BEFORE THE STATE CORPORATION COMMISSION OF THE STATE OF KANSAS

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In the matter of the application of Prairie Gas) Operating, LLC (Operator) for an Operator's) License Renewal.

Docket No. 22-CONS-3098-CMSC

CONSERVATION DIVISION

License No. 35442

PRE-FILED REBUTTAL TESTIMONY OF

ERIC MACLAREN

ON BEHALF OF COMMISSION STAFF

MARCH 22, 2022

| 1 | Q. | Are you the same Eric | MacLaren who | pre-filed direct | t testimony in | this docket? |
|---|----|-----------------------|--------------|------------------|----------------|--------------|
| | • | J | | 1 | | |

2 A. Yes.

3 Q. What is the purpose of your rebuttal testimony in this matter?

- A. The purpose of my rebuttal testimony is to discuss the direct testimony of Mr. Ian Acrey,
 given on behalf of Prairie Gas Operating, LLC (Operator) in Docket 22-CONS-3098-CMSC
 (Docket 22-3098).
- 7 Q. Do you believe Mr. Acrey's testimony demonstrates that Operator is in compliance with

8 all requirements of K.S.A. 55-101 et seq. and amendments thereto, all implementing

9 regulations, and all Commission Orders and enforcement agreements?

10 A. No.

11 Q. Does Mr. Acrey's testimony provide an accurate assessment of Operator's wells?

A. No. On page 3, line 8, Mr. Acrey states Operator has had around 189 wells since 2018. Then
on page 4, line 17, Operator states that 27 wells were producing in 2021 at a rate of 4,716 mcf
per well. Additionally, Mr. Acrey states on page 5, line 1 that Operator has plugged three
wells. Lastly, on page 5, line 7, Mr. Acrey states Operator has approved temporary
abandonment (TA) status on 153 wells. Even if Mr. Acrey's numbers were correct, there
would still be three unaccounted for wells.

Under the Commission's Risk Based Data Management System (RBDMS), Operator currently has 23 wells listed as producing. Additionally, Operator reported disposal of produced water at one well on its Annual Report of Pressure Monitoring, Fluid Injection, and Enhanced Recovery (U3C) for the 2021 calendar year. Additionally, on the Kansas Online Automated Reporting System (KOLAR), it appears that Operator has approved TA status for 123 wells, which is 30 fewer than what is listed in Mr. Acrey's testimony. The additional 30

| 1 | | wells that remain out of compliance are likely attributed to the wells the Commission found |
|----|----|--|
| 2 | | to be out of compliance in its Final Order in Dockets 20-CONS-3129-CPEN, 20-CONS-3144- |
| 3 | | CPEN, 20-CONS-3220-CPEN, and 20-CONS-3199-CPEN on February 17, 2022, the |
| 4 | | additional 10 wells described as out of compliance on page 5, line 16 through page 6, line 5 |
| 5 | | of my testimony, and any of Operator's injection wells that have not been active for over a |
| 6 | | year without approved TA status. Mr. Acrey's testimony fails to address the additional 10 |
| 7 | | wells that I described as out of compliance on pages 5 and 6 of my testimony, and their status |
| 8 | | remains unchanged. |
| 9 | Q. | On page 10, lines 1-14, Mr. Acrey discusses wells that you believe are out of compliance |
| 10 | | with K.A.R. 82-3-111. How do you respond? |
| 11 | A. | The Final Order issued by the Commission affirmed that the 17 wells still at issue are out of |
| 12 | | compliance with the Commission's rules and regulations. To date, Operator has not brought |

any of the wells into compliance. Additionally, Mr. Acrey has not provided any documentation that the five wells that he discusses on page 10, lines 8-14 have any sort of production over the past year. On March 1, 2022, Operator submitted its U3C for the 2021 calendar year. Operator only indicated one of its wells, the Kuttler A #2D, 15-071-20387, disposed of produced fluids during the 2021 calendar year. It does not appear that any of the five wells would have used the Kuttler A #2D well to dispose of their produced fluids, which seems to indicate they were not producing anything.

1 Q. On page 11, lines 3-11, Mr. Acrey states that Operator did not intend to produce gas and 2 that any gas production could have resulted from a faulty valve or production chart 3 error. How do you respond?

4 A. I believe that it is an operator's responsibility to make sure that its equipment is properly 5 functioning to ensure that it is able to shut-in its wells when directed by the Commission. 6 Regardless of Operator's intentions, the fact of the matter is that Operator was reportedly 7 selling gas and receiving payment for the gas sold while its license was suspended. 8 Additionally, Operator claims that the amount of gas produced was a minimal amount. That 9 seems contradictory to Operator's earlier testimony on page 4, lines 16-17 where it claims its 10 efforts started paying off in 2021 when its 27 wells produced an average of 4,716 mcf of gas 11 per well. Comparatively, Operator's Hatcher Cattle #1 has sold 4,003 mcf of gas through 12 November 2021, which is similar to the average production and not a minimal amount. 13 Attached as *Exhibit EM-8* is the updated amount of production reported by the Kansas 14 Geological Survey (KGS).¹

15 Q. On page 11, lines 12-15, Mr. Acrey states that Operator did not receive an NOV for the 16 Coakes #1 well. How do you respond?

A. Well, the address on the letter matches Operator's current address, 114 E. 5th St., Suite 100, 17 18 P.O. Box 2170, Tulsa, OK 74101. So, I would assume it was sent to the correct address. 19 Additionally, a prudent operator should have enough working knowledge of its wells and 20 leases to know when a compliance issue such as a mechanical integrity test (MIT) is due, 21 instead of relying on an NOV letter from Staff to take action regarding a well. I also believe

¹ Exhibits EM-1 through EM-7 are included with my direct testimony.

| 3 | Q. | To your knowledge, has Operator contacted Staff regarding conducting an MIT at the |
|---|----|---|
| 2 | | Coakes #1 well is out of compliance. |
| 1 | | that the operator management module on Operator's KOLAR account would indicate that the |

- 4 Coakes #1?
- 5 A. No, even if Operator was correct, Operator would have had knowledge of the violation when
- 6 I filed my direct testimony in this matter on February 8, 2022. At this point, I have not received
- 7 any notice that Operator has scheduled or performed an MIT at the Coakes #1 well.
- 8 Q. Does this conclude your testimony?
- 9 A. Yes.





Lease: HATCHER CATTLE 1 **Operator:** Prairie Gas Operating, LLC Location: C NW NE T22S, R42W, Sec. 22 Cumulative Production: 1312540 mcf (from 1979 to 2021) KS Dept. of Revenue Lease Code: 209582 KS Dept. of Revenue Lease Name: HATCHER CATT #1 View T1 PDF (from KCC) Field: Bradshaw Gas Area **County:** Hamilton Producing Zone: Chase Group Well Data (may be an incomplete list): T22S R42W, Sec. 22, NW NE

Lease

Lease: Hatcher Cattle 1 **Operator:** Wayman W. Buchanan Current Operator: Prairie Gas Operating, LLC **API Number: 15-075-20259**

Data are received monthly from the Kansas Department of Revenue.

Annual Gas Production, (mcf)

Recent Monthly Gas Production, (mcf)

Save

Monthly

Data to File

(Complete production available in file saved using blue button at top of page.)

| Year | Production | Wells | | | |
|------------------|------------|-------|--|--|--|
| Production Plots | | | | | |
| | | | | | |
| 1979 | 37,026 | 1 | | | |
| 1980 | 114,716 | 1 | | | |
| 1981 | 99,703 | 1 | | | |
| 1982 | 58,527 | 1 | | | |
| 1983 | 14,449 | 1 | | | |
| 1984 | 22,513 | 1 | | | |
| 1985 | 29,572 | 1 | | | |
| 1986 | 24,503 | 1 | | | |
| 1987 | 46,352 | 1 | | | |
| 1988 | 37,209 | 1 | | | |
| 1989 | 23,712 | 1 | | | |
| 1990 | 32,383 | 1 | | | |
| 1991 | 22,097 | 1 | | | |
| 1992 | 63,663 | 1 | | | |
| 1993 | 37,550 | 1 | | | |

| Year | Month | Production | Wells | Reporter or Purchaser/ Reporting Customer |
|------|-------|------------|-------|--|
| 2014 | 1 | 1312 | 1 | Oneok Field Services LLC (100%) |
| 2014 | 2 | 1084 | 1 | Oneok Field Services LLC (100%) |
| 2014 | 3 | 1286 | 1 | Oneok Field Services LLC (100%) |
| 2014 | 4 | 1090 | 1 | Oneok Field Services LLC (100%) |
| 2014 | 5 | 1263 | 1 | Oneok Field Services LLC (100%) |
| 2014 | 6 | 1124 | 1 | Oneok Field Services LLC (100%) |
| 2014 | 7 | 1118 | 1 | Oneok Field Services LLC (100%) |
| 2014 | 8 | 1246 | 1 | Oneok Field Services LLC (100%) |
| 2014 | 9 | 1145 | 1 | Oneok Field Services LLC (100%) |
| | | | | Exhibit EM-8 Page 1 of 5 |

| 1994 | 21,162 | 1 |
|------|--------|---|
| 1995 | 36,843 | 1 |
| 1996 | 61,083 | 1 |
| 1997 | 47,951 | 1 |
| 1998 | 38,766 | 1 |
| 1999 | 40,246 | 1 |
| 2000 | 32,869 | 1 |
| 2001 | 29,782 | 1 |
| 2002 | 29,273 | 1 |
| 2003 | 29,469 | 1 |
| 2004 | 27,496 | 1 |
| 2005 | 27,061 | 1 |
| 2006 | 24,847 | 1 |
| 2007 | 19,638 | 1 |
| 2008 | 20,559 | 1 |
| 2009 | 20,002 | 1 |
| 2010 | 17,936 | 1 |
| 2011 | 17,171 | 1 |
| 2012 | 15,193 | 1 |
| 2013 | 14,597 | 1 |
| 2014 | 13,940 | 1 |
| 2015 | 16,102 | 1 |
| 2016 | 9,662 | 1 |
| 2017 | 12,098 | 1 |
| 2018 | 8,011 | 1 |
| 2019 | 9,849 | 1 |
| 2020 | 2,956 | 1 |
| 2021 | 4,003 | 1 |

| | - | | | | |
|--|---------|--|--|--|--|
| 2021 4,003 | 1 | | | | |
| Reported through 1 | 1-2021. | | | | |
| Note: bbls is barrels; mcf is 1000 cubic | | | | | |
| feet. | | | | | |
| | | | | | |

| 2014 | 10 | 1040 | 1 | Oneok Field Services LLC (100%) |
|------|----|------|---|------------------------------------|
| 2014 | 11 | 1078 | 1 | Oneok Field Services LLC (100%) |
| 2014 | 12 | 1154 | 1 | Oneok Field Services LLC (100%) |
| 2015 | 1 | 1284 | 1 | Oneok Field Services LLC (100%) |
| 2015 | 2 | 1105 | 1 | Oneok Field Services LLC (100%) |
| 2015 | 3 | 1056 | 1 | Oneok Field Services LLC (100%) |
| 2015 | 4 | 1115 | 1 | Oneok Field Services LLC (100%) |
| 2015 | 5 | 1123 | 1 | Oneok Field Services LLC (100%) |
| 2015 | 6 | 1074 | 1 | Oneok Field Services LLC (100%) |
| 2015 | 7 | 1048 | 1 | Oneok Field Services LLC (100%) |
| 2015 | 8 | 1773 | 1 | Oneok Field Services LLC (100%) |
| 2015 | 9 | 2011 | 1 | Oneok Field Services LLC (100%) |
| 2015 | 10 | 2016 | 1 | Oneok Field Services LLC (100%) |
| 2015 | 11 | 1387 | 1 | Oneok Field Services LLC (100%) |
| 2015 | 12 | 1110 | 1 | Oneok Field Services LLC (100%) |
| 2016 | 1 | 908 | 1 | Oneok Field Services LLC (100%) |
| 2016 | 2 | 824 | 1 | Oneok Field Services LLC (100%) |
| 2016 | 3 | 981 | 1 | Oneok Field Services LLC (100%) |
| 2016 | 4 | 178 | 1 | Oneok Field Services LLC (100%) |
| 2016 | 7 | 1346 | 1 | Oneok Field Services LLC (100%) |
| 2016 | 8 | 1259 | 1 | Oneok Field Services LLC (100%) |
| 2016 | 9 | 990 | 1 | Oneok Field Services LLC (100%) |
| 2016 | 10 | 1092 | 1 | Oneok Field Services LLC (100%) |
| | | | | Exhibit EM-8 Page 2 of 5 |

Page 2 of 5

| 2016 | 11 | 951 | 1 | Oneok Field Services LLC (100%) |
|------|----|------|---|------------------------------------|
| 2016 | 12 | 1133 | 1 | Oneok Field Services LLC (100%) |
| 2017 | 1 | 1044 | 1 | Oneok Field Services LLC (100%) |
| 2017 | 2 | 746 | 1 | Oneok Field Services LLC (100%) |
| 2017 | 3 | 1025 | 1 | Oneok Field Services LLC (100%) |
| 2017 | 4 | 1156 | 1 | Oneok Field Services LLC (100%) |
| 2017 | 5 | 694 | 1 | Oneok Field Services LLC (100%) |
| 2017 | 6 | 1099 | 1 | Oneok Field Services LLC (100%) |
| 2017 | 7 | 1024 | 1 | Oneok Field Services LLC (100%) |
| 2017 | 8 | 1130 | 1 | Oneok Field Services LLC (100%) |
| 2017 | 9 | 974 | 1 | Oneok Field Services LLC (100%) |
| 2017 | 10 | 1152 | 1 | Oneok Field Services LLC (100%) |
| 2017 | 11 | 1017 | 1 | Oneok Field Services LLC (100%) |
| 2017 | 12 | 1037 | 1 | Oneok Field Services LLC (100%) |
| 2018 | 1 | 713 | 1 | Oneok Field Services LLC (100%) |
| 2018 | 2 | 896 | 1 | Oneok Field Services LLC (100%) |
| 2018 | 3 | 1055 | 1 | Oneok Field Services LLC (100%) |
| 2018 | 4 | 865 | 1 | Oneok Field Services LLC (100%) |
| 2018 | 5 | 746 | 1 | Oneok Field Services LLC (100%) |
| 2018 | 6 | 585 | 1 | Oneok Field Services LLC (100%) |
| 2018 | 7 | 526 | 1 | Oneok Field Services LLC (100%) |
| 2018 | 8 | 317 | 1 | Oneok Field Services LLC (100%) |
| 2018 | 9 | 879 | 1 | Oneok Field Services LLC (100%) |
| | | | | Exhibit EM-8 Page 3 of 5 |

| 2018 | 10 | 64 | 1 | Oneok Field Services LLC (100%) |
|------|----|------|---|------------------------------------|
| 2018 | 12 | 1365 | 1 | Oneok Field Services LLC (100%) |
| 2019 | 1 | 1132 | 1 | Oneok Field Services LLC (100%) |
| 2019 | 2 | 976 | 1 | Oneok Field Services LLC (100%) |
| 2019 | 3 | 1133 | 1 | Oneok Field Services LLC (100%) |
| 2019 | 4 | 986 | 1 | Oneok Field Services LLC (100%) |
| 2019 | 5 | 874 | 1 | Oneok Field Services LLC (100%) |
| 2019 | 6 | 932 | 1 | Oneok Field Services LLC (100%) |
| 2019 | 7 | 942 | 1 | Oneok Field Services LLC (100%) |
| 2019 | 8 | 913 | 1 | Oneok Field Services LLC (100%) |
| 2019 | 9 | 585 | 1 | Oneok Field Services LLC (100%) |
| 2019 | 10 | 538 | 1 | Oneok Field Services LLC (100%) |
| 2019 | 11 | 484 | 1 | Oneok Field Services LLC (100%) |
| 2019 | 12 | 354 | 1 | Oneok Field Services LLC (100%) |
| 2020 | 7 | 55 | 1 | Oneok Field Services LLC (100%) |
| 2020 | 8 | 469 | 1 | Oneok Field Services LLC (100%) |
| 2020 | 9 | 904 | 1 | Oneok Field Services LLC (100%) |
| 2020 | 10 | 590 | 1 | Oneok Field Services LLC (100%) |
| 2020 | 11 | 481 | 1 | Oneok Field Services LLC (100%) |
| 2020 | 12 | 457 | 1 | Oneok Field Services LLC (100%) |
| 2021 | 1 | 429 | 1 | Oneok Field Services LLC (100%) |
| 2021 | 2 | 339 | 1 | Oneok Field Services LLC (100%) |
| 2021 | 3 | 410 | 1 | Oneok Field Services LLC (100%) |
| 2021 | 3 | 410 | | |

| 2021 | 4 | 388 | 1 | Oneok Field Services LLC (100%) |
|------|----|-----|---|------------------------------------|
| 2021 | 5 | 385 | 1 | Oneok Field Services LLC (100%) |
| 2021 | 6 | 352 | 1 | Oneok Field Services LLC (100%) |
| 2021 | 7 | 350 | 1 | Oneok Field Services LLC (100%) |
| 2021 | 8 | 345 | 1 | Oneok Field Services LLC (100%) |
| 2021 | 9 | 331 | 1 | Oneok Field Services LLC (100%) |
| 2021 | 10 | 343 | 1 | Oneok Field Services LLC (100%) |
| 2021 | 11 | 331 | 1 | Oneok Field Services LLC (100%) |

Pre-1987 cumulative data and monthly volume data is provided under license agreement to the KGS by IHS Energy. As such, it may be reviewed and used for public service and research purposes. It may not be downloaded or used for purposes of re-packaging, reselling or dissemination to third parties.

Kansas Geological Survey Comments to webadmin@kgs.ku.edu URL=http://www.kgs.ku.edu/Magellan/Field/lease.html Programs Updated May 27, 2014 Data from Kansas Dept. of Revenue files monthly.

CERTIFICATE OF SERVICE

22-CONS-3098-CMSC

I, the undersigned, certify that a true and correct copy of the attached Prefiled Rebuttal Testimony of Eric MacLaren has been served to the following by means of electronic service on March 22, 2022.

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