

THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

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

In the matter of the failure of VEEM Jade)
Oil & Gas LLC (“Operator”) to comply with) Docket 18-CONS-3221-CPEN
K.A.R. 82-3-111 at the Daves #21, Smith A) CONSERVATION DIVISION
#2, Smith B #10 and Smith B #12 in Elk) License No. 32874
County, Kansas.)

MOTION FOR EXPEDITED ORDER LIFTING LICENSE SUSPENSION

COMES NOW, Veem Jade Oil & Gas LLC (“Operator”), and requests an expedited Order from the Commission declaring the license suspension automatically imposed pursuant to the November 21, 2017, Order in this docket to be lifted. In support for this request, Operator states the following:

1. On November 21, 2017, the Commission issued a penalty order in the above-captioned docket, finding Operator in violation of K.A.R. 82-3-111 with regard to the four wells listed in the order, and assessing a \$400 monetary penalty and the requirement that Operator take the listed step(s) to bring the subject wells into compliance with that regulation.
2. Operator promptly paid the \$400 penalty and did not contest the Order. On January 2, 2018, Operator completed the requirements listed in the Order, by filing an Application for an exemption of two of the subject wells, and for a determination of responsibility for the other two wells. That Application is docketed as 18-CONS-3260-CEXC. Those two requirements were the sum of the instructions to Operator in the Order.

3. Operator's January 2 Application missed the deadline stated in the November 21 order by four business days—*i.e.*, the days between Christmas and New Years. Operator apologizes to the Commission, and is embarrassed by the delay. Operator had mistakenly thought their attorney would be handling the filing; for which this attorney also apologizes to the Commission and to the Operator for the miscommunication with Operator. While embarrassing and regrettable, Operator asserts that its having promptly cured the matter without further damage or injury to any person or the Commission, is excusable neglect.
4. The November 21 Order provides no further instructions or requirements. The Kansas Statutes and Commission regulations contain no further requirements before the suspension is lifted. The gravamen of the November 21 Order has been served, and the Commission's docket system shows that docket to be now closed. However, out of an abundance of caution, Operator addressed the suspension in its January 2 Application stating:

“14. Operator received a letter dated December from KCC staff that its license was suspended, pursuant to the language in the Commission's November 21, 2017, Order. The filing of this Application cures the matter, and complies with the November 21, 2017, Order, pending the outcome of this Application. Operator's wells are currently shut in as a precaution during these few days of extreme cold weather, but when the cold weather threat subsides, it is Operator's belief that the matter now cured, does not prohibit Operator from resuming production in accordance with lease and regulatory rights and responsibilities. “
5. Staff reacted to this paragraph by sending Operator a written notice declaring that Operator's license “remains suspended”, and threatening further enforcement action if Operator conducts lease operations. That notice is attached. Operator is in the

bewildering position of having no identifiable requirements or procedure for confirming that the suspension is lifted, or for clarifying its authority to resume operations. Operator asserts that no such procedures exist or are necessary, beyond its having fulfilled the requirements specified in the November 21 Order.

6. In light of Staff's unequivocal threat of further enforcement action, Operator is refraining from operating until the Commission has clarified its operating authority. Further suspension of Operator's license is unjust and counterproductive, in that it is denying Operator the operating authority and the income needed to proceed with the assessment and remedial work described in the Application (for which Operator is currently on a waiting list for a rig for early-mid January), and will deny Operator the income needed to fund the proper operation of its leases, leading to waste of recoverable reserves. A continued suspension is disproportionately punitive to the delay for which Operator is being punished by the suspension.
7. In order to expedite this matter, Operator has prepared and attached a Proposed Order granting the requested relief.

WHEREFORE, Operator requests that the Commission issue an expedited Order declaring that the automatic suspension of Operator's license is lifted, and for such other relief as the Commission deems necessary and appropriate.

Respectfully Submitted,

EDMISTON LAW OFFICE, LLC

By: /s/ Diana Edmiston

Diana Edmiston (S.C. 15160)

200 E. 1st Street, Suite 301

Wichita, Kansas 67202

Telephone: (316) 267-6400

diana@edmistonlawoffice.com

Attorney for Veem Jade Oil & Gas LLC

Texas
STATE OF ~~OKLAHOMA~~) VERIFICATION
COUNTY OF Collin) SS:

Mahesh Chhabra, of lawful age, being first duly sworn, upon oath states that he is the Managing Member of Veem Jade Oil & Gas LLC; and that he has read the foregoing Motion, is familiar with the contents thereof, and that the statements contained therein are true and correct according to his knowledge, information and belief.

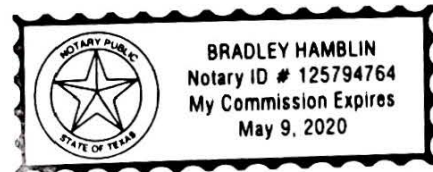
Subscribed and sworn to before me, a notary public.

Mahesh Chhabra

My appointment expires:

May 9, 2020

Bradley Hamblin 1/8/16
Name Bradley Hamblin
Notary Public



CERTIFICATE OF SERVICE

The undersigned hereby certifies that on this **8th** day of **January, 2018**, she caused the above and foregoing **Motion** to be electronically delivered, to the following person at the addresses shown:

Jon Myers, Litigation Counsel
Kansas Corporation Commission
Conservation Division
j.myers@kcc.ks.gov
Attorney for Commission Staff

Michael Duenes
Deputy General Counsel
m.duenes@kcc.ks.gov

/s/ Diana Edmiston

Conservation Division
266 N. Main St., Ste. 220
Wichita, KS 67202-1513



Phone: 316-337-6200
Fax: 316-337-6211
<http://kcc.ks.gov/>

Pat Apple, Chairman
Shari Feist Albrecht, Commissioner
Jay Scott Emler, Commissioner

Sam Brownback, Governor

January 3, 2018

Veem Jade Oil & Gas LLC (KCC License #32874)
c/o Diana Edmiston
Edmiston Law Office, LLC
200 E. 1st Street, Suite 301
Wichita, Kansas 67202

**Re: KCC Docket #18-CONS-3260-CEXC
KCC Docket #18-CONS-3221-CPEN
License Suspension**

Operator:

Commission Staff is in receipt of your January 2, 2018, application in KCC Docket #18-CONS-3260-CEXC. Please be advised that Staff does **not** believe filing the application brings you into compliance with the Commission's November 21, 2017, Penalty Order in KCC Docket #18-CONS-3221-CPEN.

Your license remains suspended.

Conducting operations on a suspended license, including resuming production, violates Commission regulations. Resuming production with a suspended license would likely be met with Commission Staff recommending further penalties.

Sincerely,

Jon Myers
Litigation Counsel, Conservation Division
Kansas Corporation Commission

cc: Troy Russell, KCC District #3



Corporation Commission

Conservation Division

266 N Main St., Ste 220

Wichita, KS 67202-1513

Return Service Requested

Sam Brownback, Governor

CERTIFIED MAIL®



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02 JAN '18

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Return Receipt Requested

VEEM JADE OIL & GAS LLC
c/o DIANA EDMISTON
EDMISTON LAW OFFICE
200 E 1ST ST STE 301
WICHITA KS 67202

67202-211276



PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT
OF THE RETURN ADDRESS. FOLD AT DOTTED LINE.

THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

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

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County, Kansas.)

(Proposed)
ORDER LIFTING LICENSE SUSPENSION

The above captioned matter comes before the State Corporation Commission of the State of Kansas (Commission). Operator/Respondent has filed a Motion for Expedited Order Lifting License Suspension. Having examined the files and records, and being duly advised in the premises, the Commission finds and concludes that Operator has met the requirements listed by the Commission in its November 1, 2017 Order, and that the automatic license suspension imposed by that Order has served its purpose, and should be, and is hereby, lifted.

THEREFORE, THE COMMISSION ORDERS:

- A. The license suspension automatically imposed by operation of the Commission’s November 21, 2017, Order is lifted.
- B. 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, setting forth the specific grounds upon which relief is sought, 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 Operator's right to a hearing.

- C. If a party requests a hearing, a corporation or similar entity shall not be permitted to enter an appearance except by its attorney. K.A.R. 82-1-228(d). Attorneys for all parties shall enter their appearances in Commission proceedings by giving their names and addresses for the record.
- D. The Commission retains jurisdiction over the subject matter and the parties for the purpose of entering such further order or orders as it may deem necessary.

BY THE COMMISSION IT IS SO ORDERED.

Apple, Chairman; Albrecht, Commissioner; Emler, Commissioner

Dated: _____

Lynn M. Retz
Secretary to the Commission

Mailed Date: January _____, 2018