

Conservation Division
266 N. Main St., Ste. 220
Wichita, KS 67202-1513



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

Susan K. Duffy, Chair
Shari Feist Albrecht, Commissioner
Dwight D. Keen, Commissioner

Laura Kelly, Governor

NOTICE OF PENALTY ASSESSMENT
20-CONS-3211-CPEN

January 30, 2020

Lester Scheuneman
27800 Pleasant Valley Road
Wellsville, KS 66092-8443

This is a notice of a penalty assessment for violation(s) of Kansas Oil and Gas Conservation Statutes, Rules, and Regulations. For a full description of the penalty and process please refer to the Penalty Order that is attached to this notice.

IF YOU ACCEPT THE PENALTY:

You have been assessed a \$100 penalty. You have 30 days from the service date of this Penalty Order to pay the fine amount. Check or money order must be made payable to the Kansas Corporation Commission and mailed to the Conservation Division of the Kansas Corporation Commission at 266 N. Main St., Suite 220, Wichita, Kansas 67202. The payment must include a reference to the docket number of this proceeding. Payment by credit card may be made by calling the Conservation Division at 316-337-6200.

IF YOU CONTEST THE PENALTY:

You have the right to request a hearing. A written request for hearing must be made within 30 days after service of the Penalty Order. Respondent must submit the request to the Commission, at 266 N. Main St., Suite 220, Wichita, Kansas 67202. The Commission shall conduct a hearing in accordance with the provisions of the Kansas administrative procedure act within 30 days after receipt of such request. K.S.A. 55-164; K.S.A. 77-542; K.A.R. 82-1-215.

IF YOU FAIL TO ACT:

Failure to pay the fine amount, or in the alternative, provide a written request for a hearing, within thirty (30) days of service of the Penalty Order, will result in the attached Penalty Order becoming a Final Order and may result in additional sanctions, including additional monetary penalties, the suspension of your oil and gas operating license, and the shutting-in of all operations until compliance is obtained. K.S.A. 55-162; K.S.A. 55-164; K.S.A. 77-537.

Respectfully,

Kelcey Marsh
Litigation Counsel
316-337-6200

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

Before Commissioners: Susan K. Duffy, Chair
Shari Feist Albrecht
Dwight D. Keen

In the matter of the failure of Lester)	Docket No.: 20-CONS-3211-CPEN
Scheuneman (“Operator”) to comply with)	
K.A.R. 82-3-117 at the Flewhardy #7 well in)	CONSERVATION DIVISION
Allen County, Kansas.)	
<hr/>		License No.: 6168

PENALTY ORDER

The above captioned matter comes before the State Corporation Commission of the State of Kansas. Having examined the files and records, and being duly advised in the premises, the Commission finds and concludes as follows:

I. JURISDICTION

1. The Commission has the exclusive jurisdiction and authority to regulate oil and gas activities in Kansas.¹ The Commission has jurisdiction to regulate the “construction, operation, and abandonment of any well and the protection of the usable water of this state from any actual or potential pollution from any well.”² Every operator conducting oil and gas activity in Kansas must be licensed by the Commission.³

2. The Commission has the authority to issue a Penalty Order for violation of any provision of K.S.A. 55-101 *et seq.*, rule, regulation, or order of the Commission.⁴ The Commission shall take appropriate action which may include, but not be limited to, imposing a monetary penalty “not to exceed \$10,000, which shall constitute an actual and substantial

¹ K.S.A. 74-623.

² K.S.A. 55-152.

³ K.S.A. 55-155.

⁴ K.S.A. 55-162; K.S.A. 55-164.

economic deterrent to the violation for which the penalty is assessed.”⁵ “In the case of a continuing violation, every day such violation continues shall be deemed a separate violation.”⁶

3. Within 60 days after plugging any well, the owner or operator of the well shall file a well plugging report with the Conservation Division, on a form furnished by the Commission.⁷ Failure to file a plugging report shall be punishable by a \$100 penalty.

II. FINDINGS OF FACT

4. Operator conducts oil and gas activities in Kansas under active license number 6168.

5. Operator is responsible for the care and control of the Flewhardy #7 (“the subject well”), API #15-001-29285-00-00, located in Section 29, Township 23 South, Range 20 East, Allen County, Kansas.

6. On October 09, 2019, Operator plugged the subject well. Operator did not submit a complete and accurate well plugging report (“CP-4”) within 60 days of the plugging date.

7. On January 03, 2020, Commission Staff sent a Notice of Violation letter to Operator, requiring Operator to file a CP-4 to bring the subject well into compliance with K.A.R. 82-3-117 by January 17, 2020.⁸

8. Commission Staff did not receive a CP-4 by the deadline set out in Staff’s Notice of Violation letter.

III. CONCLUSIONS OF LAW

9. The Commission concludes that it has jurisdiction over Operator and this matter under K.S.A. 55-152 and K.S.A. 74-623.

⁵ K.S.A. 55-164.

⁶ *Id.*

⁷ K.A.R. 82-3-117.

⁸ Exhibit A.

10. The Commission concludes Operator committed one violation of K.A.R. 82-3-117 because Operator has not submitted a complete and accurate CP-4 for the subject well in a timely manner.

THEREFORE, THE COMMISSION ORDERS:

A. Operator shall pay a \$100 penalty.

B. Operator shall submit a complete and accurate CP-4 for the subject well.

C. Any party 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. Hearings will be scheduled only upon written request. Failure to timely request a hearing will result in a waiver of Operator's right to a hearing.

D. If no party requests a hearing, and Operator is not in compliance with this Order within 30 days from the date of service of this Order, then Operator's license shall be suspended without further notice. The notice and opportunity for a hearing on this Order shall constitute the notice required by K.S.A. 77-512 regarding license suspension. The Commission may impose further sanctions, including additional monetary penalties and any other remedies available to the Commission by law, without further notice.

E. 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. The payment must include a reference to the docket number of this proceeding. Credit card payments may be made by calling the Conservation Division at 316-337-6200.

F. A corporation shall appear before the Commission by a Kansas licensed attorney.⁹

G. 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.

Duffy, Chair; Albrecht, Commissioner; Keen, Commissioner

Dated: 01/30/2020



Lynn M. Retz
Executive Director

Mailed Date: 01/30/2020

KAM

⁹ K.S.A. 77-515(c); K.A.R. 82-1-228(d)(2).

Dwight D. Keen, Chair
Shari Feist Albrecht, Commissioner
Susan K. Duffy, Commissioner

Laura Kelly, Governor

January 03, 2020

License No. 6168

Scheuneman, Lester
27800 PLEASANT VALLEY RD
WELLSVILLE KS 66092-8443

NOTICE OF VIOLATION

Re: Well Plugging Record(s) - ("CP-4")

Operator:

Commission records indicate that the well(s) on the attached list have been plugged, but we have not received the necessary Well Plugging Record(s).

It is a violation of K.A.R. 82-3-117 for an operator to fail to submit a CP-4 within 60 days after plugging a well.

**Failure to submit a complete, accurate CP-4
for the well(s) on the attached list
by JANUARY 17, 2020
shall be punishable by a \$100 per-well administrative penalty.**

The information requested above must be submitted on KOLAR. If a CP-4 is returned to you as incomplete, you do not have additional time - the deadline above governs.

Please contact me at (316) 337-6200 if you have any questions.

Sincerely,

RENE STUCKY
Production Department

List of Wells: Missing CP-4

API Well #	Lease Name / Well #	Well Location	County
15-001-29285-00-00	FLEWHARDY 7	29-23S-20E, SWSWSEnw	ALLEN

CERTIFICATE OF SERVICE

20-CONS-3211-CPEN

I, the undersigned, certify that a true copy of the attached Order has been served to the following by means of first class mail and electronic service on 01/30/2020.

KELCEY MARSH, LITIGATION COUNSEL
KANSAS CORPORATION COMMISSION
CENTRAL OFFICE
266 N. MAIN ST, STE 220
WICHITA, KS 67202-1513
Fax: 785-271-3354
k.marsh@kcc.ks.gov

LESTER SCHEUNEMAN
27800 PLEASANT VALLEY RD
WELLSVILLE, KS 66092-8443

RENE STUCKY
KANSAS CORPORATION COMMISSION
266 N. Main St., Ste. 220
WICHITA, KS 67202-1513
Fax: 785-271-3354
r.stucky@kcc.ks.gov

/S/ DeeAnn Shupe

DeeAnn Shupe