

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Failure of Global Energy)
Solutions Inc. ("Operator") to Comply with)
K.A.R. 82-3-120.)
Docket No. 17-CONS-3697-CPEN
License No. 32316
CONSERVATION DIVISION

TESTIMONY OF HERB EDMONDS

Q. STATE YOUR NAME AND ADDRESS?

A. My name is Herb Edmonds. My address is 1000 Wakarusa Drive, Lawrence, Kansas 66049.

**Q. WHAT IS YOUR RELATIONSHIP WITH GLOBAL ENERGY SOLUTIONS, INC.
("OPERATOR" or "GLOBAL ENERGY")?**

A. I am responsible for making regulatory filings regarding the Operator's oil and gas operations
in Kansas. This included the responsibility of filing to renew Operator's license each year.

Q. HOW LONG HAS OPERATOR HAD A KANSAS OPERATOR'S LICENSE?

A. Since May 1998.

**Q. BETWEEN 1998 AND 2016 DID YOU FILE TO RENEW OPERATOR'S LICENSE
EACH YEAR?**

A. Yes.

Q. DID YOU FILE TO RENEW THE OPERATOR'S LICENSE IN MAY 2017?

A. No.

Q. WHY DIDN'T YOU FILE TO RENEW THE OPERATOR'S LICENSE IN MAY 2017?

A. In March 2017, I fell down the steps at my house and broke my neck. Because of that injury
I was unable to do any work and did not file to renew the Operator's license in May 2017.

1 **Q. WAS THERE SOMEONE ELSE THAT COULD HAVE FILED TO RENEW THE**
2 **OPERATOR'S LICENSE IN MAY 2017?**

3 A. The only other individual who is involved with Global Energy is Larry Alex and he was
4 unavailable to make the filing due to a significant and career-ending illness.

5 **Q. OPERATOR'S REQUEST FOR HEARING FILED IN THIS CASE INDICATED**
6 **THAT OPERATOR HAD FILED TO RENEW ITS LICENSE PRIOR TO JUNE 1,**
7 **2017. WAS THAT STATEMENT INCORRECT?**

8 A. No. Operator did not file to renew its license prior to June 1, 2017, for the reasons set forth
9 above. The statement contained in the Request for Hearing is incorrect and should be
10 corrected.

11 **Q. DID YOU RECEIVE A NOTICE OF VIOLATION DATED JUNE 1, 2017, FROM THE**
12 **KANSAS CORPORATION COMMISSION ("KCC") WHICH IS ATTACHED AS**
13 **EXHIBIT A TO STAFF WITNESS MAINE'S TESTIMONY?**

14 A. Yes.

15 **Q. WHAT WAS INDICATED IN THE NOTICE OF VIOLATION?**

16 A. The Notice of Violation stated that Operator had unplugged well(s) on its expired license and
17 provided a list of those unplugged well(s). It then provided instructions to follow.

18 **Q. WHAT WERE THE INSTRUCTIONS CONTAINED IN THE NOTICE OF**
19 **VIOLATION?**

20 A. The Notice of Violation requested that the Operator do one of the following by no later than
21 June 15, 2017:

22 (1) Renew your license, or obtain a new license and transfer the well(s) to that

1 license;

2 (2) Transfer the well(s) to another operator by filing T-1 forms with the
3 Commission, or

4 (3) File Well Plugging Application (CP-1) form(s) and plug the well(s).

5 The Notice of Violation also indicated that Operator must shut-in all wells and cease oil and
6 gas operations until compliance is achieved and that if the violation for failure to renew the
7 license was not corrected by June 15, 2017, then the KCC Staff would recommend the
8 Commission issue a \$500 penalty against the Operator and order the Operator to plug the
9 wells listed in the attachments to the Notice of Violation within 60 days.

10 **Q. WHAT DID OPERATOR DO AFTER IT RECEIVED THE NOTICE OF**
11 **VIOLATION?**

12 A. Since the Operator does not currently have any of its wells on production and is in the process
13 of selling its leases and wells due to Mr. Alex's illness and his inability to continue to operate
14 the leases and wells, it is in compliance with that portion of the request in the Notice of
15 Violation to shut-in all wells and cease oil and gas operations until compliance is achieved.
16 The Operator also sent a copy of the Notice of Violation to its attorneys for review and
17 recommendation.

18 **Q. DID OPERATOR RESPOND TO THE KCC STAFF BEFORE THE JUNE 15, 2017**
19 **DEADLINE CONTAINED IN THE NOTICE OF VIOLATION?**

20 A. Yes. On June 15, 2017, Operator's legal counsel sent a letter to the KCC Staff (Ms. Cynthia
21 Maine with copy to Joshua Wright) by electronic mail. A copy of that letter is attached to my
22 testimony as Exhibit HE-1. In that letter, our legal counsel informed the KCC Staff that

1 Global Energy had received the Notice of Violation and that it wished to renew its operator's
2 license in a timely manner, but was not willing to accept responsibility for plugging some of
3 the wells identified and listed in the Notice of Violation that Global Energy did not believe
4 that it had a responsibility to plug as a condition to renewal of its operator's license. The letter
5 identified which wells on the list that the Operator did not believe that it had a responsibility
6 to plug. The letter requested that the Commission either remove those unplugged wells that
7 Global Energy did not believe it was responsible for plugging as a pre-condition to the license
8 renewal so Global Energy could renew its license without committing to plugging wells that
9 it did not believe that it had the responsibility to plug, or in the alternative, to have the KCC
10 consider the letter as a request for hearing on the effective denial of the KCC to renew the
11 Operator's license.

12 **Q. WHAT HAPPENED AFTER OPERATOR'S LEGAL COUNSEL SENT THE LETTER**
13 **TO THE KCC STAFF ON JUNE 15, 2017?**

14 A. It is my understanding that on June 28 and June 29, 2017, Operator's legal counsel and KCC
15 Staff's legal counsel exchanged emails in which the KCC Staff asked Operator to provide the
16 basis for Global Energy's contention that it was not responsible for plugging some of the wells
17 listed in the Notice of Violation, especially since Global Energy had certified for the past two
18 years that it was responsible for those wells. On June 29, 2017, Operator's legal counsel
19 indicated to KCC Staff legal counsel that Operator was gathering information that would show
20 that it was not responsible for those wells. However, on that same day the KCC issued its
21 penalty order in this matter against Operator for failing to renew its operator's license in a
22 timely manner.

1 **Q. DID OPERATOR CERTIFY THE LAST TWO TIMES IT FILED TO RENEW ITS**
2 **OPERATOR'S LICENSE THAT IT WAS RESPONSIBLE FOR PLUGGING THE**
3 **WELLS LISTED IN THE NOTICE OF VIOLATION?**

4 A. Yes. It was my understanding that the only way the Operator could apply to renew its license
5 was to certify that it was responsible for plugging those wells even if the Operator did not
6 believe that it had that responsibility.

7 **Q. WHAT WELLS LISTED IN THE NOTICE OF VIOLATION DOES OPERATOR**
8 **BELIEVE IT IS RESPONSIBLE FOR PLUGGING?**

9 A. Operator believes that it is responsible for plugging the wells on the Bower lease. That is nine
10 of the nineteen wells listed in the Notice of Violation. The five wells on the Kimmel, Decker
11 and Coppinger leases were assigned to Jamie Reese, an operator in the McLouth area. The
12 three wells on the Demoranville lease and the two wells on the Fuhr lease were fraudulently
13 assigned by Bollinger Oil to Global Energy, but Global Energy never accepted the assignment
14 of those leases. I would note that Operator did file applications for the temporary
15 abandonment of the three wells located on the Demoranville lease, but has never conducted
16 any operations on that lease and has continued to take the position with Bollinger Oil that it
17 did not agree to the assignment of that lease and those wells.

18 **Q. WHAT IS GLOBAL ENERGY ASKING THE COMMISSION TO DO IN THIS CASE?**

19 A. Global Energy is requesting that the KCC waive the \$500 penalty recommended by the KCC
20 Staff in this case and allow it to apply to renew its license and certify that it is responsible for
21 the nine wells on the Bower lease listed in the Notice of Violation. Global Energy contacted
22 the KCC Staff on the deadline included in the Notice of Violation. It indicated that it wanted

1 to renew its license but only if it did not have to certify that it was responsible for plugging
2 wells that it did not believe that it was responsible for plugging. Global Energy also asks for
3 time to provide evidence to the KCC Staff that it is not responsible for the other 10 wells listed
4 in the Notice of Violation, or in the alternative be given time to work out an agreement with
5 the KCC Staff with respect to a time table in which to have those wells plugged. As I
6 previously indicated, Global Energy is in the process of selling its operations on the Bower
7 lease, and agrees that any purchase and sale agreement will address the responsibility of
8 plugging all of the wells listed in the Notice of Violation as a condition to the sale.

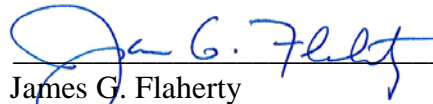
9 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

10 **A. Yes.**

CERTIFICATE OF SERVICE

I hereby certify that a copy of the above and foregoing was sent via U. S. Mail, postage prepaid, hand-delivery, or electronically, this 17th day of November, 2017, addressed to:

Jonathan R. Myers
Litigation Counsel
Kansas Corporation Commission
Conservation Division
266 N. Main St., Ste. 220
Wichita, Kansas 67202-1513


James G. Flaherty

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ROBERT A. ANDERSON
(1920-1994)

RICHARD C. BYRD
(1920-2008)

June 15, 2017

Sent by electronic mail c.maine@kcc.ks.gov

Ms. Cynthia K. Maine
Administrative Assistant
Kansas Corporation Commission
Conservation Division
266 N. Main Street, Suite 220
Wichita, Kansas 67202

Re: Global Energy Solutions Inc. ("Global Energy") License #32316; Response
to Notice of Violation dated June 1, 2017

Dear Ms. Maine:

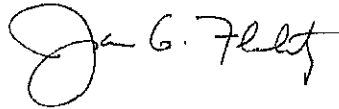
Global Energy asked us to respond to the above-referenced notice of violation it received from you which effectively conditioned Global Energy's request to renew its operator's license upon accepting responsibility for plugging some wells that Global Energy does not believe that it has any responsibility for plugging. Global Energy wishes to renew its operator's license in a timely manner. However, in doing so it is not willing to accept responsibility for plugging some of the wells identified and listed in the Notice of Violation that Global Energy does not believe that it has responsibility to plug as a condition to renewal of its license. The pre-condition placed upon Global Energy's renewal of its operator's license is unreasonable and unlawful and effectively results in a denial of Global Energy's renewal of its operator's license. Accordingly, on behalf of Global Energy, we would request that the Commission either remove those unplugged wells that Global Energy is not responsible for plugging from the pre-condition to the license renewal, or in the alternative, even though no docket has been filed regarding this matter, Global Energy requests a hearing on the effective denial of the Commission to renew Global Energy's license and the notice of violation sent by your office. If an order is issued opening a formal docket on this matter I would request receiving a copy of that order.

EXHIBIT HE-1

The wells on the list that was provided to Global Energy with the Notice of Violation that Global Energy believes that it has no responsibility for plugging are as follows: Decker 2; Coppinger 1 and 3; Wilmer Kimmel 1-87; Kimmel Wilmer 1-89; Fuhr 1 and 103; Demoranville 6 (COG 104); Demoranville (COG 105);and Demoranville 8 (COG 106).

I am providing a copy of this letter and request for hearing to Mr. Joshua Wright. I would be happy to discuss this matter with you or Mr. Wright in an effort to resolve this matter so Global Energy can submit its license renewal, or to answer any questions regarding the position being taken by Global Energy with respect to the above mentioned wells.

Sincerely,

A handwritten signature in black ink, appearing to read "J. G. Flaherty". The signature is fluid and cursive, with the first name "J" being particularly large and stylized.

James G. Flaherty
jflaherty@andersonbyrd.com

JGF:tlc

cc: Joshua Wright (j.wright@kcc.ks.gov)