

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

Before Commissioners:                    Andrew J. French, Chairperson  
   Dwight D. Keen  
   Annie Kuether

In the matter of the failure of Satchell Creek )    Docket No.: 24-CONS-3209-CPEN  
Petroleum, LLC (Operator) and Feature Drilling, )  
LLC (Contractor) to comply with K.S.A. 55-171 )    CONSERVATION DIVISION  
and K.A.R. 82-3-600 at the Bellerive #A 2-29, )  
Bellerive #A 3-29, Hobbs A #3-28, and Richmeier )    License Nos.: 35970 and 35963  
#1-34 wells in Graham County, Kansas. )

**PENALTY ORDER**

The Commission finds Operator and Contractor have violated K.S.A. 55-171 and K.A.R. 82-3-600 at the captioned wells, assesses a \$40,000 penalty, directs Operator to come into compliance, and further rules as more fully described below.

**I. JURISDICTION**

1.     K.S.A. 74-623 provides the Commission exclusive jurisdiction and authority to regulate oil and gas activities in Kansas. K.S.A. 55-152 provides the Commission with jurisdiction to regulate the construction, operation, and abandonment of any well, and also the protection of the usable water of this state from any actual or potential pollution from any well. The Commission has licensing authority under K.S.A. 55-155.

2.     K.S.A. 55-162 and K.S.A. 55-164 provide the Commission authority to issue penalty orders for violations of Chapter 55 of the Kansas Statutes Annotated, or of any rule, regulation, or order of the Commission. Under K.S.A. 55-164, a penalty order may include a monetary penalty of up to \$10,000, the penalty must constitute a substantial and actual economic deterrent to the violation, and each day of a continuing violation constitutes a separate violation.

3. K.S.A. 55-171 provides that the storage or disposal of salt water, oil, or refuse in surface ponds resulting from oil and gas activities shall be prohibited unless a permit for such storage or disposal shall first be obtained from the Commission. K.A.R. 82-3-600(a) provides that pits shall not be used to contain fluids resulting from oil and gas activities until approved by the Commission.

4. K.A.R. 82-3-101(a)(52)(C) defines a “drilling pit” as any pit used to temporarily confine fluid or exempt waste resulting from oil and gas activities, or to store spent drilling fluids generated during the drilling or completion of any well.

5. K.A.R. 82-3-101(a)(52)(H) defines a “working pit” as a pit used to temporarily confine fluids or refuse resulting from oil and gas activities during the drilling or completion of any oil, gas, exploratory, service, or storage well. Working pits are permitted as drilling pits.

6. K.A.R. 82-3-101(a)(52)(F) defines a “reserve pit” as a pit used to store spent drilling fluids and cuttings transferred from working pits. Reserve pits are permitted as drilling pits.

## **II. FINDINGS OF FACT**

7. Operator is licensed to conduct oil and gas activities in Kansas and is responsible for the following wells (Subject Wells) in Graham County, Kansas:

- a. Bellerive #A 2-29, API #15-065-24284-00-00, located in Section 29, Township 10 South, Range 25 West;
- b. Bellerive #A 3-29, API #15-065-24290-00-00, located in Section 29, Township 10 South, Range 25 West;
- c. Hobbs A #3-28, API #15-065-24297-00-00, located in Section 28, Township 10 South, Range 25 West; and

- d. Richmeier #1-34, API #15-065-24299-00-00, located in Section 34, Township 10 South, Range 25 West.

8. Between August 21, 2023, and October 2, 2023, Operator submitted Intent-to-Drill forms and Application for Surface Pit forms for each of the Subject Wells, and Commission Staff approved the forms.<sup>1</sup> The surface pit applications indicated there would be four pits at each of the Subject Wells: three working pits and one reserve pit. By regulation, working pits are used to temporarily confine fluids resulting from the drilling of wells, and reserve pits are used to store drilling fluids and cuttings transferred from working pits.

9. Between September 22, 2023, and October 14, 2023, Operator drilled the Subject Wells. One of the wells was plugged September 29, 2023, and another was plugged October 12, 2023; the other two remain unplugged.<sup>2</sup>

10. On November 27, 2023, Commission Staff inspected the Hobbs A #3-28 and Richmeier #1-34 wells.<sup>3</sup> Staff found recent truck tracks leading to the pits and fluids in the reserve pits.<sup>4</sup> A water sample from the Hobbs A #3-28 reserve pit revealed 78,000 ppm chlorides, and a water sample from the Richmeier #1-34 reserve pit revealed 74,500 ppm chlorides, indicating that the fluids in the pits were brine fluids—not fluids resulting from the drilling of the wells.<sup>5</sup>

11. On November 30, 2023, Staff inspected the Bellerive #A 2-29 and Bellerive #A 3-29 wells.<sup>6</sup> Commission Staff found truck tracks leading to the reserve pits, as well as crude

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<sup>1</sup> The Commission takes administrative notice of its records. *See* K.A.R. 82-1-230(h).

<sup>2</sup> *Id.*

<sup>3</sup> Exhibit A.

<sup>4</sup> *Id.*

<sup>5</sup> Exhibit B. Operator has subsequently removed the fluids from the pits.

<sup>6</sup> Exhibit C.

oil and brine residues, indicating that brine fluids had recently been dumped into the reserve pits and then removed—not fluids resulting from the drilling of the wells.<sup>7</sup>

12. Based on Commission Staff’s conversations with a representative of Operator and Contractor, both entities appear responsible for brine fluids being dumped into the reserve pits associated with the Subject Wells.

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

13. The Commission has jurisdiction over Operator, Contractor, and this matter under K.S.A. 74-623 and K.S.A. 55-152.

14. Operator and Contractor have committed four violations of K.S.A. 55-171 and K.A.R. 82-3-600 by performing unauthorized dumping of brine fluids into the reserve pits associated with the Subject Wells.

15. K.S.A. 55-164(a) provides that Commission penalties “shall constitute an actual and substantial economic deterrent to the violation for which the penalty is assessed.” Operator and Contractor dumped brine fluids into four reserve pits not allowed to contain such fluids, in violation of K.S.A. 55-171 and K.A.R. 82-3-600; Operator and Contractor did this without authorization from the Commission. Thus, the Commission concludes a heightened penalty is necessary to provide the actual, substantial economic deterrent contemplated in K.S.A. 55-164.

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

A. Operator and Contractor shall pay a total penalty of \$40,000; they are jointly and severally responsible.

B. Operator and/or Contractor 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, to

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<sup>7</sup> *Id.*

the Commission at 266 N. Main St., Suite 220, Wichita, Kansas 67202, within 30 days from the date of service of this Order. A request for hearing must comply with K.A.R. 82-1-219.

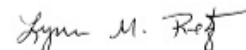
C. Failure to timely request a hearing will result in a waiver of any right to a hearing. If no party timely requests a hearing, then this Order shall become final. If Operator and Contractor are not in compliance with this Order and the Order is final, then Operator's license and Contractor's license shall be suspended without further notice and shall remain suspended until compliance is obtained. The notice and opportunity for a hearing on this Order shall constitute the notice required by K.S.A. 77-512 regarding license suspension. A party may petition for reconsideration of a final order pursuant to the requirements and time limits established by K.S.A. 77-529(a)(1).

D. Credit card payments may be made by calling the Conservation Division at 316-337-6200. Checks and money orders shall be payable to the Kansas Corporation Commission. Payments shall be mailed to the Kansas Corporation Commission at 266 N. Main St., Suite 220, Wichita, Kansas 67202. Payments must reference the docket number of this proceeding.

**BY THE COMMISSION IT IS SO ORDERED.**

French, Chairperson; Keen, Commissioner; Kuether, Commissioner

Dated: 02/13/2024

  
Lynn M. Retz  
Executive Director

Mailed Date: 02/13/2024

TSK



# Photographic Record

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## Incident/Activity Description

Inspector Name: Richard Williams

Inspector Title: Compliance Officer

Inspection Date: 11/27/2023

Lease Name: Richmeier #1-34

API# 15-065-24299-00-00

Location: NW-SE-SW-SW Sec. 34-10-25w

Company: Satchell Creek Petroleum, LLC

Attn: Michael J. Hopson

Address: 3032 N. Cortina Street

Wichita, Kansas 67205-7536

Phone: 970-989-4554







**Above:** Satchell Creek Petroleum, LLC #35970 Richmeier #1-34 API# 15-065-24299-00-00 NW-SE-SW-SW Sec. 34-10-25W Graham County.

Photo taken on 11/27/2023 of Rotary table on Feature Drilling Rig #3, GPS taken over center of bit breaker, 39.1336, 100.10572 or 588' FSL & 4564' FEL. This well was reported spudded on 10/14/2023, by Jim with Feature Drilling. On 11/13/2023 Feature Drilling called District Office for plugging orders, ECRS Richard Williams gave plugging orders. No call back from rig with completion report.





Nov 27, 2023 at 2:27:13 PM



**Above:** Satchell Creek Petroleum, LLC #35970 Richmeier #1-34 API# 15-065-24299-00-00 NW-SE-SW-SW Sec. 34-10-25W Graham County.

This photo was taken from Rotary rig floor pit side facing North , lower pit is the #1 shale pit, shows ice on top (fresh water) with reserve pit in background open and full of fluids. (look at earth berm on North side shows fluid level has dropped , indicating fluids soaking away.







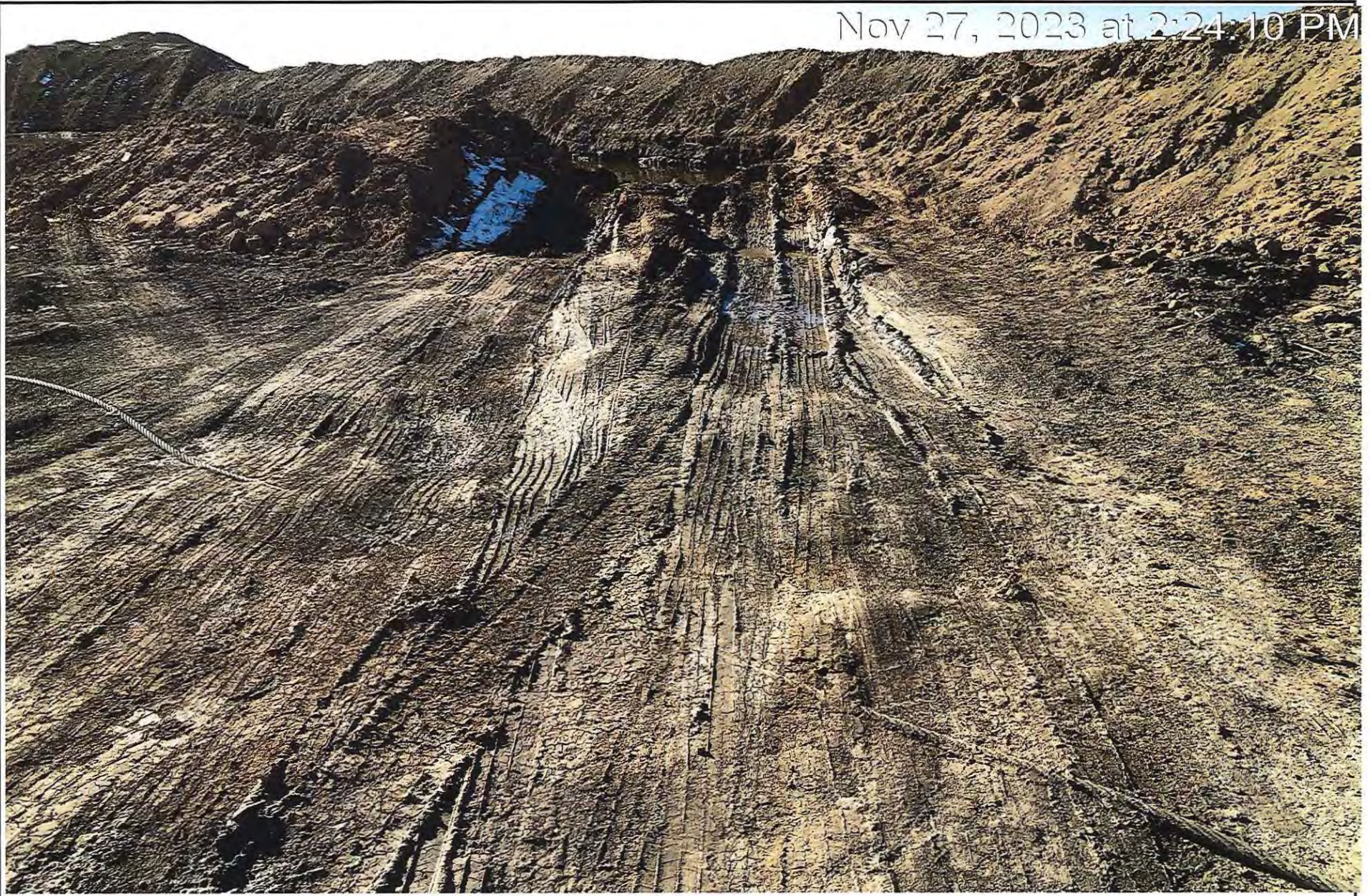
**Above:** Satchell Creek Petroleum, LLC #35970 Richmeier #1-34 API# 15-065-24299-00-00 NW-SE-SW-SW Sec. 34-10-25W Graham County.

Photo shows GPS location of sample collection from reserve pit labeled #1 dated 11/27/2023, later tested in KCC lab by Chris Neeley P.G. on 11/28/2023 at 74,500 ppm Chlorides.





Nov 27, 2023 at 2:24:10 PM



**Above:** Satchell Creek Petroleum, LLC #35970 Richmeier #1-34 API# 15-065-24299-00-00 NW-SE-SW-SW Sec. 34-10-25W Graham County.

Photo taken on 11/27/2023 @ 2:24:10 pm shows the heavy truck tracks from tank trucks backed up to reserve pit to unload brine into pit. The mud is from recent snow storm on Friday evening 11/24/2023 into early Saturday morning. ( snow still visible on shaded side of dirt dike .)





# Photographic Record



## Incident/Activity Description

Inspector Name: Richard Williams  
Inspector Title: Compliance Officer  
Inspection Date: 11/27/2023  
Lease Name: Hobbs A #3-28  
API# 15-065-24297-00-00  
Location: NE-NE-SW-NE Sec. 28-10-25w

Company: Satchell Creek Petroleum, LLC  
Attn: Michael J. Hopson  
Address: 3032 N. Cortina Street  
Wichita, Kansas 67205-7536  
Phone: 970-989-4554



Nov 27, 2023 at 3:43:49 PM





**Above:** Satchell Creek Petroleum, LLC #35970 Hobbs A #3-28 API# 15-065-24297-00-00 NE-NE-SW-NE Sec.28-10-25W Graham County.

Photo taken on 11/27/2023 of Cellar, surface pipe only, Feature Drilling #35963 called spud in to District office on 10/09/2023, and called again on 10/24/2023 for plugging orders, no completion report as of 11/29/2023.





Nov 27, 2023 at 3:44:55 PM



**Above:** : Satchell Creek Petroleum, LLC #35970 Hobbs A #3-28 API# 15-065-24297-00-00 NE-NE-SW-NE Sec.28-10-25W Graham County

This photo was taken facing NE towards reserve pit , again heavy truck tracks backed up to reserve pit, where it appears they dumped into pit.







**Above:** : Satchell Creek Petroleum, LLC #35970 Hobbs A #3-28 API# 15-065-24297-00-00 NE-NE-SW-NE Sec.28-10-25W Graham County  
Photo shows GPS location of sample collection from reserve pit labeled #2 dated 11/27/2023, later tested in KCC lab by Chris Neeley P.G. on 11/28/2023 at 78,000 ppm Chlorides.



Nov 27, 2023 at 3:43:43 PM



**Above:** : Satchell Creek Petroleum, LLC #35970 Hobbs A #3-28 API# 15-065-24297-00-00 NE-NE-SW-NE Sec.28-10-25W Graham County  
Photo taken on 11/27/2023 @ 3:43:43 pm shows the GPS location : 39.15674, 100.11353 or 3807' FSL & 1570' FEL . Note lower left corner  
wind has blown crude oil scum in corner, water sample tested 78,000 ppm Chlorides.



## Kansas Corporation Commission

Date: November 28, 2023

**Satchell Creek Petroleum, LLC**

Richmeier Lease: S/2 34-10-25w

Hobbs A Lease: NE/4 28-10-25w

Date Of Sample	Sample Collected By	Location and Source of Sample	Chloride Content in Parts per Million
11/27/2023	Richard Williams	Reserve Pit Richmeier 1-34 S2 34-10-25w 39.13354, -100.10569	74,500
		Reserve Pit Hobbs A 3-28 NE 28-10-25w 39.15674, -100.11353	78,000

Notice: The standard for chloride in drinking water is 250 parts per million. The upper limit set by statute for fresh water is 500 parts per million chlorides while usable water is defined as water containing more than 500 but not in excess of 5000 parts per million chlorides.

Tested by:



Chris Neeley, P.G.

cc: File



## Photographic Record

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### Incident/Activity Description

Inspector Name: Richard Williams

Inspector Title: Compliance Officer

Inspection Date: 11/30/2023

Lease Name: Bellerive

Location: NE/4 Sec. 29-10-25W

Graham County

Company: Satchell Creek Petroleum, LLC

Attn: Michael J. Hopson

Address: 3032 N Cortina Street

Wichita, Kansas 67205-7536

970-989-4554





Nov 30, 2023 at 11:49:18 AM



**Above:** Satchell Creek Petroleum, LLC #35970 Bellerive A #2-29 API#15-065-24284-00-00 NE-SE-NW-NE Sec. 29-10-25W Graham County.

Photo of Feature Drilling rig base still over hole, spudded on 10/03/2023 and plugged as DH on 10/12/2023







**Above:** Satchell Creek Petroleum, LLC #35970 Bellerive A #2-29 API#15-065-24284-00-00 NE-SE-NW-NE Sec. 29-10-25W Graham County.

Photo of location stake in dike of reserve pit, Once again oil and brine disturbance in drilling mud in reserve pit indicating fluids dumped and recently removed.



Nov 30, 2023 at 11:51:10 AM



Above: Satchell Creek Petroleum, LLC #35970 Bellerive A #2-29 API#15-065-24284-00-00 NE-SE-NW-NE Sec. 29-10-25W Graham County.

Photo again location stake in dike of reserve pit, and heavy truck tracks recently indicating free fluids have been removed, also note crude oil and salt brine residuals stain on top of drilling mud.





## Photographic Record

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### Incident/Activity Description

Inspector Name: Richard Williams

Inspector Title: Compliance Officer

Inspection Date: 11/30/2023

Lease Name: Bellerive

Location: NE/4 Sec. 29-10-25W

Graham County

Company: Satchell Creek Petroleum, LLC

Attn: Michael J. Hopson

Address: 3032 N Cortina Street

Wichita, Kansas 67205-7536

970-989-4554

Nov 30, 2023 at 12:12:28 PM







**Above:** Satchell Creek Petroleum, LLC #35970 Bellerive A #3-29 API#15-065-24290-00-00 NW-NE-SW-NE Sec. 29-10-25W Graham County.

Photo of cellar w/ 8 5/8" surface pipe, well spudded on 09/22/2023 and plugged on 09/28/2023 DH.

GPS: 39.15669, 100.13332 or 3781' FSL & 1905' FEL





Nov 30, 2023 at 12:00:01 PM



**Above:** Satchell Creek Petroleum, LLC #35970 Bellerive A #3-29 API#15-065-24290-00-00 NW-NE-SW-NE Sec. 29-10-25W Graham County

Photo shows again truck tracks in mud backed up to reserve pit in background.

GPS : coordinates from wellbore., date and time 11/30/23 @ 11:59a.m., Photo time stamp upper right corner 11/30/23 12:00 p.m.







Above: Satchell Creek Petroleum, LLC #35970 Bellerive A #3-29 API#15-065-24290-00-00 NW-NE-SW-NE Sec. 29-10-25W Graham County

Photo of reserve pit showing recently free fluids have been removed, the oil and drilling mud disturbance indicates the free fluids brine had been removed.







**Above:** Satchell Creek Petroleum, LLC #35970 Bellerive A #3-29 API#15-065-24290-00-00 NW-NE-SW-NE Sec. 29-10-25W Graham County.

Another photo of reserve pit showing the depression where the fluid was blown from water truck causing the depression in the pit.



## **CERTIFICATE OF SERVICE**

24-CONS-3209-CPEN

I, the undersigned, certify that a true copy of the attached Order has been served to the following by means of first class mail and electronic service on 02/13/2024.

MICHAEL J. HOPSON  
SATCHELL CREEK PETROLEUM LLC  
3032 N CORTINA ST  
WICHITA, KS 67205-7536  
mjh11holdings@gmail.com

MIKE HOPSON  
FEATURE DRILLING LLC  
4320 VINE ST STE 80 PMB 386  
HAYS, KS 67601-9595

TRISTAN KIMBRELL, LITIGATION COUNSEL  
KANSAS CORPORATION COMMISSION  
CENTRAL OFFICE  
266 N. MAIN ST, STE 220  
WICHITA, KS 67202-1513  
t.kimbrell@kcc.ks.gov

KRAIG STOLL, EP&R SUPERVISOR  
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