

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

Before Commissioners:                    Andrew J. French, Chairperson  
   Dwight D. Keen  
   Annie Kuether

In the matter of the failure of NEC Operating - ) Docket No.: 25-CONS-3275-CPEN  
Kansas, LLC (Operator) to comply with )  
K.A.R. 82-3-602 at the Wrangler #7 well in ) CONSERVATION DIVISION  
Trego County, Kansas. )  
\_\_\_\_\_ ) License No.: 35920

**PENALTY ORDER**

The Commission finds Operator has violated K.A.R. 82-3-602 at the captioned well, assesses a \$1,250 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. 82-3-602(a) provides that unless otherwise specified in writing by the Commission, each operator shall close drilling pits within 365 calendar days after the spud date

of a well. K.A.R. 82-3-602(c) provides that each operator of a pit shall file a pit closure form prescribed by the Commission within 30 days after the closure of the pit. Failure to file the pit closure form shall be punishable by a \$100 penalty.

4. K.A.R. 82-3-602(e) states that upon abandonment of any pit, the operator shall grade the surface of the soil as soon as practicable or as required by the Commission. The surface of the soil shall be returned, as nearly as practicable, to the condition that existed before the construction of the pit.

## **II. FINDINGS OF FACT**

5. Operator is licensed to conduct oil and gas activities in Kansas and is responsible for the Wrangler #7 well (Subject Well), API #15-195-23163-00-00, located in Section 32, Township 11 South, Range 22 West, Trego County, Kansas.

6. On July 28, 2023, Operator submitted an Application for Surface Pit (CDP-1) along with a Notice of Intent to Drill (C-1) for the Subject Well.<sup>1</sup> The CDP-1 indicated that at least one drilling pit would be used while drilling the Subject Well. Commission regulations require drilling pits be closed within 365 calendar days of the spud date; Operator did not receive an extension. Commission regulations further require a Closure of Surface Pit (CDP-4) form be filed within 30 days after the closure of a pit. Commission records indicate that the Subject Well was spud on August 4, 2023. More than 395 days (365 plus 30) have passed since the Subject Well was spud.

7. On October 16, 2024, Operator submitted a Closure of Surface Pit form (CDP-4) for the drilling pits associated with the Subject Well.<sup>2</sup> The CDP-4 indicated that Operator closed the drilling pits on June 19, 2024.

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<sup>1</sup> Exhibit A.

<sup>2</sup> Exhibit B.

8. On February 13, 2025, Staff conducted a field inspection and found that two drilling pits associated with the Subject Well remained open.<sup>3</sup>

### **III. CONCLUSIONS OF LAW**

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

10. Operator has committed one violation of K.A.R. 82-3-602 because Operator did not close the surface pits associated with the Subject Well within the prescribed time period, nor did Operator seek and obtain an extension for closing the pits.

11. Operator's CDP-4 form, which falsely indicated the pits were closed, increased the risk of environmental damage being caused when the pits remained open in excess of the time allowed by K.A.R. 82-3-602. Operator's CDP-4 masked its violation of K.A.R. 82-3-602 and misled Staff, hampering prompt enforcement regarding Operator's violation. Thus, the commission concludes a heightened monetary penalty is necessary so as to constitute the actual and substantial economic deterrent mandated by K.S.A. 55-164. The Commission concludes a \$1,250 penalty for Operator's violation of K.A.R. 82-3-602 is appropriate.

#### **THEREFORE, THE COMMISSION ORDERS:**

- A. Operator shall pay a \$1,250 penalty.
- B. Operator shall close the pits associated with the Subject Well within 30 days of the date of this order. Operator shall grade the surface of the soil, and the soil shall be returned, as nearly as practicable, to the condition that existed before the construction of the pits.
- C. Operator shall submit a complete, accurate CDP-4 form for the pits associated with the Subject Well within 30 days of the closure of the pits.

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<sup>3</sup> Exhibit C.

D. If the pits associated with the Subject Well are not closed within 30 days from the date of this order, then Operator shall be assessed an additional \$5,000 penalty, and Staff is directed to close the pits and assess the costs to Operator.

E. If a complete, accurate CDP-4 form has not been submitted within 30 days of the closure of the pits associated with the Subject Well, then Operator shall be assessed an additional \$500 penalty.

F. 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.

G. 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. 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. The notice and opportunity for a hearing on this Order shall constitute the notice required by K.S.A. 77-512 regarding license suspension. 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).

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; Kuether, Commissioner

Dated: 02/27/2025



\_\_\_\_\_  
Abigail D. Emery  
Acting Secretary to the Commission

Mailed Date: 02/27/2025

TSK

KANSAS CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION

Form CDP-1  
May 2010  
Form must be Typed

APPLICATION FOR SURFACE PIT

Submit in Duplicate

Operator Name: NEC Operating - Kansas, LLC		License Number: 35920
Operator Address: 542 SILICON DR SUITE 100		SOUTHLAKE TX 76092
Contact Person: Grant Norwood		Phone Number: 817-600-4246
Lease Name & Well No.: Wrangler 7		Pit Location (QQQQ): SE - NW - NE - NE Sec. 32 Twp. 11 R. 22 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 400 Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section 950 Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section Trego County
Type of Pit: <input type="checkbox"/> Emergency Pit <input type="checkbox"/> Burn Pit <input type="checkbox"/> Settling Pit <input checked="" type="checkbox"/> Drilling Pit <input type="checkbox"/> Workover Pit <input type="checkbox"/> Haul-Off Pit <i>(If WP Supply API No. or Year Drilled)</i>	Pit is: <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: 8906 (bbls)	
Is the pit located in a Sensitive Ground Water Area? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		Chloride concentration: _____ mg/l <i>(For Emergency Pits and Settling Pits only)</i>
Is the bottom below ground level? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Artificial Liner? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	How is the pit lined if a plastic liner is not used? <b>Drilling mud</b>
Pit dimensions (all but working pits): 100 Length (feet) 100 Width (feet) Depth from ground level to deepest point: 5 (feet)		<input type="checkbox"/> N/A: Steel Pits <input type="checkbox"/> No Pit
If the pit is lined give a brief description of the liner material, thickness and installation procedure.		Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring.
Distance to nearest water well within one-mile of pit: 3508 feet Depth of water well 85 feet		Depth to shallowest fresh water 25 feet. Source of information: <input type="checkbox"/> measured <input type="checkbox"/> well owner <input type="checkbox"/> electric log <input checked="" type="checkbox"/> KDWR
<b>Emergency, Settling and Burn Pits ONLY:</b> Producing Formation: _____ Number of producing wells on lease: _____ Barrels of fluid produced daily: _____ Does the slope from the tank battery allow all spilled fluids to flow into the pit? <input type="checkbox"/> Yes <input type="checkbox"/> No		<b>Drilling, Workover and Haul-Off Pits ONLY:</b> Type of material utilized in drilling/workover: Chemical mud Number of working pits to be utilized: 3 Abandonment procedure: Air Dried and Back Filled with Clean dirt Drill pits must be closed within 365 days of spud date.
Submitted Electronically		

<b>KCC OFFICE USE ONLY</b>			
Date Received: 07/28/2023	Permit Number: 15-195-23163-00-00	Permit Date: 07/28/2023	Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		<input type="checkbox"/> Liner	<input type="checkbox"/> Steel Pit
		<input type="checkbox"/> RFAC	<input type="checkbox"/> RFAS

KANSAS CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION

Form CDP-4  
April 2004  
Form must be Typed

**CLOSURE OF SURFACE PIT**

Operator Name: <b>NEC Operating - Kansas, LLC</b>	License Number: <b>35920</b>
Operator Address: <b>538 SILICON DR SOUTHLAKE TX 76092 7516</b>	
Contact Person: <b>Lonnie Lumpkins</b>	Phone Number: ( <b>903</b> ) <b>235 - 1003</b>
Permit Number (API No. if applicable): <b>15-195-23163-00-00</b>	Lease Name & Well No.: <b>WRANGLER 7</b>
Type of Pit:  <input type="checkbox"/> Emergency Pit <input type="checkbox"/> Burn Pit <input type="checkbox"/> Settling Pit <input checked="" type="checkbox"/> Drilling Pit <input type="checkbox"/> Workover Pit <input type="checkbox"/> Haul-Off Pit	Pit Location (QQQQ):  <b>SE</b> _ <b>NW</b> _ <b>NE</b> _ <b>NE</b> _ Sec. <b>32</b> Twp. <b>11</b> R. <b>22</b> <input type="checkbox"/> East <input checked="" type="checkbox"/> West <b>400</b> _____ Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section <b>950</b> _____ Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section <b>Trego</b> _____ County
Date of closure: <u><b>6/19/2024</b></u>	
Was an artificial liner used? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
If no, how were the sides and bottom sealed to prevent downward migration of the pit contents? <b>Drilling mud and native soil</b>	
Abandonment procedure of pit: <b>Air Dried and backfilled with clean dirt when pit was dry.</b>	

Submitted Electronically

KANSAS CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION

Form CDP-4  
April 2004  
Form must be Typed

**CLOSURE OF SURFACE PIT**

Operator Name: <b>NEC Operating - Kansas, LLC</b>	License Number: <b>35920</b>
Operator Address: <b>538 SILICON DR SOUTHLAKE TX 76092 7516</b>	
Contact Person: <b>Lonnie Lumpkins</b>	Phone Number: ( <b>903</b> ) <b>235 - 1003</b>
Permit Number (API No. if applicable): <b>15-195-23163-00-00</b>	Lease Name & Well No.: <b>WRANGLER 7</b>
Type of Pit:  <input type="checkbox"/> Emergency Pit <input type="checkbox"/> Burn Pit <input type="checkbox"/> Settling Pit <input checked="" type="checkbox"/> Drilling Pit <input type="checkbox"/> Workover Pit <input type="checkbox"/> Haul-Off Pit	Pit Location (QQQQ):  <b>SE</b> _ <b>NW</b> _ <b>NE</b> _ <b>NE</b> _ Sec. <b>32</b> Twp. <b>11</b> R. <b>22</b> <input type="checkbox"/> East <input checked="" type="checkbox"/> West <b>400</b> _____ Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section <b>950</b> _____ Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section <b>Trego</b> _____ County
Date of closure: <u><b>6/19/2024</b></u>	
Was an artificial liner used? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
If no, how were the sides and bottom sealed to prevent downward migration of the pit contents?  <b>Drilling mud and native soil</b>	
Abandonment procedure of pit:  <b>Air Dried and backfilled with clean dirt when pit was dry.</b>	

Submitted Electronically



KCC OIL/GAS REGULATORY OFFICES

Date: 02/13/25

District: 04

Case #: \_\_\_\_\_

New Situation

Lease Inspection

Response to Request

Complaint

Follow-Up

Field Report

Operator License No: 35920

API Well Number: 15-195-23163-00-00

Op Name: NEC Operating-Kansas, LLC

Spot: NE NW NE NE Sec 32 Twp 11 S Rng 22  E  W

Address 1: Grant Norwood

5237' Feet from  N  S Line of Section

Address 2: 538 Silcon Dr.

974' Feet from  E  W Line of Section

City: Southlake

GPS: Lat: 39.05819 Long: 99.78203 Date: 2/13/25

State: Texas Zip Code: 76092 -7516

Lease Name: Wrangler Well #: 7

Operator Phone #: (817) 600-4246

County: Trego

Reason for Investigation:

Drill pits still open

Problem:

Search of records found a pit closure filed, but reserve pit and fresh water pit are still open.

Persons Contacted:

NA

Findings:

Lease Check of the Wrangler 7 found the well actively operating at time of inspection. I found the reserve pit and fresh water pit are still open. A check of records found the well was spudded on 8/14/2023. Further investigation found a CDP-4(pit closure) had been filed by the operator. It list the drill pits were closed 6/19/2024.

Action/Recommendations:

Follow Up Required  Yes  No

Date: \_\_\_\_\_

I will forward to Compliance for further review and recommendations.

Verification Sources:

RBDMS  KGS  TA Program  
 T-I Database  District Files  Courthouse  
 Other: KOLAR

Photos Taken: Yes

By:   
M Shane Jones

Retain 1 Copy District Office  
Send 1 Copy to Conservation Division

Form: \_\_\_\_\_

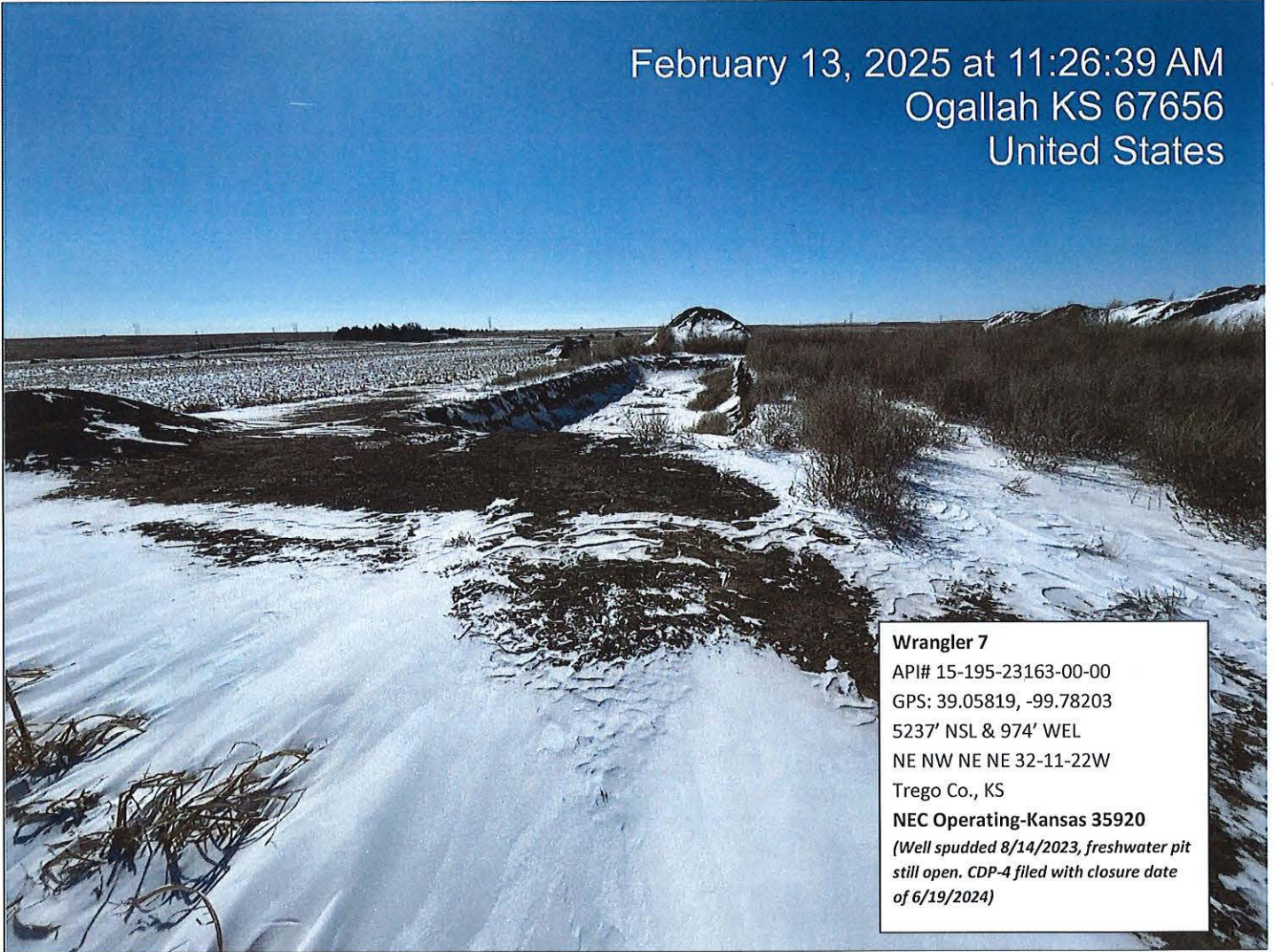
February 13, 2025 at 11:24:31 AM  
F Rd  
Ogallah KS 67656  
United States



**Wrangler 7**  
API# 15-195-23163-00-00  
GPS: 39.05819, -99.78203  
5237' NSL & 974' WEL  
NE NW NE NE 32-11-22W  
Trego Co., KS  
**NEC Operating-Kansas 35920**  
*(Active. Well spudded 8/14/2023. You  
can see that drill pits are still open.  
Well has a CDP-4 filed with closure  
date of 6/19/2024)*



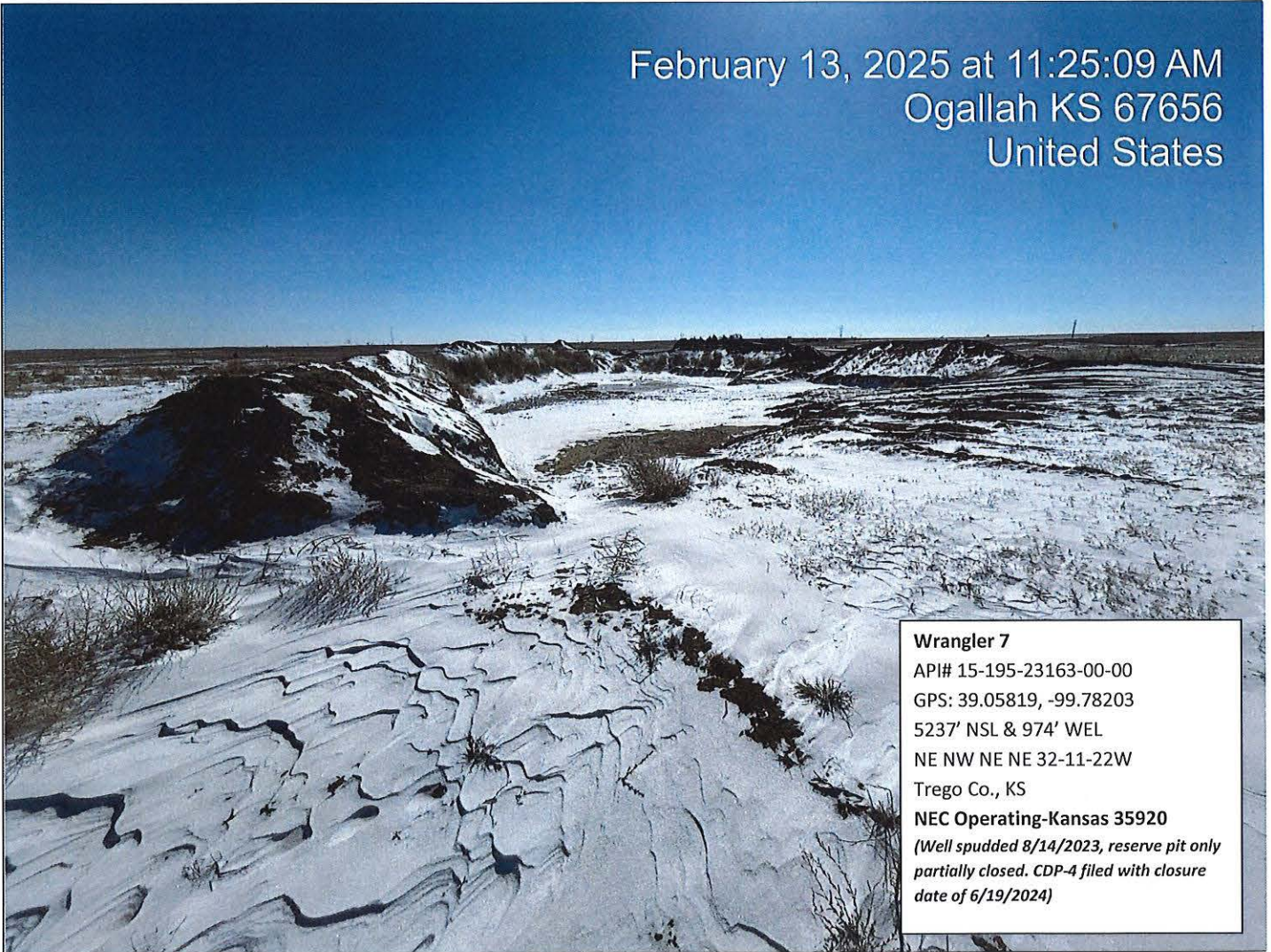
February 13, 2025 at 11:26:39 AM  
Ogallah KS 67656  
United States



**Wrangler 7**  
API# 15-195-23163-00-00  
GPS: 39.05819, -99.78203  
5237' NSL & 974' WEL  
NE NW NE NE 32-11-22W  
Trego Co., KS  
**NEC Operating-Kansas 35920**  
*(Well spudded 8/14/2023, freshwater pit  
still open. CDP-4 filed with closure date  
of 6/19/2024)*



February 13, 2025 at 11:25:09 AM  
Ogallah KS 67656  
United States



**Wrangler 7**

API# 15-195-23163-00-00

GPS: 39.05819, -99.78203

5237' NSL & 974' WEL

NE NW NE NE 32-11-22W

Trego Co., KS

**NEC Operating-Kansas 35920**

*(Well spudded 8/14/2023, reserve pit only  
partially closed. CDP-4 filed with closure  
date of 6/19/2024)*

**CERTIFICATE OF SERVICE**

25-CONS-3275-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 02/27/2025.

KATHLEEN HAYNES  
KANSAS CORPORATION COMMISSION  
266 N. Main St., Ste. 220  
WICHITA, KS 67202-1513  
kathy.haynes@ks.gov

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GRANT NORWOOD  
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HAYS, KS 67601-2654  
richard.williams@ks.gov

/S/ KCC Docket Room  
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