

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

Before Commissioners: Pat Apple, Chairman  
Shari Feist Albrecht  
Jay Scott Emler

In the Matter of the Notice of Denial of ) Docket No.: 17-CONS-3673-CMSC  
License Renewal Application to Jones Gas )  
Corporation. ) CONSERVATION DIVISION  
)  
) License No.: 32654

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**STAFF’S RESPONSE TO OPERATOR’S MOTION TO REOPEN DOCKET OR, IN  
THE ALTERNATIVE, CONSOLIDATE DOCKETS**

The Staff of the State Corporation Commission of the State of Kansas (“Staff” and “Commission”, respectively) files its Response to Operator’s Motion to Reopen Docket or, in the Alternative, Consolidate Dockets (Operator’s Motion). Staff opposes re-opening Stroud Oil Properties Docket 16-CONS-420-CSHO and also objects to consolidating this matter with any other docket. For its Response, Staff states as follows:

**JURISDICTION**

1. K.S.A. 74-623 provides that the Commission has the exclusive jurisdiction and authority to regulate oil and gas activities. K.S.A. 55-152 provides that 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. Pursuant to K.S.A. 55-155, the Commission is authorized to license authorize operators and contractors as defined by K.S.A. 55-150. K.S.A. 55-155 and K.A.R. 82-3-120 outline requirements of the applicant seeking a license or renewed license.

## BACKGROUND

2. On May 22, 2017, Operator submitted a license renewal application.

3. On May 24, 2017, Commission Staff sent Operator a Notice of Denial of License Renewal Application which explained that Staff believes Operator is associated with Stroud Oil Properties (“Stroud Oil”), License #30084 which has unplugged wells on its expired license and has not complied with the Commission’s default order in Docket # 16-CONS-420-CSHO.<sup>1</sup>

4. On May 26, 2017, Operator requested an evidentiary hearing in this matter.<sup>2</sup>

5. On June 22, 2017, the Commission issued an Order Designating Prehearing Officer and Setting [a] Prehearing Conference. A Prehearing conference was scheduled for August 24, 2017.<sup>3</sup>

6. On August 24, 2017, a prehearing conference was held and the matter scheduled for an evidentiary hearing.<sup>4</sup>

7. On September 14, 2017, Operator filed Operator’s Motion.

## DISCUSSION

8. Staff opposes Operator’s Motion as service upon Associated Entity was proper and Operator is responsible for the Gaier 2 well despite an unapproved transfer of operator form which attempts to transfer operator responsibility to an unlicensed landowner.

9. Operator’s Motion asserts, in essence, that: (1) Commission Staff should have mailed service in Stroud Oil’s docket (16-CONS-420-CSHO) to Jones Gas Corporation, which did not occur, rendering service insufficient; (2) Service upon Stroud Oil was not proper because the Order to Show Cause was not mailed certified or return receipt requested; and (3) Operator is

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<sup>1</sup> See, Notice of Denial of License Renewal Application, filed May 24, 2017.

<sup>2</sup> See, Request for Hearing, filed May 26, 2017.

<sup>3</sup> See, Order Designating Prehearing Officer and Setting Prehearing Conference, filed June 22, 2017.

<sup>4</sup> See, Order Setting Procedural Schedule, filed August 29, 2017.

not responsible for the Gaier 2 well because Associated Entity attempted to transfer operator responsibility for the Gaier lease to an unlicensed landowner in 1991.

**Service Upon Stroud Oil was Proper**

10. Operator is mistaken in its assertion that service was improper in the Stroud Oil docket. K.S.A. 77-531(a)(2) provides that mailing a copy of the order or notice to the person at the person's last known address constitutes valid service. The statute further provides in subsection (b) that service shall be presumed if the presiding officer, or a person directed to make service by the presiding officer, makes a written certificate of service. Service by mail is complete upon mailing. Finally, K.A.R. 82-3-120(l) provides that each operator shall notify the conservation division in writing within 30 days of any change in information supplied in conjunction with the license application.

11. Here, Staff sent a copy of the notice or order to the last address provided by Associated Entity. Operator argues that because George Jones states that he left his position with Stroud Oil effective June 1, 2000 (the same year the entity failed to timely file its annual report and was no longer permitted to conduct business in Kansas), Mr. Jones should have been personally served by the Commission at his new address associated with Operator. Such a requirement would exceed the notice requirements of K.S.A. 77-531 and would impose a substantial burden upon Staff to identify officers/directors affiliated with a forfeited entity that have not updated their respective addresses. Staff asserts that Associated Entity should have updated Commission records when the desired address for service changed.

12. Re-opening the Stroud Oil docket would pose unique challenges as the entity is defunct and counsel for Operator would be unable to represent Associated Entity's divergent interests from Operator.

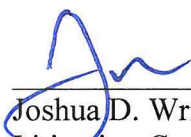
13. Furthermore, a default order (final order) was issued in 16-CONS-420-CSHO on January 6, 2016. Operator's attempt to re-open or consolidate the dockets constitutes an improper collateral attack upon the Commission's order.

**CONCLUSION**

14. Staff opposes re-opening or consolidating this matter with any other docket because service was proper upon Associated Entity.

WHEREFORE, Commission Staff respectfully requests the Commission deny the relief sought by Operator and permit this matter to proceed to an evidentiary hearing.

Respectfully submitted,



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**CERTIFICATE OF SERVICE**

I certify that on 9/25/17, I caused a complete and accurate copy of this Response to be served electronically to the following:

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and delivered by email to:

Joshua D. Wright, Litigation Counsel  
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Michael Duenes, Deputy General Counsel  
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/s/ Paula J. Murray  
Paula J. Murray  
Legal Assistant  
Kansas Corporation Commission