

MINUTES OF THE SENATE UTILITIES COMMITTEE.

The meeting was called to order by Chairman Senator Stan Clark at 9:30 a.m. on February 28, 2001 in Room 231-N of the Capitol.

All members were present except: Senator Robert Tyson, excused

Committee staff present: Raney Gilliland, Legislative Research
Emalene Correll, Legislative Research
Bruce Kinzie, Revisor of Statutes
Lisa Montgomery, Revisor of Statutes
Ann McMorris, Secretary

Conferees appearing before the committee: none

Others attending: See attached list

DISCUSSION ON NATURAL GAS STORAGE ISSUES TO BE ADDRESSED

Chairman Clark referred to the February 27 presentations on Natural Gas Storage and asked each member to turn to page 8 of Dr. Joe Ratigan's testimony where reference was made to the weaknesses in KDHE rules, namely; no requirement for a Mechanical Integrity Test, no requirement for emergency shutdown valves at the wellhead, does not address how close caverns can be to one another; and wells per professional. These are all issues to be studied and addressed.

A member asked for definition of Mechanical Integrity Test - determines how much pressure the casing can endure. Another test called the Casing Integrity Test measures the thickness of the casing and detects any weakness or corrosion. KDHE recommends both of these tests, and estimated cost of the CIT & MIT between \$5,000 to \$30,000 per well. No actual cost figures were available. On question from member how often these tests should be conducted, KGS responded the checking of the integrity of the salt in the jug should be done annually. Another test for weakness would be checking the cement around the casing to determine if it is sealed or had been damaged on reentry into the well.

Question from member if there were any significant faults in this area. Answer: There may be a billion year old fault that is 5000 to 6000 in depth but no evidence of faults in the shallow parts of this section.

Chairman Clark noted one of the recommendations was to have a study done by an outside organization and the committee is in need of guidance to take this on the right track.

Senator Kerr made the observation that the committee needs to make a decision on whether or not to recommend the independent investigation of the Hutchinson incident and the causes thereof. Beyond that a group of findings and then some general recommendations to the KDHE based on those findings. For example, the statutes could be broadened to include protection of people, property and that sort of thing.

There was substantial testimony that the current regs are deficient in testing prior to opening a facility. We need to understand better the environment that Kansas salt mines provide for storage. Would we benefit from breaking apart our regulations and addressing them specifically to each entity - natural gas storage, LPG, gas storage and solution mining? Is there a need to have an emergency response at each storage location? Is there a need for more frequent monitoring? It may be that the expertise to write the needed regs are not within the confines of KDHE and they may need to hire some outside assistance. He noted it is possible that Solution Mining Research Institute may be able to provide expertise and possible funding as clearly the international industry would benefit from the outcome. Two benefits for Kansas would be (1) to help bring closure on the issue of whether it is safe to live in Hutchinson and (2) in finalizing Kansas regulations.

General discussion from the members on all the points brought out by Senator Kerr. Mr. Joe J. Palacioz, City Manager, City of Hutchinson, offered to report to the committee on an executive meeting being held by the Solution Mining Research Institute today in California and to share the expertise of Dr. Ratigan.

Chairman indicated the committee would await the report from Mr. Palacioz.

The next meeting of the Senate Utilities committee will be held on March 1.

Adjournment.

Respectfully submitted,

Ann McMorris, Secretary