

**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 Terry D. Schmidt) Docket No.: 26-CONS-3002-CPEN
(Operator) to comply with K.A.R. 82-3-120.)
) CONSERVATION DIVISION
)
_____) License No.: 32490

PENALTY ORDER

The Commission finds Operator has violated K.A.R. 82-3-120, assesses a \$500 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. 82-3-120(a)(1) provides that no operator shall drill, complete, service, plug, or operate any oil or gas well without first obtaining or renewing an operator license, and that each operator in physical control of any such well shall maintain a current license even if the

well is shut in or idle. K.A.R. 82-3-120(a)(2) provides that each licensee shall annually submit a completed license renewal form on or before the expiration date of the current license.

4. K.A.R. 82-3-120(k) provides that failure to obtain or renew an operator license before operating shall be punishable by a \$500 penalty.

II. FINDINGS OF FACT

5. On July 30, 2024, Operator's license expired. Operator is responsible for the wells (Subject Wells) identified in Exhibit A.

6. On August 8, 2024, Commission Staff sent a letter to Operator, requiring Operator to renew the license, transfer the Subject Wells to another operator, or plug the Subject Wells, by August 22, 2024.¹ To date, Operator has not complied with Staff's letter.

III. CONCLUSIONS OF LAW

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

8. Operator has committed one violation of K.A.R. 82-3-120(a) because Operator remains responsible for the Subject Wells, and Operator's license is expired.

THEREFORE, THE COMMISSION ORDERS:

- A. Operator shall pay a \$500 penalty.
- B. Operator shall immediately shut-in all unplugged wells on its license, and cease oil and gas operations, until Operator is in compliance with this Order.
- C. Operator has 30 days from the date of this Order to:
 - a. Renew its license or obtain a new license and transfer the Subject Wells to that license; or

¹ Exhibit A.

- b. Transfer the Subject Wells to another operator by filing the appropriate forms with the Commission; or
- c. Plug the Subject Wells.

D. If any unplugged wells remain on Operator's expired license after 60 days from the date of this Order, then:

- a. Operator shall pay an additional \$5,000 penalty;
- b. Staff shall revoke any injection authorizations applicable to Operator; and
- c. Staff is directed to place the wells on the appropriate state plugging list, to plug according to priority and as funds allow, and to assess the plugging costs to Operator. This shall not preclude Staff from investigating additional potentially responsible parties.

E. 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.

F. 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, shall remain suspended until Operator complies, and Staff may seal the wells on Operator's license until Operator is in compliance. The notice and opportunity for a hearing on this Order shall constitute the notice required by K.S.A. 77-512 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).²

G. 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.

BY THE COMMISSION IT IS SO ORDERED.

French, Chairperson; Keen, Commissioner; Kuether, Commissioner

Dated: 07/01/2025



Celeste Cheney-Tucker
Executive Director

Mailed Date: 07/01/2025

KAM

² See K.S.A. 55-162; K.S.A. 55-164; K.S.A. 55-606; K.S.A. 55-707; K.S.A. 77-503(c); K.S.A. 77-531(b).

NOTICE OF VIOLATION

Aug. 8, 2024

Schmidt, Terry D.
1624 NORTH GRIMES STREET
MCPHERSON, KS 67460-2530

Re: Unplugged Well(s) on Expired License #32490

Operator:

Unplugged well(s) are on your expired license, **which violates K.A.R. 82-3-120**. Attached is a list of the unplugged well(s). Please do one of the following:

- Renew your license, or obtain a new license and transfer the well(s) to that license,
- Transfer the well(s) to another operator by filing T-1 forms with the Commission, or
- File Well Plugging Application (CP-1) form(s) and plug the well(s).

Your deadline is Aug. 22, 2024.

If you do not correct this violation, I will recommend a Commission Order with a \$500 penalty. The Order would also require you to plug the well(s) within 60 days. Failure to comply with the Order would automatically result in the Commission levying additional penalties against you, directing Staff to plug the wells, and assessing plugging costs to you.

You must immediately shut-in all wells and cease oil and gas operations until compliance is achieved.

For help renewing or obtaining a license, contact Nancy Borst at 316-337-6200.

For help transferring wells, contact Deanna Garrison at 316-337-6209.

For help with CP-1 forms, contact CeLena Peterson at 316-337-6035.

If you have further questions, you may contact me by calling our main number at the top of this letter.

Sincerely,

Nancy D. Borst
Licensing Department

Exhibit A

Schmidt, Terry D. License: 32490

<u>Unplugged Wells on Operator's License</u>				
API Well #	Lease Name / Well #		Well Location	County
15-079-19064-00-04	VOTH (HOLLOW-NIKKEL)	2	4-22S-3W, NENENW	HARVEY
15-113-00298-00-01	SCHROEDER	2	32-21S-3W, SWNESE	MCPHERSON
15-113-20054-00-00	HOLLOW NIKKEL TR 7	2	33-21S-3W, NWNENWSW	MCPHERSON
15-113-20068-00-00	KAUFMAN	1	24-21S-2W, NWSENE	MCPHERSON
15-113-20070-00-02	KAUFMAN	2	24-21S-2W, SENENE	MCPHERSON
15-113-20072-00-00	KAUFMAN	3	24-21S-2W, SESENE	MCPHERSON
15-113-20074-00-00	HARMON A	1	19-21S-1W, NWNWSW	MCPHERSON
15-113-20096-00-00	WEDEL H	1	19-21S-1W, NWSWNW	MCPHERSON
15-113-20847-00-00	WILLEMS P K	1	34-21S-3W, NENWNW	MCPHERSON
15-113-21351-00-00	WEDEL H	1-A	19-21S-1W, SWSWNW	MCPHERSON
15-113-30028-00-00	SCHROEDER	1	28-21S-3W, SESESW	MCPHERSON
15-113-30029-00-00	SCHROEDER	4	32-21S-3W, SWSESE	MCPHERSON
15-113-30130-00-00	WILLEMS H-N UNIT TRACT 1	2	33-21S-3W, SWNENENW	MCPHERSON
15-113-30131-00-00	HOLLOW NIKKEL TR 3	1	33-21S-3W, SENESWNW	MCPHERSON
15-113-30147-00-00	SCHROEDER	3	28-21S-3W, SWSESW	MCPHERSON

CERTIFICATE OF SERVICE

26-CONS-3002-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 07/01/2025.

NANCY BORST
KANSAS CORPORATION COMMISSION
CENTRAL OFFICE
266 N. MAIN ST, STE 220
WICHITA, KS 67202-1513
nancy.borst@ks.gov

KELCEY MARSH, LITIGATION COUNSEL
KANSAS CORPORATION COMMISSION
CENTRAL OFFICE
266 N. MAIN ST, STE 220
WICHITA, KS 67202-1513
kelcey.marsh@ks.gov

TERRY D. SCHMIDT
1624 N GRIMES ST
MCPHERSON, KS 67460-2530

/S/ KCC Docket Room

KCC Docket Room