

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

In the matter of the application of Crypto Colo) Docket No.: 23-CONS-3055-CMSC
Center Corp (Operator) to drill its proposed)
Bower #4B well in Jefferson County, Kansas.) CONSERVATION DIVISION
)
) License No.: 35955

**MOTION FOR THE DESIGNATION OF A PRESIDING OFFICER AND THE
SCHEDULING OF A PREHEARING CONFERENCE**

The Staff of the Kansas Corporation Commission (Staff and Commission, respectively) moves for the designation of a presiding officer and the scheduling of a prehearing conference in this matter. In support of its motion, Staff states the following:

1. On July 5, 2022, Operator submitted a Notice of Intent to Drill (C-1) Form for its proposed Bower #4B well to be located 3,300 feet from the North line and 660 feet from the South line of Section 5, Township 10 South, Range 20 East, Jefferson County, Kansas.¹ The target formation for the proposed well is the Reagan Sandstone which is below Southern Star Central Gas Pipeline, Inc.'s (Southern Star) McLouth Gas Storage reservoir.²

2. On July 22, 2022, Southern Star e-mailed a letter to Commission Staff, wherein Southern Star made several recommendations, including one to provide Southern Star access to the wells to inspect or test the wells and review all operational records during the life of the well.³ Additionally, Southern Star stated it would object to the approval of any drilling intents on the Bower leases until all of the wells identified in KCC Docket No. 08-CONS-052-CMSC (Docket 08-052) have been satisfactorily plugged by Operator.⁴

¹ Exhibit A.

² *Id.*

³ Exhibit B.

⁴ *Id* at p. 2.

3. On July 26, 2022, Operator e-mailed a letter to Commission Staff, wherein Operator claims it did not, for the most part, object to the recommendations made by Southern Star.⁵ However, Operator states there were two items that it believes need further discussion and clarification. First, Operator stated it had no objection to providing Southern Star access to the wells to conduct its tests and inspections, but requested the tests and inspections occur solely at the well-head valves to prevent cessation of Operator's operations during such a test.⁶ Second, Operator claims the agreement in Docket 08-052 only requires one well to be plugged and that well has been plugged. Operator also claims that it should not be bound to any agreement between Southern Star and other entities because Operator is not an heir of those entities. However, Operator appears to agree to plug some of the additional wells but also states other wells are currently being used for production.⁷

4. To date, Southern Star has not informed Staff whether the issues in its July 22 letter have been resolved or if it was satisfied with Operator's plan of action.

WHEREFORE, for the reasons described above, Staff respectfully moves the Commission to issue an Order designating a presiding officer, and scheduling a prehearing conference that will allow further development of a procedural schedule in this matter.

Respectfully submitted,

/s/ Kelcey Marsh
Kelcey A. Marsh #28300
Litigation Counsel | Kansas Corporation Commission
266 N. Main, Suite 220 | Wichita, Kansas 67202

⁵ Exhibit C.

⁶ *Id* at p. 1.

⁷ *Id* at p. 2.

For KCC Use:

Effective Date: _____

District #: _____

SGA? ☐ Yes ☐ No**KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION**

Form C-1

March 2010

Form must be Typed**Form must be Signed****All blanks must be Filled****NOTICE OF INTENT TO DRILL****Must be approved by KCC five (5) days prior to commencing well****Form KSONA-1, Certification of Compliance with the Kansas Surface Owner Notification Act, MUST be submitted with this form.**Expected Spud Date: _____
month day year

OPERATOR: License# _____

Name: _____

Address 1: _____

Address 2: _____

City: _____ State: _____ Zip: _____ + _ _ _ _

Contact Person: _____

Phone: _____

CONTRACTOR: License# _____

Name: _____

Well Drilled For:**Well Class:****Type Equipment:**

<input type="checkbox"/> Oil	<input type="checkbox"/> Enh Rec	<input type="checkbox"/> Infield	<input type="checkbox"/> Mud Rotary
<input type="checkbox"/> Gas	<input type="checkbox"/> Storage	<input type="checkbox"/> Pool Ext.	<input type="checkbox"/> Air Rotary
	<input type="checkbox"/> Disposal	<input type="checkbox"/> Wildcat	<input type="checkbox"/> Cable

☐ Seismic ; _____ # of Holes ☐ Other☐ Other: _____☐ If OWWO: old well information as follows:

Operator: _____

Well Name: _____

Original Completion Date: _____ Original Total Depth: _____

Directional, Deviated or Horizontal wellbore? ☐ Yes ☐ No

If Yes, true vertical depth: _____

Bottom Hole Location: _____

KCC DKT #: _____

Spot Description: _____

_____ - _____ - _____ Sec. _____ Twp. _____ S. R. _____ ☐ E ☐ W
(Q/Q/Q/Q)_____ feet from ☐ N / ☐ S Line of Section_____ feet from ☐ E / ☐ W Line of SectionIs SECTION: ☐ Regular ☐ Irregular?**(Note: Locate well on the Section Plat on reverse side)**

County: _____

Lease Name: _____ Well #: _____

Field Name: _____

Is this a Prorated / Spaced Field? ☐ Yes ☐ No

Target Formation(s): _____

Nearest Lease or unit boundary line (in footage): _____

Ground Surface Elevation: _____ feet MSL

Water well within one-quarter mile: ☐ Yes ☐ NoPublic water supply well within one mile: ☐ Yes ☐ No

Depth to bottom of fresh water: _____

Depth to bottom of usable water: _____

Surface Pipe by Alternate: ☐ I ☐ II

Length of Surface Pipe Planned to be set: _____

Length of Conductor Pipe (if any): _____

Projected Total Depth: _____

Formation at Total Depth: _____

Water Source for Drilling Operations:

☐ Well ☐ Farm Pond ☐ Other: _____

DWR Permit #: _____

(Note: Apply for Permit with DWR ☐)Will Cores be taken? ☐ Yes ☐ No

If Yes, proposed zone: _____

AFFIDAVIT

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55 et. seq.

It is agreed that the following minimum requirements will be met:

1. Notify the appropriate district office **prior** to spudding of well;
2. A copy of the approved notice of intent to drill **shall be** posted on each drilling rig;
3. The minimum amount of surface pipe as specified below **shall be set** by circulating cement to the top; in all cases surface pipe **shall be set** through all unconsolidated materials plus a minimum of 20 feet into the underlying formation.
4. If the well is dry hole, an agreement between the operator and the district office on plug length and placement is necessary **prior to plugging**;
5. The appropriate district office will be notified before well is either plugged or production casing is cemented in;
6. If an ALTERNATE II COMPLETION, production pipe shall be cemented from below any usable water to surface within **120 DAYS** of spud date.
Or pursuant to Appendix "B" - Eastern Kansas surface casing order #133,891-C, which applies to the KCC District 3 area, alternate II cementing must be completed within 30 days of the spud date or the well shall be plugged. **In all cases, NOTIFY district office** prior to any cementing.

I hereby certify that the statements made herein are true and to the best of my knowledge and belief.

Date: _____ Signature of Operator or Agent: _____ Title: _____

For KCC Use ONLY

API # 15 - _____

Conductor pipe required _____ feet

Minimum surface pipe required _____ feet per ALT. ☐ I ☐ II

Approved by: _____

This authorization expires: _____*(This authorization void if drilling not started within 12 months of approval date.)*

Spud date: _____ Agent: _____

Remember to:

- File Certification of Compliance with the Kansas Surface Owner Notification Act (KSONA-1) with Intent to Drill;
- File Drill Pit Application (form CDP-1) with Intent to Drill;
- File Completion Form ACO-1 within 120 days of spud date;
- File acreage attribution plat according to field proration orders;
- Notify appropriate district office 48 hours prior to workover or re-entry;
- Submit plugging report (CP-4) after plugging is completed (within 60 days);
- Obtain written approval before disposing or injecting salt water.
- If well will not be drilled or permit has expired (See: authorized expiration date) please check the box below and return to the address below.

☐ **Well will not be drilled or Permit Expired** Date: _____

Signature of Operator or Agent: _____

Exhibit A**Page 1 of 4**☐ E
☐ W

DRAFT

For KCC Use ONLY

API # 15 - _____

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

In all cases, please fully complete this side of the form. Include items 1 through 5 at the bottom of this page.

Operator: _____

Lease: _____

Well Number: _____

Field: _____

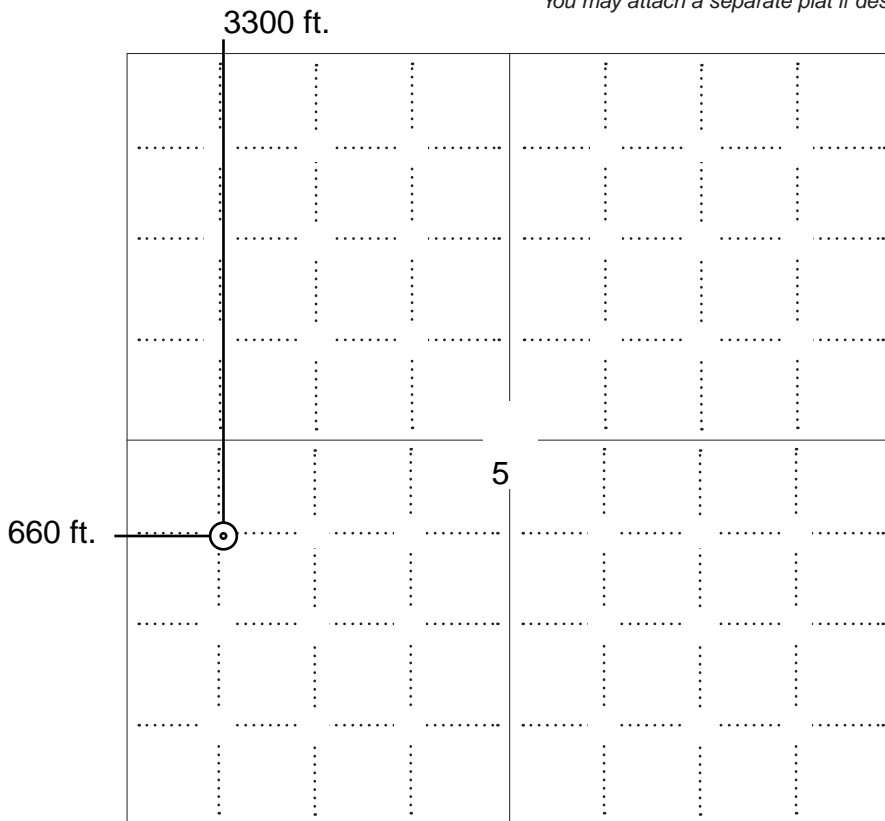
Number of Acres attributable to well: _____

QTR/QTR/QTR/QTR of acreage: _____ - _____ - _____ - _____

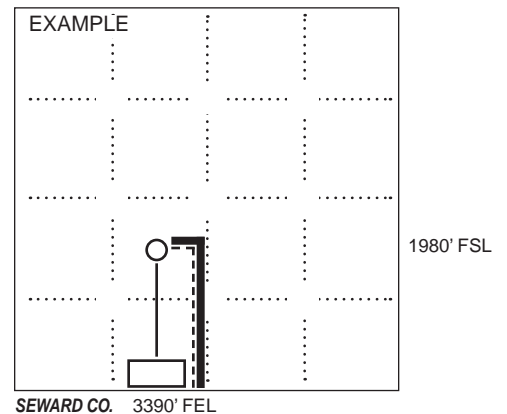
Location of Well: County: _____

_____ feet from ☐ N / ☐ S Line of Section_____ feet from ☐ E / ☐ W Line of SectionSec. _____ Twp. _____ S. R. _____ ☐ E ☐ WIs Section: ☐ Regular or ☐ Irregular**If Section is Irregular, locate well from nearest corner boundary.**Section corner used: ☐ NE ☐ NW ☐ SE ☐ SW**PLAT**

Show location of the well. Show footage to the nearest lease or unit boundary line. Show the predicted locations of lease roads, tank batteries, pipelines and electrical lines, as required by the Kansas Surface Owner Notice Act (House Bill 2032). You may attach a separate plat if desired.

**LEGEND**

- ☐ Well Location
- ☐ Tank Battery Location
- ☐ Pipeline Location
- ☐ Electric Line Location
- ☐ Lease Road Location

**NOTE: In all cases locate the spot of the proposed drilling location.****In plotting the proposed location of the well, you must show:**

1. The manner in which you are using the depicted plat by identifying section lines, i.e. 1 section, 1 section with 8 surrounding sections, 4 sections, etc.
2. The distance of the proposed drilling location from the south / north and east / west outside section lines.
3. The distance to the nearest lease or unit boundary line (in footage).
4. If proposed location is located within a prorated or spaced field a certificate of acreage attribution plat must be attached: (C0-7 for oil wells; CG-8 for gas wells).
5. The predicted locations of lease roads, tank batteries, pipelines, and electrical lines.

DRAFT

KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

APPLICATION FOR SURFACE PIT

Form CDP-1
May 2010
Form must be Typed

Submit in Duplicate

Operator Name:		License Number:	
Operator Address:			
Contact Person:		Phone Number:	
Lease Name & Well No.:		Pit Location (QQQQ): ____ - ____ - ____ - ____ Sec. ____ Twp. ____ R. ____ <input type="checkbox"/> East <input type="checkbox"/> West ____ Feet from <input type="checkbox"/> North / <input type="checkbox"/> South Line of Section ____ Feet from <input type="checkbox"/> East / <input type="checkbox"/> West Line of Section ____ County	
Type of Pit: <input type="checkbox"/> Emergency Pit <input type="checkbox"/> Burn Pit <input type="checkbox"/> Settling Pit <input type="checkbox"/> Drilling Pit <input type="checkbox"/> Workover Pit <input type="checkbox"/> Haul-Off Pit <small>(If WP Supply API No. or Year Drilled)</small>	Pit is: <input type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: _____ (bbls)		
Is the pit located in a Sensitive Ground Water Area? <input type="checkbox"/> Yes <input type="checkbox"/> No		Chloride concentration: _____ mg/l <small>(For Emergency Pits and Settling Pits only)</small>	
Is the bottom below ground level? <input type="checkbox"/> Yes <input type="checkbox"/> No	Artificial Liner? <input type="checkbox"/> Yes <input type="checkbox"/> No	How is the pit lined if a plastic liner is not used?	
Pit dimensions (all but working pits): _____ Length (feet) _____ Width (feet) <input type="checkbox"/> N/A: Steel Pits Depth from ground level to deepest point: _____ (feet) <input type="checkbox"/> No Pit			
If the pit is lined give a brief description of the liner material, thickness and installation procedure.		Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring.	
Distance to nearest water well within one-mile of pit: _____ feet Depth of water well _____ feet		Depth to shallowest fresh water _____ feet. Source of information: <input type="checkbox"/> measured <input type="checkbox"/> well owner <input type="checkbox"/> electric log <input type="checkbox"/> KDWR	
Emergency, Settling and Burn Pits ONLY: Producing Formation: _____ Number of producing wells on lease: _____ Barrels of fluid produced daily: _____ Does the slope from the tank battery allow all spilled fluids to flow into the pit? <input type="checkbox"/> Yes <input type="checkbox"/> No		Drilling, Workover and Haul-Off Pits ONLY: Type of material utilized in drilling/workover: _____ Number of working pits to be utilized: _____ Abandonment procedure: _____ _____ Drill pits must be closed within 365 days of spud date.	
I hereby certify that the above statements are true and correct to the best of my knowledge and belief.			
_____ Date		_____ Signature of Applicant or Agent	

KCC OFFICE USE ONLY

☐ Liner ☐ Steel Pit ☐ RFAC ☐ RFAS

Date Received: _____ Permit Number: _____ Permit Date: _____ Lease Inspection: ☐ Yes ☐ No

CERTIFICATION OF COMPLIANCE WITH THE KANSAS SURFACE OWNER NOTIFICATION ACT

This form must be submitted with all Forms C-1 (Notice of Intent to Drill); CB-1 (Cathodic Protection Borehole Intent); T-1 (Request for Change of Operator Transfer of Injection or Surface Pit Permit); and CP-1 (Well Plugging Application). Any such form submitted without an accompanying Form KSONA-1 will be returned.

Select the corresponding form being filed: ☐ **C-1** (Intent) ☐ **CB-1** (Cathodic Protection Borehole Intent) ☐ **T-1** (Transfer) ☐ **CP-1** (Plugging Application)

OPERATOR: License # _____

Name: _____

Address 1: _____

Address 2: _____

City: _____ State: _____ Zip: _____ + _____

Contact Person: _____

Phone: (_____) _____ Fax: (_____) _____

Email Address: _____

Well Location:

____ - ____ - ____ Sec. ____ Twp. ____ S. R. ____ ☐ East ☐ West

County: _____

Lease Name: _____ Well #: _____

If filing a Form T-1 for multiple wells on a lease, enter the legal description of the lease below:

Surface Owner Information:

Name: _____

Address 1: _____

Address 2: _____

City: _____ State: _____ Zip: _____ + _____

When filing a Form T-1 involving multiple surface owners, attach an additional sheet listing all of the information to the left for each surface owner. Surface owner information can be found in the records of the register of deeds for the county, and in the real estate property tax records of the county treasurer.

If this form is being submitted with a Form C-1 (Intent) or CB-1 (Cathodic Protection Borehole Intent), you must supply the surface owners and the KCC with a plat showing the predicted locations of lease roads, tank batteries, pipelines, and electrical lines. The locations shown on the plat are preliminary non-binding estimates. The locations may be entered on the Form C-1 plat, Form CB-1 plat, or a separate plat may be submitted.

Select one of the following:

- ☐ I certify that, pursuant to the Kansas Surface Owner Notice Act (see Chapter 55 of the Kansas Statutes Annotated), I have provided the following to the surface owner(s) of the land upon which the subject well is or will be located: 1) a copy of the Form C-1, Form CB-1, Form T-1, or Form CP-1 that I am filing in connection with this form; 2) if the form being filed is a Form C-1 or Form CB-1, the plat(s) required by this form; and 3) my operator name, address, phone number, fax, and email address.
- ☐ I have not provided this information to the surface owner(s). I acknowledge that, because I have not provided this information, the KCC will be required to send this information to the surface owner(s). To mitigate the additional cost of the KCC performing this task, I acknowledge that I must provide the name and address of the surface owner by filling out the top section of this form and that I am being charged a \$30.00 handling fee, payable to the KCC, which is enclosed with this form.

If choosing the second option, submit payment of the \$30.00 handling fee with this form. If the fee is not received with this form, the KSONA-1 form and the associated Form C-1, Form CB-1, Form T-1, or Form CP-1 will be returned.

I hereby certify that the statements made herein are true and correct to the best of my knowledge and belief.

Date: _____ Signature of Operator or Agent: _____ Title: _____



Southern Star Central Gas Pipeline, Inc.
4700 State Route 56
P.O. Box 20010
Owensboro, Kentucky 42304-0010
Phone 270/852-5000

July 22, 2022

Sent via E-mail

Kansas Corporation Commission
266 North Main Street, Suite 220
Wichita, KS 67202-1513
Attn: CeLena Peterson

Re: Crypto Colo Center Corp Notice of Intent to Drill Oil Well,
Sec 4 and 5, T10S, R20E, Jefferson County, KS
Proposed Bower 4B Well

Dear Ms. Peterson:

Southern Star Central Gas Pipeline, Inc. ("Southern Star") is the owner and operator of the McLouth Gas Storage Field in Jefferson and Leavenworth Counties, KS.

On July 13, 2022, Southern Star received notification from Crypto Colo Center Corp. ("CCC"), for a Notice of Intent to Drill its proposed Bower 4B well in Section 5, Township 10S, Range 20E, in Jefferson County, Kansas.

The projected total depth of the well is 3,000 feet, with the target formation at that depth being the Reagan Sandstone. This formation is below Southern Star's McLouth Gas Storage reservoir and below the Mississippian Burlington-Keokuk (B-K) formation, which has historically produced extremely high H₂S gas on this lease and in the area. **To protect the gas storage reservoir (McLouth Sandstone), Southern Star objects to any dual or multi-zone completion of this well between the Reagan, Forty-foot, Eighty-foot, Mississippian B-K and the McLouth Sandstone.** Southern Star also believes the KCC should carefully consider any dual or multiple zone completions that include the Mississippian B-K zone due to the high H₂S concentrations. Southern Star also requests the KCC require CCC to fully abide by all mandatory provisions of API RP 49-Recommended Practice for Drilling and Well Servicing Operations Involving Hydrogen Sulfide, due to the known high H₂S concentrations in the Mississippian B-K formation, which CCC will be drilling through.

In addition, Southern Star filed an application on October 26, 2007 in Docket No. 08-CONS-052-CMSC requesting that Global Energy Solutions, a predecessor to CCC, plug all wells that had not been produced since 1999 on the Bower Lease in the McLouth Gas Storage Field. In the Order on Hearing dated December 31, 2007, the KCC allowed the wells to be temporarily abandoned, but concluded that the wells should not be approved for Temporary Abandonment status beyond December 31, 2009. To date, of the 10 subject wells, Southern Star is only aware that the Bower #9A well has been plugged.

Southern Star objects to the approval of any Drilling Intents on the Bower leases until all of the wells on the Bowers Lease that were identified in the KCC Docket have been satisfactorily plugged by CCC. To settle the KCC Docket, a settlement agreement was reached between Southern Star and Global Energy Solutions, Inc for ongoing and future operations to which Southern Star believes CCC must comply with as heirs to the Global Energy Solutions leases.

Providing both the issues listed above are satisfied, Southern Star submits this letter pursuant to K.A.R. 82-3-311 (d), which permits a natural gas storage field operator to respond to a 30-day notification of an oil operator of their intent to drill through the storage field. This rule permits the storage field operator to recommend the manner, methods and materials be used in drilling and completing wells drilled through the storage field.

Southern Star submits the following recommendations:

- 1) CCC shall set surface casing in accordance with Commission requirements;
- 2) CCC shall install, test and maintain a blowout preventor (BOP) and related equipment during all drilling, completion and workover activities;
- 3) CCC shall employ rotary drilling methods and use drilling mud of sufficient weight and with proper additives to contain the pressure of the storage field (Request the current bottom hole pressure from Southern Star prior to commencing drilling operations);
- 4) CCC shall add biocide to all drilling fluids to prevent any contamination of porous formations by drilling and completion fluids carrying or containing sulfate reducing bacteria and/or acid producing bacteria.
- 5) CCC shall cement all casing strings with cement circulated to the surface;
- 6) CCC shall use all reasonable precautions during drilling operations to protect the McLouth storage reservoir and in the event of any emergency in any way affecting the storage reservoir, CCC shall immediately notify Southern Star and the KCC, and shall utilize all methods and procedures; available to protect the public, fresh water and the McLouth storage reservoir;
- 7) CCC shall notify Southern Star at least one week before drilling commences for any well;
- 8) CCC shall furnish Southern Star a copy of all tests and well logs following completion of any well;
- 9) In the event a hole is lost or abandoned and CCC decides to plug and abandon the well, CCC shall clean out the well to total depth drilled and shall plug the well solid with Class A cement from total depth (TD) to surface;

- 10) CCC shall provide Southern Star with notice of and access to each well site at all times during any drilling, completion, operation or plugging of the wells and access to all records relating to the drilling, equipping, maintenance, operation, or plugging for the life of the well;
- 11) CCC shall provide Southern Star access to the wells to inspect or test the wells and review all operational records during the life of the well;
- 12) CCC shall conduct its operations, within the McLouth Gas Storage Field, while gas is stored under these lands, to prevent the escape of gas from and the intrusion of water or other substances into any formation in which gas is so stored;
- 13) CCC shall not commence any manner or form of secondary or tertiary recovery within the McLouth Gas Storage Field; and
- 14) CCC shall not utilize well/formation fracture treatments within the McLouth Gas Storage Field. CCC shall not initiate fractures within the McLouth Storage Reservoir and/or through the overlying or underlying strata.
- 15) As part of Federal Storage Regulations imposed by the Department of Transportation, the Pipeline and Hazardous Materials Safety Administration ("PHMSA"), Southern Star is required to evaluate the mechanical integrity of each of its active wells, including each third-party well, that penetrates its storage reservoirs. At Southern Star's direction, CCC shall conduct, at CCC's expense, periodic mechanical integrity tests of its wells and provide results of the tests to Southern Star upon completion.

On May 26, 2022, KLMKH filed a chapter 11 bankruptcy proceeding titled In re: KLMKH, Inc., Case No. 22-30232, Western District of North Carolina, Charlotte Division, that remains pending. Southern Star is an interested party in the chapter 11 proceeding and is participating in the case. KLMKH did not obtain bankruptcy court approval prior to Mr. Parash Patel executing and filing the T-1 Request for Change of Operator form. At least one party in interest in the chapter 11 case has raised an argument that KLMKH should have obtained prior bankruptcy court approval for the transfer and the transfer is potentially avoidable under the Bankruptcy Code. Southern Star does not take a position as to validity of the T-1 form filing.

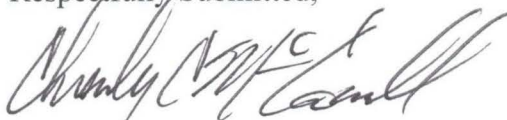
Additionally, the Gas Lease attached to the T-1 form purports to grant CCC rights to all gas on the property described therein. Southern Star takes exception to the Gas Lease to the extent it could be deemed to convey any rights to gas owned by Southern Star or its customers by virtue of its storage operations.

In sum, Southern Star does not object to CCC's proposed drilling of the Bower 4B well if all of the above conditions are imposed on CCC and the T-1 was properly filed in light of the pending bankruptcy proceeding referenced above.

Southern Star reserves its right to comment and be heard in any and all formal proceedings before the KCC related to the proposed wells referenced above.

If you have any questions, please give me a call at 270-852-4489.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'Charles C. McConnell', written in a cursive style.

Charles C McConnell
Manager, Storage Services

Copies to:
Crypto Colo Center Corp
Attn: Steve Cisneros, Max Smetannikov

CRYPTO COLO CENTER CORP

4601 E Douglas Ave STE 150
Wichita, Kansas 67218

July 26, 2022

VIA E-MAIL

Kansas Corporation Commission
266 North Main Street
Suite 220
Wichita, KS 67292-1513
Attn: CeLena Peterson

Re: Notice of Intent to Drill / Bower 4B SW/4 Sec.05-10S-20E, Jefferson County, Kansas

Dear Ms. Peterson:

Crypto Colo Center Corp ("CCC") is in receipt, by way of copy, of Southern Star Central Gas Pipeline Inc.'s ("Southern Star") response letter ("Recommendation Letter") to the Kansas Corporation Commission, Conservation Division ("KCC"), dated as of July 22, 2022, in connection with CCC's Notice of Intent to Drill sent to Southern Star on July 8, 2022.

In connection with the Recommendation Letter, while, for the most part, CCC does not hold objection to the majority of the enumerated recommendations made by Southern Star, there are two items, one from the enumerated list of recommendations, and one from the fourth paragraph of the Recommendation Letter, that CCC believes require further discussion and clarification. More specifically, CCC will address, herein, those items it believes are necessary to proceed with approval from the KCC concerning the drilling of the Bower 4b, and any subsequent requests made by CCC for new wells on the Bower site.

In connection with the enumerated recommendations, number eleven, CCC has no objection to the concept of CCC providing Southern Star with access to the wells to inspect or test the wells and review all operational records during the life of the well. However, CCC would like to see this recommendation further narrowed so that such tests or inspections are made solely at the well-head valves, as to prevent the cessation of CCC's operations during such inspections or tests. It is CCC's assumption that Southern Star wishes, rightly so, to test (a) whether or not the gas being produced from the wells is from Southern Star's storage field, and/or (b) to ensure that no bacteria known to cause H2S is present. To be clear, CCC has no objection to Southern Star, at its sole cost and expense, testing the gas and fluids of the wells from the well-head valves off of the production lines from any well Southern Star believes is necessary to test.

In connection with paragraph four of the Recommendation Letter, CCC believes that Southern Star's objections and/or recommendations, with regard to the plugging of any wells which were subject to an agreement Southern Star had with Global Energy Solutions ("GES"), constitute objections and/or recommendations that are far too burdensome, per KAR 82-3-311. As a preliminary matter, CCC is not a predecessor, nor heir, of Global Energy Solutions or KLMKH, Inc., and is thereby not bound by any agreement between GES and Southern Star. CCC did not obtain its lease through any operation of law, merger, or assignment. To the contrary, CCC entered into a lease agreement directly with the mineral rights owner of the

Bower site. Notwithstanding these facts, CCC requested, has received and reviewed the settlement agreement ("Settlement Agreement") referenced in Southern Star's Recommendation Letter (a true copy, attached hereto as Exhibit A), along with the original well list for the Bower site. CCC has already filed for three wells, from such list (i.e., 5a, 6a, and 8a), to be plugged (see the attached screenshot of proof of such application, attached hereto as Exhibit B). It is important to note that 6a and 8a are located on land that belongs to a separate landowner, and CCC does not have an oil or gas lease on that property. Thus, CCC can only commit to plugging such wells insofar as that landowner does not object and provides all necessary permissions to CCC to plug same. However, CCC can commit to good faith efforts regarding same, and such good faith is evidenced by CCC's application to plug such wells. It is CCC's further understanding that the foregoing wells are known to have H2S, even though no H2S has ever been reported to have contaminated Southern Star's storage reservoir, and CCC further understands, from previous well operators, that all precautions have been taken to treat any such instances of H2S in the past by such previous well operators.

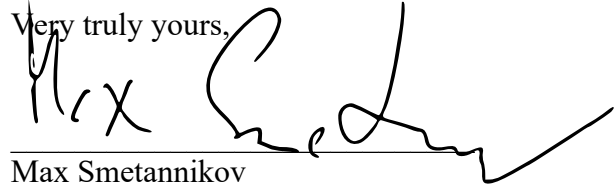
Further, a review of the Settlement Agreement indicates that the only well mentioned, as being an obligation by GES to plug, was Bower 9a. Of course, Southern Star has already acknowledged, in its Recommendation Letter, that such well has indeed been plugged. CCC is not aware of any other agreement between Southern Star and any other party, regarding the Bower site, that would require the plugging of any other wells, or that drilling approval by Southern Star would be conditioned upon any open wells on the Bower site being plugged. Notwithstanding the foregoing, CCC is acutely aware, and agrees, that, Bower 5a, 6a, and 8a need to be plugged, and will do so as fast as the vendors and scheduling allow for such work to be performed and to the extent CCC secures permissions from the landowner, as applicable. Furthermore, CCC will investigate Bower 1a, 6, and 4 as candidates for plugging, if H2S is detected and/or the wells are deemed uneconomical to produce. The Bower 3, 2, and 2a are currently being used and produced. As CCC understands it, H2S has never been detected on Bower 2a or Bower 3. It should also be noted that the Bower 2 is a permitted Saltwater Disposal Well, permit number D27468.0, and has recently passed a scheduled MIT).

[Letter continues on the next page.]

In closing, CCC respectfully requests that CCC's application be approved, in accordance with Kansas regulations, and that the KCC permit CCC to plug the wells, as described above, within a reasonable time period, while allowing CCC to proceed with new wells, as requested by CCC in its applications. Of course, CCC will promptly follow up with Southern Star on all of Southern Star's other enumerated recommendations and comply with the same.

Thank you for your time and consideration of the above.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Max Smetannikov', written over a horizontal line.

Max Smetannikov

CEO

Crypto Colo Center Corp

(732) 207-5752

cc: Charles C. McConnell
Manager, Storage Services, Southern Star Central Gas Pipeline, Inc.

EXHIBIT A

*(Settlement Agreement by and between
Global Energy Solutions, Inc., and
Southern Star Central Gas Pipeline, Inc.,
As of November 21, 2008)*

[Agreement on the Next Page]



MARTIN | PRINGLE
ATTORNEYS AT LAW

TERESA J. JAMES
Overland Park Office
tjjames@martinpringle-kc.com

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November 21, 2008

SENT VIA E-MAIL jflaherty@abrffh.com

Mr. James Flaherty
Anderson & Byrd, LLP
216 S. Hickory
P.O. Box 17
Ottawa, Kansas 66067

Re: Global Energy Solutions, Inc ("Global Energy")
Docket No. 08-CONS-052-CMSC

Dear Jim:

This letter will confirm the settlement agreement that we reached late yesterday, to resolve all outstanding issues in the above-referenced KCC Docket. Your client, Global Energy Solutions, Inc. ("Global Energy") and my client, Southern Star Central Gas Pipeline, Inc. ("Southern Star"), agree as follows:

1. Global Energy shall verify the completion of the Bower No. 9A well and then plug the well from total depth (TD) to surface with cement. If it is determined there is a bridge plug set in the hole, then prior to plugging Global shall make reasonable efforts to remove the plug. If the plug cannot be removed, Global shall follow KCC district office instructions as to the plugging required below the bridge plug, and shall fill from there to the surface with cement. Global Energy agrees to complete the plugging of the Bower No. 9A within one hundred twenty (120) days of execution of this letter agreement.
2. Global Energy shall conduct either a pressure Mechanical Integrity Test ("MIT") or run a Weatherford Casing Imaging Tool ("CIT") on each of the remaining Bower lease wells not referenced in paragraph 1 above. To the extent Global Energy runs a pressure MIT on the well(s), such test(s) shall be in accordance with the provisions of K.A.R. 82-3-407(b)(1) or (2), whichever is applicable. If the Weatherford CIT tool is run in place of a pressure MIT, the well will be considered to have failed an MIT if the log shows any defect of 85% or greater in the well casing. If a well fails an MIT, then Global Energy shall comply with the requirements set out in K.A.R. 82-3-1005(d). To the extent Global utilizes a Weatherford CIT log on the well(s), Southern Star shall reimburse Global for the actual amount paid by Global for the CIT performed on any Bower well in excess of three thousand dollars (\$3000), within thirty days of receipt from Global Energy of the paid Weatherford Invoice.

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3. Global shall provide and maintain well control insurance for as long as its wells are active, in an amount not less than three million dollars (\$3,000,000) that provides coverage for clean-up, containment, seepage and pollution, and identifies Southern Star as an additional insured. Global shall provide Southern Star a Certificate of Insurance before commencing work on the Bower wells and shall provide Southern Star an updated Certificate of Insurance at least annually thereafter, and at any time upon request by Southern Star, evidencing compliance with the coverage requirements stated here.

4. Global Energy shall work with Southern Star and adopt a more complete Operating Plan, including future well treatment plans and ongoing corrosion monitoring plans, before placing any of the Bower wells into production. Global shall also comply with API H₂S safety standards at all Bower well locations, and shall place warning signs, monitoring equipment and windsocks at wells and/or equipment where H₂S may be present. In the event Global Energy encounters or becomes aware of any uncontrolled release of H₂S at any location(s) on the Bower lease, Global Energy agrees to immediately notify Southern Star's Gas Control Department at 800-324-9696 (and/or such other point(s) of contact as Southern Star may request in writing), and to cease all activities other than emergency response activities until the uncontrolled release of H₂S gas is brought under control.

5. Global Energy shall use all reasonable precautions during well operations to protect the McLouth storage reservoir, and in the event of any emergency in any way affecting the storage reservoir to immediately notify Southern Star and the KCC, and to utilize all methods and procedures available to protect the McLouth storage reservoir.

6. To the extent any Bower lease well(s) is/are lost or abandoned and Global Energy decides to plug and abandon the well(s), then the well(s) shall be cleaned out to total depth and plugged solid with Class A cement.

7. In addition to any requirements imposed upon Global Energy by KCC regulations, Global Energy shall provide the following notice(s), information and access to Southern Star: (a) written notice at least five (5) days prior to commencement of any/all activities, operations, and/or maintenance to be conducted on the Bower wells, except in cases of emergency; (b) copies of all test records, completion reports, well logs, temporary abandonment applications, plugging reports, and any other filings with the KCC, as soon as they are prepared by Global Energy or become available to Global Energy, and in the case of KCC filings, contemporaneous with such filing(s); (c) access to each Bower well site at all times during the drilling, completion, operation or plugging of the well, and access when requested to all well files and any other records relating to the drilling, equipping, completion, maintenance, operation, and/or plugging of each Bower well; and (d) access to each well site to inspect or test the well and to review all operational and maintenance records during the life of the well.

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November 21, 2008

Page 3

8. This letter agreement constitutes the entire agreement of the parties and supersedes all previous oral or written negotiations, correspondence, communications, understandings, and/or agreements.


If all of the above terms and conditions are agreeable, please have an authorized representative of Global Energy sign on the approval line below, evidencing Global Energy's agreement to such terms and conditions. Likewise, I will obtain the signature of an authorized representative of Southern Star. Thank you.

Sincerely,

MARTIN, PRINGLE, OLIVER,
OLIVER, WALLACE & BAUER, L.L.P.

Teresa J. James

APPROVED:


Robert S. Bahnick, Vice President
Southern Star Central Gas Pipeline, Inc.






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November 21, 2008
Page 4

APPROVED:


Larry D. Alex, Agent
Global Energy Solutions, Inc.

APPROVED:


Herbert Edmonds, Secretary/Treasurer
Global Energy Solutions, Inc.

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EXHIBIT B

(Screenshot of CCC's Plugging Applications)


[On the next page.]

Manage Forms

[Start a New Well Plugging Application Form](#)

Queue	Documents
Unsubmitted Well Plugging Application	0
Submitted Well Plugging Application •	3
Well Plugging Application Returned for Additional Work	0
Approved Well Plugging Application	0
Canceled Well Plugging Application	0
Total	3

Submitted Well Plugging Application

Show 10  entries

Search:

Action	District	County	Location	Well Name	Submitted
View Attach Cancel	3	Jefferson	05-10S-20E	BOWER 8-A	07/25/2022
View Attach Cancel	3	Jefferson	05-10S-20E	BOWER 6	07/25/2022
View Attach Cancel	3	Jefferson	05-10S-20E	BOWER 5-A	07/25/2022

Showing 1 to 3 of 3 entries

Previous

1

Next

For any filing made by the operator or on behalf of the operator, the operator on whose behalf the filing was made is responsible for compliance with all Commission rules and regulations relating to the filing and any permit issued by the Commission.



CERTIFICATE OF SERVICE

23-CONS-3055-CMSC

I, the undersigned, certify that a true and correct copy of the attached Motion for the Designation of a Presiding Officer and the Scheduling of a Prehearing Conference has been served to the following by means of first class mail and electronic service on August 24, 2022.

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CRYPTO COLO CENTER CORP
105 GRAHAM HALL COURT
WEDDINGTON, NC 28104-1002

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/s/ Paula J. Murray

Paula J. Murray