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Before the House Agriculture
Proponent testimony on HB 2159

Oral Testimony of Michael Gillaspie, Director, Governmental Affairs
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Good afternoon Mr. Chairman and members of the committee. My name is Michael Gillaspie and I work for ONEOK, as the director of government relations in Kansas. ONEOK owns and operates one of the nation's premier natural gas and natural gas liquids (NGL) systems, connecting NGL supply in the Mid-Continent, Permian and Rocky Mountain regions with key market centers and is a leader in the gathering, processing, storage and transportation of natural gas in the U.S. ONEOK has operations in 18 states, including substantial facilities and pipelines throughout the State of Kansas.

In order to have better background on this issue, it is important to understand the assets ONEOK owns and operates in Kansas. As part of our 18 state integrated system, we have roughly 7,000 miles of pipe that span across 63 counties in Kansas, including natural gas storage and processing facilities, as well as natural gas liquids processing and storage facilities. For a visual representation of ONEOK's footprint, please see the attached ONEOK Fact Sheet that includes a map of our facilities, a list of some of our recent investments in Kansas, as well as a full asset map of ONEOK's operations in the other states we operate.

As part of its integrated natural gas liquids processing and storage system in Kansas, ONEOK utilizes wastewater disposal, or Class I disposal wells, which have been operating as part of our facilities since the early 1960s. These wells have two main purposes at our facilities: to dispose of excess brine that's used in our storage operations, and to dispose of process water that is used in the process of separating raw natural gas liquids, or NGLs, into ethane-propane mix (EP), propane, butanes and natural gasoline.

ONEOK's disposal wells are regulated by the Kansas Department of Health and Environment (KDHE) Underground Injection Control (UIC) program, which is responsible for permitting, monitoring, testing and inspecting these wells. ONEOK regularly monitors and reports pressures, volumes, injection rates, static fluid levels, waste minimization and mechanical integrity tests to KDHE. Over the years that ONEOK has operated our facilities in Kansas, we have worked hard to operate safely and efficiently, being good stewards of our resources. We have continued to maintain a good relationship with the Kansas Department of Health and Environment (KDHE).

Currently, KDHE pays for the Underground Injection Control program from fees that ONEOK and several other companies pay to the Subsurface Hydrocarbon Storage (SUHS) Fund and other monies dedicated to the department division. ONEOK pays roughly \$200,000 annually to KDHE to this SUHS fund, which consists of a per storage cavern fee as well as a substantial fee per facility. There are only a few underground storage companies in Kansas, and more than five times that number of Class I injection well companies. The purpose of this legislation from our perspective is to stop the subsidization of the Underground Injection Control from the UHS fund and to ensure the longevity of the program and regulated operation of our facilities.

The "fee caps" language, which was added to the legislation from conversations from previous years was an industry and agency compromise. It shows the value of standalone funding for the program, while also recognizing the industry's need for budgeting, forecasting and planning for annual operational regulatory costs.

Thank you for the opportunity to address the committee on this issue contained in HB2159. I will be happy to answer questions or provide clarification at the appropriate time.