

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

Before Commissioners: Andrew J. French, Chairperson
 Dwight D. Keen
 Annie Kuether

In the matter of the failure of Nacogdoches) Docket No.: 24-CONS-3177-CPEN
Oil & Gas, LLC (Operator) to comply with)
K.A.R. 82-3-120.) CONSERVATION DIVISION
)
_____) License No.: 32042

PENALTY ORDER

The Commission finds Operator has violated K.A.R. 82-3-120, assesses a \$500 penalty, directs Operator to come into compliance, and further rules as more fully described below.

I. JURISDICTION

1. K.S.A. 74-623 provides the Commission exclusive jurisdiction and authority to regulate oil and gas activities in Kansas. K.S.A. 55-152 provides the Commission with jurisdiction to regulate the construction, operation, and abandonment of any well, and also the protection of the usable water of this state from any actual or potential pollution from any well. The Commission has licensing authority under K.S.A. 55-155.

2. K.S.A. 55-162 and K.S.A. 55-164 provide the Commission authority to issue penalty orders for violations of Chapter 55 of the Kansas Statutes Annotated, or of any rule, regulation, or order of the Commission. Under K.S.A. 55-164, a penalty order may include a monetary penalty of up to \$10,000, the penalty must constitute a substantial and actual economic deterrent to the violation, and each day of a continuing violation constitutes a separate violation.

3. K.A.R. 82-3-120(a)(1) provides that no operator shall drill, complete, service, plug, or operate any oil or gas well without first obtaining or renewing an operator license, and that each operator in physical control of any such well shall maintain a current license even if the

well is shut in or idle. K.A.R. 82-3-120(a)(2) provides that each licensee shall annually submit a completed license renewal form on or before the expiration date of the current license.

4. K.A.R. 82-3-120(k) provides that failure to obtain or renew an operator license before operating shall be punishable by a \$500 penalty.

5. K.A.R. 82-3-120(i) provides that denial of a license application pursuant to K.S.A. 55-155(c)(3) or (4) shall be considered a license revocation. K.S.A. 55-155(e) states that no new license shall be issued to any applicant who has had a license revoked until the expiration of one year from the date of such revocation.

II. FINDINGS OF FACT

6. On February 28, 2022, Operator's license expired. Operator is responsible for the wells (Subject Wells) identified in Exhibit A.

7. On January 5, 2023, the Commission issued a Final Order affirming the denial of Operator's application for license. On January 20, 2023, Operator filed a Petition for Reconsideration and Stay, which was granted by the Commission on February 16, 2023. On November 7, 2023, the Commission again issued an Order affirming its Order Denying Application for License.¹

8. On November 13, 2023, Commission Staff sent a letter to Operator, requiring Operator to renew the license, transfer the Subject Wells to another operator, or plug the Subject Wells, by November 27, 2023.² To date, Operator has not complied with Staff's letter.

III. CONCLUSIONS OF LAW

9. The Commission has jurisdiction over Operator and this matter under K.S.A. 74-623 and K.S.A. 55-152.

¹ See Docket 22-CONS-3407-CMSC, Order on Reconsideration, Denying Operator's Proposed Amendment to Compliance Agreement and Lifting Stay of Final Order (Nov. 7, 2023).

² Exhibit A.

10. Operator has committed one violation of K.A.R. 82-3-120(a) because Operator remains responsible for the Subject Wells, and Operator's license is expired.

THEREFORE, THE COMMISSION ORDERS:

- A. Operator shall pay a \$500 penalty.
- B. Operator shall immediately shut-in all unplugged wells on its license, and cease oil and gas operations, until Operator is in compliance with this Order.
- C. Operator has 30 days from the date of this Order to:
 - a. Transfer the Subject Wells to another operator by filing the appropriate forms with the Commission; or
 - b. Plug the Subject Wells.
- D. If any unplugged wells remain on Operator's expired license after 60 days from the date of this Order, then:
 - a. Operator shall pay an additional \$5,000 penalty;
 - b. Staff shall revoke any injection authorizations applicable to Operator; and
 - c. Staff is directed to place the wells on the appropriate state plugging list, to plug according to priority and as funds allow, and to assess the plugging costs to Operator. This shall not preclude Staff from investigating additional potentially responsible parties.
- E. Operator 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, to the Commission at 266 N. Main St., Suite 220, Wichita, Kansas 67202, within 30 days from the date of service of this Order. A request for hearing must comply with K.A.R. 82-1-219.


F. Failure to timely request a hearing will result in a waiver of Operator’s right to a hearing. If no party timely requests a hearing, then this Order shall become final. If Operator is not in compliance with this Order and the Order is final, then Operator’s license shall be suspended without further notice, shall remain suspended until Operator complies, and Staff may seal the wells on Operator’s license until Operator is in compliance. The notice and opportunity for a hearing on this Order shall constitute the notice required by K.S.A. 77-512 regarding license suspension. A party may petition for reconsideration of a final order pursuant to the requirements and time limits established by K.S.A. 77-529(a)(1).³

G. Credit card payments may be made by calling the Conservation Division at 316-337-6200. Checks and money orders shall be payable to the Kansas Corporation Commission. Payments shall be mailed to the Kansas Corporation Commission at 266 N. Main St., Suite 220, Wichita, Kansas 67202. Payments must reference the docket number of this proceeding.

BY THE COMMISSION IT IS SO ORDERED.

French, Chairperson; Keen, Commissioner; Kuether, Commissioner

Dated: 12/19/2023



Lynn M. Retz
Executive Director

Mailed Date: 12/19/2023

KAM

³ See K.S.A. 55-162; K.S.A. 55-164; K.S.A. 55-606; K.S.A. 55-707; K.S.A. 77-503(c); K.S.A. 77-531(b).

NOTICE OF VIOLATION

November 13, 2023

Brent Ivy
Nacogdoches Oil & Gas, LLC
412 NORTH STREET SUITE G
NACOGDOCHES, TX 75961

Re: Unplugged Well(s) on Expired License #32042

Operator:

Unplugged well(s) are on your expired license, **which violates K.A.R. 82-3-120**. Attached is a list of the unplugged well(s). Please do one of the following:

- Renew your license, or obtain a new license and transfer the well(s) to that license,
- Transfer the well(s) to another operator by filing T-1 forms with the Commission, or
- File Well Plugging Application (CP-1) form(s) and plug the well(s).

Your deadline is November 27, 2023.

If you do not correct this violation, I will recommend a Commission Order with a \$500 penalty. The Order would also require you to plug the well(s) within 60 days. Failure to comply with the Order would automatically result in the Commission levying additional penalties against you, directing Staff to plug the wells, and assessing plugging costs to you.

You must immediately shut-in all wells and cease oil and gas operations until compliance is achieved.

For help renewing or obtaining a license, contact Nancy Borst at 316-337-6200.

For help transferring wells, contact Deanna Garrison at 316-337-6209.

For help with CP-1 forms, contact Todd Bryant at 316-337-6234.

If you have further questions, you may contact me by calling our main number at the top of this letter.

Sincerely,

Nancy D. Borst
Licensing Department

Exhibit A

Nacogdoches Oil & Gas, LLC License: 32042

<u>Unplugged Wells on Operator's License</u>				
API Well #	Lease Name / Well #	Well Location	County	
15-099-19213-00-00	JOHN ORD 34	26-32S-17E, SWNENW	LABETTE	
15-099-19214-00-00	JOHN ORD 35	26-32S-17E, NWSWSW	LABETTE	
15-099-19215-00-00	JOHN ORD 34	26-32S-17E, NWSWSW	LABETTE	
15-099-19216-00-00	HUGH G COPLIN 1	35-32S-17E, SENENW	LABETTE	
15-099-19217-00-00	ORD 6 WB	26-32S-17E, SWSWNW	LABETTE	
15-099-19218-00-00	ORD 7 WB	35-32S-17E, SWNENW	LABETTE	
15-099-19219-00-00	ORD 8 WB	26-32S-17E, SENWSW	LABETTE	
15-099-19220-00-00	JOHN ORD 9 WB	26-32S-17E, NWNESW	LABETTE	
15-099-19221-00-00	ORD 19-B	26-32S-17E, SENWSW	LABETTE	
15-099-19222-00-00	ORD 20-B	26-32S-17E, NWSENW	LABETTE	
15-099-19223-00-00	ORD 21-B	26-32S-17E, SWNESW	LABETTE	
15-099-19224-00-00	ORD 22-B	26-32S-17E, NWSESW	LABETTE	
15-099-19225-00-00	ORD 23-B	26-32S-17E, NWNWSW	LABETTE	
15-099-19226-00-00	ORD 24-B	26-32S-17E, SENWSW	LABETTE	
15-099-19227-00-00	JOHN ORD 33	26-32S-17E, NESENW	LABETTE	
15-099-19228-00-00	JOHN ORD 30	26-32S-17E, NESWNW	LABETTE	
15-099-19229-00-00	JOHN ORD 29-B	26-32S-17E, NENENW	LABETTE	
15-099-19230-00-00	ORD 5-2B	26-32S-17E, SESWNW	LABETTE	
15-099-19231-00-00	ORD 25-B	26-32S-17E, SESWNW	LABETTE	
15-099-19232-00-00	ORD 26-B	26-32S-17E, NESWNW	LABETTE	
15-099-19233-00-00	JOHN ORD 27-B	26-32S-17E, SWNENW	LABETTE	
15-099-19234-00-00	JOHN ORD 28-B	26-32S-17E, SWNWSW	LABETTE	
15-099-19236-00-00	ORD 13-B	26-32S-17E, SWNWSW	LABETTE	
15-099-19237-00-00	ORD 14-B	26-32S-17E, NESWNW	LABETTE	
15-099-19238-00-00	ORD 14-B	26-32S-17E, SWSWSW	LABETTE	
15-099-19239-00-00	ORD 15-B	26-32S-17E, NWSENW	LABETTE	
15-099-19240-00-00	ORD 15-B	26-32S-17E, SWSWNW	LABETTE	

15-099-19241-00-00	ORD	16-B		26-32S-17E, NENENW	LABETTE
15-099-19242-00-00	ORD	17-B		26-32S-17E, NESWSW	LABETTE
15-099-19243-00-00	ORD	18-B		26-32S-17E, SESWNW	LABETTE
15-099-19244-00-00	SPRADLING	48		26-32S-17E, NENWSW	LABETTE
15-099-19245-00-00	SPRADLING	49		26-32S-17E, SESWSW	LABETTE
15-099-19249-00-00	TERWILLEGGER	2		35-32S-17E, NWSENW	LABETTE
15-099-19263-00-00	JOHN ORD	47		26-32S-17E, SWSWSW	LABETTE
15-099-19883-00-01	SPRADLING	11 B		26-32S-17E, SESWSW	LABETTE
15-099-19884-00-01	SPRADLING	15 B		26-32S-17E, NESWNW	LABETTE
15-099-19885-00-01	SPRADLING	26 B		26-32S-17E, SWSWNW	LABETTE
15-099-19886-00-02	SPRADLING	31 B		26-32S-17E, NESWSW	LABETTE
15-099-19887-00-01	SPRADLING	32 B		26-32S-17E, SENWNW	LABETTE
15-099-19888-00-01	SPRADLING	33 B		26-32S-17E, SENWSW	LABETTE
15-099-19952-00-00	ORD (SPRADLING)	4-WB		26-32S-17E, SWSENW	LABETTE
15-099-21031-00-00	SPRADLING	JB-1		26-32S-17E, SWNENW	LABETTE
15-099-21032-00-00	SPRADLING	JB-2		26-32S-17E, SENENW	LABETTE
15-099-21033-00-00	SPRADLING	JB 3		26-32S-17E, SENENW	LABETTE
15-099-21672-00-00	SPRADLING	7		26-32S-17E, NWNWNE	LABETTE
15-099-21673-00-00	SPRADLING	6		26-32S-17E, SESWNW	LABETTE
15-099-21974-00-00	C L SPRADLING	50		26-32S-17E, SWNWSE	LABETTE
15-099-21975-00-00	C H SPRADLING	51		26-32S-17E, NWNENW	LABETTE
15-099-21976-00-01	SPRADLING	52		26-32S-17E, NWNENW	LABETTE
15-099-21978-00-00	SPRADLING	54		26-32S-17E, SWNENW	LABETTE
15-099-21979-00-01	SPRADLING	55		26-32S-17E, NESWNW	LABETTE
15-099-21981-00-00	SPRADLING	57		26-32S-17E, NWSENW	LABETTE
15-099-21982-00-00	C H SPRADLING	58		26-32S-17E, SWSWNW	LABETTE
15-099-21983-00-00	C H SPRADLING	59		26-32S-17E, SESWNW	LABETTE
15-099-21984-00-00	C H SPRADLING	60		26-32S-17E, NWNENE	LABETTE
15-099-21985-00-01	SPRADLING	61		26-32S-17E, NWNWSW	LABETTE
15-099-21987-00-00	C H SPRADLING	63		26-32S-17E, NWNWSW	LABETTE
15-099-21988-00-00	C H SPRADLING	64		26-32S-17E, SWNESW	LABETTE
15-099-21989-00-00	C H SPRADLING	65		26-32S-17E, SENWSW	LABETTE
15-099-21992-00-00	SPRADLING	68		26-32S-17E, SWNESW	LABETTE
15-099-21993-00-00	C H SPRADLING	69		26-32S-17E, NESWSW	LABETTE
15-099-21994-00-00	C H SPRADLING	70		26-32S-17E, NESWSW	LABETTE
15-099-21996-00-00	SPRADLING	72		26-32S-17E, SESWSW	LABETTE
15-099-21997-00-00	SPRADLING	73		26-32S-17E, SESWSW	LABETTE
15-099-23377-00-00	SPRADLING	WS 2		26-32S-17E, SWNWNW	LABETTE
15-099-23816-00-00	SPRADLING EAST	EOSI-1		26-32S-17E, NWNWNENE	LABETTE
15-099-23817-00-00	SPRADLING EAST	EOS-1		26-32S-17E, NESENWNE	LABETTE

CERTIFICATE OF SERVICE

24-CONS-3177-CPEN

I, the undersigned, certify that a true copy of the attached Order has been served to the following by means of first class mail and electronic service on 12/19/2023.

NANCY BORST
KANSAS CORPORATION COMMISSION
CENTRAL OFFICE
266 N. MAIN ST, STE 220
WICHITA, KS 67202-1513
n.borst@kcc.ks.gov

BRENT IVY
NACOGDOCHES OIL & GAS, LLC
412 NORTH STREET STE G
NACOGDOCHES, TX 75961-5070
brent.ivy@nogtx.com

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

/S/ KCC Docket Room
KCC Docket Room