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CONSERVATION DIVISION
WICHITA, KS

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

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

In the matter of the failure of MEM	}	Docket No: 17-CONS-3398-CPEN
Partnership LP, a General Partnership	}	
("MEM") to comply with K.A.R. 82-3-111	}	CONSERVATION DIVISION
at the Cooley #1 in Graham County, Kansas.	}	License No: 3809

TO THE HONORABLE COMMISSIONERS

NOW COMES, MEM PARTNERSHIP, LP as a long standing Kansas licensed oil and gas operator, KCC License #3809, PO Box 130832, Spring, Texas 77393, hereinafter known as ("MEM") and herewith MEM received a Notice of Violation K.A.R. 82-3-111 dated October 06, 2016 which provides that within 90 days after operations has creased on a well the operator must file for Temporary Abandonment ("TA") status regarding the Cooley #1 API Well # 15-065-00278-00-01 located in SE/4 of Sec. 07-09-21W in Graham County, KS.

I. HISTORY

1. This subject Cooley #1 is part of the Cooley Lease of 160 acres containing three (3) wells and MEM lost the Cooley Lease operations around the year 2001, because of low oil prices, oil well repairs and lack of production. The "Trustee" for the landowner entered into a new lease without notification to the lease owner or to MEM.

2. The operations of the subject Cooley #1 well may not have been active for the last 15 years after the Cooley Lease was taken-over, because the new operator was unable to use the subject Cooley #1 well as a Salt Water Disposal ("SWD"). This subject Cooley #1 well was previous known by the Kansas Corporation Commission staff ("KCC") District #4, as the Cooley #1 SWD, but not approved by the KCC as a SWD.

3. The KCC staff has indicated that the subject Cooley #1 (a single well, not the Cooley Lease) is currently operated by MEM when MEM's operations ended on the Cooley Lease and the Cooley #1 well in Graham County, Kansas, about 16 years ago.

II. FINDINGS OF FACTS AND DOCUMENTS FROM OLD FILES IN STORAGE

4. MEM operated wells in the subject Southeast Quarter for the owner of the 160 acres Cooley Lease, which included the above subject Cooley #1 well (drilled in 1953), but that operation ended.

5. It appears that sometime in the late 1990's, the Trustee for the landowner entered into a new Cooley Lease, which was a complete shock to the lease owner when a new operator began drilling a new well on the Cooley Lease.

6. MEM did not want to be responsible for whatever the new owner or operator was going to do on the Cooley Lease, therefore MEM mailed a Change of Operator Form "T1" to the KCC with the word "Unknown" in space for the name of the "New Operator." It appears that this Form "T1" was not recorded by the KCC because a new operator was not named on the form.

7. In the latter part of 2005, when MEM was informed of the name of the new operator on the Cooley Lease, MEM sent another Change of Operator "T1" Form to the KCC, indicating that the Cooley Lease was a take-over and not signed by the new operator.

8. The KCC District #4 conducted an MIT inspection on the Cooley #1 (the subject of this "Penalty Order"), for the new operator in November 2005. This inspection "Failed." The new operator allegedly may have decided that since the subject Cooley #1 failed the MIT, they were no longer responsible for this well, but will operate the other two wells on the Cooley Lease.

9. The subject Cooley #1 was never approved by the KCC Commissioners as a SWD, only the Cooley #2 SWD on the Cooley Lease was approved as a SWD, to the best of our knowledge.

10. The only reason that the KCC staff has indicated that MEM is the operator of the subject Cooley #1 well, (not the entire Cooley Lease), is due to the fact that an "Incorrect Certification Report" was mailed to MEM in about the year 2011, which listed MEM inaccurately as the operator.

11. In the year 2011 MEM did operate another Cooley #1 on the Certification Report, but that well was in the Southwest Quarter, not the Southeast Quarter. MEM may have signed that report unofficially with the understanding that MEM did operate a Cooley #1 in that Section. The KCC does not use the word "East" and "West" on their Certification Reports, which would better identifies the different wells with the same name.

12. MEM immediately notified KCC staff numerous times that MEM does not operate or own this subject Cooley #1 well on the Cooley Lease in the Southeast Quarter, nor does MEM operate any wells whatsoever in the Southeast Quarter. Currently MEM does not operate any wells in Graham County, Kansas.

13. This inaccurate Certification Report was recorded by the KCC even after MEM returned the KCC's "Well Inventory Report" indicating that MEM does not operate any wells in the SE/4 Sec. 7-9-21W, where the subject Cooley #1 is located.

14. MEM received a letter from KCC legal department in 2011 indicating that MEM may be "partly responsible" for the operation of the subject Cooley #1 well, because for no other reason, that an incorrect Certification Report was recorded into the official files of the KCC. MEM vehemently denied any involvement with the subject Cooley #1 well in timely numinous letters to the KCC staff at that time and on a current basis.

15. A mistaken identity on the Certification Report could have occurred because there are three (3) wells all named Cooley #1 within about one half (1/2) mile from each other in this above Section. Two wells are named, "Cooley #1" in the Southeast Quarter and another "Cooley #1" well is located in that Southwest Quarter of Section Seven.

III. CONCLUSIONS

16. A signed copy in error of the KCC's Certification Report with a mistaken well identity could have occurred, because of the same name Cooley #1 was on three different wells in that area. However this policy does not appear to determine ownership of any real estate, oil or gas leases or wells on any leases in the State of Kansas, to the best of our knowledge.

17. Unfortunately, MEM had to accept the operatorship of this Cooley #1, well (the subject of this "Penalty Order") with the KCC, temporally until it could be corrected, in order to get a renewal of our longstanding Kansas Operators License and for our continuing longevity as a small company. The KCC would not renew the license otherwise.

18. The KCC has approved a well inventory change, with a notice dated April 3, 2015, that changed the category from the Cooley #2 SWD to an oil producing well, retroactive and effective on and from December 31, 2003. MEM has asked for clarification and correction regarding ownership, but MEM was informed that the file is missing and nothing could be done.

19. MEM was required by the KCC staff to submit a, Notice of Injection Report ("Form U5") dated April 1, 2015 on the Cooley #2 SWD and the quotation on the Form U5 clearly stated, "License 3809 does not own this lease or SWD." The fact is that MEM has sent by U.S. mail or emails twenty-two (22) separate documents to the KCC staff to no avail, for the elimination of MEM as the operator of the wells on the Cooley Lease. The KCC should respectfully correct the misidentification of this subject Cooley #1 well and the Cooley #2

SWD and do the same inventory change procedure as in paragraph 18 above and eliminate MEM as the operator of these subject wells retroactive and effective as of October 10, 2005 when the Change of Operator Form "T1" was mailed to the KCC.

20. It appears to MEM that the new lease owners and operators for the past 15 years of the Cooley Lease, who received this oil producing property without monetary consideration to the previous owner and has benefited greatly with the price of oil reaching \$145.00 per barrel; would not be responsible for the entire 160 acres. It may also appear allegedly that the new operators of the Cooley Lease may have abandoned the subject Cooley #1 well and the Cooley #2 SWD because they could not use the wells as a SWD.

21. It does not seem logical to MEM that when an operator entered into a Lease Agreement with a land owner for 160 acres of oil producing property and then the operator allegedly denies responsibility for any wells they can't use or not responsible for anything else that may not be desirable on the property.

22. If MEM were the operator of the Cooley Lease we would have either fixed the subject Cooley #1 or plugged the well as MEM has done on other leases in Kansas. The fact is MEM did not drill the well; MEM was not the original operator; is not the current operator or the last operator and not the operator who tampered with the subject Cooley #1 well with a MIT inspection, which failed. Therefore MEM should not be responsible for the operation of the subject Cooley #1 well or any well, nor any penalty orders or requested delinquent forms as first stated above on the Cooley Lease.

23. Notwithstanding the legal ramifications for a new assigned operator (not MEM) to move heavy equipment with oil storage tanks and water tanks onto a property that is not owned or leased by the new operator, such as on the subject Cooley #1 and to produce oil from that well that must have adequate legal acreage to have a well, may appear to be overwhelming to a new oil developer.

IV. COMMISSION ORDERS

WHEREFORE, CONSIDERING THE ABOVE, MEM respectfully prays that this matter be resolved administratively within the KCC staff if possible, or if not resolved to the satisfaction of both parties, pray herewith that this matter is set for a State Corporation Commission hearing and upon this formal hearing that the State Corporation Commissioners shall grant MEM the following:

- A. KCC shall remove MEM Partnership, LP, as the operator of the subject Cooley #1 well, API 15-065-00278-0001, retroactive and effective as of October 10, 2005 on this well located in the SE/4 of Section 7-9-21W in Graham County, Kansas,
- B. KCC shall cancel all KCC "Notice of Violations" or KCC "Penalty Orders," both past and present regarding or incurred against or from any obligation of MEM Partnership, LP, on this above subject Cooley #1 well and the Cooley #2 SWD, which were categorized as delinquent wells in Graham County, Kansas.

Respectfully Submitted,

MEM Partnership, LP #3809

By: 

William Story, Manager
P.O. Box 130832
Spring, Texas 77393
Email: billstory100@gmail.com
Mobile: 936-828-6018

Dated: 1-6-2017

CERTIFICATION OF SERVICE:

I William Story do hereby certify that on 1-6-2017, I mailed the original and 7 copies of this the above document to the Commission at 266 N. Main Street Suite 220 Wichita, KS 67202 by U.S. Mail.

By: 

Approved: William Story

Secretary to the Commission: Please call MEM Partnership, LP at 936-828-6018 and indicate that these above documents were received for presentation to the KCC Commissioners, before the deadline of 30 days.

SPACE BELOW IS VACANT BY DESIGN.