

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

In the matter of the failure of SH Oil) Docket No.: 25-CONS-3373-CPEN
Operations, LLC (Operator) to comply with)
K.A.R. 82-3-111 at eleven wells in Chase,) CONSERVATION DIVISION
Marion, and Morris Counties, Kansas.)
_____) License No.: 35837

In the matter of the failure of SH Oil) Docket No.: 25-CONS-3378-CPEN
Operations, LLC (Operator) to comply with)
K.A.R. 82-3-111 at twenty-nine wells in Chase,) CONSERVATION DIVISION
Harvey, and Morris Counties, Kansas.)
_____) License No.: 35837

In the matter of the failure of SH Oil) Docket No.: 25-CONS-3419-CPEN
Operations, LLC (Operator) to comply with)
K.A.R. 82-3-111 at five wells in Morris and) CONSERVATION DIVISION
Chase Counties, Kansas.)
_____) License No.: 35837

PRE-FILED DIRECT TESTIMONY

OF

JEFF KLOCK

ON BEHALF OF COMMISSION STAFF

OCTOBER 10, 2025

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

2 A. Jeff Klock, 3450 N. Rock Road, Bldg. 600, Suite 601, Wichita, Kansas.

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), as the Professional Geologist Supervisor for District #2, which covers most of
6 central Kansas.

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

8 A. I received my Bachelor of Science degree in Geology from Wichita State University in 1990.
9 From 1988 to 1990, I worked for F. G. Holl Company as a Geological Technician, and from
10 1991 to 1995 I worked for them as a Staff Petroleum Geologist. In April 1995, I began
11 working for the KCC as an Environmental Geologist II in the Production Department. In that
12 position, I reviewed and approved Notices of Intent-to-Drill, Cathodic Protection Borehole
13 Intents-to-Drill, New Pool Applications, Commingling Applications, and Enhanced Recovery
14 Project Certifications. In August 1999, I became a professionally licensed geologist in the
15 State of Kansas.

16 In October 2001, I started working for the District #2 field office as an Environmental
17 Geologist II. My responsibilities in that position included assisting in the planning and
18 coordination of district field investigations, spill control and clean-up activities, and
19 overseeing contamination sites. I became the District #2 Supervisor on August 27, 2007.

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

21 A. My responsibilities as a District Supervisor include supervising the work of District
22 Administrative Staff, the District Geologist, and the Environmental Compliance Regulatory
23 Specialists. I provide specific guidance and technical overview for field investigations,

1 compliance, spills, abandoned wells, and temporary abandonment (TA) procedures. I also
2 review processes related to Underground Injection Control (UIC) matters and provide input
3 for design approvals and area of review for the UIC department. Lastly, I participate in
4 working groups with other state agencies, including the Kansas Department of Health &
5 Environment, Kansas Geological Survey, and Groundwater Management Districts.

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

7 A. Yes.

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

9 A. The purpose of my testimony is to discuss the evidence supporting the Commission's findings
10 regarding the Penalty Orders issued against SH Oil Operations, LLC (Operator) in Dockets
11 25-CONS-3373-CPEN (25-3373), 25-CONS-3378-CPEN (25-3378), and 25-CONS-3419-
12 CPEN (25-3419).

13 **Q. Please provide a brief overview of the facts in these dockets.**

14 A. On May 13, 2025, the Commission penalized Operator in Docket 25-3373 for eleven
15 violations of K.A.R. 82-3-111. On May 20, 2025, the Commission penalized Operator in
16 Docket 25-3378 for twenty-nine violations of K.A.R. 82-3-111. Finally, on June 17, 2025, the
17 Commission penalized Operator in Docket 25-3419 for five violations of K.A.R. 82-3-111.
18 In each Penalty Order, the Commission found that Operator's wells were inactive in excess
19 of the time allowed by regulation without being plugged, returned to service, or approved for
20 TA status. In the Penalty Orders, the Commission ordered Operator to plug the wells, return
21 the wells to service, or obtain TA status for the wells if eligible. The Commission ordered
22 Operator to pay a total penalty amount of \$4,500.

1 On July 24, 2025, the Presiding Officer consolidated all three dockets. Throughout the rest
2 of this testimony, I will refer to the forty-five wells at issue in these consolidated dockets as
3 the "Subject Wells."

4 **Q. Please provide a bit of background about this Operator.**

5 A. SH Oil Operations, LLC received a license from the Commission on May 14, 2021. The only
6 partner listed for Operator is Brian R. Klaassen. Since receiving a license, the Commission
7 has issued eight Penalty Orders against Operator (including the three Penalty Orders at issue
8 in these consolidated dockets), as well as a Shut-In Order in Docket 25-CONS-3296-CPEN
9 for conducting oil and gas operations on a suspended license.

10 **Q. Have you spoken to Mr. Klaassen in the past?**

11 A. Yes, I have spoken with Mr. Klaassen in the past. I believe Mr. Klaassen and I spoke
12 concerning the Penalty Order in Docket 25-CONS-3047-CPEN, regarding the Hirt B #1-14
13 well, when Operator was getting ready to return the well to service. This conversation would
14 have been in 2024.

15 **Q. Who typically calls Staff on behalf of Operator?**

16 A. Paul C. Carageannis calls on behalf of Operator. Mr. Carageannis claims he is only a
17 consultant for Operator.

18 **Q. Please provide some background information on Mr. Carageannis.**

19 A. Paul C. Carageannis dba Cara Ventures (license #4677) and Paul C. Carageannis dba SEED
20 Group/AA Drilling (license #32753) has a long history of noncompliance with Commission
21 rules and regulations. For example, in Docket 11-CONS-153-CPEN, the Commission issued
22 a Shut-In Order against Paul C. Carageannis for operating wells with an expired license; and
23 in Docket 12-CONS-198-CSHO, Paul C. Carageannis failed to plug two wells as ordered by

1 the Commission, so the Commission ordered Staff to plug the wells and assess the cost to Mr.
2 Carageannis. Currently, both Paul C. Carageannis licenses are suspended and expired. For
3 additional information on Mr. Carageannis, I would refer to my Pre-Filed Testimony in
4 Docket 12-CONS-239-CMSC, in a docket titled, *In the Matter of the Appeal of the Summary*
5 *License Application Denials of Paul C. Carageannis*.

6 Following the license suspensions of Paul C. Carageannis, other operators appeared to have
7 conducted oil and gas operations on behalf of Mr. Carageannis, including Charles F. Thomas
8 dba Altex Operating (license #34277), Albert L. Cooper dba Cooper Service Co. (license
9 #33277), and JPCKS, LLC (license #35166).

10 **Q. Returning to the consolidated dockets, what are the requirements of K.A.R. 82-3-111?**

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

20 **Q. Did you send any letters to Operator regarding the Subject Wells?**

21 A. Yes, I did. A review of Commission records indicated that Operator had several inactive wells
22 on its well inventory without approved TA status. Consequently, I sent a notice of violation
23 (NOV) letter to Operator on March 13, 2025, that listed forty-eight wells out of compliance

1 with K.A.R. 82-3-111. The listed wells included all forty-five of the Subject Wells. The letter
2 gave Operator a deadline of April 12, 2025, to bring the wells into compliance with
3 Commission regulations. The NOV letter is attached to each of the Penalty Orders in this
4 docket as either Exhibit A or B.

5 **Q. Did Operator contact you regarding the NOV letter?**

6 A. Yes, Mr. Carageannis contacted me on April 29, 2025, regarding the NOV letter and the list
7 of forty-eight wells shown out of compliance with K.A.R. 82-3-111. He stated that Operator
8 had recently acquired the wells and needed time to evaluate the wells. I informed Mr.
9 Carageannis that when the wells were acquired, most of them were in compliance with TA
10 regulations, but that the wells had fallen out of compliance after Operator had taken them
11 over. He asked what he needed to do, and I told him that each well would need a current fluid
12 level reading, and that a new TA application for each well would need to be filed. A record
13 of my conversation with Mr. Carageannis is attached to this testimony as *Exhibit JK-1*.

14 **Q. Did District #2 Staff perform field inspections of the Subject Wells?**

15 A. Yes. After the deadline in the NOV letter had passed, District #2 Staff performed field
16 inspections of each of the Subject Wells. During the field inspections, Staff found the Subject
17 Wells to be inactive. As a result, the Subject Wells were out of compliance with K.A.R. 82-
18 3-111 after the deadline in the NOV letter. The field reports are attached to the Penalty Orders
19 in this docket as either Exhibit B or C.

20 **Q. The NOV letter lists forty-eight wells out of compliance with K.A.R. 82-3-111, why do**
21 **the Penalty Orders only include forty-five wells?**

22 A. Three of the wells were brought into compliance prior to the Penalty Orders being issued.

23 **Q. Did Operator submit TA applications for any of the Subject Wells?**

1 A. Yes, after the Penalty Orders had been issued, Operator submitted TA applications for thirteen
2 of the Subject Wells. District #2 Staff approved nine of those TA applications and denied four
3 of the applications.

4 **Q. Why did Staff deny several of the TA applications?**

5 A. For various reasons, including one well that had been shut-in for more than ten years, wells
6 with high fluid levels, and incomplete applications.

7 **Q. Has Operator plugged any of the Subject Wells?**

8 A. No.

9 **Q. To your knowledge, has Operator returned any of the Subject Wells to service?**

10 A. No.

11 **Q. Has Operator paid the \$4,500 total penalty amount ordered by the Commission?**

12 A. Not to my knowledge.

13 **Q. As of the date of this testimony, how many of the Subject Wells remain out of compliance**
14 **with K.A.R. 82-3-111.**

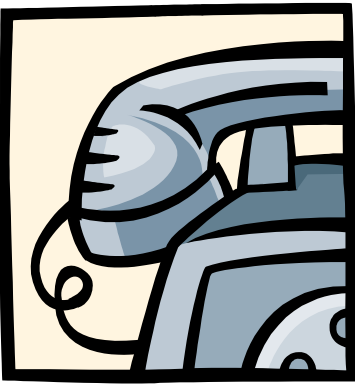
15 A. Thirty-six wells remain out of compliance.

16 **Q. Please summarize your recommendations.**

17 A. I believe the information gathered by District #2 Staff is sufficient to affirm the Commission's
18 Penalty Orders with regard to the Subject Wells. The wells were inactive and unplugged
19 without TA status for longer than allowed by Commission regulations.

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

21 A. Yes.



RECORD OF PHONE CONVERSATION

STAFF: _____Jeff Klock, District Supervisor_____

DATE: _____April 29, 2025_____

TIME: _____PM_____

PERSON CONTACTED ____Paul C. Carageannis_____

REGARDING:

WELL NAME / LEASE NAME ____Various_____

LOCATION: ____Chase, Kingman, Marion, Morris counties_____

RECORD OF CONVERSATION:

Paul Carageannis contacted me and stated that Brian Klaassen, the managing member of SH Oil Operations LLC had asked Paul to call me to discuss denied TA's, and stated they had received my TA Notice of Violation letter dated March 13, 2025 with the list of wells out of compliance. Mr. Carageannis said they had recently acquired the leases from Chase Montgomery and that they needed time to evaluate the wells. I told Mr. Carageannis that when SH Oil acquired these leases that most of the wells at the time were in compliance with TA regulations, and that they had fallen out of compliance after SH Oil had taken over. Mr. Carageannis asked what he needed to do, and I informed him to file a CP-111 he would need to shoot fluid levels and provide that with a new CP-111 application. I mention to Mr. Carageannis that the list of wells he received was directly taken from the KOLAR operator management module, and that SH Oil could look at this at any time.

CERTIFICATE OF SERVICE

25-CONS-3373-CPEN

I, the undersigned, certify that a true and correct copy of the attached Testimony has been served to the following by means of electronic service on October 10, 2025.

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/s/ Sara Graves

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