

1 AN ACT relating to oil and gas.

2 ***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

3 ➔Section 1. KRS 353.562 is amended to read as follows:

- 4 (1) (a) There is hereby created the Kentucky Abandoned Storage Tank and Orphan  
5 Well Reclamation Program. The purpose of the program is to:
- 6 1. Reclaim abandoned storage tanks;
  - 7 2. Properly plug and abandon eligible wells; and
  - 8 3. Address imminent threats to human health, safety, or the environment  
9 posed by oil and gas facilities located in the Commonwealth.
- 10 (b) Reclamation of abandoned storage tank facilities and eligible wells under the  
11 program shall include:
- 12 1. Removing necessary well and tank infrastructure;
  - 13 2. Proper plugging and abandonment of eligible wells;
  - 14 3. Proper abandonment of tanks posing an imminent threat to human  
15 health, safety, or the environment;
  - 16 4. Implementation of best management practices at sites associated with  
17 eligible wells or abandoned storage tank facilities; or
  - 18 5. Removing primary and secondary sources of contamination of the land,  
19 air, and water.
- 20 (c) Orphan wells and abandoned storage tank facilities determined by the cabinet  
21 to be eligible for plugging, removal, reclamation, and clean up funds from the  
22 Kentucky abandoned storage tank and orphan well reclamation fund shall be  
23 ~~addressed~~ in accordance with this section and KRS 353.561, 353.563, and  
24 353.564.
- 25 (2) The Kentucky abandoned storage tank and orphan well reclamation fund is hereby  
26 created as an interest-bearing, restricted, agency account. The fund shall be  
27 administered by the cabinet. Interest credited to the account shall be retained in the

1 account. Notwithstanding KRS 45.229, any moneys remaining in the fund at the  
2 close of the fiscal year shall not lapse but shall be carried forward into the  
3 succeeding fiscal year to be used for the purposes authorized and set forth in this  
4 section and KRS 353.561, 353.563, and 353.564.

5 (3) The fund established in subsection (2) of this section may utilize and expend funds  
6 as authorized by the biennial budget.

7 (4) Moneys in the fund shall be for carrying out the purpose provided in subsection (1)  
8 of this section, including any administrative costs incurred by the cabinet during the  
9 implementation of this section and KRS 353.561, 353.563, and 353.564. The fund  
10 may receive moneys from federal and state grants or appropriations, and from any  
11 other proceeds received for the purposes of this section and KRS 353.561, 353.563,  
12 and 353.564.

13 (5) (a) Funds may be expended for costs incurred in the:

- 14 1. Reclamation of abandoned storage tank facilities;
- 15 2. Proper plugging, reclamation, and abandonment of eligible wells; or
- 16 3. Proper reclamation and abandonment of abandoned storage tank  
17 facilities posing an imminent threat to human health, safety, or the  
18 environment.

19 (b) These funds may be expended in accordance with this section and after the  
20 cabinet determines that:

- 21 1. The well qualifies as an eligible well as defined in KRS 353.510;
- 22 2. There is no person identified or found with continuing legal  
23 responsibility for the abandoned storage tank facility; or
- 24 3. Reclamation or remedial measures are necessary to respond to an  
25 imminent threat to human health, safety, or the environment, posed by  
26 an abandoned storage tank facility or improperly abandoned well.

27 (6) Reclamation measures paid for by the fund shall include the following:

- 1 (a) Removal and disposal of abandoned storage tank facilities;
- 2 (b) Reclamation of lands affected by abandoned storage tank facilities, including:
- 3 1. Proper removal or abandonment of flow lines;
- 4 2. Removal or treatment of contaminated soil to no more than three (3) feet
- 5 in depth;
- 6 3. Elimination of all berms, dikes, and other structures utilized as spill
- 7 prevention, control, and countermeasure structures;
- 8 4. Grading, stabilization, and seeding of the surface where the tank or tank
- 9 battery was located; and
- 10 5. Implementation of best management practices at sites associated with
- 11 abandoned storage facilities; and
- 12 (c) Reclamation of lands affected by eligible wells, including:
- 13 1. Proper removal or abandonment of flow lines;
- 14 2. Removal and disposal of surface production equipment;
- 15 3. Grading, stabilization, and seeding of the surface where the well was
- 16 located;
- 17 4. Implementation of best management practices at sites associated with
- 18 eligible wells; and
- 19 5. Removal or treatment of contaminated soil to no more than three (3) feet
- 20 in depth.
- 21 (7) If during the course of removing and reclaiming an abandoned storage tank facility
- 22 or plugging and reclaiming an eligible well, the division observes evidence of soil
- 23 contamination below a depth of three (3) feet~~[-depth]~~, the division shall consult
- 24 with the Department for Environmental Protection to determine whether further
- 25 action is necessary to protect public health, safety, and the environment. Nothing
- 26 contained in this section shall be construed to obligate the fund to provide
- 27 additional moneys for removal or treatment of contaminated soil other than

1 provided in subsection (6)(b)2. and (c)5. of this section.

2 (8) Any person performing reclamation measures pursuant to this section shall comply  
3 with applicable local, state, and federal laws and regulations.

4 (9) The cabinet shall have the authority to:

5 (a) Contract for services provided by and engage in cooperative projects with  
6 other government agencies or private parties in the furtherance of any  
7 remedial or reclamation project authorized and undertaken pursuant to this  
8 section and KRS 353.561, 353.563, and 353.564;

9 (b) Enter into agreements with those government agencies or private parties to  
10 compensate those agencies and private parties with funds from the account;  
11 and

12 (c) Accept and deposit into the fund any federal, state, and other funds for the  
13 purposes of KRS 353.561, 353.563, and 353.564.