## THE STATE CORPORATION COMMISSION OF THE STATE OF KANSAS

Before Commissioners: Shari Feist Albrecht, Chair Jay Scott Emler

Pat Apple

In the matter of the failure of Black Tea Oil,	)	Docket No.: 15-CONS-580-CSHO
LLC ("Operator") to comply with K.A.R. 82-	)	
3-600 at the McGuire C #1 in Logan County,	)	CONSERVATION DIVISION
Kansas.	)	
	)	License No.: 34639
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## SUPPLEMENTAL ALLEGATION OF FACTS

On February 13, 2015, Commission Staff moved for an Order to Show Cause, the designation of a prehearing officer, and the scheduling of a prehearing conference regarding Operator's failure to comply with K.A.R. 82-3-600 at the McGuire C #1.

Since filing the motion, Staff has identified additional facts that Staff believes merit Operator being required to come before the Commission at a hearing, as follows:

## I. STAFF'S SUPPLEMENTAL ALLEGATION OF FACTS

- 1. On February 16, 2015, Commission Staff inspected the McGuire C #1 and determined that a spill had occurred at the illegal pit discussed in Staff's February 13, 2015, motion in this docket. The spill appears to stretch one-third of a mile, from the illegal pit down into the Smoky Hill River. Staff found multiple pools of residual oil along the spill route and in the dry bed of the Smoky Hill River. Operator failed to report the spill to the Commission and failed to timely clean up the spill, in violation of K.A.R. 82-3-600(b) and K.A.R. 82-3-600(e).
- 2. On February 17, 2015, Operator reported the spill to the National Response Center, stating that one barrel of oil had spilled, that no waterways had been affected, and that clean-up had been completed. Staff's inspection demonstrates that Operator's report was false.

3. Commission records indicate that Operator is responsible for the Free B #1, API

#15-109-20808-00-01, Section 22, Township 13 South, Range 34 West, Logan County, Kansas.

4. On January 26, 2015, and February 18, 2015, Commission Staff inspected the

Free B #1 and found Operator to be injecting into the well. Commission records indicate that

Operator does not have Commission authority to inject into the Free B #1. Thus, Operator has

violated K.A.R. 82-3-400 at the Free B #1.

5. Commission Staff have inspected Operator's Well Completion ("ACO-1")

Reports filed in the last two years and have identified approximately 80 ACO-1 Reports that

appear to have been falsified, as the data reported on the forms does not match the actual job

tickets. Thus, Operator has violated K.A.R. 82-3-107 and K.A.R. 82-3-130.

III. CONCLUSION

6. Operator continues to disregard the Commission's regulations, apparently as a

calculated business decision. Staff submits this supplemental allegation of facts to put all parties

on notice that Staff would like the Commission to consider these matters as part of the show

cause proceeding.

Respectfully submitted,

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2

## **CERTIFICATE OF SERVICE**

1 certify that on	2		, I caused a complete and accurate copy		
of this Supplemental Allegation of I	Facts	to be served vi	ia United States mail, with the postage		
prepaid and properly addressed to the following:					

David W. Nickel Charles C. Steincamp Depew Gillen Rathbun & McInteer, LC 8301 East 21 Street North, Suite 450 Wichita, Kansas 67206 Attorney for Black Tea Oil, LLC

And delivered by hand to:

Lane Palmateer Conservation Division Central Office

Jonathan R. Myers Litigation Counsel

Kansas Corporation Commission