua	Montgome	ry Labette	Cherokee
	Thom Logan Wichita Kearny Grant	Thomas Logan ( Wichita Scott Kearny Finney Grant Haskell	Thomas Sheridan Logan Gove Wichita Scott Lane Kearmy Finney Grant Haskell Meade	Thomas Sheridan Graham Logan Gove Brego Wichita Scott Lane Ness Kearmy Finney Hodgeman Grant Haskell Reade Clark	Thomas Sheridan Graham Rooks Logan Gove Rego Ellis Wichita Scott Lane Ness Rush Kearmy Finney Hodgeman Grant Haskell Roade Clark	Thomas Sheridan Graham Rooks Ouborne Logan Gove Brego Ellis Russell Wichita Scott Lane Ness Rush Barton Kearny Finney Hodgeman Promee Grant Haskell Ford Edwards Part Grant Haskell Heade Clark Barber	Thomas Sheridan Graham Rooks Osborne Mitchell Logan Gove Brego Ellis Russell Licoln Elsworth Wichita Scott Lane Ness Rush Barton Kearny Finney Hodgeman Grant Haskell Ford Edwards Grant Haskell Clark Barber	Thomas Sheridan Graham Rooks Osborne Mitchell Cloud Logan Gove Rego Ellis Russell Elsworth Saline Wichita Scott Lane Ness Rush Barton Rice Kearmy Finney Hodgeman Field Reno Harvey Gray Field Reno Sodges Grant Haskell Clock Barber Summer	Thomas     Sheridan     Graham     Rooks     Osborne     Mitchell     Cloud       Logan     Cove     Rego     Ellis     Russell     Llocoln     Ottawa     Dickinson       Wichita     Scott     Lane     Ness     Rush     Barton     Rice     Marion       Wichita     Scott     Lane     Ness     Rush     Barton     Rice     Marion       Kearmy     Finney     Hodgeman     Sufford     Reno     Marvery     Rush       Grant     Haskell     Clark     Bartor     Kingman     Sodgwick	Thomas     Sheridan     Graham     Rooks     Osborne     Mitchell     Cloud       Logan     Gove     Irego     Ellis     Russell     Uncoin     Ottawa       Logan     Gove     Irego     Ellis     Russell     Uncoin     Ottawa       Wichita     Scott     Lane     Ness     Rush     Eation     HcPherson     Maxion       Wichita     Scott     Lane     Ness     Rush     Eation     Rice     Ottawa       Wichita     Scott     Lane     Ness     Rush     Eation     Rice     Ottawa       Vichita     Gray     Finney     Hodgeman     Saflord     Reno     Harvery     Buffer       Grant     Haskell     Ford     Ford     Part     Kogman     Excemer     Excemer       Stevens     Sevand     Clark     Camacha     Barber     Harper     Sumeer     Envery	Thomas     Sheridan     Graham     Rooks     Osdome     Mitchell     Oliurua       Logan     Gove     Brego     Ellis     Russell     Uncoln     Olizwa     Okkinson     Gaay     Wabaunsee       Wichita     Scott     Lane     Ness     Rush     Barton     Rice     Horherson     Haston       Kearmy     Finney     Hodgeman     Edwards     Mafford     Rice     Marvey     Buffer     Graennood       Grant     Haskell     Ford     Rema     Part     Kongman     Kongman     Ek	Thomas     Sheridan     Graham     Rooks     Osborne     Mitchell     Cloud     Clay     Puttamatomie     Jackson       Logan     Gove     Irego     Ellis     Russell     Lincoin     Ottawa     Ottawa     Ottawa     Ottawa       Wichita     Scott     Lane     Ness     Russell     Lincoin     Saline     Morris     Osage       Wichita     Scott     Lane     Ness     Russ     Barton     Rice     Marton     Chase     Coffey       Keariny     Faney     Hodgeman     Salind     Reno     Marton     Chase     Coffey       Grant     Haskell     Ford     Ford     Ford     Ford     Komm     Kingman     Else       Stevens     Sevand     Grant     Haskell     Clark     Camache     Harper     Sumeer     Envery	Thomas     Sheridan     Graham     Rooks     Osborne     Hitchell     Olivid     Clay     Pettamatomie     Jackson     Atchison       Logan     Gove     Brego     Ellis     Russell     Lincoln     Ottarna     Ottarna     Ottarna     Ottarna     Osage     Pettamatomie     Jackson     Atchison       Wichita     Scott     Lane     Ness     Rush     Batton     Hofferson     Kalloni     Ottarna     Ottarna     Ottarna     Osage     Fanklin       Wichita     Scott     Lane     Ness     Rush     Batton     Hofferson     Harvery     Batton     Clase     Coffey     Arderson       Kearmy     Finney     Hodgeman     Scott     Edwards     Edwards     Sodgeick     Witkon     Neosho       Grant     Haskell     Clack     Clack     Batter     Sommer     Kongman     Ellis     Kongman

- a. Formula has three variables:
  - i. Number of "documented" abandoned wells;
  - ii. Cost to plug abandoned wells; and
  - iii. Job losses in the oil and gas sector
- b. State must file notice of intent to apply within 45 days
- c. 75 days after enactment, Secretary must publish amount state is eligible to receive
- d. Secretary must issue funds within 60 days of receiving a complete application
- e. Application period is open-ended (9/30/2030)
- f. Funds must be used within five years any remaining funds must be returned
- g. Kansas' Notice of Intent to Apply for Funding Submitted 12/2021
  - i. 5,477 "documented" abandoned wells
  - ii. Estimated plugging cost of \$35,765,916.69\*
  - iii. 401 jobs lost (8.4%) Kansas Bureau of Labor Statistics data through June 2021
- h. Actual Formula Grant Award
  - i. \$33.6 M "awarded"
- i. DOI provided "Draft Guidance" on January 30, 2023
- j. KCC provided written comments on Draft Guidance
- k. KCC applied for Phase 1 Formula Grant on December 29, 2023
  - i. BIL provides for funding within 60 days of a complete application but DOI took no action on KCC application.
- 1. KCC was notified of eligibility for full \$33.6 M in Phase 2
- m. KCC Phase 2 application submitted Friday, December 13, 2024.
- **n.** Approximately 1,875 2,300 wells will be plugged in various projects to maximize the utilization of the funds.

### What is the KCC doing to address the abandoned well problem (again)?



### Carbon credit market and opportunities presented

- 1. The KCC has been contacted by at least three entities interested in plugging abandoned wells for carbon credits.
- 2. KCC staff is reviewing the possibility of obtaining carbon credits as a means to provide extra revenue to the plugging fund.