

**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 Raney Oil) Docket No. 16-CONS-145-CPEN
Company, LLC (“Operator”) to comply)
with K.A.R. 82-3-111 at the Cully #4-20) CONSERVATION DIVISION
in Sumner County, Kansas)
_____) License No.: 32705

REQUEST FOR HEARING

Raney Oil Company, LLC, (“Raney”) described as the “Operator” in the Penalty Order issued in this docket, requests a hearing in this docket. In support of this request, Raney submits the following:

1. This matter has a tortured history. In the most simplified fashion possible, Raney agreed to acquire the Cully lease along with two other leases from AGV Corporation, the prior operator. That transaction has resulted in a lawsuit between Raney, its working interest owners in the Cully lease and others that were the subject of the sale, and AGV Corporation. In that lawsuit, Raney and the other plaintiffs complain that AGV Corporation misrepresented the condition of this lease and others, and as part of that misrepresentation, filed a Change of Operator form that was not actually approved by Raney. Until KCC Staff began inquiring about the Cully 4-20 well, Raney was unaware that the Commission had accepted and approved a Change of Operator form over one year after the transaction closed although Raney had provided AGV Corporation with a completed Change of Operator form at the time of the closing, that was apparently never submitted to this Commission.

2. The undersigned, and Tom Raney, have had numerous conversations with representatives of the Commission Staff and had indicated that there were complications due to the litigation and that until it was clear that the expense of plugging this well could be included in the claims plaintiffs assert in the lawsuit, Raney was unwilling to plug the Cully 4-20 well.

3. As it turns out, a plugging application was filed by Raney the very day that the Penalty Order was issued. A copy of the Well Plugging Application and the Commission Staff's response letter is attached as **Exhibit A**. At no time prior to submission of the plugging application by Raney, had Raney or the undersigned been advised that a Penalty Order was forthcoming, and Raney and the undersigned have done their best to explain to the Commission Staff that this well would be plugged in due course once it was clear that the expense of plugging could be claimed in the lawsuit. As soon as that became clear to Raney and its counsel, the plugging application was filed.

4. Because of the unique nature of these circumstances, and because the Cully 4-20 well has been properly plugged, and Raney has further investigated the status of an additional well on the Cully lease, Raney requests that the penalty assessed in this docket be rescinded, or alternatively, that this matter be set for hearing so that Raney can have a forum to explain the circumstances involved in the plugging of this well. This well had been unplugged for a lengthy period of time and at no time did Raney or the undersigned receive any indication from the Commission Staff that this Penalty Order was forthcoming, or the plugging application could and would have been filed sooner.

WHEREFORE, Raney Oil Company, LLC, requests that the penalty be rescinded in its entirety, or alternatively, requests a hearing in this matter so Raney can explain the circumstances surrounding the plugging of this well.

Respectfully submitted,
MARTIN, PRINGLE, OLIVER,
WALLACE & BAUER, L.L.P.

By: Jeff Kennedy
Jeff Kennedy #12099
100 North Broadway, Suite 500
Wichita, KS 67202
Telephone: (316) 265-9311
Facsimile: (316) 265-2955
jkennedy@martinpringle.com
Attorneys for Raney Oil Company

VERIFICATION

STATE OF KANSAS)
) ss.
COUNTY OF SEDGWICK)

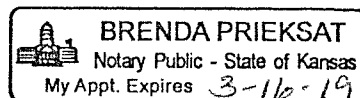
Jeff Kennedy of lawful age and being first duly sworn, on oath, deposes and states:
That Jeff Kennedy, counsel for Raney Oil Company, LLC, has read the above and foregoing Request for Hearing and that the statements and averments contained therein are true and correct to the best of his knowledge and belief.

Jeff Kennedy
Jeff Kennedy

SUBSCRIBED AND SWORN TO before me this 28 day of August, 2015.

Brenda Prieksat
Notary Public

My appointment expires:



CERTIFICATE OF SERVICE

The undersigned hereby certifies that on the 28th day of August, 2015, a true and correct copy of the above and foregoing Request for Hearing was mailed via US Postal Service to:

Jonathan R. Myers
Litigation Counsel
Kansas Corporation Commission
266 N Main St Ste. 220
Wichita KS 67202-1513

Jeff Kennedy, #72699

Jeff Kennedy



KANSAS CORPORATION COMMISSION 1259898
OIL & GAS CONSERVATION DIVISION

Form CP-1
March 2010
This Form must be Typed
Form must be Signed
All blanks must be Filled

WELL PLUGGING APPLICATION

Form KSONA-1, Certification of Compliance with the Kansas Surface Owner Notification Act,
MUST be submitted with this form.

OPERATOR: License #: 32705
Name: Raney Oil Company, LLC
Address 1: 4665 BAUER BROOK CT.
Address 2: _____
City: LAWRENCE State: KS Zip: 66049 + _____
Contact Person: Tom Raney
Phone: (785) 749-0672

API No. 15 - 15-191-21150-00-00
If pre 1967, supply original completion date: _____
Spot Description: _____
____ SW NW SW Sec. 20 Twp. 34 S. R. 2 ☒ East ☐ West
1650 Feet from ☐ North / ☒ South Line of Section
330 Feet from ☐ East / ☒ West Line of Section
Footages Calculated from Nearest Outside Section Corner:
☐ NE ☐ NW ☐ SE ☒ SW
County: Sumner
Lease Name: CULLY Well #: 4-20

Check One: ☒ Oil Well ☐ Gas Well ☐ OG ☐ D&A ☐ Cathodic ☐ Water Supply Well ☐ Other: _____
☐ SWD Permit #: _____ ☐ ENHR Permit #: _____ ☐ Gas Storage Permit #: _____

Conductor Casing Size: _____ Set at: _____ Cemented with: _____ Sacks
Surface Casing Size: 8.625 Set at: 179 Cemented with: 179 Sacks
Production Casing Size: 4.5 Set at: 3249 Cemented with: 225 Sacks

List (ALL) Perforations and Bridge Plug Sets:

Attached

Elevation: _____ (☐ G.L. / ☐ K.B.) T.D.: 3250 PBTD: 3240 Anhydrite Depth: _____
(Stone Corral Formation)

Condition of Well: ☐ Good ☐ Poor ☐ Junk in Hole ☐ Casing Leak at: _____
(Interval)

Proposed Method of Plugging (attach a separate page if additional space is needed):

Sand off bottom to 3140, cap with 2 sacks of cement. Rn tubing in, swpot 35 sacks of cement. Tag cement with sandline. Perforate 4.5 @ 350'. Circulate cement to surface.

Is Well Log attached to this application? ☐ Yes ☐ No Is ACO-1 filed? ☒ Yes ☐ No

If ACO-1 not filed, explain why:

Plugging of this Well will be done in accordance with K.S.A. 55-101 et. seq. and the Rules and Regulations of the State Corporation Commission

Company Representative authorized to supervise plugging operations: Canaan Well Service Inc.
Address: 1401 N. Park St City: Wellington State: Ks Zip: 67152 + _____
Phone: (620) 4400170
Plugging Contractor License #: 34879 Name: Canaan Well Service Inc.
Address 1: 1401 N. Park St. Address 2: _____
City: Wellington State: KS Zip: 67152 + _____
Phone: (620) 440-0170
Proposed Date of Plugging (if known): _____

Payment of the Plugging Fee (K.A.R. 82-3-118) will be guaranteed by Operator or Agent

Submitted Electronically

EXHIBIT A



KANSAS CORPORATION COMMISSION 1259898
OIL & GAS CONSERVATION DIVISION

Form KSONA-1
January 2014
Form Must Be Typed
Form must be Signed
All blanks must be Filled

**CERTIFICATION OF COMPLIANCE WITH THE
KANSAS SURFACE OWNER NOTIFICATION ACT**

This form must be submitted with all Forms C-1 (Notice of Intent to Drill); CB-1 (Cathodic Protection Borehole Intent); T-1 (Request for Change of Operator Transfer of Injection or Surface Pit Permit); and CP-1 (Well Plugging Application). Any such form submitted without an accompanying Form KSONA-1 will be returned.

Select the corresponding form being filed: ☐ C-1 (Intent) ☐ CB-1 (Cathodic Protection Borehole Intent) ☐ T-1 (Transfer) ☒ CP-1 (Plugging Application)

OPERATOR: License # 32705
Name: Raney Oil Company, LLC
Address 1: 4665 BAUER BROOK CT.
Address 2: _____
City: LAWRENCE State: KS Zip: 66049 + _____
Contact Person: Tom Raney
Phone: (785) 6917533 Fax: (_____) _____
Email Address: _____

Well Location:
____ SW NW SW Sec. 20 Twp. 34 S. R. 2 ☒ East ☐ West
County: Sumner
Lease Name: CULLY Well #: 4-20

If filing a Form T-1 for multiple wells on a lease, enter the legal description of the lease below:

Surface Owner Information:

Name: John D. & Penelope Williams
Address 1: 2585 S. Hwy 66
Address 2: _____
City: Claremore State: Oklahoma Zip: 74017 + _____

When filing a Form T-1 involving multiple surface owners, attach an additional sheet listing all of the information to the left for each surface owner. Surface owner information can be found in the records of the register of deeds for the county, and in the real estate property tax records of the county treasurer.

If this form is being submitted with a Form C-1 (Intent) or CB-1 (Cathodic Protection Borehole Intent), you must supply the surface owners and the KCC with a plat showing the predicted locations of lease roads, tank batteries, pipelines, and electrical lines. The locations shown on the plat are preliminary non-binding estimates. The locations may be entered on the Form C-1 plat, Form CB-1 plat, or a separate plat may be submitted.

Select one of the following:

- ☒ I certify that, pursuant to the Kansas Surface Owner Notice Act (House Bill 2032), I have provided the following to the surface owner(s) of the land upon which the subject well is or will be located: 1) a copy of the Form C-1, Form CB-1, Form T-1, or Form CP-1 that I am filing in connection with this form; 2) if the form being filed is a Form C-1 or Form CB-1, the plat(s) required by this form; and 3) my operator name, address, phone number, fax, and email address.
- ☐ I have not provided this information to the surface owner(s). I acknowledge that, because I have not provided this information, the KCC will be required to send this information to the surface owner(s). To mitigate the additional cost of the KCC performing this task, I acknowledge that I must provide the name and address of the surface owner by filling out the top section of this form and that I am being charged a \$30.00 handling fee, payable to the KCC, which is enclosed with this form.

If choosing the second option, submit payment of the \$30.00 handling fee with this form. If the fee is not received with this form, the KSONA-1 form and the associated Form C-1, Form CB-1, Form T-1, or Form CP-1 will be returned.

I Submitted Electronically

I

EXHIBIT A

Form	CP1 - Well Plugging Application
Operator	Raney Oil Company, LLC
Well Name	CULLY 4-20
Doc ID	1259898

Perforations And Bridge Plug Sets

Perforation Top	Perforation Base	Formation	Bridge Plug Depth
3192	3198	Cleveland	

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



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

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

Sam Brownback, Governor

August 04, 2015

Tom Raney
Raney Oil Company, LLC
4665 BAUER BROOK CT.
LAWRENCE, KS 66049

Re: Plugging Application
API 15-191-21150-00-00
CULLY 4-20
SW/4 Sec.20-34S-02E
Sumner County, Kansas

Dear Tom Raney:

The Conservation Division has received your Well Plugging Application (CP-1).

Under K.A.R. 82-3-113(b)(2), you must notify DISTRICT 2 of your proposed plugging plan at least 5 days before plugging the well. DISTRICT 2's phone number is (316) 630-4000. Failure to notify DISTRICT 2, or failure to file a Well Plugging Record (CP-4) after the well is plugged will result in a penalty recommendation.

Under K.A.R. 82-3-600, you must file an Application for Surface Pit (CDP-1) if you wish to use a workover pit while plugging the well. Failure to timely file a CDP-1, failure to timely remove fluids, or failure to timely file Closure of Surface Pit (CDP-4) or Waste Transfer (CDP-5) forms will result in a penalty recommendation.

This receipt does NOT constitute authorization to plug this well if you do not otherwise have the legal right to do so.

This receipt is VOID after February 04, 2016. If the well is not plugged by then, you will have to submit a new CP-1 if you wish to plug the well.

The February 04, 2016 deadline does NOT override any compliance deadline given to you by Legal, District, or other Commission Staff. Failure to comply with any given deadline will still result in the Commission assessing penalties, or taking other legal action.

Sincerely,
Production Department Supervisor

cc: DISTRICT 2

EXHIBIT A