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March 15, 2023

Kansas Corporation Commission
Attn: Conservation Division and Legal Dept.
266 N Main Street, Ste. 220
Wichita, KS 67202-1513

**RE: Request for Hearing, Docket No. 23-CONS-3195-CPEN
Ace Energy, LLC (#34998)**

To whom it may concern:

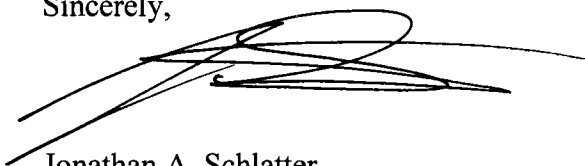
Ace Energy, LLC (“Operator”) respectfully requests a hearing in the referenced docket. The Penalty Order entered in this docket alleges a violation of K.A.R. 82-3-407 for failure to timely demonstrate mechanical integrity at the Grundy ‘B’ #5 SWD well, API No. 15-073-22198 (“Subject Well”). The Penalty Order requires Operator to perform a successful mechanical integrity test on the Subject Well or to plug the Subject Well, and pay a \$1,000 fine on or before March 16, 2023. The Penalty Order also requires that the Subject Well remain shut-in until it passes a mechanical integrity test.

As a background, on September 19, 2022, operator conducted a staff-witnessed mechanical integrity test on the Subject Well. Unfortunately, the Subject Well did not pass mechanical integrity at that time, and Operator was given until December 18, 2022 to retest the well and establish mechanical integrity therein. Soon thereafter, staff improperly suspended Operator’s license.¹ Operator’s license remained suspended for several weeks until the Commission itself reinstated Operator’s license by order entered November 17, 2022. The several weeks Operator’s license remained suspended inhibited its ability to timely perform remedial work on the Subject Well in order to satisfy staff’s deadline date. Further complicating matters was the shortage of workover rigs available in the fourth quarter of 2022. Nonetheless, Operator was able to perform limited remedial work on the Subject Well prior to the December 18, 2022 deadline so that it could re-test the Subject Well prior to the December 18, 2022 deadline. Unfortunately, however, the remedial efforts were not successful and the Subject Well failed mechanical integrity again. Operator has since performed additional remedial work so that the Subject Well will pass mechanical integrity, and has scheduled a staff-witnessed mechanical integrity test for this week. The Subject Well has remained shut-in at all relevant times, and has not taken any water since prior to the date it initially failed mechanical integrity.

¹ See Docket No. 22-CONS-3124-CPEN.

For the foregoing reasons, Operator does not believe it violated K.A.R. 82-3-407 and requests a hearing on this matter. Notwithstanding that its license was improperly suspended for a large portion of the time it had to re-test the Subject Well, Operator diligently worked to bring the Subject Well into compliance and conducted a mechanical integrity test prior to staff's deadline date. Operator has continued to diligently work to restore mechanical integrity at the Subject Well, and believes it will be found compliant when a mechanical integrity test is conducted this week. It would be inequitable, would cause economic waste, and advances no Commission policy to punish Operator in light of its diligent efforts. Operator requests the fine be voided, and the well be deemed compliant upon passing the staff-witnessed mechanical integrity test scheduled for this week.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jonathan A. Schlatter', written over a horizontal line.

Jonathan A. Schlatter

For the Firm

Attorneys for Ace Energy, LLC

JAS/cah