MINUTES OF THE SENATE NATURAL RESOURCES COMMITTEE.

The meeting was called to order by Chairman Robert Tyson at 8:32 a.m. on January 25, 2002 in Room 423-S of the Capitol.

All members were present except:

Senator Christine Downey - excused

Senator Dwayne Umbarger - excused

Senator Janis Lee - excused

Senator Tim Huelskamp - excused

Committee staff present:

Raney Gilliland, Legislative Research Department

Lisa Montgomery, Office of Revisor of Statutes

Deborah McIntire, Committee Secretary

Conferees appearing before the committee:

Mary Jane Stattelman, Administrator of the Kansas Agricultural

Remediation Board

Linda Peterson, Chair, Kansas Agricultural Remediation Board

Dr. Ron Hammerschmidt, Director, Division of Environment, KDHE

Others attending:

See attached list

The meeting was called to order by Chairman Robert Tyson.

Chairman Tyson appointed a subcommittee consisting of Chairman Tyson, Senator Taddiken, and Senator Lee to discuss **HB 2471**.

The first conferee to appear before the committee was Mary Jane Stattelman (Administrator of the Kansas Agricultural Remediation Board) who provided opening remarks and brief introductions of board members in attendance; Laura Pearl and Rick Bean, Remediation Section Chief, KDHE. She stated that Linda Peterson, Chair, Kansas Agricultural Remediation Board, would start the morning by giving an overview presentation of the board and its functions.

Linda Peterson provided testimony as to the inception of the Kansas Agricultural Remediation Board, its members, the Kansas Agricultural Remediation Fund, 2001 legislative changes to the Remediation Act, meetings, rule and regulation progress, and applications (<u>Attachment 1</u>). Discussion and questions followed.

The second conferee to appear was Dr. Ron Hammerschmidt, Director, Division of Environment, KDHE. He briefed the committee on the Hutchinson gas incident of 2001, one year after (<u>Attachment 2</u>). Discussion and questions followed.

The meeting adjourned at 9:05 a.m.

The next meeting is scheduled for January 31 at 8:30 a.m.

SENATE NATURAL RESOURCES COMMITTEE GUEST LIST

DATE: January 25, 2002

NAME	REPRESENTING
BON GACHES	C33A
Laura Pearl	KARB
Mary Jane Stattelner	KS Ag Renediation Pad
Rich & Ben	KDHE
Rex Buchanan	Ks. Geological Survey
Robert Sawin	Ks. Geological Survey
Los Hammerschundt	KOHE
Mike Cachrony	WOHE
Kent Muelden	, \
Whitney Damon	KS Gas Service [ONEOR
Kein Barone	Hem / weir Chrta.
2 On Filmon	KARA
Len PETERSON	KS Petrokenn Council
v 8: 1:10	



Kansas Agricultural Remediation Board

Board Members:

CHAIR Agricultural Producer LINDA PETERSON Burdick

VICE CHAIR Specialty Chemical Distributor LARRY SHIVERS Van Diest Supply Salina

Grain Processor KAMYAR MANESH Farmland Industries Olathe

Agricultural Retailer LAURA PEARL J.B. Pearl Sales & Service St. Marys

Ag & Specialty Chemical Registrant ROGER LONG Syngenta Crop Protection Great Bend

Ex Officio Members:

RICK BEAN Remediation Section Chief KS Department of Health & Environment, Topeka

GARY MEYER Fertilizer & Pesticide Program Director KS Department of Agriculture, Topeka

Program Administrator

MARY JANE STATTELMAN Topeka

KANSAS AGRICULTURAL REMEDIATION BOARD

ANNUAL REPORT

SUBMITTED TO:

SENATE NATURAL RESOURCES COMMITTEE

JANUARY 25, 2002

Senate Natural Resources Committee
Date 1-25-02

Attachment #

The Genesis

The 2000 Legislature passed SB 501, which was entitled the Agricultural and Specialty Chemical Remediation Act. This bill created the following programs and board:

- 1. <u>Remediation Linked Deposit Loan Program</u> This program is to be administered by the state treasurer for the purpose of providing lower interest loans to eligible persons to pay the costs of corrective action approved or ordered by the Kansas Department of Health and Environment.
 - The costs must also be approved by the Kansas Agricultural Remediation Board (KARB).
 - The total amount of linked deposit loans for any one site cannot exceed \$300,000.
 - The total amount of money in the linked deposit program shall not exceed \$5 million.
 - This provision will sunset in 10 years.
- 2. Remediation Reimbursement Program This program is administered by the Kansas Agricultural Remediation Board (KARB). This program provides reimbursement to eligible persons for the costs of corrective actions approved by KDHE or taken in accordance with an order from KDHE.
 - If an eligible person is assessed a fee then that person can receive 90% of the total costs greater than \$1,000 and less than \$100,000 plus 80% of the total eligible corrective action costs greater than \$100,000 and less than \$200,000.
 - If a person does not pay an assessment or a pesticide dealer that sells less than \$2500 of pesticides annually, then the person is eligible to receive 100% of their costs greater than \$1,000 and less than or equal to \$10,000.
 - This provision sunsets in 10 years.
- 3. <u>Kansas Agricultural Remediation Board</u> (KARB) 5 members are appointed by the Governor and confirmed by the Senate and two ex officio members representing KDHE and KDA. These Board members will serve 4 year terms. The Board has the following authority and responsibility:
 - Promulgate rules and regulations;
 - · Contract or hire an administrator;
 - Provide an annual audit of the fund;
 - Provide an annual report to the Governor, the Senate Energy and Natural Resources Committee and the House Environment Committee on or before February 1, of each year;
 - The Board and the Fund shall be subject to an annual audit by the legislative post audit committee.

Kansas Agricultural Remediation Board (KARB)

The following individuals were selected by Governor Graves and confirmed by the Senate:

Linda Peterson, Chair

Representing agricultural producers

Term expires: 2003

Larry Shivers, Vice Chair

Representing specialty chemical distributors

Term expires: 2004

Kamyar Manesch

Representing grain processors

Term expires: 2003

Laura Pearl

Representing agricultural retailers

Term expires: 2002

Roger Long

Representing agriculture and specialty chemical registrants

Term expires: 2002

Rick Bean, ex-officio member

Representing the Kansas Department of Health and Environment

Gary Meyer, ex-officio member

Representing the Kansas Department of Agriculture

These are the original Board members and as such they have staggered terms. Therefore, there are two members, Laura Pearl and Roger Long, whose terms expire later this year unless they are reappointed.

FY 2001 Receipts

Who Pays	Number	Due date	Amount Assessed	Amount to KDA	Amount to KARB	Total Amount to KARB
Pesticide Product	6619	Jan. 1 st	\$190	\$130	\$60	\$397,140
Grain Storage	880,588 million bushels	August 31 ^{st -} or upon license renewal	\$.0005 per bushel	No fee to federally licensed	\$.0005 per bushel	\$440,294
Pesticide Business Dealer License	1455	July 1 st	\$100	\$20	\$80	\$116,399
Fertilizer Products	2744	July 1 st	\$25	\$5	\$20	\$ 54,880
Custom Fertilizer Blenders	429	Jan. 1 st	\$125	\$25	\$100	\$ 42,880
Total						\$1,051,593

Kansas Agricultural Remediation Fund

As of January 4, 2002, the remediation fund balance was \$1,906,198.87. The revenue collected by these assessments was approximately \$41,000 above the estimated revenues for 2001. This is due mainly to the number of pesticide product registrations. However, we believe the Kansas Department of Agriculture should be commended for these well done projections, especially since this was the initial estimated revenue for a totally new program.

FY 2002 Projected Revenues

Who Pays	Number	Due date	Amount Assessed	Amount to KDA	Amount to KARB	Total Amount to KARB
Pesticide Product	7364	Jan. 1 st	\$190	\$130	\$60	\$441,840
Grain Storage	880 million bushels	August 31 st or upon license renewal	\$.0005 per bushel	No fee to federally licensed	\$.0005 per bushel	\$440,000
Pesticide Business Dealer License*	1667	July 1 st	\$100	\$20	\$80	\$133,360
Pesticide Business Dealers <\$2500*						
Fertilizer Products	2800	July 1 st	\$25	\$5	\$20	\$ 70,00
Custom Fertilizer Blenders	415	Jan. 1 st	\$125	\$25	\$100	\$ 41,500
Total						\$1,126,700

During the 2001 legislative session, the Kansas legislature passed a bill that reduces the fee for pesticide dealers that sell less than \$2500 a year in product from \$80 per year to \$5 per year. The Kansas Department of Agriculture has recorded that as of January 1, 2002, the total number of pesticide dealers that registered with them was 1,706. Of that number 1224 paid \$80 into the remediation fund and 482 dealers paid \$5 into the remediation fund. Therefore, while the number of pesticide dealers did not significantly change from the previous year, there were a significant number of dealers that paid the reduced fee in 2001, which lowered the revenue collected by \$33,030.

2001 Legislative Changes to the Remediation Act

During the 2001 legislative session, the following statutory changes were made regarding the remediation program:

- Allowed a pesticide dealer that sells less than \$2500 worth of pesticides annually to only pay \$5 into the remediation fund and in return is restricted to only being able to receive up to \$10,000 in reimbursements;
- Authorize the secretary of agriculture to adopt rules and regulations regarding the payment and collection of remediation fees;
- Authorize the secretary of agriculture to reimburse or refund a person if an error occurred in the payment of the assessment;
- Enacted a site cap that restricts the amount that can be reimbursed for a particular site to \$200,000 within a 5 year period.

The Remediation Board was supportive of all these changes, except for the reduction in fees paid by the pesticide dealers. However, the final language of the bill that restricted the amount these people could be reimbursed was supported by the Remediation Board.

KARB Meetings

The Board has met 6 times during the calendar year 2001. These meetings occurred on January 25, 2001, April 3, 2001, May 18, 2001, September 4, 2001, September 14, 2001, and November 14, 2001. During these meetings, the Board accomplished the following tasks:

- Promulgated rules and regulations (see later discussion regarding the regulations);
- Created an application form and brochure (see attached copies);
- Sent out application forms and brochures to every person or entity that is currently participating in either KDHE's voluntary cleanup program or the state cooperative program;
- Renewed the administrative contract with Kansas Grain and Feed Association;
- Renewed the contract with Berberich, Trahan and Company P.A. to perform the audit of the remediation fund.

Rule and Regulation Progress

The Board worked diligently to enact regulations so that the remediation program could begin reimbursing eligible applicants as soon as possible. This process was delayed temporarily this past summer while the Attorney General's office considered an opinion request that asked whether the Board had authority to promulgate rules and regulations. The Attorney General ultimately opined that the Board was a governmental entity with authority to issue rules and regulations. Shortly after this opinion was rendered, the temporary regulations went into effect on September 5, 2001. The permanent regulations became effective on January 4, 2002.

The regulations set out the following parameters for the program:

- Applicants may apply for reimbursement of corrective action costs incurred since July 1, 1997. However these costs must be submitted to the Board by September 1, 2003. Thereafter, all claims for reimbursement must be made within 2 years of incurring the corrective action cost.
- An application will remain viable for 12 months and then the applicant can resubmit the form.
- If more than one eligible person incurs eligible corrective action costs then each person will need to apply separately to the Board.
- The Board set out a list of what types of costs they deem to be eligible and ineligible. These lists are not exhaustive. Some of the costs that the Board has deemed to be ineligible are attorney fees, loss of property valuation, interest or financing cost or undocumented costs.
- Arbitration shall be the means of resolving a denial of a corrective action cost.
- Before payment shall be made, the applicant must submit all the necessary documentation and there shall not be any pending lawsuits involving the applicant and the contaminated site.
- If a Board member has a direct financial or employment interest in the application or has a substantial interest relating to the application then the Board member will refrain from voting on the application.

Application Process

Starting in the last week in October, letters containing the application form, the brochure and copies of the statutes and rules and regulations were mailed to the interested parties and those persons that are already involved in one of KDHE's remediation programs. As of December 31, 2001, the Board had received 11 applications.

APPLICATION FOR REIMBURSEMEN'	APPL	ICATION	FOR	REIMBU	IRSEMEN'
-------------------------------	------	----------------	-----	--------	----------

(OFFICE USE O	NLY)
KARB FILE NO.	AMT CLAIMED
AMT BD AUTHORIZED	DATE PAID

The data which you supply on this application will be used to assess your eligibility for KARB reimbursement. You are not legally required to provide this

THIS APPLICATION IS (Check ☑ One):	KDHE Site I	ID#		KDHE Order or Approval Letter is Attached			
☐ Initial Request ☐ Subsequent Request			1	□ Yes □ No			
2. Applicant / Eligible Person							
APPLICANT IS (Check ☑ One): □ OW	NER 🗆	OPERA	ATOR 🗆 OTHE	R (Specify):			
COMPANY (APPLICANT) NAME							
MAILING ADDRESS							
CITY		STAT	E	ZIP CODE			
INDIVIDUAL IO NAME		TIT! F	<u></u>				
INDIVIDUAL'S NAME		TITLE	1				
TELEPHONE NO. (Include area code)		FAXI	NO. (Include area code				
SOCIAL SECURITY NO. (If individual)			KANSAS TAX ID #				
0.0 4 41.5	4:C 4:						
3. Contact Information / Site Iden							
INCIDENT SITE NAME (If different from Company	Name above)	Contac	ct Person (Person at nt site)	TELEPHONE NO. (Include area code)			
INCIDENT SITE LOCATION (Where incident occ	urred)						
CITY (Where incident occurred, if applicable)			COUNTY (where incide	ent occurred)			
CONTACT PERSON'S NAME (Person complete	ng this applicati	ion)	TITLE				
TELEPHONE N0. (Include area code)			FAX NO. (Include area	code)			
4. Remediation Activities							
	ion:	1	/ t	0 / /			
Dates of invoices submitted with THIS applicati		s covere	ed on this application, in	cluding any special circumstances (attach			
Dates of invoices submitted with THIS applicate Please provide a brief chronological description	TOT THE ACTIVITIE						
	TOT THE ACTIVITIE						
Please provide a brief chronological description	TOI THE ACTIVITIE			*			
Please provide a brief chronological description	TOT THE ACTIVITIE						

ADDI ICATION FOR PEIMBLIDSEMENT - Page 2

APPL	ICATION FOR REIM	BURSEINENI	- Page 2	
5. Discharge Site Information				
A. At the time of the incident, the applicant was: (check all that apply)	□ a pesticide manufactu □ a commercial applica □ a distributor of fertilizu □ a distributor of pesticu □ a common carrier	tion business ers	☐ a farmer ☐ an elevator ☐ agricultural retail business ☐ other ☐	
water supply.	any supporting documenta	ation indicating th	ne proximity of the incident to any private or public	
C. Have you previously received reimbursement from KARB for corrective action costs at this discharge site? □ yes □ no If yes, does this application include: □ additional costs for the same discharge □ costs for another discharge		D. Have you, or will you be, applying to another government agency for reimbursement of all or a portion of your corrective action costs? ☐ yes ☐ no If yes, enter the program name and date of the claim:		
E. Enter the person's name that compiled this application:		F. I certify that I have reviewed all of the information included in this application and it is true and correct to the best of my knowledge. I hereby agree that any appeal of the final order by the Kansas Agricultural Remediation Board shall be resolved in accordance with the Kansas Uniform Arbitration Act. (Signature) (Print Name)		

KDHE Site ID#

APPLICATION FOR REIMBURSEMENT - Page 3

	ALLEGATION	CLIMBOROLIMETET T ag			
	thers Involved				
payme	yone else incur corrective action costs and make application trelated to this incident?] NO	
	ist name, address and telephone number of that person or persons of Individual or Firm	s below. (If additional space is need Telephone No. (Include area c	ode)	561. <i>)</i>	
	g Address	City	State	Zip Code	
Relation	onship to Eligible Person				
	ontractors / Consultants				
incider	ete the following for all contractors, subcontractors, consult nt. Failure to provide this information for ALL persons who ursement which may be paid. Additional pages may be atta	performed corrective actions mached if more room is needed.	ay result in action to re	ective actions at the ecover any	
	Name of Individual or Firm	Telephone No. (Include area	code)		
A	Mailing Address	City	State	Zip Code	
	Service(s) Performed				
	Name of Individual or Firm	Telephone No. (Include area code)			
В	Mailing Address	City	State	Zip Code	
	Service(s) Performed			e .	
	Name of Individual or Firm	Telephone No. (Include area	code)		
С	Mailing Address	City	State	Zip Code	
	Service(s) Performed				
	Name of Individual or Firm	Telephone No. (Include area	code)		
D	Mailing Address	City	State	Zip Code	
	Service(s) Performed			•	
	Name of Individual or Firm	Telephone No. (Include area	code)		
E	Mailing Address	City	State	Zip Code	
	Service(s) Performed				
Descr	ibe relationship (financial or otherwise) between applicant a	and any contractor who perform	ed work at this site:		

KDHE Site ID#

Kansas Agricultural Remediation

816 SW Tyler, Topeka, Kansas 66612 Phone: (785) 440-0356 Fax: (785) 234-2930

APPLICATION FOR REIMBURSEMENT - Page 4

8. Eligible Costs Summary (ECS)

This part of the form is used to report the actual costs incurred and paid. The ECS Table below summarizes costs for the remedial investigation, corrective action designs, corrective actions taken, and ongoing corrective actions. First complete the Cost Detail Worksheets which accompany this application. From the worksheets, take the total of each category and enter those amounts in the corresponding category space in the ECS Table below. Please provide a copy of all bills, invoices or other documentation that supports the costs.

ECS	12 100000000000000000000000000000000000	(Do Not Write in This Space – Office Use Only) APROVED ELIGIBLE COSTS			
COST CATEGORY	COSTS (Incurred On or After July 1, 1997)	EXCLUSIONS AND EXPLANATIONS	TOTAL COSTS APPROVED		
A. Consultant Services					
B. Soil Boring and Monitoring Wells					
C. Laboratory Analysis					
D. Excavation					
E. Equipment, Rental / Leasing / Purchasing					
F. Trucking					
G. Land Application					
H. Site Restoration / Backfill					
I. Ground Water or Remediation Costs					
J. Other Costs					
K. TOTAL AMOUNT CLAIMED					

KDHE Site ID#	
i o	
•	

APPLICATION FOR REIMBURSEMENT - Page 5

9. Other Financing Sources						
FINANCING SOURCE(S) (Check ☑ all that apply – if more space is needed for additional entry, attach separate sheet): □ INSURANCE (Attach an itemized copy of policy coverage and limits) □ OTHER (Specify):						
Did the applicant have in effect one or r	more insurance policies at	t the time of the releas	se? (Circle One	e) No	o or Yes	
Was an insurance claim filed for covera	ge of any of the costs wh	ich the applicant is se	eking reimburs	ement in the	application?	
If no , explain why a claim was not filed:						
Did the insurer agree to cover your claim	m? (Circle One) No	o or Yes				
If no , provide a copy of the insurer's	letter explaining the reas	ons for denying your	claim			
If yes, state the amount of benefits r	eceived (or to be received	d) and provide a copy	of the insurer's	explanation	of benefits	
POLICY NO.	EFFECTIVE DATES		DOLLAR AM	IOUNT RECE	EIVED	
	From:		\$			
NAME OF INSURANCE COMPANY OR OT	HER FINANCING SOURCE					
STREET ADDRESS		STATE		ZIP CODE		
AGENT'S OR CONTACT PERSON'S NAME	<u> </u>	TELEPHONE NO. (Inc	lude area code)			
10. Certification						
Initial Reimbursement Request: I cer supervision in accordance with a system submitted. I certify that the Kansas Defend of the person or persons who manage to fits attachments are, to the best of my design and the corrective actions were on behalf of: COMPANY NAME	m designed to assure that partment of Health and Er the system, or those perso knowledge, true, accura	t qualified personnel provironment has appro ons directly responsib te and complete. I cer	properly gathere wed the correcti le for gathering tify that I have	ed and evaluate ve actions tale the information complied with	ated the information ken. Based on my inquiry on, this application and all n the ccorrective action	
SIGNATURE OF ELIGIBLE PERSON		TITLE			DATE	
1						
	·			KD	HE Site ID#	

COST DETAIL WORKSHEET - CONSULTANT SERVICES COSTS

Enter ... total onto line A of page 4 of this application.

Firm Name	Invoice #	Description	Unit Cost	Total Units	Subtotal
		·			
		5#7			
					a .
		141			
TOTAL CLEANUP CO application)	NSULTANT SERV	ICES COSTS (also enter	on line A page	4	

KDHE Site ID#	Yanta Tan ina (B. 1814 a Sau

COTT DETAIL WORKSHEET - SOIL BORINGS/MONITORING WELL(S)

Enter me total onto line B of page 4 of this application.

Firm Name	Invoice #	Well#	Description	Unit Cost	Total Units	Subtotal
TOTAL SOIL BORING/M	ONITORING	WELLS	COSTS (also enter on line B pag	e 4 applicat	ion)	

KDHE Site ID#	

DETAIL WORKSHEET - LABORATORY TESTS AND ANALYSIS COSTS C

Enter the total onto line C of page 4 of this application **Costs incurred on or after July 1, 1997:**

LAB Name	Invoice #	Method	Soil/Water Analysis	Unit Cost	Total Units	Subtotal
				-		
				-	-	
TOTAL LABORATORY T	ESTS/ANAI	VSIS COS	STS (also enter on line C page	4 application	,)	
TOTAL LABORATORY I	LOIGIANAL	1 313 603	(also enter on line C page	4 application	')	

KDHE Site ID#	

COST DETAIL WORKSHEET – EXCAVATION, EQUIPMENT RENTAL OR PURCH TRUCKING, LAND APPLICATIONS

DUPLICATE FORM AS NECESSARY

Enter the totals for each category onto the appropriate line D-G of page 4 of this application

	Firm Name	Invoice#	Description	Unit Cost	Total Units	Subtotal
EXCAVATI						
O N	Subtotal					
E Q U I P						
M E N T	Subtotal					
TRUCK-						
I N G	Subtotal					
LAND AP						
PLICATI						
O N	Subtotal					
	TOTAL EXCAVATION COSTS					

KDHE Site ID#	

COS'1 DETAIL WORKSHEET - SITE RESTORATION/BACKFILL

Enter the total onto line H of page 4 of this application

Firm Name	Invoice #	Description	Unit Cost	Total Units	Subtotal
		17.12			
4.2.					
TOTAL SITE RESTOR	RATION/BACKFILI	COSTS (also enter on lin	e H page 4 app	lication)	

KDHE Site ID#	

COST PETAIL WORKSHEET - GROUND WATER OR REMEDIATION COSTS

Enter trie total onto line I of page 4 of this application.

Firm Name	Invoice #	Description	Unit Cost	Total Units	Subtotal
		West Constitution of the C			
TOTAL OTHER COSTS	(also enter on line I	page 4 application)			
	(2.25 5.1.31 511 1110 1	F-33 . abk			

KDHE Site ID#	

COST DETAIL WORKSHEET - OTHER COSTS

Enter the total onto line J of page 4 of this application.

Firm Name	Invoice #	Description	Unit Cost	Total Units	Subtotal
1					
					
TOTAL OTHER COSTS	(also enter on line J	page 4 application)			
	(also sitter on line o	page - application)			

KDHE Site ID#	



KANSAS DEPARTMENT OF HEALTH & ENVIRONMENT

BILL GRAVES, GOVERNOR Clyde D. Graeber, Secretary

Report on Hutchinson Gas Incident of 2001, One Year After

Karl Mueldener, Director Bureau of Water January 15, 2002

On January 17, 2001, Hutchinson was rocked by an explosion and subsequent persistent fire destroying two downtown businesses and injuring several people. Over the next 24 hours geysers of salt water and gas erupted in the eastern part of the community. An explosion and fire at the Big Chief Mobile Home Park resulted in the death of two citizens. The situation was terrifying and the cause unknown. Local government personnel were all working around the clock to insure public safety, fight the fires, and trying to figure out what was occurring.

The City Fire Department and Police were the front lines in responding to the incident. As the nature of the event unfolded the Local Emergency Preparedness Department became the focal point in coordinating efforts. Literally all city personnel from Fire, Police, Public Works, Emergency Response were involved. Responses included fire fighting and keeping citizens away from dangerous areas, all the while trying to determine what was happening.

As it became apparent natural gas was involved, contacts were made with federal and state agencies and the gas company, Kansas Gas Service. A pipeline leak was initially suspected, but company and agency reviews of the operations showed no evidence of pipeline problems. Kansas Gas was reviewing pipeline and distribution operations and also operations at the Yaggy underground gas storage facility. Pressure anomalies were noted at storage well S-1 prompting further investigation including video logging of the well. The video logging revealed a hole in the well casing at a depth of 600 feet. This is thought to be the source of the gas causing the eruptions in Hutchinson. Kansas Gas Service took steps to reduce leakage by removing gas from the well and setting special plugs to seal the leak. All gas was removed from storage well S-1 and the storage cavern was filled with brine. The state required no more gas be placed in the Yaggy facility as a safety precaution. Kansas Gas Service brought in nearly 200 employees to search for leaks in the community. Public buildings, such as schools, were surveyed with detection equipment. Additionally special sniffer trucks criscrossed the town and geo-probe units were used to monitor suspect areas. These surveys continue today as a precaution.

Senate Natural Resources Committee

1-25-02

Attachment # 2

Local and state officials and Kansas Gas Service officials agreed it was in the best interest to attempt to drill special wells designed to vent gas from under Hutchinson. The gas was apparently traveling up to seven miles underground and rising to the surface through old salt solution mining wells. The location or potential danger of these old, unplugged brine wells was not known. The geysers in east Hutchinson and the source of the downtown explosion were all from old brine wells. Location and completion of the vent wells required considerable geologic research and expertise. The first 4 wells did not hit gas, but eventually 13 of the 57 (8 of first 30) vent wells drilled were successful in venting gas, thus relieving the danger of further releases. The vent wells also dropped the pressure and volume of gas under the community. Only 3 of these vent wells still show small amounts of natural gas. Plugging of the dry vent wells, i.e., those not hitting gas, has been initiated with two wells being recently plugged. Plugging will continue through the summer. Certain wells are being logged in an effort to learn more about the travel pathways of the gas. Several of the vent wells might remain in place as sentinels or safety relief wells allowing gas to escape without harm to the public. Kansas Gas Service paid the expenses for the installation and operation of the vent wells. Kansas Gas Service paid for the plugging of these two vent wells and will pay for the plugging of the remaining vent wells.

During the early phases of the geologic investigation the Governor asked the Kansas Geological Survey to assist. The Survey quickly dispatched geologists and highly specialized gear to assist. The Survey has played a critical and vital role in resolution of the issue. The Survey brings experts and a trusted point of view to examine the problem. The Survey was able to identify and explain the travel paths of the gas and help focus remedial work and investigations. The Survey was able to help Kansas Gas and Health & Environment officials in formulating the vent well program. Additionally the Survey has completed a significant amount of detailed study in the areas including shallow seismic testing and well logging in working to understand what happened. The Survey role was vital to area citizens and City officials in providing an unbiased technical viewpoint that was trusted.

Location and plugging of old brine wells is a secondary issue that has arisen. The Survey has been very active in helping to identify these old wells. The Survey and City recently signed an agreement to find these old wells. Several have already been identified and are expected to be plugged this summer. Honeywell Corporation has agreed to cover the cost of plugging some of the identified old brine wells. Other unplugged and abandoned wells will likely be found but it is questionable whether responsible parties can be found to plug the wells.

The Kansas Department of Commerce and Housing provided \$400,000 and the Kansas State Fire Marshal gave an additional \$200,000 to the City of Hutchinson to assist. The Kansas Geological Survey is seeking funding through the U.S. Department of Energy to carry out a 3-year geologic and engineering study of what transpired at Hutchinson.

Kansas Gas Service has not placed any additional natural gas in the Yaggy facility since the situation began, but has continued to remove gas to meet winter demands. KDHE has stated the facility can not be put back into service until the public's safety can be assured.

