

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

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

In the matter of the failure of SH Oil) Docket No.: 25-CONS-3201-CPEN
Operations, LLC (Operator) to comply with)
K.A.R. 82-3-111 at the Theis B Unit #2 well) CONSERVATION DIVISION
in Clark County, Kansas.)
_____) License No.: 35837

PENALTY ORDER

The Commission finds Operator has violated K.A.R. 82-3-111 regarding the captioned well, assesses a \$100 penalty, directs Operator to come into compliance, and further rules as more fully described below.

I. JURISDICTION

1. K.S.A. 74-623 provides the Commission exclusive jurisdiction and authority to regulate oil and gas activities in Kansas. K.S.A. 55-152 provides the Commission with jurisdiction to regulate the construction, operation, and abandonment of any well, and also the protection of the usable water of this state from any actual or potential pollution from any well. The Commission has licensing authority under K.S.A. 55-155.

2. K.S.A. 55-162 and K.S.A. 55-164 provide the Commission authority to issue penalty orders for violations of Chapter 55 of the Kansas Statutes Annotated, or of any rule, regulation, or order of the Commission. Under K.S.A. 55-164, a penalty order may include a monetary penalty of up to \$10,000, the penalty must constitute a substantial and actual economic deterrent to the violation, and each day of a continuing violation constitutes a separate violation.

3. K.A.R. 82-3-111 provides that within 90 days after operations cease on any well, the operator of that well shall plug the well, return the well to service, or file an application with

the Conservation Division requesting temporary abandonment (TA) status. If not plugged or returned to service, the operator must obtain TA approval; TA status may be denied by the Conservation Division if necessary to prevent pollution. A well shut-in for 10 years or more cannot be granted TA status without the operator filing an application for an exception pursuant to K.A.R. 82-3-100 and approval from the Commission. K.A.R. 82-3-111(e) provides a TA exemption for certain wells fully equipped and capable of production.

II. FINDINGS OF FACT

4. Operator is licensed to conduct oil and gas activities in Kansas and is responsible for the Theis B Unit #2 well (Subject Well), API #15-025-20342-00-00, located in Section 6, Township 34 South, Range 25 West, Clark County, Kansas.

5. On October 11, 2024, Commission records indicated the Subject Well had been inactive and unplugged for longer than the 90 days allowed by K.A.R. 82-3-111, that the well was not exempt pursuant to K.A.R. 82-3-111(e), and that the well was not approved for TA status. Thus, Commission Staff sent a letter to Operator, requiring Operator to bring the Subject Well into compliance with K.A.R. 82-3-111 by November 11, 2024.¹

6. On December 5, 2024, Commission Staff inspected the Subject Well, because the deadline in the letter had passed and the violation had not been resolved, verifying that the well continued to be inactive and unplugged.²

III. CONCLUSIONS OF LAW

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

¹ Exhibit A.

² Exhibit B.

8. Operator has committed one violation of K.A.R. 82-3-111 because the Subject Well has been inactive in excess of the time allowed by regulation without being plugged, returned to service, or approved for TA status.³

THEREFORE, THE COMMISSION ORDERS:

A. Operator shall pay a \$100 penalty.

B. Operator shall plug the Subject Well, or return the well to service, or obtain TA status for the well if eligible.

C. Commission Staff may require Staff-witnessed static fluid level measurements before a Subject Well is returned to service. A Subject Well may not be returned to service if (1) any measurement has shown fluid in the wellbore at or above the appropriate minimum surface casing requirement described in Table I of the Commission's August 1, 1991, Order in Docket 34,780, (2) any measurement has shown fluid in the wellbore at or above any salt formation or other corrosive formation, or (3) in the opinion of Staff, variation in measurements indicates the possibility of a casing leak. Provided, however, a Subject Well may be returned to service upon (a) passing a casing integrity test after issuance of this Penalty Order to the satisfaction of Staff, or (b) Staff providing written, well-specific authorization after issuance of this Penalty Order.

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.

³ K.S.A. 55-164; K.A.R. 82-3-111(b).

F. If Operator is 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. If a Subject Well has been inactive for more than 10 years and Operator applies for an exception to the 10-year limit on TA status for the Subject Well prior to this Order becoming final, and Operator would be in compliance with this Order if the application were approved, then suspension shall not be enforced unless: (1) the application is denied, and (2) 30 days have elapsed since the denial. The notice and opportunity for a hearing on this Order shall constitute the notice required by K.S.A. 77-512 regarding license suspension.

G. 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).⁴

H. 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: 12/24/2024



Lynn M. Retz
Executive Director

Mailed Date: 12/24/2024

TSK

⁴ See K.S.A. 55-162; K.S.A. 55-164; K.S.A. 55-606; K.S.A. 55-707; K.S.A. 77-503(c); K.S.A. 77-531(b).



Andrew J. French, Chairperson
Dwight D. Keen, Commissioner
Annie Kuether, Commissioner

Corporation Commission

Laura Kelly, Governor

NOTICE OF VIOLATION

October 14, 2024

KCC Lic.-35837

SH OIL OPERATIONS LLC
PO BOX 771188
WICHITA KS 67277-1188

RE: TEMPORARY ABANDONMENT
API Well No. 15-025-20342-00-00
THEIS B UNIT 2
6-34S-25W, S2NESWSW
CLARK County, Kansas

Operator:

On October 11, 2024, a lease inspection documented a probable violation of the following regulation at the referenced well:

- K.A.R. 82-3-111. Within 90 days after operations cease on a well, the operator must return the well to service, plug the well, or obtain approval for temporary abandonment status.

**Failure to remedy this violation
by NOVEMBER 11, 2024
shall be punishable by a \$100 penalty.**

You may contact me if you have any questions.

Sincerely,

MAX BALL
KCC District # 1

KCC OIL/GAS REGULATORY OFFICES

Date: 12/05/24

District: 1

Case #: _____

- New Situation
 Response to Request
 Follow-Up

- Lease Inspection
 Complaint
 Field Report

Operator License No: 35837

API Well Number: 15-025-20342-00-00

Op Name: SH Oil Operations, LLC

Spot: SW-NE-SW-SW Sec 6 Twp 34 S Rng 25 E / W

Address 1: PO Box 771188

783 Feet from N / S Line of Section

Address 2: _____

4366 Feet from E / W Line of Section

City: Wichita

GPS: Lat: 37.11154 Long: 100.08717 Date: 12/5/24

State: KS Zip Code: 67277 -1188

Lease Name: Theis B Unit Well #: 2

Operator Phone #: (316) 206-3559

County: Clark

Reason for Investigation:

Follow-up status check.

Problem:

Inactive well with no current CP-111.

Persons Contacted:

None.

Findings:

This well is not producing. The digital gas meter shows a rate of 0 MCF/day production. The wellhead valves are closed.

Action/Recommendations:

Follow Up Required Yes No

Date: _____

Penalty recommendation for TA violation.

Verification Sources:

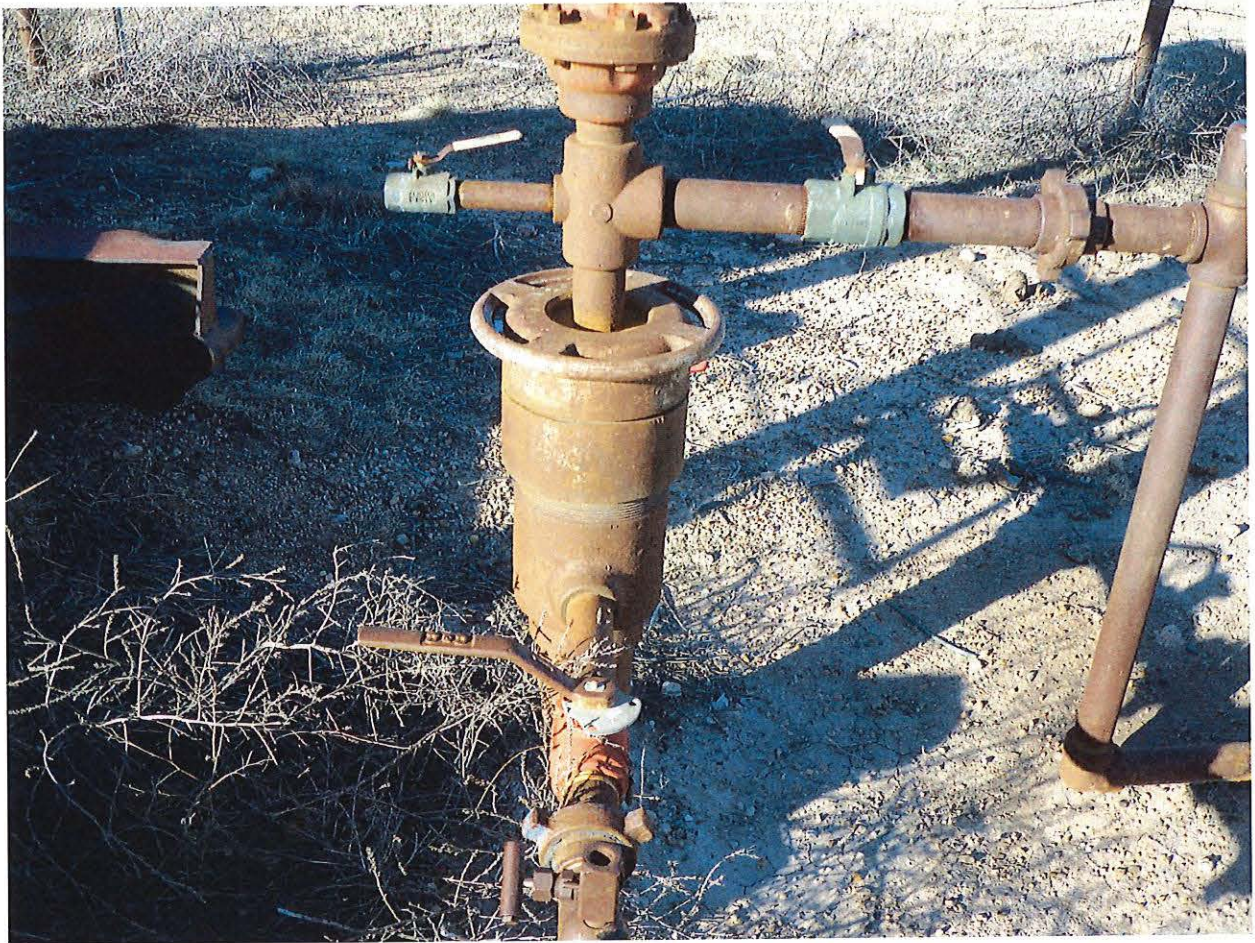
Photos Taken: 1

- | | | |
|---|---|-------------------------------------|
| <input checked="" type="checkbox"/> RBDMS | <input checked="" type="checkbox"/> KGS | <input type="checkbox"/> TA Program |
| <input type="checkbox"/> T-I Database | <input type="checkbox"/> District Files | <input type="checkbox"/> Courthouse |
| <input checked="" type="checkbox"/> Other: <u>On-site inspection.</u> | | |

By: Eric MacLaren

Retain 1 Copy District Office
Send 1 Copy to Conservation Division

Form: _____



12/5/24

SH Oil Operations, LLC

Theis B Unit #2

SW 6-34S-25W, Clark County

Picture of closed wellhead valves, facing North.

CERTIFICATE OF SERVICE

25-CONS-3201-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 12/24/2024.

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/S/ KCC Docket Room
KCC Docket Room