

JUL 22 2014

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**BEFORE 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 APPLICATION)	Docket No. 15-CONS-009-CUNI
OF C12 KANSAS OIL, LLC, FOR AN)	
ORDER PROVIDING FOR THE)	CONSERVATION DIVISION
UNITIZATION AND UNIT OPERATION)	
OF THE POST ROCK UNIT IN RUSSELL)	OPERATOR NO. 34912
COUNTY, KANSAS.)	

PROTEST OF PETROLEUM PROPERTY SERVICES, INC.

COMES NOW Petroleum Property Services, Inc. ("PPSI"), by and through their attorneys, Timothy E. McKee and Amy Fellows Cline of Triplett, Woolf & Garretson, LLC, to protest the above-captioned application of C12 Kansas Oil, LLC for an order providing for the unitization and unit operation of the Post Rock Unit in Russell County, Kansas. PPSI offers the following in support of its protest:

1. PPSI is located at 125 Market, Suite 1251, Wichita, Kansas 67202. PPSI is licensed by the Kansas Corporation Commission. Its operator's license number is 31142.

2. PPSI operates oil and gas leases covering two tracts of land within the proposed Post Rock Unit. One of these tracts, identified as Tract 11 in the application and commonly known as the Boxberger J 1, is comprised of 80 acres and is located in the East Half (E/2) of the Southeast Quarter (SE/4) of Section 26, Township 14 South, Range 14 West in Russell County, Kansas. The other tract, identified as Tract 19 in the application and commonly known as the Krug F, is comprised of 80 acres and is located

in the West Half (W/2) of the Northwest Quarter (NW/4) of Section 26, Township 14 South, Range 14 West in Russell County, Kansas. PPSI currently conducts oil and gas operations on each of these tracts out of the Lansing formation. These operations are all economic.

3. PPSI is joined by (and brings this protest on behalf of) each holder of a working interest in the oil and gas leases and operations covering the Boxberger J 1 Tract and the Krug F Tract. These working interest owners are identified on Exhibit A, attached hereto.

4. PPSI's production on each of these tracts has not reached a low economic level, nor is abandonment of this production imminent. PPSI's tracts do not qualify for compulsory unitization under K.S.A. 55-1304(a)(1), which is the only basis upon which the Applicant proposes to unitize the interests and operations at issue in its application.

5. Applicant's proposed plan for unitization is not fair, reasonable or equitable. For example, PPSI has concerns about the configuration of the proposed Post Rock Unit, which appears to have been based upon Applicant's economic interest in the area, rather than geology, engineering or communication of the formations underlying the proposed unit. That is, the proposed Post Rock Unit appears to have been designed to artificially inflate Applicant's collective interest so Applicant can satisfy K.S.A. 55-1305(l). PPSI also has concerns about the allocation of working interests in the proposed unit, since Applicant has submitted varying proposals for this allocation over the past year, while refusing to supply the basis for these allocations or any explanation for the changes, despite repeated requests for this information from PPSI. In fact, even the

allocation proposed in the application is different than the last proposal submitted by the Applicant to PPSI or its working interest holders.

6. If the application is granted, PPSI's correlative rights will be violated because Applicant's proposed actions are substantially likely to endanger current production out of PPSI's wells. PPSI also has concerns that the proposed CO2 techniques will cause economic waste, given the past history of such projects in the area and Applicant's refusal to supply any technical details about its proposal. It is also economically wasteful to include PPSI's production in the proposed unit, since such production has neither reached a low economic level nor is abandonment of such production imminent.

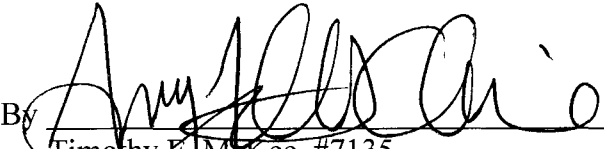
7. Applicant's proposed plan for unitization does not satisfy the statutory requirements for an order from this Commission providing for the unitization and unit operations of the proposed Post Rock Unit, including the requirements found in K.S.A. 55-1302(b), K.S.A. 55-1303 and K.S.A. 55-1304.

8. Furthermore, PPSI understands there are dozens of abandoned wells in the proposed Post Rock Unit, many of which appear to have been plugged, but the method and completeness of plugging is unknown. These wells present a potential unquantifiable risk of leakage of CO2 to other formations and the atmosphere.

For the foregoing reasons, PPSI protests the application of C12 Kansas Oil, LLC for an order providing for the unitization and unit operation of the Post Rock Unit in Russell County, Kansas and respectfully requests the Commission either dismiss the application or deny it after a full evidentiary hearing.

Respectfully submitted,

TRIPLETT, WOOLF & GARRETSON, LLC

By 

Timothy E. McKee, #7135

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*Attorneys for Protestor Petroleum Property
Services, Inc.*

CERTIFICATE OF SERVICE

I certify that on 22nd day of July, 2014, I caused a complete and accurate copy of the above Protest to be served via United States mail, with the postage prepaid and properly addressed to the following:

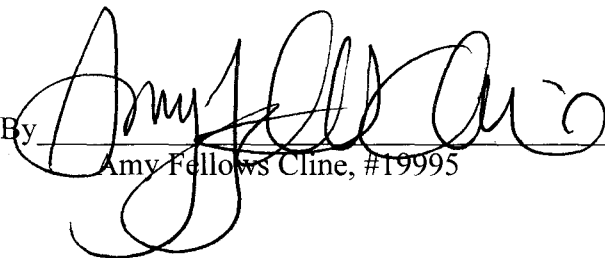
Stan Smith
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Attorney for C12: Kansas Oil, LLC

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Joseph A. Schremmer
WITHERS, GOUGH, PIKE, PFAFF & PETERSON, LLC
O.W. Garvey Building,
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Wichita, KS 67202
*Attorneys for Russell Oil, Inc., Elmer L. Karst Oil,
Herman Krug Oil Operations and Barton Exploration, Inc.*

and were hand delivered to:

John McCannon
Staff Counsel
Kansas Corporation Commission
130 S. Market, Room 2078
Wichita, KS 67202

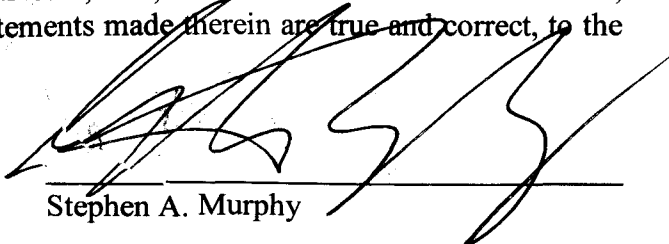
Jon Myers
Advisory Counsel
Kansas Corporation Commission
130 S. Market, Room 2078
Wichita, KS 67202

By 
Amy Fellows Cline, #19995

VERIFICATION

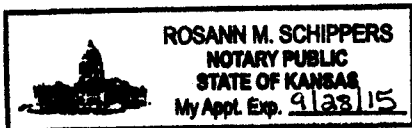
STATE OF KANSAS)
) ss:
COUNTY OF SEDGWICK)

Stephen A. Murphy, of lawful age, being first duly sworn, upon oath states: I am Vice President of Petroleum Property Services, Inc., and I have read the above Protest, know the contents and know that the statements made therein are true and correct, to the best of my knowledge and belief.



Stephen A. Murphy

Subscribed and sworn to before me this 10th day of July, 2014.





NOTARY PUBLIC

My appointment expires: 9/28/15

EXHIBIT A – WORKING INTEREST OWNERS
IN KRUG F AND BOXBERGER J 1 LEASES/TRACTS

Working Interest Owners in Krug F Lease/Tract

Leonard Ropfogel
3Q Ventures, LLC
125 N Market, Suite 1250
Wichita, KS 67202

Darlene S Buchanan Rev Liv Tst
Uta092012, Darlene S Buchanan Tst
125 N. Market, Suite 1251
Wichita, KS 67202

John A. Buchanan
125 N. Market, Suite 1251
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Carla Oil & Royalty Company
C/O Carl Beren
P. O. BOX 670525
Dallas, TX 75367

Arthur J. Casado
3821 Wahoo DR.
ST. Augustine, FL 32084

Deborah L Buchanan Trust
Melanie Ptacek, Trustee
125 N. Market, Suite 1251
Wichita, KS 67202

Ginilu, Inc.
125 N. Market, Ste. 1251
Wichita, KS 67202

John A Buchanan Trust
Melanie Ptacek, Trustee
125 N. Market, Suite 1251
Wichita, KS 67202

JPR Enterprises, LLC
5540 Riverside DR. East
Windsor, ON N8S 1A7

Marmax, LLC
C/O Lucas & Associates, CPA'S
100 N. Main, STE 700
Wichita, KS 67202-1384

Dorothy Casado McKay
C/O Casado McKay Oil
236 S. Topeka
Wichita, KS 67202

Milliken Investments, LLC
P. O. Box 181
Mayflower, AR 72106

Quaternity Oil Company
C/O Ralph Beren
1914 Lyon St.
San Francisco, CA 94115

Valley Energy, Inc.
125 N. Market, STE 1251
Wichita, KS 67202

Boxberger J 1 Lease/Tract

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Ginilu, Inc.
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Wichita, KS 67208

Philip E. Hesse Trust
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David C. Hesse Trust
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Great Bend, KS 67530

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