

**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 John Horton to) Docket No.: 17-CONS-3470-CPEN
comply with K.A.R. 82-3-400 at the)
Casement #1 well in Chautauqua County,) CONSERVATION DIVISION
Kansas.)
_____) License No.: 35037

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. 82-3-400 provides that the penalty for unauthorized injection shall be \$1,000 for first-time violators, \$5,000 for second-time violators, and \$10,000 and operator license review for third-time violators.

II. FINDINGS OF FACT

4. Operator conducts oil and gas activities in Kansas under license number 35037.
5. Operator is responsible for the care and control of the Casement #1 (“the subject well”), API #15-019-24066-00-01, located in Section 4, Township 34 South, Range 11 East, Chautauqua County, Kansas:
6. On January 18, 2017, Commission District #3 Staff inspected the subject well and found it in use as an injection well. Commission records indicate that the subject well is not authorized for injection.

III. CONCLUSIONS OF LAW

7. The Commission concludes that it has jurisdiction over Operator and this matter under K.S.A. 55-152 and K.S.A. 74-623.
8. The above findings of fact are sufficient evidence to support the conclusion that Operator committed one violation of K.A.R. 82-3-400 because Operator conducted unauthorized injection at the subject well.

THEREFORE, THE COMMISSION ORDERS:

- A. Operator shall pay a \$1,000 penalty.
- B. Operator shall cease injection activities at the subject well, and shall also shut-in and disconnect the well. Staff is authorized to seal the well to prevent additional unauthorized injection. The subject well shall remain shut-in and disconnected until such time as the well is plugged, Operator receives injection authority, or the well is converted into a producing well.
- C. 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.

D. 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.

E. 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.

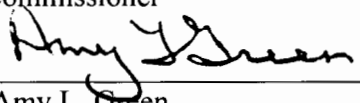
F. If a party requests a hearing, a corporation or similar entity shall not be permitted to enter an appearance except by its attorney. Attorneys for all parties shall enter their appearances in Commission proceedings by giving their names and addresses for the record.

G. 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: FEB 02 2017



Amy L. Green
Secretary to the Commission

Mailed Date: February 2, 2017

JRM

CERTIFICATE OF SERVICE

I certify that on 2/2/17, 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:

John Horton
P.O. Box 314
Sedan, Kansas 67361

And delivered by email to:

John Almond
KCC District #3

Rene Stucky
KCC Conservation Division

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