


**Briefing on the Conservation Division
to the House Water Committee**
 Ryan A. Hoffman, Director, Conservation Division
 February 2, 2021



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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

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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.

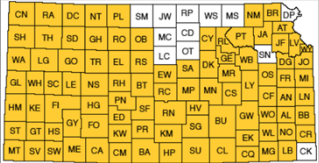
Statutory Mandates

- The Oil and Gas Advisory Committee.
- KSA 55-153 establishes a 12 member committee to advise the KGC 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
Conservation Commission	Kevin McArthur Conservation Division Director
Division of Conservation	Roger Wagner
Water Resources	2018 Kansas Department of Agriculture
Kansas Natural Gas	Rob DeWahl
Oil & Gas Association	Robert Lee Smith Services, Inc.
Geological Commission	Shelley Burdick
Business & Environment	Stanley C. Johnson
Oil Property Owners Assoc.	Stanley C. Johnson Executive Secretary
Management Council	Tom Blase
Management Council	Manager Tracy Beck, O&G 10
Kansas Department of Health & Environment	Carrie Bellamy
	Lead Chief Geology and Coal Technology
Kansas Farm Bureau	Tom Black
Kansas Livestock Assoc.	Harvey Rieffner
Kansas Geological Society	Shelley Burdick
Kansas Independent Oil & Gas Association	Manager Shelia Thompson
	Kenneth S. White
	President of White Corporation, Inc.
Oilfield Production Council	Rand Baker
	Executive Director
Kansas Water Office	Rob Koehn
	Water Resource Planner
Public Member	Dawn Boykin
	Kansas Boardwater & Estuarine Director of Health of the Bay

Structure – Conservation Division

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



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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.

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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.

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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

The screenshot shows a web-based interface for 'Operator Management'. It features a table with columns for 'Well ID', 'Well Name', 'Status', and 'Compliance'. Below the table, there is a section titled 'Wells Out of Compliance' with a search bar and a table listing specific wells that are out of compliance, including their well IDs, names, and locations.

Wichita Central Office

- Risk Based Data Management System (RBDMS)
 - Catchall database for well information in Microsoft Access used by the Conservation Division since the 1990s.
 - Installed by ALL Consulting and the Groundwater Protection Council (GWPC) originally for UIC wells, but expanded to include all wells and other information not intended.
- Sources of data for RBDMS
 - Petroleum Information;
 - Dwight's;
 - KGS;
 - KCC Districts;
 - KCC Central Underground Injection Control dataset; and,
 - KCC original mainframe database.

The screenshot shows the RBDMS interface, which is a Microsoft Access database. It displays a list of wells with columns for 'Well ID', 'Well Name', 'Status', and 'Compliance'. The interface includes search filters and a table of well records.

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.

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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.

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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.

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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.

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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.wvpc.org/sites/default/files/Kansas%20Peer%20Review%20Final%20September%202020.pdf>

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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.

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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.

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- 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 20

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

Kansas Corporation Commission
Conservation Division District Field Offices

District #1 21

- 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 22

- 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 23

- 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 24

- 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 25

- 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 26

- 47 sites statewide.
 - 80 resolved.

IMMEDIACY LEVEL	NUMBER OF SITES	IMPACTED RESOURCES	NO. OF REMEDIATION SITES
Low & Low to Moderate	21	Groundwater, Surface Water, Soil & Well Problems (Cavity, Abandoned)	66
Moderate	9	Public Water Supply	8
Moderate to High & High	12	Domestic Supply	20
Other (Under Remediation)	5	Stock Supply	13
Total	47	Irrigation Supply	10

Note: Some sites have impacts to multiple resources.

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

Abandoned Wells 27

ABANDONED WELLS IN KANSAS			
DISTRICT 1	2020	2021	CHANGE
Priority One 60			
Priority Two 4	5,653	5,632	-21
Total 64	Total Wells Requiring Action*		
	10,369	10,718	349
*Since creation of the Abandoned Well Plugging Fund in 1996.			
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			

[Microsoft Word - 2021 Abandoned Well Report.docx \(ks.gov\)](#)

Abandoned Wells 28



HB2022

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