

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

In the Matter of the Application of Quito, Inc.) Docket No: 25-CONS-3245-CMSC
(Applicant) for an Operator's License.)
) CONSERVATION DIVISION
)
) License No: N/A
_____)

PRE-FILED DIRECT AND REBUTTAL TESTIMONY OF

MARK W. McCANN

ON BEHALF OF QUITO, INC.

JUNE 30, 2025

1 **Q. State your name and current business address.**

2 A. Mark W. McCann, 1613 W. 6th Street, Bartlesville, Oklahoma 74003.

3 **Q. Are you the familiar with Quito, Inc.?**

4 A. Yes. Quito, Inc. is a Kansas Corporation. I am the sole shareholder and owner
5 and the only officer and director of Quito, Inc..

6 **Q. Has Quito, Inc. filed an application for a new Operator's License?**

7 A. Yes.

8 **Q. Has a license previously been issued to Quito, Inc.?**

9 A. Yes. On May 2, 2005, Quito was previously issued License No. 33954. By Final
10 Order dated February 9, 2023, the Commission suspended the license of Quito
11 for a period of one year.

12 **Q. Is that one year period is now expired?**

13 A. Yes.

14 **Q. Have you, individually, ever filed an application with the Kansas Corporation**
15 **Commission for an Operator's License?**

16 A. No.

17 **Q. Do you have any spouse, parent, brother, sister, child, parent-in-law, brother-**
18 **in-law, or sister-in-law who is not compliant with the requirements of**

1 **Chapter 55 of the Kansas Statutes Annotated and amendments thereto, all**
2 **rules and regulations adopted thereunder, and all Commission orders and**
3 **enforcement agreements?**

4 A. No.

5 **Q. Who is Eric A. McCann?**

6 A.. He is my brother.

7 **Q. To the best of your knowledge, has an Operator's License ever been issued**
8 **to Eric A. McCann by the Kansas Corporation Commission?**

9 A. No.

10 **Q. Who is Maricella McCann?**

11 A. She is my ex-wife.

12 **Q. When were you divorced?**

13 A. May 21, 1998.

14 **Q. To the best of your knowledge, has an Operator's License ever been issued**
15 **to Maricella McCann by the Kansas Corporation Commission?**

16 A. No.

17 **Q. Have you, individually, ever been an officer, director, any owner of more**
18 **than 5% of the issued and outstanding stock of Wildcat Energy, Inc.?**

1 A. No.

2 **Q. Are you familiar with McC Oil Company, Inc., and if so, what is its current**
3 **status?**

4 A. I am familiar with McC Oil Company, Inc.. It was a Kansas Corporation. It was
5 dissolved by filing a Consent to Dissolution with the Kansas Secretary of State
6 on December 30, 1998.

7 **Q. Why was McC Oil Company, Inc. dissolved?**

8 A. McC was dissolved at a time with I had filed a petition for discharge under the
9 United States Bankruptcy Code. The dissolution of McC occurred prior to the
10 date the Order of Discharge was entered in my personal bankruptcy case filing.

11 **Q. Does McC have officers, directors or shareholders at this time?**

12 A. No. McC no longer exists and it has no officers, directors or shareholders.

13 **Q Have you ever been notified that the Commission seeks to hold you**
14 **individually responsible for wells which were on McC's well inventory?**

15 A. No.

16 **Q. In the pre-filed testimony of Nancy Borst, she states that the license of McC**
17 **Oil Company is inactive and suspended for noncompliance with Docket 16-**
18 **CONS-361-CSHO, and that there are unplugged wells associated with that**

1 **license. Do you have information concerning the unplugged wells?**

2 A. Yes. I personally investigated the existence of three of the four unplugged wells.
3 I was unable to find the Focht A-1, Austin 10 or Sears 4 wells. I also spoke to
4 Duane Sims, UIC Coordinator for the District #3 office, who advised me that it
5 was his understanding that all four of the wells had been plugged. This
6 information is set out in detail in my Affidavit dated June 13, 2025, attached to
7 the Reply to Motion for Summary Judgment filed in this proceeding as Exhibit
8 Q-3.

9 **Q. Why have you elected to file an application for a new Operator's License for**
10 **Quito, Inc.?**

11 A. Although I could form another corporation or limited liability company, and
12 apply for a new Operator's License for that company, I felt the Commission
13 might view that action as somehow being deceptive, and I am not trying to
14 "trick" anyone. There is also concern that Staff might oppose transfer of wells
15 on Quito's existing License No. 33594 to a new entity which I own and control.

16 **Q. Please discuss Quito's ability to comply with the Final Order issued in Docket**
17 **24-CONS-3072-CPEN.**

18 A. Prior to receiving any notice of an asserted violation of K.A.R. 82-3-120, it was

1 my understanding that partial compliance of the directive to transfer wells listed
2 on Quito's well inventory had been achieved by the transfer of wells on eight of
3 the leases to Thor Operating, LLC, License No. 36020, but the Commission
4 declined to approve that transfer. No other licensed operators have expressed
5 an interest in operating any of the wells on Quito's well inventory, and absent
6 a compliance agreement, Quito lacks the necessary funds to plug the wells on
7 its well inventory. Although I respectfully disagree with the Commission's Final
8 Order on legal grounds, for the reasons set forth above, as a practical matter it
9 was not possible for Quito to comply with the terms of that order.

10 **Q. Following entry of the Commission's Final Order in Docket No. 22-Cons-**
11 **3115-CMSC suspending Quito's license for one year, did Quito continue to**
12 **perform required MIT testing?**

13 **A.** Yes. I don't immediately recall all of them, but among the injection wells which
14 were tested and successfully passed MIT testing were the DeArmond #11, 27, W-
15 1 and the Sears #-0- and 26 wells.

16 **Q. Please discuss the penalties issued in Docket Nos. 25-CONS-3092-CPEN, 25-**
17 **CONS-3168-CPEN, 25-CONS-3200-CPEN, 25-CONS-3230-CPEN, and 25-**
18 **CONS-3267-CPEN.**

1 A. Docket No. 25-3092 involves the submission of Form U-8 on two wells, and
2 those corrected forms have now been submitted. The remaining four dockets
3 involve Mechanical Integrity Testing. Due to a shortage of personnel, Quito was
4 unable to timely comply with the MIT testing, but had hired Emerson Operating,
5 LLC as an independent contractor to complete the MIT testing. That process was
6 ongoing, when, on or about February 27, 2025, Joe Harper of Emerson
7 Operating, LLC was advised that because Quito's injection/disposal authorization
8 had been revoked, KCC personnel would not participate in the testing, and the
9 tests had been cancelled.

10 **Q. Please summarize the actions Quito took to achieve compliance in Docket**
11 **No. 22-Cons-3115-CMSC.**

12 A. The Staff field investigation reports identified 139 asserted well specific violations
13 of the statutes, rules and regulations. Virtually all of the asserted violations
14 related to wells that were not fully equipped, and needed to be equipped to
15 return to operation, or wells which needed to be temporarily abandoned or
16 plugged. Of the 139 well specific asserted violations, Quito notified the District
17 #3 office of its compliance efforts in writing, and also furnished photographic
18 evidence to District #3 Staff on a well-by-well basis, of its efforts to achieve

evidence to District #3 Staff on a well-by-well basis, of its efforts to achieve compliance. A total of 87 wells were fully equipped and returned to service. Applications to temporarily abandon 52 wells were also submitted.

Q. Could those records be furnished to the Commission if requested?

A. Yes.

Q. Do you have an estimate of the cost incurred to preform those actions?

A. Yes. Total cost of approximately \$170,000.00 was incurred.

Q. In your opinion, should the Commission determine that Quito, Inc. is eligible to have a license issued under K.S.A. 55-155(c)(4) and K.A.R. 82-3-120(g)(2)?

A. Yes.

Q. Please explain your position.

A. Prior to the Commission's Final Order in Docket No. 22-CONS-3115-CMSC on February 9, 2023, Quito had not received a Notice of Violation Letter for any violation reported by Commission Staff, nor had any Penalty Orders been issued to Quito directing it to correct any such violation. The Commission's Final Order appears to be based largely upon my own admission against interest. Quito had undertaken substantial efforts in good faith to comply with each and every asserted violation reported by Commission Staff. Quito desires to resume

1 operation of the wells on its well inventory. In my opinion, it can do so if
2 Commission Staff will engage with Quito in the development of a Compliance
3 Agreement. Quito has made written request for a compliance agreement,
4 however, thus far, Quito has received no indication that Staff is willing to even
5 discuss the topic of a Compliance Agreement. If given a reasonable opportunity,
6 it is my opinion that Quito can operate its leases in a manner that is fully
7 compliant with the applicable statutes, rules, regulations, and Commission orders
8 and agreements.

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

10 **A. Yes.**

CERTIFICATE OF SERVICE

The undersigned hereby certifies that the above and foregoing Pre-filed Direct and Rebuttal Testimony of Mark W. McCann has been served to the following by means of electronic service on June 30, 2025

Kelcey Marsh, Litigation Counsel
Kansas Corporation Commission
Central Office
266 N. Main St, Ste 220
Wichita, KS 67202-1513
Fax: 785-271-3354
kelcey.marsh@ks.gov

Nancy Borst
Kansas Corporation Commission
Central Office
266 N. Main St., Ste. 220
Wichita, KS 67202-1513
nancy.borst@ks.gov

Jonathan R. Myers, Asst. General Counsel
Kansas Corporation Commission
266 N. Main St., Ste. 220
Wichita, KS 67202-1513
jon.myers@ks.gov

/s/ John R. Horst
JOHN R. HORST