

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

In the matter of the failure of Prairie Gas	)	Docket No: 19-CONS-3396-CPEN
Operating LLC (“Operator”) to comply with	)	CONSERVATION DIVISION
K.A.R. 82-3-104 at the Boltz # 1 well in	)	License No: 35442
<u>Hamilton County, Kansas.</u>	)	

In the matter of the failure of Prairie Gas	)	Docket No: 20-CONS-3007-CPEN
Operating, LLC (“Operator”) to comply with	)	CONSERVATION DIVISION
K.A.R. 82-3-603 at the Bounds lease in Greeley	)	License No: 35442
<u>County, Kansas.</u>	)	

In the matter of the failure of Prairie Gas	)	Docket No: 20-CONS-3018-CPEN
Operating, LLC (“Operator”) to comply with	)	CONSERVATION DIVISION
K.A.R. 82-3-104 at the Beard #1 well in Greeley	)	License No: 35442
<u>County, Kansas.</u>	)	

**PRE-FILED TESTIMONY**

**OF**

**IAN ACREY**

**On Behalf of operator**

**November 4, 2019**

1 Q. What is your name and business address?  
2 A. Ian B. Acrey, P.O. Box 2170, Tulsa, Oklahoma, 74101  
3 Q. What is your position with Prairie Gas Operating, LLC (“Prairie Gas”) the “Operator” named  
4 in this docket?  
5 A. I am the Managing Member of the LLC which is a duly registered Kansas Limited Liability  
6 Company.  
7 Q. When did Prairie Gas under the current ownership become the Operator of the wells and  
8 leases at issue in this Consolidated Docket?  
9 A. The final agreements in a settlement agreement following a federal lawsuit in which the  
10 interests of Six Cross Oil Corporation in Prairie Gas and BGH Operating LLC, which is a  
11 member of Prairie Gas LLC were transferred to Prairie Gas were not signed until July of 2019.  
12 Prairie Gas the company had operated the wells for a few years prior to that. The agreements  
13 have still not been signed by the opposing party; thus operations and control remain in  
14 controversy pending final settlement.  
15 Q. Did the various changes resulting from the settlement agreements in the federal lawsuit  
16 complicate management of the operations of Prairie Gas?  
17 A. Yes.  
18 Q. In what respect?  
19 A. There were delays in obtaining funding due to the new owners of Prairie Gas which strained  
20 financial resources. Also, substantial unanticipated drops in the price of gas have reduced the  
21 monthly revenue stream from the 50 wells to \$4000 gross a month.  
22 Q. What is the impact of the proposed fines and any immediate requirements for complying with  
23 the penalty orders at issue in this docket?  
24 A. Without some concessions in time for any compliance required by the Commission in this  
25 docket and the amounts of fines, the Operator is faced with financial impossibility which could  
26 result in bankruptcy.  
27 Q. What do you believe would be the result of this eventuality?  
28 A. I believe the result would be harmful to the economy of the counties in which Prairie Gas  
29 operates; royalty owners; and could result in waste rather than conservation of natural gas.  
30 Q. As to the Bounds lease, is it your understanding that the lease is now in compliance and the  
31 spill referenced in this docket has been remediated?  
32 A. Yes. Prairie Gas had numerous communications with the Commission’s staff in the field and  
33 felt as though it had received approval for the timing of the clean up efforts. Prairie spent in  
34 excess of \$20,000 to clean up the spill and fully understands its obligation to do so.  
35 Q. Would a \$5,000 fine be fair, in your opinion?

1 A. No. We believed we had been in appropriate communication with Staff; but do not wish to  
2 make a big deal of that. If the amount of fine could be reduced and implemented in a monthly  
3 pay off, it could be a measurable factor in the finances of the company.

4 Q. Are you familiar with the claims of the Staff on the Beard # 1 well?

5 A. Yes. Prairie Gas filed an application for Temporary Abandonment; but then was able to  
6 resume production. The well was produced for a period of time and then shut in. We received no  
7 new CP 111 to date.

8 Q. Would a financial and time concession help preserve the financial viability of Prairie Gas?

9 A. Yes. If we could pay a reduced fine of \$500 over a five month period and be granted 90 days  
10 from the end of production, which we believe is appropriate, to resume production or file a new  
11 TA application, it would be significant.

12 Q. Are you familiar with the claims of the Staff on the Boltz well?

13 A. Yes.

14 Q. What does Prairie Gas propose in regard to the Boltz well?

15 A. Again, a reduction in fine and payment time would be significant. Also I believe we can  
16 commit to production or a new MIT by December 1.

17 Q. Does this conclude your testimony?

18 A. Yes.

Respectfully Submitted

**PRAIRIE GAS OPERATING, LLC**

By s/ Lee Thompson

LEE THOMPSON, #08361  
THOMPSON LAW FIRM, LLC  
P.O. Box 1480, Wichita, KS 67201  
322 N. Main Street  
Wichita, Kansas 67202  
Phone: (316) 267-3933  
lthompson@tslawfirm.com  
Attorney for Operator

**CERTIFICATE OF SERVICE**

I hereby certify on this 4<sup>th</sup> day of November 2019, the above and foregoing Direct Testimony of Ian Acre was filed in the referenced dockets by the express electronic filing system which will also serve electronic notice upon the Kansas Corporation Commission, Conservation Division at 266 N. Main, Suite 220, Wichita Kansas and serve as Operator's consent to electronic filings and notices.

s/ Lee Thompson