BEFORE THE STATE CORPORATION COMMISSION OF THE STATE OF KANSAS

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In the matter of the failure of Novy Oil & Gas, Inc. (Operator) to comply with K.A.R. 82-3-111 at the Carlin A #2, Grover #3, and Samms #1 wells in Reno and Saline Counties, Kansas. Docket No.: 24-CONS-3145-CPEN

CONSERVATION DIVISION

License No.: 31714

PRE-FILED DIRECT TESTIMONY

OF

DAN FOX

ON BEHALF OF COMMISSION STAFF

MARCH 15, 2024

- 1 Q. What is your name and business address?
- 2 A. Dan Fox, 3450 N. Rock Road, Building 600, Suite 601, Wichita, Kansas, 67226.

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
 5 (Commission), District #2 Office, as Compliance Officer and Environmental Compliance and
 6 Regulatory Specialist (ECRS).
- 7 Q. Would you please briefly describe your background and work experience.
- 8 A. I joined the Commission in 2007 as an Underground Porosity Gas Storage Field Technician
 9 in District #2. I became the District #2 Compliance Officer in 2010.
- 10 Q. What are your duties with the Conservation Division?

11 A. As Compliance Officer, I review operator data for compliance with Commission regulations 12 and prepare evidence necessary to recommend penalties for probable violations of those 13 regulations. Specifically, my job includes reviewing Staff field reports, coordinating day-to-14 day operations of the District #2 Office, sending Notice of Violation (NOV) letters, and 15 generally trying to resolve compliance issues. I work to coordinate scheduling of Staff-16 witnessed well completions, well pluggings, and mechanical integrity tests. I coordinate the 17 investigation of spills and complaints, verify proper construction of wells, help train District 18 Staff, and work with Commission Staff in Wichita. I conduct inspections and investigations 19 on special projects, or in the absence of assigned Staff, whenever necessary. I work with lease 20 operators, landowners, local, county, and state agencies and organizations to resolve oil and 21 gas related issues.

- 22 Q. Have you previously testified before this Commission?
- 23 A. No, although I have submitted pre-filed testimony in other dockets.

- 1 Q. What is the purpose of your testimony in this matter?
- A. The purpose of my testimony is to discuss the evidence supporting the Commission's findings
 in the Penalty Order issued against Novy Oil & Gas, Inc. (Operator) in Docket 24-CONS3145-CPEN (Docket 24-3145).
- 5

Q. Please provide a brief overview of the facts in this docket.

A. The Commission penalized Operator for three violations of K.A.R. 82-3-111 at the Carlin A
#2, Grover #3, and Samms #1 wells (Subject Wells). The wells were inactive in excess of the
time allowed by regulation without being plugged, returned to service, or approved for
temporary abandonment (TA) status.

10 Q. What are the requirements of K.A.R. 82-3-111?

11 A. K.A.R. 82-3-111 provides that within 90 days after operations cease on any well, the operator 12 of that well shall: (1) plug the well; (2) return the well to service; or (3) file an application 13 with the Conservation Division requesting TA status, on a form prescribed in writing by the 14 Conservation Division. K.A.R. 82-3-111 also states that no well shall be temporarily 15 abandoned unless first approved by the Conservation Division, and a well shall not be eligible 16 for TA status if the well has been shut-in for ten years or more without an operator first filing 17 an application for an exception pursuant to K.A.R. 82-3-100 and receiving approval by the 18 Commission. Finally, K.A.R. 82-3-111 provides that failure by an operator to file a notice of 19 TA status for a well shall be punishable by a \$100 penalty.

20 Q. Did Operator submit TA applications for the Carlin A #2 and Samms #1 wells?

A. Yes. Operator submitted a TA application for the Carlin A #2 well on May 20, 2023. District
#2 Staff denied the application on May 22, 2023. On that same date, Staff sent a letter to
Operator indicating that the TA application had been denied because the Carlin A #2 well had

1	a high fluid level. The letter gave Operator a deadline of June 21, 2023, to bring the well into
2	compliance with K.A.R. 82-3-111. The letter is attached to the Docket 24-3145 Penalty Order
3	in Exhibit A.
4	Operator submitted a TA application for the Samms #1 well on September 27, 2023.

District #2 Staff denied the application on October 5, 2023. On the same date, Staff sent a
letter to Operator indicating that the TA application had been denied because the Samms #1
well had a high fluid level. The letter gave Operator a deadline of November 4, 2023, to bring
the well into compliance with K.A.R. 82-3-111. The letter is attached to the Docket 24-3145
Penalty Order in Exhibit A.

10 Q. Did District #2 Staff send any letters to Operator regarding the Grover #3 well?

A. Yes, Staff sent a Notice of Violation (NOV) letter to Operator on June 12, 2023, regarding
the Grover #3 well. The NOV letter stated that a lease inspection found the well was likely in
violation of K.A.R. 82-3-111. The NOV letter gave Operator a deadline of July 10, 2023, to
bring the well into compliance with K.A.R. 82-3-111. The NOV letter is attached to the
Docket 24-3145 Penalty Order in Exhibit A.

Q. You stated that the TA applications for the Carlin A #2 and Samms #1 wells were denied
 because of high fluid levels. What were the fluid levels for those wells?

18 A. Operator reported that the fluid level for the Carlin A #2 well was 648 feet, and the fluid level

- 19 for the Samms #1 well was 1311 feet (see the TA applications attached as *Exhibit DF-1*).
- 20 Q. Why were the fluid levels a concern?

21 A. Operator measured the fluid levels for both wells from the surface of the well down to the

fluid level. The fluid levels Operator found in the Carlin A #2 and Samms #1 wells suggest

that the wells may have possible casing leaks.

4

1	Q.	What would Operator need to do for Staff to approve TA applications for the Carlin A
2		#2 and Samms #1 wells?
3	A.	Operator would need to perform successful casing integrity tests on the wells-thereby
4		showing that the wells do not have casing leaks-before Staff would approve TA applications
5		for those wells.
6	Q.	After receiving the NOV letter for the Grover #3 well, did Operator submit a TA
7		application for that well?
8	A.	Yes, Operator submitted a TA application for the Grover #3 well on August 4, 2023. District
9		#2 Staff denied the application on August 7, 2023. On that same date, Staff sent a letter to
10		Operator indicating that the TA application had been denied because the TA application was
11		missing production casing information, and because Staff needed to see a copy of a valid oil
12		and gas lease assignment for the Grover lease. The TA application and letter are attached as
13		Exhibit DF-2.
14	Q.	Why did Staff need to see a valid oil and gas lease assignment for the Grover lease?
15	A.	Staff received a letter from an attorney representing the owner of the land where the Grover
16		lease is located. The letter indicated that the landowner filed an affidavit with the Reno County
17		Register of Deeds stating that the terms of the lease agreement with Operator had been broken,
18		and the lease forfeited. The letter is attached as Exhibit DF-3. Staff cannot approve a TA
19		application for a well if the Operator does not have a valid oil and gas lease for the well.

Consequently, Staff asked Operator to provide a copy of a valid oil and gas lease assignment
for the Grover lease before we approved the TA application for the Grover #3 well.

5

- Q. Did Operator provide Staff with a copy of a valid oil and gas lease assignment for the
 Grover lease?
- 3 A. No.
- 4 Q. Did Operator contact District #2 Staff regarding any of the Subject Wells?
- 5 A. No.

6 Q. Did District #2 Staff perform field inspections of the Subject Wells?

- A. Yes. Between June 27, 2023, and November 7, 2023, District #2 Staff performed field
 inspections of the Subject Wells. These inspections were performed after the various
 deadlines in the letters sent to Operator had passed. Staff found each of the Subject Wells to
 be inactive. Consequently, the wells were still out of compliance with K.A.R. 82-3-111 after
 the deadlines in the letters had passed. The field reports are attached to the Docket 24-3145
 Penalty Order as Exhibit B.
- 13 Q. Please summarize your recommendations.
- 14 A. I believe the information gathered by District #2 Staff is sufficient to affirm the Commission's
- 15 Penalty Order in this docket. The Subject Wells have been inactive and unplugged without
- 16 TA status for longer than allowed by Commission regulations.
- 17 Q. Does this conclude your testimony?
- 18 A. Yes.

KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

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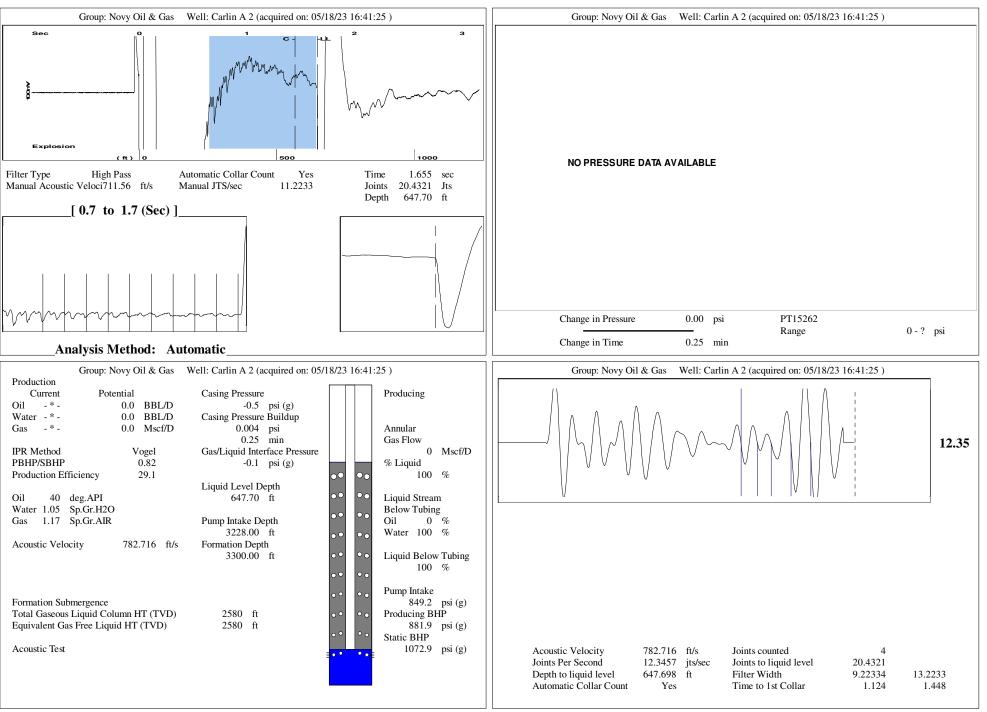
TEMPORARY ABANDONMENT WELL APPLICATION

OPERATOR: License# _	31714			API No. 15	15-169-0047	1-00-00	
	il & Gas, Inc.				ription:		
Address 1: PO BOX 559				SV	<u>V SW SW</u> Sec. 24	4 _{Twp.} _15 _{S.}	R. <u>3</u> □ E V W
				643		feet from I	N / Y S Line of Section
City: GODDARD	State: KS	_ Zip: <u>67052</u> + <u>05</u>	<u>559</u>		tion: Lat:	feet from 🗹 I	E / W Line of Section
Contact Person: Kirk	Glenn	-			tion: Lat:	x) WGS84	(e.gxxx.xxxxx)
Phone:(<u>316</u>) <u>794</u>	-7200						GL KB
Contact Person Email:				Lease Nar	ne: CARLIN A	We	GL KB
Field Contact Person:							Other:
Field Contact Person Pho	one:()			Gas St	Permit #: orage Permit #: :		
	Conductor	Surface	Pro	duction	Intermediate	Liner	Tubing
Size	0	8.625	5.5		0	0	0
Setting Depth	0	270	3299		0	0	0
Amount of Cement	0	175	125		0	0	0
Top of Cement	0	0	3000		0	0	0
Bottom of Cement	0	270	3299		0	0	0
Do you have a valid Oil 8 Depth and Type:	op)towww. Gas Lease? ✔ Yes [Ink in Hole at(<i>depth</i>) LT. IALT. II Depth	☐ No ☐ Tools in Hole at	Ca	sing Leaks:	Yes No Depth	of casing leak(s):	
	Size:						
Total Depth: 3299	Plug Ba	ck Depth: 3259	I	Plug Back Met	nod: CIBP & Cemer	nt	
Geological Date:							
Formation Name		Top Formation Base			Completion		
1	At:	to Fee	t Perfo	ration Interval	3228 3200 Fee	et or Open Hole Interv	val toFeet
2	At:	to Fee	t Perfo	ration Interval	to Fee	et or Open Hole Interv	/al toFeet
LINDER DENNETV OF R	ED HIDVI LIEDEDV ATT			ctronical		DDEAT TA THE DEST	OF MY KNOWLEDGE
Do NOT Write in This	Date Tested:	F	Results:		Date Plugged:	Date Repaired: Da	ate Put Back in Service:

Space - KCC USE ONLY		
Review Completed by: Keith Karlin, ECRS	Comments: _	Must pass MIT for TA approval. Fluid has increased last 3 years.
TA Approved: Yes V Denied Date: 05/22/2023		

Mail to the Appropriate KCC Conservation Office:

There have been may have been and been made and the have	KCC District Office #1 - 210 E. Frontview, Suite A, Dodge City, KS 67801		Phone 620.682.7933
The set of	KCC District Office #2 - 3450 N. Rock Road, Building 600, Suite 601, Wichita, KS 67226		Phone 316.337.7400
None None <th< td=""><td>KCC District Office #3 - 137 E. 21st St., Chanute, KS 66720</td><td></td><td>Phone 620.902.6450</td></th<>	KCC District Office #3 - 137 E. 21st St., Chanute, KS 66720		Phone 620.902.6450
The first set of the s	KCC District Office #4 - 2301 E. 13th Street, Hays, KS 67601-2651	Exhibit DF-1	Phone 785.261.6250
		Page 1 of 4	



KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

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TEMPORARY ABANDONMENT WELL APPLICATION

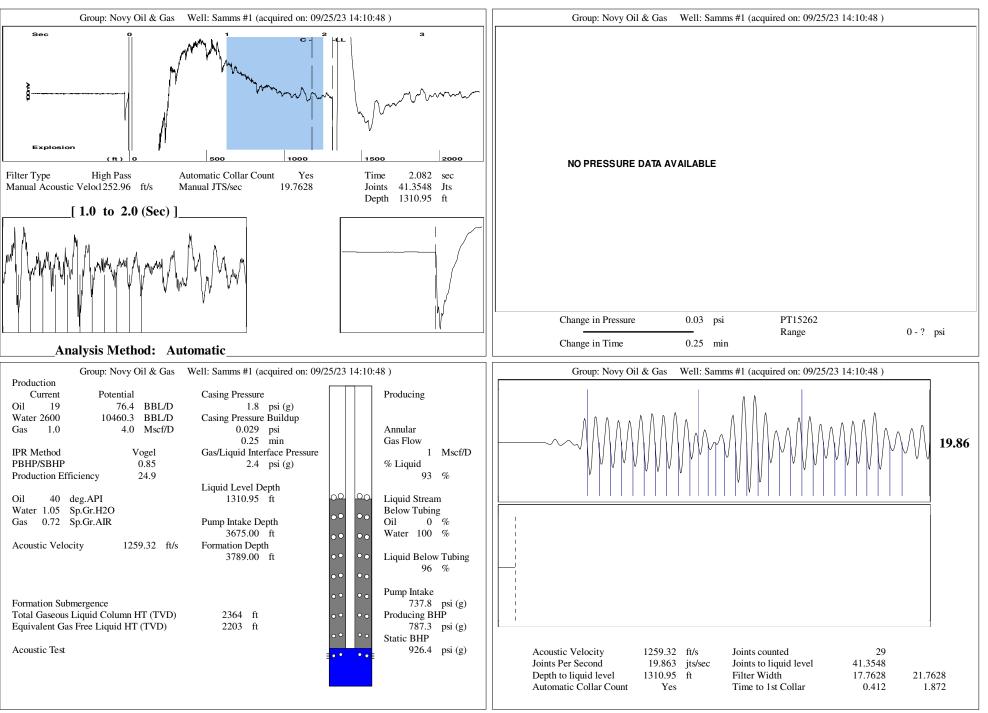
OPERATOR: License# _	31714			API No. 15-	15-155-2148	82-00-00	
	il & Gas, Inc.				iption:		
Address 1: PO BO				_ E2	NW_SW Sec. 1	5 _{Twp.} 23	s. r. <u>10</u> ⊑ ∠ w
Address 2:				1898		feet from	N / S Line of Section E / W Line of Section
	State: KS	Zip: 67052 + 05	59	4247		feet from 🗹	E / W Line of Section
-	ael E. Novy			GPS Locati	ion: Lat:	, Long:	(e.gxxx.xxxxx)
Phone:(<u>316</u>) <u>794</u> ·	•				NAD27 NAD83 eno		
	1200			Lease Nam	e: SAMMS		GL KB
							/ Other:
	ne:()						Permit #:
	ле. ()			Gas Sto Spud Date:	orage Permit #: 01/03/2005	Date Shut-In:	03/13/2016
	Conductor	Surface	Pro	duction	Intermediate	Liner	Tubing
Size	na	8.625	5.5		NA	NA	2.875
Setting Depth		347	3785				3534
Amount of Cement		250	250				0
Top of Cement		0	3000				0
Bottom of Cement		347	3785				0
÷	Surface: 1311						Date: 09/25/2023
Casing Squeeze(s):	to w /	sacks of ce	ement,	to	W /	sacks of cemen	nt. Date:
Do you have a valid Oil &	Gas Lease? 🖌 Yes 🗌	No					
	k in Hole at						
Type Completion: 🗹 A	LT. I ALT. II Depth o	of: DV Tool:	w /	sack	s of cement Port C	collar:	w / sack of cement
	Size:						
Total Depth: 3789	Plug Bao	k Depth:		Plug Back Meth	od:		
Geological Date:							
Formation Name		Top Formation Base				Information	
1	At:	to Fee	t Perfo	ration Interval	<u>3764</u> to <u>3770</u> Fe	et or Open Hole Inte	erval to Feet
2	At:	to Fee		ration Interval		et or Open Hole Inte	
	ED HIDVI LEDEDV ATTE			ctronicall			et ae my promi edge
		Cubinit			J		
Do NOT Write in This Space - KCC USE ON	Date Tested:	R	esults:		Date Plugged:	Date Repaired:	Date Put Back in Service:
Review Completed by:	Virgil Clothier		Comn	nents: Well	would have to pas	s CIT for TA sta	tus.

Mail to the Appropriate KCC Conservation Office:

Date: 10/05/2023

TA Approved: Yes V Denied

There has no no no no has an here and	KCC District Office #1 - 210 E. Frontview, Suite A, Dodge City, KS 67801		Phone 620.682.7933
	KCC District Office #2 - 3450 N. Rock Road, Building 600, Suite 601, Wichita, KS 67226		Phone 316.337.7400
100 100 <td>KCC District Office #3 - 137 E. 21st St., Chanute, KS 66720</td> <td></td> <td>Phone 620.902.6450</td>	KCC District Office #3 - 137 E. 21st St., Chanute, KS 66720		Phone 620.902.6450
And the second s	KCC District Office #4 - 2301 E. 13th Street, Hays, KS 67601-2651	Exhibit DF-1	Phone 785.261.6250
		Page 3 of 4	



KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

KOLAR Document ID: 1718425 Form CP-111 July 2017 Form must be Typed Form must be signed All blanks must be complete

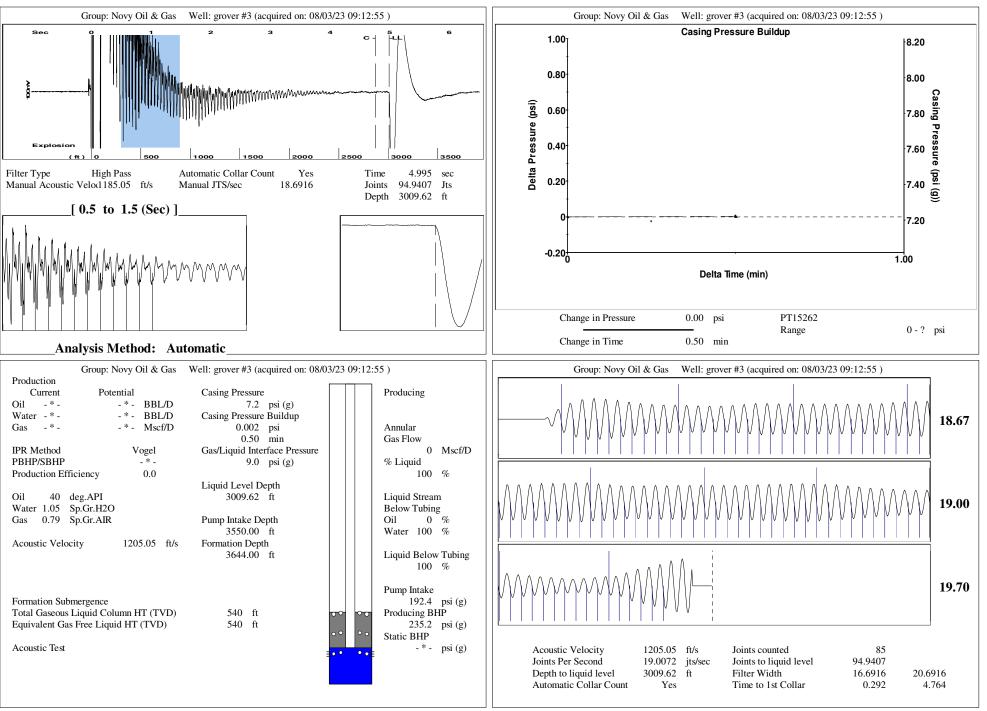
TEMPORARY ABANDONMENT WELL APPLICATION

OPERATOR: License# _	31714			API No. 15	15-155-2172	2-00-00		
)il & Gas, Inc.			Spot Desc	ription:			
	Address 1: PO BOX 559				E2 W2 NE NW Sec 20 Two 22 S R 8 T F V W			
Address 2:				660		feet from 🗹 N	/ S Line of Section	
	State: KS	Zip: 67052 + 0	0559	1000		feet from E	/ V Line of Section	
	nael Novy			GPS Loca	tion: Lat:	, Long:	(e.gxxx.xxxxx)	
	-7200							
. ,				Lease Nar	ne: GROVER	Well	GL [KB	
				Well Type:	(check one) 🗹 Oil 🗌 G	Sas OG WSW	Other:	
	one:()					ENHR Perm	it #:	
)			Gas St Spud Date	orage Permit #: . 12/10/2014	Date Shut-In:1	1/01/2021	
	Conductor	Surface	Pro	oduction	Intermediate	Liner	Tubing	
Size	na	8.625	na		na	na	2.875	
Setting Depth		268					3622	
Amount of Cement		250					na	
Top of Cement		0					na	
Bottom of Cement		268					na	
Casing Fluid Level from S	Surface: 3010	How	Determined?	Echomet	er	Da	ate: 08/03/2023	
Casing Squeeze(s):	to w	/ sacks of	f cement,	to	W /	sacks of cement. D	ate:	
Do you have a valid Oil &	Gas Lease? 🗹 Yes [No						
Depth and Type: 🗌 Jur	nk in Hole at	Tools in Hole at	depth) Ca	sing Leaks:	Yes No Depth	of casing leak(s):		
							sack of cement	
	Size:					(uopui)		
Total Depth: 3644	Plug Ba	ack Depth:		Plug Back Met	hod:			
Geological Date:								
Formation Name		Top Formation Base			Completion			
1	At:	to Fe	eet Perfo	ration Interval	3550 3558 Fee	et or Open Hole Interval	to Feet	
2	At:	to Fe	eet Perfo	ration Interval	to Fee	et or Open Hole Interval	toFeet	
INDED DENALTY OF D	ED IIIDV I LEDEDV ATT					DECTTOTUE DECT		
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Do NOT Write in This	Date Tested:	Results:	Date Plugged:	Date Repaired:	Date Put Back in Service:
Space - KCC USE ONLY					
Review Completed by:	Comments:	lissing production casing	information. Need	copy of valid O&G lease.	
TA Approved: 🗌 Yes 🖌	Denied Date: 08/07/2023				

Mail to the Appropriate KCC Conservation Office:

	KCC District Office #1 - 210 E. Frontview, Suite A, Dodge City, KS 67801		Phone 620.682.7933
	KCC District Office #2 - 3450 N. Rock Road, Building 600, Suite 601, Wichita, KS 67226		Phone 316.337.7400
100 100 <td>KCC District Office #3 - 137 E. 21st St., Chanute, KS 66720</td> <td></td> <td>Phone 620.902.6450</td>	KCC District Office #3 - 137 E. 21st St., Chanute, KS 66720		Phone 620.902.6450
And Den later and the later have been been been been been been been be	KCC District Office #4 - 2301 E. 13th Street, Hays, KS 67601-2651	Exhibit DF-2	Phone 785.261.6250



Conservation Division District Office No. 2 3450 N. Rock Road Building 600, Suite 601 Wichita, KS 67226



Phone: 316-337-7400 http://kcc.ks.gov/

Susan K. Duffy, Chair Dwight D. Keen, Commissioner Andrew J. French, Commissioner Laura Kelly, Governor

August 07, 2023

Michael Novy Novy Oil & Gas, Inc. PO BOX 559 GODDARD, KS 67052-0559

Re: Temporary Abandonment API 15-155-21722-00-00 GROVER 3 NW/4 Sec.20-22S-08W Reno County, Kansas

Dear Michael Novy:

Your application for Temporary Abandonment (TA) for the above-listed well is denied for the following reasons(s):

Missing Production Casing Information. Must also provide a copy of valid Oil & Gas lease.

Pursuant to K.A.R. 82-3-111, the well must be plugged, or returned to service, or obtain temporary abandonment status by 09/06/2023.

This deadline does NOT override any compliance deadline given to you in any Commission Order.

You may contact me if you have any questions.

Sincerely, Jeff Klock, District Supervisor KCC DISTRICT 2



GROVER #3 E/2 W/2 NE NW SEC 20-22-8W, RN G. 15-155-21722-0000 LAST OIL SALS 9/2021 LAST GAS SANJ 2015

> Attorneys/Counselors Greg L. Bauer Charles R. Pike Robert E. Bauer Kate M. Wary Julie A. Carroll Richard G. Gunn

P.O. Box 1349 1310 Kansas Avenue Great Bend, KS 67530 Tel. (620)793-7279 Fax (620)793-7289 E-mail: bp@bauerpikelaw.com

June 5, 2023

Kansas Corporation Commission District Office No. 2 3450 N. Rock Road Bldg. 600, Ste. 601 Wichita, KS 67226

RE: NORTH HALF NORTHWEST QUARTER (N/2 NW/4) OF SECTION TWENTY (20), TOWNSHIP TWENTY-TWO (22) SOUTH, RANGE EIGHT (8) WEST, RENO COUNTY, KANSAS. NOVY OIL & GAS, INC.

Dear Sirs:

This office represents Brad Flickinger, the landowner on the captioned property, who recently completed the statutory process provided for in K.S.A 55-201 & K.S.A 55-202. Copies of the recorded Affidavit are enclosed herewith. We received no response whatsoever from Novy Oil & Gas, Inc. in connection with this proceeding and would as that you take the steps as are required to see that the wells are properly plugged in abandoned.

Very truly yours,

BAUER, PIKE, BAUER, WARY, CARROLL, & GUNN, LLC **TLBAUER** GLB/vd Enclosures Brad Flickinger, with attachments: 4110 N. Andre Rd., Sterling, KS 67579. cc:

yd1883.docx Exhibit DF-3 Page 1 of 2

STATE OF KANSAS . RENO COUNTY MP This instrument was filed for record on the 22 day of MAY 2023 at 1:30 AMPM and duly recorded in Book 574 Page 493 for a fee of \$ 55 . (3) page(s) M. chille Uplearove Michelle Updegrove, Registrar of Deeds

AFFIDAVIT

To Novy Oil & Gas, Inc.:

بری

I, the undersigned, owner of the following described property situated in Reno County, Kansas, to wit:

> ✓ NORTH HALF NORTHWEST QUARTER (N/2 NW/4) OF SECTION TWENTY (20), TOWNSHIP TWENTY-TWO (22) SOUTH, RANGE EIGHT (8) WEST, RENO COUNTY, KANSAS,

upon which a lease, dated December 3, 2014, was given to Novy Oil & Gas, Inc., do hereby notify you that the terms of said lease have been broken by the owner thereof, that I hereby elect to declare and do declare the said lease forfeited and void and that, unless you do, within twenty days from this date, notify the register of deeds of said county as provided by law that said lease has not been forfeited, I will file with the said register of deeds affidavit of forfeiture as provided by law; and I hereby demand that you execute or have executed a proper surrender of said lease and that you put the same of record in the office of the register of deeds of said county within twenty days from this date.

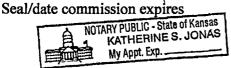
Dated this 25 day of April 2023.

Flicking BRAD FLICKINGER

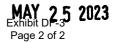
STATE OF KANSAS; COUNTY OF Barton : 55:

SUBSCRIBED AND SWORN to before me this 23 day of April 2023.

13-202



yd1689.docx



CERTIFICATE OF SERVICE

24-CONS-3145-CPEN

I, the undersigned, certify that a true and correct copy of the attached Prefiled Direct Testimony of Dan Fox has been served to the following by means of electronic service on March 15, 2024.

DANIEL FOX, COMPLIANCE OFFICER, KCC DISTRICT 2 KANSAS CORPORATION COMMISSION DISTRICT OFFICE NO. 2 3450 N. ROCK RD BLDG 600 STE 601 WICHITA, KS 67226 d.fox@kcc.ks.gov

JONATHAN R. MYERS, ASSISTANT GENERAL COUNSEL KANSAS CORPORATION COMMISSION 266 N. Main St., Ste. 220 WICHITA, KS 67202-1513 j.myers@kcc.ks.gov TRISTAN KIMBRELL, LITIGATION COUNSEL KANSAS CORPORATION COMMISSION CENTRAL OFFICE 266 N. MAIN ST, STE 220 WICHITA, KS 67202-1513 t.kimbrell@kcc.ks.gov

BRADEN M. PERRY KENNYHERTZ PERRY, LLC 2000 SHAWNEE MISSION PKWY STE 210 MISSION WOODS, KS 66205-3604 braden@kennyhertzperry.com

/s/ Paula J. Murray Paula J. Murray