

Kansas Administrative Regulations

Department of Health and Environment

Article 45.—Underground Hydrocarbon Storage Wells and Associated Brine Ponds

28-45-11a. Financial assurance for storage facility closure.

(a) Each permittee of a storage facility shall establish financial assurance for the following:

- (1) Closure of the facility;
- (2) the plugging of each storage well and cavern; and
- (3) the decommissioning of each brine pond.

(b) Each permittee shall submit to the secretary proof of financial assurance using a department-approved financial test mechanism for financial assurance, on or before April 1 of each year. Each permittee that wants to construct a new storage well or a new brine pond shall submit proof of financial assurance with the request for a permit modification and annually thereafter, as specified in this subsection. Each permittee shall meet the following requirements:

(1) Submit a detailed written estimate, in current dollars, of the cost charged by a third party to close all storage wells and caverns, brine ponds, and associated infrastructure at the facility following the closure procedures specified in K.A.R. 28-45-21 and K.A.R. 28-45-30. The estimate shall be reviewed and approved by a professional engineer or professional geologist;

(2) increase the closure cost estimate and the amount of financial assurance provided if any change in the facility operation or closure plan increases the maximum cost of closure at any time; and

(3) update the financial assurance for closure costs annually by applying an inflation factor approved by the secretary to the plugging and abandonment cost or providing a revised cost estimate as specified in this subsection.

(c) Each permittee shall provide continuous financial assurance coverage for closure until the secretary approves the facility closure.

(d) Each permittee shall comply with the provisions of the department's document titled "financial assurance for storage facility closure," dated July 27, 2021, which is hereby adopted by reference.

(Authorized by and implementing K.S.A. 2022 Supp. 55-1,117; effective, T-28-4-1-03, April 1, 2003; effective Aug. 8, 2003; amended Aug. 9, 2024.)

***** Authenticated Kansas Administrative Regulation *****