

**THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

Before Commissioners: Andrew J. French, Chairperson
 Dwight D. Keen
 Annie Kuether

In the matter of the failure of Walcher Oil,) Docket No.: 25-CONS-3009-CPEN
LC (Operator) to comply with K.A.R. 82-3-)
120 and K.A.R. 82-3-133 by operating under) CONSERVATION DIVISION
a suspended license.)
_____) License No.: 33810

SHUT-IN ORDER

The Commission finds Operator has violated K.A.R. 82-3-120 and K.A.R. 82-3-133 by conducting oil and gas operations under a suspended license, finds Operator has failed to comply with orders of the Commission, assesses a \$10,000 penalty, directs Commission Staff to seal all oil and gas operations of Operator, and further rules as more fully described below.

I. JURISDICTION

1. K.S.A. 74-623 provides the Commission exclusive jurisdiction and authority to regulate oil and gas activities in Kansas. K.S.A. 55-152 provides the Commission with jurisdiction to regulate the construction, operation, and abandonment of any well, and also the protection of the usable water of this state from any actual or potential pollution from any well. The Commission has licensing authority under K.S.A. 55-155.

2. K.S.A. 55-162(a) provides the Commission authority to issue penalty orders for violations of Chapter 55 of the Kansas Statutes Annotated, or of any rule, regulation, or order of the Commission. K.S.A. 55-162(e) provides that whenever an operator is in violation of subsection (a) of the statute, “agents of the commission may enter upon the lease or any other leases under the control of such operator and seal any well operated by the offending party.”

3. Under K.S.A. 55-164, a penalty order may include a monetary penalty of up to \$10,000, the penalty must constitute a substantial and actual economic deterrent to the violation, and each day of a continuing violation constitutes a separate violation.

4. K.A.R. 82-3-120 provides that no operator shall operate any well without a current license. K.A.R. 82-3-133 provides that production of oil or gas in violation of a Commission regulation or order shall be deemed unlawful.

II. FINDINGS OF FACT

5. On May 2, 2024, the Commission issued a Penalty Order in Docket 24-CONS-3311-CPEN (Docket 24-3311) for failure to comply with K.A.R. 82-3-409. The Commission found that Operator failed to file annual fluid injection reports for its Griffith #5 and Weigel #1 wells.¹ In the Penalty Order, the Commission directed Operator to pay a \$200 penalty and to file the required annual fluid injection reports.² In the event Operator failed to comply with the Penalty Order within 30 days, the Commission directed Staff to suspend Operator's license until Operator achieved compliance.³

6. On June 17, 2024, Staff suspended Operator's license for non-compliance with the Penalty Order in Docket 24-3311 as directed by the Commission. Staff notified Operator of the suspension in a Notice of License Suspension letter. In the letter, Staff informed Operator that if, after 10 days from the date of the letter, Staff discovered Operator performing oil and gas operations, Staff would recommend a Shut-In Order, as well as an additional \$10,000 monetary penalty.⁴

¹ Docket 24-CONS-3311-CPEN, *Penalty Order*, ¶ 9 (May 2, 2024).

² *Id.* at Ordering Clauses A and B.

³ *Id.* at Ordering Clauses C and D.

⁴ Exhibit A.

7. On July 10, 2024, Staff conducted various inspections and found Operator actively operating the following wells located in Ellis County, Kansas, under a suspended license:⁵

- a. Schmeidler #3, API #15-051-21049-00-00, located in Section 20, Township 12 South, Range 17 West;
- b. Schmeidler #7-20, API #15-051-24748-00-00, located in Section 20, Township 12 South, Range 17 West;
- c. Schmeidler #11, API #15-051-25330-00-00, located in Section 20, Township 12 South, Range 17 West;
- d. Schmeidler OWWO #1, API #15-051-60007-00-01, located in Section 20, Township 12 South, Range 17 West; and
- e. Weigel #1, API #15-051-19171-00-01, located in Section 19, Township 12 South, Range 17 West.

8. To date, Operator's license remains suspended in Docket 24-3311.

III. CONCLUSIONS OF LAW

9. The Commission has jurisdiction over Operator and this matter under K.S.A. 74-623, K.S.A. 55-152, K.S.A. 55-155, K.S.A. 55-162, and K.S.A. 55-164.

10. Operator has violated K.A.R. 82-3-120 by conducting oil and gas operations on a suspended license, resulting in unlawful production under K.A.R. 82-3-133. Operator has also failed to comply with the Commission's Penalty Order in Docket 24-3311, and under K.S.A. 55-162(e), Commission Staff may immediately seal any of Operator's wells.

THEREFORE, THE COMMISSION ORDERS:

- A. Operator shall pay a \$10,000 penalty.

⁵ Exhibit B.

B. Commission Staff is directed to shut-in and seal all oil and gas operations of Operator until (i) Operator complies with the Commission's Penalty Order in Docket 24-3311; and (ii) Operator's license is reinstated.

C. Operator may request a hearing on the above issues by submitting a written request, pursuant to K.S.A. 55-164, K.S.A. 77-537, and K.S.A. 77-542, to the Commission at 266 N. Main St., Suite 220, Wichita, Kansas 67202, within 30 days from the date of service of this Order. A request for hearing must comply with K.A.R. 82-1-219.


D. Failure to timely request a hearing will result in a waiver of Operator's right to a hearing. If no party timely requests a hearing, then this Order shall become final. If Operator is not in compliance with this Order and the Order is final, then Operator's license shall be suspended without further notice and shall remain suspended until Operator complies. The notice and opportunity for a hearing on this Order shall constitute the notice required by K.S.A. 77-512 regarding license suspension. A party may petition for reconsideration of a final order pursuant to the requirements and time limits established by K.S.A. 77-529(a)(1).

E. Credit card payments may be made by calling the Conservation Division at 316-337-6200. Checks and money orders shall be payable to the Kansas Corporation Commission. Payments shall be mailed to the Kansas Corporation Commission at 266 N. Main St., Suite 220, Wichita, Kansas 67202. Payments must reference the docket number of this proceeding.

BY THE COMMISSION, IT IS SO ORDERED.

French, Chairperson; Keen, Commissioner; Kuether, Commissioner

Dated: 07/18/2024



Lynn M. Retz
Executive Director

Mailed Date: 07/18/2024

TSK

Conservation Division
266 N. Main St., Ste. 220
Wichita, KS 67202-1513



Phone: 316-337-6200
Fax: 316-337-6211
<http://kcc.ks.gov/>

Andrew J. French, Chairperson
Dwight D. Keen, Commissioner
Annie Kuether, Commissioner

Laura Kelly, Governor

June 17, 2024

Greg Hoyle
Walcher Oil, LC
PO Box 75245
Wichita, KS 67275-0245

NOTICE OF LICENSE SUSPENSION

License No. 33810

Docket No. 24-CONS-3311-CPEN

Operator:

Our records indicate that you are in violation of a Commission Order in the above Docket.

Your license is hereby suspended.

Until your license is reinstated, it is illegal for you to conduct oil and gas operations in Kansas.

If, after 10 days from the date of this letter (June 27, 2024), Commission Staff discovers you performing oil and gas operations, Staff will recommend a Shut-In Order, including an additional \$10,000 penalty. If you are already shut-in, you must remain shut-in.

Any outstanding monetary penalty may be sent to collections.

You may review the Commission Order, which was mailed to you, at the Commission's website. If you have questions, you may contact us at the phone number listed at the top of this page. If your license is reinstated it will be listed as "Active" at the following webpage: <https://www.kcc.ks.gov/kansas-oil-operators>.

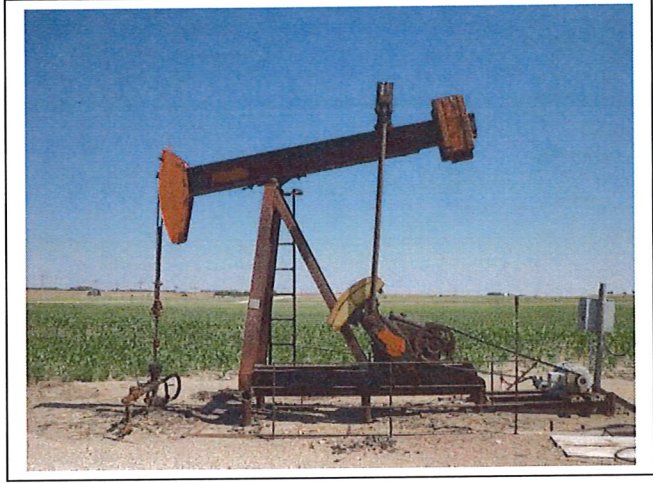
Sincerely,

Legal Department Staff

Date: July 10, 2024
Company: Walcher Oil, LLC # 33810
Lease: Schmeidler Lse
Legal: W/2 Sec 20-12-17w Weigel Lse, NE/4 Sec 19-12-17w
Ellis County Kansas



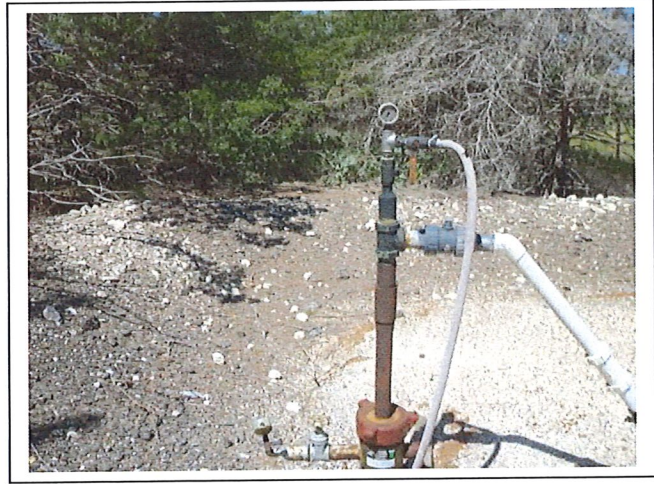
Photos taken July 10, 2024
The Schmeidler OWWO # 1 located in the SW
NW SW NW API # 15-051-60007-00-01. In the
up stroke.



The Schmeidler OWWO # 1 in the down stroke.



The Schmeidler # 10 was on a timer located in
the NE NE SW NW. API # 15-051-25274-00-00.



The Weigel SWD well located in the S/2 NE NE
Sec 19-12-17w Docket D-17224.0. API #
15-051-19171-00-01.

Date: July 10, 2024
Company: Walcher Oil, LLC # 33810
Lease: Schmeidler Lse
Legal: W/2 Sec 20-12-17w Weigel Lse. _NE/4 Sec 19-12-17w
Ellis County Kansas



Photos taken July 10, 2024
The Schmeidler #11 well located in the SE SW
NW NW in the down stroke. API # 15-051-
25330-00-00.



The Schmeidler # 11 in the up stroke.

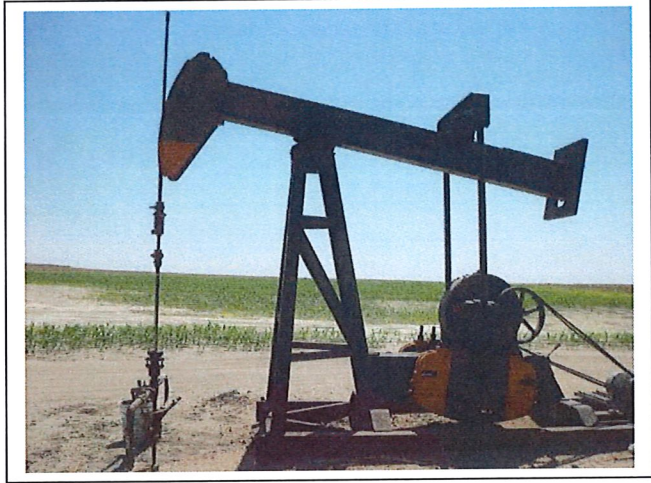


The Schmeidler # 3 located in the SW NW NE
NW in the down stroke. API # 15-051-21049-00-
00.



The Schmeidler #3 in the up stroke.

Date: July 10, 2024
Company: Walcher Oil, LLC # 33810
Lease: Schmeidler Lse
Legal: W/2 Sec 20-12-17w Weigel Lse._NE/4 Sec 19-12-17w
Ellis County Kansas



Photos taken July 10, 2024
The Schmeidler well # 9 S/2 NW SW. API # 15-051-20366-00-01. Was not pumping at time of inspection. The wells are on timers.

The Schmeidler 7-20 S/2 SW NW API # 15-051-24748-00-00. In the up stroke.



The Schmeidler 7-20 in the down stroke.

The Schmeidler 6-20 was not pumping at time of inspection. Located in the SE NE SW NW API # 15-051-24671-00-00.

CERTIFICATE OF SERVICE

25-CONS-3009-CPEN

I, the undersigned, certify that a true copy of the attached Order has been served to the following by means of first class mail and electronic service on 07/18/2024.

GREG HOYLE
WALCHER OIL LC
PO BOX 75245
WICHITA, KS 67275-0245
greg@walcheroil.com

TRISTAN KIMBRELL, LITIGATION COUNSEL
KANSAS CORPORATION COMMISSION
CENTRAL OFFICE
266 N. MAIN ST, STE 220
WICHITA, KS 67202-1513
tristan.kimbrell@ks.gov

RICHARD WILLIAMS
KANSAS CORPORATION COMMISSION
DISTRICT OFFICE NO. 4
2301 E. 13TH STREET
HAYS, KS 67601-2654
richard.williams@ks.gov

/S/ KCC Docket Room

KCC Docket Room