THE STATE CORPORATION COMMISSION OF THE STATE OF KANSAS

Before Commissioners:

Andrew J. French, Chairperson Dwight D. Keen Susan K. Duffy

In the matter of the failure of Stroke of Luck) Energy & Exploration LLC (Operator) to) comply with K.A.R. 82-3-120.) Docket No.: 22-CONS-3084-CPEN CONSERVATION DIVISION License No.: 35125

PENALTY ORDER

The Commission finds Operator has violated K.A.R. 82-3-120, assesses a \$500 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. 82-3-120(a)(1) provides that no operator shall drill, complete, service, plug, or operate any oil or gas well without first obtaining or renewing an operator license, and that each operator in physical control of any such well shall maintain a current license even if the

well is shut in or idle. K.A.R. 82-3-120(a)(2) provides that each licensee shall annually submit a completed license renewal form on or before the expiration date of the current license.

4. K.A.R. 82-3-120(k) provides that failure to obtain or renew an operator license before operating shall be punishable by a \$500 penalty.

II. FINDINGS OF FACT

5. On August 30, 2020, Operator's license expired. Operator is responsible for the well(s) (Subject Well(s)) identified in Exhibit A.

6. On June 24, 2021, Commission Staff sent a letter to Operator, requiring Operator to renew the license, transfer the Subject Well(s) to another operator, or plug the Subject Well(s), by July 8, 2021.¹ To date, Operator has not complied with Staff's letter.

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 one violation of K.A.R. 82-3-120(a) because Operator remains responsible for the Subject Well(s), and Operator's license is expired.

THEREFORE, THE COMMISSION ORDERS:

A. Operator shall pay a \$500 penalty.

B. Operator shall immediately shut-in all unplugged wells on its license, and cease oil and gas operations, until Operator is in compliance with this Order.

C. Operator has 30 days from the date of this Order to:

 Renew its license or obtain a new license and transfer the Subject Well(s) to that license; or

¹ Exhibit A.

- b. Transfer the Subject Well(s) to another operator by filing the appropriate form(s) with the Commission; or
- c. Plug the Subject Well(s).

D. If any unplugged wells remain on Operator's expired license after 60 days from the date of this Order, then:

- a. Operator shall pay an additional \$5,000 penalty;
- b. Staff shall revoke any injection authorizations applicable to the operator; and
- c. Staff is directed to place the well(s) on the appropriate state plugging list, to plug according to priority and as funds allow, and to assess the plugging costs to Operator. This shall not preclude Staff from investigating additional potentially responsible parties.

E. 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. <u>A request for hearing must comply with K.A.R. 82-1-219.</u>

F. <u>Failure to timely request a hearing will result in a waiver of Operator's right to a hearing.</u> If no party timely requests a hearing, then this Order shall become final. If Operator is <u>not in compliance with this Order and the Order is final, then Operator's license shall be</u> <u>suspended without further notice, shall remain suspended until Operator complies, and Staff may</u> <u>seal the wells on Operator's license until Operator is in compliance.</u> The notice and opportunity for a hearing on this Order shall constitute the notice required by K.S.A. 77-512 regarding

license suspension. 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).²

G. 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. <u>Payments must reference the docket number of this proceeding</u>.

BY THE COMMISSION IT IS SO ORDERED.

French, Chairperson; Keen, Commissioner; Duffy, Commissioner

Dated: 08/19/2021

Lynn M. Ret

Lynn M. Retz Executive Director

Mailed Date: 08/19/2021

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² 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).

Conservation Division 266 N. Main St., Ste. 220 Wichita, KS 67202-1513

Andrew J. French, Chairperson Dwight D. Keen, Commissioner Susan K. Duffy, Commissioner



Phone: 316-337-6200 Fax: 316-337-6211 http://kcc.ks.gov/

Laura Kelly, Governor

NOTICE OF VIOLATION

June 24, 2021

Ken Walker Stroke of Luck Energy & Exploration LLC PO BOX 98 TECUMSEH, KS 66542-0098

Re: Unplugged Well(s) on Expired License #35125

Operator:

Unplugged well(s) are on your expired license, which violates K.A.R. 82-3-120. Attached is a list of the unplugged well(s). Please do one of the following:

- Renew your license, or obtain a new license and transfer the well(s) to that license,
- Transfer the well(s) to another operator by filing T-1 forms with the Commission, or
- File Well Plugging Application (CP-1) form(s) and plug the well(s).

Your deadline is July 8, 2021.

If you do not correct this violation, I will recommend a Commission Order with a \$500 penalty. The Order would also require you to plug the well(s) within 60 days. Failure to comply with the Order would automatically result in the Commission levying additional penalties against you, directing Staff to plug the wells, and assessing plugging costs to you.

You must immediately shut-in all wells and cease oil and gas operations until compliance is achieved.

For help renewing or obtaining a license, contact Nancy Borst at 316-337-6194. For help transferring wells, contact Deanna Garrison at 316-337-6209. For help with CP-1 forms, contact Rick Hestermann at 316-337-6193.

If you have further questions, you may contact me by calling our main number at the top of this letter.

Sincerely,

Nancy Borst Administrative Specialist

Exhibit A

Stroke of Luck Energy & Exploration LLC License: 35125

API Well #	Lease Name / Well #	Well Location	County
5-051-26853-00-00	CUSTER VALLEY 02-1116	25-11S-19W, SESWNENE	ELLIS
5-085-19008-00-00	LEACH 1	15-7S-13E, SESW	JACKSON
5-085-19009-00-00	LEACH 2	15-7S-13E, N2S2NWSW	JACKSON
5-085-19010-00-01	HLADKY 1	22-7S-13E, NWNW	JACKSON
5-085-19011-00-01	HLADKY 2	22-7S-13E, NENW	JACKSON
5-085-19012-00-00	HLADKY 3	22-7S-13E, S2N2SWNW	JACKSON
5-085-19028-00-00	HARRIS 1	15-7S-13E, NWSENWSE	JACKSON
5-085-19029-00-00	HARRIS 2	15-7S-13E, SWNESE	JACKSON
5-085-20016-00-00	HARRIS 3	15-7S-13E, NENWSWSE	JACKSON
5-085-20022-00-00	HARRIS 6	14-7S-13E, NESWNWSW	JACKSON
5-085-20027-00-01	BENNETT 2	14-7S-13E, SWSWNWSW	JACKSON
5-085-20031-00-00	HARRIS 4	15-7S-13E, NESWSE	JACKSON
5-085-20034-00-00	HARRIS 5	15-7S-13E, SWNESE	JACKSON
5-085-20046-00-01	HLADKY SWD-2	22-7S-13E, NENWNW	JACKSON
5-085-20093-00-00	LEACH 03-1216	15-7S-13E, SWSENESW	JACKSON
5-085-20094-00-00	HARRIS 06-1216	15-7S-13E, SWNWSE	JACKSON
5-131-20092-00-02	LIERZ A 1	3-3S-14E, SWSWSE	NEMAHA
5-131-20097-00-00	LIERZ A 2	3-3S-14E, SWSWNWSE	NEMAHA
5-131-20098-00-00	LIERZ A 3	3-3S-14E, NWNWSE	NEMAHA
5-131-20117-00-00	HEFTY A 1	23-5S-12E, NWNESE	NEMAHA
5-163-19303-00-01	MCCLELLAN 02-0916	9-9S-19W, NWNENW	ROOKS
5-163-20203-00-01	REMPE 1	18-9S-19W, SWSWSE	ROOKS
5-163-20772-00-01	STUCKY 2	32-9S-18W, NWSESW	ROOKS
5-163-24322-00-00	MCCLELLAN 01-0916	9-9S-19W, NWSWNW	ROOKS
5-163-30154-00-03	MCCLELLAN 4	9-9S-19W, SENWSW	ROOKS
5-197-00097-00-03	REINERS (FEARON N D) SWD-1	11-11S-11E, NWSWNE	WABAUNSEE

11-11S-11E, NWSENE

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CERTIFICATE OF SERVICE

22-CONS-3084-CPEN

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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 08/19/2021

NANCY BORST KANSAS CORPORATION COMMISSION CENTRAL OFFICE 266 N. MAIN ST, STE 220 WICHITA, KS 67202-1513 n.borst@kcc.ks.gov KELCEY MARSH, LITIGATION COUNSEL KANSAS CORPORATION COMMISSION CENTRAL OFFICE 266 N. MAIN ST, STE 220 WICHITA, KS 67202-1513 k.marsh@kcc.ks.gov

KEN WALKER STROKE OF LUCK ENERGY & EXPLORATION LLC PO BOX 98 CASSODAY, KS 66842-0098

> /S/ DeeAnn Shupe DeeAnn Shupe