

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

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

In the matter of the failure of Ace Energy, )    Docket No.: 22-CONS-3215-CPEN  
LLC (Operator) to comply with K.A.R. )  
82-3-111 at twenty-one wells in Crawford and )    CONSERVATION DIVISION  
Neosho Counties, Kansas. )  
\_\_\_\_\_ )    License No.: 34998

**PENALTY ORDER**

The Commission finds Operator has violated K.A.R. 82-3-111 regarding the captioned wells, assesses a \$2,100 penalty, directs Operator to come into compliance, and further rules as more fully described below.

**I. JURISDICTION**

1.        K.S.A. 74-623 provides the Commission exclusive jurisdiction and authority to regulate oil and gas activities in Kansas. K.S.A. 55-152 provides the Commission with jurisdiction to regulate the construction, operation, and abandonment of any well, and also the protection of the usable water of this state from any actual or potential pollution from any well. The Commission has licensing authority under K.S.A. 55-155.

2.        K.S.A. 55-162 and K.S.A. 55-164 provide the Commission authority to issue penalty orders for violations of Chapter 55 of the Kansas Statutes Annotated, or of any rule, regulation, or order of the Commission. Under K.S.A. 55-164, a penalty order may include a monetary penalty of up to \$10,000, the penalty must constitute a substantial and actual economic deterrent to the violation, and each day of a continuing violation constitutes a separate violation.

3.        K.A.R. 82-3-111 provides that within 90 days after operations cease on any well, the operator of that well shall plug the well, return the well to service, or file an application with

the Conservation Division requesting temporary abandonment (TA) status. If not plugged or returned to service, the operator must obtain TA approval; TA status may be denied by the Conservation Division if necessary to prevent pollution. A well shut-in for 10 years or more cannot be granted TA status without the operator filing an application for an exception pursuant to K.A.R. 82-3-100 and approval from the Commission. K.A.R. 82-3-111(e) provides a TA exemption for certain wells fully equipped and capable of production.

## **II. FINDINGS OF FACT**

4. Operator is licensed to conduct oil and gas activities in Kansas and is responsible for the wells listed in Exhibit A (Subject Wells).<sup>1</sup>

5. Prior to the issuance of this Penalty Order, Commission Staff reviewed Commission records for the Subject Wells. The records indicated the Subject Wells had been inactive and unplugged for longer than the 90 days allowed by K.A.R. 82-3-111, that the wells were not exempt pursuant to K.A.R. 82-3-111(e), and that the wells were not approved for TA status. Thus, Commission Staff sent a letter to Operator, requiring Operator to bring the Subject Wells into compliance with K.A.R. 82-3-111 by August 27, 2021.<sup>2</sup> The deadline has elapsed, and no evidence in the possession of the Commission indicates Operator brought the Subject Wells into compliance before the deadline.<sup>3</sup>

## **III. CONCLUSIONS OF LAW**

6. The Commission has jurisdiction over Operator and this matter under K.S.A. 74-623 and K.S.A. 55-152.

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<sup>1</sup> See Exhibit A.

<sup>2</sup> See Exhibit B.

<sup>3</sup> Operator achieved TA status for the following wells after the deadline elapsed: Thornton #13-25, API #15-133-26028-00-00; Thornton #C-96, API #15-133-22473-00-00; Thornton #I 9 (J4), API #15-133-02148-00-00; and Thornton #I 12 (D1), API #15-133-02147-00-00.

7. Operator has committed twenty-one violations of K.A.R. 82-3-111 because the Subject Wells have been inactive in excess of the time allowed by regulation without being plugged, returned to service, or approved for TA status.<sup>4</sup>

**THEREFORE, THE COMMISSION ORDERS:**

- A. Operator shall pay a \$2,100 penalty.
- B. Operator shall plug the Subject Wells, or return the wells to service, or obtain TA status for the wells if eligible.
- C. Commission Staff may require Staff-witnessed static fluid level measurements before a Subject Well is returned to service. A Subject Well may not be returned to service if (1) any measurement has shown fluid in the wellbore at or above the appropriate minimum surface casing requirement described in Table I of the Commission's August 1, 1991, Order in Docket 34,780, (2) any measurement has shown fluid in the wellbore at or above any salt formation or other corrosive formation, or (3) in the opinion of Staff, variation in measurements indicates the possibility of a casing leak. Provided, however, a Subject Well may be returned to service upon (a) passing a casing integrity test after issuance of this Penalty Order to the satisfaction of Staff, or (b) Staff providing written, well-specific authorization after issuance of this Penalty Order.
- D. Operator 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. A request for hearing must comply with K.A.R. 82-1-219.
- E. Failure to timely request a hearing will result in a waiver of Operator's right to a hearing. If no party timely requests a hearing, then this Order shall become final.

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<sup>4</sup> K.S.A. 55-164; K.A.R. 82-3-111(b).

F. If Operator is not in compliance with this Order and the Order is final, then Operator's license shall be suspended without further notice and shall remain suspended until Operator complies. If a Subject Well has been inactive for more than 10 years and Operator applies for an exception to the 10-year limit on TA status for the Subject Well prior to this Order becoming final, and Operator would be in compliance with this Order if the application were approved, then suspension shall not be enforced unless: (1) the application is denied, and (2) 30 days have elapsed since the denial. The notice and opportunity for a hearing on this Order shall constitute the notice required by K.S.A. 77-512 regarding license suspension.

G. A party may petition for reconsideration of a final order pursuant to the requirements and time limits established by K.S.A. 77-529(a)(1).<sup>5</sup>

H. Credit card payments may be made by calling the Conservation Division at 316-337-6200. 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. Payments must reference the docket number of this proceeding.

**BY THE COMMISSION IT IS SO ORDERED.**

French, Chairperson; Keen, Commissioner; Duffy, Commissioner

Dated: 11/23/2021



Lynn M. Retz  
Executive Director

Mailed Date: 11/23/2021

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<sup>5</sup> See K.S.A. 55-162; K.S.A. 55-164; K.S.A. 55-606; K.S.A. 55-707; K.S.A. 77-503(c); K.S.A. 77-531(b).

# ACTIVE OPERATORS / INACTIVE ("IN" - STATUS) WELLS

KLN #	COUNTY	CONAME	WELL_NM	API_WELLNO	WELL_TYPE	SEC	TWP	RGE	LAT	LON	WELL STATUS
34998		CR									
Ace Energy LLC			GALE MULLEN B40	15037015360000	OIL	1	31	21	37.383587	-95.052271	IN
Ace Energy LLC			GALE MULLEN C43	15037015390000	OIL	1	31	21	37.382994	-95.051358	IN
Ace Energy LLC			GALE MULLEN F41	15037015380000	OIL	1	31	21	37.383019	-95.051043	IN
Ace Energy LLC			MULLEN I-23	15037223530000	OIL	1	31	21	37.381018	-95.051778	IN
NO											
Ace Energy LLC			THORNTON 13-25	15133260280000	GAS	25	29	17	37.490219	-95.5056	IN
Ace Energy LLC			THORNTON C-96	15133224730000	OIL	25	29	17	37.493566	-95.50163	IN
Ace Energy LLC			THORNTON I 12 (D1)	15133021470000	EOR	25	29	17	37.493063	-95.506507	IN
Ace Energy LLC			THORNTON I 9 (J4)	15133021480000	EOR	25	29	17	37.495433	-95.506115	IN

KLN #	COUNTY	CONAME	WELL_NM	API_WELLNO	WELL_TYPE	SEC	TWP	RGE	LAT	LON	WELL STATUS
Ace Energy LLC			THORNTON J 10 (J5)	15133212650001	EOR	25	29	17	37.494536	-95.505192	IN
Ace Energy LLC			THORNTON J 11 (J2)	15133212610001	EOR	25	29	17	37.493736	-95.505911	IN
Ace Energy LLC			THORNTON J 9 (J1)	15133254790001	EOR	25	29	17	37.495212	-95.504292	IN
Ace Energy LLC			THORNTON J-2-S	15133022020000	OIL	25	29	17	37.492178	-95.50416	IN
Ace Energy LLC			THORNTON J-3-S	15133022030000	OIL	25	29	17	37.491669	-95.505208	IN
Ace Energy LLC			THORNTON J-8	15133021990000	OIL	25	29	17	37.493176	-95.503361	IN
Ace Energy LLC			THORNTON J-9	15133023570000	OIL	25	29	17	37.495205	-95.505138	IN
Ace Energy LLC			THORNTON K 12 (J7)	15133212710001	EOR	25	29	17	37.493014	-95.504332	IN
Ace Energy LLC			THORNTON K 9 (C67)	15133224700001	EOR	25	29	17	37.495899	-95.505092	IN
Ace Energy LLC			THORNTON K-9	15133254850000	GAS	25	29	17	37.495886	-95.504242	IN

KLN #	COUNTY	CONAME	WELL_NM	API_WELLNO	WELL_TYPE	SEC	TWP	RGE	LAT	LON	WELL STATUS
Ace Energy LLC			THORNTON L 11 (J9)	15133021490000	EOR	25	29	17	37.49401	-95.50362	IN
Ace Energy LLC			THORNTON L 9 (C65)	15133224680001	EOR	25	29	17	37.495829	-95.503437	IN
Ace Energy LLC			THORTON J-12	15133022000000	OIL	25	29	17	37.492982	-95.505378	IN

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



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

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

Laura Kelly, Governor

July 27, 2021

Ace Energy LLC KLN#34998  
Jonathan Freiden  
11704 Aberdeen Rd.  
Leawood, KS 66211-2921

### **NOTICE OF VIOLATION(S)**

**Re: Inactive Well(s)**

Operator:

District #3 Field Staff have determined that the attached list of inactive wells are unplugged without approved temporary abandonment status according to your well inventory and confirmed by Staff field investigation. **In other words, the well(s) on the attached list are in violation of Commission regulations, specifically K.A.R. 82-3-111.**

**K.A.R. 82-3-111** requires operators to plug, return to service, or obtain temporary abandonment status for each inactive well within 90 days of the well becoming inactive. Exempted wells must be fully equipped, immediately capable of returning to service, subject to a valid lease, the well has produced within the past 365 days, and the well is otherwise in full compliance with all of the Commission's regulations.

Please contact Commission District Staff at 620-902-6450 if any of the following conditions are met prior to the deadline of August 27, 2021:

- Well(s) on the attached list are returned to service or plugged, or
- Well(s) on the attached list are fully equipped, immediately capable of returning to service, are on an active lease, and have been in service within the last year.

Please bring the well(s) on the attached list into compliance with K.A.R. 82-3-111 by August 27, 2021. Failure to comply with the deadline shall result in a penalty recommendation in the amount of \$100.00 per well. Temporary abandonment applications must be filed on KOLAR, except a more formal application must be filed if the well(s) have been inactive for over ten years. You may contact us with any questions.

Sincerely,

John Almond  
District Compliance Officer, ECRS  
Kansas Corporation Commission  
620-902-6450

Cc: Troy A. Russell  
District #3 Supervisor, P.G.  
Kansas Corporation Commission



# ACTIVE OPERATORS / INACTIVE ("IN" - STATUS) WELL

KLN #	COUNTY	CONAME	WELL_NM	API_WELLNO	WELL_TYPE	SEC	TWP	RGE	LAT	LON	WELL STATUS
34998											
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Ace Energy LLC			GALE MULLEN F41	15037015380000	OIL	1	31	21	37.383019	-95.051043	IN
Ace Energy LLC			MULLEN I-23	15037223530000	OIL	1	31	21	37.381018	-95.051778	IN
GW											
Ace Energy LLC			HOLMES 1	15073012200000	OIL	7	27	11	37.7196444	-96.2401958	IN
Ace Energy LLC			HOLMES 2	15073012210000	OIL	7	27	11	37.7196425	-96.2424768	IN
Ace Energy LLC			HOLMES 7	15073232720000	OIL	7	27	11	37.72142	-96.239777	IN
Ace Energy LLC			HOLMES (A C) 3	15073013830000	SWD	7	27	11	37.71599	-96.24245	IN

KLN #	COUNTY	CONAME	WELL_NM	API_WELLNO	WELL_TYPE	SEC	TWP	RGE	LAT	LON	WELL STATUS
NO											
Ace Energy LLC			JAMES JOHN C-145	15133224780000	OIL	26	29	17	37.492691	-95.515907	IN
Ace Energy LLC			JAMES JOHN 33-26	15133260270000	GAS	26	29	17	37.48888	-95.512672	IN
Ace Energy LLC			JAMES JOHN C-141	15133224770000	OIL	26	29	17	37.492691	-95.515907	IN
Ace Energy LLC			JAMES JOHN C-165	15133021980000	OIL	26	29	17	37.4887796	-95.5137373	IN
Ace Energy LLC			JAMES JOHN C-166	15133224800000	OIL	26	29	17	37.492691	-95.515907	IN
Ace Energy LLC			JAMES JOHN JL-1	15133205320000	OIL	26	29	17	37.492691	-95.515907	IN
Ace Energy LLC			JAMES JOHN L-1	15133215090000	OIL	26	29	17	37.492691	-95.515907	IN
Ace Energy LLC			JOHN JAMES C 205	15133224810001	EOR	26	29	17	37.4865	-95.513641	IN
Ace Energy LLC			STANLEY STITT L-2	15133217150000	GAS	24	29	17	37.507141	-95.497749	IN
Ace Energy LLC			STITT C 42-26	15133260260000	GAS	26	29	17	37.494049	-95.510307	IN
Ace Energy LLC			STITT E J F 17	15133254870001	EOR	26	29	17	37.48843	-95.509827	IN



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Ace Energy LLC			STITT STAN C 20	15133021530000	EOR	24	29	17	37.50037	-95.50404	IN
Ace Energy LLC			STITT STAN C 52	15133222730001	EOR	25	29	17	37.49774	-95.50266	IN
Ace Energy LLC			STITT STAN J 5	15133021540000	EOR	24	29	17	37.50138	-95.50511	IN
Ace Energy LLC			THORNTON 13-25	15133260280000	GAS	25	29	17	37.490219	-95.5056	IN
Ace Energy LLC			THORNTON 23-25	15133260290000	GAS	25	29	17	37.490051	-95.498901	IN
Ace Energy LLC			THORNTON C-64	15133224670000	GAS	25	29	17	37.495919	-95.500078	IN
Ace Energy LLC			THORNTON C-80	15133224720000	OIL	25	29	17	37.494709	-95.501672	IN
Ace Energy LLC			THORNTON C-96	15133224730000	OIL	25	29	17	37.493566	-95.50163	IN
Ace Energy LLC			THORNTON I 12 (D1)	15133021470000	EOR	25	29	17	37.493063	-95.506507	IN
Ace Energy LLC			THORNTON I 9 (J4)	15133021480000	EOR	25	29	17	37.495433	-95.506115	IN
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		Ace Energy LLC	THORNTON K 9 (C67)	15133224700001	EOR	25	29	17	37.495899	-95.505092	IN
		Ace Energy LLC	THORNTON K-10	15133254780000	OIL	25	29	17	37.494567	-95.504059	IN
		Ace Energy LLC	THORNTON K-11	15133022010000	OIL	25	29	17	37.49377	-95.504687	IN
		Ace Energy LLC	THORNTON K-9	15133254850000	GAS	25	29	17	37.495886	-95.504242	IN



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Ace Energy LLC			THORNTON L 9 (C65)	15133224680001	EOR	25	29	17	37.495829	-95.503437	IN
Ace Energy LLC			THORNTON L-9	15133254770000	OIL	25	29	17	37.495277	-95.503415	IN
Ace Energy LLC			THORTON J-12	15133022000000	OIL	25	29	17	37.492982	-95.505378	IN

"IN" WELLS OUT OF COMPLIANCE 45

## **CERTIFICATE OF SERVICE**

22-CONS-3215-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 11/23/2021.

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

RYAN DULING  
KANSAS CORPORATION COMMISSION  
DISTRICT OFFICE NO. 3  
137 E. 21ST STREET  
CHANUTE, KS 66720  
r.duling@kcc.ks.gov

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LEAWOOD, KS 66211  
jfreiden@me.com

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KANSAS CORPORATION COMMISSION  
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WICHITA, KS 67202-1513  
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t.russell@kcc.ks.gov

/S/ DeeAnn Shupe  
\_\_\_\_\_  
DeeAnn Shupe