

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

In the matter of the failure of Fuel Source Inc. ) Docket No. 22-CONS-3046-CPEN  
(Operator) to comply with K.A.R. 82-3-120. )  
 ) CONSERVATION DIVISION  
 )  
 ) License No. 34380  
\_\_\_\_\_ )

**PRE-FILED TESTIMONY**

**OF**

**NANCY BORST**

**ON BEHALF OF COMMISSION STAFF**

**DECEMBER 2, 2021**

1 **Q. What is your name and business address?**

2 A. Nancy D. Borst, 266 N. Main St., Suite 220, Wichita, KS 67202

3 **Q. By whom are you employed and in what capacity?**

4 A. I am employed by the Conservation Division of the Kansas Corporation Commission as an  
5 Administrative Specialist in the licensing and legal departments.

6 **Q. Would you please briefly describe your background and work experience?**

7 A. I worked as the Communications Coordinator and Public Information Officer for Kingman  
8 County from 2013 to 2017. Prior to that I was the managing editor of the Kingman Leader-  
9 Courier newspaper. I have worked in various roles in journalism for the past forty-two years  
10 and continue to own a freelance journalism business. I have a bachelor of science degree from  
11 the University of Kansas. I have worked for the Kansas Corporation Commission since  
12 February 2018 as an Administrative Specialist. My primary duties include processing and  
13 reviewing license applications, processing open records requests, and processing legal filings.

14 **Q. Have you previously testified before this Commission?**

15 A. Yes.

16 **Q. What is the purpose of your testimony in this matter?**

17 A. The purpose of my testimony is to discuss the evidence supporting the Commission's findings  
18 relating to the Penalty Order issued by the Commission against Fuel Source Inc. (Operator)  
19 in this docket - Docket 22-CONS-3046-CPEN (Docket 22-3046). Specifically, my testimony  
20 will discuss Operator's license.

21 **Q. Please provide a brief overview of the facts in this docket.**

22 A. Operator was penalized for one violation of K.A.R. 82-3-120, because Operator has  
23 approximately 3 wells on its expired license. Operator failed to renew its license, obtain a new

1 license and transfer remaining wells onto that license, transfer the remaining wells to another  
2 operator, or plug the remaining wells by the deadline provided.

3 **Q. Will you please explain the requirements of K.A.R. 82-3-120?**

4 A. Yes. K.A.R. 82-3-120 provides that each operator in physical control of any oil, gas, injection,  
5 or monitoring well or gas storage facility shall maintain a current license even if the well or  
6 storage facility is shut-in or idle.

7 **Q. When did Operator's license expire?**

8 A. Operator's license expired on April 30, 2020.

9 **Q. Did Commission Staff send a Notice of Violation (NOV) letter to Operator regarding the  
10 unplugged wells on Operator's expired license?**

11 A. Yes. On June 10, 2021, Commission Staff sent an NOV letter to Operator requiring Operator  
12 to take care of the unplugged wells on its license by June 24, 2021. That letter was attached  
13 to the Docket 22-3046 Penalty Order as Exhibit A. Typically this letter would have been sent  
14 within two weeks of the license expiration date. However, due to an emergency order issued  
15 by Gov. Laura Kelly relating to the COVID-19 pandemic, deadlines for certain types of  
16 licenses were stayed, meaning that the KCC could not enforce regulatory license expirations  
17 until such time as the emergency order expired, which occurred at the end of May 2021.

18 **Q. Did Operator submit an application to renew its license for 2020-2021?**

19 A. No. All licenses that would have otherwise expired during the governor's emergency order  
20 remained active under the emergency order, provided the operator was in good standing at the  
21 time of the issuance of the Governor's emergency order. In this instance, Operator was in  
22 good standing at the time of the emergency order. However, nothing in the Governor's  
23 emergency order prohibited operators from filing/renewing their licenses, and nothing in the

1 order alleviated an operator's obligation to pay the annual licensing fees or otherwise comply  
2 with Commission regulations relating to oil and gas production activities. Rather, the order  
3 merely allowed operators additional time to renew their respective licenses. Operator has not  
4 submitted a license application to renew its license for 2020-2021. The last license renewal  
5 application we received from Operator was submitted in 2019 and it was approved.

6 **Q. Could you renew Operator's license if a renewal application was submitted?**

7 No. Operator had not demonstrated that it is in good standing with the Kansas Secretary of  
8 State and its license was suspended at the time of denial. Every operator that submits a license  
9 application as a corporation or limited liability company is required to show that it is in good  
10 standing with the Secretary of State.

11 **Q. Why is it appropriate to penalize Operator for failure to renew a license that you admit  
12 cannot be renewed?**

13 A. Even though Operator has not demonstrated that it is in good standing with the Kansas  
14 Secretary of State, Operator is still responsible for plugging the remaining wells, or  
15 transferring the remaining wells to another operator – neither of which has occurred.

16 **Q. Did you have any communications with Operator regarding the unplugged wells on its  
17 expired license?**

18 A. No.

19 **Q. Please summarize your recommendations.**

20 A. I recommend the penalty assessed against Operator by the Commission be affirmed. Operator  
21 failed to address the unplugged wells on its expired license by the deadline provided in the  
22 NOV, or by the deadline set forth in the Penalty Order in this matter. Additionally, unplugged  
23 wells remain on Operator's expired license.

1 **Q. Does this conclude your testimony?**

2 A. Yes.

## CERTIFICATE OF SERVICE

22-CONS-3046-CPEN

I, the undersigned, certify that a true and correct copy of the attached Prefiled Testimony of Nancy Borst has been served to the following by means of electronic service on December 2, 2021.

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*/s/ Paula J. Murray*

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Paula J. Murray