

**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 CFM 66, LLC) Docket No.: 25-CONS-3258-CPEN
(Operator) to comply with K.A.R. 82-3-111 at)
the Goering #B-1 and Petrocci #1 wells in) CONSERVATION DIVISION
McPherson County, Kansas.)
_____) License No.: 34582

PENALTY ORDER

The Commission finds Operator has violated K.A.R. 82-3-111 regarding the captioned wells, assesses a \$200 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 following wells (Subject Wells) in McPherson County, Kansas:

- a. Goering #B-1, API #15-113-20324-00-00, located in Section 33, Township 21 South, Range 2 West; and
- b. Petrocci #1, API #15-113-20256-00-00, located in Section 31, Township 21 South, Range 2 West.

5. On December 24, 2024, Commission records indicated the Subject Wells had been inactive and unplugged for longer than the 90 days allowed by K.A.R. 82-3-111, that the wells were not exempt pursuant to K.A.R. 82-3-111(e), and that the wells were not approved for TA status. Thus, Commission Staff sent letters to Operator, requiring Operator to bring the Subject Wells into compliance with K.A.R. 82-3-111 by January 21, 2025.¹

6. On February 6, 2025, Commission Staff inspected the Subject Wells, because the deadline in the letters had passed and the violations had not been resolved, verifying that the wells continued to be inactive and unplugged.²

¹ Exhibit A.

² Exhibit B.

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.

8. Operator has committed two violations of K.A.R. 82-3-111 because the Subject Wells have 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 \$200 penalty.

B. Operator shall plug the Subject Wells, or return the wells to service, or obtain TA status for the wells 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.

³ K.S.A. 55-164; K.A.R. 82-3-111(b).

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.

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.

French, Chairperson; Keen, Commissioner; Kuether, Commissioner

Dated: 02/13/2025



Abigail D. Emery
Acting Secretary to the Commission

Mailed Date: 02/13/2025

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).



Andrew J. French, Chairperson
Dwight D. Keen, Commissioner
Annie Kuether, Commissioner

Corporation Commission

Laura Kelly, Governor

NOTICE OF VIOLATION

December 24, 2024

KCC Lic.-34582

CFM 66 LLC
900 CANADIAN DR.
MCPHERSON KS 67460-3615

RE: TEMPORARY ABANDONMENT

API Well No. 15-113-20324-00-00

GOERING B-1

33-21S-2W, SWSWSE

MCPHERSON County, Kansas

Operator:

On December 24, 2024, a file review documented a probable violation of the following regulation at the referenced well:

- K.A.R. 82-3-111. Within 90 days after operations cease on a well, the operator must return the well to service, plug the well, or obtain approval for temporary abandonment status.

**Failure to remedy this violation
by JANUARY 21, 2025
shall be punishable by a \$100 penalty.**

You may contact me if you have any questions.

Sincerely,

JERRY SPARLING
KCC District # 2



Andrew J. French, Chairperson
Dwight D. Keen, Commissioner
Annie Kuether, Commissioner

Corporation Commission

Laura Kelly, Governor

NOTICE OF VIOLATION

December 24, 2024

KCC Lic.-34582

CFM 66 LLC
900 CANADIAN DR.
MCPHERSON KS 67460-3615

RE: TEMPORARY ABANDONMENT

API Well No. 15-113-20256-00-00

PETROCCI 1

31-21S-2W, NESWSE

MCPHERSON County, Kansas

Operator:

On December 24, 2024, a file review documented a probable violation of the following regulation at the referenced well:

- K.A.R. 82-3-111. Within 90 days after operations cease on a well, the operator must return the well to service, plug the well, or obtain approval for temporary abandonment status.

**Failure to remedy this violation
by JANUARY 21, 2025
shall be punishable by a \$100 penalty.**

You may contact me if you have any questions.

Sincerely,

JERRY SPARLING
KCC District # 2

KCC OIL/GAS REGULATORY OFFICES

Date: 02/06/25

District: 02

Case #: _____

New Situation

Lease Inspection

Response to Request

Complaint

Follow-Up

Field Report

Operator License No: 34582

API Well Number: 15-113-20324-00-00

Op Name: CFM 66, LLC

Spot: NE SW SW SE Sec 33 Twp 21 S Rng 2 E / W

Address 1: 900 Canadian drive

379 Feet from N / S Line of Section

Address 2: _____

2266 Feet from E / W Line of Section

City: McPherson

GPS: Lat: 38.17507 Long: 97.54546 Date: 12/24/24

State: Kansas Zip Code: 67460 -

Lease Name: Goering Well #: B-1

Operator Phone #: (620) 241-7484

County: McPherson

Reason for Investigation:

Routine lease inspection

Problem:

Inactive gas well

Persons Contacted:

Findings:

Denied TA application back in Sept. of 2022 for no production from well for over 10 yrs.

Last reported production from well was back in 2011.

February 6, 2025-Follow up lease inspection was conducted to find no change in status and no contact from operator.

Action/Recommendations:

Follow Up Required Yes No

Date: _____

December 24, 2024-Another TA NOV letter was sent to operator with a deadline of January 21, 2025.

Staff recommends a Commission Order and monetary penalty for failure to meet the requirements under K.A.R. 82-3-111 Temporary Well Abandonment.

Verification Sources:

Photos Taken: Yes

RBDMS KGS TA Program
 T-I Database District Files Courthouse
 Other: _____

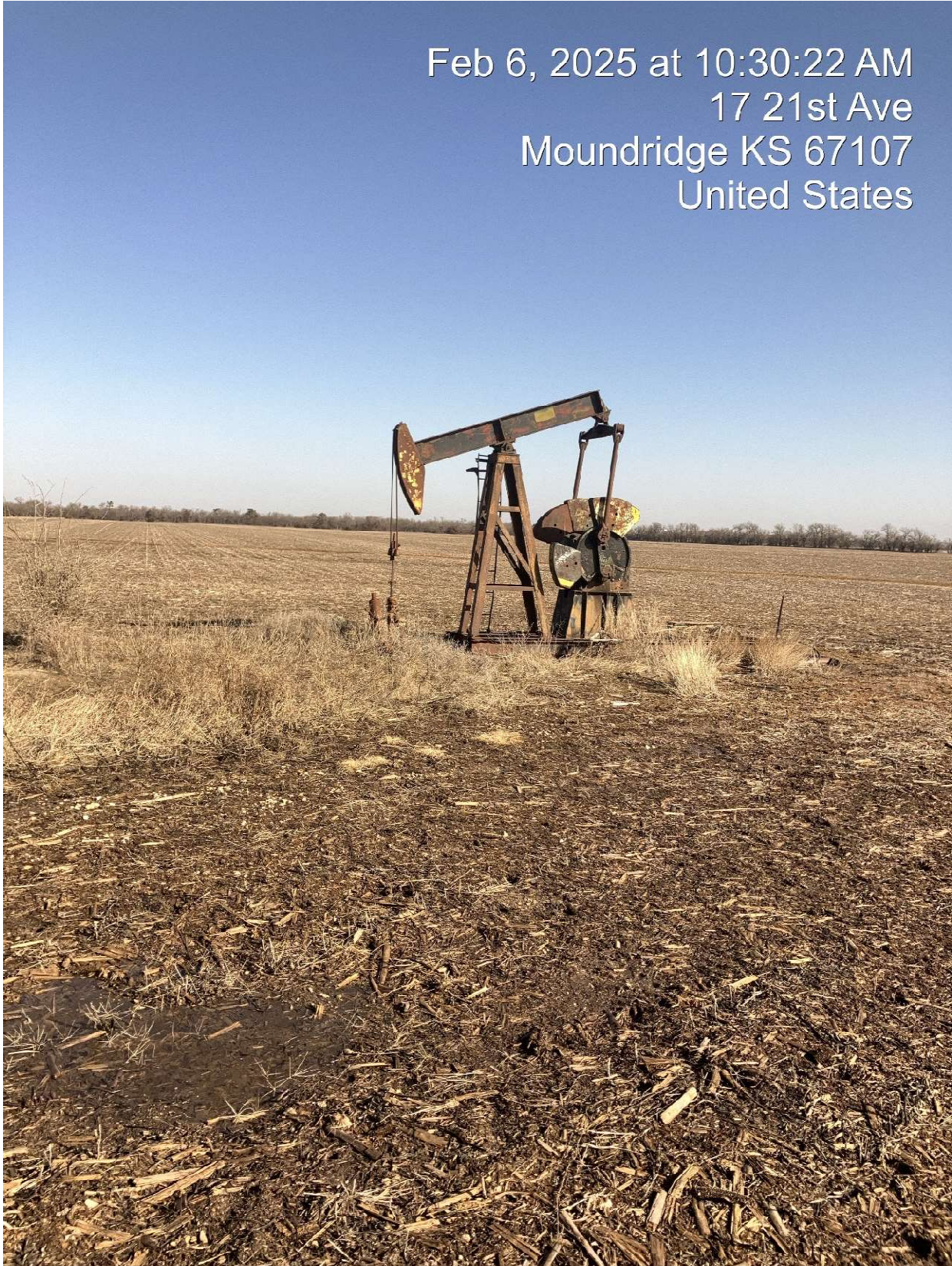
By: Jerry Sparling
Environmental Compliance and Regulatory Specialist

Retain 1 Copy District Office
Send 1 Copy to Conservation Division

Form: _____
Exhibit B
Page 1 of 4

Goering #B-1, inactive gas well located in the SE/4 of 33-21S-2W, Operated by CFM 66 LLC.
Lic. #34582, API#15-113-20324-00-00.

Feb 6, 2025 at 10:30:22 AM
17 21st Ave
Moundridge KS 67107
United States



Taken February 6, 2025 by J. Sparling KCC ECRS

KCC OIL/GAS REGULATORY OFFICES

Date: 02/06/25

District: 02

Case #: _____

New Situation

Lease Inspection

Response to Request

Complaint

Follow-Up

Field Report

Operator License No: 34582

API Well Number: 15-113-20256-00-00

Op Name: CFM 66, LLC

Spot: SW NE SW SE Sec 31 Twp 21 S Rng 2 E / W

Address 1: 900 Canadian drive

683 Feet from N / S Line of Section

Address 2: _____

1667 Feet from E / W Line of Section

City: McPherson

GPS: Lat: 38.17604 Long: 97.58009 Date: 12/24/24

State: Kansas Zip Code: 67460 -

Lease Name: Petrocci Well #: 1

Operator Phone #: (620) 241-7484

County: McPherson

Reason for Investigation:

Routine lease inspection

Problem:

Inactive gas well

Persons Contacted:

Findings:

Last reported production was back in March of 2014.

Denied TA application back in November of 2023, inactive well for 10yrs.

February 6, 2025-Follow up lease inspection finds no change in status and no contact from operator.

Action/Recommendations:

Follow Up Required Yes No

Date: _____

December 24, 2024-Another TA NOV letter was sent to operator with a deadline of January 21, 2025.

Staff recommends a Commission Order and monetary penalty for failure to meet the requirements under K.A.R. 82-3-111 Temporary Well Abandonment.

Verification Sources:

Photos Taken: Yes

RBDMS KGS TA Program
 T-I Database District Files Courthouse
 Other: _____

By: Jerry Sparling
Environmental Compliance and Regulatory Specialist

Retain 1 Copy District Office
Send 1 Copy to Conservation Division

Form: _____
Exhibit B
Page 3 of 4

Petrocci #1, inactive gas well located in the SE/4 of 31-21S-2W, MP. Co.
Operated by CFM 66, LLC. Lic. #34582. API#15-113-20256-00-00.

Feb 6, 2025 at 9:19:05 AM
Moundridge KS 67107
United States



Taken February 6, 2025 by J. Sparling KCC ECRS

CERTIFICATE OF SERVICE

25-CONS-3258-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 02/13/2025.

DANIEL FOX, COMPLIANCE OFFICER, KCC DISTRICT 2
KANSAS CORPORATION COMMISSION
DISTRICT OFFICE NO. 2
3450 N. ROCK RD BLDG 600 STE 601
WICHITA, KS 67226
dan.fox@ks.gov

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

GREG A. WARREN
CFM 66 LLC
900 CANADIAN DR
MCPHERSON, KS 67460-3615

/S/ KCC Docket Room

KCC Docket Room