

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

Before Commissioners: Shari Feist Albrecht, Chair
Jay Scott Emler
Pat Apple

In the matter of the failure of Torchlight)	Docket No.: 15-CONS-638-CPEN
Energy Operating, LLC ("Operator") to)	
comply with K.A.R. 82-3-111 at the Hoffman)	CONSERVATION DIVISION
#1-25 in McPherson County, Kansas.)	
<hr/>		License No.: 35023

PENALTY ORDER

The above captioned matter comes before the State Corporation Commission of the State of Kansas. Having examined the files and records, and being duly advised in the premises, the Commission finds and concludes as follows:

I. JURISDICTION

1. K.S.A. 74-623 provides that the Commission has the exclusive jurisdiction and authority to regulate oil and gas activities. K.S.A. 55-152 provides that 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. The Commission has licensing authority pursuant to K.S.A. 55-155.

2. K.S.A. 55-162 and K.S.A. 55-164 provide the Commission with authority to issue a Penalty Order regarding a violation of Chapter 55 of the Kansas Statutes Annotated, or of any rule, regulation, or order of the Commission. A Penalty Order may include a monetary penalty of up to \$10,000, and each day of a continuing violation constitutes a separate violation.

II. FINDINGS OF FACT

3. On February 12, 2015, the Commission issued a Penalty Order in this docket, ordering Operator to comply with K.A.R. 82-3-111 at the Hoffman #1-25 by plugging the well,

returning the well to service, or obtaining temporary abandonment status for the well. The Penalty Order assessed a \$100 penalty, and directed Staff to suspend Operator's license if Operator was not in compliance within 30 days. Operator did not file an appeal.

4. On March 6, 2015, Operator paid the \$100 penalty, but to date Operator has not brought the Hoffman #1-25 into compliance with K.A.R. 82-3-111. Commission records indicate that Operator no longer has a valid lease on the well, which is a horizontal well completed into the Maquoketa formation, authorized by Commission Order in Docket 11-CONS-162-CHOR.

5. On March 19, 2015, Staff suspended Operator's license for non-compliance with the present docket. Operator has not contacted Staff about bringing the Hoffman #1-25 into compliance since the February 12, 2015, Penalty Order was issued.

6. Commission records indicate that Operator is also responsible for the following unplugged wells, also in McPherson County, Kansas:

- a. Evans #30-1T, API #15-113-21369-00-00, Section 30, Township 17 South, Range 3 West,
- b. Hudson #4-1T, API #15-113-21372-00-00, Section 4, Township 17 South, Range 3 West;
- c. Hudson #9-1T, API #15-113-21371-00-00, Section 9, Township 17 South, Range 3 West; and
- d. Toll #30-1T, API #15-113-21370-00-00, Section 30, Township 17 South, Range 3 West.

III. CONCLUSIONS OF LAW

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

8. The above findings of fact are sufficient evidence to support the conclusion that Operator has violated the Commission's February 12, 2015, Penalty Order by failing to bring the Hoffman #1-25H well into compliance with K.A.R. 82-3-111.

THEREFORE, THE COMMISSION ORDERS:

- A. Operator shall pay a \$10,000 penalty.
- B. Commission Staff shall shut-in and seal all of Operator's oil and gas operations until such time as compliance with this Penalty Order is obtained.
- C. If Operator fails to comply with this Penalty Order and the February 12, 2015, Penalty Order in this docket within 30 days, then Staff is directed to plug the five unplugged wells on Operator's license, and to assess the plugging costs to Operator.
- D. Operator's license shall remain suspended until all penalties and costs have been paid and the five unplugged wells on Operator's license are in compliance with K.A.R. 82-3-111.
- E. The Commission may impose further sanctions, including additional monetary penalties and any other remedies available to the Commission by law, without further notice.
- F. 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, Suite 220, Wichita, Kansas 67202. The payment must include a reference to the docket number of this proceeding.
- G. 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, setting forth the specific grounds upon which relief is sought, to the Commission at 266 N. Main, 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.


H. If a party requests a hearing, a corporation or similar entity shall not be permitted to enter an appearance except by its attorney. Attorneys for all parties shall enter their appearances in Commission proceedings by giving their names and addresses for the record.

I. The Commission retains jurisdiction over the subject matter and the parties for the purpose of entering such further order or orders as it may deem necessary.

BY THE COMMISSION IT IS SO ORDERED.

Albrecht, Chair; Emler, Commissioner; Apple, Commissioner

Dated: JUN 2 2015



Amy L. Gilbert
Secretary

Mailed Date: June 2, 2015

JRM

CERTIFICATE OF SERVICE

I certify that on 6/2/15, I caused a complete and accurate copy of this Order to be served via United States mail, with the postage prepaid and properly addressed to the following:

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/s/ Paula Murray
Paula Murray
Legal Assistant
Kansas Corporation Commission