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KANSAS CORPORATION COMMISSION

APR 27 2012

CONSERVATION DIVISION
WICHITA, KS

THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

Before Commissioners: Mark Sievers, Chairman
 Ward Loyd
 Thomas E. Wright

In the Matter of the Appeal of the Summary) Docket No.: 12-CONS-239-CMSC
License Application Denials of Paul C.)
Carageannis.) CONSERVATION DIVISION
)
_____) License No. 32753 (Expired)

PRE-FILED TESTIMONY

OF JEFF KLOCK

1 Q. Please state your name and business address for the record.
2 A. Jeff Klock, 3450 N. Rock Rd., Bldg. 600, Ste. 601, Wichita, Kansas 67226.
3 Q. By whom are you employed and what is your job title?
4 A. I am employed by the Kansas Corporation Commission ("KCC"), Conservation Division.
5 My job title is District 2 Supervisor.
6 Q. Please briefly describe your educational background and work experience.
7 A. I received my Bachelor of Science degree in Geology from Wichita State University in
8 1990. From 1988 to 1990 I worked for F. G. Holl Company as a Geological Technician,
9 and from 1991 to 1995 I worked for them as a Staff Petroleum Geologist. In April 1995, I
10 began work for the KCC as an Environmental Geologist II in the Production Department. In
11 that position, I reviewed and approved Notices of Intent to Drill, Cathodic Protection
12 Borehole Intents to Drill, New Pool Applications, Commingling Applications, and
13 Enhanced Recovery Project Certification. In October 2001, I started working for the
14 District II field office as an Environmental Geologist II. My responsibilities in that position
15 included assisting in the planning and coordination of district field investigations, spill
16 control and clean-up activities, and overseeing contamination sites. That position and my
17 current position as District 2 Supervisor require that I be a licensed geologist in the State of
18 Kansas, which I am. I became the District 2 Supervisor on August 27, 2007.
19 Q. Have you previously testified before this Commission?
20 A. Yes.
21 Q. Are you familiar with the proceedings in this matter?
22 A. Yes I am. We are here today because Mr. Carageannis has appealed Staff's summary denial
23 of his license applications, one to be an operator filed as Paul C. Carageannis dba SEED
24 Group and the other filed to be a drilling contractor/well service company as Paul C.
25 Carageannis dba AA Drilling. (Klock Exhibit #1)
26 Q. Why is Staff opposed to Mr. Carageannis' licensure?
27 A. He has a long history of non-compliance with Commission regulations for every license he
28 has held.
29 Q. What licenses has Mr. Carageannis held?
30 A. From 1985 to 1999 he operated as Paul C. Carageannis dba Cara Ventures, KCC license
31 number 4677. From 2000 until January of 2011, he operated as Paul C. Carageannis dba

1 SEED Group/AA Drilling, KCC license number 32753. His most recent license was not
2 renewed by Commission Order in Docket No. 11-CONS-153-CPEN for non-compliance
3 with Commission regulations and Orders.

4 Q. Would it be alright if we go into more detail as to Mr. Carageannis' compliance history?

5 A. Yes.

6 Q. Could you please document the violations Mr. Carageannis incurred as Cara Ventures?

7 A. As Cara Ventures, Mr. Carageannis had violations of a similar nature to the ones he
8 continued to have as SEED Group/AA Drilling. Mr. Carageannis let his operator's license
9 lapse, he failed to report spills, and failed to report annual gas well tests. The attached
10 Exhibit #2 contains only the violations that are contained within our current database.
11 Several of Cara Ventures' violations pre-date our current tracking system; however,
12 evidence of these violations is presented later as part of Exhibit #7. (Klock Exhibit #2)

13 Q. You mentioned earlier the violations under Mr. Carageannis' previous operator's license
14 were of the same nature as his latest license. Can you please describe the violations he had
15 as SEED Group/AA Drilling?

16 A. Yes. The spill violations continued to be a problem, and Mr. Carageannis frequently let his
17 license lapse but he was not always penalized. Mr. Carageannis repeatedly failed to file for
18 temporary abandonment status on wells he operated, and failed to conduct required
19 mechanical integrity tests in a timely manner. As you can see from my attached Exhibit #3,
20 Mr. Carageannis had at least 10 formal Penalty Orders for twenty violations under his most
21 recent license. (Klock Exhibit #3)

22 Q. That seems like a rough average of about two violations per year; are there any other facts or
23 mitigating circumstances that should be pointed out?

24 A. Yes. According to KCC records, the most wells Mr. Carageannis has operated at one time
25 are twenty-nine wells. This is a very excessive number of violations that led to formal
26 enforcement actions for the relatively small number of wells being operated.

27 Q. You mentioned previously that Mr. Carageannis let his license for SEED Group lapse, can
28 you document how many times?

29 A. Yes. A review of licensing records shows that Mr. Carageannis has failed to renew his
30 license on time every year since 2003. He let his license lapse in December of 2003, 2004,

- 1 2005, 2006, 2007, 2008, 2009, and 2010, and he continued to operate on an expired license
2 each of those years. (Klock Exhibit #4)
- 3 Q. Based on the information you submitted regarding Mr. Carageannis' long history of non-
4 compliance, can you specify how many times his license was suspended or his operations
5 were shut-in by Commission Order?
- 6 A. Yes. He's been shut-in three times by Commission Order in Docket Nos. 04-CONS-283-
7 CPEN, 09-CONS-099-CPEN, and 11-CONS-153-CPEN. His operations were also sealed in
8 Docket Nos. 04-CONS-283-CPEN and 11-CONS-153-CPEN. I think it is also important to
9 point out that under Docket No. 04-CONS-283-CPEN; the Commission assessed a \$10,000
10 monetary penalty for violation of a Commission Order. Mr. Carageannis' license has been
11 suspended by formal Commission Order one time in Docket No. 09-CONS-140-CPEN.
12 I've attached a copy of each of these orders. (Klock Exhibit #5)
- 13 Q. Other than the formal Commission Orders, was Mr. Carageannis' license ever suspended or
14 his operations shut-in?
- 15 A. Yes. As you can see from the attached correspondences, Mr. Carageannis' license was
16 suspended and his operations shut-in several times for not complying with an agreed-upon
17 payment schedule and non-compliance with a Commission Order in 2006. (Klock Exhibit
18 #6)
- 19 Q. What is the total amount of monetary penalties the Commission has issued against Mr.
20 Carageannis under each of his licenses?
- 21 A. The KCC records we have been able to locate indicate he has been assessed \$23,450 under
22 both licenses. Again, this is an excessive amount for any operator. (Klock Exhibit #7)
- 23 Q. Has Staff ever tried to work with Mr. Carageannis through compliance agreements or other
24 means?
- 25 A. Yes. Other than the payment plans referenced in the correspondence in Klock Exhibit #6, I
26 am aware of one operator compliance agreement with Mr. Carageannis since I have been
27 District #2 Supervisor. (Klock Exhibit #8)
- 28 Q. Did Mr. Carageannis comply with the terms of the agreement?
- 29 A. No. Mr. Carageannis' failure to comply resulted in the license suspension order in Docket
30 No. 09-CONS-140-CPEN referenced previously in Klock Exhibit #5.
- 31 Q. When did Mr. Carageannis' license suspension end?

1 A. By terms of the Order in Docket No. 09-CONS-140-CPEN, Mr. Carageannis's suspension
2 ended December 31, 2009.

3 Q. After his license was reinstated, did Mr. Carageannis remain in compliance with
4 Commission regulations and Orders?

5 A. No. Staff requested Mr. Carageannis be assessed a \$500 monetary penalty for operating
6 without a license and his operations shut-in and sealed until such time as he complied with
7 all outstanding compliance matters in Docket No. 11-CONS-153-CPEN issued on January
8 26, 2011.

9 Q. At this time, has Mr. Carageannis complied with the terms of that order?

10 A. No. He has paid his outstanding monetary penalties in full; however, several compliance
11 issues remain.

12 Q. Could you please detail what those remaining compliance issues are?

13 A. Warner Lease: Mr. Carageannis has two wells on the Warner lease in Butler County he
14 needs to plug, one of which, the Warner #5 SWD has remained out of compliance with
15 mechanical integrity testing requirements since April 18, 2010. These wells are also part of
16 another compliance action against Mr. Carageannis scheduled to be heard today. Staff
17 agreed to continue that matter from a previous Commission hearing docket until after this
18 matter was resolved in Docket No. 12-CONS-198-CSHO. I have also prefiled testimony in
19 that matter.

20 Laptad: To date, Mr. Carageannis has not submitted the information as required by the
21 order.

22 Q. Would you recommend the Commission grant Mr. Carageannis either of the licenses for
23 which he has applied?

24 A. No. It is time that Mr. Carageannis is held accountable for actions after a 26-year record of
25 non-compliance with Commission regulations. The Commission issues penalties as a
26 deterrent to violating a regulation, and it is quite obvious that the monetary penalties
27 assessed against Mr. Carageannis over the years have done nothing to deter him from
28 committing further violations. Mr. Carageannis has demonstrated over and over again that
29 he will not conduct his oil and gas operations in accordance with the Commission's
30 regulations. The District 2 staff has spent an excessive amount of time regulating Mr.
31 Carageannis, adding unnecessary cost and expense, which includes everything from lab

1 analysis of water and soil samples collected from spills, to the many additional miles driven
2 on state vehicles to oversee spill clean-up, soil remediation, and respond to complaints
3 against Mr. Carageannis. There is also the time taken by myself and legal staff to process
4 these violations. Research of Commission records also reveals Mr. Carageannis has been
5 penalized by the Commission for violation of its transportation regulations in Docket No.
6 09-TRAM-411-PEN and assessed a \$4,000 monetary penalty in relation to his operation of
7 his oilfield equipment. KCC records indicate this penalty was never paid by Mr.
8 Carageannis and has been written off as uncollectible. (Klock Exhibit #9) I believe this is
9 additional evidence of Mr. Carageannis' inability to comply with agency regulations.
10 Furthermore, last year I was interviewed by David Kennedy with the Kansas Securities
11 Commission regarding complaints they had received regarding Mr. Carageannis. His
12 interview consisted of questions relating to Mr. Carageannis' compliance history and I
13 provided him with a copy of my prefiled testimony in Docket No. 09-CONS-140-CPEN.
14 Additionally, over the years the District #2 Office has received numerous complaints
15 regarding Mr. Carageannis' operations from both landowners and investors alike. Aside
16 from regulatory issues, several civil matters have been brought to my attention that I believe
17 merit consideration when determining Mr. Carageannis' fitness to be a licensed operator.
18 The first is a matter out of Butler County, Case No. 2008 CV 89. It involves the previously
19 mentioned Warner lease. According to the court documents, Mr. Carageannis used the
20 Warner #5 SWD well from October 2005 to October 2008. Also, the court assessed a total
21 judgment of \$27,791.50 including court costs. (Klock Exhibit #10) Also, on December 13,
22 2011, Central Office Staff received a Transfer of Operator form for the AHB lease in Reno
23 County, Kansas. It was filed by Young Petroleum Service, LLC but was not signed by Mr.
24 Carageannis. In response to that filing, Mr. Carageannis alerted us to another civil matter;
25 this time it appears to be a suit involving some investors and Mr. Carageannis over the
26 operation of that lease. Staff has not processed that transfer request. (Klock Exhibit #11)
27 Considering all of this information together, I do not believe Mr. Carageannis can conduct
28 any oil and gas operations consistently within Commission regulations and should not be
29 issued a license of any kind.

30 Q. Does this conclude your testimony?

31 A. Yes.

AA Drilling
P. O. BOX 771189
WICHITA, KS 67277-1189
316-807-1209

March 9, 2012

Mr. Ryan A. Hoffman
Kansa Corporation Commission
130 S. Market, Room 2078
Wichita, Kansas 67202-3082

RECEIVED

MAR 12 2012

KCC WICHITA

Re: AA Drilling License Application

12-cons-239-CMSE

Dear Mr. Hoffman,

Please find enclosed check totaling \$700.00 as payment in full for past penalties/fines.

Please also find enclosed application for license for AA drilling, along with the required fees.

It is my intent to separate the equipment from the operation side of the business.

The equipment was recently purchased in 2012. I do not have any tax payment receipts, since I have just recently taken responsibility for the equipment, per the requirements under the license.

Respectfully,


Paul C. Carageannis
Owner/Geologist

RECEIVED
KANSAS CORPORATION COMMISSION

MAR 12 2012

LEGAL SECTION

RECEIVED

MAR 12 2012

Form OPL-1
August 2010

Form must be Typed
Form must be Signed
All blanks must be Filled

FOR KCC USE ONLY	
LICENSE NO:	
EXPIR DATE:	

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

KCC LICENSE APPLICATION

KCC WICHITA

Notice: Read instructions before completing this information.

Name: AA Drilling Attention: Paul C. Carageannis
 Address 1: P.O. Box 771189 Phone: (316) 807-1209
 Address 2: _____ City/State/Zip: Wichita, Kansas 67277

ALL REQUIRED FORMS RELATING TO THE CONSERVATION DIVISION MUST SHOW SAME ENTITY AS ON THIS APPLICATION.

- Item 1 TYPE OF LICENSE APPLICABLE: Operator Stratgraphic/Seismic Well Plugging Drilling Contractor Gas Storage
 (Check All That Apply) Drilling, Workover, Service Units Case Puller Residential Gas Gatherer
- Item 2 BUSINESS ENTITY: Individual General Partnership Limited Liability Partnership Kansas Corporation
 Limited Liability Company Foreign Corporation

Federal Employer Identification No. _____ or Social Security No. _____
 CORPORATIONS OR LIMITED PARTNERSHIPS are required to be authorized to engage in business in Kansas by the Office of the Secretary of State. Please enclose a Certificate of Good Standing from the Secretary of State's Office (785) 296-4564.

- Item 3 REGISTERED RESIDENT AGENT (For Corporations, Limited Liability Companies, or Limited Partnerships Only)
 Name: _____ Phone: (_____) _____
 Address: _____
 City/State/Zip: _____ Email: _____

- Item 4 NAME OF PARTNER(S) OR OFFICERS (Must list all. Include Name, Title, Address and Phone)
-

- Item 5 EMERGENCY CONTACT PERSON (Must be other than Licensee) (Alternate Address and Phone)
 Name: Joseph H. Cassell Phone: (316) 262-5500
 Address: 229 E. William, Suite 100
 City/State/Zip: Wichita, Kansas 67202 Email: ihcassell@eronlaw.net

- Item 6 Dependent on type of entity, have you as an individual, partner or officer had a KCC Conservation Division License revoked, suspended or not renewed by the Commission? Yes No If yes, enclose a brief statement including name and date of revocation, suspension or non-renewal.

- Item 7 Do you currently have any outstanding monetary penalties or compliance owed to the Commission or are you currently paying a monthly installment plan? Yes No

- Item 8 ATTACH a copy of equipment assessment rendition sheets and paid personal property tax receipts ONLY on the drilling or movable well servicing equipment being licensed.

- Item 9 EQUIPMENT TAG NUMBERS, YEAR, MAKE, MODEL AND TYPE OF EQUIPMENT AS LISTED ON PROPERTY TAX RENDITION
- 1965 Cardwell, DD, Completion /Pulling unit
 1950 National, T-12, Drilling Rig #1

- Item 10 Remittance enclosed: \$100.00 for license(s) + \$25.00 per equipment tag = \$ 150.00 Financial Responsibility provided by:
 Remittance enclosed: \$25.00 for residential license = \$ _____ a) Cash \$ _____
 b) Bond _____

- Item 11 I do hereby certify that, to the best of my knowledge, the foregoing facts and information are true and correct. c) Letter of Credit _____
 Signature of authorized individual, Officer or Agent: _____ Title: owner/geologist

- Item 12 Subscribed and sworn to before me this _____ day of March 20 12

 (Notary Public) My commission expires: _____

- Item 13 Well Inventory Required: (Check One) Attached No wells



Mail to: KCC - Conservation Division, Licensing Department, 130 S. Market - Room 2078, Wichita, Kansas 67202

**S E E D GROUP
P. O. BOX 771189
WICHITA, KS 67277-1189
316-807-1209**

March 9, 2012

Mr. Ryan A. Hoffman
Kansa Corporation Commission
130 S. Market, Room 2078
Wichita, Kansas 67202-3082

RECEIVED

MAR 12 2012

Re: S E E D GROUP License Application

12-CONS-239-CM&C **KCC WICHITA**


Dear Mr. Hoffman,

Please find enclosed application for license for S E E D GROUP along with the necessary application fees.

I am currently reviewing notes taken during our previous meeting with Mr. Klock and I will provide the additional needed documents as requested. Please also place these additional requirements in writing so I don't overlook anything.

I am able to satisfy all requirements for licensure and those under Docket #12-CONS-198-CSHO within 60 days of this letter.

Respectfully,


Paul C. Carageannis
Owner/Geologist

RECEIVED
KANSAS CORPORATION COMMISSION

MAR 12 2012

LEGAL SECTION

FOR KCC USE ONLY
 LICENSE NO: _____
 EXPIR DATE: _____

**KANSAS CORPORATION COMMISSION
 OIL & GAS CONSERVATION DIVISION**

RECEIVED

MAR 12 2012

Form OPL-1
 August 2010
 Form must be Typed
 Form must be Signed
 All blanks must be Filled

KCC LICENSE APPLICATION

KCC WICHITA

Notice: Read instructions before completing this information.

Name: SEED GROUP Attention: Paul C. Carageannis
 Address 1: P.O. Box 771189 Phone: (316) 807-1209
 Address 2: _____ City/State/Zip: Wichita, Kansas 67277

ALL REQUIRED FORMS RELATING TO THE CONSERVATION DIVISION MUST SHOW SAME ENTITY AS ON THIS APPLICATION.

Item 1 TYPE OF LICENSE APPLICABLE: (Check All That Apply)
 Operator Stratgraphic/Seismic Well Plugging Drilling Contractor Gas Storage
 Drilling, Workover, Service Units Case Puller Residential Gas Gatherer

Item 2 BUSINESS ENTITY: Individual General Partnership Limited Liability Partnership Kansas Corporation
 Limited Liability Company Foreign Corporation

Federal Employer Identification No. _____ or Social Security No. _____
 CORPORATIONS OR LIMITED PARTNERSHIPS are required to be authorized to engage in business in Kansas by the Office of the Secretary of State. Please enclose a Certificate of Good Standing from the Secretary of State's Office (785) 296-4564.

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 Name: _____ Phone: (_____) _____
 Address: _____
 City/State/Zip: _____ Email: _____

Item 4 NAME OF PARTNER(S) OR OFFICERS (Must list all. Include Name, Title, Address and Phone)

Item 5 EMERGENCY CONTACT PERSON (Must be other than Licensee) (Alternate Address and Phone)
 Name: Joseph H. Cassell Phone: (316) 262-5500
 Address: 229 E. William, Suite 100
 City/State/Zip: Wichita, Kansas 67202 Email: jhcassell@eronlaw.net

Item 6 Dependent on type of entity, have you as an individual, partner or officer had a KCC Conservation Division License revoked, suspended or not renewed by the Commission? Yes No If yes, enclose a brief statement including name and date of revocation, suspension or non-renewal.

Item 7 Do you currently have any outstanding monetary penalties or compliance owed to the Commission or are you currently paying a monthly installment plan? Yes No

Item 8 ATTACH a copy of equipment assessment rendition sheets and paid personal property tax receipts ONLY on the drilling or movable well servicing equipment being licensed.

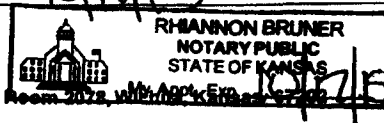
Item 9 EQUIPMENT TAG NUMBERS, YEAR, MAKE, MODEL AND TYPE OF EQUIPMENT AS LISTED ON PROPERTY TAX RENDITION

Item 10 Remittance enclosed: \$100.00 for license(s) + \$25.00 per equipment tag = \$ 100.00 Financial Responsibility provided by:
 Remittance enclosed: \$25.00 for residential license = \$ _____ a) Cash \$ _____
 b) Bond _____

Item 11 I do hereby certify that, to the best of my knowledge, the foregoing facts and information are true and correct.
 Signature of authorized individual, Officer or Agent: _____ Title: owner/geologist
 c) Letter of Credit _____

Item 12 Subscribed and sworn to before me this 9 day of March 20 12
 _____ My commission expires: 10/17/15
 (Notary Public)

Item 13 Well Inventory Required: (Check One) Attached No wells



Mail to: KCC - Conservation Division, Licensing Department, 130 S. Market - Room 2025, Wichita, Kansas 67202

RECEIVED
 MAR 12 2012
 KCC WICHITA

Page: 1 of 1

KCC License No.: _____
 Company/Individual Name: SEED GROUP

KANSAS CORPORATION COMMISSION
 OIL & GAS CONSERVATION DIVISION
OPERATOR WELL INVENTORY
 (FORM OWI-1)

Form OWI-1
 June 2009

Lease Name*	Well No.*	API No.**	Year Drilled*	Year Assumed Responsibility*	Depth*	County*	Section-Township-Range*	Spot Location* (OQQO)	Footage from Section Line* (i.e. FSL = Feet from South Line)	Type of Well* (OIL/GAS/NW CB/MSW)	Well Status* (PROD/Active/Inactive)	KDOR Lease Code(s)	Latitude	Longitude	Datum		
AHB	1	15-155-21535-00-00	2008	2008	3945'	Reno	4 -25 s - 5	C -S/2 -SW -NE	2970'	<input type="checkbox"/> FNL <input checked="" type="checkbox"/> FSL	1980	<input checked="" type="checkbox"/> FEL <input type="checkbox"/> FWL	GAS	Inactive	116237	37.9057333 -97.8733153	1561KB
Heller	1	15-015-20201-00-01	1980	2005	2786'	Butler	35 -25 s - 3	C -NW -NW -SE	2310'	<input type="checkbox"/> FNL <input checked="" type="checkbox"/> FSL	2310'	<input checked="" type="checkbox"/> FEL <input type="checkbox"/> FWL	OIL	Inactive	111780	37.8315479 -97.0682508	1305KB
Warner	1	15-015-20994	1978	2005	2710	Butler	1 -26 s - 3	C -NW -NW	4620'	<input type="checkbox"/> FNL <input checked="" type="checkbox"/> FSL	4620'	<input checked="" type="checkbox"/> FEL <input type="checkbox"/> FWL	OIL	Inactive	111780	37.8232755 -97.0597854	1280GL
Warner	5	15-015-01026-0001	1978	2005	2827'	Butler	1 -26 s - 3	C -SW -NE -NW	4290'	<input type="checkbox"/> FNL <input checked="" type="checkbox"/> FSL	3630'	<input checked="" type="checkbox"/> FEL <input type="checkbox"/> FWL	SWDW	Inactive		37.82247 -97.05691	1268GL
Woodruff	1	15-155-21527-0001	2008	2008	3815	Reno	17 -25 s - 5	C -N/2 -NW -SW	2310'	<input type="checkbox"/> FNL <input checked="" type="checkbox"/> FSL	555'	<input checked="" type="checkbox"/> FEL <input type="checkbox"/> FWL	GAS	Inactive		37.8747916 -97.9015546	1483KB
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ALL FOOTAGES MUST BE CALCULATED FROM THE SECTION LINE
 KDOR = Kansas Department of Revenue *REQUIRED FIELD ** REQUIRED IF DRILLED 1987 OR LATER

Authorized Signature: _____ Date: _____

Conservation Division
Finney State Office Building
130 S. Market, Rm. 2078
Wichita, KS 67202-3802



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

Mark Sievers, Chairman
Ward Loyd, Commissioner
Thomas E. Wright, Commissioner

Sam Brownback, Governor

SUMMARY DENIAL NOTIFICATION

March 12, 2012

Paul Carageannis
Paul C. Carageannis dba SEED Group/AA Drilling
PO Box 771189
Wichita, Kansas 67277-1189

RE: License Applications Received 12-CONS-239-CMSC

Mr. Carageannis,

Your applications for Kansas Corporation Commission Oil and Gas Operator's Licenses for Paul C. Carageannis d/b/a SEED Group and Paul C. Carageannis d/b/a AA Drilling have both been denied pursuant to K.S.A. 55-155(c)(4)(A) because you have not demonstrated compliance with all requirements of chapter 55 of the Kansas Statutes Annotated, all rules and regulations adopted thereunder and all Commission orders and enforcement agreements.

Pursuant to K.S.A. 77-537, these denials are summary orders. You have the right to request a hearing on these denials, provided you file your written request within 15 days from the date of this denial notification. You must submit your written request to:

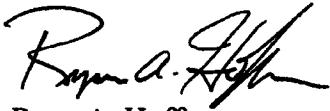
Executive Director
Kansas Corporation Commission
130 S. Market, Room 2078
Wichita, Kansas 67202

YOUR WRITTEN REQUEST FOR HEARING MUST BE FILED WITHIN 15 DAYS FROM THE DATE OF THIS NOTIFICATION. If a hearing is not requested in the time and manner stated above, this summary order becomes final and effective upon the expiration of time for requesting a hearing. We have returned the original license applications and the three checks submitted with them to your counsel, Mr. Joe Cassell. We have retained the check for your outstanding compliance balance of \$700.00 and will notify our collections agent of your payment.

As I discussed with your counsel Mr. Joseph Cassell, the hearing in Docket No. 12-CONS-198-CSHO will be continued due to your opportunity to request a hearing in response to the summary denial order. You will receive a separate communication indicating the date and time of the new hearing for the matter in Docket No. 12-CONS-198-CSHO.

Thank you for your cooperation in this matter.

Sincerely,



Ryan A. Hoffman
Litigation Counsel
Kansas Corporation Commission

cc: Joseph Cassell, Eron Law Office, P.A.
Doug Louis, Conservation Division Director
Jeff Klock, District #2 Supervisor
Judy Streeter, Licensing

PAUL C. CARAGEANNIS
d/b/a Seed Group
P. O. BOX 771189
WICHITA, KANSAS 67277-1189
316-807-1209

March 28, 2012

Mr Ryan Hoffman
Kansas Corporation Commission
130 S. Market, Room 2078
Wichita, Kansas 67202

12-CONS-239-CMSC

Re: Summary Denial of Application for Operator License

Dear Mr. Hoffman:

This letter will serve as an official request for hearing concerning the above captioned.

Sincerely


Paul C. Carageannis

RECEIVED
KANSAS CORPORATION COMMISSION
MAR 28 2012
LEGAL SECTION

LICENSE	DOCKET	VIOLATION CODE	DESCRIPTION	ORDER SENT	RESCINDED	ORDER STATUS	ATTORNEY
4677	193937	AP-13 82-3-120	Failure to obtain or renew an operator or contractor license before operating.		N	P	
4677	193946	AP-20 82-3-304	Failure to submit annual gas well test.	17-Apr-96	N	I	
4677	194941	K.S.A. 55-172	Penalty for permitting salt water, oil or refuse from any such well to escape by overflow, seepage or otherwise from the vicinity of such well.	17-Feb-98	N	I	MCCANNON
4677	194941	AP-31 82-3-603(a)	(Inactive 4/23/04) Failure to notify district office of a spill within 24 hours. - first violation \$250 - second violation \$500 - third violation \$1000 and license review	17-Feb-98	N	I	MCCANNON

LICENSE	DOCKET	VIOLATION CODE	DESCRIPTION	ORDER SENT	RESCINDED	ORDER STATUS	ATTORNEY
32753	03-CONS-246-CPEN	AP-23 82-3-407	Failure to test a well to show its mechanical integrity or to report the oil-to-water or gas-to-water ratio.	17-Jul-03	N	I	A. Herring
32753	04-CONS-072-CPEN	AP-8 82-3-111	Failure to file notice of temporary abandonment of well (Form CP-111).	03-Dec-03	N	I	A. Herring
32753	04-CONS-072-CPEN	AP-8 82-3-111	Failure to file notice of temporary abandonment of well (Form CP-111).	03-Dec-03	N	I	A. Herring
32753	04-CONS-283-CPEN	K.S.A. 55-164	Failure to comply with a Kansas Statute, or a Commission Order, Rule, or Regulation.	25-Mar-04	N	I	Herring
32753	05-CONS-094-CPEN	AP-32 82-3-603(b)	(Inactive 4/23/04) Failure to clean up a spill in a timely manner. - first violation \$1000 - second violation \$2500 - third violation \$5000 and license review	19-Apr-05	N	I	J. McCannon
32753	05-CONS-094-CPEN	AP-8 82-3-111	Failure to file notice of temporary abandonment of well (Form CP-111).	19-Apr-05	N	I	J. McCannon
32753	05-CONS-094-CPEN	AP-8 82-3-111	Failure to file notice of temporary abandonment of well (Form CP-111).	19-Apr-05	N	I	J. McCannon
32753	05-CONS-094-CPEN	AP-31 82-3-603(a)	(Inactive 4/23/04) Failure to notify district office of a spill within 24 hours. - first violation \$250 - second violation \$500 - third violation \$1000 and license review	19-Apr-05	N	I	J. McCannon
32753	05-CONS-094-CPEN	AP-32 82-3-603(b)	(Inactive 4/23/04) Failure to clean up a spill in a timely manner. - first violation \$1000 - second violation \$2500 - third violation \$5000 and license review	19-Apr-05	N	I	J. McCannon
32753	05-CONS-094-CPEN	AP-31 82-3-603(a)	(Inactive 4/23/04) Failure to notify district office of a spill within 24 hours. - first violation \$250 - second violation \$500 - third violation \$1000 and license review	19-Apr-05	N	I	J. McCannon
32753	08-CONS-066-CPEN	K.A.R. 82-3-603(f)	(Active 4/23/04) Failure to clean up a spill or escape in a timely manner. -first violation \$1000 -second violation \$2500 -third violation \$5000 and license review	27-Dec-07	N	I	C. Goos
32753	08-CONS-066-CPEN	AP-8 82-3-111	Failure to file notice of temporary abandonment of well (Form CP-111).	27-Dec-07	N	I	C. Goos

LICENSE	DOCKET	VIOLATION CODE	DESCRIPTION	ORDER SENT	RESCINDED	ORDER STATUS	ATTORNEY
32753	08-CONS-069-CPEN	K.A.R. 82-3-603(d)	(Active 4/23/04) Failure to notify district office of a spill or escape within 24 hours. -first violation \$250 -second violation \$500 -third violation \$1000 and license review	27-Dec-07	N	I	J. McCannon
32753	08-CONS-069-CPEN	K.A.R. 82-3-603(f)	(Active 4/23/04) Failure to clean up a spill or escape in a timely manner. -first violation \$1000 -second violation \$2500 -third violation \$5000 and license review	27-Dec-07	N	I	J. McCannon
32753	08-CONS-066-CPEN	K.A.R. 82-3-603(d)	(Active 4/23/04) Failure to notify district office of a spill or escape within 24 hours. -first violation \$250 -second violation \$500 -third violation \$1000 and license review	27-Dec-07	N	I	C. Goos
32753	09-CONS-095-CPEN	AP-8 82-3-111	Failure to file notice of temporary abandonment of well (Form CP-111).	18-Feb-09	N	I	R. Hoffman
32753	09-CONS-095-CPEN	AP-15 82-3-126	Failure to post an identification sign.	18-Feb-09	N	I	R. Hoffman
32753	09-CONS-097-CPEN	AP-17 82-3-130	Failure to file affidavit of well completion (Form ACO-1).	21-Apr-09	N	I	R. Hoffman
32753	11-CONS-062-CPEN	AP-23 82-3-407	Failure to test a well to show its mechanical integrity or to report the oil-to-water or gas-to-water ratio.	26-Oct-10	N	I	R. Hoffman
32753	11-CONS-153-CPEN	AP-13 82-3-120	Failure to obtain or renew an operator or contractor license before operating.	27-Jan-11	N	P	Hoffman

KCC LICENSE RENEWAL APPLICATION

(READ INSTRUCTIONS ON BACK BEFORE COMPLETING THIS INFORMATION)

KANSAS CORPORATION COMMISSION

CONSERVATION DIVISION - LICENSING DEPARTMENT
130 S. MARKET, ROOM 2078, WICHITA, KS 67202 (316) 337-6194

License Number: 32753
Expiration Date: 12/30/2003

Paul C. Carageannis dba SEED Group
PO Box 771189
Wichita, KS 67277

RECEIVED
KANSAS CORPORATION COMMISSION
FEB 26 2004

COMPANY PHONE: (316) 807-1209

FAILURE TO RENEW YOUR LICENSE BEFORE EXPIRATION DATE WILL CAUSE ALL OF YOUR OPERATIONS TO BE SHUT DOWN AND MAY SUBJECT YOU TO MONETARY PENALTIES PURSUANT TO K.S.A. 55-164, UNLESS OTHERWISE NOTIFIED, THE COMMISSION SHALL PRESUME THAT ALL CURRENT LICENSEES ARE ACTIVE.

I DO X DO NOT wish to renew this license. (Signature if not renewing) Date:

- Item 1: TYPE OF LICENSE APPLICABLE: Operator, Stratigraphic, Well Plugging, Drilling Contractor, Gas Storage, Drilling-in, Workover, Service Units, Casing Puller, Gas Gatherer
Item 2: BUSINESS ENTITY: Individual, General Partnership, Limited Liability Partnership, Kansas Corporation, Foreign, Limited Liability Corporation

Federal Employer's Identification No. or Social Security No.

Is the CORPORATION or LIMITED PARTNER currently in good standing in authority to engage in business in the State of Kansas? Yes No

Please enclose a letter of "Good Standing" from Secretary of the State of Kansas. Phone (785)-296-4564.

- Item 3: REGISTERED RESIDENT AGENT: (For Corporations, Limited Liability Corporations or Limited Partnerships ONLY)
Item 4: NAME OF PARTNER(S) OR OFFICERS: (Must list all. Include name, title and phone number.)
Validation No: 2029252
Validation Date: 02/26/2004
510 \$100.00 CK
Check ID: 2/26/04#2172

No Partners Currently On Record

- Item 5: EMERGENCY CONTACT PERSON: (Must be other than Licensee, include home address and home phone number.)
Charles R King (3316) 838-5966
2419 Red Bud Wichita KS 67204

- Item 6: Depending on type of entity, have you as an individual, partner or officer had a KCC Conservation Division License revoked, suspended or not renewed by the Commission? Yes No
If yes, enclose a brief statement including name and date of revocation, suspension or non-renewal.

- Item 7: Do you currently have any outstanding monetary penalties on compliance owed to the Commission or are you currently paying on a monthly installment plan? Yes No

- Item 8: ATTACH the equipment assessment rendition sheets and paid personal property tax receipts ONLY on the drilling or movable well servicing equipment being licensed.

- Item 9: EQUIPMENT TAG NUMBERS: (Year, make, model and type of equipment as listed on the Property Tax Rendition form.)

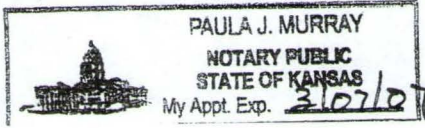
No Tags Currently On Record

KANSAS CORPORATION COMMISSION
PAYMENT DEPOSIT
Validation No: 2029252
Validation Date: 02/26/2004
507 \$50.00 CK
Check ID: 2/26/04#2172

- Item 10: Remittance Enclosed: \$100.00 for license \$100.00 \$25.00 for each equipment (RIG) Tag \$
\$50.00 Financial Responsibility \$50.00 See (KAR 82-3-120(A)).

- Item 11: I do hereby certify that, to the best of my knowledge, the foregoing facts and information are true and correct.
Signature of authorized Officer or Agent: Title: 02/26/04

- Item 12: Subscribed and sworn to before me this 26th day of February 20 04
Paul J Murray My Commission expires 3/07/07
(Notary Public)



KCC LICENSE RENEWAL APPLICATION

(READ INSTRUCTIONS ON BACK BEFORE COMPLETING THIS INFORMATION)

KANSAS CORPORATION COMMISSION

CONSERVATION DIVISION - LICENSING DEPARTMENT

130 S. MARKET, ROOM 2078, WICHITA, KS 67202 (316) 337-6194

License Number: **32753**

Expiration Date: **12/30/2005**

Carageannis, Paul C. dba SEED Group

PO Box 771189

Wichita, KS 67277 1109

COMPANY PHONE: (316) 807-1209

FAILURE TO RENEW YOUR LICENSE BEFORE EXPIRATION DATE WILL CAUSE ALL OF YOUR OPERATIONS TO BE SHUT DOWN AND MAY SUBJECT YOU TO MONETARY PENALTIES PURSUANT TO K.S.A. 55-164, UNLESS OTHERWISE NOTIFIED. THE COMMISSION SHALL PRESUME THAT ALL CURRENT LICENSEES ARE ACTIVE.

I DO DO NOT wish to renew this license. (Signature if not renewing) _____ Date: _____

- Item 1 **TYPE OF LICENSE APPLICABLE:** (Check all that apply)
- Operator Stratigraphic Well Plugging Drilling Contractor Gas Storage
 Drilling-in, Workover, Service Unit Casing Puller Residential Gas Gatherer
- Item 2 **BUSINESS ENTITY:** (Check one that applies)
- Individual General Partnership Limited Liability Partnership
 Kansas Corporation Foreign
 Limited Liability Corporation

Federal Employer's Identification No. _____ or Social Security No. _____

Is the CORPORATION or LIMITED PARTNER currently in good standing for authority to engage in business in the State of Kansas? YES NO

Please enclose a letter of "Good Standing" from Secretary of the State of Kansas. Phone (785) 296-4564.

Item 3 **REGISTERED RESIDENT AGENT** (For Corporations, Limited Liability Corporations or Limited Partnerships ONLY)

Item 4 **NAME OF PARTNER(S) OR OFFICERS** (Must list all. Include name, title and phone number.)

RECEIVED
KANSAS CORPORATION COMMISSION

FEB 10 2006

No Partners Currently On Record

Item 5 **PROPERTY CONTACT PERSON** (Must be other than Licensee, include home address and home phone number.)

Charles R King (316) 838-5966 EMAIL: _____
2419 Red Bud Wichita, KS 67204

Item 6 Depending on type of entity, have you as an individual, partner or officer had a KCC Conservation Division License revoked, or not renewed by the Commission? Yes No If YES, enclose a brief statement including name and date of revocation, suspension or non-renewal.

Item 7 Do you currently have any outstanding monetary penalties on compliance owed to the Commission or are you currently paying monthly installment plan? Yes No

Item 8 **ATTACH** the equipment assessment rendition sheets and paid personal property tax receipts ONLY on the drilling or movable well servicing equipment being licensed.

Item 9 **EQUIPMENT TAG NUMBERS** (Year, make, model and type of equipment as listed on the Property Tax Rendition form.)

TAG NO	YEAR	MAKE	MODEL	TYPE	LICENSE
3934	65	CARDWELL	DD	COMPLETION PULLING UNIT	32753

SEE ATTACHED CARD FOR PAYMENT VALIDATIONS

Will
Eat
Personal
Property
Tax

Item 10 **Remittance Enclosed:** (See KAR 82-3-120(e) for specifics)
\$100.00 for License \$ 100 \$25.00 for each equipment (RIG) Tag(s) \$ 2500

- Financial Responsibility provided by:
- a.) Cash \$ 1800
- b.) Bond (Amount/Name of Institution) _____
- c.) Letter of Credit (Amount/Name of Institution) _____

Item 11 I do hereby certify that, to the best of my knowledge, the foregoing facts and information are true and correct.
Signature of authorized Officer or Agent: _____ Title: OWNER / GEOLOGIST

Item 12 Subscribed and sworn to before me this 10th day of February 20 06
Judith D. Streifer My Commission expires 4-4-08
(Notary Public)

KCC LICENSE RENEWAL APPLICATION

(READ INSTRUCTIONS ON BACK BEFORE COMPLETING THIS INFORMATION)

KANSAS CORPORATION COMMISSION

CONSERVATION DIVISION - LICENSING DEPARTMENT
130 S. MARKET, ROOM 2078, WICHITA, KS 67202 (316) 337-6194

License Number: **32753**

Expiration Date: **12/30/2006**

Carageannis, Paul C. dba SEED Group/AARON'S CORPORATION COMMISSION

PO Box 771189

Wichita, KS 67277 1109

JAN 10 2007

COMPANY PHONE: (316) 807-1209

FAILURE TO RENEW YOUR LICENSE BEFORE EXPIRATION DATE WILL CAUSE ALL OF YOUR OPERATIONS TO BE SHUT DOWN AND MAY SUBJECT YOU TO MONETARY PENALTIES PURSUANT TO K.S.A. 55-164. UNLESS OTHERWISE NOTIFIED, THE COMMISSION SHALL PRESUME THAT ALL CURRENT LICENSEES ARE ACTIVE.

I DO DO NOT wish to renew this license. (Signature if not renewing) _____ Date: _____

- Item 1 TYPE OF LICENSE APPLICABLE: (Check all that apply)
 - Operator Stratigraphic Well Plugging Drilling Contractor Gas Storage
 - Drilling-in, Workover, Service Unit Casing Puller Residential Gas Gatherer
- Item 2 BUSINESS ENTITY: (Check one that applies)
 - Individual General Partnership Limited Liability Partnership Kansas Corporation Foreign Limited Liability Corporation

Federal Employer's Identification No. _____ or Social Security No. _____

Is the CORPORATION or LIMITED PARTNER currently in good standing for authority to engage in business in the State of Kansas? YES NO

Please enclose a letter of "Good Standing" from Secretary of the State of Kansas. Phone (785) 296-4564

- Item 3 REGISTERED RESIDENT AGENT (For Corporations, Limited Liability Corporations or Limited Partnerships ONLY)

Validation No: 2043063
Validation Date: 01/11/2007
510 \$100.00 CK
Check ID: 1/10/07#1034
- Item 4 NAME OF PARTNER(S) OR OFFICERS (Must list all. Include name, title and phone number.)

No Partners Currently On Record

- Item 5 EMERGENCY CONTACT PERSON (Must be other than Licensee, include home address and home phone number)

Charles R King (316) 838-5966 EMAIL: _____
2419 Red Bud Wichita, KS 67204
Validation No: 2043063
Validation Date: 01/11/2007
307 \$1,800.00 CK
Check ID: 1/10/07#1034

Item 6 Depending on type of entity, have you as an individual, partner or officer had a KCC Conservation Division license revoked, suspended or not renewed by the Commission? Yes No If YES, enclose a brief statement including name and date of revocation, suspension or non-renewal. **PAYD FINES + WAS RE-INSTATE.**

Item 7 Do you currently have any outstanding monetary penalties on compliance owed to the Commission or are you currently paying on a monthly installment plan? Yes No

Item 8 ATTACH the equipment assessment rendition sheets and paid personal property tax receipts ONLY on the drilling or movable well servicing equipment being licensed.

Item 9 EQUIPMENT TAG NUMBERS (Year, make, model and type of equipment as listed on the Property Tax Rendition form.)

TAG NO.	YEAR	MAKE	MODEL	EQUIPMENT	LICENSE
3934	65	CARDWELL	DD	COMPLETION PULLING UNIT	32753
4786	50	NATIONAL	T-12	DRILLING RIG #1	32753

Item 10 Remittance Enclosed: (See KAR 82-3-120(e) for specifics)
\$100.00 for License \$ 100 \$25.00 for each equipment (RIG) Tag(s) \$ 50.00
Financial Responsibility provided by:

- a.) Cash \$ 1,200
- b.) Bond (Amount/Name of Institution) _____
- c.) Letter of Credit (Amount/Name of Institution) _____

JUDITH D. STREETER
NOTARY PUBLIC
STATE OF KANSAS
5-4-08

Item 11 I do hereby certify that, to the best of my knowledge, the foregoing facts and information are true and correct. My Commission expires _____
Signature of authorized Officer or Agent: _____ Title: OWNER
Validation No: 2043063

Item 12 Subscribed and sworn to before me this 10th day of January 2007
Validation Date: 01/10/2007
510 \$50.00 CK
Check ID: 1/10/07#1034
(Notary Public) _____ My Commission expires 1/10/08

KCC LICENSE RENEWAL APPLICATION

(READ INSTRUCTIONS ON BACK BEFORE COMPLETING THIS INFORMATION)

KANSAS CORPORATION COMMISSION

CONSERVATION DIVISION - LICENSING DEPARTMENT

130 S. MARKET, ROOM 2078, WICHITA, KS 67202 (316) 337-6194

License Number: 32753

Expiration Date: 12/30/2007

Carageannis, Paul C. dba SEED Group/AA Drilling RECEIVED
KANSAS CORPORATION COMMISSION
PO BOX 771189
WICHITA, KS 67277 1189

COMPANY PHONE: (316) 807-1209

FEB 15 2008

FAILURE TO RENEW YOUR LICENSE BEFORE EXPIRATION DATE WILL CAUSE ALL OF YOUR OPERATIONS TO BE SHUT DOWN AND MAY SUBJECT YOU TO MONETARY PENALTIES PURSUANT TO K.S.A. 55-164. UNLESS OTHERWISE NOTIFIED, THE COMMISSION SHALL PRESUME THAT ALL CURRENT LICENSEES ARE ACTIVE.

I DO DO NOT wish to renew this license. (Signature if not renewing)

Date:

- 1 TYPE OF LICENSE APPLICABLE: (Check all that apply)
- 2 BUSINESS ENTITY: (Check one that applies)
- Operator Stratigraphic Well Plugging Drilling Contractor Gas Storage
 - Drilling-in, Workover, Service Units Casing Puller Residential Gas Gatherer
 - Individual General Partnership Limited Liability Partnership Kansas Corporation Foreign
 - Limited Liability Corporation

Federal Employer's Identification No. _____ or Social Security No. _____

Is the CORPORATION or LIMITED PARTNER currently in good standing for authority to engage in business in the State of Kansas? YES _____ NO _____

Please enclose a letter of "Good Standing" from Secretary of the State of Kansas. Phone (785) 296-4564.

Item 3 REGISTERED RESIDENT AGENT: (For Corporations, Limited Liability Corporations or Limited Partnerships ONLY)

KANSAS CORPORATION COMMISSION
PAYMENT DEPOSIT

Item 4 NAME OF PARTNER(S) OR OFFICERS (Must list all. Include name, title and phone number.)

Validation No: 2048322
Posting Date: 02/21/2008
510 \$100.00 CK
Check ID: 2/15/08#5178

No Partners Currently On Record

Item 5 EMERGENCY CONTACT PERSON: (Must be other than Licensee. Include home address and home phone number.)

Charles R King (316) 838-5966 EMAIL: _____
2419 Red Bud Wichita, KS 67204

KANSAS CORPORATION COMMISSION
PAYMENT DEPOSIT

Validation No: 2048322
Posting Date: 02/21/2008
510 \$100.00 CK
Check ID: 2/15/08#5178

Item 6 Depending on type of entity, have you as an individual, partner or officer had a KCC Conservation Division License revoked, suspended or not renewed by the Commission? YES _____ NO _____

If yes, enclose a brief statement including name and date of revocation, suspension or non-renewal.

Item 7 Do you currently have any outstanding monetary penalties on compliance owed to the Commission or are you currently paying on a monthly installment plan? YES _____ NO

Item 8 ATTACH the equipment assessment rendition sheets and paid personal property tax receipts ONLY on the drilling or movable well servicing equipment being licensed.

Item 9 EQUIPMENT TAG NUMBERS (Year, make, model and type of equipment as listed on the Property Tax Rendition form.)

YEAR	MAKE	MODEL	TAX VALUE	DESCRIPTION	LICENSE NO.
3934	65	CARDWELL	DD	COMPLETION PULLING UNIT	32753
4786	50	NATIONAL	T-12	DRILLING RIG #1	32753

9/1

Item 10 Remittance Enclosed \$100.00 for license \$ 100 \$25.00 for each equipment (RIG) Tag \$ 150

\$100.00 for Financial Responsibility \$ 100 See (KAR 82-3-120(e)).

KANSAS CORPORATION COMMISSION
PAYMENT DEPOSIT

Validation No: 2048322
Posting Date: 02/21/2008
550.00 CK
Check ID: 2/15/08#5178

Item 11 I do hereby certify that, to the best of my knowledge, the foregoing facts and information are true and correct.

Signature of authorized Officer or Agent: _____

Title: RECORDS

Item 12 Subscribed and sworn to before me this 15th day of February 20 08

Judith W. Streeter
(Notary Public)

My Commission expires 4-4-08

November 17, 2009

Paul C. Carageannis dba SEED
Group/AA Drilling
P.O. Box 771189
Wichita, Kansas 67277-1189

RE: Renewal of License No. 32753

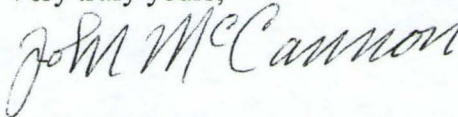
Dear Mr. Carageannis:

Enclosed you will find your license renewal for 2010 and a copy of the final Order in Docket No. 09-CONS-140-CPEN.

In accordance with the Commission's Order in Docket No. 09-CONS-140-CPEN, you will be eligible for renewal on January 1, 2010, but must follow all licensing procedures. The \$100 licensing fee and \$1,800 financial assurance that you paid on April 2, 2009; will be credited to your 2010 license renewal provided that you renew your license by March 1, 2010. If you fail to renew your license by March 1, 2010, no credit for 2009 payments will be given. If you choose to renew any rigs, you will be required to provide the \$25 per rig tag and copies of your tax statements for the rigs.

If you have any questions, please give me a call.

Very truly yours,



John McCannon
Litigation Counsel

cc: Judy Streeter, KCC Licensing
Jeff Klock, KCC District 2

316-
807-1209
←

RECEIVED
KANSAS CORPORATION COMMISSION
APR 02 2009
CONSERVATION DIVISION
WICHITA, KS

KCC LICENSE RENEWAL APPLICATION

(READ INSTRUCTIONS ON BACK BEFORE COMPLETING THIS INFORMATION)

KANSAS CORPORATION COMMISSION

CONSERVATION DIVISION - LICENSING DEPARTMENT

130 S. MARKET, ROOM 2078, WICHITA, KS 67202 (316) 337-6194

License Number: **32753**
Expiration Date: **12/30/2008**

Carageannis, Paul C. dba SEED Group/AA Drilling
PO BOX 771189
WICHITA, KS 67277 1189

COMPANY PHONE: (316) 807-1209

FAILURE TO RENEW YOUR LICENSE BEFORE EXPIRATION DATE WILL CAUSE ALL OF YOUR OPERATIONS TO BE SHUT DOWN AND MAY SUBJECT YOU TO MONETARY PENALTIES PURSUANT TO K.S.A. 55-164, UNLESS OTHERWISE NOTIFIED, THE COMMISSION SHALL PRESUME THAT ALL CURRENT LICENSEES ARE ACTIVE.

I DO DO NOT wish to renew this license. (Signature if not renewing) _____ Date: _____

- Item 1 **TYPE OF LICENSE APPLICABLE:** (Check all that apply)
- | | | | | |
|--|--|---|---|---------------------------------------|
| <input checked="" type="checkbox"/> Operator | <input type="checkbox"/> Stratigraphic | <input checked="" type="checkbox"/> Well Plugging | <input checked="" type="checkbox"/> Drilling Contractor | <input type="checkbox"/> Gas Storage |
| <input checked="" type="checkbox"/> Drilling-in, Workover, Service Units | <input type="checkbox"/> Limited Liability Partnership | <input checked="" type="checkbox"/> Casing Puller | <input type="checkbox"/> Residential | <input type="checkbox"/> Gas Gatherer |
| <input type="checkbox"/> General Partnership | <input type="checkbox"/> Limited Liability Corporation | <input type="checkbox"/> Kansas Corporation | <input type="checkbox"/> Foreign | |
| | | | <input type="checkbox"/> Limited Liability Corporation | |

Federal Employer's Identification No. _____ or Social Security No. _____

Is the CORPORATION or LIMITED PARTNER currently in good standing for authority to engage in business in the State of Kansas? YES _____ NO _____

Please enclose a letter of "Good Standing" from Secretary of the State of Kansas. Phone (785) 296-4564.

- Item 3 **REGISTERED RESIDENT AGENT:** (For Corporations, Limited Liability Corporations or Limited Partnerships ONLY)

KANSAS CORPORATION COMMISSION
PAYMENT DEPOSIT
Validation No: 2053784
Posting Date: 04/03/2009
510 \$100.00 CK
Check ID: 4/2/09#137068

- Item 4 **NAME OF PARTNER(S) OR OFFICERS** (Must list all. Include name, title and phone number.)

No Partners Currently On Record

- Item 5 **EMERGENCY CONTACT PERSON:** (Must be other than Licensee, include home address and home phone number)
- Charles R King (316) 838-5966 EMAIL: _____
2419 Red Bud Wichita, KS 67204

KANSAS CORPORATION COMMISSION
PAYMENT DEPOSIT
Validation No: 2053784
Posting Date: 04/03/2009
507 \$1,800.00 CK
Check ID: 4/2/09#137068

- Item 6 Depending on type of entity, have you as an individual, partner or officer had a KCC Conservation Division License revoked, suspended or not renewed by the Commission? Yes _____ No _____ If YES, enclose a brief statement including name and date of revocation, suspension or non-renewal.

- Item 7 Do you currently have any outstanding monetary penalties on compliance owed to the Commission or are you currently paying on a monthly installment plan? Yes No _____

- Item 8 **ATTACH** the equipment assessment rendition sheets and paid personal property tax receipts ONLY on the drilling or movable well servicing equipment being licensed.

- Item 9 **EQUIPMENT TAG NUMBERS** (Year, make, model and type of equipment as listed on the Property Tax Rendition form.)

TAG NO	YEAR	MAKE	MODEL	TYPE	LICENSE
3934	65	CARDWELL	DD	COMPLETION PULLING UNIT	32753
4786	50	NATIONAL	T-12	DRILLING RIG #1	32753

Paul
9-23-11
50.00

- Item 10 **Remittance Enclosed:** (See KAR 82-3-120(e) for specifics)
\$100.00 for License \$ 100- \$25.00 for each equipment (RIG) Tag(s) \$ 50.00
Financial Responsibility provided by:

KANSAS CORPORATION COMMISSION
PAYMENT DEPOSIT
Validation No: 2053784
Posting Date: 04/03/2009
512 \$50.00 CK
Check ID: 4/2/09#137068

- a.) Cash \$ 1,800-
b.) Bond (Amount/Name of Institution) _____
c.) Letter of Credit (Amount/Name of Institution) _____

- Item 11 I do hereby certify that, to the best of my knowledge, the foregoing facts and information are true and correct.

Signature of authorized Officer or Agent: _____

- Item 12 Subscribed and sworn to before me this 29th day of January

Leslie A. Sullivan
(Notary Public)

NOTARY PUBLIC - State of Kansas
2009
LESIE A. SULLIVAN
My Commission expires January 24 20 13

**KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
LICENSE DEPARTMENT**

**REQUEST
TO ADD DRILLING OR WELL SERVICING EQUIPMENT
TO OPERATOR LICENSE**

To obtain authority to operate drilling or well servicing equipment under the provisions of the laws of Kansas, KSA 55-155, please complete the following and provide the required fees and documentation.

DATE 9/22/10
Company/Individual PAUL C. CARACIANNIS
SEED GROUP / AA DRILLING- Phone 316 807-1209
Address P.O. Box 771189
City/State/Zip WICHITA, KS 67277
KCC License # 32753 Expiration date of License 12/31/10

KCC CONSERVATION
PAID
SEP 23 2010
AMT. \$ 50.00
Cash

Please complete the following information for all equipment being licensed. *

<u>YEAR</u>	<u>MAKE</u>	<u>MODEL</u>	<u>TYPE OF EQUIPMENT</u>
1965	CARDWELL	KB-200A	PULLING UNIT / CRANK CARRIER
1950	NATIONAL	T-12	DRILLING RIG #1

***Kansas taxed Licensee: Attach a copy of equipment assessment rendition sheets and paid personal property tax receipts or a Bill of Sale.**

Remittance enclosed: \$25.00 per equipment tag = \$ 50.00

**Mail to: KCC – Conservation Division, Licensing Department, 130 S. Market –
Room 2078, Wichita, Kansas 67202** Phone: (316) 337-6194

2006.05.24 08:10:07
Kansas Corporation Commission
/S/ Susan K. Duffy

ENTERED

MAR 2 2004

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

Before Commissioners: Brian J. Moline, Chair
John Wine
Robert E. Krehbiel

In the Matter of a Shut in Order for Paul C.) Docket No.: 04-CONS-283-CPEN
Carageannis d/b/a SEED Group for his)
failure to comply with a Commission Order.) CONSERVATION DIVISION
)
) License No.: 32753 (Exp.)

SHUT IN ORDER

Now, the above-captioned matter comes on before the State Corporation Commission of the State of Kansas ("Commission") on its own motion. The Commission, being fully advised in the premises, and after giving due consideration to the statutes of Kansas and the rules and regulations of this Commission, makes the following findings and conclusions:

1. Paul C. Carageannis is an individual doing business as SEED Group ("Carageannis"), who can be served at Post Office Box 771189, Wichita, Kansas 67277. Pursuant to K.S.A. 55-155, Carageannis previously held a Kansas Corporation Commission oil and gas operator's license, number 32753, which expired on December 30, 2003.
2. K.S.A. 55-164 authorizes the Commission to impose penalties upon operators or contractors who have been found to have violated the provisions of the oil and gas act found in Chapter 55 of the Kansas Statutes Annotated, or any rule and regulation or order of the Commission. Such a penalty is not to exceed \$10,000; each day of a continuing violation is a separate violation. A penalty serves as an actual and substantial economic deterrent to the

violation assessed. Such a penalty is to be imposed only upon the issuance of a written order of the Kansas Corporation Commission to the person who committed the violation.

3. K.S.A. 55-162(b) provides in part that if it appears to the Commission that damage may result if immediate remedial action is not taken, the Commission, on the basis of emergency adjudicative proceedings, shall (a)(2) order the well or the lease to be shut down until the violation is corrected; or may authorize its agent to enter upon the land where the well is located and take such remedial action necessary pending the giving of notice and hearing in accordance with the provisions of the Kansas Administrative Procedures Act.

4. K.S.A. 55-162(e) provides that whenever a person is in violation of subsection (a) or subsection (b) agents of the Commission may enter upon the lease or any other leases under the control of such operator and seal any well operated by the offending party. Removal of the seal without Commission approval constitutes a severity level 9, nonperson felony.

5. K.A.R. 82-3-111, requires that within ninety (90) days after operations cease on any well drilled for the purpose of exploration, discovery, service or production of oil, gas or other minerals, the owner or operator shall:

- a. plug the well; or
- b. give notice of the temporary abandonment to the conservation division on forms prescribed and furnished by the conservation division.

6. K.A.R. 82-3-120 provides that no operator or contractor shall undertake the activities of drilling, completing, servicing, plugging or operating any well for the purposes of exploring for or recovering oil or gas without first obtaining or renewing a current license.

7. On December 1, 2003, Commission Order Docket No. 04-CONS-072-CPEN ordered Carageannis to plug, return to service, or obtain temporary abandonment status in

accordance with K.A.R. 82-3-111 within thirty (30) days for two (2) abandoned wells on the Walin lease located in the Southwest Quarter of Section 21, Township 34 South, Range 2 East, Sumner County, Kansas ("Walin lease"). Carageannis was fined \$200 for two (2) violations of K.A.R. 82-3-111, and the order provided that any license renewal and all of the oil and gas operations of Carageannis in the state of Kansas would be suspended if the violations were not corrected and the penalty was not paid within thirty (30) days.

8. On January 7, 2004, the Legal Department sent Carageannis a letter giving him twenty (20) days to bring the wells on the Walin lease into compliance with the Commission Order, and to pay the past due penalty.

9. On February 23, 2004, the Legal Department sent Carageannis a letter notifying him that he was operating without a valid KCC license and that all of his oil and gas operations must be shut-in until he paid the fine assessed in Docket Numbers 03-CONS-246-CPEN and 04-CONS-072-CPEN, and renewed his operator's license. The letter gave Carageannis a deadline of February 27, 2004, to achieve compliance or the District Staff would contact him to shut-in the wells. The letter also gave a deadline of March 5, 2004, to achieve compliance or additional monetary penalties and an order for Staff to plug the wells on the Walin lease and assess the costs of plugging to Carageannis would be requested.

10. On February 26, 2004, Carageannis paid the fines assessed in Docket No. 03-CONS-246-CPEN and 04-CONS-072-CPEN. Commission Staff gave Carageannis a deadline of March 1, 2004, to move his pulling unit to the Walin lease, and a deadline of March 5, 2004, to complete plugging operations of the two (2) wells.

11. As of March 5, 2004, Carageannis had not moved his pulling unit to the Walin lease. Commission Staff requested that he shut-in all of his operations, and notified him that Staff would check to ensure his wells were shut-in on March 8, 2004.

12. On March 8, 2004, District Staff inspected all of the wells operated by Carageannis in the State of Kansas, and gauged the level in his tanks.

13. On March 12, 2004, Carageannis moved his pulling unit to the Walin lease.

14. As of March 22, 2004, the abandoned wells on the Walin lease remain unplugged.

15. On March 22, 2004, District Staff conducted a lease inspection to ensure that the wells operated by Carageannis remained shut-in. District Staff observed that the Eastham #1 well located in the Southeast Quarter of the Southeast Quarter of the Northeast Quarter of Section 16, Township 34 South, Range 6 West, Harper County, Kansas, was operating. Commission records indicate that Carageannis is the operator of this well.

16. Based on the foregoing, the Commission finds and concludes that Carageannis is in violation of Commission Order Docket Number 04-CONS-072-CPEN, and should be assessed a penalty of \$10,000 for this violation pursuant to K.S.A. 55-164.

17. The Commission finds and concludes that Commission Staff should be directed to shut-in and seal all of the wells operated by Carageannis in the state of Kansas.

18. The Commission further finds and concludes that the wells shall remain sealed until Carageannis brings the Walin lease into compliance with the orders, rules and regulations of the Commission.

19. The Commission further finds and concludes that Commission Staff should be directed to plug the two (2) abandoned wells on the Walin lease and assess the costs of plugging to Carageannis, if Carageannis fails to plug the wells within thirty (30) days.

IT IS THEREFORE, BY THE COMMISSION, ORDERED THAT:

A. Paul C. Carageannis, an individual doing business as SEED Group ("Carageannis"), is hereby assessed a penalty of \$10,000 for violation of Commission Order Docket Number 04-CONS-072-CPEN, pursuant to K.S.A. 55-164.

B. All oil and gas operations conducted by Carageannis shall immediately cease and any and all wells presently operated by Carageannis are to be shut-in, and Commission Staff is hereby directed to seal such wells, until such time as Carageannis complies with Commission Order Docket Number 04-CONS-072-CPEN.

C. Carageannis shall have thirty (30) days from the date of this order to plug the two (2) abandoned wells on the Walin lease located in the Southwest Quarter of Section 21, Township 34 South, Range 2 East, Sumner County, Kansas ("Walin lease"). Should Carageannis fail to plug such wells, Commission Staff is directed to plug the two wells and assess the costs to Carageannis.

D. Respondent has thirty (30) days from the receipt of this Order to appeal this Order by the Commission, as required by K.S.A. 55-164. Any such party may make written request to the Commission for a hearing thereon. Hearings shall be granted only upon written request. All other appeals shall be determined without a hearing. All petitions of appeal must be received by the Executive Director of the Commission, 130 S. Market, Room 2078, Wichita, Kansas 67202.

E. The Commission retains jurisdiction of the subject matter and the parties for the purpose of entering such further order, or orders, as from time to time it may deem proper.

BY THE COMMISSION, IT IS SO ORDERED.

Moline, Chr.; Wine, Com.; Krehbiel, Com.



Date: MAR 25 2004

Executive Director

State of Kansas)
)
County of Sedgwick) ss:

AFFIDAVIT

David Wertz of lawful age and being first duly sworn, alleges and states as follows:

1. I am employed by the Kansas Corporation Commission, Conservation Division ("KCC"), as Compliance Officer assigned to the District #2 Office in Wichita, Kansas. As Compliance Officer, I review, coordinate, and oversee field inspections and other documentation prior to making a penalty recommendation to Legal Staff.

2. I am personally aware of certain oil and gas operations being conducted on the Walin lease located in the Southwest Quarter of Section 21, Township 34 South, Range 2 East, Sumner County, Kansas ("Walin lease"). According to KCC records, Paul C. Carageannis, doing business as SEED Group ("Carageannis"), is the designated operator of the Walin lease.

3. On January 7, 2004, the Legal Department sent Carageannis a letter giving him twenty (20) days to bring the wells on the Walin lease into compliance with the Commission Order, and to pay the past due penalty.

4. On February 23, 2004, the Legal Department sent Carageannis a letter notifying him that he was operating without a valid KCC license and that all of his oil and gas operations must be shut-in until he paid the fines assessed in Docket Numbers 03-CONS-246-CPEN and 04-CONS-072-CPEN, and renewed his operator's license. The letter gave Carageannis a deadline of February 27, 2004, to achieve compliance or the District Staff would contact him to shut-in the wells. The letter also gave a deadline of March 5, 2004, to achieve compliance or additional monetary penalties and an order for Staff to plug the wells on the Walin lease and assess the costs of plugging to Carageannis would be requested.

5. On February 27, 2004, Carageannis paid the fines assessed in Docket No. 03-CONS-246-CPEN and 04-CONS-072-CPEN. Commission Staff gave Carageannis a deadline of March 1, 2004, to move his pulling unit to the Walin lease, and a deadline of March 5, 2004, to complete plugging operations of the two (2) wells.

6. As of March 5, 2004, Carageannis did not have his pulling unit on the Walin lease, and Commission Staff requested that he shut-in all of his operations, and notified him that Staff would check to ensure his wells were shut-in on March 8, 2004.

7. On March 8, 2004, District Staff inspected all of the wells operated by Carageannis in the State of Kansas, and gauged the level in his tanks.

8. On March 12, 2004, Carageannis moved his pulling unit to the Walin lease.

9. As of March 22, 2004, the two (2) abandoned wells on the Walin lease remain unplugged.

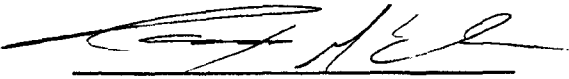
10. On March 22, 2004, I conducted a lease inspection to ensure that the wells operated by Carageannis remained shut-in. I observed that the Eastham #1 well located in the Southeast Quarter of the Southeast Quarter of the Northeast Quarter of Section 16, Township 34 South, Range 6 West, Harper County, Kansas, was operating. Commission records indicate that Carageannis is the designated operator of this well.

The above and foregoing statements are true and correct according to my knowledge, information and belief.



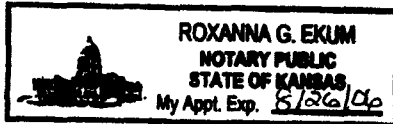
David Wertz

Subscribed and sworn to before me on this 23rd day of March 2004, by David Wertz.



Notary Public

My appointment expires:



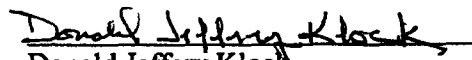
State of Kansas)
)
County of Sedgwick) ss:

AFFIDAVIT

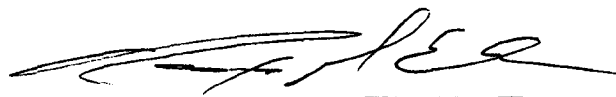
Donald Jeffery Klock of lawful age and being first duly sworn, alleges and states as follows:

1. I am employed by the Kansas Corporation Commission, Conservation Division ("KCC"), as an Environmental Geologist II assigned to the District #2 Office in Wichita, Kansas.
2. I am personally aware of certain oil and gas operations being conducted on the Walin lease located in the Southwest Quarter of Section 21, Township 34 South, Range 2 East, Sumner County, Kansas ("Walin lease"). According to KCC records, Paul C. Carageannis, doing business as SEED Group ("Carageannis"), is the designated operator of the Walin lease.
3. On March 22, 2004, I accompanied David Wertz on a lease inspection to ensure that the wells operated by Carageannis remained shut-in. I observed that the Eastham #1 well located in the Southeast Quarter of the Southeast Quarter of the Northeast Quarter of Section 16, Township 34 South, Range 6 West, Harper County, Kansas, was operating. Commission records indicate that Carageannis is the designated operator of this well.

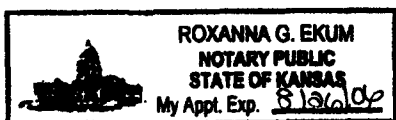
The above and foregoing statements are true and correct according to my knowledge, information and belief.


Donald Jeffery Klock

Subscribed and sworn to before me on this 23rd day of March 2004, by Donald Jeffery Klock.


Notary Public

My appointment expires:



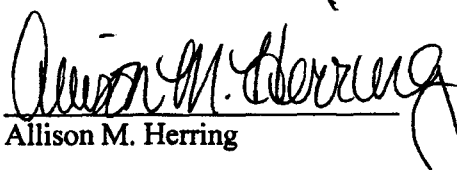
CERTIFICATE OF SERVICE

I hereby certify that on the 25 day of March, 2004, I caused a true and correct copy of the foregoing "Shut In Order" to be served by placing the same in the United States mail, postage prepaid, and properly addressed to the following:

Paul C. Carageannis
d/b/a SEED Group
PO Box 771189
Wichita, Kansas 67227-1109

And by hand delivery to the following:

KCC District #2 Office
130 South Market, Room 2125
Wichita, Kansas 67202


Allison M. Herring

2009-02-17 14:40:48
Kansas Corporation Commission
/S/ Susan K. Duffy

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

Before Commissioners: Thomas E. Wright, Chairman
Michael C. Moffet
Joseph F. Harkins

In the Matter of the failure of Paul C.) Docket No. 09-CONS-099-CPEN
Carageannis, doing business as SEED)
Group/AA Drilling, to follow the provisions) CONSERVATION DIVISION
of K.A.R. 82-3-120 for operating on an)
expired license in Kansas.) License No. 32753 (Expired)

EMERGENCY SHUT IN ORDER

Now, the above captioned matter comes on before the State Corporation Commission of the State of Kansas ("Commission" or "KCC") on its own motion. The Commission, being fully advised in the premises, and giving due consideration to the statutes of Kansas and the regulations of this Commission, finds and concludes as follows:

1. Paul C. Carageannis ("Mr. Carageannis"), doing business as SEED Group/AA Drilling, is an individual who can be served at P.O. Box 771189, Wichita, Kansas 67277-1189. Pursuant to K.S.A. 55-155, Mr. Carageannis held KCC oil and gas operator's license, number 32753, which expired on December 30, 2008.
2. Mr. Carageannis is the operator of record for twenty-nine (29) wells and was licensed to perform various oil and gas field services in the state of Kansas.
3. K.S.A. 55-162(a) provides, in part, that whenever the Commission finds reasonable cause to believe that a person has violated any provision of K.S.A. 55-101 *et seq.*, K.A.R. 82-3-100 *et seq.*, or any Commission order, the Commission shall cause such person to come before it at a hearing held in accordance with the provisions of the Kansas Administrative

Procedure Act ("KAPA"). Upon finding that any such violation was committed, the Commission shall take any appropriate action necessary to prevent pollution and protect water quality.

4. Pursuant to K.S.A. 55-162(b) if it appears to the Commission that damage may result if immediate remedial action is not taken, the Commission, on the basis of emergency adjudicative proceedings, shall make such order as...(a)(2) order the well or the lease to be shut down until the violation is corrected; ...or may authorize its agents to enter upon the land where the well is located and take such remedial action necessary pending the giving of notice and hearing in accordance with the provisions of the KAPA.

5. K.S.A. 55-162(e) provides that whenever a person is in violation of subsection (a) or (b), agents of the Commission may enter upon the lease or any other leases under the control of such operator and seal any well operated by the offending party. Removal of the seal without Commission approval will constitute a severity level 9, nonperson felony.

6. Mr. Carageannis's oil and gas operator's license expired on December 30, 2008.

7. KCC District #2 Staff ("District #2") and KCC Legal Staff have instructed Mr. Carageannis to shut his operations in, and to leave them shut in until he was in compliance with KCC rules and regulations by obtaining a current, valid KCC oil and gas operator's license.

8. On February 11, 2009, Mr. Carageannis and KCC Staff entered into a Compliance Agreement to address the multiple non-compliance issues Mr. Carageannis faces. Staff instructed Mr. Carageannis that he still needed to fulfill the KCC oil and gas operator's licensing requirements in order to obtain a valid, current oil and gas operator's license, prior to conducting any oil and gas operations.

9. On February 13, 2009, District #2 Staff found some of Mr. Carageannis's wells operating. District #2 Staff further found Mr. Carageannis has been selling gas off of his Padgett lease since February 1, 2009.

10. On February 16, 2009, District #2 Staff notified KCC Legal Staff that Mr. Carageannis had not shut his operations in and was currently operating without a current, valid KCC oil and gas operator's license.

11. The Commission finds and concludes that Mr. Carageannis's continued operations in Kansas create an imminent threat of serious damage sufficient to order Commission Staff to immediately shut-in, seal, and cease all operations in accordance with K.S.A. 55-162(b) and (c).

12. The Commission also finds and concludes that Mr. Carageannis is not generally conducting his operations in accordance with the Commission's regulations and those operations pose an imminent risk of serious damage. Staff should be ordered to shut-in and seal all Mr. Carageannis's wells until all of his operations are in compliance with Commission regulations.

13. Nothing in this Order should preclude the Commission from issuing one or more additional orders concerning the subject matter of this Order, including, if appropriate, the imposition of sanctions and monetary penalties.

IT IS, THEREFORE, BY THE COMMISSION ORDERED:

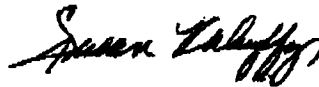
A. All oil and gas operations conducted by Paul C. Carageannis ("Mr. Carageannis"), doing business as SEED Group/AA Drilling, in the state of Kansas shall immediately cease and any and all wells presently operated by Mr. Carageannis in the state of Kansas are to be shut-in. Commission Staff is hereby directed to seal such wells until such time as operations are in compliance with Commission regulations.

B. Any party affected by this Order may file with the Commission a petition for reconsideration pursuant to K.S.A. 77-529(a). Such a petition must be filed within fifteen (15) days after service of this Order and must state the specific grounds upon which relief is requested. The petition for reconsideration shall be filed with the Executive Director of the Kansas Corporation Commission, 130 S. Market, Room 2078, Wichita, Kansas 67202.

C. The Commission retains jurisdiction of the subject matter and the parties for the purpose of entering such further Order or Orders as from time-to-time it may deem proper.

BY THE COMMISSION IT IS SO ORDERED.

Wright, Chr.; Moffet, Com.; Harkins, Com.



Dated: FEB 17 2009

 Susan K. Duffy
 Executive Director

Date Mailed: 2/17/09


RAH

CERTIFICATE OF SERVICE

I hereby certify that on 2/17 2009, I caused a true and correct copy of the foregoing "Emergency Shut In Order" to be served by placing the same in the United States mail, postage prepaid, and properly addressed to the following:

Paul C. Carageannis
dba SEED Group/AA Drilling
P.O. Box 771189
Wichita, Kansas 67277-1189

KCC District #2 Office
3450 N. Rock Road
Building 600, Suite 601
Wichita, Kansas 67226


Ryan A. Hoffman
Litigation Counsel
Kansas Corporation Commission

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

Before Commissioners: Thomas E. Wright, Chairman
Ward Loyd

In the Matter of the failure of Paul C.) Docket No. 11-CONS-153-CPEN
Carageannis, doing business as SEED)
Group/AA Drilling, to follow the provisions) CONSERVATION DIVISION
of K.A.R. 82-3-120 for operating on an)
expired license in Kansas.)
_____) License No. 32753 (Expired)

SHUT-IN ORDER

Now, the above captioned matter comes on before the State Corporation Commission of the State of Kansas ("Commission" or "KCC") on its own motion. The Commission, being fully advised in the premises, and giving due consideration to the statutes of Kansas and the regulations of this Commission, finds and concludes as follows:

1. Paul C. Carageannis, doing business as SEED Group/AA Drilling, is an individual who can be served at P.O. Box 771189, Wichita, Kansas 67277-1189. Pursuant to K.S.A. 55-155, Mr. Carageannis held KCC oil and gas operator's license, number 32753, which expired on December 30, 2010.
2. Mr. Carageannis is the operator of record for sixteen (16) wells attached as Exhibit "A" and was licensed to perform various oil and gas field services in the state of Kansas.
3. K.S.A. 55-162(a) provides, in part, that whenever the Commission finds reasonable cause to believe that a person has violated any provision of K.S.A. 55-101 *et seq.*, K.A.R. 82-3-100 *et seq.*, or any Commission order, the Commission shall cause such person to come before it at a hearing held in accordance with the provisions of the Kansas Administrative

Procedure Act ("KAPA"). Upon finding that any such violation was committed, the Commission shall take any appropriate action necessary to prevent pollution and protect water quality.

4. Pursuant to K.S.A. 55-162(b) if it appears to the Commission that damage may result if immediate remedial action is not taken, the Commission, on the basis of emergency adjudicative proceedings, shall make such order as...(a)(2) order the well or the lease to be shut down until the violation is corrected; ...or may authorize its agents to enter upon the land where the well is located and take such remedial action necessary pending the giving of notice and hearing in accordance with the provisions of the KAPA.

5. K.S.A. 55-162(e) provides that whenever a person is in violation of subsection (a) or (b), agents of the Commission may enter upon the lease or any other leases under the control of such operator and seal any well operated by the offending party. Removal of the seal without Commission approval will constitute a severity level 9, nonperson felony.

6. K.A.R. 82-3-120(a)(1) provides, in part, that no operator shall drill, complete, service, plug, or operate any oil or gas well without first obtaining or renewing an operator license. K.A.R. 82-3-120(a)(1) further provides that each operator in physical control of any such well or gas storage facility shall maintain a current license even if the well or storage facility is shut in or idle.

7. K.A.R. 82-3-120(a)(2) provides that each licensee shall annually submit a completed license renewal form on or before the expiration date of the current license.

8. K.A.R. 82-3-120(e) provides in part that an acceptable record of compliance shall mean that both of the following conditions are met: (1) the operator neither has been assessed by final order of the commission with \$3,000 or more in penalties nor has been cited by final commission order for five or more violations in the preceding 36 months and (2) The operator

has no outstanding undisputed orders or unpaid fines, penalties, or costs assessed by the commission and has no officer or director that has been or is associated substantially with another operator that has any such outstanding orders or unpaid fines, penalties, or costs.

9. K.A.R. 82-3-120(k) provides that the failure to obtain or renew an operator or contractor license before operating shall be punishable by a \$500 penalty.

10. KCC records indicate Mr. Carageannis' oil and gas operator's license expired on December 30, 2010.

11. On January 10, 2011, KCC Legal ("Legal") Staff mailed a Final Notice letter to Mr. Carageannis regarding his non-compliance with Docket No. 11-CONS-062-CPEN, because the Warner #5 well had not passed a mechanical integrity test ("MIT") or been plugged. The letter gave Mr. Carageannis until January 25, 2011, to bring the Warner #5 well into compliance and warned that failing to do so would result in the issuance of an order to shut-in and seal all of his production that would remain in effect until compliance was achieved. The letter warned that Mr. Carageannis' KCC operator's license would be suspended or not renewed and additional penalties of up to \$10,000 may be issued.

12. On January 14, 2011, KCC District #2 ("District #2") Staff conducted lease inspections of Mr. Carageannis' wells and found the following:

Warner Lease

- a. District #2 Staff found the Warner lease consisted of two (2) wells. The Warner #1 was equipped as an oil well but did not appear to have produced in some time because there did not appear to be any rods in the well and the head was off of the pumping jack. The Warner #5 was equipped as a disposal well with a pulling unit set up on site and some support structures; however, there did

not appear to be anyone on site working on the well at the time of District #2 Staff's lease inspection. District #2 Staff also found a tank battery on location.

Heller Lease

- b. District #2 Staff found one (1) equipped oil well that was not in service at the time of the inspection. District #2 Staff further found a tank battery that did not have a legible sign identifying it; however, SEED Group and the lease name were printed in what appeared to be chalk.

Pat Haines Lease

- c. District #2 Staff found an expired drilling intent and pit permit for this lease with Charles Thomas d/b/a Altex Operating as the operator of record, but Mr. Thomas let his KCC oil and gas operator's license expire. District #2 Staff further found the drilling pits were still open and it did not appear as though the well had been drilled. District #2 Staff also found what appeared to be Mr. Carageannis' drilling rig and equipment on-site. District #2 Staff further found meter runs and a compressor for Mr. Carageannis' AHB lease located on the Pat Haines lease, but the compressor did not appear to be in operation at the time of the inspection.

AHB Lease

- d. District #2 Staff found that the gas well on this lease was equipped to operate but was not in operation at the time of the lease inspection. District #2 Staff further found a water truck parked next to the well, but was unable to locate any identification information on the truck or the tank battery. It appeared to District #2 Staff that produced water was being hauled off the lease.

Padgett Lease

- e. District #2 Staff found three (3) of the four (4) wells on this lease were in operation at the time of their inspection.

Cully Lease

- f. District #2 Staff found that none of the six (6) wells on this lease appeared to be in operation at the time of their inspection.

Woodruff Lease

- g. District #2 Staff found the well to be equipped with rods and tubing in the wellbore, but District #2 Staff did not find any equipment above ground. It did not appear that the well was producing any oil or gas at the time of the inspection.

12. To date, a review of KCC records indicate that Mr. Carageannis has the following outstanding compliance issues and has not complied with the listed Commission Orders:

- a. Laptad #1 well: KCC records indicate that Mr. Carageannis called in to the District #2 Office to notify them that this well was spud on November 8, 2007; however, Mr. Carageannis failed to file the completion information as required by K.A.R. 82-3-107 and K.A.R. 82-3-130. Furthermore, KCC records indicate that Mr. Carageannis failed to file the well plugging report as required by K.A.R. 82-3-117, if the well was plugged.
- b. Docket No. 09-CONS-095-CPEN: KCC records indicate a total monetary penalty of \$200 remains unpaid.
- c. Docket No. 11-CONS-062-CPEN: The Warner #5 well has not passed a mechanical integrity test or been plugged.

13. Based on the foregoing, the Commission finds that Mr. Carageannis should be found to have committed one (1) violation of K.A.R. 82-3-120 for failing to timely renew his KCC operator's license and for operating without a current, valid KCC operator's license, and Mr. Carageannis should be assessed a penalty of \$500, payable within thirty (30) days.

14. The Commission further finds and concludes that Mr. Carageannis' continued operations in the state of Kansas should be found to be in violation of K.S.A. § 55-162(a), and Staff should be ordered to immediately shut-in and seal all of Mr. Carageannis' wells until all of his operations are in compliance with Commission Regulations and Orders.

15. Furthermore, the Commission finds that Mr. Carageannis' license should not be renewed until he is in full compliance with this Order, Docket No. 09-CONS-095-CPEN, and 11-CONS-062-CPEN. Mr. Carageannis should also submit all required completion and plugging information for the Laptad #1 well before his license is renewed.

16. In the event Mr. Carageannis should transfer or attempt to transfer any of the wells he was licensed to operate, the transfer shall not be approved, nor shall the seals be removed from the well or wells, until all outstanding compliance matters are resolved.

17. Nothing in this Order should preclude the Commission from issuing one or more additional orders concerning the subject matter of this Order, including, if appropriate, the imposition of additional sanctions and monetary penalties.

IT IS, THEREFORE, BY THE COMMISSION ORDERED:

A. Paul C. Carageannis, doing business as SEED Group/AA Drilling, is hereby found to have committed one (1) violation of K.A.R. 82-3-120 for failing to renew and operating without his KCC oil and gas operator's license, and is assessed a \$500 monetary penalty, payable within thirty (30) days.

B. The Commission orders all oil and gas operations conducted by Mr. Carageannis in the state of Kansas shall immediately cease and any and all wells presently operated by Mr. Carageannis in the state of Kansas shall be shut-in. Commission Staff is hereby directed to seal such wells until such time as operations are in compliance with Commission regulations.

C. The outstanding compliance issues in this Order shall follow the wells Mr. Carageannis was licensed to operate; therefore, any transfer of operator forms filed for the wells Mr. Carageannis was licensed to operate shall not be approved until all operations are in compliance with Commission regulations.

D. Any party affected by this Order may file with the Commission a petition for reconsideration pursuant to K.S.A. 77-529(a). Such a petition must be filed within fifteen (15) days after service of this Order and must state the specific grounds upon which relief is requested. The petition for reconsideration shall be filed with the Executive Director of the Kansas Corporation Commission, 130 S. Market, Room 2078, Wichita, Kansas 67202.

E. The Commission retains jurisdiction of the subject matter and the parties for the purpose of entering such further Order or Orders as from time-to-time it may deem proper.

BY THE COMMISSION IT IS SO ORDERED.

Wright, Chr.; Loyd, Com.

Dated: JAN 26 2011

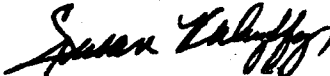


Susan K. Duffy
Executive Director

Date Mailed: 1/27/11

RAH

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

JAN 26 2011


7

CERTIFICATE OF SERVICE

I hereby certify that on 1/27/11, I caused a true and correct copy of the foregoing "Shut-In Order" to be served by placing the same in the United States mail, postage prepaid, and properly addressed to the following:


Paul C. Carageannis
dba SEED Group/AA Drilling
P.O. Box 771189
Wichita, Kansas 67277-1189

Dan Fox
KCC District #2 Office
3450 N. Rock Road
Building 600, Suite 601
Wichita, Kansas 67226

Alan Snider, Supervisor
Underground Injection Control Department

Jonelle Rains, Supervisor
Environmental Protection and Remediation Department

Steve Bond, Supervisor
Production Department


Ryan A. Hoffman
Litigation Counsel
Kansas Corporation Commission

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

Before Commissioners: Thomas E. Wright, Chairman
 Michael C. Moffet
 Joseph F. Harkins

In the Matter of the Suspension of the Oil &) Docket No. 09-CONS-140-CPEN
Gas Operator's License of Paul C.)
Carageannis doing business as SEED Group/) CONSERVATION DIVISION
AA Drilling.)
) License No. 32753

ORDER

This matter comes on before the State Corporation Commission of the State of Kansas ("Commission") for approval of the settlement reached between the parties in this docket. The Commission, being duly advised in the premises and after giving due consideration to the Statutes of Kansas, the Commission's regulations and its records and files, make the following findings and conclusions:

1. By Commission Order in this docket, Paul C. Carageannis doing business as SEED Group/AA Drilling's ("Carageannis") license, number 32753, was suspended for one year for failure to complete the terms of a Compliance Agreement dated February 11, 2009.
2. Carageannis appealed the Order Suspending License and requested a hearing.
3. The hearing was scheduled for August 20, 2009.
4. Prior to the hearing, Commission Staff and Carageannis agreed on a settlement of this matter and no evidentiary hearing was held.
5. The terms of the settlement between Commission Staff and Carageannis are as follows:

a. Carageannis does not admit that he violated the February 11, 2009 Compliance Agreement but settled this matter to avoid additional expense and to bring the matter to an end.

b. Commission Staff acknowledges that at the time of this settlement, all of the provisions of the February 11, 2009 Compliance Agreement had been satisfied. However it remains Commission Staff's contention that several items on the Compliance Agreement were not completed on time.

c. Commission Staff and Carageannis agree that his license, number 32753, will be suspended until December 31, 2009 instead of suspended until May 29, 2010 as provided in the Commission's Order Suspending License dated May 29, 2009.

d. Carageannis can apply to renew his license on January 1, 2010 but must follow all regular licensing procedures.

e. Carageannis' license was suspended by the Commission shortly after it was renewed. Commission Staff agrees that Carageannis should be given credit for all fees and financial assurance he paid in April 2009 at the time his license is renewed on or after January 1, 2010 provided his license is renewed by March 1, 2010. If renewed after March 1, 2010, no credit for 2009 payments will be given.

6. The Commission finds that the settlement reached between Commission Staff and Carageannis is fair and reasonable and should be adopted by the Commission as its Order in this docket.

IT IS, THEREFORE, BY THE COMMISSION ORDERED:

A. The terms of the settlement agreement between Commission Staff and Carageannis as set out in Paragraph 5 of this Order be, and are adopted as the Order of the Commission.

B. Any party affected by this Order may file with the Commission a petition for reconsideration pursuant to K.S.A. 77-529(a). Such petition shall be filed within fifteen (15) days after service of this Order and must state the specific grounds upon which relief is requested. This petition for reconsideration shall be filed with the Executive Director of the Conservation Division, Finney State Office Building, 130 S. Market, Room 2078, Wichita, Kansas 67202-3802.

C. The Commission retains jurisdiction of the subject matter and the parties for the purpose of entering such further Order or Orders as from time-to-time it may deem proper.

BY THE COMMISSION IT IS SO ORDERED.
Wright, Chmn.; Moffet, Com., Harkins, Com.

Date: SEP 08 2009

Date Mailed: 9/9/09

JM



Susan K. Duffy
Executive Director

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

SEP 08 2009

 Executive
Director

CERTIFICATE OF SERVICE

I hereby certify that on 9/9/09, I caused a true and correct copy of the foregoing "Order" to be served by placing the same in the United States mail, postage prepaid, to the following parties:

Joseph H. Cassell
402 Farm Credit Building
245 N. Waco Street
Wichita, Kansas 67202
Attorneys for Paul C. Carageannis dba SEED Group/AA Drilling

Paul C. Carageannis dba SEED Group/AA Drilling
P.O. Box 771189
Wichita, Kansas 67277-1189

KCC District 2
3450 N. Rock Road, Bldg. 600, Suite 601
Wichita, Kansas 67226



John McCannon
Litigation Counsel
Kansas Corporation Commission

RECEIVED
KCC DISTRICT #2

APR - 6 2006

WICHITA, KS

KANSAS

CORPORATION COMMISSION

KATHLEEN SEBELIUS, GOVERNOR
BRIAN J. MOLINE, CHAIR
ROBERT E. KREHBIEL, COMMISSIONER
MICHAEL C. MOFFET, COMMISSIONER

April 5, 2006

Paul C. Carageannis d/b/a SEED Group
P.O. Box 77189
Wichita, Kansas 67277

RE: Stroud #1 Well, Docket No. 05-CONS-094-CPEN

Dear Mr. Carageannis:

The Commission's Order in the referenced docket required you to plug the Stroud #1 well. By letter from me on January 20, 2006, I gave you 45 days to have the well plugged. The district office has advised me that the well is still not plugged. Therefore you are not in compliance with a Commission Order which means that your license is suspended and you must shut-in all your production in the State immediately and production must remain shut-in until the Stroud #1 well is plugged.

By a copy of this letter I am requesting District Staff to check your leases on Monday, April 10, 2006, to verify that you have shut-in your wells.

If you have any questions, please contact me.

Very truly yours,



John McCannon
Assistant General Counsel

cc: ✓ Dave Wertz, KCC District 2
Judy Streeter, Licensing

*Producing leases in:
Harper
Sumner
& Cowley.*

RECEIVED
KCC DISTRICT #2

APR - 7 2006

WICHITA, KS

KANSAS

CORPORATION COMMISSION

KATHLEEN SEBELIUS, GOVERNOR
BRIAN J. MOLINE, CHAIR
ROBERT E. KREHBIEL, COMMISSIONER
MICHAEL C. MOFFET, COMMISSIONER

SHUT-IN NOTICE

April 6, 2006

Paul C. Carageannis d/b/a SEED Group
PO Box 771189
Wichita, Kansas 67277

Dear Mr. Carageannis:

On March 25, 2004, the Commission issued the Penalty Order in Docket No. 04-CONS-283-CPEN, finding that Paul Carageannis d/b/a SEED Group was in violation of a Commission Order and assessed a penalty of \$10,000 for the violation.

On December 1, 2004, you agreed to a settlement of the fine assessed by that Commission Order, which required you to make monthly payments until the penalty was paid in full. A check you submitted to us in the amount of \$600, post-dated to December 22, 2005, was returned for insufficient funds. To date you have not made payment for that check and you are delinquent in making the agreed payments for the months of February (\$700), March (\$700), and April (\$800).

If you have not made a payment of **\$2800** by cashier's check or money order, by 5:00 p.m. on Friday, April 14, 2006, District Staff will contact you to make arrangements to meet with you on your leases to shut-in all of your wells. If you do not comply with this shut-in request, we will request that the Commission assess an additional monetary penalty of up to \$10,000 per day and seal the wells until compliance has been achieved.

Please contact me if you have any questions about this letter.

Sincerely,



Allison M. Herring
Assistant General Counsel

cc: M.L. Korphage, Director, KCC Conservation Division
KCC District #2

Conservation Division, Finney State Office Building, 130 S. Market, Room 2078, Wichita, KS 67202-3802
Voice 316.337.6200 Fax 316.337.6211 www.kcc.state.ks.us

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KCC DISTRICT #2

MAY 24 2006

WICHITA, KS

KANSAS

CORPORATION COMMISSION

KATHLEEN SEBELIUS, GOVERNOR

BRIAN J. MOLINE, CHAIR

ROBERT E. KREHBIEL, COMMISSIONER

MICHAEL C. MOFFET, COMMISSIONER

May 23, 2006

Paul C. Carageannis d/b/a SEED Group
PO Box 771189
Wichita, Kansas 67277

#04-2-2265 *#03-2-1924*
RE: Docket Nos. 04-CONS-283-CPEN & 05-CONS-094-CPEN

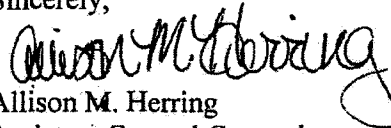
Dear Mr. Carageannis:

We received a cashier's check from you today in the amount of \$1,000. I noticed that at the bottom of the check you included the words "Fines Paid in Full." This letter will confirm that the fines issued by the Penalty Order in Docket No. 04-CONS-283-CPEN have now been paid in full, and we will close our file on that case.

But the \$4450 fine issued by the Penalty Order in Docket No. 05 CONS-094-CPEN has not been paid. You will owe \$600 on June 1, 2006, and \$800 per month on the 1st of each month July 2006 through October of 2006 with the balance of \$650 due on November 1, 2006.

Please contact John McCannon if you have any questions about Docket No. 05-CONS-094-CPEN.

Sincerely,




Allison M. Herring
Assistant General Counsel

cc: M.L. Korphage, Director, Conservation Division

~~KCC District II Office~~

Conservation Division, Finney State Office Building, 130 S. Market, Room 2078, Wichita, KS 67202-3802
Voice 316.337.6200 Fax 316.337.6211 www.kcc.state.ks.us

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KCC DISTRICT #2
AUG - 4 2006
WICHITA, KS



KANSAS

CORPORATION COMMISSION

KATHLEEN SEBELIUS, GOVERNOR
BRIAN J. MOLINE, CHAIR
ROBERT E. KREHBIEL, COMMISSIONER
MICHAEL C. MOFFET, COMMISSIONER

SHUT-IN NOTICE AND LICENSE SUSPENSION

August 3, 2006

Paul C. Carageannis d/b/a SEED Group
PO Box 771189
Wichita, Kansas 67277

RE: Docket No. 05-CONS-094-CPEN

Dear Mr. Carageannis:

On November 10, 2004, the Commission issued the Penalty Order in the above docket and on April 15, 2005 issued its Order on Appeal finding that Paul Carageannis d/b/a SEED Group was in violation of Commission regulations 82-3-111, 82-3-603(a) and 82-3-603(b) and assessed a penalty of \$4,450.00.

On July 22, 2005 and again on May 25, 2006, we agreed to a payment plan that you would pay \$600.00 each month starting June 1, 2006 and continue through November 2, 2006. Your final payment of \$850.00 would then be due December 1, 2006.

In a letter dated July 18, 2006, I notified you that we had not received your July payment of \$600.00 and had given you ten (10) days to make the requested payment or your existing production would be shut-in and your operator's licenses suspended. As of today, we have not received the July 1st payment nor have we received the payment that was due August 1st.

At this time, you must shut-in all your wells until we have received your July 1st payment of \$600. By copy of this letter, I will ask District 2 Staff on Monday, August 7, 2006, to check the leases to ensure that the wells have been shut in. In addition, your license number 32753 is suspended pursuant to the terms of the above-referenced Order.

Sincerely,



John McCannon
Assistant General Counsel

cc: ~~KCC District 2~~

Conservation Division, Finney State Office Building, 130 S. Market, Room 2078, Wichita, KS 67202-3802
Voice 316.337.6200 Fax 316.337.6211 www.kcc.state.ks.us

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KCC DISTRICT #2

SEP 27 2006

WICHITA, KS

KANSAS

CORPORATION COMMISSION

KATHLEEN SEBELIUS, GOVERNOR
BRIAN J. MOLINE, CHAIR
ROBERT E. KREHBIEL, COMMISSIONER
MICHAEL C. MOFFET, COMMISSIONER

SHUT-IN NOTICE AND LICENSE SUSPENSION

September 26, 2006

Paul C. Carageannis d/b/a SEED Group/AA Drilling
PO Box 771189
Wichita, Kansas 67277

RE: Docket No. 05-CONS-094-CPEN

Dear Mr. Carageannis:

On November 10, 2004, the Commission issued the Penalty Order in the above docket and on April 15, 2005 issued its Order on Appeal finding that Paul Carageannis d/b/a SEED Group was in violation of Commission regulations 82-3-111, 82-3-603(a) and 82-3-603(b) and assessed a penalty of \$4,450.00.

On July 22, 2005 and again on May 25, 2006, we agreed to a payment plan that you would pay \$600.00 each month starting June 1, 2006 and continue through November 2, 2006. Your final payment of \$850.00 would then be due December 1, 2006.

In a letter dated September 13, 2006, I notified you that we had not received your September payment of \$600.00 and had given you ten (10) days to make the requested payment or your existing production would be shut-in and your operator's licenses suspended. As of today, we have not received the September 1st payment and your October payment will be due on Monday, October 2nd.

At this time, you must shut-in all your wells until we have received your September 1st payment of \$600. By copy of this letter, I will ask District 2 Staff on Thursday, September 28, 2006, to check the leases to ensure that the wells have been shut in.

Conservation Division, Finney State Office Building, 130 S. Market, Room 2078, Wichita, KS 67202-3802
Voice 316 337.6200 Fax 316.337.6211 www.kcc.state.ks.us


-2-

September 26, 2006

Paul Carageannis d/b/a SEED Group/AA Drilling

In addition, your license number 32753 is suspended pursuant to the terms of the above-referenced Order. All applications and notices of intent that you file will not be approved and all drilling and plugging activities must cease.

Sincerely,



John McCannon
Assistant General Counsel

cc: KCC District 2

RECEIVED
KCC DISTRICT #2
OCT 16 2006
WICHITA, KS

KANSAS

CORPORATION COMMISSION

KATHLEEN SEBELIUS, GOVERNOR
BRIAN J. MOLINE, CHAIR
ROBERT E. KREHBIEL, COMMISSIONER
MICHAEL C. MOFFET, COMMISSIONER

October 13, 2006

Paul C. Carageannis d/b/a SEED Group/AA Drilling
PO Box 771189
Wichita, Kansas 67277

June:
FKT
DJ

RE: Docket No. 05-CONS-094-CPEN

Dear Mr. Carageannis:

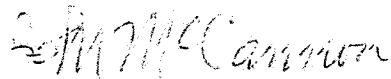
On November 10, 2004, the Commission issued the Penalty Order in the above docket and on April 15, 2005 issued its Order on Appeal finding that Paul Carageannis d/b/a SEED Group was in violation of Commission regulations 82-3-111, 82-3-603(a) and 82-3-603(b) and assessed a penalty of \$4,450.00.

You had agreed to a payment plan that you would pay \$600.00 each month starting June 1, 2006 and continue through November 2, 2006. Your final payment of \$850.00 would then be due December 1, 2006.

As of today, we have not received your October payment of \$600.00.

If we have not received your October 2006 payment of \$600.00 within ten (10) days, any Conservation Division applications or notices of intent which you file will not be approved. Should you fail to make payment by said date, all your existing production shall be shut-in and your operator's license suspended pursuant to the terms of the above-referenced order.

Sincerely,



John McCannon
Assistant General Counsel

cc: District 2

Conservation Division, Finney State Office Building, 130 S. Market, Room 2078, Wichita, KS 67202-3802
Voice 316 337 6200 Fax 316 337 6211 www.kcc.state.ks.us

RECEIVED
KCC DISTRICT #2
NOV 13 2006
WICHITA, KS

#03-2-1924

KANSAS

CORPORATION COMMISSION

KATHLEEN SEBELIUS, GOVERNOR
BRIAN J. MOLINE, CHAIR
ROBERT E. KREHBIEL, COMMISSIONER
MICHAEL C. MOFFET, COMMISSIONER

November 7, 2006

Paul C. Carageannis d/b/a SEED Group/AA Drilling
PO Box 771189
Wichita, Kansas 67277

RE: Docket No. 05-CONS-094-CPEN

Dear Mr. Carageannis:

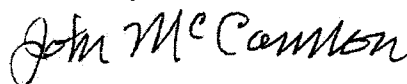
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You had agreed to a payment plan that you would pay \$600.00 each month starting June 1, 2006 and continue through November 2, 2006. Your final payment of \$850.00 would then be due December 1, 2006.

As of today, we have not received your November payment of \$600.00.

If we have not received your November 2006 payment of \$600.00 within ten (10) days, any Conservation Division applications or notices of intent which you file will not be approved. Should you fail to make payment by said date, all your existing production shall be shut-in and your operator's license suspended pursuant to the terms of the above-referenced order.

Sincerely,



John McCannon
Assistant General Counsel

cc: District 2

RECEIVED
KCC DISTRICT #2
DEC 14 2006
WICHITA, KS

#03-2-1924

KANSAS

CORPORATION COMMISSION

KATHLEEN SEBELIUS, GOVERNOR
BRIAN J. MOLINE, CHAIR
ROBERT E. KREMBEL, COMMISSIONER
MICHAEL C. MOFFET, COMMISSIONER

December 13, 2006

Paul C. Carageannis d/b/a SEED Group/AA Drilling
PO Box 771189
Wichita, Kansas 67277

RE: Docket No. 05-CONS-094-CPEN


Dear Mr. Carageannis:

On November 10, 2004, the Commission issued the Penalty Order in the above docket and on April 15, 2005 issued its Order on Appeal finding that Paul Carageannis d/b/a SEED Group was in violation of Commission regulations 82-3-111, 82-3-603(a) and 82-3-603(b) and assessed a penalty of \$4,450.00.

You had agreed to a payment plan that you would pay \$600.00 each month starting June 1, 2006 and continue through November 2, 2006. Your final payment of \$850.00 would then be due December 1, 2006.

As of today, we have not received your December payment of \$850.00.

If we have not received your December 2006 payment of \$850.00 within ten (10) days, any Conservation Division applications or notices of intent which you file will not be approved. Should you fail to make payment by said date, all your existing production shall be shut-in and your operator's license suspended pursuant to the terms of the above-referenced order.

Sincerely,

John McCannon
Assistant General Counsel

cc: District 2 ✓

Docket: 191348	Wix	Order Date: 12/19/94							
Fine amnt: 100	Paymen amnt: 100	1/13/95	Recind amnt: 0	Mitigate amnt: 0	Reimburse: 0				
License Number: 4565	Status	Norris, George dba J. N. Oil & Gas, Inc.	C. Thompson		Balance this Record: 0				
Docket: 193967	Wix	Order Date: 9/12/96							
Fine amnt: 1687.75	Paymen amnt: 0	Recind amnt: 0	Mitigate amnt: 0	Reimburse: 0					
License Number: 4565	Status	J.N. Oil & Gas, Inc.	C. Thompson		Balance this Record: 0				
Docket: 193967	Wix	Order Date: 9/12/96							
Fine amnt: 250	Paymen amnt: 0	Recind amnt: 0	Mitigate amnt: 0	Reimburse: 0					
License Number: 4565	Status	J.N. Oil & Gas, Inc.	C. Thompson		Balance this Record: 0				
Docket: 193967	Wicks	Order Date: 9/12/96							
Fine amnt: 1437.75	Paymen amnt: 0	Recind amnt: 0	Mitigate amnt: 0	Reimburse: 0					
License Number: 4665	Status A	Klondike Investments	Loomer		Balance this Record: 3000				
Docket: 192360	McCannon	Order Date: 10/24/95							
Fine amnt: 3000	Paymen amnt: 0	Recind amnt: 0	Mitigate amnt: 0	Reimburse: 0					
License Number: 4667	Status A	Double C Oil Company			Balance this Record: 200				
Docket: 191379		Order Date: 4/11/95							
Fine amnt: 200	Paymen amnt: 0	Recind amnt: 0	Mitigate amnt: 0	Reimburse: 0					
License Number: 4667	Status A	Double C Oil Company	Shell		Balance this Record: 1000				
Docket: 192346	McCannon	Order Date: 10/19/95							
Fine amnt: 1000	Paymen amnt: 0	Recind amnt: 0	Mitigate amnt: 0	Reimburse: 0					
License Number: 4671	Status I	B. I. C. Oil Co.			Balance this Record: 750				
Docket: 191368		Order Date: 2/7/95							
Fine amnt: 750	Paymen amnt: 0	Recind amnt: 0	Mitigate amnt: 0	Reimburse: 0					
License Number: 4677	Status A	Carageannis, Paul C D/B/A Cara Ventures			Balance this Record: 0				
Docket: 175308		Order Date: 6/14/91							
Fine amnt: 250	Paymen amnt: 250	9/22/93	Recind amnt: 0	Mitigate amnt: 0	Reimburse: 0				
License Number: 4677	Status	Carageannis, Paul C D/B/A Cara Ventures	Fitzgerald		Balance this Record: 0				
Docket: 193946	Wix	Order Date: 4/12/96							
Fine amnt: 500	Paymen amnt: 250	10/3/96	Recind amnt: 0	Mitigate amnt: 250	10/3/96	Reimburse: 0			
License Number: 4677	Status	Carageannis, Paul C D/B/A Cara Ventures	Pray		Balance this Record: 0				
Docket: 193937		Order Date: 5/13/96							
Fine amnt: 100	Paymen amnt: 100	8/13/96	Recind amnt: 0	Mitigate amnt: 0	Reimburse: 0				
License Number: 4677	Status A	Carageannis, Paul C D/B/A Cara Ventures			Balance this Record: 0				
Docket: 183291		Order Date: 1/26/93							
Fine amnt: 250	Paymen amnt: 250	9/23/93	Recind amnt: 0	Mitigate amnt: 0	Reimburse: 0				
License Number: 4685	Status A	Hi-Lo Oil Co.			Balance this Record: 5000				
Docket: 192357		Order Date: 11/14/95							
Fine amnt: 5000	Paymen amnt: 0	Recind amnt: 0	Mitigate amnt: 0	Reimburse: 0					
License Number: 4693	Status A	Xenia Corporation, The			Balance this Record: 1250				
Docket: 183255		Order Date: 9/18/92							
Fine amnt: 1250	Paymen amnt: 0	Recind amnt: 0	Mitigate amnt: 0	Reimburse: 0					
License Number: 4776	Status A	Erbert, Don Oil Company			Balance this Record: 0				
Docket: 183264		Order Date: 10/20/93							
Fine amnt: 3000	Paymen amnt: 0	Recind amnt: 3000	11/7/94	Mitigate amnt: 0	Reimburse: 0				
License Number: 4791	Status A	McRae, William R.	Bennett, Allen, Cannon, Wicker		Balance this Record: 10300				
Docket: 192358		Order Date: 12/5/95							
Fine amnt: 10300	Paymen amnt: 0	Recind amnt: 0	Mitigate amnt: 0	Reimburse: 0					

LICENSE #: 4677

8-30-89#167,385-C(C-24,742)K.A.R.82-3-603(C)\$250.PD 2-16-90
2-02-90 DKT. 168,969-C (C25,067) K.A.R.82-3-120 \$500.00.RESCINDED
6-14-91 #175,307-C K.A.R. 82-3-111 FAIL TO T.A. \$100PD IN FULL
6-14-91 #175,308-C K.A.R. 82-3-602 SURFACE POND
8-11-93 #183,291-C K.A.R.82-3-600,602&604 FAILURE TO CLOSE THE PIT
PURSUANT TO 82-3-602& 604 \$250.9-23-93 PD \$250.CK#1830

*** FINE SYSTEM CURRENT BALANCE ***
LICENSE NUMBER 4677

TRANSACTION CODE	DOCKET	FINE-DATE	DATE-PAID	DEBIT	PAID	BALANCE
82-3-602	175308	910614	930922	250	250	0
82-3-604	183291	930126	930923	250		0



Kansas Corporation Commission

*Bill Graves, Governor Timothy E. McKee, Chair Susan M. Seltsam, Commissioner John Wine, Commissioner
Judith McConnell, Executive Director David J. Heinemann, General Counsel*

September 4, 1996

Mr. Paul Carageannis
P.O. Box 287
Attica, Kansas 67009

RE: Docket No. 193,946-C

Dear Mr. Carageannis:

I last wrote you on May 21, 1996 offering to mitigate the above penalty docket to \$250 from \$500, or to present your appeal to the Commission. You will find a copy of that correspondence attached.

Since I have yet to hear from you regarding the proposal, I am sending this correspondence as one last reminder of the offer. Please contact me within 10 days of the date of this correspondence.

If this docket does not get resolved soon, I will have no recourse but to enforce the original \$500 penalty or proceed with a hearing.

Very truly yours,


William J. Wix
Assistant General Counsel

WJW/kdd
Enclosure
cc: Dave Williams
File

Wilson Jones • Carbonless • Stits-NCR Duplicate • Stits-N.C. Triplicate

RECEIPT 973621

DATE 11-1-79
 RECEIVED FROM Michael Ed. Spemann
 Address Two Hundred fifty 4 1/2 DOLLARS \$
 FOR # 143, 146 - C

ACCOUNT		HOW PAID	
BEGINNING BALANCE		CASH	250.00
AMOUNT PAID		CHECK	
BALANCE DUE		MONEY ORDER	

BY Jim

MADE IN U.S.A.
© Wilson Jones, 1989



KANSAS CORPORATION COMMISSION



Conservation Division
 130 South Market, Suite 2078
 Wichita, Kansas 67202-3802
 316-337-6200
 Fax: 316-337-6211

INVOICE

Invoice Date: February 18, 1998

Carageannis, Paul C D/B/A Cara Ventures

PO Box 287
 Attica, KS 67009-

Invoice Number 1998050024

Accounting Code: 47

License Number: 4677

Due Date: March 22, 1998

Docket Number: 194941 **Attorney:** MCCANNON **Date Order Mailed:** February 17, 1998

Violation	Violation Description	Cnt	Lease Id	Amount
82-3-603(a)	Failure to report a spill within 24 hours.	1	WETZ # CR-1	\$1,000.00
55-172	Penalty for permitting salt water, oil or refuse from any such well to escape by overflow, seepage or otherwise from the vicinity of such well.	1	1 35S 12W	\$250.00
Total Fines Imposed:				\$1,250.00
Mitigated Fines Reduction:				- 750.00
Payments to Date:				\$500.00
Invoice Total:				\$0.00

Please Return One Copy of Invoice with Your Payment in Order to Insure Correct Credit to Your Account.

ACCOUNTS RECEIVABLE COMPANY SUMMARY

07/01/1997 Through 04/25/2012

for

32753 -- CARAGEANNIS, PAUL C. D/B/A SEED GROUP/AA DRILLING

Customer Invoice #	Invoice Date	Posted Receipts						Invoice Total	Pmt/Adjmt Total	Amount Outstanding
		Check ID	Posting Dte	RV#	Val#	Type	Amt Posted			
Account Code: 535										
Carageannis, Paul C. D/B/A SEED Group/AA Drilling (32753)										
2004050006	07/17/2003	2/26/04#2171	02/26/2004		2029257	CK	1,000.00	1,000.00	1,000.00	0.00
2004050025	12/03/2003	2/26/04#2171	02/26/2004		2029257	CK	200.00	200.00	200.00	0.00
2004050032	03/25/2004	7/26/04#2240	07/27/2004		2031351	CK	100.00	10,000.00	10,000.00	0.00
		9/17/04#2275	09/20/2004		2032105	CK	200.00			
		9/29/04#2288	10/01/2004		2032269	CK	200.00			
		12/1/04#2342	12/02/2004		2032903	CK	200.00			
		1/1/05#2415	01/12/2005		2033324	CK	300.00			
		3/23/05#2495	03/24/2005		2034086	CK	600.00			
		3/31/05#2506	04/04/2005		2034200	CK	400.00			
		4/23/05 2521	04/26/2005		2034434	CK	400.00			
		5/22/05#2560	05/24/2005		2034854	CK	400.00			
		6/25/05#2602	06/30/2005		2035694	CK	500.00			
		7/22/05#2630	07/27/2005		2036046	CK	500.00			
		8/22/05#1009	08/29/2005		2036568	CK	500.00			
		10/13/05#1107	10/18/2005		2037132	CK	600.00			
		12/22/05#1190	12/30/2005		2037999	CK	600.00			
		12/22/05#1197	12/30/2005		2038001	CK	700.00			
		12/22/05#1196	12/30/2005		2038000	CK	600.00			
				RETURNED CHECK	01/12/2006		2038126			
		4/25/06#112634	04/25/2006		2039349	CK	2,800.00			
		5/23/06#162460	05/23/2006		2039718	CK	1,000.00			
2005050014	11/16/2004	6/7/06#1299	06/12/2006		2040119	CK	600.00	4,450.00	4,450.00	0.00
		8/7/06#1519	08/07/2006		2041220	CK	600.00			
		8/7/06#1520	08/07/2006		2041221	CK	600.00			
		9/28/06#2121	09/28/2006	S2007339	2041901	CK	600.00			
		10/15/06#1687	10/20/2006	S2007385	2042146	CK	600.00			
		11/10/06#178807	11/14/2006	S2007437	2042417	CK	600.00			
		12/29/06#1820	12/29/2006	S2007528	2042949	CK	850.00			

ACCOUNTS RECEIVABLE COMPANY SUMMARY

07/01/1997 Through 04/25/2012

for

32753 -- CARAGEANNIS, PAUL C. D/B/A SEED GROUP/AA DRILLING

Customer Invoice #	Invoice Date	Check ID	Posted Receipts					Invoice Total	Pmt/Adjmt Total	Amount Outstanding
			Posting Dte	RV#	Val#	Type	Amt Posted			
Account Code: 535										
2008050037	12/27/2007	4/28/08#5048	04/30/2008	S2008740	2049281	CK	362.50	1,350.00	1,350.00	0.00
		5/26/08#5185	06/02/2008	S2008809	2049718	CK	362.50			
		7/10/08#2726069	07/11/2008	S2009168	2050587	CK	362.50			
		10/06/08#143272	10/08/2008	S2009330	2051742	CK	262.50			
2008050038	12/27/2007	4/1/09#811776	04/03/2009	S2009681	2053785	CK	3,000.00	3,000.00	3,000.00	0.00
2009050039	02/18/2009	1058	03/12/2012		2066611	CK	200.00	200.00	200.00	0.00
2009050044	03/03/2009	4/2/09#137070	04/21/2009	S2009712	2053920	CK	500.00	500.00	500.00	0.00
2011050028	10/26/2010	12/22/10#41359	12/22/2010	10070708	2060882	CK	1,000.00	1,000.00	1,000.00	0.00
2011050077	01/27/2011	1058	03/12/2012		2066611	CK	500.00	500.00	500.00	0.00
Subtotal Account Code: 535								22,200.00	22,200.00	0.00
TOTALS								22,200.00	22,200.00	0.00

OPERATOR COMPLIANCE AGREEMENT

("Agreement")

This Agreement is entered into between Paul C. Carageannis d/b/a SEED Group/AA Drilling, a sole proprietor, holding expired KCC license number 32753 ("Carageannis") and Kansas Corporation Commission Staff ("Staff"). Subject to and in consideration of the mutual promises contained herein, Carageannis and Staff agree to the following.

1. Carageannis has an outstanding penalty of \$3,000.00 that is due and owing in Docket Number 08-CONS-069-CPEN.

2. Carageannis has regulatory compliance issues on the following leases he operates. This list of leases is not a complete list of leases operated by Carageannis, only those leases with current compliance issues.

Warner Lease

NW/4, Section 1, Township 26 South, Range 3 East

Butler County

Dusenbury Lease

NW/4, Section 10, Township 34 South, Range 8 West

Harper County

Woodruff Lease

SW/4, Section 17, Township 25 South, Range 5 West

Reno County

AHB Lease

NE/4, Section 4, Township 25 South, Range 5 West

Reno County

Cully Lease

SW/4, Section 20, Township 34 South, Range 2 East

Sumner County

Laptad Lease

SE/4, Section 33, Township 30 South, Range 2 West

Sumner County

Seiwert Lease

SW/4, Section 7, Township 31 South, Range 3 West

Sumner County

3. Carageannis agrees to immediately pay the \$3,000.00 penalty set out in Paragraph 1. Carageannis also agrees to correct the compliance problems on his leases by taking the following action within the times provided:

A. Carageannis shall provide a complete well inventory of all wells owned and operated in the State of Kansas, not just those within District 2, within fifteen (15) days of the date of this agreement.

B. Within thirty (30) days of the date of this agreement, Carageannis shall empty and close in accordance with District Office specifications, all oilfield pits on the following described locations, which do not meet the requirements of K.A.R. 82-3-602.

Warner #5, Non-permitted workover pit.
NW, Sec. 1-26-3E, Butler County

Mae Dusenbury OWWO #1, Open Pit
NE SE NW, Sec. 10-34-8W, Harper County

Dusenbury #2, Open Pits
Note: This well was not drilled, but the operator constructed drilling pits that have not been closed.
NE NE NW, Sec. 10-34-8W, Harper County

Seiwert #1, Open Pit
NW NE SW, Sec. 7-31-3W, Sumner County

Laptad #1, Open Pit
N/2 NE SE, Sec. 33-30-2W, Sumner County

C. Within thirty (30) days of the date of this agreement, Carageannis shall file Temporary Abandonment ("TA") applications for all abandoned wells or leases he operates, including the following 3 documented abandoned wells:

Warner #1
NW NW, Sec. 1-26-3E, Butler County

Woodruff #1
N/2 NW SW, Sec. 17-25-5W, Reno County

AHB #1
S/2 SW NE, Sec. 4-25-5W, Reno County

D. The following wells have either been denied temporary abandonment or do not qualify for TA and Carageannis shall either plug or return the wells to service within 90 days of the date of this agreement.

Cully #1-20
SW SW Sec. 20-34-2E, Sumner County

Dusenbury-Ritter #1
SE NE NW NW Sec. 10-34-8W, Harper County

Mae Dusenbury OWWO 1
NE SE NW Sec. 10-34-8W, Harper County

Prior to any plugging, a CP-1, plugging application, must be filed and plugging instructions obtained from District 2.

E. The following wells are in violation of K.A.R. 82-3-130 for failure to file the affidavit of well completion form ACO-1 within 120 from the spud date, or commencement of recompletion. Within 15 days of the date of this agreement, ACO-1's (well completion forms) shall be submitted by Carageannis to the Commission's production department:

Woodruff #1
N/2 NW SW, Sec. 17-25-5W, Reno County

AHB #1
S/2 SW NE, Sec. 4-25-5W, Reno County

F. The following lease is in violation of K.A.R. 82-3-126 for failure to post a lease sign. Carageannis shall place a lease sign at the tank battery according to the requirements of K.A.R. 82-3-126 within fifteen (15) days of the date of this agreement.

Warner Tank Battery
NW/4, Sec. 1-26-3E, Butler County

4. In consideration of Carageannis paying the penalty and agreeing to the compliance actions set out in Paragraph 3, Staff agrees to renew Carageannis' license number 32753. All regular license requirements must be complied with prior to renewal of the license.

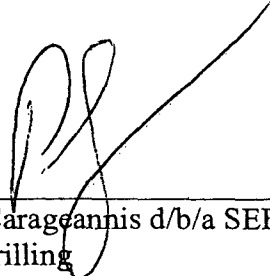
5. Carageannis agrees that should he fail to comply with any of the provisions of Paragraph 3 within the time frame set out, his operators license will be suspended for a period of one year and enforcement action will be taken on each individual violation. In addition any enforcement action that has already been commenced for violations contained in Paragraph 3 will continue and Carageannis agrees that he will fully comply with any Orders issued as a result of those enforcement actions. Carageannis will have all appeal rights provided by law with respect to any Orders issued as a result of pending enforcement actions.

6. Nothing in this Agreement excuses the Operator from its duty to comply with applicable regulatory requirements concerning its oil and gas leases and operations in the state of Kansas. Except as specifically provided herein, nothing in this Agreement alters or limits the

KCC Staff's regulatory enforcement authority and duty with regard to Operator's oil and gas leases and operations in the state of Kansas.


7. The individual executing this agreement on behalf of the Operator, hereby represents that he is authorized to bind said company to this agreement, and that s/he has read and understands the foregoing and that said agreement is entered into freely and voluntarily.

Dated: 2/11/09



Paul Carageannis d/b/a SEED Group/
AA Drilling

KCC Staff



John McCannon
Litigation Counsel



*Kathleen Sebelius, Governor
Thomas E. Wright, Chairman
Michael C. Moffet, Commissioner
Joseph F. Harkins, Commissioner*

NOTICE OF PENALTY ASSESSMENT

November 14, 2008

Paul Carageannis
d/b/a AA Drilling d/b/a Seed Group
P O Box 771189
Wichita, Kansas 67277

This is a notice of a penalty assessment for violation(s) of Kansas Motor Carrier Safety Statutes, Rules, and Regulations discovered during a compliance review conducted on October 27, 2008 by Kansas Corporation Commission Special Investigator Doug Handy. For a full description of the penalty and process please refer to the Order that is attached to this notice.

IF YOU ACCEPT THE PENALTY:

You have been assessed a \$4,000 penalty. You have twenty (20) days from the date stamped on the last page of the Penalty Order to pay the fine amount. Checks or Money Orders should be payable to the Kansas Corporation Commission. For credit card payments, please include type of card (Visa, MasterCard, Discover, or American Express), account number and expiration date. Payments shall be mailed to the Fiscal Section of the Kansas Corporation Commission, 1500 S.W. Arrowhead Road, Topeka, Kansas 66604.

You must attend a Commission-sponsored safety seminar within the next 12 months and provide Staff with written proof of attendance. A schedule of dates and locations for the safety seminar can be found at the Commission's website http://www.kcc.state.ks.us/trans/safety_meetings.htm.

You must submit to one follow-up safety compliance review within the next 12 months. Staff will contact you at a later date to determine an appropriate time for this review.

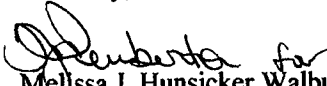
IF YOU CONTEST THIS PENALTY:

You have the right to request a hearing. Requests for hearings must be made in writing and submitted to the Commission's Executive Director, at 1500 S.W. Arrowhead Road, Topeka, Kansas 66604 within fifteen (15) days from the date stamped on the last page of the Penalty Order.

IF YOU FAIL TO ACT:

Failure to pay the fine amount within twenty (20) days, or in the alternative, provide a written request for a hearing within fifteen (15) days from the date stamped on the last page of the Penalty Order will result in the attached Penalty Order becoming a Final Order and may result in the additional sanction of suspension of your motor carrier operations.

Sincerely,


Melissa J. Hunsicker Walburn
Litigation Counsel
(785) 271-3273

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

Before Commissioners: Thomas E. Wright, Chairman
 Michael C. Moffet
 Joseph F. Harkins

In the Matter of the Investigation of Paul)
Carageannis d/b/a AA Drilling d/b/a Seed)
Group, of Wichita, Kansas, Regarding the)
Violation of the Motor Carrier Safety Statutes,)
Rules and Regulations and the Commission's)
Authority to Impose Penalties, Sanctions and/or)
the Revocation of Motor Carrier Authority.)

Docket No. 09-TRAM-411-PEN

PENALTY ORDER

NOW, the above-captioned matter comes before the State Corporation Commission of the State of Kansas (Commission). The Commission, being duly advised in the premises, and after having examined its files and records, finds and concludes as follows:

I. JURISDICTION AND BACKGROUND

1. Pursuant to K.S.A. 2007 Supp. 66-1,108b, 66-1,111, 66-1,112, 66-1,114, 66-1,114b and 66-1,115, and amendments thereto, the Commission is given full power, authority and jurisdiction to supervise and control motor carriers, as defined in K.S.A. 2007 Supp. 66-1,108, doing business or procuring business in Kansas, and is empowered to do all things necessary and convenient for the exercise of such power, authority and jurisdiction.

2. Pursuant to K.S.A. 2007 Supp. 66-1,129a, 66-1,130 and 66-1,142b, and amendments thereto, the Commission may suspend operations, revoke or amend certificates, and initiate sanctions or fines against every motor carrier and every person

who violates any provision of Kansas law in regard to the regulation of such motor carriers and persons, or who fails to obey any order, decision or regulation of the Commission.

3. The Commission has the authority, pursuant to K.A.R. 82-1-237, to investigate an entity under the Commission's jurisdiction and order a hearing on the Commission's own motion when the Commission believes the entity is in violation of the law or any order of the Commission.

II. FINDINGS OF FACT

4. The Commission finds it has jurisdiction over Respondent because it is a motor carrier as defined in K.S.A. 66-1,108.

5. Pursuant to the above authority, on October 27, 2008, Commission Staff (Staff) Special Investigator Doug Handy conducted a compliance review of the operations of Paul Carageannis d/b/a AA Drilling d/b/a Seed Group (Respondent). As a result of this investigation, Mr. Handy identified six (6) violation(s) of the Motor Carrier Safety Regulations.

a. On or about September 11, 2008, Respondent permitted or required Glenn Payne to operate a commercial motor vehicle, a 1981 Mack bearing VIN #1M2P137Y8BA008154, in commerce on an intrastate trip from Kechi, Kansas to Spivey, Kansas without first requiring Mr. Payne to be participate in a random alcohol/controlled substance testing program. This is in violation of 49 C.F.R. 382.305(a) as adopted by K.S.A. 2007 Supp. 66-1,129 and K.A.R. 82-4-3c (2006). Staff recommends a fine of \$1,000.

b. On or about September 11, 2008, Respondent permitted or required Glenn Payne to operate a commercial motor vehicle, a 1981 Mack bearing VIN #1M2P137Y8BA008154, in commerce on an intrastate trip from Kechi, Kansas to Spivey, Kansas, without first requiring Mr. Payne to complete a driver qualification file. Respondent failed to have any of the documents in the driver qualification file that are required by the safety regulations. This violation occurred with two of two driver records reviewed. This is in violation of Title 49 C.F.R. 391.51(a) (2003) as adopted by K.S.A. 2007 Supp. 66-1,129 and K.A.R. 82-4-3g (2006). Staff recommends a fine of \$1,000.

c. On or about September 11, 2008, Respondent permitted or required Glenn Payne to operate a commercial motor vehicle, a 1981 Mack bearing VIN #1M2P137Y8BA008154, in commerce on an intrastate trip from Kechi, Kansas to Spivey, Kansas. Respondent failed to require Mr. Payne to prepare a record of duty status for the date of the transportation. Respondent operates under the 100 air-mile exemption and failed to have a time record indicating start time, end time, and total hours for each day worked. There were no records available to review. This is in violation of Title 49 C.F.R. 395.8(a) (2005) as adopted by K.S.A. 2007 Supp. 66-1,129 and K.A.R. 2007 Supp. 82-4-3a. Staff recommends a fine of \$500.

d. On or about September 11, 2008, Respondent permitted or required Glenn Payne to operate a commercial motor vehicle, a 1981

Mack bearing VIN #1M2P137Y8BA008154, in commerce on an intrastate trip from Kechi, Kansas to Spivey, Kansas. Respondent did not properly maintain an inspection, repair, and maintenance record as required for each vehicle. This violation occurred on seven of seven vehicles reviewed. Mr. Payne was involved in a Level 1 Roadside Inspection (KS00RM001281) in Sedgwick County, Kansas, where there were several mechanical defects discovered and the vehicle was placed out-of-service. This is in violation of Title 49 C.F.R. Part 396.3(b) (2003) as adopted by K.S.A. 2007 Supp. 66-1,129 and K.A.R. 82-4-3j (2006). Staff recommends a fine of \$500.

e. On or about September 11, 2008, Respondent permitted or required Glenn Payne to operate a commercial motor vehicle, a 1981 Mack bearing VIN #1M2P137Y8BA008154, in commerce on an intrastate trip from Kechi, Kansas to Spivey, Kansas. At the time of this transportation, Respondent did not require Mr. Payne to prepare a driver vehicle inspection report at the completion of each day's work on each vehicle operated. This violation occurred four of four times with two of two vehicles reviewed. This is in violation of Title 49 C.F.R. Part 396.11(a) (2003) as adopted by K.S.A. 2007 Supp. 66-1,129 and K.A.R. 82-4-3j (2006). Staff recommends a fine of \$500.

f. On or about September 11, 2008, Respondent permitted or required Glenn Payne to operate a commercial motor vehicle, a 1981 Mack bearing VIN #1M2P137Y8BA008154, in commerce on an intrastate

trip from Kechi, Kansas to Spivey, Kansas. At the time of the transportation, Respondent failed to obtain a successful inspection on the commercial motor vehicles during the preceding 12-month period. This violation occurred with seven of seven vehicles. Mr. Payne was involved in a Level 1 Roadside Inspection (KS00RM001281) in Sedgwick County, Kansas, which resulted in the discovery of this violation during the inspection. There was no evidence that the vehicles had ever been periodically inspected. This is in violation of Title 49 C.F.R. 396.17(a) (2003) as adopted by K.S.A. 2007 Supp. 66-1,129 and K.A.R. 82-4-3j (2006). Staff recommends a fine of \$500.

6. Based upon the available facts, Staff recommends a civil penalty of \$4,000 for six (6) violation(s) of the Motor Carrier Safety Statutes, Rules, and Regulations.

7. The Commission finds Respondent committed six (6) violation(s) of Kansas law that govern motor carriers, including various provisions of the Federal Motor Carrier Safety Regulations (FMCSR), as adopted by the Kansas Administrative Regulations, and is therefore subject to sanctions or fines imposed by the Commission.

III. CONCLUSIONS OF LAW

8. Respondent is hereby assessed a \$4,000 penalty for six (6) violation(s) of the Motor Carrier Safety Statutes, Rules, and Regulations.

9. Respondent is required to attend a Commission sponsored safety seminar within the next twelve (12) months and provide Staff with written proof of attendance. A schedule of dates and locations for the safety seminar can be found at the Commission's website.

10. Respondent shall submit to one follow-up safety compliance review within the next twelve (12) months. Staff will contact Respondent at a later date to determine an appropriate time for this review.

THE COMMISSION THEREFORE ORDERS THAT:

A. Paul Carageannis d/b/a AA Drilling d/b/a Seed Group, of Wichita, Kansas (Respondent) is hereby assessed a \$4,000 civil penalty for six (6) violation(s) of Kansas law governing the regulation of motor carriers, the Kansas Administrative Regulations and provisions of the Federal Motor Carrier Safety Regulations, as adopted by the Kansas Administrative Regulations.

B. Respondent is hereby ordered to attend a Commission sponsored safety seminar within the next twelve (12) months and provide Staff with written proof of attendance. Further, Respondent is ordered to submit to one follow-up safety compliance review within the next twelve (12) months.

C. Pursuant to K.S.A. 77-529 and K.S.A. 66-118b, and amendments thereto, any party may request a hearing on the above issues by submitting a written request to the Commission's Executive Director, at 1500 S.W. Arrowhead Road, Topeka, Kansas 66604 within fifteen (15) days from the date of service of this Order. If service is by mail, service is complete upon mailing and three (3) days shall be added to the above time frame. Hearings will be scheduled only upon written request. Failure to timely request a hearing will result in a waiver of Respondent's right to a hearing, and this Penalty Order will become a Final Order assessing a \$4,000 civil penalty against Respondent, and ordering Respondent to attend a Commission sponsored safety seminar

and submit to a compliance review, both within twelve 12 months from the date of service of this Order.

D. Furthermore, failure to comply with the provisions of this Order may result in the suspension of Respondent's motor carrier operations, which are subject to the economic or safety rules and regulations adopted by the Commission, without further notice provided.

E. Attorneys for all parties shall enter their appearances in Commission proceedings by giving their names and addresses for the record. A corporation shall not be permitted to enter an appearance, except by its attorney.

F. If you do not request a hearing, the payment of the civil penalty is due in twenty (20) days from date of service of this Order. Checks and Money Orders shall be payable to the Kansas Corporation Commission. For credit card payments, include type of card (Visa, MasterCard, Discover, or American Express), account number and expiration date. Payments shall be mailed to the Fiscal Section of the Kansas Corporation Commission, 1500 S.W. Arrowhead Road, Topeka, Kansas 66040. The payment shall include a reference to the docket number of this proceeding.

G. Failure to pay the \$4,000 civil penalty within twenty (20) days of the issuance of this Penalty Order will result in enforcement action against Respondent, including all sanctions, requirements, and penalties described above being enforceable without further action by the Commission.

H. 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.

Wright, Chmn.; Moffet, Com.; Harkins, Com.

Dated: NOV 14 2008

ORDERED MAILED

NOV 17 2008

 **EXECUTIVE
DIRECTOR**

Susan K. Duffy
Executive Director

MHW:kkd

RECEIPTS QUERY REPORT

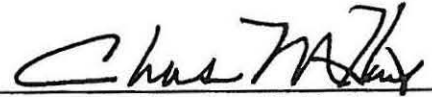
This Report includes information for the following criteria:

Sort Order: Validation_Date, Validation_No
 Payment Methods: All Payment Methods
 Invoice No: 2009010148

Fiscal Year: 2012

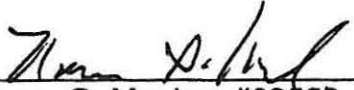
Posting Date	Deposit ID/ RV#	ID	Validation No	Invoice No	Acct Cde	Fund - Bud - Pgm - Account	Pmt Mthd	Amt Posted	Payor	OperID
07/28/2011			1251448	2009010148-	435	2812 - 5500 - 02201 - 454090	WO	4,000.00	PAUL CARAGEANNIS D/B/A AA DRIL	SBOWER
									PAUL CARAGEANNIS D/B/A AA DRILLING D/B/A SEED GROUP	07/28/2011
Remarks: PAYMENT FOR DKT: 09-TRAM-411-PEN										
TOTALS:	Count:	1						Amt Posted Total:	4,000.00	

IT IS SO ORDERED.



Honorable Charles M. Hart
Judge of the District Court

APPROVED:



Norman G. Manley, #08552
Attorney for Plaintiff

(Low original)

(4)

FILED
BUTLER COUNTY
DISTRICT COURT

'09 MAR -5 P2:40

CLERK OF DISTRICT COURT

BY



**IN THE THIRTEENTH JUDICIAL DISTRICT
DISTRICT COURT OF BUTLER COUNTY, KANSAS**

KEITH JOY,)
)
 Plaintiff,)
)
 v.)
)
 PAUL C. CARAGEANNIS,)
 d/b/a SEED Group,)
 3019 W. Columbine) Defendant.)
 Wichita, KS 67204)

Case No. 2008 CV 89

Filed Pursuant to Chapter 60, K.S.A.

CITATION IN CONTEMPT

STATE OF KANSAS TO: **PAUL C. CARAGEANNIS**
d/b/a SEED Group
3019 W. Columbine
Wichita, Kansas 67204

It having been made to appear to the Court that you failed, neglected and refused to comply with the orders of this Court filed on December 12, 2008, requiring your appearance in Court on an Order In Aid of Execution on February 5, 2009.

That such orders of the Court have not been revised, modified or set aside, and that said orders are still in full force and effect.

You are, therefore, commanded to be and appear before this Court on the 5th day of March, 2009 at 4:00 p.m. of said day and show cause, if any you may have, why you should not be punished for contempt of Court. Said hearing will

LAW OFFICE OF
**Davis, Manley
& Lane, L.L.C.**
116 North Star
Dorado, Kansas 67042
(316) 321-4920

be held in El Dorado at the Butler County District Court, Butler County Judicial Center,
201 West Pine, El Dorado, Kansas.

DATED this 11 day of February, 2009.



Judge of the District Court

RETURN

Received the above and foregoing Citation in Contempt on the ____ day of
_____, 20____, at _____ o'clock ____ .m. and made personal service
upon and delivered to _____, a copy of said Citation in Contempt
on the ____ day of _____, 20____ at ____ .m.

Kansas Investigative Services, Inc.

Special Process Server

**THE THIRTEENTH JUDICIAL DISTRICT
DISTRICT COURT, BUTLER COUNTY, KANSAS**

KEITH JOY

Plaintiff (s)

vs

CASE NO. 08 CV 89

PAUL C CARAGEANNIS

Defendant (s)

State of Kansas)
Sedgwick County) SS

AFFIDAVIT OF SERVICE

Emery L. Goad

Special Process Server, verifies that he is authorized to serve process in this case, that he is not a party to this action, and that he served process in this case in the manner and at the time described below.

PROCESS SERVED: **Citation in Contempt**

PERSON SERVED: **Paul C Carageannis**

METHOD SERVED: **by serving his attorney Joseph Cassell**

DATE SERVED: **2/27/09**

Pursuant to K.S.A. 53-601, as amended, the undersigned declares that under the penalty of perjury that the foregoing is true in substance and in fact to my best Information and belief.

Executed on this 3rd day of March ,2009

Attorney: Norman Manley



Special Appointed Process Server
Kansas Investigative Services Inc.
970 N Santa Fe
Wichita, KS 67214
(316) 267-1356

Form K155B - General Execution

DISTRICT COURT OF BUTLER
COUNTY, KANSAS

Butler County Judicial Center, 201 W. Pine, El Dorado, KS 67042

Address and Location of Court

Keith Joy

Plaintiff/Petitioner

vs. Paul C. Carageannis

Defendant/Respondent

Keith Joy, 14986 SW 30th, Benton, KS 67017

Creditor's name and address or specify which party above is the creditor and give address

Norman G. Manley, 116 N. Star, El Dorado, KS 67042 (316) 321-4920

Name, address, and telephone of attorney for creditor requesting levy of execution

Paul C. Carageannis, 3019 W. Columbine, Wichita, KS 67204

Debtor's name and address or specify which party above is the debtor and give address

FILED
BUTLER COUNTY
DISTRICT COURT

'11 NOV 14 P1:15

CLERK OF DISTRICT COURT

BY

Case
Div. _____, No. 08 CV 89

Date of Judgment: 11/25/2008

GENERAL EXECUTION

TO THE SHERIFF OF BUTLER COUNTY, KANSAS:

Whereas, the judgment creditor has represented the belief that the following are items of property of the judgment debtor, that the same are not exempt by law, and that the judgment debtor has an equity therein subject to levy of execution:

Oil and Gas lease equipment located at: Southeast acreage where Tawakoni turns into Parallel Road.
(Land owned by Keith Joy)

Whereas, a judgment was entered against the debtor on the above date, on which the remaining balance due is the sum of \$ 27,644.50, with interest from the date of the judgment at the judgment rate of interest as provided by law as from time to time applicable, and \$ 147.00 costs of suit, which remains unpaid.

Now Therefore You Are Hereby Commanded that of the lands, tenements, goods, chattels, rights, credits, moneys and effects of the above named judgment debtor not exempt by law from being applied to the payment of the above named judgment creditor's judgment, you cause the moneys above specified to be made, and make return of this execution, with your certificate thereon, showing the manner you have executed the same, within sixty (60) days from the date hereof.

You shall levy on any nonexempt property found. The above property is identified as potentially subject to levy in the above entitled cause, but you shall levy on any nonexempt property you are able to find.

Dated on October 26, 2011

Judge

This communication is an attempt to collect a debt and any information obtained will be used for that purpose.

2011 NOV 14
SEDGWIN COUNTY
FILED

Original for return to the Court
Copy for person whose property levied on

DISTRICT COURT OF BUTLER COUNTY, KANSAS

Butler County Judicial Center, 201 W. Pine, El Dorado, KS 67042

Address and Location of Court

Keith Joy

Plaintiff/Petitioner

vs. Paul C. Carageannis

Defendant/Respondent

Keith Joy, 14986 SW 30th, Benton, KS 67017

Creditor's name and address or specify which party above is the creditor and give address

Norman G. Manley, 116 N. Star, El Dorado, KS 67042 (316) 321-4920

Name, address, and telephone of attorney for creditor requesting levy of execution

Paul C. Carageannis, 3019 W. Columbine, Wichita, KS 67204

Debtor's name and address or specify which party above is the debtor and give address

Case No. 08 CV 89

Date of Judgment: 11/25/2008

RETURN ON GENERAL EXECUTION

I certify as follows under penalty of perjury: (Indicate either box 1 or 2 and list property levied upon)

1 I found no property upon which to levy execution.

2 I levied execution on the following described property and am holding it pending further proceedings and the further order of the Court:

RSTN 11-9-11
NOTIFICATION MAILED
Dennis S. Liberman D0954
Sheriff or Deputy
SHERIFF
ROBERT HINSHAW

Date Executed

To the Sheriff or Process Server:

If possible serve this Execution and the Judgment Debtor's Notice of Exemptions on the judgment debtor.

I certify under penalty of perjury that I served a copy of this Writ of Execution on the judgment debtor together with General Execution Notice of Exemptions on _____, in the following manner: _____

(if not found, so state): _____

Date

Process Server

Original for return to the Court

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

Form T-1
March 2010
Form must be Typed
Form must be Signed
All blanks must be Filled

**REQUEST FOR CHANGE OF OPERATOR
TRANSFER OF INJECTION OR SURFACE PIT PERMIT**

Form KSONA-1, Certification of Compliance with the Kansas Surface Owner Notification Act,
MUST be submitted with this form.

Check Applicable Boxes:

- Oil Lease: No. of Oil Wells 1 **
- Gas Lease: No. of Gas Wells _____ **
- Gas Gathering System: _____
- Saltwater Disposal Well - Permit No.: _____
- Spot Location: _____ feet from N / S Line
_____ feet from E / W Line
- Enhanced Recovery Project Permit No.: _____
- Entire Project: Yes No
- Number of Injection Wells _____ **

Field Name: Astle

**** Side Two Must Be Completed.**

Effective Date of Transfer: 12/12/2011

KS Dept of Revenue Lease No.: n/a

Lease Name: AHB # 1

S/2 - SW/4 - NE/4 - Sec. 4 Twp. 25 R. 5 E W

Legal Description of Lease: N/2

County: Reno

Production Zone(s): Missippian

Injection Zone(s): _____

Surface Pit Permit No.: _____
(API No. if Drill Pit, WO or Haul)

_____ feet from N / S Line of Section

_____ feet from E / W Line of Section

Type of Pit: Emergency Burn Settling Haul-Off Workover Drilling

Past Operator's License No. 32753

Contact Person: Paul C. Carageannis

Past Operator's Name & Address: Paul C. Carageannis dba Seed Group/AA Drilling- PO> Box 771189, Wichita, Ks. 67277

Phone: 316-807-1209

Date: 12/12/2011

Title: Owner

Signature: _____

RECEIVED

DEC 13 2011

KCC WICHITA

New Operator's License No. 34646

Contact Person: Joe E. Young

New Operator's Name & Address: Young Petroleum Service, LLC
1226 N. Baker, Wichita, Kansas 67212

Phone: 316-833-8011

Oil / Gas Purchaser: Mid Kansas Gas Gathering

Date: 12/12/2011

Title: President

Signature: Joe E. Young

Acknowledgment of Transfer: The above request for transfer of injection authorization, surface pit permit # _____ has been noted, approved and duly recorded in the records of the Kansas Corporation Commission. This acknowledgment of transfer pertains to Kansas Corporation Commission records only and does not convey any ownership interest in the above injection well(s) or pit permit.

_____ is acknowledged as
the new operator and may continue to inject fluids as authorized by
Permit No.: _____ . Recommended action: _____
Date: _____
Authorized Signature

_____ is acknowledged as
the new operator of the above named lease containing the surface pit
permitted by No.: _____ .
Date: _____
Authorized Signature

DISTRICT _____ EPR _____ PRODUCTION _____ UIC _____
Mail to: Past Operator _____ New Operator _____ District _____

Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202

FAX FAX FAX FAX

316-337-6211

December 19, 2011

Mr. Ryan Hoffman

Kansas Corporation Commission

130 S. Market, Room 2078

Wichita, Kansas 67202

Re: AHB Lease, 4-T25S-R5W, Reno County, Kansas

Dear Mr. Hoffman,

On Friday 12/16/11 I dropped off the signature pages of working interest owners that are in opposition to me on the AHB lease.

I also recently filed legal action against these same individuals for lack of payment on the same lease.

Please find enclosed letter to AHB owners covering these matters.

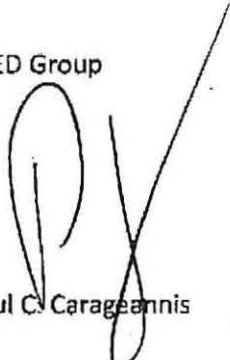
I also will be presenting to KCC this week payment of past due fines and Oil/Gas leases showing ownership of leases that I operated and will also be applying for new operator's license for the Pulling unit and drilling rig so that I can go back to work.. I also will be filing necessary paperwork that has been requested by KCC prior to any reinstatement of my original operator's license.

The landowners have cashed the shut-in royalty payments covering the AHB that were sent on behalf of the working interest owners by SEED Group.

Again, I request that the KCC remain neutral to the matters covering the AHB lease.

SEED Group

Paul C. Carageannis



RECEIVED
KANSAS CORPORATION COMMISSION

DEC 19 2011

LEGAL SECTION

1 of 5

PAUL C. CARAGEANNIS
d/b/a Seed Group
P. O. BOX 771189
WICHITA, KANSAS 67277-1189
316-807-1209

December 16, 2011

TO: The # 1 AHB Working interest owners
RE: Legal Matters AHB Lease

Recently a letter has been circulated by Young Petroleum Service, LLC (YPS) to request all working interest owner(s) information, start up costs, and your signature authorizing YPS to become operator with a 51% majority vote. Mr. Joe Young has also been making phone calls to all the AHB working interest owners purporting he has full authority to take over operations per the Kansas Corporation Commission. He has also alleged he has negotiated a salt water disposal agreement and a release of the top lease that clouded the title. Finally, he also suggested that I have oversold the well and that there are interest owners that are not of record. To date, none of Mr. Young's statements are true.

Under the original operating agreement covering the # 1 AHB each and every one of you have signed and agreed that Seed Group cannot be removed by a majority vote of non operators. Under this same operating agreement I have the ability to select a successor operator in the event of my resignation. I have not resigned as operator, but I also have a third party operator willing to operate on behalf of all parties until all matters are resolved on the # 1 AHB lease.

The same parties that have requested YPC to act as operator have been the root cause of most of the problems with the top lease that has clouded your title and are indebted to Seed Group in excess of \$30,000.00. Please see pending lawsuit in Reno County, Kansas, attached hereto.

Please also find attached Petition to Quiet Title in Reno County, Kansas.

Prior to December 9, 2011, Mr. Ryan Hoffmann, Litigation Counsel at the KCC, had no notification from YPS concerning any of the above matters. I have been in continuous contact with Mr. Hoffmann and he immediately notified me of the application by YPS to become operator of the # 1 AHB lease on December 9, 2011.

Legal counsel has advised me that the KCC can only give licensure to individuals and does not have the authority to designate individual operators on individual leases. This must be sorted out by Reno County District Court.

I have continuously tried to discuss any and all of these matters with Mr. Ryan Stephan and Mr. Ron Laroe to no avail. They have refused to discuss anything with me since June 2011. Prior to that point, Mr. Ryan Stephan, who represents 25% working interest had been in opposition to Mr. Laroes' group who owe the bulk of the money to me. Please also find enclosed letters to the working interest owners represented by Ron Laroe and Mr. Stephan that I had obtained funding for the purchase of all their working interests. At first they agreed to sell on or before November 30, 2011, but the pending sale failed because they were unable to show proof of the release of top leases.

Since November 30, 2011 Mr. Ryan Stephan claims to have acquired the top lease from William Stuhlsatz. This places your interests in jeopardy because we do not know the true intent of Mr. Stephan, et al. Subsequently, should Mr. Stephan decide to keep the top lease, it could result in a loss of value to you the legitimate working interest owners. This why I proceeded forward with the Quiet Title action.


Paul C. Carageannis

2 of 5

FILED

IN THE RENO COUNTY DISTRICT COURT

2011 DEC 12 PM 2:24

CLERK OF DISTRICT COURT
RENO COUNTY KANSAS

PAUL C. CARAGEANNIS d/b/a)
SEED GROUP,)

BY _____

Plaintiff,)

v.)

Case No. 11 CV _____

LARRY ACHILLES, KEVIN DESMARTEAU,)
ERNEST S. HEIKES, ALAN J. ROBERTS,)
KAYLON E. ROBERTS, LOUIS VOLPE,)
MARK WAGONER, TAMMY WAGONER,)
DAVID HERMAN, JAMIE TURNER, DAVID)
K. ROBERTS, THOMAS SEYBERT, KEITH)
STROUPE, RON LAROE, GERALD L.)
HERZBERG, ROY MENDOZA, TROY)
FAWCETT, KENT HAGEMAN, DOUG)
HENNING, RYAN S. STEPHAN, RICK G.)
THOMPSON, and JULIE D. THOMPSON)

2011 CV 602

Defendants.)

Pursuant to Chapter 60, K.S.A.

VERIFIED PETITION FOR FORCLOSURE

COMES NOW, plaintiff Paul C. Carageannis d/b/a SEED GROUP, by his counsel Joseph H. Cassell of Eron Law Office, P.A. and for his cause of action against defendants, Larry Achilles, Kevin Desmarteau, Ernest S. Heikes, Alan J. Roberts, Kaylon E. Roberts, Louis Volpe, Mark Wagoner, Tammy Wagoner, David Herman, Jamie Turner, David K. Roberts, Thomas Seybert, Keith Stroupe, Ron LaRoe, Gerald L. Herzberg, Roy Mendoza, Troy Fawcett, Kent Hageman, Doug Henning, Ryan S. Stephan, Rick G. Thompson, and Julie D. Thompson, alleges and states as follows:

3 of 5

fees and expenses as of May 31, 2011 in the following amounts set forth next to each defendant:

Troy Fawcett	\$2,304.20
Kent Hageman	\$2,288.14
Doug Henning	\$2,304.18
Ryan Stephan	\$2,305.08
David Herman/Jamie Turner	\$327.46
Roy Mendoza	\$340.26
Larry Achilles	\$700.70
Kevin Desmarteau	\$700.70
Alan J. Roberts	\$1,688.59
Ernest S. Heikes	\$1,401.81
Thomas Seybert	\$617.52
Rick G. Thompson/Julie D. Thompson	\$2,292.63
Kaylon E. Roberts	\$2,430.74
Mark Wagoner/Tammy Wagoner	\$1,426.78
David K. Roberts	\$2,880.09
Ron LaRoe	\$5,518.92
Gerald L. Herzberg	\$1,536.70
Keith Stroupe	\$1,570.55

6. By virtue of their execution of the Agreement, defendants granted to plaintiff "a lien upon (defendants') oil and gas leasehold interests in the (AHB Lease) and all proceeds therefrom, and a security interest in (defendants') share of oil and gas, or gas when extracted and (defendants') interest in all equipment, to secure payment of (defendants') share of fees and expenses together with interest thereon as hereinbefore started."

7. Even though plaintiff has made repeated demands upon defendants to pay the leasehold fees and expenses, defendants have refused to pay their proportionate share as set forth above.

8. The value of the personal property securing defendants' indebtedness to plaintiff is unknown.

9. Plaintiff presently possessed the personal property securing defendants'

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IN THE RENO COUNTY DISTRICT COURT

FILED

2011 DEC 12 PM 1:46

CLERK OF DISTRICT COURT
RENO COUNTY, KANSAS

BY _____

PAUL C. CARAGEANNIS d/b/a)
SEED GROUP,)
)
)
Plaintiff,)
)
v.)
)
THE MARGARET HAINES BELTZ)
REVOCABLE TRUST dated May 5, 1983,)
BILL STUHLSATZ, and EDWARD J. FARHA,)
)
)
Defendants.)

Case No. 11 CV _____

2011CV 601

Pursuant to Chapter 60, K.S.A.

PETITION TO QUIET TITLE

COMES NOW, plaintiff Paul C. Carageannis d/b/a SEED GROUP, by his counsel Joseph H. Cassell of Eron Law Office, P.A., and for his cause of action to quiet title against defendants, The Margaret Haines Beltz Revocable Trust dated May 5, 1983, Bill Stuhlsatz, and Edward L. Farha, alleges and states as follows:

1. This is an action to quiet title to personalty, pursuant to K.S.A. 60-1002, to confirm ownership of plaintiff's Beltz Trust Lease.
2. Plaintiff is an oil and gas producer, owner in part and operator of the Beltz Trust Lease, Reno County, Kansas, hereinafter described, doing business at 3019 Columbine, Wichita, Kansas 67204.
3. On September 5, 2006, plaintiff obtained the Beltz Trust Lease from The Margaret Haines Beltz Revocable Trust dated May 5, 1983, and recorded such lease in

5 of 5

Mark Sievers, Chairman
Ward Loyd, Commissioner
Thomas E. Wight, Commissioner

Sam Brownback, Governor

December 19, 2011

Paul Carageannis
Paul C. Carageannis dba SEED Group/AA Drilling
PO Box 771189
Wichita, Kansas 67277-1189

Joe Young
Young Petroleum, LLC
1226 N. Baker
Wichita, Kansas 67212

RE: AHB lease in Reno County, Kansas

Gentlemen,

As I am sure you are both aware by now, we have received a T-1 form filed by Mr. Young attempting to transfer operator responsibility for the above lease to Young Petroleum, LLC from Mr. Carageannis. Mr. Carageannis has provided Staff with a copy of a signed operating agreement that contains provisions that would appear to prevent Mr. Young's actions. At this time, we will not process the T-1 form and the well on the AHB lease shall remain shut-in pursuant to the terms of the Commission Order in Docket No. 11-CONS-153-CPEN. We will only remove our seals if Mr. Carageannis obtains compliance with the Order or the parties can provide documentation evidencing the dispute has been settled.

Sincerely,



Ryan A. Hoffman
Litigation Counsel
Kansas Corporation Commission

cc: Joseph H. Cassell, Eron Law Office, P.A.
Jonelle Rains, EPR Supervisor
Jeff Klock, District #2 Supervisor
Dan Fox, District #2 Compliance Officer
Paula Murray, Legal Assistant

Mark Sievers, Chairman
Ward Loyd, Commissioner
Thomas E. Wright, Commissioner

Sam Brownback, Governor

December 19, 2011

Joseph H. Cassell
Eron Law Office
229 E. William St.
100 O'Rourke Title Building
Wichita, Kansas 67202

RE: Paul Carageannis Facsimile

Mr. Cassell,

I received a facsimile from your client, Paul C. Carageannis d/b/a SEED Group/AA Drilling today regarding the AHB lease and his future plans in general. I have placed a copy of his letter in the file for the AHB lease and no action will be taken on the T-1 form filed by Young Petroleum, LLC until he has either achieved compliance with the Commission Order in Docket No. 11-CONS-153-CPEN or the parties have reached a settlement. I mailed a letter stating this to all parties earlier today so you should also receive a copy of it.

Mr. Carageannis stated his intention to apply for a license for the pulling unit and drilling rig, file the necessary paperwork prior to any reinstatement of his original operator's license, and presenting the KCC with payment of his past due fines. At this time, Mr. Carageannis will not qualify for a license of any kind because he is not in compliance with the provisions of Docket No. 11-CONS-153-CPEN. Therefore, any attempt to obtain a license to operate the pulling unit and drilling rig will be denied. Furthermore, should Mr. Carageannis achieve compliance with all of the provisions of Docket No. 11-CONS-153-CPEN, Staff will request the Commission set the financial assurance of a performance bond or letter of credit at a level it deems sufficient and set the matter for a Show Cause hearing on whether or not Mr. Carageannis should be licensed as an oil and gas operator in the State of Kansas.

Sincerely,



Ryan A. Hoffman
Litigation Counsel
Kansas Corporation Commission

cc: Doug Louis, Conservation Division Director
Jeff Klock, District #2 Supervisor

VERIFICATION OF JEFF KLOCK

STATE OF KANSAS)
) ss:
COUNTY OF SEDGWICK)

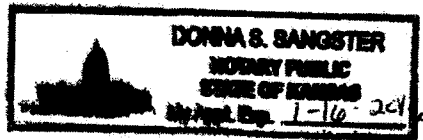
Jeff Klock, being first duly sworn, deposes and says that he is the Jeff Klock referred to in the foregoing document entitled "Prefiled Testimony of Jeff Klock" in Docket No.: 12-CONS-239-CMSC before the State Corporation Commission of the State of Kansas and the statements and attached exhibits therein were prepared by him or under his direction and are true and correct to the best of his information, knowledge and belief.

Jeff Klock
Jeff Klock

SUBSCRIBED AND SWORN to before me on this 27 day of
April, 2012.

Donna Sangster
Notary Public

My Commission expires:
1-16-2016



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

Before Commissioners: Mark Sievers, Chairman
 Ward Loyd
 Thomas E. Wright

In the Matter of the Appeal of the Summary) Docket No.: 12-CONS-239-CMSC
License Application Denials of Paul C.)
Carageannis.) CONSERVATION DIVISION
)
_____) License No. 32753 (Expired)

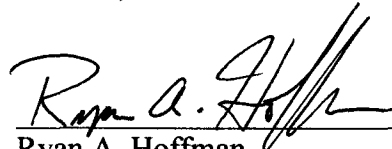
CERTIFICATE OF SERVICE

I, Ryan A. Hoffman, Litigation Counsel, with the Kansas Corporation Commission, certify that on 4/27/2012, I did cause a true and correct copy of the Pre-Filed Testimony of Jeff Klock, to be served by United States mail, first class, postage prepaid to the following:

Paul C. Carageannis dba SEED Group/AA Drilling
PO Box 771189
Wichita, Kansas 67277-1189

Joseph H. Cassell
ERON Law Office
229 E. William St.
100 O'Rourke Title Building
Wichita, Kansas 67202
Attorney for Paul C. Carageannis

Jeff Klock
KCC District #2 Office
3450 N. Rock Road
Building 600, Suite 601
Wichita, Kansas 67226



Ryan A. Hoffman
Litigation Counsel
Kansas Corporation Commission