

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



Phone: 316-337-6200  
Fax: 316-337-6211  
<http://kcc.ks.gov/>

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

Laura Kelly, Governor

**NOTICE OF PENALTY ASSESSMENT**  
21-CONS-3027-CPEN

July 30, 2020

Josh Callahan  
Arcadian Resources, LLC  
1302 Olive St.  
Concordia, KS 66901-4900

This is a notice of a penalty assessment for violation(s) of Kansas Oil and Gas Conservation Statutes, Rules, and Regulations. For a full description of the penalty and process please refer to the Penalty Order that is attached to this notice.

**IF YOU ACCEPT THE PENALTY:**

You have been assessed a \$100 penalty. You have 30 days from the service date of this Penalty Order to pay the fine amount. Check or money order must be made payable to the Kansas Corporation Commission and mailed to the Conservation Division of 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. Payment by credit card may be made by calling the Conservation Division at 316-337-6200.

**IF YOU CONTEST THE PENALTY:**

You have the right to request a hearing. A written request for hearing must be made within 30 days after service of the Penalty Order. Respondent must submit the request to the Commission, at 266 N. Main St., Suite 220, Wichita, Kansas 67202. The Commission shall conduct a hearing in accordance with the provisions of the Kansas administrative procedure act within 30 days after receipt of such request. K.S.A. 55-164; K.S.A. 77-542; K.A.R. 82-1-215.

**IF YOU FAIL TO ACT:**

Failure to pay the fine amount, or in the alternative, provide a written request for a hearing, within thirty (30) days of service of the Penalty Order, will result in the attached Penalty Order becoming a Final Order and may result in additional sanctions, including additional monetary penalties, the suspension of your oil and gas operating license, and the shutting-in of all operations until compliance is obtained. K.S.A. 55-162; K.S.A. 55-164; K.S.A. 77-537.

Respectfully,

Kelcey Marsh  
Litigation Counsel  
316-337-6200

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

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

In the matter of the failure of Arcadian	)	Docket No.: 21-CONS-3027-CPEN
Resources, LLC (Operator) to comply with	)	
K.A.R. 82-3-111 at the Bateman #1 in Scott	)	CONSERVATION DIVISION
County, Kansas.	)	
<hr/>		License No.: 35252

**PENALTY ORDER**

The above captioned matter comes before the State Corporation Commission of the State of Kansas (Commission). Having examined the files and records, and being duly advised in the premises, the Commission finds and concludes as follows:

**I. JURISDICTION**

1.        The Commission has the exclusive jurisdiction and authority to regulate oil and gas activities in Kansas.<sup>1</sup> 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.”<sup>2</sup> Every operator conducting oil and gas activity in Kansas must be licensed by the Commission.<sup>3</sup>

2.        The Commission has the authority to issue a Penalty Order for violation of any provision of K.S.A. 55-101 *et seq.*, rule, regulation, or order of the Commission.<sup>4</sup> The Commission shall take appropriate action which may include, but not be limited to, imposing a monetary penalty “not to exceed \$10,000, which shall constitute an actual and substantial

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<sup>1</sup> K.S.A. 74-623.

<sup>2</sup> K.S.A. 55-152.

<sup>3</sup> K.S.A. 55-155.

<sup>4</sup> K.S.A. 55-162; K.S.A. 55-164.

economic deterrent to the violation for which the penalty is assessed.”<sup>5</sup> “In the case of a continuing violation, every day such violation continues shall be deemed a separate violation.”<sup>6</sup>

3. Within 90 days after operations cease on any well drilled for the purpose of exploration, discovery, service, or production of oil, gas, or other minerals, the operator of that well shall: (1) plug the well, (2) return the well to service, or (3) file an application with the Conservation Division requesting temporary abandonment (TA) authority, on a form prescribed by the Conservation Division.<sup>7</sup> No well shall be temporarily abandoned unless first approved by the Conservation Division.<sup>8</sup> A well shall not be eligible for TA status if the well has been shut in for 10 years or more without an application for an exception pursuant to K.A.R. 82-3-100 and approval by the Commission.<sup>9</sup> The failure to file a notice of temporary abandonment shall be punishable by a \$100 penalty,<sup>10</sup> and the failure to obtain approval of temporary abandonment status shall subject the operator to additional administrative action.<sup>11</sup>

4. K.A.R. 82-3-111(e) provides an exemption for certain wells that are (1) fully equipped for production of oil or gas or for injection; (2) capable of immediately resuming production of oil or gas or of injection; (3) subject to a valid continuing oil and gas lease; when (4) the cessation period for the well is less than 365 days; and (5) the well is otherwise in full compliance with all of the Commission’s regulations.

## **II. FINDINGS OF FACT**

5. Operator conducts oil and gas activities in Kansas under active license number 35252.

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<sup>5</sup> K.S.A. 55-164.

<sup>6</sup> *Id.*

<sup>7</sup> *See* K.A.R. 82-3-111(a).

<sup>8</sup> K.A.R. 82-3-111(b).

<sup>9</sup> *Id.*

<sup>10</sup> *Id.*

<sup>11</sup> K.S.A. 55-164; K.A.R. 82-3-111(b).

6. Operator is responsible for the care and control of the Bateman #1, (Subject Well), API #15-171-21157-00-00, located in Section 25, Township 17 South, Range 31 West, Scott County, Kansas.

7. On May 27, 2020, Commission records indicated that the Subject Well had been inactive and unplugged for longer than the 90 days allowed by K.A.R. 82-3-111 and that the Subject Well was not exempt pursuant to K.A.R. 82-3-111(e). The Subject Well had also not been approved for temporary abandonment status. Thus, District Staff sent a letter to Operator, requiring Operator to bring the Subject Well into compliance with K.A.R. 82-3-111 by June 30, 2020.<sup>12</sup>

8. On July 07, 2020, District Staff inspected the Subject Well, because the deadline in the letter passed and the violation had not been resolved, verifying that the Subject Well continued to be inactive and unplugged.<sup>13</sup>

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

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

10. The Commission concludes Operator 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.<sup>14</sup>

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

A. Operator shall pay a \$100 penalty.

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<sup>12</sup> Exhibit A.

<sup>13</sup> Exhibit B.

<sup>14</sup> K.S.A. 55-164; K.A.R. 82-3-111(b).

B. Operator shall plug the Subject Well, or return the well to service, or obtain TA status for the well if eligible. Obtaining TA status shall include application for an exception to the 10-year limit on TA status, if applicable.

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, 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, and Operator is not in compliance with this Order within 30 days, then Operator's license shall be suspended without further notice and shall remain suspended until Operator complies with this Order. The notice and opportunity for a hearing on this Order shall constitute the notice required by K.S.A. 77-512 regarding license suspension. The Commission may impose further sanctions, including additional monetary penalties and any other remedies available to the Commission by law, without further notice.

E. 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. The payment must include a reference to the docket number of this proceeding. Credit card payments may be made by calling the Conservation Division at 316-337-6200.

F. A corporation shall appear before the Commission by a Kansas licensed attorney.<sup>15</sup>


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<sup>15</sup> K.S.A. 77-515(c); K.A.R. 82-1-228(d)(2).

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

Duffy, Chair; Keen, Commissioner; French, Commissioner

Dated: 07/30/2020

  
Lynn M. Retz  
Executive Director

Mailed Date: 07/30/2020

KAM



Susan K. Duffy, Chair  
Shari Feist Albrecht, Commissioner  
Dwight D. Keen, Commissioner

Corporation Commission

Laura Kelly, Governor

## **NOTICE OF VIOLATION**

ARCADIAN RESOURCES, LLC  
1302 OLIVE ST  
CONCORDIA KS 66901-4900

May 28, 2020  
KCC Lic.-35252

**RE: TEMPORARY ABANDONMENT**

API Well No. 15-171-21157-00-00  
BATEMAN 1  
25-17S-31W, NESWSE  
SCOTT County, Kansas

Operator:

On May 27, 2020, a lease inspection 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 JUNE 30, 2020  
shall be punishable by a \$100 penalty.**

You may contact me if you have any questions.

Sincerely,

  
KEN JEHLIK  
KCC District # 1

# KCC OIL/GAS REGULATORY OFFICES

Date: 7/7/20

District: 1

Case #: \_\_\_\_\_

- ☒ New Situation  
☐ Response to Request  
☐ Follow-Up

- ☐ Lease Inspection  
☐ Complaint  
☒ Field Report

Operator License No: 35252

API Well Number: 15-171-21157-00-00

Op Name: Arcadian Resources

Spot: NE SW SE Sec 25 Twp 17 S Rng 31 ☐ E / ☒ W

Address 1: 1302 Olive St

886 Feet from ☐ N / ☒ S Line of Section

Address 2: \_\_\_\_\_

1772 Feet from ☒ E / ☐ W Line of Section

City: Concordia

GPS: Lat: 38.54312 Long: 100.69314 Date: 2/18/20

State: Kansas Zip Code: 66901 -

Lease Name: Bateman Well #: 1

Operator Phone #: (785) 639-1681

County: Scott

## Reason for Investigation:

5-27-20 Inactive oil well  
7-7-20 Re check inactive well

## Problem:

5-27-20 Last KGS oil sales 3/19  
No TA or CP-1 as of 5-27-20  
7-7-20 No response to NOV letter dated 5-28-20. Deadline for action was 6-30-20.

## Persons Contacted:

None

## Findings:

2-18-20 Cratered pumping unit. wrist pin broke. beam bent. belts off motor. Power off.  
Tank Battery 3500' west:  
Two 300 bbl FG oil stock tanks  
One 200 bbl FG water tank  
One FG gun bbl  
1' earthen containment.  
5-27-20 Re check. No change from 2-18-20 inspection.  
Well has been inoperable for over 90 days and is not capable of immediate return to production.  
7-7-20 Re check. No change from 2-18-20 inspection.

## Action/Recommendations:

Follow Up Required ☐ Yes ☐ No ☒

Date: \_\_\_\_\_

5-27-20 NOV to TA  
7-7-20 Send to legal

## Verification Sources:

Photos Taken: Yes 1

- |   |   |  |
|---|---|--|
| <input checked="" type="checkbox"/> RBDMS | <input checked="" type="checkbox"/> KGS | <input checked="" type="checkbox"/> TA Program |
| <input type="checkbox"/> T-I Database     | <input type="checkbox"/> District Files | <input type="checkbox"/> Courthouse            |
| <input type="checkbox"/> Other: _____     |   |  |

By: Ken Jehlik

ECRS

Retain 1 Copy District Office  
Send 1 Copy to Conservation Division

Form: \_\_\_\_\_



Arachion Resources 7-7-2005  
Batten #1 Sec 25-17-31  
Inactive well Sec 44  
Swamped pumping unit  
Broken wrist pin

wrist pin broke





## **CERTIFICATE OF SERVICE**

21-CONS-3027-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 07/30/2020.

JOSH CALLAHAN  
ARCADIAN RESOURCES, LLC  
1302 OLIVE ST  
CONCORDIA, KS 66901-4900

FRED MACLAREN  
KANSAS CORPORATION COMMISSION  
DISTRICT OFFICE NO. 1  
210 E. FRONTVIEW SUITE A  
DODGE CITY, KS 67801  
Fax: 785-271-3354  
e.maclaren@kcc.ks.gov

KELCEY MARSH, LITIGATION COUNSEL  
KANSAS CORPORATION COMMISSION  
CENTRAL OFFICE  
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m.pennington@kcc.ks.gov

/S/ DeeAnn Shupe  
\_\_\_\_\_  
DeeAnn Shupe