

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

In the matter of the failure of Prairie Gas)	Docket No. 20-CONS-3129-CPEN
Operating, LLC (“Operator”) to comply with)	
K.A.R. 82-3-111 at the Watson #1 and Earl #1)	CONSERVATION DIVISION
in Hamilton County, Kansas)	
)	License No. 35442

In the matter of the failure of Prairie Gas)	Docket No. 20-CONS-3144-CPEN
Operating, LLC (“Operator”) to comply with)	
K.A.R. 82-3-407 at the Bounds #2 in Greeley)	CONSERVATION DIVISION
County, Kansas)	
)	License No. 35442

REBUTTAL TESTIMONY

OF

KEN JEHLIK

ON BEHALF OF COMMISSION STAFF

JUNE 19, 2020

1 **Q. What is your name?**

2 A. Ken Jehlik.

3 **Q. Are you the same Ken Jehlik who submitted direct testimony in this matter on February**
4 **7, 2020?**

5 A. Yes.

6 **Q. What is the purpose of your rebuttal testimony?**

7 A. The purpose of my testimony is to address certain statements contained in the testimony of
8 Mr. Patrick Bass that was filed on March 9, 2020 on behalf of Prairie Gas (also referred to as
9 “Operator”). I will address Mr. Bass’ comments with respect to Docket No. 20-CONS-3129-
10 CPEN and 20-CONS-3144-CPEN.

11 *Docket No. 20-CONS-3129-CPEN*

12 **Q. Let’s start with the testimony concerning Docket 20-CONS-3129-CPEN. On page 2 of**
13 **his pre-filed testimony, Mr. Bass testifies that he does not agree with Staff’s testimony**
14 **that the Watson #1 was not approved for TA status. How do you respond?**

15 A. First, it is important to remember that this penalty was issued as a result of Operator failing
16 to comply with K.A.R. 82-3-111 because, within 90 days of the Watson #1 well ceasing
17 production, the Operator did not return the well to production, plug the well, or file for TA
18 status on the well. As I noted in my direct testimony, the Watson #1 was shut down on April
19 18, 2019, but at no time between April and September 2019, did Operator contact Staff to
20 notify that the well was being placed back into production. Staff gave Operator a deadline of
21 September 20, 2019 to bring the well into compliance, but Operator failed to do so by the
22 deadline.

1 Now, Mr. Bass is correct that a TA application which was originally submitted on
2 December 13, 2019, was eventually approved on December 17, 2019, and later revoked, but
3 the reason behind the Penalty Order is that Operator failed to comply by the September 20,
4 2019 deadline. By way of explanation with regard to the approval of the TA application by
5 Staff, Operator indicated the fluid level reportedly shot at the Watson #1 on December 12,
6 2019, was 1,550 feet. That fluid level is below the usable water level, which is 1,350 feet in
7 that area, and the TA application was considered satisfactory at that time and the TA
8 application was approved.

9 However, Staff did not have the echometer tape from the Operator when the TA
10 application was originally approved, rather Staff approved the application based on the
11 representations made by the Operator as to the fluid levels. When Staff realized the last fluid
12 level shot by the operator on August 7, 2018, was at a level of 1,165 feet, a copy of the
13 echometer tape from December 12, 2019 was requested for review. This is because it is highly
14 unusual for a fluid level on a shut-in well to decrease. The fluid level almost always stays the
15 same or increases. The operator was unable to produce a copy of the tape from December 12,
16 2019, so Staff shot the fluid level on December 30, 2019 and obtained a fluid level of 788
17 feet. Staff witnessed the Operator reshoot the fluid level on January 21, 2020 and the Operator
18 also measured the fluid level to be 788 feet from the surface. Staff made this conclusion by
19 counting the number of joints of tubing indicated on the echometer tape submitted by the
20 Operator. Each joint of tubing is equivalent to approximately 31.5 feet, and Staff counted 25
21 joints. The 788 feet is well above the depth of usable water in the area. This elevated level
22 indicated that the well has a probable casing leak and was a possible pollution threat and it
23 needed to be repaired pursuant to K.A.R. 82-3-111(c). At that point, the approved TA status

1 was revoked and a Notice of Violation (NOV) was sent pursuant to K.A.R. 82-3-104 to ensure
2 casing integrity. Operator has asked for an extension and was given until March 23, 2020 to
3 perform the test.

4 However, as I noted previously, the issue in this case that resulted in the issuance of the
5 Penalty Order is that Operator failed to timely submit the TA application.

6 **Q. On pages 2 and 3 of his pre-filed testimony, Mr. Bass testifies that he believes the Watson**
7 **#1 is eligible for the exception contained in K.A.R. 82-3-111(e). Would you please**
8 **summarize what that exception is and whether you agree with his testimony?**

9 A. Yes, K.A.R. 82-3-111(e) provides that a well is exempt from K.A.R. 82-3-111 (the
10 requirement to file for temporary abandonment) if the well meets the following criteria: 1) the
11 well is fully equipped for production, 2) the well is capable of resuming production
12 immediately, 3) the well is subject to a valid oil and gas lease, 4) the cessation period for the
13 well is less than 365 days, and 5) the well is otherwise compliant with Commission
14 regulations. I do not agree with Mr. Bass's testimony that the Watson #1 qualifies under this
15 provision. First, the requirements of K.A.R. 82-3-111(e) are more stringent than K.A.R. 82-3-
16 111(a). For example, K.A.R. 82-3-111(a) contemplates that a compliant well can qualify for
17 TA status if it has ceased *operations* for the purpose of exploration, discovery, service, or
18 production of oil, gas or other minerals for not more than 90 days. In contrast, K.A.R. 82-3-
19 111(e) requires that the well be capable of immediately resuming *production of oil or gas or*
20 *of injection*. With regard to the Watson #1, the well is not capable of immediately resuming
21 oil or gas production based on discussions that I have previously had with Operator's pumper
22 and as noted in the "Findings" section of page 1 of **Exhibit KJ-1** of my direct testimony, and
23 it is not an injection well. Simply put, the operator can pump the well without producing oil

1 or gas to comply with K.A.R 82-3-111(a) because the pumping constitutes operations but the
2 well must be capable of producing oil or gas to qualify for the exception in K.A.R. 82-3-
3 111(e).

4 **Q. Explain why that distinction is significant with regard to the Watson #1?**

5 A. The Watson #1, like the Earl #1 and many of the wells in this area, is not capable of producing
6 natural gas until significant volumes of saltwater are removed from the well. The removal of
7 saltwater lowers the annular fluid level inside of the casing allowing gas to flow from the
8 producing formation into the annular space inside the casing up to the surface. The Watson
9 #1 well in particular has not sold any gas in well over one year, and according to Kansas
10 Geological Survey production records, has not sold production since 2015. Finally, as noted
11 in the “Findings” section on page 1 of **Exhibit KJ-1**, the Operator’s attempts to “produce”
12 the Watson #1 well have resulted in 0 mcf of gas sold.

13 **Q. Mr. Bass further states the Watson #1 is in compliance with Commission regulations**
14 **making it eligible for the exception contained in K.A.R 82-3-111(e). Do you agree?**

15 A. No. K.A.R. 82-3-111(c) gives the Conservation Division the right to deny temporary
16 abandonment status if the well could be causing pollution. Due to the high fluid level and the
17 corrosive nature of the brine water in this area, Staff feels that this well could pose a
18 contamination issue to usable water, therefore it is not compliant with Commission
19 regulations. As I mentioned above, the Watson #1 needs to be repaired pursuant to K.A.R.
20 82-3-111(c). In this case, we require a pressure test, also known as a Casing Integrity Test
21 (CIT) to ensure there are no leaks in the casing which could cause pollution. If there are leaks,
22 Staff can then use the test results to direct the Operator on the best method to repair the well

1 in accordance with our regulations. Operator is required to perform a successful CIT before
2 TA status will be approved.

3 **Q. Mr. Bass next testifies that he believes the Earl #1 well is eligible for the exception**
4 **contained in K.A.R. 82-3-111(e). In your opinion is the Earl #1 eligible for the exception**
5 **contained in K.A.R. 82-3-111(e)?**

6 A. No.

7 **Q. Why not?**

8 A. I do not believe that the Earl #1 is fully equipped for production because the well did not have
9 belts on the electric motor, which is undisputed by Mr. Bass, and the power to the pumping
10 unit was shut off. The well is also not capable of immediately resuming production of oil or
11 gas based on the Operator's pumper advising me that they have been unable to produce any
12 gas from the well, as noted in the "Findings" section of page 5 of **Exhibit B** of the Penalty
13 Order. Like the Watson #1, the Earl #1 has not sold production since 2015, according to the
14 Kansas Geological Survey. This well is also not in compliance with Commission regulations
15 due to its high fluid level. Based on the echometer tape for the Earl #1, there are 33 joints of
16 tubing to fluid, indicating a fluid level of approximately 1,039 feet. This is above the usable
17 water level in the area, which is approximately 1,150 feet - meaning that there is a potential
18 issue with the effectiveness of the well casing, which under K.A.R. 82-1-104 must be
19 addressed in order to mitigate the threat of pollution. As discussed with regard to the Watson
20 #1, a well with fluid level above the usable water level would have to pump the brine water
21 from the well in order to lower the fluid level and allow gas to enter the annulus. With a fluid
22 level this high, a TA application cannot be approved because the high fluid levels are
23 indicative of compromised casing integrity.

1 ***Docket No. 20-CONS-3144-CPEN***

2 **Q. On page 4, Mr. Bass disagrees with Staff's assertion that Operator has not performed a**
3 **CIT on the Bounds #2 well. Specifically, Mr. Bass states that he performed a mechanical**
4 **integrity test on that well in January 2020. How do you respond?**

5 A. First, the Penalty Order for the Bounds #2 was issued on November 14, 2019, after the
6 Operator failed to respond to Staff's October 15, 2019 NOV letter informing Operator that it
7 had until October 29, 2019 to conduct an integrity test on the well. The fact that Operator
8 finally had an MIT completed in January is not necessarily relevant.

9 The history of this well is that the previous operator of the well located a leak in the casing
10 at 1,130 feet. In November 2011, that operator used a chemical sealant in the well to shut off
11 the leak. The use of the sealant was approved by Staff and placement of the sealant was
12 witnessed by Staff. I have attached the documents which corroborate this to my testimony as
13 **Exhibit KJ-3**. When a chemical sealant is utilized, the well is required to be tested annually
14 pursuant to K.A.R. 82-3-407(e) as opposed to every five years which is the general
15 requirement under K.A.R. 82-3-407.

16 **Q. Does Staff allege that the Bounds #2 has casing leaks as part of this penalty**
17 **recommendation?**

18 A. No, as I noted before, the current penalty associated with the Bounds #2 is for failing to
19 conduct the requisite testing on the well. However, in light of the subsequent MIT failure that
20 occurred on the well in January of this year, Staff is certainly concerned about the integrity of
21 the casing in this well and we will be monitoring that situation.

22 **Q. Does this conclude your testimony as of this date?**

23 A. Yes.

CASING MECHANICAL INTEGRITY TEST

DOCKET # D18786Disposal ☐ Enhanced Recovery:Repressuring ☐Flood ☐Tertiary ☐

Date injection started _____

API #15 -071 - 20089-000SW SW SW, Sec 13, T 20 S, R 40 E/W175 (228) Feet from South Section Line5105 (5063) Feet from East Section LineLease BoundsWell # 2 SWDCounty GreeneOperator: Threshing OperatingOperator License # 4894

Name &

Address 110 W Louisiana St 200Contact Person S.L. BurnsMidland, Tx 79701Phone 432 683-1448Max. Auth. Injection Press. 500 psi; Max. Inj. Rate 530 bbl/d;

If Dual Completion - Injection above production _____

Injection below production _____

Size	Conductor	Surface	Production	Liner	Size	Tubing
Set at		<u>8 3/4</u>	<u>4 1/2</u>		Set at	<u>2 3/8</u>
Cement Top		<u>282</u>	<u>2975</u>		Type	<u>Double</u>
" Bottom		<u>0</u>	<u>0</u>			
DV/Perf.		<u>282</u>	<u>2975</u>			
Packer type	<u>AD-T Tension</u>				TD (and plug back)	<u>2975 (2950)</u> ft. depth
Zone of injection	<u>Fort Riley</u>				Size	<u>2 3/8 x 4 1/2</u>
					Set at	<u>2800</u>
					Perf. or open hole	<u>perf</u>

Type Mit: Pressure ☒ Radioactive Tracer Survey ☐ Temperature Survey ☐F Time: Start 0 Min. 15 Min. 30 Min.

I	E	L	D	D	A	T	A
Pressures:	<u>390</u>	<u>390</u>	<u>345</u>	Set up 1	System Pres. during test	<u>150</u>	
				Set up 2	Annular Pres. during test	<u>350-345</u>	
				Set up 3	Fluid loss during test	<u>0</u> bbls.	

Tested: Casing ☐ or Casing - Tubing Annulus ☒The bottom of the tested zone is shut in with a packerTest Date 11-10-11 Using The Hub of Syracuse Company's EquipmentThe operator hereby certifies that the zone between 0 feet and 2800 feetwas the zone tested X David Olson Signature Agent TitleThe results were Satisfactory ☒, Marginal ☐, Not Satisfactory ☐State Agent Ken Khlík Title PRT II Witness: Yes ☒ No ☐REMARKS: Re-test taken after isolating a tight casing leak at 1130' & shutting off leak by spotting 40 bbls of Reef Services FR-530 gel in the annulus

GPS entered

Origin. Conservation Div.; ☐KDHE/T; ☐Dist. Office; ☐Computer Update ☐

KCC Form 8-7-6/84

Re-test in 6 months for now.

GPS 38,30676
101.69560

NAD83

Exhibit KJ-3
Page 1 of 2

CASING MECHANICAL INTEGRITY TEST

DOCKET # D18286Disposal ☒ Enhanced Recovery:Repressuring ☐Flood ☐Tertiary ☐

Date injection started _____

API #15 -071 -20089-00 COSW SW SW, Sec 13, T 20 S, R 40 E/W175 (228) Feet from South Section Line5105 (5063) Feet from East Section LineLease BoundsWell # 2 SWDCounty GreeleyOperator: Horseshoe Operating Inc

Name &

Address 110 W. Louisiana Ste 200Midland, TX 79701Operator License # 4894Contact Person S.L. BurrisPhone 432 683-1448Max. Auth. Injection Press. 500 psi; Max. Inj. Rate 530 bbl/d;

If Dual Completion - Injection above production _____ Injection below production _____

	Conductor	Surface	Production	Liner		Tubing
Size		<u>8 7/8</u>	<u>4 1/2</u>		Size	<u>2 3/8</u>
Set at		<u>282</u>	<u>2975</u>		Set at	<u>2800</u>
Cement Top		<u>0</u>	<u>0</u>		Type	<u>Dudline</u>
" Bottom		<u>282</u>	<u>2975</u>			
DV/Perf.					TD (and plug back)	<u>2975 (2950)</u> ft. depth
Packer type	<u>AD-1 Tension</u>				Size	<u>2 3/8 x 4 1/2</u>
Zone of injection	<u>Fort Riley</u>				Set at	<u>2800</u>
					Perf. or open hole	<u>perf</u>

Type Mit: Pressure ☒ Radioactive Tracer Survey ☐ Temperature Survey ☐F Time: Start 0 Min. 15 Min. 30 Min.

I

E Pressures: 360 360 360 Set up 1 System Pres. during test 100

L

D Set up 2 Annular Pres. during test 360

D

A Set up 3 Fluid loss during test 0 bbls.

A

T Tested: Casing ☐ or Casing - Tubing Annulus ☒

A

The bottom of the tested zone is shut in with a packerTest Date 5-23-12 Using The Hub of Syracuse Company's EquipmentThe operator hereby certifies that the zone between 0 feet and 2800 feetwas the zone tested ☒ Sam L. Sprague

Signature

Title

The results were Satisfactory ☒, Marginal ☐, Not Satisfactory ☐State Agent Ken Seplik Title P.R.T. II Witness: Yes ☒ No ☐REMARKS: 40 bbls of Reef Services FR-5300 gel was spotted in the annulus 11/11 to shut off a tight csg leak @ 1136'. Retest annually.☐ Took 0 bbls to load.

Origin. Conservation Div.;

☐ KDHE/T;☐ Dist. Office;☐ Computer Update

KCC Form U-7 6/84

Exhibit KJ-3

Page 2 of 2

PS entered

CERTIFICATE OF SERVICE

20-CONS-3129-CPEN and 20-CONS-3144-CPEN

I, the undersigned, certify that a true copy of the attached Order has been served to the following by means of electronic service on June 19, 2020.

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