

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

In the matter of the failure of Ace Energy, LLC)	Docket Nos.: 22-CONS-3124-CPEN
(Operator) to comply with K.A.R. 82-3-111 at)	22-CONS-3150-CPEN
forty-five wells Crawford and Neosho)	22-CONS-3215-CPEN
Counties, Kansas.)	
)	CONSERVATION DIVISION
)	
_____)	License No.: 34998

PRE-FILED DIRECT TESTIMONY

OF

RYAN DULING

ON BEHALF OF COMMISSION STAFF

APRIL 15, 2022

1 **Q. What is your name and business address?**

2 A. Ryan Duling, 137 East 21st Street, Chanute, Kansas 66720.

3 **Q. By whom are you employed and in what capacity?**

4 A. I am employed by the Conservation Division of the Kansas Corporation Commission
5 (Commission), District #3 Office, as Compliance Officer and Environmental Compliance and
6 Regulatory Specialist (ECRS).

7 **Q. Would you please briefly describe your background and work experience.**

8 A. While attending Neosho County Community College, I worked on a pulling unit as a
9 roughneck for over two years. I then began employment with the Kansas Department of
10 Transportation (KDOT), working on a drilling rig. While employed with KDOT I also
11 conducted surveys and collected samples of cores, soil, and other ledges of rock. I worked for
12 KDOT for five years, before leaving in 2004 to begin my employment with the Commission.

13 **Q. Have you previously testified before this Commission?**

14 A. Yes.

15 **Q. What are your duties with the Conservation Division?**

16 A. As Compliance Officer, I review operator data for compliance with Commission regulations
17 and prepare evidence necessary to recommend penalties for probable violations of those
18 regulations. Specifically, my job includes reviewing Staff field reports, coordinating day-to-
19 day operations of the District #3 Office, sending Notice of Violation (NOV) letters, and
20 generally trying to resolve compliance issues. I work to coordinate scheduling of Staff-
21 witnessed well completions, well pluggings, and mechanical integrity tests. I coordinate the
22 investigation of spills and complaints, verify proper construction of wells, help train District
23 Staff, and work with Commission Staff in Wichita. I conduct inspections and investigations

1 on special projects, or in the absence of assigned Staff, whenever necessary. I work with lease
2 operators, landowners, local, county, and state agencies and organizations to resolve oil and
3 gas related issues.

4 **Q. What is the purpose of your testimony in this matter?**

5 A. The purpose of my testimony is to discuss the evidence supporting the Commission's findings
6 in regard to the Penalty Orders issued against Ace Energy, LLC (Operator) in Dockets
7 22-CONS-3124-CPEN, 22-CONS-3150-CPEN, and 22-CONS-3215-CPEN (Consolidated
8 Dockets).

9 **Q. Please provide a brief overview of the facts in the Consolidated Dockets.**

10 A. Over the course of three Penalty Orders, the Commission penalized Operator for forty-five
11 violations of K.A.R. 82-3-111 for possessing inactive wells in excess of the time allowed by
12 regulation without being plugged, returned to service, or approved for temporary
13 abandonment (TA) status.

14 **Q. What are the requirements of K.A.R. 82-3-111?**

15 A. K.A.R. 82-3-111 provides that within 90 days after operations cease on any well, the operator
16 of that well shall: (1) plug the well; (2) return the well to service; or (3) file an application
17 with the Conservation Division requesting TA status, on a form prescribed in writing by the
18 Conservation Division. K.A.R. 82-3-111 also states that no well shall be temporarily
19 abandoned unless first approved by the Conservation Division, and a well shall not be eligible
20 for TA status if the well has been shut-in for 10 years or more without an operator first filing
21 an application for an exception pursuant to K.A.R. 82-3-100 and receiving approval by the
22 Commission. Finally, K.A.R. 82-3-111 provides that failure by an operator to file a notice of
23 TA status for a well shall be punishable by a \$100 penalty.

1 **Q. Please provide some background information regarding temporarily abandoned wells**
2 **in District #3.**

3 A. A priority for the Conservation Division has been to address inactive wells without approved
4 TA status on active operators' licenses. District #3 in particular has a large number of wells
5 that fall into this category. To tackle this problem, District #3 Staff has been reviewing
6 Commission records and sending Notice of Violation (NOV) letters to operators who have
7 inactive wells without approved TA status. The NOV letters give operators a deadline, and
8 indicate that if they do not address their inactive wells by that deadline, Staff will recommend
9 that the Commission issue a penalty order.

10 **Q. Did Staff send any NOV letters to Operator?**

11 A. Yes. Between April 23, 2021, and May 26, 2021, Staff sent Operator NOV letters for the
12 seventeen wells in the Docket 22-CONS-3124-CPEN Penalty Order. (The letters are attached
13 as exhibits in that Penalty Order). The deadlines in the NOV letters were between April 24,
14 2021, and June 25, 2021.

15 On June 30, 2021, Staff sent Operator NOV letters for the seven wells in the Docket
16 22-CONS-3150-CPEN Penalty Order. (The NOV letters are attached as exhibits in that
17 Penalty Order). The deadline in those NOV letters was July 30, 2021.

18 On July 27, 2021, Staff sent Operator an NOV letter for the twenty-one wells in the Docket
19 22-CONS-3215-CPEN Penalty Order. (The NOV letter is attached as an exhibit in that
20 Penalty Order). The deadline in that NOV letter was August 27, 2021.

21 **Q. Did District #3 Staff perform field inspections of the wells?**

22 A. No. Given that Operator was out of compliance for so many wells, it was infeasible to conduct
23 field inspections for all the wells.

1 **Q. Did Operator respond to the NOV letters?**

2 A. No.

3 **Q. Did Operator bring any of the forty-five wells into compliance before the deadlines in**
4 **the NOV letters?**

5 A. No.

6 **Q. Please summarize your recommendations.**

7 A. I believe the information gathered by District #3 Staff is sufficient to affirm the Commission's
8 Penalty Orders in this docket. Operator has a large number of wells on its license that have
9 been inactive and unplugged without TA status for longer than allowed by Commission
10 regulations.

11 **Q. Does this conclude your testimony?**

12 A. Yes.

CERTIFICATE OF SERVICE

22-CONS-3124-CPEN

I, the undersigned, certify that a true and correct copy of the attached Prefiled Direct Testimony of Ryan Duling has been served to the following by means of electronic service on April 15, 2022.

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/s/ Paula J. Murray

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