

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



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

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

Laura Kelly, Governor

**NOTICE OF PENALTY ASSESSMENT**  
**21-CONS-3216-CPEN**

April 8, 2021

Mitch Lyon  
Chizum Oil, LLC  
346 S. Lulu Street  
Wichita, KS 67211-1713

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 \$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:                      Andrew J. French, Chairperson  
   Dwight D. Keen  
   Susan K. Duffy

In the matter of the failure of Chizum Oil,	)	Docket No.: 21-CONS-3216-CPEN
LLC (Operator) to comply with K.A.R. 82-3-	)	
107 and K.A.R. 82-3-130 at the Walker #1-34	)	CONSERVATION DIVISION
in Rawlins County, Kansas.	)	
<hr/>		License No.: 35407

**PENALTY ORDER**

The Commission rules as follows:

**I. JURISDICTION**

1.        The Commission has the exclusive jurisdiction and authority to regulate oil and gas activities in Kansas.<sup>1</sup> 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.”<sup>2</sup> Every operator conducting oil and gas activity in Kansas must be licensed by the Commission.<sup>3</sup>

2.        The Commission has the authority to issue a Penalty Order for violation of any provision of K.S.A. 55-101 *et seq.*, rule, regulation, or order of the Commission.<sup>4</sup> The Commission shall take appropriate action which may include, but is not limited to, imposing a monetary penalty “not to exceed \$10,000, which shall constitute an actual and substantial

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<sup>1</sup> K.S.A. 74-623.

<sup>2</sup> K.S.A. 55-152.

<sup>3</sup> K.S.A. 55-155.

<sup>4</sup> K.S.A. 55-162; K.S.A. 55-164.

economic deterrent to the violation for which the penalty is assessed.”<sup>5</sup> “In the case of a continuing violation, every day such violation continues shall be deemed a separate violation.”<sup>6</sup>

3. Each operator must submit a well completion report and all associated documentation within 120 days of the spud date of each well, and the failure to submit the forms and documents is punishable by a \$500 penalty.<sup>7</sup>

## **II. FINDINGS OF FACT**

4. Operator conducts oil and gas activities in Kansas under active license number 35407.

5. Operator is responsible for the care and control of the Walker #1-34 (Subject Well), API #15-153-21254-00-00, located in Section 34, Township 3 South, Range 32 West, Rawlins County, Kansas.

6. On October 30, 2020, Operator reported to Commission Staff that the Subject Well had been spudded. Operator did not submit a complete and accurate well completion report, with the associated documents, within 120 days of the reported spud date.

7. On March 3, 2021, Commission Staff sent a Notice of Violation letter to Operator, requiring Operator to bring the Subject Well into compliance with K.A.R. 82-3-107 and K.A.R. 82-3-130 by March 17, 2021.<sup>8</sup>

8. To date, Operator has not submitted a complete and accurate well completion report, with the associated documents, for the Subject Well.

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<sup>5</sup> K.S.A. 55-164.

<sup>6</sup> *Id.*

<sup>7</sup> K.A.R. 82-3-107; K.A.R. 82-3-130. An operator’s license review may be conducted in accordance with K.A.R. 82-3-107(d)(4) during the Operator’s annual license renewal process.

<sup>8</sup> Exhibit A.

### **III. CONCLUSIONS OF LAW**

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

10. The Commission concludes Operator committed one violation of K.A.R. 82-3-107 and K.A.R. 82-3-130 because Operator did not submit a complete and accurate well completion report for the Subject Well, with the associated documents, within 120 days of the spud date.

#### **THEREFORE, THE COMMISSION ORDERS:**

A. Operator shall pay a \$500 penalty.

B. Operator shall submit a complete and accurate well completion report and associated documents for the Subject Well.

C. Any party may request a hearing on the above issues by submitting a written request, pursuant to K.S.A. 55-164, K.S.A. 77-537, and K.S.A. 77-542, to the Commission at 266 N. Main St., Suite 220, Wichita, Kansas 67202, within 30 days from the date of service of this Order. Hearings will be scheduled only upon written request. Failure to timely request a hearing will result in a waiver of Operator's right to a hearing.

D. If no party requests a hearing, and Operator is not in compliance with this Order within 30 days, 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.

E. Checks and money orders shall be payable to the Kansas Corporation Commission. For credit card payments, include the type of card (Visa, MasterCard, Discover, or American Express), account number, and expiration date. 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.

F. A corporation shall appear before the Commission by a Kansas licensed attorney.<sup>9</sup>

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

French, Chairperson; Keen, Commissioner; Duffy, Commissioner

Dated: 04/08/2021



Lynn M. Retz  
Executive Director

Mailed Date: 04/08/2021

KAM

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<sup>9</sup> K.S.A. 77-515(c); K.A.R. 82-1-228(d)(2).

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

Laura Kelly, Governor

March 03, 2021

Mitch Lyon  
Chizum Oil, LLC  
346 S LULU ST  
WICHITA KS 67211-1713

License No. 35407

**NOTICE OF VIOLATION**

**Re: Well Completion Report(s) - ("ACO-1")**

Operator:

Commission records indicate that the well(s) on the attached list were spudded more than 120 days ago.

K.A.R. 82-3-107 and K.A.R. 82-3-130 require operators to file an ACO-1 within 120 days of the spud date of each well. **We have not received the necessary Well Completion Report(s).**

Since no ACO-1 is on file for the well(s), you are in violation of K.A.R. 82-3-107 and K.A.R. 82-3-130.

**Failure to submit a complete, accurate ACO-1  
for the well(s) on the attached list  
by MARCH 17, 2021  
shall be punishable by a \$500 per-well administrative penalty.**

The information requested above must be submitted on KOLAR. If an ACO-1 is returned to you as incomplete, you do not have additional time - the deadline above governs.

Please contact me at (316) 337-6200 if you have any questions.

Sincerely,

KAREN J. RITTER  
Production Department

**List of Wells: Missing ACO-1**

API Well #	Lease Name / Well #	Well Location	County
15-153-21254-00-00	WALKER 1-34	34-3S-32W, NWSEENW	RAWLINS

## **CERTIFICATE OF SERVICE**

21-CONS-3216-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 \_\_\_\_\_.

MITCH LYON  
CHIZUM OIL, LLC  
346 S LULU ST  
WICHITA, KS 67211-1713

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

RENE STUCKY  
KANSAS CORPORATION COMMISSION  
266 N. Main St., Ste. 220  
WICHITA, KS 67202-1513  
Fax: 785-271-3354  
r.stucky@kcc.ks.gov

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