



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

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

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

Laura Kelly, Governor

NOTICE OF PENALTY ASSESSMENT
21-CONS-3155-CPEN

January 28, 2021

Carl M. Welch
Renegade Resources Corp.
5335 Cedarwood Dr.
Reno, NV 89511-8009

This is a notice of a penalty assessment for violation(s) of Kansas Oil and Gas Conservation Statutes, Rules, and Regulations. For a full description of the penalty and process please refer to the Penalty Order that is attached to this notice.

IF YOU ACCEPT THE PENALTY:

You have been assessed a \$100 penalty. You have 30 days from the service date of this Penalty Order to pay the fine amount. Check or money order must be made payable to the Kansas Corporation Commission and mailed to the Conservation Division of the Kansas Corporation Commission at 266 N. Main St., Suite 220, Wichita, Kansas 67202. The payment must include a reference to the docket number of this proceeding. Payment by credit card may be made by calling the Conservation Division at 316-337-6200.

IF YOU CONTEST THE PENALTY:

You have the right to request a hearing. A written request for hearing must be made within 30 days after service of the Penalty Order. Respondent must submit the request to the Commission, at 266 N. Main St., Suite 220, Wichita, Kansas 67202. The Commission shall conduct a hearing in accordance with the provisions of the Kansas administrative procedure act within 30 days after receipt of such request. K.S.A. 55-164; K.S.A. 77-542; K.A.R. 82-1-215.

IF YOU FAIL TO ACT:

Failure to pay the fine amount, or in the alternative, provide a written request for a hearing, within thirty (30) days of service of the Penalty Order, will result in the attached Penalty Order becoming a Final Order and may result in additional sanctions, including additional monetary penalties, the suspension of your oil and gas operating license, and the shutting-in of all operations until compliance is obtained. K.S.A. 55-162; K.S.A. 55-164; K.S.A. 77-537.

Respectfully,

Kelcey Marsh
Litigation Counsel
316-337-6200

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

Before Commissioners: Andrew J. French, Chairman
 Dwight D. Keen
 Susan K. Duffy

In the matter of the failure of Renegade)	Docket No.: 21-CONS-3155-CPEN
Resources Corp. (Operator) to comply with)	
K.A.R. 82-3-111 at the Lohman #1 in)	CONSERVATION DIVISION
Leavenworth County, Kansas.)	
<hr/>		License No.: 30068

PENALTY ORDER

The above captioned matter comes before the State Corporation Commission of the State of Kansas (Commission). Having examined the files and records, and being duly advised in the premises, the Commission finds and concludes as follows:

I. JURISDICTION

1. The Commission has the exclusive jurisdiction and authority to regulate oil and gas activities in Kansas.¹ The Commission has jurisdiction to regulate the “construction, operation, and abandonment of any well and the protection of the usable water of this state from any actual or potential pollution from any well.”² Every operator conducting oil and gas activity in Kansas must be licensed by the Commission.³

2. The Commission has the authority to issue a Penalty Order for violation of any provision of K.S.A. 55-101 *et seq.*, rule, regulation, or order of the Commission.⁴ The Commission shall take appropriate action which may include, but is not limited to, imposing a monetary penalty “not to exceed \$10,000, which shall constitute an actual and substantial

¹ K.S.A. 74-623.

² K.S.A. 55-152.

³ K.S.A. 55-155.

⁴ K.S.A. 55-162; K.S.A. 55-164.

economic deterrent to the violation for which the penalty is assessed.”⁵ “In the case of a continuing violation, every day such violation continues shall be deemed a separate violation.”⁶

3. Within 90 days after operations cease on any well drilled for the purpose of exploration, discovery, service, or production of oil, gas, or other minerals, the operator of that well shall: (1) plug the well, (2) return the well to service, or (3) file an application with the Conservation Division requesting temporary abandonment (TA) authority, on a form prescribed by the Conservation Division.⁷ No well shall be temporarily abandoned unless first approved by the Conservation Division.⁸ A well shall not be eligible for TA status if the well has been shut in for 10 years or more without an application for an exception pursuant to K.A.R. 82-3-100 and approval by the Commission.⁹ The failure to file a notice of temporary abandonment shall be punishable by a \$100 penalty,¹⁰ and the failure to obtain approval of temporary abandonment status shall subject the operator to additional administrative action.¹¹

4. K.A.R. 82-3-111(e) provides an exemption for certain wells that are (1) fully equipped for production of oil or gas or for injection; (2) capable of immediately resuming production of oil or gas or of injection; (3) subject to a valid continuing oil and gas lease; when (4) the cessation period for the well is less than 365 days; and (5) the well is otherwise in full compliance with all of the Commission’s regulations.

II. FINDINGS OF FACT

5. Operator conducts oil and gas activities in Kansas under active license number 30068.

⁵ K.S.A. 55-164.

⁶ *Id.*

⁷ *See* K.A.R. 82-3-111(a).

⁸ K.A.R. 82-3-111(b).

⁹ *Id.*

¹⁰ *Id.*

¹¹ K.S.A. 55-164; K.A.R. 82-3-111(b).

6. Operator is responsible for the care and control of the Lohman #1 (Subject Well), API #15-103-20944-00-00, located in Section 10, Township 10 South, Range 21 East, Leavenworth County, Kansas.

7. On November 25, 2020, Commission records indicated that the Subject Well had been inactive and unplugged for longer than the 90 days allowed by K.A.R. 82-3-111 and that the well was not exempt pursuant to K.A.R. 82-3-111(e). The well had also not been approved for temporary abandonment status. Operator had applied for temporary abandonment status for the Subject Well, but this application was denied due to a lack of lease and need for a casing integrity test. Thus, District Staff sent a letter to Operator, requiring Operator to bring the Subject Well into compliance with K.A.R. 82-3-111 by December 25, 2020.¹²

8. On December 28, 2020, District Staff inspected the Subject Well, because the deadline in the letter passed and the violation had not been resolved, verifying that the well continued to be inactive and unplugged.¹³

III. CONCLUSIONS OF LAW

9. The Commission concludes that it has jurisdiction over Operator and this matter under K.S.A. 55-152 and K.S.A. 74-623.

10. The Commission concludes Operator committed one violation of K.A.R. 82-3-111 because the Subject Well has been inactive in excess of the time allowed by regulation without being plugged, returned to service, or approved for TA status.¹⁴

¹² Exhibit A.

¹³ Exhibit B.

¹⁴ K.S.A. 55-164; K.A.R. 82-3-111(b).

THEREFORE, THE COMMISSION ORDERS:

- A. Operator shall pay a \$100 penalty.
- B. Operator shall plug the Subject Well, or return the well to service, or obtain TA status for the well if eligible. Obtaining TA status shall include application for an exception to the 10-year limit on TA status, if applicable.
- C. Any party 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. Hearings will be scheduled only upon written request. Failure to timely request a hearing will result in a waiver of Operator's right to a hearing.
- D. If no party requests a hearing, and Operator is not in compliance with this Order within 30 days, then Operator's license shall be suspended without further notice and shall remain suspended until Operator complies with this Order. The notice and opportunity for a hearing on this Order shall constitute the notice required by K.S.A. 77-512 regarding license suspension. The Commission may impose further sanctions, including additional monetary penalties and any other remedies available to the Commission by law, without further notice.
- E. 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. The payment must include a reference to the docket number of this proceeding. Credit card payments may be made by calling the Conservation Division at 316-337-6200.

F. A corporation shall appear before the Commission by a Kansas licensed attorney.¹⁵

BY THE COMMISSION IT IS SO ORDERED.

French, Chairman; Keen, Commissioner; Duffy, Commissioner

Dated: 01/28/2021 _____

Lynn M. Retz
Executive Director

Mailed Date: 01/28/2021 _____

KAM

¹⁵ K.S.A. 77-515(c); K.A.R. 82-1-228(d)(2).

Conservation Division
District Office No. 3
137 E. 21st Street
Chanute, KS 66720



Phone: 620-902-6450
<http://kcc.ks.gov/>

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

Laura Kelly, Governor

November 25, 2020

Carl M. Welch
Renegade Resources Corp.
5335 CEDARWOOD DR
RENO, NV 89511-8009

Re: Temporary Abandonment
API 15-103-20944-00-00
LOHMAN 1
SE/4 Sec.10-10S-21E
Leavenworth County, Kansas

Dear Carl M. Welch:

Your application for Temporary Abandonment (TA) for the above-listed well is denied for the following reasons(s):

Lack of Lease
Casing Integrity test required for approval

Pursuant to K.A.R. 82-3-111, the well must be plugged, or returned to service, or obtain temporary abandonment status by 12/25/2020.

This deadline does NOT override any compliance deadline given to you in any Commission Order.

You may contact me if you have any questions.

Sincerely,
Levi Short E.C.R.S.
KCC DISTRICT 3

KCC OIL/GAS REGULATORY OFFICES

Inspection Date: 12/28/2020 District: 3 Incident Number: 7216

- ☐ New Situation ☒ Lease Inspection
☐ Response to Request ☐ Complaint
☐ Follow-up ☒ Field Report

Operator License No: 30068 API: 15-103-20944-00-00 Q3: NE Q2: SW Q1: SE
Operator Name: Renegade Resources Corp. SEC 10 TWP 10 RGE 21 RGEDIR: E
Address: 5335 Cedarwood Dr. FSL: 1018
City: Reno FEL: 1793
State: NV Zip Code: 89511 Lease: Lohman Well No.: 1
Phone contact: 775-849-1150 County: LV

Reason for Investigation:

(FR02) Determine status of well.

Problem:

Operator has the Lohman #1 listed as inactive on well inventory, but has not filed a current CP-111. The last CP-111 approved for this well was on April 20, 2017.

Persons contacted:

Carl Welch (775-849-1150; cmwelch@aol.com); Craig Lohman (landowner; 913-449-9750); Brooke Dyke (KCC Dist. 3)

Findings:

An investigation on December 28, 2020 found the Lohman #1 well equipped to produce, but appears to not have been recently active. I spoke to Carl Welch with Renegade Resources Corp. on the phone about filing a CP-111 for the well. He said he is concerned about the landowner, Craig Lohman, not letting him on the property to pull the tubing out of the well so that he can get a water level reading or conduct a casing integrity test (CIT) for TA approval. I told Mr. Welch that in previous conversations I have had with Mr. Lohman that he requests notification prior accessing the well. Apparently in 2001 there was an accident at the tanks where a person working on the lease died and now Mr. Lohman does not trust Carl Welch to be on the property. The last CP-111 approved for this well was on April 20, 2017. On that application, it states that a letter < continued on p. 2 >

Actions / Recommendations

Follow-up Required ☐

Deadline Date:

Forward documents to District #3 Compliance Officer and request him to request a penalty recommendation for Renegade Resources Corporation failure to comply with K.A.R.82-3-111 on the Lohman #1, API#15-103-20944-00-00 located in Section 10, Township 10 South, Range 21 East, Leavenworth County.

Photo's Taken: 1

☒ RBDMS ☒ KGS ☒ KOLAR Report Prepared By: Levi Short

☒ District Files ☐ Courthouse Position: ECRS

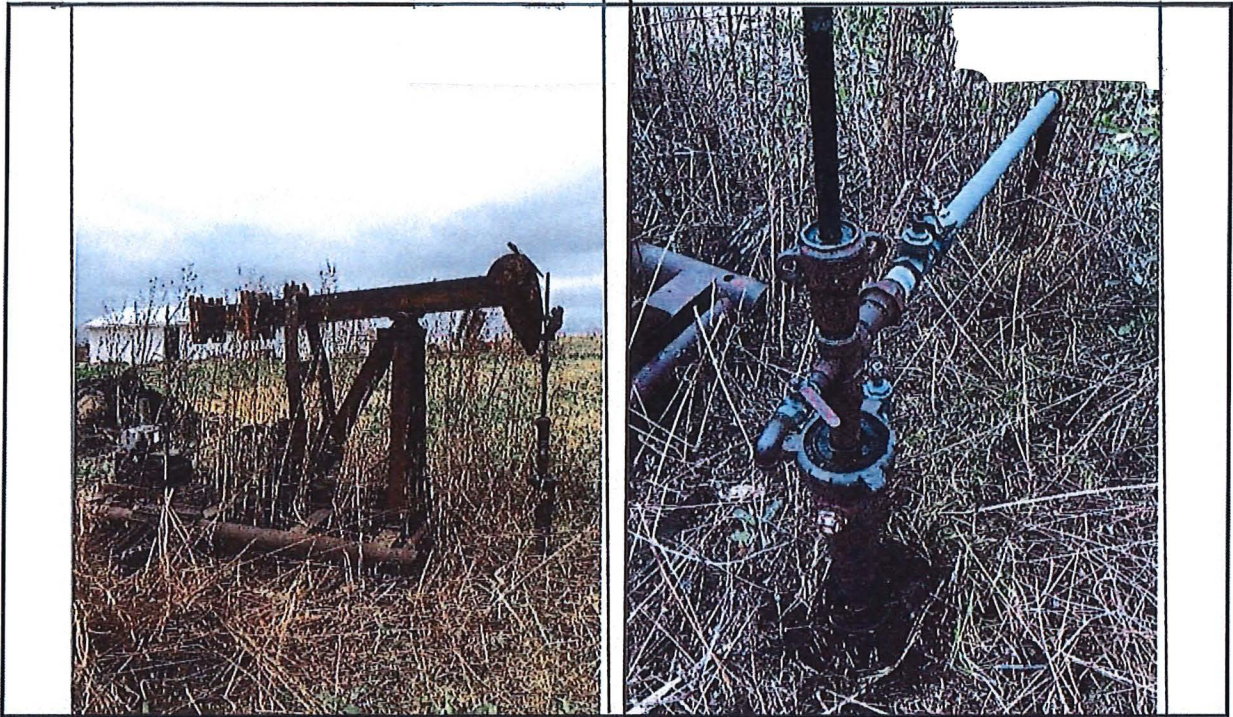
KCC OIL/GAS REGULATORY OFFICES

Additional Findings:

requesting a CIT was delivered to the operator. A CIT has not been performed on this well since that time. On October 29, 2018, I met Carl Welch at the well. He stated he would try to find someone to pull the well, but that he is having trouble finding a contractor in the area to do the work. It has been over two years and nothing has been done to the well.

During this investigation I spoke with landowner Craig Lohman. I told him Mr. Welch needs to do some work on the well. He was fine with that, but wants to be notified prior to activities on the well. He indicated that the well has not operated since 2001, at the time of the accident. He said that oil was sold a few years ago, but he and his siblings did not cash the royalty checks. KGS records indicate that oil was last sold in May 2015. Prior to that the last record of oil sold was in 2002. Mr. Lohman said he may pursue filing an Affidavit of Nonproduction.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Renegade Resources Corp.	KLN: 30068
Lease: Lohman	Legal: NESWSE 10-10-22E
County: LV	PIC ID#: 02 / 03
Subject: Well #1	PIC Orientation: North
FSL: 1018	Latitude: 39.189625
FEL: 1793	Longitude: -95.056288
API#: 15-103-20944	
Date: 12/28/2020	Time: 1:57 pm
Staff: Levi Short	

Additional Information: Inactive oil well (KCC GPS# LOH01). At the time of inspection, the operator was in the process of submitting a Temporary Abandonment application. The inspection found the well equipped for production and not shut in.

CERTIFICATE OF SERVICE

21-CONS-3155-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 01/28/2021.

JOHN ALMOND
KANSAS CORPORATION COMMISSION
DISTRICT OFFICE NO. 3
137 E. 21ST STREET
CHANUTE, KS 66720
Fax: 785-271-3354
j.almond@kcc.ks.gov

KELCEY MARSH, LITIGATION COUNSEL
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CARL M. WELCH
RENEGADE RESOURCES CORP.
5335 CEDARWOOD DR
RENO, NV 89511-8009
cmwelch@aol.com

/S/ DeeAnn Shupe

DeeAnn Shupe