

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

In the Matter of the Application of Gateway)	Docket No. 24-CONS-3114-CMSC
Resources U.S.A., Inc. (Operator) for an)	
Operator's License Renewal.)	CONSERVATION DIVISION
)	
)	License No. 32353

PRE-FILED REBUTTAL TESTIMONY OF

RYAN DULING

ON BEHALF OF COMMISSION STAFF

FEBRUARY 16, 2024

1 **Q. Are you the same Ryan Duling who previously filed direct testimony in this docket?**

2 A. Yes.

3 **Q. What is the purpose of your rebuttal testimony in this matter?**

4 A. The purpose of my rebuttal testimony is to address certain statements made in the pre-filed
5 testimony submitted on behalf of Gateway Resources U.S.A., Inc. (Operator) in this docket -
6 Docket 24-CONS-3114-CMSC (Docket 24-3114) on February 8, 2024.

7 **Q. On page 3 line 16 through page 4 line 3 of his testimony, Mr. Hanks appears to express**
8 **confusion as to why the O'Brien Sewell #6-27 well was omitted from the updated**
9 **compliance agreement. Can you help address that confusion?**

10 A. I will do my best. As I stated in my direct testimony, the O'Brien Sewell #6-27 was included
11 as part of the initial compliance agreement with Operator. The reason the well was not
12 included in the updated compliance agreement was because Commission records indicated
13 that the well had already been brought into compliance per the terms of the compliance
14 agreement. Specifically, the well history in the Commission's Risk Based Data Management
15 System (RBDMS) shows that the status of the well was changed from Inactive "IN" to
16 Producing "PR" based on a lease inspection conducted by Mr. Duane Sims on October 19,
17 2017. As a result of Mr. Sims' inspection, Operator was credited with bringing the O'Brien
18 Sewell #6-27 well into compliance with its agreement. This helped Operator meet its quarterly
19 objectives for the 3rd deadline of 2017. Since wells cannot be counted twice towards meeting
20 an operator's objectives, the O'Brien Sewell #6-27 was not included in the amended
21 compliance agreement that was later executed between Operator and Staff in 2020.

1 **Q. Mr. Hanks states that no production has been sold from the well since 2007. Do you**
2 **disagree with that statement?**

3 A. I don't have any reason to disagree with that statement. Kansas Geological Survey records for
4 the O'Brien Sewell #6-27 well also indicate that production has not been sold since 2007. It
5 is possible that Operator fully equipped the well and ran it for a very short time period to show
6 that the well was capable of production even though no production was sold. Once the well
7 was shut-off, it would be in compliance for the next 365 days as long as it met the requirements
8 for exempt wells identified under K.A.R. 82-3-111(e). Regardless of what the situation with
9 the O'Brien Sewell #6-27 was, the well would have needed to remain in compliance with
10 Commission regulations outside of the structure of the compliance agreement since Staff
11 documented the well as being brought into compliance with the agreement. The language
12 within Commission approved compliance agreements dictates that only wells that are out of
13 compliance with K.A.R. 82-3-111 are included as part of the compliance agreement. The
14 language in the compliance agreements also indicates that once a well is returned to
15 compliance it cannot be added back to the agreement should it fall out of compliance at a
16 future date.

17 **Q. Does Mr. Hanks' testimony change your recommendation regarding this agreement?**

18 A. No. Operator is still behind in its obligations under the Commission approved compliance
19 agreement. Commission rules and regulations prevent the renewal of Operator's license, and
20 I would still recommend that the Order Denying Application for License be affirmed.

21 **Q. Does this conclude your rebuttal testimony?**

22 A. Yes.

CERTIFICATE OF SERVICE

24-CONS-3114-CMSC

I, the undersigned, certify that a true and correct copy of the attached Prefiled Rebuttal Testimony of Ryan Duling has been served to the following by means of electronic service on February 16, 2024.

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