

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

Before Commissioners: Andrew J. French, Chairperson
 Dwight D. Keen
 Annie Kuether

In the matter of the failure of Atlas Operating,) Docket No.: 25-CONS-3138-CPEN
LLC (Operator) to comply with K.A.R.)
82-3-111 at the Ben Swingle #1, Ben Swingle) CONSERVATION DIVISION
#2-36, Ben Swingle #5-36, and Ben Swingle)
#6-36 wells in Kingman County, Kansas.) License No.: 34357

PENALTY ORDER

The Commission finds Operator has violated K.A.R. 82-3-111 regarding the captioned wells, assesses a \$400 penalty, directs Operator to come into compliance, and further rules as more fully described below.

I. JURISDICTION

1. K.S.A. 74-623 provides the Commission exclusive jurisdiction and authority to regulate oil and gas activities in Kansas. K.S.A. 55-152 provides the Commission with jurisdiction to regulate the construction, operation, and abandonment of any well, and also the protection of the usable water of this state from any actual or potential pollution from any well. The Commission has licensing authority under K.S.A. 55-155.

2. K.S.A. 55-162 and K.S.A. 55-164 provide the Commission authority to issue penalty orders for violations of Chapter 55 of the Kansas Statutes Annotated, or of any rule, regulation, or order of the Commission. Under K.S.A. 55-164, a penalty order may include a monetary penalty of up to \$10,000, the penalty must constitute a substantial and actual economic deterrent to the violation, and each day of a continuing violation constitutes a separate violation.

3. K.A.R. 82-3-111 provides that within 90 days after operations cease on any well, the operator of that well shall plug the well, return the well to service, or file an application with

the Conservation Division requesting temporary abandonment (TA) status. If not plugged or returned to service, the operator must obtain TA approval; TA status may be denied by the Conservation Division if necessary to prevent pollution. A well shut-in for 10 years or more cannot be granted TA status without the operator filing an application for an exception pursuant to K.A.R. 82-3-100 and approval from the Commission. K.A.R. 82-3-111(e) provides a TA exemption for certain wells fully equipped and capable of production.

II. FINDINGS OF FACT

4. Operator is licensed to conduct oil and gas activities in Kansas and is responsible for the following wells (Subject Wells), located in Section 36, Township 30 South, Range 9 West, Kingman County, Kansas:

- a. Ben Swingle #1, API #15-095-00927-00-00;
- b. Ben Swingle #2-36, API #15-095-21679-00-00;
- c. Ben Swingle #5-36, API #15-095-21899-00-00; and
- d. Ben Swingle #6-36, API #15-095-21956-00-00.

5. On August 12, 2024, Commission records indicated the Subject Wells had been inactive and unplugged for longer than the 90 days allowed by K.A.R. 82-3-111, that the wells were not exempt pursuant to K.A.R. 82-3-111(e), and that the wells were not approved for TA status. Thus, Commission Staff sent letters to Operator, requiring Operator to bring the Subject Wells into compliance with K.A.R. 82-3-111 by September 9, 2024.¹

6. On September 16, 2024, Commission Staff inspected the Subject Wells, because the deadline in the letters had passed and the violations had not been resolved, verifying that the wells continued to be inactive and unplugged.²

¹ Exhibit A.

² Exhibit B.

III. CONCLUSIONS OF LAW

7. The Commission has jurisdiction over Operator and this matter under K.S.A. 74-623 and K.S.A. 55-152.

8. Operator has committed four violations 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.³

THEREFORE, THE COMMISSION ORDERS:

A. Operator shall pay a \$400 penalty.

B. Operator shall plug the Subject Wells, or return the wells to service, or obtain TA status for the wells if eligible.

C. Commission Staff may require Staff-witnessed static fluid level measurements before a Subject Well is returned to service. A Subject Well may not be returned to service if (1) any measurement has shown fluid in the wellbore at or above the appropriate minimum surface casing requirement described in Table I of the Commission's August 1, 1991, Order in Docket 34,780, (2) any measurement has shown fluid in the wellbore at or above any salt formation or other corrosive formation, or (3) in the opinion of Staff, variation in measurements indicates the possibility of a casing leak. Provided, however, a Subject Well may be returned to service upon (a) passing a casing integrity test after issuance of this Penalty Order to the satisfaction of Staff, or (b) Staff providing written, well-specific authorization after issuance of this Penalty Order.

D. Operator 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, to the Commission at 266 N. Main St., Suite 220, Wichita, Kansas 67202, within 30 days from the date of service of this Order. A request for hearing must comply with K.A.R. 82-1-219.

³ K.S.A. 55-164; K.A.R. 82-3-111(b).

E. Failure to timely request a hearing will result in a waiver of Operator's right to a hearing. If no party timely requests a hearing, then this Order shall become final.

F. If Operator is not in compliance with this Order and the Order is final, then Operator's license shall be suspended without further notice and shall remain suspended until Operator complies. If a Subject Well has been inactive for more than 10 years and Operator applies for an exception to the 10-year limit on TA status for the Subject Well prior to this Order becoming final, and Operator would be in compliance with this Order if the application were approved, then suspension shall not be enforced unless: (1) the application is denied, and (2) 30 days have elapsed since the denial. The notice and opportunity for a hearing on this Order shall constitute the notice required by K.S.A. 77-512 regarding license suspension.

G. A party may petition for reconsideration of a final order pursuant to the requirements and time limits established by K.S.A. 77-529(a)(1).⁴

H. Credit card payments may be made by calling the Conservation Division at 316-337-6200. 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. Payments must reference the docket number of this proceeding.

BY THE COMMISSION IT IS SO ORDERED.

French, Chairperson; Keen, Commissioner; Kuether, Commissioner

Dated: 10/17/2024



Lynn M. Retz
Executive Director

Mailed

Date: 10/17/2024

TSK

⁴ See K.S.A. 55-162; K.S.A. 55-164; K.S.A. 55-606; K.S.A. 55-707; K.S.A. 77-503(c); K.S.A. 77-531(b).



Andrew J. French, Chairperson
Dwight D. Keen, Commissioner
Annie Kuether, Commissioner

Corporation Commission

Laura Kelly, Governor

NOTICE OF VIOLATION

August 12, 2024

KCC Lic.-34357

ATLAS OPERATING LLC
1900 ST JAMES PLACE SUITE 800
HOUSTON TX 77056-4133

RE: TEMPORARY ABANDONMENT

API Well No. 15-095-00927-00-00

BEN SWINGLE 1

36-30S-9W, SWSWNE

KINGMAN County, Kansas

Operator:

On August 12, 2024, a lease inspection documented a probable violation of the following regulation at the referenced well:

- K.A.R. 82-3-111. Within 90 days after operations cease on a well, the operator must return the well to service, plug the well, or obtain approval for temporary abandonment status.

**Failure to remedy this violation
by SEPTEMBER 09, 2024
shall be punishable by a \$100 penalty.**

You may contact me if you have any questions.

Sincerely,

NEIL LAKE
KCC District # 2



Andrew J. French, Chairperson
Dwight D. Keen, Commissioner
Annie Kuether, Commissioner

Corporation Commission

Laura Kelly, Governor

NOTICE OF VIOLATION

August 12, 2024
KCC Lic.-34357

ATLAS OPERATING LLC
1900 ST JAMES PLACE SUITE 800
HOUSTON TX 77056-4133

RE: **TEMPORARY ABANDONMENT**
API Well No. 15-095-21679-00-00
BEN SWINGLE 2-36
36-30S-9W, S2SENE
KINGMAN County, Kansas

Operator:

On August 12, 2024, a lease inspection documented a probable violation of the following regulation at the referenced well:

- K.A.R. 82-3-111. Within 90 days after operations cease on a well, the operator must return the well to service, plug the well, or obtain approval for temporary abandonment status.

**Failure to remedy this violation
by SEPTEMBER 09, 2024
shall be punishable by a \$100 penalty.**

You may contact me if you have any questions.

Sincerely,

NEIL LAKE
KCC District # 2



Andrew J. French, Chairperson
Dwight D. Keen, Commissioner
Annie Kuether, Commissioner

Corporation Commission

Laura Kelly, Governor

NOTICE OF VIOLATION

August 12, 2024

KCC Lic.-34357

ATLAS OPERATING LLC
1900 ST JAMES PLACE SUITE 800
HOUSTON TX 77056-4133

RE: TEMPORARY ABANDONMENT

API Well No. 15-095-21899-00-00

BEN SWINGLE 5-36

36-30S-9W, NESWNE

KINGMAN County, Kansas

Operator:

On August 12, 2024, a lease inspection documented a probable violation of the following regulation at the referenced well:

- K.A.R. 82-3-111. Within 90 days after operations cease on a well, the operator must return the well to service, plug the well, or obtain approval for temporary abandonment status.

**Failure to remedy this violation
by SEPTEMBER 09, 2024
shall be punishable by a \$100 penalty.**

You may contact me if you have any questions.

Sincerely,

NEIL LAKE
KCC District # 2



Andrew J. French, Chairperson
Dwight D. Keen, Commissioner
Annie Kuether, Commissioner

Corporation Commission

Laura Kelly, Governor

NOTICE OF VIOLATION

August 12, 2024
KCC Lic.-34357

ATLAS OPERATING LLC
1900 ST JAMES PLACE SUITE 800
HOUSTON TX 77056-4133

RE: TEMPORARY ABANDONMENT
API Well No. 15-095-21956-00-00
BEN SWINGLE 6-36
36-30S-9W, NENWNE
KINGMAN County, Kansas

Operator:

On August 12, 2024, a lease inspection documented a probable violation of the following regulation at the referenced well:

- K.A.R. 82-3-111. Within 90 days after operations cease on a well, the operator must return the well to service, plug the well, or obtain approval for temporary abandonment status.

**Failure to remedy this violation
by SEPTEMBER 09, 2024
shall be punishable by a \$100 penalty.**

You may contact me if you have any questions.

Sincerely,

NEIL LAKE
KCC District # 2

KCC OIL/GAS REGULATORY OFFICES

Date: 09/16/24

District: 02

Case #: _____

New Situation

Lease Inspection

Response to Request

Complaint

Follow-Up

Field Report

Operator License No: 34357

API Well Number: _____

Op Name: Atlas Operating LLC

Spot: NE/4 Sec 36 Twp 30 S Rng 9 E / W

Address 1: 1900 St. James Place

Feet from N / S Line of Section

Address 2: Suite 800

Feet from E / W Line of Section

City: Houston

GPS: Lat: _____ Long: _____ Date: _____

State: TX Zip Code: 77056 -4133

Lease Name: Ben Swingle Well #: _____

Operator Phone #: (281) 893-9400

County: Kingman

Reason for Investigation:

Routine lease inspections

Problem:

Inactive (GAS) wells

Persons Contacted:

Findings:

Ben Swingle #1, API#15-095-00927-00-00. SW SW NE of 36-30S-9W-NOV letter sent 8/12/24, deadline for compliance was 9/9/24, no response from operator. Polish rod is tarnished and lease is over grown with vegetation. It appears well has not run in quite some time. Last reported production was Feb. 2023.

Ben Swingle #2-36, API#15-095-21679-00-00. S2 SE NE of 36-30S-9W. NOV letter 8/12/24, deadline for compliance was 9/9/24. No response from operator, well appears to have been down for quite some time. Last reported production was Feb. 2023.

Ben Swingle #5-36, API#15-095-21899-00-00. NE SW NE of 36-30S-9W, KM. Co.-NOV letter sent on 8/12/24, deadline for compliance was 9/9/24, no response from operator. Polish rod is dull, last reported production was Feb. of 2023.

Ben Swingle #6-36, API#15-21956-00-00. NE NW NE of 36-30S-9W.-NOV letter sent on 8/12/24, deadline for compliance was 9/9/24, no response from operator. No response from operator. Power to unit is off. Last reported production was Feb. of 2023.

Action/Recommendations:

Follow Up Required Yes No

Date: _____

Staff recommends a Commission Order for failure to meet the requirements under K.A.R. 82-3-111.

Verification Sources:

Photos Taken: Yes

RBDMS KGS TA Program
 T-I Database District Files Courthouse
 Other: Walter's Digital, Google Earth, Earth Explorer

By: Neil Lake ECRS

Retain 1 Copy District Office
Send 1 Copy to Conservation Division

Form: _____

Ben Swingle 1



Ben Swingle #1, inactive well located in the NE/4 of 36-30S-9E. KM. Co. API#15-095-00927-00-00. Operated by Atlas Operating, LLC. Lic. #34357. Photo taken on September 16, 2024 by Neil Lake-E CRS.

Ben Swingle 2-36



Ben Swingle #2-36, Inactive gas well. API#15-095-21679-00-00. S2 SE NE of 36-30S-9W. KM. Co. Operated by: Atlas Operating LLC. Photo taken by Neil Lake-ECRS on September 16, 2024.

Ben Swingle 5-36



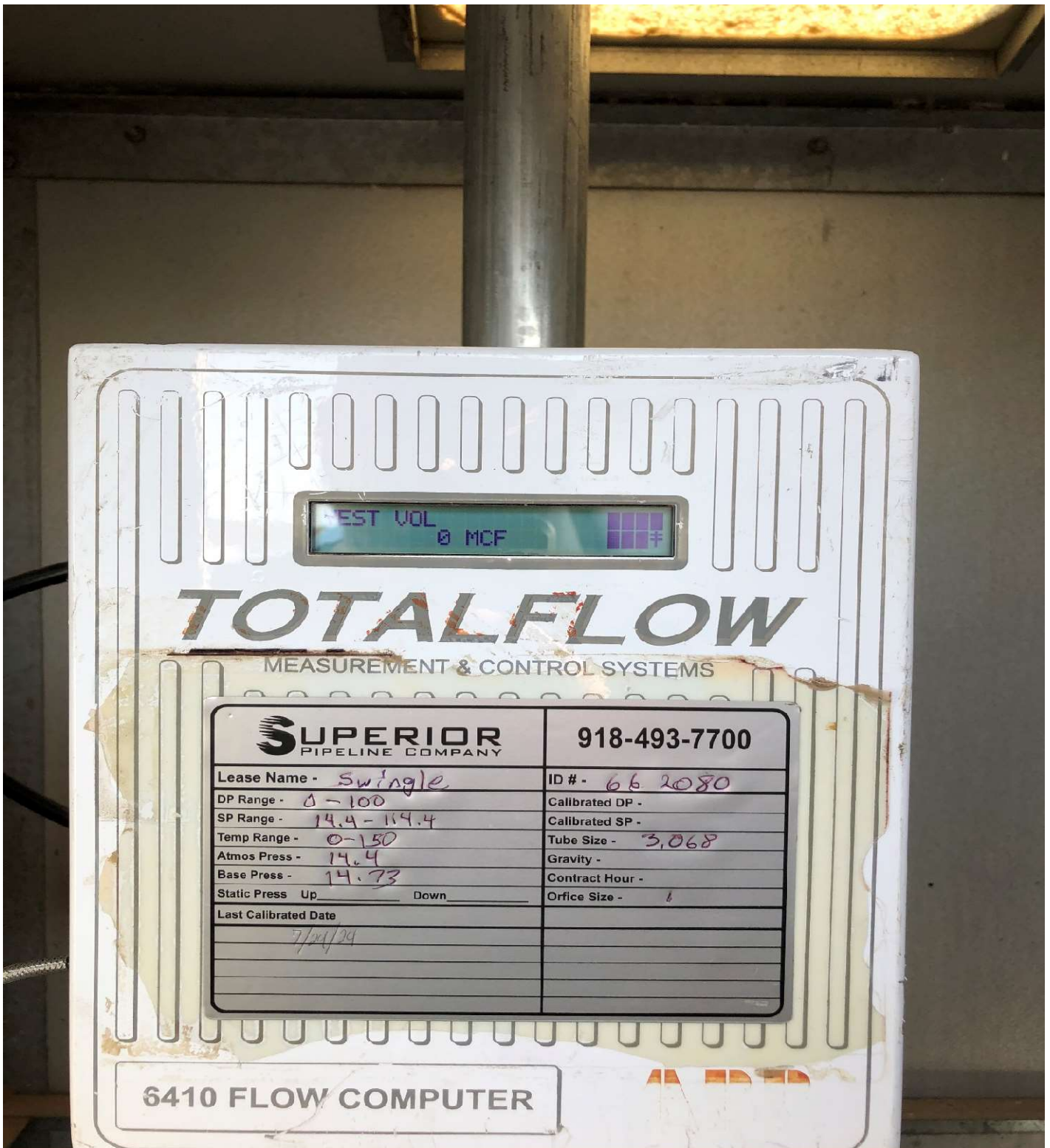
Ben Swingle #5-36, inactive gas well. API#15-095-21899-00-00. Located in the NE SW NE of 36-30S-9W. KM. Co. Operated by Atlas Operating, LLC. Lic. #34357. Photo taken by Neil Lake-ECRS on September 16, 2024.

Ben Swingle 6-36



Ben Swingle #6-36, inactive well
Located in the NE NW NE of 36-
30S-9W. KM. Co. API#15-095-
21956-00-00. Operated by: Atlas
Operating, LLC. Lic. 34357
Photo taken by: Neil Lake-ECRS
On September 16, 2024.





Ben Swingle Lease, Flow meter shows 0 MCF. All four wells flow into this one meter.

Photo taken on September 16, 2024 by Neil Lake-ECRS.

CERTIFICATE OF SERVICE

25-CONS-3138-CPEN

I, the undersigned, certify that a true copy of the attached Order has been served to the following by means of first class mail and electronic service on 10/17/2024.

YOUSUF CHAUDHARY, ATLAS OPERATING LLC
ATLAS OPERATING LLC
1900 SAINT JAMES PL STE 800
HOUSTON, TX 77056-4133
production@peloil.com

DANIEL FOX, COMPLIANCE OFFICER, KCC DISTRICT 2
KANSAS CORPORATION COMMISSION
DISTRICT OFFICE NO. 2
3450 N. ROCK RD BLDG 600 STE 601
WICHITA, KS 67226
dan.fox@ks.gov

TRISTAN KIMBRELL, LITIGATION COUNSEL
KANSAS CORPORATION COMMISSION
CENTRAL OFFICE
266 N. MAIN ST, STE 220
WICHITA, KS 67202-1513
tristan.kimbrell@ks.gov

/S/ KCC Docket Room
KCC Docket Room