

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

In the matter of Application of Nacogdoches ) Docket No. 22-CONS-3407-CMSC  
Oil & Gas, LLC (Operator) for an Operator's )  
License Renewal. ) CONSERVATION DIVISION  
 )  
 ) License No. 32042  
\_\_\_\_\_ )

**PRE-FILED DIRECT TESTIMONY OF**

**NANCY BORST**

**ON BEHALF OF COMMISSION STAFF**

**AUGUST 26, 2022**

1 **Q. What is your name and business address?**

2 A. Nancy D. Borst, 266 N. Main St., Suite 220, Wichita, KS 67202

3 **Q. By whom are you employed and in what capacity?**

4 A. I am employed by the Conservation Division of the Kansas Corporation Commission as an  
5 Administrative Specialist in the Licensing and Legal departments.

6 **Q. Would you please briefly describe your background and work experience?**

7 A. I worked as the Communications Coordinator and Public Information Officer for Kingman  
8 County from 2013 to 2017. Prior to that I was the managing editor of the Kingman Leader-  
9 Courier newspaper. I have worked in various roles in journalism for the past forty-three years  
10 and continue to own a freelance journalism business. I have a Bachelor of Science degree  
11 from the University of Kansas. I have worked for the Kansas Corporation Commission since  
12 February 2018 as an Administrative Specialist. My primary duties include processing and  
13 reviewing license applications, processing open records requests, and processing legal filings.

14 **Q. Have you previously testified before this Commission?**

15 A. Yes.

16 **Q. What is the purpose of your testimony in this matter?**

17 A. The purpose of my testimony is to discuss the evidence supporting the Commission's findings  
18 relating to the Order Denying Application for License issued to Nacogdoches Oil & Gas, LLC  
19 (Operator) in this docket - Docket 22-CONS-3407-CPEN (Docket 22-3407). Specifically, my  
20 testimony will discuss Operator's license.

21 **Q. Please provide a brief overview of the facts in this docket.**

22 A. Operator's application for license renewal was denied by the Commission because Operator's  
23 application did not meet the requirements of K.S.A. 55-155(c)(4) and K.A.R. 82-3-120(g)(2).

Operator is suspended for non-compliance with a Commission order, specifically Docket 20-CONS-3288-CMSC (Docket 20-3288).

**Q. Will you please explain the requirements of K.S.A. 55-155(c) and K.A.R. 82-3-120(g)(2)?**

A. Yes. K.S.A. 55-155(c)(3), (4) and K.A.R. 82-3-120(g)(2) provide that in order to obtain approval of a license or license renewal, an applicant: (1) If registered with the Securities and Exchange Commission, must demonstrate to the Commission's satisfaction that the applicant complies with all requirements of Chapter 55 of the Kansas Statutes Annotated, and amendments thereto, all rules and regulations adopted thereunder and all commission orders and enforcement agreements; or (2) If not registered with the Securities and Exchange Commission, must demonstrate to the Commission's satisfaction that the following individuals comply with all requirements of Chapter 55 of the Kansas Statutes Annotated and amendments thereto, all rules and regulations adopted thereunder, and all commission orders and enforcement agreements: (1) the applicant; (2) any officer, director, partner, or member of the applicant; (3) any stockholder owning in the aggregate more than 5% of the stock of the applicant; and (4) any spouse, parent, brother, sister, child, parent-in-law, brother-in-law, or sister-in-law of the foregoing.

**Q. When did Operator submit its license renewal?**

A. Operator submitted its license renewal on February 22, 2022.

**Q. Why were you unable to process Operator's license renewal?**

A. I was unable to process Operator's license renewal because Operator was not in compliance with all requirements of Chapter 55 of the Kansas Statutes Annotated, and amendments thereto, all rules and regulations adopted thereunder and all Commission Orders and

1 enforcement agreements. Specifically, Operator's license was suspended due to non-  
2 compliance with a Commission approved compliance agreement.

3 **Q. Did Commission Staff send a letter to Operator regarding its application not meeting**  
4 **the requirements of K.S.A. 55-155(c) and K.A.R. 82-3-120?**

5 A. Yes. I was cc'd on a letter that was sent to Operator from Commission Legal Staff on March  
6 2, 2022. The letter stated Staff would recommend denial of Operator's application if the  
7 underlying issue was not resolved by March 21, 2022. A copy of this letter is attached to the  
8 Commission's Order Denying Application for License as Exhibit A.

9 **Q. To your knowledge, has Operator resolved the underlying issue?**

10 A. No. It appears that Operator's license is still listed as suspended in the Commission's Risk  
11 Based Data Management System (RBDMS).

12 **Q. Did you have any communications with Operator regarding its license renewal?**

13 A. Yes. Mr. Brent Ivy called me on March 15, 2022, to give the KCC a new address for the  
14 company. During the telephone call, he said he thought the company was in line with the  
15 compliance agreement in Docket 20-3288. He spoke briefly about their planned waterflood  
16 and the electrical upgrade it required. On March 15, an email sent by Mr. Ivy to several  
17 Commission Staff members discussing his situation was forwarded to me. That email  
18 appeared to be a response to the automatically generated license expiration reminder sent by  
19 KOLAR.

20 **Q. Please summarize your recommendations.**

21 A. I recommend the Order Denying Application for License be affirmed. It appears Operator  
22 failed to address the underlying issue resulting in the suspension of its license by the deadline

1 provided in the NOV letter and that Commission rules and regulations prevent the renewal of  
2 Operator's license.

3 **Q. Does this conclude your testimony?**

4 A. Yes.

## **CERTIFICATE OF SERVICE**

22-CONS-3407-CMSC

I, the undersigned, certify that a true and correct copy of the attached Prefiled Direct Testimony of Nancy Borst has been served to the following by means of electronic service on August 26, 2022.

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/s/ Paula J. Murray

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Paula J. Murray