

MINUTES OF THE SENATE NATURAL RESOURCES COMMITTEE

The meeting was called to order by Chairman Ralph Ostmeyer at 8:35 a.m. on March 11, 2011, in Room 159-S of the Capitol.

All members were present.

Committee staff present:

Tamera Lawrence, Office of the Revisor of Statutes
Jason Thompson, Office of the Revisor of Statutes
Heather O'Hara, Kansas Legislative Research Department
Laura Younker, Kansas Legislative Research Department
Dana Wethington, Committee Assistant

Conferees appearing before the Committee:

Mike Smith, Interstate Oil and Gas Compact Commission

Others attending:

See attached list.

Tom Day of the Kansas Commerce Commission, introduced Mike Smith, Interstate Oil and Gas Compact Commission (IOGCC). Mr. Smith gave a presentation regarding the Commission, of which Kansas is a founding member. Mr. Smith stated that hydraulic fracturing technique has been used in the oil and gas industry more than one million times since 1947 without one recorded case of groundwater contamination. (Attachment 1) The technique is used to allow natural gas and oil to move more freely from the rock pores. He talked about the Energy Policy Act of 2005 and resolutions passed by states to keep regulatory function within states' responsibilities. He stood for questions.

SB 191 – Amending the water rights conservation program

Chairman Ostmeyer continued the hearing on **SB 191**.

Revisor Tamera Lawrence explained an amendment that would clarify the language to read that a water right may be enrolled in a period not to exceed 10 years.

Senator Francisco made a motion, seconded by Senator Teichman to approve the amendment to SB 191; motion carried.

There being no further discussion, Chairman Ostmeyer closed the hearing and called for final action on **SB 191**.

Senator Taddiken made a motion, seconded by Senator Abrams that SB191 as amended be passed out favorably; motion carried.

Chairman Ostmeyer announced next week's meetings are on call of the chair.

The meeting was adjourned at 9:00 a.m.

SENATE NATURAL RESOURCES COMMITTEE GUEST LIST

DATE:

[illegible]

Mike Smith, Executive Director
Interstate Oil and Gas Compact Committee (IOGCC)
Before the Senate Natural Resources Committee
March 11, 2011

Mike Smith Interstate Oil and Gas Compact Committee (IOGCC) Executive Director updated the committee on his recent meeting with congressmen in Washington D.C., to inform/educate Congressman about hydraulic fracturing. But, first Mr. Smith explained the IOGCC was formed in 1935 by oil and gas states' governors, Kansas being one of the compact's founders, to preserve states' rights.

Oil and gas companies have used the hydraulic fracturing technique over 1 million times, since 1947 without one recorded, as surveyed by all oil and gas states, case of groundwater contamination. Mr. Smith believes and tried to communicate this to the congressman that the States, such as Kansas, are doing a good job of regulating hydraulic fracturing. Taken one step further, hydraulic fracturing should not have federal oversight. He explained how the technique is a well-completion technique used to increase a well's production capability, and in recent years tight-shale gas wells have been able to produce. Hydraulic fracturing coupled with advances in horizontal drilling has taken oil and gas drilling to areas which have not seen oil and gas activities. He described how many citizens in this areas (he sited Pennsylvania and New York) being unfamiliar with these activities have become concerned. The components which make up the "slick-water" treatment of technique seems to be of most concern. He explained how these chemicals are less than 2% of the total amount of water and sand used in a treatment, thus greatly reducing by dilution their concentration. He went on further to explain these "slick-water" compounds are identical to chemicals used in the household.

Mr. Smith next explained how hydraulic fracturing uses over 1 million gallons of water much (less water is used in Kansas' hydraulic fracturing) with a high percentage of the water flowing back out of the well. This "flow-back water" is either captured and reused on another well, or captured and disposed of in a Class II disposal well. He explained how states like Oklahoma and Kansas do a good job of allocating their water and administering their respective Class II programs.

Hydraulic Fracturing

Hydraulic fracturing is a technique used to allow oil and natural gas to move more freely from the rock pores where they are trapped to a producing well that can bring them to the surface. The technology was developed in the late 1940s and has been continuously improved and applied since that time. The process of hydraulic fracturing plays a major role in the development of virtually all unconventional oil and natural gas resources

State Regulation

Hydraulic fracturing is regulated by the states. IOGCC member states each have comprehensive laws and regulations to provide for safe operations and to protect drinking

water sources, and have trained personnel to effectively regulate oil and gas exploration and production.

On March 5, 2009, the IOGCC hosted two briefings on Capitol Hill to explain state regulation of oil and natural gas. The presentation included an explanation of hydraulic fracturing and how existing state regulations prevent contamination of drinking water resources during hydraulic fracturing operations. Is Hydraulic Fracturing Safe?

In 2004, the U.S. Environmental Protection Agency completed a study of the environmental risks associated with the hydraulic fracturing of coal bed methane wells. The EPA concluded that the injection of hydraulic fracturing fluids poses little or no threat to underground sources of drinking water.

Although thousands of wells are fractured annually, the EPA did not find a single incident of the contamination of drinking water wells by hydraulic fracturing fluid injection. Additionally, IOGCC member states have all stated that there have been no cases where hydraulic fracturing has been verified to have contaminated drinking water.

Congressional Action

The Energy Policy Act of 2005 (EPACT), section 322, amended the Safe Drinking Water Act (SDWA) to change the definition of "underground injection" to exclude "the underground injection of fluids or propping agents (other than diesel fuels) pursuant to hydraulic fracturing operations. The amendment exempted hydraulic fracturing from federal law and gave jurisdiction and authority over hydraulic fracturing operations to the states.

Bills were introduced into the House and Senate in June of 2009 to repeal this exemption and place the regulatory jurisdiction in the hands of the federal government.

The IOGCC passed a resolution in December of 2008 urging Congress to refrain from taking such action maintaining that SDWA was never intended to grant the federal government authority to regulate oil and gas drilling operations and production operations, such as hydraulic fracturing, under the Underground Injection Control Program. Since that time, several states have followed suit and filed their own resolutions including Alabama, Louisiana, North Dakota, Oklahoma, Utah and Wyoming.

"As the head regulator of oil and natural gas development in the state of North Dakota and an officer of the IOGCC representing all oil and natural gas producing state regulators, I can assure you that we have no higher priority than the protection of our states' water resources," said Lynn Helms, director of North Dakota's Department of Mineral Resources in a House Energy and Mineral Resources Subcommittee hearing in June of 2009. "It is my firmly held view and that of the IOGCC that the subject of hydraulic fracturing is adequately regulated by the states and needs no further study."