

**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 Petro River                    )    Docket No.: 15-CONS-771-CPEN  
Operating, LLC, to comply with Kansas                    )  
Corporation Commission regulations with                    )    CONSERVATION DIVISION  
regard to 39 oil and gas wells in Cheyenne,                    )  
Cowley, and Marion Counties, Kansas.                    )    License No.: 34734

**PENALTY ORDER**

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

**I. JURISDICTION**

1.        K.S.A. 74-623 provides that the Commission has the exclusive jurisdiction and authority to regulate oil and gas activities. 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. The Commission has licensing authority pursuant to K.S.A. 55-155.

2.        K.S.A. 55-162 and K.S.A. 55-164 provide the Commission with authority to issue a Penalty Order regarding a violation of Chapter 55 of the Kansas Statutes Annotated, or of any rule, regulation, or order of the Commission. A Penalty Order may include a monetary penalty of up to \$10,000, 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. 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 an application for TA status shall be punishable by a \$100 penalty. K.A.R. 82-3-111(e) provides an exemption for certain wells for 365 days if they are fully equipped and capable of production.

## II. FINDINGS OF FACT

4. Operator conducted oil and gas activities in Kansas under license number 34734.

5. Operator is responsible for the care and control of 39 unplugged wells located in Cheyenne, Cowley, and Marion Counties, Kansas (“the subject wells”).<sup>1</sup> A list of the wells is attached as Exhibit A. Cheyenne County is in the area supervised by District #4, and Cowley and Marion Counties are in the area supervised by District #2.

6. Operator remains in good standing with the Kansas Secretary of State. A printout of its corporate information is attached as Exhibit B.

7. Kansas Geological Survey results, attached as Exhibit C, indicate Operator produced 6,759 barrels of oil and 72,615 mcf of gas from 2011 to 2014. Based on estimated \$80 oil and \$3.5 gas over that period, these production records indicate revenue of \$794,872.50.

8. Pursuant to K.S.A. 55-155, Operator submitted with its license application in May 2012 a \$45,000 irrevocable standby letter of credit, insuring against noncompliance with Commission regulations. The letter of credit automatically renews each year unless cancelled 120 days before renewal, and it remains in effect today.

9. Operator’s license has been suspended since February 6, 2015, due to noncompliance with KCC Docket Nos. 15-CONS-467-CPEN (five violations of K.A.R. 82-3-111 for the failure to plug inactive wells) and 15-CONS-525-CPEN (two paperwork violations of

---

<sup>1</sup> Wells with the status PA are plugged, and wells with the status RC have been recompleted, resulting in a duplicate API number. The remaining 39 wells are listed as PR (producing), IN (inactive), AI (authorized injection), and DR (drilled). District Staff has verified that all of Petro River’s operations are shut-in due to license suspension.

K.A.R. 82-3-409).<sup>2</sup> The 39 subject wells still appear on Operator's license and have not been plugged or transferred to a licensed operator.

10. District #2 Staff recommends that the five wells in KCC Docket No. 15-CONS-467-CPEN will likely require plugging costs in excess of the amount in the letter of credit. The 11 additional wells located in District #2 will probably require similar per well plugging costs.

11. District #4 Staff recommends the 23 shallow gas wells in its area will require plugging costs slightly in excess of the amount in the letter of credit.

12. Based on District Staff's recommendations regarding plugging costs, the entire letter of credit should be collected at this time.

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

13. The Commission concludes it has jurisdiction over Operator and this matter.

14. The above findings of fact are sufficient evidence to support the conclusion that the Operator has violated Commission regulations, failed to comply with Commission Orders, allowed its license to become suspended without addressing the underlying violations, and has left 39 abandoned wells unplugged with anticipated plugging costs exceeding its letter of credit.

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

- A. Operator shall pay a \$10,000 penalty, and its license shall remain suspended.
- B. Staff is directed to make a claim against the \$45,000 letter of credit.
- C. Staff is directed to plug any of the subject wells that appear to have potential to cause pollution to usable water, and then to plug any additional abandoned wells after pollution risks are addressed, using the proceeds from the letter of credit.

---

<sup>2</sup> In addition, Operator's license was suspended in KCC Docket No. 14-CONS-850-CPEN (one plugging violation of K.A.R. 82-3-407) for approximately five months until the well in that docket was finally plugged on November 5, 2014.

D. Any wells remaining unplugged after the proceeds of the letter of credit are exhausted shall be prioritized for state plugging according to their potential to cause pollution.

E. 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.

F. 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, Ste. 220, Wichita, Kansas 67202. The payment must include a reference to the docket number of this proceeding.

G. 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, Ste. 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.

H. 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.

I. 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.



API Well Number	Well Name	Wellhead Location	Cnty	Type	Dt Completed	Docket
Operator of Record		Original Operator	TVD	Status	Dt Plugged	Next MIT
Working Operator		Legacy Operator				
15-015-23770-00-00	ROCK 1-29	29-29S-4E N2SENWSW 1815 FSL, 990 FWL	BU	OIL		
(34734) Petro River Operating, LLC			3200	IN		
15-015-23772-00-00	ROCK 1-32	Metro Energy Group, Inc. 32-29S-4E N2SWSENW 3135 FSL, 1980 FWL	BU	OIL	07/01/2009	
(34734) Petro River Operating, LLC			3050	IN		
15-023-20351-00-01	OCHSNER A 1	Metro Energy Group, Inc. 30-1S-41W SWSW 652 FSL, 4658 FEL	CN	SWD	04/25/1997	D30060.0
(34734) Petro River Operating, LLC			5529	PA	11/05/2014	
15-023-20504-00-00	OCHSNER 1	16-2S-41W NWNWSESE 1195 FSL, 1260 FEL	CN	GAS	07/30/2003	
(34734) Petro River Operating, LLC		Key Gas Corp.	2454	IN		
15-023-20505-00-00	OCHSNER 2	16-2S-41W NENWSENE 1390 FNL, 750 FEL	CN	GAS	06/27/2003	
(34734) Petro River Operating, LLC		Key Gas Corp.	1620	IN		
15-023-20506-00-00	OCHSNER 3	9-2S-41W N2N2S2SE 1160 FSL, 1320 FEL	CN	GAS	07/30/2003	
(34734) Petro River Operating, LLC		Key Gas Corp.	1603	IN		
15-023-20507-00-00	OCHSNER 4	9-2S-41W NE 1320 FNL, 1320 FEL	CN	GAS	08/01/2003	
(34734) Petro River Operating, LLC		Key Gas Corp.	1631	IN		
15-023-20508-00-00	OCHSNER 9	15-2S-41W SW 1320 FSL, 1320 FWL	CN	GAS	07/31/2003	
(34734) Petro River Operating, LLC		Key Gas Corp.	1937	IN		
15-023-20509-00-00	OCHSNER 8	15-2S-41W NW 1320 FNL, 1320 FWL	CN	GAS	09/15/2003	
(34734) Petro River Operating, LLC		Key Gas Corp.	1660	IN		
15-023-20510-00-00	OCHSNER 10	15-2S-41W S2NE 1980 FNL, 1320 FEL	CN	GAS	09/20/2004	
(34734) Petro River Operating, LLC		Key Gas Corp.	1637	IN		
15-023-20511-00-00	OCHSNER 11	15-2S-41W SE 1320 FSL, 1320 FEL	CN	GAS	09/10/2003	
(34734) Petro River Operating, LLC		Key Gas Corp.	1657	IN		
15-023-20512-00-00	OCHSNER 13	22-2S-41W NE 1320 FNL, 1320 FEL	CN	GAS	11/05/2003	
(34734) Petro River Operating, LLC		Key Gas Corp.	1621	IN		
15-023-20513-00-00	OCHSNER 5	3-2S-41W SW 1320 FSL, 1320 FWL	CN	GAS	10/15/2003	
(34734) Petro River Operating, LLC		Key Gas Corp.	1650	IN		

API Well Number	Well Name	Wellhead Location	Only	Type	Dt Completed	Docket
Operator of Record	Original Operator	Original Operator	TVD	Status	Dt Plugged	Next MIT
Working Operator	Legacy Operator	Legacy Operator				
15-023-20514-00-00	OCHSNER 6	10-2S-41W NW 1320 FNL, 1320 FWL	CN	GAS	10/15/2003	-----
(34734) Petro River Operating, LLC		-----	1650	IN	-----	-----
-----		Key Gas Corp.				
15-023-20515-00-00	OCHSNER 7	10-2S-41W SW 1320 FSL, 1320 FWL	CN	GAS	11/15/2003	-----
(34734) Petro River Operating, LLC		-----	1650	IN	-----	-----
-----		Key Gas Corp.				
15-023-20516-00-00	OCHSNER 12	22-2S-41W NW 1320 FNL, 1320 FWL	CN	GAS	10/15/2003	-----
(34734) Petro River Operating, LLC		-----	1638	IN	-----	-----
-----		Key Gas Corp.				
15-023-20517-00-00	OCHSNER 14	3-2S-41W NW 1320 FNL, 1320 FWL	CN	GAS	10/02/2003	-----
(34734) Petro River Operating, LLC		-----	1650	IN	-----	-----
-----		Key Gas Corp.				
15-023-20519-00-00	OCHSNER 15	4-2S-41W NE 1320 FNL, 1320 FEL	CN	GAS	12/15/2003	-----
(34734) Petro River Operating, LLC		-----	1650	IN	-----	-----
-----		Key Gas Corp.				
15-023-20520-00-00	OCHSNER 16	4-2S-41W SE 1320 FSL, 1320 FEL	CN	GAS	12/15/2003	-----
(34734) Petro River Operating, LLC		-----	1653	IN	-----	-----
-----		Key Gas Corp.				
15-023-20521-00-00	OCHSNER 17	4-2S-41W NW 1320 FNL, 1320 FWL	CN	GAS	10/24/2003	-----
(34734) Petro River Operating, LLC		-----	1652	IN	-----	-----
-----		Key Gas Corp.				
15-023-20522-00-00	OCHSNER 18	4-2S-41W SW 1320 FSL, 1320 FWL	CN	GAS	01/10/2004	-----
(34734) Petro River Operating, LLC		-----	1650	IN	-----	-----
-----		Key Gas Corp.				
15-023-20525-00-00	SCHAUER 2	9-2S-41W NENW 660 FNL, 1980 FWL	CN	GAS	12/15/2003	-----
(34734) Petro River Operating, LLC		-----	1623	IN	-----	-----
-----		Key Gas Corp.				
15-023-20528-00-00	OCHSNER 25	4-2S-41W C 2640 FNL, 2640 FWL	CN	GAS	01/20/2004	-----
(34734) Petro River Operating, LLC		-----	1623	IN	-----	-----
-----		Key Gas Corp.				
15-023-20529-00-00	OCHSNER 19	30-1S-41W SW 1320 FSL, 1320 FWL	CN	GAS	-----	-----
(34734) Petro River Operating, LLC		-----	-----	IN	-----	-----
-----		Key Gas Corp.				
15-023-20534-00-00	OCHSNER 21	30-1S-41W NW 1320 FNL, 1320 FWL	CN	GAS	01/15/2004	-----
(34734) Petro River Operating, LLC		-----	1626	IN	-----	-----
-----		Key Gas Corp.				
15-023-20544-00-00	OCHSNER 24	29-1S-41W W2NW 1320 FNL, 660 FWL	CN	GAS	-----	-----
(34734) Petro River Operating, LLC		-----	-----	IN	-----	-----
-----		Key Gas Corp.				

API Well Number	Well Name	Wellhead Location	Crty	Type	Dt Completed	Docket
Operator of Record		Original Operator	TVD	Status	Dt Plugged	Next MIT
Working Operator		Legacy Operator				
15-035-01148-00-00	COOLEY 1	5-30S-4E NWNWSW 2310 FSL, 4950 FEL	CL	OIL	01/17/1963	
(34734) Petro River Operating, LLC		COWBOY & INDIAN DRILLING	2968	IN		
15-035-19211-00-01	BRODBECK 1	6-30S-4E NESESE 942 FSL, 363 FEL	CL	SWD	09/26/1963	D10496.0
(34734) Petro River Operating, LLC			3465	AI		10/06/2014
15-035-24293-00-00	ROCK 1-5	COWBOY & INDIAN DRILLING	CL	OIL	05/20/2008	
(34734) Petro River Operating, LLC		5-30S-4E SWNESWNW 1897 FNL, 710 FWL	3040	PR		
15-115-21387-00-00	SCULLY 1-18	Metro Energy Group, Inc.	MN	OG	12/01/2008	
(34734) Petro River Operating, LLC		18-17S-1E W2NW 1320 FNL, 660 FWL	3600	IN		
15-115-21398-00-00	SCULLY 1-3	Metro Energy Group, Inc.	MN	OG	01/19/2009	
(34734) Petro River Operating, LLC		3-19S-3E SWNESW 1650 FSL, 1650 FWL	3050	RC		
15-115-21398-00-01	SCULLY 1-3	Metro Energy Group, Inc.	MN	OG	08/07/2012	
(34734) Petro River Operating, LLC		3-19S-3E SWNESW 1650 FSL, 1650 FWL		PR		
15-115-21400-00-00	SCULLY 1-9	9-19S-3E SWNESE 1650 FSL, 990 FEL	MN	OIL	01/19/2009	
(34734) Petro River Operating, LLC			3080	RC		
15-115-21400-00-01	SCULLY 1-9	Metro Energy Group, Inc.	MN	OG	08/10/2012	
(34734) Petro River Operating, LLC		9-19S-3E SWNESE 1650 FSL, 990 FEL	3080	PR		
15-115-21402-00-00	SCULLY 2-3	3-19S-3E NWSWSE 990 FSL, 2970 FWL	MN	OG	03/04/2009	
(34734) Petro River Operating, LLC			3087	RC		
15-115-21402-00-01	SCULLY 2-3	Metro Energy Group, Inc.	MN	OG	08/12/2012	
(34734) Petro River Operating, LLC		3-19S-3E NWSWSE 990 FSL, 2970 FWL	3067	DR		
15-115-21403-00-00	SCULLY "A" 1-31	31-18S-4E SE 1320 FSL, 1320 FEL	MN	OG	03/10/2009	
(34734) Petro River Operating, LLC			3010	IN		
15-115-21404-00-00	SCULLY "A" 1-6	Metro Energy Group, Inc.	MN	OG	07/24/2009	
(34734) Petro River Operating, LLC		6-19S-4E NENENW 330 FNL, 2310 FWL	2620	IN		
15-115-21405-00-00	SCULLY "A" 1-1	Metro Energy Group, Inc.	MN	GAS	03/17/2009	
(34734) Petro River Operating, LLC		1-19S-3E NESENE 1650 FNL, 330 FEL	3020	IN		
		Metro Energy Group, Inc.				



<u>API Well Number</u>	<u>Well Name</u>	<u>Wellhead Location</u>	<u>Cnty</u>	<u>Type</u>	<u>Dt Completed</u>	<u>Docket</u>
<u>Operator of Record</u>	<u>Original Operator</u>	<u>Original Operator</u>	<u>TVD</u>	<u>Status</u>	<u>Dt Plugged</u>	<u>Next MIT</u>
<u>Working Operator</u>	<u>Legacy Operator</u>	<u>Legacy Operator</u>				
15-115-21406-00-00	SCULLY "A" 2-1	1-19S-3E N2N2SE 2310 FSL, 1320 FEL	MN	OG	05/12/2009	-----
(34734) Petro River Operating, LLC		-----	2610	IN	-----	-----
-----		Metro Energy Group, Inc.				
15-115-21407-00-00	SCULLY "A" 1-11	11-19S-3E SWNW 1980 FNL, 660 FWL	MN	OG	03/23/2009	-----
(34734) Petro River Operating, LLC		-----	2916	RC	-----	-----
-----		Metro Energy Group, Inc.				
15-115-21407-00-01	SCULLY "A" 1-11	11-19S-3E SWNW 1980 FNL, 660 FWL	MN	OG	06/22/2012	-----
(34734) Petro River Operating, LLC		-----	2518	PR	-----	-----
-----						
15-115-21408-00-00	SCULLY "A" 2-11	11-19S-3E SWNENW 990 FNL, 1650 FWL	MN	OG	05/07/2009	-----
(34734) Petro River Operating, LLC		-----	2665	PR	-----	-----
-----		Metro Energy Group, Inc.				
15-115-21409-00-00	METRO 1 SWDW	2-19S-3E S2SWSW 320 FSL, 4544 FEL	MN	SWD	-----	D30397.0
(34734) Petro River Operating, LLC		-----	-----	AI	-----	04/22/2019
-----		Metro Energy Group, Inc.				

[Kansas.gov](#) | [State Phone Directory](#) | [Online Services](#)

[Home](#) | [Contact](#) | [FAQs](#)



Thinking

Starting

Maintaining

Closing

## Business Entity Search

Date: 03/23/2015

Be advised the business information on this page is for summary informational purposes only. It is not an official filing with the Secretary of State's office and should not be relied on as such. Please view actual documents filed by customers with the secretary of State's office to ensure accurate information. When filing a Uniform Commercial Code statement on an entity, consult with your attorney to ensure the correct debtor name.

### Business Summary

#### Current Entity Name

PETRO RIVER OPERATING, LLC

[File Name Change Online](#)

#### Business Entity ID Number

4596516

[View History and Documents](#)

Current Mailing Address: KIM PAGE - 641 LEXINGTON AVE, 26TH FLOOR, NEW YORK, NY 10022

[Update](#)

Business Entity Type: FOREIGN LTD LIABILITY COMPANY

Date of Formation in Kansas: 03/13/2012

State of Organization: DE

Current Status: ACTIVE AND IN GOOD STANDING

[Certificate of Good Standing](#)

#### Resident Agent and Registered Office

Resident Agent: NATIONAL REGISTERED AGENTS, INC. OF KS

Registered Office: 112 SW 7th Street Suite 3C, TOPEKA, KS 66603

[Update Resident Agent/Office](#)

## Annual Reports

The following annual report information is valid for active and delinquent status entities only.

Tax Closing Month: 12

The Last Annual Report on File: 12/2013

**Next Annual Report Due**: 04/15/2015

**Forfeiture Date**: 07/15/2015

Be advised the business information on this page is for summary informational purposes only. It is not an official filing with the Secretary of State's office and should not be relied on as such. Please view actual documents filed by customers with the secretary of State's office to ensure accurate information. When filing a Uniform Commercial Code statement on an entity, consult with your attorney to ensure the correct debtor name.

- [© 2015 Kansas.gov](#)
- [Portal Policies](#)
- [Help Center](#)
- [Contact Us](#)
- [About Us](#)
- [Site Map](#)

**KGS**  
Oil & Gas

Operator  
Oil & Gas  
Production

# Petro River Operating, LLC

Save  
Monthly  
Data to File

Summary  
Page  
List of Leases

Petro River Operating, LLC  
4925 GREENVILLE, STE 900  
DALLAS, TX 75206  
Status: Inactive

Year	Oil			Gas		
	Production (bbls)	Wells	Cumulative (bbls)	Production (mcf)	Wells	Cumulative (mcf)
<a href="#">View Interactive Flash charts</a>						
2011	-	2	327	-	-	0
2012	916	2	1,243	10,829	5	10,829
2013	4,063	4	5,306	42,934	5	53,763
2014	1,453	3	6,759	18,852	5	72,615

Updated through 12-2014.

Kansas Geological Survey  
 Comments to [webadmin@kgs.ku.edu](mailto:webadmin@kgs.ku.edu)  
 URL=<http://www.kgs.ku.edu/Magellan/Field/operators.html>  
 Programs Updated May 27, 2014  
 Production data from Kansas Dept. of Revenue files monthly.  
 Company data from Kansas Dept. of Revenue and Corporation Commission files.

**CERTIFICATE OF SERVICE**

I certify that on 3/27/15, I caused a complete and accurate copy of this Order to be served via United States mail, with the postage prepaid and properly addressed to the following:

Ruben Alba  
Petro River Operating, LLC  
4925 Greenville, Ste. 900  
Dallas, TX 75206

Jeff Klock  
KCC District #2  
3450 N. Rock Road, Bldg. 600, Suite 601  
Wichita, KS 67226

Case Morris  
KCC District #4  
2301 E. 13th Street  
Hays, KS 67601

And delivered by hand to:

Patrick Shields  
Conservation Division

/s/ Lane R. Palmateer  
Lane R. Palmateer  
Litigation Counsel  
Kansas Corporation Commission