

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

In the matter of the failure of Little Chief) Docket No. 21-CONS-3200-CPEN
Energy Corporation (Operator) to comply with)
K.A.R. 82-3-120 and K.A.R. 82-3-133 by) CONSERVATION DIVISION
operating under a suspended license.)
_____) License No. 35588

PRE-FILED TESTIMONY

OF

JEFF KLOCK

ON BEHALF OF COMMISSION STAFF

SEPTEMBER 27, 2021

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

2 A. Jeff Klock, 3450 N. Rock Road, Suite 601, Wichita, Kansas 67226.

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

4 A. I am employed by the Kansas Corporation Commission (KCC), Conservation Division, as
5 the Professional Geologist Supervisor for District #2, which covers most of central Kansas.

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

7 A. I received my Bachelor of Science degree in Geology from Wichita State University in 1990.
8 From 1988 to 1990, I worked for F. G. Holl Company as a Geological Technician, and from
9 1991 to 1995 I worked for them as a Staff Petroleum Geologist. In April 1995, I began
10 working for the KCC as an Environmental Geologist II in the Production Department. In that
11 position, I reviewed and approved Notices of Intent-to-Drill, Cathodic Protection Borehole
12 Intents-to-Drill, New Pool Applications, Commingling Applications, and Enhanced Recovery
13 Project Certifications. In August 1999, I became a professionally licensed geologist in the
14 State of Kansas.

15 In October 2001, I started working for the District #2 field office as an Environmental
16 Geologist II. My responsibilities in that position included assisting in the planning and
17 coordination of district field investigations, spill control and clean-up activities, and
18 overseeing contamination sites. I became District #2 Supervisor on August 27, 2007. My
19 responsibilities as a District Supervisor include supervising the work of District
20 Administrative staff, District Geologist, and the Environmental Compliance Regulatory
21 Specialists. I provide specific guidance and technical overview for field investigations,
22 compliance, spills, abandoned wells, and TA procedures. I also review processes related to
23 UIC matters and provide input for design approvals and area of review for the UIC

1 department. I also participate in working groups with other state agencies including Kansas
2 Department of Health & Environment (KDHE), Kansas Geological Survey, and Groundwater
3 Management Districts.

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

5 A. Yes.

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

7 A. The purpose of my testimony is to discuss the evidence supporting the Commission's findings
8 relating to the Penalty Order issued by the Commission against Little Chief Energy
9 Corporation (Operator) in this docket - Docket 21-CONS-3200-CPEN (Docket 21-3200).
10 Specifically, my testimony is to discuss my interactions with Operator regarding their
11 suspended license.

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

13 A. Operator was penalized for violations of K.A.R. 82-3-120 and K.A.R. 82-3-133 by conducting
14 oil and gas operations while its license was suspended on multiple occasions and for two
15 separate dockets.

16 **Q. Is this the first time Operator has been found operating wells while on a suspended
17 license?**

18 A. No. District #2 Staff had previously found Operator conducting oil and gas operations on a
19 suspended license in October 2019. Specifically, Staff found Operator's McCurdy #9, API
20 #15-113-21258 in operation after Operator's license was suspended on September 24, 2019,
21 for noncompliance with the Commission's Penalty Order in Docket 20-CONS-3050-CPEN.
22 Wells were also found to be in operation on the Operator's DJ Stuckey and Morehouse leases.
23 A copy of that field report is attached to my testimony as *Exhibit JK-1*.

1 **Q. Was a penalty recommendation made by District #2 Staff for operating under a**
2 **suspended license in October 2019?**

3 A. Yes, but I think the reason they did not receive a penalty at that time was because they obtained
4 compliance before legal processed the recommendation.

5 **Q. Were you aware that Operator's license was suspended on January 5, 2021, for non-**
6 **compliance with Docket 21-CONS-3103-CPEN?**

7 A. Yes.

8 **Q. Did you contact the operator regarding their license suspension letter dated January 5,**
9 **2021?**

10 A. Yes. On Wednesday, January 20, 2021, I was informed by the District #2 Compliance Officer,
11 Mr. Dan Fox, that Operator was still performing oil and gas operations on a suspended license.
12 I then attempted to reach Mr. Byron Boles at 620-988-0136, which was the number associated
13 with Operator's license. However, the call rolled over to a message that the voicemail had not
14 been set up yet. I then called Mr. Keaton Boles and informed him that the suspension letter
15 sent to Operator required Operator to cease all operations in Kansas, including the Operator's
16 wells in District #3. I informed him that the license suspension letter stated Staff would make
17 an additional \$10,000 penalty recommendation if Staff found Operator performing oil and gas
18 operations 10 days from the date of the suspension letter. Mr. Keaton Boles stated that the
19 license suspension letter may have been mailed to the wrong address, as Operator had recently
20 made an address change on their license. I told Mr. Keaton Boles that legal staff would have
21 mailed the letter to the address on record, and pointed out that the Commission's Penalty
22 Order in this matter was mailed out on November 17, 2020, and that Order clearly stated that

Operator's license would be suspended if not in compliance with the Order. A record of this phone conversation has been attached to my testimony as *Exhibit JK-2*.

Q. Were you aware that Operator's license was suspended on February 12, 2021, for non-compliance with Docket 21-CONS-3131-CPEN?

A. Yes.

Q. Did you contact the operator regarding their license suspension letter dated February 12, 2021?

A. No, I did not contact the operator regarding this license suspension letter, but I did speak with Mr. Keaton Boyles on March 10, 2021 regarding the matter. He contacted me to let me know that the required CP-111 for the Wiles #1 had been filed on KOLAR. I reviewed the application and approved it on March 10, 2021, which brought the well into compliance.

Q. Did you ever speak with Mr. Byron Boles regarding either license suspension?

A. No.

Q. Please summarize your recommendations.

A. I believe the information gathered by District #2 Staff and District #3 Staff is sufficient to affirm the penalty assessed against Operator by the Commission. Operator was found operating wells on multiple occasions after being suspended for non-compliance in two separate penalty dockets. Further, this particular Operator has previously been found conducting oil and gas operations while under a suspended license.

Q. Does this conclude your testimony?

A. Yes.

KCC OIL/GAS REGULATORY OFFICES

Date: 10/10/19

District: 02

Case #: _____

☐ New Situation

☐ Lease Inspection

☐ Response to Request

☐ Complaint

☐ Follow-Up

☒ Field Report

Operator License No: 35588

API Well Number: 15-113-02102

Op Name: Little Chief Energy Corporation dba

Spot: SW NE NW NW Sec 20 Twp 19 S Rng 1 ☐ E / ☒ W

Address 1: 2022 Coventry lane

4914 Feet from ☒ N / ☐ S Line of Section

Address 2: _____

4354 Feet from ☒ E / ☐ W Line of Section

City: Bartelsville

GPS: Lat: _____ Long: _____ Date: _____

State: Oklahoma Zip Code: 74006 -

Lease Name: McGill Well #: 7

Operator Phone #: (620) 988-0136

County: McPherson

Reason for Investigation:

Suspension of Operations, Operator received a notice of license suspension dated September 24, 2019 Under DOCKET no. 20-CONS-3050-CPEN

Problem:

Wells are still in production while license is suspended. Operator has failed to bring the McGill # 7 API # 15-113-02102-0000 Inactive well into compliance

Persons Contacted:

Findings:

Wells are still being produced after the suspension date.

DJ Stuckey lease
R I McCurdy lease
Morehouse lease

Photos of the operating well McCurdy # 9 API 15-113-21258-0000 are attached

Action/Recommendations:

Follow Up Required ☒ Yes ☐ No ☐

Date: _____

Recommend shut in order

Verification Sources:

Photos Taken: YES



RBDMS



KGS



TA Program



T-I Database



District Files



Courthouse



Other: _____

By: Jerry Sparling

Environmental Compliance and Regulatory Specialist

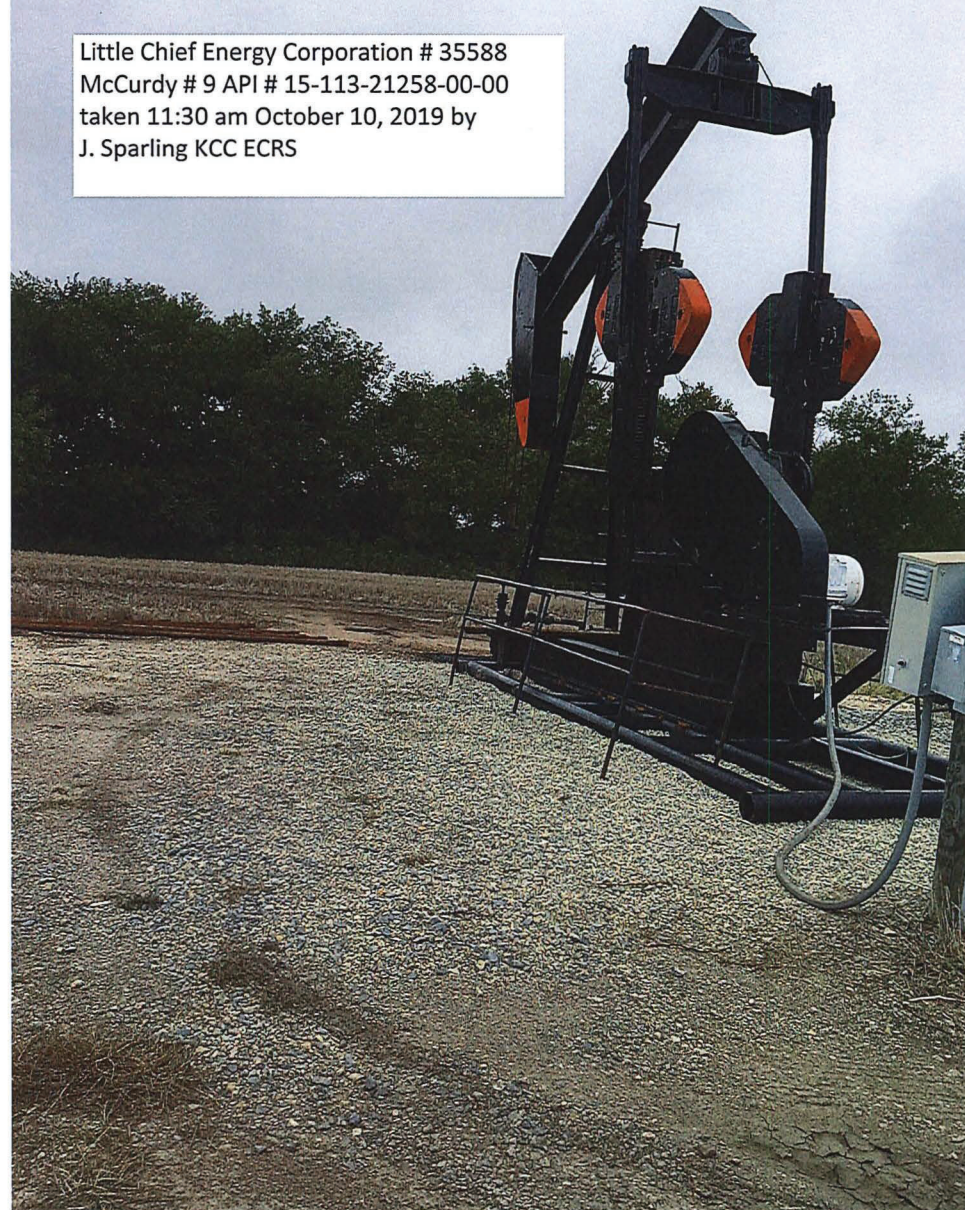
Retain 1 Copy District Office
Send 1 Copy to Conservation Division

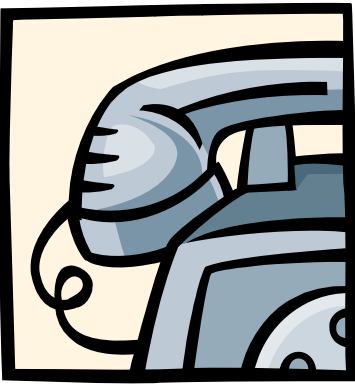
Form:
Exhibit JK-1
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Little Chief Energy Corporation # 35588
McCurdy # 9 33-20S-3W
API # 15-113-21258 taken 11:30 am
October 10, 2019 by J. Sparling KCC ECRS



Little Chief Energy Corporation # 35588
McCurdy # 9 API # 15-113-21258-00-00
taken 11:30 am October 10, 2019 by
J. Sparling KCC ECRS





RECORD OF PHONE CONVERSATION

STAFF: ____Jeff Klock, District Supervisor_____

DATE: ____Wednesday, January 20, 2021_____

TIME: ____1:30 PM_____

PERSON CONTACTED ____Keaton Boyles_____

REGARDING: Notice of License Suspension / Dkt No. 21-CONS-3103-CPEN

WELL NAME / LEASE NAME _LD Shaw #1 & #4, Kaegi A #6_____

LOCATION: _____

RECORD OF CONVERSATION:

On Wednesday, January 20th, Compliance Officer Dan Fox informed me that Little Chief Energy was still performing oil and gas operations on a suspended license. A suspension letter had been mailed to Little Chief Energy Corporation on January 5, 2021 giving them 10 days to suspend all oil and gas operations in Kansas. I asked Mr. Fox if a phone call had been made to Little Chief to discuss why they were still operating and he said he had not contacted them, but had sent a field report with staff findings, and a recommendation for additional penalty to legal staff.

I initially tried to contact a Byron Boyles at 620-988-0136, a number shown for Mr. Boyles on his operator's license, but it just rolled over to a message that the number had not been set up yet. I then contacted his son Keaton Boyles and informed him that Little Chief's license had been suspended on January 5, 2021, and that they had been sent a suspension letter by legal giving them 10 days in which to cease all operations in Kansas. I informed Keaton that this included all their wells in District 3 that they operated. Keaton informed me that a rig was working on the wells in McPherson County, and we briefly discussed what work had been performed, and what work still needed to be done. Keaton said that nobody had called him prior to my call, and I informed Keaton that I was making a courtesy call since this was going to involve a \$10,000 penalty for operating on a suspended license, and that they needed to immediately start contacting pumpers and getting wells shut-in. Keaton stated that possibly mail was going to a wrong address, and I told him I had noticed from our database the address had changed from Bartlesville, OK to Independence, KS, but legal had sent the letter to the address reflected on their license. I also pointed out that Little Chief had received a Commission Order that they had not complied with. I told Keaton their wells must remain shut-in until the LD Shaw #1, #4 and Kaegi A #6 were brought into compliance

CERTIFICATE OF SERVICE

21-CONS-3200-CPEN

I, the undersigned, certify that a true and correct copy of the attached Prefiled Testimony of Jeff Klock has been served to the following by means of electronic service on September 27, 2021.

JOHN ALMOND
KANSAS CORPORATION COMMISSION
DISTRICT OFFICE NO. 3
137 E. 21ST STREET
CHANUTE, KS 66720
j.almond@kcc.ks.gov

KEITH A. BROCK, ATTORNEY
ANDERSON & BYRD, L.L.P.
216 S HICKORY
PO BOX 17
OTTAWA, KS 66067
kbrock@andersonbyrd.com

DANIEL FOX, COMPLIANCE OFFICER, KCC DISTRICT 2
KANSAS CORPORATION COMMISSION
DISTRICT OFFICE NO. 2
3450 N. ROCK RD BLDG 600 STE 601
WICHITA, KS 67226
d.fox@kcc.ks.gov

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

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

TROY RUSSELL
KANSAS CORPORATION COMMISSION
DISTRICT OFFICE NO. 3
137 E. 21ST STREET
CHANUTE, KS 66720
t.russell@kcc.ks.gov

/s/ Paula J. Murray

Paula J. Murray