

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



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

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

Sam Brownback, Governor

**NOTICE OF PENALTY ASSESSMENT**  
**18-CONS-3242-CPEN**

December 5, 2017

Kevin Tieben  
TKO Investments, Inc.  
10881 W. McArtor Road  
Dodge City, KS 67801-6763

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 \$100 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,

Jonathan R. Myers  
Litigation Counsel  
316-337-6200

**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 TKO	)	Docket No.: 18-CONS-3242-CPEN
Investments, Inc. ("Operator") to comply with	)	
K.A.R. 82-3-111 at the Indiek #1 in Ford	)	CONSERVATION DIVISION
County, Kansas.	)	
_____	)	License No.: 4067

**PENALTY ORDER**

The above captioned matter comes before the State Corporation Commission of the State of Kansas (Commission). Having examined the files and records, and being duly advised in the premises, the Commission finds and concludes as follows:

**I. JURISDICTION**

1. Pursuant to K.S.A. 74-623, the Commission shall have the exclusive jurisdiction and authority to regulate oil and gas activities.
2. Pursuant to K.S.A. 55-162, whenever the Commission, from investigation or upon written complaint filed with the Commission, finds reasonable cause to believe that a person has violated any provision of K.S.A. 55-150 *et seq.*, or any rules and regulations adopted pursuant to K.S.A. 55-150 *et seq.*, the Commission shall cause such person to come before it at a hearing held in accordance with the provisions of the Kansas Administrative Procedure Act (KAPA). After such hearing, if the Commission finds that such person violated any provisions of K.S.A. 55-150 *et seq.*, the Commission shall take any appropriate action necessary to prevent pollution and protect water supply.
3. Pursuant to K.S.A. 55-164, in addition to any other penalty provided by law, the Commission, upon finding that an operator or contractor has violated the provisions of K.S.A.

55-150 *et seq.*, or any rule and regulation or order of the Commission, may impose a penalty not to exceed \$10,000, which shall constitute an actual and substantial economic deterrent to the violation for which the penalty is assessed. In the case of continuing violation, every day such violation continues shall be deemed a separate violation.

4. Pursuant to K.A.R. 82-3-111, within 90 days after operations cease on any well drilled for the purpose of exploration, discovery, service, or production of oil, gas, or other minerals, the operator of that well shall (1) plug the well, (2) return the well to service, or (3) file an application with the Conservation Division requesting temporary abandonment (“TA”) authority, on a form prescribed by the Conservation Division. A well shall not be eligible for TA status if the well has been shut in for 10 years or more without an application for an exception pursuant to K.A.R. 82-3-100 and approval by the Commission. The failure to file a notice of temporary abandonment shall be punishable by a \$100 penalty.

5. K.A.R. 82-3-111(e) provides an exemption for certain wells that are (1) fully equipped and capable of production of oil or gas or for injection; (2) capable of immediately resuming production of oil or gas or of injection; (3) subject to a valid continuing oil and gas lease; when (4) the cessation period for the well is less than 365 days; and (5) the well is otherwise in full compliance with all of the Commission’s regulations.

## **II. FINDINGS OF FACT**

6. Operator conducts oil and gas activities in Kansas under license number 4067.

7. Operator is responsible for the care and control of the Indiek #1 (“the subject well”), API #15-057-20480-00-00, located in Section 34, Township 25 South, Range 21 West, Ford County, Kansas.

8. District Staff inspected the subject well and collected evidence indicating it has been inactive and unplugged for longer than the 90 days allowed by K.A.R. 82-3-111. A copy of the inspection is attached hereto as Attachment “A” and is hereby incorporated by reference. The well did not appear to be exempt pursuant to K.A.R. 82-3-111(e). Operator either did not file a TA application or did not bring the well into compliance after a TA application was denied.

9. District Staff sent a letter to Operator, requiring Operator to bring the subject well into compliance with K.A.R. 82-3-111 by October 11, 2017. A copy of the letter is attached hereto as Attachment “B” and is hereby incorporated by reference.

10. District Staff inspected the subject well after the deadline in the letter passed, verifying that the well continued to be inactive and unplugged. A copy of that inspection is attached hereto as Attachment “C” and is hereby incorporated by reference.

11. District Staff collected evidence and submitted it to the Legal Department with a recommendation that the Commission issue this Order. The recommendation sheet submitted by District Staff is attached to this Order as Attachment “D” and hereby incorporated by reference, and shall serve as the concise and explicit statement of facts required by K.S.A. 77-526.

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

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

13. The above findings of fact are sufficient evidence to support the conclusion that Operator committed one violation(s) of K.A.R. 82-3-111 because the subject well has been inactive in excess of the time allowed by regulation without being plugged, returned to service, or approved for TA status.

**THEREFORE, THE COMMISSION ORDERS:**

- A. Operator shall pay a \$100 penalty.
- B. Operator shall plug the subject well, return the well to service, or obtain TA status for the well if eligible. Obtaining TA status shall include application for, and Commission approval of, an exception to the 10-year limit on TA status if applicable.
- C. If no party requests a hearing, and Operator is not in compliance with this Order within 30 days, then Operator's license shall be suspended without further notice. The notice and opportunity for a hearing on this order shall constitute the notice required by K.S.A. 77-512 regarding license suspension. The Commission may impose further sanctions, including additional monetary penalties and any other remedies available to the Commission by law, without further notice.
- D. 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. The payment must include a reference to the docket number of this proceeding. Credit card payments may be made by calling the Conservation Division at 316-337-6200.
- E. 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.

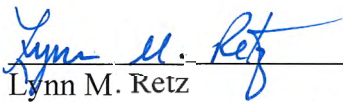
F. If a party requests a hearing, a corporation or similar entity shall not be permitted to enter an appearance except by its attorney. K.A.R. 82-1-228(d). Attorneys for all parties shall enter their appearances in Commission proceedings by giving their names and addresses for the record.

G. 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.**

Apple, Chairman; Albrecht, Commissioner; Emler, Commissioner

Dated: DEC 5 2017

  
Lynn M. Retz  
Secretary to the Commission

Mailed Date: DEC 6 2017

JRM

# KCC OIL/GAS REGULATORY OFFICES

Date: 09/05/17

District: 1

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

☒ New Situation  
☐ Response to Request  
☒ Follow-Up

☒ Lease Inspection  
☐ Complaint  
☐ Field Report

Operator License No: 4067

API Well Number: see back

Op Name: TKO Investments, Inc.

Spot: E/2 Sec 34 Twp 25 S Rng 21 ☐ E / ☒ W

Address 1: 10881 W. McArtor Rd.

Feet from ☐ N / ☒ S Line of Section

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

Feet from ☒ E / ☐ W Line of Section

City: Dodge City

GPS: Lat: \_\_\_\_\_ Long: \_\_\_\_\_ Date: 8/29/16

State: KS Zip Code: 67801 -6763

Lease Name: Indiek Well #: lease

Operator Phone #: (620) 225-0263

County: Ford

## Reason for Investigation:

Follow-up lease inspection.

## Problem:

#1 is still inactive after one year.

## Persons Contacted:

Ben (TKO hired man).

## Findings:


9/5/17 The #1 is still showing the date of 8/29/16 on the polish rod liner. I could not find a date on the #1-34 drive belts. The #1-34 wasn't producing at the time of my follow-up inspection, so I dated the drive belts @ 12:00 on the gearbox sheave. KGS doesn't show any more recent production from either well.

8/29/16 The tank battery consists of: 2-200 bbl steel stock tanks; 200 bbl fiberglass, netted saltwater tank; and a 210 bbl fiberglass gunbarrel. The existing dike is washed out. There is old spill evidence around the tank battery and the #1-34 wellhead. There are no current leaks or spills. TKO's hired man (Ben) showed up and said that their rig will be on the #1-34 tomorrow (8/30/16), to determine whether to repair the well or plug it. KGS shows the last production for the #1-34 from 2011, and the #1 from 2005. I dated the polish rod liner on the #1, and the drive belts @ 12:00 on the electric motor sheave on the #1-34. Both wells are fully-capable to produce.

## Action/Recommendations:

Follow Up Required ☒ Yes ☐ No ☐

Date: 9/6/18

Send a TA letter for the #1.   
 Recheck #1-34 for production after one year.

SA

NO TA Ltr sent 9/13/17 MP

## Verification Sources:

Photos Taken: 0

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

By: \_\_\_\_\_

Eric McLaren

Retain 1 Copy District Office  
 Send 1 Copy to Conservation Division

Form: \_\_\_\_\_  
 Attachment A



TKO Investments  
Index #1  
SE 54-25-21 FO



Pat Apple, Chairman  
Shari Feist Albrecht, Commissioner  
Jay Scott Emmer, Commissioner

Corporation Commission

Sam Brownback, Governor

## **NOTICE OF VIOLATION**

KEVIN TIEBEN  
TKO INVESTMENTS, INC.  
10881 W MCARTOR RD  
DODGE CITY KS 67801-6763

September 13, 2017  
KCC Lic.-4067

RE: **TEMPORARY ABANDONMENT**  
API Well No. 15-057-20480-00-00  
INDIEK 1  
34-25S-21W, NWNENESE  
FORD County, Kansas

Operator:

On September 05, 2017, a lease inspection documented a probable violation of the following regulation at the referenced well:

- K.A.R. 82-3-111. Within 90 days after operations cease on a well, the operator must return the well to service, plug the well, or obtain approval for temporary abandonment status.

**Failure to remedy this violation  
by OCTOBER 11, 2017  
shall be punishable by a \$100 penalty.**

You may contact me if you have any questions.

Sincerely,

*Eric Maclaren by M Pennington*  
ERIC MACLAREN  
KCC District # 1

# KCC OIL/GAS REGULATORY OFFICES

Date: 11/13/17

District: 1

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

☒ New Situation

☐ Response to Request

☒ Follow-Up

☒ Lease Inspection

☐ Complaint

☐ Field Report

Operator License No: 4067

Op Name: TKO Investments, Inc.

Address 1: 10881 W. McArtor Rd.

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

City: Dodge City

State: KS Zip Code: 67801 -6763

Operator Phone #: (620) 225-0263

API Well Number: see back

Spot: E/2 Sec 34 Twp 25 S Rng 21 ☐ E / ☒ W

Feet from ☐ N / ☒ S Line of Section

Feet from ☒ E / ☐ W Line of Section

GPS: Lat: \_\_\_\_\_ Long: \_\_\_\_\_ Date: 8/29/16

Lease Name: Indiek Well #: lease

County: Ford

## Reason for Investigation:

Follow-up lease inspection.

## Problem:

#1 is inactive.

## Persons Contacted:

Ben (TKO hired man).

## Findings:

11/13/17 The #1 doesn't appear to have ran since dating the polish rod liner on 8/29/16. I took a picture of the date.

9/5/17 The #1 is still showing the date of 8/29/16 on the polish rod liner. I could not find a date on the #1-34 drive belts. The #1-34 wasn't producing at the time of my follow-up inspection, so I dated the drive belts @ 12:00 on the gearbox sheave. KGS doesn't show any more recent production from either well.

8/29/16 The tank battery consists of: 2-200 bbl steel stock tanks; 200 bbl fiberglass, netted saltwater tank; and a 210 bbl fiberglass gunbarrel. The existing dike is washed out. There is old spill evidence around the tank battery and the #1-34 wellhead. There are no current leaks or spills. TKO's hired man (Ben) showed up and said that their rig will be on the #1-34 tomorrow (8/30/16), to determine whether to repair the well or plug it. KGS shows the last production for the #1-34 from 2011, and the #1 from 2005. I dated the polish rod liner on the #1, and the drive belts @ 12:00 on the electric motor sheave on the #1-34. Both wells are fully-capable to produce.

## Action/Recommendations:

Follow Up Required ☒ Yes ☐ No ☐

Date: 9/6/18

Recheck #1-34 for production after one year.

Send #1 to legal

## Verification Sources:

Photos Taken: 1

☒ RBDMS

☐ T-I Database

☒ Other: On-site inspection, Ben.

☒ KGS

☐ District Files

☐ TA Program

☐ Courthouse

By: \_\_\_\_\_

Eric MacLaren

Retain 1 Copy District Office  
Send 1 Copy to Conservation Division

Form: \_\_\_\_\_  
Attachment C



11/13/17

TKO Investments

Indiek #1

SE 34-25-21 FO

## PENALTY ORDER RECOMMENDATION

**\*\*\*ROUTINE TEMPORARY ABANDONMENT VIOLATION\*\*\***

*Note: this sheet will be attached to the Order that is mailed to the operator.*

<b>Date of Recommendation:</b>	11/29/17
<b>District/Department:</b>	District #1
<b>Person Recommending Penalty:</b>	Steve Pfeifer, Compliance Officer
<b>Operator Name:</b>	TKO Investments, Inc.
<b>Operator License Number:</b>	4067
<b>Well/Lease Name &amp; Well Number:</b>	Indiek 1
<b>Well/Lease Location, and County:</b>	NWNENESE Sec. 34-25S-21W, Ford County
<b>Well API Number:</b>	15-057-20480-00-00
<b>UIC Docket Number:</b>	N/A
<b>Regulation Number:</b>	K.A.R. 82-3-111
<b>Description of Violation:</b>	Failure to plug, produce, or obtain TA status (including after a TA application is filed and denied).
<b>Date of NOV / TA Denied letter.</b>	Date of TA NOV letter. 9/13/2017
<b>Deadline in NOV / TA Denied letter.</b>	10/11/2017
<b>Date of follow-up lease inspection.</b>	11/13/2017
<b>Requested Monetary Penalty:</b>	\$100
<b>Requested Operator Activity:</b>	Plug, produce, or obtain TA status if eligible (including a 10-year TA application if required).
<b>Supervisor Initials</b>	SA

**CERTIFICATE OF SERVICE**

18-CONS-3241-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 DEC 5 2017.

Kevin Tieben  
TKO Investments, Inc.  
10881 W. McArtor Road  
Dodge City, KS 67801-6763

And via e-mail to:

Steve Pfeifer  
KCC District #1

/s/ DeeAnn Shupe  
DeeAnn Shupe

**Order Mailed Date**

DEC 6 2017