

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

Before Commissioners: Pat Apple, Chairman  
Shari Feist Albrecht  
Jay Scott Emler

In the matter of the failure of SX54, LLC ) Docket No: 17-CONS-3616-CPEN  
(“Operator”) to report activity that occurred )  
during the 2016 calendar year in compliance ) CONSERVATION DIVISION  
with K.A.R. 82-3-409. )  
\_\_\_\_\_ ) License No: 35339

**DEFAULT ORDER**

This matter comes before the State Corporation Commission of the State of Kansas (Commission). Having examined its files and records, and being fully advised in the premises, the Commission finds and concludes as follows:

**I. Jurisdiction**

1. K.S.A. 77-520 provides that if a party fails to attend any stage of an adjudicative proceeding, the agency may issue a default order with a statement of the grounds. The party has seven days to file a written motion to vacate, which shall state the grounds relied upon.

**II. Findings of Fact**

2. On April 27, 2017, the Commission issued a *Penalty Order* which stated the Operator is responsible for the care and control of the wells listed in Exhibit A of the *Penalty Order*, namely: Dunne 2; Hawthorne (A) 1; Grundy A B 1; Holmes (A C) 3; Moon 5 (B); Grundy B (R A) 1 SWD; Grundy B 5 SWD, located in Butler and Greenwood Counties, Kansas.<sup>1</sup>

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<sup>1</sup> *Penalty Order*, ¶ 5, Exhibit A (Apr. 27, 2017).

3. The *Penalty Order* stated that “Operator has failed to file an annual fluid injection report or reports, describing well activity during the 2016 calendar year,”<sup>2</sup> assessed a \$700 penalty against Operator,<sup>3</sup> required Operator to file annual fluid injection reports,<sup>4</sup> and stated that lack of compliance with the *Penalty Order* within 30 days shall result in license suspension without further notice.<sup>5</sup>

4. On June 2, 2017, the Operator filed a letter requesting a hearing.<sup>6</sup>

5. On June 22, 2017, the Commission issued an *Order Designating Prehearing Officer and Setting Prehearing Conference* requiring Operator’s attendance at a July 13, 2017, Prehearing Conference.<sup>7</sup>

6. On July 13, 2017, the Prehearing Conference was held. Operator failed to attend, and Commission Conservation Staff (Staff) verbally moved the Commission to issue a Default Order. To date, Operator has taken no steps to resolve this matter with Staff.

### **III. Conclusions of Law**

7. Pursuant to K.S.A. 77-520(a), the Commission finds Operator’s failure to attend the Prehearing Conference constitutes default, and the April 27, 2017, *Penalty Order* remains in full force and effect. Staff’s verbal motion for a Default Order is granted.

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

A. Staff’s verbal motion for a Default Order is granted.

B. The Commission’s April 27, 2017, *Penalty Order* remains in full force and effect against Operator.

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<sup>2</sup> *Id.* ¶ 6.

<sup>3</sup> *Id.*, Ordering Clause A.

<sup>4</sup> *Id.*, Ordering Clause B.

<sup>5</sup> *Id.*, Ordering Clause C.

<sup>6</sup> Letter Requesting Hearing (Feb. 17, 2017).

<sup>7</sup> *Order Designating Prehearing Officer and Setting Prehearing Conference*, Ordering Clause B (June 22, 2017).

C. Pursuant to K.S.A. 77-520(b), any party may file a written motion requesting that this Default Order be vacated and stating the grounds relied upon, within seven calendar days after service of this Order, with three additional days added to account for service by mail.

D. If a motion to vacate is not filed by the deadline, any party may then file a petition for reconsideration within 15 days.<sup>8</sup> The petition shall be addressed to the Commission and sent to 266 N. Main, Suite 220, Wichita, Kansas 67202. Reconsideration is a prerequisite for judicial review.

E. The Commission retains jurisdiction over the subject matter and the parties and may enter additional orders as it deems appropriate.

**BY THE COMMISSION IT IS SO ORDERED.**

Apple, Chairman; Albrecht, Commissioner; Emler, Commissioner

Dated: AUG 15 2017

Lynn M. Retz  
Lynn M. Retz  
Secretary to the Commission

Mailed Date: August 15, 2017

MJD

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<sup>8</sup> See K.S.A. 77-529(a).

**CERTIFICATE OF SERVICE**

I certify that on 8/15/17, I caused a complete and accurate copy of this Order to be served via United States mail, with the postage prepaid and properly addressed to the following:

Philip Racusin  
SX54, LLC  
1900 W. Gray #130945  
Houston, TX 77219

and delivered by e-mail to:

Joshua D. Wright, Litigation Counsel  
KCC Central Office

Michael J. Duenes, Assistant General Counsel  
KCC Topeka Office

/s/ Paula J. Murray  
Paula J. Murray  
Legal Assistant  
Kansas Corporation Commission