

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

In the Matter of the Application of)	Docket No. 22-CONS-3407-CMSC
Nacogdoches Oil & Gas, LLC (Operator))	
for an Operator's License Renewal.)	CONSERVATION DIVISION
)	
)	License No. 32042
)	

REQUEST FOR HEARING

Nacogdoches Oil & Gas, LLC ("Operator") respectfully requests a hearing in the captioned docket. In support of its request, Operator states and alleges as follows:

1. Operator is a Kansas limited liability company, authorized and in good standing with the Kansas Secretary of State's office to do business in Kansas. Operator's business address is 412 North Street, Suite G, Nacogdoches, TX, 75961. The Commission has issued Operator oil and gas operator's License No. 32042.

2. On February 22, 2022, Operator submitted its application to renew its operator's license, which was set to expire on February 22, 2022.

3. On May 5, 2022, the Commission entered its Order Denying Application for License ("Denial Order") in the captioned docket. Per the Denial Order, Operator is afforded 15 days from service of said order to request a hearing.¹ As such, this request for hearing is timely.

4. The basis for denying Operator's application to renew its operator's license was its alleged non-compliance with the Commission-approved compliance agreement ("Compliance Agreement") entered in Docket No. 20-CONS-3288-CMSC.² The Compliance Agreement is dated June 1, 2020, and requires Operator to bring 60 total wells into compliance with K.A.R. 82-3-111 at the rate of 3 wells per calendar quarter beginning in the third quarter of 2020.

¹ Denial Order, ¶ B.

² Denial Order, ¶ 7.

5. Operator disputes that it is not compliant with the Compliance Agreement. Specifically, beginning in July of 2021, Operator was unable to reconcile with Commission staff which wells were in compliance and which wells were not. In its most recent status report, Commission staff reclassified certain wells previously deemed compliant as non-compliant, further confusing the status of compliance. Turnover at the District 3 staff level at the beginning of this year has also led to confusion as to which wells are compliant and which wells are not.

6. Additionally, in July of 2021, Operator told Commission staff that it desired to conduct a waterflood operation on the leases subject to the Compliance Agreement. Operator commissioned a study on the oil bearing reservoirs lying beneath said leases, and determined that substantial oil reserves could be recovered utilizing secondary recovery methods. Conducting this secondary recovery operation requires the use of many of the wellbores subject to the Compliance Agreement. Those wells would necessarily be brought into compliance with the Compliance Agreement once the secondary recovery operation began. Implementing the secondary recovery operation would prevent waste and protect the correlative rights of Operator and its lessor-mineral owners.

7. Commission staff acknowledges Operator's desire to conduct a secondary recovery operation on the leases subject to the Compliance Agreement, but has refused to discuss the plan with Operator. Recently, Operator requested a meeting with Commission staff to discuss potentially amending the Compliance Agreement to allow the waterflood operation to be conducted. Staff refused to take this meeting, and instead indicated it would issue the Denial Order and force Operator to plug and abandon all wells on Operator's license. This course of action would cause waste and violate the correlative rights of Operator and its lessor-mineral owners, because the wells that could recover the oil reserves will be plugged and the oil will be left stranded

in the reservoir. This course of action is also contrary to the Commission's mandate of preventing waste and protecting correlative rights, as wells capable of economically producing oil would be prematurely plugged and abandoned.

8. For the foregoing reasons, Operator requests a hearing on the Denial Order.

WHEREFORE, Operator prays that the Commission grant this request for hearing, reinstate Operator's license, allow for the Compliance Agreement to be amended to allow the waterflood operation to be conducted, and to grant such other and further relief as it deems just and proper.

Respectfully submitted,

MORRIS, LAING, EVANS, BROCK
& KENNEDY, CHARTERED

By: 

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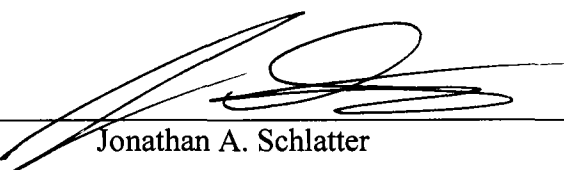
Attorneys for Nacogdoches Oil & Gas, LLC

VERIFICATION

STATE OF KANSAS)
) ss:
COUNTY OF SEDGWICK)


Jonathan A. Schlatter, being of lawful age and being first duly sworn upon his oath, deposes and says:

That he is the attorney for Nacogdoches Oil & Gas, LLC; he has read the above and forgoing Request for Hearing and is familiar with its contents, and that the statements made therein are true and correct to the best of his knowledge and belief.



Jonathan A. Schlatter

SIGNED AND SWORN to before me this 20th day of May, 2022.



Notary Public

My Appointment expires: 11/05/2024

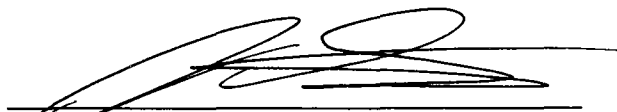


CERTIFICATE OF SERVICE

I, Jonathan A. Schlatter, hereby certify that on this 20th day of May, 2022, I caused the original of the foregoing **Request for Hearing** to be electronically filed with the Conservation Division of the State Corporation Commission of the State of Kansas, and emailed true and correct copies of the same to the following individuals:

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