

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

Before Commissioners: Andrew J. French, Chairperson
 Dwight D. Keen
 Annie Kuether

In the matter of the failure of Novy Oil &) Docket No.: 24-CONS-3320-CPEN
Gas, Inc. (Operator) to comply with K.A.R.)
82-3-112 at the Patton B #2 in Scott County,) CONSERVATION DIVISION
Kansas.)
_____) License No.: 31714

PENALTY ORDER

The Commission finds Operator has violated K.A.R. 82-3-112 regarding the captioned well, assesses a \$1,000 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. 82-3-112 provides that whenever it appears to the conservation division that any water from any well is migrating or infiltrating into oil-bearing or gas-bearing strata or

that any detrimental substances are infiltrating any fresh and usable water, a shut-off test may be required by the conservation division, to be made at the expense of the operator or owner of that well. The time and procedure for the taking of the test shall be fixed by the conservation division. Reasonable notice of the test shall be given to the owner or operator.

II. FINDINGS OF FACT

4. Operator is licensed to conduct oil and gas activities in Kansas and is responsible for the Patton B #2 (Subject Well), API #15-171-20177, located in Section 36, Township 19 South, Range 33 West, Scott County, Kansas.

5. Commission records indicated the Subject Well appeared to have water in the Subject Well infiltrating into oil-bearing or gas-bearing strata. Thus on January 10, 2024, Commission Staff sent a letter to Operator, requiring Operator to conduct a casing integrity test to ensure the Subject Well was in compliance with K.A.R. 82-3-112 by February 12, 2024.¹ On February 7, 2024, Operator requested and was granted an extension to March 15, 2024, in order to perform the integrity test.²

6. On or around April 8, 2024, Operator moved a rig over the Subject Well to attempt to conduct a casing integrity test.³ Operator was only able to pull a portion of the rods and none of the tubing from the wellbore.⁴ The high fluid level within the wellbore and the depth at which the rods are stuck is indicative of a casing leak.⁵ The rods and tubing stuck in the wellbore prevented Operator from conducting a satisfactory, staff-witnessed casing integrity test and the well currently sits idle.

¹ Exhibit A.

² Exhibit B.

³ Exhibit C.

⁴ *Id.*

⁵ *Id.*

7. To date, the Commission has no evidence the Subject Well has been subjected to a current and successful integrity test as required by the conservation division pursuant to K.A.R. 82-3-112. Staff witnessed no such test and Operator did not inform Staff that such test had been conducted.

III. CONCLUSIONS OF LAW

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

9. Operator has committed one violation of K.A.R. 82-3-112 because Operator has not demonstrated that water is not infiltrating oil-bearing and gas-bearing strata by conducting a current and successful integrity test on the Subject Well.

THEREFORE, THE COMMISSION ORDERS:

- A. Operator shall pay a \$1,000 penalty.
- B. Operator shall perform a successful, staff-witnessed integrity test on the Subject Well or plug the well.
- C. 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.
- D. 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.
- E. 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. The notice and opportunity for a hearing on this Order shall constitute the notice required by K.S.A. 77-512 regarding license suspension.

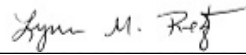
F. A party may petition for reconsideration of a final order pursuant to the requirements and time limits established by K.S.A. 77-529(a)(1).⁶

G. 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; Kuether, Commissioner

Dated: 04/30/2024



Lynn M. Retz
Executive Director

Mailed Date: 04/30/2024

KAM

⁶ 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).

Andrew J. French, Chairperson
Dwight D. Keen, Commissioner
Annie Kuether, Commissioner

Laura Kelly, Governor

January 10, 2024

Michael E. Novy
Novy Oil & Gas, Inc.
PO Box 559
Goddard, KS 67052-0559

NOTICE OF VIOLATION

Re: Patton B #2, 15-171-20177-00-00, Scott County, Kansas

Operator:

Based upon Commission records, it appears that water is migrating or infiltrating into oil-bearing or gas-bearing strata or infiltrating fresh and usable water at the above referenced well. Pursuant to K.A.R. 82-3-112, whenever it appears to the Conservation Division that any water from any well is migrating or infiltrating into oil-bearing or gas-bearing strata or that any detrimental substances are infiltrating any fresh and usable water, a shut-off test may be required by the Conservation Division. The time and procedure for the taking of the test shall be fixed by the Conservation Division.

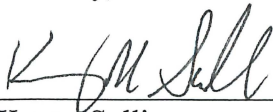
Staff is requiring a casing integrity test pursuant to K.A.R. 82-3-112. If the well fails this test, you are required to immediately repair and successfully retest the well or plug the well in accordance with our rules and regulations within 30 days from the date of failure.

Please contact our Office as soon as possible to schedule a time to conduct a casing integrity test on the referenced well.

**Failure to demonstrate the well has effective casing
by 2/12/2024
shall be punishable by an administrative penalty.**

Please feel free to contact me at 620-682-7933 if you have any questions.

Sincerely,



Kenny Sullivan
Professional Geologist/Supervisor, District #1
Kansas Corporation Commission

Kenny Sullivan [KCC]

From: Kenny Sullivan [KCC]
Sent: Wednesday, February 7, 2024 1:57 PM
To: 'mikenovy@aol.com'
Subject: RE: Patton B#2 gas well

Mike-

I will grant you until 3/15/2024 to conduct the integrity test on the Patton B #2. Due to the high fluid level in the well no further extensions will be granted.

Please don't hesitate to contact me with any questions.

Sincerely-

Kenny Sullivan, P.G.
District Supervisor



Conservation Division District 1
Kansas Corporation Commission
210 E. Frontview, Ste A | Dodge City, KS | 67801
Phone (620) 682-7928 | <http://kcc.ks.gov/>

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From: mikenovy@aol.com <mikenovy@aol.com>
Sent: Wednesday, February 7, 2024 10:20 AM
To: Kenny Sullivan [KCC] <k.sullivan@kcc.ks.gov>
Subject: Patton B#2 gas well

This is an EXTERNAL EMAIL. Think before clicking a link or opening attachments.

Dear Kenny

This e mail is to confirm that we are requesting a 30 day extension on performing the mechanical integrity test on the Patton B #2.

please accept our thanks in advance.

Kind Regards
Mike Novy

KCC OIL/GAS REGULATORY OFFICES

Date: 04/17/24

District: 01

Case #: _____

New Situation

Lease Inspection

Response to Request

Complaint

Follow-Up

Field Report

Operator License No: 31714

API Well Number: 15-171-20177-00-00

Op Name: Novy Oil & Gas Inc.

Spot: SE SW NW Sec 36 Twp 19 S Rng 33 E / W

Address 1: PO Box 559

3283 Feet from N / S Line of Section

Address 2: _____

4617 Feet from E / W Line of Section

City: Goddard

GPS: Lat: 38.36095 Long: 100.92194 Date: 3/2/23

State: Kansas Zip Code: 67052 -

Lease Name: Patton B Well #: 2

Operator Phone #: (316) 794-7200

County: Scott

Reason for Investigation:

3-2-23 Check gas well status. Last reported gas sales 10/2021.
Several rechecks between 8-28-23 and 3-18-24
4-17-24 Re check

Problem:

The TA application was denied on 3-21-23 due to a high fluid level of 786 feet.
Operator advised that this inactive Chase gas well has been returned to service.

Persons Contacted:

None

Findings:

8 5/8 @ 367' w/ 300 sx, 4 1/2 @ 4745' w/ 175 sx, top stage w/ 325 sx. TOC @ 1770'. CIBP @ 2697' PBTD. Chase perms-2628 to 2637'. Stone Corral ~ 2150', Permian Top~ 1300', Cedar Hills~ 1500-1640'
* 3-2-23 Found well inactive. The well had been used to furnish supply gas to the Smith and Patton oil tank batteries. All the wells on both leases have been TA'd several years. No pipeline meter run set for gas to flow to pipeline.
* 3-21-23 TA application denied due to a high fluid level of 786'. (indicative of a Cedar Hills csg leak).
* 8-23-23 Novy attorney advised the KCC legal dept that the well has been returned to production. Operator changed the pump.
* 8-24-23 Novy advised the KCC that they were having electrical issues getting the well started.
* 8-28-23 Field check. Workover rig on location. No rig crew. Well is down with power shut off. No pressure on the well. Sheaves are rusty on the pumping unit. Has not ran.
* 8-31-23 Re check. No change from 8-28-23 inspection.
* 9-15-23 Re check. Operator just started up the pumping unit in attempt to lower the high fluid level to re-file for a TA.
* 9-25-33 Re check. Pumping unit down. Power shut off. No csg pressure on gauge. Workover rig still parked on location. (MR-932)
* 10-26-23 Re check. Pumping unit down w/ power off. No csg pressure. All sales line valves and water line valves closed. 3 photos
* 12-26-23 Re check. Pumping unit down w/ power off. No csg pressure. All sales line and water line valves closed. 3 photos (MR-932). The well has a high fluid level and never was able to build any gas pressure on the casing.
* 1-10-24 NOV letter sent requiring a CIT by 2-9-24. Kenny Sullivan granted the operator an extension until 3-15-24 to conduct a successful CIT.
* 3-18-24 Re check. Status same as 10-26-23. Well is still down with 0 # csg pressure. No work has been done. 2 pictures.
* 4-17-24 Re check. Operator moved a rig in on or about 4-8-24. Found rods & pump stuck in the tbq. Backed off rods. Only got out with ~500' of rods. ~2000' of rods still in hole. Attempt to pull tbq. Could not. It was stuck also. Moved rig off ~ 4-9-24. No activity since. 1 picture showing horsehead off.

Action/Recommendations:

Follow Up Required Yes No

Date: _____

10-26-23 The well had been used to furnish gas to the Smith and Patton oil well heater treaters only. All the wells on both leases are TA'd so any gas that the well might be capable of producing has no place to go. If the operator is successful in permanently lowering the static fluid level, he would only be able to TA the well until the oil leases are reactivated.
12-26-23 Send CP-111 NOV since the well has been inactive for over 90 days with a high fluid level. 3 photos. See attached from KCC Rules & Regulation Manual.
3-18-24 Send to legal dept.
4-17-24 Advise legal dept.

Verification Sources:

RBDMS KGS TA Program
 T-I Database District Files Courthouse
 Other: _____

Photos Taken: _____

By: Ken Jehlik

ECRS

Retain 1 Copy District Office
Send 1 Copy to Conservation Division

Form: 02/22/2008

Exhibit C

Page 1 of 4



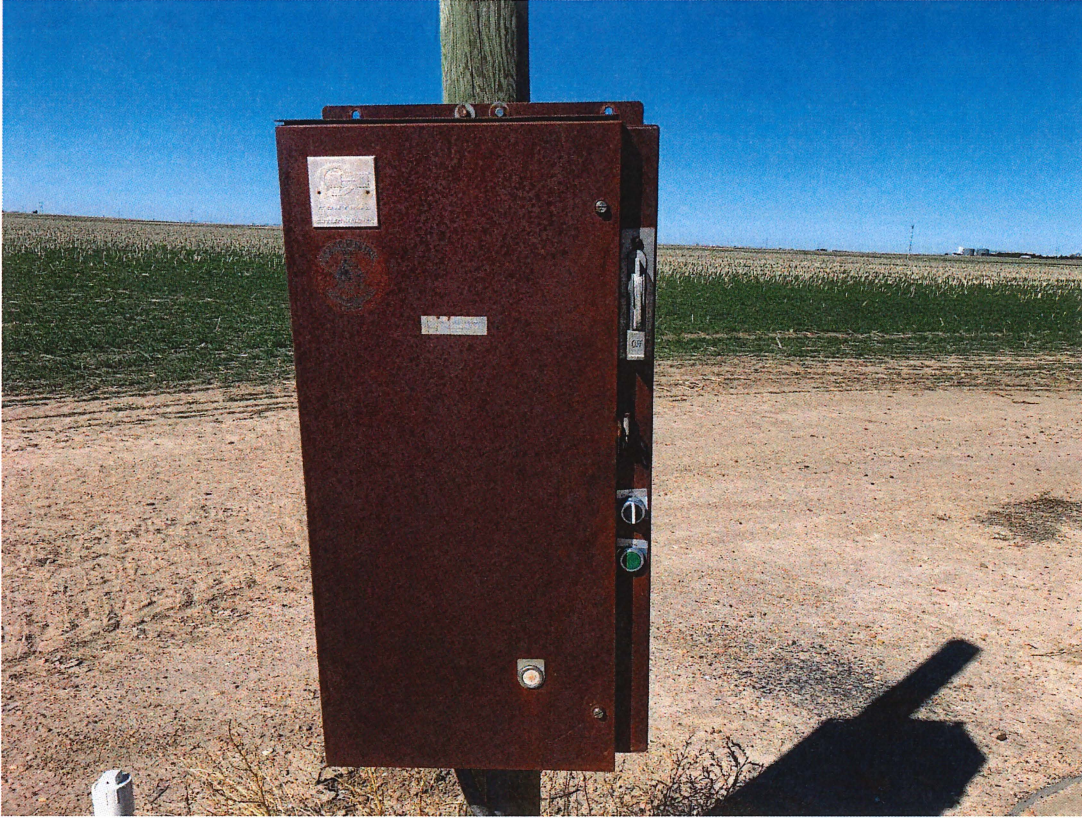
03/18/2024

NOVY OIL & GAS INC.

PATTON B 2

SE-SW-NW 36-19-33W

WELLHEAD WITH 0# CSG PRESSURE.



03/18/2024

NOVY OIL & GAS INC.

PATTON B 2

SE-SW-NW 36-19-33W

CONTROL PANEL WITH POWER OFF.



4/17/2024

Novy Oil & Gas, Inc.

Patton B #2

SE SW NW 36-T19S-R33W

Scott County, Kansas

Pumping unit dismantled and disconnected from wellhead.

CERTIFICATE OF SERVICE

24-CONS-3320-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 04/30/2024.

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

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

MICHAEL NOVY
NOVY OIL & GAS, INC.
PO Box 559
Goddard, KS 67052-0559
novyoil@aol.com

ROBYN STALKFLEET, ADMINISTRATIVE SPECIALIST
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KENNY SULLIVAN, DISTRICT #1 SUPERVISOR
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/S/ KCC Docket Room
KCC Docket Room
