

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

In the matter of non-compliance by Prairie Gas) Docket Nos. 22-CONS-3349-CMSC
Operating, LLC (Operator) with the)
Commission's Final Order in four consolidated) CONSERVATION DIVISION
dockets, regarding wells in Greeley and)
Hamilton Counties, Kansas.) License No. 33640

REPORT OF OPERATOR NON-COMPLIANCE

Staff of the State Corporation Commission of the State of Kansas (Staff and Commission, respectively) hereby submits this Report of Operator Non-Compliance pursuant to the *Final Order* issued by the Commission on February 17, 2022.

A. Background

1. On December 16, 2021, the Commission held an evidentiary hearing regarding Dockets 20-3129, 20-3144, 20-3220, and 21-3199 which had previously been consolidated together by Commission Order (Consolidated Dockets).¹ As previously agreed by the Parties the remaining issues to be decided by the Commission were “(1) whether the Earl #1, Fecht D #1, and Watson #1 wells need to have casing integrity tests conducted upon them and/or be repaired or plugged, and (2) all matters related to the Penalty Order in Docket 21-3199 and Operator’s request for hearing thereon.”²

2. On February 17, 2022, the Commission issued a Final Order regarding the Consolidated Dockets. In Ordering Clause A, the Commission directed Operator to either plug or conduct a Staff-witnessed casing-integrity test upon the Earl #1, Fecht D #1, and Watson #1 wells within 30 days.³ If Operator did choose to conduct a casing-integrity test, and in the opinion of

¹ Presiding Officer Order Consolidating Dockets, Clarifying Remaining Issues, and Setting Procedural Schedule, p. 1-2 (May 28, 2021).

² *Id.* at p. 2.

³ Final Order, Ordering Clause A (Feb. 17, 2022).

Staff the test did not demonstrate the effectiveness of the casing, then within 30 days of the test, Operator shall either demonstrate the effectiveness of the casing to the satisfaction of Staff, or plug the well.⁴ Further, the Commission directed Staff to file a report in a separate docket if Operator failed to comply with Ordering Clause A, describing the nature of non-compliance, so that the Commission may contemplate the need for remedies, including monetary penalties.⁵

3. On March 31, 2022, Commission Staff suspended Operator's license for non-compliance with the Commission's Final Order, as Operator had not complied with the Penalty Order in Docket 21-3199 within 30 days from the date of the Final Order.

B. Report

4. As of April 4, 2022, Operator has neither plugged nor conducted a staff-witnessed casing integrity test at the Earl #1, Fecht D #1, or Watson #1 wells. Further, Operator has not contacted the KCC District #1 Office or field staff verbally or in writing to schedule a time to plug or conduct a staff-witnessed casing integrity test at the wells. Attached as **Exhibit A** is a field report from KCC field staff Ken Jehlik describing Operator's non-compliance with the Commission's Final Order.

5. Staff recommends the Commission issue a penalty for Operator's non-compliance with Ordering Clause A of the Commission's Final Order in these consolidated dockets. Staff recommends a \$1,000 penalty as an actual and substantial economic deterrent to the violation for which the penalty is assessed, as contemplated in K.S.A. 55-164. Staff also recommends that Operator's license remain suspended until the Earl #1, Fecht D #1, and Watson #1 wells demonstrated effective casing or have been plugged.

⁴ *Id.*

⁵ *Id.* at Ordering Clause B.

WHEREFORE, for the reasons described above, Staff respectfully requests the Commission issue a penalty for Operator's non-compliance with the Commission's Final Order and suspend Operator's license until Operator has returned the wells to compliance as described in the Commission's Final Order.

Respectfully Submitted,

/s/ Kelcey Marsh

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KCC OIL/GAS REGULATORY OFFICES

Date: 4/4/22

District: 1

Case #: _____

- New Situation
- Response to Request
- Follow-Up

- Lease Inspection
- Complaint
- Field Report

Operator License No: 35442

API Well Number: See Below

Op Name: Prairie Gas Operating, LLC

Spot: _____ Sec _____ Twp _____ S Rng _____ E / W

Address 1: 114 E. 5th ST, Ste 100

Feet from N / S Line of Section

Address 2: P.O. Box 2170

Feet from E / W Line of Section

City: Tulsa

GPS: Lat: _____ Long: _____ Date: _____

State: OK Zip Code: 74101 -

Lease Name: See Below Well #: _____

Operator Phone #: (817) 681-7600

County: _____

Reason for Investigation:

To determine if Prairie Gas has complied with the Commission's Final Order dated 2-17-22.

Problem:

The Commission ordered the operator to plug or conduct a staff-witnessed casing integrity test at the Earl #1, API #15-075-20745, Hamilton Co; Fecht D #1, API #15-071-20109, Greeley Co; and Watson #1, API #15-071-20656, Greeley Co wells within 30 days of 2-17-22, the date of the Final Order.

Persons Contacted:

None

Findings:

As of 4-4-22, Prairie Gas has not plugged or conducted a staff-witnessed casing integrity test at the Earl #1, Fecht D #1, or Watson #1 wells. They also have not contacted District 1 office or field staff verbally, written or electronically to schedule a time to plug the wells or conduct a staff-witnessed casing integrity test at the wells.

Action/Recommendations:

Follow Up Required Yes No

Date: _____

A report be filed describing the operator's noncompliance with the Commission's Final Order at the Earl #1, Fecht D #1, and Watson #1 wells.

Verification Sources:

Photos Taken: _____

- RBDMS
- T-I Database
- Other: _____
- KGS
- District Files

- TA Program
- Courthouse

By: Ken Jehlik
ECRS

Retain 1 Copy District Office
Send 1 Copy to Conservation Division

CERTIFICATE OF SERVICE

22-CONS-3349-CMSC

I, the undersigned, certify that a true and correct copy of the attached Report of Operator Non-Compliance has been served to the following by means of first class mail and electronic service on April 11, 2022.

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/s/ Paula J. Murray
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