

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

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

In the matter of an Order to Show Cause	)	Docket No.: 15-CONS-272-CSHO
issued to Red Cloud Exploration Operating	)	
LLC, Global Energy Solutions Inc., and N.R.	)	CONSERVATION DIVISION
Hamm Contractor LLC regarding	)	
responsibility under K.S.A. 55-179 for	)	License Nos.: 34224
plugging 4 wells on the Heck Lease in	)	32316
Jefferson County, Kansas.	)	6192

**MOTION FOR AN ORDER TO SHOW CAUSE, THE DESIGNATION OF A  
PREHEARING OFFICER, AND THE SCHEDULING OF A PREHEARING  
CONFERENCE**

For the following reasons, Commission Staff moves for an Order to Show Cause, the designation of a prehearing officer, and the scheduling of a prehearing conference in this matter:

**I. JURISDICTION & LEGAL STANDARD**

1. The Commission has jurisdiction to regulate oil and gas production in Kansas under Chapter 55 of the Kansas Statutes Annotated and the General Rules and Regulations for the Conservation of Crude Oil and Natural Gas, K.A.R. 82-3-100 *et seq.*
2. K.S.A. 55-162 provides the Commission with jurisdiction to institute proceedings to enforce the laws of Kansas and Commission rules, regulations, and orders.
3. K.S.A. 55-179 provides the Commission with jurisdiction to determine the persons legally responsible for the proper care and control of oil and gas wells, including the responsibility to plug the wells.
4. K.S.A. 55-179(b) provides that a person who is legally responsible for the proper care and control of an abandoned well shall include one or more of the following:

- a. Any operator of a waterflood or other pressure maintenance program deemed to be causing pollution or loss of usable water;
- b. the current or last operator of the lease upon which such well is located, irrespective of whether such operator plugged or abandoned such well;
- c. the original operator who plugged or abandoned such well; and
- d. any person who without authorization tampers with or removes surface equipment or downhole equipment from an abandoned well.

5. K.S.A. 55-180 gives the Commission a cause of action against the responsible parties listed in K.S.A. 55-179 for the reasonable plugging costs of abandoned wells.

## **II. STAFF'S ALLEGATION OF FACTS**

6. At issue is the party legally responsible for plugging the following 4 wells (collectively "the subject wells"), all located in Section 1, Township 10 South, Range 19 East, Jefferson County, Kansas:

- a. Heck #1, API #15-087-20038-00-00;
- b. Heck #2, API #15-087-20046-00-00;
- c. Heck #3, API #15-087-20047-00-00; and
- d. Heck #7, API #15-087-20088-00-00.

7. Commission records indicate that N. R. Hamm Contractor, Inc.<sup>1</sup>, drilled the Heck #1, Heck #2, and Heck #3 wells in the early 1980's, as indicated by Well Completion ("ACO-1") forms filed with the Commission by N.R. Hamm Contractor, Inc., on December 19, 1984.

Commission records indicate that in 1985, N.R. Hamm Contractor, Inc., received injection authorization for the Heck #7 via underground injection control docket D-23,849. N.R. Hamm

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<sup>1</sup> In 1997, N. R. Hamm's KCC License #6192 expired. Kansas Secretary of State records indicate that N. R. Hamm Contractor, Inc., was converted into a limited liability corporation in 2010. N. R. Hamm Contractor, LLC, is in good standing with the Kansas Secretary of State.

Contractor, Inc., conducted a mechanical integrity test on the Heck #7 in February 1985 and again in October 1991. Kansas Geological Survey records indicate that the only production off the Heck Lease occurred from 1985 to 1989.

8. In 1997, James R. Bolinger dba Bolinger Enterprises<sup>2</sup> conducted a mechanical integrity test on the Heck #7. In 1999, the Commission received a Request for Change of Operator Form (“T-1”), signed by Bolinger Enterprises and Global Energy Solutions, and transferring all of the subject wells from Bolinger Enterprises to Global Energy Solutions.

9. In 2008, J.R.R. of Kansas, Limited, took a new lease on the property on which the subject wells are drilled. As indicated by Jefferson County Register of Deeds records, on October 6, 2009, Red Cloud Exploration Operating took assignment of the 2008 lease.

10. In 2011, Red Cloud Exploration Operating conducted a mechanical integrity test on the Heck #7. Since at least 2013, Global Energy Solutions has attempted to file a T-1 form with the Commission, transferring responsibility for all of the subject wells to Red Cloud. Commission Staff has rejected the T-1 form, due to the lack of a signature from Red Cloud on the form. Recent Commission inspections indicate that the subject wells are abandoned.

11. On June 30, 2014, Commission Litigation Counsel sent a letter to N.R. Hamm, Global Energy, and Red Cloud, asking the parties to resolve this matter, and giving until July 21, 2014, for the parties to file Well Plugging Applications (“CP-1’s”) for the wells. To date, no CP-1’s have been filed, and the wells remain abandoned and unplugged.

12. Under K.S.A. 55-179(b), Staff believes that N. R. Hamm is responsible for the Heck #1, Heck #2, and Heck #3, as the original operator who abandoned the wells. Staff believes that Global Energy Solutions is responsible for the Heck #1, Heck #2, Heck #3, and Heck #7, as the current or last operator of the lease upon which the wells are located and as the last entity to

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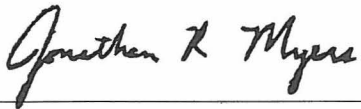
<sup>2</sup> Mr. Bolinger’s KCC License #4925 expired in 2003.

file paperwork with the Commission accepting responsibility for the wells. And Staff believes that Red Cloud is responsible for the Heck #7 as the last operator of the well.

### **III. CONCLUSION**

13. Based on the above, Staff requests that an Order to Show Cause be issued, designating a prehearing officer and scheduling a prehearing conference.

Respectfully submitted,



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**CERTIFICATE OF SERVICE**

I certify that on 10/11/14, I caused a complete and accurate copy of this Motion to be served via United States mail, with the postage prepaid and properly addressed to the following:

Kevin Sylla  
Red Cloud Exploration Operating LLC  
22287 Mulholland Highway #350  
Calabasas, California 91302

Herb Edmonds  
Global Energy Solutions  
201 S. Union Street  
PO Box 311  
McLouth, Kansas 66054

C. Scott Anderson  
N. R. Hamm Contractor, LLC  
609 Perry Place  
Perry, Kansas 66073

And delivered by hand to:

Kraig Stoll & Tony Vail  
Conservation Division Central Office

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