

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

| | | |
|---|---|-------------------------------|
| In the Matter of the Application of KanOK |) | Docket No.: 22-CONS-3473-CMSC |
| Energy, LLC (Operator) for an Operator's |) | |
| License Renewal. |) | CONSERVATION DIVISION |
| |) | |
| _____ |) | License No.: 35428 |

PREFILED TESTIMONY

OF

LORI SILLS

APPEARING ON BEHALF OF PROTESTANT,

KANOK ENERGY LLC

Q: Please state your name and address.

A: My name is Lori Sills. My business address is 307 W. Main St., Henryetta, OK 74437-4249.

Q: By whom are you employed and in what capacity?

A: I am the Manager of Land and Marketing for Arkoma Resources LLC and KanOK Energy LLC.

Q: How long have you been with both companies?

A: I joined Arkoma around when the company was created in February 2020. I started assisting KanOK when the company was formed in February 2021.

Q: Why did KanOK apply for a license in Kansas?

A: Vince Coble, who owned and operated the leases, had been struggling for a long time due to an accident. Austin Coble wanted to help Vince's situation from getting any worse and salvage the leases. To do that, KanOK applied for a license so that we could take over Vince Coble's wells.

Q: What do you remember from when KanOK applied for a license in Kansas?

A: On March 25, 2021, I had a call with Nancy Borst in the licensing department to discuss what KanOK needed to do to get a license. She recommended that instead of processing this as a new application, the staff should treat it as a name change. This was framed as something that would make the staff's job easier because they would not need to manually approve all the T-1 transfers between the two entities.

Since the staff recommended it and it did not seem to matter much, we said it was fine to treat it as a name change if that is what the staff wanted to do. We had no idea that the staff would take the position that KanOK could be responsible for Vince Coble's violations. We are a different company.

Q: What happened after KanOK received its license in late March 2021?

A: We got to work on getting wells back on line. We spent the rest of 2021 cleaning up leases and trying to get as many back in production as we could.

Q: What happened in February 2022?

A: In February, I submitted TA filings for all the wells that we had not gotten back into production. This is when we started to run into trouble. The KCC denied the TA application for the Amigo 31-399 well because it had been out of production for ten years. The Amigo lease was one of several leases that Vince Coble acquired without the well files. KanOK was unaware that the Amigo had reached the ten-year limit that the KCC places on inactive wells.

Q: What did KanOK do then?

A: KanOK felt that the Amigo 31-399 well might still be salvageable, so on April 4, 2022, we applied for an extension of the temporary abandonment limit. From then on, we were on regular communication with KCC District 1 staff, Michael Maier, and Kelcey Marsh in the legal department. We experienced some delay due to the KCC locking KanOK out of KOLAR after staff denied the TA application. After that, all KanOK filings had to be submitted by postal mail. This made timely compliance difficult.

During the Amigo docket, KanOK completed a casing integrity test ("CIT") on June 28, 2022. Unfortunately, the CIT report showed that the well needed to be plugged. While a KCC staff person was on site during the CIT, KanOK sent written notice that it intended to plug the well the next day on June 29, 2022. Following additional communications with District 1 and the KCC's legal team, KanOK plugged the Amigo well on August 10, 2022.

In short, KanOK had recently acquired the Amigo lease when its well reached the ten-year limitation for temporary abandonment. After performing a CIT to help determine if the well could be brought into production, KanOK determined it was not and had the well plugged as soon as they could get a well servicing rig onsite.

Q: What was happening on the license application?

A: Our license was in limbo after the KCC initially denied our application. We received the Order Denying Application for License on June 30, 2022 for noncompliance in the Amigo docket. But we had been on constant—sometimes daily—calls with KCC staff about bringing KanOK into compliance. At all times, we acted in good faith with the goal of bringing all former Vince Coble wells into compliance with KCC regulations.

Q: Thank you for your testimony, Ms. Sills.

A: You are welcome.

VERIFICATION

STATE OF)
) ss:
COUNTY OF)

Lori Sills, of lawful age, being first duly sworn upon my oath, state that I am authorized to provide this testimony on behalf of KanOK Energy, LLC; that I have read the above prefiled testimony; that I know the contents thereof and declare that the statements made therein are true and correct to the best of my knowledge and belief.



Lori Sills

Subscribed and sworn to before me this 28th day of October, 2022.



Notary Public

My appointment expires: 04/26/2026

