

Before the House Appropriations Committee  
Presented by Zack Pistora, Kansas Sierra Club  
Neutral Testimony on HB 2591  
February 8th, 2022



Chairman Waymaster and Honorable Members of the Committee,

Thank you for the opportunity to provide remarks on HB 2591, which would end fund transfers to the abandoned oil and gas well fund. This bill repeals 55-193, the statute responsible for transferring \$100,000 from the state general fund and \$200,000 from the conservation fee fund every calendar quarter to the abandoned oil and gas well fund.

Because of the *Infrastructure Investment and Jobs Act* passed by Congress, significant federal funding has been authorized for states to plug orphaned wells. On January 31<sup>st</sup>, the Department of Interior announced that Kansas is estimated to receive **\$58,667,000** in Phase One alone. As this grant award is quite substantial relative to our annual state transfers, the Kansas Chapter of Sierra Club remains wholly neutral on HB 2591 in deference to the Legislature managing the State's other responsibilities and fiscal obligations.

Nonetheless, the Kansas Chapter of Sierra Club reminds this committee that **much work needs to be done** to plug the 5,477 abandoned wells that require action, along with addressing the broader environmental consequences of the tens of thousands of oil and gas wells in operation throughout the state. Therefore, we offer a few additional considerations for the Legislature concerning HB 2591.

**#1 Maintain the Conservation Fee Fund and reallocate the well-plugging transfers to other (or new) programs that would positively impact our natural environment, particularly as it relates to oil and gas.**

The Conservation Fee Fund represents an appropriate and necessary funding stream provided by industry to the State to address the environmental impacts associated with oil and gas operations, including the escape of saltwater, oil, or refuse due to overflow, seepage, etc. Maintaining the Conservation Fee Fund and reallocating its associated monetary transfers of 55-193 to other programs would help the State make progress pressing environmental challenges. In fact, this situation could provide added flexibility for the State to explore new programs to tackle other pressing challenges associated with oil and gas, such as the consumption of precious freshwater resources associated with hydraulic fracturing or addressing the public cost of wastewater injection (and the associated induced earthquakes). To conclude this point, the new availability of federal funding for well-plugging should not be reason to reduce the funds upon industry through the Conservation Fee Fund, as there are worthwhile needs in utilizing the funds.

**#2 Include a 10-year sunset for HB 2591, as state transfers may need to be reinstated should the federal funding not be adequate over time.**

The Phase One funding of \$58.6 million is very significant, and more federal funding is anticipated too, but the Legislature should not assume that state funding won't ever be needed again. According to the recent figures provided by the Kansas Corporation Commission's 2022 annual report on *Abandoned Oil & Gas Well Status*, the plugging of the current 5,477 abandoned wells that require action would cost nearly \$22.8 million if done tomorrow. Of course, plugging costs could potentially rise, and there are likely many more abandoned wells to be added that will need to be dealt with (particularly if the State doesn't deter future abandoned wells through increased bonding amounts). To emphasize this point, over the past decade, for every well plugged, the State identifies another well requiring plugging. This is why Kansas has essentially the same number of wells requiring action today as it did a decade ago (5,475 in Sept. 2011 and 5,477 in 2022) despite nearly 4000 wells plugged during that same time period. Thus, as it remains unclear to what our future needs will be for plugging and whether federal funds will cover the costs, it is prudent this body include a sunset date on HB 2591.

Finally, the Kansas Sierra Club urges the Legislature and the KCC to do all it can, as quickly as it can, to identify and plug all these troublesome abandoned wells. These unplugged wells present an increasing threat of pollution the longer they go unaddressed. Given the good preliminary results of more plugged wells due to recent changes in law passed by this body, we can (and should) get any and all abandoned wells plugged by 2030. Furthermore, if better financial assurances and liability obligations are instituted, Kansas may be able to plug its abandoned well problem for good.

Thank you for your consideration and service to Kansas.

Zack Pistora | Legislative Director and State Lobbyist, Kansas Chapter of Sierra Club

[zackpistora@gmail.com](mailto:zackpistora@gmail.com) | 785-865-6503

*The Sierra Club is the largest grassroots environmental organization dedicated to enjoying, exploring, and protecting our great outdoors. The Kansas Chapter represents our state's strongest grassroots voice on environmental matters for more than forty years.*