

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

Before Commissioners: Jay Scott Emler, Chairman  
Shari Feist Albrecht  
Pat Apple

In the matter of an Order to Show Cause ) Docket No.: 16-CONS-4108-CSHO  
issued to ADR Operating, Inc. ("Operator") )  
regarding responsibility under K.S.A. 55-179 ) CONSERVATION DIVISION  
for unplugged wells on an expired license. )  
\_\_\_\_\_ ) License No.: 34553

**ORDER TO SHOW CAUSE, DESIGNATING A PREHEARING OFFICER,  
AND SETTING A PREHEARING CONFERENCE**

The above-captioned matter comes before the State Corporation Commission of the State of Kansas. Having examined the files and records, and being duly advised in the premises, the Commission finds and concludes as follows:

**I. JURISDICTION**

1. The Commission has jurisdiction to regulate oil and gas production in Kansas under Chapter 55 of the Kansas Statutes Annotated and the General Rules and Regulations for the Conservation of Crude Oil and Natural Gas, K.A.R. 82-3-100 *et seq.*
2. K.S.A. 55-162 provides the Commission with jurisdiction to institute proceedings to enforce the laws of Kansas and Commission rules, regulations, and orders.
3. K.S.A. 55-179 provides the Commission with jurisdiction to determine the persons legally responsible for the proper care and control of oil and gas wells, including the responsibility to plug the wells.
4. K.S.A. 55-179(b) provides that a person who is legally responsible for the proper care and control of an abandoned well shall include one or more of the following:

- a. Any operator of a waterflood or other pressure maintenance program deemed to be causing pollution or loss of usable water;
  - b. the current or last operator of the lease upon which such well is located, irrespective of whether such operator plugged or abandoned such well;
  - c. the original operator who plugged or abandoned such well; and
  - d. any person who without authorization tampers with or removes surface equipment or downhole equipment from an abandoned well.
5. K.S.A. 55-180 gives the Commission a cause of action against responsible parties for the reasonable plugging costs of abandoned wells.
6. K.A.R. 82-3-120 provides that no Operator shall conduct activities at a well without a current license.

## **II. FINDINGS OF FACT**

7. On June 16, 2016, Commission Staff moved the Commission to issue an order to show cause, alleging that:
- a. The wells listed on the attached Exhibit A, which is incorporated into this order, are unplugged;
  - b. the wells on the attached Exhibit A are listed on Operator's license, which is expired, so the wells appear to be abandoned; and
  - c. pursuant to Kansas statutes and Commission regulations, Operator appears to be responsible for plugging the wells.
8. Staff's June 16, 2016, motion was served on Operator, and no response was filed.

### **III. CONCLUSIONS OF LAW**

9. The Commission finds and concludes that Operator should attend an evidentiary hearing to show cause why Operator is not responsible for the wells listed on Exhibit A.

10. Pursuant to K.S.A. 77-551(c), the Commission finds and concludes that a Prehearing Officer should be designated in this proceeding to address any matters listed in K.S.A. 77-517(b). The Commission also finds that an initial prehearing conference should be scheduled in this matter.

#### **THEREFORE, THE COMMISSION ORDERS:**

A. The Prehearing Officer in this proceeding shall be Lane Palmateer, Counsel, Kansas Corporation Commission, 266 N. Main, Suite 220, Wichita, Kansas 67202, telephone number 316-337-6200, email address [l.palmateer@kcc.ks.gov](mailto:l.palmateer@kcc.ks.gov).

B. A Prehearing Conference is scheduled for August 2, 2016. The Prehearing Conference shall begin at 11:00 a.m. and end by 11:30 a.m., at the Commission's offices, 266 N. Main, Suite 220, Wichita, Kansas 67202. Telephonic attendance may be permitted by advance request. The Prehearing Conference will focus on the development of a procedural schedule for this docket.

C. At the Prehearing Conference, parties shall be prepared to discuss deadlines for filing testimony and briefs, discovery procedures, scheduling of a hearing with the Commission, and any other issues that will promote the orderly and prompt resolution of this proceeding.

D. At the Prehearing Conference, without further notice, this proceeding may be converted into a conference hearing or a summary proceeding for disposition of this matter as provided by the Kansas Administrative Procedure Act ("KAPA"). Any party that fails to attend

or participate in the Prehearing Conference, hearing, or other stage of this proceeding shall be held in default under the KAPA.

E. Pursuant to K.A.R. 82-1-228(d)(2), corporations must enter an appearance via an attorney. If a corporation fails to enter an appearance via an attorney prior to the Prehearing Conference, it may be held in default under the KAPA.

F. The attorney designated to appear on behalf of the agency in this proceeding is Jonathan R. Myers, telephone number 316-337-6200, email address [j.myers@kcc.ks.gov](mailto:j.myers@kcc.ks.gov).

G. Any person requiring special accommodations under the Americans with Disabilities Act is asked to give notice to the Commission at least 10 days prior to the scheduled hearing date.

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

Emler, Chairman; Albrecht, Commissioner; Apple, Commissioner

Dated: JUL 14 2016

  
\_\_\_\_\_  
Amy L. Green  
Secretary to the Commission

Mailed Date: July 14, 2016

LRP

# Exhibit A

## ADR Operating, Inc. License: 34553

<u>Unplugged Wells on Operator's License</u>			
API Well #	Lease Name / Well #	Well Location	County
15-125-23906-00-00	YAKSHAW 1	2-32S-15E, NENENENW	MONTGOMERY
15-125-25047-00-00	GERBER 4	11-31S-15E, SESESESE	MONTGOMERY
15-125-25302-00-00	LEMON LEASE 2	34-32S-15E, SESWNWSE	MONTGOMERY
15-125-25551-00-01	LEMON 3	34-32S-15E, SESENWSE	MONTGOMERY
15-125-25937-00-00	YAKSHAW 2	2-32S-15E, SESWNENW	MONTGOMERY
15-125-26350-00-01	BRIDWELL 2	29-33S-15E, NWSNENW	MONTGOMERY
15-125-26351-00-01	BRIDWELL 3	29-33S-15E, NENWNENW	MONTGOMERY
15-125-26400-00-00	YAKSHAW 3	2-32S-15E, SWSNENW	MONTGOMERY
15-125-26525-00-00	GERBER 1	11-31S-15E, NESESESE	MONTGOMERY
15-125-26541-00-00	GERBER 2	11-31S-15E, NWSESESE	MONTGOMERY
15-125-26542-00-00	GERBER 3	11-31S-15E, SWNESESE	MONTGOMERY
15-125-27106-00-00	BRIDWELL 4	29-33S-15E, SENWNWNW	MONTGOMERY
15-125-27725-00-00	LEMON LEASE 4	34-32S-15E, NESESESE	MONTGOMERY
15-125-27726-00-01	LEMON 5	34-32S-15E, SENWSE	MONTGOMERY
15-125-28538-00-00	BRIDWELL 5	29-33S-15E, SWSNWNW	MONTGOMERY
15-125-29134-00-00	LEMON LEASE 6	34-32S-15E, SWNWSE	MONTGOMERY
15-125-29172-00-00	LEMON LEASE 7	34-32S-15E, SENENWSE	MONTGOMERY
15-125-30176-00-01	BRIDWELL B2-29	29-33S-15E, SENW	MONTGOMERY
15-125-30235-00-00	YAKSHAW B3-2	2-32S-15E, NESWSWNE	MONTGOMERY
15-125-30902-00-00	A & L BRAKE D4-10	10-34S-14E, SESESE	MONTGOMERY
15-125-30952-00-00	L GREER D1-34	34-34S-14E, SENWSWSW	MONTGOMERY
15-125-31076-00-00	YAKSHAW TRUST D2-5	5-32S-15E, NESWSWSE	MONTGOMERY
15-125-31085-00-00	W DAVIDSON D2-9	9-34S-14E, SWSESW	MONTGOMERY
15-125-31124-00-00	STRITZKE B2-16	16-34S-14E, NWSNENW	MONTGOMERY
15-125-31269-00-00	A&M GASTON TRUST C2-34	34-34S-15E, NESW	MONTGOMERY
15-205-01195-00-00	WILSON 2	21-29S-16E, NENESWNE	WILSON
15-205-01196-00-00	WILSON 1	21-29S-16E, NESENWNE	WILSON

15-205-01199-00-00	WILSON	1A	21-29S-16E, SWNESWNE	WILSON
15-205-01200-00-00	WILSON	6	21-29S-16E, NWSESWNE	WILSON
15-205-01201-00-00	WILSON	9	21-29S-16E, SWSESWNE	WILSON
15-205-19292-00-00	FORTNER	5	11-28S-15E, NESESESE	WILSON
15-205-19293-00-00	FORTNER	6	11-28S-15E, SESESESE	WILSON
15-205-19295-00-00	J. H. KEITH	2	14-28S-15E, NENENENE	WILSON
15-205-19296-00-00	J. H. KEITH	3	14-28S-15E, SENENENE	WILSON
15-205-19297-00-00	J. H. KEITH	6	14-28S-15E, S2NESENE	WILSON
15-205-20045-00-02	KEITH	5	14-28S-15E, N2SENE	WILSON
15-205-20057-00-00	J. H. KEITH	7	14-28S-15E, S2SESENE	WILSON
15-205-20064-00-00	J. H. KEITH	10	14-28S-15E, NWNESENE	WILSON
15-205-20455-00-01	FORTNER	1	11-28S-15E, NENESESE	WILSON
15-205-20459-00-00	FORTNER	2	11-28S-15E, SESESESE	WILSON
15-205-20531-00-00	FORTNER	3	11-28S-15E, NENESESE	WILSON
15-205-20603-00-00	J. H. KEITH	12	14-28S-15E, SWSENESE	WILSON
15-205-20608-00-00	J. H. KEITH	13	14-28S-15E, E2SENESE	WILSON
15-205-20614-00-00	J. H. KEITH	14	14-28S-15E, NWSENESE	WILSON
15-205-20624-00-00	R. GUENTHER	1	14-28S-15E, NESESE	WILSON
15-205-20637-00-00	R. GUENTHER	2	14-28S-15E, NENESESE	WILSON
15-205-20652-00-00	R. GUENTHER	3	14-28S-15E, NESESE	WILSON
15-205-20653-00-00	J. H. KEITH	15	14-28S-15E, NESENESE	WILSON
15-205-20663-00-00	J. H. KEITH	16	14-28S-15E, S2SENESE	WILSON
15-205-20695-00-01	KEITH	17	14-28S-15E, SWNESE	WILSON
15-205-20701-00-00	R. GUENTHER	5	14-28S-15E, SESESESE	WILSON
15-205-20702-00-00	R. GUENTHER	6	14-28S-15E, NESESESE	WILSON
15-205-20724-00-00	J. H. KEITH	19	14-28S-15E, SENENESE	WILSON
15-205-20727-00-00	R. GUENTHER	8	14-28S-15E, SWSESESE	WILSON
15-205-20739-00-00	R. GUENTHER	9	14-28S-15E, SESESESE	WILSON
15-205-20753-00-00	R. GUENTHER	10	23-28S-15E, E2SENESE	WILSON
15-205-20777-00-00	GUENTHER	12	14-28S-15E, SESESE	WILSON
15-205-20801-00-00	R. GUENTHER	14	14-28S-15E, NWSESESE	WILSON
15-205-20831-00-00	R. GUENTHER	15	23-28S-15E, SENENE	WILSON
15-205-20839-00-01	GUENTHER	16	23-28S-15E, NWNENE	WILSON
15-205-20918-00-00	J. H. KEITH	20	14-28S-15E, NENENESE	WILSON
15-205-20919-00-00	J. H. KEITH	21	14-28S-15E, E2NENESE	WILSON
15-205-20933-00-00	GUENTHER	18	14-28S-15E, SWSESE	WILSON
15-205-20935-00-00	J. H. KEITH	22	14-28S-15E, NESWNESE	WILSON
15-205-20936-00-00	J. H. KEITH	23	14-28S-15E, SENWNESE	WILSON
15-205-21583-00-00	R. GUENTHER	19	14-28S-15E, NWSESESE	WILSON
15-205-22673-00-00	R. GUENTHER	20	14-28S-15E, E2SESE	WILSON

15-205-22674-00-00	R. GUENTHER	21	14-28S-15E, NESESE	WILSON
15-205-24435-00-00	R. GUENTHER	WSW 1	14-28S-15E, NESESE	WILSON
15-205-24494-00-01	FORTNER	1	11-28S-15E, SESENESE	WILSON
15-205-25022-00-00	KEITH	25	14-28S-15E, NWNESE	WILSON
15-205-25075-00-00	KEITH	26	14-28S-15E, NWNESE	WILSON
15-205-25090-00-00	KEITH	27	14-28S-15E, SESENE	WILSON
15-205-25155-00-01	KEITH	28	14-28S-15E, SWSENE	WILSON
15-205-25156-00-00	KEITH	29	14-28S-15E, NWSENE	WILSON
15-205-25596-00-00	KEITH	30	14-28S-15E, SESWNE	WILSON

**CERTIFICATE OF SERVICE**

I certify that on 7/14/16, I caused a complete and accurate copy of this Order to be served via United States mail, with the postage prepaid and properly addressed to the following:

Charles A. Adams  
ADR Operating, Inc.  
201 N. Penn  
Independence, KS 67301

/s/ Paula J. Murray  
Paula J. Murray  
Legal Assistant  
Kansas Corporation Commission