

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

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

| | | |
|---|---|------------------------------|
| In the matter of an Order to Show Cause |) | Docket No.: 15-CONS-706-CSHO |
| issued to Aztex Petroleum Corporation |) | |
| ("Operator") regarding responsibility under |) | CONSERVATION DIVISION |
| K.S.A. 55-179 for unplugged wells on an |) | |
| expired license. |) | License No.: 6308 |

**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 March 3, 2015, 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 March 3, 2015, 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.

B. A Prehearing Conference is scheduled for April 23, 2015. The Prehearing Conference shall begin at 11:00 a.m. and end by 12:00 p.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. 82-3-229(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.

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.

Albrecht, Chair; Emler, Commissioner; Apple, Commissioner

Dated: APR 7 2015



Neysa Thomas
Acting Secretary

Mailed Date: April 8, 2015

LRP

Exhibit A

Aztex Petroleum Corporation License: 6308

| <u>Unplugged Wells on Operator's License</u> | | | | |
|---|----------------------------|-----|----------------------|---------------|
| API Well # | Lease Name / Well # | | Well Location | County |
| 15-051-22882-00-00 | GOTTSCHALK DALE | 1-A | 19-14S-17W, NWNWNW | ELLIS |

CERTIFICATE OF SERVICE

I certify that on April 8, 2015, 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:

Muir, Stephen
Aztex Petroleum Corporation
100 W. Clarendon, Ste 1750
Phoenix, AZ 85013

/s/ Jonathan R. Myers
Jonathan R. Myers
Litigation Counsel
Kansas Corporation Commission