

Kansas Administrative Regulations

Kansas Corporation Commission

Article 3.—Production and Conservation of Oil and Gas

82-3-1201. Licensing; financial assurance.

(a) License required.

(1) No operator shall perform either of the following without first obtaining or renewing a license:

(A) Test, construct, convert, operate, or abandon any storage facility; or

(B) drill, complete, service, operate, or plug any storage well.

(2) Each operator shall maintain a current license until the storage facility has been abandoned and each storage well has been plugged and abandoned, in accordance with commission regulations.

(3) Each operator shall submit a completed license renewal form to the conservation division annually on or before November 1.

(b) License requirements. Each applicant for a new license or a license renewal shall be in compliance with all applicable laws as required in subsection (f) and shall submit the following items to the conservation division:

(1) An application meeting the requirements of subsection (c);

(2) a license application fee of \$1,500;

(3) financial assurance pursuant to subsection (e); and

(4) a detailed written estimate, signed by a licensed professional engineer or licensed professional geologist, of the current cost to plug all storage wells and abandon the storage facility.

(c) License application. Each applicant for a new license or a license renewal shall file with the conservation division an application providing the applicant's contact information, full legal name, and any other names under which the applicant transacts or intends to transact business under the license. If the applicant is a partnership, association, or similar entity, the application shall include the name and address of each partner or member. If the applicant is a corporation, limited liability company, or similar

entity, the application shall contain the name and address of each principal officer and the resident agent.

(d) Signature. Each applicant for a new license or a license renewal shall sign the license application. If the applicant is a partnership, association, or similar entity, at least one partner or member shall sign. If the applicant is a corporation, limited liability company, or similar entity, at least one principal officer shall sign.

(e) Financial assurance. Each operator shall provide financial assurance in an amount determined by the director. The financial assurance shall be signed as specified in subsection (d). The operator shall continue to provide financial assurance until all storage wells are plugged and abandoned and the storage facility is abandoned, according to commission regulations.

(f) Compliance with applicable laws.

(1) If the applicant is registered with the federal securities and exchange commission, the applicant shall demonstrate to the commission that the applicant complies with all requirements of K.S.A. 55-101 et seq. and K.S.A. 66-1272 through 66-1279 and amendments thereto, all implementing regulations, and all commission orders and compliance agreements. The applicant shall file a list of any past or pending administrative proceedings and court proceedings filed in Kansas in which the applicant was a party. The list shall include a brief description of the outcome of each proceeding.

(2) (A) If the applicant is not registered with the federal securities and exchange commission, the applicant shall demonstrate to the commission that the following individuals comply with all requirements of K.S.A. 55-101 et seq. and K.S.A. 66-1272 through 66-1279 and amendments thereto, all implementing regulations, and all commission orders and compliance agreements:

- (i) The applicant;
- (ii) any officer, director, partner, or member of the applicant; and
- (iii) any stockholder owning in the aggregate more than five percent of the stock of the applicant.

(B) The applicant shall file a list of any past or pending administrative proceedings and court proceedings filed in Kansas in which any person or entity listed in paragraphs (f)(2)(A)(i) through

(iii) was a party. The list shall include a brief description of the outcome of each proceeding.

(g) License issuance; term. If the application is approved by the conservation division, a license shall be issued to the applicant. Each license shall be effective for a maximum of one year, unless suspended or revoked by the commission, and shall expire on January 31 of each year.

(h) Denial of application. An application for a license or a license renewal may be denied by the conservation division if the applicant has not satisfied the requirements of this regulation. Denial of a license application shall constitute a summary proceeding under K.S.A. 77-537 and amendments thereto. Denial pursuant to paragraph (f)(1) or (f)(2) shall be considered a license revocation.

(i) License revocation. If a license is revoked, no new license shall be issued to the operator or contractor until one year has passed since the revocation date and the operator has satisfied the requirements of this regulation.

(j) Notification of changes. Each operator shall notify the conservation division in writing within five business days of any change in information provided as part of the license application. If the change would result in the operator being required to provide additional financial assurances, the operator shall submit the additional financial assurances within 30 days of the change.

(Authorized by and implementing K.S.A. 2011 Supp. 66-1274; effective Dec. 21, 2012.)

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