

**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 Elendil Resources, LLC (Operator) to comply with K.A.R. 82-3-111 at the Jensen #3 and Lonker "A" #1 wells in Barber and Edwards Counties, Kansas.)	Docket No.: 25-CONS-3141-CPEN
)	CONSERVATION DIVISION
)	License No.: 36092

PENALTY ORDER

The Commission finds Operator has violated K.A.R. 82-3-111 regarding the captioned wells, assesses a \$200 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. 82-3-111 provides that within 90 days after operations cease on any well, the operator of that well shall plug the well, return the well to service, or file an application with

the Conservation Division requesting temporary abandonment (TA) status. If not plugged or returned to service, the operator must obtain TA approval; TA status may be denied by the Conservation Division if necessary to prevent pollution. A well shut-in for 10 years or more cannot be granted TA status without the operator filing an application for an exception pursuant to K.A.R. 82-3-100 and approval from the Commission. K.A.R. 82-3-111(e) provides a TA exemption for certain wells fully equipped and capable of production.

II. FINDINGS OF FACT

4. Operator is licensed to conduct oil and gas activities in Kansas and is responsible for the following wells (Subject Wells):

- a. Jensen #3, API #15-047-21453-00-00, located in Section 6, Township 23 South, Range 20 West, Edwards County, Kansas; and
- b. Lonker "A" #1, API #15-007-03309-00-00, located in Section 2, Township 33 South, Range 13 West, Barber County, Kansas.

5. On September 5, 2024, Commission records indicated the Subject Wells had been inactive and unplugged for longer than the 90 days allowed by K.A.R. 82-3-111, that the wells were not exempt pursuant to K.A.R. 82-3-111(e), and that the wells were not approved for TA status. Thus, Commission Staff sent letters to Operator, requiring Operator to bring the Subject Wells into compliance with K.A.R. 82-3-111 by September 19, 2024.¹

6. Between October 8, 2024, and October 9, 2024, Commission Staff inspected the Subject Wells, because the deadline in the letters had passed and the violations had not been resolved, verifying that the wells continued to be inactive and unplugged.²

¹ Exhibit A.

² Exhibit B.

III. CONCLUSIONS OF LAW

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

8. Operator has committed two violations of K.A.R. 82-3-111 because the Subject Wells have been inactive in excess of the time allowed by regulation without being plugged, returned to service, or approved for TA status.³

THEREFORE, THE COMMISSION ORDERS:

A. Operator shall pay a \$200 penalty.

B. Operator shall plug the Subject Wells, or return the wells to service, or obtain TA status for the wells if eligible.

C. Commission Staff may require Staff-witnessed static fluid level measurements before a Subject Well is returned to service. A Subject Well may not be returned to service if (1) any measurement has shown fluid in the wellbore at or above the appropriate minimum surface casing requirement described in Table I of the Commission's August 1, 1991, Order in Docket 34,780, (2) any measurement has shown fluid in the wellbore at or above any salt formation or other corrosive formation, or (3) in the opinion of Staff, variation in measurements indicates the possibility of a casing leak. Provided, however, a Subject Well may be returned to service upon (a) passing a casing integrity test after issuance of this Penalty Order to the satisfaction of Staff, or (b) Staff providing written, well-specific authorization after issuance of this Penalty Order.

D. 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.

³ K.S.A. 55-164; K.A.R. 82-3-111(b).

E. 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.

F. 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. If a Subject Well has been inactive for more than 10 years and Operator applies for an exception to the 10-year limit on TA status for the Subject Well prior to this Order becoming final, and Operator would be in compliance with this Order if the application were approved, then suspension shall not be enforced unless: (1) the application is denied, and (2) 30 days have elapsed since the denial. The notice and opportunity for a hearing on this Order shall constitute the notice required by K.S.A. 77-512 regarding license suspension.

G. 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).⁴

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: 10/22/2024



Lynn M. Retz
Executive Director

Mailed Date: 10/22/2024

TSK

⁴ See K.S.A. 55-162; K.S.A. 55-164; K.S.A. 55-606; K.S.A. 55-707; K.S.A. 77-503(c); K.S.A. 77-531(b).



Andrew J. French, Chairperson
Dwight D. Keen, Commissioner
Annie Kuethe, Commissioner

Corporation Commission

Laura Kelly, Governor

NOTICE OF VIOLATION

September 05, 2024
KCC Lic.-36092

ELENDIL RESOURCES LLC
12333 SOWDEN RD STE B PMB 50808
HOUSTON TX 77081-2059

RE: API Well No. 15-047-21453-00-00
JENSEN 3
6-23S-20W, N2SWNW
EDWARDS County, Kansas

Dear Operator:

According to KCC records, the temporary abandonment (TA) status for this well expired on August 21, 2024 , and you are in probable violation of K.A.R. 82-3-111. An operator may apply to the Conservation Division for a TA status extension prior to the expiration of its TA approval period.

If you file a TA application with the District Office by SEPTEMBER 19, 2024 , we will process the application. If you do not file an application by this date, or advise the District Office in writing the date the well returned to service, I will refer the matter to our legal department with a recommendation that the Commission take formal enforcement action including a monetary penalty and an order for you to plug the well.

You may contact me at the number below if you have any questions.

Sincerely,

MICHAEL MAIER
KCC District # 1



Andrew J. French, Chairperson
Dwight D. Keen, Commissioner
Annie Kuether, Commissioner

Corporation Commission

Laura Kelly, Governor

NOTICE OF VIOLATION

September 05, 2024

KCC Lic.-36092

ELENDIL RESOURCES LLC
12333 SOWDEN RD STE B PMB 50808
HOUSTON TX 77081-2059

RE: API Well No. 15-007-03309-00-00
LONKER "A" 1
2-33S-13W, N2NE
BARBER County, Kansas

Dear Operator:

According to KCC records, the temporary abandonment (TA) status for this well expired on August 21, 2024 , and you are in probable violation of K.A.R. 82-3-111. An operator may apply to the Conservation Division for a TA status extension prior to the expiration of its TA approval period.

If you file a TA application with the District Office by SEPTEMBER 19, 2024 , we will process the application. If you do not file an application by this date, or advise the District Office in writing the date the well returned to service, I will refer the matter to our legal department with a recommendation that the Commission take formal enforcement action including a monetary penalty and an order for you to plug the well.

You may contact me at the number below if you have any questions.

Sincerely,

MICHAEL MAIER
KCC District # 1

KCC OIL/GAS REGULATORY OFFICES

Date: 10/9/24

District: 1

Case #: _____

- ☐ New Situation
☒ Response to Request
☐ Follow-Up

- ☐ Lease Inspection
☐ Complaint
☒ Field Report

Operator License No: 36092

Op Name: Elendil Resources, LLC

Address 1: 12333 Sowden Rd., Ste. B, PMB 50808

Address 2: _____

City: Houston

State: TX Zip Code: 77081 -2059

Operator Phone #: (979) 574-6211

API Well Number: 15-047-21453-00-00

Spot: NE-NW-SW-NW Sec 6 Twp 23 S Rng 20 ☐ E / ☒ W

3728 Feet from ☐ N / ☒ S Line of Section

4570 Feet from ☒ E / ☐ W Line of Section

GPS: Lat: 38.08293 Long: 99.56767 Date: 10/9/24

Lease Name: Jensen Well #: 3

County: Edwards

Reason for Investigation:

Request to check well status.

Problem:

Inactive well.

Persons Contacted:

None.

Findings:

This well is fully-equipped with a gas powered pump jack. The casing valve is shut, with some connection work missing. Tank battery equipment includes: 200 bbl fiberglass, partially netted tank; 30" X 6' vertical separator; and a small gaspack. There is also a junk 200 bbl steel stock tank on location. No pit or dike. No current tank ID sign. The paper chart gas meter has no chart. NOV TA letter sent 9/5/24 with a deadline of 9/19/24. Last production reported from March 2021. This well is not producing.

Action/Recommendations:

Follow Up Required ☐ Yes ☒ No ☐

Date: _____

Penalty recommendation for TA. Send tank ID sign NOV letter.

Verification Sources:

Photos Taken: 2

- | | | |
|---|---|-------------------------------------|
| <input checked="" type="checkbox"/> RBDMS | <input checked="" type="checkbox"/> KGS | <input type="checkbox"/> TA Program |
| <input type="checkbox"/> T-I Database | <input type="checkbox"/> District Files | <input type="checkbox"/> Courthouse |
| <input checked="" type="checkbox"/> Other: <u>On-site inspection.</u> | | |

By: Eric MacLaren

Retain 1 Copy District Office
Send 1 Copy to Conservation Division

Form: _____



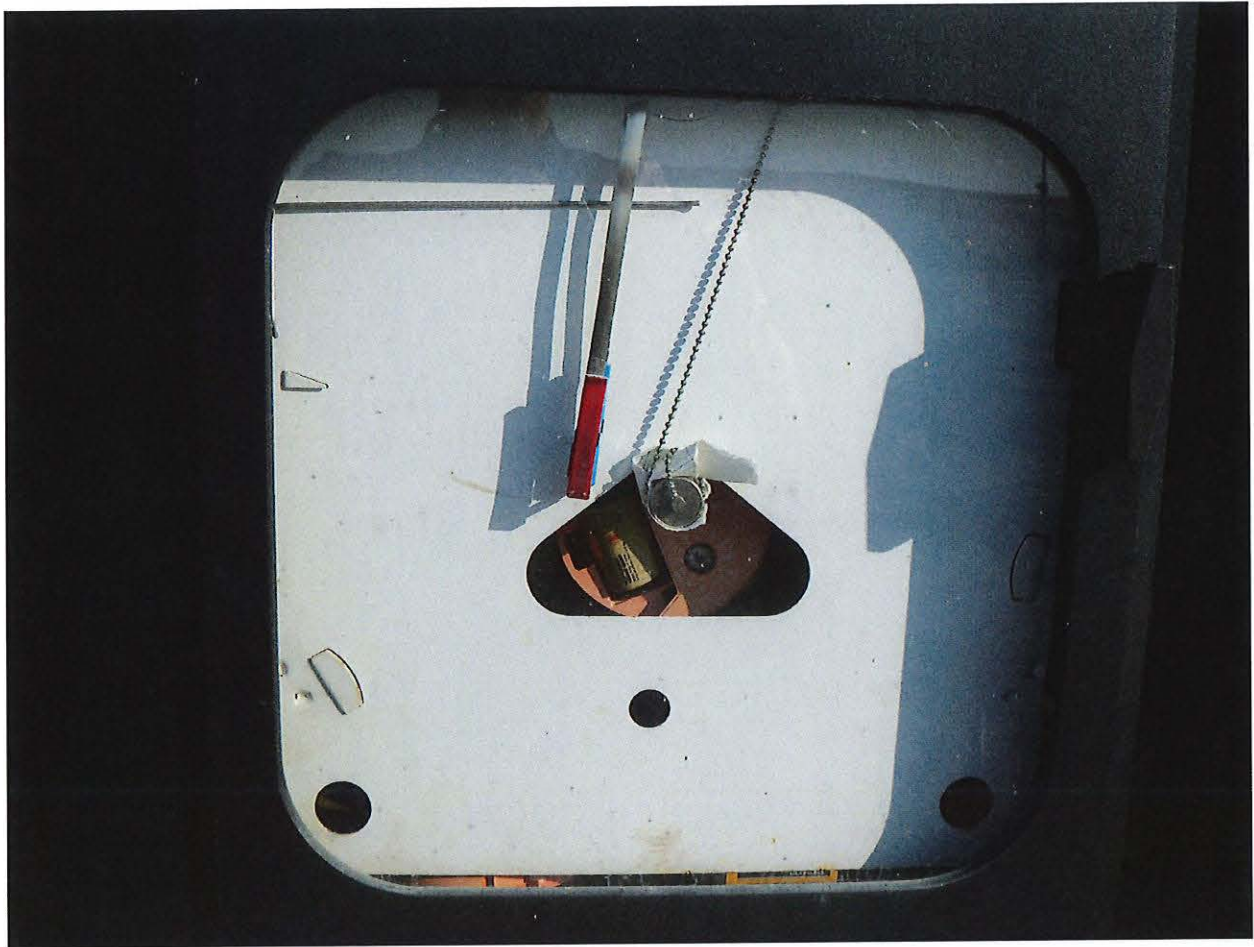
10/9/24

Elendil Resources, LLC

Jensen #3

NW 6-23S-20W, Edwards County

Picture of inactive well and pump jack, facing Northeast.



10/9/24

Elendil Resources, LLC

Jensen #3

NW 6-23S-20W, Edwards County

Picture of uncharted gas meter, facing North.

KCC OIL/GAS REGULATORY OFFICES

Date: 10/8/24

District: 1

Case #: _____

☐ New Situation
☒ Response to Request
☐ Follow-Up

☐ Lease Inspection
☐ Complaint
☒ Field Report

Operator License No: 36092

Op Name: Elendil Resources LLC

Address 1: 12333 Sowden Rd.

Address 2: Suite B PMB 50808

City: Houston

State: TX Zip Code: 77081 -2059

Operator Phone #: (979) 574-6211

API Well Number: 15-007-03309-00-00

Spot: NE SE NW NE Sec 2 Twp 33 S Rng 13 ☐ E / ☒ W

4595 Feet from ☐ N / ☒ S Line of Section

1324 Feet from ☒ E / ☐ W Line of Section

GPS: Lat: 37.20863 Long: 98.70008 Date: 10/8/24

Lease Name: Lonker "A" Well #: 1

County: Barber

Reason for Investigation:

NOV; Expired TA.

Problem:

Potential Violations.

Persons Contacted:

None

Findings:

3:00 PM

Tank battery located 4570' FSL, 1397' FEL. Tank battery consists of 1 300 bbl capped fiberglass produced water tank, no dike. Water trucked off lease. Meter run located 3918' FSL, 4695' FEL Sect. 1-T33S-R13W. Meter off. Gas compressor next to meter not operating.

#1 NW NW NW. Fully equipped oil well with natural gas motor pumping unit. Valves closed.

No current leaks, spills or scarring.

Action/Recommendations:

Follow Up Required ☐ Yes ☒ No ☐

Date: _____

Forward to legal.
Send NOV no sign letter.

Verification Sources:

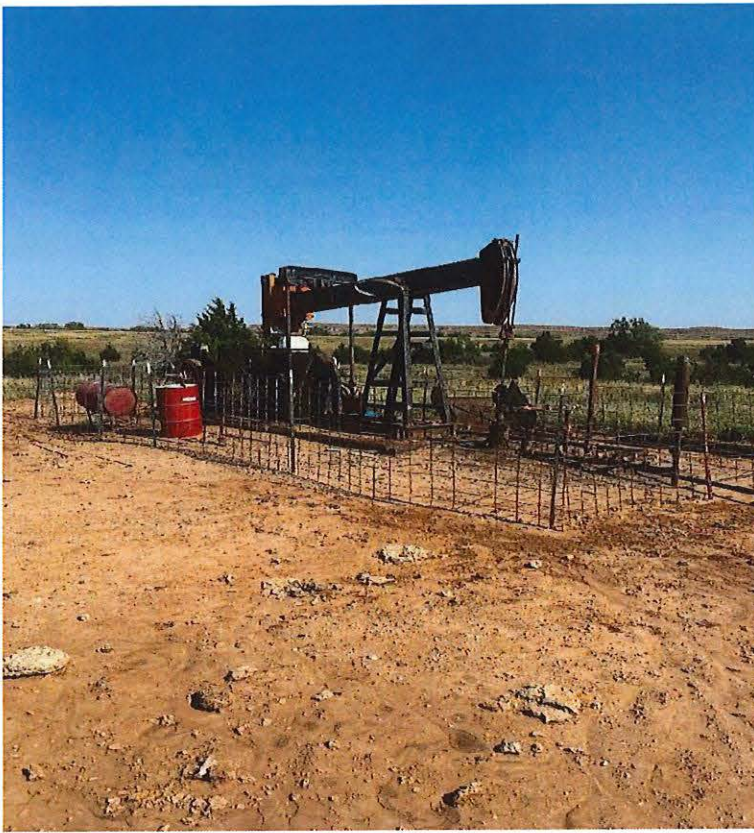
Photos Taken: _____

☒ RBDMS ☒ KGS ☐ TA Program
☐ T-I Database ☐ District Files ☐ Courthouse
☒ Other: Leo 7, On-site inspection.

By: David Ring, ECRS

Retain 1 Copy District Office
Send 1 Copy to Conservation Division

Form: 10/08/2024



10/08/2024

Elendil Resources, LLC

KLN #36092

Lonker "A" #1

15-007-03309-00-00

GPS: 37.20863, -98.70008 4595' FSL, 1324' FEL NE SE NW NE Sec. 2-T33S-R13W Barber County

Valves closed.

CERTIFICATE OF SERVICE

25-CONS-3141-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 10/22/2024.

TRISTAN KIMBRELL, LITIGATION COUNSEL
KANSAS CORPORATION COMMISSION
CENTRAL OFFICE
266 N. MAIN ST, STE 220
WICHITA, KS 67202-1513
tristan.kimbrell@ks.gov

ATTN: LAND DEPARTMENT
ELEDIL RESOURCES LLC
12333 SOWDEN RD STE B PMB 50808
HOUSTON, TX 77081-2059

FRED MACLAREN
KANSAS CORPORATION COMMISSION
DISTRICT OFFICE NO. 1
210 E. FRONTVIEW SUITE A
DODGE CITY, KS 67801
frederic.maclaren@ks.gov

KENNY SULLIVAN, DISTRICT #1 SUPERVISOR
KANSAS CORPORATION COMMISSION
DISTRICT OFFICE NO. 1
210 E. FRONTVIEW SUITE A
DODGE CITY, KS 67801
kenny.sullivan@ks.gov

/S/ KCC Docket Room

KCC Docket Room