

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

Before Commissioners: Shari Feist Albrecht, Chair
 Jay Scott Emler
 Dwight D. Keen

In the Matter of the Application of Bee Gee)	Docket No: 17-CONS-3506-CBSO
Exploration Company for an order establishing 160)	(178,910-C), (C-26,425)
acre spacing for the Mississippian Chert Formation)	
underlying lands in Stafford and Reno Counties,)	CONSERVATION DIVISION
Kansas.)	
)	
In the Matter of the Application of Raymond Oil)	License No: N/A
Company, Inc. for an order to extend field limits for)	
the Mississippian Chert Formation underlying lands)	
<u>in Stafford and Reno Counties, Kansas.)</u>	

ORDER CANCELLING MARCH 14, 1994 AND SEPTEMBER 22, 1994
ORDERS ON SPACING RULES

This matter comes before the State Corporation Commission of the State of Kansas (Commission). Having examined its files and records, and being fully advised in the premises, the Commission finds and concludes as follows:

1. On March 14, 1994, the Commission issued an Order creating spacing rules for a portion of the Mississippian Chert Formation in Stafford and Reno Counties, Kansas, with that area being known as the Zenith-Peace Creek field.¹ The spacing rules were extended to additional sections in Reno County through a September 22, 1994 Order.²

2. On March 1, 2017, Commission Conservation Staff (Staff) filed a Motion for the Designation of a Prehearing Officer and the Scheduling of a Prehearing Conference Regarding Cancellation of the Commission's March 14, 1994 and September 22, 1994 Orders (Motion). Staff

¹ Motion for the Designation of a Prehearing Officer and the Scheduling of a Prehearing Conference Regarding Cancellation of the Commission's March 14, 1994 and September 22, 1994 Orders, ¶ 1, Exhibit A (Mar. 1, 2017) (Motion).

² Motion, ¶ 1, Exhibit B.

stated its belief that “[t]he Orders do little more than require 160-acre spacing for the area and formation in question,” and thus, they no longer serve any useful purpose and should be cancelled.³ According to Staff, no operator having a well in the Zenith-Peace Creek field opposed cancellation.⁴

3. On March 27, 2018, the Commission issued its *Order Setting Procedural Schedule*, setting an evidentiary hearing in this proceeding for June 14, 2018.⁵

4. On April 26, 2018, Staff witness Jim Hemmen filed testimony in this docket.⁶ (Staff Direct). Staff asserted its belief that the 1994 spacing orders “no longer serve any useful purpose.”⁷ Staff stated why the 1994 spacing orders are no longer necessary: “The most recent drilling within the covered area happened almost twenty years ago. Staff has contacted both of the remaining operators in the field about concerns they might have pertinent to the cancellation of the 1994 orders, and they have indicated that they have no objection to such cancellation.”⁸

5. According to Staff, cancellation of the Commission’s 1994 spacing orders will simply allow the Commission’s general rules and regulations to control the field.⁹ Staff noted that no protests have been lodged against the cancellation of the 1994 spacing orders, and cancellation will not cause waste or lead to violations of correlative rights.¹⁰ Staff recommended that the March 14 and September 22, 1994 orders be cancelled.¹¹

6. In accordance with the Kansas Administrative Procedure Act (KAPA), the Commission held an evidentiary hearing on June 14, 2018, via video conference at its Wichita

³ Motion, ¶ 1.

⁴ Motion, ¶ 2.

⁵ *Order Setting Procedural Schedule*, ¶ 2 (Mar. 27, 2018).

⁶ Pre-Filed Direct Testimony of Jim Hemmen (Apr. 26, 2018).

⁷ Staff Direct, p. 4, lines 6-7.

⁸ Staff Direct, p. 4, lines 7-10.

⁹ Staff Direct, p. 3, lines 19-22.

¹⁰ Staff Direct, p. 4, lines 11-19.

¹¹ Staff Direct, p. 5, line 2.

office.¹² Staff and the general public appeared through Staff counsel, Lauren N. Wright,¹³ and Staff member Jacob Eastes was the only witness.¹⁴ Although Mr. Hemmen pre-filed testimony in this docket, at the time of hearing he was no longer with the Commission, and therefore, Mr. Eastes testified in his place.¹⁵ Mr. Eastes testified that he had “reviewed the prefiled testimony of Jim Hemmen that was filed in this docket,” and that he “wish[ed] to adopt that testimony as [his] own.”¹⁶ Mr. Hemmen’s pre-filed testimony, as adopted by Mr. Eastes, was admitted into the record.¹⁷ No questions were asked of Mr. Eastes at the hearing.¹⁸

7. The Commission finds Staff has provided substantial and well-reasoned evidence supporting cancellation of the 1994 spacing orders. The Commission finds the 1994 spacing orders no longer provide any legal or practical basis for their effectiveness, and thus, the Commission adopts Staff’s recommendation that the 1994 spacing orders be cancelled.

THEREFORE, THE COMMISSION ORDERS:

A. The Commission’s March 14, 1994 and September 22, 1994 Orders in Docket No. 178,910-C (C-26,425) are hereby cancelled.

B. Any party may file and serve a petition for reconsideration pursuant to the requirements and time limits established by K.S.A. 77-529(a)(1).¹⁹

C. The Commission retains jurisdiction over the subject matter and parties for the purpose of entering such further orders as it may deem necessary.

¹² Hearing Transcript, p. 1, lines 17-22. (Tr.).

¹³ Tr., p. 4, lines 14-15.

¹⁴ Tr., p. 3, line 3.

¹⁵ Tr., p. 5, lines 13-16.

¹⁶ Tr., p. 9, lines 8-12.

¹⁷ Tr., p. 9, lines 17-19.

¹⁸ Tr., p. 9, line 21 through p. 10, line 7.

¹⁹ K.S.A. 55-162; K.S.A. 55-606; K.S.A. 55-707; K.S.A. 77-503(c); K.S.A. 77-531(b).

BY THE COMMISSION IT IS SO ORDERED.

Albrecht, Chair; Emler, Commissioner; Keen, Commissioner

Dated: 07/17/2018 _____



Lynn M. Retz
Secretary to the Commission

Mailed Date: 07/18/2018 _____

MJD

CERTIFICATE OF SERVICE

17-CONS-3506-CBSO

I, the undersigned, certify that the true copy of the attached Order has been served to the following parties by means of
first class mail and electronic service on 07/17/2018.

KENT DEUTSCH
Deutsch Oil Company
8100 E 22nd St, N, Bldg 600
Wichita, KS 67226

MICHAEL DUENES, ASSISTANT GENERAL COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
Fax: 785-271-3354
m.duenes@kcc.ks.gov

LAUREN WRIGHT, LITIGATION COUNSEL
KANSAS CORPORATION COMMISSION
Conservation Division
266 N. Main St. Ste. 220
WICHITA, KS 67202-1513
Fax: 316-337-6211
l.wright@kcc.ks.gov

RICHARD SMITH
Smith Oil Operations
410 N Adams
PO Box 550
Hutchinson, KS 67504

/S/ DeeAnn Shupe

DeeAnn Shupe