

**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

DUANE SIMS

ON BEHALF OF COMMISSION STAFF

SEPTEMBER 27, 2021

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

2 A. Duane Sims, 137 E. 21st Street, Chanute, KS 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 (KCC
5 or Commission), District #3 Office, as Manager for the Underground Injection Control (UIC)
6 Program, and as an Environmental Compliance and Regulatory Specialist (ECRS).

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

8 A. I started work for the Kansas Corporation Commission's, Conservation Division's, Chanute
9 District #3 Office as an ECRS in December 2007. As an ECRS, I was responsible for the
10 witnessing and monitoring of oil and gas related activities in Chautauqua, Elk, and the west
11 half of Montgomery County, Kansas. I also filled in for other ECRSs as needed within
12 District #3. My responsibilities included the witnessing and verification of the drilling and
13 completion of oil, gas, injection, and disposal wells. I also witnessed mechanical and casing
14 integrity tests (MITs and CITs), well pluggings, and well casing repairs. In addition, I also
15 investigated spills and complaints directly related to current and historical oil & gas
16 activities. I also conducted GPS surveys on new and abandoned wells to verify the exact
17 location and the status of wells and to assist in the development of potential fee fund plugging
18 projects. I frequently worked with District Staff and Central Office Staff to complete various
19 projects and requests. In December 2019, I was promoted to UIC Program Manager.

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

21 A. Yes. I have testified on behalf of Staff in a variety of Commission dockets.

1 **Q. What duties does your work with the Conservation Division involve?**

2 A. As UIC Program Manager, I track and monitor approximately 9,500 injection and disposal
3 wells in District #3. I have oversight of the witnessing of routine and non-routine MIT tests,
4 UIC well pluggings and repairs. I provide technical support directly to industry, field, and
5 administrative staff, in order to implement the District's UIC program. This process involves
6 both the direct review and oversight of District Staff by checking documentation in permits
7 to ensure that KOLAR U-7 forms are processed in adherence with the associated permits
8 when MITs are conducted. My position also entails generating written notifications specifying
9 testing deadlines within current tracking cycles on subject wells. I am also responsible for
10 generating the 14-day Notice of Violation (NOV) letter and the 90-day failed MIT NOV letter,
11 and tracking those deadlines to ensure compliance. I also work directly with field staff to train
12 them on their daily activities to give them a better understanding of the rules and regulations
13 of the Kansas Corporation Commission.

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

15 A. The purpose of my testimony is to discuss the evidence supporting the Commission's findings
16 relating to the Penalty Order issued by the Commission against Little Chief Energy
17 Corporation (Operator) in this docket - Docket 21-CONS-3200-CPEN (Docket 21-3200).
18 Specifically, my testimony is to discuss my investigation report and conversations with
19 Operator regarding its oil and gas operations under a suspended license.

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

21 A. Operator was penalized for violations of K.A.R. 82-3-120 and K.A.R. 82-3-133 by conducting
22 oil and gas operations while its license was suspended.

1 **Q. On what dates was Operator's license suspended?**

2 A. Operator's license was suspended from January 5, 2021, to February 8, 2021, for non-
3 compliance with Docket 21-CONS-3103-CPEN (Docket 21-3103). Additionally, Operator's
4 license was suspended from February 12, 2021, to March 12, 2021, for non-compliance with
5 Docket 21-CONS-3131-CPEN (Docket 21-3131).

6 **Q. Did you contact Operator regarding its suspended license?**

7 A. Yes. On January 7, 2021, I contacted one of Operator's partners, Mr. Keaton Boles, to discuss
8 the January 5th license suspension. Mr. Boles stated that he was not aware of the suspension
9 at the time that I called. I informed him that the suspension was due to a CP-111 violation in
10 another district. Additionally, I informed Mr. Boles that he would need to take care of this
11 issue immediately. Further, I stated that District Staff could be sent to check their leases after
12 10 days from the date of the suspension letter to make sure Operator had shut-in its wells.
13 Mr. Boles stated that he was aware of a compliance issue regarding a CP-111 in another
14 district, and that he would contact District Staff where the compliance issue occurred to
15 resolve the issue. This conversation is detailed in a memorandum attached to the Docket
16 21-3200 Penalty Order as Exhibit B.

17 **Q. Did you witness Operator conducting oil and gas operations during those time periods?**

18 A. Yes. On January 22, 2021, while Operator was suspended for non-compliance with Docket
19 21-3103, I conducted an inspection of Operator's Fulsom B, Stafford, Trust, and Underwood
20 leases in Chautauqua County to determine whether Operator had shut-in its wells. At that
21 time, I documented wells on each of these leases running and in service. My findings are
22 documented in Exhibit E of the Docket 21-3200 Penalty Order.

1 **Q. Did you contact Operator before your lease inspections on January 22, 2021?**

2 A. Yes. Earlier that day, I contacted Mr. Keaton Boles again to discuss whether or not Operator
3 had shut-in their wells. My understanding at that time was that the Operator had previously
4 told Mr. Troy Russell, the District #3 Supervisor, on January 20, 2021, that he would be
5 contacting all of his pumpers to shut-in Operator's leases immediately. The details of that
6 conversation can be found in Mr. Troy Russell's testimony and in Exhibit D to the Docket
7 21-3200 Penalty Order. Mr. Boles acknowledged to me that he had previously agreed to shut-
8 in his leases, but after a conversation with his father, Mr. Byron Boles, he was instructed to
9 not shut-in their leases under any circumstances. At one point in the discussion, Mr. Keaton
10 Boles attempted to tell me that they were not made aware of the suspension, but when pressed,
11 he admitted he recalled our phone conversation on January 7, 2021, wherein he was made
12 aware of the suspension. That conversation is detailed in a memorandum attached as Exhibit
13 F to the Docket 21-3200 Penalty Order.

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

15 A. Yes.

CERTIFICATE OF SERVICE

21-CONS-3200-CPEN

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

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

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

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