

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

Before Commissioners: Susan K. Duffy, Chair  
Dwight D. Keen  
Andrew J. French

In the matter of a Compliance Agreement ) Docket No.: 20-CONS-3013-CMSC  
between Stroke of Luck Energy & Exploration )  
LLC and Commission Staff regarding bringing ) CONSERVATION DIVISION  
7 wells into compliance with K.A.R. 82-3-111. )  
\_\_\_\_\_) License No.: 35125

**SHUT-IN ORDER**

Upon its own motion, the Commission finds and concludes the following:

**I. JURISDICTION**

1. The Commission has exclusive jurisdiction and authority to regulate oil and gas activities in the State of Kansas.<sup>1</sup> 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.”<sup>2</sup> Further, the Commission has licensing authority with regard to oil and gas operations.<sup>3</sup>

2. The Commission has authority to investigate violations of Chapter 55 of the Kansas Statutes Annotated, or of any rule, regulation, or order of the Commission, and to issue orders for corrective action and the imputation of penalties.<sup>4</sup> An order of the Commission may include a monetary penalty “not to exceed \$10,000, which shall constitute an actual and substantial economic deterrent to the violation for which the penalty is assessed. In the case of a continuing violation, every day such violation continues shall be deemed a separate violation.”<sup>5</sup>

3. Under K.A.R. 82-3-120, no operator shall operate any oil well without a current license.

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<sup>1</sup> See K.S.A. 74-623.

<sup>2</sup> See K.S.A. 55-152.

<sup>3</sup> See K.S.A. 55-155.

<sup>4</sup> See K.S.A. 55-162 and 55-164.

<sup>5</sup> K.S.A. 55-164(b).

## II. FINDINGS OF FACT

4. On July 16, 2019, the Commission issued an Order Approving Compliance Agreement (Agreement) in this docket. The Agreement stated that Operator was responsible for bringing seven wells into compliance with K.A.R. 82-3-111.<sup>6</sup> Operator could plug the wells, return the wells to service, or obtain temporary abandonment status for the wells to bring them into compliance. Operator was to bring one well into compliance by September 30, 2019, and return an additional well to compliance each three calendar months thereafter.<sup>7</sup>

5. On July 21, 2020, Staff suspended Operator's license for non-compliance with the Agreement, pursuant to the Agreement's terms, due to Operator's failure to meet its June 30, 2020, quarterly deadline. Staff notified Operator of the suspension in a July 21, 2020, Notice of License Suspension letter. In the letter, Staff notified Operator that if, after 10 days from receipt of the letter, Staff discovered Operator performing oil and gas operations, Staff would recommend a Shut-in Order, as well as a \$10,000 penalty. A copy of the letter is attached as **Exhibit A**.

6. On August 3, 2020, Staff conducted a lease inspection of Operator's McClellan Lease in Rooks County, Kansas. Staff found Operator's McClellan #01-0916 and McClellan #02-0916 wells to be pumping. Staff took photographs of the wells in both upstroke and downstroke positions. A copy of the field report is attached as **Exhibit B**.

7. On August 10, 2020, Staff sealed all of Operator's oil and gas operations, pursuant to the Agreement's terms.<sup>8</sup>

8. To date, Operator remains non-compliant with the Agreement due to its failure to meet its June 30, 2020, quarterly deadline.

## III. CONCLUSIONS OF LAW

9. The Commission concludes that it has jurisdiction over Operator and this matter.<sup>9</sup>

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<sup>6</sup> Order Approving Compliance Agreement (July 16, 2019).

<sup>7</sup> Agreement ¶2.

<sup>8</sup> *Id.* ¶3, "If Staff finds that the Operator is conducting oil and gas operations after 10 days from the date of a Notice of Non-Compliance and License Suspension, and Operator's license remains suspended, Staff is authorized to seal all of Operator's oil and gas operations."

<sup>9</sup> K.S.A. 74-623, K.S.A. 55-152, K.S.A. 55-155, K.S.A. 55-162, and K.S.A. 55-164.

10. The Commission concludes that Operator failed to comply with its quarterly deadline under the Agreement, and failed to cease oil and gas activities upon suspension of its license in violation of K.A.R. 82-3-120.

**THEREFORE, THE COMMISSION ORDERS:**

A. Operator is assessed a \$10,000 penalty for failure to cease oil and gas activities upon suspension of its license.

B. Operator's oil and gas operations shall remain sealed until Operator (i) complies with the Agreement in this docket and (ii) its license is reinstated.

C. 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, 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 the Operator's right to a hearing.

D. If no party requests a hearing, payment of the \$10,000 is due within 30 days from the date of service of this Order. In the event Operator fails to pay the \$10,000 penalty assessed herein, or alternatively fails to request a hearing on this Shut-In Order, Operator's license shall be suspended without further notice until the \$10,000 has been paid.<sup>10</sup> The Commission may impose further sanctions, including additional monetary penalties and any other remedies available to the Commission by law, without further notice.

E. 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 may be mailed to the Kansas Corporation Commission at 266 N. Main St., Suite 220, Wichita, Kansas 67202 or by calling 316-337-6200. The payment include a reference to the docket number of this proceeding.

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<sup>10</sup> The notice and opportunity for hearing on this Order shall constitute the notice required by K.S.A. 77-512 regarding license suspension.

F. A corporation shall appear before the Commission by a Kansas licensed attorney.<sup>11</sup>

**BY THE COMMISSION, IT IS SO ORDERED.**

Duffy, Chair; Keen, Commissioner; French, Commissioner

Dated: 08/25/2020



Lynn M. Retz  
Executive Director

Mailed Date: 08/25/2020

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<sup>11</sup> K.S.A. 77-515(c); K.A.R. 82-1-228(d)(2).

Susan K. Duffy, Chair  
Dwight D. Keen, Commissioner  
Andrew J. French, Commissioner

Laura Kelly, Governor

July 21, 2020

Ken Walker  
Stroke of Luck Energy & Exploration LLC  
PO Box 98  
Tecumseh, KS 66542-0098

**NOTICE OF NON-COMPLIANCE AND  
LICENSE SUSPENSION**

**License No. 35125  
Docket No. 20-CONS-3013-CMSC**

Operator:

Our records indicate that you are in violation of a Commission Order in the above Docket.

**Your license is hereby suspended.**

Until your license is reinstated, it is illegal for you to conduct oil and gas operations in Kansas.

If, after 10 days from the date of this letter, Commission Staff discover you performing oil and gas operations, Staff will recommend a Shut-In Order, including an additional \$10,000 penalty. If you are already shut-in, you must remain shut-in.

Any outstanding monetary penalty may be sent to collections.

You may review the Commission Order, which was mailed to you, at the Commission's website. If you have questions, you may contact us at the phone number listed at the top of this page.

Sincerely,

Legal Department Staff

## UPDATE REPORT

**Date:** August 3, 2020  
**Operator:** Stroke of Luck Energy & Expl. LLC  
**Location:** NW/4 9-9S-19W  
**Lease:** McClellan  
**County:** Rooks

**License:** 35125

### Findings:

- **Aug. 3, 2020: McClellan #01-0916 API# 15-163-24322-0000**, located NW SW NW/4 9-9-19W Rooks County Kansas is currently producing. (GPS LOC: LAT. 39.28830, LONG. 099.45415 Footages 3721' F.S.L. & 4696' F.E.L.).
- **McClellan #02-0916 API# 15-163-19303-0001**, located NW NE NW/4 9-9-19W Rooks County Kansas is currently producing. (GPS LOC: LAT. 39.29175, LONG. 099.44953 Footages 4981' F.S.L. & 3403' F.E.L.).



McClellan #01-0916



McClellan #01-0916



McClellan #02-0916



McClellan #02-0916

Pat Bedore      E.C.R.S.  
\_\_\_\_\_  
(agent)

*Pat Bedore*  
\_\_\_\_\_  
(signature)

cc: file

## **CERTIFICATE OF SERVICE**

20-CONS-3013-CMSC

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 08/25/2020.

JOHN ALMOND  
KANSAS CORPORATION COMMISSION  
DISTRICT OFFICE NO. 3  
137 E. 21ST STREET  
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RICHARD WILLIAMS  
KANSAS CORPORATION COMMISSION  
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KELCEY MARSH, LITIGATION COUNSEL  
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KEN WALKER  
STROKE OF LUCK ENERGY & EXPLORATION LLC  
PO BOX 98  
TECUMSEH, KS 66542

/s/ DeeAnn Shupe  
DeeAnn Shupe

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