

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

Before Commissioners: Andrew J. French, Chairperson
 Dwight D. Keen
 Annie Kuether

In the matter of the failure of M3 Helium) Docket No.: 25-CONS-3260-CPEN
Corp. (Operator) to comply with K.A.R. 82-3-)
602 at the Nilson 1 Unit #2-22 and Smith C) CONSERVATION DIVISION
#2 wells in Haskell County, Kansas.)
_____) License No.: 36063

PENALTY ORDER

The Commission finds Operator has violated K.A.R. 82-3-602 regarding the captioned wells, assesses a \$200 penalty, directs Operator to come into compliance, and further rules as more fully described below.

I. JURISDICTION

1. K.S.A. 74-623 provides the Commission exclusive jurisdiction and authority to regulate oil and gas activities in Kansas. K.S.A. 55-152 provides the Commission with jurisdiction to regulate the construction, operation, and abandonment of any well, and also the protection of the usable water of this state from any actual or potential pollution from any well. The Commission has licensing authority under K.S.A. 55-155.

2. K.S.A. 55-162 and K.S.A. 55-164 provide the Commission authority to issue penalty orders for violations of Chapter 55 of the Kansas Statutes Annotated, or of any rule, regulation, or order of the Commission. Under K.S.A. 55-164, a penalty order may include a monetary penalty of up to \$10,000, the penalty must constitute a substantial and actual economic deterrent to the violation, and each day of a continuing violation constitutes a separate violation

3. K.A.R. 82-3-602(a) provides that unless otherwise specified in writing by the Commission, each operator shall close drilling pits within 365 calendar days after the spud date

of a well. K.A.R. 82-3-602(c) provides that each operator of a pit shall file a pit closure form prescribed by the Commission within 30 days after the closure of the pit. Failure to file the pit closure form shall be punishable by a \$100 penalty.

II. FINDINGS OF FACT

4. Operator is licensed to conduct oil and gas activities in Kansas, and is responsible for the care and control of the following wells (Subject Wells) in Haskell County, Kansas:

- a. Nilson 1 Unit #2-22, API #15-081-22266-00-00, located in Section 22, Township 28 South, Range 32 West; and
- b. Smith C #2, API #15-081-22267-00-00, located in Section 3, Township 28 South, Range 33 West.

5. Commission records indicate that Operator filed an Application for Surface Pit (CDP-1) along with a Notice of Intent to Drill (C-1) for each of the Subject Wells. Each CDP-1 indicated that at least one drilling pit would be used while drilling the well.

6. Commission regulations require drilling pits to be closed within 365 calendar days of the spud date; Operator did not receive an extension. Commission regulations further require a Closure of Surface Pit (CDP-4) form to be filed within 30 days after the closure of a pit.

7. Commission records indicate that the Subject Wells were spud between November 2, 2023, and November 7, 2023. More than 395 days (365 plus 30) have passed since the Subject Wells were spud. Commission records further indicate that CDP-4 forms have not been filed for the Subject Wells.

8. On January 14, 2025, Commission Staff sent a Notice of Violation letter to Operator, requiring Operator to file CDP-4s by January 28, 2025.¹ The Commission did not receive complete, accurate CDP-4s by the deadline in the letter

III. CONCLUSIONS OF LAW

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

10. Operator has committed two violations of K.A.R. 82-3-602 because Operator did not submit complete and accurate CDP-4s for the pits associated with the Subject Wells in a timely manner.

THEREFORE, THE COMMISSION ORDERS:

A. Operator shall pay a \$200 penalty.

B. Operator shall submit complete, accurate CDP-4s for the pits associated with the Subject Wells.

C. Operator 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, to the Commission at 266 N. Main St., Suite 220, Wichita, Kansas 67202, within 30 days from the date of service of this Order. A request for hearing must comply with K.A.R. 82-1-219.

D. Failure to timely request a hearing will result in a waiver of Operator's right to a hearing. If no party timely requests a hearing, then this Order shall become final. If Operator is not in compliance with this Order and the Order is final, then Operator's license shall be suspended without further notice and shall remain suspended until Operator complies. The notice and opportunity for a hearing on this Order shall constitute the notice required by K.S.A. 77-512

¹ Exhibit A.

regarding license suspension. A party may petition for reconsideration of a final order pursuant to the requirements and time limits established by K.S.A. 77-529(a)(1).

E. Credit card payments may be made by calling the Conservation Division at 316-337-6200. Checks and money orders shall be payable to the Kansas Corporation Commission. Payments shall be mailed to the Kansas Corporation Commission at 266 N. Main St., Suite 220, Wichita, Kansas 67202. Payments must reference the docket number of this proceeding.

COMMISSION IT IS SO ORDERED.

French, Chairperson; Keen, Commissioner; Kuether, Commissioner

Dated: 02/13/2025



Abigail D. Emery
Acting Secretary to the Commission

Mailed Date: 02/13/2025

TSK

Andrew J. French, Chairperson
Dwight D. Keen, Commissioner
Annie Kuether, Commissioner

Laura Kelly, Governor

January 14, 2025

Anthony Melikhov
M3 Helium Corp
4601 E DOUGLAS AVE STE 150
WICHITA KS 67218-1032

License No. 36063

NOTICE OF VIOLATION

Re: Surface Pit Closure Form(s) - ("CDP-4")

Operator:

Commission records indicate that for the well(s) on the attached list, you filed an Application for Surface Pit (CDP-1) form for each well along with your Intent to Drill.

If any drilling pits remain open, they must be closed.

Since no CDP-4 is on file for the well(s), you are in violation of K.A.R. 82-3-602(c).

We have not received the necessary Surface Pit Closure Form(s).

Commission records indicate that the well(s) were spudded more than 13 months ago.

Under K.A.R. 82-3-602, drilling pits must be closed within 12 months after the spud date of the well.

Further, an operator must submit a CDP-4 within 1 month after closing a pit.

**Failure to submit a complete, accurate CDP-4
for the pit(s) associated with the well(s) on the attached list
by JANUARY 28, 2025
shall be punishable by a \$100 per-well administrative penalty.**

The information requested above must be submitted on KOLAR. If a CDP-4 is returned to you as incomplete, you do not have additional time - the deadline above governs.

Please contact me at (316) 337-6200 if you have any questions.

Sincerely,

KATHY HAYNES
Environmental Protection and Remediation Department

List of Wells: Missing CDP-4

API Well #	Lease Name / Well #	Well Location	County
15-081-22266-00-00	NILSON 1 UNIT 2-22	22-28S-32W, SW	HASKELL
15-081-22267-00-00	SMITH C 2	3-28S-33W, NW	HASKELL

CERTIFICATE OF SERVICE

25-CONS-3260-CPEN

I, the undersigned, certify that a true copy of the attached Order has been served to the following by means of first class mail and electronic service on 02/13/2025.

KATHLEEN HAYNES
KANSAS CORPORATION COMMISSION
266 N. Main St., Ste. 220
WICHITA, KS 67202-1513
kathy.haynes@ks.gov

TRISTAN KIMBRELL, LITIGATION COUNSEL
KANSAS CORPORATION COMMISSION
CENTRAL OFFICE
266 N. MAIN ST, STE 220
WICHITA, KS 67202-1513
tristan.kimbrell@ks.gov

ANTHONY MELIKHOV
M3 HELIUM CORP
4601 E DOUGLAS AVE STE 150
WICHITA, KS 67218-1032
anthony@m3helium.com

KRAIG STOLL, EP&R SUPERVISOR
KANSAS CORPORATION COMMISSION
CENTRAL OFFICE
266 N. MAIN ST, STE 220
WICHITA, KS 67202-1513
kraig.stoll@ks.gov

/S/ KCC Docket Room
KCC Docket Room