

CORPORATION COMMISSION
CONSERVATION DIVISION
266 N. MAIN ST., STE. 220
WICHITA, KS 67202-1513



PHONE: 316-337-6200
FAX: 316-337-6211
<http://kcc.ks.gov/>

GOVERNOR JEFF COLYER, M.D.

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

NOTICE OF PENALTY ASSESSMENT
19-CONS-3175-CPEN

November 20, 2018

Jason or Anna M. Bruns
Jordan Oil Management Inc.
PO Box 642
Wellington, KS 67152-0642

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 \$200 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

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

Before Commissioners: Shari Feist Albrecht, Chair
 Jay Scott Emler
 Dwight D. Keen

In the matter of the failure of Jordan Oil)	Docket No.: 19-CONS-3175-CPEN
Management Inc. (“Operator”) to comply with)	
K.A.R. 82-3-111 at the Ancell #2 and Ancell)	CONSERVATION DIVISION
#3 in Sumner County, Kansas.)	
_____)	License No.: 34303

PENALTY ORDER

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

I. JURISDICTION

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

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.⁴ The Commission shall take appropriate action which may include, but not be limited to, imposing a monetary penalty “not to exceed \$10,000, which shall constitute an actual and substantial

¹ K.S.A. 74-623.

² K.S.A. 55-152.

³ K.S.A. 55-155.

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. Within 90 days after operations cease on any well drilled for the purpose of exploration, discovery, service, or production of oil, gas, or other minerals, the operator of that well shall: (1) plug the well, (2) return the well to service, or (3) file an application with the Conservation Division requesting temporary abandonment (“TA”) authority, on a form prescribed by the Conservation Division.⁷ No well shall be temporarily abandoned unless first approved by the Conservation Division.⁸ A well shall not be eligible for TA status if the well has been shut in for 10 years or more without an application for an exception pursuant to K.A.R. 82-3-100 and approval by the Commission.⁹ The failure to file a notice of temporary abandonment shall be punishable by a \$100 penalty,¹⁰ and the failure to obtain approval of temporary abandonment status shall subject the Operator to additional administrative action.¹¹

4. K.A.R. 82-3-111(e) provides an exemption for certain wells that are (1) fully equipped for production of oil or gas or for injection; (2) capable of immediately resuming production of oil or gas or of injection; (3) subject to a valid continuing oil and gas lease; when (4) the cessation period for the well is less than 365 days; and (5) the well is otherwise in full compliance with all of the Commission’s regulations.

II. FINDINGS OF FACT

5. The Operator conducts oil and gas activities in Kansas under active license number 34303.

⁵ K.S.A. 55-164.

⁶ *Id.*

⁷ *See* K.A.R. 82-3-111(a).

⁸ K.A.R. 82-3-111(b).

⁹ *Id.*

¹⁰ *Id.*

¹¹ K.S.A. 55-164; K.A.R. 82-3-111(b).

6. The Operator is responsible for the care and control of the following wells, all located in Section 5, Township 33 South, Range 1 East, Sumner County, Kansas.

- a. Ansell #2, API #15-191-21746-00-01, and
- b. Ansell #3, API #15-191-21753-00-00.

7. On October 3, 2018, Commission records indicated that the subject wells had been inactive and unplugged for longer than the 90 days allowed by K.A.R. 82-3-111 and that the wells were not exempt pursuant to K.A.R. 82-3-111(e). The wells had also not been approved for temporary abandonment status. Thus, District Staff sent a letter to the Operator, requiring the Operator to bring the subject well into compliance with K.A.R. 82-3-111 by October 31, 2018.¹²

8. Because the deadline in the letter passed and the violation had not been resolved, on November 09, 2018, District Staff inspected the subject well, verifying that the well continued to be inactive and unplugged.¹³

III. CONCLUSIONS OF LAW

9. 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.

10. The Commission finds and concludes the Operator committed two violations of K.A.R. 82-3-111 because the subject wells have been inactive in excess of the time allowed by regulation without being plugged, returned to service, or approved for TA status.¹⁴

THEREFORE, THE COMMISSION ORDERS:

- A. The Operator shall pay a \$200 penalty.

¹² Exhibit A.

¹³ Exhibit B.

¹⁴ K.S.A. 55-164; K.A.R. 82-3-111(b).

B. The Operator shall plug the subject wells, or return the wells to service, or obtain TA status for the wells if eligible. Obtaining TA status shall include application for, and Commission approval of, an exception to the 10-year limit on TA status if applicable.

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 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.¹⁵

¹⁵ K.S.A. 77-515(c); K.A.R. 82-1-228(d)(2).

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.

Albrecht, Chair; Emler, Commissioner; Keen, Commissioner

Dated: 11/20/2018



Lynn M. Retz
Secretary to the Commission

Mailed Date: 11/21/2018

LW

STATE OF KANSAS



CORPORATION COMMISSION
CONSERVATION DIVISION
DISTRICT OFFICE No. 2
3450 N. ROCK ROAD
BUILDING 600, SUITE 601
WICHITA, KS 67226

PHONE: 316-337-7400
FAX: 316-630-4005
<http://kcc.ks.gov/>

GOVERNOR JEFF COLYER, M.D.

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

October 03, 2018

jb
Jordan Oil Management Inc.
P.O. BOX 642
WELLINGTON, KS 67152-0642

Re: Temporary Abandonment
API 15-191-21746-00-01
ANCELL 2
NW/4 Sec.05-33S-01E
Sumner County, Kansas

Dear jb:

Your application for Temporary Abandonment (TA) for the above-listed well is denied for the following reasons(s):

Lack of Lease

Pursuant to K.A.R. 82-3-111, the well must be plugged, or returned to service, or obtain temporary abandonment status by October 31, 2018.

This deadline does NOT override any compliance deadline given to you in any Commission Order.

You may contact me if you have any questions.

Sincerely,
Dan Fox
KCC DISTRICT 2

STATE OF KANSAS

CORPORATION COMMISSION
CONSERVATION DIVISION
DISTRICT OFFICE No. 2
3450 N. ROCK ROAD
BUILDING 600, SUITE 601
WICHITA, KS 67226



PHONE: 316-337-7400
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GOVERNOR JEFF COLYER, M.D.

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

October 03, 2018

JB
Jordan Oil Management Inc.
P.O. BOX 642
WELLINGTON, KS 67152-0642

Re: Temporary Abandonment
API 15-191-21753-00-00
ANCELL 3
NW/4 Sec.05-33S-01E
Sumner County, Kansas

Dear JB:

Your application for Temporary Abandonment (TA) for the above-listed well is denied for the following reasons(s):

Shut-in Over 10 years

Pursuant to K.A.R. 82-3-111, the well must be plugged or returned to service by October 31, 2018.

If you wish to instead file an application for an exception to the 10-year limitation of K.A.R. 82-3-111, demonstrating why it is necessary to TA the well for more than 10 years, then you must file the application for an exception by October 31, 2018.

This deadline does NOT override any compliance deadline given to you in any Commission Order.

You may contact me if you have any questions.

Sincerely,
Dan Fox
KCC DISTRICT 2

KCC OIL/GAS REGULATORY OFFICES

Date: 09/04/18

District: 02

Case #: _____

☐ New Situation
☒ Response to Request
☐ Follow-Up

☒ Lease Inspection
☐ Complaint
☒ Field Report

Operator License No: 34303

API Well Number: _____

Op Name: Jordan Oil Management Inc.

Spot: NW Sec 5 Twp 33 S Rng 1 ☒ E / ☐ W

Address 1: 188 Rolling Hills Rd.

Feet from ☐ N / ☒ S Line of Section

Address 2: PO Box 642

Feet from ☒ E / ☐ W Line of Section

City: Wellington

GPS: Lat: _____ Long: _____ Date: _____

State: KS Zip Code: 67152 -

Lease Name: Ancell Well #: _____

Operator Phone #: (620) 440-0170

County: Sumner

Reason for Investigation:

Inactive lease

Problem:

Expired 10 year TA exception granted under docket 15--CONS-635-CEXC for the Ancell #3.

Persons Contacted:

Jason or Anna M. Bruns

Findings:

8/31/2018-Upon inspection I found no activity at lease. The Ancell #3 and #2 are both inactive. The Ancell #3 is swedged in with main valve shut in, no equipment over well. And the number 2 well has had no activity since an MIT was conducted back in Sept. of 2014 when well was converted to an injection well, tubing was still laid out next to well.

8/31/2018-Open pit found at the Ancell #5, pit was dry before rains came. Well was plugged back in October of 2017.

11/9/2018-Open pit found at the Ancell #5 has been closed.

8/31/2018-Abandoned pump-jack left at the Ancell #1. Well was plugged out back in March of 2017.

11/9/2018-Follow up lease inspection to find the equipment removed from the Ancell #1, but the casing has not been cut off and site covered up. Operator has dug pits next to the Ancell #2 & 3 as if to prepare to start work on wells.

Action/Recommendations:

Follow Up Required ☒ Yes ☐ No ☐

Date: _____

9/4/2018-Will send NOV letter to operator for failure to respond to expired docket for exception to the TA extension at the Ancell #3. Will also send an NOV letter for open pit at the Ancell #5.

11/14/2018-Operator has missed deadline(s) on TA NOV letters. Recommend a commission order for operator to pay a monetary fine of \$200 and plug both the Ancell #3 and the Ancell #2.

Verification Sources:

Photos Taken: Yes

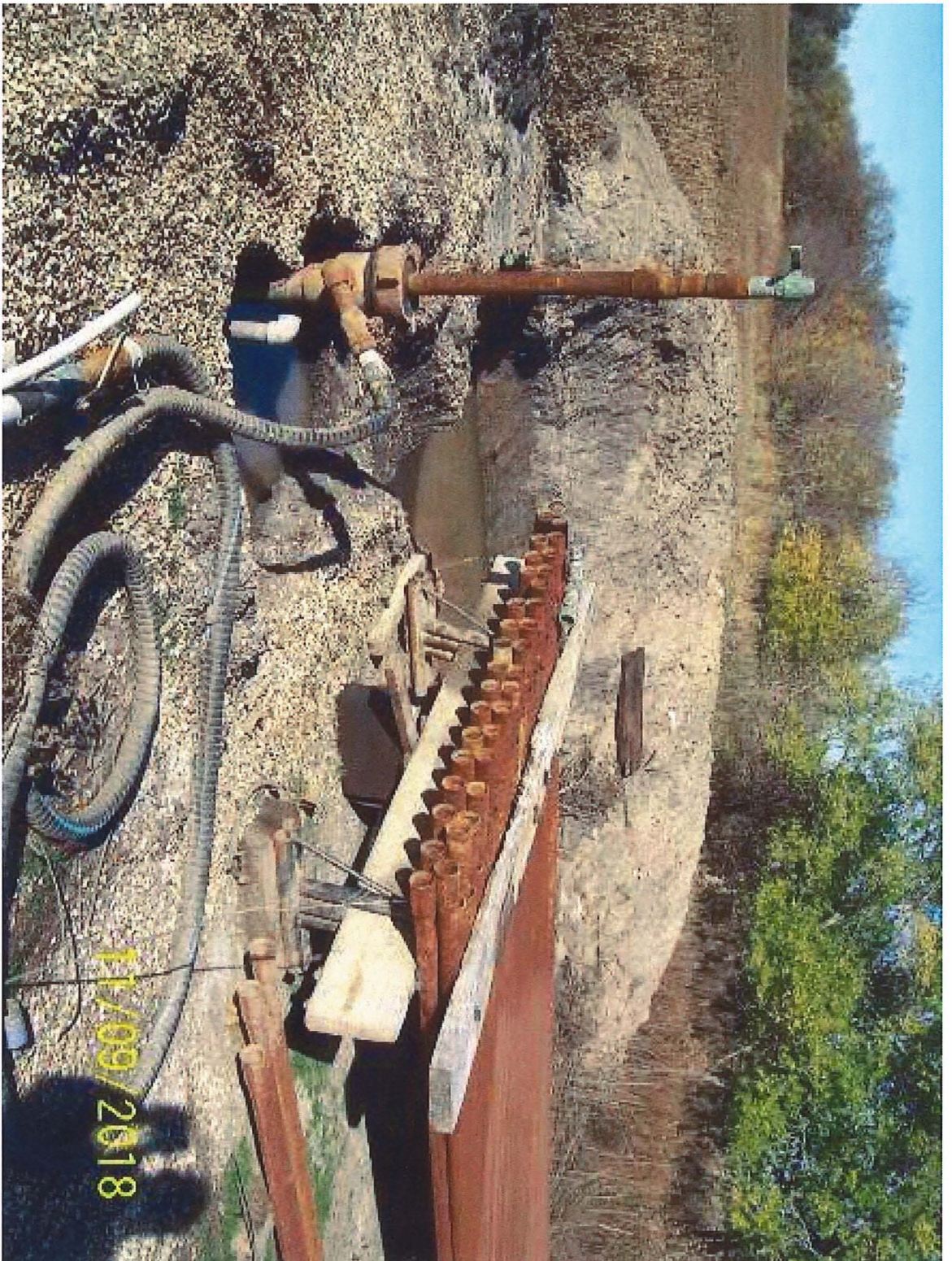
☒ RBDMS ☒ KGS ☐ TA Program
☒ T-I Database ☒ District Files ☐ Courthouse
☐ Other: _____

By: Daniel K. Fox-ECRS

Daniel K. Fox

Retain 1 Copy District Office
 Send 1 Copy to Conservation Division

Form: _____



Jordan Oil Management Inc. Lic. #34303. Ancell #2, API#15-191-21746-00-00. Located in the NW/4 of 5-33-1E. Photo taken by Dan Fox-ECRS with District 2.



Jordan Oil Management Inc. Lic. #34303. Ancell #3, API#15-191-21753-00-00. Located in the NW/4 of S-33-1E. Photo taken by Dan Fox-ECRS with District 2.

CERTIFICATE OF SERVICE

19-CONS-3175-CPEN

I, the undersigned, certify that the true copy of the attached Order has been served to the following parties by means of first class mail and electronic service on 11/20/2018.

JASON OR ANNA M. BRUNS
JORDAN OIL MANAGEMENT INC.
PO BOX 642
WELLINGTON, KS 67152-0642

DANIEL FOX, COMPLIANCE OFFICER, KCC DISTRICT 2
KANSAS CORPORATION COMMISSION
DISTRICT OFFICE NO. 2
3450 N. ROCK RD BLDG 600 STE 601
WICHITA, KS 67226
Fax: 316-630-4005
d.fox@kcc.ks.gov

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

/S/ DeeAnn Shupe

DeeAnn Shupe