

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

In the matter of resolving various regulatory) Docket No. 21-CONS-3193-CPEN
violations associated with Haas Petroleum,) 21-CONS-3201-CPEN
LLC (Operator).) 22-CONS-3031-CPEN
) 22-CONS-3034-CPEN
)
) CONSERVATION DIVISION
)
_____) License No. 33640

PRE-FILED TESTIMONY

OF

TROY RUSSELL

ON BEHALF OF COMMISSION STAFF

NOVEMBER 8, 2021

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

2 A. Troy Russell, 137 West 21st Street, Chanute, Kansas 66720.

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,
5 District #3 Office, as the District #3 Professional Geologist (P.G.) Supervisor.

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

7 A. I received my Bachelor of Science degree from Kansas State University in 1989. I began
8 work with the State of Kansas as a Geologist in 1991. I received my professional geologist
9 (P.G.) license in 1992. I came to work in the Chanute District #3 Office within the
10 Conservation Division of the KCC in 1997 as a P.G., primarily overseeing site remediation
11 of environmental impacts to soils and water resources resulting from oil & gas producing
12 activities. I became the District #3 Supervisor, P.G. in 2017.

13 **Q. What duties does your position with the Conservation Division involve?**

14 A. I oversee the daily operations in District #3 as related to oil and gas activities. I supervise
15 two Public Service Administrators, eleven Environmental Compliance and Regulatory
16 Specialists (ECSR), and the District Geologist, P.G.

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

18 A. The purpose of my testimony is to discuss the evidence supporting the Commission's findings
19 relating to the Penalty Orders issued by the Commission against Haas Petroleum, LLC
20 (Operator) in Docket 21-CONS-3193-CPEN (Docket 21-3193), Docket 21-CONS-3201-
21 CPEN (Docket 21-3201), Docket 22-CONS-3031-CPEN (Docket 22-3031), and Docket
22 22-CONS-3034-CPEN (Docket 22-3034). Specifically, my testimony is to provide my

1 comments regarding Operator's violations of K.A.R. 82-3-407 and to provide Staff's direct
2 testimony regarding Operator's violations of K.A.R. 82-3-111.

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

4 A. Yes.

5 **Q. Please provide a brief overview of the facts in these dockets.**

6 A. Operator was penalized for four violations of K.A.R. 82-3-407 in Docket 21-3193, 18
7 violations of K.A.R. 82-3-407 in Docket 21-3201, and 10 violations of K.A.R. 82-3-407 in
8 Docket 22-3031 because Operator did not timely repair and retest these wells to demonstrate
9 mechanical integrity, plug the wells, or isolate all leaks to demonstrate the wells will not pose
10 a threat to fresh or usable water or endanger correlative rights. My testimony provides a few
11 general comments regarding those violations and how they came to our attention. However,
12 Mr. Duane Sims and Mr. Rodney Breeze go into further details about Operator's violations
13 of K.A.R. 82-3-407 and how Operator's actions were discovered.

14 Additionally, Operator was penalized for 77 violations of K.A.R. 82-3-111 in Docket
15 22-3034 for having inactive wells in excess of the time allowed by regulation without being
16 plugged, returned to service, or approved for temporary abandonment (TA) status. My
17 testimony goes into more detail discussing these violations by the Operator.

18 **Q. What are your comments regarding the MIT violations in Docket 21-3193, Docket
19 21-3201, and Docket 22-3031?**

20 A. I would concur with the testimonies of Underground Injection Control (UIC) Coordinator
21 Duane Sims and ECRS Rodney Breeze. I would also like to reiterate the serious nature of the
22 violations and the concerted effort by the Operator to knowingly utilize fabricated equipment
23 to falsify Mechanical Integrity Tests (MITs) on tubing & packer constructed wells utilized in

1 their operations. The high number of UIC wells within District #3 makes it impossible to
2 witness 100% of MITs. Due to this factor we must rely on the integrity of operators when we
3 process satisfactory, un-witnessed MITs. This Operator has completely lost its integrity as a
4 result of its actions and created a very difficult situation not only for the Operator and Staff,
5 but for the public's perception of the oil and gas industry as a whole.

6 The practical reality of Operator's fraudulent actions means that Staff must necessarily
7 witness UIC-related activities at enhanced oil recovery (EOR) and salt water disposal (SWD)
8 wells currently or recently operated by Operator. Given the size of Operator's operations, and
9 our Staffing resources, this means that other activities throughout the District that need Staff's
10 attention will have to be prioritized accordingly. Stated otherwise, the increased demand on
11 Staff resources to closely monitor Operator's activities will occur at the expense of other
12 witnessing activities throughout the District. This is not fair to other operators, Staff, or the
13 public.

14 **Q. Now I want to transition to the main focus of your testimony regarding Operator's**
15 **violations of K.A.R. 82-3-111. Could you explain the requirements of K.A.R. 82-3-111?**

16 A. K.A.R. 82-3-111 states that within 90 days after operations cease on any well the operator of
17 that well shall: (1) plug the well, (2) return the well to service, or (3) file an application with
18 the Conservation Division requesting TA authority, on a form prescribed in writing by the
19 Conservation Division. K.A.R. 82-3-111 also states that no well shall be temporarily
20 abandoned unless first approved by the Conservation Division and a well shall not be eligible
21 for TA status if the well has been shut in for 10 years or more without an application and
22 approval by the Commission of an exception pursuant to K.A.R. 82-3-100.

1 **Q. Please provide some background information regarding Operator's 77 violations of**
2 **K.A.R. 82-3-111.**

3 A. A priority for the District #3 office has been to address inactive wells without approved TA
4 status on the licenses of active operators. District #3 in particular has a large number of wells
5 that fall into this category. In order to address this issue our Staff has begun sending letters to
6 operators about the inactive wells on their licenses.

7 **Q. How many letters were sent to operators about inactive wells on their licenses?**

8 A. My understanding is that the Central Office in Wichita sent a reminder letter requesting
9 operators to address the inactive wells without TA status on their licenses. District #3 Staff
10 began sending Notice of Violation (NOV) letters to operators giving them a deadline to have
11 the wells in compliance around a month after the reminder letter from the Central Office was
12 sent. From May 6, 2021 through November 5, 2021, 48 NOV letters referencing 1,552
13 inactive wells on active licenses were sent.

14 **Q. Was Operator sent both of these letters?**

15 A. Yes. Operator would have been included in the reminder letters sent from Central Office Staff
16 because these wells were listed as inactive on its license without approved TA status.
17 Additionally, District #3 Staff sent NOV letters to Operator on May 6, 2021, May 11, 2021
18 and May 26, 2021. These letters are attached to Docket 22-3034 Penalty Order as Exhibit B.

19 **Q. Did Operator respond to either letter?**

20 A. Operator did not respond until after a separate NOV letter dated July 27, 2021 was sent.
21 Ms. Julie Barber, employee of Operator, indicated that they had been informed by their legal
22 counsel, Mr. Keith Brock, that these violations would be resolved in a compliance agreement.
23 At that time, I informed Ms. Barber that District #3 Staff had not recommended or proposed

1 a compliance agreement. My position was that any agreement would need to be made through
2 KCC Legal Staff in the form of a settlement agreement after a penalty order had been issued.
3 Subsequent contacts were made requesting assistance in finding information needed to file
4 TA applications on additional inactive wells not included in this docket.

5 **Q. To date, has Operator plugged, returned to service, or obtained TA status at any of the**
6 **77 wells listed in the Docket 22-3034 Penalty Order?**

7 A. Operator has filed numerous TA applications, but not all wells are in compliance. Below is a
8 table listing the wells for which Operator has filed TA applications, the date the application
9 was filed, whether the application was approved or denied, and the reason for denial, if
10 applicable.

Well Name	TA Application Filed	Application Status	Reason for Denial
Courter #1	September 16, 2021	Approved	
Courter #3	September 16, 2021	Approved	
Courter #6	September 16, 2021	Pending	
Courter #7	September 16, 2021	Approved	
Courter #9	September 16, 2021	Approved	
Kittle #4	August 30, 2021	Denied	Incorrect Casing Info
Kittle #5	August 30, 2021	Denied	CIT Needed
Kittle #8	September 7, 2021	Approved	
Kittle #3	August 30, 2021	Denied	No Surface Control
Kittle #2D	September 7, 2021	Approved	
Kittle #10	August 30, 2021	Denied	No Surface Control
Olinger #1	September 16, 2021	Denied	No Surface Control
Olinger #2A	September 16, 2021	Denied	No Surface Control/ High Fluid Level
Olinger #3A	September 16, 2021	Denied	No Surface Control
Ryser A #11	October 26, 2021	Pending	
Saubers #2	October 20, 2021	Denied	Shut-In Over 10 Years
Saubers #6	October 20, 2021	Denied	Shut-In Over 10 Years
Stauffer #9-2	September 22, 2021	Denied	No Surface Control
Stauffer #9-3	September 22, 2021	Approved	
Stauffer #9-4	September 22, 2021	Approved	
Steele #9-1	September 22, 2021	Denied	Shut-In Over 10 Years
Stockebrand #9-1	September 22, 2021	Denied	No Surface Control

Stockebrand #9-2	September 22, 2021	Approved	
Thomsen #1-HP	October 14, 2021	Pending	

1 As can be seen from the table above, Operator has filed TA applications for 24 of the 77
2 wells listed in the Docket 22-3034 Penalty Order. Twelve of those applications have been
3 denied for either issues at the well or issues with the information provided on the TA form.
4 On October 11, 2021, Operator resubmitted TA applications for the Olinger #1 and Olinger
5 #3A, however, those TA applications are still pending. Additionally, on January 7, 2011
6 Operator initiated plugging operations on the Platt #1-HP well, API #15-031-22802. However
7 these operations have not been fully completed. First, there is no evidence of cement at the
8 surface. Second to “complete” a well plugging the well must be cut off approximately 3 feet
9 below surface. The operator filed a Well Plugging Application (CP1) and Well Plugging
10 Record (CP4) over two years later on February 12, 2013, but as I mention above it does not
11 appear that the plugging operations have been completed. To date, 70 of the 77 wells remain
12 out of compliance with the Commission’s rules and regulations.

13 **Q. Please summarize your recommendations.**

14 A. I believe the information gathered by Commission District #3 Staff is sufficient to affirm the
15 penalties assessed by the Commission against Operator in Docket 21-3193, Docket 21-3201,
16 Docket 22-3031, and Docket 22-3034. Operator committed an egregious act by modifying the
17 equipment at the well heads of its injection wells in order to obtain false satisfactory MITs.
18 The magnitude of the impact of these actions on District 3 may not be fully known for years
19 to come. Further, Operator has many wells on its license that have been inactive and
20 unplugged without TA status longer than what is allowed by our regulations. The 77 wells
21 listed in the Docket 22-3034 Penalty Order were all listed on Operator’s well inventory as
22 inactive without being approved for TA status. While Operator has since brought a few of the

1 wells into compliance, none of the wells were brought into compliance until after the deadlines
2 in Commission District #3 Staff's NOV letters had elapsed.

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

4 A. Yes.

CERTIFICATE OF SERVICE

21-CONS-3193-CPEN, 21-CONS-3201-CPEN, 22-CONS-3031-CPEN, 22-CONS-3034-CPEN

I, the undersigned, certify that a true and correct copy of the attached Prefiled Testimony of Troy Russell has been served to the following by means of electronic service on November 8, 2021.

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