

State of Kansas
Kansas Corporation Commission

Notice of Hearing on Proposed Administrative Regulations

Notice Dated: January 22, 2015

A public hearing will be conducted on Thursday, April 16, 2015 at 10:00 a.m. at the Kansas Corporation Commission, 266 N. Main, Suite 220, Wichita, Kansas to consider the adoption of proposed rules and regulations of the Kansas Corporation Commission, on a permanent basis.

This 60-day notice of the public hearing constitutes a public comment period for the purpose of receiving written public comments on the proposed rules and regulations. All interested parties may submit written comments prior to the hearing to the Kansas Corporation Commission, Conservation Division, Legal Department, at 266 N. Main, Suite 220, Wichita, Kansas 67202; or by email to oilandgasregcomments@kcc.ks.gov. All interested parties will be given a reasonable opportunity to present their views orally regarding the adaptation of the proposed regulations during the public hearing.

Any individual with a disability may request an accommodation in order to participate in the public hearing and may request the proposed regulations and economic impact statements in an accessible format. Requests for accommodation to participate in the hearing should be made at least 10 days in advance of the hearing by contacting Jonathan R. Myers at 316-337-6200.

Summaries of the proposed regulations and their economic impact follow. Statements indicating that a regulation will “have no economic impact” are intended to indicate that no economic impact on the Kansas Corporation Commission, other state agencies, state employees, or the general public has been identified.

Copies of the proposed regulations and the Economic Impact Statement for the proposed regulations can be viewed by contacting the Kansas Corporation Commission, Conservation Division, Legal Department, and are available at <http://kcc.ks.gov>.

K.A.R. 82-3-207. Oil drilling unit. The proposed amendment clarifies the size of drilling units and eliminates reference to acreage attribution units. It will have no economic impact.

K.A.R. 82-3-312. Gas allowable and drilling unit. The proposed amendment clarifies the size of drilling units, eliminates reference to acreage attribution units, and eliminates redundant language regarding exceptions. It will have no economic impact.

K.A.R. 82-2-402. Trial tests; application, contents and approval. The proposed revocation will eliminate unnecessary disposal well provisions that have not been used for decades. Revocation will have no economic impact.

K.A.R. 82-2-506. Electric submersible pumps; application and approval. The proposed revocation will eliminate a provision regarding applications for electric submersible pumps. The provision has not been used for decades. Revocation will have no economic impact.

K.A.R. 82-2-507. Same; assessment of cost. The proposed revocation will eliminate a provision calling for a \$15 fee for every pump made part of an application pursuant to K.A.R. 82-2-506. As the provision has not been used for decades, revocation will have no economic impact.

K.A.R. 82-3-1100 to K.A.R. 82-3-1120. Carbon Dioxide Storage Facilities. The proposed revocation will eliminate regulations that are preempted by the United States Environmental Protection Agency's decision to regulate such facilities at the federal level. There are currently no carbon dioxide storage facilities in Kansas. Revocation will have no economic impact.

82-2-402. (Authorized by K.S.A. 55-1003; effective, E-72-4, Jan. 1, 1972; effective Jan. 1, 1973; revoked P-_____.)

82-2-506. (Authorized by K.S.A. 55-134, K.S.A. 1973 Supp. 55-133; effective, E-72-4, Jan. 1, 1972; effective Jan. 1, 1973; revoked P-_____.)

82-2-507. (Authorized by K.S.A. 55-135; effective, E-72-4, Jan. 1, 1972; effective Jan. 1, 1973; revoked P-_____.)

82-3-207. Oil drilling unit. ~~In the absence of special orders issued by the commission, the following provisions~~ This regulation shall apply to all oil wells not covered by a special commission order.

(a) Standard drilling unit. ~~A~~ The standard drilling unit shall be 10 acres, except as otherwise provided by that the standard drilling unit for the counties and well depths listed in K.A.R. 82-3-108 (b) or (c), the well for that unit shall be located at least 330 feet from any lease or unit boundary shall be 2.5 acres.

(b) ~~Acreage attribution unit. Unless an exception is granted, any oil well that is drilled nearer than the minimum distance required by subsection (a) or (b) of K.A.R. 82-3-108, whichever is applicable, from any lease or unit boundary line shall have its attributable acreage determined by the establishment of an acreage attribution unit. The width of the acreage attribution unit shall be twice the distance from the well to the nearest lease or unit boundary line. The length of the unit~~

~~shall be the same as the width.~~ Exceptions. Exceptions to the standard drilling unit may be granted by the commission to prevent waste or to protect correlative rights.

~~(e) Acreage attributable. When the acreage attributable to any well is less than 10 acres, the well's allowable shall be reduced in the same proportion that the acreage attributable to the well bears to 10 acres. (Authorized by and implementing K.S.A. 55-604; effective, T-83-44, Dec. 8, 1982; effective May 1, 1983; amended May 1, 1984; amended May 1, 1986; amended May 1, 1988; amended P-_____.)~~

82-3-312. Gas allowables and drilling unit. ~~In the absence of basic proration orders issued by the commission, the following provisions~~ This regulation shall apply to all gas wells: ~~not covered by a special commission order.~~

(a) ~~Standard~~ Daily allowable. The ~~standard~~ daily allowable for a gas each well shall be ~~limited to~~ 50 percent of the well's actual open-flow potential. ~~The actual open-flow potential used to determine the standard daily allowable shall be,~~ as measured by the testing procedures specified in K.A.R. 82-3-303. ~~All gas wells that are~~ Each well in compliance with the provisions of K.A.R. 82-3-304 shall be entitled to a minimum allowable of 250 mcf per day.

(b) Coalbed natural gas exemption. Coalbed natural gas wells that are exempt from the requirements of K.A.R. 82-3-304(a) and (c) shall be exempt from subsection (a) of this regulation.

~~(c) Standard drilling unit. A The standard drilling unit shall be 10 acres. Except as otherwise specified in K.A.R. 82-3-108(c), the well for that unit shall be located at least 330 feet from any lease or unit boundary.~~

~~(d) Acreage attribution unit. Unless a well location exception is granted, each gas well located nearer than 330 feet to any lease or unit boundary line shall have acreage attributed to it by the establishment of an acreage attribution unit. The width of each unit shall be defined as being twice the distance from the well to the nearest lease or unit boundary line. The length of the unit shall be defined to be the same as the width. Drilling unit exceptions. Exceptions to the standard drilling unit may be granted by the commission to prevent waste or to protect correlative rights.~~

~~(e) Acreage attributable. If any gas well is located nearer than 330 feet to any lease or unit boundary line, the standard daily allowable or minimum allowable shall be reduced in the same proportion that the acreage attribution to the well bears to 10 acres.~~

~~(f) Exceptions. Exceptions may be granted, and adjustments to the allowable may be made by the commission to protect correlative rights, prevent waste, and give the full allowable if any of these conditions exists:~~

~~(1) Location exceptions have been granted for man-made structures or topographic features.~~

~~(2) No interference with drainage of adjacent wells can be shown by competent evidence.~~

~~(3) Actual interference is less than the reduced allowable. (Authorized by K.S.A. 55-704; implementing K.S.A. 55-703; effective May 1, 1985; amended May 1, 1986; amended May 1,~~

1988; amended April 23, 1990; amended Aug. 29, 1997; amended June 1, 2001; amended Jan. 25, 2002; amended Jan. 14, 2005; amended P-_____.)

82-3-1100, 82-3-1101, 82-3-1102, 82-3-1103, 82-3-1104, 82-3-1105, 82-3-1106, 82-3-1107, 82-3-1108, 82-3-1109, and 82-3-1110. (Authorized by and implementing K.S.A. 2007 Supp. 55-1637; effective Feb. 26, 2010; revoked P-_____.)

82-3-1111. (Authorized by K.S.A. 2008 Supp. 55-1637 and 55-1640; implementing K.S.A. 2008 Supp. 55-1637; effective Feb. 26, 2010; revoked P-_____.)

82-3-1112, 82-3-1113, 82-3-1114, 82-3-1115, and 82-3-1116. (Authorized by and implementing K.S.A. 2007 Supp. 55-1637; effective Feb. 26, 2010; revoked P-_____.)

82-3-1117. (Authorized by and implementing K.S.A. 2008 Supp. 55-1637; effective Feb. 26, 2010; revoked P-_____.)

82-3-1118 and 82-3-1119. (Authorized by and implementing K.S.A. 2007 Supp. 55-1637; effective Feb. 26, 2010; revoked P-_____.)

82-3-1120. (Authorized by and implementing K.S.A. 2007 Supp. 55-1639; effective Feb. 26, 2010; revoked P-_____.)

ECONOMIC IMPACT STATEMENT

K.A.R. 82-3-207, K.A.R. 82-3-312 K.A.R. 82-2-402, K.A.R. 82-2-506, K.A.R. 82-2-507, and K.A.R. 82-3-1100 through K.A.R. 82-3-1120

Amended K.A.R. 82-3-207.

The proposed amended regulation clarifies that the standard drilling unit for oil wells in eastern Kansas is 2.5 acres, not 10 acres. The current regulation, read alongside K.A.R. 82-3-108, arguably creates a situation where wells in eastern Kansas have a 10 acre standard drilling unit, but have a setback requirement under K.A.R. 82-3-108 that assumes 2.5 acre spacing.

The proposed amended regulation also eliminates acreage attribution units, because a well's production allowable in situations where a well is drilled closer than the minimum setback requirement is determined at a Commission hearing regarding the well location exception. Thus, a regulation for acreage attribution units is not necessary.

Federal law does not mandate this proposed regulation. As this proposed amended regulation only clarifies the Commission's existing interpretation of its regulations, and eliminates unnecessary language, the Commission does not anticipate an economic impact. The Commission considered the alternative of making no change to the regulation, but rejected that in favor of a clarified regulation.

Amended K.A.R. 82-3-312.

The proposed amended regulation eliminates redundant language regarding exceptions to allowables. The proposed amended regulation also eliminates acreage attribution units, because a well's production allowable in situations where a well is drilled closer than the minimum setback requirement is determined at a Commission hearing regarding the well location exception. Thus, a regulation for acreage attribution units is not necessary.

Federal law does not mandate this proposed regulation. As this proposed language only eliminates redundant and unnecessary language, the Commission does not anticipate an economic impact. The Commission considered the alternative of making no change to the regulation, but rejected that in favor of a clarified regulation.

Amended K.A.R. 82-2-402.

The proposed revocation eliminates a redundant regulation requiring an application to conduct trial tests for the disposal of water. An application would still be required under K.A.R. 82-3-400 et seq. Federal law does not mandate this proposed regulation. As this proposed revocation only eliminates redundant language, and does not appear to have been invoked for at least a few decades, the Commission does not anticipate an economic impact. The Commission considered the alternative of making no change to the regulation, but rejected that in favor of eliminating an unnecessary regulation.

Amended K.A.R. 82-2-506.

The proposed revocation eliminates a requirement that an application be submitted prior to the installation and use of submersible pumps. Federal law does not mandate this proposed regulation. This regulation does not appear to have been used for at least a few decades, so the Commission does not anticipate an economic impact. The Commission considered the alternative of making no change to the regulation, but rejected that in favor of eliminating an unnecessary regulation.

Amended K.A.R. 82-2-507.

The proposed revocation eliminates a \$15 filing fee associated with applications submitted prior to the installation and use of submersible pumps. Federal law does not mandate this proposed regulation. This regulation does not appear to have been used in at least a few decades, so the Commission does not anticipate an economic impact. The Commission considered the alternative of making no change to the regulation, but rejected that in favor of eliminating an unnecessary regulation.

Amended K.A.R. 82-3-1100 to K.A.R. 82-3-1120.

The proposed revocation eliminates regulations associated with carbon dioxide storage facilities. The regulations were implemented in 2010, pursuant to K.S.A. 55-1637. However, the regulations are no longer enforceable due to the United States Environmental Protection Agency's decision to regulate such facilities at a federal level. Federal law does not mandate this proposed regulation. If Kansas sought to establish primacy over this program, the regulations would have to be substantially rewritten and significant enforcement costs could be incurred.

At this time, the Corporation Commission has identified no need to establish primacy. The Corporation Commission continues to have jurisdiction over carbon dioxide injection for enhanced oil recovery under the Class II injection well program.

As there are no carbon dioxide storage facilities in Kansas and the regulations are not enforceable, the Commission does not anticipate an economic impact. The Commission considered the alternative of making no change to the regulations, but rejected that in favor of eliminating unenforceable, unnecessary regulations.