

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



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

Susan K. Duffy, Chair
Shari Feist Albrecht, Commissioner
Dwight D. Keen, Commissioner

Laura Kelly, Governor

NOTICE OF PENALTY ASSESSMENT
20-CONS-3228-CPEN

February 20, 2020

T.C. Knowles
Supernova Energy, Inc.
2250 N. Rock Road, Suite 118-107
Wichita, KS 67225-2331

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. 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: Susan K. Duffy, Chair
 Shari Feist Albrecht
 Dwight D. Keen

In the matter of the failure of Supernova)	Docket No.: 20-CONS-3228-CPEN
Energy, Inc. (“Operator”) to comply with)	
K.A.R. 82-3-111 at the Harrel D #7 and)	CONSERVATION DIVISION
Harrel D #8 in Pratt County, Kansas.)	
<hr/>		License No.: 35186

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 not be 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 35186.

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 following wells (“the subject wells”) both located in Section 27, Township 29 South, Range 13 West, Pratt County, Kansas.

- a. Harrel D #7, API #15-151-20215-00-00; and
- b. Harrel D #8, API #15-151-20229-00-00.

7. On December 19, 2019, Commission records indicated that the subject wells had been inactive and unplugged for longer than the 90 days allowed by K.A.R. 82-3-111 and that the wells were not exempt pursuant to K.A.R. 82-3-111(e). The wells had also not been approved for temporary abandonment status. Operator had applied for temporary abandonment status for the subject wells, but the applications were denied because the wells have been shut-in over 10 years. Thus, District Staff sent a letter to Operator, requiring Operator to bring the subject wells into compliance with K.A.R. 82-3-111 by January 18, 2020.¹²

8. On February 04, 2020, District Staff inspected the subject wells, because the deadline in the letters had passed and the violations had not been resolved, verifying that the wells 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 two violations 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.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 \$200 penalty.
- B. Operator shall plug the subject wells, or return the wells to service, or obtain TA status for the wells 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 from the date of service of this Order, 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.
- 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

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

BY THE COMMISSION IT IS SO ORDERED.

Duffy, Chair; Albrecht, Commissioner; Keen, Commissioner

Dated: 02/20/2020 _____



Lynn M. Retz
Executive Director

Mailed Date: 02/20/2020 _____

KAM

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

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



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

Dwight D. Keen, Chair
Shari Feist Albrecht, Commissioner
Susan K. Duffy, Commissioner

Laura Kelly, Governor

December 19, 2019

Chris Knowles
Supernova Energy, Inc.
2250 N. ROCK RD SUITE 118-107
WICHITA, KS 67226-2331

Re: Temporary Abandonment
API 15-151-20215-00-00
HARREL D 7
SE/4 Sec.27-29S-13W
Pratt County, Kansas

Dear Chris Knowles:

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

Shut-in Over 10 years

Pursuant to K.A.R. 82-3-111, the well must be plugged or returned to service by 01/18/2020.

If you wish to instead file an application for an exception to the 10-year limitation of K.A.R. 82-3-111, demonstrating why it is necessary to TA the well for more than 10 years, then you must file the application for an exception by 01/18/2020.

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,
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/>

Dwight D. Keen, Chair
Shari Feist Albrecht, Commissioner
Susan K. Duffy, Commissioner

Laura Kelly, Governor

December 19, 2019

Chris Knowles
Supernova Energy, Inc.
2250 N. ROCK RD SUITE 118-107
WICHITA, KS 67226-2331

Re: Temporary Abandonment
API 15-151-20229-00-00
HARREL D 8
SE/4 Sec.27-29S-13W
Pratt County, Kansas

Dear Chris Knowles:

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

Shut-in Over 10 years

Pursuant to K.A.R. 82-3-111, the well must be plugged or returned to service by 01/18/2020.

If you wish to instead file an application for an exception to the 10-year limitation of K.A.R. 82-3-111, demonstrating why it is necessary to TA the well for more than 10 years, then you must file the application for an exception by 01/18/2020.

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,
Scott Alberg
KCC DISTRICT 1

KCC OIL/GAS REGULATORY OFFICES

Date: 2/4/20

District: 1

Case #: _____

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

- ☐ Lease Inspection
☐ Complaint
☒ Field Report

Operator License No: 35186

API Well Number: 15-151-20215-00-00

Op Name: Supernova Energy, Inc.

Spot: NW NE SE SE Sec 27 Twp 29 S Rng 13 ☐ E / ☒ W

Address 1: 2250 N. Rock Road

1128 Feet from ☐ N / ☒ S Line of Section

Address 2: Suite 118-107

379 Feet from ☒ E / ☐ W Line of Section

City: Wichita

GPS: Lat: 37.48832 Long: 98.72163 Date: 2/4/20

State: Kansas Zip Code: 67226 -2331

Lease Name: Harrel "D" Well #: 7

Operator Phone #: (713) 398-0903

County: Pratt

Reason for Investigation:

Denied TA Shut-in Over 10 Year

Problem:

Potential Violations

Persons Contacted:

None

Findings:

Well has no equipment. Valves closed.

Action/Recommendations:

Follow Up Required ☐ Yes ☒ No ☐

Date: _____

Send to Legal

Verification Sources:

Photos Taken: 2/4/20

☒ RBDMS

☒ KGS

☐ TA Program

☐ T-I Database

☐ District Files

☐ Courthouse

☒ Other: Leo 7

By: David Ring, ECRS

Retain 1 Copy District Office
Send 1 Copy to Conservation Division

Form: 02/04/2020



2/4/20 Facing North. Well with valves closed and no equipment.

Harrel "D" #7 15-151-20215-00-00

Supernova Energy, Inc. Operator License No. 35186

Pratt County NW NE SE SE Sec. 27-T29S-R13W 1128' FSL, 379'FEL

KCC OIL/GAS REGULATORY OFFICES

Date: 2/4/20

District: 1

Case #: _____

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

- ☐ Lease Inspection
☐ Complaint
☒ Field Report

Operator License No: 35186

API Well Number: 15-151-20229-00-00

Op Name: Supernova Energy, Inc.

Spot: NW NW SE SE Sec 27 Twp 29 S Rng 13 ☐ E / ☒ W

Address 1: 2250 N. Rock Road

1304 Feet from ☐ N / ☒ S Line of Section

Address 2: Suite 118-107

1005 Feet from ☒ E / ☐ W Line of Section

City: Wichita

GPS: Lat: 37.48878 Long: 98.72380 Date: 2/4/20

State: Kansas Zip Code: 67226 -2331

Lease Name: Harrel "D" Well #: 8

Operator Phone #: (713) 398-0903

County: Pratt

Reason for Investigation:

Denied TA Shut-in Over 10 Years

Problem:

Potential Violations.

Persons Contacted:

None

Findings:

Well has swedge cap. No equipment.

Action/Recommendations:

Follow Up Required ☐ Yes ☐ No ☒ ?

Date: _____

Send to Legal.

Verification Sources:

Photos Taken: 2/4/20

<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>Leo 7</u>		

By: David Ring, ECRS

Retain 1 Copy District Office
 Send 1 Copy to Conservation Division

JA

Form: 02/04/2020



2/4/20 Facing West. Well with swedge cap and no equipment.

Harrel "D" #8 15-151-20229-00-00

Supernova Energy, Inc. Operator License No. 35186

Pratt County NW NW SE SE Sec. 27-T29S-R13W 1304' FSL, 1005' FEL

CERTIFICATE OF SERVICE

20-CONS-3228-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 -2/20/2020.

T. C. KNOWLES
SUPERNOVA ENERGY, INC.
2250 N ROCK ROAD, STE 118-107
WICHITA, KS 67226

KELCEY MARSH, LITIGATION COUNSEL
KANSAS CORPORATION COMMISSION
CENTRAL OFFICE
266 N. MAIN ST, STE 220
WICHITA, KS 67202-1513
Fax: 785-271-3354
k.marsh@kcc.ks.gov

FRED MACLAREN
KANSAS CORPORATION COMMISSION
DISTRICT OFFICE NO. 1
210 E. FRONTVIEW SUITE A
DODGE CITY, KS 67801
Fax: 785-271-3354
e.maclaren@kcc.ks.gov

MICHELE PENNINGTON
KANSAS CORPORATION COMMISSION
DISTRICT OFFICE NO. 1
210 E. FRONTVIEW SUITE A
DODGE CITY, KS 67801
Fax: 785-271-3354
m.pennington@kcc.ks.gov

/S/ DeeAnn Shupe

DeeAnn Shupe