

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

In the matter of the failure of)	Docket No.: 22-CONS-3119-CPEN
Midwest Oil, LLC (Operator))	
to comply with K.A.R. 82-3-120.)	CONSERVATION DIVISION
)	
_____)	License No.: 34497

**APPLICATION FOR REINSTATEMENT OF OPERATOR LICENSE
AND FOR EXCEPTION FROM PROVISIONS OF K.A.R. 82-3-120(i)**

Applicant, Midwest Oil, LLC, by and through counsel, applies for an exception from certain provisions of K.A.R. 82-3-120 and that the Commission authorize and order the reinstatement or renewal of applicant's operator license. In support hereof, Respondent states:

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 wells. The Commission has licensing authority under K.S.A. 55-155.

2. K.A.R. 82-3-120(a)(1) provides that no operator shall drill, complete, service, plug, or operate any oil or gas well without first obtaining or renewing an operator license, and that each operator in physical control of any such well shall maintain a current license even if the well is shut in or idle. K.A.R. 82-3-120(a)(2) provides that each licensee shall annually submit a completed license renewal form on or before the expiration date of the current license.

3. K.A.R. 82-3-120(k) provides that failure to obtain or renew an operator license before operating shall be punishable by a \$500 penalty.

4. K.A.R. 82-3-120(i) provides that denial of a license application pursuant to K.S.A. 55-155(c)(3) or (4) shall be considered a license revocation. K.S.A. 55-155(e) states that

no new license shall be issued to any applicant who has had a license revoked until the expiration of one year from the date of such revocation.

5. Operator has held an operator license since 2011 and has renewed it annually as required by applicable statutes and regulations. When KCC switched to the KOLAR system and required that virtually everything be filed electronically, applicant employed the services of Drill Baby Drill, LLC, a company that specialized in preparing and filing forms and applications required to be filed with the Conservation Division of the Commission on its KOLAR system.

6. Applicant's renewal date for its operator license has been January 30 of each year. Prior to the last renewal date of January 30, 2021, applicant provided information to Drill Baby Drill in anticipation of the renewal of its license. For several months following January 30, 2021 applicant believed that all necessary paperwork and fees had been submitted in a timely manner and that its operator license had been renewed.

7. On May 20, 2021 Drill Baby Drill notified applicant that there was a problem with its license renewal because the company was not in "good standing" with the Kansas Secretary of State. Midwest Oil, LLC is a Florida limited liability company, and must not only file annual reports with the State of Florida, but must also file an annual report with the State of Kansas. The annual report that was due in December, 2020 had not been filed, consequently the company was not in good standing, consequently the operator license renewal could not go through. Applicant immediately contacted its Florida accounting firm, caused its annual report to be filed, and restored the company to "good standing" with the Kansas Secretary of State. Applicant believed that, having corrected the problem, the renewal would be approved.

8. At the beginning of August, 2021, applicant received a Notice of Violation from the KCC dated July 27, 2021. This notice informed applicant that there were several abandoned and unplugged wells on its expired operator license. The Notice directed

applicant to renew its license, or get a new license and transfer the wells to the new license, or transfer the wells to another operator, or plug the wells. This Notice came as a shock to applicant, who thought that all requirements had been taken care of and that its license had already been renewed. Applicant immediately forwarded the Notice to Drill Baby Drill who advised applicant that the license problem would be taken care of. She made it sound like it was a minor glitch that would not be a problem to fix. Drill Baby Drill did not give any indication to applicant that the glitch had not been taken care of, and applicant continued working in the belief that the license renewal had gone through.

9. In mid-September of 2021 applicant received a Penalty Order issued by the KCC, citing the applicant's failure to renew its operator license or get a new license or transfer the wells to another operator or plug them. Applicant attempted to contact Drill Baby Drill but was informed she would be out of town for a week. Applicant called the licensing department at KCC hoping to determine what had gone wrong and why the license renewal had not gone through. Applicant was advised, however, that he would have to get an attorney and have the attorney contact KCC. Applicant contacted attorney John C. Chappell who filed a request for hearing.

10. In addition to contacting the attorney, applicant paid the \$500.00 penalty imposed in the Order.

11. While the above matters were developing, applicant also learned from Drill Baby Drill that a water usage report had not been timely filed. As a result, a \$100.00 was assessed for that, which applicant paid. The water report has been filed.

12. Until the matters described herein, applicant had not been the subject of any previous KCC fines or penalties with respect to its license, its other paperwork, or its oil and gas well operations.

13. Applicant understands that ultimately he is responsible for his operations and paperwork, regardless of hiring a company such as Drill Baby Drill to handle such matters.

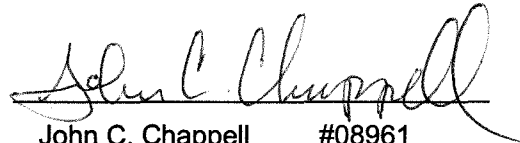
Applicant does not wish to assign blame to Drill Baby Drill, which provides a valuable service not only to applicant but to other operators, as well. There are still many of us who are lost on KOLAR. Applicant believes that there was a failure of communication that led to the Penalty Order. Applicant is not in this situation due to intentional disregard of KCC regulations and requirements or attempting to avoid its responsibilities and obligations.

14. Applicant has done everything required to qualify for renewal of his operator license. The annual report was filed and put the company in good standing as a Florida limited liability company authorized to do business in Kansas, as required to qualify for renewal of its license. To applicant's knowledge, this was the cause that delayed action on its license renewal application beyond the January 30 expiration date. Applicant then thought all was well until receiving the July 27 notice of violation. Applicant referred that to Drill Baby Drill and, from their response, thought it would be easily taken care of. In hindsight, applicant accepts responsibility for his failure to follow up with that service to assure that all necessary follow-through had occurred. On receiving the Penalty Order, applicant contacted KCC and was told he needed to get a lawyer, which he did. Applicant then paid the \$500.00 penalty even though his lawyer had filed a request for hearing. Applicant has also paid the \$100.00 penalty that came about in regard to a late water report.

15. So far as known to applicant and applicant's attorney, there isn't anything further that applicant can do to qualify for renewal or reinstatement of its license. However, it has been suggested that by operation of K.A.R. 82-3-120(i) the applicant's renewal application has been denied and, therefore, revoked, such that there is no license that can be renewed or reinstated. Pursuant to K.A.R. 82-3-120(j), upon revocation of a license, no new license shall be issued to that operator or contractor until after the expiration of one year from the date of the revocation.

16. Applicant respectfully requests that an order be entered directing the reinstatement of his operator license, inasmuch as his counsel has filed a timely request for hearing on the Penalty Order, and such request for hearing serves to stay finality of the orders made therein, including the order of suspension or revocation. Alternatively, applicant respectfully requests that the Commission authorize and order an exception from the operation of K.A.R. 82-3-120(j) which would preclude the issuance of a new license to applicant for a period of one year from the date of revocation, and authorize the issuance of a new operator license to applicant.

WHEREFORE, requests that an order be entered authorizing renewal and reinstatement of applicant's operator license or, alternatively, that the Commission authorize an exception from the operation of K.A.R. 82-3-120(j) which would preclude the issuance of a new license to applicant for a period of one year from the date of revocation, and authorize the issuance of a new operator license to applicant.



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VERIFICATION

(Pursuant to K.S.A. 53-601)

The undersigned, of lawful age, being first duly sworn, upon oath states that he is the Manager of Midwest Oil, LLC and is authorized to make this verification for and on behalf of the company, that he has read the foregoing or annexed Application and knows the contents thereof, and I hereby declare under penalty of perjury under the laws of the State of Kansas that the foregoing is true and correct.



Justin Johnson

CERTIFICATE OF SERVICE

I certify that on 10/29/21 the foregoing or annexed pleading was e-filed with the Kansas Corporation Commission and

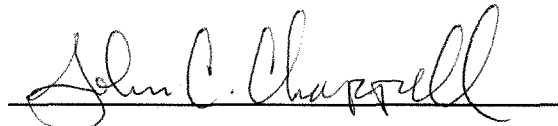
☒ mailed first class postage prepaid to:

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