As you may be aware, the KCC Conservation Division and the Abandoned Well Plugging Funds are entirely funded by fees assessed upon the oil and gas industry - no taxpayer monies fund these operations. Statewide most wells are plugged by operators under KCC supervision. Wells that become wards of the State Plugging Funds are prioritized for plugging based upon the risks they pose to the fresh water and public safety - with those posing the highest risks targeted for immediate plugging. Monitoring State Well Plugging Fund balances and planning for well plugging with these funds is a continuous and ongoing process. The precise timing of well plugging operations is primarily contingent upon weather, ground conditions and other well site accessibility issues as well as the availability of licensed well plugging contractors.

Presently, the KCC has adequate enforcement resources and funds to plug priority wells requiring plugging that have been accepted for plugging under the State Plugging funds. Should future events necessitate additional funding resources, the KCC will request such resources.

Coping with abandoned oil and gas wells in Kansas has been and will remain a top priority for the Kansas Corporation Commission. During this past year, the KCC has undertaken the following environmentally protective measures in an effort to honestly address the long-standing abandoned well issue:

1. Initiated an effort to inform the industry and the public about the nature and scope of the abandoned well issue;
2. Dedicated specific district office field staff, throughout the state, to focus on abandoned well identification and plugging;
3. Met with numerous well-plugging contractors to encourage competitive bidding on plugging projects;
4. Promulgated compliance agreements with operators to provide for timely, staged, and supervised plugging of inactive wells;
5. Encumbered larger sums of operator-funded fee-fund monies this fiscal year over last fiscal year to expand the state’s well-plugging efforts; and
6. Formed a working group for the purpose of vetting proposed changes to Kansas law governing persons responsible for well plugging and the associated costs.

The work of the KCC and the industry in protecting our valuable fresh water resources, protecting correlative rights and preventing waste in the production of the state’s oil and gas resources is work toward achieving some of the state’s most important conservation and environmental goals. Even though at times difficult and complex, the abandoned well issue is manageable and resolvable if we collectively apply focused, thoughtful and vigilant leadership and oversight.