

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

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

In the matter of the failure of Southern Star                      )    Docket No.:    14-CONS-659-CPEN  
Central Gas Pipeline, Inc. ("Operator") to                      )  
comply with K.A.R. 82-3-602 at the Colony                      )    CONSERVATION DIVISION  
#97-H well in Anderson County, Kansas.                      )  
   )    License No.: 33097

In the matter of the failure of Southern Star                      )    Docket No.:    14-CONS-705-CPEN  
Central Gas Pipeline, Inc. ("Operator") to                      )  
comply with K.A.R. 82-3-602 at the Colony                      )    CONSERVATION DIVISION  
#98-H well in Anderson County, Kansas.                      )  
   )    License No.: 33097

In the matter of the failure of Southern Star                      )    Docket No.:    14-CONS-722-CPEN  
Central Gas Pipeline, Inc. ("Operator") to                      )  
comply with K.A.R. 82-3-608 at the Colony                      )    CONSERVATION DIVISION  
#98-H well in Anderson County, Kansas.                      )  
   )    License No.: 33097

**ORDER RESCINDING PENALTY**

Upon its own motion, the Commission finds and concludes as follows:

**I. Background**

1.        The Commission issued a penalty order in Docket 14-CONS-659-CPEN on March 18, 2014. The Commission issued penalty orders in Docket 14-CONS-705-CPEN and Docket 14-CONS-722-CPEN on March 20, 2014.

2.        The penalty orders required Operator to submit a Surface Pit Closure ("CDP-4") Form for the Colony #97-H and Colony #98-H wells, and a Waste Transfer ("CDP-5") Form for the Colony #98-H well. The penalty orders also assessed a total of \$450 in penalties.

3. Operator is responsible for two well records associated with the Colony #97-H. The first record is for a vertical test well that was drilled and plugged. The second record is for a horizontal well drilled at the same site shortly thereafter.

4. Operator is also responsible for two well records associated with the Colony #98-H. The first record is for a vertical test well that was never drilled. The second record is for a horizontal well drilled at the same site shortly thereafter. However, Operator had filed paperwork with an incorrect well identification number, which led Staff to believe that both the vertical test well and the horizontal well had been drilled.

5. After the penalty orders were issued, Operator, Commission Staff, and Commission Legal Counsel conversed regarding these matters.

## **II. CDP-4 Penalty Rescissions**

6. Staff's long-standing policy has been to require operators to file CDP-4's for each well record. In this situation, however, Operator used the same surface pit for both the Colony #97-H vertical well and the Colony #97-H horizontal well. Additionally, Operator applied for, and appeared to Staff to have used, the same surface pit for both the Colony #98-H vertical well and Colony #98-H horizontal well.

7. Operator had filed a CDP-4 for one of the Colony #97-H wells, but not the other, and had done the same thing for the Colony #98-H wells. Operator was penalized for the wells on which a CDP-4 had not been filed.

8. After conversations with Operator, Staff has reviewed its procedures and believes that in circumstances where two wells use the same surface pit, duplicative CDP-4 form filings are unnecessary. Staff has updated its procedures. Thus, Staff recommends the rescission of the penalties.

### **III. CDP-5 Penalty Rescission**

9. Staff's long-standing policy has been to require operators to file CDP-5's for each well record. Staff will keep this policy, as Staff wishes to monitor fluid removal each time it occurs, pursuant to K.A.R. 82-3-608.

10. As noted above, Operator filed paperwork with an incorrect well identification number for one of the Colony #98-H well records. This led Staff to believe that both the Colony #98-H vertical test well and the Colony #98-H horizontal well had been drilled. Operator filed a CDP-5 for the Colony #98-H vertical well, which had not been drilled. But Operator did not file a CDP-5 for the horizontal well, which had been drilled. Operator was penalized for failure to provide a CDP-5 for the horizontal well.

11. Although Operator is responsible for filing paperwork with accurate well identification numbers, a close inspection of the paperwork could have revealed that the paperwork filed regarding the vertical test well was probably intended for the horizontal well. While this fact alone might not have been adequate grounds for rescission of a penalty, in light of the circumstances surrounding these dockets, Staff recommends rescission.

### **IV. Additional Considerations**

12. Staff notes that Notice of Violation letters were sent to Operator, regarding these matters, prior to the issuance of the penalty orders. Operator has acknowledged that if it had contacted Staff prior to the deadlines in the letters, the issuance of penalty orders could probably have been avoided.

13. Staff notes that Operator has not been penalized in any other matters for at least the last three years.

14. Staff's records regarding the Colony #97-H and Colony #98-H wells have been updated, and now appear to be accurate.

15. Based upon all of the foregoing, Staff recommends rescinding the penalty orders in Dockets 14-CONS-659-CPEN, 14-CONS-705-CPEN, and 14-CONS-722-CPEN.

**THEREFORE, THE COMMISSION ORDERS:**

A. The Commission's penalty orders in Dockets 14-CONS-659-CPEN, 14-CONS-705-CPEN, and 14-CONS-722-CPEN are hereby rescinded.

B. 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.**

Albrecht, Chair; Emler, Com.; Apple, Com.

Dated: APR 17 2014



Kim Christiansen  
Executive Director

Mailed Date: 4-18-2014

JRM

I CERTIFY THE ORIGINAL  
COPY IS ON FILE WITH  
The State Corporation Commission

APR 17 2014



**CERTIFICATE OF SERVICE**

I certify that on 4-18-2014, 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:

Charles McConnell  
Southern Star Central Gas Pipeline, Inc.  
4700 Hwy. 56  
Owensboro, Kentucky 42301

And delivered by hand to:

Jonelle Rains  
Conservation Division Central Office

/s/ Jonathan R. Myers  
Jonathan R. Myers  
Litigation Counsel  
Kansas Corporation Commission