

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



2017-11-21 15:50:42  
Kansas Corporation Commission  
/s/ Lynn M. Retz Phone: 316-337-6200  
Fax: 316-337-6211  
<http://kcc.ks.gov/>

Pat Apple, Chairman  
Shari Feist Albrecht, Commissioner  
Jay Scott Emler, Commissioner

Sam Brownback, Governor

**NOTICE OF PENALTY ASSESSMENT**  
18-CONS-3221-CPEN

November 21, 2017

Mahesh K. Chhabra  
VEEM Jade Oil & Gas LLC  
11417 S. Granite Avenue  
Tulsa, OK 74137-8110

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 \$400 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,

Jonathan R. Myers  
Litigation Counsel  
316-337-6200

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

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

|   |   |                               |
|---|---|-------------------------------|
| In the matter of the failure of VEEM Jade Oil | ) | Docket No.: 18-CONS-3221-CPEN |
| & Gas LLC ("Operator") to comply with         | ) |                               |
| K.A.R. 82-3-111 at the Daves #D21, Smith A    | ) | CONSERVATION DIVISION         |
| #2, Smith B #10 and Smith B #12 in Elk        | ) |                               |
| County, Kansas.                               | ) | License No.: 32874            |

**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. Pursuant to K.S.A. 74-623, the Commission shall have the exclusive jurisdiction and authority to regulate oil and gas activities.
2. Pursuant to K.S.A. 55-162, whenever the Commission, from investigation or upon written complaint filed with the Commission, finds reasonable cause to believe that a person has violated any provision of K.S.A. 55-150 *et seq.*, or any rules and regulations adopted pursuant to K.S.A. 55-150 *et seq.*, the Commission shall cause such person to come before it at a hearing held in accordance with the provisions of the Kansas Administrative Procedure Act (KAPA). After such hearing, if the Commission finds that such person violated any provisions of K.S.A. 55-150 *et seq.*, the Commission shall take any appropriate action necessary to prevent pollution and protect water supply.
3. Pursuant to K.S.A. 55-164, in addition to any other penalty provided by law, the Commission, upon finding that an operator or contractor has violated the provisions of K.S.A.

55-150 *et seq.*, or any rule and regulation or order of the Commission, may impose a penalty not to exceed \$10,000, which shall constitute an actual and substantial economic deterrent to the violation for which the penalty is assessed. In the case of continuing violation, every day such violation continues shall be deemed a separate violation.

4. Pursuant to K.A.R. 82-3-111, 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 either (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. 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. The failure to file a notice of temporary abandonment shall be punishable by a \$100 penalty.

5. K.A.R. 82-3-111(e) provides an exemption for certain wells that are (1) fully equipped and capable of 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**

6. Operator conducts oil and gas activities in Kansas under license number 32874.

7. Operator is responsible for the care and control of the following wells, all located in Township 29 South, Range 9 East, Elk County, Kansas.

- a. Daves #D21, API #15-049-21631-00-00, located in Section 27;
- b. Smith A #2, API #15-049-21717-00-00, located in Section 28;



- c. Smith B #10, API # 15-049-21865-00-00, located in Section 21; and
- d. Smith B #12, API #15-049-21954-00-00, located in Section 21.

8. District Staff inspected the subject wells and collected evidence indicating the subject wells have been inactive and unplugged for longer than the 90 days allowed by K.A.R. 82-3-111. A copy of the inspection is attached hereto as Attachment “A” and is hereby incorporated by reference. The wells did not appear to be exempt pursuant to K.A.R. 82-3-111(e). Operator either did not file TA applications or did not bring the wells into compliance after TA applications were denied.

9. District Staff sent letters to Operator, requiring Operator to bring the subject wells into compliance with K.A.R. 82-3-111 by September 6, 2016. Copies of the letters are attached hereto as Attachment “B” and are hereby incorporated by reference.

10. District Staff inspected the subject wells after the deadline in the letters passed, verifying that the wells continued to be inactive and unplugged. A copy of the inspections is attached hereto as Attachment “C” and is hereby incorporated by reference.

11. District Staff collected evidence and submitted it to the Legal Department with a recommendation that the Commission issue this Order. The recommendation sheets submitted by District Staff are attached to this Order as Attachment “D” and hereby incorporated by reference, and shall serve as the concise and explicit statement of facts required by K.S.A. 77-526.

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

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

13. The above findings of fact are sufficient evidence to support the conclusion that Operator committed four violation(s) of K.A.R. 82-3-111 because the subject wells have been

inactive in excess of the time allowed by regulation without being plugged, returned to service, or approved for TA status.

**THEREFORE, THE COMMISSION ORDERS:**

- A. Operator shall pay a \$400 penalty.
- B. Operator shall plug the subject wells, return the subject wells to service, or obtain TA status for the subject wells 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.
- C. If no party requests a hearing, and Operator is not in compliance with this Order within 30 days, then 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. If a party requests a hearing, a corporation or similar entity shall not be permitted to enter an appearance except by its attorney. K.A.R. 82-1-228(d). Attorneys for all parties shall enter their appearances in Commission proceedings by giving their names and addresses for the record.

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

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

Apple, Chairman; Albrecht, Commissioner; Emler, Commissioner

Dated: NOV 21 2017

  
\_\_\_\_\_  
Lynn M. Retz  
Secretary to the Commission

Mailed Date: November 21, 2017

JRM

## KCC OIL/GAS REGULATORY OFFICES

Inspection Date 10/25/2017

District: 3

Incident Number:

5934

☐ New Situation

☒ Lease Inspection

☐ Response to Request

☐ Complaint

☐ Follow-up

☒ Field Report

Operator License No: 32874

API: 15-049-21631-00-00

Q3 NW Q2: NW Q1: NW

Operator Name: VEEM Jade Oil & Gas, LLC

SEC 27 TWP 29 RGE 9 RGEDIR E

Address: 11417 S Granite Ave

FSL: 4963

City: Tulsa

FEL: 4909

State: OK Zip Code: 74137

Lease: Daves

Well No.: D21

Phone contact: 918-519-0429

County: EK

### Reason for Investigation:

To check status of well.

### Problem:

Well has been denied for TA status because it is completed Alternate I and needs a casing integrity test done on well.

### Persons contacted:

District #3 Staff, Jim Harrington, 620-515-4715 (pumper)

### Findings:

On October 25, 2017 I went to the above mentioned lease. I gps'd the well and corrected the footages accordingly on RBDMS. I took picture of the inactive oil well. The well bore is open to the environment. It appears to have no downhole equipment in it. The well has 4 1/2" production casing.

### Actions / Recommendation

### Follow-up Required ☐

### Deadline Date:

Recommend the well have a satisfactory casing integrity test and approved TA (CP-111), put back into production or plugged. Operator did not meet their 30 day deadline in the NOV letter generated through KOLAR, to have one of these three things done. I recommend the fine be accessed.

### Photo's Taken:

1

☒ RBDMS

☒ KGS

☐ TA DBF

Report Prepared By: Duane A. Sims

☐ T1 DBF

☒ District Files

☐ Courthouse

Position: E.C.R.S.



# KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



|                  |                          |                         |             |
|------------------|--------------------------|-------------------------|-------------|
| <b>Operator:</b> | VEEM Jade Oil & Gas, LLC | <b>KLN:</b>             | 32874       |
| <b>Lease:</b>    | Daves                    | <b>Legal:</b>           | 27-29-9E    |
| <b>County</b>    | ELK                      | <b>PIC ID #:</b>        | IMG 0069    |
| <b>Subject:</b>  | Denied TA                | <b>Pic Orientation:</b> | Facing East |
| <b>FEL:</b>      | 4909                     | <b>LATITUDE</b>         | 37.504187   |
| <b>FSL:</b>      | 4963                     | <b>LONGITUDE</b>        | -96.415286  |
| <b>API#:</b>     | 15-049-21631-00-00       |                         |             |
| <b>Date:</b>     | 10/25/2017               | <b>TIME:</b>            | 10:46AM     |
| <b>Staff:</b>    | Duane A. Sims            |                         |             |

## Additional Information:

This is a picture of the Daves #D21. It was denied for TA status. It is NOT cemented to surface. It needs a Casing Integrity Test and shut in at surface, put back into production or plugged.



## KCC OIL/GAS REGULATORY OFFICES

Inspection Date 10/25/2017

District: 3

Incident Number:

5933

☐ New Situation

☒ Lease Inspection

☐ Response to Request

☐ Complaint

☐ Follow-up

☒ Field Report

Operator License No: 32874

API: 15-049-21717-00-00 Q3 NE Q2: NE Q1: NE

Operator Name: VEEM Jade Oil & Gas, LLC

SEC 28 TWP 29 RGE 9 RGEDIR E

Address: 11417 S Granite Ave

FSL: 4953

City: Tulsa

FEL: 364

State: OK Zip Code: 74137

Lease: Smith A

Well No.: 2

Phone contact: 918-519-0429

County: EK

### Reason for Investigation:

To check status of well.

### Problem:

Well has been denied for TA status because it is completed Alternate I and needs a casing integrity test done on well.

### Persons contacted:

District #3 Staff, Jim Harrington, 620-515-4715 (pumper)

### Findings:

On October 25, 2017 I went to above mentioned lease. I gps'd the well and corrected the footages accordingly on RBDMS. I took a picture of the inactive oil well. The well bore in open to the environment. It appears to have no equipment down hole. There is a pumpjack on the well site. The well has 4 1/2" production casing.

### Actions / Recommendation

### Follow-up Required ☐

### Deadline Date:

Recommend the well have a satisfactory casing integrity test and approved TA (CP-111), put back into production or plugged. Operator did not meet their 30 day deadline in the NOV letter generated through KOLAR, to have one of these three done. I recommend the fine be accessed.

### Photo's Taken:

1

☒ RBDMS

☒ KGS

☐ TA DBF

Report Prepared By: Duane A. Sims

☐ T1 DBF

☒ District Files

☐ Courthouse

Position: E.C.R.S.

# KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



|                  |                          |                         |              |
|------------------|--------------------------|-------------------------|--------------|
| <b>Operator:</b> | VEEM Jade Oil & Gas, LLC | <b>KLN:</b>             | 32874        |
| <b>Lease:</b>    | Smith A                  | <b>Legal:</b>           | 28-29-9E     |
| <b>County</b>    | Elk                      | <b>PIC ID #:</b>        | IMG 0071     |
| <b>Subject:</b>  | Denied TA                | <b>Pic Orientation:</b> | Facing South |
| <b>FEL:</b>      | 364                      | <b>LATITUDE</b>         | 37.504167    |
| <b>FSL:</b>      | 4953                     | <b>LONGITUDE</b>        | -96.417738   |
| <b>API#:</b>     | 15-049-21717-00-00       |                         |              |
| <b>Date:</b>     | 10/25/2017               | <b>TIME:</b>            | 10:56AM      |
| <b>Staff:</b>    | Duane A. Sims            |                         |              |

## Additional Information:

This is a picture of the Smith A #2. It has been denied for TA because it has been shut in for over 10 years. It also does not have a swedge and valve on it. This well has NOT been cemented to surface. It needs a Casing Integritiy Test and shut in at surface, put back into production or plugged.



## KCC OIL/GAS REGULATORY OFFICES

Inspection Date 10/25/2017 District: 3 Incident Number: 5932

☐ New Situation ☒ Lease Inspection  
☐ Response to Request ☐ Complaint  
☐ Follow-up ☒ Field Report

Operator License No: 32874 API: 15-049-21865-00-00 Q3 SE Q2: SE Q1: SE  
Operator Name: VEEM Jade Oil & Gas, LLC SEC 21 TWP 29 RGE 9 RGEDIR E  
Address: 11417 S Granite Ave FSL: 273  
City: Tulsa FEL: 632  
State: OK Zip Code: 74137 Lease: Smith B Well No.: 10  
Phone contact: 918-519-0429 County: EK

### Reason for Investigation:

To check status of well.

### Problem:

Well has been denied for TA status because it has been shut in for more than 10 years.

### Persons contacted:

District #3 Staff, Jim Harrington, 620-515-4715 (pumper)

### Findings:

On October 25, 2017 I went to the above mentioned lease. I gps'd the well and corrected the footages accordingly on RBDMS. I took a picture of the inactive oil well. The well has 4 1/2" production casing. It has a plug screwed in the top of it without a way to vent it. There appears to be no equipment in the well. The well has no surface equipment on it.

### Actions / Recommendation

### Follow-up Required ☐

### Deadline Date:

Recommend the well be put back into production, plugged or file an exception for the 10 year TA rule. The operator did not meet their 30 day deadline in the NOV letter generated through KOLAR, to have one of these three done. I recommend the fine be accessed.

### Photo's Taken:

1

☒ RBDMS ☒ KGS ☐ TA DBF

Report Prepared By: Duane A. Sims

☐ T1 DBF ☒ District Files ☐ Courthouse

Position: E.C.R.S



# KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



|                  |                          |                         |              |
|------------------|--------------------------|-------------------------|--------------|
| <b>Operator:</b> | VEEM Jade Oil & Gas, LLC | <b>KLN:</b>             | 32874        |
| <b>Lease:</b>    | Smith B                  | <b>Legal:</b>           | 21-29-9E     |
| <b>County</b>    | ELK                      | <b>PIC ID #:</b>        | IMG 0079     |
| <b>Subject:</b>  | Denied TA                | <b>Pic Orientation:</b> | Facing North |
| <b>FEL:</b>      | 632                      | <b>LATITUDE</b>         | 37.505871    |
| <b>FSL:</b>      | 273                      | <b>LONGITUDE</b>        | -96.418647   |
| <b>API#:</b>     | 15-049-21865-00-00       |                         |              |
| <b>Date:</b>     | 10/25/2017               | <b>TIME:</b>            | 12:07PM      |
| <b>Staff:</b>    | Duane A. Sims            |                         |              |

## Additional Information:

This is a picture of the Smith B #10. It has been denied for TA because it has been shut in for over 10 years. This well has not been cemented to surface. It needs a Casing Integritiy Test and an exception filed on the well , put back into produciton or plugged.

## KCC OIL/GAS REGULATORY OFFICES

Inspection Date 10/25/2017

District: 3

Incident Number:

5931

☐ New Situation

☒ Lease Inspection

☐ Response to Request

☐ Complaint

☐ Follow-up

☒ Field Report

Operator License No: 32874

API: 15-049-21954-00-00

Q3 SE Q2: SW Q1: SE

Operator Name: VEEM Jade Oil & Gas, LLC

SEC 21 TWP 29 RGE 9 RGEDIR E

Address: 11417 S. Granite Ave.

FSL: 291

City: Tulsa

FEL: 1350

State: OK Zip Code: 74137

Lease: Smith B

Well No.: 12

Phone contact: 918-519-0429

County: EK

### Reason for Investigation:

To check status of well.

### Problem:

Well has been denied for TA status because it has been shut in for over 10 years.

### Persons contacted:

District #3 Staff, Jim Harrington 620-515-4715 (pumper)

### Findings:

On October 25, 2017 I went to the above mentioned lease. I gps'd the well and corrected the footages accordingly on RBDMS. I took a picture of the inactive oil well. The well bore is also open to the environment. There is no equipment on or in this well. The well has 4 1/2" production casing.

### Actions / Recommendation

Follow-up Required ☐

Deadline Date:

Recommend the well either be put back into production, plugged or file an exception for the 10 year TA rule. The operator did not meet their 30 day deadline in the NOV letter generated through KOLAR, to have one of these three done. I recommend the fine be accessed.

Photo's Taken:

1

☒ RBDMS

☒ KGS

☐ TA DBF

Report Prepared By: Duane A. Sims

☐ T1 DBF

☒ District Files

☐ Courthouse

Position: E.C.R.S.



# KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



|                  |                          |                         |              |
|------------------|--------------------------|-------------------------|--------------|
| <b>Operator:</b> | VEEM Jade Oil & Gas, LLC | <b>KLN:</b>             | 32874        |
| <b>Lease:</b>    | Smith B                  | <b>Legal:</b>           | 21-29-9E     |
| <b>County</b>    | Elk                      | <b>PIC ID #:</b>        | IMG 0080     |
| <b>Subject:</b>  | Denied TA                | <b>Pic Orientation:</b> | Facing North |
| <b>FEL:</b>      | 1350                     | <b>LATITUDE</b>         | 37.505916    |
| <b>FSL:</b>      | 291                      | <b>LONGITUDE</b>        | -96.421121   |
| <b>API#:</b>     | 15-049-21954-00-00       |                         |              |
| <b>Date:</b>     | 10/25/2017               | <b>TIME:</b>            | 12:16PM      |
| <b>Staff:</b>    | Duane A. Sims            |                         |              |

## Additional Information:

This is a picture of the Smith B #12. It has been denied for TA because it has been shut in for over 10 years. It also does not have a swedge and valve on it. This well has not been cemented to surface. It needs a Casing Integritiy Test and an exception filed on the well, put back into production or plugged.



Conservation Division  
District Office No. 3  
1500 W. Seventh  
Chanute, KS 66720



Phone: 620-432-2300  
Fax: 620-432-2309  
<http://kcc.ks.gov/>

Jay Scott Emler, Chairman  
Shari Feist Albrecht, Commissioner  
Pat Apple, Commissioner

Sam Brownback, Governor

August 09, 2016

Mahesh K Chhabra  
VEEM Jade Oil & Gas LLC  
11417 S GRANITE AVE  
TULSA, OK 74137-8110

Re: Temporary Abandonment  
API 15-049-21631-00-00  
DAVES D21  
NW/4 Sec.27-29S-09E  
Elk County, Kansas

Dear Mahesh K Chhabra:

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

**No current  
witnessed MIT**

Pursuant to K.A.R. 82-3-111, the well must be plugged, or returned to service, or obtain temporary abandonment status by September 06, 2016.

**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,  
Duane Sims  
KCC DISTRICT 3

Conservation Division  
District Office No. 3  
1500 W. Seventh  
Chanute, KS 66720



Phone: 620-432-2300  
Fax: 620-432-2309  
<http://kcc.ks.gov/>

Jay Scott Emler, Chairman  
Shari Feist Albrecht, Commissioner  
Pat Apple, Commissioner

Sam Brownback, Governor

August 09, 2016

Mahesh K Chhabra  
VEEM Jade Oil & Gas LLC  
11417 S GRANITE AVE  
TULSA, OK 74137-8110

Re: Temporary Abandonment  
API 15-049-21717-00-00  
SMITH A 2  
NE/4 Sec.28-29S-09E  
Elk County, Kansas

Dear Mahesh K Chhabra:

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

**No current  
witnessed MIT**

Pursuant to K.A.R. 82-3-111, the well must be plugged, or returned to service, or obtain temporary abandonment status by September 06, 2016.

**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,  
Duane Sims  
KCC DISTRICT 3

Conservation Division  
District Office No. 3  
1500 W. Seventh  
Chanute, KS 66720



Phone: 620-432-2300  
Fax: 620-432-2309  
<http://kcc.ks.gov/>

Jay Scott Emler, Chairman  
Shari Feist Albrecht, Commissioner  
Pat Apple, Commissioner

Sam Brownback, Governor

August 09, 2016

Mahesh K Chhabra  
VEEM Jade Oil & Gas LLC  
11417 S GRANITE AVE  
TULSA, OK 74137-8110

Re: Temporary Abandonment  
API 15-049-21865-00-00  
SMITH B 10  
SE/4 Sec.21-29S-09E  
Elk County, Kansas

Dear Mahesh K Chhabra:

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

**Shut-in Over 10 years**

Pursuant to K.A.R. 82-3-111, the well must be plugged or returned to service by September 06, 2016.

If you wish to instead file an application for an exception to the 10-year limitation of K.A.R. 82-3-111, demonstrating why it is necessary to TA the well for more than 10 years, then you must file the application for an exception by September 06, 2016.

**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,  
Duane Sims  
KCC DISTRICT 3



August 09, 2016

Mahesh K Chhabra  
VEEM Jade Oil & Gas LLC  
11417 S GRANITE AVE  
TULSA, OK 74137-8110

Re: Temporary Abandonment  
API 15-049-21954-00-00  
SMITH B 12  
SE/4 Sec.21-29S-09E  
Elk County, Kansas

Dear Mahesh K Chhabra:

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

**Shut-in Over 10 years**

Pursuant to K.A.R. 82-3-111, the well must be plugged or returned to service by September 06, 2016.

If you wish to instead file an application for an exception to the 10-year limitation of K.A.R. 82-3-111, demonstrating why it is necessary to TA the well for more than 10 years, then you must file the application for an exception by September 06, 2016.

**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,  
Duane Sims  
KCC DISTRICT 3

## KCC OIL/GAS REGULATORY OFFICES

Inspection Date 10/25/2017

District: 3

Incident Number:

5934

☐ New Situation

☒ Lease Inspection

☐ Response to Request

☐ Complaint

☐ Follow-up

☒ Field Report

Operator License No: 32874

API:

15-049-21631-00-00

Q3 NW Q2: NW Q1: NW

Operator Name: VEEM Jade Oil & Gas, LLC

SEC 27 TWP 29

RGE 9 RGEDIR E

Address: 11417 S Granite Ave

FSL: 4963

City: Tulsa

FEL: 4909

State: OK Zip Code: 74137

Lease: Daves

Well No.: D21

Phone contact: 918-519-0429

County: EK

### Reason for Investigation:

To check status of well.

### Problem:

Well has been denied for TA status because it is completed Alternate I and needs a casing integrity test done on well.

### Persons contacted:

District #3 Staff, Jim Harrington, 620-515-4715 (pumper)

### Findings:

On October 25, 2017 I went to the above mentioned lease. I gps'd the well and corrected the footages accordingly on RBDMS. I took picture of the inactive oil well. The well bore is open to the environment. It appears to have no downhole equipment in it. The well has 4 1/2" production casing.

### Actions / Recommendation

Follow-up Required ☐

Deadline Date:

Recommend the well have a satisfactory casing integrity test and approved TA (CP-111), put back into production or plugged. Operator did not meet their 30 day deadline in the NOV letter generated through KOLAR, to have one of these three things done. I recommend the fine be accessed.

Photo's Taken:

1

☒ RBDMS

☒ KGS

☐ TA DBF

Report Prepared By: Duane A. Sims

☐ T1 DBF

☒ District Files

☐ Courthouse

Position: E.C.R.S.

# KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



|                  |                          |                         |             |
|------------------|--------------------------|-------------------------|-------------|
| <b>Operator:</b> | VEEM Jade Oil & Gas, LLC | <b>KLN:</b>             | 32874       |
| <b>Lease:</b>    | Daves                    | <b>Legal:</b>           | 27-29-9E    |
| <b>County</b>    | ELK                      | <b>PIC ID #:</b>        | IMG 0069    |
| <b>Subject:</b>  | Denied TA                | <b>Pic Orientation:</b> | Facing East |
| <b>FEL:</b>      | 4909                     | <b>LATITUDE</b>         | 37.504187   |
| <b>FSL:</b>      | 4963                     | <b>LONGITUDE</b>        | -96.415286  |
| <b>API#:</b>     | 15-049-21631-00-00       |                         |             |
| <b>Date:</b>     | 10/25/2017               | <b>TIME:</b>            | 10:46AM     |
| <b>Staff:</b>    | Duane A. Sims            |                         |             |

## Additional Information:

This is a picture of the Daves #D21. It was denied for TA status. It is NOT cemented to surface. It needs a Casing Integrity Test and shut in at surface, put back into production or plugged.



## KCC OIL/GAS REGULATORY OFFICES

Inspection Date 10/25/2017

District: 3

Incident Number:

5933

☐ New Situation

☒ Lease Inspection

☐ Response to Request

☐ Complaint

☐ Follow-up

☒ Field Report

Operator License No: 32874

API:

15-049-21717-00-00

Q3 NE Q2: NE Q1: NE

Operator Name: VEEM Jade Oil & Gas, LLC

SEC 28 TWP 29

RGE 9

RGEDIR E

Address: 11417 S Granite Ave

FSL:

4953

City: Tulsa

FEL:

364

State: OK

Zip Code: 74137

Lease: Smith A

Well No.: 2

Phone contact: 918-519-0429

County: EK

### Reason for Investigation:

To check status of well.

### Problem:

Well has been denied for TA status because it is completed Alternate I and needs a casing integrity test done on well.

### Persons contacted:

District #3 Staff, Jim Harrington, 620-515-4715 (pumper)

### Findings:

On October 25, 2017 I went to above mentioned lease. I gps'd the well and corrected the footages accordingly on RBDMS. I took a picture of the inactive oil well. The well bore in open to the environment. It appears to have no equipment down hole. There is a pumpjack on the well site. The well has 4 1/2" production casing.

### Actions / Recommendation

### Follow-up Required ☐

### Deadline Date:

Recommend the well have a satisfactory casing integrity test and approved TA (CP-111), put back into production or plugged. Operator did not meet their 30 day deadline in the NOV letter generated through KOLAR, to have one of these three done. I recommend the fine be accessed.

### Photo's Taken:

1

☒ RBDMS

☒ KGS

☐ TA DBF

Report Prepared By: Duane A. Sims

☐ T1 DBF

☒ District Files

☐ Courthouse

Position: E.C.R.S.

# KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



|                  |                          |                         |              |
|------------------|--------------------------|-------------------------|--------------|
| <b>Operator:</b> | VEEM Jade Oil & Gas, LLC | <b>KLN:</b>             | 32874        |
| <b>Lease:</b>    | Smith A                  | <b>Legal:</b>           | 28-29-9E     |
| <b>County</b>    | Elk                      | <b>PIC ID #:</b>        | IMG 0071     |
| <b>Subject:</b>  | Denied TA                | <b>Pic Orientation:</b> | Facing South |
| <b>FEL:</b>      | 364                      | <b>LATITUDE</b>         | 37.504167    |
| <b>FSL:</b>      | 4953                     | <b>LONGITUDE</b>        | -96.417738   |
| <b>API#:</b>     | 15-049-21717-00-00       |                         |              |
| <b>Date:</b>     | 10/25/2017               | <b>TIME:</b>            | 10:56AM      |
| <b>Staff:</b>    | Duane A. Sims            |                         |              |

## Additional Information:

This is a picture of the Smith A #2. It has been denied for TA because it has been shut in for over 10 years. It also does not have a swedge and valve on it. This well has NOT been cemented to surface. It needs a Casing Integritiy Test and shut in at surface, put back into production or plugged.



## KCC OIL/GAS REGULATORY OFFICES

Inspection Date 10/25/2017

District: 3

Incident Number:

5932

☐ New Situation

☒ Lease Inspection

☐ Response to Request

☐ Complaint

☐ Follow-up

☒ Field Report

Operator License No: 32874

API:

15-049-21865-00-00

Q3 SE Q2: SE Q1: SE

Operator Name: VEEM Jade Oil & Gas, LLC

SEC

21

TWP

29

RGE

9

RGEDIR E

Address: 11417 S Granite Ave

FSL:

273

City: Tulsa

FEL:

632

State: OK

Zip Code: 74137

Lease: Smith B

Well No.: 10

Phone contact: 918-519-0429

County: EK

### Reason for Investigation:

To check status of well.

### Problem:

Well has been denied for TA status because it has been shut in for more than 10 years.

### Persons contacted:

District #3 Staff, Jim Harrington, 620-515-4715 (pumper)

### Findings:

On October 25, 2017 I went to the above mentioned lease. I gps'd the well and corrected the footages accordingly on RBDMS. I took a picture of the inactive oil well. The well has 4 1/2" production casing. It has a plug screwed in the top of it without a way to vent it. There appears to be no equipment in the well. The well has no surface equipment on it.

### Actions / Recommendation

Follow-up Required ☐

Deadline Date:

Recommend the well be put back into production, plugged or file an exception for the 10 year TA rule. The operator did not meet their 30 day deadline in the NOV letter generated through KOLAR, to have one of these three done. I recommend the fine be accessed.

Photo's Taken:

1

☒ RBDMS

☒ KGS

☐ TA DBF

Report Prepared By: Duane A. Sims

☐ T1 DBF

☒ District Files

☐ Courthouse

Position: E.C.R.S

# KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



|                  |                          |                         |              |
|------------------|--------------------------|-------------------------|--------------|
| <b>Operator:</b> | VEEM Jade Oil & Gas, LLC | <b>KLN:</b>             | 32874        |
| <b>Lease:</b>    | Smith B                  | <b>Legal:</b>           | 21-29-9E     |
| <b>County</b>    | ELK                      | <b>PIC ID #:</b>        | IMG 0079     |
| <b>Subject:</b>  | Denied TA                | <b>Pic Orientation:</b> | Facing North |
| <b>FEL:</b>      | 632                      | <b>LATITUDE</b>         | 37.505871    |
| <b>FSL:</b>      | 273                      | <b>LONGITUDE</b>        | -96.418647   |
| <b>API#:</b>     | 15-049-21865-00-00       |                         |              |
| <b>Date:</b>     | 10/25/2017               | <b>TIME:</b>            | 12:07PM      |
| <b>Staff:</b>    | Duane A. Sims            |                         |              |

## Additional Information:

This is a picture of the Smith B #10. It has been denied for TA because it has been shut in for over 10 years. This well has not been cemented to surface. It needs a Casing Integritiy Test and an exception filed on the well , put back into produciton or plugged.



## KCC OIL/GAS REGULATORY OFFICES

Inspection Date 10/25/2017

District: 3

Incident Number:

5931

☐ New Situation

☒ Lease Inspection

☐ Response to Request

☐ Complaint

☐ Follow-up

☒ Field Report

Operator License No: 32874

API: 15-049-21954-00-00 Q3 SE Q2: SW Q1: SE

Operator Name: VEEM Jade Oil & Gas, LLC

SEC 21 TWP 29 RGE 9 RGEDIR E

Address: 11417 S. Granite Ave.

FSL: 291

City: Tulsa

FEL: 1350

State: OK Zip Code: 74137

Lease: Smith B

Well No.: 12

Phone contact: 918-519-0429

County: EK

### Reason for Investigation:

To check status of well.

### Problem:

Well has been denied for TA status because it has been shut in for over 10 years.

### Persons contacted:

District #3 Staff, Jim Harrington 620-515-4715 (pumper)

### Findings:

On October 25, 2017 I went to the above mentioned lease. I gps'd the well and corrected the footages accordingly on RBDMS. I took a picture of the inactive oil well. The well bore is also open to the environment. There is no equipment on or in this well. The well has 4 1/2" production casing.

### Actions / Recommendation

Follow-up Required ☐

Deadline Date:

Recommend the well either be put back into production, plugged or file an exception for the 10 year TA rule. The operator did not meet their 30 day deadline in the NOV letter generated through KOLAR, to have one of these three done. I recommend the fine be accessed.

Photo's Taken:

1

☒ RBDMS

☒ KGS

☐ TA DBF

Report Prepared By: Duane A. Sims

☐ T1 DBF

☒ District Files

☐ Courthouse

Position: E.C.R.S.

# KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



|                  |                          |                         |              |
|------------------|--------------------------|-------------------------|--------------|
| <b>Operator:</b> | VEEM Jade Oil & Gas, LLC | <b>KLN:</b>             | 32874        |
| <b>Lease:</b>    | Smith B                  | <b>Legal:</b>           | 21-29-9E     |
| <b>County</b>    | Elk                      | <b>PIC ID #:</b>        | IMG 0080     |
| <b>Subject:</b>  | Denied TA                | <b>Pic Orientation:</b> | Facing North |
| <b>FEL:</b>      | 1350                     | <b>LATITUDE</b>         | 37.505916    |
| <b>FSL:</b>      | 291                      | <b>LONGITUDE</b>        | -96.421121   |
| <b>API#:</b>     | 15-049-21954-00-00       |                         |              |
| <b>Date:</b>     | 10/25/2017               | <b>TIME:</b>            | 12:16PM      |
| <b>Staff:</b>    | Duane A. Sims            |                         |              |

## Additional Information:

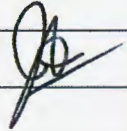

This is a picture of the Smith B #12. It has been denied for TA because it has been shut in for over 10 years. It also does not have a swedge and valve on it. This well has not been cemented to surface. It needs a Casing Integritiy Test and an exception filed on the well, put back into production or plugged.



## **PENALTY ORDER RECOMMENDATION**

**\*\*\*ROUTINE TEMPORARY ABANDONMENT VIOLATION\*\*\***

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

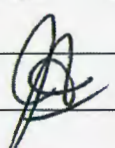
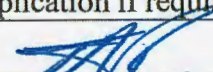
|  |   |
|--|---|
| <b>Date of Recommendation:</b>             | November 1, 2017  |
| <b>District/Department:</b>                | District #3   |
| <b>Person Recommending Penalty:</b>        | John Almond, Compliance Officer  |
| <b>Operator Name:</b>                      | VEEM Jade Oil & Gas LLC   |
| <b>Operator License Number:</b>            | 32874   |
| <b>Well/Lease Name &amp; Well Number:</b>  | DAVES #D21  |
| <b>Well/Lease Location, and County:</b>    | NW4 of 27-29S-9E Elk County   |
| <b>Well API Number:</b>                    | 15-049-21631-00-00  |
| <b>UIC Docket Number:</b>                  | N/A   |
| <b>Regulation Number:</b>                  | K.A.R. 82-3-111   |
| <b>Description of Violation:</b>           | Failure to plug, produce or obtain TA status (including after a TA application is filed and denied).                |
| <b>Date of NOV / TA Denied letter.</b>     | Date of TA Denied letter. 8/9/2016  |
| <b>Deadline in NOV / TA Denied letter.</b> | Deadline in TA Denied letter. 9/6/2016  |
| <b>Date of follow-up lease inspection.</b> | 10/25/2017  |
| <b>Requested Monetary Penalty:</b>         | \$100   |
| <b>Requested Operator Activity:</b>        | Plug, produce, or obtain TA status if eligible (including a 10-year TA application if required).                    |
| <b>Supervisor Initials</b>                 | TAR                             |



## PENALTY ORDER RECOMMENDATION

\*\*\*ROUTINE TEMPORARY ABANDONMENT VIOLATION\*\*\*

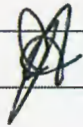
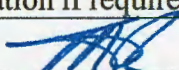
*Note: this sheet will be attached to the Order that is mailed to the operator.*

|  |   |
|--|---|
| <b>Date of Recommendation:</b>             | November 1, 2017  |
| <b>District/Department:</b>                | District #3   |
| <b>Person Recommending Penalty:</b>        | John Almond, Compliance Officer  |
| <b>Operator Name:</b>                      | VEEM Jade Oil & Gas LLC   |
| <b>Operator License Number:</b>            | 32874   |
| <b>Well/Lease Name &amp; Well Number:</b>  | SMITH A #2  |
| <b>Well/Lease Location, and County:</b>    | NE4 of 28-29S-9E Elk County   |
| <b>Well API Number:</b>                    | 15-049-21717-00-00  |
| <b>UIC Docket Number:</b>                  | N/A   |
| <b>Regulation Number:</b>                  | K.A.R. 82-3-111   |
| <b>Description of Violation:</b>           | Failure to plug, produce or obtain TA status (including after a TA application is filed and denied).                |
| <b>Date of NOV / TA Denied letter.</b>     | Date of TA Denied letter. 8/9/2016  |
| <b>Deadline in NOV / TA Denied letter.</b> | Deadline in TA Denied letter. 9/6/2016  |
| <b>Date of follow-up lease inspection.</b> | 10/25/2017  |
| <b>Requested Monetary Penalty:</b>         | \$100   |
| <b>Requested Operator Activity:</b>        | Plug, produce, or obtain TA status if eligible (including a 10-year TA application if required).                    |
| <b>Supervisor Initials</b>                 | TAR                             |

## PENALTY ORDER RECOMMENDATION

\*\*\*ROUTINE TEMPORARY ABANDONMENT VIOLATION\*\*\*

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

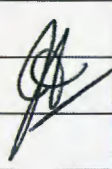
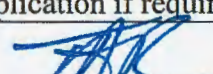
|  |   |
|--|---|
| <b>Date of Recommendation:</b>             | November 1, 2017  |
| <b>District/Department:</b>                | District #3   |
| <b>Person Recommending Penalty:</b>        | John Almond, Compliance Officer  |
| <b>Operator Name:</b>                      | VEEM Jade Oil & Gas LLC   |
| <b>Operator License Number:</b>            | 32874   |
| <b>Well/Lease Name &amp; Well Number:</b>  | SMITH B #10   |
| <b>Well/Lease Location, and County:</b>    | SE4 of 21-29S-9E Elk County   |
| <b>Well API Number:</b>                    | 15-049-21865-00-00  |
| <b>UIC Docket Number:</b>                  | N/A   |
| <b>Regulation Number:</b>                  | K.A.R. 82-3-111   |
| <b>Description of Violation:</b>           | Failure to plug, produce or obtain TA status (including after a TA application is filed and denied).                |
| <b>Date of NOV / TA Denied letter.</b>     | Date of TA Denied letter. 8/9/2016  |
| <b>Deadline in NOV / TA Denied letter.</b> | Deadline in TA Denied letter. 9/6/2016  |
| <b>Date of follow-up lease inspection.</b> | 10/25/2017  |
| <b>Requested Monetary Penalty:</b>         | \$100   |
| <b>Requested Operator Activity:</b>        | Plug, produce, or obtain TA status if eligible (including a 10-year TA application if required).                    |
| <b>Supervisor Initials</b>                 | TAR                             |



## PENALTY ORDER RECOMMENDATION

\*\*\*ROUTINE TEMPORARY ABANDONMENT VIOLATION\*\*\*

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

|  |   |
|--|---|
| <b>Date of Recommendation:</b>             | November 1, 2017  |
| <b>District/Department:</b>                | District #3   |
| <b>Person Recommending Penalty:</b>        | John Almond, Compliance Officer  |
| <b>Operator Name:</b>                      | VEEM Jade Oil & Gas LLC   |
| <b>Operator License Number:</b>            | 32874   |
| <b>Well/Lease Name &amp; Well Number:</b>  | SMITH B #12   |
| <b>Well/Lease Location, and County:</b>    | SE4 of 21-29S-9E Elk County   |
| <b>Well API Number:</b>                    | 15-049-21954-00-00  |
| <b>UIC Docket Number:</b>                  | N/A   |
| <b>Regulation Number:</b>                  | K.A.R. 82-3-111   |
| <b>Description of Violation:</b>           | Failure to plug, produce or obtain TA status (including after a TA application is filed and denied).                |
| <b>Date of NOV / TA Denied letter.</b>     | Date of TA Denied letter. 8/9/2016  |
| <b>Deadline in NOV / TA Denied letter.</b> | Deadline in TA Denied letter. 9/6/2016  |
| <b>Date of follow-up lease inspection.</b> | 10/25/2017  |
| <b>Requested Monetary Penalty:</b>         | \$100   |
| <b>Requested Operator Activity:</b>        | Plug, produce, or obtain TA status if eligible (including a 10-year TA application if required).                    |
| <b>Supervisor Initials</b>                 | TAR                             |



**CERTIFICATE OF SERVICE**

I certify that on 11/21/17, 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:

Mahesh K. Chhabra  
VEEM Jade Oil & Gas LLC  
11417 S. Granite Avenue  
Tulsa, OK 74137-8110

and delivered by e-mail to:

John Almond  
KCC District #3

/s/ Paula J. Murray  
Paula J. Murray  
Legal Assistant  
Kansas Corporation Commission