

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



2017-11-21 14:50:46
Kansas Corporation Commission
/s/ Lynn M. Retz

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

NOTICE OF PENALTY ASSESSMENT
18-CONS-3181-CPEN

Ian B. Acrey
Prairie Gas Operating, LLC
427 S. Boston Street, Suite 520
Tulsa, OK 74103

This is a notice of a penalty assessment for violation(s) of Kansas Oil and Gas Conservation Statutes, Rules, and Regulations. For a full description of the penalty and process please refer to the Penalty Order that is attached to this notice.

IF YOU ACCEPT THE PENALTY:

You have been assessed a \$2,750 penalty. You have 30 days from the service date of this Penalty Order to pay the fine amount. Check or money order must be made payable to the Kansas Corporation Commission and mailed to the Conservation Division of 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. Payment by credit card may be made by calling the Conservation Division at 316-337-6200.

IF YOU CONTEST THE PENALTY:

You have the right to request a hearing. A written request for hearing must be made within 30 days after service of the Penalty Order setting forth the specific grounds upon which relief is sought. Respondent must submit the request to the Commission, at 266 N. Main St., Suite 220, Wichita, Kansas 67202. The Commission shall conduct a hearing in accordance with the provisions of the Kansas administrative procedure act within 30 days after receipt of such request. K.S.A. 55-164; K.S.A. 77-542; K.A.R. 82-1-215.

IF YOU FAIL TO ACT:

Failure to pay the fine amount, or in the alternative, provide a written request for a hearing, within thirty (30) days of service of the Penalty Order, will result in the attached Penalty Order becoming a Final Order and may result in additional sanctions, including additional monetary penalties, the suspension of your oil and gas operating license, and the shutting-in of all operations until compliance is obtained. K.S.A. 55-164; K.S.A. 77-537.

Respectfully,

Jonathan R. Myers
Litigation Counsel
316-337-6200

**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 Prairie Gas)	Docket No.: 18-CONS-3181-CPEN
Operating, LLC ("Operator") to comply with)	
K.A.R. 82-3-603 and K.A.R. 82-3-604 at five)	CONSERVATION DIVISION
wells in Greeley and Hamilton County, Kansas.)	
<hr/>		License No.: 35442

PENALTY ORDER

The above captioned matter comes before the State Corporation Commission of the State of Kansas. Having examined the files and records, and being duly advised in the premises, the Commission finds and concludes as follows:

I. JURISDICTION

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

2. K.S.A. 55-162 and K.S.A. 55-164 provide the Commission with authority to issue a Penalty Order regarding a violation of Chapter 55 of the Kansas Statutes Annotated, or of any rule, regulation, or order of the Commission. A Penalty Order may include a monetary penalty of up to \$10,000, and each day of a continuing violation constitutes a separate violation.

3. K.A.R. 82-3-101(a)(52) provides that "pit" means any constructed, excavated, or naturally occurring depression upon the surface of the earth.

4. K.A.R. 82-3-101(a)(69) defines “spill” as any escape of saltwater, oil, or refuse by overflow, seepage, or other means from the vicinity of oil, gas, injection, service, or gas storage wells, or from tanks, pipelines, dikes, or pits, if the wells, tanks, pipelines, dikes, or pits are involved in or related to any of the following:

- a. the exploration or drilling for oil or gas;
- b. the lease storage, treatment, or gathering of oil or gas; or
- c. the drilling, operating, abandonment, or postabandonment of wells. For purposes of this regulation, “vicinity” means the area within six feet of the wellhead.

5. K.A.R. 82-3-603(b)(2) provides that the operator shall notify the appropriate district office of any escape of saltwater, oil, or refuse that meets the definition of “spill” in K.A.R. 82-3-101. This notification shall be made no later than the next business day following the date of discovery or knowledge of the spill. The point of discovery or knowledge means that point when the operator knew or reasonably should have known of the spill.

6. K.A.R. 82-3-603(d) provides that failure to comply with subsection (b) shall be punishable by a \$250 penalty for the first violation, a \$500 penalty for the second violation, and a \$1,000 penalty and an operator license review for the third violation.

7. K.A.R. 82-3-604(a) provides that each operator shall notify the appropriate district office within 24 hours of discovery or knowledge of any oil field-related discharge of five or more barrels of saltwater, oil, or refuse into an emergency pit or diked area.

8. K.A.R. 82-3-604(c) provides that for the purposes of this regulation, the point of “discovery or knowledge” shall mean the point when the operator knew or reasonably should have known of the discharge.

9. K.A.R. 82-3-604(d) provides in pertinent part that failure to timely notify the district office in accordance with subsection (a) shall be punishable by a \$250 penalty for the first violation, a \$500 penalty for the second violation, and a \$1,000 penalty and operator license review for the third violation.

II. FINDINGS OF FACT

10. Operator conducts oil and gas activities in Kansas under license number 35442, and is responsible for the care and control of the following leases (“the subject leases”):

- a. the Bounds lease, located in Section 13, Township 20 South, Range 40 West, Greeley County, Kansas;
- b. the Kuder lease, located in Section 36, Township 17 South, Range 40 West, Greeley County, Kansas;
- c. the Livingston lease, located in Section 16, Township 23 South, Range 40 West, Hamilton County, Kansas;
- d. the Nickelson lease, located in Section 4, Township 20 South, Range 39 West, Greeley County, Kansas; and
- e. the Wear B lease, located in Section 25, Township 17 South, Range 40 West, Greeley County, Kansas.

A. Violation at the Bounds lease

11. On July 24, 2017, Commission District #1 Staff conducted an inspection of the Bounds lease and found a ruptured salt water tank. Staff found fluid from the resulting spill had moved in three directions: an east spill area measuring 270 feet by 50 feet; a middle spill area measuring 150 feet by 75 feet; and a west spill area measuring 105 feet by 50 feet. Staff calculated the minimum volume of the spills at 145, 120, and 60 barrels of fluid, respectively,

and more likely at closer to 400 to 500 total barrels of fluid. Staff tested the spill fluids, which measured at 100,000 parts per million of chlorides. Staff's inspection report and photographs are attached and incorporated into this Penalty Order as Exhibit A.

12. On July 28, 2017, Staff sent a Notice of Violation letter to Operator, stating that Operator's failure to notify the appropriate District Office of the spill constituted a violation of K.A.R. 82-3-603. The letter also gave an August 11, 2017, deadline to submit an Unreported Spill Form. To date, Staff reports that the Bounds lease spill cleanup has been completed, although an Unreported Spill Form has not been submitted.

13. The above findings of fact are sufficient evidence to support the conclusion that Operator committed one violation of K.A.R. 82-3-603(b) because Operator did not notify the appropriate District office of a spill at the subject lease in a timely manner.

B. Violation at the Kuder lease

14. On July 25, 2017, Commission District #1 Staff conducted an inspection of the Kuder lease and found an unreported discharge into the tank battery. Staff estimated the volume of the discharge at 110 barrels of fluid. Staff's inspection report and photographs are attached and incorporated into this Penalty Order as Exhibit B.

15. On July 28, 2017, Staff sent a Notice of Violation letter to Operator, stating that Operator's failure to notify the appropriate District Office of the discharge constituted a violation of K.A.R. 82-3-604. The letter also gave an August 11, 2017, deadline to submit an Unreported Spill Form. To date, Staff reports that the Kuder lease discharge cleanup has been completed, although an Unreported Spill Form has not been submitted.

16. The above findings of fact are sufficient evidence to support the conclusion that Operator committed one violation of K.A.R. 82-3-604(a) because Operator did not notify the appropriate District office of a discharge at the subject lease in a timely manner.

C. Violation at the Livingston lease

17. On July 25, 2017, Commission District #1 Staff conducted an inspection of the Livingston lease and found a discharge into the tank battery's diked area, which had subsequently overflowed the diked area. Staff estimated 10 to 15 barrels of fluid remained in the diked area, and identified the spill site outside the diked area as measuring 30 feet by 50 feet. Staff estimated the total spill volume to be 100 barrels. Staff tested the fluids, which measured at 100,000 parts per million of chlorides. Staff's inspection report and photographs are attached and incorporated into this Penalty Order as Exhibit C.

18. On July 28, 2017, Staff sent a Notice of Violation letter to Operator, stating that Operator's failure to notify the appropriate District Office of the spill constituted a violation of K.A.R. 82-3-603. The letter also gave an August 11, 2017, deadline to submit an Unreported Spill Form. To date, Staff reports that the Livingston lease discharge and spill cleanup have been completed, although an Unreported Spill Form has not been submitted.

19. The above findings of fact are sufficient evidence to support the conclusion that Operator committed one violation of K.A.R. 82-3-603(b) because Operator did not notify the appropriate District office of a spill at the subject lease in a timely manner.

D. Violation at the Nickelson lease

20. On July 24, 2017, Commission District #1 Staff conducted an inspection of the Nickelson lease and found a spill at the Nickelson #1-4, API #15-071-20731, originating from the stuffing box. Approximately 5 to 6 barrels of fluid were on the ground, and the affected area

included an area to the west of the well measuring 20 feet by 20 feet. Staff's inspection report and photographs are attached and incorporated into this Penalty Order as Exhibit D.

21. On July 28, 2017, Staff sent a Notice of Violation letter to Operator, stating that Operator's failure to notify the appropriate District Office of the spill constituted a violation of K.A.R. 82-3-603. The letter also gave an August 11, 2017, deadline to submit an Unreported Spill Form. To date, Staff reports that the Nickelson lease spill cleanup has been completed, although an Unreported Spill Form has not been submitted.

22. The above findings of fact are sufficient evidence to support the conclusion that Operator committed one violation of K.A.R. 82-3-603(b) because Operator did not notify the appropriate District office of a spill at the subject lease in a timely manner.

E. Violation at the Wear B lease

23. On July 25, 2017, Commission District #1 Staff conducted an inspection of the Wear B lease and found a spill at a tank near the Wear B #1, API #15-071-20112. The spill appeared to consist mostly of oil and the affected area measured 20 feet by 30 feet and appeared to consist mostly of oil. Staff's inspection report and photographs are attached and incorporated into this Penalty Order as Exhibit E.

24. On July 28, 2017, Staff sent a Notice of Violation letter to Operator, stating that Operator's failure to notify the appropriate District Office of the spill constituted a violation of K.A.R. 82-3-603. The letter also gave an August 11, 2017, deadline to submit an Unreported Spill Form. To date, Staff reports that the Wear B lease spill cleanup has been completed, although an Unreported Spill Form has not been submitted.

III. CONCLUSIONS OF LAW

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

26. The above findings of fact are sufficient evidence to support the conclusion that Operator committed four violations of K.A.R. 82-3-603(b) because Operator did not notify the appropriate District office of spills at the subject leases in a timely manner. Under K.A.R. 82-3-603(c), a first violation of this regulation carries a \$250 penalty, a second violation carries a \$500 penalty, and subsequent penalties carry a \$1,000 penalty. Accordingly, the Commission concludes Operator should be assessed a \$2,750 penalty for these four violations.

27. The above findings of fact are sufficient evidence to support the conclusion that Operator committed one violation of K.A.R. 82-3-604(a) because Operator did not notify the appropriate District office of an oil field-related discharge into a diked area in a timely manner. Under K.A.R. 82-3-604(d), a first violation of this regulation carries a \$250 penalty. Accordingly, the Commission concludes Operator should be assessed a \$250 penalty for this violation.

THEREFORE, THE COMMISSION ORDERS:

- A. Operator shall pay a \$2,750 penalty for its four violations of K.A.R. 82-3-603(b).
- B. Operator shall pay a \$250 penalty for one violation of K.A.R. 82-3-604(a).
- C. Operator shall submit Unreported Spill Forms for the spills and discharges at the Bounds, Kuder, Livingston, Nickelson, and Wear B leases.
- D. If no party requests a hearing, and Operator is not in compliance with this Order within 30 days, then Operator's license shall be suspended without further notice. The notice and opportunity for a hearing on this order shall constitute the notice required by K.S.A. 77-512

regarding license suspension. The Commission may impose further sanctions, including additional monetary penalties and any other remedies available to the Commission by law, without further notice.

E. 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.

F. 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.

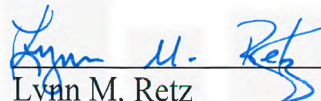
G. If a party requests a hearing, a corporation or similar entity shall not be permitted to enter an appearance except by its attorney. Attorneys for all parties shall enter their appearances in Commission proceedings by giving their names and addresses for the record.

H. 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, Chairman; Albrecht, Commissioner; Emler, Commissioner

Dated: NOV 21 2017


Lynn M. Retz
Secretary to the Commission

Mailed Date: November 21, 2017

JRM

KCC OIL/GAS REGULATORY OFFICES

Date: 07/24/17

District: 01

Case #: _____

☒ New Situation

☐ Lease Inspection

☐ Response to Request

☐ Complaint

☐ Follow-Up

☒ Field Report

Operator License No: 35442

API Well Number: 15-071-20089-00-00

Op Name: Prairie Gas Operating, LLC

Spot: SW SW SW Sec 13 Twp 20 S Rng 40 ☐ E / ☒ W

Address 1: 427 S. Boston St. Ste 520

133 Feet from ☐ N / ☒ S Line of Section

Address 2: _____

5063 Feet from ☒ E / ☐ W Line of Section

City: Tulsa

GPS: Lat: 38.30650 Long: 101.69564 Date: 7/24/17

State: Okla Zip Code: 74103 -

Lease Name: Bounds Well #: 2 swd

Operator Phone #: (918) 734-7727

County: Greeley

Reason for Investigation:

Unreported salt water spill

Problem:

The spill occurred sometime prior to 7-18-17. The spill was not reported to the KCC nor was any attempt made to recover any of the spilled fluids. Dont know if the landowner was notified.

Persons Contacted:

None

Findings:

7-24-17 Six 210 bbl FG water tanks on location. Only 3 are in use. One of the salt water tanks ruptured and apparently drained all 3 tanks out across the location.

East spill area--270' x 50' calculated minimum volume of 145 bbls brine 100,000 ppm chlorides

Middle spill area--150' x 75' calculated minimum volume of 120 bbls brine

West spill area--105' x 50' calculated minimum volume of 60 bbls brine

Note: The minimum calculated volume is based on a penetration depth of 2". Without taking soil samples to determine the depth of penetration it is impossible to determine the actual spilled volume, but it is more than likely closer to 400-500 bbls.

The spill was never reported to the KCC nor was any attempt made to recover spilled fluids. It all soaked in!

The lease sign still says Horseshoe. Effective transfer date was 3-1-17.

Action/Recommendations:

Follow Up Required ☐ Yes ☐ No ☒

Date: _____

Send unreported spill form to the operator.

Fines to be assessed per KCC regulations:

82-3-603d failure to notify of spill

82-3-603f failure to clean up spill

(The first Prairie Gas unreported spill was found on 6/28/17 on their Winegar 3-35 in Greeley Co. They were given verbal instructions on reporting spills and a warning)

NOV to install correct lease sign

Sign & spill hrs sent 7/28/17 ml

Verification Sources:

Photos Taken: Yes

☐ RBDMS

☐ KGS

☐ TA Program

☐ T-1 Database

☐ District Files

☐ Courthouse

☐ Other: _____

By: Ken Jehlik

ECRS

Retain 1 Copy District Office
Send 1 Copy to Conservation Division

Form: 02/22/2008

Exhibit A

Page 1 of 6

Private bar

Beards & son

13-20-40 56

7-24-17

Feeling NW

Leeward's west 13pm



Thornickles Bands 2 sub
13-20-40 GL
7.24-17
Facing NE
towards east sp. H





Thorne Gas Brnds 2500
1320-40 6L
7-24-17
Facing North
Denver spill
~ 75' x 150'

Prairie Lakes Burns 2500
13.20-40 60L
7-24-17
Facing North
West 5 ft 11
~ 50' x 105'



Prairie 605

Burbs 2 SWD

13.20-404M

7.24-17

East 5P11

~50' x 270'



KCC OIL/GAS REGULATORY OFFICES

Date: 07/25/17

District: 01

Case #: _____

☒ New Situation
☐ Response to Request
☐ Follow-Up

☐ Lease Inspection
☐ Complaint
☒ Field Report

Operator License No: 35442

API Well Number: 15-071-20116-00-00

Op Name: Prairie Gas Operating, LLC

Spot: SE SW SW Sec 36 Twp 17 S Rng 40 ☐ E / ☒ W

Address 1: 427 S. Boston St. Ste 520

40 Feet from ☐ N / ☒ S Line of Section

Address 2: _____

4039 Feet from ☒ E / ☐ W Line of Section

City: Tulsa

GPS: Lat: 38.52378 Long: 101.69251 Date: 7/25/17

State: Okla Zip Code: 74103 -

Lease Name: Kuder Well #: 1

Operator Phone #: (918) 734-7727

County: Greeley

Reason for Investigation:

Unreported discharge (note-the above spot location in the location of the tanks & containment spill. The well is located in NW NW 1-18-40)

Problem:

Unreported discharge. Not reported to the KCC nor any fluid removed from the containment.

Persons Contacted:

None

Findings:

7-25-17 One 210 bbl steel stock tank & one 210 bbl FG tank.
 Found the containment full of water with estimated 100 bbls of water with estimated 10 bbls of oil on top. Escape occurred sometime prior to 7-18-17.

The discharge has not been reported nor has any attempt been made to empty the containment.

Transfer to Prairie Gas effective 3-1-17. Lease sign has not been changed.

Action/Recommendations:

Follow Up Required ☐ Yes ☐ No ☐

Date: _____

Send unreported discharge form to the operator.

Fines to be assessed per KCC regulations:

82-3-604 failure to notify KCC of discharge

82-3-604 failure to timely remove fluids from a pit

(The first unreported spill was found 6/28/17 on the Winegar 3-35 in Greeley Co. They were given verbal instructions on reporting spills and a warning)

NOV to install correct lease sign

Sign & spill ltrs sent 7/28/17

Verification Sources:

Photos Taken: Yes

☒ RBDMS ☐ KGS ☐ TA Program
☐ T-I Database ☐ District Files ☐ Courthouse
☐ Other: _____

By: Ken Jehlik

ECRS

Retain 1 Copy District Office
 Send 1 Copy to Conservation Division

Form: 02/22/2008

Prairie Creek

Kudzu 1
36-17-40 AL
7-25-17
Fearing East



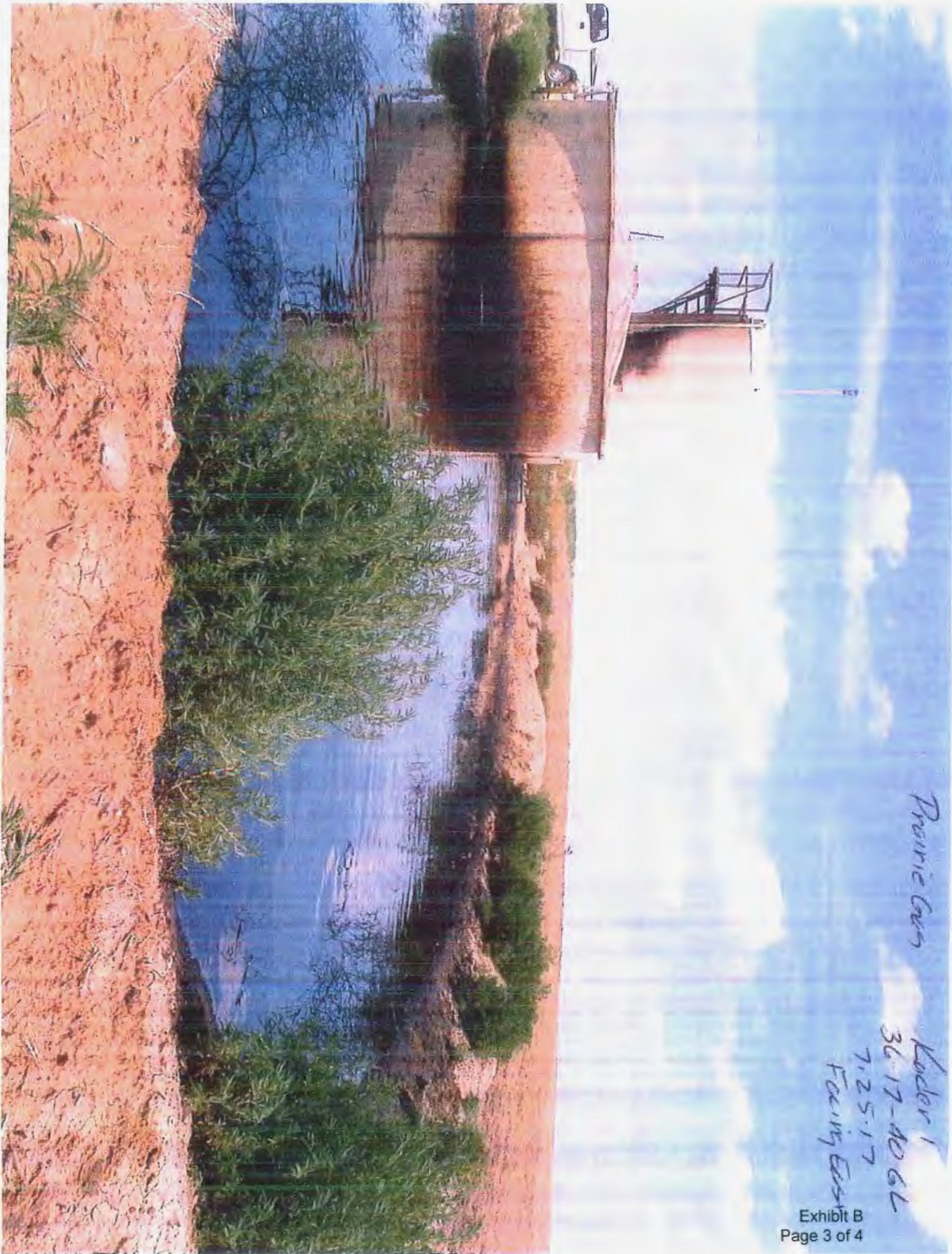
Prairie Creek

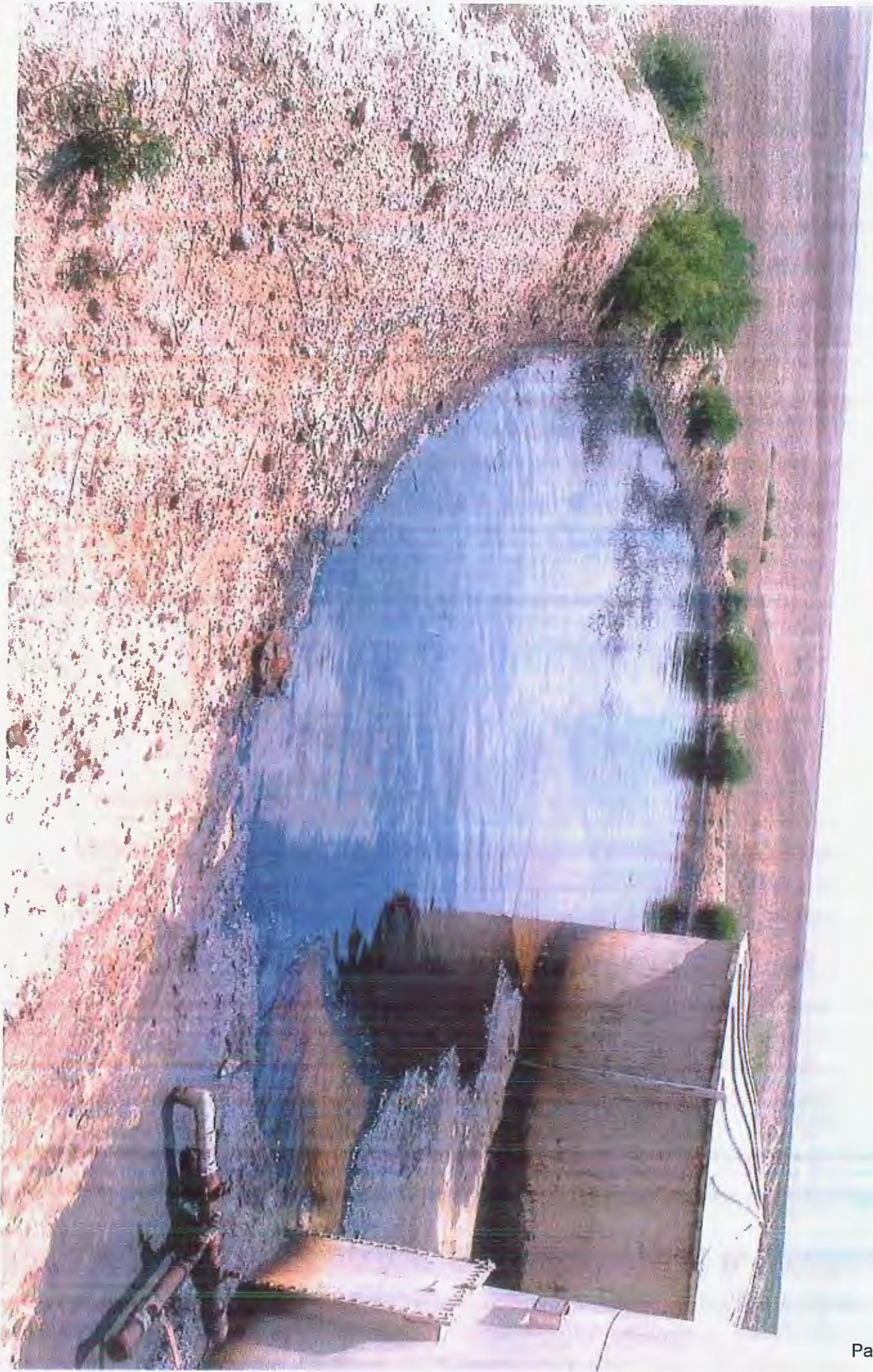
Koder 1

36-17-40 GL

7.25.17

Facing East





Therrie Gars

Kuder 1

36-17-406L

7-25-17

Facing West

KCC OIL/GAS REGULATORY OFFICES

Date: 07/25/17

District: 01

Case #: _____

☒ New Situation

☐ Lease Inspection

☐ Response to Request

☐ Complaint

☐ Follow-Up

☒ Field Report

Operator License No: 35442

API Well Number: 15-075-20318-00-00

Op Name: Prairie Gas Operating, LLC

Spot: SW NW SW Sec 16 Twp 23 S Rng 40 ☐ E / ☒ W

Address 1: 427 S. Boston St. Ste 520

1333 Feet from ☐ N / ☒ S Line of Section

Address 2: _____

5253 Feet from ☒ E / ☐ W Line of Section

City: Tulsa

GPS: Lat: 38.04846 Long: 101.72470 Date: 7/25/17

State: Okla Zip Code: 74103

Lease Name: Livingston Well #: 3 SWD

Operator Phone #: (918) 734-7727

County: Hamilton

Reason for Investigation:

Unreported salt water spill

Problem:

The spill occurred sometime prior to 7-18-17. The spill was not reported to the KCC nor was any attempt made to recover the spilled fluids. Dont know if the landowner was notified.

Persons Contacted:

Findings:

7/25/17 Seven 210 bbl FG water tanks in a 2' earthen containment. Tanks overflowed into the containment, then the containment overflowed onto the unloading pad in a 50' x 30' area. Estimated total spill volume inside and outside the containment is approximately 100 bbls. All soaked in except for 10-15 bbls of oil still in the containment. No attempt was made to remove the fluids. Water is 100,000 ppm chloride water

Transfer to Prairie Gas effective 3-1-17. Lease sign has not been changed.

Action/Recommendations:

Follow Up Required ☐ Yes ☐ No ☒

Date: _____

Send unreported spill form to the operator.

Fines to be assessed per KCC regulations:

82-3-603 d failure to notify of spill

82-3-603 f failure to clean up spill

(The first unreported spill was found on 6/28/17 on their Winegar 3-35 in Greeley Co. They were given verbal instructions on reporting spills and a warning)

NOV to correct lease sign.

Sign & spill hrs sent 7/28/17

Verification Sources:

Photos Taken: Yes

☒ RBDMS

☐ KGS

☐ TA Program

☐ T-I Database

☐ District Files

☐ Courthouse

☐ Other: _____

By: Ken Jehlik

ECRS

Retain 1 Copy District Office
Send 1 Copy to Conservation Division

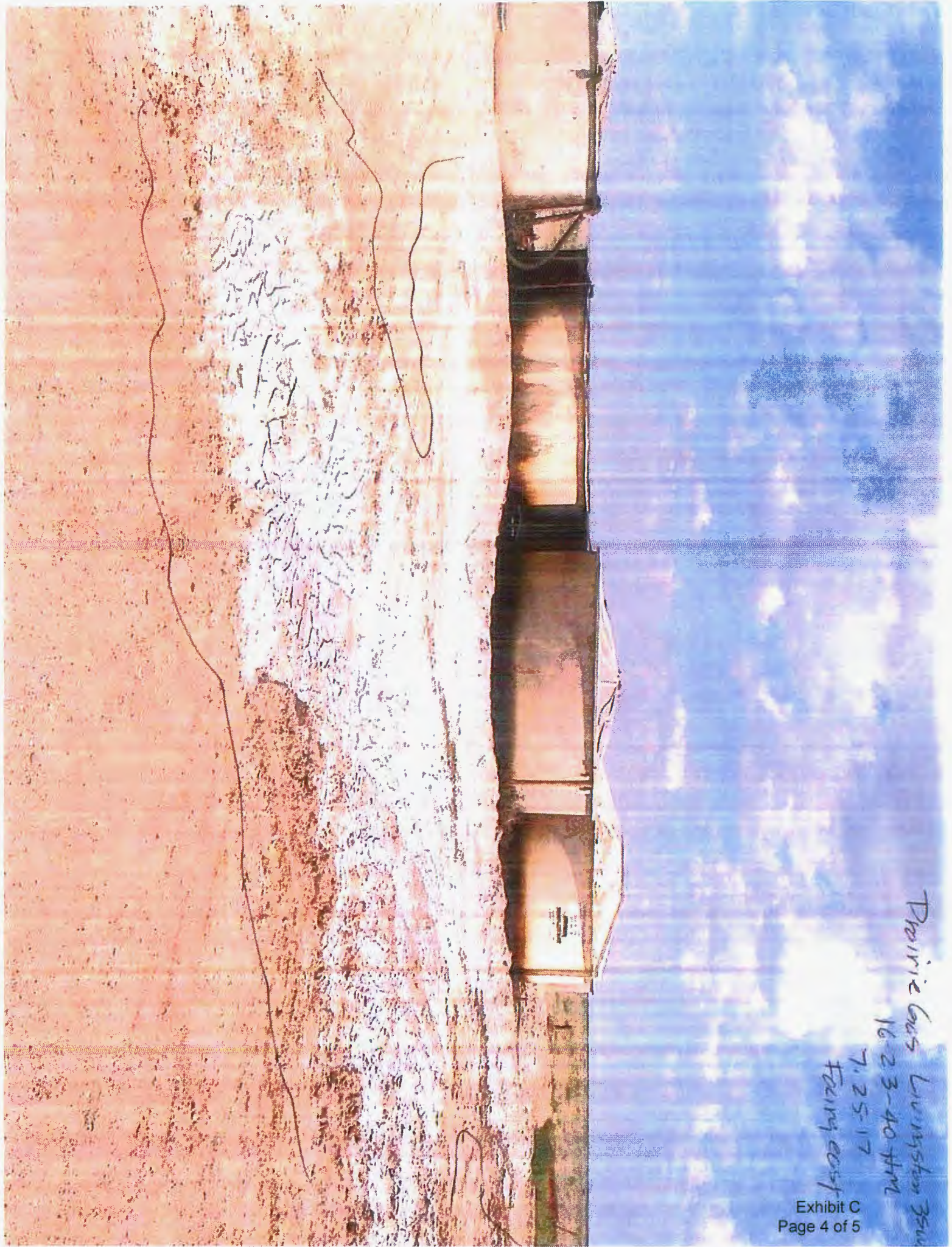
Form: 02/22/2008

Exhibit C
Page 1 of 5

Pine Co. Livingston 3 SWD
16-23-42 #117
7-25-17
Ferry North

Train Cars Livingston 3 SWD
16-23-40 AM
7.25-17
Train Cars





Prairie Lakes Livingston 35u
16.23-40 ftm
7.25-17
Facing east

Therrie Gov Livingston 3 sand
16.23-40 Hm
7-25-17
Feely North



KCC OIL/GAS REGULATORY OFFICES

Date: 07/24/17

District: 01

Case #: _____

☒ New Situation

☒ Lease Inspection

☐ Response to Request

☐ Complaint

☐ Follow-Up

☐ Field Report

Operator License No: 35442

API Well Number: 15-071-20731-00-01

Op Name: Prairie Gas Operating, LLC

Spot: NE SW NE Sec 4 Twp 20 S Rng 39 ☐ E / ☒ W

Address 1: 427 S. Boston St. Ste 520

3959 Feet from ☐ N / ☒ S Line of Section

Address 2: _____

1325 Feet from ☒ E / ☐ W Line of Section

City: Tulsa

GPS: Lat: 38.34624 Long: 101.62714 Date: 7/24/17

State: Okla Zip Code: 74103 -

Lease Name: Nickelson Well #: 1-4

Operator Phone #: (918) 734-7727

County: Greeley

Reason for Investigation:

Check well status

Problem:

Found on going unreported spill.
No lease sign

Persons Contacted:

None

Findings:

7-24-17 Pumping unit w/ elec motor running.
Meter run 30' NW selling 6 mcf
No water tank. Water goes direct to a disposal.
On going stuffing box leak. 5 to 6 bbls on the ground. Affected area 20'x20' on west side of well.

(The first Prairie Gas unreported spill was found 6/28/17 on their Winegar 3-35 in Greeley Co. They were given verbal instructions on reporting spills and a warning)

Action/Recommendations:

Follow Up Required ☐ Yes ☐ No ☒

Date: _____

Send unreported spill form w/ pictures
NOV to install lease sign

Spill & sign ltr sent 7/28/17

Verification Sources:

Photos Taken: _____

<input type="checkbox"/> RBDMS	<input type="checkbox"/> KGS	<input type="checkbox"/> TA Program
<input type="checkbox"/> T-I Database	<input type="checkbox"/> District Files	<input type="checkbox"/> Courthouse
<input type="checkbox"/> Other: _____		

By: Ken Jehlik

ECRS

Retain 1 Copy District Office
Send 1 Copy to Conservation Division

Form: 02/22/2008

Praine 605 Nicholson 1-4
4-20-39 GL
7-24-17
Facing west



Prairie Gas Nicholson 1-4
4-20-39 GL
7-24-17
Facing East



KCC OIL/GAS REGULATORY OFFICES

Date: 07/25/17

District: 01

Case #: _____

☒ New Situation
☐ Response to Request
☐ Follow-Up

☐ Lease Inspection
☐ Complaint
☒ Field Report

Operator License No: 35442

API Well Number: 15-071-20112-00-00

Op Name: Prairie Gas Operating, LLC

Spot: SW NE SW Sec 25 Twp 17 S Rng 40 ☐ E / ☒ W

Address 1: 427 S. Boston St. Ste 520

1312 Feet from ☐ N / ☒ S Line of Section

Address 2: _____

3902 Feet from ☒ E / ☐ W Line of Section

City: Tulsa

GPS: Lat: 38.54188 Long: 101.69195 Date: 7/25/17

State: Okla Zip Code: 74103 -

Lease Name: Wear B Well #: 1

Operator Phone #: (918) 734-7727

County: Greeley

Reason for Investigation:

Unreported spill

Problem:

Spill occurred sometime prior to 7-18-17.
 The spill was not reported to the KCC nor was any attempt made to clean it up

Persons Contacted:

None

Findings:

7-25-17 210 bbl open top FG water tank with oil on top. Tank overflowed to the northwest affecting a 20' x 30' area on the location. Appears to be mostly oil. Estimate 7-10 bbls. No containment. Date of spill unknown.

The spill has not been reported to the KCC nor has any attempt been made to clean it up

The lease sign still says Horseshoe. Transfer to Prairie Gas effective 3-1-17.

Action/Recommendations:

Follow Up Required ☐ Yes ☐ No ☒ N/A

Date: _____

Send unreported spill form to the operator

Fines to be assessed per KCC regulations:

82-3-603d failure to notify of spill

82-3-603f failure to clean up spill

(The first unreported spill was found 6/28/17 on the Winegar 3-35 in Greeley Co. They were given verbal instructions on reporting spills and a warning)

NOV to install lease sign.

Sign & Spill Hrs sent 7/28/17

Verification Sources:

Photos Taken: Yes

☐ RBDMS ☐ KGS ☐ TA Program
☐ T-I Database ☐ District Files ☐ Courthouse
☐ Other: _____

By: Ken Jehlik

ECRS

Retain 1 Copy District Office
 Send 1 Copy to Conservation Division

Form: 02/22/2008

Exhibit E
 Page 1 of 3

Prairie Lakes near B-1
25-17-4066L
Fencing south
7-25-17



Frack Co's Well B-1
25-17-40 G/L
Facing East-NE
7-25-17



CERTIFICATE OF SERVICE

I certify that on 11/21/17, 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:

Ian B. Acrey
Prairie Gas Operating, LLC
427 S. Boston Street, Suite 520
Tulsa, OK 74103

and delivered by e-mail to:

Steve Pfeifer
KCC District #1

Jonelle Rains
KCC Central office

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