

SEPTEMBER 7, 2022

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

2 A. Dallas Logan, 137 E. 21st Street, Chanute KS 66720.

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 (KCC
5 or Commission), District #3 Office, as an Environmental Compliance and Regulatory
6 Specialist (ECRS).

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

8 A. In 2004, I graduated from Allen County Community College with an Associate Degree in
9 Animal Science. Next, I attended West Texas A & M University for one year. Afterward, I
10 was employed by PostRock Operating Inc. from 2010 to 2016, and RiverRock Operating Inc.
11 from 2016 to 2018. During my employment with PostRock and RiverRock, I monitored and
12 maintained coalbed methane gas wells, gas transportation lines, saltwater disposal wells, and
13 disposal lines. I also conducted Mechanical Integrity Tests (MITs) on disposal wells for initial
14 disposal permits and five year tests. Since June 25, 2018, I have been employed by the KCC
15 Conservation Division out of the District #3 Office in Chanute.

16 **Q. What duties does your position with the Conservation Division involve?**

17 A. As an ECRS, I work in the orphaned well program. My job involves developing projects for
18 possible fee fund plugging. This includes performing lease investigations on abandoned
19 leases, referencing the wells with GPS, performing research using the Commission's Risk
20 Based Data Management System (RBDMS), Eastern Kansas Documents, and BTCO Maps to
21 determine possible matches for wells located during my lease investigation. I also request API
22 numbers for abandoned wells when it is required, perform courthouse research, check the area
23 of review (AOR) for wells, contact landowners about plugging abandoned wells on their

1 property, and write field reports for the wells located during my lease inspections. Since
2 working in the abandoned well program I have helped verify wells that could be used as part
3 of the federal plugging program. I also assist with normal field activities throughout the
4 district as needed. These activities included witnessing MITs, witnessing pluggings,
5 performing lease inspections, and writing field reports. I also work with District Staff and
6 Central Office Staff when required to complete various projects and requests.

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

8 A. Yes.

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

10 A. The purpose of my testimony is to discuss the evidence regarding the application for license
11 renewal submitted by Quito, Inc. (Operator) in this docket - Docket 22-CONS-3115-CMSC
12 (Docket 22-3115). Specifically, my testimony will discuss my field investigation reports of
13 Operator's leases and the compliance status of Operator's wells on those leases.

14 **Q. Which of Operator's leases did you inspect?**

15 A. I conducted lease inspections at Operator's Beason-Morton, Darnall, Dearmond, Inglefield,
16 Morton, Raymond, Riley, and Solomon leases in Chautauqua County.

17 **Q. Did you find violations at Operator's leases?**

18 A. Yes, those violations are documented in the Commission Staff Report and Further
19 Investigation (Staff Investigation Report) and Exhibit KCC Staff-2, Exhibit KCC Staff-4,
20 Exhibit KCC Staff-5, Exhibit KCC Staff-9, Exhibit KCC Staff-14, Exhibit KCC Staff-16,
21 Exhibit KCC Staff-17, and Exhibit KCC Staff-20, respectively.

1 **Q. Please provide a brief summary of the compliance status of Operator's wells on the**
2 **leases that you inspected.**

3 A. **Beason-Morton lease, Section 33, Township 33 South, Range 12 East:**

4 I inspected Operator's Beason-Morton lease on March 21, 2022. My inspection report is
5 attached to the Staff Investigation Report as *Exhibit KCC Staff-2*. That report documented
6 only two cancelled intents to drill, and I did not find any wells on the lease at the intent
7 footages listed on the cancelled intents.

8 **Darnall lease, Section 16, Township 34 South, Range 12 East:**

9 I inspected Operator's Darnall lease on March 23, 2022. My inspection report is attached
10 to the Staff Investigation Report as *Exhibit KCC Staff-4*. That report documented one inactive
11 well, the Darnall #1-A, API #15-019-26455. Operator's Detailed Response to Commission
12 Staff (Detailed Response) stated that a Temporary Abandonment Well Application (CP-111)
13 Form had been prepared for the well. To date, no CP-111 forms for the well have been
14 received.

15 **Dearmond lease, Section 15, Township 34 South, Range 12 East:**

16 I inspected Operator's Dearmond lease on March 18, 2022. My inspection report for this
17 lease is attached to the Staff Investigation Report as *Exhibit KCC Staff-5*. My inspection
18 documented 19 wells on the lease as being out of compliance. This includes 13 inactive oil
19 wells (Dearmond #M1, API #15-019-27185; Dearmond #16, API #15-019-19183; Dearmond
20 #35, API #15-019-26149; Dearmond #17, API #15-019-19184; Dearmond #M8, API
21 #15-019-27333; Dearmond #31, API #15-019-25976; Dearmond #32, API #15-019-25975;
22 Dearmond #M-12, API #15-019-27340; Dearmond #M-3, API #15-019-27302; Dearmond
23 #M-4, API #15-019-27303; Dearmond #39, API #15-019-26346; Dearmond #M5, API

1 #15-019-27304; and Dearmond #30, API #15-019-25847), four inactive enhanced oil
2 recovery (EOR) wells (Dearmond #6, API #15-019-19483; Dearmond #25, API #15-019-
3 19185; Dearmond #38, API #15-019-26349; and Dearmond #33, API #15-019-26037), and
4 two abandoned wells (Dearmond #OW2, API #15-019-40966; and Dearmond #OW3, API
5 #15-019-40967) which are within the ¼ mile AOR of Operator's injection wells.

6 Operator's Detailed Response states that nine of the inactive oil wells (Dearmond #M-1,
7 Dearmond #16, Dearmond #17, Dearmond #M-8, Dearmond #31, Dearmond #32, Dearmond
8 #M-12, Dearmond #M-4 and Dearmond #39) and two of the EOR wells (Dearmond #6 and
9 Dearmond #33) do not need a CP-111 form to be filed because they have been active within
10 the past 364 days. Under K.A.R. 82-3-111(e), a well that is exempted from the requirements
11 of the regulation must (1) be fully equipped for production of oil or gas or for injection; (2)
12 capable of immediately resuming production of oil or gas or of injection; (3) subject to a valid,
13 continuing oil and gas lease; (4) have a cessation period less than 365 consecutive days; and
14 (5) is in full compliance with all of the Commission's regulations. However, these wells are
15 either shut-in, do not have a motor, do not have the bridle cable attached to the rod string, or
16 any combination of those things. Therefore, there is no indication that those wells are fully
17 equipped for production of oil or gas or for injection, capable of immediately resuming
18 production of oil or gas or of injection, subject to a valid, continuing oil and gas lease, have
19 been inactive for less than 365 consecutive days, and are otherwise in full compliance with
20 all of the Commission's regulations. Additionally, KGS records indicate that the last
21 production sold from the Dearmond lease was in April 2021, further suggesting that the wells
22 have been inactive for longer than 365 days.

Operator's Detailed Response states CP-111 forms have been prepared for the six remaining inactive oil and EOR wells (Dearmond #35, Dearmond #25, Dearmond #M-3, Dearmond #38, Dearmond #M-5 and Dearmond #30). To date, no CP-111 applications have been received. Additionally, Operator's Detailed Response states Operator has no right to the two abandoned wells (Dearmond #OW-2 and Dearmond OW3) which are within the quarter-mile AOR of its injection wells. K.A.R. 82-3-403(a)(5) states in pertinent part that when permitting injection wells, Staff is to consider the construction of all wells within the AOR to ensure that the fluids injected into the well will remain in that zone. Here, the existence of the abandoned wells within the AOR would result in the operator not being granted a permit until the abandoned wells were addressed. In order for Operator to continue using these injection wells, the abandoned wells must be plugged, or added to Operator's license and brought into compliance.

Inglefield lease, Section 15, Township 34 South, Range 12 East:

I inspected Operator's Inglefield lease on March 23, 2022. My inspection report for this lease is attached to the Staff Investigation Report as *Exhibit KCC Staff-9*. My inspection documented 13 wells on the lease as out of compliance. Operator listed four of the wells as producing but were found to be inactive (Inglefield #23, API #15-019-19123; Inglefield #2-A, API #15-019-26454; Inglefield #1-A, API #15-019-26446; and Inglefield #19, API #15-019-19339), and one as an active EOR well that was found to be inactive (Inglefield #24 API #15-019-20117-00-02). Additionally, I found seven abandoned wells that are not on Operator's well inventory but within the ¼ -mile AOR of its injection wells (Inglefield #OW6, API #15-019-40973; Inglefield #OW5, API #15-019-40972; Inglefield #OW1, API #15-019-40968; Inglefield #OW3, API #15-019-40970; Inglefield #OW4, API #15-019-40971;

1 Inglefield #OW7, API #15-019-40974; and Inglefield #OW8, API #15-019-40975). The one
2 remaining well is an abandoned well that was found outside of the AOR (Inglefield #OW2,
3 API #15-019-40969).

4 Operator's Detailed Response states a CP-111 form has been prepared for one inactive oil
5 well (Inglefield #2-A). To date, no CP-111 form has been received by the District Office.
6 Additionally, Operator's Detailed Response states that the four inactive wells on its license
7 (Inglefield #23, Inglefield #1-A, Inglefield #24, and Inglefield #19) do not need to have a
8 CP-111 form filed because the wells have been operated within the past 364 days. However,
9 these wells are either shut-in, do not have a motor, do not have the bridle cable attached to the
10 rod string, or any combination of those things. Therefore, there is no indication that those
11 wells are fully equipped for production of oil or gas or for injection, capable of immediately
12 resuming production of oil or gas or of injection, subject to a valid, continuing oil and gas
13 lease, have been inactive for less than 365 consecutive days, and are otherwise in full
14 compliance with all of the Commission's regulations. Further, the Inglefield #24 is an EOR
15 well and Annual Report of Pressure Monitoring, Fluid Injection and Enhanced Recovery
16 (U3C) submitted by Operator indicates zero barrels of fluid were injected into the well during
17 the 2021 calendar year.

18 Additionally, Operator's Detailed Response states Operator does not have the right to
19 operate the seven wells found within the AOR of multiple injection wells (Inglefield #OW6,
20 Inglefield #OW5, Inglefield #OW1, Inglefield #OW3, Inglefield #OW4, Inglefield #OW7 and
21 Inglefield #OW8). Based on the regulatory permitting requirements referenced in my
22 testimony above, it is Operator's responsibility to address the abandoned wells within the ¼

1 mile AOR of Operator's injection wells if Operator wishes to continue using its injection
2 wells.

3 **Morton lease, Section 34, Township 33 South, Range 12 East:**

4 I inspected Operator's Morton lease on March 23, 2022. My inspection report for this lease
5 is attached to the Staff Investigation Report as *Exhibit KCC Staff-14*. My inspection
6 documented eight wells on the lease as out of compliance. Of these wells, two are on
7 Operator's well inventory and need to have a CP-111 form filed (Morton #3, API #15-019-
8 19567; and Morton #19, API #15-019-19653), one well currently has an approved CP-111 on
9 file but the CP-111 should be revoked because the well is leaking and needs a satisfactory
10 casing integrity test (CIT) before obtaining approval (Morton #27, API #15-019-21251), one
11 gas well has been inactive over ten years (Morton #M1, API #15-019-26356), and the
12 remaining four are abandoned wells that are not on Operator's well inventory but are within
13 the ¼ mile AOR of Operator's injection wells (Morton #1, API #15-019-40950; Morton #16,
14 API #15-019-40955; Morton #5, API #15-019-19568; and Morton #18, API #15-019-40957).

15 Operator's Detailed Response states that the two wells that need to have a CP-111 form
16 filed (Morton #3 and Morton #19) are active and that oil was sold from the Morton lease in
17 May 2022. However, no documentation supporting that sale has been provided or appeared
18 on the KGS website, yet. Also, Operator's Detailed Response states the Morton #27 well has
19 an approved temporary abandonment application. However, while the CP-111 submitted by
20 Operator states the fluid level is 400 feet from the surface, I found the well to be leaking at
21 the wellhead at the time of my inspection. Operator states the wellhead has been tightened to
22 stop the leaking, but that does not resolve any issues within the casing. Given the change in
23 fluid level, a CIT needs to be completed to ensure casing integrity. Additionally, I would like

1 to note that Operator did not report this spill and there is no indication Operator has cleaned
2 up the spill in violation of K.A.R. 82-3-603.

3 Further, Operator's Detailed Response states the gas well (Morton #M1), which has been
4 inactive for over ten years, had oil produced from the well before the CP-111 form was filed.
5 However, Operator did not contact the District #3 Office to report the well had been returned
6 to service. Further, Research of KGS sale records found that the last reported sale for this well
7 was in 2011. It is my opinion that Operator would need to file for a 10-year exception on this
8 well if Operator wishes to maintain TA status at the well.

9 Lastly, Operator's Detailed Response states that of the four abandoned wells that are not
10 on Operator's inventory, the Morton #5 and Morton #18 need further investigation but CP-111
11 forms have been prepared. To date, Staff has not received any CP-111 forms for these wells.
12 Operator's Detailed Response also states Operator had no right to the remaining two wells,
13 the Morton #1 and Morton #16. Based on the regulatory permitting requirements referenced
14 in my testimony above, it is Operator's responsibility to address the abandoned wells within
15 the ¼ mile AOR of Operator's injection wells if Operator wishes to continue using its injection
16 wells.

17 **Raymond lease, Section 21, Township 33 South, Range 12 East:**

18 I inspected Operator's Raymond lease on March 21, 2022. My inspection report for this
19 lease is attached to the Staff Investigation Report as *Exhibit KCC Staff-16*. During my
20 inspection, I did not locate any wells at Operator's intent footages and did not find any wells
21 out of compliance.

Riley lease, Section 27, Township 33 South, Range 12 East:

I inspected Operator's Riley lease on March 18, 2022. My inspection report for this lease is attached to the Staff Investigation Report as *Exhibit KCC Staff-17*. My inspection documented one well (Riley #47, API #15-019-21106) on the lease as out of compliance. The well appears to be an abandoned well that is not on Operator's well inventory but is within the ¼ mile AOR of two of Operator's injection wells (Morton #28, API #15-019-21255; and Morton #3, API #15-019-19567). Operator's Detailed Response states Operator is not responsible for the well. However, based on the regulatory permitting requirements referenced in my testimony above, it is Operator's responsibility to address the abandoned wells within the ¼ mile AOR of Operator's injection wells if Operator wishes to continue using its injection wells.

Solomon lease, Section 18, Township 35 South, Range 12 East:

I inspected Operator's Solomon lease on March 28, 2022. My inspection report for this lease is attached to the Staff Investigation Report as *Exhibit KCC Staff-20*. My inspection documented three wells on the lease as out of compliance (Solomon #M-1, API #15-019-27012; Solomon #2, API #15-019-24217; and Solomon #5, API #15-019-24307) because the wells have been inactive without being plugged or approved for temporary abandonment status for longer than allowed by regulation.

Operator's Detailed Response states that a CP-111 form has been prepared for the Solomon #M-1 well. To date, no CP-111 form has been received by the District #3 Office. Operator's Detailed Response also states that the Solomon #5 well has been plugged. However, Operator has not filed a plugging application (CP-1) or plugging report (CP-4) for the well which would be a violation of K.A.R. 82-3-113 and K.A.R. 82-3-117. Further, there are no records of

1 Operator notifying the District #3 Office that the well was going to be plugged. Lastly,
2 Operator's Detailed Response states that a CP-111 form has been filed and approved for the
3 Solomon #2. Operator did apply for an exception to the 10-year time limitation of K.A.R. 82-
4 3-111 in Docket 21-CONS-3274-CEXC, which was approved on October 14, 2021. The
5 Commission's Order in that docket required Operator to file an annual TA form for the
6 Subject Well within 30 days from the date of that Order. However, Staff does not have any
7 record of a CP-111 form being filed for the well. Thus, the well appears to be out of
8 compliance with K.A.R. 82-3-111.

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

10 A. Yes.

CERTIFICATE OF SERVICE

22-CONS-3115-CMSC

I, the undersigned, certify that a true and correct copy of the attached Prefiled Direct Testimony of Dallas Logan has been served to the following by means of electronic service on September 7, 2022.

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