

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

Before Commissioners:                      Shari Feist Albrecht, Chair  
   Thomas E. Wright  
   Jay Scott Emler

In the matter of the failure of B-C Steel, LLC	)	Docket No.: 14-CONS-234-CPEN
("Operator") to comply with K.A.R. 82-3-111	)	
at the Ankrom #1, Ankrom #5, Ankrom #6,	)	CONSERVATION DIVISION
Ankrom #7 and Ankrom #8 wells in Cowley	)	
County, Kansas.	)	License No.: 33711

**STAFF'S RESPONSE TO B-C STEEL'S MOTION TO JOIN ADDITIONAL PARTY**

Commission Staff ("Staff") does not oppose B-C Steel's Motion to Join Additional Party.<sup>1</sup> Additionally, Staff offers the following:

1.        B-C Steel wishes to plead B. Keaton Cudd III into this case, seemingly because the Commission may eventually decide to "pierce the corporate veil"<sup>2</sup> of the dissolved Cudd Operating Corporation and find Mr. Cudd personally liable for the abandoned wells on the Ankrom lease.

2.        Staff cannot find any Conservation matter in which the Commission has ruled on piercing the corporate veil. But after the facts have been developed in this matter, it is plausible that the Commission may choose to hold Mr. Cudd liable.

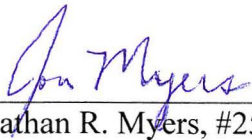
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<sup>1</sup> In paragraph three of B-C Steel's Motion, B-C Steel refers to K.S.A. §17-701(b), which does not exist. Staff presumes B-C Steel means K.S.A. §17-7101(b). Also, B-C Steel has been styling the captions in its motions with a descriptive title of "In the Matter of the Order to Show Cause," but the proper descriptive title is as written at the top of this Response.

<sup>2</sup> The doctrine of alter ego, also known as "piercing the corporate veil", is used to impose liability on an individual who uses a corporation merely as an instrumentality to conduct his or her own personal business. *See* Mr. Cinnamon of Kansas, Inc. v. Hall, 202 P.3d 734, 740 (Kan. Ct. App. 2009).

3. If the Commission allows Mr. Cudd to be pleaded into this case, which Staff does not oppose, then Staff urges the Commission to tread carefully. A court's power to pierce the corporate veil is to be exercised reluctantly and cautiously.<sup>3</sup>

Respectfully submitted,



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<sup>3</sup> *Id.*

**CERTIFICATE OF SERVICE**

I certify that on February 11, 2014, I caused a complete and accurate copy of this Staff's Response to B-C Steel's Motion to be served via United States mail, with the postage prepaid and properly addressed to the following:

Timothy E. McKee  
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*Attorneys for B-C Steel, LLC*

And delivered via email to:

Brian Fedotin  
Advisory Counsel  
Kansas Corporation Commission

/s/ Jonathan R. Myers  
Jonathan R. Myers  
Litigation Counsel  
Kansas Corporation Commission