

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

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

In the matter of an Order to Show Cause)	Docket No.: 16-CONS-591-CSHO
issued to Multiplex Resources, Inc. regarding)	
responsibility under K.S.A. 55-179 for)	CONSERVATION DIVISION
plugging five wells on the Neely Lease in)	
Neosho County, Kansas.)	License Nos.: 34353

**MOTION FOR AN ORDER TO SHOW CAUSE, THE DESIGNATION OF A
PREHEARING OFFICER, AND THE SCHEDULING OF A PREHEARING
CONFERENCE**

For the following reasons, Commission Staff moves for an Order to Show Cause, the designation of a prehearing officer, and the scheduling of a prehearing conference in this matter:

I. JURISDICTION & LEGAL STANDARD

1. The Commission has jurisdiction to regulate oil and gas production in Kansas under Chapter 55 of the Kansas Statutes Annotated and the General Rules and Regulations for the Conservation of Crude Oil and Natural Gas, K.A.R. 82-3-100 *et seq.*
2. K.S.A. 55-162 provides the Commission with jurisdiction to institute proceedings to enforce the laws of Kansas and Commission rules, regulations, and orders.
3. K.S.A. 55-179 provides the Commission with jurisdiction to cause persons to come before it at a hearing to determine the persons legally responsible for the proper care and control of oil and gas wells, including the responsibility to plug the wells.
4. K.S.A. 55-179(b) provides that a person who is legally responsible for the proper care and control of an abandoned well includes, but is not limited to, one or more of the following:

- a. Any operator of a waterflood or other pressure maintenance program deemed to be causing pollution or loss of usable water;
- b. the current or last operator of the lease upon which such well is located, irrespective of whether such operator plugged or abandoned such well;
- c. the original operator who plugged or abandoned such well; and
- d. any person who without authorization tampers with or removes surface equipment or downhole equipment from an abandoned well.

II. STAFF'S ALLEGATION OF FACTS

5. At issue is the party legally responsible for the following wells (collectively "the subject wells") located in Section 30, Township 28 South, Range 19 East, Neosho County:

- a. North Neely #1, API #15-133-24150, 1834 FSL and 5072 FEL (GPS Coordinates 37.57780, -95.37880);
- b. North Neely #2, API #15-133-24151, 1858 FSL and 4718 FEL (GPS Coordinates 37.57787, -95.37758);
- c. North Neely #6, API #15-133-24189, 1963 FSL and 4412 FEL (GPS Coordinates 37.57816, -95.37652);
- d. NEE #02, 1664 FSL and 4422 FEL (GPS Coordinates 37.57780, -95.37880); and
- e. NEE #03, 1765 FSL and 4138 FEL (GPS Coordinates 37.57787, -95.37758).

6. On March 19, 2010, Commission Staff received a Request for Change of Operator ("T-1") Form, signed by Multiplex Resources ("Operator") and approved by Staff, transferring responsibility for the North Neely #1, North Neely #2, and North Neely #6 wells to Operator.

7. On March 23, 2012, and March 14, 2014, Operator filed certified well inventories accepting responsibility for the North Neely #1, North Neely #2, and North Neely #6 wells.

8. On November 13, 2014, after Commission Staff inspected the subject wells and determined that the wells were abandoned, Staff sent a letter to Operator, asking Operator to provide documentation showing that Operator was not responsible for the wells. The letter stated that in the alternative, Operator would be held responsible, and that Staff would be willing to consider a plugging agreement giving Operator a timeframe to plug the wells.

9. On December 1, 2014, Operator sent a letter to Commission Staff, stating that it accepted responsibility for plugging the subject wells, and requesting five or six months to do so. On February 6, 2015, Commission Staff sent a letter to Operator, agreeing to give Operator until July 31, 2015, to plug the subject wells.

10. On March 17, 2015, Operator filed a certified well inventory, again accepting responsibility for the North Neely #1, North Neely #2, and North Neely #6 wells.

11. On April 23, 2015, Operator filed a Well Plugging Application ("CP-1") for the North Neely #1 and North Neely #2.

12. Between August 1, 2015, and October 5, 2015, Commission Staff and Operator engaged in various correspondences regarding Operator's failure to plug the subject wells. On October 5, 2015, Operator sent an email to Staff, stating that it would "be more than happy to let [its] attorneys deal with any attempted enforcement action."

13. On October 13, 2015, Commission Litigation Counsel sent a letter to Operator, giving until October 23, 2015, to file CP-1's for the three subject wells for which Operator had not yet done so, and until November 30, 2015, to plug all five of the subject wells, to avoid Staff filing a motion to show cause. To date, Operator has not yet filed the three additional CP-1's, or plugged any of the five subject wells.

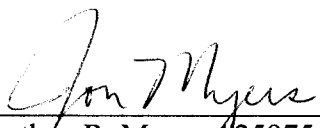
14. Commission Staff have recently inspected the subject wells and determined that the wells remain abandoned and unplugged. Commission Staff have reviewed Neosho County Register of Deeds records and believe that Operator no longer has a valid lease.

15. Given the above facts, Operator is responsible for the subject wells under the non-exclusive provisions of K.S.A. 55-179(b), as the last operator to file paperwork with the Commission accepting responsibility for the wells. Alternatively, Operator is responsible for the subject wells as the original operator who abandoned the wells, or as the current or last operator of the lease upon which the wells are located. Since the wells are abandoned, Operator should be required to plug the wells.

III. CONCLUSION

16. Based on the above, Staff believes that the Commission should cause Multiplex Resources, Inc. to come before it at a hearing to show cause why the requisite care and control has not been exercised with respect to the subject wells. At hearing, Staff anticipates requesting a monetary penalty along with an order obligating Operator to plug the wells. Thus, Staff requests that an Order to Show Cause be issued, designating a prehearing officer and scheduling a prehearing conference.

Respectfully submitted,


Jonathan R. Myers, #25975
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CERTIFICATE OF SERVICE

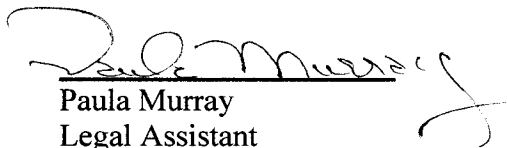
I certify that on 10/30/15, I caused a complete and accurate copy of this Motion to be served via United States mail, with the postage prepaid and properly addressed to the following:

B. L. Guiles
Multiplex Resources, Inc.
3262 Westheimer Road #519
Houston, Texas 77098

John Almond
KCC District #3

And delivered by hand to:

Lane Palmateer
Conservation Division Central Office


Paula Murray
Legal Assistant
Kansas Corporation Commission