

# Regulatory Aspects of the Underground Hydrocarbon Storage (UHS) Program and the Role Contractors Have in This



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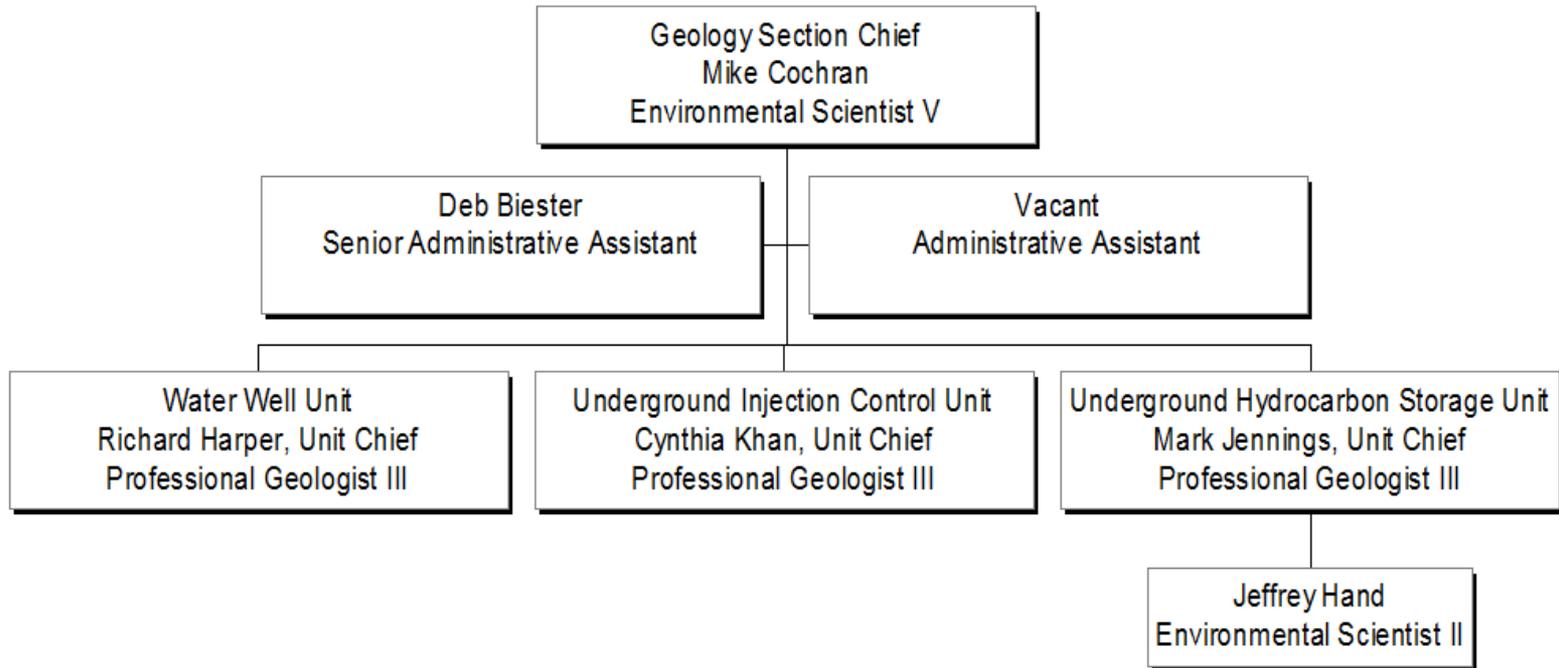
# Disclaimer

This outreach presentation is for informational and educational purposes only. It is not to be considered as a complete listing of requirements. The operator must review the applicable state and federal regulations and statutes and the facility UIC permit to determine the requirements. Nothing contained herein should be construed as legal advice by KDHE.

# Presentation Outline

- Description of the KDHE Geology Section
- History of UHS Program
- Statutes, regulations, procedures overview
- Contractor responsibilities
- KDHE Contact information

# KDHE Geology Section Organization Chart



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# Geology Section Programs

- Administer three programs.
  - Underground Hydrocarbon Storage (UHS)
  - Underground Injection Control (UIC)
  - Water Wells
- These programs are interconnected and staff function as a team.
- Many of the facilities the Section regulates have wells regulated by all three of these programs.

# History of the UHS Program

- Early regulations – 1981
  - Several problems occurred.
- Description of early program
  - Logging
  - Annual Report of storage activity
  - Groundwater monitoring

# The Hutchinson Natural Gas Release

- Occurred in January 2001.
- Natural Gas Storage well at Yaggy facility leaked.
- Natural Gas travelled approximately 7 miles southeast to Hutchinson, Kansas.
- Resulted in explosion, fires, destruction of property, injuries and two deaths.



Fire becomes more intense

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# Current UHS Program

- Many hearings held by Kansas Legislature - testimony from citizens, experts, industry, government agencies, City of Hutchinson
- Legislators determined stringent regulations for the storage of hydrocarbons needed.
- Passed Kansas Statute Annotate (K.S.A.) 55-1,117.
- Authorized KDHE to implement regulations for the safe and secure storage of hydrocarbons for the purpose of protecting the health, safety and property of the people and preventing pollution.
- KDHE and industry worked together to develop regulations.
- KDHE held public hearings and comment period on proposed regulations - received testimony.
- Final regulations effective August 8, 2003, and are found at Article 45- Underground Hydrocarbon Storage Wells and Associated Brine Ponds and Article 45a- Underground Natural Gas Storage in Bedded Salt.

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# Current UHS Program – cont.

## •The regulations cover:

- Permitting
- Well conversions
- Signatory
- Siting
- Financial Assurance
- Operation & maintenance plan
- Emergency response plan
- Design and construction of storage wells
- Monitoring
- Testing
- Groundwater monitoring
- Record requirements
- Plugging
- Fees
- Brine Ponds

# Current UHS Program – cont.

- K.A.R. 28-45-2a defines owner, operator and permittee.
  - Owner: the person owning all or part of any underground hydrocarbon storage facility or brine pond.
  - Operator: means the person recognized by KDHE as being responsible for the physical operation of an underground hydrocarbon storage facility or brine pond.
  - Permit holder: holder of a permit and permittee means the owner and operator issued a permit by KDHE.

# Contractor Responsibilities

- The regulations and statute hold the permittee responsible for compliance with UHS regulations, requirements, procedures and any problems resulting from failure to follow these.
- If the contractor is in violation or causes a violation of the UHS Program requirements, the permittee is still held responsible by KDHE.

# Contractor Responsibilities – cont.



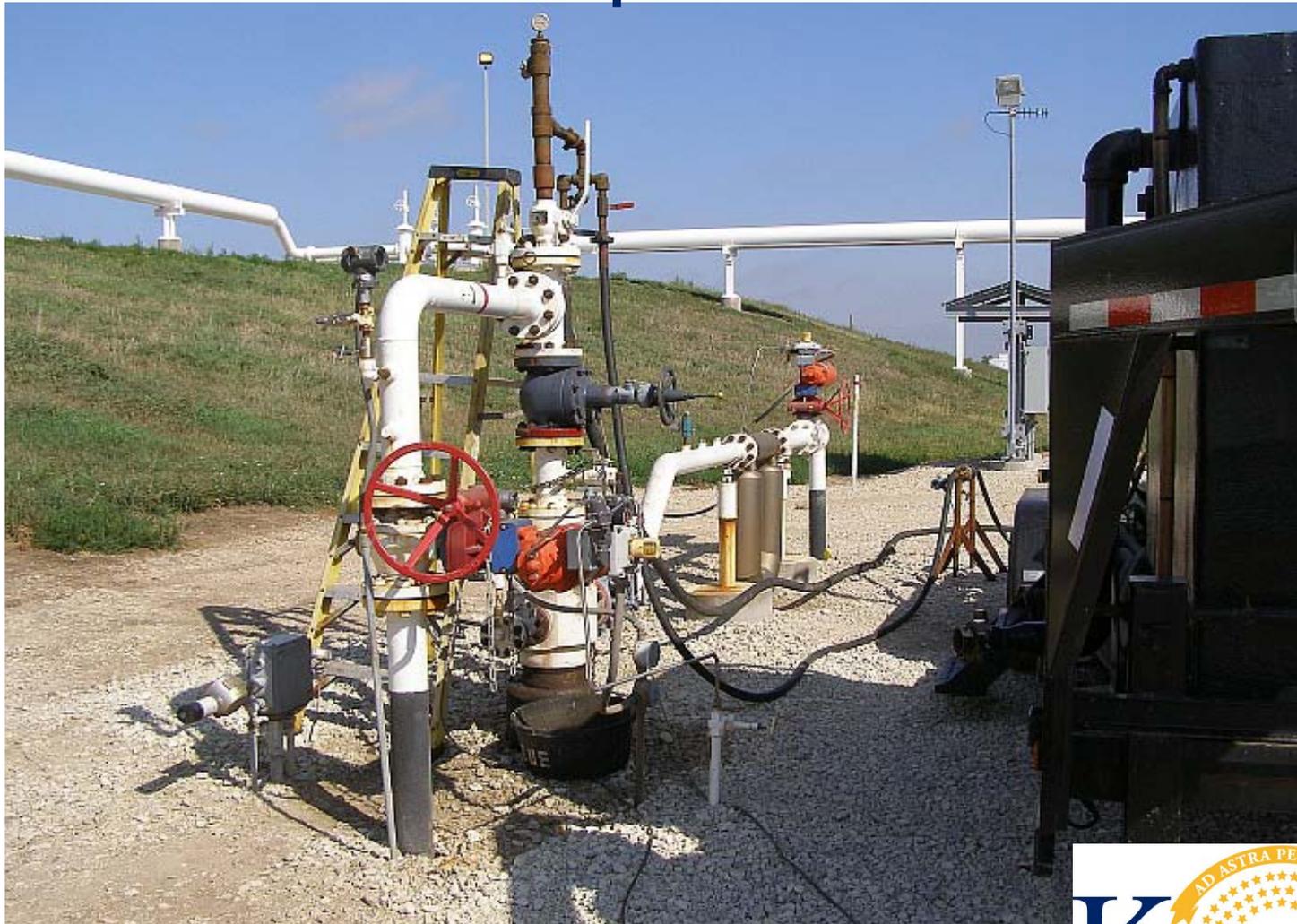
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# Contractor Responsibilities – cont.

Example: KDHE regulation K.A.R. 28-45-19 *Well Workovers*, requires that each permittee ensure that a blow out preventer be used during each workover. Should the contractor doing the workover not use a blowout preventer, then the permittee is still held responsible by KDHE.

# Contractor Responsibilities – cont.



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# Contractor Responsibilities – cont.

Example: KDHE regulation K.A.R. 28-45-16, *Testing and inspections*, requires integrity tests shall be conducted on the storage cavern as follows..... Again, should the contractor conducting the MIT not do the test correctly, then the permittee is still held responsible.

# Contractor Responsibilities – cont.

## **BER SPILL REPORTING**

The spiller is responsible to report to all of the appropriate state agencies depending on the material and volume spilled. Kansas Regulation K.A.R. 28-48 as authorized by K.S.A. 65-171d explains what is reportable to Kansas Department of Health and Environment (KDHE).

To satisfy the requirements of K.A.R. 28-48-2 you must report all spills that impact the soils or waters of the state to KDHE or in the case that it originates from an oil or gas production lease, be reported to the KCC.

# Contractor Responsibilities – cont.

Example: KDHE regulation K.A.R. 28-45-12(h), Each permittee shall meet the notification requirements in the facility's emergency response plan, give oral notification to the department **within two hours**, and submit written notification within one week to the department if any of the following events occurs:

# Contractor Responsibilities – cont.

## **K.A.R. 28-45-12(h)**

- (1) the overpressuring or the overfilling of an underground hydrocarbon storage cavern;
- (2) the loss of integrity for an underground hydrocarbon storage well or cavern;
- (3) the release of brine, product, or any other chemical parameter that poses a threat to public health, safety, or the environment;
- (4) any uncontrolled or unanticipated loss of product or brine that is detectable by any monitoring or testing;
- (5) any other condition that could endanger public health, safety, or the environment;
- (6) the establishment of communication between underground hydrocarbon storage caverns;
- (7) the triggering of any alarms verifying that the permit safety requirements have been exceeded; or
- (8) any equipment malfunction or failure that could result in potential harm to public health, safety, or the environment.

# Contractor Responsibilities – cont.

## Main Spill Notification Numbers

- KDHE Bureau of Environmental Remediation (BER) Spill / Complaint Reporting Number (24/7) 785-296-1679
- KDHE Bureau of Water (BOW), Underground Hydrocarbon Storage (UHS) at (785) 224-6717, for use outside of normal business hours and on weekends
- KDEM Hazmat Spills and Air Releases (24/7) 800-905-7521

# Contractor Responsibilities – cont.



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# Contractor Responsibilities – cont.

ATTORNEY-AT-LAW P.A.



Very truly yours,

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# Contractor Responsibilities – cont.

**But, it is important to understand that the contractor must, and should want to, comply with the requirements for a variety of reasons in addition to maintaining a business relationship with the permittee:**

- A number of the regulations have a safety goal. So, do it for you own safety and all those working on the project.
- Most of the regulations protect the environment in which we all live, including protecting the water we drink. Protect the environment!
- Regardless, there could still be serious potential liability for the contractor if a regulation, requirement or procedure is violated, including even third party lawsuits.
- The contractor is on the front lines for protecting the public health, safety and the environment!! If the contractor does not do the work correctly, then protection of the public health, safety and the environment is comprised or not achieved at all.

# Contractor Responsibilities – cont.

- Communication is a two way street. K.A.R. 28-45-19 (c) which states that each permittee shall provide to the person logging the well or performing a well workover all relevant information concerning the status and condition of the well and storage cavern before initiating any work.
- The contractor needs to ensure they have received this information from the permittee.

# Contractor Responsibilities – cont.

- **BOTTOM LINE:** THE CONTRACTOR, IN ADDITION TO THE PERMITTEE, ALSO MUST BE FAMILIAR WITH THE KDHE REQUIREMENTS FOR THE WORK BEING DONE FOR A NUMBER OF REASONS!!
- **COMMUNICATION, COMMUNICATION, COMMUNICATION, CONTRACTOR/PERMITTEE COMMUNICATION IS PARAMOUNT TO A SUCCESSFUL CONCLUSION OF A PROJECT.**

# UHS Program Information

- The regulations, procedures, requirements and forms for the UHS Program can be found at:

<http://www.kdheks.gov/uhs/index.html>

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# Questions, comments, suggestions, concerns



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