

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

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

In the matter of an Order to Show Cause issued to ) Docket No.: 17-CONS-3376-CSHO  
Taos Resources Operation Company LLC )  
("Operator") for its failure to comply with either ) CONSERVATION DIVISION  
K.A.R. 82-3-400 or K.A.R. 82-3-409 regarding )  
injection that took place during the 2015 calendar ) License No.: 33372  
year. )

**ORDER TO SHOW CAUSE, DESIGNATING A PREHEARING OFFICER,  
AND SETTING A PREHEARING CONFERENCE**

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:

1. On November 17, 2016, Commission Staff filed a Motion for an Order to Show Cause, the Designation of a Prehearing Officer, and the Scheduling of a Prehearing Conference. Staff stated that on July 23, 2015, "Operator was penalized in Docket 16-CONS-082-CPEN for reporting unauthorized injection during the 2014 calendar year at the following wells:

- a. Reunitz #21-1, API #15-153-20656;
- b. West Maddix Unit #20 SWD, API #15-035-24548; and
- c. West Maddix Unit #32 SWD, API #15-035-24587."<sup>1</sup>

2. Staff states that in February 2016, Operator reported unauthorized injection during the 2015 calendar year at the same wells.<sup>2</sup> Staff indicates that inspection of the wells on July 28, 2016 and August 2, 2016 did not conclusively indicate whether Operator conducted

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<sup>1</sup> Motion for an Order to Show Cause, The Designation of a Prehearing Officer, and the Scheduling of a Prehearing Conference at 2 (Nov. 17, 2016).

<sup>2</sup> *Id.*

unauthorized injection in violation of K.A.R. 82-3-400, or instead misreported its injection in violation of K.A.R. 82-3-409, for the 2015 calendar year.<sup>3</sup>

3. The Commission finds that it has jurisdiction to investigate this matter pursuant to K.S.A. 55-101 *et seq.* and K.A.R. 82-3-100 *et seq.* Pursuant to K.S.A. 55-162, Operator shall come before the Commission to show cause why a penalty constituting an actual and substantial economic deterrent should not be assessed against Operator for its violation of either K.A.R. 82-3-400 or K.A.R. 82-3-409 for the 2015 calendar year, constituting a second-time violation at the well at issue.

4. The Commission finds and concludes that a Prehearing Conference shall be scheduled and that a Prehearing Officer should be designated in this proceeding to address any matters listed in K.S.A. 77-517(b).

**THEREFORE, THE COMMISSION ORDERS:**

A. The Prehearing Officer in this proceeding shall be Dustin L. Kirk, Deputy General Counsel, Kansas Corporation Commission, 1500 S.W. Arrowhead Road, Topeka, Kansas 66604, telephone number (785) 271-3918, email [d.kirk@kcc.ks.gov](mailto:d.kirk@kcc.ks.gov).

B. A Prehearing Conference is scheduled for **December 20, 2016 at 9:00 a.m.** by telephone. The conference call information is: telephone number: (866) 620-7326, Conference Code PIN #7632914771.

C. At the Prehearing Conference, parties shall be prepared to discuss deadlines for filing testimony and briefs, discovery procedures, scheduling of a hearing with the Commission, and any other issues that will promote the orderly and prompt resolution of this proceeding.

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<sup>3</sup> *Id.*

D. At the Prehearing Conference, without further notice, this proceeding may be converted into a conference hearing or a summary proceeding for disposition of this matter as provided by the Kansas Administrative Procedure Act ("KAPA"). Any party that fails to attend or participate in the Prehearing Conference, hearing, or other stage of this proceeding may be held in default under the KAPA.

E. Pursuant to K.A.R. 82-1-228(d)(2), corporations must enter an appearance via an attorney. If a corporation fails to enter an appearance via an attorney prior to the Prehearing Conference, it shall be held in default under the KAPA.


F. The attorney designated to appear on behalf of the agency in this proceeding is Jonathan R. Myers, Litigation Counsel, telephone number (316) 337-6200, email address [j.myers@kcc.ks.gov](mailto:j.myers@kcc.ks.gov).

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

**BY THE COMMISSION IT IS SO ORDERED.**

Emler, Chairman; Albrecht, Commissioner; Apple, Commissioner

Dated: DEC 08 2016

  
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Amy L. Green  
Secretary to the Commission

Mailed Date: December 8, 2016

DLK/sc

**CERTIFICATE OF SERVICE**

I certify that on 12/8/16, 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:

Logan Magruder  
Taos Resources Operating Company LLC  
1455 West Loop S, Suite 600  
Houston, Texas 77027

and delivered by e-mail to:

Jon Myers  
KCC Central Office

/s/ Paula J. Murray  
Paula J. Murray  
Legal Assistant  
Kansas Corporation Commission