

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

Before Commissioners:                      Dwight D. Keen, Chair  
   Shari Feist Albrecht  
   Jay Scott Emler

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, Beaumont )    CONSERVATION DIVISION  
#B2, Beaumont #B3, Beaumont #B4, Daves )  
#D13, Daves #D15, Daves #D22 and Daves )    License No: 32874  
#D23 in Elk County, Kansas. )

**ORDER CLOSING DOCKET**

This matter comes before the State Corporation Commission of the State of Kansas (Commission). Having examined its files and records, and being fully advised in the premises, the Commission finds the following:

**I. Procedural Background**

1.        On September 20, 2018, the Commission issued a *Penalty Order* against VEEM Jade Oil & Gas LLC (Operator), finding that Operator had committed eight violations of K.A.R. 82-3-111 because all eight subject wells had been inactive in excess of the time allowed by regulation without being plugged, returned to service, or approved for temporary abandonment status.<sup>1</sup> The Penalty Order assessed an \$800 penalty and directed Operator to bring the wells into compliance.

2.        On October 18, 2018, the Operator filed a *Notice of Appeal and Request for Hearing*.<sup>2</sup> The matter was scheduled for a February 21, 2019, evidentiary hearing,<sup>3</sup> which was cancelled per a Commission Staff motion stating that the parties were finalizing a compliance agreement.<sup>4</sup>

---

<sup>1</sup> *Penalty Order*, ¶ 10.

<sup>2</sup> *Notice of Appeal and Request for Hearing on Behalf of Veem Jade Oil & Gas LLC* (Oct. 18, 2018).

<sup>3</sup> See *Order Setting Procedural Schedule*, ¶ 4, Ordering Clause A (Nov. 27, 2019).

<sup>4</sup> See *Order Cancelling Evidentiary Hearing and Setting Status Conference* (Feb. 19, 2019).

3. On April 17, 2019, Commission Staff filed a *Motion to Close Docket*, stating that both parties agree the Commission-approved compliance agreement in Commission Docket 19-CONS-3321-CMSC<sup>5</sup> fully resolves the issues addressed in this docket, and recommending that the approved compliance agreement should constitute a final resolution of this matter.<sup>6</sup> Although the motion was filed by Commission Staff,<sup>7</sup> it was also signed by Operator's counsel.<sup>8</sup>

## II. Analysis

4. The Commission's Penalty Order in this docket did three things. First, it concluded Operator committed eight violations of K.A.R. 82-3-111.<sup>9</sup> Second, it directed Operator to pay an \$800 penalty.<sup>10</sup> Third, it directed Operator to bring the eight subject wells into compliance.<sup>11</sup>

5. The parties' Commission-approved compliance agreement in Docket 19-CONS-3321-CMSC explicitly states the subject wells are out of compliance with K.A.R. 82-3-111;<sup>12</sup> is silent regarding the \$800 penalty;<sup>13</sup> and provides a timeframe for bringing twenty-seven wells, including the eight subject wells in this docket, into compliance with K.A.R. 82-3-111.<sup>14</sup>

6. Essentially, the parties are presenting an approved compliance agreement in another docket and requesting that it be treated as a settlement agreement in this docket. The Commission, in granting the motion to close this docket, shall treat the agreement as a settlement in this docket; otherwise there would be an unresolved request for hearing in this docket.<sup>15</sup>

---

<sup>5</sup> The compliance agreement was signed April 2, 2019, and approved by the Commission April 11, 2019.

<sup>6</sup> See *Motion to Close Docket*, ¶ 4 (Apr. 17, 2019).

<sup>7</sup> See *id.* at Introductory Paragraph ("The Staff . . . files this *Motion to Close Docket*. In support of its Motion, Staff states as follows . . .").

<sup>8</sup> See *id.* at Signature Block.

<sup>9</sup> *Penalty Order*, ¶ 10.

<sup>10</sup> *Id.* at Ordering Clause A.

<sup>11</sup> See *id.* at Ordering Clause B.

<sup>12</sup> *Order Approving Compliance Agreement*, Docket 19-CONS-3321-CMSC, Compliance Agreement, ¶ 1.

<sup>13</sup> See *Order Approving Compliance Agreement*, Docket 19-CONS-3321-CMSC, Compliance Agreement.

<sup>14</sup> See *Order Approving Compliance Agreement*, Docket 19-CONS-3321-CMSC, Compliance Agreement, ¶ 2.

<sup>15</sup> See K.S.A. 55-164(b).

7. While the compliance agreement acknowledges Operator committed eight violations of K.A.R. 82-3-111 at the subject wells, and provides a timeframe for bringing the subject wells into compliance, it is silent regarding the \$800 penalty in this docket. The Commission shall resolve this silence in favor of Operator. While eight violations of K.A.R. 82-3-111 shall be found to have occurred in this docket, the penalty shall be \$0.

8. The law encourages settlements.<sup>16</sup> The Commission finds, in granting the motion to close this docket, that a settlement has been reached resolving all matters in this docket, as described in the compliance agreement in Docket 19-CONS-3321-CMSC and as clarified in this order.

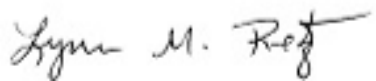
**THEREFORE, THE COMMISSION ORDERS:**

- A. The motion to close this docket is granted.
- B. Any party may file and serve a petition for reconsideration pursuant to the requirements and time limits established by K.S.A. 77-529(a)(1).<sup>17</sup>
- C. The Commission retains jurisdiction over the subject matter and 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: 05/02/2019

  
\_\_\_\_\_  
Lynn M. Retz  
Secretary to the Commission

Date Mailed: 05/02/2019

JRM

---

<sup>16</sup> *Bright v. LSI Corp.*, 254 Kan. 853, 858 (1994).

<sup>17</sup> K.S.A. 55-162; K.S.A. 55-606; K.S.A. 55-707; K.S.A. 77-503(c); K.S.A. 77-531(b).

**CERTIFICATE OF SERVICE**

19-CONS-3108-CPEN

I, the undersigned, certify that a true copy of the attached Order has been served to the following by means of

electronic service on 05/02/2019.

DIANA EDMISTON, EDMISTON LAW OFFICE, LLC  
EDMISTON LAW OFFICE LLC  
200 E. 1st Street  
Suite 301  
Wichita, KS 67202  
Fax: 316-267-6400  
diana@edmistonlawoffice.com

JONATHAN R. MYERS, ASSISTANT GENERAL COUNSEL  
KANSAS CORPORATION COMMISSION  
266 N. Main St., Ste. 220  
WICHITA, KS 67202-1513  
Fax: 316-337-6211  
j.myers@kcc.ks.gov

MAHESH K CHHABRA  
VEEM Jade Oil & Gas LLC  
11417 S. GRANITE AVENUE  
TULSA, OK 74137-8110  
mahesh.chhabra@gmail.com

JOHN ALMOND  
KANSAS CORPORATION COMMISSION  
DISTRICT OFFICE NO. 3  
137 E. 21ST STREET  
CHANUTE, KS 66720  
Fax: 785-271-3354  
j.almond@kcc.ks.gov

LAUREN WRIGHT, LITIGATION COUNSEL  
KANSAS CORPORATION COMMISSION  
266 N. Main St., Ste. 220  
WICHITA, KS 67202-1513  
Fax: 316-337-6211  
l.wright@kcc.ks.gov

/S/ DeeAnn Shupe

DeeAnn Shupe