

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

Before Commissioners:                    Andrew J. French, Chairperson  
   Dwight D. Keen  
   Annie Kuether

In the matter of a Compliance Agreement )     Docket No.: 24-CONS-3291-CMSC  
between S & B Operating LLC (Operator) and )  
Commission Staff regarding bringing 15 wells )     CONSERVATION DIVISION  
into compliance with K.A.R. 82-3-111.         )  
\_\_\_\_\_ )     License No.: 35138

**ORDER APPROVING ADDITION OF PARTY TO  
COMPLIANCE AGREEMENT**

Commission Staff, Operator, and Novy Oil & Gas, Inc. (License #31714) have executed the attached Addition of Party to Compliance Agreement<sup>1</sup> to add Novy Oil & Gas, Inc. to the Compliance Agreement approved by the Commission in this docket on April 16, 2024. The Commission finds the Addition of Party to Compliance Agreement provides a fair, efficient resolution of the issues described therein. Operator and Novy Oil & Gas, Inc. are currently in good standing with the Commission.

**THEREFORE, THE COMMISSION ORDERS:**

A.     The Addition of Party to Compliance Agreement is approved and incorporated into this Order.

B.     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.

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<sup>1</sup> Attachment 1.

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

French, Chairperson; Keen, Commissioner; Kuether, Commissioner

Dated: 11/19/2024



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Lynn M. Retz  
Executive Director

Mailed Date: 11/19/2024

TSK

**ADDITION OF PARTY TO COMPLIANCE AGREEMENT**

This Agreement is between Novy Oil & Gas, Inc. (Novy Oil) (License #31714), S & B Operating, LLC (S & B Operating) (License #35138), and the Kansas Corporation Commission Staff (Staff). If the Kansas Corporation Commission (Commission) does not approve this Agreement as evidenced by a signed order of the Commission, this Agreement shall not be binding on any of the parties.

**A. Background**

1. On April 16, 2024, the Commission issued an order in Docket 24-CONS-3291-CMSC (Docket 24-3291) approving a Compliance Agreement (Original Agreement) between Staff and S & B Operating.<sup>1</sup> The Original Agreement concerned fifteen wells out of compliance with K.A.R. 82-3-111. S & B Operating has subsequently brought four of those wells into compliance, and the wells are no longer subject to the Original Agreement.<sup>2</sup> The Original Agreement is attached to this Agreement as Attachment A and is hereby incorporated by reference.

2. Novy Oil has filed Request for Change of Operator (T-1) forms to assume responsibility for fifteen wells currently on the well inventory of S & B Operating. Upon approval of this Agreement by the Commission, Staff will process the T-1 forms, placing the wells on Novy Oil's well inventory. Eleven of the wells (Subject Wells) are out of compliance with K.A.R. 82-3-111 and remain subject to the Original Agreement. A list of the Subject Wells is attached to this Agreement as Attachment B.

**B. Terms of Agreement**

3. Upon approval of this Agreement by the Commission, Novy Oil shall become an additional party to the Original Agreement in Docket 24-3291. As an additional party, Novy Oil shall be bound by all the rights and obligations described in the Original Agreement.

4. S & B Operating shall remain bound by the provisions of Paragraph 4 of the Original Agreement, which state that S & B Operating remains responsible for any well transferred to another operator that has not been returned to compliance in accordance with the Original Agreement. As S & B Operating remains responsible for wells in the Original Agreement, the present Agreement does not constitute a novation, but instead makes Novy Oil an additional responsible party under the terms of the Original Agreement.

<sup>1</sup> Docket 24-CONS-3291-CMSC, *Order Approving Compliance Agreement* (Apr. 16, 2024).

<sup>2</sup> The wells no longer part of the compliance agreement are the Ambler #8 (API #15-015-19142-00-00), Ambler #9 (API #15-015-20180-00-00), Moyle #5 (API #15-015-19152-00-00), and Moyle #8 (API #15-015-20531-00-00).

5. The rank in which Staff prioritized the wells in the Original Agreement remains unchanged. The priority in which Novy Oil must address the Subject Wells is indicated in Attachment B. Staff may adjust the prioritization at any time while any Subject Well remains subject to the Original Agreement.

6. Staff will not approve a temporary abandonment (TA) application for a Subject Well if the well is not part of a valid lease. Staff may request Novy Oil provide documentation showing the existence of a valid lease for any Subject Well before approving a TA application for the well.

7. If Novy Oil is out of compliance with the Original Agreement or for any reason, Staff shall immediately mail a Notice of License Suspension letter to Novy Oil, which shall suspend Novy Oil's license and become effective 10 days from the date of the Notice of License Suspension letter. Staff shall also immediately mail a Notice of License Suspension letter to S & B Operating, which shall suspend S & B Operating's license and become effective 10 days from the date of the Notice of License Suspension letter. Both Novy Oil's and S & B Operating's licenses shall remain suspended until the Subject Wells are in compliance with the compliance schedule, including any modifications contained in any status update. If Staff finds that either Novy Oil or S & B Operating are conducting oil and gas operations after 10 days from the date of a Notice of License Suspension letter, and the licenses remains suspended, Staff is authorized to seal all of the oil and gas operations of the party conducting oil and gas operations and may seek assessment of a penalty from the Commission.

8. The terms of this Agreement and the Original Agreement shall remain binding upon Novy Oil even if its interests in the Subject Wells are conveyed. Specifically, Novy Oil shall remain responsible for any Subject Well transferred to another operator that has not been returned to compliance in accordance with this Agreement and the Original Agreement. However, any Subject Well transferred and then brought into compliance with K.A.R. 82-3-111 shall no longer be the responsibility of Novy Oil under this Agreement or the Original Agreement.

Commission Staff

Novy Oil & Gas, Inc.

By: /s/Jeff Klock

By: Michael E Nooy

Printed Name: Jeff Klock

Printed Name: Michael E Nooy

Title: District Supervisor

Title: President

Date: 11-12-2024

Date: 11-5-24

S & B Operating, LLC

By: BK

Printed Name: Bradley Kramer

Title: Chief Operating Officer

Date: 11/4/24

**COMPLIANCE AGREEMENT**

This Agreement is between S & B Operating LLC (Operator) (License #35138) and Kansas Corporation Commission Staff (Staff). If the Kansas Corporation Commission (Commission) does not approve this Agreement by a signed order of the Commission, this Agreement shall not be binding on either party.

**A. Background**

1. Operator is responsible for the 15 wells (Subject Wells) on the attached list. All of the Subject Wells are out of compliance with K.A.R. 82-3-111. Operator has asked for an agreement to avoid penalties while Operator works to plug the Subject Wells, return them to service, or repair and obtain temporary abandonment (TA) status for such Subject Wells if eligible. Staff is supportive of an agreement to this effect with the Operator.

**B. Terms of Compliance Agreement**

2. By June 30, 2024, Operator shall plug, return to service, or repair and obtain TA status for 2 of the Subject Wells. Operator shall plug, return to service, or repair and obtain TA status for an additional 2 Subject Wells within each three calendar months thereafter, resulting in all Subject Wells being returned to compliance by March 30, 2026. Obtaining TA status shall include application for, and Commission approval of, an exception to the 10-year limit on TA status if applicable. Staff may prioritize the order in which the Subject Wells are addressed pursuant to this Agreement by indicating priority on the attached list and may adjust the prioritization at any time during this Agreement should a Subject Well or Wells become known to Staff to have a heightened pollution or public safety threat. Operator shall notify Staff in writing of all Subject Wells returned to service during each three-calendar-month period throughout the term of this Agreement.
3. Operator may request an extension of time to achieve compliance for up to 30 days from an applicable deadline established under this Agreement upon good cause shown. Staff will grant or deny such request. If granted, Staff shall cause a status update to be filed in the docket created for this matter, stating what deadline has been extended. No further extensions of the extended deadline are permitted. If denied, and Operator is out of compliance with this Agreement, or if Operator is out of compliance with this Agreement for any reason, Staff shall immediately send a Notice of License Suspension to Operator, which shall suspend the Operator's license and become effective 10 days from the date of the Notice of License Suspension. Operator's license shall remain suspended until Operator is in compliance with the compliance schedule, including any modifications contained in any status update. If Staff finds that Operator is conducting oil and gas operations after 10 days from the date of a Notice of License Suspension, and Operator's license remains suspended, Staff is authorized to seal all of Operator's oil and gas operations and may seek assessment of a penalty from the Commission.
4. The terms of this Agreement shall remain binding upon Operator even if its interests in the Subject Wells are conveyed. Specifically, Operator shall remain responsible for any Subject Well transferred to another operator which has not been returned to compliance in accordance with this Agreement. However, any Subject Well transferred and then brought into compliance with K.A.R. 82-3-111 shall no longer be the responsibility of

Operator under this Agreement, and shall count towards Operator meeting its compliance obligations under this Agreement.

5. Except as provided by and under this Agreement, Staff will not pursue Operator for any violation of K.A.R. 82-3-111 for the Subject Wells prior to March 30, 2026, except for wells brought into compliance after Commission approval of this Agreement that subsequently fall out of compliance and remain Operator's responsibility under Operator's license.
6. This Agreement may be amended to add additional wells with the written consent of the District Supervisor. If this Agreement is amended, then Staff shall file a status update in the Commission docket created for this matter, also indicating that Operator is not opposed to the addition of the wells. The addition of wells may not change the number of wells to be brought into compliance each calendar quarter, but may extend the final compliance deadline. Any changes to a previously approved timeline will be included in the status update.
7. Operator may bring more than 2 wells into compliance during any three calendar month term. The excess number of wells brought into compliance will be attributed to the subsequent three-month compliance period.
8. After this Agreement has been in effect for one year, Staff may reopen negotiation with Operator about the terms of this Agreement at any time, upon giving Operator written notice of Staff's intent to do so. If Staff and Operator are unable to agree to new terms, and to submit those terms within 90 days of Staff's written notice, to the Commission for its consideration and possible approval, then this Agreement shall be terminated upon Staff's filing a statement to that effect in the Commission docket for this matter.

Commission Staff

S & B Operating LLC License #35138

By: 

By: 

Printed Name: JEFF KLOCK

Printed Name: Bradley Kramer

Title: DISTRICT SUPERVISOR

Title: Chief Operating Officer

Date: 4-9-2024

Date: 4/3/24

# ATTACHMENT A

S & B Operating LLC #35138

Priority	Well Name & No.	API No.	County	Spot location	Sec/Twp/Rng	Well Type
1	Ambler 8	15-015-19142-00-00	BUTLER	SW NE SE NW	2-28S-4E	Oil well
2	Ambler 9	15-015-20180-00-00	BUTLER	NW NE NW	2-28S-4E	Oil well
3	Lee-Prier A-2	15-015-21618-00-00	BUTLER	SW NW NE NE	2-28S-4E	Oil well
4	Lee-Prier 4	15-015-30516-00-00	BUTLER	NE NW NE	2-28S-4E	Oil well
5	Lee-Prier 6	15-015-40173-00-01	BUTLER	SE SE NW NE	2-28S-4E	Oil well
6	Lee-Prier 7	15-015-30103-00-00	BUTLER	NW SW NE	2-28S-4E	Oil well
7	Lee-Prier 8	15-015-30312-00-00	BUTLER	SW SW NE	2-28S-4E	Oil well
8	Lee-Prier A-1	15-015-20986-00-00	BUTLER	SW NE NE	2-28S-4E	Oil well
9	Lee-Prier Twin 9	15-015-20569-00-00	BUTLER	SW NW SW NE	2-28S-4E	Oil well
10	Moyle 2	15-015-40450-00-00	BUTLER	NE SW NE SW	35-27S-4E	Oil well
11	Moyle 3	15-015-19151-00-00	BUTLER	SW	35-27S-4E	Oil well
12	Moyle 5	15-015-19152-00-00	BUTLER	NE NW NE SW	35-27S-4E	Oil well
13	Moyle 8	15-015-20531-00-00	BUTLER	NW NE SW	35-27S-4E	Oil well
14	Moyle OWWO 1-A	15-015-19150-00-01	BUTLER	NW SE SW	35-27S-4E	Oil well
15	Wilson 1	15-015-22848-00-00	BUTLER	NE NW NE	30-24S-5E	Oil well



## ATTACHMENT B

Priority	Well Name	API No.	County	Sec/Twp/Rng	Well Type
1	Lee-Prier A-2	15-015-21618-00-00	Butler	2-28S-4E	Oil Well
2	Lee-Prier 4	15-015-30516-00-00	Butler	2-28S-4E	Oil Well
3	Lee-Prier 6	15-015-40173-00-01	Butler	2-28S-4E	Oil Well
4	Lee-Prier 7	15-015-30103-00-00	Butler	2-28S-4E	Oil Well
5	Lee-Prier 8	15-015-30312-00-00	Butler	2-28S-4E	Oil Well
6	Lee Prier A-1	15-015-20986-00-00	Butler	2-28S-4E	Oil Well
7	Lee-Prier Twin 9	15-015-20569-00-00	Butler	2-28S-4E	Oil Well
8	Moyle 2	15-015-40450-00-00	Butler	35-27S-4E	Oil Well
9	Moyle 3	15-015-19151-00-00	Butler	35-27S-4E	Oil Well
10	Moyle OWWO 1-A	15-015-19150-00-01	Butler	35-27S-4E	Oil Well
11	Wilson 1	15-015-22848-00-00	Butler	30-24S-5E	Oil Well

## **CERTIFICATE OF SERVICE**

24-CONS-3291-CMSC

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 11/19/2024.

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KANSAS CORPORATION COMMISSION  
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/S/ KCC Docket Room  
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