

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

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

In the matter of the failure of Circle Star) Docket No.: 17-CONS-3462-CPEN
Operating Corp (“Operator”) to comply with)
K.A.R. 82-3-111 at the Lynd Family Trust) CONSERVATION DIVISION
#36-1 and Lynd Family Trust #36-2 wells in)
Trego County, Kansas.) License No.: 34781

SHUT-IN ORDER

Upon its own motion, the Commission finds and concludes Operator has violated a
Commission Order for the following reasons:

I. JURISDICTION

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

2. K.S.A. 55-162 and K.S.A. 55-164 provide the Commission with authority to issue an order regarding a violation of Chapter 55 of the Kansas Statutes Annotated, or of any rule, regulation, or order of the Commission. K.S.A. 55-164 provides that an order may include a monetary penalty of up to \$10,000, which shall constitute an actual and substantial economic deterrent to the violation for which the penalty is assessed. In the case of a continuing violation, every day such violation continues shall be deemed a separate violation.

II. FINDINGS OF FACT

3. On February 2, 2017, the Commission issued a Penalty Order against Operator for two violations of K.A.R. 82-3-111 because the Lynd Family Trust #36-1 and #36-2 wells had been inactive in excess of the time allowed by regulation without being plugged, returned to service, or approved for TA status. The Penalty Order ordered Operator to pay a \$200 penalty and to plug the wells, return the wells to service, or obtain TA status. The Penalty Order stated that if Operator failed to comply, then Operator's license would be suspended without further notice.

4. On March 10, 2017, Staff suspended Operator's license for non-compliance with the Penalty Order. Staff sent a Notice of License Suspension to Operator, stating that Operator was in violation of the Penalty Order. Staff's letter stated that if, after 10 days, Staff discovered Operator performing oil and gas operations, Staff would recommend a Shut-In Order, including an additional \$10,000 penalty.¹

5. On April 12, 2017, Commission District #4 Staff conducted an inspection and found Operator's Lynd Family Trust #13-1 and #18-1 wells to be in operation despite a suspended license.

6. As of April 17, 2017, Operator remained in non-compliance with the Penalty Order in this docket, and Operator's license remained suspended. Operator has not paid the \$200 penalty associated with the Penalty Order, and has not plugged, returned to service, or obtained TA status for the Lynd Family Trust #36-1 and #36-2 wells.

7. Operator is responsible for approximately 6 wells in Kansas. The Commission takes administrative notice that aside from the present docket, in the past three years Operator was also penalized Docket 15-CONS-960-CPEN, although that matter is now resolved.

¹ See Exhibit A.

III. CONCLUSIONS OF LAW

8. The Commission concludes that it has jurisdiction over Operator in this matter under K.S.A. 55-152 and K.S.A. 74-623.

9. The above findings of fact are sufficient evidence to support the conclusion that Operator has violated the Commission's Penalty Order in this docket, both by its failure to plug, return to service, or obtain TA status for the Lynd Family Trust #36-1 and #36-2 wells and by its failure to cease operations upon the March 10, 2017, suspension of Operator's license.

THEREFORE, THE COMMISSION ORDERS THAT:

A. Operator is assessed a \$5000 penalty.

B. Staff is directed to shut-in and seal all oil and gas operations of Operator until such time as Operator complies with the Commission's Penalty Order in this docket.

C. 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 St., Suite 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.

D. If no party requests a hearing, payment of the monetary penalty is due within 30 days from the date of service of this Order. Failure to timely submit the monetary penalty shall result in Operator's license being suspended without further notice, if it is not already. 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 St., Suite 220, Wichita, Kansas 67202. The payment must include a reference to the docket number of this proceeding.

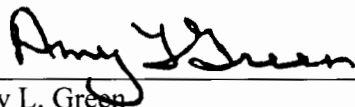
E. If a party requests a hearing, a corporation or similar entity shall not be permitted to enter an appearance except by its attorney. Attorneys for all parties shall enter their appearances in Commission proceedings by giving their names and addresses for the record.

F. 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.

BY THE COMMISSION IT IS SO ORDERED.

Apple, Chair; Albrecht, Commissioner; Emler, Commissioner

Dated: APR 25 2017



Amy L. Green
Secretary to the Commission

Mailed Date: April 25, 2017

JDW

Conservation Division
266 N. Main St., Ste. 220
Wichita, KS 67202-1513



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Pat Apple, Chairman
Shari Ferst Albrecht, Commissioner
Jay Scott Emler, Commissioner

Sam Brownback, Governor

March 10, 2017

Jayne Wollison
Circle Star Operating Corp.
6080 S. Hulen Street, Suite 360 PBM 312
Fort Worth, TX 76132

NOTICE OF LICENSE SUSPENSION
License No. 34781
Docket No. 17-CONS-3462-CPEN

Operator:

Our records indicate that you are in violation of a Commission Order in the above Docket.

Your license is hereby suspended.

Until your license is reinstated, it is illegal for you to conduct oil and gas operations in Kansas.

If, after 10 days from the date of this letter, Commission Staff discover you performing oil and gas operations, Staff will recommend a Shut-In Order, including an additional \$10,000 penalty. If you are already shut-in, you must remain shut-in.

Any outstanding monetary penalty may be sent to collections.

You may review the Commission Order, which was mailed to you, at the Commission's website. If you have questions, you may contact us at the phone number listed at the top of this page.

Sincerely,

Legal Department Staff

Exhibit A

CERTIFICATE OF SERVICE

I certify that on 4/25/17, 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:

Jayme Wollison
Circle Star Operating Corp
6080 S. Hulen Street, Suite 360, PBM 312
Fort Worth, TX 76132

and delivered by e-mail to:

Richard Williams
KCC District #4

/s/ Paula J. Murray
Paula J. Murray
Legal Assistant
Kansas Corporation Commission