

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

In the matter of the failure of VEEM Jade Oil)	Docket No.: 19-CONS-3108-CPEN
& Gas LLC ("Operator") to comply with)	
K.A.R. 82-3-111 at the Beaumont #B1,)	CONSERVATION DIVISION
Beaumont #B2, Beaumont #B3, Beaumont)	
#B4, Daves #D13, Daves #D15, Daves #D22)	License No.: 32874
and Daves #D23 ("subject wells") in Elk)	
County, Kansas.)	

MOTION TO CLOSE DOCKET

The Staff of the State Corporation Commission of the State of Kansas ("Staff" and "Commission," respectively) files this *Motion to Close Docket*. In support of its Motion, Staff states as follows:

1. On September 20, 2018, the Commission issued a Penalty Order finding the Operator had committed eight violations of K.A.R. 82-3-111 because the subject wells had been inactive in excess of the time allowed by regulation without being plugged, returned to service, or approved for TA status.
2. On October 18, 2018, the Operator timely appealed the Penalty Order and requested a hearing.
3. On April 4, 2019, the Commission issued an Order Approving Compliance Agreement in docket 19-CONS-3321-CMSC. All eight-subject wells in this docket are controlled by the compliance agreement in docket 19-CONS-3321-CMSC. The Order Approving Compliance Agreement is attached to this motion as Exhibit A.
4. The parties agree that the Commission approved compliance agreement in docket 19-CONS-3321-CMSC fully resolves the issues specifically addressed in this penalty docket. The parties recommend that the approved compliance agreement constitute a final resolution of this matter.

WHEREFORE, for the reasons described above, Staff and the Operator respectfully request the Commission close the above captioned docket.

Respectfully submitted,



Lauren N. Wright, #27616
Litigation Counsel,
Kansas Corporation Commission
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Attorney for Veem Jade Oil & Gas LLC

D. The Commission retains jurisdiction over the subject matter and the parties for the purpose of entering such further orders as it may deem necessary.

BY THE COMMISSION IT IS SO ORDERED.

Keen, Chair; Albrecht, Commissioner; Emler, Commissioner

Dated: 04/11/2019 _____



Lynn M. Retz
Secretary to the Commission

Mailed Date: 04/11/2019 _____

LW

COMPLIANCE AGREEMENT

This Agreement is between VEEM Jade Oil & Gas, LLC. (“Operator”) (License #32874) and the Kansas Corporation Commission Staff (“Staff”). If the Kansas Corporation Commission (“Commission”) does not approve this Agreement as evidenced by a signed order of the Commission, this Agreement shall not be binding on either party.

A. Background

1. Operator is responsible for the 27 wells (“the subject wells”) on the attached list. All of the subject wells are out of compliance with K.A.R. 82-3-111. Operator has asked for an agreement to avoid penalties while Operator works to plug the subject wells, return them to service, or repair and obtain TA status for such subject wells if eligible. Obtaining TA status shall include application for, and Commission approval of, an exception to the 10-year limit on TA status if applicable. Staff is supportive of an agreement to this effect with the Operator.

B. Terms of Compliance Agreement

2. By June 30, 2019, Operator shall plug, return to service, or repair and obtain temporary abandonment status for 2 of the subject wells. Operator shall plug, return to service, or repair and obtain temporary abandonment status for an additional 2 subject wells within each three calendar months thereafter, resulting in all subject wells being returned to compliance by September 30, 2022. Staff may prioritize the order in which the subject wells are addressed pursuant to this Agreement by indicating priority on the attached list and may adjust the prioritization at any time during this Agreement should a subject well or wells become known to Staff to be a pollution or public safety threat. Operator shall notify Staff in writing of all subject wells returned to service during each three calendar month period throughout the term of this Agreement.

3. Upon good cause shown, the Operator may receive an extension of the time to achieve compliance for up to 30 days from an applicable deadline pursuant to this Agreement so that the Operator may plug, return to service, or repair and TA the well or wells that was or were the subject of the applicable deadline. If the Operator seeks a time extension for any deadline under this Agreement, the Operator shall request such an extension at least seven days prior to the applicable deadline. Staff will file a status update in the docket created for this matter containing the District Supervisor’s recommendation to approve or deny the extension and place an order requesting Commission approval of the terms of the status update on the next available Consent Agenda for Commission consideration and possible approval. If Operator is denied a requested extension by the Commission or otherwise remains out of compliance with this Agreement for any

other reason, Staff shall immediately send a Notice of Non-Compliance and License Suspension to Operator, which shall suspend the Operator's license and become effective 10 days from the date of the Notice of Non-Compliance and License Suspension. The Operator's license shall remain suspended until well plugging or repair is resumed in accordance with the compliance schedule contained in the Status Update. If Staff finds that the Operator is conducting oil and gas operations after 10 days from the date of a Notice of Non-Compliance and License Suspension, and Operator's license remains suspended, Staff is authorized to seal all of Operator's oil and gas operations.

4. This Agreement, in its entirety, may be transferable between operators only by an Order of the Commission approving the transfer. Staff will file a status update in the docket created for this matter containing a recommendation regarding any proposed transfer between operators and will place an order regarding the transfer on the next available Consent Agenda for Commission consideration and possible approval. If the Operator intends to transfer any of the subject wells to another Operator, but does not intend to transfer this Agreement in its entirety, such subject wells must be returned to compliance pursuant to Commission, rules, regulations, or orders before Staff will process the transfer.

5. Except as provided by and under this Agreement, Staff will not pursue Operator for any violation of K.A.R. 82-3-111 for the subject wells that occurred or occurs prior to September 30, 2022, except for wells brought into compliance after Commission approval of this Agreement that subsequently fall out of compliance and remain the Operator's responsibility under the Operator's license.

6. This Agreement may be amended to add additional wells with the written consent of the District Supervisor. If this Agreement is amended, then Staff shall file a status update in the Commission docket created for this matter, also indicating that Operator is not opposed to the addition of the wells. The addition of wells may not change the number of wells to be brought into compliance each calendar quarter, but may extend the final compliance deadline. Any changes to a previously approved timeline will be included in the status update. Staff will place an order approving the addition of wells and extending the final compliance deadline on the next available Consent Agenda for Commission consideration and possible approval.

7. Operator may bring more than 2 wells into compliance during any three calendar month term. The excess number of wells brought into compliance will be attributed to a future three-month compliance period.

8. XXXX of the subject wells to be brought into compliance hereunder are currently authorized for injection, (SWD). Upon Commission approval of this Agreement, Staff shall revoke the Operator's injection authorization for such subject wells that will be plugged. The subject well is highlighted in yellow on the attached list, and have an "x" marked in the far right column.

9. After this Agreement has been in effect for two years, Staff may reopen negotiation with Operator about the terms of this Agreement at any time, upon giving Operator written notice of Staff's intent to do so. If Staff and Operator are unable to agree to new terms, and to submit those terms to the Commission for its consideration and possible approval within 90 days of Staff's written notice, then this Agreement shall be terminated upon Staff's filing a statement to that effect in the Commission docket for this matter.

Commission Staff

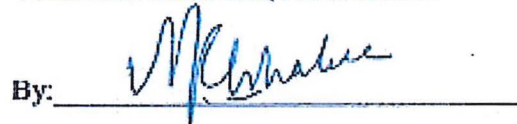
By: 

Printed Name: Troy A. Russell

Title: District Supervisor, P.G.

Date: 4/2/2019

Veem Jade Oil & Gas, LLC. #32874

By: 

Printed Name: M. K. Chhabra

Title: Manager

Date: April 2, 2019

Veem Jade Oil Gas, LLC KLN 32874- IN Well List

Count	Well Name	API#	FSL	FEL	Spot	Sec	Twp	Rng	Type	Well Status	Wells Due Per Quarter
ELK											
BEAUMONT	B1	15-049-20974-00-00	332	2300	SWSWSE	27	29	9	OIL	AA_IN	2
BEAUMONT	B2	15-049-21536-00-00	1876	2342	SWNWSE	27	29	9	OIL	AA_IN	2
BEAUMONT	B3	15-049-21609-00-00	1111	2304	NWSWSE	27	29	9	OIL	AA_IN	2
BEAUMONT	B4	15-049-22251-00-00	2234	2425	NWNWSE	27	29	9	OIL	AA_IN	2
DAVES	D1	15-049-20700-00-00	259	2779	SESESW	27	29	9	OIL	AA_IN	2
DAVES	D10	15-049-21365-00-00	2598	3776	NWNESW	27	29	9	OG	AA_IN	2
DAVES	D11	15-049-21323-00-00	946	4121	NESWSW	27	29	9	OIL	AA_IN	2
DAVES	D12	15-049-21324-00-00	1448	4542	SENWSW	27	29	9	OIL	AA_IN	2
DAVES	D13	15-049-21325-00-00	2014	4291	NENWSW	27	29	9	OIL	AA_IN	2
DAVES	D15	15-049-21327-00-00	3207	3828	SWSENW	27	29	9	OIL	AA_IN	2
DAVES	D16	15-049-21328-00-00	3787	3855	NWSENW	27	29	9	OIL	AA_IN	2
DAVES	D17	15-049-21329-00-00	3041	4386	SESWNW	27	29	9	OIL	AA_IN	2
DAVES	D19	15-049-21606-00-00	2936	3109	SESENW	27	29	9	OIL	AA_IN	2
DAVES	D2	15-049-20965-00-00	314	3513	SWSESW	27	29	9	OIL	AA_IN	2
DAVES	D22	15-049-21630-00-00	3953	4964	NWSWNW	27	29	9	OIL	AA_IN	2

Count	Well Name	API#	FSL	FEL	Spot	Sec	Twp	Rng	Type	Well Status	Wells Due Per Quarter
DAVES	D23	15-049-21658-00-00	4184	4637	SWNWNW	27	29	9	OG	AA_IN	2
DAVES	D24	15-049-21674-00-00	4995	4330	NENWNW	27	29	9	OIL	AA_IN	2
DAVES	D25	15-049-21833-00-00	368	4877	SWSWSW	27	29	9	OIL	AA_IN	2
DAVES	D5	15-049-21004-00-00	1468	3477	SWNESW	27	29	9	OIL	AA_IN	2
DAVES	D7	15-049-21006-00-00	2000	3696	NWNESW	27	29	9	OIL	AA_IN	2
DAVES	D8	15-049-21363-00-00	274	4111	SESWSW	27	29	9	OIL	AA_IN	2
SMITH	1	15-049-20319-00-00	2285	4248	NENWSW	22	29	9	SWD	AA_IN	2
<u>Well was never authorized or formally transfered and or operated by Veem Jade Oil & Gas, LLC</u>											
SMITH	7	15-049-21843-00-00	1607	557	SWSENESE	21	29	9	OIL	AA_IN	2
SMITH B	2	15-049-20382-00-00	1553	4617	SWNWSW	22	29	9	OG	AA_IN	2
SMITH F W	5	15-049-21519-00-00	2492	5128	NWNWSW	22	29	9	OIL	AA_IN	2
SMITH FW	3	15-049-20924-00-00	2448	4611	NWNWSW	22	29	9	OIL	AA_IN	2
SMITH FW	4	15-049-21355-00-00	2810	4866	SWSWNW	22	29	9	OIL	AA_IN	2

Total Inactive Wells

27

CERTIFICATE OF SERVICE

19-CONS-3321-CMSC

I, the undersigned, certify that the true copy of the attached Order has been served to the following parties by means of first class mail and electronic service on 04/11/2019.

JOHN ALMOND
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137 E. 21ST STREET
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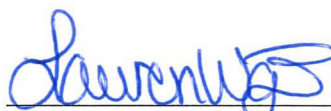
/S/ DeeAnn Shupe

DeeAnn Shupe

VERIFICATION

STATE OF KANSAS)
) ss.
COUNTY OF SEDGWICK)

Lauren N. Wright, of lawful age, being duly sworn upon her oath deposes and states that she is Litigation Counsel for the State Corporation Commission of the State of Kansas; that she has read and is familiar with the foregoing *Motion*, and attests that the statements therein are true to the best of her knowledge, information and belief.

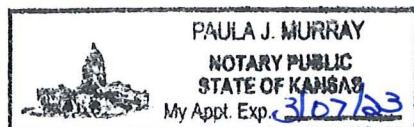


Lauren N. Wright, S. Ct. #27616
Litigation Counsel
State Corporation Commission
of the State of Kansas

SUBSCRIBED AND SWORN to before me this 17 day of Apr, 2019.


Notary Public

My Appointment Expires: 3/07/23



CERTIFICATE OF SERVICE

19-CONS-3108-CPEN

I, the undersigned, certify that the true copy of the attached Motion has been served to the following parties by means of first class mail and electronic service on April 17, 2019.

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/S/ Paula J. Murray

Paula J. Murray