

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



Phone: 316-337-6200
Fax: 346-337-6211
<http://kcc.ks.gov/>

Dwight D. Keen, Chair
Shari Feist Albrecht, Commissioner
Susan K. Duffy, Commissioner

Laura Kelly, Governor

NOTICE OF PENALTY ASSESSMENT

19-CONS-3395-CPEN

June 11, 2019

Rod A. Phares
Great Plains Petroleum, Inc.
221 Circle Drive
Wichita, KS 67218-1207

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 \$1,000 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 setting forth the specific grounds upon which relief is sought. 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. 55-164; K.S.A. 77-537.

Respectfully,

Lauren N. Wright
Litigation Counsel
316-337-6200

⁴ K.S.A. 55-162; K.S.A. 55-164.

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

3. Modifications of any injection well permit may be made only upon application to the conservation division.⁷ Failure to obtain conservation division approval of any modification to an existing injection well, other than modifications designated in K.A.R. 82-3-408(c), before resuming injection operations shall be punishable by a \$1,000 penalty.⁸

II. FINDINGS OF FACT

4. The Operator conducts oil and gas activities in Kansas under active license number 30163.

5. The Operator is responsible for the care and control of the Stumps #4 (“the subject well”), API #15-009-19144-00-00, UIC Permit D-11,083, located in Section 3, Township 17 South, Range 12 West, Barton County, Kansas.

6. On September 14, 2018, the Operator conducted a mechanical integrity test (MIT) on the subject well.⁹ The MIT states, “In six months, the operator must plug, produce as an Arbuckle producer there-by cancelling docket or re-construct as a dual completed well.”¹⁰

7. On September 19, 2018, Staff sent a notice of violation (NOV) letter to the Operator stating that a review of the MIT found that the subject well is not in compliance with the production tubing requirements as stated in the original injection permit.¹¹ The letter states that use of the subject well must be discontinued until it has been brought back into compliance

⁵ K.S.A. 55-164.

⁶ *Id.*

⁷ K.A.R. 82-3-408(b).

⁸ K.A.R. 82-3-408(d).

⁹ Exhibit A.

¹⁰ *Id.*

¹¹ Exhibit B.

and that failure to bring the subject well back into compliance by March 14, 2019, may result in formal enforcement action.¹²

8. On April 17, 2019, the Operator performed another MIT but was denied due to the well not being constructed or operated, as the original injection permit requires.¹³

9. To date, the Operator has not submitted an application for modification of injection permit D-11,083 as required by K.A.R. 82-3-408(b).

III. CONCLUSIONS OF LAW

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

11. The Commission finds and concludes the Operator committed one violation of K.A.R. 82-3-408 because the subject well is not in compliance with injection permit D-11,083 and the Operator failed to apply for a modification of an injection well permit as required by K.A.R. 82-3-408(b).

THEREFORE, THE COMMISSION ORDERS:

- A. The Operator shall pay a \$1,000 penalty.
- B. The Operator has 30 days from the date of this Order to:
 - a. Apply for a modification to injection permit D-11,083 using form U-8; or
 - b. Reconstruct the subject well and operated as permitted.
- C. If no party requests a hearing, and the Operator is not in compliance with this Order within 30 days from the date of service of this Order, then the Operator's license shall be suspended without further notice. 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

¹² *Id.*

¹³ Exhibit C.

may impose further sanctions, including additional monetary penalties and any other remedies available to the Commission by law, without further notice.

D. 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. The payment must include a reference to the docket number of this proceeding. Credit card payments may be made by calling the Conservation Division at 316-337-6200.

E. 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 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.


F. A corporation shall appear before the Commission by a Kansas licensed attorney.¹⁴

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

BY THE COMMISSION IT IS SO ORDERED.

Keen, Chair; Albrecht, Commissioner; Duffy, Commissioner

Dated: 06/11/2019 _____



Lynn M. Retz
Secretary to the Commission

Mailed Date: 06/11/2019 _____
LW

¹⁴ K.S.A. 77-515(c); K.A.R. 82-1-228(d)(2).

CASING MECHANICAL INTEGRITY TEST

DOCKET # D-11,083Disposal Well ☒ Enhanced Recovery:Repressuring ☐Flood ☐Tertiary ☐

Date injection started

API #15-009 - 19144SW SW NE, Sec 3, T 17 S, R 12 E/W2970

Feet from South Section Line

2310

Feet from East Section Line

Lease StumpsWell # 4County BartonOperator: Great Plains PetroleumOperator License # 30163Name & Address 221 Circle driveContact Person Red PharesWichita, KS 67218Phone 316-685-3800

KCC

SEP 18 2018

HAYS, KS

Max. Auth. Injection Press. 0 Psi; Max Inj. Rate 3000 bbl/d;

If Dual Completion - Injection above production _____ Injection below production _____

Conductor Surface Production Liner

Size 10 3/4 7"Set at 277 3442Cement Top Surface

" Bottom _____

DV/Perf. _____ TD (and plug back) _____ ft. depth

Packer type Baker SPRAY coated Size 7" Set at 3293Zone of injection 3442 ft. to ft. 3502 Perf. or open hole open hole

Prod
Tubing 2 3/8 2 3/8
Set at 3293 132'
Type seal-tite steel

Type MIT: Pressure: ☒ Radioactive Tracer Survey: ☐ Temperature Survey: ☐F Time: Start 7:07 Min. 7:17 Min. 30 Min.I Pressures: 350 350 350 Set up 1

L _____ Set up 2

D _____ Set up 3

A Tested: Casing ☐ or Casing - Tubing Annulus ☒A The bottom of the tested zone in shut in with PackerTest Date 9/14/2018 Using Shen's tank service Company's EquipmentThe operator hereby certifies that the zone between 0 feet and 3293 feetwas the zone tested [Signature] 9/14/18 TitleThe results were Satisfactory ☒, Marginal _____, Not Satisfactory _____State Agent: Chris Neeley Title: professional geologist Witness: YES ☒ NO ☐

REMARKS:

☐ Origin. Conservation Div.: ☐ KDHE/T: ☐ Dist. Office☐ Computer UpdateIs there Chemical Sealant or a Mechanical Casing patch in the annular space? (Y/N) ☐

(If YES please describe in REMARKS)

GPS Lat _____ GPS Long _____

KCC Form U-7
Exhibit A

PASSED

* Pass, in 6 months, the operator must plug, produce as an artifice producer there - by cancelling docket or re-construct as a dual completed well. Per order of Rene, Stucky, JD

STATE OF KANSAS

CORPORATION COMMISSION
CONSERVATION DIVISION
DISTRICT OFFICE No. 4
2301 E. 13TH STREET
HAYS, KS 67601-2651



PHONE: 785-261-6250
FAX: 785-625-0564
<http://kcc.ks.gov/>

GOVERNOR JEFF COLYER, M.D.

SHARI FEIST ALBRECHT, CHAIR | JAY SCOTT EMLER, COMMISSIONER | DWIGHT D. KEEN, COMMISSIONER

September 19, 2018

NOTICE OF VIOLATION

Great Plains Petroleum, Inc. #30163
221 Circle Drive
Wichita, Kansas 67218-1207
(316) 685-8800

Re: Stumps #4
Docket #D-11,083
SW-SW-NE
Sec.03-17-12W
Barton County, Kansas

Attention: Mr. Rod Phares

During a file review of the above mentioned well it was found that this well is not in compliance with the UIC permit and/or Commission Rules and Regulations. Specifically the well *doesn't meet the production tubing requirements as stated in the permit.*

The use of this well is to be discontinued immediately until it has been brought back into compliance. Failure to bring this well back into compliance by **March 14, 2019**, may result in this matter being referred to our legal department, with a recommendation that the Commission take formal enforcement action, including assessment of monetary penalties.

If you have any questions regarding this matter please feel free to contact me at the Hays District Office at (785)261-6250.

Sincerely,

Darrel Dipman

Darrel Dipman
District 4 UIC officer

cc: Case Morris District Supervisor
Rene Stucky UIC Supervisor
Richard Williams Compliance officer

CASING MECHANICAL INTEGRITY TEST

DOCKET# D-11, 083.00.00

Disposal Well ☒ Enhanced Recovery:
 Repressuring ☐
 Flood ☐
 Tertiary ☐
 Date injection started _____
 API #15- 009-19144-00.00

SW SW NE, Sec 3, T 17 S, R 12 W
 GPS:
2868' 2970 Feet from South Section Line
2323 2310 Feet from East Section Line
 Lease STUMPS Well # 4
 County BARTON

Operator: GREAT PLAINS PETROLEUM Operator License# 30163

Name &

Address 221 CIRCLE DRIVEContact Person ROD PHARESWICHITA, KS. 67218Phone (316) 685-8800Max. Auth. Injection Press 0 Psi; Max Inj. Rate 3000 bbl/d;

If Dual Completion - Injection above production _____ Injection below production _____

	Conductor	Surface	Production	Line PROD TUBING	Tubing
Size		<u>10 3/4</u>	<u>7"</u>	<u>2 3/8</u>	<u>2 3/8"</u>
Set at		<u>277'</u>	<u>3442</u>	<u>3277</u>	<u>3293</u>
Cement Top		<u>0</u>			<u>LINED</u>
" Bottom		<u>277'</u>			

DV/Perf. _____ TD (and plug back) TD 3505 ft. depthPacker type BAKER MODEL D Size 2 3/8 X 7" Set at 3293'Zone of injection 3442 ft. to ft. 3502 Perf. or open hole OPEN HOLEType MIT: _____ Pressure: 02 Radioactive Tracer Survey: ☐ Temperature Survey: ☐F Time: Start 0 Min 15 Min 30 MinI
E Pressures: 300# 300# 300# Set up 1

System Pres. during test _____

L
D WELL PRESSURE UPHELD Set up 2

Annular Pres. during test _____

D _____ Set up 3

Fluid loss during test _____ bbls.

A
T Tested: Casing ☐ or Casing - Tubing Annulus ☒** Failed as well is not constructed or operates as the permit requires. ID*A
The bottom of the tested zone in shut in with PACKERTest Date 04/17/2019 Using SHANE'S TANK SERVICE Company's EquipmentThe operator hereby certifies that the zone between 0 feet and 3293 feetwas the zone tested _____
 Signature _____ Title NEED SIGNATURE

The results were Satisfactory _____ Marginal _____ Not Satisfactory XXX
 State Agent: _____ Title: E.C.R.S. Witness: YES NO

REMARKS: NOT CONSTRUCTED AS PERMITTEDKCC _____ Origin. Conservation Div.: _____ KDHE/T: 4 Dist. OfficeComputer Update _____ Is there Chemical Sealant or a Mechanical Casing patch in the annular space? (Y/N) NGPS Lat 38.60240 GPS Long 098.63603

(If YES please describe in REMARKS)

KCC Form U-7

2868 F.S.L. 2323 F.E.L.

Exhibit C

CERTIFICATE OF SERVICE

19-CONS-3395-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 06/11/2019.

ROD A. PHARES
GREAT PLAINS PETROLEUM, INC.
221 CIRCLE DR
WICHITA, KS 67218-1207
gprod@cox.net

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

RICHARD WILLIAMS
KANSAS CORPORATION COMMISSION
DISTRICT OFFICE NO. 4
2301 E. 13TH STREET
HAYS, KS 67601-2654
Fax: 785-271-3354
r.williams@kcc.ks.gov

LAUREN WRIGHT, LITIGATION COUNSEL
KANSAS CORPORATION COMMISSION
266 N. Main St., Ste. 220
WICHITA, KS 67202-1513
Fax: 316-337-6211
l.wright@kcc.ks.gov

/S/ DeeAnn Shupe

DeeAnn Shupe