

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

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

In the matter of an Order to Show Cause issued) Docket No.: 17-CONS-3375-CSHO
to Jo-Allyn Oil Co., Inc. ("Operator") for its)
failure to comply with either K.A.R. 82-3-400) CONSERVATION DIVISION
or K.A.R. 82-3-409 regarding injection that)
took place during the 2015 calendar year.) License No.: 33514

**MOTION FOR AN ORDER TO SHOW CAUSE, THE DESIGNATION OF A
PREHEARING OFFICER, AND THE SCHEDULING OF A PREHEARING
CONFERENCE**

For the following reasons, Commission Staff moves for an Order to Show Cause, the designation of a prehearing officer, and the scheduling of a prehearing conference in this matter:

I. JURISDICTION & LEGAL STANDARD

1. The Commission has jurisdiction to regulate oil and gas production in Kansas under Chapter 55 of the Kansas Statutes Annotated and the General Rules and Regulations for the Conservation of Crude Oil and Natural Gas, K.A.R. 82-3-100 *et seq.*

2. K.S.A. 55-162 provides the Commission with jurisdiction to institute proceedings to enforce the laws of Kansas and Commission rules, regulations, and orders. K.S.A. 55-164 provides the Commission with authority to impose a penalty for a violation of such rules, regulations, and orders.

3. K.A.R. 82-3-400 provides that the penalty for unauthorized injection shall be \$1,000 for first-time violators, \$5,000 for second-time violators, and \$10,000 and operator license review for third-time violators.

4. K.A.R. 82-3-409(b) provides that each operator of an injection well shall submit a report to the conservation division, showing for the previous calendar year the following

information, by March 1 of the following year: the monthly average wellhead pressure; the maximum wellhead pressure; the amount and kind of fluid injected into each well; and any other performance information required by the conservation division.

II. STAFF'S ALLEGATION OF FACTS

5. On July 21, 2015, Operator was penalized in Docket 16-CONS-038-CPEN for either conducting unauthorized injection in violation of K.A.R. 82-3-400, or misreporting injection in violation of K.A.R. 82-3-409, during the 2014 calendar year at the Sutton #1, API #15-135-20556.

6. In March 2016, Operator reported unauthorized injection during the 2015 calendar year at the same well.¹ A July 29, 2016, Commission Staff inspection did not conclusively indicate whether Operator conducted unauthorized injection in violation of K.A.R. 82-3-400, or instead misreported its injection in violation of K.A.R. 82-3-409, for the 2015 calendar year.²

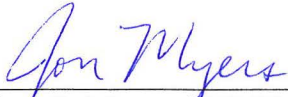
III. CONCLUSION

7. Based on the above, Staff believes that the Commission should cause Operator to come before it at a hearing to show cause why a penalty constituting an actual and substantial economic deterrent should not be assessed against Operator for its violation of either K.A.R. 82-3-400 or K.A.R. 82-3-409 for the 2015 calendar year, which constitutes a second-time violation at the well at issue.

¹ See Exhibit A. The authorized injection rate was accurately auto-filled by KOLAR in Section II of the Annual Fluid Report Form, and Operator reported exceeding it in Section III.

² See Exhibit B.

Respectfully submitted,

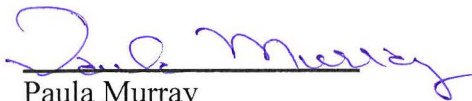


Jonathan R. Myers, #25975
Litigation Counsel, Kansas Corporation Commission
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CERTIFICATE OF SERVICE

I certify that on 11/17/16, I caused a complete and accurate copy of this Motion to be served via United States mail, postage prepaid and properly addressed to:

Allen Barby
Jo-Allyn Oil Co., Inc.
P.O. Box 446
Laverne, Oklahoma 73848



Paula Murray
Legal Assistant
Kansas Corporation Commission

ANNUAL REPORT OF PRESSURE MONITORING, FLUID INJECTION AND ENHANCED RECOVERY

Complete all blanks - add pages if needed. Copy to be retained for five (5) years after filing date.

OPERATOR: License # 33514
Name: Jo-Allyn Oil Co., Inc.
Address 1: PO BOX 446
Address 2: _____
City: LAVERNE State: OK Zip: 73848 + 0446
Contact Person: KRISTEN CARMAN
Phone: (580) 921-3366
Lease Name: SUTTON
Well Number: 1

API No.: 15-135-20556-00-02
Permit No: D19430.0
Reporting Year: 2015
(January 1 to December 31)
____ NE ____ NE Sec. 33 Twp. 16 S. R. 25 ☐ E ☒ W
(Q.O.Q.O.) 4668 feet from ☐ N / ☒ S Line of Section
731 feet from ☒ E / ☐ W Line of Section
County: Ness

I. Injection Fluid:

Type (Pick one): ☒ Fresh Water ☐ Treated Brine ☐ Untreated Brine ☐ Water/Brine
Source: ☒ Produced Water ☐ Other (Attach list)
Quality: Total Dissolved Solids: _____ mg/l Specific Gravity: _____ Additives: _____
(Attach water analysis, if available)

II. Well Data:

Maximum Authorized Injection Pressure: 0 psi Injection Zone: TOPEKA
Maximum Authorized Injection Rate: 300 barrels per day
Total Number of Enhanced Recovery Injection Wells Covered by this Permit: _____ (Include TA's)

III.	Month:	Total Fluid Injected BBL	Maximum Fluid Pressure	Total Gas Injected MCF	Maximum Gas Pressure	# Days of Injection
	January	<u>13237</u>	<u>0</u>	<u>0</u>		<u>31</u>
	February	<u>12348</u>	<u>0</u>	<u>0</u>		<u>28</u>
	March	<u>13671</u>	<u>0</u>	<u>0</u>		<u>31</u>
	April	<u>13470</u>	<u>0</u>	<u>0</u>		<u>30</u>
	May	<u>13423</u>	<u>0</u>	<u>0</u>		<u>31</u>
	June	<u>13050</u>	<u>0</u>	<u>0</u>		<u>30</u>
	July	<u>13248</u>	<u>0</u>	<u>0</u>		<u>31</u>
	August	<u>13733</u>	<u>0</u>	<u>0</u>		<u>31</u>
	September	<u>12540</u>	<u>0</u>	<u>0</u>		<u>30</u>
	October	<u>12958</u>	<u>0</u>	<u>0</u>		<u>31</u>
	November	<u>10740</u>	<u>0</u>	<u>0</u>		<u>30</u>
	December	<u>12958</u>	<u>0</u>	<u>0</u>		<u>31</u>
	TOTAL	<u>155376</u>		<u>0</u>		

Submitted Electronically

KCC OIL/GAS REGULATORY OFFICES

Date: 07/29/16

District: 01

Case #: _____

☐ New Situation

☐ Lease Inspection

☒ Response to Request

☐ Complaint

☐ Follow-Up

☒ Field Report

Operator License No: 33514

API Well Number: 15-135-20,556-00-02

Op Name: Jo-Allyn Oil Co., Inc.

Spot: CNENE Sec 33 Twp 16 S Rng 25 ☐ E / ☒ W

Address 1: P.O. Box 446

4620 (4668) Feet from ☐ N / ☒ S Line of Section

Address 2: _____

660 (731) Feet from ☒ E / ☐ W Line of Section

City: Laverne

GPS: Lat: 38.62265 Long: 100.08682 Date: 7/29/16

State: Oklahoma Zip Code: 73848 -0446

Lease Name: Sutton Well #: 1

Operator Phone #: (580) 921-3366

County: Ness

Reason for Investigation:

Check lease and get a lease inspection for Jon Myers

Problem:

Persons Contacted:

Findings:

1-well head sitting in a 45'by60' pad with a 1-1/2' dirt dike, no visible signs of saltwater or oil scars, 1-200bbl. fiber glass saltwater tank also sits on the pad. No pump to pump water down the well, it is on a vacuum. The gauge on the tubing is not working. A cattle panel fence runs around the dike, tank and well head. Water in the dike was from last nights rain. I tested the water and it didn't show any chlorides. Well was last tested on 8-5-2015--held 300# for 30 minutes, good for another 5 years, witnessed by Michael Maier.

Action/Recommendations:

Follow Up Required ☐ Yes ☐ No ☒

Date: _____

Turn report into Jon Myers of the KCC

Verification Sources:

Photos Taken: 2

<input checked="" type="checkbox"/> RBDMS	<input type="checkbox"/> KGS	<input type="checkbox"/> TA Program
<input type="checkbox"/> T-I Database	<input checked="" type="checkbox"/> District Files	<input type="checkbox"/> Courthouse
<input type="checkbox"/> Other: _____		

By: _____

Michael Maier

Retain 1 Copy District Office
Send 1 Copy to Conservation Division

Form: _____

Date: 07/29/16District: 01License #: 33514Op Name: 33514Spot: CNENE Sec 33 Twp 16 S Rng 25 ☐ E ☒ WCounty: NessLease Name: Sutton Well #: 1

I.D. Sign <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/>
<input type="checkbox"/> Tank Battery Condition Condition: <input type="checkbox"/> Good <input type="checkbox"/> Questionable <input type="checkbox"/> Overflowing <input type="checkbox"/>
<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 <input type="checkbox"/>
<input checked="" type="checkbox"/> Lease Cleanliness <input type="checkbox"/> <input type="checkbox"/> Very Good <input checked="" type="checkbox"/> Satisfactory <input type="checkbox"/> Poor <input type="checkbox"/> Very Bad

Gas Venting <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/>
<input type="checkbox"/> Pits Fluid Depth: _____ ft; Approx. Size: _____ ft. x _____ ft.
<input type="checkbox"/> Saltwater Pipelines <input type="checkbox"/> <input type="checkbox"/> 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 Ness ☐Gauge Connections ☒ Yes ☐ No ☐Permit #: D-19430 Pressure – Actual: -15.00 psi; Authorized: 0.00 psi

Tubing: _____; T/C Annulus: _____; C/SP Annulus: _____

Permit #: _____ Pressure – Actual: _____ psi; Authorized: _____ psi

Tubing: _____; T/C Annulus: _____; C/SP Annulus: _____

Permit #: _____ Pressure – Actual: _____ psi; Authorized: _____ psi

Tubing: _____; T/C Annulus: _____; C/SP Annulus: _____

Permit #: _____ Pressure – Actual: _____ psi; Authorized: _____ psi

Tubing: _____; T/C Annulus: _____; C/SP Annulus: _____

API Number	Footages	Spot Location	GPS	Well #	Well Status
15-135-20556-00-02	4668FSL 731FEL	CNENE	38.62265-100.08682	1	Well being used for disposal of saltwater

Jo-Allen Oil Co., Inc

Sutton-#1-CNENE-33/16/25-Ness Co.

7/29/2016



Jo-Allen Oil Co., Inc

Sutton-#1-CNENE-33/16/25-Ness Co.

7/29/2016

