

Testimony of Dwight D. Keen, Commissioner
Kansas Corporation Commission
Regarding HB 2022

- Good morning Mr. Chairman and members of the Committee.
- I am Dwight D. Keen, and I am a Commissioner with the Kansas Corporation Commission (KCC).
- The KCC supports this legislation; however, the opinions I express regarding this bill are my own and not those of the Kansas Corporation Commission.
- The significance of this bill is derived, in part, from the detailed, extensive and proactive stakeholder vetting process that guided the bill through a rigorous drafting process, and, in part, from the positive and far-reaching impact its provisions will have in responsibly protecting the Kansas environment and its fresh water resources.
- In my opinion, this bill represents one of the most consequential pieces of environmental protection legislation to come before the Kansas Legislature.
- It forthrightly addresses, enhances and expedites statewide private and public abandoned oil and gas well plugging and remediation efforts. Simultaneously, the bill provides the Commission with access to the fee fund resources necessary to most effectively achieve meaningful long-term statewide environmental protection results.
- In sum, this bill is a WIN-WIN-WIN for Kansas – it is a win for the environment, a win for the regulatory process and a win for the regulated oil and gas industry.
- By establishing meaningful and understandable ground rules for determining the responsible party for plugging abandoned oil and gas wells, this bill vastly improves the oil and gas industry regulatory process in Kansas. Succinctly stated, it provides greater

regulatory clarity, stability and certainty for the regulator, for the regulated industry and for the public. In every respect, this bill advances the cause of good government.

- As measured by any metric, whether by its impact on statewide employment, or through its contributions to our state's economy and our state and local tax bases, the Kansas oil and gas industry is one of the state's most consequential industries.
- As one of the state's three largest industries, it is a diverse and complex industry heavily regulated by the state.
- As the state's primary regulator of the oil and gas industry, all KCC industry-related regulatory activities are funded by assessments on the industry.
- The KCC well plugging fee funds are also entirely funded by fees collected from the oil and gas industry.
- Accordingly, whether abandoned oil and gas wells are plugged by the private funds of oil and gas operators or plugged by the state's well plugging fee funds, in all instances the oil and gas industry has historically and consistently paid the largest portion of the financial tab for plugging oil and gas wells in Kansas.
- This bill continues that longstanding historic practice.
- As a result, substantial public environmental benefits accrue through the provisions of this bill without utilizing or placing at risk any state general fund monies.
- This bill provides long overdue clarity to the currently confusing, often controversial, unnecessarily contentious, overly complex and time-consuming process of specifically identifying the responsible party for plugging abandoned oil and gas wells.
- This bill expedites the responsible party identification process and thereby expedites the well plugging process and the tangible environmental benefits and protections that ensue.

- When abandoned wells are to be plugged utilizing the state's well plugging fee funds, this bill assists in more expeditiously tapping the funding resources of the well plugging fee funds to pay for these often complex and very costly well plugging undertakings.
- By far and without question, the biggest winner from the enactment of this bill is the state's environment and the long-term public interest of Kansas. This result obtains since the bill significantly enhances the ability of the state, the oil and gas industry, and other concerned stakeholders to more timely and proactively protect the state's environment generally and its fresh water resources specifically.
- I want to thank Ryan Hoffman, the Director of the KCC Conservation Division, for his very professional oversight in shepherding this legislative proposal through an extensive vetting process.
- I want to also thank the KCC Oil and Gas Advisory Committee and its diverse stakeholder membership for their support of and most thoughtful and environmentally proactive and responsible input into the drafting of this legislation.
- Finally, Mr. Chairman, I want to thank you for your most direct assistance and leadership in bringing this important bill before your Committee and the Legislature.
- With that, Mr. Chairman, at this time I will defer to Ryan Hoffman, the Director of the KCC Conservation Division, for a more detailed review and explanation of this bill.