

**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 Satchell Creek) Docket No.: 25-CONS-3004-CPEN
Petroleum, LLC (Operator) to comply with)
K.A.R. 82-3-120 and K.A.R. 82-3-133 by) CONSERVATION DIVISION
operating under a suspended license.)
_____) License No.: 35970

SHUT-IN ORDER

The Commission finds Operator has violated K.A.R. 82-3-120 and K.A.R. 82-3-133 by conducting oil and gas operations under a suspended license, finds Operator has failed to comply with orders of the Commission, assesses a \$10,000 penalty, directs Commission Staff to seal all oil and gas operations of Operator, 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(a) provides 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. K.S.A. 55-162(e) provides that whenever an operator is in violation of subsection (a) of the statute, “agents of the commission may enter upon the lease or any other leases under the control of such operator and seal any well operated by the offending party.”

3. 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.

4. K.A.R. 82-3-120 provides that no operator shall operate any well without a current license. K.A.R. 82-3-133 provides that production of oil or gas in violation of a Commission regulation or order shall be deemed unlawful.

II. FINDINGS OF FACT

5. On May 14, 2024, the Commission issued a Penalty Order in Docket 24-CONS-3352-CPEN (Docket 24-3352) for failure to comply with K.A.R. 82-3-103 and K.A.R. 82-3-106. The Commission found that Alternate II cementing had not been completed within 120 days of the spud date of Operator's Knoll Circle K Farms #1-26 well.¹ In the Penalty Order, the Commission directed Operator to pay a \$5,000 penalty and to complete the well using Alternate II methods, or plug the well.² In the event Operator failed to comply with the Penalty Order within 30 days, the Commission directed Staff to suspend Operator's license until Operator achieved compliance.³

6. On May 16, 2024, the Commission issued a Penalty Order in Docket 24-CONS-3357-CPEN (Docket 24-3357) for failure to comply with K.A.R. 82-3-107 and K.A.R. 82-3-130. The Commission found that Operator did not submit a complete and accurate well completion report within 120 days of the spud date of Operator's Knoll Circle K Farms #1-26 well.⁴ In the Penalty Order, the Commission directed Operator to pay a \$500 penalty and to submit a

¹ Docket 24-CONS-3352-CPEN, *Penalty Order*, ¶ 11 (May 14, 2024).

² *Id.* at Ordering Clauses A and B.

³ *Id.* at Ordering Clauses D, E, and F.

⁴ Docket 24-CONS-3357-CPEN, *Penalty Order*, ¶ 8 (May 16, 2024).

complete, accurate well completion report for the well.⁵ In the event Operator failed to comply with the Penalty Order within 30 days, the Commission directed Staff to suspend Operator's license until Operator achieved compliance.⁶

7. On June 24, 2024, Staff suspended Operator's license for non-compliance with the Penalty Orders in Dockets 24-3352 and 24-3357 as directed by the Commission. Staff notified Operator of the suspension in a Notice of License Suspension letter. In the letter, Staff informed Operator that if, after 10 days from the date of the letter, Staff discovered Operator performing oil and gas operations, Staff would recommend a Shut-In Order, as well as an additional \$10,000 monetary penalty.⁷

8. On July 5, 2024, Staff conducted various inspections and found Operator actively operating the following wells located in Graham County, Kansas, under a suspended license:⁸

- a. LC Worcester #1, API #15-065-23711-00-00, located in Section 22, Township 7 South, Range 22 West; and
- b. Worcester A #2-21, API #15-065-24233-00-00, located in Section 21, Township 7 South, Range 22 West.

9. To date, Operator's license remains suspended in Dockets 24-3352 and 24-3357.

III. CONCLUSIONS OF LAW

10. The Commission has jurisdiction over Operator and this matter under K.S.A. 74-623, K.S.A. 55-152, K.S.A. 55-155, K.S.A. 55-162, and K.S.A. 55-164.

11. Operator has violated K.A.R. 82-3-120 by conducting oil and gas operations on a suspended license, resulting in unlawful production under K.A.R. 82-3-133. Operator has also

⁵ *Id.* at Ordering Clauses A and B.

⁶ *Id.* at Ordering Clauses C and D.

⁷ Exhibit A.

⁸ Exhibit B.

failed to comply with the Commission's Penalty Orders in Dockets 24-3352 and 24-3357, and under K.S.A. 55-162(e), Commission Staff may immediately seal any of Operator's wells.

THEREFORE, THE COMMISSION ORDERS:

A. Operator shall pay a \$10,000 penalty.

B. Commission Staff is directed to shut-in and seal all oil and gas operations of Operator until (i) Operator complies with the Commission's Penalty Orders in Dockets 24-3352 and 24-3357; and (ii) Operator's license is reinstated.

C. 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.


D. 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. 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. The notice and opportunity for a hearing on this Order shall constitute the notice required by K.S.A. 77-512 regarding license suspension. 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).

E. 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: 07/16/2024



Lynn M. Retz
Executive Director

Mailed Date: 07/16/2024

TSK

Conservation Division
266 N. Main St., Ste. 220
Wichita, KS 67202-1513



Phone: 316-337-6200
Fax: 316-337-6211
<http://kcc.ks.gov/>

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

Laura Kelly, Governor

June 24, 2024

Michael J. Hopson
Satchell Creek Petroleum, LLC
3032 N. Cortina Street
Wichita, KS 67205-7536

NOTICE OF LICENSE SUSPENSION

License No. 35970

Docket No. 24-CONS-3352-CPEN

and

Docket No. 24-CONS-3357-CPEN

Operator:

Our records indicate that you are in violation of a Commission Order in the above Docket.

Your license is hereby suspended.

Until your license is reinstated, it is illegal for you to conduct oil and gas operations in Kansas.

If, after 10 days from the date of this letter (July 4, 2024), Commission Staff discovers you performing oil and gas operations, Staff will recommend a Shut-In Order, including an additional \$10,000 penalty. If you are already shut-in, you must remain shut-in.

Any outstanding monetary penalty may be sent to collections.

You may review the Commission Order, which was mailed to you, at the Commission's website. If you have questions, you may contact us at the phone number listed at the top of this page. If your license is reinstated it will be listed as "Active" at the following webpage: <https://www.kcc.ks.gov/kansas-oil-operators>.

Sincerely,

Legal Department Staff



Photographic Record

Incident/Activity Description

Inspector Name: Richard Williams

Inspector Title: Compliance Officer

Inspection Date: 07/05/2024

Lease Name: Worcester A #2-21

Location: SE-NE-NE-NE-NE

Sec. 21-07-22w Graham County

Company: Satchell Creek Petroleum, LLC

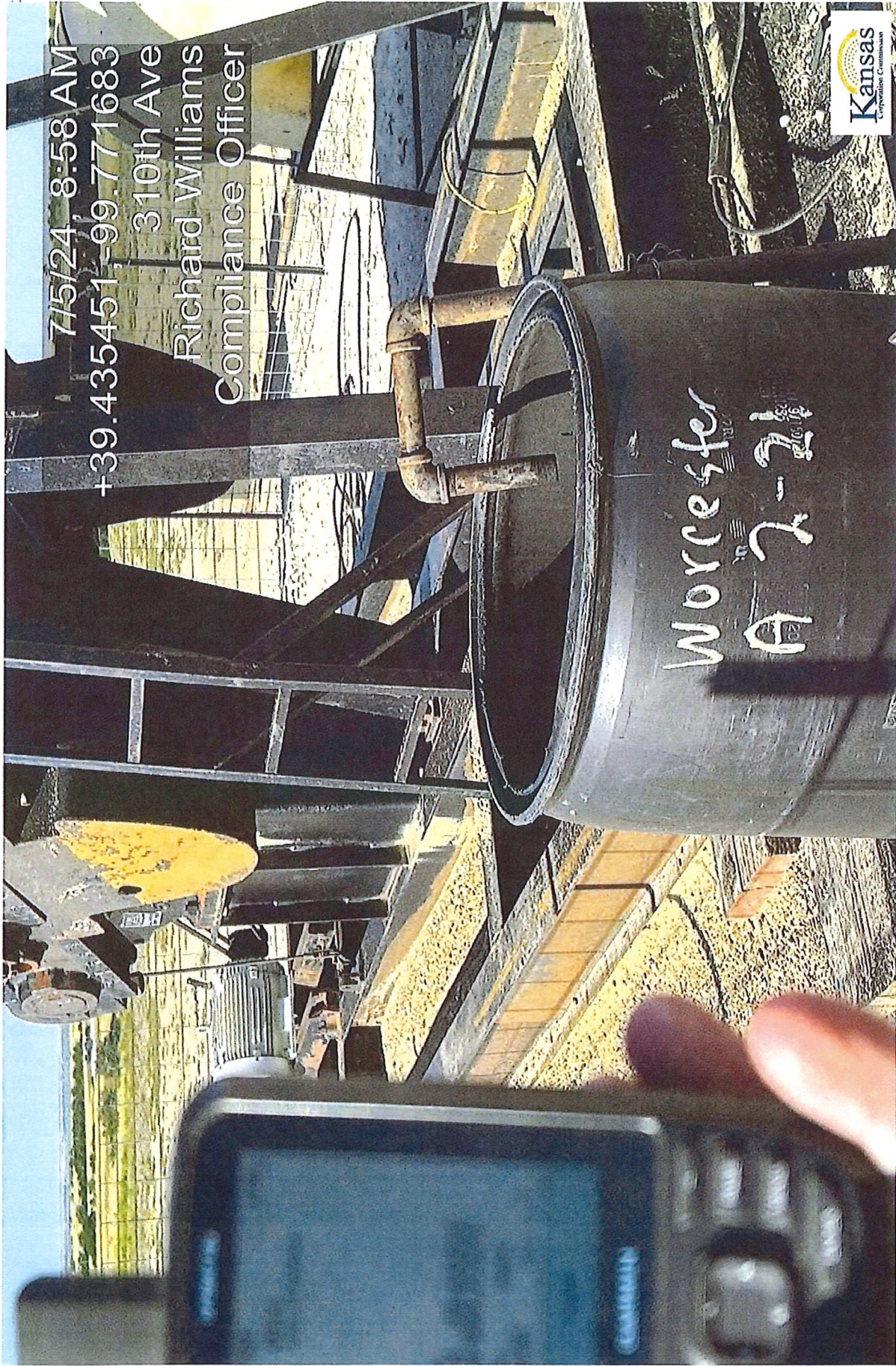
Attn: Michael J. Hopson

Address: 3032 N Cortina Street

Wichita, Kansas 67205-7536

970-989-4554





7/5/24 8:58 AM
+39.435451-99-771683
310th Ave
Richard Williams
Compliance Officer

Above: Satchell Creek Petroleum, LLC #35970 Worcester A #2-21 API#15-065-24233-00-00 SE-NE-NE Sec. 21-07-22W Graham County.

Photo Shows Test barrel with well ID Worcester A #2-21, API # 15-065-24233-00-00 , Counter balance weights positioned @ 2:00 O'clock at 8:58 a.m. on 07/05/2024.



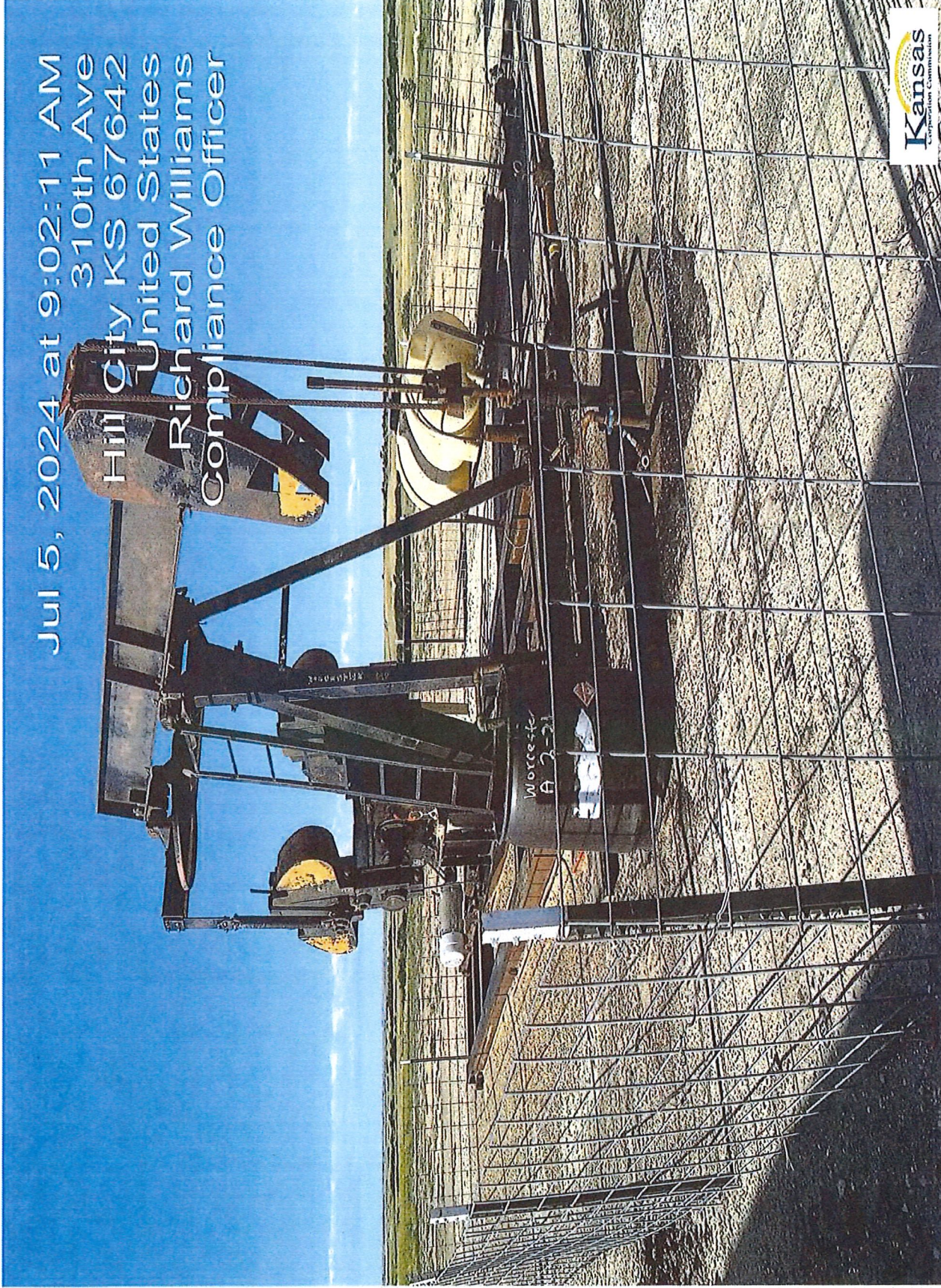


7/5/24, 8:59 AM
 +39.435451,-99.771683
 310th Ave
 Richard Williams
 Compliance Officer



Above: Satchell Creek Petroleum, LLC #35970 Worcester A #2-21 AP#15-065-24233-00-00 SE-NE-NE-NE Sec. 21-07-22W Graham County. Photo Shows Test barrel with well ID Worcester A #2-21, API # 15-065-24233-00-00 , Counter balance weights positioned @ 9:00 O'clock at 8:59 a.m. on 07/05/2024, indicating well in operation. GPS: 39.43553, -99.77171

Jul 5, 2024 at 9:02:11 AM
Hill City KS 67642
United States
Richard Williams
Compliance Officer



Above: Satchell Creek Petroleum, LLC #35970 Worcester A #2-21 API#15-065-24233-00-00 SE-NE-NE-NE Sec. 21-07-22W Graham County.
Photo Shows Test barrel with well ID Worcester A #2-21, API # 15-065-24233-00-00 , Counter balance weights positioned @ 12:00 O'clock at 9:02 a.m. on 07/05/2024, indicating well in operation. GPS: 39.43553, -099.77171



Photographic Record

Incident/Activity Description

Inspector Name: Richard Williams

Inspector Title: Compliance Officer

Inspection Date: 07/05/2024

Lease Name: LC Worcester #1

Location: SW-NE-SW-NW

Sec. 22-07-22w Graham County

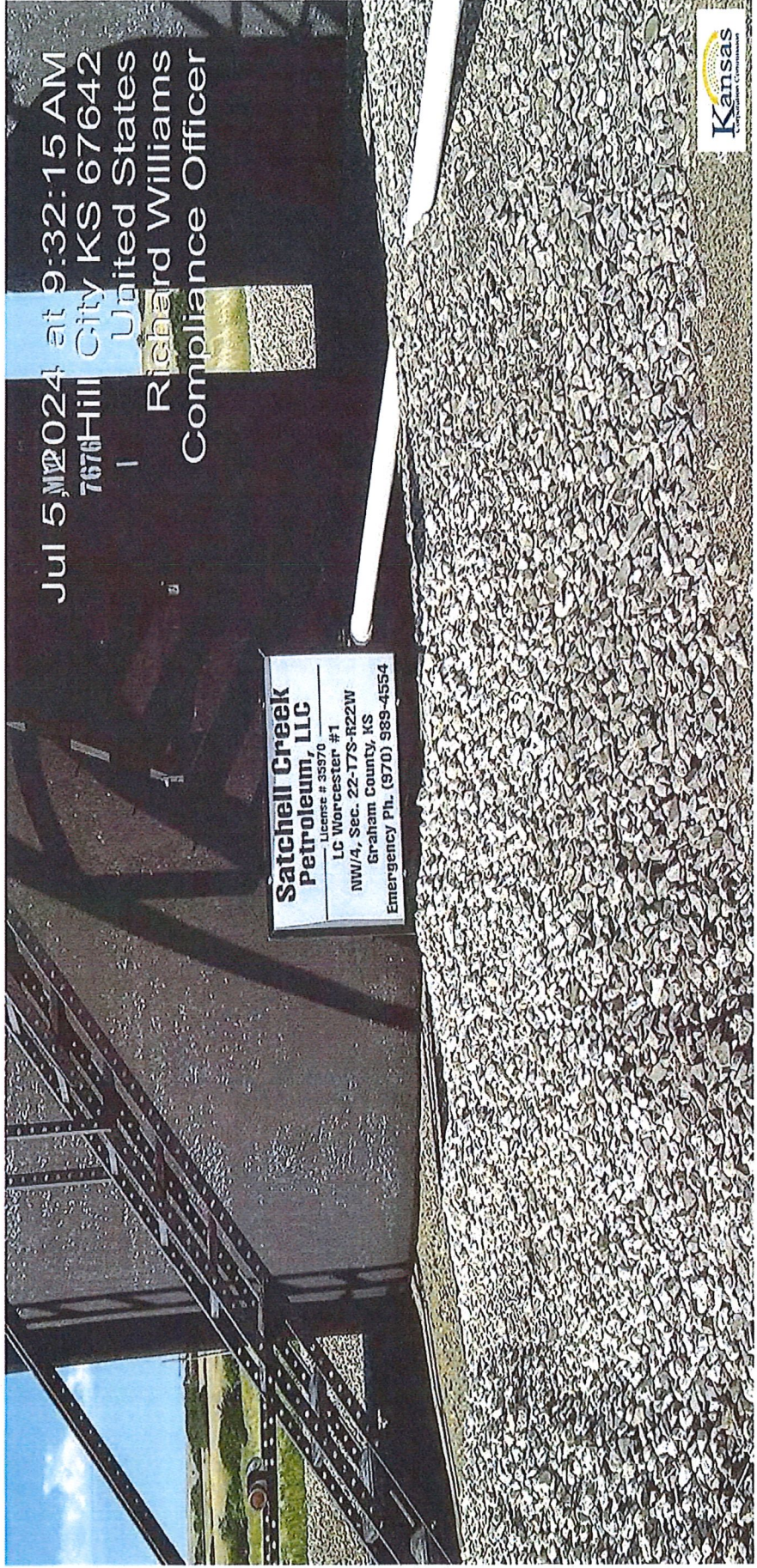
Company: Satchell Creek Petroleum, LLC

Attn: Michael J. Hopson

Address: 3032 N Cortina Street

Wichita, Kansas 67205-7536

970-989-4554



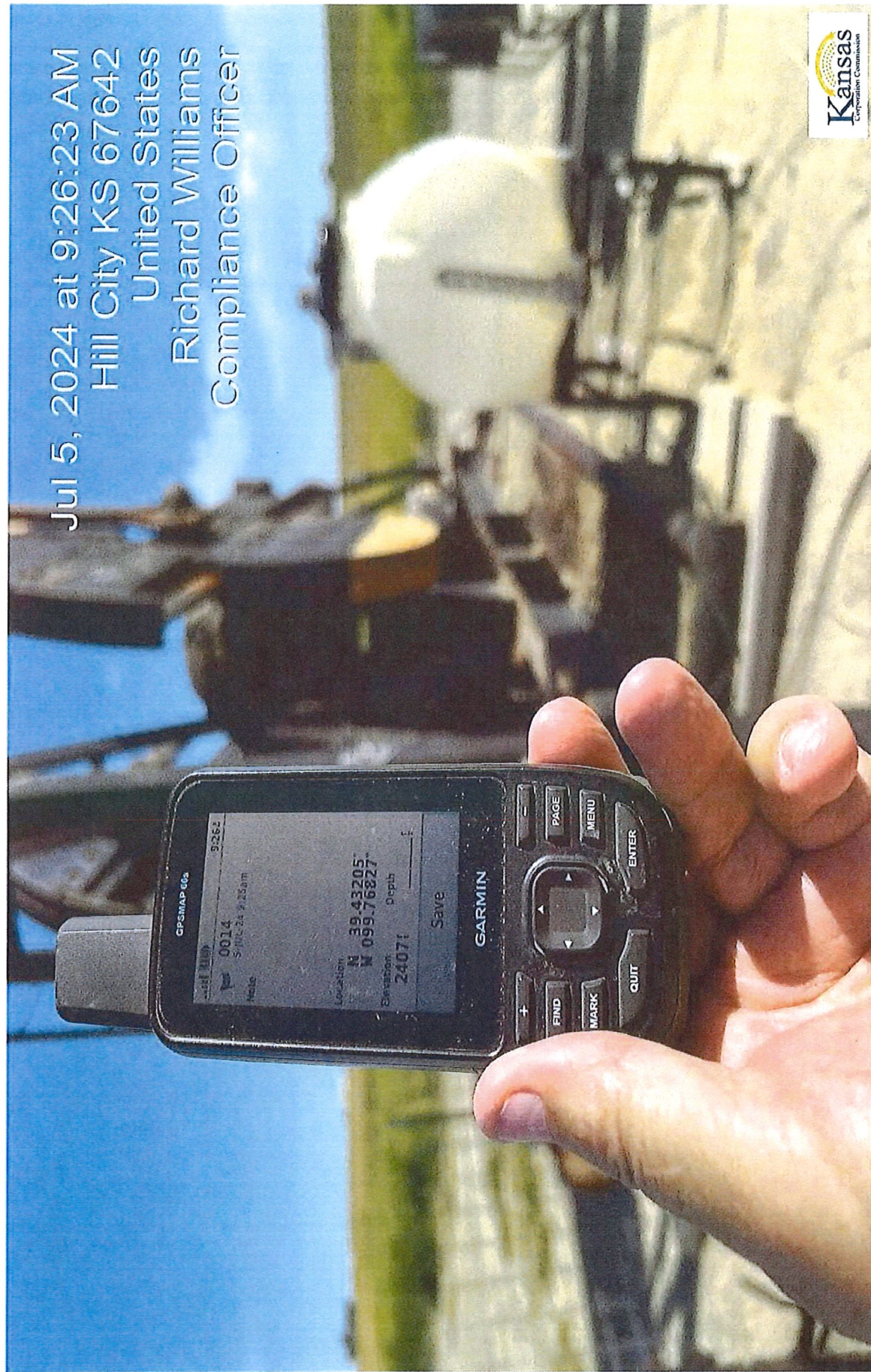


Above: Satchell Creek Petroleum, LLC #35970 LC Worcester #1 API#15-065-23711-00-00 SW-NE-SW-NW Sec. 22-07-22W Graham County.
Photo Shows Test barrel with well ID LC Worcester #1, Counter balance weights positioned @ 3:00 O'clock at 9:26:18 a.m. on 07/05/2024.

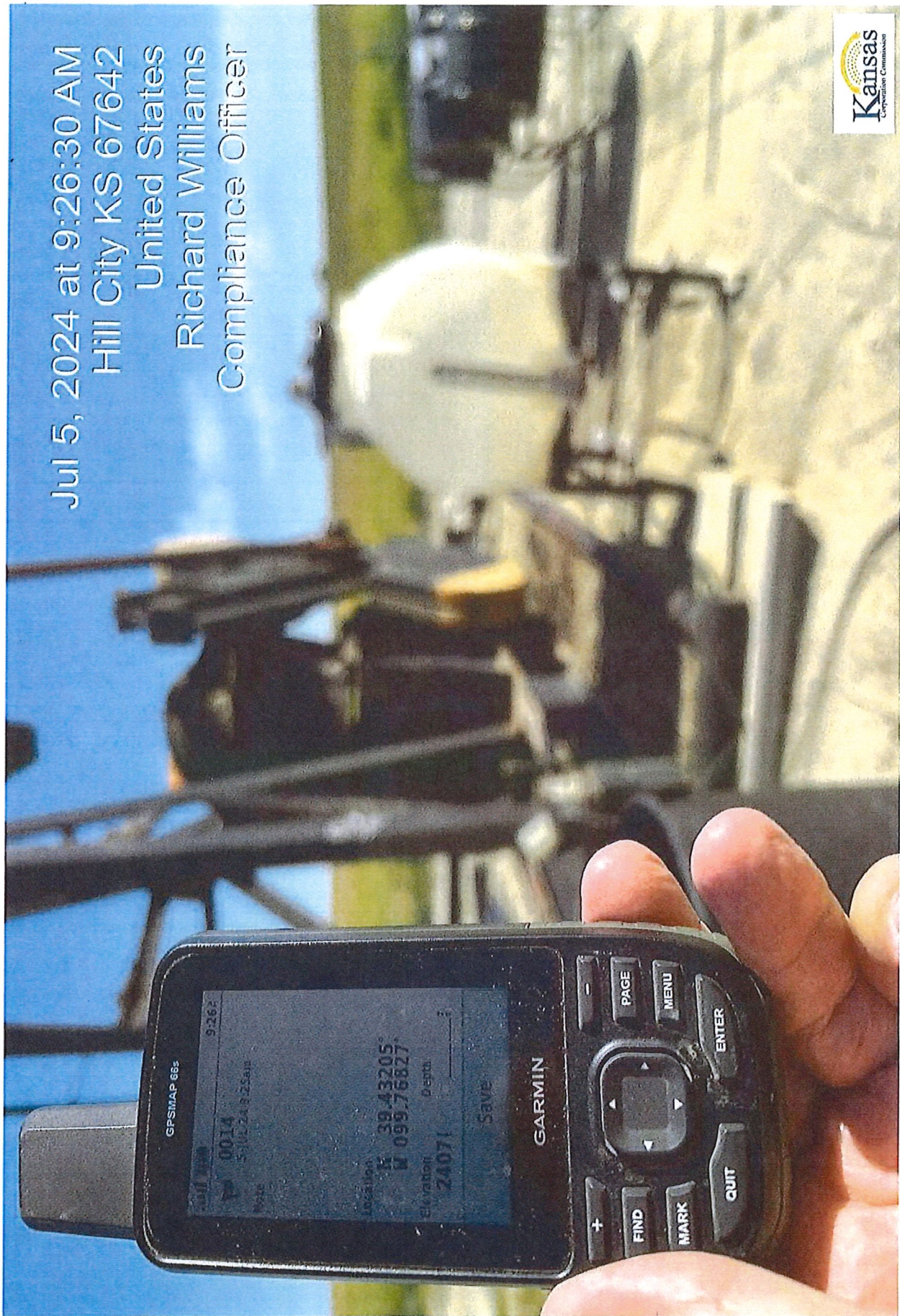
Jul 5, 2024 at 9:26:23 AM
 Hill City KS 67642
 United States
 Richard Williams
 Compliance Officer



Above: Satchell Creek Petroleum, LLC #35970 LC Worcester #1 API#15-065-23711-00-00 SW-NE-SW-NW Sec. 22-07-22W Graham County.
 Photo Shows Counter balance weights positioned @ 9:00 O'clock at 9:26:23 a.m. on 07/05/2024 indicating well in operation. GPS: 39.43205, -099.76827.



Jul 5, 2024 at 9:26:30 AM
Hill City KS 67642
United States
Richard Williams
Compliance Officer



Above: Satchell Creek Petroleum, LLC #35970 LC Worcester #1 API#15-065-23711-00-00 SW-NE-SW-NW Sec. 22-07-22W Graham County.
Photo Shows Counter balance weights positioned @ 5:00 O'clock at 9:26:30 a.m. on 07/05/2024 indicating well in operation. GPS: 39.43205, -099.76827.

CERTIFICATE OF SERVICE

25-CONS-3004-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 07/16/2024.

MICHAEL J. HOPSON
SATCHELL CREEK PETROLEUM LLC
3032 N CORTINA ST
WICHITA, KS 67205-7536
mjh11holdings@gmail.com

TRISTAN KIMBRELL, LITIGATION COUNSEL
KANSAS CORPORATION COMMISSION
CENTRAL OFFICE
266 N. MAIN ST, STE 220
WICHITA, KS 67202-1513
tristan.kimbrell@ks.gov

RICHARD WILLIAMS
KANSAS CORPORATION COMMISSION
DISTRICT OFFICE NO. 4
2301 E. 13TH STREET
HAYS, KS 67601-2654
richard.williams@ks.gov

/S/ KCC Docket Room
KCC Docket Room