

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

Before Commissioners: Dwight D. Keen, Chair
 Susan K. Duffy
 Andrew J. French

In the matter of the failure of LB Exploration,) Docket No.: 23-CONS-3007-CPEN
Inc. (Operator) to comply with K.A.R.)
82-3-111 at the Larkin 14 #1 well in Barber) CONSERVATION DIVISION
County, Kansas.)
_____) License No.: 33186

PENALTY ORDER

The Commission finds Operator has violated K.A.R. 82-3-111 regarding the captioned well, assesses a \$100 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.A.R. 82-3-111 provides that within 90 days after operations cease on any well, the operator of that well shall plug the well, return the well to service, or file an application with

the Conservation Division requesting temporary abandonment (TA) status. If not plugged or returned to service, the operator must obtain TA approval; TA status may be denied by the Conservation Division if necessary to prevent pollution. A well shut-in for 10 years or more cannot be granted TA status without the operator filing an application for an exception pursuant to K.A.R. 82-3-100 and approval from the Commission. K.A.R. 82-3-111(e) provides a TA exemption for certain wells fully equipped and capable of production.

II. FINDINGS OF FACT

4. Operator is licensed to conduct oil and gas activities in Kansas and is responsible for the Larkin 14 #1 well (Subject Well), API #15-007-23676-00-00, located in Section 14, Township 32 South, Range 15 West, Barber County, Kansas.

5. On May 19, 2021, Commission records indicated the Subject Well had been inactive and unplugged for longer than the 90 days allowed by K.A.R. 82-3-111, that the well was not exempt pursuant to K.A.R. 82-3-111(e), and that the well was not approved for TA status. Thus, Commission Staff sent a letter to Operator, requiring Operator to bring the Subject Well into compliance with K.A.R. 82-3-111 by June 18, 2021.¹

6. On June 21, 2022, Commission Staff inspected the Subject Well, because the deadline in the letter had passed and the violation had not been resolved, verifying that the well continued to be inactive and unplugged.²

III. CONCLUSIONS OF LAW

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

¹ Exhibit A.

² Exhibit B.

8. Operator has committed one violation of K.A.R. 82-3-111 because the Subject Well has been inactive in excess of the time allowed by regulation without being plugged, returned to service, or approved for TA status.³

THEREFORE, THE COMMISSION ORDERS:

- A. Operator shall pay a \$100 penalty.
- B. Operator shall plug the Subject Well, or return the well to service, or obtain TA status for the well if eligible.
- C. Commission Staff may require Staff-witnessed static fluid level measurements before a Subject Well is returned to service. A Subject Well may not be returned to service if (1) any measurement has shown fluid in the wellbore at or above the appropriate minimum surface casing requirement described in Table I of the Commission's August 1, 1991, Order in Docket 34,780, (2) any measurement has shown fluid in the wellbore at or above any salt formation or other corrosive formation, or (3) in the opinion of Staff, variation in measurements indicates the possibility of a casing leak. Provided, however, a Subject Well may be returned to service upon (a) passing a casing integrity test after issuance of this Penalty Order to the satisfaction of Staff, or (b) Staff providing written, well-specific authorization after issuance of this Penalty Order.
- D. Operator 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 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.
- E. Failure to timely request a hearing will result in a waiver of Operator's right to a hearing. If no party timely requests a hearing, then this Order shall become final.

³ K.S.A. 55-164; K.A.R. 82-3-111(b).

F. If Operator is not in compliance with this Order and the Order is final, then Operator's license shall be suspended without further notice and shall remain suspended until Operator complies. If a Subject Well has been inactive for more than 10 years and Operator applies for an exception to the 10-year limit on TA status for the Subject Well prior to this Order becoming final, and Operator would be in compliance with this Order if the application were approved, then suspension shall not be enforced unless: (1) the application is denied, and (2) 30 days have elapsed since the denial. The notice and opportunity for a hearing on this Order shall constitute the notice required by K.S.A. 77-512 regarding license suspension.

G. 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).⁴

H. 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.

Keen, Chair; Duffy, Commissioner; French, Commissioner

Dated: 07/14/2022



Lynn M. Retz
Executive Director

Mailed Date: 07/14/2022

TSK

⁴ See K.S.A. 55-162; K.S.A. 55-164; K.S.A. 55-606; K.S.A. 55-707; K.S.A. 77-503(c); K.S.A. 77-531(b).

Conservation Division
District Office No. 1
210 E. Frontview, Suite A
Dodge City, KS 67801



Phone: 620-682-7933
<http://kcc.ks.gov/>

Andrew J. French, Chairperson
Dwight D. Keen, Commissioner
Susan K. Duffy, Commissioner

Laura Kelly, Governor

May 19, 2021

Michael Petermann
LB Exploration, Inc.
2135 2ND RD
HOLYROOD, KS 67450-9021

Re: Temporary Abandonment
API 15-007-23676-00-00
LARKIN 14 1
SE/4 Sec.14-32S-15W
Barber County, Kansas

Dear Michael Petermann:

Your application for Temporary Abandonment (TA) for the above-listed well is denied for the following reasons(s):

Shut-in Over 10 years

Pursuant to K.A.R. 82-3-111, the well must be plugged or returned to service by 06/18/2021.

If you wish to instead file an application for an exception to the 10-year limitation of K.A.R. 82-3-111, demonstrating why it is necessary to TA the well for more than 10 years, then you must file the application for an exception by 06/18/2021.

This deadline does NOT override any compliance deadline given to you in any Commission Order.

You may contact me if you have any questions.

Sincerely,
Michael Maier
KCC DISTRICT 1

KCC OIL/GAS REGULATORY OFFICES

Date: 6/21/22

District: 1

Case #: _____

☐ New Situation
☒ Response to Request
☒ Follow-Up

☐ Lease Inspection
☐ Complaint
☒ Field Report

Operator License No: 33186
 Op Name: LB Exploration, Inc.
 Address 1: 2135 2nd RD
 Address 2: _____
 City: Holyrood
 State: Kansas Zip Code: 67450 -9021
 Operator Phone #: (785) 252-8034

API Well Number: 15-007-23676-00-00
 Spot: SE SE NW SE Sec 14 Twp 32 S Rng 15 ☐ E / ☒ W
1371 Feet from ☐ N / ☒ S Line of Section
1340 Feet from ☒ E / ☐ W Line of Section
 GPS: Lat: 37.25655 Long: 98.91629 Date: 6/21/22
 Lease Name: Larkin Well #: 14-1/LEASE
 County: Barber

Reason for Investigation:

6/21/22 Updated inspection.
 9/3/21 Failure to respond to Denied TA letter dated May 19, 2021.

Problem:

6/21/22 Potential violations.
 9/3/21 Potential violations.

Persons Contacted:

None

Findings:

6/21/22 1:30 PM

Tank battery located 1476' FSL, 141' FEL. Tank battery consists of 2 200 bbl capped fiberglass stock tanks, 1 200 bbl capped fiberglass produced water tank, 1 290 bbl fiberglass gun barrel all contained in a 2' earthen dike. Overgrown. No appearance of any recent activity. Produced water trucked off site.

#14-1 SE SE NW SE. No changes to previous inspection dated 9/3/21. No equipment. Swedge nipple with ball valve and bull plug. No appearance of any recent activity.

#14-2 NE SW NW SE. Oil well with no equipment. Tubing and rods remain in well. 1 2' x 10' vertical separator next to the well. No appearance of any recent activity. Last oil production recorded on KGS 12/2018.

9/3/21 8:45 AM

#14-1 No equipment. Swedge nipple with ball valve and bull plug.

Action/Recommendations:

Follow Up Required ☒ Yes ☐ No ☐

Date: _____

6/21/22 Well #14-1; Forward to legal. Well #14-2 recheck in 90 days; tracked by David Ring ECRS.
 9/3/21 Forward to legal.

Verification Sources:

Photos Taken: 6/21/22

☒ RBDMS ☒ KGS ☐ TA Program
☐ T-I Database ☒ District Files ☐ Courthouse
☒ Other: Leo 7, On-site inspection

By: David Ring, ECRS

Retain 1 Copy District Office
 Send 1 Copy to Conservation Division

Form: 09/03/2021



6/21/22 Facing East. No equipment. Tank battery in background.

Larkin 14-1 API Number: 15-007-23676-00-00

LB Exploration, Inc. KLN: 33186

BA Sec. 14-T32S-R15W GPS: 37.25655, -98.91629 1371'FSL, 1340'FEL SE SE NW SE

CERTIFICATE OF SERVICE

23-CONS-3007-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 07/14/2022.

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

FRED MACLAREN
KANSAS CORPORATION COMMISSION
DISTRICT OFFICE NO. 1
210 E. FRONTVIEW SUITE A
DODGE CITY, KS 67801
e.maclaren@kcc.ks.gov

MICHAEL MAIER
KANSAS CORPORATION COMMISSION
DISTRICT OFFICE NO. 1
210 E. FRONTVIEW SUITE A
DODGE CITY, KS 67801
m.maier@kcc.ks.gov

MICHAEL PETERMANN
LB EXPLORATION, INC.
2135 2nd RD
HOLYROOD, KS 67450-9021

KENNY SULLIVAN, DISTRICT #1 SUPERVISOR
KANSAS CORPORATION COMMISSION
DISTRICT OFFICE NO. 1
210 E. FRONTVIEW SUITE A
DODGE CITY, KS 67801
k.sullivan@kcc.ks.gov

/S/ DeeAnn Shupe

DeeAnn Shupe