

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

Before Commissioners: Pat Apple, Chairman
Shari Feist Albrecht
Jay Scott Emler

In the matter of the failure of Bayonet) Docket No.: 17-CONS-3619-CPEN
Petroleum LLC ("Operator") to report activity)
that occurred during the 2016 calendar year in) CONSERVATION DIVISION
compliance with K.A.R. 82-3-409.)
_____) License No.: 34784

SHUT-IN ORDER

Upon its own motion, the Commission finds and concludes Operator has violated a
Commission Order for the following reasons:

I. JURISDICTION

1. K.S.A. 55-152 provides that 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, with licensing authority pursuant to K.S.A. 55-155. K.S.A. 74-623 provides that the Commission has the exclusive jurisdiction and authority to regulate oil and gas activities.

2. K.S.A. 55-162 and K.S.A. 55-164 provide the Commission with authority to issue an order regarding a violation of Chapter 55 of the Kansas Statutes Annotated, or of any rule, regulation, or order of the Commission. K.S.A. 55-164 provides that an order may include a monetary penalty of up to \$10,000, which shall constitute an actual and substantial economic deterrent to the violation for which the penalty is assessed. In the case of a continuing violation, every day such violation continues shall be deemed a separate violation.

II. FINDINGS OF FACT

3. On April 27, 2017, the Commission issued a Penalty Order against Operator for sixty-four violations of K.A.R. 82-3-409 because Operator failed to file the necessary annual fluid injection report(s). The Penalty Order ordered Operator to pay a \$6,400 penalty and to file the required annual injection report(s). The Penalty Order stated that if Operator failed to comply, then Operator's license would be suspended without further notice.

4. Operator did not appeal the Penalty Order and such Penalty Order became final on May 29, 2017

5. On June 7, 2017, Operator's license was suspended for non-compliance with the Penalty Order. Operator was sent a Notice of License Suspension to Operator, stating that Operator was in violation of the Penalty Order. Staff's letter stated that if, after 10 days, Staff discovered Operator performing oil and gas operations, Staff would recommend a Shut-In Order, including an additional \$10,000 penalty.¹

6. On September 8, 2017, Commission District #3 Staff conducted an inspection and found Operator's Sallee #K-21, API #15-001-02342, to be in operation despite a suspended license.²

7. As of September 8, 2017, Operator remained in non-compliance with the Penalty Order in this docket, and Operator's license remained suspended. Operator has not paid the \$6,400 penalty associated with the Penalty Order, and has not submitted the annual fluid injection reports.

8. Operator is responsible for approximately 223 wells in Kansas. The Commission takes administrative notice that aside from the present docket, in the past three years Operator

¹ See Exhibit A, Notice of License Suspension (dated June 7, 2017).

² See Exhibit B, Inspection Report (dated September 8, 2017).

was also penalized in Dockets 15-CONS-581-CPEN and 15-CONS-866-CPEN, although those matters are now resolved.

III. CONCLUSIONS OF LAW

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

10. The above findings of fact are sufficient evidence to support the conclusion that Operator has violated the Commission's Penalty Order in this docket, by its failure to pay the \$6,400 penalty assessment, failure to file the injection reports, and by its failure to cease operations upon the June 7, 2017, suspension of Operator's license.

THEREFORE, THE COMMISSION ORDERS THAT:

- A. Operator is assessed a \$5,000 penalty.
- B. Staff is directed to shut-in and seal all oil and gas operations of Operator until such time as Operator complies with the Commission's Penalty Order in this docket.
- 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, setting forth the specific grounds upon which relief is sought, 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, payment of the monetary penalty is due within 30 days from the date of service of this Order. Failure to timely submit the monetary penalty shall result in Operator's license being suspended without further notice, if it is not already. Checks and money orders shall be payable to the Kansas Corporation Commission. For credit card

payments, include the type of card (Visa, MasterCard, Discover, or American Express), account number, and expiration date. 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.

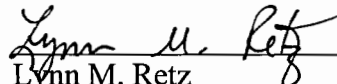
E. If a party requests a hearing, a corporation or similar entity shall not be permitted to enter an appearance except by its attorney. Attorneys for all parties shall enter their appearances in Commission proceedings by giving their names and addresses for the record.

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

BY THE COMMISSION IT IS SO ORDERED.

Apple, Chair; Albrecht, Commissioner; Emler, Commissioner

Dated: SEP 21 2017


Lynn M. Retz
Secretary to the Commission

Mailed Date: September 21, 2017

JDW

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



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

Pat Apple, Chairman
Shari Feist Albrecht, Commissioner
Jay Scott Emler, Commissioner

Sam Brownback, Governor

June 7, 2017

Brad D. Ensminger
Bayonet Petroleum LLC
1371 3600 Street
Moran, KS 66755

NOTICE OF LICENSE SUSPENSION
License No. 34784
Docket No. 17-CONS-3619-CPEN

Operator:

Our records indicate that you are in violation of a Commission Order in the above Docket.

Your license is hereby suspended.

Until your license is reinstated, it is illegal for you to conduct oil and gas operations in Kansas.

If, after 10 days from the date of this letter, Commission Staff discover you performing oil and gas operations, Staff will recommend a Shut-In Order, including an additional \$10,000 penalty. If you are already shut-in, you must remain shut-in.

Any outstanding monetary penalty may be sent to collections.

You may review the Commission Order, which was mailed to you, at the Commission's website. If you have questions, you may contact us at the phone number listed at the top of this page.

Sincerely,

Legal Department Staff

KCC OIL/GAS REGULATORY OFFICES

Inspection Date 09/08/2017 District: 3 Incident Number: 5882

☐ New Situation ☐ Lease Inspection
☒ Response to Request ☐ Complaint
☐ Follow-up ☒ Field Report

Operator License No: 34784 API: 15-001-02342-00-00 Q3 NW Q2: SW Q1: NW
Operator Name: Bayonet Petroleum, LLC SEC 14 TWP 25 RGE 19 RGEDIR E
Address: 1371 3600 ST FSL: 3466
City: Moran FEL: 5121
State KS Zip Code: 66755 Lease: Sallee Well No.: K-21
Phone contact: (620) 496-5323 County: AL

Reason for Investigation:

John Almond, District #3 Compliance Officer, requested an inspection report for any producing wells for Bayonet Petroleum, LLC.

Problem:

Operator license is suspended. All activities should be ceased.

Persons contacted:

No one at this time.

Findings:

I arrived on the Sallee lease around 10:00 AM to find the first well that I came to producing. After GPS'ing the producing well and taking photos of the pumpjack going up and down and I noticed several other wells producing. I also went to the Morrison Lease located in 22-25-19E and the Ensminger lease located in 34-24-20E and wells were producing on those leases also.

Actions / Recommendation

Follow-up Required ☐

Deadline Date:

Refer my findings to John Almond, District #3 Compliance Officer, with the recommendation that he review the findings and forward them to the proper staff.

Photo's Taken: 3

☒ RBDMS ☐ KGS ☐ TA DBF Report Prepared By: Ryan Duling
☐ T1 DBF ☒ District Files ☐ Courthouse Position: E.C.R.S.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM

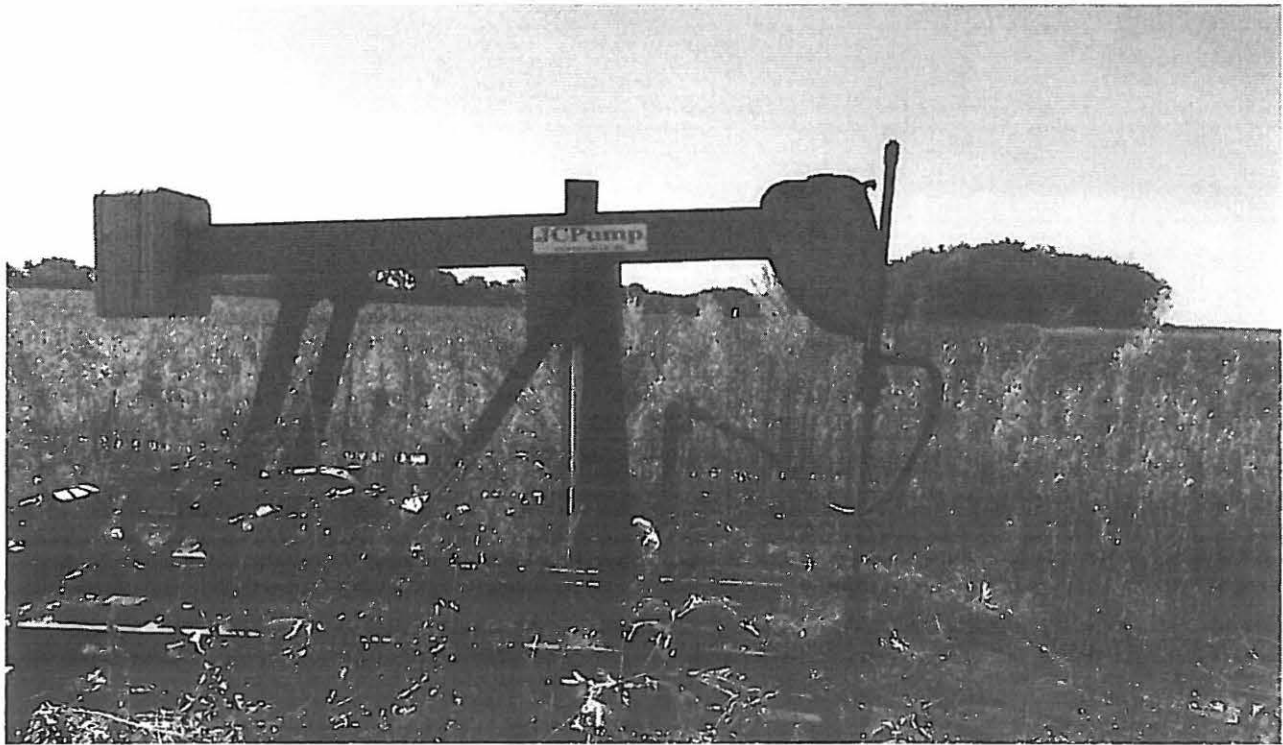


Operator:	Bayonet Petroleum, LLC	KLN:	34784
Lease:	Sallee	Legal:	14-25-19E
County	AL	PIC ID #:	PIC01
Subject:	Producing Well	Pic Orientation:	Looking South
FEL:	5121	LATITUDE	37.873082
FSL:	3466	LONGITUDE	-95.298505
API#:	15-001-02342-00-00		
Date:	9/8/2017	TIME:	10:00 AM
Staff:	Ryan Duling		

Additional Information:

Picture of the pump jack in the up position. Pump jack is located on Well #K-21 on the Sallee Lease.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM

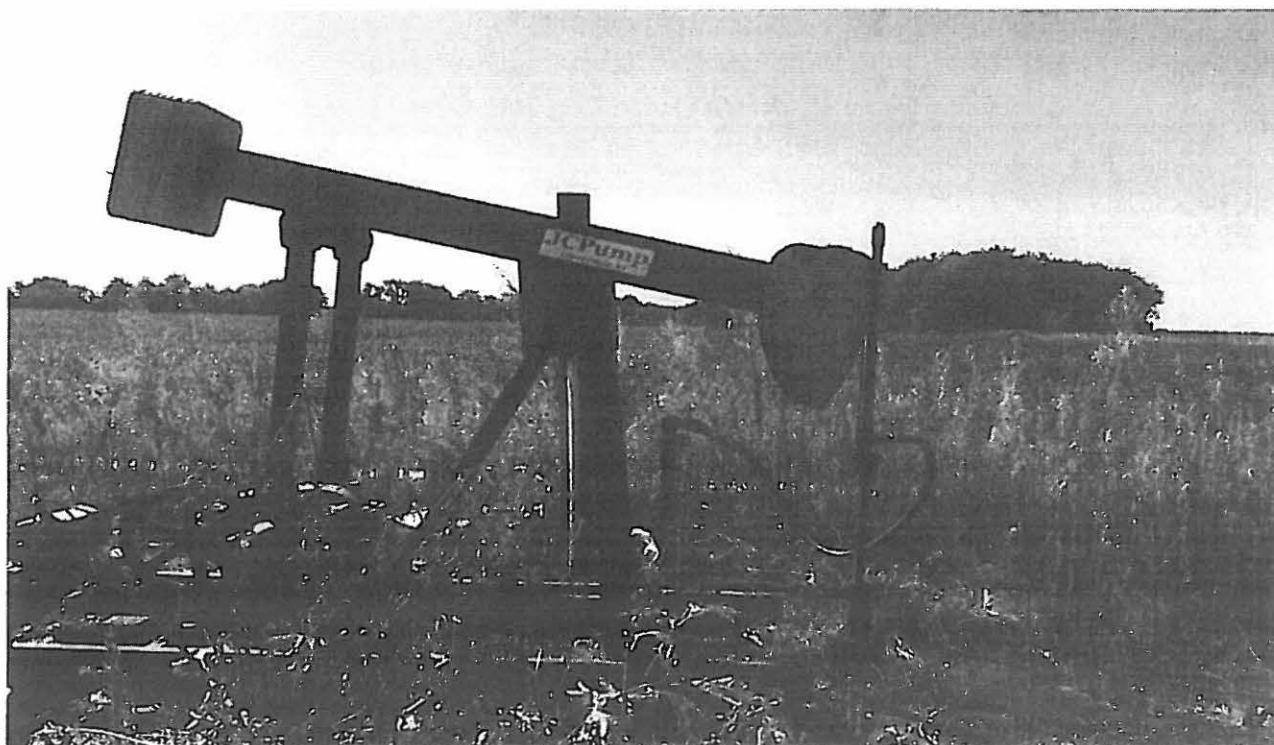


Operator:	Bayonet Petroleum, LLC	KLN:	34784
Lease:	Sallee	Legal:	14-25-19E
County	AL	PIC ID #:	PIC02
Subject:	Producing Well	Pic Orientation:	Looking South
FEL:	5121	LATITUDE	37.873082
FSL:	3466	LONGITUDE	-95.298505
API#:	15-001-02342-00-00		
Date:	9/8/2017	TIME:	10:00 AM
Staff:	Ryan Duling		

Additional Information:

Picture of the pump jack in the middle position. Pump jack is located on Well #K-21 on the Sallee Lease.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator:	Bayonet Petroleum, LLC	KLN:	34784
Lease:	Sallee	Legal:	14-25-19E
County	AL	PIC ID #:	PIC03
Subject:	Producing Well	Pic Orientation:	Looking South
FEL:	5121	LATITUDE	37.873082
FSL:	3466	LONGITUDE	-95.298505
API#:	15-001-02342-00-00		
Date:	9/8/2017	TIME:	10:00 AM
Staff:	Ryan Duling		

Additional Information:

Picture of the pump jack in the down position. Pump jack is located on Well #K-21 on the Sallee Lease.

CERTIFICATE OF SERVICE

I certify that on 9/21/17, I caused a complete and accurate copy of this Order to be served via United States mail, with the postage prepaid and properly addressed to the following:

Brad D. Ensminger
Bayonet Petroleum LLC
1371 3600 Street
Moran, KS 66755

and delivered by e-mail to:

John Almond
KCC District #3

Rene Stucky
KCC Central Office

Joshua D. Wright, Litigation Counsel
KCC Central Office

/s/ Paula J. Murray
Paula J. Murray
Legal Assistant
Kansas Corporation Commission