

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

2 A. Nancy D. Borst, 266 N. Main St., Suite 220, Wichita, KS 67202

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 as an
5 Administrative Specialist in the Licensing and Legal departments.

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

7 A. I worked as the Communications Coordinator and Public Information Officer for Kingman
8 County from 2013 to 2017. Prior to that I was the managing editor of the Kingman Leader-
9 Courier newspaper. I have worked in various roles in journalism for the past forty-six years
10 and continue to own a freelance journalism business. I have a Bachelor of Science degree
11 from the University of Kansas. I have worked for the Kansas Corporation Commission since
12 February 2018 as an Administrative Specialist. My primary duties include processing and
13 reviewing license applications, processing open records requests, and processing legal filings.

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

15 A. Yes.

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

17 A. The purpose of my testimony is to discuss the evidence that supports the Commission's Order
18 Denying Application for License filed by Quito, Inc. (Applicant).

19 **Q. When did Applicant submit its license application?**

20 A. Commission Staff received a license application from Applicant on October 21, 2024. A copy
21 of Applicant's KCC License Application is attached to the Commission's Order Denying
22 Application for License as Exhibit A. Additionally, I would like to note that Applicant's

1 application indicates that Mr. Mark McCann is president of Applicant, and that Applicant is
2 not registered with the Securities and Exchange Commission.

3 **Q. When was Applicant formed with the State of Kansas?**

4 A. The Kansas Secretary of State website indicates that Applicant filed Articles of Organization
5 with Kansas on March 15, 2005. Additionally, the Kansas Secretary of State website currently
6 indicates Applicant's status as delinquent with the State. An annual report was due on April
7 15, 2025, and has not been filed. If a company misses this deadline, their corporate status is
8 changed from active, in good standing to delinquent. If the report is not filed by July 15, 2025,
9 then the corporate status will be forfeited. This is a potential issue because the licensing
10 department cannot process applications for incorporated entities which are not active and in
11 good standing with the Kansas Secretary of State.

12 **Q. Has Applicant previously had a KCC license?**

13 A. Yes. Commission Staff previously issued a license to Quito, Inc. under License No. 33954.

14 **Q. What is the status of that license?**

15 A. Currently, Applicant's former license is inactive and suspended by the Commission. On
16 September 2, 2021, the Commission issued an Order in Docket 22-CONS-3115-CMSC
17 (Docket 22-3115) denying Applicant's application for license renewal. The license denial was
18 based upon Applicant's failure to meet the requirements of K.S.A. 55-155(c)(4) and K.A.R.
19 82-3-120(g)(2). The denial was also based on Mr. McCann's substantial relationship with MC
20 C Oil Company, which had a suspended license for noncompliance with KCC Docket
21 16-CONS-361-CSHO. The Commission issued a Final Order in Docket 22-3115 on February
22 9, 2023. The Commission's Final Order affirmed its September 2, 2021, Order Denying

1 Application for License based on Applicant's failure to demonstrate it was in compliance with
2 all regulations adopted under chapter 55 of the Kansas Statutes Annotated.

3 **Q. Will you please explain the requirements of K.S.A. 55-155(c) and K.A.R. 82-3-120(g)(2)?**

4 A. Yes. K.S.A. 55-155(c)(4) and K.A.R. 82-3-120(g)(2) provide that in order to obtain approval
5 of a license or license renewal, an applicant, if not registered with the Securities and Exchange
6 Commission, must demonstrate to the Commission's satisfaction that the following
7 individuals comply with all requirements of Chapter 55 of the Kansas Statutes Annotated and
8 amendments thereto, all rules and regulations adopted thereunder, and all commission orders
9 and enforcement agreements: (1) the applicant; (2) any officer, director, partner, or member
10 of the applicant; (3) any stockholder owning in the aggregate more than 5% of the stock of the
11 applicant; and (4) any spouse, parent, brother, sister, child, parent-in-law, brother-in-law, or
12 sister-in-law of the foregoing.

13 **Q. As you noted in your testimony above, Applicant is not registered with the Securities**
14 **and Exchange Commission. Does Applicant and Mr. McCann satisfy the requirements**
15 **of K.S.A. 55-155(c)(4) and K.A.R. 82-3-120(g)(2)?**

16 A. No. Mr. McCann is associated with four separate licenses which are suspended for being out
17 of compliance with Commission Orders. First, Mr. McCann is associated with Mc C Oil
18 Company, Inc., License #31411 because he is a partner or officer of that company. He also
19 appears to be substantially related to Mr. Eric McCann who is listed as a partner on Mc C Oil
20 Company's license. Mc C Oil Company's license is inactive and suspended for non-
21 compliance with Docket 16-CONS-361-CSHO. Further, there are unplugged wells associated
22 with that license. Second, Mr. McCann is associated with Wildcat Energy, Inc., License
23 #31507 because he appears to be substantially related to Ms. Maricela McCann who is listed

1 as a partner on the license. That license is suspended for non-compliance with Docket
2 24-CONS-3074-CPEN. Further, there are unplugged wells associated with that license. Third,
3 Mr. McCann is associated with Thor Operating, LLC, License #36020 because the
4 Commission found there to essentially be a non-existent difference between Mr. McCann's
5 Quito, Inc. and Thor Operating, LLC in its Final Order regarding Dockets 24-CONS-3001-
6 CSHO, 24-CONS-3072-CPEN, and 24-CONS-3086-CMSC. Thor Operating's license is
7 suspended for non-compliance with Docket 24-CONS-3086-CMSC. Lastly, Mr. McCann is
8 associated with Quito, Inc., License #33594 because he is a partner or officer of that company.
9 Additionally, Quito, Inc. is the same company as Applicant and there are unplugged wells
10 associated with the company. Quito's license is currently suspended for non-compliance with
11 Dockets 24-CONS-3072-CPEN, 25-CONS-3092-CPEN, 25-CONS-3168-CPEN, 25-CONS-
12 3200-CPEN, 25-CONS-3230-CPEN, and 25-CONS-3267-CPEN.

13 **Q. Did Staff send a letter to Applicant regarding its failure to meet those requirements?**

14 A. Yes. On December 2, 2024, Commission Staff mailed a letter to Applicant regarding its
15 association to the companies referenced above and that those companies have unplugged
16 wells remaining on their expired licenses and/or are subject to various Commission Orders.
17 The letter provided Quito until December 31, 2024, to address the issues referenced in the
18 letter. A copy of the letter is attached to the Commission's Order Denying Application for
19 License as Exhibit B.

20 **Q. Did you have any communication with Applicant regarding that letter?**

21 A. No.

22 **Q. Has Applicant addressed the issues referenced in that letter?**

23 A. No.

1 **Q. Please summarize your recommendations.**

2 A. I believe the evidence in this matter supports the Order Denying Application for License
3 issued by the Commission in the captioned matter. I would recommend that the Commission's
4 Order in this matter be affirmed.

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

6 A. Yes.

CERTIFICATE OF SERVICE

25-CONS-3245-CMSC

I, the undersigned, certify that a true and correct copy of the attached Testimony has been served to the following by means of electronic service on June 2, 2025.

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