

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Failure of Utah Oil, LLC)
(Operator) to Report Activity That Occurred)
During the 2023 Calendar Year in Compliance)
with K.A.R. 82-3-409.)
Docket No. 24-CONS-3315-CPEN
CONSERVATION DIVISION
License No.: 34223

**PRE-FILED TESTIMONY
OF BRAD LEACH**

1 **Q: PLEASE STATE YOUR NAME AND BUSINESS ADDRESS FOR THE RECORD.**

2 A: Brad Leach, 2394 Utah Road, Rantoul, KS 66079.

3 **Q: WHAT IS YOUR RELATIONSHIP TO UTAH OIL, LLC ("UTAH OIL")?**

4 A: I am one of the Members of Utah Oil.

5 **Q: WHY HAS UTAH OIL REQUESTED A HEARING CONCERNING THE PENALTY
6 ORDER ISSUED IN THIS DOCKET?**

7 A: The primary reason Utah Oil requested a hearing in this Docket is that I greatly value Utah
8 Oil's compliance record with the KCC. Utah Oil has always tried very hard to work with and
9 assist KCC staff and I believe KCC field staff would agree with this statement. Utah Oil
10 completed and uploaded the necessary U3C form into the KOLAR system believing it had
11 been submitted; however the filer misunderstood the KOLAR system and didn't realize there
12 was one additional button that had not been clicked in order to finally submit the form. I do
13 not feel the Commission's overarching objectives will be accomplished in this Docket by
14 assessing 40 separate violations against Utah Oil, for a very innocent mistake.

15 The evidence (which is not in dispute) is that Utah Oil fully completed and successfully
16 uploaded the subject U3C, and that it was validated with no errors on KOLAR one day after

1 receiving the first NOV, i.e. well before the deadline set by said NOV. Utah Oil believed such
2 form to be fully submitted and accepted by the KCC, when in fact Utah Oil needed to click one
3 final button to change the form from 'Created' to 'Submitted.' While Utah Oil acknowledges
4 that it mistakenly failed to click one final button (even though the form was fully completed,
5 uploaded and verified by KOLAR) Utah Oil feels that assessing 40 violations, a \$4,000
6 penalty, and \$5,400 in financial assurance obligations over the next three years for this
7 innocent mistake is excessive and would not further the Commissions objective to deter
8 violations of this nature.

9 When the penalty order was issued in this Docket Utah Oil promptly contacted KCC
10 staff and explained what had happened and that the violation was caused by a mere failure to
11 click a button in the KOLAR system. Utah Oil further provided documentary evidence
12 showing the date when the form was created and uploaded, and KCC staff verified these dates
13 through the KOLAR system as well. Nevertheless, KCC Staff indicated that it did not
14 negotiate U3C penalties as it could create a precedent with other operators.

15 Utah Oil believes that the facts of this docket are unique and do not warrant assessing
16 40 violations of KCC regulations at a cost of \$9,400 to Utah Oil. I believe that the
17 Commission has always tried to act fairly and it's objective has been to achieve compliance
18 with regulations, rather than penalization. Thus, Utah Oil requested this hearing in order to put
19 this issue before the Commission so that the Commission can determine whether the result
20 Staff recommends is in keeping with the policy objective of regulatory compliance rather than
21 enforcement/penalization that the Commission has traditionally held to. In this instance, the
22 40 violations and \$9,400 financial impact to Utah Oil does nothing to assure future

1 compliance, because Utah Oil believed it had fully complied with the regulation by filing the
2 U3C form at issue in this Docket.

3 U3C violations almost always involve operators who have failed to timely file the
4 required form and then ignored one or more notice of violations before a penalty is issued.
5 This is simply not what happened in this instance, and the unique facts involved in this Docket
6 enable the Commission to act in accordance with its larger policy objectives without any
7 concern of setting a precedent with other operators.

8 **Q: WHO COMPLETES UTAH OIL'S U3C FILINGS WITH THE KCC?**

9 A. My daughter Dee Roehl f/k/a Dee Leach ("Dee") files these particular forms.

10 **Q: PLEASE DESCRIBE IN DETAIL YOUR INVOLVEMENT IN THE U3C FILINGS AT**
11 **ISSUES IN THIS DOCKET?**

12 A: Dee typically files the U3C forms when they become due without prompting or request from
13 anyone, so the first time I became aware that the subject U3C form was not timely filed was
14 when the March 28, 2024 Notice of Violation ("NOV") letter was mailed to Utah Oil. This
15 letter stated that the failure to submit the U3C's by April 11, 2024 would be punishable by a
16 \$100 per well penalty. I received this letter on Saturday March 30, 2024 and immediately
17 called Dee to ask about this NOV and why the U3C's had not been filed. She apologized for
18 the mistake and told me that she would finalize the form and submit it Monday April 1, 2024.
19 I called her again the evening of Monday, April 1, 2024 to verify that the form had been filed
20 and was told that it had been filed. I told her I was going to call the KCC to verify that
21 everything had been filed correctly and that the issue was resolved. Dee reminded me that in
22 2023 a NOV was received for that years U3C form and I had insisted upon calling the KCC

1 to verify the form was received by the KCC and was told that it was submitted and staff hadn't
2 gotten it processed on their end yet so we should disregard the NOV. I remembered this
3 conversation from the previous year and assumed the same thing had occurred this year. Dee
4 promised the U3C form had been filed and that it was taken care of. Ultimately I relented,
5 trusting that the form had been filed and did not call the KCC to verify.

6 On May 1, 2024, I learned that the penalty order in this Docket was going to be issued
7 and immediately called Dee to ask about this U3C filing. She was adamant the form had been
8 filed as she had told me previously and said there must be a mistake on the KCC's end. Later
9 that day she called me crying and apologizing and told me that she had completed the U3C
10 form on Monday April 1, 2024 as she and I discussed, and had filed it through the KOLAR
11 system that same day thinking it was sent to the KCC and completed. However, when she
12 looked further into this filing on KOLAR after receiving my call about the penalty she
13 discovered that she failed to click a final button to submit the form in the KOLAR system. She
14 told me upon discovering the issue she had just clicked the final button before calling me back.

15 Dee and I later learned from KCC Staff that they could verify Dee completed and
16 uploaded the U3C form on April 1, 2024 as she had told me. The only failure was that Dee got
17 to a point in KOLAR where the form had been completed, uploaded and verified by KOLAR,
18 at which point Dee believed the form was submitted, however one final step remained before
19 the form was considered "submitted" in KOLAR.

20 **Q: IN A NUTSHELL WHAT IS UTAH OIL ASKING FROM THE COMMISSION?**

21 A: Utah Oil acknowledges that it failed to properly navigate the KOLAR filing system when
22 attempting to make the single U3C filing. However, given the nature of the mistake and the

1 evidence clearly demonstrating what transpired, I do not feel that this mistake warrants 40
2 separate penalties and a \$9,400 financial impact upon Utah Oil. Therefore, Utah Oil is simply
3 asking the Commission to reduce the number of violations and the penalty amount imposed
4 upon Utah Oil in this Docket to an amount which the Commission feels is reasonable and
5 more in line with the nature of the mistake which occurred. Utah Oil will leave the ultimate
6 penalty amount up to the Commission. I am simply asking that the ultimate penalty imposed
7 upon Utah Oil and the number of violations be more in line with the nature of the mistake
8 which was made as opposed to treating Utah Oil the same as an operator who completely
9 ignored the KCC's requirements and notices would be treated. For the Commission's decision
10 making purposes, it should be noted that pursuant to K.A.R. 82-3-120(e) the number of
11 violations would need to be less than five and the total penalty amount would need to be less than
12 \$3,000 in order for Utah Oil to be spared \$5,400 in financial assurance payments over the next
13 three years.

14 **Q: DOES THIS COMPLETE YOUR TESTIMONY TO THE COMMISSION?**

15 **A: Yes.**

VERIFICATION

STATE OF KANSAS
COUNTY OF FRANKLIN, ss:

I, Bradley S. Leach, being first duly sworn on oath, depose and state that I am the witness identified in the foregoing Direct Testimony; that I have read the testimony and am familiar with its contents; and that the facts set forth therein are true and correct.


Bradley S. Leach

SUBSCRIBED AND SWORN to before me this 8th day of August, 2024.




Notary Public

Appointment/Commission Expires:

CERTIFICATE OF SERVICE

I hereby certify that a copy of the above and foregoing was sent via U. S. Mail, postage prepaid, or electronically, this 9th day of August, 2024, addressed to:

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