

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

Before Commissioners: Dwight D. Keen, Chair
 Shari Feist Albrecht
 Susan K. Duffy

IN THE MATTER OF THE FAILURE OF) DOCKET NO. 19-CONS-3271-CPEN
QUITO, INC. ("OPERATOR") TO COMPLY)
WITH K.A.R. 82-3-111 AT THE SOLOMON) CONSERVATION DIVISION
#3 AND SOLOMON #5 IN CHAUTAUQUA)
COUNTY, KANSAS.) LICENSE NO. 33594

IN THE MATTER OF THE FAILURE OF) DOCKET NO. 19-CONS-3272-CPEN
QUITO, INC. ("OPERATOR") TO COMPLY)
WITH K.A.R. 82-3-111 AT THE DOTY #3 IN) CONSERVATION DIVISION
CHAUTAUQUA COUNTY, KANSAS.)
_____) LICENSE NO. 33594

PREFILED TESTIMONY OF MARK MCCANN

May 29, 2019

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)	LICENSE NO. 33594

PREFILED TESTIMONY OF MARK MCCANN

- 1 Q. What is your name and business address?
- 2 A. Mark McCann, 1613 West 6th Street, Bartlesville, Oklahoma 74003.
- 3 Q. What is your connection with Quito, Inc.?
- 4 A. I am the President.
- 5 Q. How long have you been operating oil and gas wells?
- 6 A. I have operated wells in several states for many years.
- 7 Q. Have you previously testified before this Commission?
- 8 A. No.
- 9 Q. Are you familiar with Docket 19-CONS-3271-CPEN?
- 10 A. Yes.
- 11 Q. Did Quito, Inc., file TA applications on the subject wells?

1 A. Yes. Quito filed TA applications on the subject wells in September 2018. The TA
2 applications are included in Mr. Sims' testimony. Staff denied two of the TA
3 applications but approved the application for the Solomon #2 well. I considered the
4 Solomon #2 well to be a "benchmark" for acceptable fluid levels for this lease.

5 Q. Why do you believe the two applications that were denied should be approved.

6 A. Table I is, in my view, inapplicable to these wells. Based on the surface elevation
7 differences, I believe that the fluid levels should be adjusted and that the Solomon wells,
8 #3 and #5, should be approved. This information was provided to the Chanute Field
9 Office, but was ignored or overlooked.

10 Q. What then happened in connection with the disapproval of these two applications?

11 A. Mr. Sims, and Troy Russell, his supervisor, responded that the required fluid level was to
12 be 250 feet from the surface and the elevation was not to be considered. I disagreed with
13 this conclusion. I was given three options, which included plugging the wells,
14 conducting the MIT test as the Commission Staff requested, or placing the well into
15 production. If the wells were placed into production, no additional testing was necessary.

16 Q. What then happened in connection with these applications?

17 A. A few days after my response from the Commission Staff, I was told that the Mechanical
18 Integrity Testing needed to be within 50 feet of the top perforations, which Mr. Russell
19 said was the standard for the MIT testing of an injection well. I told him that these were
20 not injection wells and that the goal of the temporary abandonment application was to
21 protect the fresh water. He agreed but said they wanted all casing tested.

22 Q. Were you concerned about the equipment that Commission Staff was using to measure
23 the well?

1 A. Yes. I sent Commission Staff information about the inaccuracy of the fishing reel
2 counter that was used to measure the wells, believing that it was off by approximately 20
3 feet.

4 Q. Did you remeasure the wells?

5 A. Yes. I remeasured these wells with a special line counter and reported the corrected
6 measurements to the KCC Staff. No response was issued.

7 Q. Are you familiar with Docket 19-CONS 3272-CPEN?

8 A. Yes.

9 Q. Did Quito, Inc., file a TA application on the Doty #3 well?

10 A. Yes. Quito filed a TA application on the Doty #3 well in January 2019. The application
11 is included in Mr. Sims' prefiled testimony.

12 Q. What are the circumstances surrounding the Doty #3 well?

13 A. The Doty #3 well has a tubing and packer in it. The packer is set at about 1,200 feet
14 below the surface area. The fluid level was checked inside the tubing which would be
15 higher than the casing level.

16 Q. What did the Commission Staff require as to fluid levels?

17 A. The measurement of the fluid level was 215 feet; the KCC Staff wanted 350 feet, which
18 is the basis of the TA application denial.

19 Q. Are the other facts related to the Doty well similar to the Solomon wells?

20 A. Yes, they are essentially identical, and the correspondence would be the same.

21 Q. Does this conclude your testimony?

22 A. Yes.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on the 29th day of May, 2019, the Prefiled Testimony of Mark McCann was electronically filed and served to the following by means of electronic service:

Lauren N. Wright, Esq.
Litigation Counsel
Kansas Corporation Commission
266 North Main, Suite 220
Wichita, KS 67202
l.wright@kcc.ks.gov

Jonathan R. Myers
Assistant General Counsel
Kansas Corporation Commission
266 North Main, Suite 220
Wichita, KS 67202
j.myers@kcc.ks.gov

s/Jeff Kennedy
Jeff Kennedy, #12099

Soloman Wells

From: Hotmail Security (mccanncompanies@yahoo.com)

To: d.sims@kcc.ks.gov

Date: Friday, January 11, 2019, 2:45 PM CST

Hello Duane, Regarding the Soloman wells that were tested on 10/12/2018.
Could you please tell me the fluid levels for Soloman 2, Soloman 3, Soloman 5?

Since these failed because of too high fluid levels, could you tell me what the acceptable fluid level would need to be?

Thanks,

Mark W. McCann

Soloman Wells

From: Hotmail Security (mccanncompanies@yahoo.com)

To: d.sims@kcc.ks.gov

Date: Monday, January 14, 2019, 10:19 AM CST

Hello Duane, I have a question regarding the Soloman wells 2, 3, 5. Since the fluid levels were too high when they were tested, could you please tell me what the acceptable fluid level would need to be? How much pressure is needed on each of the Soloman wells.

Thank You,

Mark W. McCann

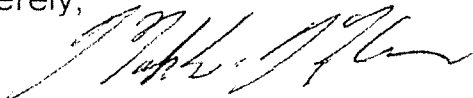
Quito, Inc.
1613 W. 6th St.
Bartlesville, OK 74003
918-798-4365 (Cell)
918-331-6433 (Office)
mccanncompaines@yahoo.com

01/31/2019

Dear, Troy Russell District Supervisor
KCC District Office #3
137 W. 21st St.
Chanute, KS 66720

Concerning the MIT tests on the Solomon 3 and 5 wells and the Doty 3 well, Quito, Inc. proposes to pressure test the production casing down to a depth of 250 feet to establish the integrity of the casing to a depth below the depth of the fresh water. Because there are no existing regulations that specifically deal with MIT tests of TAed production wells. Please confirm that this testing method is acceptable.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark W. McCann', written in a cursive style.

Mark W, McCann

Well #	Fluid Level	Elevation	Fluid level adjusted for elevation from Well # 2
2	230	937 Ft.	
3	150	887 Ft.	200
5	140	835 Ft.	242

Re: Fluid levels.

From: Troy Russell (t.russell@kcc.ks.gov)

To: mccanncompanies@yahoo.com

Date: Friday, February 1, 2019, 9:06 AM CST

Mark

Any additional fluid level measurements for the subject wells on the Doty will need to be witnessed by staff.

Troy A Russell
District #3 Supervisor, P.G.
Kansas Corporation Commission
Conservation Division, District III
137 E. 21st Street, Chanute Ks 66720
Office: 620-902-6451
Cell: 620-432-6509

On Jan 31, 2019, at 5:04 PM, Mark W. McCann <mccanncompanies@yahoo.com> wrote:

EXTERNAL EMAIL. Think before clicking links or opening attachments.

After doing some research I discovered today. That the tool that was borrowed from economy at sedan. Is not accurate. It appears to read 100 feet. When actually it's. aprox 121 Which is what most producers in the sedan area use to establish fluid levels for mit testing abc also static fluid level checking. I discovered this information from googling it. I will be releasing the wells in issue. To determine the correct depth to fluid. And if I get a different reading I will call and schedule for it to be witnessed by Kcc. Personal. I will also send you a link from where I Learned about this possibly. Thank you again. We are just trying to survive in these rough times and keep our cost as low as possible. And still be a good stewards of the land. And water protection. Mark

Sent from my iPhone

Quito, Inc.
1613 W 6th St.
Bartlesville, OK 74003
918-331-6433 Office 918-798-4365 Cell
mccanncompanies@yahoo.com

02/04/2019

Troy,

I re measured Solomon well number 3 & 5 yesterday.

I realize that this needs to be witnessed for KCC approval.

On number 3, I measured 180' plus an elevation difference of 50' that makes it 230' which is the same as well 2 in which the fluid level passed and its TA was approved.

On number 5, I measured 176' plus an elevation difference of 102' from number 2 which was approved. This established the level at 278' which is greater than number 2 which was approved. We will contact Duane Sims to witness new measurement ASAP.

With this new information I assume will not be necessary to put the wells into production by February 5th which is our current deadline, Please confirm that you are in agreement (subject to witnessing the test)? We can meet Duane Sims tomorrow if he is available.

Sincerely,



Mark W. McCann

CC John R. Horst - Esquire

CC Jeff Kennedy - Esquire

Re: Solomon #3 and Solomon #5

From: Mark W. McCann (mccanncompanies@yahoo.com)

To: t.russell@kcc.ks.gov

Date: Monday, February 4, 2019, 8:03 PM CST

Yes. I recall that plan. But that was before I discovered that the measuring device was not accurate. And the new fact of the correct depth. Should qualify number 3 and 5. For ta. Status. When can duwane witness the test? Can we do that tomorrow? Also this tool for measuring is also used by about everyone on their mit testing. So accordingly many mit test will have not been calculated to the correct depth.

For many operators. Please let me know when we can meet with duwane. Thank you. Mark.

Sent from my iPhone

On Feb 4, 2019, at 4:58 PM, Troy Russell <t.russell@kcc.ks.gov> wrote:

Mark,

In response to your letter below. Your NOV deadline to obtain an approved TA, plug or produce the Solomon #3 and Solomon #5 was October 09, 2018 (See Attached). On January 10, 2019 at 11:35 am during a conference call with John Almond, Duane Sims and Myself, you asked for an extension to specifically place the Solomon #3 and Solomon #5 back into production. During this conversation it was explained that a CIT test would need to be completed for each well by **February 4, 2019** before they could be considered for temporary abandonment status or put back into production.

<image002.png>

Sincerely,

<image001.png>

Troy A. Russell

District #3 Supervisor, P.G.

Kansas Corporation Commission

Conservation Division, District III

137 E. 21st Street , Chanute Ks 66720

Office: 620-902-6451

Cell: 620-432-6509

RE: Question

From: Troy Russell (t.russell@kcc.ks.gov)

To: mccanncompanies@yahoo.com

Cc: l.wright@kcc.ks.gov; j.almond@kcc.ks.gov; l.marchant@kcc.ks.gov

Date: Tuesday, February 5, 2019, 8:54 AM CST

Mark,

In response to the questions you put forth in the attached letter. If a well fails a casing integrity test it can be put back into production if it **is repaired**. The type of repair would be determined by the well construction. As for your second question which is **extremely generalized**, I am **not** personally aware of **thousands** of wells with compromised casing that are being produced solely utilizing packers. I am aware, depending on **well construction** that packers may be used to repair an alternate II constructed well by isolating the casing failure and squeezing cement to repair the casing or in the case of an alternate I completed well to isolate a casing failure and cement a liner to surface.

I would also like to point out that table I completion requirements are **depth** specific to each bore hole and are not based upon a specific fluid elevation. The mechanical integrity testing of casing is tested from the surface to within 50 feet of perforations to not only protect fresh and usable waters but to prevent comingling of fluids between reservoirs. When table I is referenced to well plugging's it is used to determine the top plug which is calculated as Table I + 50 feet.

Lastly I would like to point out that statutes and regulations are in place which allow the Division to request any test on any well at any time if there are any concerns that casing integrity has been compromised. If you have any further questions please feel free to contact myself or Wichita Legal Staff.

Sincerely,

Re: Question

From: Mark W. McCann (mccanncompanies@yahoo.com)

To: t.russell@kcc.ks.gov

Date: Tuesday, February 5, 2019, 1:00 PM CST

Thank you for the clarity. We need to meet with duwane to witness the fluid levels on Solomon. 3 and 5. So our ta can be approved. And also to remeasure doty number 3. Which is currently deadlined on. Feb 7. Doty number three has tubing and packer set in it 30 feet above the top perf. We had it ready to squeeze the formation and then to reperf. Another formation. If we decide it's. Necessary to mit test the casing what pressure would be required to pressure casing above the packer. We are trying our best to comply with the regulations. Thank you for your assistance. Mark

Sent from my iPhone

> On Feb 5, 2019, at 8:54 AM, Troy Russell <t.russell@kcc.ks.gov> wrote:

>

>

Re: Re-measure Solomon 3, Solomom 5, & Doty 3 Wells

From: Mark W. McCann (mccanncompanies@yahoo.com)

To: t.russell@kcc.ks.gov

Date: Tuesday, February 5, 2019, 3:59 PM CST

Also I am concerned about a producing well in ta status. Having. To be fixed before it can be produced. If it fails a mit test. From the operators and other professional persons. As long as the well is produced and the casing fluid is below the ground water depth. A casing hole. Should not be a problem. Accordingly I am reluctant to mit test. Production wells. And having a small leak. And be forced to spend vast sums of money to repair a small leak that is not causing any threat to the ground water. My position is in line with the standards set by the epa. In other jurisdictions.

Sent from my iPhone

On Feb 5, 2019, at 3:38 PM, Troy Russell <t.russell@kcc.ks.gov> wrote:

Mark,

Is there some change in the fluid level of 215' from surface that was witnessed on 1/17/2019 for the Doty #3 by Duane? If not, this depth is well above the Table I depth for this area of 300' and will require a successful CIT before a CP111 can be approved. The deadline to obtain an approved CP111 for this well is 2/7/2019.

<image001.png>

Troy A. Russell

District #3 Supervisor, P.G.

Kansas Corporation Commission

Conservation Division, District III

137 E. 21st Street , Chanute Ks 66720

Office: 620-902-6451

Cell: 620-432-6509

From: Hotmail Security <mccanncompanies@yahoo.com>

Sent: Tuesday, February 5, 2019 1:52 PM

To: Duane Sims <d.sims@kcc.ks.gov>

Cc: John Horst <jrhorst48@yahoo.com>; Jeff Kennedy <jkennedy@martinpringle.com>; Troy Russell <t.russell@kcc.ks.gov>

Subject: Re-measure Solomon 3, Solomom 5, & Doty 3 Wells

This is an EXTERNAL EMAIL. Think before clicking a link or opening attachments.

See attached letter below regarding the wells we are needing re-measured.

Thank You,

Mark W. McCann

RE: Question

From: Troy Russell (t.russell@kcc.ks.gov)
To: mccanncompanies@yahoo.com
Cc: l.wright@kcc.ks.gov; j.almond@kcc.ks.gov; d.sims@kcc.ks.gov
Date: Tuesday, February 5, 2019, 3:17 PM CST

Mark,

The Solomon #3 and Solomon #5 wells will need to have successful CIT tests before an approved CP111 can be obtained. The Doty #3 if equipped as you describe would be required to be pressured to 300 psi for 30 minutes. After which staff would need to witness the removal of the packer to confirm the seating depth.

Thanks,

Troy A. Russell
District #3 Supervisor, P.G.
Kansas Corporation Commission
Conservation Division, District III
137 E. 21st Street , Chanute Ks 66720
Office: 620-902-6451
Cell: 620-432-6509

-----Original Message-----

From: Mark W. McCann <mccanncompanies@yahoo.com>
Sent: Tuesday, February 5, 2019 1:01 PM
To: Troy Russell <t.russell@kcc.ks.gov>
Subject: Re: Question

EXTERNAL EMAIL. Think before clicking links or opening attachments.

Thank you for the clarity. We need to meet with duwane to witness the fluid levels on Solomon. 3 and 5. So our ta can be approved. And also to remeasure doty number 3. Which is currently deadlined on. Feb 7. Doty number three has tubing and packer set in it 30 feet above the top perf. We had it ready to squeeze the formation and then to reperf. Another formation. If we decide it's. Necessary to mit test the casing what pressure would be required to pressure casing above the packer. We are trying our best to comply with the regulations. Thank you for your assistance. Mark

Sent from my iPhone

> On Feb 5, 2019, at 8:54 AM, Troy Russell <t.russell@kcc.ks.gov> wrote:
>
>

Solomon and Doty 3

From: Mark W. McCann (mccanncompanies@yahoo.com)

To: t.russell@kcc.ks.gov

Date: Tuesday, February 5, 2019, 3:19 PM CST

Hello again. Since we need to remeasure the Solomon 3 and 5. And Doty 3. To establish their ability to qualify for ta status. Please hold off on any fining. Relative to those wells. It would be premature to issue fines in light of the knowledge that the prior fluid level was not accurate. now with this new information. Solomon 3 and 5. Should be approved for ta status. And on Doty 3. It needs remeasured. Can we meet with duwane tomorrow and remeasure the wells ? following the new measure ments. The wells sould qualify for ta status. And all this will be finished. So in closing , please hold off on any fining. Until we can remeasure, so you can make your determination with correct information. And please confirm. Ps. We have reached out to duwane and ask when he can witness the fluid level. Measurement. We are ready. Thank you. Mark

Sent from my iPh

Re: Re-measure Solomon 3, Solomom 5, & Doty 3 Wells

From: Mark W. McCann (mccanncompanies@yahoo.com)

To: t.russell@kcc.ks.gov

Date: Wednesday, February 6, 2019, 5:56 PM CST

Yes the measurements previously taken. Was not accurate. We are now scheduled With duwane to shoot the level of the fluid in the casing not the tubing.

Sent from my iPhone

On Feb 5, 2019, at 3:38 PM, Troy Russell <t.russell@kcc.ks.gov> wrote:

Mark,

Is there some change in the fluid level of 215' from surface that was witnessed on 1/17/2019 for the Doty #3 by Duane? If not, this depth is well above the Table I depth for this area of 300' and will require a successful CIT before a CP111 can be approved. The deadline to obtain an approved CP111 for this well is 2/7/2019.

<image001.png>

Troy A. Russell

District #3 Supervisor, P.G.

Kansas Corporation Commission

Conservation Division, District III

137 E. 21st Street , Chanute Ks 66720

Office: 620-902-6451

Cell: 620-432-6509

From: Hotmail Security <mccanncompanies@yahoo.com>

Sent: Tuesday, February 5, 2019 1:52 PM

To: Duane Sims <d.sims@kcc.ks.gov>

Cc: John Horst <jrhorst48@yahoo.com>; Jeff Kennedy <jkennedy@martinpringle.com>; Troy Russell <t.russell@kcc.ks.gov>

Subject: Re-measure Solomon 3, Solomom 5, & Doty 3 Wells

This is an EXTERNAL EMAIL. Think before clicking a link or opening attachments.

See attached letter below regarding the wells we are needing re-measured.

Thank You,

Mark W. McCann