

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

Before Commissioners: Shari Feist Albrecht, Chair  
Jay Scott Emler  
Pat Apple

In the matter of an Order to Show Cause	)	Docket No.: 14-CONS-921-CSHO
issued to CherokeeNRG LLC regarding	)	
responsibility under K.S.A. 55-179 for	)	CONSERVATION DIVISION
plugging 27 wells in Allen, Wilson, and	)	
Woodson Counties, Kansas.	)	License No.: 34769

**MOTION FOR AN ORDER TO SHOW CAUSE, THE DESIGNATION OF A  
PREHEARING OFFICER, AND THE SCHEDULING OF A PREHEARING  
CONFERENCE**

For the following reasons, Commission Litigation Counsel moves for an Order to Show Cause, the designation of a prehearing officer, and the scheduling of a prehearing conference in this matter:

**I. JURISDICTION & LEGAL STANDARD**

1. The Commission has jurisdiction to regulate oil and gas production in Kansas under Chapter 55 of the Kansas Statutes Annotated and the General Rules and Regulations for the Conservation of Crude Oil and Natural Gas, K.A.R. 82-3-100 *et seq.*
2. K.S.A. 55-162 provides the Commission with jurisdiction to institute proceedings to enforce the laws of Kansas and Commission rules, regulations, and orders.
3. K.S.A. 55-179 provides the Commission with jurisdiction to determine the persons legally responsible for the proper care and control of oil and gas wells, including the responsibility to plug the wells.
4. K.S.A. 55-179(b) provides that a person who is legally responsible for the proper care and control of an abandoned well shall include one or more of the following:

- a. Any operator of a waterflood or other pressure maintenance program deemed to be causing pollution or loss of usable water;
- b. the current or last operator of the lease upon which such well is located, irrespective of whether such operator plugged or abandoned such well;
- c. the original operator who plugged or abandoned such well; and
- d. any person who without authorization tampers with or removes surface equipment or downhole equipment from an abandoned well.

5. K.S.A. 55-180 gives the Commission a cause of action against the responsible parties listed in K.S.A. 55-179 for the reasonable plugging costs of abandoned wells.

## **II. STAFF'S ALLEGATION OF FACTS**

6. At issue is the party legally responsible for plugging 27 abandoned wells in Allen, Wilson, and Woodson counties. Attached to this motion is Exhibit A, which lists the wells.

7. In August 2012, CherokeeNRG LLC ("Operator") filed a Well Inventory Form, pursuant to Commission rules and as part of Operator's application for a license. In filing the Well Inventory Form, Operator claimed responsibility for approximately 177 wells.

8. Operator has successfully filed Request for Change of Operator ("T-1") forms for approximately 150 of the 177 wells. For the remaining 27 wells, however, Operator has not filed the appropriate T-1's. Staff cannot transfer the wells to Operator's license without the appropriate T-1's, which provide evidence of a valid lease or lease transfer.

9. As a result of Operator's failure to file T-1's for these 27 wells, the wells are not on a current operator's license.<sup>1</sup> Moreover, Staff conversations with Operator indicate that in fact Operator does not have valid leases for the wells.

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<sup>1</sup> The wells remain on the license of Dakota Production Co., Inc., KCC License 32109. Dakota's license expired in May 2012, and the entity has been forfeited with the Kansas Secretary of State since July 2012.

10. In September 2013, Commission Litigation Counsel sent a letter to Operator, stating that this matter needed to be resolved to avoid a recommendation that the Commission issue an order to show cause. Since September 2013, Operator and Staff have had various discussions regarding the remaining 27 wells, but recently Operator's progress resolving this matter has stalled.

11. Operator has claimed responsibility for the 27 wells, but has no valid lease under which it can operate them. Moreover, the wells have been abandoned since at least August 2012. Therefore, Operator needs to plug the wells.

### III. CONCLUSION

12. Based on the above, Staff requests that an Order to Show Cause be issued, designating a prehearing officer and scheduling a prehearing conference.

Respectfully submitted,



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Jonathan R. Myers, #25975  
Litigation Counsel  
Kansas Corporation Commission  
130 S. Market, Room 2078  
Wichita, Kansas 67202-3802  
Phone: 316-337-6200  
Fax: 316-337-6106

API WELL #	Dckt	Well Name	Spot	Sec	Twp	N/S	Rng	W/E	Type	Status	County	TVD	Ftg N/S	F N/S	Ftg E/W	F E/W
15-207-26428-00-00		BECKMAN 1	SESENE	15	25 S	17 E	17 E	GAS	PR	WOODSON	820	4290 S			330 E	
15-205-25536-00-00		BRUCE SCHULZ 3	NENWNWSW	33	30 S	17 E	17 E	CM	IN	WILSON	940	2460 S			4840 E	
15-001-27314-00-00		CRESS 2	NENEN2NE	35	25 S	17 E	17 E	GAS	PR	ALLEN	800	4950 S			1330 E	
15-205-26565-00-00		DENNIS SELLER 1-25	SWSWNESW	25	30 S	16 E	16 E	GAS	PR	WILSON	1105	1650 S			3630 E	
15-205-01187-00-00		ECK 2	NESENWNE	25	27 S	13 E	13 E	OIL	PR	WILSON		4411 S			1616 E	
15-205-27806-00-00		GUDDER 3-13	SWSWNWNE	13	30 S	16 E	16 E	GAS	IN	WILSON	1055	4360 S			2310 E	
15-205-25504-00-00		JOHN HEAD 3	N2N2NWSW	7	30 S	17 E	17 E	GAS	PR	WILSON	801	2310 S			4620 E	
15-205-24327-00-02		MEYERS 5-31	N2SESENE	31	30 S	17 E	17 E	GAS	PR	WILSON	915	3280 S			330 E	
15-205-20752-00-01		NEWLAND 2	SWSWSWSW	6	30 S	17 E	17 E	OIL	PR	WILSON	820	660 S			660 W	
15-205-21007-00-00		NEWLAND 4	E2E2E2SW	6	30 S	17 E	17 E	GAS	PR	WILSON	730	1310 S			2310 W	
15-205-25136-00-00	D27483.0	NEWLAND 6	SESEENW	6	30 S	17 E	17 E	SWD	AI	WILSON	1316	2970 S			2970 E	
15-205-25339-00-00		SCHULZ 2	NWSWNWSW	33	30 S	17 E	17 E	GAS	PR	WILSON	883	1980 S			4620 E	
15-205-25333-00-00		SHULZ 1	NWNWNWNW	33	30 S	17 E	17 E	GAS	PR	WILSON	900	4950 S			4950 E	
15-205-24829-00-00		SMALLEY 1	SESENWNE	19	30 S	17 E	17 E	GAS	PR	WILSON	827	4290 S			1650 E	
15-205-24830-00-00		SMALLEY 2	SWSWNENW	19	30 S	17 E	17 E	GAS	PR	WILSON	653	4290 S			3630 E	
15-205-22916-00-01		STEPANICH 1-31	NENENWNE	31	30 S	17 E	17 E	GAS	PR	WILSON	979	5115 S			1900 E	
15-205-25288-00-00		STEPANICH 1A	NWNWNWNW	31	30 S	17 E	17 E	GAS	PR	WILSON	1105	330 N			330 W	
15-205-23060-00-00		STEPANICH 2-30	NENENESE	30	30 S	17 E	17 E	GAS	PR	WILSON	890	2250 S			565 E	
15-205-23704-00-00		STEPANICH 2-31	SWSWNENW	31	30 S	17 E	17 E	GAS	PR	WILSON	1040	4290 S			3630 E	
15-205-25337-00-00		STEPANICH 2-A	W2W2NENW	31	30 S	17 E	17 E	GAS	PR	WILSON	823	4620 S			3630 E	
15-205-25338-00-00		STEPANICH 3-A	SWSWSWSW	31	30 S	17 E	17 E	GAS	PR	WILSON	923	330 S			4950 E	
15-205-25364-00-00		STEPANICH 4-31	NWSWNWSW	31	30 S	17 E	17 E	CM	PR	WILSON	863	1980 S			4620 E	
15-205-24213-00-00		STEPANICH 6-30	NWNWNNESE	30	30 S	17 E	17 E	GAS	PR	WILSON	890	2310 S			990 E	
15-205-24214-00-00		STEPANICH 7-30	SESESESE	30	30 S	17 E	17 E	GAS	PR	WILSON	890	2310 S			990 E	
15-205-24215-00-00		STEPANICH 8-30	SWSWSESE	30	30 S	17 E	17 E	GAS	PR	WILSON	905	1320 S			1320 E	
15-205-25583-00-00	D28146.0	V YORK 7	SENWNWNE	16	30 S	17 E	17 E	SWD	AI	WILSON	1638	4930 S			2300 E	
15-207-26771-00-00		WHITE 11	N2N2NWSW	34	25 S	17 E	17 E	OG	IN	WOODSON	1125	2310 S			4620 E	

**CERTIFICATE OF SERVICE**

I certify that on 6/17/14, I caused a complete and accurate copy of this Motion to be served via United States mail, with the postage prepaid and properly addressed to the following:

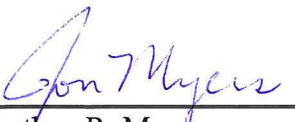
Dee Robinson  
CherokeeNRG LLC  
101 W. Illinois  
Vinita, Oklahoma 74301

Douglas L. Shay  
Dakota Production Co., Inc.  
P.O. Box 350  
Neodesha, Kansas 66757

John Almond  
KCC District #3  
1500 W. 7th Street  
Chanute, Kansas 66720

And delivered by hand to:

Jonelle Rains  
Conservation Division Central Office

  
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Jonathan R. Myers  
Litigation Counsel  
Kansas Corporation Commission