

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

In the matter of resolving various regulatory ) Docket No. 21-CONS-3193-CPEN  
violations associated with Haas Petroleum, ) 21-CONS-3201-CPEN  
LLC (Operator). ) 22-CONS-3031-CPEN  
) 22-CONS-3034-CPEN  
)  
) CONSERVATION DIVISION  
)  
\_\_\_\_\_) License No. 33640

**PRE-FILED TESTIMONY**

**OF**

**DUANE SIMS**

**ON BEHALF OF COMMISSION STAFF**

**NOVEMBER 8, 2021**

1 **Q. What is your name and business address?**

2 A. Duane Sims, 137 E. 21<sup>st</sup> Street, Chanute, Kansas 66720.

3 **Q. By whom are you employed and in what capacity?**

4 A. I am employed by the Conservation Division of the Kansas Corporation Commission (KCC  
5 or Commission), District #3 Office, as Manager for the Underground Injection Control (UIC)  
6 Program, and as an Environmental Compliance and Regulatory Specialist (ECRS).

7 **Q. Would you please briefly describe your background and work experience?**

8 A. I started work for the Conservation Division's Chanute District #3 Office as an ECRS in  
9 December 2007. In December 2019, I was promoted to UIC Program Manager. As an ECRS,  
10 I was primarily responsible for the witnessing and monitoring of oil and gas related activities  
11 in Chautauqua, Elk, and the west half of Montgomery County, Kansas. My responsibilities  
12 included the witnessing and verification of the drilling and completion of oil, gas, injection,  
13 and disposal wells. I also investigated spills and complaints directly related to current and  
14 historical oil & gas activities in those areas. I also witnessed mechanical and casing integrity  
15 tests (MITs and CITs), well pluggings, and well casing repairs.

16 Now, in addition to my role as UIC Program Manager, I fill in for other ECRSs within  
17 District #3 as needed. This generally includes conducting GPS surveys on new and  
18 abandoned wells to verify the exact location and the status of wells on operator's well  
19 inventory. Further, I work with District Staff and Central Office Staff to complete various  
20 projects and requests.

21 **Q. What are your duties as the UIC Program Manager?**

22 A. As UIC Program Manager, I track and monitor approximately 9,500 injection and disposal  
23 wells in District #3. I have oversight of the witnessing of routine and non-routine MIT tests.

1 Additionally, I witness UIC well pluggings and repairs. I provide technical support directly  
2 to industry, field, and administrative staff, in order to implement the District's UIC program.  
3 This process involves both the direct review and oversight of District Staff by checking  
4 documentation in permits to ensure that KOLAR U-7 forms are processed in adherence with  
5 the associated permits when MITs are conducted. My position also entails generating written  
6 notifications specifying testing deadlines within current tracking cycles on subject wells. I am  
7 also responsible for generating the 14-day Notice of Violation (NOV) letter and the Failed  
8 MIT NOV letter, and tracking those deadlines to ensure compliance. I also work directly with  
9 field staff to train them on their daily activities to give them a better understanding of the rules  
10 and regulations of the Kansas Corporation Commission.

11 **Q. What is the purpose of your testimony in this matter?**

12 A. The purpose of my testimony is to discuss the evidence supporting the Commission's findings  
13 relating to the Penalty Orders issued by the Commission against Haas Petroleum, LLC  
14 (Operator) in Docket 21-CONS-3193-CPEN (Docket 21-3193), Docket 21-CONS-3201-  
15 CPEN (Docket 21-3201), Docket 22-CONS-3031-CPEN (Docket 22-3031), and Docket  
16 22-CONS-3034-CPEN (Docket 22-3034). Specifically, my testimony is to discuss my role in  
17 investigating Operator's injection wells.

18 **Q. Have you previously testified before the Commission?**

19 A. Yes. I have testified on behalf of Staff in a variety of Commission dockets.

20 **Q. Please provide a brief overview of Operator's violations of K.A.R. 82-3-407.**

21 A. Operator has been penalized for violations of K.A.R. 82-3-407 in three separate dockets  
22 involving a total of 32 injection wells. Below are tables for each docket. The tables include

1 the well name, API number, MIT failure date, and whether the well has been returned to  
 2 compliance since the penalty order in each docket was issued.

<b>Docket 21-CONS-3193-CPEN</b>			
<b>Well Name</b>	<b>API Number</b>	<b>Date Failed MIT</b>	<b>Compliance</b>
Bahr #6	15-207-01972	November 6, 2020	Yes
Burke A #WI-16	15-073-19735	November 6, 2020	Yes
Luthi Dale #2	15-031-20737	November 24, 2020	No
Phillips #K 13	15-121-20508	October 30, 2020	Yes

3 The wells listed in the Docket 21-3193 Penalty Order were part of the initial NOV's sent to  
 4 Operator after Staff discovered Operator had been using modified or fabricated equipment at  
 5 its wells. Specifically, Mr. Rodney Breeze, District #3 ECRS, found modified equipment at  
 6 the Luthi Dale #2, which has still not been returned to compliance with K.A.R. 82-3-407. His  
 7 findings are further discussed in his testimony and in my testimony below.

<b>Docket 21-CONS-3201-CPEN</b>			
<b>Well Name</b>	<b>API Number</b>	<b>Date Failed MIT</b>	<b>Compliance</b>
Collins H #W2	15-207-19763	January 8, 2021	No
Collins H #W3	15-207-19764	January 8, 2021	No
Deglar #2	15-207-02330	January 8, 2021	No
Ehrhardt A #1	15-207-02328	January 8, 2021	No
Ehrhardt B #1H	15-207-24907	January 8, 2021	No
Funk #1 H	15-207-02091	January 11, 2021	No
Funk #102	15-207-02090	January 11, 2021	No
Haas #12	15-207-19812	January 11, 2021	No
Headley C #SI 2	15-207-19757	January 11, 2021	No
Lauber #5	15-207-02335	January 8, 2021	No
Lauber #10	15-207-02331	January 8, 2021	No
Lauber #11	15-207-02332	January 8, 2021	No
Lauber #14	15-207-02333	January 8, 2021	No
Maclaskey A #SI 2	15-207-19741	January 11, 2021	No
Maclaskey A #SI 7	15-207-02485	January 11, 2021	No
Maclaskey J #W6	15-207-19745	January 11, 2021	No
W.P. Headley "A" #7	15-207-02487	January 8, 2021	No
West Lake #18 H	15-207-24310	January 8, 2021	No

8 The wells listed in the Docket 21-3201 Penalty Order are the group of wells which had  
 9 previously conducted satisfactory MITs during the 2020 calendar year, but fit District Staff's

1 criteria of wells likely to have modified or fabricated equipment or not tested at all by  
2 Operator. My testimony below goes into further detail about how these wells were identified  
3 and selected.

<b>Docket 22-CONS-3031-CPEN</b>			
<b>Well Name</b>	<b>API Number</b>	<b>Date Failed MIT</b>	<b>Compliance</b>
Bahr Chris #15	15-207-19659	May 6, 2021	No
Burke A #7	15-073-19732	March 31, 2021	No
Citizen Bank #101	15-207-02146	May 6, 2021	No
Edwards #8	15-207-24025	March 21, 2021	No
Harder #2	15-207-02205	May 6, 2021	No
Harder #3	15-207-24911	March 31, 2021	No
Olinger A #7	15-073-01126	May 6, 2021	No
Ryser B #1H 2INJ	15-207-24906	March 31, 2021	No
Switzer #W4	15-207-19817	May 6, 2021	No
Young #2	15-073-01545	May 6, 2021	Yes

4 The wells listed in the Docket 22-3031 Penalty Order are the group of wells which had  
5 previously conducted satisfactory MITs between the 2016 and 2019 calendar years, but fit  
6 District Staff's criteria of wells likely to have modified or fabricated equipment or not tested  
7 at all by Operator. My testimony below also goes into further detail about how these wells  
8 were identified and selected.

9 **Q. Please describe how a MIT for a tubing and a packer constructed well could demonstrate**  
10 **casing integrity.**

11 A. In order to complete a satisfactory tubing and packer test, it is necessary to know the depth at  
12 which the packer is seated. The seating depth must be within 50 feet of the top perforation.  
13 This will ensure that the casing interval is tested from surface to a depth within 50 feet of the  
14 top perforation to determine the integrity of the casing. The annular space must have fluid  
15 from the top of the packer seating depth to the surface. Pressure is applied to the annular space  
16 between the casing and tubing at 300 psi, and the pressure must be maintained for 30 minutes  
17 to obtain a satisfactory test. It should be noted that we are specifically testing the integrity of

1 the casing, but this test can also show a failure in the tubing or packer which would result in  
2 a failed test.

3 **Q. How did issues with Operator's injection wells come to your attention?**

4 A. On November 6, 2020, I received a call from Mr. Breeze about injection wells that appeared  
5 to have had fabricated wellhead connections used to falsely perform satisfactory MITs at  
6 Operator's Wallace Lease. At that time, I told him that I would head to his location in order  
7 to verify the status of the injection wells. Once I arrived at the Wallace Lease, I was able to  
8 visually and physically verify Mr. Breeze's findings that there were, in fact, plates welded  
9 into the nipples used to make the wellhead connections. The plates distorted the results of any  
10 MIT conducted on the Wallace #8 and Wallace #14 wells by interfering with the pressuring  
11 up of the well and only allowed the integrity of the wellhead connections to be tested.

12 This modification both prevented the entire well from being tested and ensured the  
13 appearance of a satisfactory MIT. Further, I could also see that the Wallace #8 and Wallace  
14 #14 wells did not have fluid to the surface within the annulus. Under K.A.R. 82-3-406, tubing  
15 and packer wells are required to have the annulus of the well filled with a corrosion-inhibiting  
16 fluid or hydrocarbon liquid. While fluid had been placed in the elbow to give the appearance  
17 that the annulus of the well had fluid to surface, our visual inspection revealed that was not  
18 the case.

19 **Q. Please describe how the fabricated equipment was constructed and how it interferes**  
20 **with the MIT.**

21 A. To conduct a MIT on a tubing and packer constructed well the connections to the wellhead  
22 are made with a short length of pipe referred to as a nipple. A 90 degree elbow is then either  
23 placed on the end of the nipple prior to a valve or after the valve utilizing a second nipple.

1 The purpose of this equipment is to provide a pathway to fill the annular space with fluid. In  
2 this case, the fabricated connection had a plate welded into the nipple used at the wellhead.  
3 This resulted in the annular fluid being completely contained between the nipple and valve,  
4 therefore, only pressuring the wellhead connection and NOT the well casing, which is  
5 required for a MIT. A fabricated wellhead connection would appear to produce a successful  
6 MIT, even if the well casing no longer had integrity.

7 **Q. Did you visit other wells after finding fabricated equipment at the Wallace Lease?**

8 A. Yes. After our initial findings at the Wallace Lease we realized it was important to continue  
9 the first stage of our investigation. We decided Mr. Breeze would go to Operator's Jones A  
10 #17, Jones A #1 and the Luthi Dale #2 injection wells to see whether those wells also had  
11 fabricated equipment. Operator reported performing satisfactory tubing and packer MITs on  
12 these wells the morning of Friday, November 6, 2020, but the tests were not witnessed by  
13 District #3 Staff. Mr. Breeze discusses his findings of fabricated equipment at these leases in  
14 further detail in his testimony. On Monday, November 9, 2020, I contacted Operator's  
15 employee, Mr. Randy Bishop, about these wells. At that time, he informed me that he removed  
16 the equipment from the wells over the weekend. He also confirmed that each well had plates  
17 welded in the nipples. Further, he stated that he had disposed of the equipment. I documented  
18 this conversation in the memorandum attached to my testimony as *Exhibit-DS-1*.

19 **Q. Why were the MITs at the Jones A and Luthi Dale Leases unwitnessed?**

20 A. Staffing resources do not allow us the opportunity to witness 100 % of the MITs in District  
21 #3. Therefore, we rely on an operator's integrity in reporting the test results of un-witnessed  
22 tests. District #3 Staff determines which MITs to witness based upon available staffing

1 resources, past history with the given operator, the service company conducting the test, age  
2 of the well, and Staff's knowledge of operations on the lease.

3 **Q. Were NOV letters sent to Operator regarding these wells after Staff discovered**  
4 **Operator improperly modified the equipment at its injection wells?**

5 A. Yes. Operator was sent Failed MIT NOV letters for all of the wells that had improperly  
6 modified equipment on the Griblin, Luthi Dale, Jones A, and Wallace Leases. Additionally,  
7 Operator had other wells that failed MITs during this time period which were also sent Failed  
8 MIT NOV letters. These additional wells were the Bahr #6A, the Burke A WI #16, and the  
9 Phillips K #13. The NOV letters required Operator to repair and retest the wells, plug the  
10 wells, or isolate all leaks to demonstrate the well does not pose a threat to fresh or usable  
11 water or endanger correlative rights. Operator brought the Jones A #1, Jones A #17, Wallace  
12 #8, and Wallace #14 wells into compliance by the deadlines provided on the Failed MIT NOV  
13 letters. Operator failed to take any action at the Bahr #6A, Burke A WI #16, Luthi Dale #2,  
14 and Phillips K #13 by the deadlines provided by District Staff. Failing to meet the deadlines  
15 at these wells resulted in the Docket 21-3193 Penalty Order being issued. The Failed MIT  
16 NOV letters for the Bahr #6, Burke A #WI-16, Dale Luthi #2, and Phillips #K 13 are attached  
17 to the Docket 21-3193 Penalty Order as Exhibit A.

18 **Q. Have the four wells listed in the Docket 21-3193 Penalty Order been brought into**  
19 **compliance by Operator?**

20 A. To date, Operator has brought three of the four wells into compliance. On March 4, 2021,  
21 Operator plugged the Burke A WI #16 well. On March 29, 2021, Operator satisfactorily  
22 retested the Bahr #6A well. On May 12, 2021, Operator plugged the Phillips K #13 well. The  
23 Luthi Dale #2 remains out of compliance with KCC rules and regulations.



1 **Q. Did District #3 Staff continue to broaden its investigation after concluding the first stage**  
2 **of its investigation?**

3 A. Yes. Based upon Mr. Breeze's observations at the Jones A, Luthi Dale, and Wallace leases,  
4 we decided that we would begin the second stage of our investigation by having Mr. Breeze  
5 and I inspect Operator's Griblin B lease. Mr. Breeze witnessed four satisfactory MITs on the  
6 Griblin lease earlier in September 2020, and in light of the new evidence, questioned whether  
7 the wells on the Griblin B lease were similarly modified.

8 Our inspection of the injection wells at the Griblin B lease revealed that there was no fluid  
9 visible within the annulus of the casing. As I described earlier in my testimony, fluid is  
10 required in the annulus of tubing and packer wells by regulation. Further, wells which  
11 previously had a satisfactory MIT two months prior should still have fluid visible in the  
12 annulus of the well. This observation was an indication the entirety of these wells was not  
13 tested and raised more suspicion that fabricated equipment may have also been used on these  
14 wells. Subsequently, Operator was sent NOV letters to retest all four wells. One well passed  
15 its MIT, but the other three failed. Of the three failed wells at the Griblin Lease, one was  
16 plugged and the remaining two were repaired and successfully passed an MIT within the  
17 deadlines given. Operator has 407 injection wells listed on its inventory, so given our findings  
18 at those four leases, we realized we would need to further investigate Operator's other UIC  
19 wells. At that time, we began to focus on determining how widespread this problem was in  
20 order to begin addressing the wells that were out of compliance.

1 **Q. How did Commission District Staff focus on the wells penalized for violations of K.A.R.**  
2 **82-3-407 in Docket 21-3201 and Docket 22-3031?**

3 A. MITs are required at least every five years. Therefore, we started working backward through  
4 the previous five-year cycle looking for wells that fit within a certain criteria. We considered  
5 a wide variety of factors in focusing on which wells we would ask Operator to retest. The  
6 factors we chose were based on tubing and packer well construction, whether the MITs were  
7 witnessed, whether the MITs were performed by a service company or conducted by Haas  
8 Petroleum, LLC. Based upon these factors, we were able to identify wells that we believed  
9 needed to be retested to ensure that the wells actually had mechanical integrity.

10 **Q. What did you do once you identified the additional wells to investigate?**

11 A. Once we identified the wells that we wanted Operator to retest, we began sending Operator  
12 NOV letters for the identified wells each previous year in the five-year cycle. We started with  
13 21 wells that previously had satisfactory MITs during the 2020 calendar year. On December  
14 11, 2020, I sent letters to Operator requiring new MITs for the 21 wells by January 12, 2021.  
15 The tests conducted at these wells resulted in 20 of the 21 wells failing to demonstrate  
16 mechanical integrity. On January 14, 2021, I sent Failed MIT NOV letters requiring Operator  
17 to bring the 20 wells into compliance with K.A.R. 82-3-407 by March 13, 2021.

18 Under K.A.R. 82-3-407(c), the operator of any well failing to demonstrate mechanical  
19 integrity by an approved method shall have no more than 90 days from the date of initial  
20 failure to repair and retest the well, plug the well, or isolate the leaks to demonstrate that the  
21 well will not pose a threat to fresh or usable water resources or endanger correlative rights.  
22 Generally, the NOV letters generated through KOLAR give operators 90 days after the date  
23 of failure to bring their wells into compliance with K.A.R. 82-3-407. However, this is just a

1 standard letter and not required by regulation. Given the nature of how these violations  
2 occurred, we did not feel like a 90-day Failed MIT NOV timeline was appropriate. In this  
3 case, we drafted Failed MIT NOV letters with shorter deadlines. We then sent these letters to  
4 Wichita so they could be scanned into KOLAR and sent to Operator. Operator failed to  
5 successfully retest, plug, or isolate the leaks at 18 of the 20 wells by that March 13, 2021  
6 deadline. At that time, we made a penalty recommendation to Commission Legal Staff which  
7 resulted in the Docket 21-3201 Penalty Order.

8 **Q. To date, has Operator returned any of the wells listed in the Docket 21-3201 Penalty**  
9 **Order into compliance with K.A.R. 82-3-407?**

10 A. No. Each of the wells still remains out of compliance with our rules and regulations.

11 **Q. Did you send additional NOV letters for wells that had previously reported satisfactory**  
12 **MIT tests from the 2016 to 2019 calendar years?**

13 A. Yes. On March 1, 2021, I sent a separate NOV letter to Operator requiring MIT tests at the  
14 Burke A #7, API #15-073-19732; Edwards #8, API #15-207-24025; Harder #3, API #15-207-  
15 24911; and Ryser B #1H 2INJ, API #15-207-24906. Operator had previously documented  
16 satisfactory MITs at these wells during the 2018 and 2019 calendar years, and these wells fell  
17 within the criteria I described above. On March 31, 2021, Operator reported pre-test  
18 mechanical integrity failures at these four wells. A pre-test failure is when the operator files  
19 a failed unwitnessed MIT Form (U7) stating the well does not have integrity. Generally, this  
20 is done because the operator tested the well without Staff being present and the well did not  
21 have integrity, or because the operator did not believe the well would have a satisfactory test  
22 and wants to avoid actually going to the expense or time to actually physically test the well.  
23 A pre-test failure also automatically triggers the issuance of a Failed MIT NOV letter to the

1 operator. As a result, I sent NOV letters to Operator requiring the wells to be returned to  
2 compliance with K.A.R. 82-3-407 by repairing and retesting the wells, plugging the wells, or  
3 isolating the leaks at the wells by May 30, 2021.

4 Further, on April 6, 2021, I sent letters to Operator requiring MIT tests at the Bahr Chris  
5 #15, API #15-207-19659; Citizen Bank #101, API #15-207-02146; Harder #2, API #15-207-  
6 02205; Olinger A #7, API #15-073-01126; Switzer #W4, API #15-207-19817; and Young #2,  
7 API 15-073-01545. Operator had previously documented satisfactory MITs at these wells  
8 during the 2016 and 2017 calendar years, and these wells fell within the criteria I described  
9 above. On May 6, 2021, Operator reported pre-test mechanical integrity failures at these six  
10 wells. As a result, I sent NOV letters to Operator requiring the wells to be returned to  
11 compliance with K.A.R. 82-3-407 by repairing and retesting the wells, plugging the wells, or  
12 isolating the leaks at the wells by July 5, 2021. This deadline also reflected the 30 days allowed  
13 in the NOV dated April 6, 2021. Operator failed to meet this deadline as well. Operator's  
14 failure to meet both the May 30, 2021 and July 5, 2021 deadlines resulted in the wells subject  
15 to those deadlines being included in the Docket 22-3031 Penalty Order.

16 **Q. Has Operator returned any of the wells in the Docket 22-3031 Penalty Order into**  
17 **compliance with K.A.R. 82-3-407?**

18 A. Operator plugged the Young #2 well on September 7, 2021. The remainder of the wells are  
19 still out of compliance with Commission rules and regulations.

20 **Q. Please summarize your recommendations.**

21 A. I believe the evidence gathered by Commission District #3 Staff is sufficient to support that  
22 Operator has committed 32 violations of K.A.R 82-3-407 in the consolidated dockets.

1 **Q. Does this conclude your testimony?**

2 A. Yes.

## MEMORANDUM

**To:** Kelcey Marsh, Litigation Counsel

**From:** Duane A. Sims, District #3 UIC Coordinator

**Date:** 11/9/2020

**Re:** Phone Conversation w/ Randy Bishop, Forman for Haas Petroleum, LLC. KLN 33640

At 9:42am on Monday, November 9, 2020 I contacted Randy Bishop with Haas Petroleum, LLC., at 620-496-7297. This phone conversation lasted 3 minutes. I called him to discuss KCC field staff's (Rodney Breeze) findings on inspections that he had performed on November 6, 2020. These inspections were on the Jones A #17 (15-073-20661-00-01), Jones A #1 (15-073-01362-00-01) and Dale Luthi #2 (15-031-20737-00-00). These inspections were conducted because of the fabricated equipment we had found on the Wallace #8 and Wallace #14 on the afternoon of November 6, 2020, that gave us a false satisfactory test on these two wells. Mr. Breeze had found what he thought to be the same type of fabricated equipment on these three wells. When I contacted Mr. Bishop to discuss this issue and tell him that we would need to witness the removal of this equipment, Mr. Bishop told me there would be no need to go to these wells. He stated that he had removed the equipment over the weekend and that the equipment in fact did have plates welded in them the same as the Wallace #8 and Wallace #14. I told him I needed the equipment and he stated that the only way I was going to get this equipment was if I went swimming in the bottom of the Verdigris River. When I asked him what he meant by that, he stated that he had cut the equipment up into small pieces and disposed of them into the Verdigris River. I told him that we would be in contact with Haas Petroleum, LLC., to discuss how we would handle this situation moving forward.

## CERTIFICATE OF SERVICE

21-CONS-3193-CPEN, 21-CONS-3201-CPEN, 22-CONS-3031-CPEN, 22-CONS-3034-CPEN

I, the undersigned, certify that a true and correct copy of the attached Prefiled Testimony of Duane Sims has been served to the following by means of electronic service on November 8, 2021.

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/s/ Paula J. Murray

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Paula J. Murray