

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

Before Commissioners: Shari Feist Albrecht, Chair
 Thomas E. Wright
 Jay Scott Emler

In the matter of an Order to Show Cause)	Docket No.: 14-CONS-543-CSHO
issued to The Xenia Corporation and Christian)	
Operating Co. regarding responsibility under)	CONSERVATION DIVISION
K.S.A. 55-179 for plugging 25 wells on the)	
McGrew Lease in Section 24, Township 21)	License Nos.: 4693 (Expired)
<u>South, Range 22 East, Linn County, Kansas.</u>)	33337 (Suspended)

**MOTION FOR AN ORDER TO SHOW CAUSE, THE DESIGNATION OF A
PREHEARING OFFICER, AND THE SCHEDULING OF A PREHEARING
CONFERENCE**

For the following reasons, Commission Litigation Counsel moves for an Order to Show Cause, the designation of a prehearing officer, and the scheduling of a prehearing conference in this matter:

I. JURISDICTION & LEGAL STANDARD

1. The Commission has jurisdiction to regulate oil and gas production in Kansas under Chapter 55 of the Kansas Statutes Annotated and the General Rules and Regulations for the Conservation of Crude Oil and Natural Gas, K.A.R. 82-3-100 *et seq.*
2. K.S.A. 55-162 provides the Commission with jurisdiction to institute proceedings to enforce the laws of Kansas and Commission rules, regulations, and orders.
3. K.S.A. 55-164 provides that the Commission may assess monetary penalties to operators or contractors who are in violation of Chapter 55 of the Kansas Statutes Annotated, or any rule, regulation, or order of the Commission. The maximum monetary penalty is \$10,000, and each day of a continuing violation constitutes a separate violation.

4. K.S.A. 55-179 provides the Commission with jurisdiction to determine the persons legally responsible for the proper care and control of oil and gas wells, including the responsibility to plug the wells.

5. K.S.A. 55-179(b) provides that a person who is legally responsible for the proper care and control of an abandoned well shall include one or more of the following:

- a. Any operator of a waterflood or other pressure maintenance program deemed to be causing pollution or loss of usable water;
- b. the current or last operator of the lease upon which such well is located, irrespective of whether such operator plugged or abandoned such well;
- c. the original operator who plugged or abandoned such well; and
- d. any person who without authorization tampers with or removes surface equipment or downhole equipment from an abandoned well.

6. K.S.A. 55-180 gives the Commission a cause of action against the responsible parties listed in K.S.A. 55-179 for the reasonable plugging costs of abandoned wells.

II. STAFF'S ALLEGATION OF FACTS

7. At issue is the determination of the party legally responsible for plugging 25 abandoned wells ("the subject wells") on the McGrew Lease, located at least in part in the Northeast Quarter of Section 24, Township 21 South, Range 22 East, Linn County, Kansas. A list of the 25 abandoned wells is attached to this Motion as Appendix A.

8. Commission records indicate that The Xenia Corporation ("Xenia") was licensed to conduct oil and gas activities in Kansas under K.S.A. 55-155 until October 30, 2003.

9. Commission records indicate that Christian Operating Co. ("Christian") was licensed to conduct oil and gas activities in Kansas under K.S.A. 55-155 until December 30,

2012, and that Christian's license has been suspended for non-compliance with Commission Docket 13-CONS-377-CPEN since August 19, 2013.

10. Linn County records indicate Xenia signed a lease covering the McGrew property on April 12, 1994.

11. In November 1994, Commission Staff received a Request for Change of Operator Form ("T-1") from Xenia, signed by Xenia, accepting responsibility for 35 wells. The well numbers are not specifically listed, and the T-1 states the transfer is for wells on both Section 19 and Section 24 of the McGrew Lease.

12. Linn County records indicate Xenia transferred a lease covering the McGrew property to Christian Operating Company ("Christian") on September 23, 2001.

13. In March 2002, Commission Staff received a T-1 from Xenia, signed by Xenia on October 11, 2001 and signed by Christian on March 5, 2002. The T-1 transferred responsibility for 35 wells to Christian, effective September 1, 2001. The well numbers are not specifically listed on the T-1. The T-1 states the transfer is for wells in both Section 19 and Section 24 of the McGrew Lease.

14. On August 22, 2002, an affidavit of non-production for the McGrew Lease was filed in Linn County records by the Thomas M. Gilkison Trust. The affidavit attaches certified mail notifications to Xenia and Christian, dated May 20, 2002, and signed for by both Xenia and Christian.

15. Linn County records indicate Christian is the last entity to have held a lease on the McGrew Property.

16. Kansas Geological Survey (“KGS”) records indicate that there were oil sales from Section 24 of the McGrew Lease from 1985 to 2001. KGS records indicate the following oil sales from 1999 to 2001:

- a. In 1999, 971 barrels of oil sold from 13 wells,
- b. In 2000, 858 barrels of oil sold from 13 wells, and
- c. In 2001, 149 barrels of oil sold from 13 wells.

17. Kansas Secretary of State records indicate Christian has been a forfeited business entity since July 2013.

18. Kansas Secretary of State records indicate Xenia is active and in good standing as a business entity.

19. On April 10, 2013, Commission Staff inspected Section 24 of the McGrew Lease and found the 25 abandoned wells listed in Appendix A.

20. On January 13, 2014, Commission Legal Staff sent a letter to Xenia and Christian, giving them until January 27, 2014, to submit well plugging applications for the subject wells. To date, Xenia and Christian have not replied, and well plugging applications have not been filed.

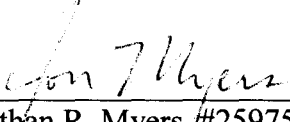
21. Staff believes that the facts above are sufficient evidence to support a conclusion that Xenia and Christian may be responsible for plugging the subject wells.

III. CONCLUSION

22. Staff believes that its allegations of fact are sufficient evidence to support the conclusion that Xenia and Christian may be responsible for plugging the subject wells, and that Xenia and Christian should be directed to show cause why they should not be responsible for plugging the wells.

23. Staff requests that an Order to Show Cause be issued, designating a prehearing officer and scheduling a prehearing conference.

Respectfully submitted,



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Abandoned Wells on McGrew Lease, Section 24, Township 21 South, Range 22 East, Linn County

LEASE NAME	GPS NUMBER	LEGACY WELL #	MCGREW					GPS-FSL	GPS-FEL	LAT	LONG	DESCRIPTION
			API #	Q-3	Q-2	Q-1	S-T-R					
MCGREW	MCG15			SE	SE	NE	24-21-22E	2840	155	38.20464995	94.93379356	OIL AB BDP6.25P2P
MCGREW	MCG16			SE	SE	NE	24-21-22E	3130	155	38.20544757	94.93375719	INT AB BDP6.25P2P
MCGREW	MCG17			NE	SE	NE	24-21-22E	3500	180	38.20646479	94.93384	OIL AB BP2P1PP
MCGREW	MCG18			NE	SE	NE	24-21-22E	3303	265	38.2060852	94.93413722	INT AB BP2P
MCGREW	MCG19			SE	SE	NE	24-21-22E	3074	30P	38.20529385	94.93428927	INT AB BP2P
MCGREW	MCG20			SE	SE	NE	24-21-22E	2814	468	38.20458214	94.93464826	OIL AB BP2P1PP
MCGREW	MCG21			SE	SE	NE	24-21-22E	3252	432	38.20579427	94.9347206	OIL AB 10DPBP2P1PP
MCGREW	MCG22			NE	SE	NE	24-21-22E	3497	493	38.20645734	94.93493132	OIL AB 2P1PP
MCGREW	MCG23			NE	SE	NE	24-21-22E	3497	493	38.20623455	94.93541482	INT AB BP2P
MCGREW	MCG24			SE	SE	NE	24-21-22E	3136	595	38.20545676	94.93528931	INT AB BP2P
MCGREW	MCG25			SW	SE	NE	24-21-22E	3274	722	38.20584713	94.93572722	OIL AB BP2P
MCGREW	MCG26			NW	SE	NE	24-21-22E	3389	890	38.20605381	94.93632383	OIL AB 2PP
MCGREW	MCG27			NW	SE	NE	24-21-22E	3726	1134	38.20707933	94.93715747	OIL AB 2P
MCGREW	MCG28			NW	SE	NE	24-21-22E	3698	976	38.20701272	94.93660913	INT AB BP2P
MCGREW	MCG29			NW	SE	NE	24-21-22E	3516	938	38.20650129	94.93642024	OIL AB 8DP2P1PP
MCGREW	MCG30			SE	NW	NE	24-21-22E	4091	1926	38.208096	94.93991068	OIL AB 2P1PP
MCGREW	MCG31			SW	NW	NE	24-21-22E	4342	2276	38.20878684	94.94112915	OIL AB 2P1PP
MCGREW	MCG32			NW	NW	NE	24-21-22E	4698	2633	38.20976676	94.942369	OIL AB 2P1PP
MCGREW	MCG33			NW	NW	NE	24-21-22E	5108	2262	38.21089178	94.94107216	INT AB 2P
MCGREW	MCG34			NW	NW	NE	24-21-22E	4754	2264	38.20951747	94.94108247	OIL AB 852P1PP
MCGREW	MCG35			SE	NW	NE	24-21-22E	4437	1924	38.20904651	94.93990221	OIL AB 852P1PP
MCGREW	MCG36			NE	NW	NE	24-21-22E	4750	1924	38.20990641	94.94007379	OIL AB 852PHIEL20FT
MCGREW	MCG37			SE	NW	NE	24-21-22E	4477	1710	38.20915547	94.93915765	PW BP
MCGREW	MCG38			NW	SE	NE	24-21-22E	3630	867	38.20737781	94.93627817	OIL AB BDP2P110FT
MCGREW	MCG39			SW	NE	NE	24-21-22E	3986	843	38.20780062	94.93614217	OIL AB 2P1PP

CERTIFICATE OF SERVICE

I certify that on 2 / 7 / 14, I caused a complete and accurate copy of this Motion to be served via United States mail, with the postage prepaid and properly addressed to the following:

Phillip Christian
Christian Operating Co.
15326 Hilltop View Dr.
Cypress, Texas 77429

Dorothy Lemon
The Xenia Corporation
718 CR 484
Stephenville, Texas 76401

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Houston, Texas 77070


Dorothy Lemon
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Garnett, Kansas 66032

Richard Summers
Registered Agent for Christian Operating
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PO Box 42
113 S. Commercial
Kincaid, Kansas 66939

John Almond
District Office No. 3

And delivered by hand to:

Bob Jenkins
Conservation Division Central Office



Jonathan R. Myers
Litigation Counsel
Kansas Corporation Commission