THE STATE CORPORATION COMMISSION OF THE STATE OF KANSAS

Before Commissioners:	Pat Apple, Cha Shari Feist Alb Jay Scott Emle	precht	
In the Matter of the Failure of River I Operating, LLC ("Operator") to com K.A.R. 82-3-407 at the W Hahn #I-1 Labette County, Kansas.	ply with)		17-CONS-3489-CPEN 17-CONS-3586-CPEN ГІОN DIVISION
In the Matter of the Failure of River I Operating LLC ("Operator") to Repo Activity that Occurred During the 20 Calendar year in Compliance with K. 82-3-409.	rt) 16)	License No.:	35341

STAFF'S SUPPLEMENT TO THE RECORD

The Staff of the State Corporation Commission of the State of Kansas ("Staff" and "Commission," respectively), files Staff's Supplement to the Record (Staff's Supplement) supplementing Staff's motion to rescind penalty filed July 5, 2017 in the above captioned dockets.

BACKGROUND

1. During a record review in December 2016, District #3 Staff discovered a

mechanical integrity test was past due for the W. Hahn #I-1 ("subject well") located in Labette

County, Kansas. Staff further identified that no information had been reported as required by

K.S.A. 82-3-409. Based upon this information, Staff submitted penalty recommendations to

Conservation Division Legal Staff.

2. On February 21, 2017, the Commission issued a Penalty Order against Operator alleging one violation of K.A.R. 82-3-407 for failure to test a well to show mechanical integrity.¹

¹ See, Penalty Order (Docket No. 17-CONS-3489-CPEN) dated February 21, 2017.

 On February 21, 2017, Operator filed a Request for Hearing in Docket No. 17-CONS-3489.²

4. On April 25, 2017, the Commission issued a Penalty Order against Operator alleging one violation of K.A.R. 82-3-409 for failure to file an annual fluid injection report on the subject well.³

 On April 27, 2017, Operator filed a Request for Hearing in Docket No. 17-CONS-3586.⁴

6. On June 20, 2017, the Prehearing Officer held a Prehearing Conference in Docket No. 17-CONS-3489-CPEN. At the Prehearing Conference, Staff requested that the docket be consolidated with Docket No. 17-CONS-3586-CPEN. The Operator did not object.

7. On July 5, 2017, Staff moved the Commission to rescind the penalties in both dockets based upon the receipt and review of additional information.⁵

On August 29, 2017, The Commission issued an Order to Supplement the Record;
 Consolidating Dockets. The order requires Staff to supplement the record regarding the additional information.⁶

SUPPLEMENTARY INFORMATION

9. On March 7, 2011, Commission Staff processed a transfer of operator form regarding the subject well. The form transferred responsibility from Quest Cherokee LLC to PostRock Midcontinent Production LLC ("PostRock").⁷ PostRock subsequently transferred other wells from its inventory to Operator. During this process, PostRock inadvertently transferred the

² See, Request for Hearing (Docket No. 17-CONS-3489), dated February 21, 2017.

³ See, Penalty Order (Docket No. 17-CONS-3586), dated April 25, 2017.

⁴ See, Request for Hearing (Docket No. 17-CONS-3586), dated April 27, 2017.

⁵ See, Motion to Rescind Penalty, dated July 5, 2017.

⁶ See, Order to Supplement the Record, dated August 29, 2017.

⁷ See, Exhibit A (transfer of subject well from Quest Cherokee LLC to PostRock Midcontinent Production LLC).

subject well to Operator.⁸ Upon learning of the inadvertent transfer, Commission Staff administratively removed the subject well from Operator's license and returned it to PostRock's expired license.

10. In light of Conservation Division records demonstrating Operator is not responsible for the subject well, a penalty against Operator is no longer appropriate.

CONCLUSION

11. As Commission Staff believes Operator is not responsible for the subject well, Staff believes penalizing Operator is not appropriate and recommends the Commission rescind the penalties in the above-captioned dockets.

WHEREFORE, for the reasons more fully set forth above, Staff respectfully requests the Commission accept this supplement to the record and grant Staff's previous motion to rescind the penalties in the above-captioned dockets.

Respectfully submitted,

Joshua D. Wright, #24118 Litigation Counsel Kansas Corporation Commission 266 N. Main, Suite 220 Wichita, Kansas 67202 Phone: 316-337-6200; Fax: 316-337-6211

⁸ See, Exhibit B (transfer of subject well from PostRock Midcontinent Production LLC to Operator).

KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

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Porm T- March 201			

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Form must be Typed

REQUEST FOR CHA	
TRANSFER OF INJECTION	
Porm ASCRA-Y, Ceremcebon of Compliance w Check Applicable Boxes: INUST be submit	ith the Kansas Sarlace Owner Notification Act, Ind with this form.
OI Lesses: No. of Oil Wells **	Effective Date of Transfer: 10-01-2010
Gen Lenne: No. of Gen Wells **	KS Dept of Revenue Leese No.: NA
Gas Gethering System:	VR9L
X Selbuster Disposel Well - Permit No.: D25649.0	Lesse Name: WHAHN 1-1
Spot Location: 165 FSL 2805 FEL	<u>SE_SE_SE_SW_Sec_2_Twp_35S_R_17E</u>
105 FGL 2005 FEL	Legal Description of Lease:
Enhanced Recovery Project Permit No.:	SE SE SW
Entire Project: No	County: LABETTE
Number of Intection Wells **	
	Production Zone(s):
	injection Zona(s): Arbucke
Side Two Must Be Completed.	
Surface Pit Permit No.: 1509919087	feet from N / S Line of Section
(API No. II Drill Pil, WO or Haul)	
Type of Pit: Emergency Burn Settling	Haul-Off Workover Drilling
Past Operator's License No. 33344 5x p 12/30/10	Contact Person:RICHARD MARLIN
Past Operator's Nome & Address:QUEST CHEROKEE LLC	Phone: 405-702-7480
210 PARK AVE, STE 2750, OKLAHOMA CITY, OK 73102	Data: 11-23-2010
Tille: VP OF ENGINEERING	P P M M
Tille: VP OF ENGINEERING	Signature: <u>Alehand Ilankin</u>
New Operator's License No	Contact Person: RICHARD MARLIN
New Operator's Name & Address:	Phone: 405-702-7460
POSTROCK MIDCONTINENT PRODUCTION LLC	Oil / Gas Purchaser: POSTROCK MIDCONTINENT PRODUCTION LLC
210 PARK AVE, STE 2750, OKLAHOMA CITY, OK 73102	Date: 11-23-2010
THE VP OF ENGINEERING	LD Mail!
The:	Signature: 7 + Chard - Partice
	4500040007
Admontelement of Transfer: The above request for transfer of injection a	authorization, surface pit permit #1509919087 has been
noted, approved and duly recorded in the records of the Kanses Corporation C	
Commission records only and does not convey any ownership interest in the a	ibove injection well(s) or pit permit.
JULIN 1 LOWENIC	
PostPack Nhuk antineut Providtion is admouraged as	is admowledged as
the new operator and may continue to inject fluids as authorized by	the new operator of the above named lease containing the surface pit
Permit No.: D-25.649. Recommended action:	permitted by No.:
NONE USCOR 2010	
Down: 3-7-11 Change Barth	Date:
Authorized Signature	Authorized Signature
	PRODUCTION 3-8-11 UIC 3-7-11
Mail to: Past Operator 3-7-11 New Operato	9
filali to: KCC - Conservation Division, 120 8.	Martust - Room 2070, Wichits, Kanasa 67202 RECEIVED
	JAN 1 8 2011

KCC WICHITA

POSTROCK MIDCONTINENT PAODUCTION LLC

KOOR LEASE NAME	WELL NO	LOCATION	API NUMBER	FOOTAGE	TYPE OF WELL	STATUS
NA WHAHN	1-1	SE SE SE SW - SEC 2/35S/17E	1509919087	165 FSL 2805 FEL	SWD	AUTHORIZED INJECTION WELL

RECEIVED JAN 1 8 2011 KCC WICHITA

VAR K

KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION CERTIFICATION OF COMPLIANCE WITH THE KANSAS SURFACE OWNER NOTIFICATION ACT

Form KSORA-1 July 2010 Form Must Be Typed Form must be Signed All blanks must be Filled

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 (ment) CB-1 (Certodic Protection Barehole Intent) 🗵 T-1 (Panalar) CP-1 (Plagging Application)

OPERATOR: License # 33343 Name: POSTROCK MIDCONTINENT PRODUCTION LLC Address 1: 210 PARK AVE, STE 2750 Address 2:	Well Location: SE_SE_SE_SW_Sec. 2 Twp. 35S_S. County: LABETTE Lease Name: W HAHN Well #:
Surface Owner Information: Neme: HAHN, E ELOISE Address 1:	When filing a Form T-1 involving multiple surface owners, attach an additional sheet listing all of the information to the laß for each surface owner. Surface owner information can be found in the records of the register of deads for the county, and in the real estate property tex 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.

Salact one of the following:

- I cartify that, pursuant to the Kansas Surface Owner Notice Act (House Bill 2032), 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 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 hareby cartily that the statements made harein are true and correct to the best of my knowledge and ballel.

Date: 11-23-2010	. Signature of Operator or Agent:	Ku	hand	W	Jarlin	Tida: VP OF ENGINEERING
		7	/	1		

RECEIVED

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



Exhibit A Page 3 of 3

062216_W_Hahn_I_1_INJ.pdf

Oil & Gas Conse REQUEST FOR CHA TRANSFER OF INJECTION Form KSONA-1, Certification of Compliance w	ATION COMMISSION ERVATION DIVISION NGE OF OPERATOR I OR SURFACE PIT PERMIT With the Kansas Surface Owner Notification Act, ted with this form.
Check Applicable Boxes: MOST be submit Oil Lease: No. of Oil Wells " Gas Lease: No. of Gas Wells " Gas Gathering System: " Saltwater Disposal Well - Permit No : D25649.0 Spot Location: 165 165 feet from N / X S Line 2805 feet from X E / W Line Enhanced Recovery Project Permit No.:	Effective Date of Transfer: 06/22/2016 KS Dept of Revenue Lease No:
Surface Pit Permit No.: 1509919087 (API No. # Drill Pit, WO or Haul) Type of Pit: Emergency Burn Settling	feet from N / S Line of Section feet from E / W Line of Section Haul-Off Workover Dritling
Past Operator's License No Past Operator's Name & AddressPostrock Midcontinent Production LLC 210 Park Ave, Okla. City, OK 73102 Title: Stephen Moriarly, Bankruptcy Trustee for Postrock Midcontinent Prod	Contact Person: Stephen Moriarty Phone: 405-600-7704 Date: 7/13/16 Signature: 7/13/16
New Operator's License No. 35341 New Operator's Name & Address: River Rock Operating, LLC 211 N. Robinson, Suite 200 Oklahoma City, OK 73102 Title: Vice President - Operations	Contact Person: Jim Allen Phone: 405-606-7481 Oil / Gas Purchaser: KCC WICHITA Date: 07/11/2016 JUL 2.7 2016 Signature: RECEIVED
Acknowledgment of Transfer: The above request for transfer of injection a noted, approved and duly recorded in the records of the Kansas Corporation of Commission records only and does not convey any ownership interest in the a	Commission. This acknowledgment of transfer pertains to Kansas Corporation
Mail to: Past Operator New Operato KCC - Conservation Division, 266 N Main St, Exhibit	Ste 220, Wichita, KS 67202-1513 bit B
New Operator's Name & Address: River Rock Operating, LLC 211 N. Robinson, Suite 200 Oklahoma City, OK 73102 Title: Vice President - Operations Acknowledgment of Transfer: The above request for transfer of injection of noted, approved and duly recorded in the records of the Kansas Corporation (Commission records only and does not convey any ownership interest in the active Rock Operative LLC, is acknowledged as the new operator and may continue to inject fluids as authorized by Permit No.: Description Recommended action: MAS DUE II-IT-IS Please Schedule Authorized Signature Mail to: Past Operator II-2Q-ILL New Operator KCC - Conservation Division, 266 N Main St,	Phone: 405-606-7481 Oil / Gas Purchaser: Date: 07/11/2016 Signature:

Side Two

Must Be Filed For All Wells

ease Name:	W HAHN		+ Location: SE SE SE SW 2-35S-17E						
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			FSL/FNL	FEL/FWL					

A separate sheet may be attached if necessary

* When transferring a unit which consists of more than one lease please tile a separate side two for each lease. If a lease covers more than one section please indicate which section each well is located.

I

KANSAS CORPORATION COMMISSION Oil & Gas Conservation Division

Form KSONA-1 July 2014 Form Must Be Typed Form must be Signed All blanks must be Filled

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) X T-1 (Transfer) CP-1 (Plugging Application)

OPERATOR: License # 35341 Name: River Rock Operating, LLC Address 1: 211 North Robinson Address 2: Suite 200 City: Oklahoma City State: OK Zip: 73102 Phone: (405) 606-7481 Fax:	Well Location. _SE-SE-SE - SW_Sec. 2Twp. 35S_S_R. 17EX EastWest County Labette Lease Name: W HAHN Well #: I-1 If liling a Form T-1 for multiple wells on a lease, enter the legal description of the lease below:
Ernail Address: jim.allen@riverrockoperating.com	016
Contact Person: 0107 Alert Phone: 405 606-7481 Fax: 606-7483 Email Address: jim.allen@riverrockoperating.com WICH Surface Owner Information: JUL 27 Name: Hahn, E Eloise PECE Address 1:	WEP 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 (House Bill 2032), 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:7/18/16	Signature of Operator or Agent.	1	M	Title:	Vice President - Operations
			r l		

KCC - Conservation Division, 266 N Main St, Ste 220, Wichita, KS 67202-1513 Exhibit B Page 3 of 3

CERTIFICATE OF SERVICE

I certify that on $\frac{9/2}{12}$, I caused a complete and accurate copy of "Staff's Supplement to the Record" to be served via United States mail, with the postage prepaid and properly addressed to the following:

Keith A. Brock Anderson & Byrd, LLP PO Box 17 Ottawa, Kansas 66067 *Attorneys for River Rock Operating, LLC*

and delivered by e-mail to:

Joshua D. Wright, Litigation Counsel KCC Central Office

Dustin L. Kirk, Deputy General Counsel KCC Topeka Office

<u>/s/ Paula J. Murray</u> Paula J. Murray Legal Assistant Kansas Corporation Commission