

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

In the matter of the failure of M & D Oil	)	Docket No. 21-CONS-3169-CPEN
Co., a General Partnership (Operator) to	)	
comply with K.A.R. 82-3-120 at the Evans	)	CONSERVATION DIVISION
Carl #1, Sanders A D #1, and Sanders B #1	)	
<u>in Meade County, Kansas.</u>	)	License No. 30637

**PRE-FILED TESTIMONY**

**OF**

**ERIC MACLAREN**

**ON BEHALF OF COMMISSION STAFF**

**MAY 24, 2021**

1 **Q. What is your name and business address?**

2 A. Eric MacLaren, 210 E. Frontview, Suite A, Dodge City, Kansas, 67801.

3 **Q. By whom are you employed and in what capacity?**

4 A. I am employed by the Conservation Division of the Kansas Corporation Commission (KCC),  
5 District #1 Office, as a Compliance Officer and an Underground Injection Control (UIC)  
6 Coordinator.

7 **Q. Would you please briefly describe your educational background and work experience?**

8 A. I am a high school graduate. My oilfield work experience started as a rotary drilling rig  
9 roughneck in early 1982. After two years as a derrick hand, I became a morning tour driller  
10 for the next two years, until I got laid off. I was then hired on as a pumper/roustabout for F.G.  
11 Holl Company L.L.C. where I worked for 17 ½ years. My duties there included monitoring oil  
12 and gas production, working on pumping units and engines, and laying lead lines. My job  
13 with the KCC started in October 2005 as a regulatory field technician. I was promoted to KCC  
14 District 1 Compliance Officer and UIC Coordinator in February 2019.

15 **Q. Have you previously testified before this Commission?**

16 A. Yes.

17 **Q. What duties does your position as a District 1 Compliance Officer with the Conservation**  
18 **Division involve?**

19 A. As a compliance officer, I am in charge of coordinating the District #1 compliance program.  
20 This includes working with District #1 Staff for tracking potential regulatory violations. If our  
21 staff documents a violation, I help review the violation letters that are sent out, and if there is  
22 not a response to the letters, I work with the District Supervisor to determine which penalty  
23 recommendations need to be sent to the Legal Department. Additionally, I witness well

1 pluggings, mechanical integrity tests (MITs), perform inspections, and compliance follow-  
2 ups as necessary.

3 **Q. What duties does your position as UIC Coordinator involve?**

4 A. As a UIC Coordinator, I am in charge of reviewing all of the KOLAR U-7 forms that are  
5 submitted by operators when they perform an MIT on an injection well. I ensure the forms  
6 are processed in adherence with the associated injection permits. Additionally, I will  
7 coordinate with our field staff when necessary to verify information provided by operators on  
8 the KOLAR U-7 forms.

9 **Q. What is the purpose of your testimony in this matter?**

10 A. The purpose of my testimony is to discuss the evidence supporting the Commission's finding  
11 in regard to the shut-in directive and penalty issued against M & D Oil Co., a General  
12 Partnership (Operator) in this matter (Docket 21-3169).

13 **Q. Please provide a brief overview of the facts in this docket.**

14 A. Ultimately, the Commission issued a Shut-in Order against Operator on February 25, 2021  
15 (Order) directing Staff to shut-in and seal Operator's oil and gas operations and penalized  
16 Operator \$100,000 for violation of K.A.R. 82-3-120 for conducting oil and gas activities for  
17 many years after the expiration of its license. Production on an expired license is also unlawful  
18 production under K.A.R. 82-3-133. The circumstances surrounding the issuance of the  
19 Commission's Order also stemmed from a February 8, 2018, Default Order against Operator  
20 in Docket No. 18-CONS-3104-CSHO (Docket 18-3104), wherein the Commission suspended  
21 Operator's #30637 license until certain conditions were met and placed Operator's wells on  
22 the state plugging list. As explained in greater detail below, Operator never met those  
23 conditions and continued operating despite the license suspension.

1 **Q. What are the requirements of K.A.R. 82-3-120(a)?**

2 A. K.A.R. 82-3-120(a) provides that no operator or contractor shall drill, complete, service, plug,  
3 or operate any oil, gas, injection, or monitoring well without first obtaining or renewing a  
4 current license. Additionally, each operator in physical control of any such well shall maintain  
5 a current license even if the well is shut-in or idle. Further, each licensee shall annually submit  
6 a completed license renewal form on or before the expiration date of the current license.

7 **Q. When did Operator's license expire?**

8 A. Commission records indicate that Operator's #30637 license expired November 30, 2013. It  
9 appears that the Evans Carl #1, Sanders A D #1, and Sanders B #1 wells (Subject Wells) still  
10 remain on that expired license.<sup>1</sup>

11 **Q. How did the alleged violations come to Staff's attention?**

12 A. On October 8, 2020, District Staff conducted lease inspections of the Subject Wells. The lease  
13 inspections indicated that two of the wells were producing gas. The meter run, which measures  
14 the amount of gas coming from the well, at the AD Sanders #1 showed the previous day's  
15 flow rate was 23 thousand cubic feet (MCF). At the Sanders B #1, the previous day's flow  
16 rate was 19 MCF. There were also indications in the inspection report for the Evans Carl #1  
17 indicating the well had recently produced. The well was fully equipped with rods and tubing,  
18 the polished rod appeared to be clean, and the belts looked new. Our Staff then examined  
19 available Kansas Geological Survey records which indicated Operator sold gas from the AD  
20 Sanders #1 and Sanders B #1 from 2014 to 2020 and the Evans Carl #1 from 2014 to 2017.

---

<sup>1</sup> Commission records indicate Operator subsequently obtained license #35387 on October 4, 2016, but none of the Subject Wells were transferred onto that new license. According to Commission records, license #35387 expired on October 30, 2017.

1   **Q. How much gas did these wells produce?**

2   A. In total, it appears that the three wells have produced approximately 93,395 MCF of gas from  
3       January 2014 to September 2020. Based on this production estimate and the publicly available  
4       monthly spot-market prices for natural gas in Kansas, Operator grossed approximately  
5       \$238,000 in unlawful production revenue during this same time period.

6   **Q. Please summarize your recommendations.**

7   A. The Shut-In Order in Docket 21-3169 should be affirmed. As shown, Operator continued to  
8       conduct oil and gas activities for many years after the expiration of its license. The amount of  
9       time Operator unlawfully produced from these wells, as well as the monetary value of  
10      Operator's unlawful production supports the penalty assessed by the Commission. Further,  
11      Operator's disregard of the Commission's Default Order in the 18-3104 Docket warrants the  
12      shut-in of Operator's oil and gas operations.

13   **Q. Does this conclude your testimony?**

14   A. Yes.

## **CERTIFICATE OF SERVICE**

21-CONS-3169-CPEN

I, the undersigned, certify that a true copy of the attached Pre-Filed Testimony of Eric MacLaren has been served to the following by means of electronic service on May 24, 2021.

FRED MACLAREN  
KANSAS CORPORATION COMMISSION  
DISTRICT OFFICE NO. 1  
210 E. FRONTVIEW SUITE A  
DODGE CITY, KS 67801  
Fax: 785-271-3354  
e.maclaren@kcc.ks.gov

KELCEY MARSH, LITIGATION COUNSEL  
KANSAS CORPORATION COMMISSION  
CENTRAL OFFICE  
266 N. MAIN ST, STE 220  
WICHITA, KS 67202-1513  
Fax: 785-271-3354  
k.marsh@kcc.ks.gov

JONATHAN R. MYERS, ASSISTANT GENERAL COUNSEL  
KANSAS CORPORATION COMMISSION  
266 N. Main St., Ste. 220  
WICHITA, KS 67202-1513  
Fax: 316-337-6211  
j.myers@kcc.ks.gov

MICHELE PENNINGTON  
KANSAS CORPORATION COMMISSION  
DISTRICT OFFICE NO. 1  
210 E. FRONTVIEW SUITE A  
DODGE CITY, KS 67801  
Fax: 785-271-3354  
m.pennington@kcc.ks.gov

JONATHAN A. SCHLATTER, ATTORNEY  
MORRIS LAING EVANS BROCK & KENNEDY CHTD  
300 N MEAD STE 200  
WICHITA, KS 67202-2745  
Fax: 316-262-6226  
jschlatter@morrislaing.com

/S/ Paula J. Murray  
\_\_\_\_\_  
Paula J. Murray