

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



20191010110902
Kansas Corporation Commission

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

Docket No. 20-CONS-3071-CPEN

October 10, 2019

Chris Batchman
Chris Batchman Inc.
244 SE 120 Ave.
Ellinwood, KS 67526-9200

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 \$100 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 Chris Batchman)	Docket No.: 20-CONS-3071-CPEN
Inc. to comply with K.A.R. 82-3-111 at the)	
Ukens #1-18 in McPherson County, Kansas.)	CONSERVATION DIVISION
)	
)	License No.: 4184

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.¹ 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.”² Every operator conducting oil and gas activity in Kansas must be licensed by the Commission.³

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.⁴ 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

¹ K.S.A. 74-623.

² K.S.A. 55-152.

³ K.S.A. 55-155.

⁴ K.S.A. 55-162; K.S.A. 55-164.

economic deterrent to the violation for which the penalty is assessed.”⁵ “In the case of a continuing violation, every day such violation continues shall be deemed a separate violation.”⁶

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.⁷ No well shall be temporarily abandoned unless first approved by the Conservation Division.⁸ 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.⁹ The failure to file a notice of temporary abandonment shall be punishable by a \$100 penalty,¹⁰ and the failure to obtain approval of temporary abandonment status shall subject the operator to additional administrative action.¹¹

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. Chris Batchman Inc. (“Operator”) conducts oil and gas activities in Kansas under active license number 4184.

⁵ K.S.A. 55-164.

⁶ *Id.*

⁷ *See* K.A.R. 82-3-111(a).

⁸ K.A.R. 82-3-111(b).

⁹ *Id.*

¹⁰ *Id.*

¹¹ K.S.A. 55-164; K.A.R. 82-3-111(b).

6. Operator is responsible for the care and control of the Ukens #1-18 (“the subject well”), API #15-113-21348-00-00, located in Section 18, Township 20 South, Range 5 West, McPherson County, Kansas.

7. On July 24, 2019, Commission records indicated that the subject well had been inactive and unplugged for longer than the 90 days allowed by K.A.R. 82-3-111 and that the well was not exempt pursuant to K.A.R. 82-3-111(e). The subject well had also not been approved for temporary abandonment status. Operator had applied for temporary abandonment status, but this application was denied due to the subject well being on a vacuum. Thus, District Staff sent a letter to Operator, requiring Operator to bring the subject well into compliance with K.A.R. 82-3-111 by August 21, 2019.¹²

8. Because the deadline in the letter passed and the violation had not been resolved, on September 23, 2019, District Staff inspected the subject well, verifying that the well continued to be inactive and unplugged.¹³

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 one violation of K.A.R. 82-3-111 because the subject well has been inactive in excess of the time allowed by regulation without being plugged, returned to service, or approved for TA status.¹⁴

THEREFORE, THE COMMISSION ORDERS:

A. Operator shall pay a \$100 penalty.

¹² Exhibit A.

¹³ Exhibit B.

¹⁴ K.S.A. 55-164; K.A.R. 82-3-111(b).

B. Operator shall plug the subject well, return the well to service, or obtain TA status for the well 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 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.¹⁵

¹⁵ 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.

Keen, Chair; Albrecht, Commissioner; Duffy, Commissioner

Dated: 10/10/2019 _____



Lynn M. Retz
Executive Director

Mailed Date: 10/10/2019 _____

JMG

Conservation Division
District Office No. 2
3450 N. Rock Road
Building 600, Suite 601
Wichita, KS 67226



Phone: 316-337-7400
Fax: 316-630-4005
<http://kcc.ks.gov/>

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

Laura Kelly, Governor

July 24, 2019

Chris Batchman
Chris Batchman Inc.
244 SE 120 AVE
ELLINWOOD, KS 67526-9200

Re: Temporary Abandonment
API 15-113-21348-00-00
UKENS 1-18
SW/4 Sec.18-20S-05W
McPherson County, Kansas

Dear Chris Batchman:

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

Upon 2 separate inspections, well was on a vacuum.

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, 2019.

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,
Virgil Clothier
KCC DISTRICT 2

KCC OIL/GAS REGULATORY OFFICES

Date: 09/23/19

District: 2

Case #: _____

☐ New Situation
☐ Response to Request
☒ Follow-Up

☐ Lease Inspection
☐ Complaint
☒ Field Report

Operator License No: 4184
 Op Name: Chris Batchman Inc
 Address 1: 244 SE 120 th Ave
 Address 2: _____
 City: Ellinwood
 State: KS Zip Code: 67526 -9200
 Operator Phone #: (620) 566-7111

API Well Number: 15-113-21348-0000
 Spot: NW-SE-SW Sec 18 Twp 20 S Rng 5 ☐ E / ☒ W
986 Feet from ☐ N / ☒ S Line of Section
3554 Feet from ☒ E / ☐ W Line of Section
 GPS: Lat: 38.30687 Long: 97.91909 Date: 9/23/19
 Lease Name: Ukens Well #: 1-18
 County: McPherson

Reason for Investigation:

Follow-up compliance ck.

Problem:

DENIED TA well.

Persons Contacted:

Findings:

INACTIVE well, status unchanged. This well was DENIED TA status - on 2 separate inspections, well was on a vacuum. Cracked valve open for maybe 2-3 seconds and well now has a blow.
 Inspected well on July 19, 2019 and found well on a vacuum.
 Inspected well on July 22, 2019 and found well on a vacuum.
 Operator filed a CP-111 on July 24, 2019 that was denied due to the well being on a vacuum.
 On July 25, 2019, the operator filed a CP-1 plugging application.
 Inspected well on September 23, 2019 and found the well had a positive blow, instead of being on a vacuum.

Action/Recommendations:

Follow Up Required ☐ Yes ☐ No ☒

Date: _____

Operator has filed an Approved CP-1. Will turn in Updated report. I recommend monetary penalty of \$100 per K.A.R 82-3-111 for failure to comply.

Verification Sources:

Photos Taken: 1

☒ RBDMS ☐ KGS ☐ TA Program
☐ T-I Database ☐ District Files ☐ Courthouse
☐ Other: _____

By: Virgil Clothier
ECRS

Retain 1 Copy District Office
 Send 1 Copy to Conservation Division

Form: _____



Ukens #1-18, API# 15-113-21348-00-00. Inactive well with a denied TA application. Denied TA application letter was sent to operator on July 24, 2019 with a deadline to bring the well into compliance by August 21, 2019.

Photo taken by Virgil Clothier-ECRS on Sept. 23, 2019.

No change in well status, and no contact from operator.

CERTIFICATE OF SERVICE

20-CONS-3071-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 10/10/2019.

CHRIS BATCHMAN
CHRIS BATCHMAN INC.
244 SE 120 AVENUE
ELLINWOOD, KS 67526-9200

DANIEL FOX, COMPLIANCE OFFICER, KCC DISTRICT 2
KANSAS CORPORATION COMMISSION
DISTRICT OFFICE NO. 2
3450 N. ROCK RD BLDG 600 STE 601
WICHITA, KS 67226
Fax: 316-630-4005
d.fox@kcc.ks.gov

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

/S/ DeeAnn Shupe

DeeAnn Shupe