

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

Before Commissioners:            Andrew J. French, Chairperson  
   Dwight D. Keen  
   Susan K. Duffy

In the matter of the failure of Ace Energy, )    Docket No.: 22-CONS-3124-CPEN  
LLC (Operator) to comply with K.A.R. )  
82-3-111 at seventeen wells in Crawford )    CONSERVATION DIVISION  
County, Kansas. )  
\_\_\_\_\_ )    License No.: 34998

**PENALTY ORDER**

The Commission finds Operator has violated K.A.R. 82-3-111 regarding the captioned wells, assesses a \$1,700 penalty, directs Operator to come into compliance, 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 and K.S.A. 55-164 provide 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. 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.

3.     K.A.R. 82-3-111 provides that within 90 days after operations cease on any well, the operator of that well shall plug the well, return the well to service, or file an application with

the Conservation Division requesting temporary abandonment (TA) status. If not plugged or returned to service, the operator must obtain TA approval; TA status may be denied by the Conservation Division if necessary to prevent pollution. A well shut-in for 10 years or more cannot be granted TA status without the operator filing an application for an exception pursuant to K.A.R. 82-3-100 and approval from the Commission. K.A.R. 82-3-111(e) provides a TA exemption for certain wells fully equipped and capable of production.

## **II. FINDINGS OF FACT**

4. Operator is licensed to conduct oil and gas activities in Kansas and is responsible for the following wells (Subject Wells) in Crawford County, Kansas:

- a. Gale Mullen #I43, API #15-037-01542-00-00, located in Section 1, Township 31 South, Range 21 East;
- b. Pearson #56 (W38), API #15-037-21038-00-00, located in Section 4, Township 28 South, Range 23 East;
- c. Peggy Krueger #M76, API #15-037-01531-00-00, located in Section 1, Township 31 South, Range 21 East;
- d. Peggy Krueger #M83, API #15-037-01528-00-00, located in Section 1, Township 31 South, Range 21 East;
- e. Ralph Samp #Sam-40, API #15-037-01565-00-00, located in Section 7, Township 31 South, Range 22 East;
- f. Underwood 6 #N83, API #15-037-01508-00-00, located in Section 6, Township 31 South, Range 22 East;
- g. Underwood 6 #O 89, API #15-037-01790-00-00, located in Section 6, Township 31 South, Range 22 East;

- h. Underwood 6 #O89, API #15-037-01510-00-00, located in Section 6, Township 31 South, Range 22 East;
- i. Underwood 6 #P89, API #15-037-01513-00-00, located in Section 6, Township 31 South, Range 22 East;
- j. Underwood 6 #Q90, API #15-037-01515-00-00, located in Section 6, Township 31 South, Range 22 East;
- k. Underwood 6 #R81, API #15-037-01511-00-00, located in Section 6, Township 31 South, Range 22 East;
- l. Underwood 6 #R90, API #15-037-01516-00-00, located in Section 6, Township 31 South, Range 22 East
- m. Underwood 6 #T90, API #15-037-01517-00-00, located in Section 6, Township 31 South, Range 22 East;
- n. Underwood 6 #V97, API #15-037-01521-00-00, located in Section 6, Township 31 South, Range 22 East;
- o. Underwood 31 #H39, API #15-037-01581-00-00, located in Section 31, Township 30 South, Range 22 East
- p. Underwood 31 #O16, API #15-037-01579-00-00, located in Section 31, Township 30 South, Range 22 East; and
- q. Underwood 31 #W8, API #15-037-20919-00-00, located in Section 31, Township 30 South, Range 22 East.

5. Prior to the issuance of this Penalty Order, Commission Staff reviewed Commission records for the Subject Wells. The review indicated the Subject Wells had been inactive and unplugged for longer than the 90 days allowed by K.A.R. 82-3-111, that the wells

were not exempt pursuant to K.A.R. 82-3-111(e), and that the wells were not approved for TA status. Thus, Commission Staff sent letters to Operator, requiring Operator to bring the Subject Wells into compliance with K.A.R. 82-3-111 by dates certain.<sup>1</sup> The deadlines have elapsed, and no evidence in the possession of the Commission indicates Operator has brought the Subject Wells into compliance.

### **III. CONCLUSIONS OF LAW**

6. The Commission has jurisdiction over Operator and this matter under K.S.A. 74-623 and K.S.A. 55-152.

7. Operator has committed seventeen violations of K.A.R. 82-3-111 because the Subject Wells have been inactive in excess of the time allowed by regulation without being plugged, returned to service, or approved for TA status.<sup>2</sup>

#### **THEREFORE, THE COMMISSION ORDERS:**

- A. Operator shall pay a \$1,700 penalty.
- B. Operator shall plug the Subject Wells, or return the wells to service, or obtain TA status for the wells if eligible.
- C. Commission Staff may require Staff-witnessed static fluid level measurements before a Subject Well is returned to service. A Subject Well may not be returned to service if (1) any measurement has shown fluid in the wellbore at or above the appropriate minimum surface casing requirement described in Table I of the Commission's August 1, 1991, Order in Docket 34,780, (2) any measurement has shown fluid in the wellbore at or above any salt formation or other corrosive formation, or (3) in the opinion of Staff, variation in measurements indicates the possibility of a casing leak. Provided, however, a Subject Well may be returned to service upon

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<sup>1</sup> See Exhibit A.

<sup>2</sup> K.S.A. 55-164; K.A.R. 82-3-111(b).

(a) passing a casing integrity test after issuance of this Penalty Order to the satisfaction of Staff, or (b) Staff providing written, well-specific authorization after issuance of this Penalty Order.

D. 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.

E. 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.

F. 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. If a Subject Well has been inactive for more than 10 years and Operator applies for an exception to the 10-year limit on TA status for the Subject Well prior to this Order becoming final, and Operator would be in compliance with this Order if the application were approved, then suspension shall not be enforced unless (1) the application is denied, and (2) 30 days have elapsed since the denial. The notice and opportunity for a hearing on this Order shall constitute the notice required by K.S.A. 77-512 regarding license suspension.

G. 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).<sup>3</sup>

H. 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.

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<sup>3</sup> See K.S.A. 55-162; K.S.A. 55-164; K.S.A. 55-606; K.S.A. 55-707; K.S.A. 77-503(c); K.S.A. 77-531(b).

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

French, Chairperson; Keen, Commissioner; Duffy, Commissioner

Dated: 09/09/2021



\_\_\_\_\_  
Lynn M. Retz  
Executive Director

Mailed Date: 09/09/2021

TSK

Conservation Division  
District Office No. 3  
137 E. 21st Street  
Chanute, KS 66720



Phone: 620-902-6450  
<http://kcc.ks.gov/>

Andrew J. French, Chairperson  
Dwight D. Keen, Commissioner  
Susan K. Duffy, Commissioner

Laura Kelly, Governor

April 23, 2021

Peter Jefferis  
Ace Energy LLC  
11704 ABERDEEN RD  
LEAWOOD, KS 66211

Re: Temporary Abandonment  
API 15-037-01542-00-00  
GALE MULLEN I43  
NE/4 Sec.01-31S-21E  
Crawford County, Kansas

Dear Peter Jefferis:

Your application for Temporary Abandonment (TA) for the above-listed well is denied for the following reasons(s):

**Shut-in Over 10 years**

Pursuant to K.A.R. 82-3-111, the well must be plugged or returned to service by 05/23/2021.

If you wish to instead file an application for an exception to the 10-year limitation of K.A.R. 82-3-111, demonstrating why it is necessary to TA the well for more than 10 years, then you must file the application for an exception by 05/23/2021.

**This deadline does NOT override any compliance deadline given to you in any Commission Order.**

You may contact me if you have any questions.

Sincerely,  
Alan Dunning ECRS  
KCC DISTRICT 3

Conservation Division  
District Office No. 3  
137 E. 21st Street  
Chanute, KS 66720



Phone: 620-902-6450  
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Andrew J. French, Chairperson  
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Susan K. Duffy, Commissioner

Laura Kelly, Governor

April 23, 2021

Jonathan Freiden  
Ace Energy LLC  
11704 ABERDEEN RD  
LEAWOOD, KS 66211-2921

Re: Temporary Abandonment  
API 15-037-01510-00-00  
UNDERWOOD 6 O89  
SW/4 Sec.06-31S-22E  
Crawford County, Kansas

Dear Jonathan Freiden :

Your application for Temporary Abandonment (TA) for the above-listed well is denied for the following reasons(s):

**Shut-in Over 10 years**

Pursuant to K.A.R. 82-3-111, the well must be plugged or returned to service by 04/24/2021.

If you wish to instead file an application for an exception to the 10-year limitation of K.A.R. 82-3-111, demonstrating why it is necessary to TA the well for more than 10 years, then you must file the application for an exception by 04/24/2021.

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Laura Kelly, Governor

April 23, 2021

Jonathan Freiden  
Ace Energy LLC  
11704 ABERDEEN RD  
LEAWOOD, KS 66211-2921

Re: Temporary Abandonment  
API 15-037-01513-00-00  
UNDERWOOD 6 P89  
SW/4 Sec.06-31S-22E  
Crawford County, Kansas

Dear Jonathan Freiden :

Your application for Temporary Abandonment (TA) for the above-listed well is denied for the following reasons(s):

**Shut-in Over 10 years**

Pursuant to K.A.R. 82-3-111, the well must be plugged or returned to service by 04/24/2021.

If you wish to instead file an application for an exception to the 10-year limitation of K.A.R. 82-3-111, demonstrating why it is necessary to TA the well for more than 10 years, then you must file the application for an exception by 04/24/2021.

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April 23, 2021

Jonathan Freiden  
Ace Energy LLC  
11704 ABERDEEN RD  
LEAWOOD, KS 66211

Re: Temporary Abandonment  
API 15-037-01515-00-00  
UNDERWOOD 6 Q90  
SW/4 Sec.06-31S-22E  
Crawford County, Kansas

Dear Jonathan Freiden :

Your application for Temporary Abandonment (TA) for the above-listed well is denied for the following reasons(s):

**Shut-in Over 10 years**

Pursuant to K.A.R. 82-3-111, the well must be plugged or returned to service by 04/24/2021.

If you wish to instead file an application for an exception to the 10-year limitation of K.A.R. 82-3-111, demonstrating why it is necessary to TA the well for more than 10 years, then you must file the application for an exception by 04/24/2021.

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Laura Kelly, Governor

April 23, 2021

Jonathan Freiden  
Ace Energy LLC  
11704 ABERDEEN RD  
LEAWOOD, KS 66211

Re: Temporary Abandonment  
API 15-037-01516-00-00  
UNDERWOOD 6 R90  
SW/4 Sec.06-31S-22E  
Crawford County, Kansas

Dear Jonathan Freiden :

Your application for Temporary Abandonment (TA) for the above-listed well is denied for the following reasons(s):

**Shut-in Over 10 years**

Pursuant to K.A.R. 82-3-111, the well must be plugged or returned to service by 04/24/2021.

If you wish to instead file an application for an exception to the 10-year limitation of K.A.R. 82-3-111, demonstrating why it is necessary to TA the well for more than 10 years, then you must file the application for an exception by 04/24/2021.

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You may contact me if you have any questions.

Sincerely,  
Alan Dunning ECRS  
KCC DISTRICT 3

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Laura Kelly, Governor

April 23, 2021

Jonathan Freiden  
Ace Energy LLC  
11704 ABERDEEN RD  
LEAWOOD, KS 66211

Re: Temporary Abandonment  
API 15-037-01521-00-00  
UNDERWOOD 6 V97  
SW/4 Sec.06-31S-22E  
Crawford County, Kansas

Dear Jonathan Freiden :

Your application for Temporary Abandonment (TA) for the above-listed well is denied for the following reasons(s):

**Shut-in Over 10 years**

Pursuant to K.A.R. 82-3-111, the well must be plugged or returned to service by 04/24/2021.

If you wish to instead file an application for an exception to the 10-year limitation of K.A.R. 82-3-111, demonstrating why it is necessary to TA the well for more than 10 years, then you must file the application for an exception by 04/24/2021.

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Laura Kelly, Governor

April 23, 2021

Jonathan Freiden  
Ace Energy LLC  
11704 ABERDEEN RD  
LEAWOOD, KS 66211

Re: Temporary Abandonment  
API 15-037-01581-00-00  
UNDERWOOD 31 H39  
SW/4 Sec.31-30S-22E  
Crawford County, Kansas

Dear Jonathan Freiden :

Your application for Temporary Abandonment (TA) for the above-listed well is denied for the following reasons(s):

**Shut-in Over 10 years**

Pursuant to K.A.R. 82-3-111, the well must be plugged or returned to service by 04/24/2021.

If you wish to instead file an application for an exception to the 10-year limitation of K.A.R. 82-3-111, demonstrating why it is necessary to TA the well for more than 10 years, then you must file the application for an exception by 04/24/2021.

**This deadline does NOT override any compliance deadline given to you in any Commission Order.**

You may contact me if you have any questions.

Sincerely,  
Alan Dunning ECRS  
KCC DISTRICT 3

Conservation Division  
District Office No. 3  
137 E. 21st Street  
Chanute, KS 66720



Phone: 620-902-6450  
<http://kcc.ks.gov/>

Andrew J. French, Chairperson  
Dwight D. Keen, Commissioner  
Susan K. Dully, Commissioner

Laura Kelly, Governor

April 23, 2021

Jfreiden@me.com  
Ace Energy LLC  
11704 ABERDEEN RD  
LEAWOOD, KS 66211

Re: Temporary Abandonment  
API 15-037-20919-00-00  
UNDERWOOD 31 W8  
SW/4 Sec.31-30S-22E  
Crawford County, Kansas

Dear Jfreiden@me.com:

Your application for Temporary Abandonment (TA) for the above-listed well is denied for the following reasons(s):

**Shut-in Over 10 years**

Pursuant to K.A.R. 82-3-111, the well must be plugged or returned to service by 04/24/2021.

If you wish to instead file an application for an exception to the 10-year limitation of K.A.R. 82-3-111, demonstrating why it is necessary to TA the well for more than 10 years, then you must file the application for an exception by 04/24/2021.

**This deadline does NOT override any compliance deadline given to you in any Commission Order.**

You may contact me if you have any questions.

Sincerely,  
Alan Dunning ECRS  
KCC DISTRICT 3

Andrew J. French, Chairperson  
Dwight D. Keen, Commissioner  
Susan K. Duffy, Commissioner

Laura Kelly, Governor

May 26, 2021

Ace Energy LLC #34998  
Jonathan Freiden  
11704 Aberdeen Rd.  
Leawood, KS 66211-2921

### **NOTICE OF VIOLATION(S)**

**Re: Inactive Well(s)**

Operator:

District #3 Field Staff have determined that the attached list of inactive wells are unplugged without approved temporary abandonment status according to your well inventory and confirmed by Staff field investigation. **In other words, the well(s) on the attached list are in violation of Commission regulations, specifically K.A.R. 82-3-111.**

**K.A.R. 82-3-111** requires operators to plug, return to service, or obtain temporary abandonment status for each inactive well within 90 days of the well becoming inactive. Exempted wells must be fully equipped, immediately capable of returning to service, subject to a valid lease, the well has produced within the past 365 days, and the well is otherwise in full compliance with all of the Commission's regulations.

Please contact Commission District Staff at 620-902-6450 if any of the following conditions are met prior to the deadline of June 25, 2021:

- Well(s) on the attached list are returned to service or plugged, or
- Well(s) on the attached list are fully equipped, immediately capable of returning to service, are on an active lease, and have been in service within the last year.

Please bring the well(s) on the attached list into compliance with K.A.R. 82-3-111 by June 25, 2021. Failure to comply with the deadline shall result in a penalty recommendation in the amount of \$100.00 per well. Temporary abandonment applications must be filed on KOLAR, except a more formal application must be filed if the well(s) have been inactive for over ten years. You may contact us with any questions.

Sincerely,

John Almond  
District Compliance Officer, ECRS  
Kansas Corporation Commission  
620-902-6450

Cc: Troy A. Russell  
District #3 Supervisor, P.G.  
Kansas Corporation Commission

# ACTIVE OPERATORS / INACTIVE ("IN" - STATUS) WELL Wells remaining in "IN" status as of 6/28/2021

KLN #	COUNTY	CONAME	WELL_NM	API_WELLNO	WELL_TYPE	SEC	TWP	RGE	LAT	LON	WELL STATUS
34998											
CR											
Ace Energy LLC			GALE MULLEN B40	15037015360000	OIL	1	31	21	37.383587	-95.052271	IN
Ace Energy LLC			PEARSON 56 (W38)	15037210380000	OIL	4	28	23	37.640712	-94.890688	IN
Ace Energy LLC			PEGGY KRUEGER M76	15037015310000	OIL	1	31	21	37.37585	-95.04945	IN
Ace Energy LLC			PEGGY KRUEGER M83	15037015280000	OIL	1	31	21	37.37421	-95.04947	IN
Ace Energy LLC			RALPH SAMP SAM-40	15037015650000	OIL	7	31	22	37.36829	-95.046	IN
Ace Energy LLC			UNDERWOOD 31 O16	15037015790000	OIL	31	30	22	37.388978	-95.048846	IN
Ace Energy LLC			UNDERWOOD 6 N83	15037015080000	OIL	6	31	22	37.374277	-95.049317	IN
Ace Energy LLC			UNDERWOOD 6 O 89	15037017900000	OIL	6	31	22	37.372975	-95.04898	IN
Ace Energy LLC			UNDERWOOD 6 R81	15037015110000	OIL	6	31	22	37.374592	-95.047993	IN



KLN #	COUNTY	CONAME	WELL_NM	API_WELLNO	WELL_TYPE	SEC	TWP	RGE	LAT	LON	WELL STATUS	
Ace Energy LLC			UNDERWOOD 6	S 89	15037017910000	OIL	6	31	22	37.372837	-95.047928	IN
Ace Energy LLC			UNDERWOOD 6	T90	15037015170000	OIL	6	31	22	37.37272	-95.04768	IN

"IN" WELLS OUT OF COMPLIANCE11

## **CERTIFICATE OF SERVICE**

22-CONS-3124-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 09/09/2021.

JOHN ALMOND  
KANSAS CORPORATION COMMISSION  
DISTRICT OFFICE NO. 3  
137 E. 21ST STREET  
CHANUTE, KS 66720  
j.almond@kcc.ks.gov

JONATHAN FREIDEN  
ACE ENERGY, LLC  
11704 ABERDEEN ROAD  
LEAWOOD, KS 66211  
jfreiden@me.com

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

TROY RUSSELL  
KANSAS CORPORATION COMMISSION  
DISTRICT OFFICE NO. 3  
137 E. 21ST STREET  
CHANUTE, KS 66720  
t.russell@kcc.ks.gov

/S/ DeeAnn Shupe  
\_\_\_\_\_  
DeeAnn Shupe