

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



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

Shari Feist Albrecht, Chair
Jay Scott Emler, Commissioner
Pat Apple, Commissioner

Sam Brownback, Governor

NOTICE OF PENALTY ASSESSMENT 15-CONS-589-CPEN

This is a notice of a penalty assessment for violation of Kansas oil and gas conservation statutes, rules, and regulations. For a full description of the penalty and process please refer to the Penalty Order that is attached to this notice.

IF YOU ACCEPT THE PENALTY:

The Penalty Order may include the assessment of a monetary penalty. You have 30 days from the service date of this Penalty Order to pay \$1,000. Check or money order must be made payable to the Kansas Corporation Commission. Payment is to be mailed to the Conservation Division of the Kansas Corporation Commission at 266 N. Main St., Suite 220, Wichita, Kansas 67202, and must include a reference to the docket number of this proceeding. Credit card payment may be made by calling the Conservation Division at 316-337-6200.

The Penalty Order may require you to perform certain actions by deadlines stated therein. Compliance must be obtained by the applicable deadlines to avoid further compliance actions. If you have any questions about how compliance can be obtained, you may contact the legal department or the appropriate department or district office.

IF YOU CONTEST THE PENALTY:

You have the right to request a hearing. A request for hearing must be made in writing, setting forth the specific grounds upon which relief is sought. Respondent must submit an original and seven copies of the request to the Commission, at 266 N. Main St., Suite 220, Wichita, Kansas 67202, within 30 days, plus three days to account for the mail, from the mailed date on the last page of the Penalty Order. K.A.R. 82-1-215.

IF YOU FAIL TO ACT:

Failure to either comply with the penalty order or request a hearing will result in the attached Penalty Order becoming a Final Order. Failure to comply or request a hearing by the deadlines in the Penalty Order may result in additional sanctions, including additional monetary penalties, the suspension of your oil and gas operating license, and the shutting-in of all operations until compliance is obtained.

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

Before Commissioners: Shari Feist Albrecht, Chair
 Jay Scott Emler
 Pat Apple

In the matter of the failure of Drake)	Docket No.: 15-CONS-589-CPEN
Exploration, LLC ("Operator") to comply)	
with K.A.R. 82-3-107 and K.A.R. 82-3-130 at)	CONSERVATION DIVISION
the Snyder #4 and McLaughlin #D-1 in)	
<u>Cowley and Sumner County, Kansas.</u>)	License No.: 33556

PENALTY ORDER

The above captioned matter comes before the State Corporation Commission of the State of Kansas. Having examined the files and records, and being duly advised in the premises, the Commission finds and concludes as follows:

I. JURISDICTION

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

2. K.S.A. 55-162 and K.S.A. 55-164 provide the Commission with authority to issue a Penalty Order regarding a violation of Chapter 55 of the Kansas Statutes Annotated, or of any rule, regulation, or order of the Commission. A Penalty Order may include a monetary penalty of up to \$10,000; each day of a continuing violation constitutes a separate violation.

3. K.A.R. 82-3-107 and K.A.R. 82-3-130 require that an operator submit a well completion report and all associated documentation. The forms and documents are required to be

submitted within 120 days of the spud date of each well, and the failure to submit the forms and documents is punishable by a \$500 penalty.

II. FINDINGS OF FACT

4. Operator conducts oil and gas activities in Kansas under license number 33556.
5. Operator is responsible for the care and control of the following wells (“the subject wells”):
 - a. Snyder #4, API #15-035-24588-00-00, located in Section 30, Township 33 South, Range 8 East, Cowley County, Kansas; and
 - b. McLaughlin #D-1, API #15-191-22756-00-00, located in Section 1, Township 35 South, Range 2 East, Sumner County, Kansas.
6. Operator submitted a Notice of Intent to Drill (“C-1”) for each of the subject wells and informed District Staff that the wells had been spudded.
7. Operator did not submit the well completion reports and associated documents within 120 days of the reported spud dates.
8. Production Staff sent a Notice of Violation letter to Operator for each of the subject wells, requiring Operator to bring the subject wells into compliance with K.A.R. 82-3-107 and K.A.R. 82-3-130 by a deadline.
9. Production Staff did not receive complete, accurate well completion reports, with the associated documents, for any of the wells by the deadlines in each letter.
10. Production Staff collected evidence and submitted it to the Legal Department with a recommendation that the Commission issue this Order. The recommendation sheets submitted by Production Staff are attached to this Order as Exhibit A, incorporated into this Order, and shall serve as the concise and explicit statement of facts required by K.S.A. 77-526.

III. CONCLUSIONS OF LAW

11. The Commission concludes that it has jurisdiction over the Operator and this matter under K.S.A. 55-152 and K.S.A. 74-623.

12. The above findings of fact are sufficient evidence to support the conclusion that Operator committed two violations of K.A.R. 82-3-107 and K.A.R. 82-3-130 because Operator did not submit complete, accurate well completion reports, with the associated documents, within 120 days of the respective spud dates of each of the subject wells.

THEREFORE, THE COMMISSION ORDERS:

- A. Operator shall pay a \$1,000 penalty.
- B. Operator shall submit complete, accurate well completion reports and associated documents for each of the subject wells.
- C. If no party requests a hearing, and Operator is not in compliance with this Order within 30 days, then Operator's license shall be suspended without further notice. The notice and opportunity for a hearing on this order shall constitute the notice required by K.S.A. 77-512 regarding license suspension. The Commission may impose further sanctions, including additional monetary penalties and any other remedies available to the Commission by law, without further notice.
- D. Checks and money orders shall be payable to the Kansas Corporation Commission. For credit card payments, include the type of card (Visa, MasterCard, Discover, or American Express), account number, and expiration date. Payments shall be mailed to the Kansas Corporation Commission at 266 N. Main St., Suite 220, Wichita, Kansas 67202. The payment must include a reference to the docket number of this proceeding.

E. Any party 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, setting forth the specific grounds upon which relief is sought, to the Commission at 266 N. Main St., Suite 220, Wichita, Kansas 67202, within 30 days from the date of service of this Order. Hearings will be scheduled only upon written request. Failure to timely request a hearing will result in a waiver of Operator's right to a hearing.


F. If a party requests a hearing, a corporation or similar entity shall not be permitted to enter an appearance except by its attorney. Attorneys for all parties shall enter their appearances in Commission proceedings by giving their names and addresses for the record.

G. The Commission retains jurisdiction over the subject matter and the parties for the purpose of entering such further order or orders as it may deem necessary.

BY THE COMMISSION IT IS SO ORDERED.

Albrecht, Chair; Emler, Commissioner; Apple, Commissioner


Dated: JAN 29 2015


Neysa Thomas
Acting Secretary

Mailed Date: 1/30/2015

JRM

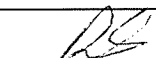
I CERTIFY THE ORIGINAL
COPY IS ON FILE WITH
The State Corporation Commission

JAN 29 2015


PENALTY ORDER RECOMMENDATION

*****ROUTINE WELL COMPLETION REPORT VIOLATION*****

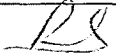
Note: this sheet will be attached to the Order that is mailed to the operator.

Date of Recommendation:	January 22, 2015
District/Department:	Production Department
Person Recommending Penalty:	Naomi James
Operator Name:	Drake Exploration, LLC
Operator License Number:	33556
Well/Lease Name & Well Number:	Snyder 4
Well/Lease Location, and County:	NE, 30-33S-8E, COWLEY County.
Well API Number:	15-035-24588-00-00
UIC Docket Number:	N/A
Regulation Number:	82-3-107 and 82-3-130
Description of Violation:	Failure to submit ACO-1 and associated documents.
Spud Date:	6/19/2014
Date NOV letter sent and deadline.	1/2/15 with a deadline of 1/16/15.
Requested Monetary Penalty:	\$500
Requested Operator Activity:	File well completion report and associated documents.
Supervisor Initials	

PENALTY ORDER RECOMMENDATION

ROUTINE WELL COMPLETION REPORT VIOLATION

Note: this sheet will be attached to the Order that is mailed to the operator.

Date of Recommendation:	January 22, 2015
District/Department:	Production Department
Person Recommending Penalty:	Naomi James
Operator Name:	Drake Exploration, LLC
Operator License Number:	33556
Well/Lease Name & Well Number:	McLaughlin D-1
Well/Lease Location, and County:	N2NE, 1-35S-2E, SUMNER County.
Well API Number:	15-191-22756-00-00
UIC Docket Number:	N/A
Regulation Number:	82-3-107 and 82-3-130
Description of Violation:	Failure to submit ACO-1 and associated documents.
Spud Date:	7/11/2014
Date NOV letter sent and deadline.	1/2/15 with a deadline of 1/16/15.
Requested Monetary Penalty:	\$500
Requested Operator Activity:	File well completion report and associated documents.
Supervisor Initials	

CERTIFICATE OF SERVICE

I certify that on 1/30/2015, I caused a complete and accurate copy of this Order to be served via United States mail, with the postage prepaid and properly addressed to the following:

Darren Broyles
Drake Exploration, LLC
6535 12th Road
Douglass, KS 67039-9002

/s/ Jonathan R. Myers
Jonathan R. Myers
Litigation Counsel
Kansas Corporation Commission