

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

In the matter of the failure of Ace Energy, LLC)	Docket No.: 22-CONS-3336-CPEN
(Operator) to comply with K.A.R. 82-3-111 at)	
the Gillman #A-1 well in Montgomery County,)	CONSERVATION DIVISION
Kansas.)	
_____)	License No.: 34998

PRE-FILED DIRECT TESTIMONY

OF

RYAN DULING

ON BEHALF OF COMMISSION STAFF

AUGUST 19, 2022

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

2 A. Ryan Duling, 137 East 21st Street, Chanute, Kansas 66720.

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
5 (Commission), District #3 Office, as a Compliance Officer and Environmental Compliance
6 and Regulatory Specialist (ECRS).

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

8 A. After high school, I attended Neosho County Community College until 1997. I then worked
9 for R & F Farm Supply as a parts salesman until October 1999, when I began working for the
10 Geology Department with the Kansas Department of Transportation (KDOT) in Chanute,
11 Kansas. With KDOT, I started as a driller assistant and worked my way up to become a driller.
12 As a driller, I was responsible for the drilling of new bridges and roadways for the State of
13 Kansas. I constructed bridge, surface, and quarry reports and did survey projects using
14 Trimble 500 and Garmin E-Trex GPS units. I also interacted with landowners and the public.

15 In June 2004, I began my career with the Commission in the District #3 Office as a
16 Petroleum Industry Regulatory Technician I (PIRT I). As a PIRT I, I performed GPS surveys
17 to locate abandoned wells on leases where production had ceased or operators had gone out
18 of business. Shortly thereafter, I became a PIRT II, where I continued conducting GPS surveys
19 and was also in charge of the temporarily abandoned (TA) well program. In that position, I
20 reviewed TA applications and either approved or denied the applications. After a statewide
21 reclassification of environmental positions, I am now an ECRS. In September 2021, I also
22 became the Compliance Officer for the District #3 Office.

1 **Q. What are your duties with the Conservation Division?**

2 A. As Compliance Officer, I review operator data for compliance with Commission regulations
3 and prepare evidence necessary to recommend penalties for probable violations of those
4 regulations. Specifically, my job includes reviewing Staff field reports, coordinating day-to-
5 day operations of the District #3 Office, sending Notice of Violation (NOV) letters, and
6 generally trying to resolve compliance issues. I work to coordinate scheduling of Staff-
7 witnessed well completions, well pluggings, and mechanical integrity tests. I coordinate the
8 investigation of spills and complaints, verify proper construction of wells, help train District
9 Staff, and work with Commission Staff in Wichita. I conduct inspections and investigations
10 on special projects, or in the absence of assigned Staff, whenever necessary. I work with lease
11 operators, landowners, local, county, and state agencies and organizations to resolve oil and
12 gas related issues.

13 **Q. Have you previously testified before the Commission?**

14 A. Yes.

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

16 A. The purpose of my testimony is to discuss the evidence supporting the Commission's findings
17 in regard to the Penalty Order issued against Ace Energy, LLC (Operator) in Docket
18 22-CONS-3336-CPEN (Docket 22-3336).

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

20 A. The Commission penalized Operator for one violation of K.A.R. 82-3-111 at the Gillman
21 #A-1 well (Subject Well). The well was inactive in excess of the time allowed by regulation
22 without being plugged, returned to service, or approved for TA status.

1 **Q. What are the requirements of K.A.R. 82-3-111?**

2 A. K.A.R. 82-3-111 provides that within 90 days after operations cease on any well, the operator
3 of that well shall: (1) plug the well; (2) return the well to service; or (3) file an application
4 with the Conservation Division requesting TA status, on a form prescribed in writing by the
5 Conservation Division. K.A.R. 82-3-111 also states that no well shall be temporarily
6 abandoned unless first approved by the Conservation Division, and a well shall not be eligible
7 for TA status if the well has been shut-in for 10 years or more without an operator first filing
8 an application for an exception pursuant to K.A.R. 82-3-100 and receiving approval by the
9 Commission. Finally, K.A.R. 82-3-111 provides that failure by an operator to file a notice of
10 TA status for a well shall be punishable by a \$100 penalty.

11 **Q. Did Operator submit a TA application for the Subject Well?**

12 A. Yes. On November 3, 2021, Operator submitted a TA application for the Subject Well.
13 District #3 Staff denied the application on December 3, 2021. On that same date, Staff sent a
14 letter to Operator indicating that the TA application had been denied because the shut-in date
15 and casing information submitted by the Operator on the TA application did not match the
16 information on a previous TA application. The letter gave Operator a deadline of January 2,
17 2022, to bring the Subject Well into compliance with K.A.R. 82-3-111. The letter is attached
18 to the Docket 22-3336 Penalty Order as Exhibit A.

19 **Q. Was the Subject Well out of compliance with K.A.R. 82-3-111 when Operator submitted**
20 **the TA application on November 3, 2021?**

21 A. Yes, it was out of compliance. Operator previously submitted a TA application for the Subject
22 Well in 2019. On July 30, 2019, District #3 Staff approved the TA application. On the same
23 date, Staff sent a letter to Operator indicating that if the well was to remain temporarily

1 abandoned, Operator must submit a new TA application before July 30, 2020 (the letter is
2 attached to this testimony as ***Exhibit RD-1***). Operator did not submit a new TA application
3 before that date; in fact, Operator did not submit a new TA application until November 3,
4 2021. Additionally, in the TA application Operator did submit on November 3, 2021, Operator
5 indicated the Subject Well had been shut-in on January 10, 2018 (the TA application is
6 attached to my testimony as ***Exhibit RD-2***). This suggests that the Subject Well has been
7 inactive since at least 2018. This is corroborated by the fact that the Kansas Geological Survey
8 (KGS) does not have any record of production from the Subject Well since it was spudded on
9 October 4, 2005 (the KGS record regarding the Subject Well is attached as ***Exhibit RD-3***).

10 **Q. Did Operator respond to the letter Staff sent on December 3, 2021?**

11 A. No.

12 **Q. Did District #3 Staff perform a field inspection of the Subject Well?**

13 A. Yes. On January 4, 2022, District #3 Staff performed a field inspection of the Subject Well.
14 Staff found the well to be inactive. Consequently, the Subject Well was still out of compliance
15 with K.A.R. 82-3-111 after the deadline in the December 3, 2021, letter. The field report is
16 attached to the Docket 22-3336 Penalty Order as Exhibit B.

17 **Q. Please summarize your recommendations.**

18 A. I believe the information gathered by District #3 Staff is sufficient to affirm the Commission's
19 Penalty Order in this docket. The Subject Well has been inactive and unplugged without TA
20 status for longer than allowed by Commission regulations.

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

22 A. Yes.

Dwight D. Keen, Chair
Shari Feist Albrecht, Commissioner
Susan K. Duffy, Commissioner

Laura Kelly, Governor

July 30, 2019

Jonathan Freiden
Ace Energy LLC
11704 ABERDEEN RD
LEAWOOD, KS 66211

Re: Temporary Abandonment
API 15-125-30847-00-00
GILLMAN A-1
NW/4 Sec.01-34S-15E
Montgomery County, Kansas

Dear Jonathan Freiden :

"Your temporary abandonment (TA) application for the well listed above has been approved. In accordance with K.A.R. 82-3-111 the TA status of this well will expire 07/30/2020.

- * If you return this well to service or plug it, please notify the District Office.
- * If you sell this well you are required to file a Transfer of Operator form, T-1.
- * If the well will remain temporarily abandoned, you must submit a new TA application, CP-111, before 07/30/2020.

You may contact me at the number above if you have questions.

Very truly yours,

Duane Sims"

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

Form must be Typed

Form must be signed

All blanks must be complete

TEMPORARY ABANDONMENT WELL APPLICATION

OPERATOR: License# _____

Name: _____

Address 1: _____

Address 2: _____

City: _____ State: _____ Zip: _____ + _____

Contact Person: _____

Phone: (_____) _____

Contact Person Email: _____

Field Contact Person: _____

Field Contact Person Phone: (_____) _____

API No. 15- _____

Spot Description: _____

____ - ____ - ____ - ____ Sec. _____ Twp. _____ S. R. _____ ☐ E ☐ W_____ feet from ☐ N / ☐ S Line of Section_____ feet from ☐ E / ☐ W Line of Section

GPS Location: Lat: _____, Long: _____

Datum: ☐ NAD27 ☐ NAD83 ☐ WGS84County: _____ Elevation: _____ ☐ GL ☐ KB

Lease Name: _____ Well #: _____

Well Type: (check one) ☐ Oil ☐ Gas ☐ OG ☐ WSW ☐ Other: _____☐ SWD Permit #: _____ ☐ ENHR Permit #: _____☐ Gas Storage Permit #: _____

Spud Date: _____ Date Shut-In: _____

	Conductor	Surface	Production	Intermediate	Liner	Tubing
Size						
Setting Depth						
Amount of Cement						
Top of Cement						
Bottom of Cement						

Casing Fluid Level from Surface: _____ How Determined? _____ Date: _____

Casing Squeeze(s): _____ to _____ w / _____ sacks of cement, _____ to _____ w / _____ sacks of cement. Date: _____

Do you have a valid Oil & Gas Lease? ☐ Yes ☐ NoDepth and Type: ☐ Junk in Hole at _____ ☐ Tools in Hole at _____ Casing Leaks: ☐ Yes ☐ No Depth of casing leak(s): _____Type Completion: ☐ ALT. I ☐ ALT. II Depth of: ☐ DV Tool: _____ w / _____ sacks of cement ☐ Port Collar: _____ w / _____ sack of cement

Packer Type: _____ Size: _____ Inch Set at: _____ Feet

Total Depth: _____ Plug Back Depth: _____ Plug Back Method: _____

Geological Data:

Formation Name	Formation Top	Formation Base	Completion Information
1. _____	At: _____	to _____ Feet	Perforation Interval _____ to _____ Feet or Open Hole Interval _____ to _____ Feet
2. _____	At: _____	to _____ Feet	Perforation Interval _____ to _____ Feet or Open Hole Interval _____ to _____ Feet

UNDER PENALTY OF PERJURY I HEREBY ATTEST THAT THE INFORMATION CONTAINED HEREIN IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE

Submitted Electronically

**Do NOT Write in This
Space - KCC USE ONLY**

Date Tested: _____ Results: _____ Date Plugged: _____ Date Repaired: _____ Date Put Back in Service: _____

Review Completed by: _____ Comments: _____

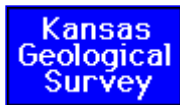
TA Approved: ☐ Yes ☐ Denied Date: _____

Mail to the Appropriate KCC Conservation Office:

	KCC District Office #1 - 210 E. Frontview, Suite A, Dodge City, KS 67801	Phone 620.682.7933
	KCC District Office #2 - 3450 N. Rock Road, Building 600, Suite 601, Wichita, KS 67226	Phone 316.337.7400
	KCC District Office #3 - 137 E. 21st St., Chanute, KS 66720	Phone 620.902.6450
	KCC District Office #4 - 2301 E. 13th Street, Hays, KS 67601-2651	Phone 785.261.6250

Exhibit RD-2

Page 1 of 1



Leases found by using API number

One record found.

Select name of lease to view production data. Click on column heading to sort.

Lease Name	T-R-S	KS Dept. of Revenue Lease Code	API Number	Operator	Oil?	Gas?	Cumulative production	Producing zone	Field
No oil leases for 15-125-30847 . You can view leases in the same location as this API .									
No gas leases for 15-125-30847 . You can view leases in the same location as this API .									

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-3336-CPEN

I, the undersigned, certify that a true and correct copy of the attached Prefiled Direct Testimony of Ryan Duling has been served to the following by means of electronic service on August 19, 2022.

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/s/ Paula J. Murray

Paula J. Murray