

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

Pat Apple, Chairman
Shari Feist Albrecht, Commissioner
Jay Scott Emler, Commissioner



2017-10-19 14:14:25
Kansas Corporation Commission
/s/ Lynn M. Retz

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

Sam Brownback, Governor

NOTICE OF PENALTY ASSESSMENT
18-CONS-3183-CPEN

October 19, 2017

Jerry Nash
Nash Oil & Gas, Inc.
PO Box 8747
Pratt, KS 67124-8747

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 \$200 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 setting forth the specific grounds upon which relief is sought. 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. 55-164; K.S.A. 77-537.

Respectfully,

Jonathan R. Myers
Litigation Counsel
316-337-6200

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

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

In the matter of the failure of Nash Oil & Gas, Inc. ("Operator") to comply with K.A.R. 82-3-111 at the Hoffman Trust #1 and Mabel #2 in Comanche and Pratt County, Kansas.)	Docket No.: 18-CONS-3183-CPEN
)	CONSERVATION DIVISION
)	License No.: 31629

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. Pursuant to K.S.A. 74-623, the Commission shall have the exclusive jurisdiction and authority to regulate oil and gas activities.

2. Pursuant to K.S.A. 55-162, whenever the Commission, from investigation or upon written complaint filed with the Commission, finds reasonable cause to believe that a person has violated any provision of K.S.A. 55-150 *et seq.*, or any rules and regulations adopted pursuant to K.S.A. 55-150 *et seq.*, the Commission shall cause such person to come before it at a hearing held in accordance with the provisions of the Kansas Administrative Procedure Act (KAPA). After such hearing, if the Commission finds that such person violated any provisions of K.S.A. 55-150 *et seq.*, the Commission shall take any appropriate action necessary to prevent pollution and protect water supply.

3. Pursuant to K.S.A. 55-164, in addition to any other penalty provided by law, the Commission, upon finding that an operator or contractor has violated the provisions of K.S.A.

55-150 *et seq.*, or any rule and regulation or order of the Commission, may impose a penalty not to exceed \$10,000, which shall constitute an actual and substantial economic deterrent to the violation for which the penalty is assessed. In the case of continuing violation, every day such violation continues shall be deemed a separate violation.

4. Pursuant to K.A.R. 82-3-111, 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 either (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. 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. The failure to file a notice of temporary abandonment shall be punishable by a \$100 penalty.

5. K.A.R. 82-3-111(e) provides an exemption for certain wells that are (1) fully equipped and capable of 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

6. Operator conducts oil and gas activities in Kansas under license number 31629.
7. Operator is responsible for the care and control of the following wells.
 - a. Hoffman Trust #1, API #15-033-21068-00-00, located in Section 8,
Township 34 South, Range 18 West; Comanche County, Kansas; and

b. Mabel #2, API #15-151-22344-00-00, located in Section 36, Township 26 South, Range 11 West, Pratt County, Kansas.

8. District Staff inspected the subject wells and collected evidence indicating the subject wells have been inactive and unplugged for longer than the 90 days allowed by K.A.R. 82-3-111. A copy of the inspection is attached hereto as Attachment “A” and is hereby incorporated by reference. The wells did not appear to be exempt pursuant to K.A.R. 82-3-111(e). Operator either did not file TA applications or did not bring the wells into compliance after TA applications were denied.

9. District Staff sent letters to Operator, requiring Operator to bring the subject wells into compliance with K.A.R. 82-3-111 by October 6, 2017. Copies of the letters are attached hereto as Attachment “B” and are hereby incorporated by reference.

10. District Staff inspected the subject wells after the deadline in the letters passed, verifying that the wells continued to be inactive and unplugged. A copy of the inspections is attached hereto as Attachment “C” and is hereby incorporated by reference.

11. District Staff collected evidence and submitted it to the Legal Department with a recommendation that the Commission issue this Order. The recommendation sheets submitted by District Staff are attached to this Order as Attachment “D” and hereby incorporated by reference, and shall serve as the concise and explicit statement of facts required by K.S.A. 77-526.

III. CONCLUSIONS OF LAW

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

13. The above findings of fact are sufficient evidence to support the conclusion that Operator committed two violation(s) 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.

THEREFORE, THE COMMISSION ORDERS:

- A. Operator shall pay a \$200 penalty.
- B. Operator shall plug the subject wells, return the subject wells to service, or obtain TA status for the subject wells if eligible. Obtaining TA status shall include application for, and Commission approval of, an exception to the 10-year limit on TA status if applicable.
- C. 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. 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.
- D. 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.
- E. 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, setting forth the specific grounds upon which relief is sought, 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.

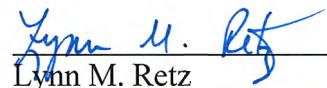
F. If a party requests a hearing, a corporation or similar entity shall not be permitted to enter an appearance except by its attorney. K.A.R. 82-1-228(d). Attorneys for all parties shall enter their appearances in Commission proceedings by giving their names and addresses for the record.

G. The Commission retains jurisdiction over the subject matter and the parties for the purpose of entering such further order or orders as it may deem necessary.

BY THE COMMISSION IT IS SO ORDERED.

Apple, Chairman; Albrecht, Commissioner; Emler, Commissioner

Dated: OCT 19 2017


Lynn M. Retz
Secretary to the Commission

Mailed Date: October 19, 2017

JRM

KCC OIL/GAS REGULATORY OFFICES

Date: 10/11/17

District: 1

Case #: _____

- ☒ New Situation
☐ Response to Request
☐ Follow-Up

- ☒ Lease Inspection
☐ Complaint
☒ Field Report

Operator License No: 31629

API Well Number: 15-033-21068-00-00

Op Name: Nash Oil & Gas, Inc.

Spot: SE-NW-NW-NW Sec 8 Twp 34 S Rng 18 ☐ E / ☒ W

Address 1: P.O. Box 8747

4924 Feet from ☐ N / ☒ S Line of Section

Address 2: _____

4971 Feet from ☒ E / ☐ W Line of Section

City: Pratt

GPS: Lat: 37.10491 Long: 99.30593 Date: 10/11/17

State: KS Zip Code: 67124 -8747

Lease Name: Hoffman Trust Well #: 1

Operator Phone #: (620) 672-1114

County: Comanche

Reason for Investigation:

Requested lease inspection.

Problem:

Denied TA.

Persons Contacted:

None.

Findings:

The pumping unit and tank battery have been removed from location. A string of rods is laid out next to the well. Tubing is in the hole, with a swedge and valve on top. There are no leaks or spills. The location is overgrown with weeds. KGS records show the last gas production from 2001, and the last oil production from 2006.

Action/Recommendations:

Follow Up Required ☐ Yes ☒ No ☐

Date: _____

Send to legal SP

Verification Sources:

Photos Taken: 1

- | | | |
|---|---|-------------------------------------|
| <input checked="" type="checkbox"/> RBDMS | <input checked="" type="checkbox"/> KGS | <input type="checkbox"/> TA Program |
| <input type="checkbox"/> T-I Database | <input type="checkbox"/> District Files | <input type="checkbox"/> Courthouse |
| <input checked="" type="checkbox"/> Other: <u>On-site inspection.</u> | | |

By: _____

Eric MacLaren

Retain 1 Copy District Office
Send 1 Copy to Conservation Division

Form: _____

Attachment A

Page 1 of 4

10/11/17
Nash Oil and Gas
Hoffman Tract #1 CW
Facing West



KCC OIL/GAS REGULATORY OFFICES

Date: 10/10/17

District: 1

Case #: _____

☐ New Situation
☒ Response to Request
☐ Follow-Up

☐ Lease Inspection
☐ Complaint
☒ Field Report

Operator License No: 31629

API Well Number: 15-151-22344-0000

Op Name: Nash Oil & Gas, Inc.

Spot: SWSWSWSE Sec 36 Twp 26 S Rng 11 ☐ E / ☒ W

Address 1: PO Box 8747

330 (380) Feet from ☐ N / ☒ S Line of Section

Address 2: _____

2310 (2248) Feet from ☒ E / ☐ W Line of Section

City: Pratt

GPS: Lat: 37.73362 Long: 98.47268 Date: 6/26/12

State: Ks Zip Code: 67124 -8747

Lease Name: Mabel Well #: 2

Operator Phone #: (620) 672-3800

County: Pratt

Reason for Investigation:

Request from Scott Alberg.

Problem:

No response from Operator after denied TA letter expired.

Persons Contacted:

Scott Alberg

Findings:

3:30 PM

Found no change since the KCC had blowout killed and cemented producing zone off.
Well shut in, and no production equipment on site.

Action/Recommendations:

Follow Up Required ☒ Yes ☐ No ☐

Date: _____

Send to legal.

Verification Sources:

Photos Taken: 1

☒ RBDMS ☐ KGS ☒ TA Program
☐ T-1 Database ☐ District Files ☐ Courthouse
☒ Other: Lease inspection

By: Steve Pfeifer

Retain 1 Copy District Office
Send 1 Copy to Conservation Division

Form: _____

Nash Oil & Gas, Inc.

**Mabel #2 SE/4 Sec. 36-26-11W, Pratt
County.**

Looking North at shut in well Head.



2017-10-10

Conservation Division
District Office No. 1
210 E. Frontview, Suite A
Dodge City, KS 67801



Phone: 620-682-7933
<http://kcc.ks.gov/>

Pat Apple, Chairman
Shari Feist Albrecht, Commissioner
Jay Scott Emler, Commissioner

Sam Brownback, Governor

September 08, 2017

LaDawn Ferrell
Nash Oil & Gas, Inc.
PO BOX 8747
PRATT, KS 67124-8747

Re: Temporary Abandonment
API 15-033-21068-00-00
HOFFMAN TRUST 1
NW/4 Sec.08-34S-18W
Comanche County, Kansas

Dear LaDawn Ferrell:

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

Need Copy of Current Fluid Level Shot

Pursuant to K.A.R. 82-3-111, the well must be plugged, or returned to service, or obtain temporary abandonment status by October 06, 2017.

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,
Scott Alberg
KCC DISTRICT 1

Conservation Division
District Office No. 1
210 E. Frontview, Suite A
Dodge City, KS 67801



Phone: 620-682-7933
<http://kcc.ks.gov/>

Pat Apple, Chairman
Shari Feist Albrecht, Commissioner
Jay Scott Emmer, Commissioner

Sam Brownback, Governor

September 08, 2017

LaDawn Ferrell
Nash Oil & Gas, Inc.
PO BOX 8747
PRATT, KS 67124-8747

Re: Temporary Abandonment
API 15-151-22344-00-00
MABEL 2
SE/4 Sec.36-26S-11W
Pratt County, Kansas

Dear LaDawn Ferrell:

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

Inaccurate Information

Pursuant to K.A.R. 82-3-111, the well must be plugged, or returned to service, or obtain temporary abandonment status by October 06, 2017.

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,
Scott Alberg
KCC DISTRICT 1

KCC OIL/GAS REGULATORY OFFICES

Date: 10/11/17

District: 1

Case #: _____

☒ New Situation
☐ Response to Request
☐ Follow-Up

☒ Lease Inspection
☐ Complaint
☒ Field Report

Operator License No: 31629

API Well Number: 15-033-21068-00-00

Op Name: Nash Oil & Gas, Inc.

Spot: SE-NW-NW Sec 8 Twp 34 S Rng 18 ☐ E / ☒ W

Address 1: P.O. Box 8747

4924 Feet from ☐ N / ☒ S Line of Section

Address 2: _____

4971 Feet from ☒ E / ☐ W Line of Section

City: Pratt

GPS: Lat: 37.10491 Long: 99.30593 Date: 10/11/17

State: KS Zip Code: 67124 -8747

Lease Name: Hoffman Trust Well #: 1

Operator Phone #: (620) 672-1114

County: Comanche

Reason for Investigation:

Requested lease inspection.

Problem:

Denied TA.

Persons Contacted:

None.

Findings:

The pumping unit and tank battery have been removed from location. A string of rods is laid out next to the well. Tubing is in the hole, with a swedge and valve on top. There are no leaks or spills. The location is overgrown with weeds. KGS records show the last gas production from 2001, and the last oil production from 2006.

Action/Recommendations:

Follow Up Required ☐ Yes ☒ No ☐ N/A

Date: _____

Send to legal SP

Verification Sources:

Photos Taken: 1

☒ RBDMS ☒ KGS ☐ TA Program
☐ T-I Database ☐ District Files ☐ Courthouse
☒ Other: On-site inspection.

By: _____

Eric MacLaren

Retain 1 Copy District Office
 Send 1 Copy to Conservation Division

Form: _____

Attachment C

Page 1 of 4

10/11/17
Mack Oil and Gas
Hoffman Tract #1 CM
Facing West



KCC OIL/GAS REGULATORY OFFICES

Date: 10/10/17

District: 1

Case #: _____

☐ New Situation
☒ Response to Request
☐ Follow-Up

☐ Lease Inspection
☐ Complaint
☒ Field Report

Operator License No: 31629

API Well Number: 15-151-22344-0000

Op Name: Nash Oil & Gas, Inc.

Spot: SWSWSWSE Sec 36 Twp 26 S Rng 11 ☐ E / ☒ W

Address 1: PO Box 8747

330 (380) Feet from ☐ N / ☒ S Line of Section

Address 2: _____

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City: Pratt

GPS: Lat: 37.73362 Long: 98.47268 Date: 6/26/12

State: Ks Zip Code: 67124 -8747

Lease Name: Mabel Well #: 2

Operator Phone #: (620) 672-3800

County: Pratt

Reason for Investigation:

Request from Scott Alberg.

Problem:

No response from Operator after denied TA letter expired.

Persons Contacted:

Scott Alberg

Findings:

3:30 PM

Found no change since the KCC had blowout killed and cemented producing zone off.
Well shut in, and no production equipment on site.

Action/Recommendations:

Follow Up Required ☒ Yes ☐ No ☐

Date: _____

Send to legal.

Verification Sources:

Photos Taken: 1

☒ RBDMS ☐ KGS ☒ TA Program
☐ T-1 Database ☐ District Files ☐ Courthouse
☒ Other: Lease inspection

By: Steve Pfeifer

Retain 1 Copy District Office
Send 1 Copy to Conservation Division

Form: _____

Attachment C

Page 3 of 4

Nash Oil & Gas, Inc.

**Mabel #2 SE/4 Sec. 36-26-11W, Pratt
County.**

Looking North at shut in well Head.



2017-10-10

PENALTY ORDER RECOMMENDATION

*****ROUTINE TEMPORARY ABANDONMENT VIOLATION*****

Note: this sheet will be attached to the Order that is mailed to the operator.

Date of Recommendation:	10/13/2017
District/Department:	District #1
Person Recommending Penalty:	Steve Pfeifer, Compliance Officer
Operator Name:	Nash Oil & Gas, Inc.
Operator License Number:	31629
Well/Lease Name & Well Number:	Hoffman Trust 1
Well/Lease Location, and County:	NW/4 Sec.8-34S-18W, Comanche County
Well API Number:	15-033-21068-00-00
UIC Docket Number:	N/A
Regulation Number:	K.A.R. 82-3-111
Description of Violation:	Failure to plug, produce, or obtain TA status (including after a TA application is filed and denied).
Date of NOV / TA Denied letter.	Date of TA Denied letter. 9/08/2017
Deadline in NOV / TA Denied letter.	10/06/2017
Date of follow-up lease inspection.	10/11/2017
Requested Monetary Penalty:	\$100
Requested Operator Activity:	Plug, produce, or obtain TA status if eligible (including a 10-year TA application if required).
Supervisor Initials	SP

PENALTY ORDER RECOMMENDATION

ROUTINE TEMPORARY ABANDONMENT VIOLATION

Note: this sheet will be attached to the Order that is mailed to the operator.

Date of Recommendation:	10/13/2017
District/Department:	District #1
Person Recommending Penalty:	Steve Pfeifer, Compliance Officer
Operator Name:	Nash Oil & Gas, Inc.
Operator License Number:	31629
Well/Lease Name & Well Number:	Mabel #2
Well/Lease Location, and County:	SE/4 Sec. 36-26S-11W, Pratt County
Well API Number:	15-151-22344-00-00
UIC Docket Number:	N/A
Regulation Number:	K.A.R. 82-3-111
Description of Violation:	Failure to plug, produce, or obtain TA status (including after a TA application is filed and denied).
Date of NOV / TA Denied letter.	Date of TA Denied letter. 9/08/2017
Deadline in NOV / TA Denied letter.	10/06/2017
Date of follow-up lease inspection.	10/10/2017
Requested Monetary Penalty:	\$100
Requested Operator Activity:	Plug, produce, or obtain TA status if eligible (including a 10-year TA application if required).
Supervisor Initials	SP

CERTIFICATE OF SERVICE

I certify that on 10/19/17, I caused a complete and accurate copy of this Order to be served via United States mail, with the postage prepaid and properly addressed to the following:

Jerry Nash
Nash Oil & Gas, Inc.
PO Box 8747
Pratt, KS 67124-8747

and delivered by e-mail to:

Steve Pfeifer
KCC District #1

/s/ Paula J. Murray
Paula J. Murray
Legal Assistant
Kansas Corporation Commission