

Conservation Division  
266 N. Main St., Ste. 220  
Wichita, KS 67202-1513



Phone: 316-337-6200  
Fax: 316-337-6211  
<http://kcc.ks.gov/>

Susan K. Duffy, Chair  
Shari Feist Albrecht, Commissioner  
Dwight D. Keen, Commissioner

Laura Kelly, Governor

**NOTICE OF PENALTY ASSESSMENT**  
**20-CONS-3201-CPEN**

January 23, 2020

R.A. Schremmer  
Bear Petroleum, LLC  
PO Box 438  
Haysville, KS 67060-0438

This is a notice of a penalty assessment for violation(s) of Kansas Oil and Gas Conservation Statutes, Rules, and Regulations. For a full description of the penalty and process please refer to the Penalty Order that is attached to this notice.

**IF YOU ACCEPT THE PENALTY:**

You have been assessed a \$100 penalty. You have 30 days from the service date of this Penalty Order to pay the fine amount. Check or money order must be made payable to the Kansas Corporation Commission and mailed to the Conservation Division of the Kansas Corporation Commission at 266 N. Main St., Suite 220, Wichita, Kansas 67202. The payment must include a reference to the docket number of this proceeding. Payment by credit card may be made by calling the Conservation Division at 316-337-6200.

**IF YOU CONTEST THE PENALTY:**

You have the right to request a hearing. A written request for hearing must be made within 30 days after service of the Penalty Order. Respondent must submit the request to the Commission, at 266 N. Main St., Suite 220, Wichita, Kansas 67202. The Commission shall conduct a hearing in accordance with the provisions of the Kansas administrative procedure act within 30 days after receipt of such request. K.S.A. 55-164; K.S.A. 77-542; K.A.R. 82-1-215.

**IF YOU FAIL TO ACT:**

Failure to pay the fine amount, or in the alternative, provide a written request for a hearing, within thirty (30) days of service of the Penalty Order, will result in the attached Penalty Order becoming a Final Order and may result in additional sanctions, including additional monetary penalties, the suspension of your oil and gas operating license, and the shutting-in of all operations until compliance is obtained. K.S.A. 55-164; K.S.A. 77-537.

Respectfully,

Michael Glamann  
Litigation Counsel  
316-337-6200

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

Before Commissioners:            Susan K. Duffy, Chair  
   Shari Feist Albrecht  
   Dwight D. Keen

In the matter of the failure of Bear Petroleum, LLC (“Operator”) to comply with K.A.R. 82-3-111 at the Gardiner #2 in Sumner County, Kansas.	)	Docket No.: 20-CONS-3201-CPEN
	)	
	)	CONSERVATION DIVISION
	)	
	)	License No.: 4419

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**PENALTY ORDER**

The above captioned matter comes before the State Corporation Commission of the State of Kansas (Commission). Having examined the files and records, and being duly advised in the premises, the Commission finds and concludes as follows:

**I. JURISDICTION**

1.        The Commission has the exclusive jurisdiction and authority to regulate oil and gas activities in Kansas.<sup>1</sup> The Commission has jurisdiction to regulate the “construction, operation, and abandonment of any well and the protection of the usable water of this state from any actual or potential pollution from any well.”<sup>2</sup> Every operator conducting oil and gas activity in Kansas must be licensed by the Commission.<sup>3</sup>

2.        The Commission has the authority to issue a Penalty Order for violation of any provision of K.S.A. 55-101 *et seq.*, rule, regulation, or order of the Commission.<sup>4</sup> The Commission shall take appropriate action which may include, but not be limited to, imposing a monetary penalty “not to exceed \$10,000, which shall constitute an actual and substantial

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<sup>1</sup> K.S.A. 74-623.

<sup>2</sup> K.S.A. 55-152.

<sup>3</sup> K.S.A. 55-155.

<sup>4</sup> K.S.A. 55-162; K.S.A. 55-164.

economic deterrent to the violation for which the penalty is assessed.”<sup>5</sup> “In the case of a continuing violation, every day such violation continues shall be deemed a separate violation.”<sup>6</sup>

3. Within 90 days after operations cease on any well drilled for the purpose of exploration, discovery, service, or production of oil, gas, or other minerals, the operator of that well shall: (1) plug the well, (2) return the well to service, or (3) file an application with the Conservation Division requesting temporary abandonment (“TA”) authority, on a form prescribed by the Conservation Division.<sup>7</sup> No well shall be temporarily abandoned unless first approved by the Conservation Division.<sup>8</sup> A well shall not be eligible for TA status if the well has been shut in for 10 years or more without an application for an exception pursuant to K.A.R. 82-3-100 and approval by the Commission.<sup>9</sup> The failure to file a notice of temporary abandonment shall be punishable by a \$100 penalty,<sup>10</sup> and the failure to obtain approval of temporary abandonment status shall subject the operator to additional administrative action.<sup>11</sup>

4. K.A.R. 82-3-111(e) provides an exemption for certain wells that are (1) fully equipped for production of oil or gas or for injection; (2) capable of immediately resuming production of oil or gas or of injection; (3) subject to a valid continuing oil and gas lease; when (4) the cessation period for the well is less than 365 days; and (5) the well is otherwise in full compliance with all of the Commission’s regulations.

## **II. FINDINGS OF FACT**

5. Operator conducts oil and gas activities in Kansas under active license number 4419.

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<sup>5</sup> K.S.A. 55-164.

<sup>6</sup> *Id.*

<sup>7</sup> *See* K.A.R. 82-3-111(a).

<sup>8</sup> K.A.R. 82-3-111(b).

<sup>9</sup> *Id.*

<sup>10</sup> *Id.*

<sup>11</sup> K.S.A. 55-164; K.A.R. 82-3-111(b).

6. Operator is responsible for the care and control of the Gardiner #2, (“the subject well”), API #15-191-22187-00-00, located in Section 4, Township 33 South, Range 2 East, Sumner County, Kansas.

7. On November 19, 2019, Commission records indicated that the subject well had been inactive and unplugged for longer than the 90 days allowed by K.A.R. 82-3-111 and that the well was not exempt pursuant to K.A.R. 82-3-111(e). The well had also not been approved for temporary abandonment status. Operator had applied for temporary abandonment status but that application was denied because the well has been shut-in over 10 years. Thus, District Staff sent a letter to Operator, requiring Operator to bring the subject well into compliance with K.A.R. 82-3-111 by December 17, 2019.<sup>12</sup>

8. On December 26, 2019, District Staff inspected the subject well, because the deadline in the letter passed and the violations had not been resolved, verifying that the well continued to be inactive and unplugged.<sup>13</sup>

### **III. CONCLUSIONS OF LAW**

9. The Commission concludes that it has jurisdiction over Operator and this matter under K.S.A. 55-152 and K.S.A. 74-623.

10. The Commission concludes Operator committed one violation of K.A.R. 82-3-111 because the subject well has been inactive in excess of the time allowed by regulation without being plugged, returned to service, or approved for TA status.<sup>14</sup>

### **THEREFORE, THE COMMISSION ORDERS:**

A. Operator shall pay a \$100 penalty.

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<sup>12</sup> Exhibit A.

<sup>13</sup> Exhibit B.

<sup>14</sup> K.S.A. 55-164; K.A.R. 82-3-111(b).

B. Operator shall plug the subject well, or return the well to service, or obtain TA status for the well if eligible. Obtaining TA status shall include application for an exception to the 10-year limit on TA status, if applicable.

C. Any party may request a hearing on the above issues by submitting a written request, pursuant to K.S.A. 55-164, K.S.A. 77-537, and K.S.A. 77-542, to the Commission at 266 N. Main St., Suite 220, Wichita, Kansas 67202, within 30 days from the date of service of this Order. Hearings will be scheduled only upon written request. Failure to timely request a hearing will result in a waiver of Operator's right to a hearing.

D. If no party requests a hearing, and Operator is not in compliance with this Order within 30 days from the date of service of this Order, then Operator's license shall be suspended without further notice. The notice and opportunity for a hearing on this Order shall constitute the notice required by K.S.A. 77-512 regarding license suspension. The Commission may impose further sanctions, including additional monetary penalties and any other remedies available to the Commission by law, without further notice.

E. Checks and money orders shall be payable to the Kansas Corporation Commission. Payments shall be mailed to the Kansas Corporation Commission at 266 N. Main St., Suite 220, Wichita, Kansas 67202. The payment must include a reference to the docket number of this proceeding. Credit card payments may be made by calling the Conservation Division at 316-337-6200.

F. A corporation shall appear before the Commission by a Kansas licensed attorney.<sup>15</sup>

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


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<sup>15</sup> K.S.A. 77-515(c); K.A.R. 82-1-228(d)(2).

**BY THE COMMISSION IT IS SO ORDERED.**

Duffy, Chair; Albrecht, Commissioner; Keen, Commissioner (Recused)

Dated: 01/23/2020



\_\_\_\_\_  
Lynn M. Retz  
Executive Director

Mailed Date: 01/23/2020

JMG

November 19, 2019

R. A. (Dick) Schremmer  
Bear Petroleum, LLC  
PO BOX 438  
HAYSVILLE, KS 67060-0438

Re: Temporary Abandonment  
API 15-191-22187-00-00  
GARDINER 2  
NE/4 Sec.04-33S-02E  
Sumner County, Kansas

Dear R. A. (Dick) Schremmer:

Your application for Temporary Abandonment (TA) for the above-listed well is denied for the following reasons(s):

**Shut-in Over 10 years**

Pursuant to K.A.R. 82-3-111, the well must be plugged or returned to service by December 17, 2019.

If you wish to instead file an application for an exception to the 10-year limitation of K.A.R. 82-3-111, demonstrating why it is necessary to TA the well for more than 10 years, then you must file the application for an exception by December 17, 2019.

**This deadline does NOT override any compliance deadline given to you in any Commission Order.**

You may contact me if you have any questions.

Sincerely,  
Dan Fox  
KCC DISTRICT 2

# KCC OIL/GAS REGULATORY OFFICES

Date: 12/04/19

District: 02

Case #: \_\_\_\_\_

☐

New Situation

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Response to Request

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Follow-Up

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Lease Inspection

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Complaint

☒

Field Report

Operator License No: 4419

API Well Number: 15-191-22187-00-00

Op Name: Bear Petroleum, LLC

Spot: NE SE NE Sec 4 Twp 33 S Rng 2 ☒ E / ☐ W

Address 1: PO Box 438

3630 Feet from ☐ N / ☒ S Line of Section

Address 2: \_\_\_\_\_

330 Feet from ☒ E / ☐ W Line of Section

City: Haysville

GPS: Lat: 37.21258 Long: 97.20464 Date: 12/3/19

State: KS Zip Code: 67060 -0438

Lease Name: Gardiner Well #: 2

Operator Phone #: (316) 524-1225

County: Sumner

## Reason for Investigation:

Operator filed a TA application.

## Problem:

Well has been shut in for over 10 years according to the TA application.

## Persons Contacted:

## Findings:

11/19/2019-Operator filed a new TA application for the above stated well. After review it was discovered the well has been shut in for over 10 years.

12/26/2019-Rechecked the above stated well and and there is no change in well status and no contact from the operator.

## Action/Recommendations:

Follow Up Required

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Yes

☐

No



Date: \_\_\_\_\_

11/19/2019-TA application was denied.

12/26/2019-Recomend a Commission order for violation of K.A.R. 82-3-111, failure to bring well into compliance.

## Verification Sources:

Photos Taken: Yes

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RBDMS

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T-I Database

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Other: \_\_\_\_\_

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KGS

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District Files

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TA Program

☐

Courthouse

By: Daniel K. Fox-ECRS

/s/ Daniel K. Fox

Retain 1 Copy District Office  
Send 1 Copy to Conservation Division

Form: \_\_\_\_\_

Exhibit B

Page 1 of 2





Gardiner #2, API#15-191-22187-00-00. Inactive well operated by Bear Petroleum, LLC. Located in the NE/4 of 4-33S-2E, SU. Co. Photo taken by Dan Fox on 12/26/2019.

## **CERTIFICATE OF SERVICE**

20-CONS-3201-CPEN

I, the undersigned, certify that a true copy of the attached Order has been served to the following by means of first class mail and electronic service on 01/23/2020.

DANIEL FOX, COMPLIANCE OFFICER, KCC DISTRICT 2  
KANSAS CORPORATION COMMISSION  
DISTRICT OFFICE NO. 2  
3450 N. ROCK RD BLDG 600 STE 601  
WICHITA, KS 67226  
Fax: 316-630-4005  
d.fox@kcc.ks.gov

MICHAEL GLAMANN, LITIGATION COUNSEL  
KANSAS CORPORATION COMMISSION  
CENTRAL OFFICE  
266 N. MAIN ST, STE 220  
WICHITA, KS 67202-1513  
Fax: 785-271-3354  
m.glamann@kcc.ks.gov

R. A. SCHREMMER  
BEAR PETROLEUM, LLC  
PO Box 438  
Haysville, KS 67060

/S/ DeeAnn Shupe  
\_\_\_\_\_  
DeeAnn Shupe