

# **Kansas Administrative Regulations**

## **Kansas Corporation Commission**

### **Article 3.—Production and Conservation of Oil and Gas**

#### **82-3-120. Operator or contractor licenses: application; financial responsibility; denial of application; penalty.**

(a)(1) No operator or contractor shall undertake any of the following activities without first obtaining or renewing a current license:

(A) Drilling, completing, servicing, plugging, or operating any oil, gas, injection, or monitoring well;

(B) operating a gas-gathering system, even if the system does not provide gas-gathering services as defined in K.S.A. 55-1,101(a), and amendments thereto; or

(C) constructing or operating an underground porosity gas storage facility.

Each operator in physical control of any such well or gas storage facility shall maintain a current license even if the well or storage facility is shut in or idle.

(2) Each licensee shall annually submit a completed license renewal form on or before the expiration date of the current license.

(b) To qualify for a license or license renewal, the applicant shall be in compliance with applicable laws, as required in subsection (g), and shall submit the following items to the conservation division:

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

(2) a \$100 license fee, except that an applicant for a license who is operating one gas well used strictly for the purpose of heating a residential dwelling shall pay an annual license fee of \$25;

(3) for each rig as defined in subsection (d), a \$25 fee and copies of property tax receipts on all rigs; and

(4) financial assurance in accordance with K.S.A. 55-155(d), and amendments thereto.

(c) The application for a license or a license renewal shall be verified and filed with the commission showing the following information:

(1) The applicant's full legal name and any other name or names under which the applicant transacts or intends to transact business under the license and the applicant's correct mailing address. If the applicant is a partnership or association, the application shall include the name and address of each partner or member of the partnership or association. If the applicant is a corporation, the application shall contain the names and addresses of the principal officers;

(2) the number of rigs sought to be licensed; and

(3) any other information that the forms provided may require.

Each application for a license shall be signed and verified by the applicant if the applicant is a natural person, by a partner or a member if the applicant is a partnership or association, by an executive officer if the applicant is a corporation, or by an authorized agent of the applicant.

(d) "Rig" shall mean any crane machine used for drilling or plugging wells. An identification tag shall be issued by the commission for each rig licensed according to this regulation. The operator shall display a current identification tag on each rig at all times.

(e) "An acceptable record of compliance" shall mean that both of the following conditions are met:

(1) The operator neither has been assessed by final order of the commission with \$3,000 or more in penalties nor has been cited by final commission order for five or more violations in the preceding 36 months.

(2) The operator has no outstanding undisputed orders or unpaid fines, penalties, or costs assessed by the commission and has no officer or director that has been or is associated substantially with another operator that has any such outstanding orders or unpaid fines, penalties, or costs.

(f) Each operator furnishing financial assurance under K.S.A. 55-155(d)(1), and amendments thereto, shall also furnish a complete inventory of wells and the depth of each well for which the operator is responsible. Each operator furnishing financial assurance under K.S.A. 55-155(d)(2), (4), (5), or (6), and amendments thereto, either shall furnish a well inventory or shall be required to furnish the \$45,000 bond, letter of credit, fee, or other financial assurance based on that amount. Falsification of the well

inventory shall be punishable by a penalty of up to \$5,000 and possible suspension of the operator's license.

(g) (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 amendments thereto, all implementing regulations, and all commission orders and enforcement agreements.

(2) 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 amendments thereto, all implementing regulations, and all commission orders and enforcement agreements:

(A) The applicant;

(B) any officer, director, partner, or member of the applicant;

(C) any stockholder owning in the aggregate more than five percent of the stock of the applicant; and

(D) any spouse, parent, brother, sister, child, parent-in-law, brother-in-law, or sister-in-law of any of the individuals specified in paragraphs (g)(2)(A) through (C).

(h) Upon approval of the application by the conservation division, a license shall be issued to the applicant. Each license shall be in effect for one year unless suspended or revoked by the commission.

(i) An application or renewal application shall be denied 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. A denial pursuant to K.S.A. 55-155(c)(3) or (4), and amendments thereto, shall be considered a license revocation.

(j) Upon revocation of a license, no new license shall be issued to that operator or contractor until after the expiration of one year from the date of the revocation.

(k) The failure to obtain or renew an operator or contractor license before operating shall be punishable by a \$500 penalty.

(l) Each operator shall notify the conservation division in writing within 30 days of any change in information supplied in conjunction with the license application. If the

change involves an increase in the number or depth of the wells listed on the operator's well inventory, the operator's notification shall be accompanied by additional financial assurances to cover the additional number or depth of wells.

(Authorized by K.S.A. 55-152 and 55-1,115; implementing K.S.A. 2009 Supp. 55-155 and K.S.A. 55-164 and 55-1,115; effective, T-83-44, Dec. 8, 1982; effective May 1, 1983; amended May 8, 1989; amended April 23, 1990; amended March 20, 1995; amended Aug. 29, 1997; amended Jan. 25, 2002; amended, T-82-6-27-02, July 1, 2002; amended Oct. 29, 2002; amended Nov. 5, 2010.)

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