

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

2 A. Rodney Breeze, 137 E. 21st Street, Chanute, Kansas 66720.

3 **Q. By whom are you employed and in what capacity?**

4 A. I am employed by the Kansas Corporation Commission (KCC), Conservation Division, as an
5 Environmental Compliance and Regulatory Specialist (ECRS) for District #3.

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

7 A. I graduated from Burlington High School in 2005 and from Tulsa Welding School in 2006.
8 Prior to my work with the KCC, I worked in the oil and gas industry for approximately 12
9 years as a roustabout for B&B Cooperative Ventures. As a roustabout, my duties included
10 drilling and completion operations for oil and injection wells, plugging of oil and failed
11 injection wells, mechanical integrity well preparation and testing, well maintenance, line
12 repair, and general operational duties. In March of 2020, I started my work with the KCC
13 Conservation Division District #3 Office as an ECRS.

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

15 A. As an ECRS, I am responsible for witnessing and monitoring oil and gas related activities in
16 Coffey, Greenwood, Lyon, Osage, and Wabaunsee counties, Kansas. My job involves
17 inspections, documentation, investigation, and consultation with lease operators, landowners,
18 and Commission Staff on compliance issues related to oil and gas production in Kansas.
19 Additionally, I witness and monitor mechanical integrity tests, the plugging of wells, and the
20 drilling and completion of oil, gas, injection, and disposal wells. I also investigate spills and
21 complaints. Further, I conduct inspections on new and abandoned wells to verify the exact
22 location and the status of wells. I work with District Staff and Central Office Staff when
23 required to complete various projects and requests.

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

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

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

7 A. I conducted lease inspections at Operator's Anderson, Graham, McCann, Sears, and
8 Williamson leases in Chautauqua County.

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

10 A. Yes, those violations are documented in the Commission Staff Report and Further
11 Investigation (Staff Investigation Report) and Exhibits KCC Staff-1, KCC Staff-8, KCC Staff-
12 12, KCC Staff-18, and KCC Staff-23.

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

15 A. **Anderson lease, Section 5, Township 34 South, Range 10 East:**

16 I inspected Operator's Anderson lease on March 16, 2022. My inspection report for this
17 lease is attached to the Staff Investigation Report as ***Exhibit KCC Staff-1***. That report
18 documented two inactive wells that were out of compliance with the Commission's rules and
19 regulations (Anderson #1, API #15-019-24723; and Anderson #3, API #15-019-24922),
20 specifically K.A.R. 82-3-111. Operator's Detailed Response to Commission Staff Report and
21 Further Investigation (Detailed Response) stated that a Temporary Abandonment Well
22 Application (CP-111) Form had been prepared for both wells. To date, no CP-111 forms have
23 been received.

Graham lease, Section 36, Township 33 South, Range 10 East:

I inspected Operator's Graham lease on March 11, 2022. My inspection report for this lease is attached to the Staff Investigation Report as *Exhibit KCC Staff-8*. That report documented two wells as out of compliance (Graham #1A, API #15-019-21998; and Graham #6, API #15-019-26171). Operator's Detailed Response states that all of the wells on the Graham lease (Graham #1A, API #15-019-21998; Graham #4, API #15-019-24728; Graham #5, API #15-019-25183; Graham #6, API #15-019-26171; Graham #40-1, API #15-019-27009; and NJ Graham #2, API #15-019-22934) are inactive and that CP-111 forms have been prepared for each well. Operator's Detailed Response also states the NJ Graham #2 well needs to be added to Operator's license. To date, no CP-111 forms have been received and the NJ Graham #2 has not been added to Operator's inventory.

McCann lease, Section 36, Township 33 South, Range 10 East:

I inspected Operator's McCann lease on March 14, 2022. My inspection report for this lease is attached to the Staff Investigation Report as *Exhibit KCC Staff-12*. That report documents four wells as out of compliance: one inactive oil well (McCann #OW-1, API #15-019-40965), one inactive SWD well without making a spud call to Staff (McCann #2A, API #15-019-26738), one inactive oil well that appears to have been worked over without an intent filed (McCann #3, API #15-019-19249), and one dry hole that is partially plugged but needs to have cement circulated to the surface and the casing cut-off below plow depth (McCann #6A, API #15-019-26994). A spud call is when an operator contacts the appropriate district office prior to spudding the well. Operator's Detailed Response states that two Well Completion (ACO-1) forms have been prepared for the wells drilled out by Operator without

1 a spud call. To date, no ACO-1 form has been received per the Commission's Risked Based
2 Data Management System (RBDMS) records or the Conservation Division, Central Office.

3 The McCann #3 still appears as plugged on RBDMS by 3-D Oil Company, KLN #33472.
4 At the time of my inspection, I found the McCann #3 to have 4.5" casing above ground that
5 was shut in with a swedge and valve. An April 19, 2022, phone conversation between
6 Mr. McCann and Mr. Ryan Duling, District #3 Compliance Officer, confirmed Operator had
7 drilled this well. To date, Operator has not filed a Notice of Intent to Drill (C-1) or an ACO-1
8 form for this well. Operator's Detailed Response claims the McCann #2, API #15-019-19248,
9 is the well that was drilled out. However, I investigated the location where McCann #2 was
10 previously plugged by 3-D Oil Company and found an area where cement was visible at the
11 surface but there was no well above ground at this location.

12 Next, it appears that a C-1 form was approved for the McCann #2A on November 3, 2021.
13 During my inspection, I did confirm that the McCann #2A was present at the location and had
14 4.5" casing above ground that was shut-in with a swedge and valve. An April 19, 2022, phone
15 conversation between Mr. McCann and Mr. Duling confirmed Operator had drilled this well.
16 To date, no ACO-1 form has been received per RBDMS records or the Conservation Division,
17 Central Office. Operator should be penalized for failing to notify the District #3 Office when
18 the two wells, McCann #2A and McCann #3, were spudded and failing to file a C-1 form for
19 the McCann #3. Lastly, Operator's Detailed Response states that of the remaining two wells,
20 one was plugged by a previous operator (McCann #6A) and the inactive well has not been
21 tampered with by Operator (McCann #OW-1). However, the inactive well falls within the
22 quarter-mile Area of Review (AOR) for the two wells Operator drilled out to use as injection
23 wells. Thus, Operator would need to plug the well prior to the injection wells being permitted.

Sears lease, Sections 23-25, Township 34 South, Range 10 East:

I inspected Operator's Sears lease on March 17, 2022. My inspection report for this lease is attached to the Staff Investigation Report as *Exhibit KCC Staff-18*. That report documents 23 wells as out of compliance. The out of compliance wells include: 11 inactive oil wells (Sears #1, API #15-019-20939; Sears #7, API #15-019-21129; Sears #24, API #15-019-26131; Mary G Sears #3-TK, API #15-019-20964; Mary G Sears #4, API #15-019-21012; Sears #14, API #15-019-24640; Sears #31, API #15-019-26181; Sears #32, API #15-019-26182; Sears #37, API #15-019-26225; Sears #40, API #15-019-26242; and Sears #M-2, API #15-019-27178) and two inactive enhanced oil recovery (EOR) wells (Sears #A-2, API #15-019-24207; and Sears #10, API #15-019-21402) currently on Operator's well inventory. Additionally, there are seven inactive oil wells that fall within the AOR of Operator's authorized injection wells (Sears #6, API #15-019-21128; Sears #22, API #15-019-25580; Sears #25, API #15-019-26132; Sears #29, API #15-019-26183; Sears #OW-1, API #15-019-40963; Sears #3A, API #15-019-19608; and Sears #8, API #15-019-21228). Lastly, there are three inactive oil wells that are not on Operator's well inventory or within the AOR of Operator's injection wells (Sears #34, API #15-019-26222; Sears #39, API #15-019-26241; and Sears #OW-2, API #15-019-40963).

Operator's Detailed Response states that CP-111 forms had been prepared for one inactive EOR well (Sears #A-2) and five inactive oil wells (Sears #22, Mary G Sears #3-TK, Sears #31, Sears #32, and Sears #40). To date, no CP-111 forms have been received. I also would like to note that the Sears #22 is currently listed under the license for McCann Petroleum, Inc. Operator will need to transfer the well onto its license prior to filing a CP-111 form for the Sears #22 well.

1 Operator's Detailed Response states that there are nine producing oil wells (Sears #1, Sears
2 #1A, Sears #2, Sears #7, Sears #24, Sears #25, Sears #14, Sears #33 and Sears #37) that
3 operated within the last 364 days and do not require CP-111 forms. However, during my
4 inspection, I found six wells (Sears #1, Sears #7, Sears #24, Sears #25, Sears #14, and Sears
5 #37) that were not fully equipped for production of oil or gas or for injection, capable of
6 immediately resuming production of oil or gas or of injection, subject to a valid, continuing
7 oil and gas lease, were in use within the past 365 days, and are otherwise in full compliance
8 with all of the commission's regulations. Wells that fall under the exemption listed in K.A.R.
9 82-3-111(e) are also known as declaratory wells. These six wells are ineligible for
10 classification as declaratory wells, and need CP-111 forms to be filed. I also would like to
11 note that the Sears #25 is currently listed under the license for McCann Petroleum, Inc. Since
12 Operator claims to have used the well within the past year, then Operator will need to transfer
13 the Sears #25 onto its license. The remaining three wells (Sears #1A, Sears #2, and Sears #33)
14 are producing, which is noted in my inspection report. I also noted a large area around the
15 Sears #33 well that had been impacted by a spill of produced fluids. The spill ran
16 approximately 800 feet from the well head, and Operator did not report the spill or clean up
17 the impacted area. Additionally, Operator should be penalized for failing to notify the District
18 #3 Office of the spill and for failing to clean up the spill.

19 Operator's Detailed Response states that there are eight oil wells that are currently in
20 production (Sears #KHCA 23, API #15-019-25571; Sears #28, API #15-019-26184; Sears
21 #30, API #15-019-26165; Mary G Sears #5, API #15-019-21018; Sears #36, API #15-019-
22 26224; Sears #M-2, Sears #M-3, API #15-019-27179; and Sears #M-1, API #15-019-27013).
23 At the time of my inspection, I documented the Sears #M-2 well as inactive and not fully

1 equipped for production. This is not a declaratory well and requires a CP-111 form to be filed.
2 At the Sears #KHCA 23, I documented produced fluids being pumped into a 300 gallon plastic
3 tote. The plastic tote was full and had previously spilled produced fluids onto the ground,
4 which flowed approximately 120 feet down the lease road. This spill was not reported or
5 cleaned up by Operator. I also documented a kill area from a reported spill at the Sears #M1
6 well that needs to be further remediated. Operator should be penalized for failing to notify the
7 District #3 Office of these spills and for failing to clean up these spills.

8 Operator's Detailed Response states there are four active EOR wells which are currently
9 being used (Sears #0, API #15-019-19607; Sears #26, API #15-019-26135; Sears #27, API
10 #15-019-26143; and Sears #35, API #15-019-26223). At the Sears #35, I documented a pit
11 that has not been emptied or closed. However, I did not find any application to have a pit at
12 this location on the Kansas Online Automated Reporting (KOLAR) or RBDMS databases.
13 Operator will need to empty and close this pit, as well as file the appropriate documentation
14 to go with the closure.

15 Operator's Detailed Response states there is one active saltwater disposal (SWD) well
16 (Sears #10, API #15-019-21402) that has operated within the last 364 days and does not
17 require a CP-111. At the time of my inspection, I found this well to be inactive with no CP-111
18 form filed. Further research of the Annual Report of Pressure Monitoring, Fluid Injection and
19 Enhanced Recovery (U3C) submitted for the Sears #10 over the past several years shows the
20 well has not been in use since 2014. Additionally, there is an open workover pit next to the
21 well that will need to be emptied and closed.

22 Operator's Detailed Response states Operator has no right to operate seven wells (Sears
23 #6, API #15-019-21128; Sears #OW-1, API #15-019-40963; Mary G Sears #4, API #15-019-

1 21012; Sears #3A, API #15-019-19608; Sears #8, API #15-019-21228; Sears #39, API
2 #15-019-26241; and Sears #OW-2, API #15-019-40963). However, the Mary G Sears #4 is
3 an inactive well currently listed on Operator's well inventory and needs a CP-111 form filed.
4 The remaining six wells are not listed on Operator's well inventory, but four fall in the quarter-
5 mile AOR of Operator's injection wells (Sears #6, Sears #OW-1, Sears #3A, and Sears #8).
6 If Operator fails to plug these wells or add the wells to its inventory and bring them into
7 compliance, then Staff will review whether Operator's injection authorization for the Sears
8 #10, Sears #A2, Sears #0, Sears #26, Sears #27, and Sears #35 wells should be revoked.

9 Operator's Detailed Response states there are two wells that it feels need further
10 investigation (Sears #29, API #15-019-26183; and Sears #34, API #15-019-26222). However,
11 I am confident in my findings, which are supported by my completed field inspection report.
12 Neither well is currently listed on Operator's well inventory, but the Sears #29 falls within
13 the quarter-mile AOR for Operator's Sears #A2 and Sears #26 injection wells. If Operator
14 fails to plug the well or add it to its inventory and bring it into compliance, then Staff will
15 review whether Operator's injection authorization for the Sears #A2 and Sears #26 wells
16 should be revoked.

17 Lastly, Operator states there are six wells that have expired Intents to Drill and no wells
18 were drilled (Sears #M-4, API #15-019-27181; Sears #M-41, API #15-019-27029; Sears
19 #M-5, API #15-019-27177; Sears #M-6, API #15-019-27180; Sears #M-7, API #15-019-
20 27187; and Sears #M-4, API #15-019-27716). I did not find any wells at the intent locations
21 during my lease inspection.

1 **Williamson lease, Sections 25 and 36, Township 33 South, Range 10 East:**

2 I inspected Operator's Williamson lease on March 15, 2022. My inspection report for this
3 lease is attached to the Staff Investigation Report as *Exhibit KCC Staff-23*. My report
4 documents three inactive oil wells as out of compliance without an approved CP-111 form on
5 file. Operator's Detailed Response states that a CP-111 form has been prepared for its
6 Williamson #3, API #15-019-21783; and Williamson #4, API #15-019-21579 wells. To date,
7 no CP-111 forms have been received.

8 Operator's Detailed Response also states the third well, the Williamson #1, API #15-019-
9 21579, does not need to have an approved CP-111 form because the well has operated within
10 the past 364 days. However, during my inspection, the well was missing a motor, which means
11 the well is not fully equipped for production of oil or gas or for injection or capable of
12 immediately resuming production, and therefore is not in full compliance with all of the
13 Commission's regulations.

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

15 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 Rodney Breeze has been served to the following by means of electronic service on September 7, 2022.

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