

MEMORANDUM

To: Representative Ron Highland, Chair, House Water Committee
House Water Committee Members

From: Ryan A. Hoffman, Director, Conservation Division

Date: 2/4/21

Re: Follow-up Information

During the briefing on the Conservation Division on February 2, 2021, I stated I would follow-up with information requested during the presentation. The information specifically pertained to funding sources for the various fee funds utilized by the Conservation Division and a map depicting the locations of the Sensitive Groundwater Areas (SGAs) I referenced in the briefing. Please find the funding source information below and the map of the SGAs attached.

Please do not hesitate to ask if you need further clarification or have any further questions. Thank you again for the opportunity to appear before you.

Conservation Division Funding:

1. Conservation Fee Fund

- a. Main source of revenue for the Division comes from mills assessed against production
 - i. .144 mills per barrel of oil, and
 - ii. .205 mills per mcf of gas.
- b. Other sources of income
 - i. Licensing fees
 1. \$100 operator application fee
 2. \$25 personal use operator application fee
 3. \$25 fee per rig on an operator's license
 - ii. Underground Injection Application Fees (UIC)
 1. Enhanced Oil Recovery (EOR) Fees
 - a. \$200 for the initial well application
 - i. \$100 for any additional well deeper than 1,000 ft.
 - ii. \$50 for any additional well 1,000 ft. or less
 - b. \$100 to modify permit or add more wells after the initial application for wells deeper than 1,000 ft.
 - c. \$50 to modify permit or add more wells after the initial application for wells 1,000 ft. or less
 - d. \$100 fee for significant construction changes, volume increases, and pressure increases

- e. \$50 for other modifications
 - f. No fees for decreasing volume, decreasing pressure, or adding or deleting disposal source leases from permits
 - 2. Saltwater Disposal Well Fees
 - a. \$200 for the initial application
 - b. \$100 fee for significant construction changes, volume increases, and pressure increases
 - c. \$50 for other modifications
 - d. No fees for decreasing volume, decreasing pressure, or adding or deleting disposal source leases from permits
 - iii. Plugging Fees
 - 1. \$.0325 per foot of depth plugged with a minimum of \$35
 - iv. Kansas Surface Owner Notification Act Fee
 - 1. \$30 handling fee when KCC must notify surface owner
 - v. EPA UIC Grant
 - 1. \$311,300 for Federal Fiscal Year (10/01/2020 – 09/30/2021)
 - 2. \$53,533 Multipurpose Grant for Seismicity Mapping Tool (10/01/2019 – 9/30/2022)
- 2. Abandoned Well Plugging and Site Remediation Fund (Legacy)
 - a. Only used for wells drilled prior to July 1, 1996
 - b. Balance as of 1/31/2021: \$2.3 M unencumbered
 - c. Sources of revenue
 - i. \$800,000 transfer from the Conservation Fee Fund – made in \$200,000 quarterly installments
 - ii. \$500,000 transfer from the Well Plugging Assurance Fund at the beginning of the Fiscal Year
 - iii. ½ of Kansas’ royalties from production of federal minerals in Kansas each month
 - 1. To date for FY 21: \$98,936.37

3. Well Plugging Assurance Fund (Assurance)

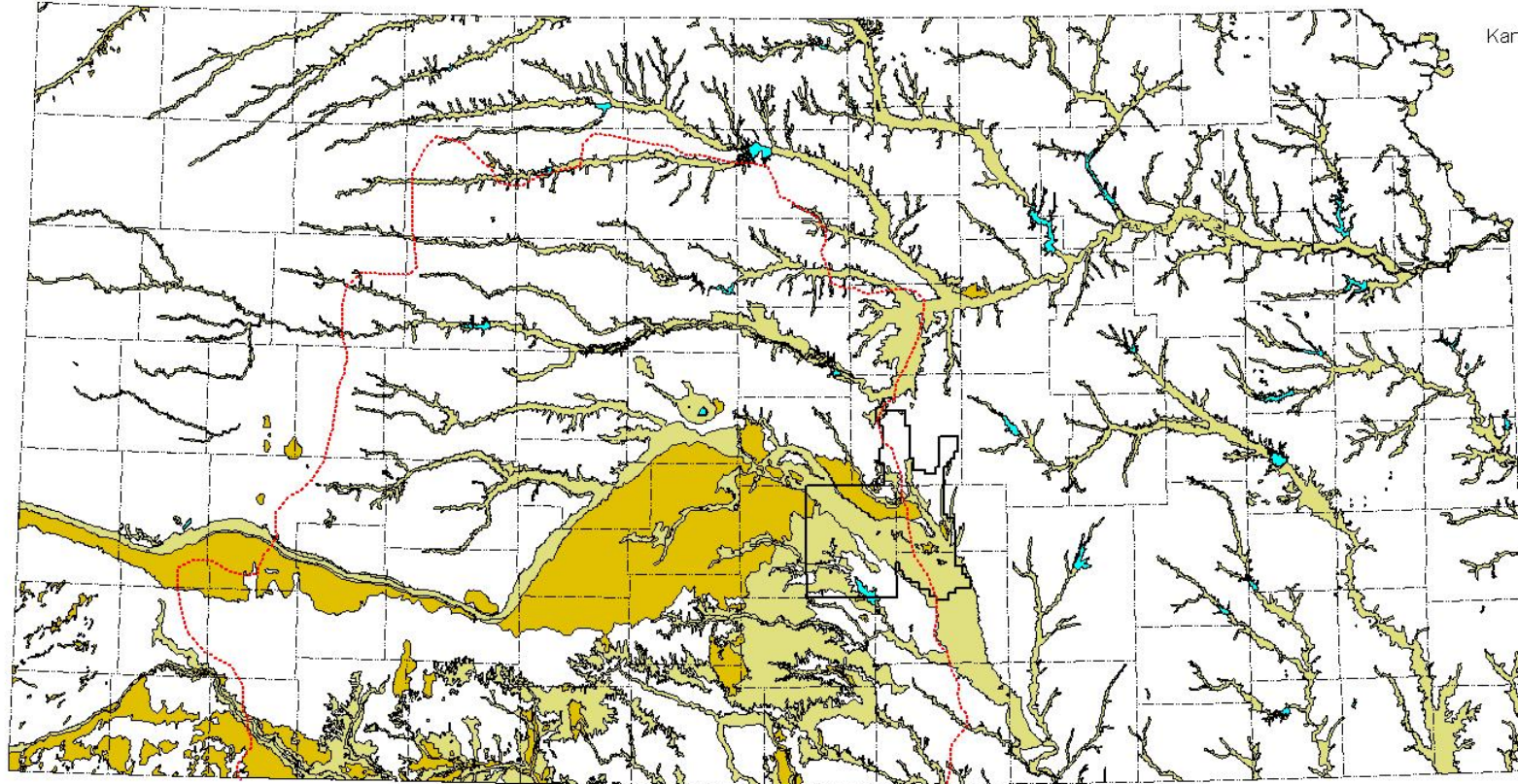
- a. Only used for wells drilled after July 1, 1996
- b. Balance as of 1/31/2021: \$4.3 M unencumbered
- c. Sources of revenue
 - i. \$100 cash payment for licenses in good standing (in addition to \$100 licensing fee)
 - 1. Good standing means after the initial three years of licensure with no regulatory violations and less than \$3,000 assessed in monetary penalties or five regulatory violations over any rolling three-year period after the initial three years of licensure
 - ii. Six percent cash equivalent of bond or letter of credit during the first three years of licensure and for licenses not in good standing

- 1. Bonds/Letter of Credit amounts are determined by the number and depth of wells on a license

Amount of Assurance Required	Cash Equivalent
Bond/Letter of Credit of \$7,500	= Non-Refundable Fee of \$450
Bond/Letter of Credit of \$15,000	= Non-Refundable Fee of \$900
Bond/Letter of Credit of \$22,500	= Non-Refundable Fee of \$1,350
Bond/Letter of Credit of \$30,000	= Non-Refundable Fee of \$1,800
Bond/Letter of Credit of \$37,500	= Non-Refundable Fee of \$2,250
Bond/Letter of Credit of \$45,000	= Non-Refundable Fee of \$2,700
Bond/Letter of Credit of \$52,500	= Non-Refundable Fee of \$3,150
Bond/Letter of Credit of \$60,000	= Non-Refundable Fee of \$3,600
Bond/Letter of Credit of \$75,000	= Non-Refundable Fee of \$4,500

Sensitive Groundwater Areas

Kansas Corporation Commission
Conservation Division



- County
- Approximate limit of the Hutchinson Salt Member
- Boundary for GMD #2
- Quaternary and Tertiary Alluvium
- Quaternary Dune Sand



Map prepared by Kansas Corporation Commission for the Conservation Division to outline the sensitive groundwater areas applicable to Table III as referenced in K.A.R. 82-3-600b. Geologic boundaries indicated on this map are consistent with the GEOLOGIC MAP OF KANSAS, M-23 1991, published at a scale of 1:500,000 by the Kansas Geological Survey.

KCC, Information Resources, GIS section
6 March 2000

