BEFORE THE STATE CORPORATION COMMISSION OF THE STATE OF KANSAS

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In the matter of the failure of Prairie Gas Operating, LLC ("Operator") to comply with K.A.R. 82-3-111 at the Watson #1 and Earl #1 in Greeley County and Hamilton County, Kansas

In the matter of the failure of Prairie Gas Operating, LLC ("Operator") to comply with K.A.R. 82-3-407 at the Bounds #2 in Greeley County, Kansas Docket No. 20-CONS-3129-CPEN

CONSERVATION DIVISION

License No. 35442

Docket No. 20-CONS-3144-CPEN

CONSERVATION DIVISION

License No. 35442

PRE-FILED DIRECT TESTIMONY

OF

KEN JEHLIK

ON BEHALF OF COMMISSION STAFF

FEBRUARY 7, 2020

- 1 Q. What is your name and business address?
- 2 A. Ken Jehlik, 210 E. Frontview, Suite A, Dodge City, Kansas 67801.

3 Q. By whom are you employed and in what capacity?

4 A. I am employed by the Conservation Division of the Kansas Corporation Commission (KCC

or Commission), District #1 Office, as an Environmental Compliance and Regulatory
Specialist.

7 Q. Would you please briefly describe your educational background and work experience?

A. I have a bachelor's degree in Geology from Kansas State University in Manhattan, Kansas. I
worked 10 years as an engineer for the Dowell Division of Dow Chemical Company involved
in cementing, acidizing and fracturing from 1966 to 1976. I next worked for 21 years as an
engineer and superintendent for Helmerich and Payne Oil Co. until 1998, at which time I
came to work for the Commission as an ECRS.

13 Q. Have you previously testified before this Commission?

14 A. No

15 Q. What duties does your position with the Conservation Division involve?

As an ECRS, I am responsible for the witnessing and monitoring of oil and gas related 16 A. activities in Finney, Kearny, Hamilton, Greeley, Wichita, and Scott County, Kansas. My job 17 involves inspections, documentation, investigation, and consultation with lease operators, 18 landowners and Commission Staff on compliance issues related to oil and gas production in 19 Kansas. I witness and monitor the drilling and completion of oil, gas, injection and disposal 20 21 wells. I also investigate spills and complaints, witness mechanical integrity tests, witness the plugging of wells, and witness the completion of well. In addition, I conduct GPS surveys on 22 new and abandoned wells to verify the exact location and the status of wells. I work with 23

District Staff and Central Office Staff when required to complete various projects and
 requests.

- **3 Q.** What is the purpose of your testimony in this matter?
- A. The purpose of my testimony is to offer Commission District Staff's testimony with regard to
 the violations issued against Prairie Gas Operating, LLC (Operator) in Docket Nos.
 20-CONS-3129-CPEN and 20-CONS-3144-CPEN. I will address the respective dockets
 below in further detail.
- 8 Docket No. 20-CONS-3129-CPEN

9 Q. Are you familiar with this docket, 20-CONS-3129-CPEN?

- A. Yes, Operator was penalized for two violations of K.A.R. 82-3-111 for failure to return to
 service, plug, or obtain approval for Temporary Abandonment status (TA) for the following
 two wells:
- 13 Watson #1, API #15-071-20656-00-00; and
- 14 Earl #1, API #15-075-20745-00-00.

15 Q. Will you please explain the requirements of K.A.R. 82-3-111?

A. Yes. K.A.R. 82-3-111 states that within 90 days after operations cease on any well the operator
of that well shall: (1) plug the well, (2) return the well to service, or (3) file an application
with the Conservation Division requesting TA authority, on a form prescribed in writing by
the Conservation Division. K.A.R. 82-3-111 also states that no well shall be temporarily
abandoned unless first approved by the Conservation Division and a well shall not be eligible
for TA status if the well has been shut in for 10 years or more without an application and
approval by the Commission of an exception pursuant to K.A.R. 82-3-100.

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O. What is the penalty for failure to comply with K.A.R. 82-3-111?

2 A. The failure to comply with K.A.R. 82-3-111 is punishable by a \$100 penalty, and the failure to obtain approval of temporary abandonment status subjects the Operator to additional 3 administrative action pursuant to K.S.A. 55-164, according to the Penalty Order in this docket. 4

5 O. How did the Watson #1 come to your attention for the purposes of the Penalty Order 6 that was issued?

On September 5, 2019, Staff sent a notice of violation letter (NOV) to Operator after realizing 7 A. that Operator had failed to return the well to service, plug, or obtain approval for TA status at 8 the Watson #1. Based on Staff field inspection records, the Watson #1 was shut down on April 9 10 18, 2019, and at no time between April and September 2019, had Operator contacted Staff to notify that the well was being placed back into production. Staff gave Operator a deadline of 11 September 20, 2019, to bring the well into compliance with K.A.R. 82-3-111. On October 23, 12 13 2019, Staff conducted a field inspection and found the meter run valve padlocked shut and the power shut off to the pumping unit. 14

O. Did Operator file a TA application for the Watson #1 well? 15

Yes, however the application was not submitted until after the September 20, 2019 deadline. 16 A. Nonetheless, the application was initially approved on December 17, 2019. Then it was 17 determined that the fluid level needed to be reshot because the fluid level tape had originally 18 been misinterpreted by Operator. The fluid level was reshot by District Staff on December 19 30, 2019. At that time the fluid level was determined to be at 788 feet, which was significantly 20 21 higher than the 1500 feet initially reported on the CP-111 form filed. On January 21, 2020, I witnessed another fluid level test by Brett Cook with Prairie Gas. The fluid level measured 22

was still at 788 feet. The field report and fluid level measurements documenting this are
 attached as *Exhibits KJ-1 and KJ-2* respectively.

Q. How did the Earl #1 come to your attention for the purposes of the Penalty Order that was issued?

5 A. On September 5, 2019, Staff sent a notice of violation letter (NOV) to Operator after realizing 6 that Operator had failed to return the well to service, plug, or obtain approval for TA status at 7 the Earl #1. Based on Staff field inspection records, the Earl #1 was unable to produce any gas from the well on January 22, 2019, and at no time between January and September 2019 8 had Operator contacted Staff to notify that the well was being placed back into production. 9 10 Staff gave Operator a deadline of September 20, 2019, to bring the well into compliance with K.A.R. 82-3-111. On October 23, 2019, Staff conducted a field inspection and found power 11 to the pumping unit had been shut off, and that there were no belts on the electric motor. 12

13 Q. Did Operator file a TA application for the Earl #1 well?

A. No, I have checked Commission records for evidence of a TA application for this well and
have not found any such application.

16 Q. What action did you take to warn Operator of the compliance issues?

17 A. As stated above, on September 5, 2019, Staff sent a standard Notice of Violation (NOV) to

18 Operator for both the Watson #1 and Earl #1. The NOVs stated that the well(s) were in

- 19 probable violation of K.A.R. 82-3-111 and gave Operator until September 20, 2019, to return
- 20 the well(s) to service, plug the well(s), or obtain approval for temporary abandonment status.
- 21 The NOVs were attached to the Penalty Order as *Exhibit A*.

Q. Did Operator bring either the Watson #1 or the Earl #1 into compliance by September 20, 2019?

A. No. As stated above, on October 23, 2019, I conducted lease inspections for both wells and found that the wells continued to be inactive and unplugged without an approved TA application on file. The pictures I took show that the wells are inactive and unplugged. Those

- 6 pictures were attached to the Penalty Order as *Exhibit B*.
- 7 Docket No. 20-CONS-3144-CPEN

8 Q. Are you familiar with this docket, 20-CONS-3144-CPEN?

9 A. Yes, Operator was penalized for one violation of K.A.R. 82-3-407 for failing to conduct a
successful mechanical integrity test or plug the Bounds #2.

11 Q. Would you please explain the requirements of K.A.R. 82-3-407?

A. Yes. Each injection well must be completed, equipped, operated, and maintained in a manner
that will prevent pollution of fresh and usable water, prevent damage to sources of oil or gas,

- 14 and confine fluids to intervals approved for injection. An injection well is considered to have
- mechanical integrity if there are no significant leaks in the tubing, casing, or packer, and no
- 16 fluid movement into fresh and usable water. An injection well's mechanical integrity shall be
- 17 established at least once every five years by a pressure test.

18 Q. What is the penalty for failure to comply with K.A.R. 82-3-407?

19 A. \$1,000.

20 Q. How did the Bounds #2 come to your attention?

A. The Bounds #2 has had a chemical sealant introduced into the annulus of the well in order to
shut off a leak that had been discovered in the casing. Pursuant to K.A.R. 82-3-407(e), if the
district office has approved the use of any chemical sealant or other mechanical device to

1		isolate the leak before use, the well shall demonstrate mechanical integrity on an annual basis
2		for the duration the well is completed in this manner. Therefore, whenever chemical sealant
3		has been injected into a well we perform a Mechanical Integrity Test (MIT) on the well
4		annually to make sure the well has maintained its integrity. Our monthly file review indicated
5		the Bounds #2 was due for its annual MIT, so we sent the operator a notice to test the Bounds
6		#2.
7	Q.	Did you notify Operator of the upcoming test requirement?
8	A.	Yes, on October 15, 2019, Staff sent a standard NOV letter to Operator. The NOV stated that
9		the Bounds #2 was due for a MIT and provided until October 29, 2019 to bring the well into
10		compliance. The NOV was attached to the Penalty Order as <i>Exhibit A</i> .
11	Q.	I noticed the NOV provides that failure to conduct a MIT on the well shall be punishable
12		by a \$1,000 penalty. Is testing the well the only way that this well can be brought into
13		compliance?
14	A.	No. Plugging the well would also bring it into compliance.
15	Q.	So Operator could have either conducted a successful MIT, or plugged the well before
16		October 29, 2019 and avoided an administrative penalty?
17	A.	Yes.
18	Q.	Did Operator conduct a successful MIT or plug the well on or before October 29, 2019?
19	A.	No. However, on November 22, 2019 Staff did meet with the Operator after the Penalty Order
20		had been issued, and an attempt was made at that time to conduct a casing integrity test (CIT)
21		on the Bounds #2. From a technical aspect, a casing integrity test and a mechanical integrity
22		test are very similar. Generally, a CIT occurs where only the casing of the well is being tested,
23		but where injection wells are concerned, there is usually an additional string of tubing in the

well which is used for fluid injection. Generally, integrity tests for injection wells test both
the casing and tubing in the well and are referred to as MITs. Even though this well had
previously been approved for injection, the tubing was not present at the time the integrity
test was being attempted, which is why I indicated that an attempt was made to conduct a CIT.
The Bounds #2 failed the CIT pressure test. Had the well passed the CIT, the Operator could
have TA'd the well because the well was no longer equipped for injection, and as a result a
CIT would have been sufficient for TA status.

8 Q. Please summarize your recommendations.

9 The Penalty Orders should be affirmed. The Operator failed to plug, produce, or obtain TA A. 10 status for the Watson #1 and the Earl #1 wells in Docket 20-CONS-3129-CPEN and remains in violation of K.A.R. 82-3-111 as of this date. The Operator also failed to plug or conduct a 11 successful MIT or CIT at the Bounds #2 in Docket 20-CONS-3144-CPEN and remains in 12 13 violation of K.A.R. 82-3-407 as of this date. The assessment of the \$100.00 penalty for each of the two wells in 20-CONS-3129-CPEN and the assessment of the \$1,000.00 penalty for 14 the well in 20-CONS-3144-CPEN in the Commission's Penalty Orders is reasonable and 15 should be upheld. 16

- 17 Q. Does this conclude your testimony?
- 18 A. Yes.

KCC OIL/GAS REGULATORY OFFICES

Date:		District:					
		New Site	uation		Lease Inspe		
		Respons	e to Requ	est	Complaint		
		Follow-U	U p		Field Repor	·t	
Operator License No:		API Well Nun	iber:				
Op Name:				Sec			
Address 1:				btt		N/	S Line of Section
Address 2:							
City: 2							
Operator Phone #:		County:					
Reason for Investigation:							
Problem:							
Persons Contacted:							
E's l'as s							
Findings:							
Action/Recommendations:		Follow Up Required	Yes	No	Date:		
Verification Sources:						Photos	Taken:
RBDMS	KGS	TA Program	_				
T-I Database	District Files	Courthouse	By: _				
Other:			-				
Retain 1 Copy District Office							
Send 1 Copy to Conservation Divi	ision					Form	
						· 01111.	

Date:	District:]	License #:			
Op Name:	Spot:			Sec	Twp	S Rng	E / V	W	
County:	Lease Nan	ne:				Well #:		_	
I.D. Sign Yes No		Gas Ve	enting	Yes	No				
Tank Battery Condition		Pit	5						
Condition: Good Questionable Overflowing		Fluid I	Depth:	ft	; Approx.	Size:ft. x	ft.		
Pits, Injection Site Fluid Depth:ft; Approx. Size:ft. x	ft		twater Pi		N	Tested for Leaks:	Y N		
	1t.	Lta	1310 10	. 1	1	rested for Leaks.			
Oil Spill Evidence		Flo	wing Hol	es					
Abandoned Well Potential Pollution Problem Yes	No	TA Wells							
Lease Cleanliness		Mo	nitoring l	Records					
Very Good Satisfactory Poor Very Bad									
SWD/ER Injection Well Yes No		Gauge	Connecti	ons	Yes 1	No			
Permit #: Pressure – Actual: psi; Authorized:	psi	Tubing:; T/C Annulus:; C/SP Annulus:							
Permit #: Pressure – Actual: psi; Authorized:	psi	Tubing:; T/C Annulus:; C/SP Annulus:							
Permit #: Pressure – Actual: psi; Authorized:	psi	Tubing:; T/C Annulus:; C/SP Annulus:							
Permit #: Pressure – Actual: psi; Authorized:	psi	Tubing	g:	; T/C	Annulus:	; C/SP Annulu	15:		
API Number Footages Spot Location	GPS		Well #			Well Status			







CERTIFICATE OF SERVICE

20-CONS-3129-CPEN and 20-CONS-3144-CPEN

I, the undersigned, certify that a true copy of the attached Prefiled Testimony of Ken Jehlik has been served to the following by means of electronic service on <u>February 7, 2020</u>.

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/S/ Paula J. Murray Paula J. Murray