

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



20191107113005  
Filed Date: 11/07/2019  
State Corporation Commission  
of Kansas

Phone: 316-337-6200  
Fax: 346-337-6211  
<http://kcc.ks.gov/>

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

Laura Kelly, Governor

**NOTICE OF PENALTY ASSESSMENT**  
**20-CONS-3129-CPEN**

November 7, 2019

Ian B. Acrey  
Prairie Gas Operating, LLC  
PO Box 2170  
Tulsa, OK 74101-2170

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,

Michael Glamann  
Litigation Counsel  
316-337-6200

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

Before Commissioners:           Dwight D. Keen, Chair  
  Shari Feist Albrecht  
  Susan K. Duffy

In the matter of the failure of Prairie Gas	)	Docket No.: 20-CONS-3129-CPEN
Operating, LLC (“Operator”) to comply with	)	
K.A.R. 82-3-111 at the Watson #1 and Earl #1	)	CONSERVATION DIVISION
in Greeley County and Hamilton County,	)	
Kansas.	)	License No.: 35442

---

**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

---

<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 35442.

---

<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 following wells (“the subject wells”).

- a. Watson #1, API #15-071-20656-00-00, Section 17, Township 20 South, Range 39 West, Greeley County, Kansas; and
- b. Earl #1, API #15-075-20745-00-00, Section 23, Township 22 South, Range 40 West, Hamilton County, Kansas.

7. On September 05, 2019, 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 Operator, requiring Operator to bring the subject wells into compliance with K.A.R. 82-3-111 by September 20, 2019.<sup>12</sup>

8. On October 23, 2019, District Staff inspected the subject wells, because the deadline in the letter passed and the violations had not been resolved, verifying that the wells 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 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>

---

<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).

**THEREFORE, THE COMMISSION ORDERS:**

- A. Operator shall pay a \$200 penalty.
- B. 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 an exception to the 10-year limit on TA status, if applicable.
- C. If no party requests a hearing, and Operator is not in compliance with this Order within 30 days from the date of service of this Order, then 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>

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.**

Keen, Chair; Albrecht, Commissioner; Duffy, Commissioner

Dated: 11/07/2019 \_\_\_\_\_

  
\_\_\_\_\_  
Lynn M. Retz  
Executive Director

Mailed Date: 11/07/2019 \_\_\_\_\_

JMG

---

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



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

Corporation Commission

Laura Kelly, Governor

**NOTICE OF VIOLATION**

September 05, 2019  
KCC Lic.-35442

PRAIRIE GAS OPERATING, LLC  
114 E. 5TH ST., SUITE 100  
PO BOX 2170  
TULSA OK 74101-2170

RE: **TEMPORARY ABANDONMENT**  
API Well No. 15-071-20656-00-00  
WATSON 1  
17-20S-39W, SWSW  
GREELEY County, Kansas

Operator:

On September 05, 2019, a file review 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 SEPTEMBER 20, 2019  
shall be punishable by a \$100 penalty.**

You may contact me if you have any questions.

Sincerely,



MICHAEL MAIER  
KCC District # 1



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

Corporation Commission

Laura Kelly, Governor

**NOTICE OF VIOLATION**

September 05, 2019  
KCC Lic.-35442

PRAIRIE GAS OPERATING, LLC  
114 E. 5TH ST., SUITE 100  
PO BOX 2170  
TULSA OK 74101-2170

RE: **TEMPORARY ABANDONMENT**  
API Well No. 15-075-20745-00-00  
EARL 1  
23-22S-40W, SWNW  
HAMILTON County, Kansas

Operator:

On September 05, 2019, a file review 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 SEPTEMBER 20, 2019  
shall be punishable by a \$100 penalty.**

You may contact me if you have any questions.

Sincerely,

MICHAEL MAIER  
KCC District # 1



# KCC OIL/GAS REGULATORY OFFICES

Date: 10/23/19

District: 01

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

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

- ☐ Lease Inspection  
☐ Complaint  
☒ Field Report

Operator License No: 35442

API Well Number: 15-071-20656-00-00

Op Name: Prairie Gas Operating, LLC

Spot: NW SW SW Sec 17 Twp 20 S Rng 39 ☐ E / ☒ W

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

664 Feet from ☐ N / ☒ S Line of Section

Address 2: P.O. Box 2170

4649 Feet from ☒ E / ☐ W Line of Section

City: Tulsa

GPS: Lat: 38.30823 Long: 101.65717 Date: 3/19/19

State: Okla Zip Code: 74101 -2170

Lease Name: Watson Well #: 1

Operator Phone #: (817) 681-7600

County: Greeley

## Reason for Investigation:

11-13-18 Attempt to check well status  
 12-14-18 Check well status  
 1-22-19 Re check well status  
 3-19-19 Re check well status and spill clean up  
 4-18-19 Re check well status and spill clean up  
 10-23-19 Re check well status

## Problem:

TA expired 8-29-18. Mike Maier granted an extension until 9-29-18 to file a CP-111. Well has a high fluid level.  
 10-1-18 File review letter gave the operator a final deadline of 10-29-18 to obtain an approved TA  
 10-23-19 A second NOV file review dated 9-5-19 was mailed to the operator for failure to produce, plug or TA the well.  
 Deadline was 9-20-19. No response. Last KGS gas sales 8/15.

## Persons Contacted:

Brent Cook---Pumper

## Findings:

11-13-18 Attempted to get to well two different days. Both times the access trail road was impassable to to mud and snow.  
 Pumper advises that no work has been done to the well and it is still inactive.  
 12-14-18 Suspended license was re-instated on 12-3-18. Found the pumping unit running but 0 mcf gas sales.  
 1-22-19 Re check. Pumping unit will run but pumper advises that they have been unable to get the well to produce gas. Found unreported spill. Asked pumper to call it in to Dist 1 office which he did. Gave pumper instructions on how to clean up spill and remediate.  
 3-19-19 Re check. Pumping unit down. Power shut off. 0 mcf sales. Brake set on pumping unit. Spill not cleaned up.  
 3-26-19 Re check. Pumper advises he has not received approval from his Tulsa office to clean up the spill  
 4-1-19 Re check. Same as above  
 4-9-19 Re check. Same as above. Well is shut down. Have been unable to get well to produce gas. 2 spill pics  
 4-18-19 Re check. The spill has been cleaned up. The well is still shutdown. No gas flow.  
 10-23-19 Re check well status. Found meter run valve padlocked shut by the pipeline and EGM battery removed. Power is off to the pumping unit.

## Action/Recommendations:

Follow Up Required ☐ Yes ☐ No ☒

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

11-13-18 Send to legal  
 1-22-19 Send to legal with pics  
 4-9-19 Update legal  
 10-23-19 Send to legal with 3 updated pics

## Verification Sources:

Photos Taken: Yes 2+3

<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

*SA*

Form: 02/22/2008

Exhibit B  
 Page 1 of 7



Prairie Gas Watson #1  
SW Sec 17. 20<sup>E</sup>. 39<sup>N</sup> Greeley Co  
Power skew + off to perry unit.

10-23-19 K5





Prairie Coors Watson #1  
SW Sec 17-20-33W Corral, Co  
EAM chad, No battery.

10-23-1915

μ FLO 6213

watson



Prairie Gas Watson #1  
SW Sec 17-20 2 39W Greeshof  
Meter run valve pad locked shut  
by the pipeline  
KJ  
10-23-19





# KCC OIL/GAS REGULATORY OFFICES

Date: 10/23/19

District: 01

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

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

- ☐ Lease Inspection  
☐ Complaint  
☒ Field Report

Operator License No: 35442

API Well Number: 15-075-20745-00-00

Op Name: Prairie Gas Operating, LLC

Spot: SE SW NW Sec 23 Twp 22 S Rng 40 ☐ E / ☒ W

Address 1: 114 E 5th ST, Ste 100

3293 Feet from ☐ N / ☒ S Line of Section

Address 2: P.O. Box 2170

4007 Feet from ☒ E / ☐ W Line of Section

City: Tulsa

GPS: Lat: 38.12657 Long: 101.68404 Date: 11/2/18

State: Okla Zip Code: 74101 -2170

Lease Name: Earl Well #: 1

Operator Phone #: (817) 681-7600

County: Hamilton

**Reason for Investigation:**

11-2-18 Check well status  
 12-14-18 Re check well status  
 1-22-19 Re check well status  
 10-23-19 Re check well status

**Problem:**

TA expired 8-29-18. Mike Maier granted an extension until 9-29-18 to file a CP-111. Well has a high fluid level. 10-1-18. File review letter gave the operator a final deadline of 10-29-18 to obtain an approved TA, plug the well or return the well to production.

**Persons Contacted:**

1-22-19 Brett Cook--Prairie Gas pumper

**Findings:**

11-2-18 Pumping unit w/ elec motor. Power shut off. Sales line closed. Meter run 40' west. 0 mcf flow. Both inlet & outlet valves closed. No water tank. Water goes direct to a disposal. Nothing done to the well. Operator advises they plan to swab the tbg and change the pump.  
 12-14-18 Operator suspended license was re-instated 12-3-18. Found the pumping unit running but 0 mcf gas sales.  
 1-18-19 Cant get to well. Mud. Pumping unit running.  
 1-22-19 Got in to well. 0 mcf gas flow. Pumper advises that they have been unable to produce any gas from the well.  
 10-23-19 Re check status. Power to pumping unit is shut off. No belts on electric motor. EGM shows no gas flow. KGS shows last production 10/15. No road in to the well.

**Action/Recommendations:**

Follow Up Required ☐ Yes ☐ No ☒

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

11-2-18 Send to legal w/ pics  
 1-22-19 Send to legal with pics  
 10-23-19 Send to legal with recent pics.

**Verification Sources:**

Photos Taken: Yes 3+3

- |   |   |  |
|---|---|--|
| <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: 02/22/2008



Private Gas Earl #1  
NW Sec 23-22-40W  
Hamilton Co  
No belts on skimmer  
Facing west 10-23-1915





Prairie Gas Eor 1 & 1  
NW Sec 23-22-40W  
HAMILTON CO.  
POWER SHEET OFF 1023-19K5





## **CERTIFICATE OF SERVICE**

20-CONS-3129-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 11/07/2019.

IAN B. ACREY  
Prairie Gas Operating, LLC  
PO BOX 2170  
TULSA, OK 74101  
iacrey@pge-llc.com

MICHAEL GLAMANN, LITIGATION COUNSEL  
KANSAS CORPORATION COMMISSION  
CENTRAL OFFICE  
266 N. MAIN ST, STE 220  
WICHITA, KS 67202-1513  
Fax: 785-271-3354  
m.glamann@kcc.ks.gov

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

MICHELE PENNINGTON  
KANSAS CORPORATION COMMISSION  
DISTRICT OFFICE NO. 1  
210 E. FRONTVIEW SUITE A  
DODGE CITY, KS 67801  
Fax: 785-271-3354  
m.pennington@kcc.ks.gov

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