

Briefing on the Conservation Division to the House Water Committee

Ryan A. Hoffman, Director, Conservation Division

February 2, 2021



Structure

- Three Commissioners appointed by the Governor and confirmed by the Senate.
 - No more than two can be from the same political party.
- Topeka Divisions
 - Utilities – includes Pipeline Safety
 - Transportation
 - Energy
 - Administration
- Wichita Division
 - Conservation – K.S.A. 74-606

Mission

- The Conservation Division's mission is to protect correlative rights and environmental resources. This is done in part by preventing waste and by enforcing regulations that provide guidelines of producing resources efficiently.

Statutory Mandates

- Prevention of Waste
 - Defined several ways in Kansas statutorily, primary basis for conservation acts.
- Protection of Correlative Rights
 - Essentially boils down to making sure everyone is entitled to their fair share of the minerals.
- Protection of Usable Water
 - Major consideration for all well construction, testing, and plugging regulations.
 - Also the reason for the establishment of sensitive groundwater areas.

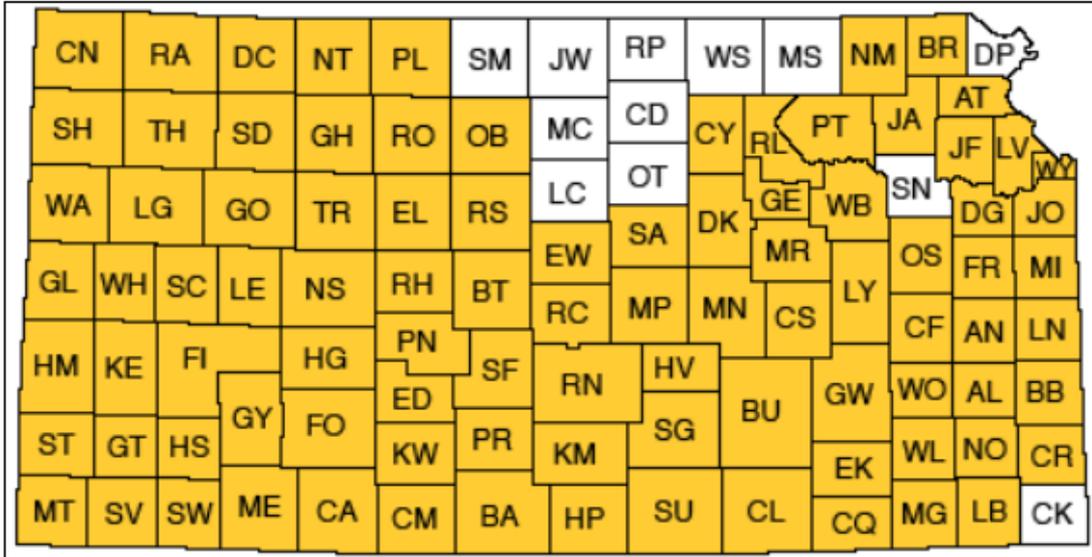
Statutory Mandates

- The Oil and Gas Advisory Committee.
- KSA 55-153 establishes a 12 member committee to advise the KCC on regulations.
- Meet at least quarterly and on call of the Chair.
- The role of the committee is to review and make recommendations on oil and gas activities, including but not limited to, current drilling methods, geologic formation standards, plugging techniques, casing and cementing standards and materials and all matters pertaining to the protection of waters of the state from pollution relating to oil and gas activities.

ORGANIZATION	REPRESENTATIVE
Kansas Corporation Commission	Ryan A. Hoffman Conservation Division Director
Division Of Water Resources	Tyler Vaughn DWR Kansas Department of Agriculture
Eastern Kansas Oil & Gas Association	Rob Eberhart Bobcat Oil Field Service, Inc.
Eastern & Southwestern KS Royalty Owners Assn	Erick Nordling SWKROA Executive Secretary
Groundwater Management District	Tim Boese Manager Equus Beds GWMD II
Kansas Department of Health & Environment	Carrie Ridley Unit Chief, Geology and Well Technology
Kansas Farm Bureau/ Kansas Livestock Assn	Tom Black Farmer/Rancher
Kansas Geological Survey	Mike Dealy Manager Wichita Operations
Kansas Independent Oil & Gas Association	Kenneth S. White President at White Exploration, Inc.
Kansas Petroleum Council	Kent Eckles Executive Director
Kansas Water Office	Gary Koons Water Resource Planner
Public Member	Dawn Buehler Kansas Riverkeeper & Executive Director at Friends of the Kaw

Structure – Conservation Division

- Five Offices
 - Wichita Central
 - District #1 – Dodge City
 - District #2 – Wichita
 - District #3 – Chanute
 - District #4 - Hays



Wichita Central Office

- Five Departments:
 - Administrative Services,
 - Customer Support,
 - Environmental Protection and Remediation (EPR),
 - Litigation Counsel, and
 - Production/Underground Injection Control (UIC).
- Two IT staff dedicated to Conservation are based out of the Central Office.
- One Pipeline Safety inspector offices in the Wichita Central Office.

Wichita Central Office

- Administrative Services Department
 - Oversee business functions/operations
 - Liaison between Topeka Fiscal, Human Resources, Public Affairs and Consumer Protection, and IT.
 - Includes administrative functions of abandoned well plugging.
 - Coordinate District Office functions.
 - Participate in Legislative process, i.e., provide written and oral testimony, help formulate fiscal notes, etc.

Wichita Central Office

- Customer Support
 - Assist Staff and Industry in use of digital media.

- KOLAR – Kansas On-Line Automated Reporting
 - Intent to Drill (C-1)
 - Cathodic Protection Borehole Intent to Drill (CB-1)
 - Well Completion Form (ACO-1)
 - Application for Commingling of Production or Fluids (ACO-4)
 - Application for Dual Completion (ACO-5)
 - Applications for Venting or Flaring of Gas other than Casinghead Gas (ACO-18)
 - Application for Surface Pit (CDP-1)
 - Closure of Surface Pit (CDP-4)
 - Exploration and Production Waste Transfer (CDP-5)
 - Well Plugging Application (CP-1)
 - Well Plugging Record (CP-4)
 - Temporary Abandonment Application (CP-111)
 - The Well Inventory Certification Process
 - Licensing Renewal Application
 - Transfer of Injection or Surface Pit Permit (T-1)
 - Casing Mechanical Integrity Test (U-7)

Wichita Central Office

- KOLAR
 - Operator Management Module

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[Licensing](#)
[Management](#)
[Settings](#)
[Tools](#)
[Help](#)

Operator Management [Feedback](#)

Operator Summary

Company	Test Company 77777
KCC License	77777
Compliance Evaluated	07/06/2020 01:46 AM

View

	View	Count
Wells in Inventory	<input type="radio"/>	9
Wells with Future Requirements	<input type="radio"/>	0
Wells Out of Compliance	<input checked="" type="radio"/>	6
ACD1	<input type="radio"/>	2
CDP4	<input type="radio"/>	2
CDP5	<input type="radio"/>	2
CP111	<input type="radio"/>	4
MIT	<input type="radio"/>	1
USC	<input type="radio"/>	1

Wells Out of Compliance

[Print](#)
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To filter data, enter one or more words in the Search box. Search:

[Click to populate Search box.](#)
[ACD1](#)
[CDP4](#)
[CDP5](#)
[CP111](#)
[MIT](#)
[USC](#)
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Detail	API Number	Lease and Well Name	Location	County	Requirement	Received	Required by
Detail	15-999-00004-00-00	BOB TEST 18	01-01S-01W		ACD1		06/28/2017
Detail	15-999-00004-00-00	BOB TEST 18	01-01S-01W		CDP5 (drilling pit)		07/17/2017
Detail	15-999-00004-00-00	BOB TEST 18	01-01S-01W		CDP5 (workover)		05/11/2018
Detail	15-999-00004-00-00	BOB TEST 18	01-01S-01W		CDP4 (workover)		05/11/2018
Detail	15-999-00004-00-00	BOB TEST 18	01-01S-01W		CP111		06/05/2018
Detail	15-999-00005-00-00	CAT TEST 25	01-01S-01W		MIT		12/30/2018
Detail	15-999-00005-00-00	CAT TEST 25	01-01S-01W		USC		03/01/2020
Detail	15-999-00002-00-00	JONES TEST 5	21-30S-16E		CP111		04/01/2019
Detail	15-999-00002-00-00	JONES TEST 5	21-30S-16E		CP111		05/09/2019

<https://kolar.kgs.ku.edu/welcome.cfm>

Wichita Central Office

- Environmental Protection and Remediation
 - Well database information management and cleanup.
 - Well inventory project.
 - Process well transfers between operators.
 - Manage the spill database – liaison with KDEM WebEOC for statewide master spill database.
 - Process pit applications/extensions.
 - Review environmental assessments for projects/grants.

Wichita Central Office

- Litigation(?) and Licensing
 - Litigation Counsel functions primarily as legal advisor to the Division.
 - Answer questions and provide regulatory guidance on matters as small as language for website postings to matters impacting established policies.
 - Represent Staff and the public generally in matters before the Commission.
 - Draft and oversee regulations and amendments.
 - Review operator license applications and determine statutory qualifications are met prior to issuing a license.

Wichita Central Office

- Production/UIC
 - Focus of this unit is on wellbore construction, use, and plugging.
- Production issues permits to drill (intents), reviews well completion reports, grants plugging applications, and reviews plugging records.
- Production also reviews well location exception applications, commingling applications, applications for new pools, reviews gas gathering reports, horizontal well applications, and unit applications.

Wichita Central Office

- UIC
 - Granted primacy over Class II injection well program from EPA in 1984.
 - Kansas has in excess of 16,000 Class II UIC wells, making it the third largest program in in the nation behind Texas and California.
 - Two types of Class II UIC wells:
 - Injection or Enhanced Oil Recovery (EOR), and
 - Disposal (SWD).
 - GWPC Peer Review
 - Regulators from Oklahoma and Ohio, GWPC, and a retired EPA employee conducted a review of our program. Observed by current EPA Region VII Staff and the Environmental Defense Fund.

Wichita Central Office

- Timeline for UIC Peer Review
 - First review conducted in 1990.
 - April 2019.
 - July 2019.
 - September 2019.
 - Review Team.
 - Participating Staff.
 - Final Report Published September 2020.
 - <http://www.gwpc.org/sites/default/files/Kansas%20Peer%20Review%20Final%20September%202020.pdf>

Wichita Central Office

- Executive Summary Strengths
 - The Division's ability to utilize flex time, approve overtime and shift inspectors from within a District to cover critical operations such as MITs, well construction and well plugging is commendable.
 - The Class II program staff is dedicated, knowledgeable, experienced, and demonstrates a high degree of technical competency.
 - To the extent resources allow, the permitting and field witnessing programs have focused on the most critical programmatic elements such as casing installation and cementing and mechanical integrity testing of wells.
 - Through an ongoing review process, the Division has promulgated updates to the rules and regulations which have enhanced the UIC program.
 - To supplement its UIC program, the Division has actively prioritized, decentralized to the District office level, and accelerated its abandoned well plugging efforts.

Wichita Central Office

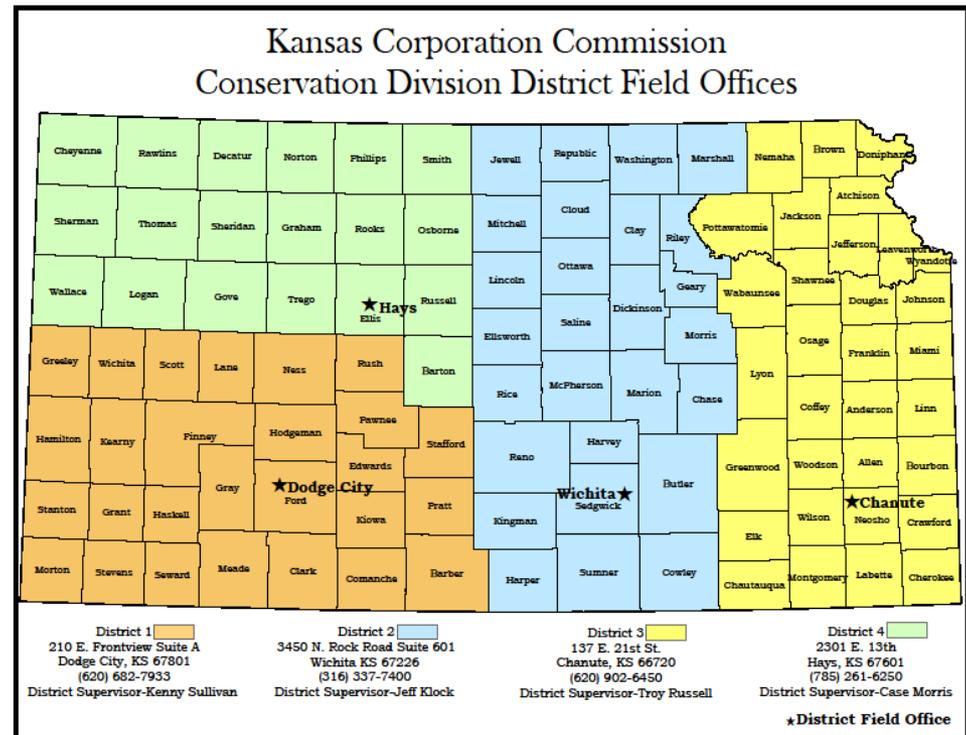
- Executive Summary Suggestions
 - The review team strongly suggests the division consider reviewing with the KCC Advisory Committee the current financial assurance program. This may include:
 - Modifying the current licensing system to establish full time individual and blanket bonds that are maintained through the lifecycle of the well; and
 - Evaluating the cost of Class II well plugging and abandonment and setting bonding amounts consistent with these costs; and
 - Surveying the bonding requirements in other states as a means of assisting the division in establishing a financial assurance system that is consistent (where appropriate) with other states' primacy programs.

Wichita Central Office

- Executive Summary Suggestions
 - The review team suggests continued emphasis be placed on updating KOLAR and the Risk Based Data Management System (RBDMS) to fully incorporate all UIC activities including field inspections, permitting, well testing and reporting.
 - The review team suggests the division consider requiring new or newly converted Class II wells have a Cement Bond Log (CBL) and where possible a CBL and Variable Density Log (VDL) run to assure proper cementing bonding on both the casing and the formation.
 - The division should continue to work with the KGS and the KDHE on a plan for the division to acquire and use all seismic data held by KGS and KDHE regardless of its source to assure proper seismic monitoring relative to potential induced seismicity. This may need to include a means of assuring that privately owned seismic data can be confidentially held by the division. A Memorandum of Agreement (MOA) involving the three agencies might be a possible mechanism to achieve this goal.

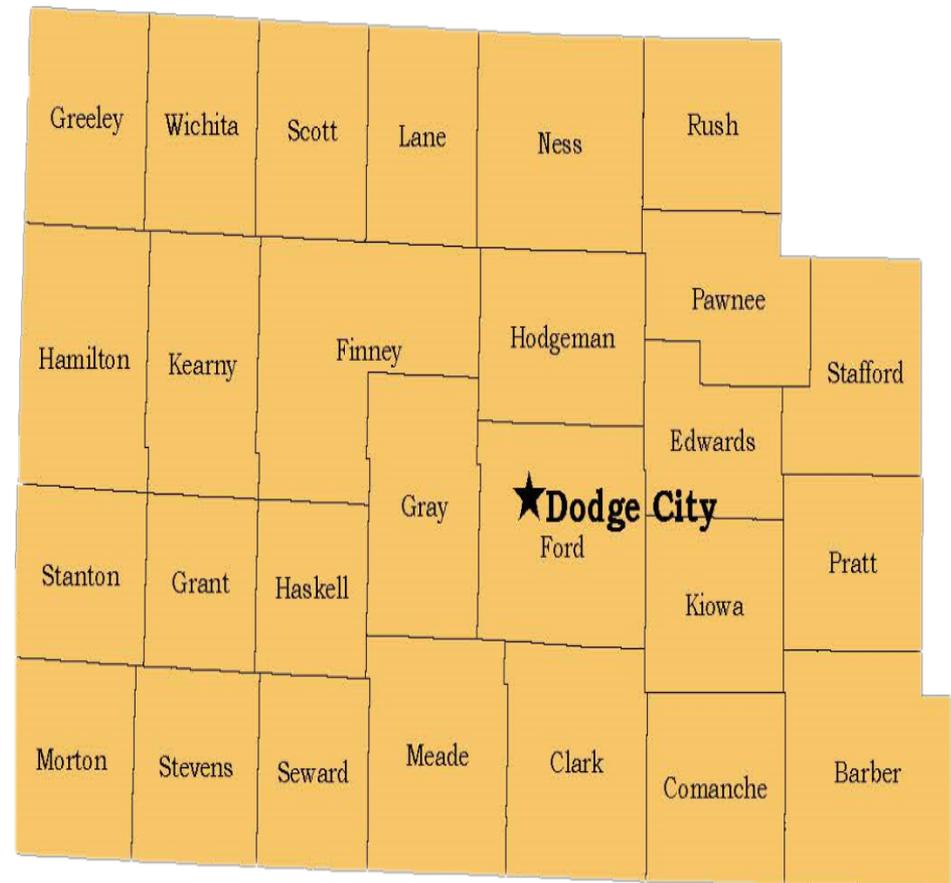
District Office Structure

- Professional Geologist Supervisor
- Professional Geologist
- Environmental Compliance
- Administrative Support



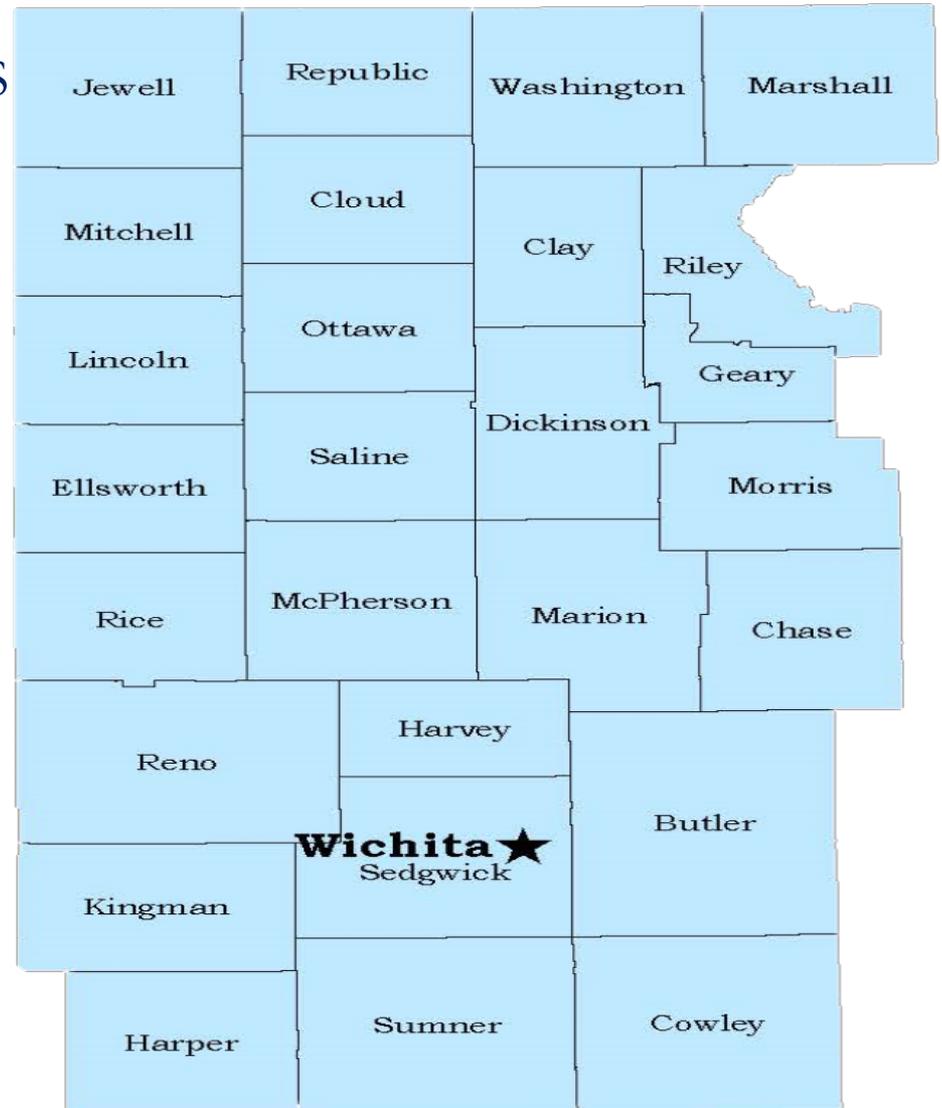
District #1

- 27 counties in SW KS
- Type and Number of Wells*
 - Oil Wells 10,613
 - Gas Wells 13,257
 - UIC Wells 2,016
 - Total 25,886



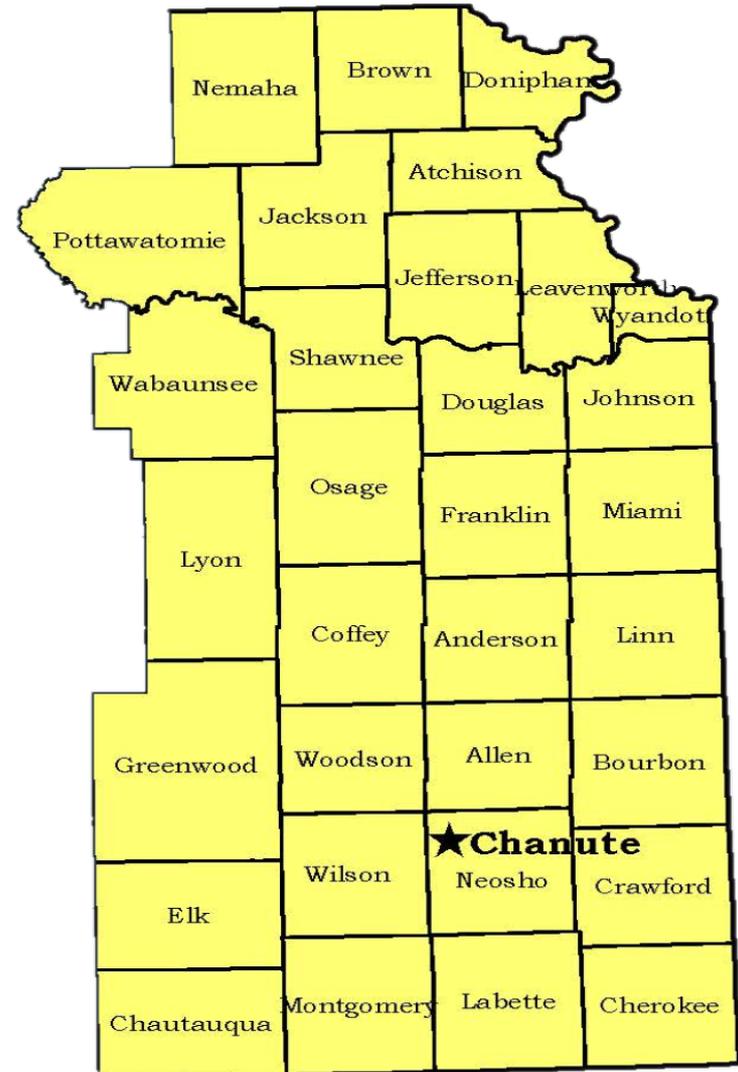
District #2

- 27 counties covering Central KS from OK to NE
- Type and Number of Wells*
 - Oil Wells 9,049
 - Gas Wells 1,399
 - UIC Wells 1,886
 - Total 12,334



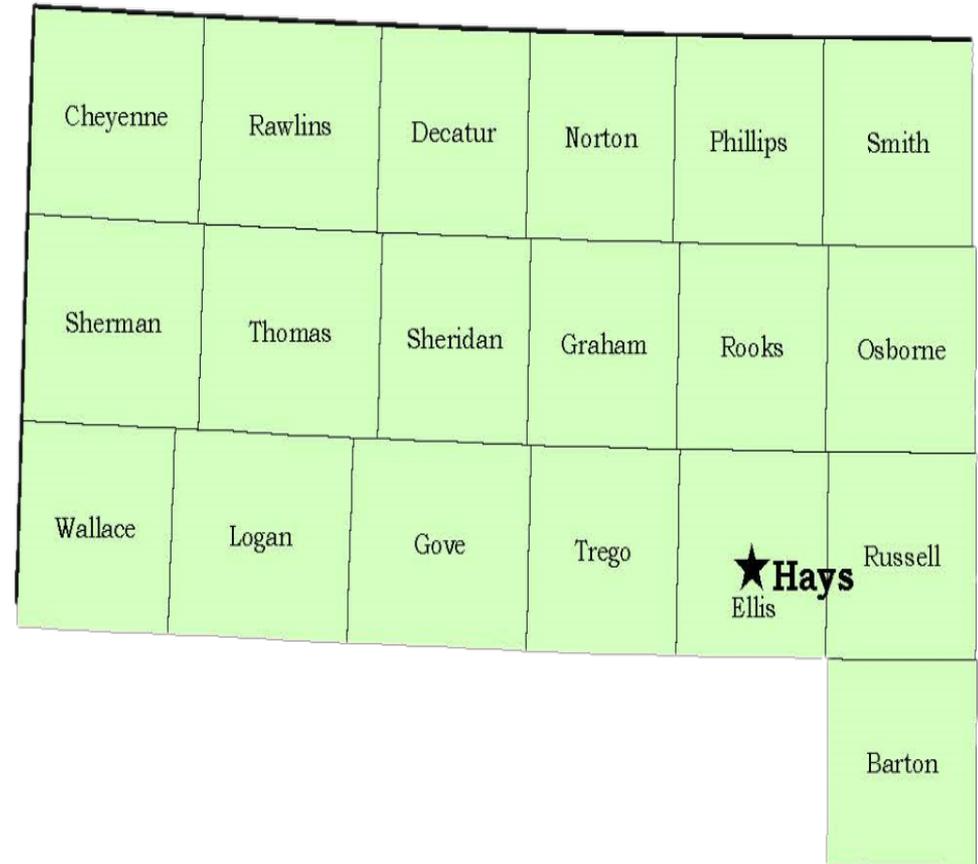
District #3

- 32 counties covering Eastern KS
- Type and Number of Wells*
 - Oil Wells 38,200
 - Gas Wells 2,900
 - UIC Wells 11,542
 - Total 52,642



District #4

- 19 counties in NW KS
- Number and Types of Wells*
 - Oil Wells 13,007
 - Gas Wells 935
 - UIC Wells 2,746
 - Total 16,688



Budget

- FY 21 Budget \$9.98 M
- Main source of revenue for the Conservation Division are the mills on production.
 - .144 per barrel of oil, and
 - .205 per mcf of gas.
 - The mills were raised in 2018 to offset lagging production and a \$3M sweep of CFF in 2015 legislative session.
 - Other sources include fees for licenses, UIC applications, plugging wells, and KSONA.
 - Annual UIC grant from the EPA.
 - Current multipurpose grant to develop seismicity/well tool.

Historical Site Remediation

- 47 sites statewide.
 - 80 resolved.

IMMEDIACY LEVEL	NUMBER OF SITES
Low & Low to Moderate	21
Moderate	9
Moderate to High & High	12
Other (Under Remediation)	5
Total	47

IMPACTED RESOURCES	NO. OF REMEDIATION SITES
Groundwater, Surface Water, Soil & Well Problems (Cavity, Abandoned)	66
Public Water Supply	8
Domestic Supply	20
Stock Supply	13
Irrigation Supply	10
<i>Note: Some sites have impacts to multiple resources.</i>	

[2021 Oil and Gas Remediation Site Status Report.pdf \(ks.gov\)](#)

Abandoned Wells

ABANDONED WELLS IN KANSAS

DISTRICT 1

Priority One	60
Priority Two	4
Total	64

DISTRICT 2

Priority One	197
Priority Two	5
Total	202

DISTRICT 3

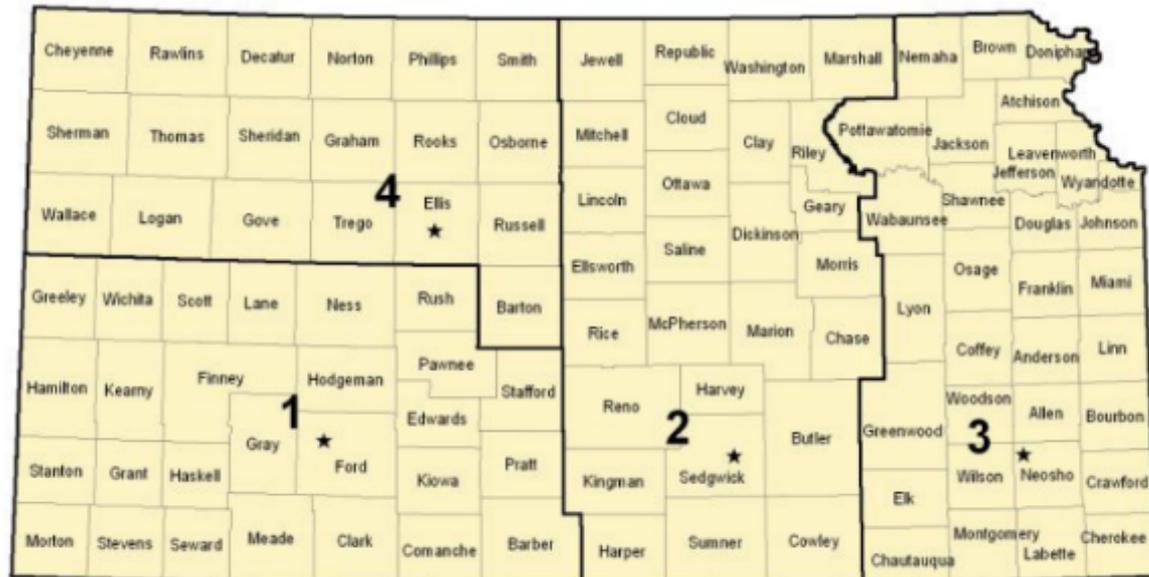
Priority One	4,810
Priority Two	404
Total	5,214

DISTRICT 4

Priority One	150
Priority Two	2
Total	152

	2020	2021	CHANGE
Total Wells Requiring Action*	5,653	5,632	-21
Total Wells Plugged with State Funds*	10,369	10,718	349

*Since creation of the Abandoned Well Plugging funds in 1996.



Abandoned Wells



HB2022

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Conservation Division

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