

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

Before Commissioners: Andrew J. French, Chairperson
 Dwight D. Keen
 Susan K. Duffy

In the matter of the failure of Ace Energy,) Docket No.: 22-CONS-3150-CPEN
LLC (Operator) to comply with K.A.R.)
82-3-111 at seven wells in Crawford) CONSERVATION DIVISION
County, Kansas.)
_____) License No.: 34998

PENALTY ORDER

The Commission finds Operator has violated K.A.R. 82-3-111 regarding the captioned wells, assesses a \$700 penalty, directs Operator to come into compliance, and further rules as more fully described below.

I. JURISDICTION

1. K.S.A. 74-623 provides the Commission exclusive jurisdiction and authority to regulate oil and gas activities in Kansas. K.S.A. 55-152 provides the Commission with jurisdiction to regulate the construction, operation, and abandonment of any well, and also the protection of the usable water of this state from any actual or potential pollution from any well. The Commission has licensing authority under K.S.A. 55-155.

2. K.S.A. 55-162 and K.S.A. 55-164 provide the Commission authority to issue penalty orders for violations of Chapter 55 of the Kansas Statutes Annotated, or of any rule, regulation, or order of the Commission. Under K.S.A. 55-164, a penalty order may include a monetary penalty of up to \$10,000, the penalty must constitute a substantial and actual economic deterrent to the violation, and each day of a continuing violation constitutes a separate violation.

3. K.A.R. 82-3-111 provides that within 90 days after operations cease on any well, the operator of that well shall plug the well, return the well to service, or file an application with

the Conservation Division requesting temporary abandonment (TA) status. If not plugged or returned to service, the operator must obtain TA approval; TA status may be denied by the Conservation Division if necessary to prevent pollution. A well shut-in for 10 years or more cannot be granted TA status without the operator filing an application for an exception pursuant to K.A.R. 82-3-100 and approval from the Commission. K.A.R. 82-3-111(e) provides a TA exemption for certain wells fully equipped and capable of production.

II. FINDINGS OF FACT

4. Operator is licensed to conduct oil and gas activities in Kansas and is responsible for the following wells (Subject Wells) in Crawford County, Kansas:

- a. Gale Mullen #E43, API #15-037-01540-00-00, located in Section 1, Township 31 South, Range 21 East;
- b. Pearson #47 (W28), API #15-037-21034-00-00, located in Section 4, Township 28 South, Range 23 East;
- c. Ralph Samp #SAM-02, API #15-037-01552-00-00, located in Section 7, Township 31 South, Range 22 East;
- d. Ralph Samp #SAM-23, API #15-037-21486-00-00, located in Section 7, Township 31 South, Range 22 East;
- e. Ralph Samp #SAM-30, API #15-037-01567-00-00, located in Section 7, Township 31 South, Range 22 East;
- f. Ralph Samp #SAM-34, API #15-037-21456-00-00, located in Section 7, Township 31 South, Range 22 East; and
- g. Ralph Samp #SAM-36, API #15-037-01564-00-00, located in Section 7, Township 31 South, Range 22 East.

5. Prior to the issuance of this Penalty Order, Commission Staff reviewed Commission records for the Subject Wells. The records indicated the Subject Wells had been inactive and unplugged for longer than the 90 days allowed by K.A.R. 82-3-111, that the wells were not exempt pursuant to K.A.R. 82-3-111(e), and that the wells were not approved for TA status. Thus, Commission Staff sent letters to Operator, requiring Operator to bring the Subject Wells into compliance with K.A.R. 82-3-111 by a date certain.¹ The deadline has elapsed, and no evidence in the possession of the Commission indicates Operator has brought the Subject Wells into compliance.

III. CONCLUSIONS OF LAW

6. The Commission has jurisdiction over Operator and this matter under K.S.A. 74-623 and K.S.A. 55-152.

7. Operator has committed seven 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.²

THEREFORE, THE COMMISSION ORDERS:

- A. Operator shall pay a \$700 penalty.
- B. Operator shall plug the Subject Wells, or return the wells to service, or obtain TA status for the wells if eligible.
- C. Commission Staff may require Staff-witnessed static fluid level measurements before a Subject Well is returned to service. A Subject Well may not be returned to service if (1) any measurement has shown fluid in the wellbore at or above the appropriate minimum surface casing requirement described in Table I of the Commission's August 1, 1991, Order in Docket

¹ See Exhibit A.

² K.S.A. 55-164; K.A.R. 82-3-111(b).

34,780, (2) any measurement has shown fluid in the wellbore at or above any salt formation or other corrosive formation, or (3) in the opinion of Staff, variation in measurements indicates the possibility of a casing leak. Provided, however, a Subject Well may be returned to service upon (a) passing a casing integrity test after issuance of this Penalty Order to the satisfaction of Staff, or (b) Staff providing written, well-specific authorization after issuance of this Penalty Order.

D. Operator 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, to the Commission at 266 N. Main St., Suite 220, Wichita, Kansas 67202, within 30 days from the date of service of this Order. A request for hearing must comply with K.A.R. 82-1-219.

E. Failure to timely request a hearing will result in a waiver of Operator's right to a hearing. If no party timely requests a hearing, then this Order shall become final.

F. If Operator is not in compliance with this Order and the Order is final, then Operator's license shall be suspended without further notice and shall remain suspended until Operator complies. If a Subject Well has been inactive for more than 10 years and Operator applies for an exception to the 10-year limit on TA status for the Subject Well prior to this Order becoming final, and Operator would be in compliance with this Order if the application were approved, then suspension shall not be enforced unless: (1) the application is denied, and (2) 30 days have elapsed since the denial. The notice and opportunity for a hearing on this Order shall constitute the notice required by K.S.A. 77-512 regarding license suspension.

G. A party may petition for reconsideration of a final order pursuant to the requirements and time limits established by K.S.A. 77-529(a)(1).³

H. Credit card payments may be made by calling the Conservation Division at 316-337-6200. Checks and money orders shall be payable to the Kansas Corporation Commission.

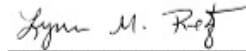
³ See K.S.A. 55-162; K.S.A. 55-164; K.S.A. 55-606; K.S.A. 55-707; K.S.A. 77-503(c); K.S.A. 77-531(b).

Payments shall be mailed to the Kansas Corporation Commission at 266 N. Main St., Suite 220,
Wichita, Kansas 67202. Payments must reference the docket number of this proceeding.

BY THE COMMISSION IT IS SO ORDERED.

French, Chairperson; Keen, Commissioner; Duffy, Commissioner

Dated: 10/05/2021



Lynn M. Retz
Executive Director

Mailed Date: 10/05/2021

TSK

Conservation Division
District Office No. 3
137 E. 21st Street
Chanute, KS 66720



Phone: 620-902-6450
<http://kcc.ks.gov/>

Andrew J. French, Chairperson
Dwight D. Keen, Commissioner
Susan K. Duffy, Commissioner

Laura Kelly, Governor

June 30, 2021

Jonathan Freiden
Ace Energy LLC
11704 ABERDEEN RD
LEAWOOD, KS 66211-2921

Re: Temporary Abandonment
API 15-037-01540-00-00
GALE MULLEN E43
NE/4 Sec.01-31S-21E
Crawford County, Kansas

Dear Jonathan Freiden:

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

Shut-in Over 10 years

Pursuant to K.A.R. 82-3-111, the well must be plugged or returned to service by 07/30/2021.

If you wish to instead file an application for an exception to the 10-year limitation of K.A.R. 82-3-111, demonstrating why it is necessary to TA the well for more than 10 years, then you must file the application for an exception by 07/30/2021.

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,
Alan Dunning ECRS
KCC DISTRICT 3

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District Office No. 3
137 E. 21st Street
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June 30, 2021

Jonathan Freiden
Ace Energy LLC
11704 ABERDEEN RD
LEAWOOD, KS 66211-2921

Re: Temporary Abandonment
API 15-037-21034-00-00
PEARSON 47 (W28)
NE/4 Sec.04-28S-23E
Crawford County, Kansas

Dear Jonathan Freiden:

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

Shut-in Over 10 years

Pursuant to K.A.R. 82-3-111, the well must be plugged or returned to service by 07/30/2021.

If you wish to instead file an application for an exception to the 10-year limitation of K.A.R. 82-3-111, demonstrating why it is necessary to TA the well for more than 10 years, then you must file the application for an exception by 07/30/2021.

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June 30, 2021

Jonathan Freiden
Ace Energy LLC
11704 ABERDEEN RD
LEAWOOD, KS 66211-2921

Re: Temporary Abandonment
API 15-037-01552-00-00
RALPH SAMP SAM-02
NW/4 Sec.07-31S-22E
Crawford County, Kansas

Dear Jonathan Freiden:

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

Shut-in Over 10 years

Pursuant to K.A.R. 82-3-111, the well must be plugged or returned to service by 07/30/2021.

If you wish to instead file an application for an exception to the 10-year limitation of K.A.R. 82-3-111, demonstrating why it is necessary to TA the well for more than 10 years, then you must file the application for an exception by 07/30/2021.

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June 30, 2021

Jonathan Freiden
Ace Energy LLC
11704 ABERDEEN RD
LEAWOOD, KS 66211-2921

Re: Temporary Abandonment
API 15-037-21486-00-00
RALPH SAMP SAM-23
NW/4 Sec.07-31S-22E
Crawford County, Kansas

Dear Jonathan Freiden :

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

Shut-in Over 10 years

Pursuant to K.A.R. 82-3-111, the well must be plugged or returned to service by 07/30/2021.

If you wish to instead file an application for an exception to the 10-year limitation of K.A.R. 82-3-111, demonstrating why it is necessary to TA the well for more than 10 years, then you must file the application for an exception by 07/30/2021.

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June 30, 2021

Jonathan Freiden
Ace Energy LLC
11704 ABERDEEN RD
LEAWOOD, KS 66211-2921

Re: Temporary Abandonment
API 15-037-01567-00-00
RALPH SAMP SAM-30
NW/4 Sec.07-31S-22E
Crawford County, Kansas

Dear Jonathan Freiden:

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

Shut-in Over 10 years

Pursuant to K.A.R. 82-3-111, the well must be plugged or returned to service by 07/30/2021.

If you wish to instead file an application for an exception to the 10-year limitation of K.A.R. 82-3-111, demonstrating why it is necessary to TA the well for more than 10 years, then you must file the application for an exception by 07/30/2021.

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You may contact me if you have any questions.

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Susan K. Dully, Commissioner

Laura Kelly, Governor

June 30, 2021

Jonathan Freiden
Ace Energy LLC
11704 ABERDEEN RD
LEAWOOD, KS 66211-2921

Re: Temporary Abandonment
API 15-037-21456-00-00
RALPH SAMP SAM-34
NW/4 Sec.07-31S-22E
Crawford County, Kansas

Dear Jonathan Freiden:

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

**Shut-in Over 10 years
well needs located**

Pursuant to K.A.R. 82-3-111, the well must be plugged or returned to service by 07/30/2021.

If you wish to instead file an application for an exception to the 10-year limitation of K.A.R. 82-3-111, demonstrating why it is necessary to TA the well for more than 10 years, then you must file the application for an exception by 07/30/2021.

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June 30, 2021

Jonathan Freiden
Ace Energy LLC
11704 ABERDEEN RD
LEAWOOD, KS 66211-2921

Re: Temporary Abandonment
API 15-037-01564-00-00
RALPH SAMP SAM-36
NW/4 Sec.07-31S-22E
Crawford County, Kansas

Dear Jonathan Freiden:

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

Shut-in Over 10 years

Pursuant to K.A.R. 82-3-111, the well must be plugged or returned to service by 07/30/2021.

If you wish to instead file an application for an exception to the 10-year limitation of K.A.R. 82-3-111, demonstrating why it is necessary to TA the well for more than 10 years, then you must file the application for an exception by 07/30/2021.

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Sincerely,
Alan Dunning ECRS
KCC DISTRICT 3

CERTIFICATE OF SERVICE

22-CONS-3150-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 10/05/2021.

JOHN ALMOND
KANSAS CORPORATION COMMISSION
DISTRICT OFFICE NO. 3
137 E. 21ST STREET
CHANUTE, KS 66720
j.almond@kcc.ks.gov

RYAN DULING
KANSAS CORPORATION COMMISSION
DISTRICT OFFICE NO. 3
137 E. 21ST STREET
CHANUTE, KS 66720
r.duling@kcc.ks.gov

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11704 ABERDEEN ROAD
LEAWOOD, KS 66211
jfreiden@me.com

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TROY RUSSELL
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DISTRICT OFFICE NO. 3
137 E. 21ST STREET
CHANUTE, KS 66720
t.russell@kcc.ks.gov

/S/ Desirae Mayfield

Desirae Mayfield