

# STATE OF KANSAS

20181009114404  
Kansas Corporation Commission

CORPORATION COMMISSION  
CONSERVATION DIVISION  
266 N. MAIN ST., STE. 220  
WICHITA, KS 67202-1513



PHONE: 316-337-6200  
FAX: 316-337-6211  
<http://kcc.ks.gov/>

GOVERNOR JEFF COLYER, M.D.

SHARI FEIST ALBRECHT, CHAIR | JAY SCOTT EMLER, COMMISSIONER | DWIGHT D. KEEN, COMMISSIONER

## NOTICE OF PENALTY ASSESSMENT

19-CONS-3140-CPEN

October 9, 2018

Christopher Ballou dba Ballou Energy  
29933 W. 303 Road  
Paola, KS 66071-1638

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 \$200 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 setting forth the specific grounds upon which relief is sought. 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. 55-164; K.S.A. 77-537.

Respectfully,

Lauren N. Wright  
Litigation Counsel  
316-337-6200

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

Before Commissioners:            Shari Feist Albrecht, Chair  
   Jay Scott Emler  
   Dwight D. Keen

In the matter of the failure of Christopher	)	Docket No.: 19-CONS-3140-CPEN
Ballou dba Ballou Energy ("Operator") to	)	
comply with K.A.R. 82-3-111 at the	)	CONSERVATION DIVISION
Meverden #3 and Campbell #B2 in Miami	)	
County, Kansas.	)	License No.: 34337

**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. The Operator conducts oil and gas activities in Kansas under active license number 34337.

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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. The Operator is responsible for the care and control of the following wells, all located in Miami County, Kansas.

- a. Meverden #3, API #15-121-22718-00-00, Section 21, Township 17 South, Range 22 East; and
- b. Campbell #B2, API #15-121-28747-00-00, Section 26, Township 17 South, Range 22 East.

7. On July 24, 2018, Commission records indicated that the subject wells had been inactive and unplugged for longer than the 90 days allowed by K.A.R. 82-3-111 and that the wells were not exempt pursuant to K.A.R. 82-3-111(e). The wells had also not been approved for temporary abandonment status. Thus, District Staff sent a letter to the Operator, requiring the Operator to bring the subject well into compliance with K.A.R. 82-3-111 by August 21, 2018.<sup>12</sup>

8. Because the deadline in the letter passed and the violation had not been resolved, on September 18, 2018, District Staff inspected the subject well, verifying that the well continued to be inactive and unplugged.<sup>13</sup>

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

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

10. The Commission finds and concludes the Operator 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.<sup>14</sup>

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

- A. The Operator shall pay a \$200 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. The Operator shall plug the subject wells, or return the wells to service, or obtain TA status for the wells if eligible. Obtaining TA status shall include application for, and Commission approval of, an exception to the 10-year limit on TA status if applicable.

C. If no party requests a hearing, and the Operator is not in compliance with this Order within 30 days from the date of service of this Order, then the Operator's license shall be suspended without further notice. 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.

D. 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.

E. 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, setting forth the specific grounds upon which relief is sought, 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.

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

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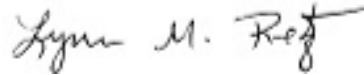
<sup>15</sup> K.S.A. 77-515(c); K.A.R. 82-1-228(d)(2).

G. The Commission retains jurisdiction over the subject matter and the parties for the purpose of entering such further orders as it may deem necessary.

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

Albrecht, Chair; Emler, Commissioner; Keen, Commissioner

Dated: 10/09/2018



\_\_\_\_\_  
Lynn M. Retz  
Secretary to the Commission

Mailed Date: 10/10/2018

LW



STATE OF KANSAS

CORPORATION COMMISSION  
CONSERVATION DIVISION  
DISTRICT OFFICE No. 3  
137 E. 21st STREET  
CHANUTE, KS 66720



PHONE: 620-902-6450  
<http://kcc.ks.gov/>

GOVERNOR JEFF COLYER, M.D.

SHARI FEIST ALBRECHT, CHAIR | JAY SCOTT EMLER, COMMISSIONER | DWIGHT D. KEEN, COMMISSIONER

July 24, 2018

Jeri Ballou  
Ballou, Christopher dba Ballou Energy  
29933 W. 303RD  
PAOLA, KS 66071-1638

Re: Temporary Abandonment  
API 15-121-22718-00-00  
MEVERDEN 3  
NW/4 Sec.21-17S-22E  
Miami County, Kansas

Dear Jeri Ballou:

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

**application requires current fluid level measurement**

Pursuant to K.A.R. 82-3-111, the well must be plugged, or returned to service, or obtain temporary abandonment status by August 21, 2018.

**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,  
Levi Short  
KCC DISTRICT 3

STATE OF KANSAS

CORPORATION COMMISSION  
CONSERVATION DIVISION  
DISTRICT OFFICE No. 3  
137 E. 21st STREET  
CHANUTE, KS 66720



PHONE: 620-902-6450  
<http://kcc.ks.gov/>

GOVERNOR JEFF COLYER, M.D.

SHARI FEIST ALBRECHT, CHAIR | JAY SCOTT EMLER, COMMISSIONER | DWIGHT D. KEEN, COMMISSIONER

July 24, 2018

Jeri Ballou  
Ballou, Christopher dba Ballou Energy  
29933 W. 303RD  
PAOLA, KS 66071-1638

Re: Temporary Abandonment  
API 15-121-28747-00-00  
CAMPBELL B2  
SE/4 Sec.26-17S-21E  
Miami County, Kansas

Dear Jeri Ballou:

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

**application requires current fluid level measurement**

Pursuant to K.A.R. 82-3-111, the well must be plugged, or returned to service, or obtain temporary abandonment status by August 21, 2018.

**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,  
Levi Short  
KCC DISTRICT 3



## KCC OIL/GAS REGULATORY OFFICES

Inspection Date: 09/18/2018 District: 3 Incident Number: 6237

- ☐ New Situation ☐ Lease Inspection  
☒ Response to Request ☐ Complaint  
☐ Follow-up ☒ Field Report

Operator License No: 34337 API: 15-121-22718-00-00 Q3: Q2: Q1: NW

Operator Name: Ballou Energy SEC 21 TWP 17 RGE 22 RGEDIR: E

Address: 29933 W. 303rd FSL: 4639

City: Paola FEL: 3074

State: KS Zip Code: 66071 Lease: Meverden Well No.: 3

Phone contact: 913-731-5935 County: MI

**Reason for Investigation:**

Request from John Almond to inspect well status.

**Problem:**

TA application denied.

**Persons contacted:**

John Almond

**Findings:**

At the time of investigation, the well was inactive. There was no equipment or valve on the well.

**Actions / Recommendation**

Submit repor to KCC staff.

**Follow-up Required** ☐

**Deadline Date:**

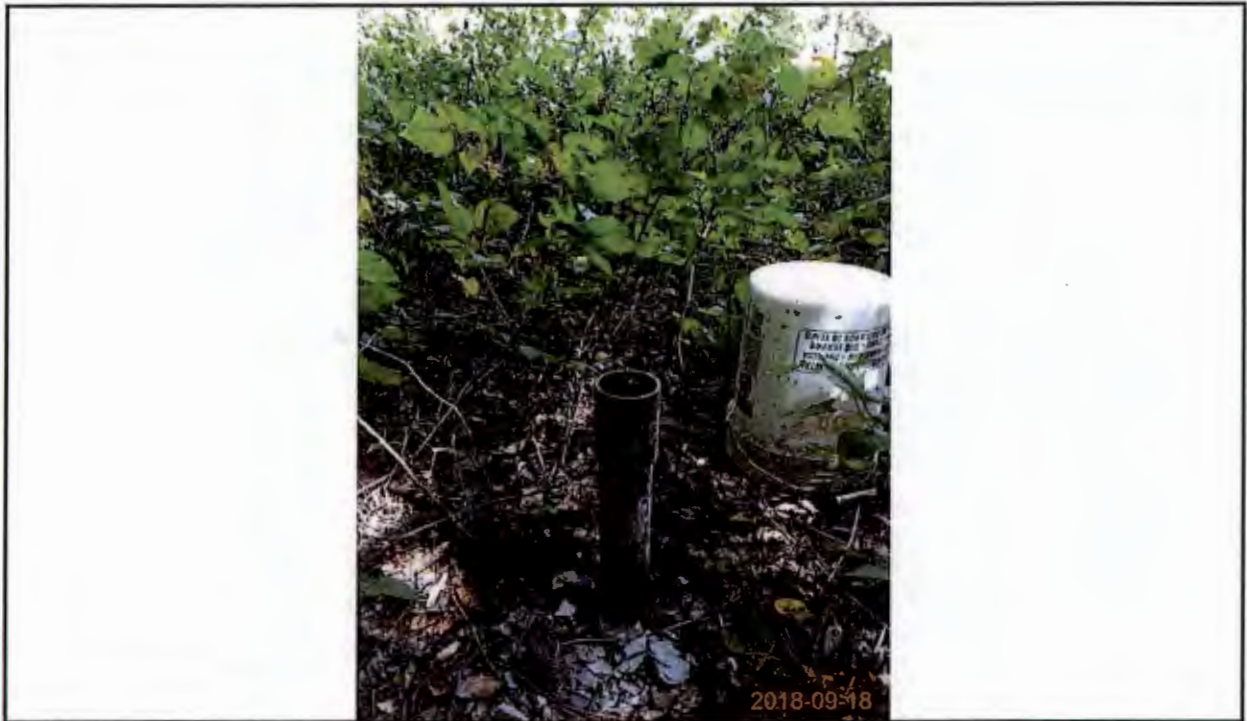
**Photo's Taken:**

1

☒ RBDMS ☒ KGS ☒ TA DB Report Prepared By: Levi Short

☐ T1 DBF ☒ District Files ☐ Courthouse Position: ECRS

## KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Ballou Energy	KLN: 34337
Lease: Meverden	Legal: 21-17-22E
County: MI	PIC ID#: 01
Subject: Inspect denied TA on well #3	PIC Orientation: Northeast
FSL: 4639	Latitude: 38.562300
FEL: 3074	Longitude: -94.984715
API#: 15-121-22718-00-00	
Date: 9/18/2018	Time: 1:09 pm
Staff: Levi Short	

Additional Information: Inactive well.

## KCC OIL/GAS REGULATORY OFFICES

Inspection Date: 09/18/2018 District: 3 Incident Number: 6235

- ☐ New Situation ☐ Lease Inspection  
☒ Response to Request ☐ Complaint  
☐ Follow-up ☒ Field Report

Operator License No: 34337 API: 15-121-28747-00-00 Q3: Q2: Q1: SE

Operator Name: Ballou Energy SEC 26 TWP 17 RGE 21 RGEDIR: E

Address: 29933 W. 303rd FSL: 2127

City: Paola FEL: 2168

State: KS Zip Code: 66071 Lease: Campbell Well No.: B-2

Phone contact: 913-731-5935 County: MI

Reason for Investigation:

Request from John Almond to inspect well status.

Problem:

TA application denied.

Persons contacted:

John Almond

Findings:

At the time of investigation, the well was inactive. There was no equipment or valve on the well.

Actions / Recommendation

Submit report to KCC staff.

Follow-up Required ☐

Deadline Date:

Photo's Taken:

1

☒ RBDMS ☒ KGS ☒ TA DB Report Prepared By: Levi Short

☐ T1 DBF ☒ District Files ☐ Courthouse Position: ECRS

## KCC DISTRICT III OFFICE FIELD REPORT PHOTO ID FORM



Operator: Ballou Energy	KLN: 34337
Lease: Campbell	Legal: 26-17-21E
County: MI	PIC ID#: 01
Subject: Inspect denied TA on well #B-2	PIC Orientation: Northeast
FSL: 2127	Latitude: 38.541142
FEL: 2168	Longitude: -95.054232
API#: 15-121-28747-00-00	
Date: 9/18/2018	Time: 12:44 pm
Staff: Levi Short	

Additional Information: Inactive well.



## CERTIFICATE OF SERVICE

19-CONS-3140-CPEN

I, the undersigned, certify that the true copy of the attached Order has been served to the following parties by means of first class mail and electronic service on 10/09/2018.

JOHN ALMOND  
KANSAS CORPORATION COMMISSION  
DISTRICT OFFICE NO. 3  
137 E. 21ST STREET  
CHANUTE, KS 66720  
Fax: 785-271-3354  
j.almond@kcc.ks.gov

CHRISTOPHER BALLOU  
D/B/A BALLOU ENERGY  
29933 W 303 RD  
PAOLA, KS 66071-1638

LAUREN WRIGHT, LITIGATION COUNSEL  
KANSAS CORPORATION COMMISSION  
Conservation Division  
266 N. Main St. Ste. 220  
WICHITA, KS 67202-1513  
Fax: 316-337-6211  
l.wright@kcc.ks.gov

/s/ DeeAnn Shupe  
DeeAnn Shupe