THE STATE CORPORATION COMMISSION OF THE STATE OF KANSAS

Before Commissioners: Andrew J. French, Chairperson

Dwight D. Keen Susan K. Duffy

In the matter of the failure of REH Oil and)
Gas, LLC (Operator) to comply with K.A.R.)
82-3-111 at the Conrad #30-1 in Clark)
County, Kansas.)
License No.: 32556

PENALTY ORDER

The Commission finds Operator has violated K.A.R. 82-3-111 regarding the captioned well, assesses a \$100 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 Conrad #30-1 well (Subject Well), API #15-025-21550-00-00, located in Section 30, Township 33 South, Range 21 West, Clark County, Kansas.
- 5. On April 12, 2021, Commission records indicated the Subject Well had been inactive and unplugged for longer than the 90 days allowed by K.A.R. 82-3-111 and that the well was not exempt pursuant to K.A.R. 82-3-111(e). The Subject Well had also not been approved for TA status. Thus, Commission Staff sent a letter to Operator, requiring Operator to bring the Subject Well into compliance with K.A.R. 82-3-111 by May 10, 2021.
- 6. On June 4, 2021, Commission Staff inspected the Subject Well, because the deadline in the letter had passed and the violation had not been resolved, verifying that the well continued to be inactive and unplugged.²

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.

² Exhibit B.

¹ Exhibit A.

8. Operator has committed one violation 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.³

THEREFORE, THE COMMISSION ORDERS:

- A. Operator shall pay a \$100 penalty.
- B. Operator shall plug the Subject Well, or return the well to service, or obtain TA status for the well 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. <u>A request for hearing must comply with K.A.R. 82-1-219.</u>
- 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.

3

³ K.S.A. 55-164; K.A.R. 82-3-111(b).

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; Duffy, Commissioner

Dated: 08/24/2021	Lynn M. Keg	
	Lynn M. Retz	
	Executive Director	
Mailed Date:08/24/2021		
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 Susan K. Duffy, Commissioner Corporation Commission

Laura Kelly, Governor

NOTICE OF VIOLATION

REH OIL AND GAS LLC 1501 E 1ST ST PRATT KS,67124 April 12, 2021 KCC Lic. 32556

RE: TEMPORARY ABANDONMENT

API Well No. 15-025-21550-00-00 CONRAD 30-1 30-33S-21W, E2NE CLARK County, Kansas

Operator:

On April 12, 2021, a file review 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 MAY 10, 2021 shall be punishable by a \$100 penalty.

You may contact me if you have any questions.

Sincerely,

MICHAEL MAIER
KCC District # 1

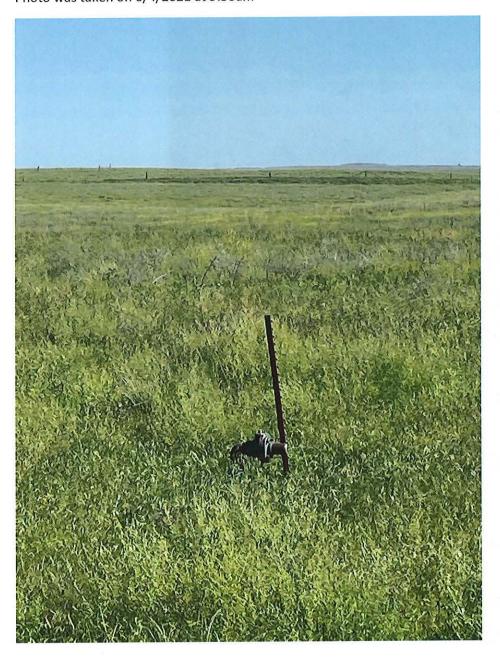
Exhibit A Page 1 of 1

KCC OIL/GAS REGULATORY OFFICES

Date: <u>06/04/21</u>	District: 1	Case #:
	New Situation	Lease Inspection
	Response to Request	Complaint
	Follow-Up	✓ Field Report
	1995	
Operator License No: 32556	API Well Number:	
Op Name: RFH Oil & Gas LLC		ec 30 Twp 33 S Rng 21 E / W
Address 1: <u>1501 E 1st ST</u>		Feet from N/V S Line of Section
Address 2:	8	Feet from E/ W Line of Section
City: Pratt	GPS: Lat:Lo	ong: Date: 6/4/21
State: KS Zip Code: <u>67124 -2069</u>		Well#: Lease
Operator Phone #: (620) 672-8111	County: Clark	
Reason for Investigation:		
Requested Inspection		5 1 1
Problem:		
Failure to TA, Plug, or return well to service a No lease sign.	fter 90 days.	
Persons Contacted:		
None		
Findings:		
9:53am		
No tank battery present.		
#1 E2 NE. Production casing is visible with suuse.	vedge, valve, and bull plug	g attatched. Vveil is shut in and not in
No current leaks or spills.		
Two durient leaks of opinio.		
	2-31	
Action/Recommendations: Follow	Up Required Yes VNo	Date:
Send to Legal.		
-		
Verification Sources:		Photos Taken:
RBDMS KGS	TA Program	Dava
T-I Database District Files	Courthouse By: <u>Isaac</u>	Daxa
Other: On-site inspection		
Retain 1 Copy District Office Send 1 Copy to Conservation Division		T access

Exhibit B Page 1 of 2

Conrad 30-1 Well (Facing Northeast)
30-33-21 CA Co
Photo was taken on 6/4/2021 at 9:50am



CERTIFICATE OF SERVICE

22-CONS-3092-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	08/24/2021

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

MICHELE PENNINGTON
KANSAS CORPORATION COMMISSION
DISTRICT OFFICE NO. 1
210 E. FRONTVIEW SUITE A
DODGE CITY, KS 67801
m.pennington@kcc.ks.gov

KENNY SULLIVAN, DISTRICT #1 SUPERVISOR KANSAS CORPORATION COMMISSION DISTRICT OFFICE NO. 1 210 E. FRONTVIEW SUITE A DODGE CITY, KS 67801 k.sullivan@kcc.ks.gov FRED MACLAREN
KANSAS CORPORATION COMMISSION
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e.maclaren@kcc.ks.gov

DOUG REH REH OIL AND GAS LLC 1501 E 1ST ST PRATT, KS 67124-2069

/S/ DeeAnn Shupe

DeeAnn Shupe