

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

In the Matter of the failure of SH Oil Operations, LLC (Operator) to comply with K.A.R. 82-3-11 at eleven wells in Chase, Marion, and Morris Counties, Kansas.	)))))	Docket No. 25-CONS-3373-CPEN CONSERVATION DIVISION License No. 35837
In the Matter of the failure of SH Oil Operations, LLC (Operator) to comply with K.A.R. 82-3-11 at twenty-nine wells in Chase, Harvey, and Morris Counties, Kansas.	)))))	Docket No. 25-CONS-3378-CPEN CONSERVATION DIVISION License No. 35837
In the Matter of the failure of SH Oil Operations, LLC (Operator) to comply with K.A.R. 82-3-11 at five wells in Morris and Chase Counties, Kansas.	)))))	Docket No. 25-CONS-3419-CPEN CONSERVATION DIVISION License No. 35837

PRE-FILED DIRECT TESTIMONY OF

BRIAN R. KLAASSEN

SH OIL OPERATIONS, LLC

OCTOBER 24, 2025

Q. Please state your name and business address for the record.

A. My name is Brian R. Klaassen and my business address is SH Oil Operations, LLC, 1216 E 55th Street South, Wichita, KS 67216.

Q. What is your relationship to SH Oil Operations, LLC?

A. I am the sole-member and manager of SH Oil Operations, LLC ("SH Oil").

Q. Please provide a brief background of SH Oil?

A. SH Oil was founded on July 9, 2019, and obtained an operator's license from the Commission in May 2021. Since that time, SH Oil has acquired rights to approximately 35 oil and gas leases in Kansas and operates the wells located on those leases. Most of the leases SH Oil has acquired would likely be considered marginal producers by larger operators, but I am able to make a living producing them myself. SH Oil is a small business with limited resources, but I am dedicated to its success.

Q. Are you familiar with the wells that are the subject of the Penalty Orders in this docket?

A. To some extent. SH Oil acquired most of the wells at issue as part of a package auctioned at the end of 2024. This was SH Oil's largest acquisition to date. Unfortunately, upon closing the purchase, I was not provided well files, or much history at all, on the wells from the previous operator. SH Oil became the operator of these well effective February 5, 2025, and since that time I have been working to investigate the wells and bring them into compliance with Commission regulations.

Q. Can you describe how your investigation of these wells and attempts to bring them into compliance have gone?

A. 2025 has been an unusually wet year, creating challenges with accessing the wells. In addition, the previous operator had temporarily abandoned and neglected a number of the wells for an extended period of time, and some of the landowners had reclaimed the lease roads previously used to access the wells by planting crops over them. SH Oil relies on third-party vendors for most of its service work due to the cost associated with purchasing equipment, such as a fluid level gun; and, due to its small size struggles to demand that these vendors prioritize SH Oil's needs. In sum, progress has been

admittedly slower than I would like, but I am making progress. My ultimate goal is to restore production from these wells for the benefit of SH Oil and the royalty owners.

Q. What efforts have you made since receiving the Penalty Orders in this docket?

A. I have been able to get vendors to shoot fluid levels on most, but not all, of the wells, and have attempted to submit temporary abandonment applications to the Commission for those wells I have been able to obtain fluid levels on. However, without well files available it has been a challenge to obtain the information necessary to fully and sufficiently complete those applications. I continue to work diligently to get vendors to shoot fluid levels on the remaining wells and to obtain the information required to complete the TA applications, but have struggled to secure vendors willing to perform the work and to obtain the required information.

Q. Has staff worked with you to bring these wells into compliance?

A. Not really. SH Oil has communicated the logistical and administrative challenges associated with bringing the large number of wells into compliance within the time period required, but found staff inflexible in granting additional time.

Q. Why have you not plugged any of the wells?

A. Until my investigation of these wells' ability to produce oil and/or gas is completed, I believe it would be wasteful to plug and abandon the wells. Publicly available historical production records indicate the potential to restore production from the wells in sufficient quantities to justify the associate cost I am if afforded sufficient time to do so. Most of the equipment and infrastructure required to return these wells to production remains in place, so the anticipated capital investment required to resume production would be manageable for SH Oil.

Q. Are you willing and able to pay the \$4,500 penalty amount ordered by the Commission?

A. Yes, but in consideration for doing so I would request that the compliance period with respect to these wells be extended to afford me an opportunity to conduct an adequate investigation of the wells to determine whether or not restoring production is warranted. I believe that a compliance agreement between SH Oil and staff is the best result for the Commission, SH Oil, and the royalty owners. If the Commission orders SH Oil's license

suspended immediately, not only will SH Oil suffer but the royalty owners of all SH Oil's leases will suffer and the State's oil and gas resources will be wasted.

Q. Is there anything else you would like to add to your testimony?

A. I am doing my best to comply with Commission regulations. There are numerous challenges associated with being a small operator, but I have successfully navigated these challenges to date when afforded a reasonable opportunity to do so.

Q. Does this conclude your testimony?

A. Yes.

VERIFICATION

STATE OF KANSAS)
) ss:
COUNTY OF SEDGWICK)

Brian R. Klaassen, being first duly sworn, deposes and says that he is the Brian R. Klaassen referred to in the foregoing "PRE-FILED DIRECT TESTIMONY OF BRIAN R. KLAASSEN" to be filed before the State Corporation Commission of the State of Kansas in consolidated Docket Nos. 25-CONS-3373-CPEN, 25-CONS-3378-CPEN, and 25-CONS-3419-CPEN, and that the contents thereof are true and correct to the best of his information, knowledge, and belief.

Brian R. Klaassen
Brian R. Klaassen

SIGNED AND SWORN to before me on this 24 day of October, 2025.

Arik Joseph Wary
Notary Public

My Commission expires:
02/06/28



CERTIFICATE OF SERVICE

I, Cody A. Phillips, hereby certify that on this 24th day of October, 2025, I caused the original of the foregoing **Pre-Filed Direct Testimony of Brian R. Klaassen SH Oil Operations, LLC** to be electronically filed with the Conservation Division of the State Corporation Commission of the State of Kansas, and caused true and correct copies of the same to be delivered by electronic mail to the following persons:

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