

Kansas Administrative Regulations

Kansas Corporation Commission

Article 3.—Production and Conservation of Oil and Gas

82-3-1002. Provisional operating permits and operating requirements for existing underground porosity storage facilities; penalties.

(a) Application deadline; permitting procedure. No underground porosity gas storage facility or gas storage well in existence on or before July 1, 2002 shall continue in operation unless the following conditions are met:

(1) The operator has filed an application for a provisional underground porosity gas storage permit with the conservation division in accordance with subsection (b) on or before January 31, 2003.

(2) The conservation division has issued a written provisional permit or written temporary provisional permit granting the application. The application shall be acted upon by the commission within 90 days of receipt of the application.

(b) Application form; content. The original and two copies of each application shall be signed and verified by the operator, shall be filed with the conservation division on a form furnished by the commission, and shall provide the following information:

(1) The name of the underground porosity gas storage facility;

(2) the name, description, and average depth of the porosity reservoir or reservoirs being utilized for underground porosity storage;

(3) a site map showing the boundaries of the underground porosity gas storage facility, the location and well number of each gas storage well, including any observation wells, the location of cathodic protection boreholes or ground bed systems, and the location of all pertinent surface facilities located within the boundary of the storage facility. This site map shall be verified by the operator;

(4) a statement confirming that the applicant holds the necessary and sufficient property rights for construction and operation of the underground porosity gas storage facility;

(5) a tabular summary showing the location, well number, completion date, elevation, top and bottom depths of the completed interval, casing information, tubing and packer information, and cementing information for each gas storage well located within the boundary of the underground porosity gas storage facility. This tabular summary shall be verified by the operator;

(6) the results of a water quality test of fluid recovered from the underground porosity storage reservoir or reservoirs reporting the amount of chlorides and total dissolved solids for the fluid in milligrams per liter (mg/l). This test shall be conducted by a laboratory that is certified by the state of Kansas. No gas storage shall be permitted in any underground porous stratum with chloride levels less than 5,000 milligrams per liter;

(7) the maximum wellhead injection rate and pressure currently utilized at the underground porosity gas storage facility and, if the facility is regulated by FERC, the maximum rate and pressure approved by FERC. In all cases, the applicant shall provide information showing that the maximum injection rate and pressure utilized at the facility will not exceed the fracture gradient and will not initiate fractures through the overlying strata that could enable stored gas or associated formation fluid to enter fresh and usable water strata or cause the injected gas to leak from the underground porosity gas storage reservoir. The fracture gradient of the formation may be required by the conservation division to be determined by a step rate test or by the calculation of a licensed engineer or a licensed geologist, using a method acceptable to the conservation division;

(8) a tabular summary of any gas storage wells located within the boundary of the underground porosity gas storage facility that have unrepaired casing leaks that are currently controlled with a tubing and packer completion;

(9) a schedule of completed and pending mechanical integrity testing for all gas storage wells utilized at the gas storage facility. All existing gas storage injection and withdrawal wells and gas storage withdrawal wells shall demonstrate mechanical integrity according to K.A.R. 82-3-1005 on or before July 1, 2004. All existing gas storage observation wells shall demonstrate mechanical integrity according to K.A.R. 82-3-1005 on or before July 1, 2007. Pressure testing or alternative tests or surveys conducted in accordance with K.A.R. 82-3-1005 and performed after July 1, 1999 shall

be deemed to have demonstrated mechanical integrity on the date of the test or survey. All gas storage wells completed after July 1, 2002 shall demonstrate mechanical integrity according to K.A.R. 82-3-1005 before being placed into service as an active gas storage well;

(10) the current maximum storage volume, including values for cushion gas and working gas for the underground porosity gas storage facility;

(11) a detailed description of the storage facility's current safety plan;

(12) the applicant's license number;

(13) any other information that the conservation division requires; and

(14) payment of the application fee required by K.A.R. 82-3-1012.

(c) Safety plan required. Each operator of an underground porosity gas storage facility shall develop and implement a storage facility safety plan on or before January 31, 2003. This plan shall include current emergency response procedures, provisions to provide security against unauthorized activity, and any current gas release detection and prevention measures utilized by the facility. The emergency response procedures for the storage facility shall include contingency plans for gas storage well leaks and loss of containment from gas storage wells or the gas storage reservoir. The emergency response procedures shall also identify specific contractors and equipment vendors capable of providing necessary services and equipment to respond to any gas storage well leaks or loss of containment from one or more of the gas storage wells or the gas storage reservoir. Copies of the plan shall be available at the storage facility and the nearest operational office of the operator of the facility.

(d) Gas metering; required. The total volume of gas injected into and withdrawn from an underground porosity gas storage facility that is operating under a provisional permit or temporary provisional permit issued by the conservation division shall be metered according to K.A.R. 82-3-1006.

(e) Gas volume; reporting. The operator of an underground porosity gas storage facility operating under a provisional permit or temporary provisional permit issued by the conservation division shall report monthly, to the conservation division, the volume of gas placed into storage and the volume of gas removed from storage at the facility during the preceding month. The report shall be filed according to K.A.R. 82-3-1006.

(f) Gas leaks; reporting. The operator of an underground porosity gas storage facility operating under a provisional permit issued by the conservation division shall report any pressure changes or other monitoring data that indicate the presence of leaks in a gas storage well or the lack of confinement of the injected gases and any associated fluids to the underground porosity gas storage reservoir. This report shall be submitted according to K.A.R. 82-3-1006.

(g) Maximum term for provisional permits; extensions. The maximum term for provisional underground porosity gas storage permits issued by the conservation division shall not exceed two years from the date of issue. Underground porosity gas storage facilities operating under a provisional permit shall file for a fully authorized operating permit in accordance with K.A.R. 82-3-1003 before the expiration of the provisional permit. The extension of a provisional permit may be granted administratively on a showing of good cause by the operator. If a request for an extension is administratively denied, the operator shall have a right to a hearing upon written request.

(h)(1) Provisional permit amendment. The operator of an existing underground porosity gas storage facility operating under a provisional permit shall file an application with the conservation division on a form furnished by the conservation division for an amendment to that provisional permit under any of the following:

(A) At any time that a material change in conditions has occurred in the operation of the storage facility or in the ability of the facility to operate without causing pollution or the waste of hydrocarbons;

(B) before expanding the areal extent of the underground porosity gas storage facility;

(C) before increasing the underground porosity gas storage facility reservoir pressure above the maximum permitted pressure;

(D) before adding any additional gas storage well within the underground porosity gas storage facility, if the well will be located 1,320 feet or less from the boundary of the storage facility; or

(E) before adding any additional gas storage well within the underground porosity gas storage facility, if the well will be located more than 1,320 feet from the boundary of the storage facility.

(2)(A) The applicant for any amendments under paragraphs (h)(1)(A) through (D) of this regulation shall publish notice of the application in at least two issues of the official county newspaper of each county in which the lands affected by the application are located. In addition, notice shall also be published in at least one issue of the Wichita Eagle newspaper. The applicant shall also deliver or publish any notice that the applicant deems necessary to ensure that those persons whose rights may be affected by the application have been sufficiently notified in accordance with applicable due process requirements.

(B) The application shall be held in abeyance for 15 days from the date of last publication or delivery of notice, whichever is later. If during the 15-day period a valid protest is filed according to K.A.R. 82-3-135b or if the commission on its own motion deems that there should be a hearing on the application, a hearing shall be held. The applicant shall publish notice of the hearing in the same manner as that required by paragraph (h)(2)(A) above.

(C) If an application for an amendment is administratively denied, the operator shall have a right to a hearing upon written request.

(i) Penalties.

(1) Operating an underground porosity gas storage facility in violation of this regulation shall be punishable by a penalty of \$1,000, and the underground porosity gas storage facility may be shut down until compliance is achieved.

(2) Each day that the violation continues may be considered a separate violation. The penalties specified in this subsection may be increased by the commission if it finds that aggravating factors exist.

This regulation shall be effective on and after October 29, 2002.

(Authorized by and implementing K.S.A. 55-152, K.S.A. 2001 Supp. 55-162, 55-164, 55-1,115, and 74-623; effective, T-82-6-27-02, July 1, 2002; effective Oct. 29, 2002.)