

prevent damage to sources of oil or gas, and confine fluids to the intervals approved for injection. An injection well shall be considered to have mechanical integrity if there are no significant leaks in the tubing, casing, or packer, and no fluid movement into fresh or usable water. An injection well's mechanical integrity shall be established at least once every five years.

4. K.A.R. 82-3-407(c) provides that the operator of any well failing to demonstrate mechanical integrity shall have no more than 90 days from the date of initial failure to repair and retest the well to demonstrate mechanical integrity, plug the well, or isolate any leaks to demonstrate the well will not pose a threat to fresh or usable water or endanger correlative rights.

5. K.A.R. 82-3-407(d) provides that mechanical failures or other conditions indicating that a well may not be directing injected fluid into the permitted or authorized zone shall be cause to shut in a well, and the operator shall orally notify the Conservation Division of any failures or conditions within 24 hours of knowledge. The operator shall submit written notice of a well failure within five days, with a plan for testing and repairing the well.

6. K.A.R. 82-3-407(g) provides that no injection well shall be operated before passing a mechanical integrity test (MIT). Failure to test a well to show mechanical integrity shall be punishable by a \$1,000 penalty, and the well shall be shut-in until the test is passed.

II. FINDINGS OF FACT

7. Operator is licensed to conduct oil and gas activities in Kansas, and is responsible for the following wells (Subject Wells), Underground Injection Control Permit #E-29020, located in Section 13, Township 26 South, Range 18 East, Allen County, Kansas:

- a. E Larsen #7, API #15-001-24724-00-01; and
- b. E Larsen #11, API #15-001-24764-00-01.

8. On July 26, 2023, Commission Staff sent a letter to Operator, requiring Operator to contact Commission Staff and to bring the Subject Wells into compliance with K.A.R. 82-3-407.¹ The compliance deadline provided by Commission Staff has elapsed.²

9. To date, the Commission has no evidence the Subject Wells have been subjected to a current and successful MIT as required by K.A.R. 82-3-407. Staff witnessed no such tests and Operator did not inform Staff that such tests had been conducted.

III. CONCLUSIONS OF LAW

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

11. Operator has committed two violations of K.A.R. 82-3-407 because a current and successful MIT has not been performed on each of the Subject Wells.

THEREFORE, THE COMMISSION ORDERS:

A. Operator shall pay a \$2,000 penalty.

B. Operator shall perform successful MITs on the Subject Wells or plug them.

C. Operator shall shut-in and disconnect each Subject Well until it has been successfully tested or plugged.

D. Operator may request a hearing on the above issues by submitting a written request, pursuant to K.S.A. 55-164, K.S.A. 77-537, and K.S.A. 77-542, to the Commission at 266 N. Main St., Suite 220, Wichita, Kansas 67202, within 30 days from the date of service of this Order. A request for hearing must comply with K.A.R. 82-1-219.

E. Failure to timely request a hearing will result in a waiver of Operator's right to a hearing. If no party timely requests a hearing, then this Order shall become final. If Operator is

¹ Exhibit A.

² *See Id.*

not in compliance with this Order and the Order is final, then Operator's license shall be suspended without further notice and shall remain suspended until Operator complies. The notice and opportunity for a hearing on this Order shall constitute the notice required by K.S.A. 77-512 regarding license suspension. A party may petition for reconsideration of a final order pursuant to the requirements and time limits established by K.S.A. 77-529(a)(1).

F. Credit card payments may be made by calling the Conservation Division at 316-337-6200. Checks and money orders shall be payable to the Kansas Corporation Commission. Payments shall be mailed to the Kansas Corporation Commission at 266 N. Main St., Suite 220, Wichita, Kansas 67202. Payments must reference the docket number of this proceeding.

BY THE COMMISSION IT IS SO ORDERED.

French, Chairperson; Keen, Commissioner; Kuether, Commissioner

Dated: 10/03/2023



Lynn M. Retz
Executive Director

Mailed Date: 10/03/2023

TSK



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

Corporation Commission

Laura Kelly, Governor

NOTICE OF VIOLATION
MECHANICAL INTEGRITY TEST (MIT)

LICENSE: 34998
ACE ENERGY LLC
11704 ABERDEEN RD
LEAWOOD KS 66211-2921

July 26, 2023

Re: Past Due Mechanical Integrity Test

Operator:

Commission records indicate that a current Mechanical Integrity Test (MIT) has not been conducted for the wells listed on the next page.

It is a violation of K.A.R. 82-3-407 for an operator to fail to conduct a timely MIT.

**Failure to conduct an MIT on the well(s)
by August 09, 2023
shall be punishable by a \$1,000 per well penalty.**

- The date of the MIT must be mutually agreed upon with Commission staff.
- Please contact the Commission district staff at least 2 days prior to your proposed testing date.
- A representative of the operator must be on site during the MIT.
- The well must be shut-in and disconnected until it complies with K.A.R. 82-3-407(c) of the General Rules and Regulations for the State of Kansas.

You will be penalized if you do not contact District staff by August 09, 2023.

If you received a letter with a later deadline because this well failed an MIT, disregard this letter.

Sincerely,

A handwritten signature in blue ink that reads "D. Sims".

DUANE SIMS
KCC District # 3

July 26, 2023

List of Wells: PAST Due for a Mechanical Integrity Test

DOCKET	API Well #	Lease Name / Well #	Well Location	County	MIT Expiration
E29020.4	15-001-24724-00-01	E LARSEN 7	13-26S-18E, NESESE	ALLEN	7/4/2023
E29020.6	15-001-24764-00-01	E LARSEN 11	13-26S-18E, SWSESE	ALLEN	7/4/2023

CERTIFICATE OF SERVICE

No Docket

I, the undersigned, certify that a true copy of the attached Order has been served to the following by means of first class mail and electronic service on 10/03/2023.

TODD BRYANT, GEOLOGIST SPECIALIST
KANSAS CORPORATION COMMISSION
266 N. Main St., Ste. 220
WICHITA, KS 67202-1513
t.bryant@kcc.ks.gov

RYAN DULING
KANSAS CORPORATION COMMISSION
DISTRICT OFFICE NO. 3
137 E. 21ST STREET
CHANUTE, KS 66720
r.duling@kcc.ks.gov

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

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

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

/S/ KCC Docket Room
KCC Docket Room
