

STATE OF KANSAS



CORPORATION COMMISSION  
CONSERVATION DIVISION  
266 N. MAIN ST., STE. 220  
WICHITA, KS 67202-1513

PHONE: 316-337-6200  
FAX: 316-337-6211  
<http://kcc.ks.gov/>

GOVERNOR JEFF COLYER, M.D.

SHARI FEIST ALBRECHT, CHAIR | JAY SCOTT EMLER, COMMISSIONER | DWIGHT D. KEEN, COMMISSIONER

**NOTICE OF PENALTY ASSESSMENT**  
19-CONS-3074-CPEN

August 23, 2018

Kelley Edgar dba Kelley Edgar Oil & Gas Operations  
PO Box 444  
Wellington, KS 67152-0444

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,

Lauren N. Wright  
Litigation Counsel  
316-337-6200

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

Before Commissioners:           Shari Feist Albrecht, Chair  
  Jay Scott Emler  
  Dwight D. Keen

In the matter of the failure of Kelley Edgar	)	Docket No.: 19-CONS-3074-CPEN
dba Kelley Edgar Oil & Gas Operations	)	
("Operator") to comply with K.A.R. 82-3-111	)	CONSERVATION DIVISION
at the Coggins #1 in Sumner County, Kansas.	)	
<hr/>		License No.: 33322

**PENALTY ORDER**

The above captioned matter comes before the State Corporation Commission of the State of Kansas (Commission). 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 the exclusive jurisdiction and authority to regulate oil and gas activities in Kansas.<sup>1</sup> The Commission has jurisdiction to regulate the "construction, operation, and abandonment of any well and the protection of the usable water of this state from any actual or potential pollution from any well."<sup>2</sup> Every operator conducting oil and gas activity in Kansas must be licensed by the Commission.<sup>3</sup>

2.       The Commission has the authority to issue a Penalty Order for violation of any provision of K.S.A. 55-101 *et seq.*, rule, regulation, or order of the Commission.<sup>4</sup> The Commission shall take appropriate action which may include, but not be limited to, imposing a monetary penalty "not to exceed \$10,000, which shall constitute an actual and substantial

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<sup>1</sup> K.S.A. 74-623.

<sup>2</sup> K.S.A. 55-152.

<sup>3</sup> K.S.A. 55-155.

<sup>4</sup> K.S.A. 55-162; K.S.A. 55-164.

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 33322.

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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 Coggins #1 (“the subject well”), API #15-191-00636-00-00, located in Section 9, Township 35 South, Range 2 East, Sumner County, Kansas.

7. On July 03, 2018, 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 August 2, 2018.<sup>12</sup>

8. Because the deadline in the letter passed and the violation had not been resolved, on August 08, 2018, 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.**

Albrecht, Chair; Emler, Commissioner; Keen, Commissioner

Dated: 08/23/2018



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Lynn M. Retz  
Secretary to the Commission

Mailed Date: 08/24/2018

LW



Shari Feist Albrecht, Chair  
Jay Scott Emler, Commissioner  
Dwight D. Keen, Commissioner

Jeff Colyer, M.D., Governor

## **TEMPORARY ABANDONMENT DENIED**

KELLEY EDGAR  
EDGAR, KELLEY DBA KELLEY EDGAR OIL & GAS  
OPERATIONS  
PO BOX 444  
WELLINGTON KS 67152-0444

July 03, 2018  
KCC Lic.-33322

RE: API Well No. 15-191-00636-00-00  
COGGINS 1  
9-35S-2E, NENWNW  
SUMNER County, Kansas

Dear Operator:

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

**According to KCC records the well has not produced within the last 10 yrs.**

In accordance with K.A.R. 82-3-111, this well must be plugged or returned to service by AUGUST 02, 2018.

You may contact me at the number below if you have any questions.

Sincerely,

DAN FOX  
KCC District # 2

# KCC OIL/GAS REGULATORY OFFICES

Date: 05/04/17

District: 02

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

- ☐ New Situation  
☐ Response to Request  
☒ Follow-Up

- ☒ Lease Inspection  
☐ Complaint  
☒ Field Report

Operator License No: 33322

API Well Number: 15-191-00636-00-00

Op Name: Edgar, Kelley dba Kelley Edgar Oil & Gas Operations

Spot: NE NW NW Sec 9 Twp 35 S Rng 2 ☒ E ☐ W

Address 1: PO Box 444

330 Feet from ☒ N ☐ S Line of Section

Address 2: \_\_\_\_\_

990 Feet from ☐ E ☒ W Line of Section

City: Wellington

GPS: Lat: 37.02700 Long: 97.21608 Date: 5/16/17

State: KS Zip Code: 67152 -0444

Lease Name: Coggins Well #: 1

Operator Phone #: (316) 461-8107

County: Sumner

**Reason for Investigation:**

Inactive lease

**Problem:**

Coggins #1 has not produced in over 10 years.

**Persons Contacted:**

Kelley Edgar-Operator

**Findings:**

January 2, 2018-Field inspection conducted at the above stated lease, there has been no activity and no change in the status of this well. District 2 records indicated the Coggins #1 has not produced in the last 10 yrs.

Feb. 6, 2018-No activity at the Coggins #1, this well has not produced in over 10 years.

June 12, 2018-Follow lease inspection finds no change in status. No activity at well or tank battery.

August 8, 2018-Another follow up lease inspection conducted to find no change in status of well, no activity. Well has not produced for over 10 yrs.

**Action/Recommendations:**

Follow Up Required ☒ Yes ☐ No ☐

Date: 8/6/18

January 8, 2018-NOV letter went out to operator with a deadline of February 5, 2018.

Theres been no response from operator. Recommend a Commission order for operator to plug well or return to service or file for an exception to the 10 yr. limitation.

Another Temporary Abandonment denied letter was sent back on July 3, 2018, with deadline of August 2, 2018. No response from operator. I recommend a Commission order for operator to plug the well, return to service or file for an exception to the 10 yr. limitation.

**Verification Sources:**

Photos Taken: Yes

<input checked="" type="checkbox"/> RBDMS	<input checked="" type="checkbox"/> KGS	<input checked="" type="checkbox"/> TA Program
<input type="checkbox"/> T-I Database	<input checked="" type="checkbox"/> District Files	<input type="checkbox"/> Courthouse
<input type="checkbox"/> Other: _____		

By: Daniel K. Fox-ECRS

Retain 1 Copy District Office  
 Send 1 Copy to Conservation Division

Form: Exhibit B

Page 1 of 2



Coggins #1, Inactive well. API#15-191-00636-00-00. Located in the NW/4 of 9-35S-2E, Sumner County.  
Operated by: Edgar, Kelley dba Edgar Oil & Gas Operations. Lic. #33322. Photo taken by Dan Fox-ERCS.  
Well status has not changed no activity and well has no produced for over 10 yrs.



## **CERTIFICATE OF SERVICE**

19-CONS-3074-CPEN

I, the undersigned, certify that the true copy of the attached Order has been served to the following parties by means of first class mail and electronic service on 08/23/2018.

KELLEY EDGAR  
D/B/A KELLEY EDGAR OIL & GAS OPERATIONS  
PO BOX 444  
WELLINGTON, KS 67152-0444

DANIEL FOX, COMPLIANCE OFFICER, KCC DISTRICT 2  
KANSAS CORPORATION COMMISSION  
DISTRICT OFFICE NO. 2  
3450 N. ROCK RD BLDG 600 STE 601  
WICHITA, KS 67226  
Fax: 316-630-4005  
d.fox@kcc.ks.gov

LAUREN WRIGHT, LITIGATION COUNSEL  
KANSAS CORPORATION COMMISSION  
Conservation Division  
266 N. Main St. Ste. 220  
WICHITA, KS 67202-1513  
Fax: 316-337-6211  
l.wright@kcc.ks.gov

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