

ENVIRONMENTAL BENEFIT STATEMENT

New Proposed Regulation K.A.R. 82-3-144

January 2025

I. Environmental Benefit Statement

1) Need for proposed regulation and environmental benefit likely to accrue.

a) Need

The proposed regulation provides the process persons must follow when seeking reimbursement from the Abandoned Oil and Gas Well Fund for plugging wells that have been abandoned for five or more years. K.S.A. 55-180(f)(1) directed the Kansas Corporation Commission (KCC) to promulgate a regulation for determining whether, how, and to what extent a request for reimbursement shall be granted.

b) Environmental benefit

By creating a process for persons to be reimbursed from the Abandoned Oil and Gas Well Fund, additional abandoned oil and gas wells will be timely plugged in the State of Kansas. Abandoned oil and gas wells have the potential to pollute fresh and usable waters, and cause spills of fluids onto surrounding lands or nearby waterways. The proposed regulation will therefore indirectly reduce the potential for fresh and usable water to be polluted, and for spills to occur on lands or waterways.

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- 2) A summary of any applicable research indicating the level of risk to the public health or the environment being removed or controlled by the proposed regulation.**

The proposed regulation concerns only the process for persons to be reimbursed from the Abandoned Oil and Gas Well Fund, and therefore does not have a direct impact on public health or the environment. The KCC is unaware of research indicating the level of risk to the public health or the environment caused by abandoned oil and gas wells in the State of Kansas.

- 3) If specific contaminants are to be controlled by the proposed regulation, a description indicating the level at which the contaminants are considered harmful according to currently available research.**

There are no specific contaminants to be controlled by the proposed regulation as the regulation merely provides the process for persons to be reimbursed from the Abandoned Oil and Gas Well Fund. Persons seeking reimbursement from the Abandoned Oil and Gas Well Fund must plug abandoned wells in accordance with currently existing statutes and regulations.

II. Additional Economic Impacts for Environmental Regulations

- 1) Capital and annual costs of compliance with the proposed regulation and the persons who will bear those costs.**

The proposed regulation applies only to persons seeking reimbursement from the Abandoned Oil and Gas Well Fund for plugging abandoned wells. Thus, there is no capital or annual cost of compliance with the proposed regulation for any person that does not apply for reimbursement. For persons that do apply for reimbursement, the compliance cost of submitting

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the plugging reimbursement application and post-plugging certification of completion will be de minimis.

- 2) Initial and annual costs of implementing and enforcing the proposed regulation, including the estimated amount of paperwork, and the state agencies, other governmental agencies or other persons or entities who will bear the costs.**

The KCC will be the sole state agency implementing and enforcing the proposed regulation. KCC Staff will only need to review the plugging reimbursement application and post-plugging certification of completion forms submitted by persons who plan to plug, or have finished plugging, abandoned wells. The time necessary to review the forms should be minimal, and therefore the estimated cost of implementing and enforcing the proposed regulation is de minimis.

- 3) Costs which would likely accrue if the proposed regulation is not adopted, the persons who will bear the costs, and those who will be affected by the failure to adopt the regulation.**

If the proposed regulation is not adopted, then persons who might cause abandoned wells in the state to be plugged would be unlikely to do so as they would not be able to obtain reimbursement from the Abandoned Oil and Gas Well Fund. As a result, many fewer abandoned wells in the State of Kansas would be timely plugged. Abandoned oil and gas wells have the potential to pollute fresh and usable waters, and to cause spills of fluids onto the lands and waterways around the wells. If fresh and usable water becomes polluted, then landowners and farmers may have difficulty accessing water for drinking or irrigation. Depending on the cause of a spill from an abandoned well, the landowner where the well is located, or any oil and gas operator with nearby operations, could be responsible for cleaning up the spill from the abandoned well.

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Thus, failure to adopt the proposed regulation would slow the timely plugging of abandoned wells, which may have detrimental impacts on landowners, farmers, and oil and gas operators throughout the state. The KCC, however, is unaware of any estimates for how much abandoned wells cost the State of Kansas annually.

4) A detailed statement of the data and methodology used in estimating the costs used in the statement.

There is no data available to estimate the costs of leaving abandoned wells in the State of Kansas unplugged.

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