

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

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

In the matter of an Order to Show Cause issued)	Docket No. 17-CONS-3376-CSHO
to Taos Resources Operation Company LLC)	
("Operator") for its failure to comply with)	CONSERVATION DIVISION
either K.A.R. 82-3-400 or K.A.R. 82-3-409)	
regarding injection that took place during the)	License No. 33372
2015 calendar year.)	

PRE-FILED TESTIMONY

OF

RENE STUCKY

1 Q. What is your name and business address?
2 A. Rene Stucky, 266 North Main Suite 220, Wichita, Kansas 67202.
3 Q. By whom are you employed and in what capacity?
4 A. I'm employed by the Conservation Division of the Kansas Corporation Commission, as
5 Supervisor of the Underground Injection Control ("UIC") Department and the Production
6 Department.
7 Q. How long have you been employed by the KCC?
8 A. About 11 years. Before becoming Supervisor, I was an Environmental Scientist in the
9 UIC Department, where I reviewed and processed injection applications.
10 Q. Have you previously testified before this Commission?
11 A. Yes.
12 Q. What does your position with the Conservation Division involve?
13 A. I supervise everyone in the Conservation Division's UIC and Production Departments.
14 Q. Are you familiar with this KCC Docket, 17-CONS-3376-CSHO?
15 A. Yes.
16 Q. How are you familiar with this Docket?
17 A. Commission Staff believed it was appropriate to initiate legal proceedings in this matter.
18 I participated in the decision, and am familiar with the issues that caused Staff's decision.
19 Q. Why does Staff believe legal proceedings are appropriate?
20 A. As described in Staff's motion, on July 23, 2015, Operator was penalized in Docket 16-
21 CONS-082-CPEN for reported unauthorized injection during the 2014 calendar year at
22 three wells. The Penalty Order stated that in Operator's injection report, Operator
23 reported rates of injection or pressure that exceeded its permit. It stated that if the data
24 was correct, Operator violated K.A.R. 82-3-400 by conducting unauthorized injection. It
25 stated that if the data was incorrect, Operator violated K.A.R. 82-3-409(b) by submitting
26 an inaccurate report.
27 The Penalty Order then stated that, therefore, a violation of either K.A.R. 82-3-400 or
28 K.A.R. 82-3-409 occurred. The Penalty Order assessed a \$500 per-well penalty, for a
29 total penalty of \$1,500, and stated that if Operator believed it misreported a rate of
30 injection or pressure, then Operator should submit a corrected report. It did not state that
31 submitting a corrected report meant that a violation did not occur, and it did not state that

1 the penalty would be reduced or eliminated if a corrected report was filed. In that docket,
2 Operator paid the \$1,500 penalty and submitted corrected reports.

3 For the 2015 calendar year, Operator has again done the same thing at the same wells.
4 That means a violation of either K.A.R. 82-3-400 or K.A.R. 82-3-409(b) has again
5 occurred, and that a penalty is again appropriate.

6 Q. What constitutes a violation of K.A.R. 82-3-400?

7 A. Over-injection.

8 Q. What constitutes a violation of K.A.R. 82-3-409(b)?

9 A. Misreporting injection.

10 Q. What do you mean when you say Operator did the same thing at the same wells?

11 A. Operator's injection reports for 2014 indicated over-injection at the Reunitz #21-1, West
12 Maddix Unit #20 SWD, and West Maddix Unit #32 SWD. Operator's injection reports
13 for 2015 again indicate over-injection at the same wells.

14 Q. How do Operator's injection reports for the wells indicate over-injection?

15 A. I have attached Operator's injection reports for 2015 (Exhibit A), which are also attached
16 to Staff's motion to show cause. The data in Section II of the reports, which gives the
17 authorized rates and pressures, is correct. I know it is correct because I have both
18 reviewed the Commission's electronic well database, which is updated to reflect the
19 authorized injection rate and pressure, and because I have reviewed the paper file, which
20 contains the official injection permit documents.

21 The data in Section III of the reports indicates over-injection. Specifically, on the
22 Reunitz #21-1 report, Operator reports 391,836 barrels of fluid injected for the year, but
23 the permit only allowed 366,000 barrels of fluid to be injected. On the West Maddix Unit
24 #20 SWD report, Operator reports a maximum fluid pressure of 195 pounds per square
25 inch, but Operator was only authorized to inject at gravity. On the West Maddix Unit #32
26 SWD report, Operator reports a maximum fluid pressure of 201 pounds per square inch,
27 but Operator was only authorized to inject at gravity.

28 I have also attached Staff's penalty recommendations in Docket 16-CONS-082-CPEN,
29 which were attached to the Penalty Order, for comparison (Exhibit B). As you can see,
30 the issues there were almost identical.

1 Q. Staff's motion to show cause includes inspection reports on the three wells, based upon
2 inspections that took place in July 2016. Do the findings in those reports indicate whether
3 Operator violated either K.A.R. 82-3-400 or K.A.R. 82-3-409(b) in 2015?

4 A. No. An inspection cannot determine whether too much fluid has been injected during the
5 course of a year, especially an inspection that takes place after the year in question. An
6 inspection can determine whether there is too much pressure on the day of the visit. It can
7 sometimes provide clues that over-pressurization may not have occurred in the past, for
8 example because of the well's current set-up. But an inspection cannot demonstrate that a
9 violation of K.A.R. 82-3-400 did not occur prior to the inspection.

10 Further, it is not Staff's position that a violation of K.A.R. 82-3-400 occurred. It is our
11 position that either a violation of K.A.R. 82-3-400 occurred or a violation of K.A.R. 82-
12 3-409(b) occurred. An inspection can indicate that maybe one type of violation more
13 probably occurred compared to the other, but no matter what there was a violation of
14 either K.A.R. 82-3-400 or K.A.R. 82-3-409(b). Either violation is unacceptable.

15 Q. Why is either violation unacceptable?

16 A. Aside from the fact that our regulations prohibit such violations, over-injection can
17 damage fresh and useable water. Because Staff cannot be onsite at each of the
18 approximately 16,000 injection wells statewide every day, inaccurate data makes it
19 essentially impossible for Staff to verify annual compliance with all injection permits.
20 Inaccurate data also makes it difficult for Staff or the public to systemically analyze
21 wastewater injection issues, which have been of particular interest since the recent
22 increase in seismicity. If Staff cannot rely upon operators to submit accurate data, then
23 the only real alternative way to get that data would be to require various gauges to be
24 installed at each well, which is generally quite expensive.

25 At a more abstract level, failure to address either over-injection or inaccurate data
26 harms the integrity of our injection well program and could jeopardize the Commission's
27 ongoing oversight of Class II injection wells. In short, both over-injection and the
28 submission of inaccurate data are very problematic.

29 Q. Operator was penalized \$1,500 for its violation of either K.A.R. 82-3-400 or K.A.R. 82-
30 3-409 for its 2014 reports. You have testified that Operator has done the same thing at the

1 same wells for a second time, as demonstrated by its 2015 reports. In Staff's opinion,
2 what should be the consequences for these second-time violations?

3 A. Operator has exhibited the same behavior that in Docket 16-CONS-082-CPEN resulted
4 in a finding of three violations and a penalty of \$1,500. The Commission should again
5 find that three violations of either K.A.R. 82-3-400 or K.A.R. 82-3-409 occurred.

6 Further, K.S.A. 55-164 states that assessed penalties shall constitute an actual and
7 substantial economic deterrent to the violation for which the penalty is assessed. It does
8 not appear that \$1,500 was a sufficient economic deterrent to the violations, because
9 Operator has exhibited the same behavior regarding the same wells. Therefore, Staff
10 believes a more substantial penalty is appropriate.

11 Q. Does this conclude your testimony as of this date, January 27, 2017?

12 A. Yes.

ANNUAL REPORT OF PRESSURE MONITORING, FLUID INJECTION AND ENHANCED RECOVERY

Complete all blanks - add pages if needed. Copy to be retained for five (5) years after filing date.

OPERATOR: License # 33372
Name: Taos Resources Operating Company LLC
Address 1: 1455 W LOOP S
Address 2: SUITE 600
City: HOUSTON State: TX Zip: 77027 +
Contact Person: Becky Rojas
Phone: (713) 993-0774
Lease Name: REUNITZ
Well Number: 21-1

API No.: 15-153-20656-00-01
Permit No.: E27992.3
Reporting Year: 2015
(January 1 to December 31)
NW - NE NE Sec. 21 Twp 1 S R 33 | E ☒ W
4943 feet from ☐ N ☒ S Line of Section
1170 feet from ☒ E ☐ W Line of Section
County: Rawlins

I. Injection Fluid:

Type (Pick one): ☐ Fresh Water ☐ Treated Brine ☐ Untreated Brine ☒ Water/Bump
Source: ☒ Produced Water ☐ Other (Attach list)
Quality: Total Dissolved Solids: _____ mg/l Specific Gravity _____ Additives _____
(Attach water analysis, if available)

II. Well Data:

Maximum Authorized Injection Pressure: 1500 psi Injection Zone: LKC "G"
Maximum Authorized Injection Rate: 1000 barrels per day
Total Number of Enhanced Recovery Injection Wells Covered by this Permit: 6 (Include TA's)

III.	Month:	Total Fluid Injected BBL	Maximum Fluid Pressure	Total Gas Injected MCF	Maximum Gas Pressure	# Days of Injection
	January	30607	156	0		31
	February	26702	160	0		28
	March	31810	145	0		31
	April	32128	145	0		30
	May	35359	175	0		31
	June	34556	297	0		30
	July	33781	265	0		31
	August	35145	227	0		31
	September	34293	286	0		30
	October	33269	300	0		31
	November	31700	353	0		30
	December	32486	400	0		31
	TOTAL	391836		0		

Submitted Electronically

Docket 17-3376

Exhibit A

Page 1 of 3



KANSAS CORPORATION COMMISSION 1279621
OIL & GAS CONSERVATION DIVISION

Form U-3C

June 2015

Form must be Typed
Form must be completed
on a per well basis

**ANNUAL REPORT OF PRESSURE MONITORING,
FLUID INJECTION AND ENHANCED RECOVERY**

Complete all blanks - add pages if needed. Copy to be retained for five (5) years after filing date.

OPERATOR: License # 33372
Name: Taos Resources Operating Company LLC
Address 1: 1455 W LOOP S
Address 2: SUITE 600
City: HOUSTON State: TX Zip: 77027 +
Contact Person: Becky Rojas
Phone: (713) 993-0774
Lease Name: West Maddix Unit
Well Number: 20 SWD

API No.: 15-035-24548-00-00
Permit No.: D31848.0
Reporting Year: 2015
(January 1 to December 31)
NE NE SE Sec. 3 Twp 33 S. R. 5 ☒ E ☐ W
2310 feet from ☐ N ☒ S Line of Section
330 feet from ☒ E ☐ W Line of Section
County: Cowley

I. Injection Fluid:

Type (Pick one): ☐ Fresh Water ☐ Treated Brine ☒ Untreated Brine ☐ Water/Brine
Source: ☒ Produced Water ☐ Other (Attach list)
Quality: Total Dissolved Solids: _____ mg/l Specific Gravity: _____ Additives: _____
(Attach water analysis, if available)

II. Well Data:

Maximum Authorized Injection Pressure: 0 psi Injection Zone: Arbuckle
Maximum Authorized Injection Rate: 10000 barrels per day
Total Number of Enhanced Recovery Injection Wells Covered by this Permit: _____ (Include TAs)

III.	Month:	Total Fluid Injected BBL	Maximum Fluid Pressure	Total Gas Injected MCF	Maximum Gas Pressure	# Days of Injection
	January	88068	195	0		31
	February	59404	174	0		28
	March	63782	170	0		31
	April	54716	176	0		30
	May	50359	183	0		31
	June	46240	182	0		30
	July	53648	195	0		31
	August	47641	192	0		31
	September	44301	190	0		30
	October	55365	186	0		31
	November	53370	81	0		30
	December	48043	175	0		31
	TOTAL	664937		0		

Submitted Electronically

Docket 17-3376

Exhibit A

Page 2 of 3



KANSAS CORPORATION COMMISSION 1279626
OIL & GAS CONSERVATION DIVISION

Form U3C
June 2015
Form must be Typed
Form must be completed
on a per well basis

**ANNUAL REPORT OF PRESSURE MONITORING,
FLUID INJECTION AND ENHANCED RECOVERY**

Complete all blanks - add pages if needed. Copy to be retained for five (5) years after filing date.

OPERATOR: License # 33372
Name: Taos Resources Operating Company LLC
Address 1: 1455 W LOOP S
Address 2: SUITE 600
City: HOUSTON State: TX Zip: 77027 +
Contact Person: Becky Rojas
Phone: (713) 993-0774
Lease Name: West Maddix Unit
Well Number: 32 SWD

API No.: 15-035-24587-00-00
Permit No.: D31961.0
Reporting Year: 2015
(January 1 to December 31)
SE SE SE SE Sec. 34 Twp 32 S R 5 ☒ F ☐ W
(0-0-00) 165 feet from ☐ N ☒ S Line of Section
165 feet from ☒ E ☐ W Line of Section
County: Cowley

I. Injection Fluid:

Type (Pick one): ☐ Fresh Water ☐ Treated Brine ☒ Untreated Brine ☐ Water/Brine
Source: ☒ Produced Water ☐ Other (Attach list)
Quality: Total Dissolved Solids: _____ mg/l Specific Gravity: _____ Additives: _____
(Attach water analysis, if available)

II. Well Data:

Maximum Authorized Injection Pressure: 0 psi Injection Zone: Arbuckle
Maximum Authorized Injection Rate: 15000 barrels per day
Total Number of Enhanced Recovery Injection Wells Covered by this Permit: _____ (Include TA's)

III.	Month:	Total Fluid Injected BBL	Maximum Fluid Pressure	Total Gas Injected MCF	Maximum Gas Pressure	# Days of Injection
	January	84641	201	0		31
	February	42789	157	0		28
	March	24353	153	0		31
	April	37187	162	0		30
	May	33849	174	0		31
	June	20383	180	0		30
	July	19013	199	0		31
	August	16241	195	0		31
	September	13585	171	0		30
	October	16199	186	0		31
	November	15934	184	0		30
	December	16558	180	0		31
	TOTAL	340732		0		

Submitted Electronically

Docket 17-3376
Exhibit A
Page 3 of 3

PENALTY ORDER RECOMMENDATION

ROUTINE REPORTED OVER-INJECTION VIOLATION

Note: this sheet will be attached to the Order that is mailed to the operator.

Date of Recommendation:	July 2, 2015
District/Department:	Underground Injection Control
Person Recommending Penalty:	Sanita Dean (Rene Stucky, Supervisor)
Operator Name:	Taos Resources Operating Company LLC
Operator License Number:	33372
Well/Lease Name & Well Number:	REUNITZ #21-1
API Number:	15153206560001
Well/Lease Location, and County:	21-1S-33W, RAWLINS County
UIC Permit Number:	E27992.3
Regulation Number:	K.A.R. 82-3-400 or K.A.R. 82-3-409
Description of Violation:	Unauthorized or misreported injection for 2014
Nature of Unauthorized Injection	In its Annual Injection Report, Operator reported over-injection at the subject well.
Total Barrels of Fluid Injected in 2014, Per Operator's Annual Injection Report:	371143
Total Barrels of Fluid Allowed to be Injected in 2014, Per UIC Permit:	365000 (1000 barrels per day)
Requested Monetary Penalty:	\$500
Requested Operator Activity:	Pay monetary penalty. Submit corrected report if applicable.

Docket 17-3376
Exhibit B
Page 1 of 3

PENALTY ORDER RECOMMENDATION

ROUTINE REPORTED OVER-PRESSURIZATION VIOLATION

Note: this sheet will be attached to the Order that is mailed to the operator.

Date of Recommendation:	July 2, 2015
District/Department:	Underground Injection Control
Person Recommending Penalty:	Sanita Dean (Rene Stucky, Supervisor)
Operator Name:	Taos Resources Operating Company LLC
Operator License Number:	33372
Well/Lease Name & Well Number:	West Maddix Unit #20 SWD
API Number:	15035245480000
Well/Lease Location, and County:	3-33S-5E, COWLEY County
UIC Permit Number:	D31848.0
Regulation Number:	K.A.R. 82-3-400 or K.A.R. 82-3-409
Description of Violation:	Unauthorized or misreported injection for 2014
Nature of Unauthorized Injection	In its Annual Injection Report, Operator reported over-pressurization at the subject well.
Maximum Pressure Reported in 2014, Per Operator's Annual Injection Report (pounds per square inch):	188
Maximum Pressure Allowed, Per UIC Permit (pounds per square inch):	0
Requested Monetary Penalty:	\$500
Requested Operator Activity:	Pay monetary penalty. Submit corrected report if applicable.

Docket 17-3376
Exhibit B
Page 2 of 3

PENALTY ORDER RECOMMENDATION

ROUTINE REPORTED OVER-PRESSURIZATION VIOLATION

Note: this sheet will be attached to the Order that is mailed to the operator.

Date of Recommendation:	July 2, 2015
District/Department:	Underground Injection Control
Person Recommending Penalty:	Sanita Dean (Rene Stucky, Supervisor)
Operator Name:	Taos Resources Operating Company LLC
Operator License Number:	33372
Well/Lease Name & Well Number:	West Maddix Unit #32 SWD
API Number:	15035245870000
Well/Lease Location, and County:	34-32S-5E, COWLEY County
UIC Permit Number:	D31961.0
Regulation Number:	K.A.R. 82-3-400 or K.A.R. 82-3-409
Description of Violation:	Unauthorized or misreported injection for 2014
Nature of Unauthorized Injection	In its Annual Injection Report, Operator reported over-pressurization at the subject well.
Maximum Pressure Reported in 2014, Per Operator's Annual Injection Report (pounds per square inch):	184
Maximum Pressure Allowed, Per UIC Permit (pounds per square inch):	0
Requested Monetary Penalty:	\$500
Requested Operator Activity:	Pay monetary penalty. Submit corrected report if applicable.

Docket 17-3376
Exhibit B
Page 3 of 3

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

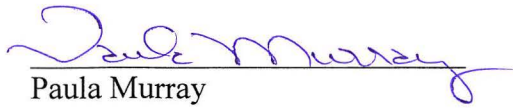
Before Commissioners: Pat Apple, Chair
 Shari Feist Albrecht
 Jay Scott Emler

In the matter of an Order to Show Cause issued)	Docket No. 17-CONS-3376-CSHO
to Taos Resources Operation Company LLC)	
("Operator") for its failure to comply with)	CONSERVATION DIVISION
either K.A.R. 82-3-400 or K.A.R. 82-3-409)	
regarding injection that took place during the)	License No. 33372
2015 calendar year.)	

CERTIFICATE OF SERVICE

I, Paula Murray, certify that on January 27, 2017, I did cause a true and correct copy of the Pre-Filed Testimony of Rene Stucky to be served by United States mail, first class, postage prepaid to the following:

John G. Pike
Withers, Gough, et al.
O.W. Garvey Bldg., Suite 1010
200 W. Douglas
Wichita, Kansas 67202
Attorney for Taos Resources Operation Company LLC


Paula Murray
Legal Assistant
Kansas Corporation Commission