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Andrew J. French, Chairperson
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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

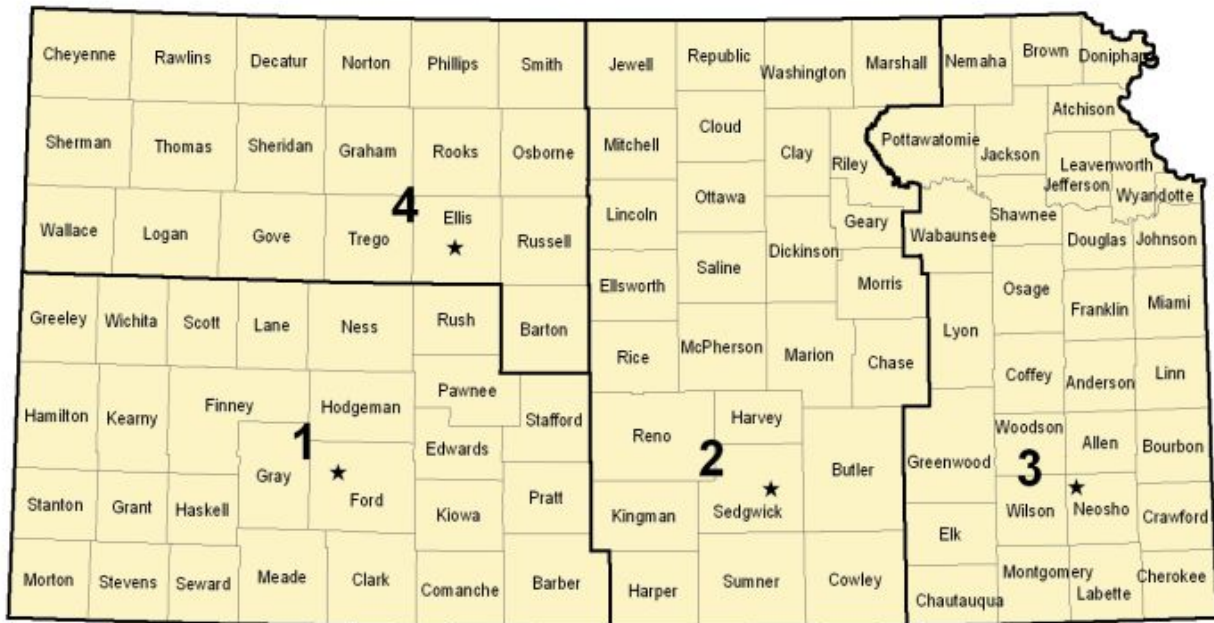
By

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.

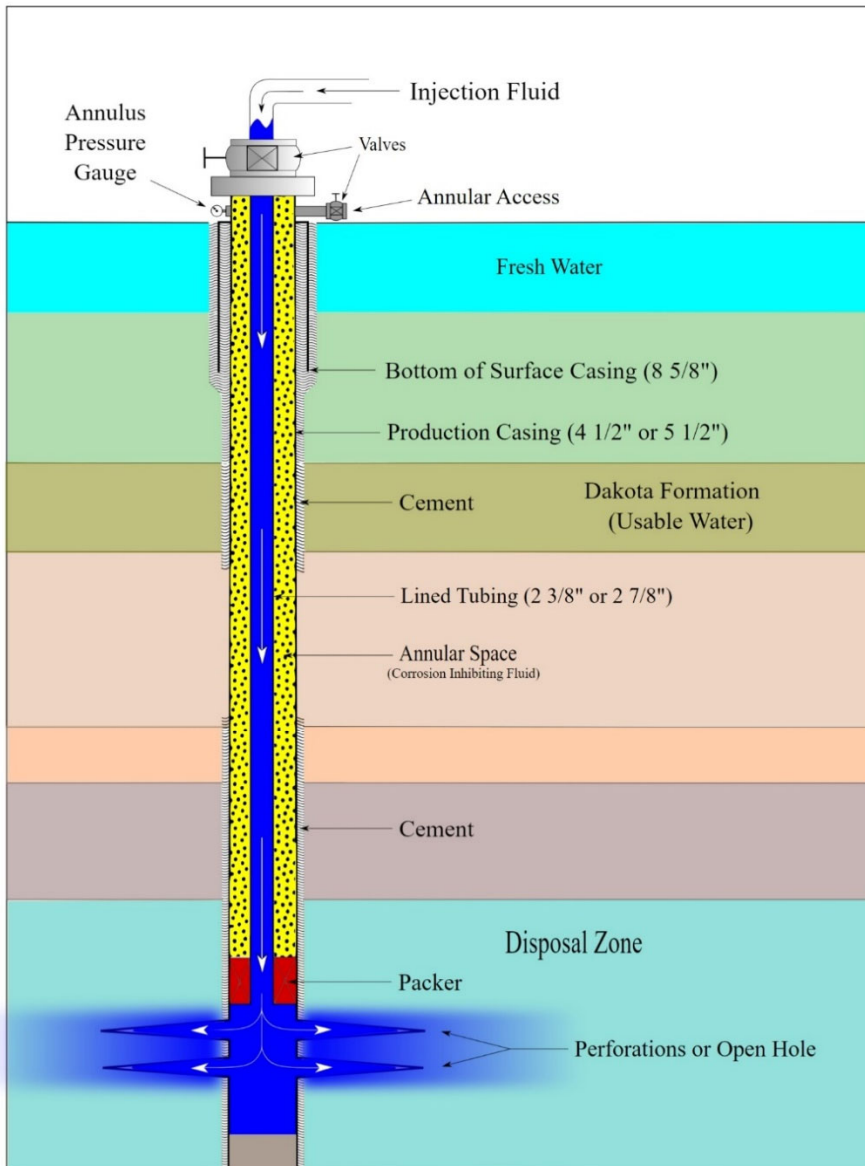
The four main questions I get about abandoned wells are:

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?



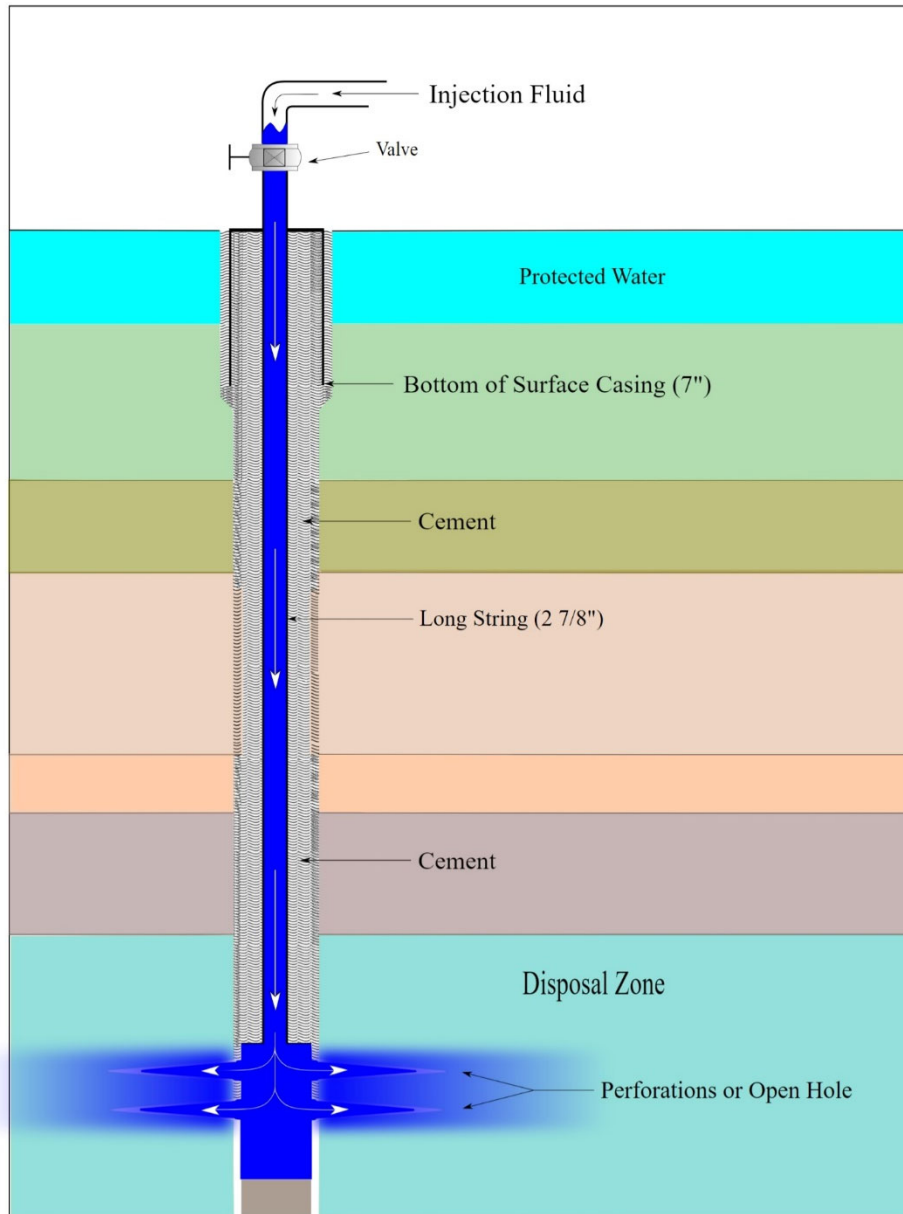
How do you plug an abandoned well?

Well Schematic of a Typical Western Kansas Class II Well



How do you plug an abandoned well?

Well Schematic of Typical Eastern Kansas Class II Well



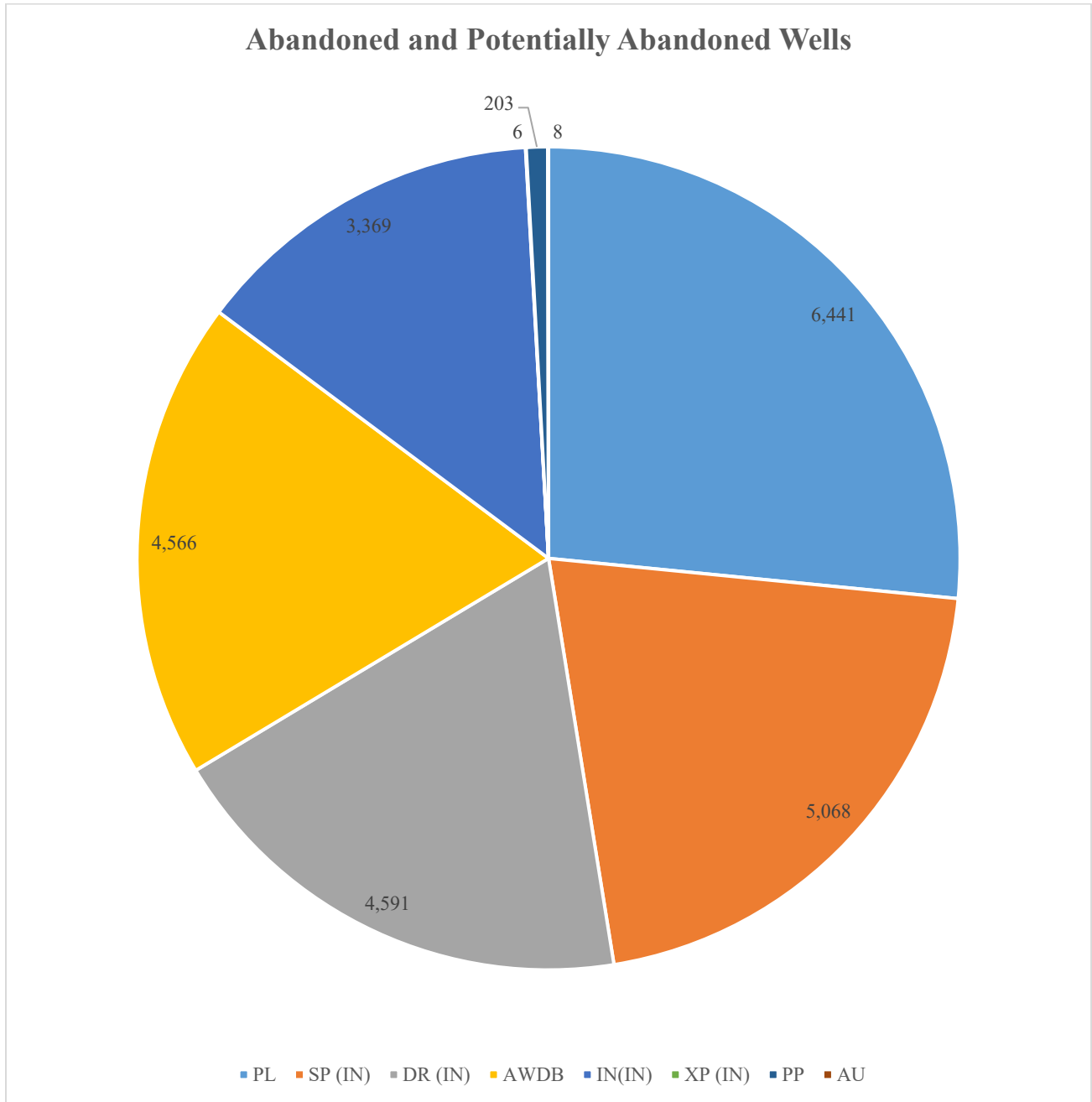
How much does it cost to plug an abandoned well?

Average Well Plugging Cost (per well)							
District		FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
1	Wells Plugged	6	10	36	11	0	14
	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
2	Wells Plugged	4	9	29	9	5	11
	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
3	Wells Plugged	116	122	245	249	88	36
	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
4	Wells Plugged	11	10	32	12	0	0
	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
Statewide	Wells Plugged	137	151	342	281	93	61
	Expenditures	\$ 755,942.62	\$ 947,839.85	\$ 2,305,921.59	\$ 1,980,824.39	\$ 1,224,275.15	\$ 1,143,223.43
	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 Plugging Program – Well Plugging Cost (from program inception to now)			
Fiscal Year	Plugging Cost	Number of Wells Plugged	Average Cost Per Well
1996	Creation of Abandoned Well Plugging & Site Remediation Fund (KSA 55-192 & KSA 55-193)		
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
TOTAL	\$ 42,507,293.44	11,190	\$ 3,798.69

How Many Abandoned Wells are in Kansas?

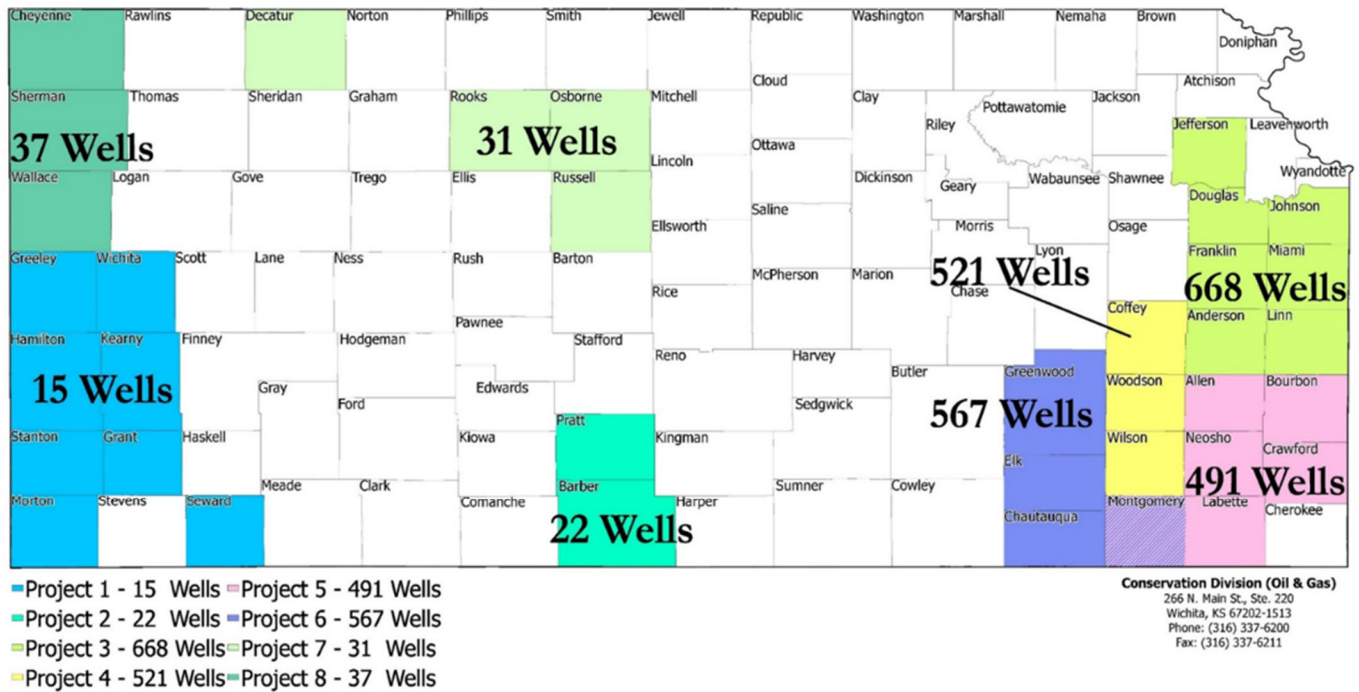


Database Well Codes on Inactive Licenses	
PL = Plugging List	SP = Spudded
DR = Drilled	AWDB = Abandoned Well Database
IN = Inactive	XP = Expired Plugging Application
PP = Federal Project	AU = Abandoned Well

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. www.govdeals.com/kcc
 - d. Proposed Plugging Reimbursement Regulations
2. Federal Grant Plugging
 - a. IIA 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

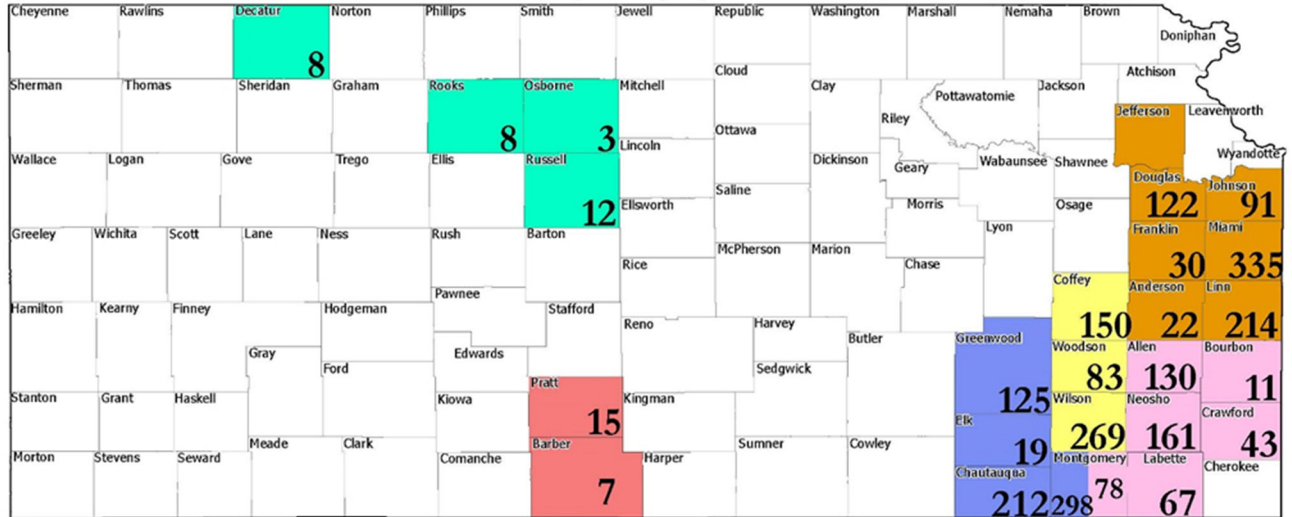
Initial Grant



Federal Initial Grant Projects

Wells Plugged

1/16/2023 - 1/23/2025



- 2023FP1-02: District 1, Project 2 - 22 Wells **Project Complete**
- 2023FP3-01: District 3, Project 1 - 814 Wells **Project Complete**
- 2023FP3-02: District 3, Project 2 - 502 Wells **Project Complete**
- 2023FP3-03: District 3, Project 3 - 490 Wells **Project Complete**
- 2023FP3-04: District 3, Project 4 - 654 Wells **Project Complete**
- 2023FP4-01: District 4, Project 1 - 31 Wells **Project Complete**

Map indicates the number of wells plugged in each county using federal funding from the initial grant. Number in legend indicates the total number of wells in each project.

State-wide total of wells plugged to-date: 2,513
 Amount paid to contractors for wells invoiced: \$25,336,423.28



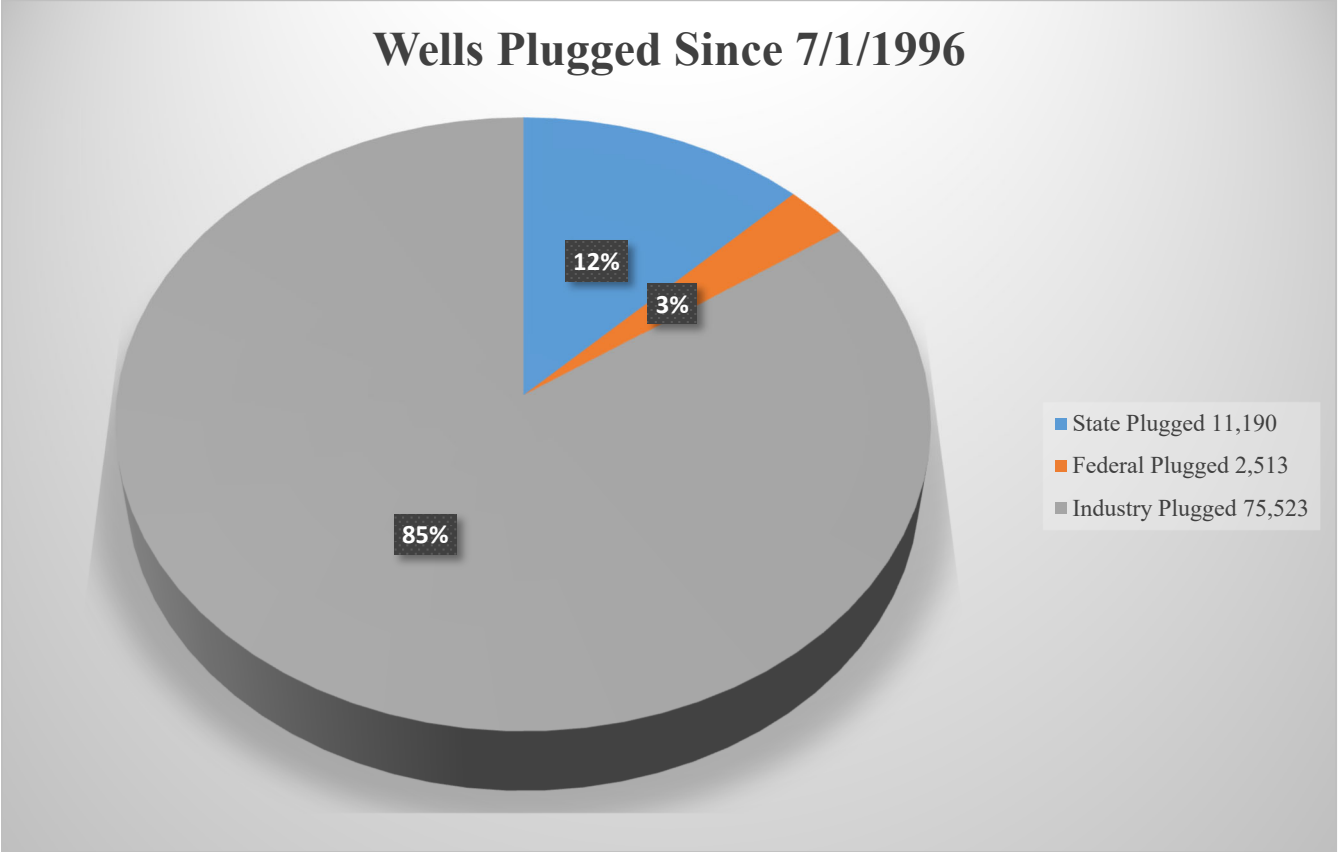
*Sale of salvageable goods has resulted in the plugging of 218 additional wells. Further use of salvageable goods is projected to cover the cost of plugging at least 40 more wells.

Formula Grant



- 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.
- l. 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.