

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

Before Commissioners: Andrew J. French, Chairperson
 Dwight D. Keen
 Susan K. Duffy

In the matter of the failure of Clark Energy,) Docket No.: 22-CONS-3033-CPEN
LLC (Operator) to comply with K.A.R.)
82-3-111 at seventy-three wells in Chautauqua) CONSERVATION DIVISION
and Montgomery Counties, Kansas.)
_____) License No.: 33712

PENALTY ORDER

The Commission finds Operator has violated K.A.R. 82-3-111 regarding the captioned wells, assesses a \$7,300 penalty, directs Operator to come into compliance, and further rules as more fully described below.

I. JURISDICTION

1. K.S.A. 74-623 provides the Commission exclusive jurisdiction and authority to regulate oil and gas activities in Kansas. K.S.A. 55-152 provides the Commission with jurisdiction to regulate the construction, operation, and abandonment of any well, and also the protection of the usable water of this state from any actual or potential pollution from any well. The Commission has licensing authority under K.S.A. 55-155.

2. K.S.A. 55-162 and K.S.A. 55-164 provide the Commission authority to issue penalty orders for violations of Chapter 55 of the Kansas Statutes Annotated, or of any rule, regulation, or order of the Commission. Under K.S.A. 55-164, a penalty order may include a monetary penalty of up to \$10,000, the penalty must constitute a substantial and actual economic deterrent to the violation, and each day of a continuing violation constitutes a separate violation.

3. K.A.R. 82-3-111 provides that within 90 days after operations cease on any well, the operator of that well shall plug the well, return the well to service, or file an application with

the Conservation Division requesting temporary abandonment (TA) status. If not plugged or returned to service, the operator must obtain TA approval; TA status may be denied by the Conservation Division if necessary to prevent pollution. A well shut-in for 10 years or more cannot be granted TA status without the operator filing an application for an exception pursuant to K.A.R. 82-3-100 and approval from the Commission. K.A.R. 82-3-111(e) provides a TA exemption for certain wells fully equipped and capable of production.

II. FINDINGS OF FACT

4. Operator is licensed to conduct oil and gas activities in Kansas, and is responsible for the wells listed in Exhibit A (Subject Wells).¹

5. Prior to the issuance of this Penalty Order, Commission Staff reviewed Commission records for the Subject Wells. The review indicated the Subject Wells had been inactive and unplugged for longer than the 90 days allowed by K.A.R. 82-3-111, that the wells were not exempt pursuant to K.A.R. 82-3-111(e), and that the wells were not approved for TA status. Thus, Commission Staff sent a letter to Operator, requiring Operator to bring the Subject Wells into compliance with K.A.R. 82-3-111 by a date certain.² The deadline has elapsed, and no evidence in the possession of the Commission indicates Operator has brought the Subject Wells into compliance.

III. CONCLUSIONS OF LAW

6. The Commission has jurisdiction over Operator and this matter under K.S.A. 74-623 and K.S.A. 55-152.

¹ See Exhibit A.

² See Exhibit B. The list of wells attached to the letter sent to Operator has been removed as it is identical to Exhibit A.

7. Operator has committed seventy-three 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.³

THEREFORE, THE COMMISSION ORDERS:

A. Operator shall pay a \$7,300 penalty.

B. Operator shall plug the Subject Wells, or return the wells to service, or obtain TA status for the wells if eligible.

C. Commission Staff may require Staff-witnessed static fluid level measurements before a Subject Well is returned to service. A Subject Well may not be returned to service if (1) any measurement has shown fluid in the wellbore at or above the appropriate minimum surface casing requirement described in Table I of the Commission's August 1, 1991, Order in Docket 34,780, (2) any measurement has shown fluid in the wellbore at or above any salt formation or other corrosive formation, or (3) in the opinion of Staff, variation in measurements indicates the possibility of a casing leak. Provided, however, a Subject Well may be returned to service upon (1) passing a casing integrity test after issuance of this Penalty Order to the satisfaction of Staff, or (2) Staff providing written, well-specific authorization after issuance of this Penalty Order.

D. Operator 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, to the Commission at 266 N. Main St., Suite 220, Wichita, Kansas 67202, within 30 days from the date of service of this Order. A request for hearing must comply with K.A.R. 82-1-219.

E. Failure to timely request a hearing will result in a waiver of Operator's right to a hearing. If no party timely requests a hearing, then this Order shall become final.

³ K.S.A. 55-164; K.A.R. 82-3-111(b).

F. If Operator is not in compliance with this Order and the Order is final, then Operator's license shall be suspended without further notice and shall remain suspended until Operator complies. If a Subject Well has been inactive for more than 10 years and Operator applies for an exception to the 10-year limit on TA status for the Subject Well prior to this Order becoming final, and Operator would be in compliance with this Order if the application were approved, then suspension shall not be enforced unless (1) the application is denied, and (2) 30 days have elapsed since the denial. The notice and opportunity for a hearing on this Order shall constitute the notice required by K.S.A. 77-512 regarding license suspension.

G. A party may petition for reconsideration of a final order pursuant to the requirements and time limits established by K.S.A. 77-529(a)(1).⁴

H. Credit card payments may be made by calling the Conservation Division at 316-337-6200. 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. Payments must reference the docket number of this proceeding.

BY THE COMMISSION IT IS SO ORDERED.

French, Chairperson; Keen, Commissioner (Recused); Duffy, Commissioner

Dated: 08/03/2021



Lynn M. Retz
Executive Director

Mailed Date: 08/03/2021

TSK

⁴ See K.S.A. 55-162; K.S.A. 55-164; K.S.A. 55-606; K.S.A. 55-707; K.S.A. 77-503(c); K.S.A. 77-531(b).

ACTIVE OPERATORS / INACTIVE ("IN" - STATUS) WELL

KLN #	COUNTY	CONAME	WELL_NM	API_WELLNO	WELL_TYPE	SEC	TWP	RGE	LAT	LON	WELL STATUS
33712											
		CQ									
Clark Energy, LLC		AIKEN ACRES	A-1	15019214010000	OIL	20	33	13	37.16188	-96.009209	IN
Clark Energy, LLC		AIKEN ACRES M	1	15019262340000	GAS	20	33	13	37.15929	-96.017197	IN
Clark Energy, LLC		AIKEN ACRES M	2	15019262350000	GAS	20	33	13	37.15929	-96.011528	IN
Clark Energy, LLC		AIKEN ACRES M	3	15019262360000	GAS	20	33	13	37.15929	-96.007004	IN
Clark Energy, LLC		AIKEN ACRES M	4	15019262370000	GAS	20	33	13	37.162258	-96.00499	IN
Clark Energy, LLC		AIKEN ACRES M	5	15019262380000	GAS	20	33	13	37.163818	-96.017197	IN
Clark Energy, LLC		AIKEN ACRES M	6	15019262390000	GAS	20	33	13	37.168251	-96.017113	IN
Clark Energy, LLC		AIKEN KLINE	17-1	15019266080000	CM	17	33	13	37.172779	-96.013702	IN
Clark Energy, LLC		AIKENS	10	15019222190000	GAS	20	33	13	37.16188	-96.009209	IN

KLN #	COUNTY	CONAME	WELL_NM	API_WELLNO	WELL_TYPE	SEC	TWP	RGE	LAT	LON	WELL STATUS
Clark Energy, LLC			ALTER 1	15019254610000	CM	22	33	13	37.16259	-95.981102	IN
Clark Energy, LLC			BEASON 4	15019256410000	OIL	35	32	12	37.222721	-96.058212	IN
Clark Energy, LLC			BEASON 8	15019263580000	GAS	35	32	12	37.213661	-96.055946	IN
Clark Energy, LLC			BEASON 9	15019265370000	GAS	25	32	12	37.23003	-96.053688	IN
Clark Energy, LLC			BLAKE 3	15019243480000	OIL	10	33	13	37.19735	-95.981377	IN
Clark Energy, LLC			BLAKE B1	15019233820002	GAS	15	33	13	37.18195	-95.964577	IN
Clark Energy, LLC			BROUGHAM RANCH (7/1	15019190570000	SWD	18	33	13	37.176799	-96.036896	IN
Clark Energy, LLC			CLARK KHHY-1	15019257860000	GAS	27	33	13	37.14986	-95.974373	IN
Clark Energy, LLC			COLE 17-2	15019269180000	GAS	17	33	13	37.177189	-96.001221	IN
Clark Energy, LLC			DOUBLETREE CATTLE CO	15019216430000	GAS	28	33	13	37.150269	-95.995033	IN
Clark Energy, LLC			DOUBLETREE CATTLE CO	15019270580000	GAS	2	33	12	37.2112434	-96.0629762	IN

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KLN #	COUNTY	CONAME	WELL_NM	API_WELLNO	WELL_TYPE	SEC	TWP	RGE	LAT	LON	WELL STATUS
Clark Energy, LLC			HATTRUP 1	15019265350000	GAS	1	33	12	37.200871	-96.045801	IN
Clark Energy, LLC			HATTRUP 2	15019265360000	CM	1	33	12	37.207809	-96.047069	IN
Clark Energy, LLC			HATTRUP 3	15019190360001	CM	1	33	12	37.19919	-96.045989	IN
Clark Energy, LLC			HATTRUP 4	15019265650000	CM	1	33	12	37.204561	-96.038051	IN
Clark Energy, LLC			MEADOWS 2	15019242520000	OIL	10	33	13	37.19735	-95.981377	IN
Clark Energy, LLC			OWNBEY 1	15019261380000	OIL	10	33	13	37.197788	-95.975288	IN
Clark Energy, LLC			OWNBEY 1 06	15019267670000	OIL	10	33	13	37.194431	-95.966949	IN
Clark Energy, LLC			OWNBEY 10	15019241750000	OIL	10	33	13	37.190601	-95.972923	IN
Clark Energy, LLC			OWNBEY 10-6	15019267800000	OIL	10	33	13	37.209068	-95.9813	IN
Clark Energy, LLC			OWNBEY 11	15019243510000	OIL	10	33	13	37.190601	-95.972923	IN
Clark Energy, LLC			OWNBEY 12	15019243520000	OIL	10	33	13	37.190601	-95.972923	IN

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KLN #	COUNTY	CONAME	WELL_NM	API_WELLNO	WELL_TYPE	SEC	TWP	RGE	LAT	LON	WELL STATUS
Clark Energy, LLC		OWNBEY	12-08	15019269590000	OIL	10	33	13	37.1920279	-95.9648433	IN
Clark Energy, LLC		OWNBEY	13	15019245460000	OIL	10	33	13	37.190601	-95.972923	IN
Clark Energy, LLC		OWNBEY	13-08	15019269600000	OIL	10	33	13	37.191609	-95.9695591	IN
Clark Energy, LLC		OWNBEY	14	15019245910000	OIL	10	33	13	37.190601	-95.972923	IN
Clark Energy, LLC		OWNBEY	15	15019250880000	OIL	10	33	13	37.190601	-95.972923	IN
Clark Energy, LLC		OWNBEY	16	15019250890000	OIL	10	33	13	37.190601	-95.972923	IN
Clark Energy, LLC		OWNBEY	17	15019251760000	OIL	10	33	13	37.190601	-95.972923	IN
Clark Energy, LLC		OWNBEY	18	15019252480001	EOR	10	33	13	37.194183	-95.970743	IN
Clark Energy, LLC		OWNBEY	19	15019252530000	OIL	10	33	13	37.19368	-95.972511	IN
Clark Energy, LLC		OWNBEY	2	15019231950000	OIL	10	33	13	37.190601	-95.972923	IN
Clark Energy, LLC		OWNBEY	2 06	15019267680000	OIL	10	33	13	37.194321	-95.967773	IN

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KLN #	COUNTY	CONAME	WELL_NM	API_WELLNO	WELL_TYPE	SEC	TWP	RGE	LAT	LON	WELL STATUS
Clark Energy, LLC		OWNBEY	20	15019252900000	OIL	10	33	13	37.19368	-95.971367	IN
Clark Energy, LLC		OWNBEY	21	15019253670000	OIL	10	33	13	37.19458	-95.970001	IN
Clark Energy, LLC		OWNBEY	22	15019254420000	OIL	10	33	13	37.19503	-95.968872	IN
Clark Energy, LLC		OWNBEY	23	15019257520000	OIL	10	33	13	37.19458	-95.968872	IN
Clark Energy, LLC		OWNBEY	3 06	15019267690000	OIL	3	33	13	37.195	-95.967552	IN
Clark Energy, LLC		OWNBEY	4	15019233830000	OIL	10	33	13	37.190601	-95.972923	IN
Clark Energy, LLC		OWNBEY	4 06	15019267700000	OG	3	33	13	37.198631	-95.971298	IN
Clark Energy, LLC		OWNBEY	5	15019233950000	OIL	10	33	13	37.190601	-95.972923	IN
Clark Energy, LLC		OWNBEY	6	15019233960000	OIL	10	33	13	37.190601	-95.972923	IN
Clark Energy, LLC		OWNBEY	6 06	15019267720001	EOR	3	33	13	37.200415	-95.967795	IN
Clark Energy, LLC		OWNBEY	7	15019238970000	OIL	10	33	13	37.190601	-95.972923	IN

KLN #	COUNTY	CONAME	WELL_NM	API_WELLNO	WELL_TYPE	SEC	TWP	RGE	LAT	LON	WELL STATUS
Clark Energy, LLC		OWNBEY	7 06	15019267730000	OIL	3	33	13	37.198631	-95.965286	IN
Clark Energy, LLC		OWNBEY	8	15019240820000	OIL	10	33	13	37.190601	-95.972923	IN
Clark Energy, LLC		OWNBEY	9	15019241100000	OIL	10	33	13	37.11985	-96.20842	IN
Clark Energy, LLC		OWNBEY	9-06	15019267790000	OIL	10	33	13	37.194061	-95.981407	IN
Clark Energy, LLC		OWNBY	24	15019257680000	OIL	10	33	13	37.19458	-95.967743	IN
Clark Energy, LLC		PAYNE	2	15019216280000	GAS	7	33	13	37.190861	-96.02739	IN
Clark Energy, LLC		PERKINS, JAMES	18-2	15019270320000	CM	18	33	13	37.1728071	-96.0301749	IN
Clark Energy, LLC		PERKINS, JAMES	18-3	15019270330000	CM	18	33	13	37.171139	-96.0227144	IN
Clark Energy, LLC		PERKINS, JAMES	18-4	15019270340000	CM	18	33	13	37.1774963	-96.0195437	IN
Clark Energy, LLC		RISSMAN	6	15019256370001	GAS	35	32	12	37.226349	-96.06501	IN
Clark Energy, LLC		SWANEY EAST	2	15019259640000	CM	21	33	13	37.161209	-95.988472	IN

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KLN #	COUNTY	CONAME	WELL_NM	API_WELLNO	WELL_TYPE	SEC	TWP	RGE	LAT	LON	WELL STATUS
Clark Energy, LLC			TROYER 1	15019246530000	OIL	10	33	13	37.190559	-95.97364	IN
Clark Energy, LLC			TROYER 4	15019250080000	OIL	10	33	13	37.190601	-95.972923	IN
Clark Energy, LLC			TROYER 6	15019250100000	OIL	10	33	13	37.190601	-95.972923	IN
Clark Energy, LLC			TROYER 8	15019252890000	OIL	10	33	13	37.19458	-95.97364	IN
Clark Energy, LLC			ZIMMERMAN 2	15019216840001	CM	28	33	12	37.14188	-96.107933	IN
MG											
Clark Energy, LLC			KINCAID 1	15125226460000	GAS	19	34	14	37.072731	-95.917136	IN
Clark Energy, LLC			KINCAID 2	15125227330000	GAS	19	34	14	37.072888	-95.921667	IN
Clark Energy, LLC			KINCAID K-10	15125284550000	GAS	19	34	14	37.068353	-95.915955	IN
Clark Energy, LLC			KINCAID K-6	15125284530000	GAS	19	34	14	37.070217	-95.915956	IN

"IN" WELLS OUT OF COMPLIANCE

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Conservation Division
District Office No. 3
137 E. 21st Street
Chanute, KS 66720



Phone: 620-902-6450
<http://kcc.ks.gov/>

Andrew J. French, Chairperson
Dwight D. Keen, Commissioner
Susan K. Duffy, Commissioner

Laura Kelly, Governor

May 6, 2021
Clark Energy, LLC, KLN#33712
1525 S EVERGREEN AVE
CHANUTE KS, 66720

NOTICE OF VIOLATION(S)

Re: Inactive Well(s)

Operator:

District #3 Field Staff have determined that the attached list of inactive wells are unplugged without approved temporary abandonment status according to your well inventory and confirmed by Staff field investigation. **In other words, the well(s) on the attached list are in violation of Commission regulations, specifically K.A.R. 82-3-111.**

K.A.R. 82-3-111 requires operators to plug, return to service, or obtain temporary abandonment status for each inactive well within 90 days of the well becoming inactive. Exempted wells must be fully equipped, immediately capable of returning to service, subject to a valid lease, the well has produced within the past 365 days, and the well is otherwise in full compliance with all of the Commission's regulations.

Please contact Commission District #3 Staff at 620-902-6450 if any of the following conditions are met prior to the deadline of June 6, 2021:

- Well(s) on the attached list are returned to service or plugged, or
- Well(s) on the attached list are fully equipped, immediately capable of returning to service, are on an active lease, and have been in service within the last year.

Please bring the well(s) on the attached list into compliance with K.A.R. 82-3-111 by June 6, 2021. Failure to comply with the deadline shall result in a penalty recommendation in the amount of \$100.00 per well. Temporary abandonment applications must be filed on KOLAR, except a more formal application must be filed if the well(s) have been inactive for over ten years. You may contact us with any questions.

Sincerely,

John Almond
District Compliance Officer, ECRS
Kansas Corporation Commission
620-902-6450

Cc: Troy A. Russell
District #3 Supervisor, P.G.
Kansas Corporation Commission

CERTIFICATE OF SERVICE

22-CONS-3033-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 08/03/2021.

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KANSAS CORPORATION COMMISSION
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TRISTAN KIMBRELL, LITIGATION COUNSEL
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/S/ DeeAnn Shupe
DeeAnn Shupe
