



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

Phone: 316-337-6200  
Fax: 346-337-6211  
<http://kcc.ks.gov/>

Dwight D. Keen, Chair  
Shari Feist Albrecht, Commissioner  
Susan K. Duffy, Commissioner

Laura Kelly, Governor

**NOTICE OF PENALTY ASSESSMENT**  
20-CONS-3021-CPEN

July 18, 2019

Montgomery Escue  
Agricultural Energy Services  
PO Box 31865  
Edmond, OK 73003-0032

This is a notice of a penalty assessment for violation(s) of Kansas Oil and Gas Conservation Statutes, Rules, and Regulations. For a full description of the penalty and process please refer to the Penalty Order that is attached to this notice.

**IF YOU ACCEPT THE PENALTY:**

You have been assessed a \$100 penalty. You have 30 days from the service date of this Penalty Order to pay the fine amount. Check or money order must be made payable to the Kansas Corporation Commission and mailed to the Conservation Division of the Kansas Corporation Commission at 266 N. Main St., Suite 220, Wichita, Kansas 67202. The payment must include a reference to the docket number of this proceeding. Payment by credit card may be made by calling the Conservation Division at 316-337-6200.

**IF YOU CONTEST THE PENALTY:**

You have the right to request a hearing. A written request for hearing must be made within 30 days after service of the Penalty Order setting forth the specific grounds upon which relief is sought. Respondent must submit the request to the Commission, at 266 N. Main St., Suite 220, Wichita, Kansas 67202. The Commission shall conduct a hearing in accordance with the provisions of the Kansas administrative procedure act within 30 days after receipt of such request. K.S.A. 55-164; K.S.A. 77-542; K.A.R. 82-1-215.

**IF YOU FAIL TO ACT:**

Failure to pay the fine amount, or in the alternative, provide a written request for a hearing, within thirty (30) days of service of the Penalty Order, will result in the attached Penalty Order becoming a Final Order and may result in additional sanctions, including additional monetary penalties, the suspension of your oil and gas operating license, and the shutting-in of all operations until compliance is obtained. K.S.A. 55-164; K.S.A. 77-537.

Respectfully,

Carly R. Masenthin  
Litigation Counsel  
785-271-3110



economic deterrent to the violation for which the penalty is assessed.”<sup>5</sup> “In the case of a continuing violation, every day such violation continues shall be deemed a separate violation.”<sup>6</sup>

3. Within 90 days after operations cease on any well drilled for the purpose of exploration, discovery, service, or production of oil, gas, or other minerals, the operator of that well shall: (1) plug the well, (2) return the well to service, or (3) file an application with the Conservation Division requesting temporary abandonment (“TA”) authority, on a form prescribed by the Conservation Division.<sup>7</sup> No well shall be temporarily abandoned unless first approved by the Conservation Division.<sup>8</sup> A well shall not be eligible for TA status if the well has been shut in for 10 years or more without an application for an exception pursuant to K.A.R. 82-3-100 and approval by the Commission.<sup>9</sup> The failure to file a notice of temporary abandonment shall be punishable by a \$100 penalty,<sup>10</sup> and the failure to obtain approval of temporary abandonment status shall subject the Operator to additional administrative action.<sup>11</sup>

4. K.A.R. 82-3-111(e) provides an exemption for certain wells that are (1) fully equipped for production of oil or gas or for injection; (2) capable of immediately resuming production of oil or gas or of injection; (3) subject to a valid continuing oil and gas lease; when (4) the cessation period for the well is less than 365 days; and (5) the well is otherwise in full compliance with all of the Commission’s regulations.

## II. FINDINGS OF FACT

5. The Operator conducts oil and gas activities in Kansas under active license number 34089.

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<sup>5</sup> K.S.A. 55-164.

<sup>6</sup> *Id.*

<sup>7</sup> *See* K.A.R. 82-3-111(a).

<sup>8</sup> K.A.R. 82-3-111(b).

<sup>9</sup> *Id.*

<sup>10</sup> *Id.*

<sup>11</sup> K.S.A. 55-164; K.A.R. 82-3-111(b).

6. The Operator is responsible for the care and control of the Langhofer #1 (“the subject well”), API #15-175-10133-00-01, located in Section 27, Township 33 South, Range 31 West, Seward County, Kansas.

7. On May 28, 2019, Commission records indicated that the subject well had been inactive and unplugged for longer than the 90 days allowed by K.A.R. 82-3-111 and that the well was not exempt pursuant to K.A.R. 82-3-111(e). The well had also not been approved for temporary abandonment status. Thus, District Staff sent a letter to the Operator, requiring the Operator to bring the subject well into compliance with K.A.R. 82-3-111 by June 25, 2019.<sup>12</sup>

8. Because the deadline in the letter passed and the violation had not been resolved, on July 09, 2019, District Staff inspected the subject well, verifying that the well continued to be inactive and unplugged.<sup>13</sup>

### **III. CONCLUSIONS OF LAW**

9. The Commission finds and concludes that it has jurisdiction over the Operator and this matter under K.S.A. 55-152 and K.S.A. 74-623.

10. The Commission finds and concludes the Operator committed one violation of K.A.R. 82-3-111 because the subject well has been inactive in excess of the time allowed by regulation without being plugged, returned to service, or approved for TA status.<sup>14</sup>

#### **THEREFORE, THE COMMISSION ORDERS:**

- A. The Operator shall pay a \$100 penalty.
- B. The Operator shall plug the subject well, or return the well to service, or obtain TA status for the well if eligible. Obtaining TA status shall include application for, and Commission approval of, an exception to the 10-year limit on TA status if applicable.

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<sup>12</sup> Exhibit A.

<sup>13</sup> Exhibit B.

<sup>14</sup> K.S.A. 55-164; K.A.R. 82-3-111(b).

C. If no party requests a hearing, and the Operator is not in compliance with this Order within 30 days from the date of service of this Order, then the Operator's license shall be suspended without further notice. The notice and opportunity for a hearing on this Order shall constitute the notice required by K.S.A. 77-512 regarding license suspension. The Commission may impose further sanctions, including additional monetary penalties and any other remedies available to the Commission by law, without further notice.

D. Checks and money orders shall be payable to the Kansas Corporation Commission. Payments shall be mailed to the Kansas Corporation Commission at 266 N. Main St., Suite 220, Wichita, Kansas 67202. The payment must include a reference to the docket number of this proceeding. Credit card payments may be made by calling the Conservation Division at 316-337-6200.

E. 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.

F. A corporation shall appear before the Commission by a Kansas licensed attorney.<sup>15</sup>

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

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<sup>15</sup> K.S.A. 77-515(c); K.A.R. 82-1-228(d)(2).

**BY THE COMMISSION IT IS SO ORDERED.**

Keen, Chair; Albrecht, Commissioner; Duffy, Commissioner

Dated: 07/18/2019



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Lynn M. Retz  
Executive Director

Mailed Date: 07/18/2019

CRM

Conservation Division  
District Office No. 1  
210 E. Frontview, Suite A  
Dodge City, KS 67801



Phone: 620-682-7933  
<http://kcc.ks.gov/>

Dwight D. Keen, Chair  
Shari Feist Albrecht, Commissioner  
Susan K. Duffy, Commissioner

Laura Kelly, Governor

May 28, 2019

Montgomery Escue  
Agricultural Energy Services  
PO BOX 31865  
EDMOND, OK 73003-0032

Re: Temporary Abandonment  
API 15-175-10133-00-01  
LANGHOFER 1  
NE/4 Sec.27-33S-31W  
Seward County, Kansas

Dear Montgomery Escue:

Your application for Temporary Abandonment (TA) for the above-listed well is denied for the following reasons(s):

**High Fluid Level**

Pursuant to K.A.R. 82-3-111, the well must be plugged, or returned to service, or obtain temporary abandonment status by June 25, 2019.

**This deadline does NOT override any compliance deadline given to you in any Commission Order.**

You may contact me if you have any questions.

Sincerely,  
Michael Maier  
KCC DISTRICT 1

# KCC OIL/GAS REGULATORY OFFICES

Date: 7/9/19

District: 1

Case #: \_\_\_\_\_

- New Situation
- Response to Request
- Follow-Up

- Lease Inspection
- Complaint
- Field Report

Operator License No: 34089

API Well Number: 15-1756-10133-00-01

Op Name: Agricultural Energy Services

Spot: NE NW NE NE Sec 27 Twp 33 S Rng 31  E /  W

Address 1: \_\_\_\_\_

4935 Feet from  N /  S Line of Section

Address 2: P.O. Box 31865

935 Feet from  E /  W Line of Section

City: Edmond

GPS: Lat: 37.15449 Long: 100.67520 Date: 7/9/19

State: OK Zip Code: 73003 -0032

Lease Name: Langhofer Well #: 1

Operator Phone #: (405) 208-2096

County: Seward

**Reason for Investigation:**

Check well status

**Problem:**

well is inactive

**Persons Contacted:**

None

**Findings:**

Langhofer 1 is a gas well that has been denied TA. The well has swedge and a valve on it and is not hooked up to flow line so it is not producing.

**Action/Recommendations:**

Follow Up Required  Yes  No

Date: \_\_\_\_\_

Send to Legal

**Verification Sources:**

Photos Taken: 1

- |  |   |  |
|--|---|--|
| <input checked="" type="checkbox"/> RBDMS                            | <input checked="" type="checkbox"/> KGS | <input checked="" type="checkbox"/> TA Program |
| <input type="checkbox"/> T-I Database                                | <input type="checkbox"/> District Files | <input type="checkbox"/> Courthouse            |
| <input checked="" type="checkbox"/> Other: <u>On Site Inspection</u> |   |  |

By: \_\_\_\_\_

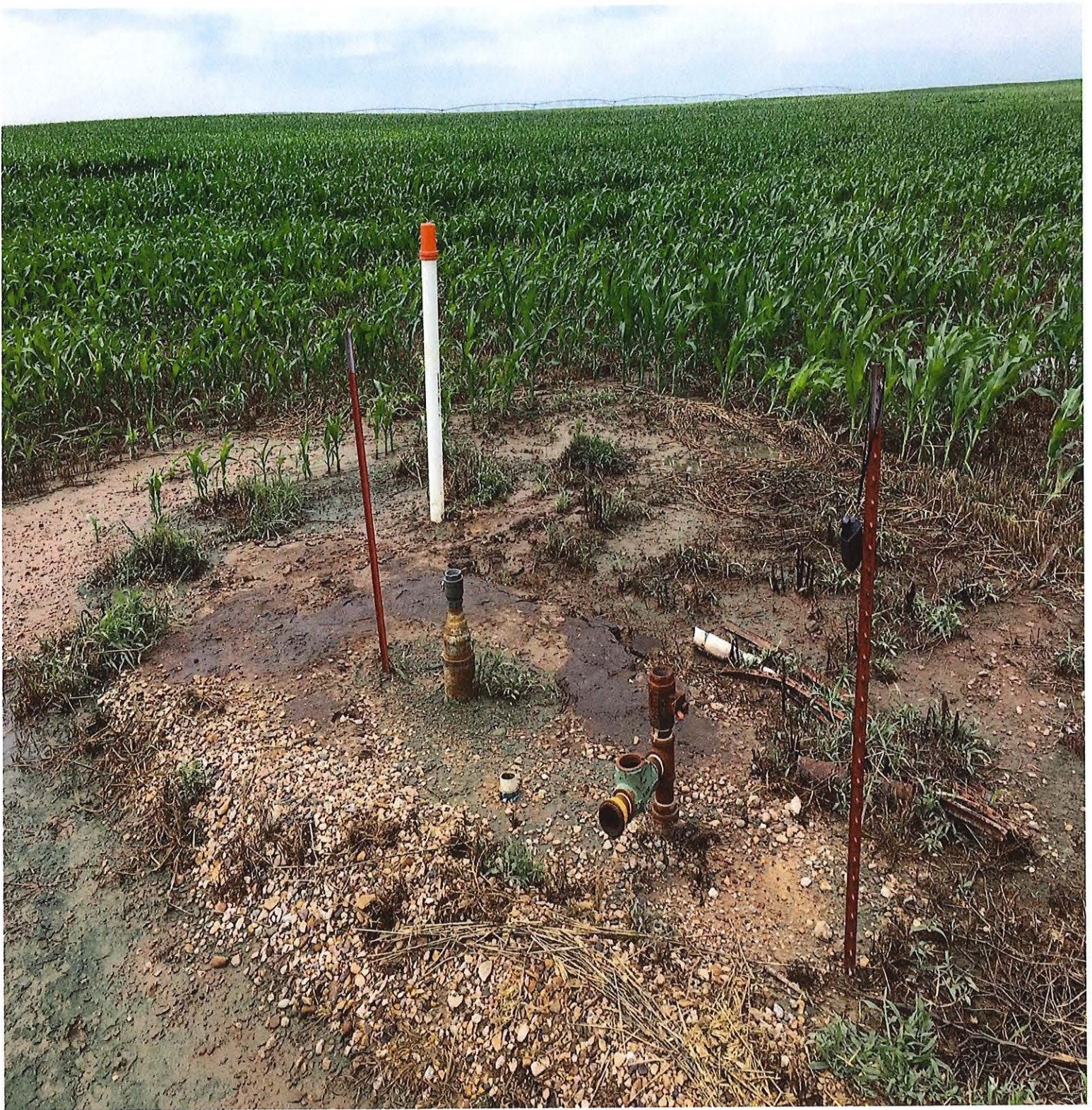
Heith Walsh

Retain 1 Copy District Office  
Send 1 Copy to Conservation Division

SA

Form: \_\_\_\_\_





7/9/19

Agricultural Energy Services

Langhofer 1

Seward Co.

NE27-33-31

Facing southwest showing the swedge and the valve not hooked up to a flow line.

Exhibit B  
Page 2 of 2



**CERTIFICATE OF SERVICE**

20-CONS-3021-CPEN

I, the undersigned, certify that a true copy of the attached Order has been served to the following by means of first class mail and electronic service on 07/18/2019.

MONTGOMERY ESCUE  
AGRICULTURAL ENERGY SERVICE INC.  
PO BOX 31865  
EDMOND, OK 73003-0032  
montgomery.escue@agenergy.com

FRED MACLAREN  
KANSAS CORPORATION COMMISSION  
DISTRICT OFFICE NO. 1  
210 E. FRONTVIEW SUITE A  
DODGE CITY, KS 67801  
Fax: 785-271-3354  
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m.pennington@kcc.ks.gov

/S/ DeeAnn Shupe  
\_\_\_\_\_  
DeeAnn Shupe