

Conservation Division  
266 N. Main St., Ste. 220  
Wichita, KS 67202-1513



20180215155748  
Kansas Corporation Commission

Phone: 316-337-6200  
Fax: 316-337-6211  
<http://kcc.ks.gov>

Shari Feist Albrecht, Chair  
Jay Scott Emler, Commissioner  
Pat Apple, Commissioner

Governor Jeff Colyer, M.D.

**NOTICE OF PENALTY ASSESSMENT**  
**18-CONS-3246-CPEN**

February 15, 2018

Gary Lewis II  
Calgary Energy, LLC  
PO Box 737  
Collinsville, OK 74021

This is a notice of a penalty assessment for violation(s) of Kansas Oil and Gas Conservation Statutes, Rules, and Regulations. For a full description of the penalty and process please refer to the Penalty Order that is attached to this notice.

**IF YOU ACCEPT THE PENALTY:**

You have been assessed a \$2,500 penalty. You have 30 days from the service date of this Penalty Order to pay the fine amount. Check or money order must be made payable to the Kansas Corporation Commission and mailed to the Conservation Division of the Kansas Corporation Commission at 266 N. Main St., Suite 220, Wichita, Kansas 67202. The payment must include a reference to the docket number of this proceeding. Payment by credit card may be made by calling the Conservation Division at 316-337-6200.

**IF YOU CONTEST THE PENALTY:**

You have the right to request a hearing. A written request for hearing must be made within 30 days after service of the Penalty Order setting forth the specific grounds upon which relief is sought. Respondent must submit the request to the Commission, at 266 N. Main St., Suite 220, Wichita, Kansas 67202. The Commission shall conduct a hearing in accordance with the provisions of the Kansas administrative procedure act within 30 days after receipt of such request. K.S.A. 55-164; K.S.A. 77-542; K.A.R. 82-1-215.

**IF YOU FAIL TO ACT:**

Failure to pay the fine amount, or in the alternative, provide a written request for a hearing, within thirty (30) days of service of the Penalty Order, will result in the attached Penalty Order becoming a Final Order and may result in additional sanctions, including additional monetary penalties, the suspension of your oil and gas operating license, and the shutting-in of all operations until compliance is obtained. K.S.A. 55-164; K.S.A. 77-537.

Respectfully,

Lauren N. Wright  
Litigation Counsel  
316-337-6200

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

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

In the matter of the failure of Calgary	)	Docket No.: 18-CONS-3246-CPEN
Energy, LLC. ("Operator") to comply with	)	
K.A.R. 82-3-407 at the Rogers Estate #14 in	)	CONSERVATION DIVISION
Marion, County, Kansas.	)	
_____	)	License No.: 34384

**PENALTY ORDER**

Upon its own motion, the Commission finds and concludes Operator has violated a Commission Order for the following reasons:

**I. JURISDICTION**

1.        K.S.A. 55-152 provides that the Commission has jurisdiction to regulate the construction, operation, and abandonment of any well and the protection of the usable water of this state from any actual or potential pollution from any well, with licensing authority pursuant to K.S.A. 55-155. K.S.A. 74-623 provides that the Commission has the exclusive jurisdiction and authority to regulate oil and gas activities.

2.        K.S.A. 55-162 and K.S.A. 55-164 provide the Commission with authority to issue an order regarding a violation of Chapter 55 of the Kansas Statutes Annotated, or of any rule, regulation, or order of the Commission. K.S.A. 55-164 provides that an order may include a monetary penalty of up to \$10,000, which shall constitute an actual and substantial economic deterrent to the violation for which the penalty is assessed. In the case of a continuing violation, every day such violation continues shall be deemed a separate violation.

## II. FINDINGS OF FACT

3. On December 12, 2017, the Commission issued a Penalty Order against Operator for one violation of K.A.R. 82-3-407 because the Rogers Estate #14 well, API #15-115-20099, had not been successfully tested for mechanical integrity. The Penalty Order gave Operator 30 days to pay a \$1,000 penalty and to perform a successful MIT on the Rogers Estate #14 or plug the well. The Penalty Order stated that if Operator failed to comply, then Operator's license would be suspended without further notice.

4. On January 24, 2018, Staff suspended Operator's license for non-compliance with the Penalty Order. Staff sent a Notice of License Suspension to Operator, stating that Operator was in violation of the Penalty Order. Staff's letter stated that if, after 10 days, Staff discovered Operator performing oil and gas operations, Staff would recommend a Shut-In Order, including an additional \$10,000 penalty.<sup>1</sup>

5. As of February 06, 2018, Operator remained out of compliance with the penalty order in this docket, and Operator's license remained suspended.

6. Operator is responsible for the care and control of the following wells ("the subject wells"), all located in Township 20, Range 3 West, McPherson County, Kansas:

- a. D J Stuckey 1, API# 15-113-02960-00-00, in Section 28;
- b. Stuckey D J 5, API# 15-113-20984-00-00, in Section 28;
- c. McCurdy 9, API# 15-113-21258-00-00, in Section 33;
- d. McCurdy 8, API# 15-113-04952-00-00, in Section 33; and
- e. McCurdy 4, API#15-113-04943-00-02, in Section 33.

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<sup>1</sup> See Exhibit A.

7. On February 06, 2018, Commission District #2 Staff conducted an inspection and found the subject wells to be in operation. Staff took video of each of the pump jacks in an upstroke and downstroke position. The inspection reports submitted by District Staff are attached to this Order as Exhibit B.

8. On February 08, 2018, Operator brought the Rogers Estate #14 into compliance with the Penalty Order in this docket. Operator's license is no longer suspended.

### **III. CONCLUSIONS OF LAW**

9. The Commission concludes that it has jurisdiction over Operator and this matter under K.S.A. 55-152 and K.S.A. 74-623.

10. The above findings of fact are sufficient evidence to support the conclusion that Operator has violated the Commission's Penalty Order in this docket, by its failure to cease operations upon the January 24, 2018, suspension of Operator's license.

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

A. Operator is assessed a \$2,500 penalty.

B. Any party 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, setting forth the specific grounds upon which relief is sought, to the Commission at 266 N. Main St., Suite 220, Wichita, Kansas 67202, within 30 days from the date of service of this Order. Hearings will be scheduled only upon written request. Failure to timely request a hearing will result in a waiver of Operator's right to a hearing.

C. If no party requests a hearing, payment of the monetary penalty is due within 30 days from the date of service of this Order. Failure to timely submit the monetary penalty shall result in Operator's license being suspended without further notice, if it is not already. Checks

and money orders shall be payable to the Kansas Corporation Commission. For credit card payments, include the type of card (Visa, MasterCard, Discover, or American Express), account number, and expiration date. Payments shall be mailed to the Kansas Corporation Commission at 266 N. Main St., Suite 220, Wichita, Kansas 67202. The payment must include a reference to the docket number of this proceeding.

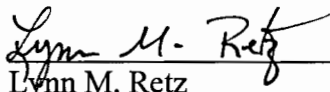
D. If a party requests a hearing, a corporation or similar entity shall not be permitted to enter an appearance except by its attorney. Attorneys for all parties shall enter their appearances in Commission proceedings by giving their names and addresses for the record.

E. The Commission retains jurisdiction over the subject matter and the parties for the purpose of entering such further order or orders as it may deem necessary.

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

Albrecht, Chair; Emler, Commissioner; Apple, Commissioner

Dated: FEB 15 2018

  
Lynn M. Retz  
Secretary to the Commission

Mailed Date: FEB 16 2018

LW

Conservation Division  
266 N. Main St., Ste. 220  
Wichita, KS 67202-1513



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Shari Feist Albrecht, Chair  
Jay Scott Emler, Commissioner  
Pat Apple, Commissioner

Sam Brownback, Governor

January 24, 2018

Gary Lewis II  
Calgary Energy, LLC  
PO Box 737  
Collinsville, OK 74021

**NOTICE OF LICENSE SUSPENSION**

**License No. 34384**

**Docket No. 18-CONS-3246-CPEN**

Operator:

Our records indicate that you are in violation of a Commission Order in the above Docket.

**Your license is hereby suspended.**

Until your license is reinstated, it is illegal for you to conduct oil and gas operations in Kansas.

If, after 10 days from the date of this letter, Commission Staff discover you performing oil and gas operations, Staff will recommend a Shut-In Order, including an additional \$10,000 penalty. If you are already shut-in, you must remain shut-in.

Any outstanding monetary penalty may be sent to collections.

You may review the Commission Order, which was mailed to you, at the Commission's website. If you have questions, you may contact us at the phone number listed at the top of this page.

Sincerely,

Legal Department Staff

# KCC OIL/GAS REGULATORY OFFICES

Date: 02/06/18

District: 02

Case #: \_\_\_\_\_

☐ New Situation  
☐ Response to Request  
☒ Follow-Up

☐ Lease Inspection  
☐ Complaint  
☒ Field Report

Operator License No: 34384

Op Name: Calgary Energy LLC dba

Address 1: PO Box 737

Address 2: \_\_\_\_\_

City: Collinsville

State: Oklahoma Zip Code: 74021 -

Operator Phone #: (918) 798-4511

API Well Number: 15-113-21258, 15-113-04952, 15-113-04943-0002

Spot: \_\_\_\_\_ Sec 33 Twp 20 S Rng 3 ☐ E ☒ W

Feet from ☐ N ☐ S Line of Section

Feet from ☐ E ☐ W Line of Section

GPS: Lat: \_\_\_\_\_ Long: \_\_\_\_\_ Date: \_\_\_\_\_

Lease Name: McCurdy Well #: 4, 8, & 9

County: McPherson

## Reason for Investigation:

Suspension of Operations

## Problem:

Wells are in operation while operator is suspended

## Persons Contacted:

Gary Lewis

## Findings:

At time 3 of the 5 wells on this lease are in operation

## Action/Recommendations:

Follow Up Required ☒ Yes ☐ No ☐

Date: \_\_\_\_\_

Stop all Production until all compliance matter can be resolved.

## Verification Sources:

☐ RBDMS ☐ KGS ☐ TA Program  
☐ T-I Database ☐ District Files ☐ Courthouse  
☐ Other: \_\_\_\_\_

Photos Taken: \_\_\_\_\_

By: Jerry Sparling

Environmental Compliance and Regulatory Specialist

**License #: 34384**

Spot: \_\_\_\_\_ Sec 33 Twp 20 S Rng 3 ☐ E ☒ W

Lease Name: Mc Curdy Well #: 4, 8, & 9

<b>I.D. Sign</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/>
<b>Tank Battery Condition</b>	Condition: <input type="checkbox"/> Good <input type="checkbox"/> Questionable <input type="checkbox"/> Overflowing	<input type="checkbox"/>
<b>Pits, Injection Site</b>	Fluid Depth: _____ ft; Approx. Size: _____ ft. x _____ ft.	
<b>Oil Spill Evidence</b>		
<b>Abandoned Well</b>	<b>Potential Pollution Problem</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Lease Cleanliness</b>	<input type="checkbox"/> Very Good <input type="checkbox"/> Satisfactory <input type="checkbox"/> Poor <input type="checkbox"/> Very Bad	<input type="checkbox"/>

**Gas Venting**    ☐ Yes    ☐ No    ☐ N/A    ☐ N/A

☐ Pits  
Fluid Depth: \_\_\_\_\_ ft; Approx. Size: \_\_\_\_\_ ft. x \_\_\_\_\_ ft.

☐ Saltwater Pipelines    ☐ N/A    ☐ N/A  
Leaks Visible: ☐ Y ☐ N      Tested for Leaks: ☐ Y ☐ N

☐ Flowing Holes

☐ TA Wells

☐ Monitoring Records

SWD/ER Injection Well ☐ Yes ☐ No ☒ No

Permit #: \_\_\_\_\_ Pressure – Actual: \_\_\_\_\_ psi; Authorized: \_\_\_\_\_ psi

Permit #: \_\_\_\_\_ Pressure – Actual: \_\_\_\_\_ psi; Authorized: \_\_\_\_\_ psi

Permit #: \_\_\_\_\_ Pressure – Actual: \_\_\_\_\_ psi; Authorized: \_\_\_\_\_ psi

Permit #: \_\_\_\_\_ Pressure – Actual: \_\_\_\_\_ psi; Authorized: \_\_\_\_\_ psi

**Gauge Connections** ☐ Yes ☐ No ☐ 7

**Tubing:** \_\_\_\_\_; **T/C Annulus:** \_\_\_\_\_; **C/SP Annulus:** \_\_\_\_\_

**Tubing:** \_\_\_\_\_ ; **T/C Annulus:** \_\_\_\_\_ ; **C/SP Annulus:** \_\_\_\_\_

**Tubing:** \_\_\_\_\_ ; **T/C Annulus:** \_\_\_\_\_ ; **C/SP Annulus:** \_\_\_\_\_

**Tubing:** \_\_\_\_\_; **T/C Annulus:** \_\_\_\_\_; **C/SP Annulus:** \_\_\_\_\_

[illegible]



**License #:** 34384

Spot: \_\_\_\_\_ Sec 33 Twp 20 S Rng 3 ☐ E / ☒ W

Lease Name: Mc Curdy Well #: 4, 8, & 9

[illegible]

# KCC OIL/GAS REGULATORY OFFICES

Date: 02/06/18

District: 02

Case #: \_\_\_\_\_

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

- ☐ Lease Inspection  
☐ Complaint  
☒ Field Report

Operator License No: 34384

API Well Number: 15-113-02960, 15-113-20984

Op Name: Calgary Energy LLC dba

Spot: \_\_\_\_\_ Sec 28 Twp 20 S Rng 3 ☐ E ☒ W

Address 1: PO Box 737

Feet from ☐ N ☐ S Line of Section

Address 2: \_\_\_\_\_

Feet from ☐ E ☐ W Line of Section

City: Collinsville

GPS: Lat: \_\_\_\_\_ Long: \_\_\_\_\_ Date: \_\_\_\_\_

State: Ok Zip Code: 74021 -

Lease Name: DJ Stuckey & Stuckey DJ Well #: 5 & 1

Operator Phone #: (918) 798-4511

County: McPherson

## Reason for Investigation:

Operations Check

## Problem:

2 of the 6 wells on this lease are in operation

## Persons Contacted:

Gary Lewis II

## Findings:

Wells are operating while operator is suspended

## Action/Recommendations:

Follow Up Required ☒ Yes ☐ No ☐

Date: \_\_\_\_\_

Stop operation immediately until all compliance issues can be resolved

## Verification Sources:

- |   |   |                                     |
|---|---|-------------------------------------|
| <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 type="checkbox"/> Other: _____     |   |                                     |

Photos Taken: YES

By: Jerry Sparling

Environmental Compliance and Regulatory Specialist

Date: 02/06/18District: 02License #: 34384Op Name: 34384Spot: \_\_\_\_\_ Sec 28 Twp 20 S Rng 3 ☐ E ☒ WCounty: McPhersonLease Name: DJ Stuckey & Stuckey DJ Well #: 5 & 1

I.D. Sign <input type="checkbox"/> Yes <input type="checkbox"/> No <span style="float: right;"><input type="checkbox"/></span>
<input type="checkbox"/> Tank Battery Condition Condition: <input type="checkbox"/> Good <input type="checkbox"/> Questionable <input type="checkbox"/> Overflowing <span style="float: right;"><input type="checkbox"/></span>
<input type="checkbox"/> Pits, Injection Site Fluid Depth: _____ ft; Approx. Size: _____ ft. x _____ ft.
<input type="checkbox"/> Oil Spill Evidence
<input type="checkbox"/> Abandoned Well Potential Pollution Problem <input type="checkbox"/> Yes <input type="checkbox"/> No <span style="float: right;"><input type="checkbox"/></span>
<input type="checkbox"/> Lease Cleanliness <span style="float: right;"><input type="checkbox"/></span> <input type="checkbox"/> Very Good <input type="checkbox"/> Satisfactory <input type="checkbox"/> Poor <input type="checkbox"/> Very Bad

Gas Venting <input type="checkbox"/> Yes <input type="checkbox"/> No <span style="float: right;"><input type="checkbox"/></span>
<input type="checkbox"/> Pits Fluid Depth: _____ ft; Approx. Size: _____ ft. x _____ ft.
<input type="checkbox"/> Saltwater Pipelines <span style="float: right;"><input type="checkbox"/> <input type="checkbox"/></span> Leaks Visible: <input type="checkbox"/> Y <input type="checkbox"/> N Tested for Leaks: <input type="checkbox"/> Y <input type="checkbox"/> N
<input type="checkbox"/> Flowing Holes
<input type="checkbox"/> TA Wells
<input type="checkbox"/> Monitoring Records

SWD/ER Injection Well ☐ Yes ☐ No ☐

Permit #: \_\_\_\_\_ Pressure – Actual: \_\_\_\_\_ psi; Authorized: \_\_\_\_\_ psi

Permit #: \_\_\_\_\_ Pressure – Actual: \_\_\_\_\_ psi; Authorized: \_\_\_\_\_ psi

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Permit #: \_\_\_\_\_ Pressure – Actual: \_\_\_\_\_ psi; Authorized: \_\_\_\_\_ psi

Gauge Connections ☐ Yes ☐ No ☐

Tubing: \_\_\_\_\_; T/C Annulus: \_\_\_\_\_; C/SP Annulus: \_\_\_\_\_

Tubing: \_\_\_\_\_; T/C Annulus: \_\_\_\_\_; C/SP Annulus: \_\_\_\_\_

Tubing: \_\_\_\_\_; T/C Annulus: \_\_\_\_\_; C/SP Annulus: \_\_\_\_\_

Tubing: \_\_\_\_\_; T/C Annulus: \_\_\_\_\_; C/SP Annulus: \_\_\_\_\_

API Number	Footages	Spot Location	GPS	Well Number	Well Status

**License #:** 34384

Spot: \_\_\_\_\_ Sec 28 Twp 20 S Rng 3 ☐ E / ☒ W

Lease Name: DJ Stuckey & Stuckey DJ Well #: 5 & 1

[illegible]

**CERTIFICATE OF SERVICE**

18-CONS-3246-CPEN

I, the undersigned, certify that the true copy of the attached Order has been served to the following parties by means of first class mail/hand-delivered on FEB 15 2018.

Gary Lewis II  
Calgary Energy, LLC  
PO Box 737  
Collinsville, OK 74021

and delivered by e-mail to:

Dan Fox  
KCC District #2

Lauren N. Wright, Litigation Counsel  
KCC Central Office

/s/ DeeAnn Shupe  
DeeAnn Shupe

Order Mailed Date

FEB 16 2018