

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

In the matter of the failure of Nacogdoches Oil & Gas, LLC (Operator) to comply with K.A.R. 82-3-407 at the Spradling #68 well in Labette County, Kansas.) Docket No. 24-CONS-3373-CPEN
) CONSERVATION DIVISION
) License No. 32042

REQUEST FOR HEARING

Nacogdoches Oil & Gas, LLC (“Operator”) requests a hearing in the referenced docket. In support of its request, Operator alleges and states:

1. On May 30, 2024, the Commission entered the Penalty Order in captioned docket alleging one violation of K.A.R. 82-3-407 at the Spradling #68 injection well, API #15-099-21992 (“Subject Well”), and assessing a \$1,000 penalty.

2. K.A.R. 82-3-407 requires an injection well to establish mechanical integrity at least once every five years. Mechanical integrity is established through a casing integrity test, which necessitates the servicing and operating of an injection well.

3. Operator’s license renewal application was denied per Commission Order entered in Docket No. 22-CONS-3407-CMSC,¹ which Order is currently subject to judicial review. K.A.R. 82-3-120(a)(1) prohibits Operator from “drilling, completing, servicing, plugging, or operating any oil, gas, injection, or monitoring well” without a current license. The Commission has further ordered Operator to “immediately shut-in all unplugged wells on its license, and cease oil and gas operations.”²

¹ Docket No. 22-CONS-3407-CMSC, Order Denying Application for License (May 5, 2022), affirmed Final Order (January 5, 2023).

² Docket No. 24-CONS-3177-CPEN, Penalty Order, ¶ B (Dec. 19, 2023).

4. By the Commission's own order and regulations, it is unlawful for Operator to perform the operation on the injection well required to bring the Subject Well into compliance under K.A.R. 82-3-407. As such, the Penalty Order is in direct conflict with prior Commission orders and existing regulations, and cannot stand.

5. The Commission ordered Operator to shut-in all of its wells, including the Subject Well, in March of 2022, and there is an extensive evidentiary record demonstrating that all of Operator's wells have been shut-in since that time. That record shows that the Subject Well has not been used for injection for an extended period of time.

6. Moreover, the Commission previously ordered Operator to transfer the Subject Well and all of the other wells on its license to another operator by "filing the appropriate forms with the Commission."³ The appropriate forms can only be submitted through KOLAR, and Operator's KOLAR account has been disabled for more than 2 years now.

7. On June 11, 2024, Operator notified District #3 staff in writing that it had located another operator willing to take transfer of the Subject Well and the other wells on its license. In that correspondence, Operator sought clarification from District #3 as to how the compliance issue raised in the Penalty Order entered in this docket would be handled and how it was to transfer the wells without an active KOLAR account. On June 18, 2024, the transferee operator sent an email to District #3 staff requesting a phone conference to discuss these same issues. To date, nobody from District #3 has responded to this correspondence. As a result, Operator is unable to do as ordered.

8. Further burdening the Subject Well with penalties frustrates Operator's ability to transfer its wells to a replacement operator as the Commission ordered.

³ *Id.*, at ¶ C.

9. The above-described acts and omissions interferes with Operator's disclosed contracts and business relationships, and results in the waste of economic resources.

WHEREFORE, for the foregoing reasons Operator requests that a hearing be set in this docket, and for such further relief as the Commission deems necessary and proper.

Respectfully submitted,

MORRIS LAING LAW FIRM

By: 
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VERIFICATION

STATE OF KANSAS)
) ss:
COUNTY OF SEDGWICK)

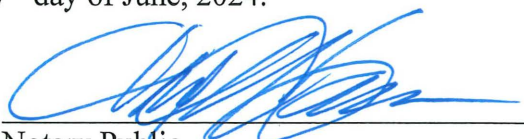
Jonathan A. Schlatter, being of lawful age and being first duly sworn upon his oath, deposes and says:

That he is the attorney for Nacogdoches Oil & Gas, LLC; he has read the above and forgoing Request for Hearing and is familiar with its contents, and that the statements made therein are true and correct to the best of his knowledge and belief.


Jonathan A. Schlatter

SIGNED AND SWORN to before me this 27th day of June, 2024.

My Appointment expires: 11/05/2024


Notary Public



CERTIFICATE OF SERVICE

I, Jonathan A. Schlatter, hereby certify that on this 27th day of June, 2024, I caused the original of the foregoing **Request for Hearing** to be electronically filed with the Conservation Division of the State Corporation Commission of the State of Kansas, and emailed true and correct copies of the same to the following individuals:

Kelsey Marsh, Litigation Counsel
Kansas Corporation Commission
Central Office
266 N. Main St, Ste 220
Wichita, KS 67202-1513
k.marsh@kcc.ks.gov



Jonathan A. Schlatter