

**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 River Rock) Docket Nos.: 17-CONS-3489-CPEN
Operating, LLC (“Operator”) to comply with) 17-CONS-3586-CPEN
K.A.R. 82-3-407 at the W Hahn #I-1 in)
Labette County, Kansas.) CONSERVATION DIVISION
)
In the Matter of the Failure of River Rock) License No.: 35341
Operating LLC (“Operator”) to Report)
Activity that Occurred During the 2016)
Calendar year in Compliance with K.A.R.)
82-3-409.)

STAFF’S SUPPLEMENT TO THE RECORD

The Staff of the State Corporation Commission of the State of Kansas (“Staff” and “Commission,” respectively), files Staff’s Supplement to the Record (Staff’s Supplement) supplementing Staff’s motion to rescind penalty filed July 5, 2017 in the above captioned dockets.

BACKGROUND

1. During a record review in December 2016, District #3 Staff discovered a mechanical integrity test was past due for the W. Hahn #I-1 (“subject well”) located in Labette County, Kansas. Staff further identified that no information had been reported as required by K.S.A. 82-3-409. Based upon this information, Staff submitted penalty recommendations to Conservation Division Legal Staff.

2. On February 21, 2017, the Commission issued a Penalty Order against Operator alleging one violation of K.A.R. 82-3-407 for failure to test a well to show mechanical integrity.¹

¹ See, Penalty Order (Docket No. 17-CONS-3489-CPEN) dated February 21, 2017.

3. On February 21, 2017, Operator filed a Request for Hearing in Docket No. 17-CONS-3489.²

4. On April 25, 2017, the Commission issued a Penalty Order against Operator alleging one violation of K.A.R. 82-3-409 for failure to file an annual fluid injection report on the subject well.³

5. On April 27, 2017, Operator filed a Request for Hearing in Docket No. 17-CONS-3586.⁴

6. On June 20, 2017, the Prehearing Officer held a Prehearing Conference in Docket No. 17-CONS-3489-CPEN. At the Prehearing Conference, Staff requested that the docket be consolidated with Docket No. 17-CONS-3586-CPEN. The Operator did not object.

7. On July 5, 2017, Staff moved the Commission to rescind the penalties in both dockets based upon the receipt and review of additional information.⁵

8. On August 29, 2017, The Commission issued an Order to Supplement the Record; Consolidating Dockets. The order requires Staff to supplement the record regarding the additional information.⁶

SUPPLEMENTARY INFORMATION

9. On March 7, 2011, Commission Staff processed a transfer of operator form regarding the subject well. The form transferred responsibility from Quest Cherokee LLC to PostRock Midcontinent Production LLC (“PostRock”).⁷ PostRock subsequently transferred other wells from its inventory to Operator. During this process, PostRock inadvertently transferred the

² See, Request for Hearing (Docket No. 17-CONS-3489), dated February 21, 2017.

³ See, Penalty Order (Docket No. 17-CONS-3586), dated April 25, 2017.

⁴ See, Request for Hearing (Docket No. 17-CONS-3586), dated April 27, 2017.

⁵ See, Motion to Rescind Penalty, dated July 5, 2017.

⁶ See, Order to Supplement the Record, dated August 29, 2017.

⁷ See, Exhibit A (transfer of subject well from Quest Cherokee LLC to PostRock Midcontinent Production LLC).

subject well to Operator.⁸ Upon learning of the inadvertent transfer, Commission Staff administratively removed the subject well from Operator's license and returned it to PostRock's expired license.

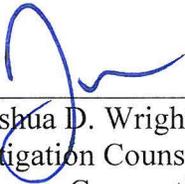
10. In light of Conservation Division records demonstrating Operator is not responsible for the subject well, a penalty against Operator is no longer appropriate.

CONCLUSION

11. As Commission Staff believes Operator is not responsible for the subject well, Staff believes penalizing Operator is not appropriate and recommends the Commission rescind the penalties in the above-captioned dockets.

WHEREFORE, for the reasons more fully set forth above, Staff respectfully requests the Commission accept this supplement to the record and grant Staff's previous motion to rescind the penalties in the above-captioned dockets.

Respectfully submitted,



Joshua D. Wright, #24118
Litigation Counsel
Kansas Corporation Commission
266 N. Main, Suite 220
Wichita, Kansas 67202
Phone: 316-337-6200; Fax: 316-337-6211

⁸ See, Exhibit B (transfer of subject well from PostRock Midcontinent Production LLC to Operator).

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

Form T-1
March 2010
Form must be Typed
Form must be Signed
All blanks must be Filled

REQUEST FOR CHANGE OF OPERATOR
TRANSFER OF INJECTION OR SURFACE PIT PERMIT

Form KSONA-1, Certification of Compliance with the Kansas Surface Owner Notification Act,
MUST be submitted with this form.

Check Applicable Boxes:

Oil Lease: No. of Oil Wells _____ **

Gas Lease: No. of Gas Wells _____ **

Gas Gathering System: _____

Saltwater Disposal Well - Permit No.: D25649.0

Spot Location: 165 FSL 2805 FEL

Enhanced Recovery Project Permit No.: _____

Entire Project: Yes No

Number of Injection Wells _____ **

Field Name: Coffeyville-Cherryvale Field
** Side Two Must Be Completed.

Effective Date of Transfer: 10-01-2010

KS Dept of Revenue Lease No.: NA / KRC

Lessee Name: W HAHN 1-1

SE SE SE SW Sec. 2 Twp. 35S R. 17E E W

Legal Description of Lease: _____
SE SE SE SW

County: LABETTE

Production Zone(s): _____

Injection Zone(s): Arbuckle

Surface Pit Permit No.: 1509918087
(API No. if Drill Pit, WO or Haul)

Type of Pit: Emergency Burn Settling Haul-Off Workover Drilling OK

_____ feet from N / S Line of Section

_____ feet from E / W Line of Section

Past Operator's License No. 33344 Exp 12/30/10

Past Operator's Name & Address: QUEST CHEROKEE LLC
210 PARK AVE, STE 2750, OKLAHOMA CITY, OK 73102

Title: VP OF ENGINEERING

Contact Person: RICHARD MARLIN

Phone: 405-702-7480

Date: 11-23-2010

Signature: Richard Marlin

New Operator's License No. 33343 ✓

New Operator's Name & Address: _____
POSTROCK MIDCONTINENT PRODUCTION LLC
210 PARK AVE, STE 2750, OKLAHOMA CITY, OK 73102

Title: VP OF ENGINEERING

Contact Person: RICHARD MARLIN

Phone: 405-702-7480

Oil / Gas Purchaser: POSTROCK MIDCONTINENT PRODUCTION LLC

Date: 11-23-2010

Signature: Richard Marlin

Acknowledgment of Transfer: The above request for transfer of injection authorization, surface pit permit # 1509918087 has been noted, approved and duly recorded in the records of the Kansas Corporation Commission. This acknowledgment of transfer pertains to Kansas Corporation Commission records only and does not convey any ownership interest in the above injection well(s) or pit permit.

PostRock Midcontinent Production LLC is acknowledged as the new operator and may continue to inject fluids as authorized by Permit No.: D-25.649. Recommended action: NONE 1/30/2010

Date: 3-7-11 Cheryl J. Bayn
Authorized Signature

_____ is acknowledged as the new operator of the above named lease containing the surface pit permitted by No.: _____

Date: _____
Authorized Signature

DISTRICT _____	EPR <u>2-21-11</u>	PRODUCTION <u>3-8-11</u>	UC <u>3-7-11</u>
Mail to: Past Operator <u>3-7-11</u>	New Operator <u>3-7-11</u>	District <u>3-7-11</u> (6)	

Mail to: KCC - Conservation Division, 100 S. Market - Room 2078, Wichita, Kansas 67202

RECEIVED
JAN 18 2011
KCC WICHITA

100110 W HAHN 1 1 INT.PDF

KDOR	LEASE NAME	WELL NO	LOCATION	API NUMBER	FOOTAGE	TYPE OF WELL	STATUS
NA KGR	W HAHN	1-1	SE SE SE SW - SEC 2/35S/17E	1509919087	165 FSL 2805 FEL	SWD	AUTHORIZED INJECTION WELL

RECEIVED
JAN 18 2011

KCC WICHITA

11/23/10

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

Form KSONA-1
July 2010
Form must be Typed
Form must be Signed
All blanks must be Filled

**CERTIFICATION OF COMPLIANCE WITH THE
KANSAS SURFACE OWNER NOTIFICATION ACT**

This form must be submitted with all Forms C-1 (Notice of Intent to Drill); CB-1 (Cathodic Protection Borehole Intent); T-1 (Request for Change of Operator Transfer of Injection or Surface Pit Permit); and CP-1 (Well Plugging Application). Any such form submitted without an accompanying Form KSONA-1 will be returned.

Select the corresponding form being filed: C-1 (Intent) CB-1 (Cathodic Protection Borehole Intent) T-1 (Transfer) CP-1 (Plugging Application)

OPERATOR: License # 33343
Name: POSTROCK MIDCONTINENT PRODUCTION LLC
Address 1: 210 PARK AVE, STE 2750
Address 2: _____
City: OKLAHOMA CITY State: OK Zip: 73102 + _____
Contact Person: RICHARD MARLIN
Phone: (405) 800-7704 Fax: (405) 800-7718
Email Address: _____

Well Location:
SE SE SE SW Sec. 2 Twp. 35S S. R. 17E East West
County: LABETTE
Lease Name: W HAHN Well #: _____
If filing a Form T-1 for multiple wells on a lease, enter the legal description of the lease below:
SE SE SE SW

Surface Owner Information:
Name: HAHN, E ELOISE
Address 1: _____
Address 2: 1540 4000 RD
City: BARTLETT State: KS Zip: 67332 + _____

When filing a Form T-1 involving multiple surface owners, attach an additional sheet listing all of the information to the left for each surface owner. Surface owner information can be found in the records of the register of deeds for the county, and in the real estate property tax records of the county treasurer.

If this form is being submitted with a Form C-1 (Intent) or CB-1 (Cathodic Protection Borehole Intent), you must supply the surface owners and the KCC with a plat showing the predicted locations of lease roads, tank batteries, pipelines, and electrical lines. The locations shown on the plat are preliminary non-binding estimates. The locations may be entered on the Form C-1 plat, Form CB-1 plat, or a separate plat may be submitted.

Select one of the following:

- I certify that, pursuant to the Kansas Surface Owner Notice Act (House Bill 2032), I have provided the following to the surface owner(s) of the land upon which the subject well is or will be located: 1) a copy of the Form C-1, Form CB-1, Form T-1, or Form CP-1 that I am filing in connection with this form; 2) if the form being filed is a Form C-1 or Form CB-1, the plat(s) required by this form; and 3) my operator name, address, phone number, fax, and email address.
- I have not provided this information to the surface owner(s). I acknowledge that, because I have not provided this information, the KCC will be required to send this information to the surface owner(s). To mitigate the additional cost of the KCC performing this task, I acknowledge that I am being charged a \$30.00 handling fee, payable to the KCC, which is enclosed with this form.

If choosing the second option, submit payment of the \$30.00 handling fee with this form. If the fee is not received with this form, the KSONA-1 form and the associated Form C-1, Form CB-1, Form T-1, or Form CP-1 will be returned.

I hereby certify that the statements made herein are true and correct to the best of my knowledge and belief.

Date: 11-23-2010 Signature of Operator or Agent: Richard Marlin Title: VP OF ENGINEERING

Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202

RECEIVED
JAN 18 2011

KCC WICHITA

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

Form T-1
July 2014

Form must be Typed
Form must be Signed
All blanks must be Filled

REQUEST FOR CHANGE OF OPERATOR
TRANSFER OF INJECTION OR SURFACE PIT PERMIT

Form KSONA-1, Certification of Compliance with the Kansas Surface Owner Notification Act,
MUST be submitted with this form.

Check Applicable Boxes:

- Oil Lease: No. of Oil Wells _____ "
- Gas Lease: No. of Gas Wells _____ "
- Gas Gathering System: _____
- Saltwater Disposal Well - Permit No.: D25649.0 ✓
- Spot Location: 165 feet from N / S Line
- 2805 feet from E / W Line
- Enhanced Recovery Project Permit No.: _____
- Entire Project: Yes No
- Number of Injection Wells _____ "

Field Name: Unknown Cherokee Basin
**** Side Two Must Be Completed.**

Effective Date of Transfer: 06/22/2016

KS Dept of Revenue Lease No.: NA

Lease Name: W HAHN

SE - SE - SE - SW Sec. 2 Twp. 35S R 17E E W

Legal Description of Lease: S2 ✓

County Labette ✓

Production Zone(s): _____

Injection Zone(s): Unknown Mississippi + Arkuckle

Surface Pit Permit No.: 1509919087
(API No. if Drill Pit, WO or Haul)

_____ feet from N / S Line of Section

_____ feet from E / W Line of Section

Type of Pit: Emergency Burn Settling Haul-Off Workover Drilling nd ✓

Past Operator's License No. 33343 ✓

Contact Person: Stephen Moriarty

Past Operator's Name & Address Postrock Midcontinent Production LLC
210 Park Ave. Okla. City, OK 73102

Phone: 405-600-7704

Title: Stephen Moriarty, Bankruptcy Trustee for Postrock Midcontinent Prod

Date: 7/13/16

Signature: [Signature]

New Operator's License No. 35341 ✓

Contact Person: Jim Allen

New Operator's Name & Address: River Rock Operating, LLC
211 N. Robinson, Suite 200

Phone: 405-606-7481

Oklahoma City, OK 73102

Oil / Gas Purchaser: _____

Title: Vice President - Operations

Date: 07/11/2016

Signature: [Signature]

KCC WICHITA
JUL 27 2016
RECEIVED

Acknowledgment of Transfer: The above request for transfer of injection authorization, surface pit permit # 1509919087 has been noted, approved and duly recorded in the records of the Kansas Corporation Commission. This acknowledgment of transfer pertains to Kansas Corporation Commission records only and does not convey any ownership interest in the above injection well(s) or pit permit.

River Rock Operating LLC is acknowledged as
the new operator and may continue to inject fluids as authorized by
Permit No.: D25649 Recommended action: MIT
WAS DUE 11-17-15 Please schedule ASAP w/ District #3
Date: 11-29-16 Cheryl (Beyer)
Authorized Signature

_____ is acknowledged as
the new operator of the above named lease containing the surface pit
permitted by No.: _____
Date: _____
Authorized Signature

DISTRICT	<u>11-29-16</u>	EPR	<u>11/28/16</u>	PRODUCTION	<u>11-29-2016</u>	UIC	<u>11-29-16</u>
Mail to: Past Operator	<u>11-29-16</u>	New Operator	<u>11-29-16</u>	District	<u>(3)</u>	<u>11-29-16</u>	

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

Form KSONA-1
July 2014
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This form must be submitted with all Forms C-1 (Notice of Intent to Drill); CB-1 (Cathodic Protection Borehole Intent); T-1 (Request for Change of Operator Transfer of Injection or Surface Pit Permit); and CP-1 (Well Plugging Application). Any such form submitted without an accompanying Form KSONA-1 will be returned.

Select the corresponding form being filed: C-1 (Intent) CB-1 (Cathodic Protection Borehole Intent) T-1 (Transfer) CP-1 (Plugging Application)

OPERATOR: License # 35341
Name: River Rock Operating, LLC
Address 1: 211 North Robinson
Address 2: Suite 200
City: Oklahoma City State: OK Zip: 73102 +
Contact Person: Jim Allen
Phone: (405) 606-7481 Fax: (405) 606-7483
Email Address: jim.allen@riverrockoperating.com

Well Location:
SE - SE - SE - SW Sec. 2 Twp. 35S S R. 17E East West
County Labette
Lease Name: W HAHN Well #: 1-1

If filing a Form T-1 for multiple wells on a lease, enter the legal description of the lease below:

Surface Owner Information:

Name: Hahn, E Eloise
Address 1: _____
Address 2: 1540 4000 Rd
City: Bartlett State: KS Zip: 67332 +

**KCC WICHITA
JUL 27 2016
RECEIVED**

When filing a Form T-1 involving multiple surface owners, attach an additional sheet listing all of the information to the left for each surface owner. Surface owner information can be found in the records of the register of deeds for the county, and in the real estate property tax records of the county treasurer.

If this form is being submitted with a Form C-1 (Intent) or CB-1 (Cathodic Protection Borehole Intent), you must supply the surface owners and the KCC with a plat showing the predicted locations of lease roads, tank batteries, pipelines, and electrical lines. The locations shown on the plat are preliminary non-binding estimates. The locations may be entered on the Form C-1 plat, Form CB-1 plat, or a separate plat may be submitted.

Select one of the following:

- I certify that, pursuant to the Kansas Surface Owner Notice Act (House Bill 2032), I have provided the following to the surface owner(s) of the land upon which the subject well is or will be located: 1) a copy of the Form C-1, Form CB-1, Form T-1, or Form CP-1 that I am filing in connection with this form; 2) if the form being filed is a Form C-1 or Form CB-1, the plat(s) required by this form; and 3) my operator name, address, phone number, fax, and email address.
- I have not provided this information to the surface owner(s). I acknowledge that, because I have not provided this information, the KCC will be required to send this information to the surface owner(s). To mitigate the additional cost of the KCC performing this task, I acknowledge that I must provide the name and address of the surface owner by filling out the top section of this form and that I am being charged a \$30.00 handling fee, payable to the KCC, which is enclosed with this form.

If choosing the second option, submit payment of the \$30.00 handling fee with this form. If the fee is not received with this form, the KSONA-1 form and the associated Form C-1, Form CB-1, Form T-1, or Form CP-1 will be returned.

I hereby certify that the statements made herein are true and correct to the best of my knowledge and belief.

Date: 7/18/16 Signature of Operator or Agent: _____ Title: Vice President - Operations

CERTIFICATE OF SERVICE

I certify that on 9/7/17, I caused a complete and accurate copy of "Staff's Supplement to the Record" to be served via United States mail, with the postage prepaid and properly addressed to the following:

Keith A. Brock
Anderson & Byrd, LLP
PO Box 17
Ottawa, Kansas 66067
Attorneys for River Rock Operating, LLC

and delivered by e-mail to:

Joshua D. Wright, Litigation Counsel
KCC Central Office

Dustin L. Kirk, Deputy General Counsel
KCC Topeka Office

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