

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

In the Matter of the Application of KanOK) Docket No. 22-CONS-3473-CMSC
Energy, LLC (Operator) for an Operator's)
License Renewal.) CONSERVATION DIVISION
)
) License No. 35428
_____)

PRE-FILED DIRECT TESTIMONY OF

KENNY SULLIVAN

ON BEHALF OF COMMISSION STAFF

AUGUST 26, 2022

1 **Q. What is your name and business address?**

2 A. Kenny Sullivan, 210 E. Frontview, Suite A, Dodge City, Kansas, 67801.

3 **Q. By whom are you employed and in what capacity?**

4 A. I am employed by the Conservation Division of the Kansas Corporation Commission
5 (Commission), District #1 Office, as the District #1 Professional Geologist Supervisor.

6 **Q. Would you please briefly describe your background and work experience?**

7 A. I received my Bachelor Degree in Geology from Fort Hays State University in 2011.
8 Additionally, I received a professional geology license from the State of Kansas in 2021. I
9 have worked at the Commission for over eleven years. I was an Environmental Compliance
10 and Regulatory Specialist (ECRS) for three years, a Geology Specialist for six years, and I
11 have been the District #1 Supervisor for the past two years.

12 **Q. What duties does your position with the Conservation Division entail?**

13 A. I oversee the daily operations of the District #1 Office as they relate to oil and gas activities.
14 I currently supervise one Geology Specialist, ten ECRS's, and one Administrative Specialist.

15 **Q. Have you previously testified before this Commission?**

16 A. Yes.

17 **Q. What is the purpose of your testimony in this matter?**

18 A. The purpose of my testimony is to discuss the evidence supporting the Commission's findings
19 relating to the Order Denying Application for License issued to KanOK Energy, LLC
20 (Operator) in Docket 22-CONS-3473-CMSC (Docket 22-3473).

1 **Q. What are your responsibilities in the review of the license application submitted by**
2 **Operator in this docket?**

3 A. My responsibilities as the District #1 Supervisor are to provide oversight for the inspection of
4 Operator's leases, to assist in analyzing the data collected by the ECRS Staff when inspecting
5 those leases, and to coordinate information between Conservation Division District #1 Staff
6 and Legal Staff.

7 **Q. Where are Operator's wells located?**

8 A. All the wells on Operator's license are located in counties overseen by District #1 Staff. A list
9 of Operator's wells is attached to this testimony as *Exhibit KS-1*.

10 **Q. When did Operator first receive a license?**

11 A. Operator first received a license from the Commission on January 10, 2017.

12 **Q. After receiving a license, has Operator been in violation of any Commission rules or**
13 **regulations?**

14 A. As *Exhibit KS-2* shows, since 2017, Operator has received eleven penalty or shut-in orders
15 from the Commission. I would note that in Docket 19-CONS-3162-CPEN, Operator received
16 a temporary abandonment (TA) violation at the Amigo #31-399 well. Less than four years
17 later, in Docket 22-CONS-3292-CPEN, Operator received another TA violation for the same
18 well. Additionally, in Docket 17-CONS-3544-CPEN, Operator received a Shut-In Order and
19 \$2,500 penalty from the Commission for operating on a suspended license. Less than four
20 years later, in Docket 22-CONS-3418-CPEN, Operator received another Shut-In Order and a
21 \$25,000 penalty from the Commission for operating on a suspended license.

1 **Q. How many times has Operator's license been suspended?**

2 A. As *Exhibit KS-3* shows, since 2017, Operator's license has been suspended ten times. In fact,
3 Operator's license has been suspended in every single penalty docket opened by the
4 Commission. In two of those instances, Operator's license was suspended for more than a
5 year before Operator brought itself back into compliance with Commission orders.

6 **Q. Do you believe Operator's compliance issues indicate a disregard for Commission rules**
7 **and regulations?**

8 A. Yes, I believe Operator's compliance issues demonstrate a disregard for the Commission's
9 rules and regulations. Operator has received eleven penalty and shut-in orders in a little over
10 five years, as well as ten license suspensions in the same amount of time. Operator's actions
11 place a burden on District #1 resources, and are an impediment to Staff's ability to accomplish
12 other tasks.

13 **Q. Does this conclude your testimony?**

14 A. Yes.

Operator Well Inventory

Lease Name	Well#	API#	TVD	COUNTY	Sec/Twp/Rng/Dir	Q4Q3Q2Q1	Ft.N/S	Ft.E/W	Well Type	Well Status	KDOR Gas/Oil
ADAMS L	3	15081211040001	5650	HASKELL	33 29 34 W	E2SWSWSE	330 S	2060E	OIL	IN	221665 134981
ANGEL OWWO	1	15055207300001	2685	FINNEY	5 26 31 W	NENENWNW	5557 S	4020E	GAS	IN	215071
BALLINGER	1-9	15175215890000	6603	SEWARD	9 35 32 W	SESWSENE	2706 S	1001E	GAS	PR	222103
BIEGERT	1	15055003330000	2667	FINNEY	30 22 34 W	NENESW	2313 S	2967E	GAS	IN	200311
BIEGERT	2-30	15055208750000	3100	FINNEY	30 22 34 W	NW	4037 S	3836E	GAS	IN	216986
BUSH - A	2	15175207790000	6400	SEWARD	36 33 33 W	SESENE	2970 S	353 E	GAS	IN	212161 127148
CARTER	1041	15075300300001	2299	HAMILTON	10 24 41 W	SENENENW	4796 S	2741E	GAS	PR	205699
CARTER B	1	15075100010002	2320	HAMILTON	4 24 41 W	E2NWNW	4641 S	1623E	GAS	PR	205698
CLAYPOOL	D1-21	15093204820000	4600	KEARNY	21 22 35 W	NWNW	4585 S	4591E	GAS	IN	208376
DOWDY A	2	15189221670000	6350	STEVENS	31 33 38 W	NESWNE	3697 S	1379E	GAS	IN	221847
FERRIN	3-15	15033211370000	5200	COMANCHE	15 31 17 W	SW	1280 S	3966E	GAS	IN	223868
FINCHAM D	2	15175203890001	6355	SEWARD	29 33 34 W	SESE	637 S	660 E	GAS	IN	222332
GLOVER E C	1-23	15075201630000	2375	HAMILTON	23 24 41 W	NE	3964 S	1192E	GAS	PR	205858
HEINTZ	1	15129000740000	4742	MORTON	7 35 42 W	SWNENE	4043 S	1257E	GAS	PR	201936
HJV ALLBRITTEN A	1	15189224010001	6620	STEVENS	21 33 36 W	NENE	4641 S	671 E	GAS	IN	223674
HJV FLUMMERFELT A	1	15189223550000	6250	STEVENS	10 33 39 W	N2NENE	4967 S	699 E	GAS	IN	223136 135658
HJV PONDER A	1	15189224460000	6400	STEVENS	10 32 38 W	W2W2NW	1310 N	330 W	GAS	IN	224548 136133
HUXMAN	7-14	15081300830002	4275	HASKELL	14 30 34 W	SWSE	799 S	1978E	GAS	IN	221710 108948
JENSEN	1	15129100150000	3302	MORTON	27 32 42 W	NE	3951 S	1299E	GAS	PR	202115
KATTERJOHN	1	15075100050000	2821	HAMILTON	3 21 41 W	SWNE	3300 S	2013E	GAS	PR	205657
KATTERJOHN	2	15075207970000	3200	HAMILTON	3 21 41 W	SW	1320 S	1320W	GAS	PR	224405
KELLY	D1	15189211030000	6825	STEVENS	22 34 39 W	W2NENE	4632 S	1249E	GAS	IN	214827 128213
KIRKPATRICK	1	15081003610000	2715	HASKELL	26 28 32 W	SW	1335 S	3976E	GAS	PR	202220
LEATHERS LAND A	4A	15081211730002	5560	HASKELL	10 30 34 W	W2NWNW	4615 S	4949E	OIL	IN	114851
LEONARD B	4	15189224400000	6275	STEVENS	3 32 38 W	W2E2E2NW	4050 S	3028E	OIL	IN	224416 136053
LEWIS	2	15075207960000	3200	HAMILTON	36 21 42 W	SE	1249 S	1331E	GAS	IN	224404
LIBERAL	29-18	15175204450000	6600	SEWARD	4 35 33 W	E2SESE	656 S	610 E	GAS	PR	210447 130186
LIGHT	1-9	15175209180000	6802	SEWARD	9 35 32 W	S2SWSW	324 S	4710E	GAS	PR	219602
LIGHTY A	1	15067215410000	5700	GRANT	21 29 35 W	S2SWSW	337 S	4603E	OIL	IN	136134
MAXFIELD	2	15075207950000	3204	HAMILTON	2 21 41 W	SW	1320 S	3960E	GAS	PR	224403
MAXFIELD GU	1	15075100070000	2834	HAMILTON	2 21 41 W	NESW	1980 S	1980W	GAS	PR	205656
MAXWELL B	2	15175215920000	6400	SEWARD	23 33 34 W	SWSE	660 S	2012E	GAS	IN	221599 134259
MCCLURE D	5	15189223710000	6250	STEVENS	33 31 38 W	SWNWSE	1647 S	2319E	OIL	PR	223398 135318
O DEA JAMES - A	1	15189209220000	5807	STEVENS	4 31 35 W	NWNE	4667 S	1890E	GAS	IN	214369
OVERTON THOMAS P	1-26	15075201690000	2425	HAMILTON	26 24 41 W	NE	4094 S	1359E	GAS	PR	208981
OWINGS HAZEL	1	15075100080000	2730	HAMILTON	12 22 42 W	SWNE	3279 S	1971E	GAS	IN	205655
RILEY D	5A	15129105990000	4650	MORTON	27 34 42 W	SWSE	646 S	2011E	GAS	PR	206138
RUSSELL UNIT	1	15055008190000	2715	FINNEY	7 24 31 W	NENESWNW	3953 S	3999E	GAS	IN	203403

Operator Well Inventory

Lease Name	Well#	API#	TVD	COUNTY	Sec/Twp/Rng/Dir	Q4Q3Q2Q1	Ft.N/S	Ft.E/W	Well Type	Well Status	KDOR Gas/Oil
SCHMIDT C	1	15189205510000	6225	STEVENS	30 32 37 W	W2NWNW	660 N	330 W	GAS	IN	210707 117203
SMITH N	1	15189204200000	6140	STEVENS	12 33 38 W	SWSWNW	2981 S	4955 E	GAS	PR	209522 112978
STARKY	1	15075300310001	2320	HAMILTON	11 24 41 W	SE	3737 S	3370 E	GAS	PR	205700
TRAVIS	1-18	15175218790000	6705	SEWARD	18 35 32 W	SE	451 S	1637 E	GAS	PR	224229
USA	1	15129104350000	3263	MORTON	13 34 42 W	SW	1320 S	1320 W	GAS	PR	204064
WARREN	1-1	15055003040000	2650	FINNEY	1 22 34 W	NW	1320 N	1320 W	GAS	PR	204361
WARREN A	2H	15055215370000	2650	FINNEY	2 22 34 W	SE	1390 S	1390 E	GAS	PR	221716
WOODROW LEWIS U	1	15075100100000	2784	HAMILTON	36 21 42 W	SWNE	3260 S	1988 E	GAS	IN	205665

KanOK Energy, LLC Penalty Orders and Shut-In Orders

Docket	Date Issued	Type of Violation	Penalty Amount
17-CONS-3544-CPEN*	4/20/2017	TA violation at one well.	\$100
17-CONS-3544-CPEN*	6/12/2018	Staff suspended Operator's license for non-compliance with the Penalty Order in Docket 17-CONS-3544-CPEN. Operator continued to unlawfully produce. The Commission issued a Shut-In Order in the same docket.	\$2,500
19-CONS-3162-CPEN*	11/6/2018	TA violation at the Amigo #31-399 well.	\$100
19-CONS-3313-CPEN*	4/2/2019	Unplugged wells on an expired license. The Commission rescinded the Penalty Order after Staff discovered it had made a clerical error.	Rescinded
20-CONS-3237-CPEN*	3/3/2020	Unplugged wells on an expired license.	\$500
21-CONS-3034-CPEN*	8/11/2020	TA violations at four wells.	\$400
21-CONS-3046-CPEN*	8/25/2020	TA violations at three wells.	\$300
21-CONS-3074-CPEN*	10/1/2020	TA violation at one well.	\$100
21-CONS-3145-CPEN*	1/21/2021	TA violations at ten wells. One violation for not posting a current identification sign.	\$1,100
22-CONS-3198-CPEN	11/9/2021	TA violation at one well.	\$100
22-CONS-3292-CPEN	2/3/2022	TA violation at the Amigo #31-399 well.	\$100
22-CONS-3418-CPEN	5/10/2022	Shut-In Order for unlawful production under a suspended license.	\$25,000

* Operator was operating under the name Vince Coble dba Derrick Resources, Inc. when the Commission issued this Order. Operator changed its name to KanOK Energy, LLC on March 25, 2021, but its license number remained the same.

KanOK Energy, LLC License Suspensions

Docket	Date License Suspended	Date License Reinstated	Number of Days License Suspended
17-CONS-3544-CPEN*	5/26/2017	7/18/2018	418
19-CONS-3162-CPEN*	12/14/2018	1/31/2020	413
19-CONS-3313-CPEN*	5/16/2019	6/4/2019	Penalty Order rescinded
20-CONS-3237-CPEN*	9/14/2020	1/19/2021	127
21-CONS-3034-CPEN*	9/28/2020	2/16/2021	141
21-CONS-3046-CPEN*	10/9/2020	2/16/2021	130
21-CONS-3074-CPEN*	11/17/2020	2/16/2021	91
21-CONS-3145-CPEN*	2/25/2021	3/12/2021	15
22-CONS-3198-CPEN	2/25/2022	3/31/2022	34
22-CONS-3292-CPEN	3/17/2022	8/17/2022	153
22-CONS-3418-CPEN	6/21/2022	Still Suspended	

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CERTIFICATE OF SERVICE

22-CONS-3473-CMSC

I, the undersigned, certify that a true and correct copy of the attached Prefiled Direct Testimony of Kenny Sullivan has been served to the following by means of electronic service on August 26, 2022.

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/s/ Paula J. Murray

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