

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
Dwight D. Keen, Commissioner
Andrew J. French, Commissioner

Laura Kelly, Governor

NOTICE OF PENALTY ASSESSMENT
21-CONS-3032-CPEN

August 27, 2020

Christian L. Martin
Tailwater, Inc.
6421 Avondale Drive, Suite 212
Oklahoma City, OK 73116-6428

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 \$108,500 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
 Dwight D. Keen
 Andrew J. French

In the matter of the failure of Tailwater Inc. (Operator) to comply with K.S.A. 55-172 and K.A.R. 82-3-603 at the South Kempnich Lease in Anderson County, Kansas.)	Docket No.: 21-CONS-3032-CPEN
)	CONSERVATION DIVISION
)	License No.: 32461

PENALTY ORDER

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

I. JURISDICTION

1. K.S.A. 74-623 provides that the Commission has the exclusive jurisdiction and authority to regulate oil and gas activities. K.S.A. 55-152 provides that 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. The Commission has licensing authority pursuant to K.S.A. 55-155.

2. K.S.A. 55-162 and K.S.A. 55-164 provide the Commission with authority to issue a Penalty Order regarding a violation of Chapter 55 of the Kansas Statutes Annotated, or of any rule, regulation, or order of the Commission. A Penalty Order may include a monetary penalty of up to \$10,000, and each day of a continuing violation constitutes a separate violation.

3. K.S.A. 55-172 provides it shall be unlawful for any person having possession or control of any well drilled for oil or gas to permit salt water, oil or refuse from any such well to escape by overflow, seepage or otherwise from the vicinity of such well, and that it shall be the

duty of any such person to keep such salt water, oil or refuse safely confined in tanks, pipelines or ponds, so as to prevent the escape thereof.

4. K.A.R. 82-3-101(a)(69) defines "spill" as any escape of saltwater, oil, or refuse by overflow, seepage, or other means from the vicinity of oil, gas, injection, service, or gas storage wells, or from tanks, pipelines, dikes, or pits, if the wells, tanks, pipelines, dikes, or pits are involved in or related the exploration or drilling for oil or gas; the lease storage, treatment, or gathering of oil or gas; or the drilling, operating, abandonment, or post-abandonment of wells. For purposes of this regulation, "vicinity" means the area within six feet of the wellhead.

5. K.A.R. 82-3-603(a) provides that each operator shall act with reasonable diligence to prevent spills and safely confine saltwater, oil and refuse in tanks, pipelines, pits, or dikes.

6. K.A.R. 82-3-603(b) provides that each operator shall notify the appropriate district office of any spill, except that such notification is not necessary for very minor amounts of saltwater, oil, or refuse, where the leaks or drips are not ongoing, continual, repeated, intentional, or the result of abnormal operations.

7. K.A.R. 82-3-603(e) provides that each operator shall clean up any spill which requires notification within 10 days after discovery or knowledge, or by the deadline prescribed in writing by the district office, and that each operator shall clean up any spill which does not require notification upon completion of the routine operation or condition that caused the leak, drip, or escape, or within 24 hours of discovery or knowledge, whichever occurs sooner.

8. K.A.R. 82-3-603(f) provides that failure to contain and clean up the spill in accordance with K.A.R. 82-3-603 shall be punishable by the following penalties: \$1,000 for the first violation; \$2,500 for the second violation; and \$5,000 and an operator license review for the third violation.

II. FINDINGS OF FACT

9. Operator conducts oil and gas activities in Kansas under active license number 32461, and is responsible for the care and control of the South Kempnich lease, including the following wells (Subject Wells), in Section 22, Township 20 South, Range 20 East, Anderson County, Kansas:

- a. Kempnich South #3-T, API #15-003-24647;
- b. Kempnich South #4-T, API #15-003-24648;
- c. Kempnich South #5-T, API #15-003-24649;
- d. Kempnich South #7-T, API #15-003-24651,
- e. Kempnich South #8-T, API #15-003-24652,
- f. Kempnich South #9-T, API #15-003-24653,
- g. South Kempnich #13-T, API #15-003-24687,
- h. South Kempnich #14-T, API #15-003-25017,
- i. South Kempnich #15-T, API #15-003-25018,
- j. South Kempnich #16-T, API #15-003-25019,
- k. South Kempnich #17-T, API #15-003-25020,
- l. South Kempnich #18-T, API #15-003-25021,
- m. South Kempnich #20-T, API #15-003-25023,
- n. South Kempnich #22-T, API #15-003-25025
- o. South Kempnich #23-T, API #15-003-25026,
- p. South Kempnich #24-T, API #15-003-25027,
- q. South Kempnich #25-T, API #15-003-25028,
- r. South Kempnich #26-T, API #15-003-25029,

- s. South Kempnich #27-T, API #15-00325030,
- t. South Kempnich #28-T, API #15-003-25163,
- u. South Kempnich #30-T, API #15-003-25165,
- v. South Kempnich #31-T, API #15-003-25166, and
- w. South Kempnich #14-IWL, API #15-003-26280.

10. Between July 11, 2019, and July 15, 2019, Commission District #3 Staff conducted a lease inspection and found unreported spills at each of the Subject Wells. Some of the Subject Wells had ongoing drips and leaks. Staff's inspection report is attached as **Exhibit A**.

11. On October 11, 2019, Staff sent Operator a Notice of Violation (NOV) letter, providing an October 21, 2019, deadline to remedy the leaks and a November 25, 2019, deadline to clean up the spills at the Subject Wells. The NOV letter is attached as **Exhibit B**.

12. On October 21, 2019, and October 22, 2019, Staff conducted a lease inspection and found no change in status at the Subject Wells. Staff's inspection report is attached as **Exhibit C**.

13. On November 8, 2019, after further communication with Operator, Staff sent Operator a letter providing a December 11, 2019, deadline to initiate remediation of the Subject Wells sites. The letter is attached as **Exhibit D**.

14. On November 26, 2019, Staff conducted a lease inspection and found that nineteen of the Subject Wells still did not have proper surface control to stop fluid from leaking. Staff's inspection report is attached as **Exhibit E**.

15. On December 5, 2019, Staff sent Operator an NOV letter, providing a deadline of December 20, 2019, to establish proper surface control and complete all spill cleanup at the Subject Wells. A copy of the NOV is attached as **Exhibit F**.

16. On December 27, 2019, Staff conducted a lease inspection and found that at least sixteen of the Subject Wells continued to leak. Staff's inspection report is attached as **Exhibit G**.

17. On June 17, 2020, Staff conducted a lease inspection and found that some of the Subject Wells continued to leak and that none of the spills at the Subject Wells had been remediated. Staff's inspection report is attached as **Exhibit H**.

18. Under K.S.A. 55-162(b), The Commission finds that damage may result if immediate remedial action is not taken to obtain surface control by stopping continuing leaks at the Subject Wells.

III. CONCLUSIONS OF LAW

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

20. The above findings of fact are sufficient evidence to support the conclusion that Operator committed twenty-three violations of K.S.A. 55-172 and K.A.R. 82-3-603(e) because Operator did not clean up the spills at the Subject Wells in a timely manner.

21. Under K.A.R. 82-3-603(f), the first violation of K.A.R. 82-3-603(e) carries a \$1,000 penalty, the second violation carries a \$2,500 penalty, and the third violation carries a \$5,000 penalty and an operator license review. The Commission concludes the penalty for Operator's fourth and subsequent violations of K.A.R. 82-3-603(e) should be the same as the penalty for Operator's third violation. Accordingly, the Commission concludes Operator should be assessed a total of \$108,500 in penalties. The Commission further concludes that Staff should be directed to review any license renewal application of Operator's that is currently pending, or, if none is pending, the next license renewal application filed by Operator. Alternatively, the

Commission concludes Operator's violations of K.S.A. 55-172 merit the same outcome as described within this paragraph.

22. The Commission concludes that it should authorize Commission District #3 Staff to take any remedial action necessary to obtain surface control by stopping continuing leaks at the Subject Wells.

THEREFORE, THE COMMISSION ORDERS:

- A. Operator shall pay a \$108,500 penalty.
- B. Staff shall review any license renewal application of Operator's that is currently pending, or, if none is pending, the next license renewal application filed by Operator.
- C. Operator shall take immediate remedial action to obtain proper surface control of the Subject Wells to the satisfaction of Commission District #3 Staff. If Operator fails to comply, then Staff may take any action necessary to prevent continuing leaks at the Subject Wells, regardless of whether Operator requests a hearing on this Penalty Order, and shall assess such costs to Operator. If Operator requests a hearing on this Penalty Order, then Staff shall notify the Commission of any costs assessed to obtain surface control, by filing the invoice(s) in this docket.
- D. Operator shall fully remediate the spills at the Subject Wells within 30 days. If Operator fails to comply, then Staff may remediate the spills and assess the costs to Operator.
- 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, 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 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.


G. 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.

H. A corporation shall appear before the Commission by a Kansas licensed attorney.¹

BY THE COMMISSION IT IS SO ORDERED.

Duffy, Chair; Keen, Commissioner; French, Commissioner

Dated: 08/27/2020



Lynn M. Retz
Executive Director

Mailed Date: 08/27/2020

KAM

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

KCC OIL/GAS REGULATORY OFFICES

Inspection Date: 07/11/2019 District: 3 Incident Number: 6671

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

Operator License No: 32461 API: Q3: Q2: Q1:
Operator Name: Tailwater, Inc. SEC 22 TWP 20 RGE 20 RGEDIR: E
Address: 6421 Avondale Dr. STE 212 FSL:
City: Oklahoma City FEL:
State: OK Zip Code: 73116 Lease: South Kempnich Well No.:
Phone contact: (405) 810-0900 County: AN

Reason for Investigation:

District #3 staff conducted a lease inspection on the above mentioned lease.

Problem:

Abandoned wells and many unreported spills that need cleaned up.

Persons contacted:

Dan Hutchinson, pumper, (405) 641-6538

Findings:

District #3 staff located ninety-four (94) well locations on the South Kempnich Lease. These locations were previously GPS'd by District Staff. The ninety-four (94) well locations consisted of forty-three (43) oil wells, forty-eight (48) enhanced recovery wells, and three (3) plugged wells. The forty-three (43) oil wells consisted of twenty-eight (28) wells that were capable for production and fifteen (15) oil wells that were abandoned. The forty-eight (48) enhanced recovery wells consisted of twenty-four (24) active injection wells that were capable of being used for injection purposes and twenty-four (24) abandoned injection wells. The forty-eight (48) enhanced recovery wells consisted of twenty-eight (28) injection wells that were permitted and twenty (20) injection wells that were not permitted at the time of inspection. The three (3) plugged wells were plugged back in 2011 and 2016, however the casing remained above ground. Cement was not present at the surface and a line needs to be ran to determine where cement is encountered. During the lease inspection, twenty-three (23) unreported spills were encountered. (Continued on next page)

Actions / Recommendations

Follow-up Required ☒

Deadline Date: 10/11/2019

Staff will monitor the South Kempnich lease to make sure the operator cleans up the spills. If the operator fails to properly clean up the spill areas, staff will send NOV letters to the operator with a short deadline for each spill location. If operator still fails to clean up the spills, staff will recommend the lease be sealed and issues fixed by a commission order. Fines would also be recommended for the failure to clean up. A letter will be sent to have the operator file CP-111 forms for all the inactive wells that have not already been sent and approved.

Photo's Taken: 102

☒ RBDMS ☒ KGS ☐ TA DB Report Prepared By: Ryan Duling/Keith Carswell
☐ T1 DBF ☒ District Files ☐ Courthouse Position: E.C.R.S.

KCC OIL/GAS REGULATORY OFFICES

Additional Findings:

(Continued from page 1)

These spills are documented as follows:

Well #3-T	15-003-24647-00-00	10' x 15' spill	
Well #4-T	15-003-24648-00-00	10' x 10' spill	
Well #5-T	15-003-24649-00-00	20' x 20' spill	
Well #7-T	15-003-24651-00-00	20' x 50' spill	
Well #8-T	15-003-24652-00-00	30' x 30' spill	
Well #9-T	15-003-24653-00-00	20' x 30' spill	
Well #13-T	15-003-24687-00-00	30' x 60' spill (new)	70' x 100' spill (old)
Well #14-T	15-003-25017-00-00	10' x 20' spill	
Well #15-T	15-003-25018-00-00	30' x 75' spill	
Well #16-T	15-003-25019-00-00	10' x 30' spill	
Well #17-T	15-003-25020-00-00	20' x 30' spill	
Well #18-T	15-003-25021-00-00	20' x 100' spill	
Well #20-T	15-003-25023-00-00	20' x 20' spill (new)	40' x 450' spill (old)
Well #22-T	15-003-25025-00-00	15' x 20' spill (new)	60' x 60' spill (old)
Well #23-T	15-003-25026-00-00	10' x 30' spill	
Well #24-T	15-003-25027-00-00	15' x 15' spill	
Well #25-T	15-003-25028-00-00	10' x 100' spill	
Well #26-T	15-003-25029-00-00	30' x 20' spill	
Well #27-T	15-003-25030-00-00	30' x 30' spill	
Well #28-T	15-003-25163-00-00	20' x 20' spill	
Well #30-T	15-003-25165-00-00	10' x 10' spill (new)	40' x 75' spill (old)
Well #31-T	15-003-25166-00-00	20' x 20' spill (old)	
Well #14-IVL	15-003-26280-00-00	40' x 100' spill (old)	

Staff visited with Dan Hutchinson, pumper, about all the spills. Staff informed Mr. Hutchinson that all the wells that were inactive needed to be shut in and TA (Temporary Abandoned) forms needed to be filed. Staff had talked with Mr. Hutchinson about having to report the spills and clean-up the spills on previous visits at the lease. Staff visited with Mr. Hutchinson again and reiterate the fact that the operator can be fined for failure to report and failure to clean-up the spills. Mr. Hutchinson said he would try and start cleaning up the spill locations and call in the spills. Staff will monitor the spill locations and if no attempt of clean up is performed, staff will send NOV letters with deadlines on all spills and recommend fine recommendations for failure to report and failure to clean up.

Staff will evaluate the abandoned wells in ninety (90) days and determine if a NOV letter regarding filing CP-111 (Temporary Abandonment) forms is needed. Staff explained to Mr. Hutchinson that any well that is inactive for more than ninety (90) days needs to have a CP-111 form filed.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater, Inc.	KLN: 32461
Lease: South Kempnich	Legal: 22-20-20E
County: Anderson	PIC ID#: 3-T
Subject: 3-T	PIC Orientation:
FSL: 2488	Latitude: 38.294933
FEL: 4528	Longitude: -95.191616
API#: 15-003-24647-00-00	
Date: 7/15/2019	Time: 12:42 PM
Staff: Ryan Duling and Kelth Carswell	

Additional Information: This picture is of well location 3-T. This location has a 10' by 15' new spill. The well is leaking up the production string and is not equipped with a stuffing box. At the time of inspection well was not equipped for production. The pump jack did not have a head.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater, Inc.	KLN: 32461
Lease: South Kempnich	Legal: 22-20-20E
County: Anderson	PIC ID#: 4-T
Subject: 4-T	PIC Orientation:
FSL: 2498	Latitude: 38.294950
FEL: 4193	Longitude: -95.190450
API#: 15-003-24648-00-00	
Date: 7/15/2019	Time: 12:40 PM
Staff: Ryan Duling and Kelth Carswell	

Additional Information: This picture is of well location 4-T. This location has a 10' by 10' spill. The well is leaking up the production string and is not equipped with a stuffing box. The well is equipped for production but was not producing at the time of the lease inspection.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater, Inc.	KLN: 32461
Lease: South Kempnich	Legal: 22-20-20E
County: Anderson	PIC ID#: 5-T
Subject: 5-T	PIC Orientation:
FSL: 2356	Latitude: 38.294550
FEL: 3873	Longitude: -95.189333
API#: 15-003-24649-00-00	
Date: 7/15/2019	Time: 12:04 PM
Staff: Ryan Duling and Keith Carswell	

Additional Information: This picture is of well location 5-T. This location has a 20' by 20' new spill. The well is leaking up the production string and is not equipped with a stuffing box. At the time of inspection well was not equipped for production. The bridle was unhooked.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tallwater, Inc.	KLN: 32461
Lease: South Kempnich	Legal: 22-20-20E
County: Anderson	PIC ID#: 7-T PIC 1 AND 2
Subject: 7-T	PIC Orientation:
FSL: 2056	Latitude: 38.293766
FEL: 5160	Longitude: -95.193816
API#:15-003-24651-00-00	
Date: 7/11/2019	Time: 2:27 PM
Staff: Ryan Duling and Keith Carswell	

Additional Information: This picture is of well location 7-T. This location has a 20' by 50' spill. The well is leaking up the production string and is not equipped with a stuffing box. The well is equipped for production but was not producing at the time of the lease inspection.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater, Inc.	KLN: 32461
Lease: South Kempnich	Legal: 22-20-20E
County: Anderson	PIC ID#: 8-T
Subject: 8-T	PIC Orientation:
FSL: 2036	Latitude: 38.293700
FEL: 4849	Longitude: -95.192733
API#: 15-003-24652-00-00	
Date: 7/11/2019	Time: 2:30 PM
Staff: Ryan Duling and Kelth Carswell	

Additional Information: This picture is of well location 8-T. This location has a 30' by 30' new spill. The well is leaking up the production string and is not equipped with a stuffing box. At the time of inspection well was not equipped for production. The pump jack was broke.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater, Inc.	KLN: 32461
Lease: South Kempnich	Legal: 22-20-20E
County: Anderson	PIC ID#: 9-T
Subject: 9-T	PIC Orientation:
FSL: 2173	Latitude: 38.294066
FEL: 4538	Longitude: -95.191650
API#: 15-003-24653-00-00	
Date: 7/15/2019	Time: 11:53 AM
Staff: Ryan Duling and Keith Carswell	

Additional Information: This picture is of well location 9-T. This location has a 20' by 30' new spill. The well is leaking up the production string and is not equipped with a stuffing box. At the time of inspection well was not equipped for production. The pump jack was broke.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater, Inc.	KLN: 32461
Lease: South Kempnich	Legal: 22-20-20E
County: Anderson	PIC ID#: 13-T
Subject: 13-T	PIC Orientation:
FSL: 1923	Latitude: 38.293350
FEL: 3591	Longitude: -95.188350
API#: 15-003-24687-00-00	
Date: 7/11/2019	Time: 2:53 PM
Staff: Ryan Duling and Keith Carswell	

Additional Information: This picture is of well location 13-T. This location has a 30' by 60' new spill and 70' by 100' old spill. The well is leaking up the production string and is not equipped with a stuffing box. The well is equipped for production but was not producing at the time of the lease inspection.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater, Inc.	KLN: 32461
Lease: South Kempnich	Legal: 22-20-20E
County: Anderson	PIC ID#: 14-T PIC 1 AND 2
Subject: 14-T	PIC Orientation:
FSL: 2446	Latitude: 38.294775
FEL: 3206	Longitude: -95.187011
API#: 15-003-25017-00-00	
Date: 7/15/2019	Time: 12:26 PM
Staff: Ryan Duling and Keith Carswell	

Additional Information: This picture is of well location 14-T. This location has a 20' by 10' new spill. The well is leaking up the production string and is not equipped with a stuffing box. At the time of inspection well was not equipped for production. The pump jack was tore apart. No pumping string in well. Well has a rag stuffed in the casing.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tallwater, Inc.	KLN: 32461
Lease: South Kempnich	Legal: 22-20-20E
County: Anderson	PIC ID#: 15-T PIC 1 AND 2
Subject: 15-T	PIC Orientation:
FSL: 2110	Latitude: 38.293852
FEL: 3256	Longitude: -95.187184
API#: 15-003-25018-00-00	
Date: 7/15/2019	Time: 12:12 PM
Staff: Ryan Duling and Keith Carswell	

Additional Information: This picture is of well location 15-T. This location has a 30' by 75' spill. The well is leaking up the production string and is not equipped with a stuffing box. The well is equipped for production but was not producing at the time of the lease inspection.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater, Inc.	KLN: 32461
Lease: South Kempnich	Legal: 22-20-20E
County: Anderson	PIC ID#: 16-T
Subject: 16-T	PIC Orientation:
FSL: 1705	Latitude: 38.292802
FEL: 5136	Longitude: -95.193730
API#: 15-003-25019-00-00	
Date: 7/11/2019	Time: 9:55 AM
Staff: Ryan Duling and Keith Carswell	

Additional Information: This picture is of well location 16-T. This location has a 10' by 30' spill. The well is leaking up the production string and is not equipped with a stuffing box. The well is equipped for production but was not producing at the time of the lease inspection.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater, Inc.	KLN: 32461
Lease: South Kempnich	Legal: 22-20-20E
County: Anderson	PIC ID#: 17-T
Subject: 17-T	PIC Orientation:
FSL: 1741	Latitude: 38.292890
FEL: 4812	Longitude: -95.192602
API#: 15-003-25020-00-00	
Date: 7/11/2019	Time: 9:57 AM
Staff: Ryan Duling and Keith Carswell	

Additional Information: This picture is of well location 17-T. This location has a 20' by 30' new spill. The well is leaking up the production string and is not equipped with a stuffing box. At the time of inspection well was not equipped for production. The pump jack did not have a motor.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater, Inc.	KLN: 32461
Lease: South Kemprich	Legal: 22-20-20E
County: Anderson	PIC ID#: 18-T
Subject: 18-T	PIC Orientation:
FSL: 1807	Latitude: 38.293060
FEL: 4492	Longitude: -95.191486
API#: 15-003-25021-00-00	
Date: 7/11/2019	Time: 10:00 AM
Staff: Ryan Duling and Keith Carswell	

Additional Information: This picture is of well location 18-T. This location has a 20' by 100' spill. The well is leaking up the production string and is not equipped with a stuffing box. The well is equipped for production but was not producing at the time of the lease inspection.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater, Inc.	KLN: 32461
Lease: South Kempnich	Legal: 22-20-20E
County: Anderson	PIC ID#: 20-T
Subject: 20-T	PIC Orientation:
FSL: 1607	Latitude: 38.292492
FEL: 3832	Longitude: -95.189185
API#: 15-003-25023-00-00	
Date: 7/11/2019	Time: 10:14 AM
Staff: Ryan Duling and Kelth Carswell	

Additional Information: This picture is of well location 20-T. This location has a 20' by 20' new spill and 40' by 450' old spill. The well is leaking up the production string and is not equipped with a stuffing box. The well is equipped for production but was not producing at the time of the lease inspection.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tallwater, Inc.	KLN: 32461
Lease: South Kempnich	Legal: 22-20-20E
County: Anderson	PIC ID#: 22-T PIC 1 AND 2
Subject: 22-T	PIC Orientation:
FSL: 1792	Latitude: 38.292983
FEL: 3318	Longitude: -95.187395
API#: 15-003-25025-00-00	
Date: 7/11/2019	Time: 12:04 PM
Staff: Ryan Duling and Keith Carswell	

Additional Information: This picture is of well location 22-T. This location has a 15' by 20' new spill and 60' by 60' old spill. The well is leaking up the production string and is not equipped with a stuffing box. The well is equipped for production but was not producing at the time of the lease inspection.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater, Inc.	KLN: 32461
Lease: South Kempnich	Legal: 22-20-20E
County: Anderson	PIC ID#: 23-T
Subject: 23-T	PIC Orientation:
FSL: 1475	Latitude: 38.292160
FEL: 4830	Longitude: -95.192661
API#: 15-003-25026-00-00	
Date: 7/11/2019	Time: 9:23 AM
Staff: Ryan Duling and Keith Carswell	

Additional Information: This picture is of well location 23-T. This location has a 10' by 30' spill. The well is leaking up the production string and is not equipped with a stuffing box. The well is equipped for production but was not producing at the time of the lease inspection.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater, Inc. Lease: South Kempnich County: Anderson Subject: 24-T FSL: 1478 FEL: 4500 API#: 15-003-25027-00-00 Date: 7/11/2019 Staff: Ryan Duling and Keith Carswell	KLN: 32461 Legal: 22-20-20E PIC ID#: 24-T PIC Orientation: Latitude: 38.292158 Longitude: -95.191511 Time: 9:33 AM
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Additional Information: This picture is of well location 24-T. This location has a 15' by 15' spill. The well is leaking up the production string and is not equipped with a stuffing box. The well is equipped for production but was not producing at the time of the lease inspection.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater, Inc.	KLN: 32461
Lease: South Kempnich	Legal: 22-20-20E
County: Anderson	PIC ID#: 25-T
Subject: 25-T	PIC Orientation:
FSL: 1506	Latitude: 38.292224
FEL: 4147	Longitude: -95.190282
API#: 15-003-25028-00-00	
Date: 7/11/2019	Time: 9:38 AM
Staff: Ryan Duling and Keith Carswell	

Additional Information: This picture is of well location 25-T. This location has a 10' by 100' spill. The well is leaking up the production string and is not equipped with a stuffing box. The well is equipped for production but was not producing at the time of the lease inspection.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater, Inc.	KLN: 32461
Lease: South Kempnich	Legal: 22-20-20E
County: Anderson	PIC ID#: 26-T
Subject: 26-T	PIC Orientation:
FSL: 1485	Latitude: 38.292139
FEL: 3372	Longitude: -95.187582
API#: 15-003-25029-00-00	
Date: 7/11/2019	Time: 10:29 AM
Staff: Ryan Duling and Keith Carswell	

Additional Information: This picture is of well location 26-T. This location has a 20' by 30' new spill. The well is leaking up the production string and is not equipped with a stuffing box. At the time of inspection well was not equipped for production. The pump jack did not have a belt.

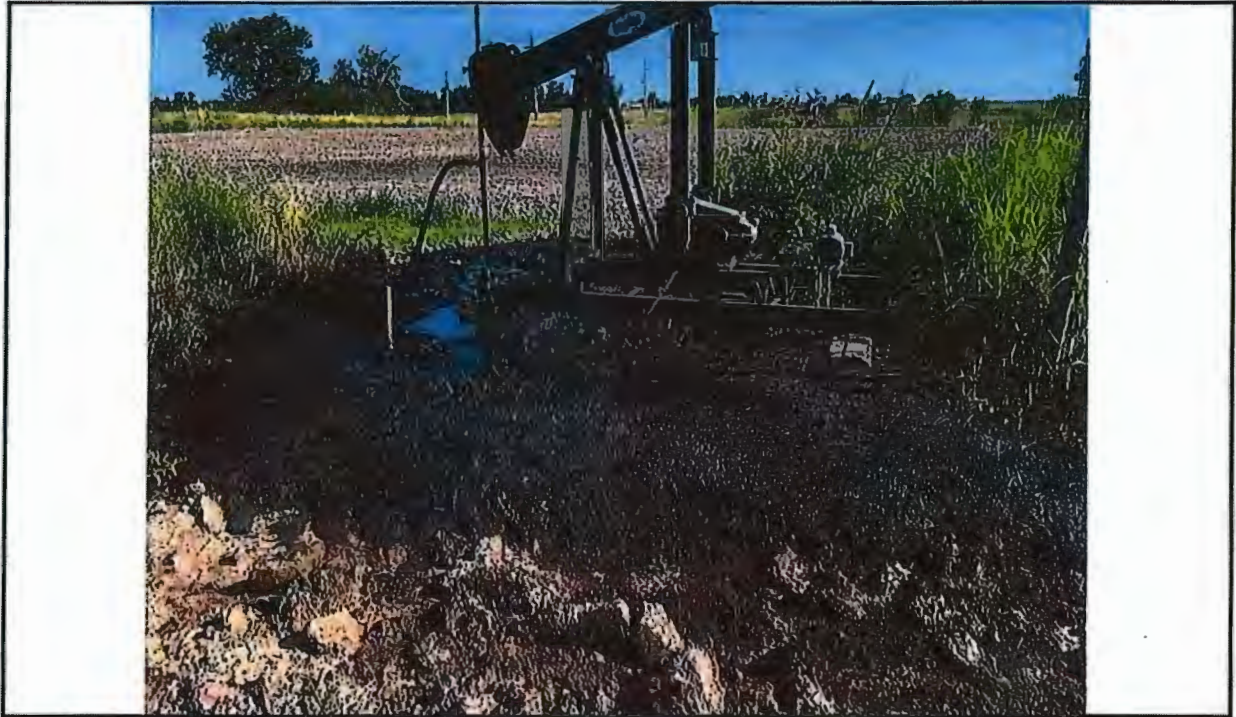
KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater, Inc.	KLN: 32461
Lease: South Kempnich	Legal: 22-20-20E
County: Anderson	PIC ID#: 27-T
Subject: 27-T	PIC Orientation:
FSL: 1832	Latitude: 38.293082
FEL: 3000	Longitude: -95.186288
API#: 15-003-25030-00-00	
Date: 7/11/2019	Time: 11:24 AM
Staff: Ryan Duling and Keith Carswell	

Additional Information: This picture is of well location 27-T. This location has a 30' by 30' spill. The well is leaking up the production string and is not equipped with a stuffing box. The well is equipped for production but was not producing at the time of the lease inspection.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater, Inc.	KLN: 32461
Lease: South Kempnich	Legal: 22-20-20E
County: Anderson	PIC ID#: 28-T
Subject: 28-T	PIC Orientation:
FSL: 1473	Latitude: 38.292164
FEL: 5137	Longitude: -95.193730
API#: 15-003-25163-00-00	
Date: 7/11/2019	Time: 9:19 AM
Staff: Ryan Duling and Keith Carswell	

Additional Information: This picture is of well location 28-T. This location has a 20' by 20' spill. The well is leaking up the production string and is not equipped with a stuffing box. The well is equipped for production but was not producing at the time of the lease inspection.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater, Inc.	KLN: 32461
Lease: South Kempnich	Legal: 22-20-20E
County: Anderson	PIC ID#: 30T PIC 1 AND 2
Subject: 30-T	PIC Orientation:
FSL: 2072	Latitude: 38.293734
FEL: 2818	Longitude: -95.185658
API#: 15-003-25165-00-00	
Date: 7/11/2019	Time: 11:19 AM
Staff: Ryan Duling and Keith Carswell	

Additional Information: This picture is of well location 30-T. This location has a 10' by 10' new spill and 40' by 75' old spill. The well is leaking up the production string and is not equipped with a stuffing box. The well is equipped for production but was not producing at the time of the lease inspection.

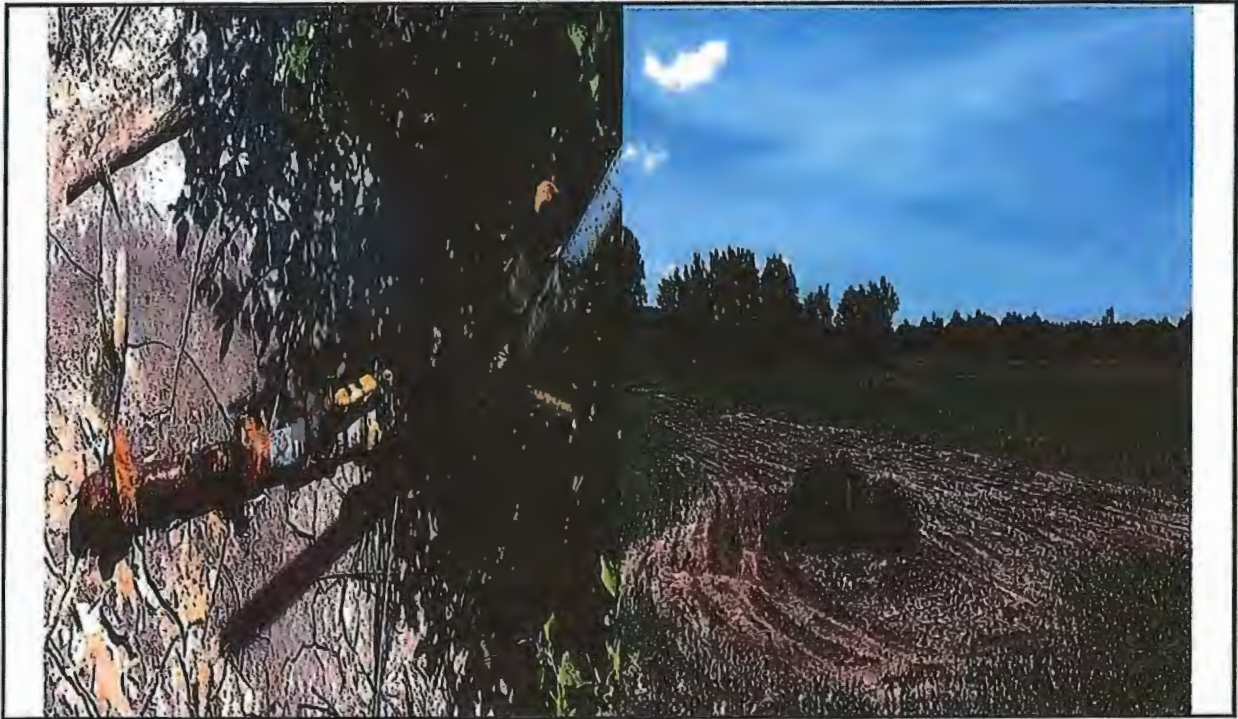
KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater, Inc.	KLN: 32461
Lease: South Kempnich	Legal: 22-20-20E
County: Anderson	PIC ID#: 31-T PIC 1 AND 2
Subject: 31-T	PIC Orientation:
FSL: 2378	Latitude: 38.294575
FEL: 2821	Longitude: -95.185669
API#: 15-003-25166-00-00	
Date: 7/15/2019	Time: 12:17 PM
Staff: Ryan Duling and Kelth Carswell	

Additional Information: This picture is of well location 31-T. This location has a 20' by 20' old spill. At the time of inspection well was not equipped for production. The well is shut in.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater, Inc.	KLN: 32461
Lease: South Kempnich	Legal: 22-20-20E
County: Anderson	PIC ID#: 14-IWL PIC 1 AND 2
Subject: 14-IWL	PIC Orientation:
FSL: 1693	Latitude: 38.292701
FEL: 3013	Longitude: -95.186332
API#: 15-003-26280-00-00	
Date: 7/11/2019	Time: 11:02 AM
Staff: Ryan Duling and Keith Carswell	

Additional Information: This picture is of well location 14-IWL. This well is hooked up for injection purposes. Old spill of 40' by 100'.

NOTICE OF VIOLATIONS

October 11, 2019

Tailwater, Inc. #32461

Attention: Christopher Martin

6421 Avondale Drive Suite 12

Oklahoma City, Oklahoma 74070

Re: Unreported Spills and Failure to Cleanup Spills on the South Kempnich lease located in Section 22, Township 20 South, Range 20 East, Anderson County, Kansas.

Mr. Martin,

Ryan Duling and I conducted a lease inspection on the above-mentioned South Kempnich lease on July 11, 2019. We met with Dan Hutchinson, pumper for Tailwater, Inc. and discussed the twenty-three (23) unreported spills we found. We told Dan that all of the spills had to be reported to the District #3 Office and all of the spills had to be cleaned up. Dan told us that he would report all the spills to the District #3 Office and try to get the spills cleaned up. We told Dan that we would monitor the progress of the cleanup, we returned to the lease on September 9, 2019 and again on October 9, 2019 and to date, Dan has reported one (1) spill and has made no effort to clean up any of the spills.

K.A.R. 82-3-603 SPILL NOTIFICATION AND CLEANUP; PENALTY

(a) Spill prevention. Each operator shall act with reasonable diligence to prevent spills and safely confine saltwater, oil, and refuse in tanks, pipelines, pits, or dikes.

(b) Notification.

(1) Each operator shall notify the appropriate district office in accordance with subsection

(c) Immediately upon discovery or knowledge of any spill that has reached or threatens to reach surface water or that has impacted or threatens to impact groundwater. Each operator shall take immediate action in accordance with procedures specified or approved by the district office to contain and prevent the saltwater, oil, or refuse from reaching surface water or impacting groundwater.

(2) Except as otherwise specified in this regulation, each operator shall notify the appropriate district office of any spill, as defined in K.A.R. 82-3-101. This notification shall meet the requirements of subsection (c) and shall be made not later than the next business day following the date of discovery or knowledge of the spill.

(3) The notification requirement for spills in paragraph (b)(2) shall not apply to very minor amounts of saltwater, oil, or refuse that unavoidably or unintentionally leak or drip from pumps, machinery, pipes, valves, fittings, well rods, or tubing during the conduct of normal prudent operations and that are not confined in dikes or pits or within the vicinity of the well. This exception shall not apply to ongoing, continual, or repeated leaks or drips, or to leaks or drips that are the result of intentional spillage or abnormal operations, including unrepaired or improperly maintained pumps, machinery, pipes, valves, and fittings.

(4) For purposes of this regulation, the point of "discovery or knowledge" shall mean that point when the operator knew or reasonably should have known of the spill.

(5) The notification requirement in this subsection shall apply even if the operator knows or believes that the appropriate district office is already aware of the spill.

(c) Information required with notification. Each operator shall submit the following information in conjunction with the notification requirement in subsection (b):

- (1) The operator's name and license number;
- (2) The lease name, legal description, and approximate spill location;
- (3) The time and date the spill occurred;
- (4) A description of the spilled materials, including type and amount;
- (5) A description of the circumstances creating the spill;
- (6) The location of the spill with respect to the nearest fresh and usable water resources;
- (7) The proposed method for containing and cleaning up the spill; and
- (8) Any other information that the commission may require.

(d) **Penalty for failure to notify.** The failure to comply with subsection (b) shall be punishable by a \$250 penalty for the first violation, a \$500 penalty for the second violation, and a \$1,000 penalty and an Operator license review for the third violation.

(e) Cleanup of spill.

(1) Each operator shall clean up any spill that requires notification under this regulation in accordance with the cleanup method approved by the appropriate district office. The cleanup techniques deemed appropriate and acceptable to the appropriate district office shall be physical removal, dilution, treatment, and bioremediation. Except as otherwise required by law or regulation, each operator shall complete the cleanup of the spill within 10 days after discovery or knowledge, or by the deadline prescribed in writing by the district office.

(2) Each operator shall clean up all leaks, drips, and escapes that are excepted from notification under this regulation in accordance with cleanup techniques recognized as appropriate and acceptable by the commission. The following cleanup techniques shall be deemed appropriate and acceptable to the commission: physical removal, dilution, treatment, and bioremediation. Each operator shall accomplish this cleanup upon completion of the routine operation or condition that caused the leak, drip, or escape or within 24 hours of discovery or knowledge of the leak, drip, or escape, whichever occurs sooner.

(3) If refuse is transferred in conjunction with a cleanup pursuant to paragraph (e)(1) or

(e)(2), each operator shall submit any required forms according to K.A.R. 82-3-608.

(f) **Penalties.** Failure to contain and clean up the spill in accordance with this regulation shall be punishable by the following penalties:

- (1) \$1,000 for the first violation;
- (2) \$2,500 for the second violation; and
- (3) \$5,000 and an operator license review for the third violation.

K.A.R. 82-3-603a. SPILL NOTIFICATION TO LANDOWNER OR REPRESENTATIVE; PENALTY.

(a) Notification required. Each operator shall make good faith efforts to notify the landowner or the landowner's representative of any spill or escape that is required to be reported to the conservation division under K.A.R. 82-3-603(b)(1) or (b)(2). This notification to the landowner or landowner's representative shall meet the requirements of subsection (b) and shall be made no later than five business days following the discovery or knowledge of the spill or escape.

(b) Required information. Each notification shall include the following information:

- (1) The operator's name;
- (2) The lease name and approximate spill location;
- (3) The time and date the spill or escape occurred;
- (4) A description of the escaped materials, including each type and amount; and
- (5) The methods being used to clean up the spill.

(c) "Discovery and knowledge" defined. For the purpose of this regulation, the point of "discovery and knowledge" shall mean the point at which the operator knew or reasonably should have known of the spill or escape.

(d) Record of notification and retention of records. Each operator shall keep accurate records of each notification made to a landowner or a landowner's representative regarding spills or escapes required

under subsection (a). These records may include correspondence, electronic mail, telephone records, and field notes. The operator shall keep these records for at least three years. The records shall be made available to the conservation division upon request.

(e) Penalty for failure to notify. Failure to comply with subsection (a) shall be punishable by a \$250 penalty for the first violation, a \$500 penalty for the second violation, and a \$1,000 penalty for each subsequent violation.

K.A.R. 82-3-604. DISCHARGES INTO EMERGENCY PITS AND DIKED AREAS; REMOVAL OF FLUIDS; PENALTIES.

(a) Notification of discharge. Each operator shall notify the appropriate district office within 24 hours of discovery or knowledge of any oil field-related discharge of five or more barrels of saltwater, oil, or refuse into an emergency pit or diked area.

(b) Removal of fluids from pit or dike. Each operator of an emergency pit or diked area shall remove any fluid from the pit or diked area within 48 hours after discovery or knowledge, or as authorized by the appropriate district office, and shall dispose of the fluid according to K.A.R. 82-3-607. The operator shall submit forms pursuant to K.A.R. 82-3-608, unless the fluid is removed to an on-site tank.

(c) "Discovery or knowledge" defined. For purposes of this regulation, the point of "discovery or knowledge" shall mean that point when the operator knew or reasonably should have known of the discharge.

(d) Penalties. The failure to timely notify the district office of an oil field-related discharge into an emergency pit or diked area in accordance with subsection (a), or the failure to timely remove fluids from an emergency pit or diked area in accordance with subsection (b), shall be punishable by the following penalties:

- (1) \$250 for the first violation;
- (2) \$500 for the second violation; and
- (3) \$1,000 and an operator license review for the third violation.

We have documented all of the twenty-three (23) unreported spills that were not reported to the District #3 Office. (see attached pictures). You will be required to put proper surface control on all abandoned wells on the South Kempnlich lease to stop any spillage from the wells that are seeping or leaking fluids, this will include installing swedges and stuffing boxes that will shut-in the casing to stop the spillage within ten (10) days. The deadline will be October 21, 2019 and we believe ten (10) days will be a sufficient amount of time to shut-in the casing on the wells and stop the spillage. Failure to comply with the October 21, 2019 deadline will result in additional penalty recommendations. If any well is shut down for any reason, you must have surface control on the casing to prevent spillage.

You will be required to cleanup all of the documented spill sites on the South Kempnlich lease by picking up all free standing oil at the spill locations and applying and tilling in spagsorb to the oil saturated soil. Some of the areas also have brine spillage that have killed the vegetation and will require remediation. Staff will monitor those areas and will request Taylor Herman District #3 Geologist to collect soil samples and develop a remediation plan for you to implement to restore vegetation to the brine impacted spill locations. Taylor will notify you in writing concerning the locations that will require remediation.

The twenty-three (23) spills we have identified and documented are at the following well locations:

Well #3-T	15-003-24647-00-00	10' x 15' spill
Well #4-T	15-003-24648-00-00	10' x 10' spill
Well #5-T	15-003-24649-00-00	20' x 20' spill
Well #7-T	15-003-24651-00-00	20' x 50' spill
Well #8-T	15-003-24652-00-00	30' x 30' spill

Well #9-T	15-003-24653-00-00	20' x 30' spill
Well #13-T	15-003-24687-00-00	30' x 60' spill (new spill) and 70' x 100' spill (old spillage)
Well #14-T	15-003-25017-00-00	10' x 20' spill
Well #15-T	15-003-25018-00-00	30' x 75' spill
Well #16-T	15-003-25019-00-00	10' x 30' spill
Well #17-T	15-003-25020-00-00	20' x 30' spill
Well #18-T	15-003-25021-00-00	20' x 100' spill
Well #20-T	15-003-25023-00-00	20' x 20' spill (new spill) and 40' x 450' spill (old spillage)
Well #22-T	15-003-25025-00-00	15' x 20' spill (new spill) and 60' x 60' spill (old spillage)
Well #23-T	15-003-25026-00-00	10' x 30' spill
Well #24-T	15-003-25027-00-00	15' x 15' spill
Well #25-T	15-003-25028-00-00	10' x 100' spill
Well #26-T	15-003-25029-00-00	30' x 20' spill
Well #27-T	15-003-25030-00-00	30' x 30' spill
Well #28-T	15-003-25163-00-00	20' x 20' spill
Well #30-T	15-003-25165-00-00	10' x 10' spill (new spill) and 40' x 75' spill (old spillage)
Well #31-T	15-003-25166-00-00	20' x 20' spill (old spillage)
Well #14-IWL	15-003-26280-00-00	40' x 100' spill (old spillage)

Staff has estimated the average time for cleanup of each of the twenty-three (23) spills should take approximately two (2) to three (3) hours or a total of about seventy (70) hours. Your deadline to cleanup all of the spillage will be forty-five days (45) and we believe that forty-five (45) days will be more than enough time to complete all of the cleanup by removing all free standing fluids and tilling spaghsorb, (a biodegrading material) into the oil saturated soil. **The deadline will be November 25, 2019. Failure to meet the November 25, 2019 deadline will result in penalty recommendations for failure to cleanup each of the spills.** Staff will monitor the progress of the cleanup each week to make sure you are on track to meet the completion deadline. Any of the spills that will require remediation will be addressed by Taylor Herman. According the K.A.R. 82-3-603, the penalty for failure to cleanup a spill is \$1,000.00 for the first spill, \$2,500.00 for the second spill and \$5,000.00 for the third spill and \$5,000.00 for each spill thereafter. I hope you consider all of the above-mentioned violations and the consequences for failure to comply with the specific deadlines to be very serious. If you have any questions please contact me at the Chanute Office at 620-902-6461 or my cell phone at 620-432-6523. Thank you in advance for your cooperation concerning this matter.

Sincerely,



Keith Carswell E.C.R.S.

Kansas Corporation Commission

District #3 Chanute

KCC OIL/GAS REGULATORY OFFICES

Inspection Date: 10/21/2019 District: 3 Incident Number: 6772

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

Operator License No: 32461 API: Q3: Q2: Q1:
Operator Name: Tailwater Inc. SEC 22 TWP 20 RGE 20 RGEDIR: E
Address: 6421 Avondale Drive, Suite 2124 FSL:
City: Oklahoma City FEL:
State: OK Zip Code: 73116-6428 Lease: South Kempnich Well No.:
Phone contact: County: AN

Reason for Investigation:

Follow up on spill cleanup.

Problem:

Spillage at abandoned wells not cleaned up.

Persons contacted:

Dan Hutchison

Findings:

Ryan Duling and I inspected the South Kempnich lease and found no effort has been made to cleanup the spills on the lease. We documented the twenty-three (23) spills with pictures. (See additional findings page 2)

Actions / Recommendations

Follow-up Required ☐

Deadline Date:

We will forward our documentation to District #3 Compliance Officer John Almond to move forward with penalty recommendations.

Photo's Taken:

☐ RBDMS ☐ KGS ☐ TA DB Report Prepared By: Keith Carswell
☐ T1 DBF ☐ District Files ☐ Courthouse Position: ECRS Chanute District #3

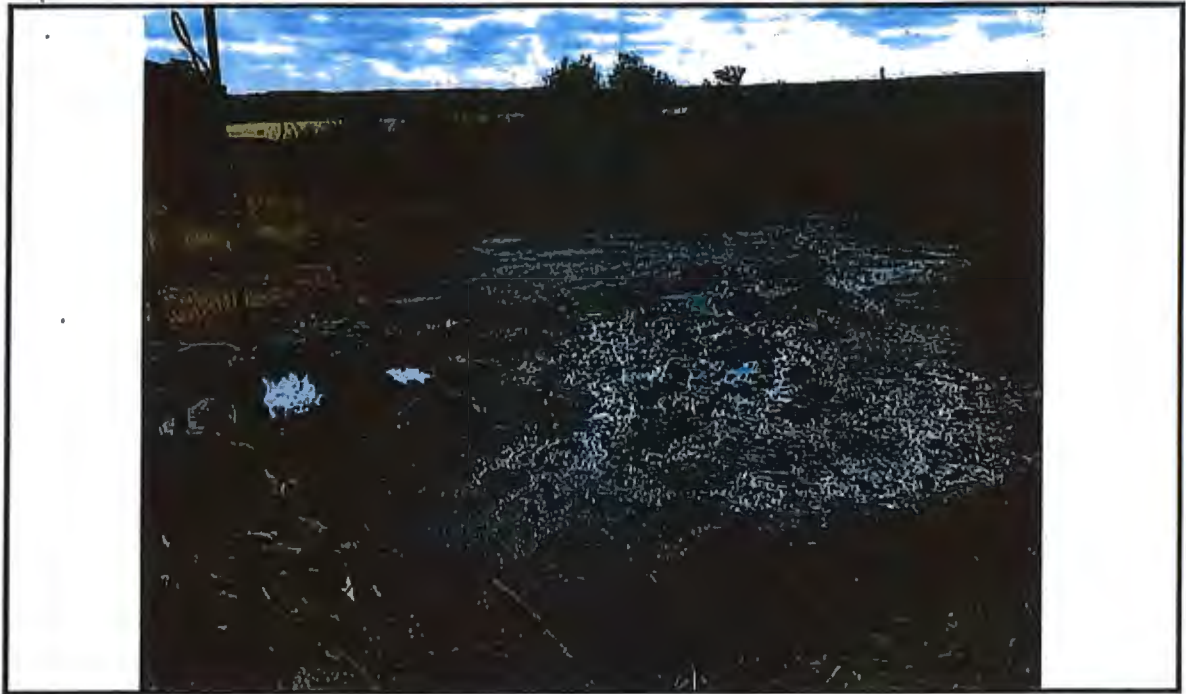
KCC OIL/GAS REGULATORY OFFICES

Additional Findings:

These spills are documented as follows:

Well #3-T	15-003-24647-00-00	10' x 15' spill
Well #4-T	15-003-24648-00-00	10' x 10' spill
Well #5-T	15-003-24649-00-00	20' x 20' spill
Well #7-T	15-003-24651-00-00	20' x 50' spill
Well #8-T	15-003-24652-00-00	30' x 30' spill
Well #9-T	15-003-24653-00-00	20' x 30' spill
Well #13-T	15-003-24687-00-00	30' x 60' spill (new) 70' x 100' spill (old)
Well #14-T	15-003-25017-00-00	10' x 20' spill
Well #15-T	15-003-25018-00-00	30' x 75' spill
Well #16-T	15-003-25019-00-00	10' x 30' spill
Well #17-T	15-003-25020-00-00	20' x 30' spill
Well #18-T	15-003-25021-00-00	20' x 100' spill
Well #20-T	15-003-25023-00-00	20' x 20' spill (new) 40' x 450' spill (old)
Well #22-T	15-003-25025-00-00	15' x 20' spill (new) 60' x 60' spill (old)
Well #23-T	15-003-25026-00-00	10' x 30' spill
Well #24-T	15-003-25027-00-00	15' x 15' spill
Well #25-T	15-003-25028-00-00	10' x 100' spill
Well #26-T	15-003-25029-00-00	30' x 20' spill
Well #27-T	15-003-25030-00-00	30' x 30' spill
Well #28-T	15-003-25163-00-00	20' x 20' spill
Well #30-T	15-003-25165-00-00	10' x 10' spill (new) 40' x 75' spill (old)
Well #31-T	15-003-25166-00-00	20' x 20' spill (old)
Well #14-IWL	15-003-26280-00-00	40' x 100' spill (old)

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater, Inc.	KLN: 32461
Lease: South Kempnich	Legal: 22-20-20E
County: Anderson	PIC ID#: 13-T Pic 2
Subject: 13-T	PIC Orientation:
FSL: 1923	Latitude: 38.293350
FEL: 3591	Longitude: -95.188350
API#: 15-003-24687-00-00	
Date: 10/21/2019	Time: 1:52 PM
Staff: Ryan Duling and Keith Carswell	

Additional Information: This picture is of well location 13-T and spill/kill area. This location has spill and kill area that has been outlined with GPS waypoints. The well is leaking up the production string and is not equipped with a stuffing box. The well is equipped for production but was not producing at the time of the lease inspection.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tallwater, Inc.	KLN: 32461
Lease: South Kempnich	Legal: 22-20-20E
County: Anderson	PIC ID#: 18-T Pic 1
Subject: 18-T	PIC Orientation:
FSL: 1807	Latitude: 38.293060
FEL: 4492	Longitude: -95.191486
API#: 15-003-25021-00-00	
Date: 10/21/2019	Time: 10:08 AM
Staff: Ryan Duling and Keith Carswell	

Additional Information: This picture is of well location 18-T and spill/kill area. This location has a spill and kill area outlined with GPS waypoints. The well is leaking up the production string and is not equipped with a stuffing box. The well is equipped for production but was not producing at the time of the lease inspection.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater, Inc.	KLN: 32461
Lease: South Kempnich	Legal: 22-20-20E
County: Anderson	PIC ID#: 22-T PIC 1
Subject: 22-T	PIC Orientation:
FSL: 1792	Latitude: 38.292983
FEL: 3318	Longitude: -95.187395
API#: 15-003-25025-00-00	
Date: 10/21/2019	Time: 1:08 PM
Staff: Ryan Duling and Keith Carswell	

Additional Information: This picture is of well location 22-T and spill/kill area. This location has a spill and kill area outlined by GPS waypoints. The well is leaking up the production string and is not equipped with a stuffing box. The well is equipped for production but was not producing at the time of the lease inspection.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater, Inc.	KLN: 32461
Lease: South Kempnich	Legal: 22-20-20E
County: Anderson	PIC ID#: 25-T Plc 2
Subject: 25-T	PIC Orientation:
FSL: 1506	Latitude: 38.292224
FEL: 4147	Longitude: -95.190282
API#: 15-003-25028-00-00	
Date: 10/21/2019	Time: 11:05 AM
Staff: Ryan Duling and Keith Carswell	

Additional Information: This picture is of well location 25-T. This location has a spill and kill area outlined by GPS waypoints. The well is leaking up the production string and is not equipped with a stuffing box. The well is equipped for production but was not producing at the time of the lease inspection.

11/8/2019

Tailwater, Inc. KLN 32461
C/o Christian L. Martin
6421 Avondale Dr Ste 212
Oklahoma City, OK 73116-6428

This letter is in reference to brine-impacted soils on the South Kempnich Lease, located in Sec 22 – T20S – R20E, Anderson County, Kansas. The brine-impacted soils are the result of a produced fluids release from multiple well heads. The brine-impacted areas have been referenced by a Google Earth generated map included with this letter. District Staff collected soil samples from the brine impacted areas for “Soil Salt Alkali” analysis. The samples will be submitted to Kansas State University’s Soils Laboratory for analysis. The following are the locations and remedial recommendations for the brine-impacted areas:

Site #1(~1,485 FSL and 3372 FEL)

Produced fluids were released in 2019 from the well head of producer well 26-T. Brine escaped from the well head and flowed to the East on the ground surface. The brine impacted an area approximately 0.05 of an acre in size (See Map). The following recommendations for the *initial treatment of this area should be completed by 5 pm on December 11, 2019* for the remediation of this spill:

- 1.) Till impacted area to a depth of 12” or bedrock.
- 2.) Even application of 100 lbs. of pelletized gypsum.
- 3.) Incorporate soil amendments through tillage.
- 4.) Implement erosion controls over entire impacted area (i.e., Native hay mulch etc.).

Site #2(~1,693 FSL and 3,013 FEL)

Produced fluids were released in 2019 from the well head of injection well 14-IWL. The fluids flowed to the East then South on the ground surface. The brine impacted an area approximately .40 of an acre in size (See Map). The following recommendations for the *initial treatment of this area should be completed by 5 pm on December 11, 2019* for the remediation of this spill.

- 1.) Till impacted area to a depth of 12” or bedrock.
- 2.) Even application of 800 lbs. of pelletized gypsum.
- 3.) Incorporate soil amendments through tillage.
- 4.) Implement erosion controls over entire impacted area (i.e., Native hay mulch etc.).

Site #3(~1,832 FSL and 3,000 FEL)

Produced fluids were released in 2019 from the well head of producer well 27-T. The fluids flowed to the South and East on the ground surface. The brine impacted an area approximately .25 of an acre in size (See Map). The following recommendations for the *initial treatment of this area should be completed by 5 pm on December 11, 2019* for the remediation of this spill.

- 1.) Till impacted area to a depth of 12" or bedrock.
- 2.) Even application of 500 lbs. of pelletized gypsum.
- 3.) Incorporate soil amendments through tillage.
- 4.) Implement erosion controls over entire impacted area (i.e., Native hay mulch etc.).

Site #4(~1,832 FSL and 3,000 FEL)

Produced fluids were released in 2019 from the well head of producer well 30-T. The fluids flowed to the South and East on the ground surface. The brine impacted an area approximately .10 of an acre in size (See Map). The following recommendations for the *initial treatment of this area should be completed by 5 pm on December 11, 2019* for the remediation of this spill.

- 1.) Till impacted area to a depth of 12" or bedrock.
- 2.) Even application of 400 lbs. of pelletized gypsum.
- 3.) Incorporate soil amendments through tillage.
- 4.) Implement erosion controls over entire impacted area (i.e., Native hay mulch etc.).

Site #5(~1,792 FSL and 3,318 FEL)

Produced fluids were released in 2019 from the well head of producer well 22-T. The fluids flowed to the North on the ground surface. The brine impacted an area approximately .10 of an acre in size (See Map). The following recommendations for the *initial treatment of this area should be completed by 5 pm on December 11, 2019* for the remediation of this spill.

- 1.) Till impacted area to a depth of 12" or bedrock.
- 2.) Even application of 200 lbs. of pelletized gypsum.
- 3.) Incorporate soil amendments through tillage.
- 4.) Implement erosion controls over entire impacted area (i.e., Native hay mulch etc.).

Site #6(~1,607 FSL and 3,832 FEL)

Produced fluids were released in 2019 from the well head of producer well 20-T. The fluids flowed to the East on the ground surface. The brine impacted an area approximately .40 of an acre in size (See Map). The following recommendations for the *initial treatment of this area should be completed by 5 pm on December 11, 2019* for the remediation of this spill.

- 1.) Till impacted area to a depth of 12" or bedrock.
- 2.) Even application of 800 lbs. of pelletized gypsum.
- 3.) Incorporate soil amendments through tillage.

- 4.) Implement erosion controls over entire impacted area (i.e., Native hay mulch etc.).

Site #7(~1,923 FSL and 3,591 FEL)

Produced fluids were released in 2019 from the well head of producer well 13-T. The fluids flowed to the South on the ground surface. The brine impacted an area approximately .14 of an acre in size (See Map). The following recommendations for the *initial treatment of this area should be completed by 5 pm on December 11, 2019* for the remediation of this spill.

- 1.) Till impacted area to a depth of 12" or bedrock.
- 2.) Even application of 280 lbs. of pelletized gypsum.
- 3.) Incorporate soil amendments through tillage.
- 4.) Implement erosion controls over entire impacted area (i.e., Native hay mulch etc.).

Site #8(~2,110 FSL and 3,256 FEL)

Produced fluids were released in 2019 from the well head of producer well 15-T. The fluids flowed to the North and East on the ground surface. The brine impacted an area approximately .30 of an acre in size (See Map). The following recommendations for the *initial treatment of this area should be completed by 5 pm on December 11, 2019* for the remediation of this spill.

- 1.) Till impacted area to a depth of 12" or bedrock.
- 2.) Even application of 600 lbs. of pelletized gypsum.
- 3.) Incorporate soil amendments through tillage.
- 4.) Implement erosion controls over entire impacted area (i.e., Native hay mulch etc.).

Site #9(~2,446 FSL and 3,206 FEL)

Produced fluids were released in 2019 from the well head of producer well 14-T. The fluids flowed to the East on the ground surface. The brine impacted an area approximately .13 of an acre in size (See Map). The following recommendations for the *initial treatment of this area should be completed by 5 pm on December 11, 2019* for the remediation of this spill.

- 1.) Till impacted area to a depth of 12" or bedrock.
- 2.) Even application of 260 lbs. of pelletized gypsum.
- 3.) Incorporate soil amendments through tillage.
- 4.) Implement erosion controls over entire impacted area (i.e., Native hay mulch etc.).

Site #10(~2,356 FSL and 3,873 FEL)

Produced fluids were released in 2019 from the well head of producer well 5-T. The fluids flowed to the South on the ground surface. The brine impacted an area approximately .10 of an acre in size (See Map). The following recommendations for the *initial treatment of this area should be completed by 5 pm on December 11, 2019* for the remediation of this spill.

- 1.) Till impacted area to a depth of 12" or bedrock.

- 2.) Even application of 200 lbs. of pelletized gypsum.
- 3.) Incorporate soil amendments through tillage.
- 4.) Implement erosion controls over entire impacted area (i.e., Native hay mulch etc.).

Site #11(~2,498 FSL and 4,193 FEL)

Produced fluids were released in 2019 from the well head of producer well 4-T. The fluids flowed to the South and East on the ground surface. The brine impacted an area approximately .30 of an acre in size (See Map). The following recommendations for the *initial treatment of this area should be completed by 5 pm on December 11, 2019* for the remediation of this spill.

- 1.) Till impacted area to a depth of 12" or bedrock.
- 2.) Even application of 600 lbs. of pelletized gypsum.
- 3.) Incorporate soil amendments through tillage.
- 4.) Implement erosion controls over entire impacted area (i.e., Native hay mulch etc.).

Site #12(~2,488 FSL and 4,528 FEL)

Produced fluids were released in 2019 from the well head of producer well 3-T. The fluids flowed to the East on the ground surface. The brine impacted an area approximately .10 of an acre in size (See Map). The following recommendations for the *initial treatment of this area should be completed by 5 pm on December 11, 2019* for the remediation of this spill.

- 1.) Till impacted area to a depth of 12" or bedrock.
- 2.) Even application of 200 lbs. of pelletized gypsum.
- 3.) Incorporate soil amendments through tillage.
- 4.) Implement erosion controls over entire impacted area (i.e., Native hay mulch etc.).

Site #13(~2,375 FSL and 4,863 FEL)

Produced fluids were released in 2019 from the well head of producer well 2-T. The fluids flowed to the South and East on the ground surface. The brine impacted an area approximately .15 of an acre in size (See Map). The following recommendations for the *initial treatment of this area should be completed by 5 pm on December 11, 2019* for the remediation of this spill.

- 1.) Till impacted area to a depth of 12" or bedrock.
- 2.) Even application of 300 lbs. of pelletized gypsum.
- 3.) Incorporate soil amendments through tillage.
- 4.) Implement erosion controls over entire impacted area (i.e., Native hay mulch etc.).

Site #14(~2,056 FSL and 5,160 FEL)

Produced fluids were released in 2019 from the well head of producer well 7-T. The fluids flowed to the South on the ground surface. The brine impacted an area approximately .05 of an acre in

size (See Map). The following recommendations for the *initial treatment of this area should be completed by 5 pm on December 11, 2019* for the remediation of this spill.

- 1.) Till impacted area to a depth of 12" or bedrock.
- 2.) Even application of 100 lbs. of pelletized gypsum.
- 3.) Incorporate soil amendments through tillage.
- 4.) Implement erosion controls over entire impacted area (i.e., Native hay mulch etc.).

Site #15(~2,036 FSL and 4,849 FEL)

Produced fluids were released in 2019 from the well head of producer well 8-T. The fluids flowed to the North and East on the ground surface. The brine impacted an area approximately .05 of an acre in size (See Map). The following recommendations for the *initial treatment of this area should be completed by 5 pm on December 11, 2019* for the remediation of this spill.

- 1.) Till impacted area to a depth of 12" or bedrock.
- 2.) Even application of 100 lbs. of pelletized gypsum.
- 3.) Incorporate soil amendments through tillage.
- 4.) Implement erosion controls over entire impacted area (i.e., Native hay mulch etc.).

Site #16(~2,173 FSL and 4,538 FEL)

Produced fluids were released in 2019 from the well head of producer well 9-T. The fluids flowed to the South on the ground surface. The brine impacted an area approximately .10 of an acre in size (See Map). The following recommendations for the *initial treatment of this area should be completed by 5 pm on December 11, 2019* for the remediation of this spill.

- 1.) Till impacted area to a depth of 12" or bedrock.
- 2.) Even application of 200 lbs. of pelletized gypsum.
- 3.) Incorporate soil amendments through tillage.
- 4.) Implement erosion controls over entire impacted area (i.e., Native hay mulch etc.).

Site #17(~1,705 FSL and 5,136 FEL)

Produced fluids were released in 2019 from the well head of producer well 16-T. The fluids flowed to the East on the ground surface. The brine impacted an area approximately .05 of an acre in size (See Map). The following recommendations for the *initial treatment of this area should be completed by 5 pm on December 11, 2019* for the remediation of this spill.

- 1.) Till impacted area to a depth of 12" or bedrock.
- 2.) Even application of 100 lbs. of pelletized gypsum.
- 3.) Incorporate soil amendments through tillage.
- 4.) Implement erosion controls over entire impacted area (i.e., Native hay mulch etc.).

Site #18(~1,741 FSL and 4,812 FEL)

Produced fluids were released in 2019 from the well head of producer well 17-T. The fluids flowed to the North and East on the ground surface. The brine impacted an area approximately .10 of an acre in size (See Map). The following recommendations for the *initial treatment of this area should be completed by 5 pm on December 11, 2019* for the remediation of this spill.

- 1.) Till impacted area to a depth of 12" or bedrock.
- 2.) Even application of 200 lbs. of pelletized gypsum.
- 3.) Incorporate soil amendments through tillage.
- 4.) Implement erosion controls over entire impacted area (i.e., Native hay mulch etc.).

Site #19(~1,807 FSL and 4,492 FEL)

Produced fluids were released in 2019 from the well head of producer well 18-T. The fluids flowed to the North on the ground surface. The brine impacted an area approximately .10 of an acre in size (See Map). The following recommendations for the *initial treatment of this area should be completed by 5 pm on December 11, 2019* for the remediation of this spill.

- 1.) Till impacted area to a depth of 12" or bedrock.
- 2.) Even application of 200 lbs. of pelletized gypsum.
- 3.) Incorporate soil amendments through tillage.
- 4.) Implement erosion controls over entire impacted area (i.e., Native hay mulch etc.).

Site #20(~1,473 FSL and 5,137 FEL)

Produced fluids were released in 2019 from the well head of producer well 28-T. The fluids flowed to the East on the ground surface. The brine impacted an area approximately .20 of an acre in size (See Map). The following recommendations for the *initial treatment of this area should be completed by 5 pm on December 11, 2019* for the remediation of this spill.

- 1.) Till impacted area to a depth of 12" or bedrock.
- 2.) Even application of 400 lbs. of pelletized gypsum.
- 3.) Incorporate soil amendments through tillage.
- 4.) Implement erosion controls over entire impacted area (i.e., Native hay mulch etc.).

Site #21(~1,475 FSL and 4,830 FEL)

Produced fluids were released in 2019 from the well head of producer well 23-T. The fluids flowed to the South on the ground surface. The brine impacted an area approximately .02 of an acre in size (See Map). The following recommendations for the *initial treatment of this area should be completed by 5 pm on December 11, 2019* for the remediation of this spill.

- 1.) Till impacted area to a depth of 12" or bedrock.

- 2.) Even application of 40 lbs. of pelletized gypsum.
- 3.) Incorporate soil amendments through tillage.
- 4.) Implement erosion controls over entire impacted area (i.e., Native hay mulch etc.).

Site #22(~1,478 FSL and 4,500 FEL)

Produced fluids were released in 2019 from the well head of producer well 24-T. The fluids flowed to the East on the ground surface. The brine impacted an area approximately .05 of an acre in size (See Map). The following recommendations for the *initial treatment of this area should be completed by 5 pm on December 11, 2019* for the remediation of this spill.

- 1.) Till impacted area to a depth of 12" or bedrock.
- 2.) Even application of 100 lbs. of pelletized gypsum.
- 3.) Incorporate soil amendments through tillage.
- 4.) Implement erosion controls over entire impacted area (i.e., Native hay mulch etc.).

Site #23(~1,506 FSL and 4,147 FEL)

Produced fluids were released in 2019 from the well head of producer well 25-T. The fluids flowed to the South on the ground surface. The brine impacted an area approximately .10 of an acre in size (See Map). The following recommendations for the *initial treatment of this area should be completed by 5 pm on December 11, 2019* for the remediation of this spill.

- 1.) Till impacted area to a depth of 12" or bedrock.
- 2.) Even application of 200 lbs. of pelletized gypsum.
- 3.) Incorporate soil amendments through tillage.
- 4.) Implement erosion controls over entire impacted area (i.e., Native hay mulch etc.).

Additional Treatments

KCC Staff will inspect the site every 3-4 months to collect additional soils samples and evaluate progress. Several additional treatments *are expected* before target results are achieved. When a composite sample from the impacted areas indicates that the electrical conductivity has been reduced to a range of 4 to 6 mS/cm or less, recommendations will be developed to re-establish vegetation. *Once impacted areas have successfully shown to support vegetation reclamation work will be considered complete.* Please contact the District III Office at 620-902-6450 at *least 24 hrs.* prior to initiating work, so that District Staff may have the opportunity to witness reclamation efforts.

Failure to implement these recommendations will result in fine recommendations as per: **82-3-603. SPILL NOTIFICATION AND CLEANUP; PENALTY; LEASE MAINTENANCE.**

(f) Penalties. Failure to contain and clean up the spill or escape in accordance with this regulation shall be punishable by a \$1,000 penalty for the first violation, a \$2,500 penalty for the second violation, and a \$5,000 penalty and an operator license review for the third violation.

If you have any questions or concerns please feel free to contact me at the District III Office.
Sincerely,



Taylor Herman
District Geologist
Kansas Corporation Commission
District III
137 E. 21st Street,
Chanute, Kansas 66720
Cell Phone: 620-432-6521

South Kempnich Lease 22-20S-20E AN CO

Tailwater, Inc.

Google Earth referenced brine-impacted soils.

Legend

-  Perimeter of brine-impacted soil
-  Well location



Google Earth



© 2018 Google

South Kempnich Lease 22-20S-20E AN CO

Tailwater, Inc.

Google Earth referenced brine-impacted soils.

Legend

-  Perimeter of brine-impacted soil
-  Well location

14-T

15-T

30-T

Google Earth

© 2018 Google

300 ft





South Kempnich Lease 22-20S-20E AN CO

Tailwater, Inc.

Google Earth referenced brine-impacted soils.

Legend

-  Perimeter of brine-impacted soil
-  Well location



Google Earth

© 2018 Google

900 ft


EXHIBIT D

South Kempnich Lease 22-20S-20E AN CO

Tailwater, Inc.

Google Earth referenced brine-impacted soils.

Legend

-  Perimeter of brine-impacted soil
-  Well location



Google Earth

© 2018 Google

400 ft

KCC OIL/GAS REGULATORY OFFICES

Inspection Date: 11/26/2019 District: 3 Incident Number: 6770

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

Operator License No: 32461 API: Q3: Q2: Q1:
Operator Name: Tailwater Inc. SEC 22 TWP 20 RGE 20 RGEDIR: E
Address: 6421 Avondale Drive, Suite 12 FSL:
City: Oklahoma FEL:
State: KS Zip Code: 74070 Lease: South Kempnich Well No.:
Phone contact: 405-810-6538 County: AN

Reason for Investigation:

Followup to verify status of well cleanup deadline.

Problem:

NOV letter on October 11, 2019 with deadline of November 25, 2019 to cleanup twenty-three (23) spills on South Kempnich lease.

Persons contacted:

Dan Hutchison, Pumper for Tailwater, Inc.

Findings:

John Almond and I arrived on the South Kempnich lease to inspect the cleanup on twenty-three (23) spills, I sent an NOV letter on October 11, 2019 with a deadline of November 25, 2019 to have the spills cleaned up. We went to each of the spill locations and documented our findings with a picture of each location, eleven (11) pictures are attached of four (4) on-going spills that are not cleaned up at well #13-T, #18-T, #22-T and #25-T. Nineteen (19) of the well locations still does not have proper surface control to stop the fluids from leaking from the casings.
(See additional finds page 2)

Actions / Recommendations

Follow-up Required ☐

Deadline Date:

At this time I am going to request penalty recommendations for failure to cleanup four (4) well locations, #13-T, #18-T, #22-T and #25-T for failure to meet the November 25, 2019 deadline for the cleanup.

Photo's Taken: 11

☐ RBDMS ☐ KGS ☐ TA DB Report Prepared By: Keith Carswell
☐ T1 DBF ☐ District Files ☐ Courthouse Position: ECRS District #3 Chanute

KCC OIL/GAS REGULATORY OFFICES

Additional Findings:

These spills are on-going and documented as follows:

Well #13-T	15-003-24687-00-00	Oil leaking from casing 10' from well head.
Well #18-T	15-003-25021-00-00	Oil leaking from casing 50' from well head.
Well #22-T	15-003-25025-00-00	Oil leaking from casing 15' from well head.
Well #25-T	15-003-25028-00-00	Oil leaking from casing 50' from well head.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tallwater, Inc.	KLN: 32461
Lease: South Kempnich	Legal: 22-20-20E
County: Anderson	PIC ID#: 13-T Pic 1
Subject: 13-T	PIC Orientation:
FSL: 1923	Latitude: 38.293350
FEL: 3591	Longitude: -95.188350
API#: 15-003-24687-00-00	
Date: 11/26/2019	Time: 10:49 AM
Staff: Keith Carswell and John Almond	

Additional Information: This picture is of well # 13-T. The well is leaking oil between the 1" production string and the casing, the oil has traveled approximately ten (10) feet from the well and is not equipped with proper surface control allowing the oil to continue to leak on the ground. The well is equipped for production but was not producing at the time of the lease inspection.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tallwater, Inc.	KLN: 32461
Lease: South Kempnich	Legal: 22-20-20E
County: Anderson	PIC ID#: 13-T Pic 2
Subject: 13-T	PIC Orientation:
FSL: 1923	Latitude: 38.293350
FEL: 3591	Longitude: -95.188350
API#: 15-003-24687-00-00	
Date: 11/26/2019	Time: 10:49 AM
Staff: Keith Carswell and John Almond	

Additional Information: This picture is of well #13-T. The well does not have proper surface control and is leaking oil on the ground. The well is equipped for production but was not producing at the time of the lease inspection.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater, Inc.	KLN: 32461
Lease: South Kempnich	Legal: 22-20-20E
County: Anderson	PIC ID#: 18-T Pic 1
Subject: 18-T	PIC Orientation:
FSL: 1807	Latitude: 38.293060
FEL: 4492	Longitude: -95.191486
API#: 15-003-25021-00-00	
Date: 11/26/2019	Time: 9:26 AM
Staff: Keith Carswell and John Almond	

Additional Information: This picture is of well #18-T. This location has a spill and kill area more than 50' from the well. The oil is leaking between the 1" production string and the casing, It is not equipped with proper surface control and continues to leak oil on the ground and leach out of the soil 50' from the well. The well is equipped for production but was not producing at the time of the lease inspection.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater, Inc.	KLN: 32461
Lease: South Kempnich	Legal: 22-20-20E
County: Anderson	PIC ID#: 18-T Pic 2
Subject: 18-T	PIC Orientation:
FSL: 1807	Latitude: 38.293060
FEL: 4492	Longitude: -95.191486
API#: 15-003-25021-00-00	
Date: 11/26/2019	Time: 9:26 AM
Staff: Keith Carswell and John Almond	

Additional Information: This picture is of well #18-T. The oil is leaking between the 1" production string and the casing, it is not equipped with proper surface control and continues to leak oil on the ground. The well is equipped for production but was not producing at the time of the lease inspection.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater, Inc.	KLN: 32461
Lease: South Kempnich	Legal: 22-20-20E
County: Anderson	PIC ID#: 18-T Pic 3
Subject: 18-T	PIC Orientation:
FSL: 1807	Latitude: 38.293060
FEL: 4492	Longitude: -95.191486
API#: 15-003-25021-00-00	
Date: 11/26/2019	Time: 9:26 AM
Staff: Keith Carswell and John Almond	

Additional Information: This picture is of well #18-T. The oil is leaking between the 1" production string and the casing, it is not equipped with proper surface control and continues to leak oil on the ground, the oil is leaching out away from the well.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater, Inc.	KLN: 32461
Lease: South Kempnich	Legal: 22-20-20E
County: Anderson	PIC ID#: 18-T Pic 4
Subject: 18-T	PIC Orientation:
FSL: 1807	Latitude: 38.293060
FEL: 4492	Longitude: -95.191486
API#: 15-003-25021-00-00	
Date: 11/26/2019	Time: 9:26 AM
Staff: Keith Carswell and John Almond	

Additional Information: This picture is of well #18-T. The oil is leaking between the 1" production string and the casing, it is not equipped with proper surface control and continues to leak oil on the ground, the oil is leaching out approximately 50' from the well. The well is equipped for production but was not producing at the time of the lease inspection.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tallwater, Inc.	KLN: 32461
Lease: South Kempnich	Legal: 22-20-20E
County: Anderson	PIC ID#: 22-T PIC 1
Subject: 22-T	PIC Orientation:
FSL: 1792	Latitude: 38.292983
FEL: 3318	Longitude: -95.187395
API#: 15-003-25025-00-00	
Date: 11/26/2019	Time: 9:21 AM
Staff: Keith Carswell and John Almond	

Additional Information: This picture is of well #22-T. The oil is leaking between the 1" production string and the casing, it is not equipped with proper surface control and continues to leak oil on the ground 15' from the well. The well is equipped for production but was not producing at the time of the lease inspection.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater, Inc.	KLN: 32461
Lease: South Kempnich	Legal: 22-20-20E
County: Anderson	PIC ID#: 22-T PIC 2
Subject: 22-T	PIC Orientation:
FSL: 1792	Latitude: 38.292983
FEL: 3318	Longitude: -95.187395
API#: 15-003-25025-00-00	
Date: 11/26/2019	Time: 9:21 AM
Staff: Keith Carswell and John Almond	

Additional information: This picture is of well #22-T. The oil is leaking between the 1" production string and the casing, it is not equipped with proper surface control and continues to leak oil on the ground 15' from the well. The well is equipped for production but was not producing at the time of the lease inspection.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater, Inc.	KLN: 32461
Lease: South Kempnich	Legal: 22-20-20E
County: Anderson	PIC ID#: 25-T Pic 1
Subject: 25-T	PIC Orientation:
FSL: 1506	Latitude: 38.292224
FEL: 4147	Longitude: -95.190282
API#: 15-003-25028-00-00	
Date: 11/26/2019	Time: 9:44 AM
Staff: Keith Carswell and John Almond	

Additional Information: This picture is of well location 25-T. This location has a spill and kill area more than 50' from the well, a water sample collected at 50' from the well tested at 11,000 ppm chlorides. The well is leaking fluids between the 1" production string and the casing, it is not equipped with proper surface control and continues to leak saltwater on the ground more than 50' away from the well into the crop field.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater, Inc.	KLN: 32461
Lease: South Kempnich	Legal: 22-20-20E
County: Anderson	PIC ID#: 25-T Pic 2
Subject: 25-T	PIC Orientation:
FSL: 1506	Latitude: 38.292224
FEL: 4147	Longitude: -95.190282
API#: 15-003-25028-00-00	
Date: 11/26/2019	Time: 9:44 AM
Staff: Keith Carswell and John Almond	

Additional Information: This picture is of well #25-T. The well is leaking fluids between the 1" production string and the casing, It is not equipped with proper surface control and continues to leak saltwater on the ground more than 50' away from the well into the crop field.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tallwater, Inc.	KLN: 32461
Lease: South Kempnich	Legal: 22-20-20E
County: Anderson	PIC ID#: 25-T Pic 3
Subject: 25-T	PIC Orientation:
FSL: 1506	Latitude: 38.292224
FEL: 4147	Longitude: -95.190282
API#: 15-003-25028-00-00	
Date: 11/26/2019	Time: 9:44 AM
Staff: Kelth Carswell and John Almond	

Additional Information: This picture is of well #25-T. The well is leaking fluids between the 1" production string and the casing, It is not equipped with proper surface control and continues to leak saltwater on the ground more than 50' away from the well, the water sample was collected from the fluids in the lower portion of this picture and tested at 11,000 ppm chlorides.

NOTICE OF VIOLATIONS

December 5, 2019

Tailwater, Inc. #32461
Attention: Christopher Martin
6421 Avondale Drive Suite 12
Oklahoma City, Oklahoma 74070

Re: Failure to Cleanup Spills on the South Kempnich lease located in Section 22, Township 20 South, Range 20 East, Anderson County, Kansas.

Mr. Martin,

Keith Carswell sent you a Notice of Violations letter dated October 11, 2019 for the above-mentioned South Kempnich lease with a deadline to install proper surface control on the twenty-three (23) abandoned wells by October 21, 2019. **Proper surface control is not a rag wrapped around the 1" pumping string with a pipe clamp on it.** The rag and clamp does not shut in the well and any effort to clean up around the well is a waste of time and resources if the source of the spillage is not stopped. The NOV letter had a deadline of Monday November 25, 2019 to clean up the spills.

The letter also listed the regulations that refer to reporting and cleaning up spills in K.A.R. 82-3-603 and after the regulations, the letter clearly stated:

You will be required to put proper surface control on all abandoned wells on the South Kempnich lease to stop any spillage from the wells that are seeping or leaking fluids, this will include installing swadges and stuffing boxes that will shut-in the casing to stop the spillage within ten (10) days. The October 11, 2019 letter went on to explain what was required to perform the cleanup and listed all of the wells, well numbers, API numbers and the size of the spillage around each of the wells with the deadline of November 25, 2019 to complete the cleanup and the letter explained the penalties that could be assessed for failure to clean up the spills by the deadline. See below:

You will be required to cleanup all of the documented spill sites on the South Kempnich lease by picking up all free standing oil at the spill locations and applying and tilling in spaghsorb to the oil saturated soil. Some of the areas also have brine spillage that have killed the vegetation and will require remediation. Staff will monitor those areas and will request Taylor Herman District #3 Geologist to collect soil samples and develop a remediation plan for you to implement to restore vegetation to the brine impacted spill locations. Taylor will notify you in writing concerning the locations that will require remediation.

Keith Carswell and I inspected the South Kempnich lease on **Tuesday November 26, 2019** to verify the status of the cleanup. We found only two (2) of the twenty-three (23) wells actually shut in with "plugs" in the wellheads, the remaining twenty-one (21) wells continue to leak oil from the casing because the


"rag and clamp" used to shut in the wells did not shut in the casing to stop the fluid from leaking. Three (3) of the twenty-one (21) wells have leaked oil more than ten (10) feet away from the wellheads and one (1) has leaked saltwater more than fifty (50) feet away from the wellhead simply because the wells were not shut in with proper surface control. The spills that were cleaned up were done by covering the spillage area with soil scrapped up from around the well area. Sometimes the oil will leach through the soil that has been applied to cover up oil spillage and if that occurs, you will be required to address any oil that comes to the surface.

I have made penalty recommendations for failure to cleanup spillage at wells #13-T, #18-T, #22-T and #25-T. Staff will re-inspect the South Kempnich lease on December 20, 2019 and if wells are found with spillage that has traveled away from the well heads, I will continue to recommend penalties for failure to cleanup. The wells that are not properly shut in are listed below:

Well #3-T	15-003-24647-00-00
Well #4-T	15-003-24648-00-00
Well #5-T	15-003-24649-00-00
Well #7-T	15-003-24651-00-00
Well #8-T	15-003-24652-00-00
Well #9-T	15-003-24653-00-00
Well #13-T	15-003-24687-00-00
Well #15-T	15-003-25018-00-00
Well #16-T	15-003-25019-00-00
Well #17-T	15-003-25020-00-00
Well #18-T	15-003-25021-00-00
Well #20-T	15-003-25023-00-00
Well #22-T	15-003-25025-00-00
Well #23-T	15-003-25026-00-00
Well #24-T	15-003-25027-00-00
Well #25-T	15-003-25028-00-00
Well #26-T	15-003-25029-00-00
Well #27-T	15-003-25030-00-00
Well #28-T	15-003-25163-00-00
Well #30-T	15-003-25165-00-00
Well #14-IWL	15-003-26280-00-00

Thank you in advance for your cooperation concerning this matter and if you have any questions, please contact me at 620-902-6453 or 620-432-6502.

Sincerely,



John Almond E.C.R.S.

Compliance Officer

Kansas Corporation Commission

KCC OIL/GAS REGULATORY OFFICES

Inspection Date: 12/27/2019 District: 3 Incident Number: 6832

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

Operator License No: 32461 API: Q3: Q2: Q1:
Operator Name: Tailwater, Inc. SEC 22 TWP 20 RGE 20 RGEDIR: E
Address: 6421 Avondale Drive, Suite 12 FSL:
City: Oklahoma City FEL:
State: OK Zip Code: 74070 Lease: South Kempnich Well No.:
Phone contact: 405-810-0900 County: AN

Reason for Investigation:

Follow up lease inspection on spill cleanup and surface control for wells on South Kempnich lease.

Problem:

Operator has failed to shut in wells that are abandoned and the wells continue to leak fluids on the ground.

Persons contacted:

Chris Martin, Dan Hutchison

Findings:

John Almond and I arrived on the South Kempnich lease at 9:00 am on Friday December 27, 2019 to inspect wells that were identified in a Notice of Violation letter sent to Tailwater Inc. on October 11, 2019 with a deadline of October 21, 2019 to install proper surface control on the wells that were leaking crude oil and saltwater on the ground. A copy of the NOV letter is attached. The information for the wells are listed on the additional findings page 2 with well numbers and API numbers to identify each of the wells. I have also included twenty-five (25) pictures that document our findings at the well locations.

Actions / Recommendations

Follow-up Required ☐

Deadline Date:

I will forward all information to John Almond District #3 compliance officer to review with Troy Russell District #3 Supervisor for possible penalty recommendations for Tailwater Inc. for failure to shut in and contain the spillage at seventeen (17) wells identified on the South Kempnich lease.

Photo's Taken: 25

☒ RBDMS ☒ KGS ☐ TA DB Report Prepared By: Keith Carswell and John Almond
☐ T1 DBF ☒ District Files ☐ Courthouse Position: ECRS and Compliance Officer

KCC OIL/GAS REGULATORY OFFICES

Additional Findings:

The (17) wells listed below do not have proper surface control, the wells continue to leak fluids on the ground.

Penalty recommendations will be made for Tailwater, Inc. #32461 for failure to shut-in and contain spillage.

Well #20-T	15-003-25023-00-00
Well #26-T	15-003-24629-00-00
Well #27-T	15-003-25030-00-00
Well #30-T	15-003-25165-00-00
Well #17-T	15-003-25020-00-00
Well #16-T	15-003-25019-00-00
Well #28-T	15-003-25163-00-00
Well #23-T	15-003-25026-00-00
Well #24-T	15-003-25027-00-00

Well #3-T	15-003-24647-00-00
Well #4-T	15-003-24648-00-00
Well #5-T	15-003-24649-00-00
Well #15-T	15-003-25018-00-00
Well #9-T	15-003-24653-00-00
Well #8-T	15-003-24652-00-00
Well #7-T	15-003-24651-00-00

Penalty Recommendations were requested November 27, 2019 for the (4) wells listed below:

Well #13-T	15-003-24687-00-00
Well #22-T	15-003-25025-00-00
Well #18-T	15-003-25021-00-00
Well #25-T	15-003-25028-00-00

The wells listed below are the only wells on the South Kempnich lease that have proper surface control.

Well #14-T	15-003-25017-00-00
Well #25-T	15-003-25028-00-00
Well #31-T	15-003-25166-00-00
Well #14-IWL	15-003-26280-00-00

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater Inc.	KLN: 32461
Lease: South Kempnich	Legal: Sec. 22, Twp. 20 South, Rge. 20 East
County: Anderson	PIC ID#: Picture #1
Subject: Well #20-T	PIC Orientation: Facing Southeast
FSL: 2762'	Latitude:
FEL: 4489'	Longitude:
API#: 15-003-24623-00-00	
Date: December 27, 2019	Time: 9:00 am
Staff: Almond & Carswell	

Additional Information: Picture #1

Picture #1 shows well #20-T seeping oil from the casing, the well does not have surface control.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater Inc.	KLN: 32461
Lease: South Kempnich	Legal: Sec. 22, Twp. 20 South, Rge. 20 East
County: Anderson	PIC ID#: Picture #2
Subject: Well #26-T	PIC Orientation: Facing Southeast
FSL: 3285'	Latitude:
FEL: 3851'	Longitude:
API#: 15-003-24629-00-00	
Date: December 27, 2019	Time: 9:20 am
Staff: Almond & Carswell	

Additional Information: Picture #2

Picture #2 shows well #26-T seeping oil from the casing and away from the well, the well does not have surface control.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater Inc.	KLN: 32461
Lease: South Kempnich	Legal: Sec. 22, Twp. 20 South, Rge. 20 East
County: Anderson	PIC ID#: Picture #3
Subject: Well #26-T	PIC Orientation: Facing Southeast
FSL: 3285'	Latitude:
FEL: 3851'	Longitude:
API#: 15-003-24629-00-00	
Date: December 27, 2019	Time: 9:20 am
Staff: Almond & Carswell	

Additional Information: Picture #3

Picture #3 shows well #26-T seeping oil from the casing, the well does not have surface control.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater Inc.	KLN: 32461
Lease: South Kempnich	Legal: Sec. 22, Twp. 20 South, Rge. 20 East
County: Anderson	PIC ID#: Picture #4
Subject: Well #27-T	PIC Orientation: Facing Southeast
FSL: 2964'	Latitude:
FEL: 3852'	Longitude:
API#: 15-003-24630-00-00	
Date: December 27, 2019	Time: 9:30 am
Staff: Almond & Carswell	

Additional Information: Picture #4

Picture #4 shows well #27-T seeping oil and water from the casing, the well does not have surface control.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater Inc.

Lease: South Kempnich

County: Anderson

Subject: Well #30-T

FSL: 2651'

FEL: 5159'

API#: 15-003-24633-00-00

Date: December 27, 2019

Staff: Almond & Carswell

KLN: 32461

Legal: Sec. 22, Twp. 20 South, Rge. 20 East

PIC ID#: Picture #5

PIC Orientation: Facing South

Latitude:

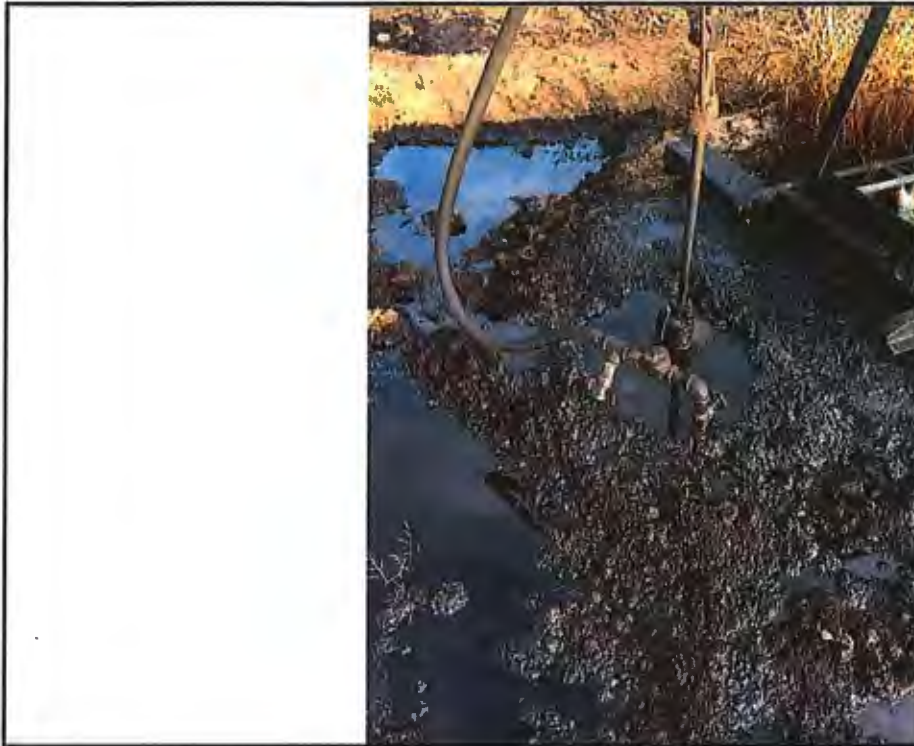
Longitude:

Time: 9:40 am

Additional Information: Picture #5

Picture #5 shows well #30-T seeping oil from the casing, the well does not have surface control.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater Inc.

Lease: South Kempnich

County: Anderson

Subject: Well #22-T

FSL: 3403'

FEL: 4133'

API#: 15-003-24625-00-00

Date: December 27, 2019

Staff: Almond & Carswell

KLN: 32461

Legal: Sec. 22, Twp. 20 South, Rge. 20 East

PIC ID#: Picture #6

PIC Orientation: Facing North

Latitude:

Longitude:

Time: 9:50 am

Additional Information: Picture #6

Picture #6 shows well #22-T seeping oil from the casing, the well does not have surface control.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater Inc.	KLN: 32461
Lease: South Kempnich	Legal: Sec. 22, Twp. 20 South, Rge. 20 East
County: Anderson	PIC ID#: Picture #7
Subject: Well #22-T	PIC Orientation: Facing North
FSL: 3403'	Latitude:
FEL: 4133'	Longitude:
API#: 15-003-24625-00-00	
Date: December 27, 2019	Time: 9:50 am
Staff: Almond & Carswell	

Additional Information: Picture #7

Picture #7 shows well #22-T seeping oil from the casing, the well does not have surface control. The oil has ran more than 20 feet from the well.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater Inc.	KLN: 32461
Lease: South Kempnich	Legal: Sec. 22, Twp. 20 South, Rge. 20 East
County: Anderson	PIC ID#: Picture #8
Subject: Well #18-T	PIC Orientation: Facing North
FSL: 3412'	Latitude:
FEL: 4487'	Longitude:
API#: 15-003-24621-00-00	
Date: December 27, 2019	Time: 10:00 am
Staff: Almond & Carswell	

Additional Information: Picture #8

Picture #8 shows well #18-T seeping oil from the casing, the well does not have surface control.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater Inc.	KLN: 32461
Lease: South Kempnich	Legal: Sec. 22, Twp. 20 South, Rge. 20 East
County: Anderson	PIC ID#: Picture #9
Subject: Well #17-T	PIC Orientation: Facing North
FSL: 3739'	Latitude:
FEL: 4476'	Longitude:
API#: 15-003-24620-00-00	
Date: December 27, 2019	Time: 10:00 am
Staff: Almond & Carswell	

Additional Information: Picture #9

Picture #9 shows well #17-T seeping oil from the casing, the well does not have surface control.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater Inc.

Lease: South Kempnich

County: Anderson

Subject: Well #17-T

FSL: 3739'

FEL: 4476'

API#: 15-003-24620-00-00

Date: December 27, 2019

Staff: Almond & Carswell

KLN: 32461

Legal: Sec. 22, Twp. 20 South, Rge. 20 East

PIC ID#: Picture #10

PIC Orientation: Facing North

Latitude:

Longitude:

Time: 10:00 am

Additional Information: Picture #10

Picture #10 shows well #17-T seeping oil from the casing, the well does not have surface control.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater Inc.	KLN: 32461
Lease: South Kempnich	Legal: Sec. 22, Twp. 20 South, Rge. 20 East
County: Anderson	PIC ID#: Picture #11
Subject: Well #16-T	PIC Orientation: Facing North
FSL: 2977'	Latitude:
FEL: 4832'	Longitude:
API#: 15-003-24536-00-00	
Date: December 27, 2019	Time: 10:15 am
Staff: Almond & Carswell	

Additional Information: Picture #11

Picture #11 shows well #16-T seeping oil from the casing, the well does not have surface control.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater Inc.

Lease: South Kempnich

County: Anderson

Subject: Well #28-T

FSL: 2660'

FEL: 3857'

API#: 15-003-24631-00-00

Date: December 27, 2019

Staff: Almond & Carswell

KLN: 32461

Legal: Sec. 22, Twp. 20 South, Rge. 20 East

PIC ID#: Picture #12

PIC Orientation: Facing East

Latitude:

Longitude:

Time: 10:20 am

Additional Information: Picture #12

Picture #12 shows well #28-T at the well looking East, oil and water leaking from the casing, the well does not have surface control.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater Inc.

Lease: South Kempnich

County: Anderson

Subject: Well #28-T

FSL: 2660'

FEL: 3857'

API#: 15-003-24631-00-00

Date: December 27, 2019

Staff: Almond & Carswell

KLN: 32461

Legal: Sec. 22, Twp. 20 South, Rge. 20 East

PIC ID#: Picture #13

PIC Orientation: Facing East

Latitude:

Longitude:

Time: 10:25 am

Additional Information: Picture #13

Picture #13 shows well #28-T at the well looking East, East of the well, oil and water leaking from the casing, the well does not have surface control. The fluid has ran more than 100 feet from the well.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator:	Tailwater Inc.
Lease:	South Kempnich
County:	Anderson
Subject:	Well #28-T
FSL:	2660'
FEL:	3857'
API#:	15-003-24631-00-00
Date:	December 27, 2019
Staff:	Almond & Carswell

KLN:	32461
Legal:	Sec. 22, Twp. 20 South, Rge. 20 East
PIC ID#:	Picture #14
PIC Orientation:	Facing West
Latitude:	
Longitude:	

Time:	10:30 am
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Additional Information: Picture #14

Picture #14 shows well #28-T approximately 100 feet East of the well looking West, oil and water leaking from the casing, the well does not have surface control. The fluid has ran more than 100 feet from the well, at water sample was collected from this location, the water sample was tested for chlorides at the Chanute District #3 office and the chlorides were 17,000 ppm. The operator will be required to remediate the impacted area.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater Inc.	KLN: 32461
Lease: South Kempnich	Legal: Sec. 22, Twp. 20 South, Rge. 20 East
County: Anderson	PIC ID#: Picture #15
Subject: Well #23-T	PIC Orientation: Facing West
FSL: 3082'	Latitude:
FEL: 4143'	Longitude:
API#: 15-003-24626-00-00	
Date: December 27, 2019	Time: 11:00 am
Staff: Almond & Carswell	

Additional Information: Picture #15

Picture #15 shows well #23-T oil seeping from the casing, the well does not have surface control.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater Inc.	KLN: 32461
Lease: South Kempnich	Legal: Sec. 22, Twp. 20 South, Rge. 20 East
County: Anderson	PIC ID#: Picture #16
Subject: Well #24-T	PIC Orientation: Facing West
FSL: 2790'	Latitude:
FEL: 4182'	Longitude:
API#: 15-003-24627-00-00	
Date: December 27, 2019	Time: 11:10 am
Staff: Almond & Carswell	

Additional Information: Picture #16

Picture #16 shows well #24-T oil seeping from the casing, the well does not have surface control.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater Inc.

Lease: South Kempnich

County: Anderson

Subject: Well #25-T

FSL: 4061'

FEL: 3973'

API#: 15-003-24628-00-00

Date: December 27, 2019

Staff: Almond & Carswell

KLN: 32461

Legal: Sec. 22, Twp. 20 South, Rge. 20 East

PIC ID#: Picture #17

PIC Orientation: Facing West

Latitude:

Longitude:

Time: 11:15 am

Additional Information: Picture #17

Picture #17 shows well #25-T has been cleaned up and is shut in with a swage and valve.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater Inc.	KLN: 32461
Lease: South Kempnich	Legal: Sec. 22, Twp. 20 South, Rge. 20 East
County: Anderson	PIC ID#: Picture #18
Subject: Well #3-T	PIC Orientation: Facing North
FSL: 2488'	Latitude:
FEL: 4528'	Longitude:
API#: 15-003-24647-00-00	
Date: December 27, 2019	Time: 11:20 am
Staff: Almond & Carswell	

Additional Information: Picture #18

Picture #18 shows well #3-T is not shut with surface control, the well is seeping oil from the casing.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater Inc.	KLN: 32461
Lease: South Kempnich	Legal: Sec. 22, Twp. 20 South, Rge. 20 East
County: Anderson	PIC ID#: Picture #19
Subject: Well #4-T	PIC Orientation: Facing West
FSL: 2498'	Latitude:
FEL: 4193'	Longitude:
API#: 15-003-24648-00-00	
Date: December 27, 2019	Time: 11:20 am
Staff: Almond & Carswell	

Additional Information: Picture #19

Picture #19 shows well #4-T oil and water leaking from the casing, the well does not have surface control, oil seeping through the berm area.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater Inc.	KLN: 32461
Lease: South Kempnich	Legal: Sec. 22, Twp. 20 South, Rge. 20 East
County: Anderson	PIC ID#: Picture #20
Subject: Well #5-T	PIC Orientation: Facing North
FSL: 2356'	Latitude:
FEL: 3873'	Longitude:
API#: 15-003-24649-00-00	
Date: December 27, 2019	Time: 11:30 am
Staff: Almond & Carswell	

Additional Information: Picture #20

Picture #20 shows well #5-T oil and water leaking from the casing, the well does not have surface control.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater Inc.	KLN: 32461
Lease: South Kempnich	Legal: Sec. 22, Twp. 20 South, Rge. 20 East
County: Anderson	PIC ID#: Picture #21
Subject: Well #15-T	PIC Orientation: Facing North
FSL: 2961'	Latitude:
FEL: 5143'	Longitude:
API#: 15-003-24535-00-00	
Date: December 27, 2019	Time: 11:30 am
Staff: Almond & Carswell	

Additional Information: Picture #21

Picture #21 shows well #15-T oil and water leaking from the casing, the well does not have surface control. The fluids have ran 20 feet from the well.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater Inc.	KLN: 32461
Lease: South Kempnich	Legal: Sec. 22, Twp. 20 South, Rge. 20 East
County: Anderson	PIC ID#: Picture #22
Subject: Well #13-T	PIC Orientation: Facing North
FSL: 3264'	Latitude:
FEL: 5143'	Longitude:
API#: 15-003-24533-00-00	
Date: December 27, 2019	Time: 11:40 am
Staff: Almond & Carswell	

Additional Information: Picture #22

Picture #22 shows well #13-T oil and water leaking from the casing, the well does not have surface control. The fluids have seeped through the berm area and 10 feet from the well.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater Inc.	KLN: 32461
Lease: South Kempnich	Legal: Sec. 22, Twp. 20 South, Rge. 20 East
County: Anderson	PIC ID#: Picture #23
Subject: Well #9-T	PIC Orientation: Facing North
FSL: 3529'	Latitude:
FEL: 3807'	Longitude:
API#: 15-003-24515-00-00	
Date: December 27, 2019	Time: 11:45 am
Staff: Almond & Carswell	

Additional Information: Picture #23

Picture #23 shows well #9-T oil and water leaking from the casing, the well does not have surface control.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater Inc.

Lease: South Kempnich

County: Anderson

Subject: Well #8-T

FSL: 3502'

FEL: 3492'

API#: 15-003-24514-00-00

Date: December 27, 2019

Staff: Almond & Carswell

KLN: 32461

Legal: Sec. 22, Twp. 20 South, Rge. 20 East

PIC ID#: Picture #24

PIC Orientation: Facing North

Latitude:

Longitude:

Time: 11:50 am

Additional Information: Picture #24

Picture #24 shows well #8-T oil seeping from the casing, the well does not have surface control.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater Inc.	KLN: 32461
Lease: South Kempnich	Legal: Sec. 22, Twp. 20 South, Rge. 20 East
County: Anderson	PIC ID#: Picture #25
Subject: Well #7-T	PIC Orientation: Facing Northeast
FSL: 5201'	Latitude:
FEL: 4366'	Longitude:
API#: 15-003-24513-00-00	
Date: December 27, 2019	Time: 12:00 am
Staff: Almond & Carswell	

Additional Information: Picture #25

Picture #25 shows well #7-T oil seeping from the casing, the well does not have surface control, oil has ran more than 15 feet from the well.

KCC OIL/GAS REGULATORY OFFICES

Inspection Date: 06/17/2020 District: 3 Incident Number: 7097

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

Operator License No: 32461 API: Q3: Q2: Q1:
Operator Name: Tailwater Inc. SEC 22 TWP 20 RGE 20 RGEDIR: E
Address: 6421 Avondale Dr Ste 212 FSL:
City: Oklahoma City FEL:
State: Oklahoma Zip Code: 73116-6428 Lease: South Kempnich Well No.:
Phone contact: (405)810-0900 County: AN

Reason for Investigation:

Status update on the ongoing spills on the South Kempnich lease.

Problem:

Wells do not have proper surface control and are leaking saltwater and crude oil out onto the ground.

Persons contacted:

District 3 staff and Dan Hutchison (pumper) for Tailwater Inc.

Findings:

Taylor Herman and I conducted a lease inspection to follow up on ongoing violations that have resulted in penalty recommendations for failure to install surface control, cleanup and conduct required remediation on spill sites at locations of inactive wells. The operator was notified by phone and NOV letters were sent to the operator with specific deadlines to shut in wells with the proper surface control, cleanup spillage and conduct remediation to restore vegetation to the spill locations. I went to every well location to verify status of wells and to make sure to include all spills currently on the lease. 44 pictures are attached.

15-003-24651-00-00 #7-T This well is inactive. The one inch is on a clamp and is unhooked from the pump jack. They have tried to shut this well in with a rag and clamp. The well is still leaking. This site has a new spill approximately 15 ft. by 30 ft. with an old spill approximately 30 ft. by 60 ft. This well does not have proper surface control.

Actions / Recommendations

Follow-up Required ☐

Deadline Date:

I will forward my field report and pictures onto John Almond District #3 Compliance officer. This is an update to the penalty recommendations sent January 22nd, 2020. At the time of the lease inspection the lease has 43 oil wells with only 9 of the oil wells in production or capable of production. The lease also has 48 Enhanced Recovery Wells with only 24 of the EOR wells hooked up for injection purposes. The lease has 25 approved CP-111's, 24 EOR and 1 oil well. Tailwater needs to shut in and obtain approved CP111's for 33 oil wells.

Photo's Taken: 44

☒ RBDMS ☒ KGS ☒ KOLAR Report Prepared By: Keith Carswell

☒ District Files ☐ Courthouse Position: E.C.R.S.

KCC OIL/GAS REGULATORY OFFICES

Additional Findings:

(Continued from page 1)

15-003-24652-00-00 #8-T This well is inactive. The pump jack is disconnected from the 1 inch and the pump jack is in disrepair. They have tried to shut this well in with a rag and clamp. The well is still leaking. Fresh crude oil is on the ground within the berm, the operator has pushed dirt up around the producing wells on the lease. This well does not have proper surface control.

15-003-24653-00-00 #9-T This well is inactive. The pump jack is disconnected from the 1 inch. The pump jack is also missing the electric motor and the belt. The 1 inch is on a clamp with a rag trying to seal it off. This well is leaking fluid but it is within the berm, the operator has pushed dirt up around the well. This well does not have proper surface control.

15-003-24655-00-00 #11-T This well is inactive. The 1 inch is hanging on a rag and clamp trying to seal the well in. This well has a small leak, the well does not have proper surface control.

15-003-24687-00-00 #13-T This well is inactive there is no 1 inch in the hole. This well is hooked into the flow line. This well did not appear to be leaking at the time of inspection but it has leaked in the past. This well has a big spill area of approximately 24 ft. by 30 ft. it has also ran out of the berm pushed up around the well and down the hillside towards a waterway. This well site also has a very big kill area of approximately 70 feet by 100 feet on the hillside.

15-003-25018-00-00 #15-T This well is inactive there is no 1 inch in the hole and there is no belt on the electric motor to the pump jack. This well is hooked into the flow line. There is fresh oil on the ground inside the berm.

15-003-25162-00-00 #26-IW This well is not leaking at time of the lease inspection. This well is hooked up for injection purposes.

15-003-25166-00-00 #31-T This well is inactive there is no 1 inch in the casing, and the pump jack is missing the belt. This well shows signs of salt water leaking. It appears to all have stayed within the berm that is pushed up around the well. This well is hooked into the flow line.

15-003-25164-00-00 #29-T This well is inactive. It has a stuffing box but it also has a rag and clamp above the stuffing box. The 1 inch is unhooked from the pump jack and the pump jack is missing the belt from the electric motor to the pump jack. This well was not leaking at the time of inspection. This well does not have proper surface control as its my opinion the stuffing box is wore out which is why they put a rag and clamp above the stuffing box.

15-003-25017-00-00 #14-T This well is inactive. This well has no 1 inch in the casing and is missing the belt on the pump jack. This well is shut in with a "T" and 2 inch pipe plugs screwed in. There is saltwater leaking through the threads of the 2 inch pipe plugs. The leak has been contained into the berm pushed up around the well.

15-003-24646-00-00 #2-T This well is inactive. This well has a rag and clamp sealing it in. This well wasn't leaking at the time of inspection. The 1 inch is hanging on the clamp and is disconnected from the pump jack. This well doesn't have proper surface control.

15-003-24647-00-00 #3-T This well is inactive. This well has a rag and clamp sealing it in. This well wasn't leaking at the time of inspection. The 1 inch is hanging on the clamp and is disconnected from the pump jack. It is also missing the belt from the electric motor to the pump jack. This well doesn't have proper surface control.

15-003-24648-00-00 #4-T This well is inactive. They are trying to seal this well in with a rag and clamp. This well is leaking but is contained in the berm pushed up around the well. This well doesn't have proper surface control.

15-003-24649-00-00 #5-T This well is inactive. The 1 inch is unhooked from the pump jack. The pump jack is also missing the belt. They are trying to seal this well in with a rag and clamp. The well is leaking crude oil that has escaped from within the berm pushed up around the well. The new spill area is 30 ft. by 30ft. This well doesn't have proper surface control.

KCC OIL/GAS REGULATORY OFFICES

15-003-25020-00-00 #17-T This well is inactive. The 1 inch is hanging on a rag and clamp. The pump jack is missing the belt and the electric motor. The well is leaking production water and crude oil. It has stayed in the berm pushed up around the well. This well doesn't have proper surface control.

15-003-25019-00-00 #16-T This well is inactive. The well doesn't have 1 inch in the casing. The well is hooked into the flow line. I didn't see this well leaking at the time of inspection but the well has leaked at some point because there is oil inside the berm pushed up around the well.

15-003-25027-00-00 #24-T This well is inactive. There is a pipe stuck into the pulley on the pump jack keeping it from turning. The stuffing box has been unscrewed and a rag and clamp has been used trying to seal the well in. There is some fresh crude oil on the ground around the well. This well doesn't have proper surface control.

15-003-25026-00-00 #23-T This well is inactive. The 1 inch is unhooked from the pump jack. The 1 inch is hanging on a rag and clamp trying to seal the well in. This well is leaking. The oil has stayed inside the berm pushed up around the well. This well doesn't have proper surface control.

15-003-25163-00-00 #28-T This well is inactive. The well is shut in. This well doesn't have 1 inch in the hole and the pump jack is missing the belt from the electric motor. This well doesn't appear to be leaking at the time of inspection but it has at some point as there is oil inside the berm pushed up around the well.

15-003-25023-00-00 #20-T This well is inactive. The 1 inch is unhooked from the pump jack and the pump jack is missing the belt from the electric motor. The one inch is hanging on a rag and clamp. The well is leaking but it has stayed in the berm pushed up around the well. This well doesn't have proper surface control.

15-003-25025-00-00 #22-T This well is inactive. There is no 1 inch in the hole and the pump jack is missing the belt. The well is hooked into flow. It doesn't appear the well was leaking at the time of inspection but it has leaked at some point and escaped the berm pushed up around the well. The new spill area is approximately 20 ft. by 30ft.

15-003-25165-00-00 #30-T This well is inactive. The pump jack is missing the belt. The one inch is hanging on a rag and clamp trying to seal this well in. The well is leaking but is contained in the berm pushed up around the well for now. This well doesn't have proper surface control.

15-003-25030-00-00 #27-T This well is inactive. The 1 inch is hanging on a rag and clamp trying to seal off the well. The berm that's pushed up around the well is almost full of fluid at the time of inspection and it appears it has ran over the berm before. This well doesn't have proper surface control.

15-003-26280-00-00 #14-IWL This well was hooked up for injection purposes at the time of the lease inspection. No new spills around this well. This well had a big kill area around it that was required to be remediated by the operator, the crops were just starting to come up in this field so its hard to tell if anything will come up in the old kill area. Most likely the area will still need more remediation. Taylor Herman District #3 Geologist collected soil samples and will submit them for analysis.

15-003-25167-00-00 #32-T This well is inactive. The one inch is unhooked from the pump jack and the one inch is hanging on a rag and clamp trying to seal the well in. This well is seeping and doesn't have proper surface control.

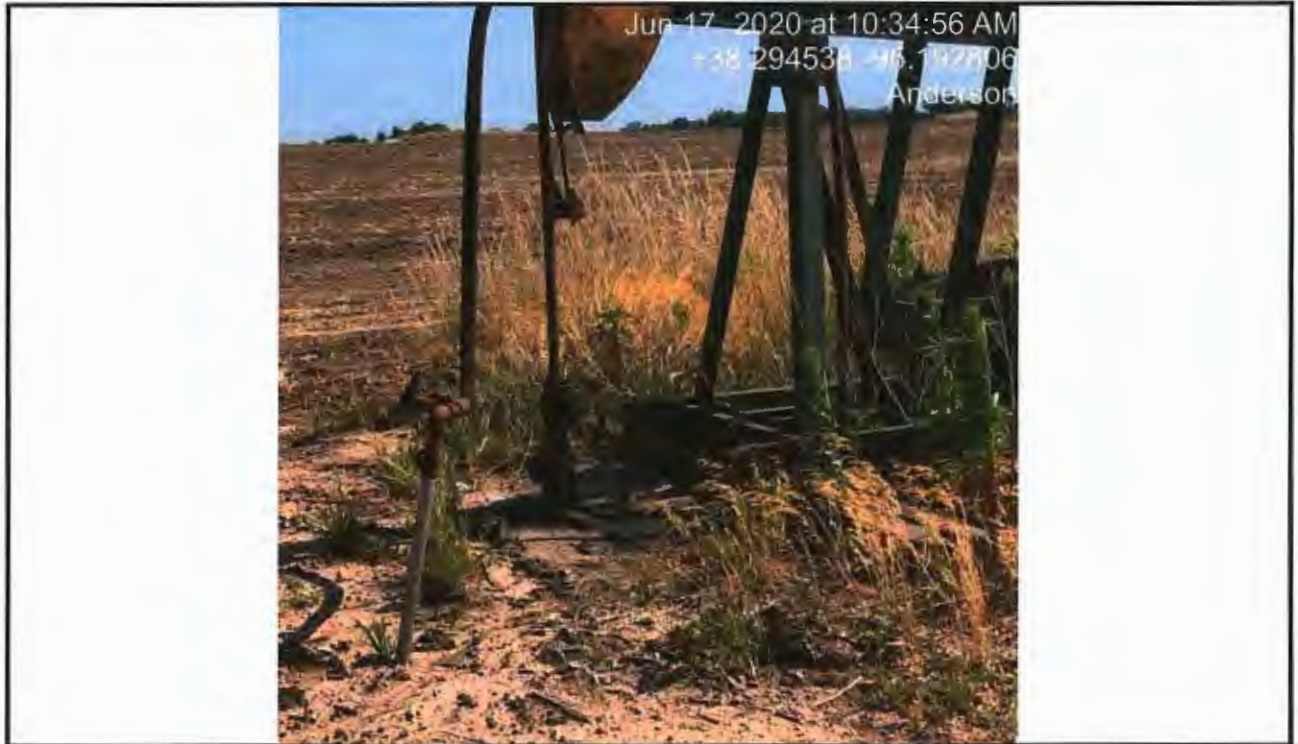
15-003-25168-00-00 #33-T This well is inactive . The pump jack is missing the belt. The 1 inch is hanging on a rag and clamp trying to seal the well in. This well is seeping fluid. There is a small wet spot around the well, the well doesn't have proper surface control.

15-003-25029-00-00 #26-T This well is inactive. The 1 inch is disconnected from the pump jack. The well is hanging on a rag and clamp trying to seal in the well. The well is leaking fluid, there is oil in the berm that's pushed up around the well and oil has escaped the berm causing a 20 ft. by 30 ft spill area. This well doesn't have proper surface control.

15-003-25028-00-00 #25-T This well is inactive. This well is shut in with a swedge and valve.

15-003-25021-00-00 #18-T This well is inactive. This well is hooked into flow. This well did not appear to be leaking at the time of inspection but it has leaked in the past.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater, Inc.	KLN: 32461
Lease: South Kempnich	Legal: 22-20-20E
County: Anderson	PIC ID#: 2-T
Subject: 2-T	PIC Orientation:
FSL: 2375	Latitude: 38.294633
FEL: 4863	Longitude: -95.192783
API#: 15-003-24646-00-00	
Date: 06/17/2020	Time: 10:34 AM
Staff: Keith Carswell	

Additional Information: This picture is of well location 2-T. The well is not equipped with a stuffing box. It has a rag and clamp trying to seal the well in. At the time of inspection well was not equipped for production. The 1 inch is disconnected from the pump jack.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater, Inc.	KLN: 32461
Lease: South Kempnich	Legal: 22-20-20E
County: Anderson	PIC ID#: 3-T
Subject: 3-T	PIC Orientation:
FSL: 2488	Latitude: 38.294933
FEL: 4528	Longitude: -95.191616
API#: 15-003-24647-00-00	
Date: 06/17/2020	Time: 10:46 AM
Staff: Keith Carswell	

Additional Information: This picture is of well location 3-T. This well is trying to be sealed in with a rag and clamp. At the time of inspection well was not equipped for production. The pump jack was disconnected from the 1 inch and the pump jack is missing a belt.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



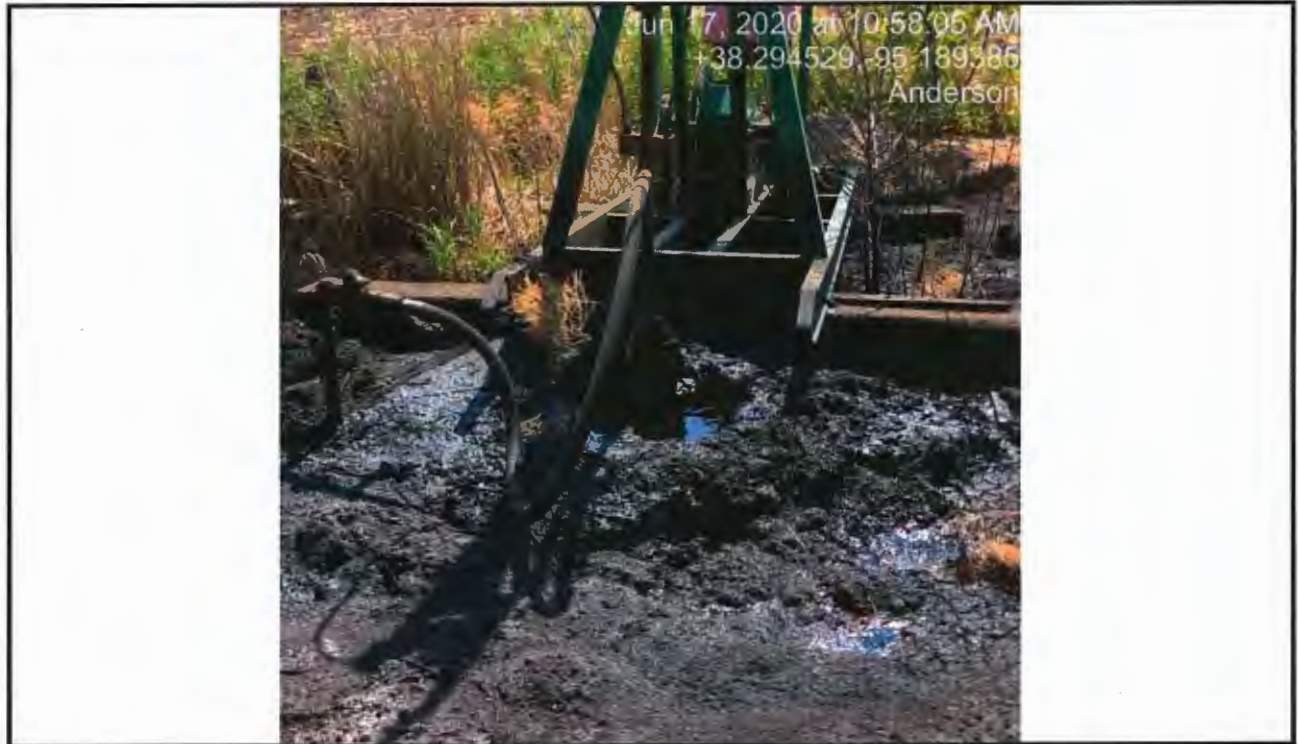
Operator:	Tailwater, Inc.
Lease:	South Kempnich
County:	Anderson
Subject:	4-T
FSL:	2498
FEL:	4193
API#:	15-003-24648-00-00
Date:	06/17/2020
Staff:	Keith Carswell

KLN:	32461
Legal:	22-20-20E
PIC ID#:	4-T
PIC Orientation:	
Latitude:	38.294950
Longitude:	-95.190450

Time:	10:51 AM
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Additional Information: This picture is of well location 4-T. This well is trying to be sealed in with a rag and clamp. The well was leaking at the time of inspection. The spill is being contained in the berm right now but shows signs of where it has ran over the berm before. This well is inactive due to the rag and clamp.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator:	Tailwater, Inc.
Lease:	South Kempnich
County:	Anderson
Subject:	5-T
FSL:	2356
FEL:	3873
API#:	15-003-24649-00-00
Date:	06/17/2020
Staff:	Keith Carswell

KLN:	32461
Legal:	22-20-20E
PIC ID#:	5-T Pic 1
PIC Orientation:	
Latitude:	38.294550
Longitude:	-95.189333

Time:	10:58 AM
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Additional Information: This picture is of well location 5-T. The well is leaking up the production string and is not equipped with a stuffing box it is trying to be sealed in with a rag and clamp. The oil has escaped the berm pushed up around the well and has caused a new spill of approximately 30 ft by 30 ft. At the time of inspection well was not equipped for production. The 1 inch is unhooked from the pump jack and the pump jack is missing the belt.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater, Inc.	KLN: 32461
Lease: South Kempnich	Legal: 22-20-20E
County: Anderson	PIC ID#: 5-T Pic 2
Subject: 5-T	PIC Orientation:
FSL: 2356	Latitude: 38.294550
FEL: 3873	Longitude: -95.189333
API#: 15-003-24649-00-00	
Date: 06/17/2020	Time: 10:58 AM
Staff: Keith Carswell	

Additional Information: This picture is of well location 5-T. The well is leaking up the production string and is not equipped with a stuffing box it is trying to be sealed in with a rag and clamp. The oil has escaped the berm pushed up around the well and has caused a new spill of approximately 30 ft by 30 ft. At the time of inspection well was not equipped for production. The 1 inch is unhooked from the pump jack and the pump jack is missing the belt.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater, Inc.	KLN: 32461
Lease: South Kempnich	Legal: 22-20-20E
County: Anderson	PIC ID#: 5-T Pic 3
Subject: 5-T	PIC Orientation:
FSL: 2356	Latitude: 38.294550
FEL: 3873	Longitude: -95.189333
API#: 15-003-24649-00-00	
Date: 06/17/2020	Time: 10:58 AM
Staff: Keith Carswell	

Additional Information: This picture is of well location 5-T. The well is leaking up the production string and is not equipped with a stuffing box it is trying to be sealed in with a rag and clamp. The oil has escaped the berm pushed up around the well and has caused a new spill of approximately 30 ft by 30 ft. At the time of inspection well was not equipped for production. The 1 inch is unhooked from the pump jack and the pump jack is missing the belt.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator:	Tailwater, Inc.
Lease:	South Kempnich
County:	Anderson
Subject:	7-T
FSL:	2056
FEL:	5160
API#:	15-003-24651-00-00
Date:	6/17/2020
Staff:	Keith Carswell

KLN:	32461
Legal:	22-20-20E
PIC ID#:	7-T PIC 1
PIC Orientation:	
Latitude:	38.293766
Longitude:	-95.193816

Time:	8:43 AM
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Additional Information: This picture is of well location 7-T. This location has a new spill approximately 15' by 30'. The well is leaking up the production string and is not equipped with a stuffing box. They have tried to seal the well in with a rag and a clamp. The well is inactive. The 1 inch is unhooked from the pump jack. There is an old kill area approximately 30' x 60'.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



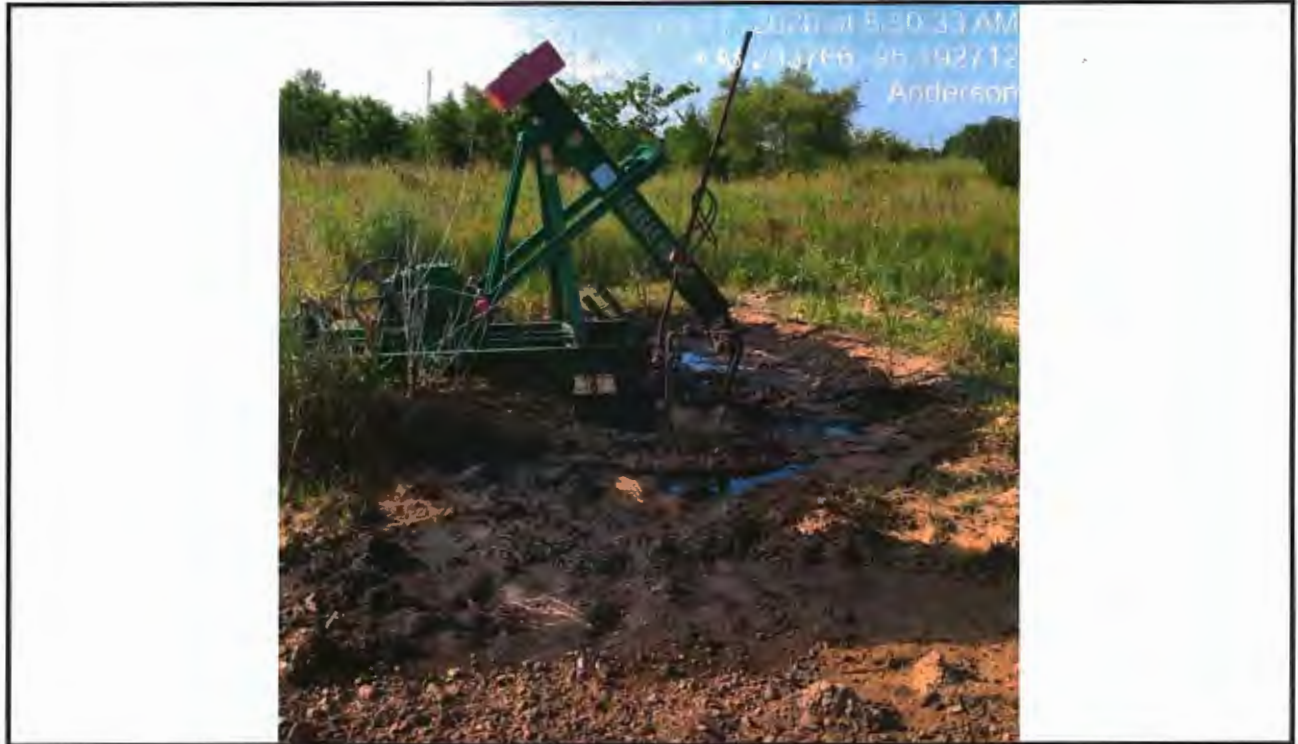
Operator:	Tailwater, Inc.
Lease:	South Kempnich
County:	Anderson
Subject:	7-T
FSL:	2056
FEL:	5160
API#:	15-003-24651-00-00
Date:	6/17/2020
Staff:	Keith Carswell

KLN:	32461
Legal:	22-20-20E
PIC ID#:	7-T PIC 2
PIC Orientation:	
Latitude:	38.293766
Longitude:	-95.193816

Time:	8:43 AM
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Additional Information: This picture is of well location 7-T. This location has a new spill approximately 15' by 30'. The well is leaking up the production string and is not equipped with a stuffing box. They have tried to seal the well in with a rag and a clamp. The well is inactive. The 1 inch is unhooked from the pump jack. There is an old kill area approximately 30' x 60'.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



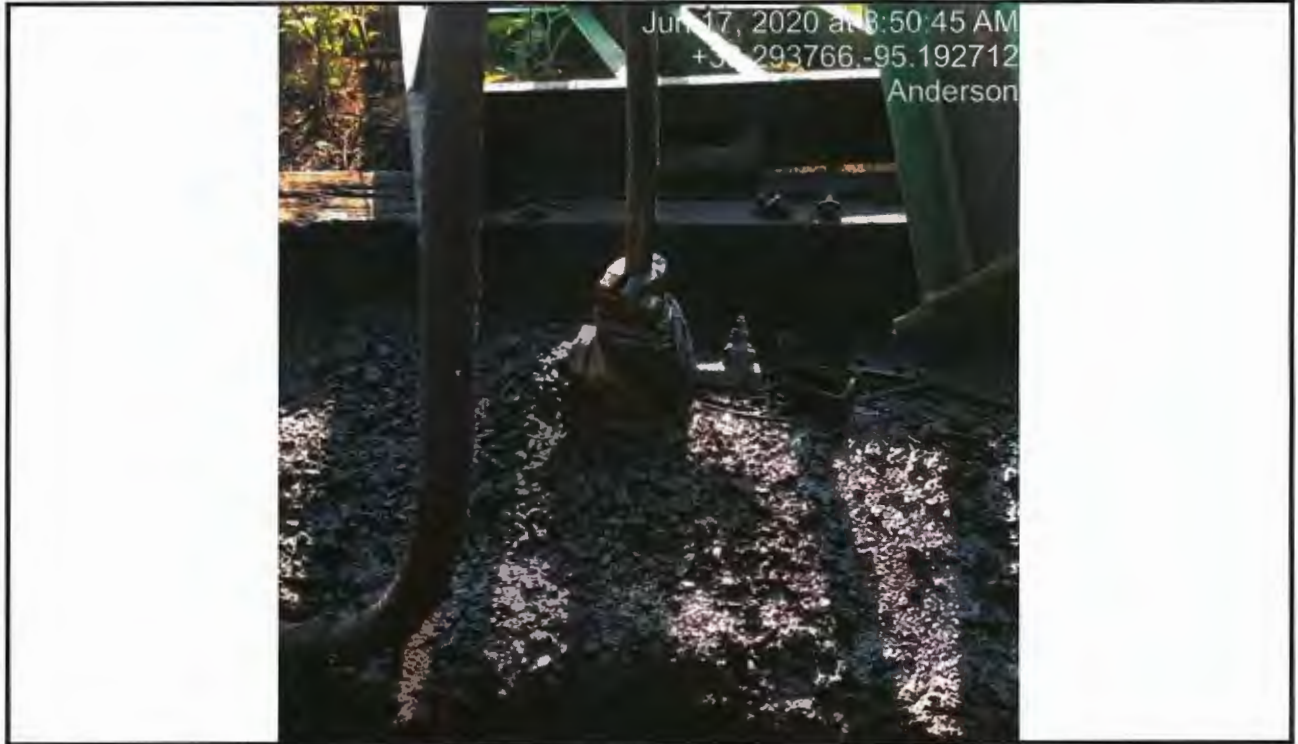
Operator:	Tailwater, Inc.
Lease:	South Kempnich
County:	Anderson
Subject:	8-T
FSL:	2036
FEL:	4849
API#:	15-003-24652-00-00
Date:	6/17/2020
Staff:	Keith Carswell

KLN:	32461
Legal:	22-20-20E
PIC ID#:	8-T PIC 1
PIC Orientation:	
Latitude:	38.293700
Longitude:	-95.192733

Time:	8:50 AM
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Additional Information: This picture is of well location 8-T. This location has berm pushed up around the well and the oil is being contained in the berm so far. The well is leaking up the production string and is not equipped with a stuffing box. The well is trying to be sealed in by a rag and a clamp on the 1 inch. At the time of inspection well was not equipped for production. The pump jack was broke.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



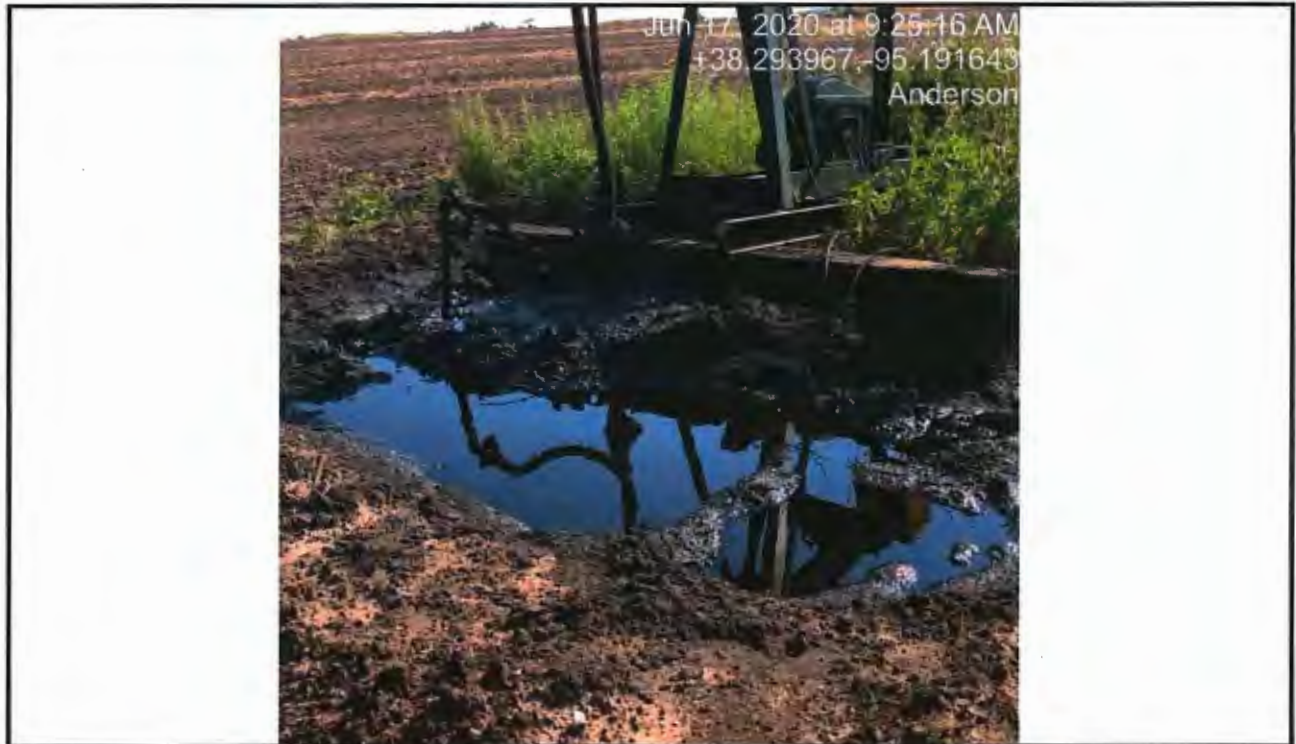
Operator:	Tailwater, Inc.
Lease:	South Kempnich
County:	Anderson
Subject:	8-T
FSL:	2036
FEL:	4849
API#:	15-003-24652-00-00
Date:	6/17/2020
Staff:	Keith Carswell

KLN:	32461
Legal:	22-20-20E
PIC ID#:	8-T PIC 2
PIC Orientation:	
Latitude:	38.293700
Longitude:	-95.192733

Time:	8:50 AM
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Additional Information: This picture is of well location 8-T. This location has berm pushed up around the well and the oil is being contained in the berm so far. The well is leaking up the production string and is not equipped with a stuffing box. The well is trying to be sealed in by a rag and a clamp on the 1 inch. At the time of inspection well was not equipped for production. The pump jack was broke.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater, Inc.	KLN: 32461
Lease: South Kempnich	Legal: 22-20-20E
County: Anderson	PIC ID#: 9-T Pic 1
Subject: 9-T	PIC Orientation:
FSL: 2173	Latitude: 38.294066
FEL: 4538	Longitude: -95.191650
API#: 15-003-24653-00-00	
Date: 6/17/2020	Time: 9:25 AM
Staff: Keith Carswell	

Additional Information: This picture is of well location 9-T. This location has spill but is contained in the berm pushed up around the well. The well is leaking up the production string and is equipped with a stuffing box but it is unscrewed and is above the rag and clamp. They have tried to seal the well in with a rag and a clamp. At the time of inspection well was not equipped for production. The pump jack is missing the electric motor and the drive belt.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator:	Tailwater, Inc.
Lease:	South Kempnich
County:	Anderson
Subject:	9-T
FSL:	2173
FEL:	4538
API#:	15-003-24653-00-00
Date:	6/17/2020
Staff:	Keith Carswell

KLN:	32461
Legal:	22-20-20E
PIC ID#:	9-T Pic 2
PIC Orientation:	
Latitude:	38.294066
Longitude:	-95.191650

Time:	9:25 AM
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Additional Information: This picture is of well location 9-T. This location has spill but is contained in the berm pushed up around the well. The well is leaking up the production string and is equipped with a stuffing box but it is unscrewed and above the rag and clamp. They have tried to seal the well in with a rag and a clamp. At the time of inspection well was not equipped for production. The pump jack is missing the electric motor and the drive belt.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator:	Tailwater, Inc.
Lease:	South Kempnich
County:	Anderson
Subject:	11-T
FSL:	2047
FEL:	3869
API#:	15-003-24655-00-00
Date:	6/17/2020
Staff:	Keith Carswell

KLN:	32461
Legal:	22-20-20E
PIC ID#:	11-T
PIC Orientation:	
Latitude:	38.293700
Longitude:	-95.189316

Time:	9:32 AM
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Additional Information: This picture is of well location 11-T. The well is not equipped with a stuffing box. At the time of inspection well was not equipped for production because the 1 inch is on a rag and clamp trying to seal the well in. This well has a small leak coming from the production casing.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator:	Tailwater, Inc.
Lease:	South Kempnich
County:	Anderson
Subject:	13-T
FSL:	1923
FEL:	3591
API#:	15-003-24687-00-00
Date:	6/17/2020
Staff:	Keith Carswell

KLN:	32461
Legal:	22-20-20E
PIC ID#:	13-T PIC 1
PIC Orientation:	
Latitude:	38.293350
Longitude:	-95.188350

Time:	9:35 AM
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Additional Information: This picture is of well location 13-T. This location has approximately 24' by 30' new spill and approximately 70' by 100' old kill area. The well is hooked into the flow line. This well wasn't currently leaking at the time of inspection but it has leaked in the past.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater, Inc.	KLN: 32461
Lease: South Kempnich	Legal: 22-20-20E
County: Anderson	PIC ID#: 13-T PIC 2
Subject: 13-T	PIC Orientation:
FSL: 1923	Latitude: 38.293350
FEL: 3591	Longitude: -95.188350
API#: 15-003-24687-00-00	
Date: 6/17/2020	Time: 9:35 AM
Staff: Keith Carswell	

Additional Information: This picture is of well location 13-T. This location has approximately 24' by 30' new spill and approximately 70' by 100' old kill area. The well is hooked into the flow line. This well wasn't currently leaking at the time of inspection but it has leaked in the past.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator:	Tailwater, Inc.
Lease:	South Kempnich
County:	Anderson
Subject:	13-T
FSL:	1923
FEL:	3591
API#:	15-003-24687-00-00
Date:	6/17/2020
Staff:	Keith Carswell

KLN:	32461
Legal:	22-20-20E
PIC ID#:	13-T PIC 3
PIC Orientation:	
Latitude:	38.293350
Longitude:	-95.188350

Time:	9:35 AM
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Additional Information: This picture is of well location 13-T. This location has approximately 24' by 30' new spill and approximately 70' by 100' old kill area. The well is hooked into the flow line. This well wasn't currently leaking at the time of inspection but it has leaked in the past.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator:	Tailwater, Inc.
Lease:	South Kempnich
County:	Anderson
Subject:	13-T
FSL:	1923
FEL:	3591
API#:	15-003-24687-00-00
Date:	6/17/2020
Staff:	Keith Carswell

KLN:	32461
Legal:	22-20-20E
PIC ID#:	13-T PIC 4
PIC Orientation:	
Latitude:	38.293350
Longitude:	-95.188350

Time:	9:35 AM
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Additional Information: This picture is of well location 13-T. This location has approximately 24' by 30' new spill and approximately 70' by 100' old kill area. The well is hooked into the flow line. This well wasn't currently leaking at the time of inspection but it has leaked in the past.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator:	Tailwater, Inc.
Lease:	South Kempnich
County:	Anderson
Subject:	13-T
FSL:	1923
FEL:	3591
API#:	15-003-24687-00-00
Date:	6/17/2020
Staff:	Keith Carswell

KLN:	32461
Legal:	22-20-20E
PIC ID#:	13-T PIC 5
PIC Orientation:	
Latitude:	38.293350
Longitude:	-95.188350

Time:	9:35 AM
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Additional Information: This picture is of well location 13-T. This location has approximately 24' by 30' new spill and approximately 70' by 100' old kill area. The well is hooked into the flow line. This well wasn't currently leaking at the time of inspection but it has leaked in the past.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



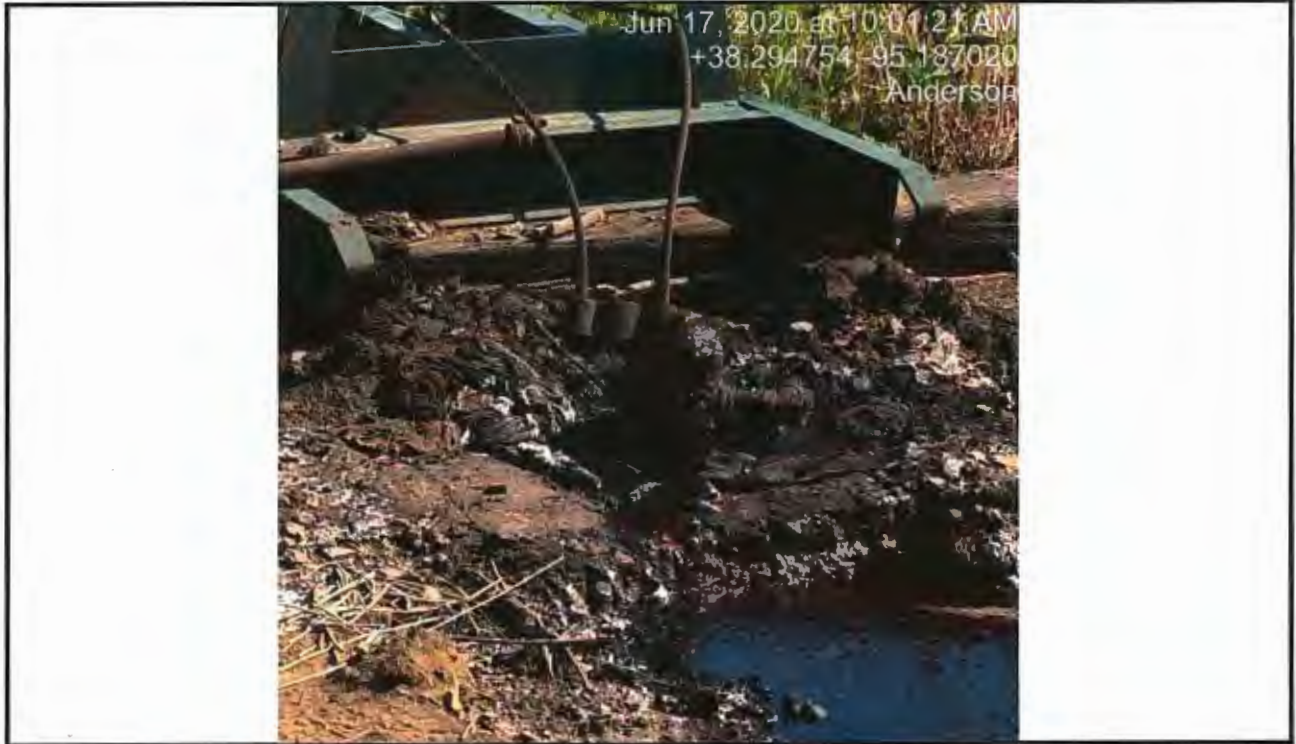
Operator:	Tailwater, Inc.
Lease:	South Kempnich
County:	Anderson
Subject:	14-IWL
FSL:	1693
FEL:	3013
API#:	15-003-26280-00-00
Date:	6/17/2020
Staff:	Keith Carswell

KLN:	32461
Legal:	22-20-20E
PIC ID#:	14-IWL
PIC Orientation:	
Latitude:	38.292701
Longitude:	-95.186332

Time:	1:58 PM
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Additional Information: This picture is of well location 14-IWL. This well is hooked up for injection purposes. This well has an old spill area that Taylor Herman District #3 Geologist took soil samples of.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator:	Tailwater, Inc.
Lease:	South Kempnich
County:	Anderson
Subject:	14-T
FSL:	2446
FEL:	3206
API#:	15-003-25017-00-00
Date:	06/17/2020
Staff:	Keith Carswell

KLN:	32461
Legal:	22-20-20E
PIC ID#:	14-T PIC 1
PIC Orientation:	
Latitude:	38.294775
Longitude:	-95.187011

Time:	10:01 AM
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Additional Information: This picture is of well location 14-T. The well is shut in but is leaking through the 2 inch plug in the top of the "T" on top of the well head. This well is leaking saltwater but has stayed in the berm so far. This well is not equipped for production. There is no 1 inch in the hole and the pump jack is missing the belt.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater, Inc.	KLN: 32461
Lease: South Kempnich	Legal: 22-20-20E
County: Anderson	PIC ID#: 14-T PIC 2
Subject: 14-T	PIC Orientation:
FSL: 2446	Latitude: 38.294775
FEL: 3206	Longitude: -95.187011
API#: 15-003-25017-00-00	
Date: 06/17/2020	Time: 10:01 AM
Staff: Keith Carswell	

Additional Information: This picture is of well location 14-T. The well is shut in but is leaking through the 2 inch plug in the top of the "T" on top of the well head. This well is leaking saltwater but has stayed in the berm so far. This well is not equipped for production. There is no 1 inch in the hole and the pump jack is missing the belt.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator:	Tailwater, Inc.
Lease:	South Kempnich
County:	Anderson
Subject:	15-T
FSL:	2110
FEL:	3256
API#:	15-003-25018-00-00
Date:	6/17/2020
Staff:	Keith Carswell

KLN:	32461
Legal:	22-20-20E
PIC ID#:	15-T
PIC Orientation:	
Latitude:	38.293852
Longitude:	-95.187184

Time:	9:47 AM
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Additional Information: This picture is of well location 15-T. This well is leaking but the oil has stayed in the berm pushed up around the well. This well is hooked into the flow line. This well is not equipped for production as the well doesn't have 1 inch in the hole and the pump jack is missing the drive belt.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator:	Tailwater, Inc.
Lease:	South Kempnich
County:	Anderson
Subject:	16-T
FSL:	1705
FEL:	5136
API#:	15-003-25019-00-00
Date:	6/17/2020
Staff:	Keith Carswell

KLN:	32461
Legal:	22-20-20E
PIC ID#:	16-T
PIC Orientation:	
Latitude:	38.292802
Longitude:	-95.193730

Time:	12:24 PM
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Additional Information: This picture is of well location 16-T. This well is inactive. The well doesn't have 1 inch in the hole and the pump jack is missing the belt. There is oil in the berm pushed up around the well where the well has leaked in the past. At the time of the inspection I didn't see the well leaking.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator:	Tailwater, Inc.
Lease:	South Kempnich
County:	Anderson
Subject:	17-T
FSL:	1741
FEL:	4812
API#:	15-003-25020-00-00
Date:	6/17/2020
Staff:	Keith Carswell

KLN:	32461
Legal:	22-20-20E
PIC ID#:	17-T Pic 1
PIC Orientation:	
Latitude:	38.292890
Longitude:	-95.192602

Time:	12:19 PM
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Additional Information: This picture is of well location 17-T. The well is leaking up the production string and is not equipped with a stuffing box the well is trying to be sealed in with a rag and clamp. The spill is being contained inside the berm pushed up around the well for now. At the time of inspection well was not equipped for production. The pump jack did not have a motor or a belt.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator:	Tailwater, Inc.
Lease:	South Kempnich
County:	Anderson
Subject:	17-T
FSL:	1741
FEL:	4812
API#:	15-003-25020-00-00
Date:	6/17/2020
Staff:	Keith Carswell

KLN:	32461
Legal:	22-20-20E
PIC ID#:	17-T Pic 2
PIC Orientation:	
Latitude:	38.292890
Longitude:	-95.192602

Time:	12:19 PM
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Additional Information: This picture is of well location 17-T. The well is leaking up the production string and is not equipped with a stuffing box the well is trying to be sealed in with a rag and clamp. The spill is being contained inside the berm pushed up around the well for now. At the time of inspection well was not equipped for production. The pump jack did not have a motor or a belt.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater, Inc.	KLN: 32461
Lease: South Kempnich	Legal: 22-20-20E
County: Anderson	PIC ID#: 18-T
Subject: 18-T	PIC Orientation:
FSL: 1807	Latitude: 38.293060
FEL: 4492	Longitude: -95.191486
API#: 15-003-25021-00-00	
Date: 12/17/2020	Time: 12:46 PM
Staff: Keith Carswell	

Additional Information: This picture is of well location 18-T. This well is hooked into the flow line. This well is inactive because there is no 1 inch in the hole. This well has leaked in the past.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater, Inc.	KLN: 32461
Lease: South Kempnich	Legal: 22-20-20E
County: Anderson	PIC ID#: 20-T
Subject: 20-T	PIC Orientation:
FSL: 1607	Latitude: 38.292492
FEL: 3832	Longitude: -95.189185
API#: 15-003-25023-00-00	
Date: 6/17/2020	Time: 12:59 PM
Staff: Keith Carswell	

Additional Information: This picture is of well location 20-T. This well is inactive as the 1 inch is unhooked from the pump jack. The well is leaking up the production string and is not equipped with a stuffing box. The well is trying to be sealed in with a rag and clamp. This well is seeping but the spill is being contained inside the berm pushed up around the well.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator:	Tailwater, Inc.
Lease:	South Kempnich
County:	Anderson
Subject:	22-T
FSL:	1792
FEL:	3318
API#:	15-003-25025-00-00
Date:	06/17/2020
Staff:	Keith Carswell

KLN:	32461
Legal:	22-20-20E
PIC ID#:	22-T PIC 1
PIC Orientation:	
Latitude:	38.292983
Longitude:	-95.187395

Time:	1:15 PM
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Additional Information: This picture is of well location 22-T. The well is in active as it has no 1 inch in the hole and the pump jack is missing a belt. The well is hooked into the flow line and doesn't appear to be leaking at the time of the inspection but this well has leaked in the past causing oil in the berm and it has escaped the berm causing a new 20 ft by 30 ft spill area.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator:	Tailwater, Inc.
Lease:	South Kempnich
County:	Anderson
Subject:	22-T
FSL:	1792
FEL:	3318
API#:	15-003-25025-00-00
Date:	06/17/2020
Staff:	Keith Carswell

KLN:	32461
Legal:	22-20-20E
PIC ID#:	22-T PIC 2
PIC Orientation:	
Latitude:	38.292983
Longitude:	-95.187395

Time:	1:14 PM
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Additional Information: This picture is of well location 22-T. The well is in active as it has no 1 inch in the hole and the pump jack is missing a belt. The well is hooked into the flow line and doesn't appear to be leaking at the time of the inspection but this well has leaked in the past causing oil in the berm and it has escaped the berm causing a new 20 ft by 30 ft spill area.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator:	Tailwater, Inc.
Lease:	South Kempnich
County:	Anderson
Subject:	22-T
FSL:	1792
FEL:	3318
API#:	15-003-25025-00-00
Date:	06/17/2020
Staff:	Keith Carswell

KLN:	32461
Legal:	22-20-20E
PIC ID#:	22-T PIC 3
PIC Orientation:	
Latitude:	38.292983
Longitude:	-95.187395

Time:	1:14 PM
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Additional Information: This picture is of well location 22-T. The well is in active as it has no 1 inch in the hole and the pump jack is missing a belt. The well is hooked into the flow line and doesn't appear to be leaking at the time of the inspection but this well has leaked in the past causing oil in the berm and it has escaped the berm causing a new 20 ft by 30 ft spill area.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator:	Tailwater, Inc.
Lease:	South Kempnich
County:	Anderson
Subject:	23-T
FSL:	1475
FEL:	4830
API#:	15-003-25026-00-00
Date:	6/17/2020
Staff:	Keith Carswell

KLN:	32461
Legal:	22-20-20E
PIC ID#:	23-T Pic 1
PIC Orientation:	
Latitude:	38.292160
Longitude:	-95.192661

Time:	12:42 PM
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Additional Information: This picture is of well location 23-T. This location has a 10' by 30' old kill area. The well is leaking up the production string and is not equipped with a stuffing box. The well is trying to be sealed in with a rag and clamp. This well is inactive as the 1 inch is unhooked from the pump jack. While at this well location the well started leaking crude oil out on the ground. The leak has stayed inside the berm pushed up around the well.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator:	Tailwater, Inc.
Lease:	South Kempnich
County:	Anderson
Subject:	23-T
FSL:	1475
FEL:	4830
API#:	15-003-25026-00-00
Date:	6/17/2020
Staff:	Keith Carswell

KLN:	32461
Legal:	22-20-20E
PIC ID#:	23-T Pic 2
PIC Orientation:	
Latitude:	38.292160
Longitude:	-95.192661

Time:	12:42 PM
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Additional Information: This picture is of well location 23-T. This location has a 10' by 30' old kill area. The well is leaking up the production string and the stuffing box has been unscrewed from the well head. The well is trying to be sealed in with a rag and clamp. This well is inactive as the 1 inch is unhooked from the pump jack. While at this well location the well started leaking crude oil out on the ground. The leak has stayed inside the berm pushed up around the well.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater, Inc.	KLN: 32461
Lease: South Kempnich	Legal: 22-20-20E
County: Anderson	PIC ID#: 24-T
Subject: 24-T	PIC Orientation:
FSL: 1478	Latitude: 38.292158
FEL: 4500	Longitude: -95.191511
API#: 15-003-25027-00-00	
Date: 06/17/2020	Time: 12:39 PM
Staff: Keith Carswell	

Additional Information: This picture is of well location 24-T. This well is inactive because the 1 inch is hanging on a rag and clamp. They have unscrewed the stuffing box and placed a rag and clamp underneath of it to try to seal the well in. This well has a small leak right around the well head where it is seeping.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator:	Tailwater, Inc.
Lease:	South Kempnich
County:	Anderson
Subject:	25-T
FSL:	1506
FEL:	4147
API#:	15-003-25028-00-00
Date:	6/17/2020
Staff:	Keith Carswell

KLN:	32461
Legal:	22-20-20E
PIC ID#:	25-T
PIC Orientation:	
Latitude:	38.292224
Longitude:	-95.190282

Time:	12:33 PM
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Additional Information: This picture is of well location 25-T. This well is shut in with a swedge and a valve.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator:	Tailwater, Inc.
Lease:	South Kempnich
County:	Anderson
Subject:	26-T
FSL:	1485
FEL:	3372
API#:	15-003-25029-00-00
Date:	6/17/2020
Staff:	Keith Carswell

KLN:	32461
Legal:	22-20-20E
PIC ID#:	26-T Pic 1
PIC Orientation:	
Latitude:	38.292139
Longitude:	-95.187582

Time:	2:23 PM
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Additional Information: This picture is of well location 26-T. This well is inactive as the one inch is on a clamp and disconnected from the pump jack. The well is leaking up the production string and is not equipped with a stuffing box. The well is trying to be sealed in with a rag and clamp. The well is leaking and has caused oil pooled inside the berm that has been pushed up around the well. Oil has escaped the berm at some time in the past causing a new spill of approximately 20 ft by 30 ft.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator:	Tailwater, Inc.
Lease:	South Kempnich
County:	Anderson
Subject:	26-T
FSL:	1485
FEL:	3372
API#:	15-003-25029-00-00
Date:	6/17/2020
Staff:	Keith Carswell

KLN:	32461
Legal:	22-20-20E
PIC ID#:	26-T Pic 2
PIC Orientation:	
Latitude:	38.292139
Longitude:	-95.187582

Time:	2:23 PM
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Additional Information: This picture is of well location 26-T. This well is inactive as the one inch is on a clamp and disconnected from the pump jack. The well is leaking up the production string and is not equipped with a stuffing box. The well is trying to be sealed in with a rag and clamp. The well is leaking and has caused oil pooled inside the berm that has been pushed up around the well. Oil has escaped the berm at some time in the past causing a new spill of approximately 20 ft by 30 ft.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater, Inc.	KLN: 32461
Lease: South Kempnich	Legal: 22-20-20E
County: Anderson	PIC ID#: 27-T Pic 1
Subject: 27-T	PIC Orientation:
FSL: 1832	Latitude: 38.293082
FEL: 3000	Longitude: -95.186288
API#: 15-003-25030-00-00	
Date: 6/17/2020	Time: 1:49 PM
Staff: Keith Carswell	

Additional Information: This picture is of well location 27-T. This well is leaking up the production string and is missing the stuffing box. The well is trying to be sealed in with a rag and clamp but the well is leaking. The spill is being contained inside the berm pushed up around the well but the berm is almost full of fluid. The well shows signs that oil has escaped the berm before.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater, Inc.	KLN: 32461
Lease: South Kempnich	Legal: 22-20-20E
County: Anderson	PIC ID#: 27-T Pic 2
Subject: 27-T	PIC Orientation:
FSL: 1832	Latitude: 38.293082
FEL: 3000	Longitude: -95.186288
API#: 15-003-25030-00-00	
Date: 6/17/2020	Time: 1:49 PM
Staff: Keith Carswell	

Additional Information: This picture is of well location 27-T. This well is leaking up the production string and is missing the stuffing box. The well is trying to be sealed in with a rag and clamp but the well is leaking. The spill is being contained inside the berm pushed up around the well but the berm is almost full of fluid. The well shows signs that oil has escaped the berm before.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater, Inc.	KLN: 32461
Lease: South Kempnich	Legal: 22-20-20E
County: Anderson	PIC ID#: 28-T
Subject: 28-T	PIC Orientation:
FSL: 1473	Latitude: 38.292164
FEL: 5137	Longitude: -95.193730
API#: 15-003-25163-00-00	
Date: 6/17/2020	Time: 12:50 PM
Staff: Keith Carswell	

Additional Information: This picture is of well location 28-T. This well is shut in with a valve and swedge. The well was not leaking at the time of inspection but it has leaked in the past as there is oil inside the berm pushed up around the well.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator:	Tailwater, Inc.
Lease:	South Kempnich
County:	Anderson
Subject:	29-T
FSL:	2627
FEL:	2954
API#:	15-003-25164-00-00
Date:	6/17/2020
Staff:	Keith Carswell

KLN:	32461
Legal:	22-20-20E
PIC ID#:	29-T
PIC Orientation:	
Latitude:	38.295265
Longitude:	-95.186136

Time:	9:57 AM
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Additional Information: This picture is of well location 29-T. The well is equipped with a stuffing box. At the time of inspection this well was inactive. This well has a rag and clamp above the stuffing box trying to seal the well in. The 1 inch is disconnected from the pump jack and the pump jack is missing a belt.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator:	Tailwater, Inc.
Lease:	South Kempnich
County:	Anderson
Subject:	30-T
FSL:	2072
FEL:	2818
API#:	15-003-25165-00-00
Date:	06/17/2020
Staff:	Keith Carswell

KLN:	32461
Legal:	22-20-20E
PIC ID#:	30-T
PIC Orientation:	
Latitude:	38.293734
Longitude:	-95.185658

Time:	1:37 PM
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Additional Information: This picture is of well location 30-T. The well is leaking up the production string and is not equipped with a stuffing box. The well is trying to be sealed in with a rag and clamp. The spill is being contained in the berm pushed up around the well. The well is inactive as the pump jack is missing the belt.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater, Inc.	KLN: 32461
Lease: South Kempnich	Legal: 22-20-20E
County: Anderson	PIC ID#: 31-T
Subject: 31-T	PIC Orientation:
FSL: 2378	Latitude: 38.294575
FEL: 2821	Longitude: -95.185669
API#: 15-003-25166-00-00	
Date: 6/17/2020	Time: 9:53 AM
Staff: Keith Carswell	

Additional Information: This picture is of well location 31-T. This well shows signs of a production water leak. The spill is being contained in the berm pushed up around the well. This well is not equipped for production as the well doesn't have 1 inch in the hole and the pump jack is missing the belt.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater, Inc.	KLN: 32461
Lease: South Kempnich	Legal: 22-20-20E
County: Anderson	PIC ID#: 32 T
Subject: 32-T	PIC Orientation:
FSL: 1740	Latitude: 38.292822
FEL: 2820	Longitude: -95.185660
API#: 15-003-25167-00-00	
Date: 6/17/2020	Time: 2:01 PM
Staff: Keith Carswell	

Additional Information: This picture is of well location 32-T. The well is not equipped with a stuffing box and is trying to be sealed in with a rag and clamp. At the time of inspection well was not equipped for production as the 1 inch is unhooked from the pump jack and the 1 inch is on a clamp. The well is seeping but the spill is small and is within 6 feet of the well head.

KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Tailwater, Inc.	KLN: 32461
Lease: South Kempnich	Legal: 22-20-20E
County: Anderson	PIC ID#: 33-T
Subject: 33-T	PIC Orientation:
FSL: 1489	Latitude: 38.292141
FEL: 3063	Longitude: -95.186503
API#: 15-003-25168-00-00	
Date: 6/17/2020	Time: 2:13 PM
Staff: Keith Carswell	

Additional Information: This picture is of well location 33-T. This well is equipped with a stuffing box but has a rag and clamp on top of the stuffing box trying to seal the well in. The well is seeping a little bit causing a little spill around the well head. This spill is within 2 feet of the well head at the time of inspection. This well was not equipped for production. The pump jack did not have a belt.

CERTIFICATE OF SERVICE

21-CONS-3032-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 08/27/2020.

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/S/ DeeAnn Shupe
DeeAnn Shupe