

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

BEFORE COMMISSIONERS: Pat Apple, Chair
Jay Scott Emler, Commissioner
Shari Feist Albrecht, Commissioner

)	Docket No. 17-CONS-3673-CMSC
In the Matter of the Notice of Denial)	
of License Renewal Application to)	CONSERVATION DIVISION
Jones Gas Corporation.)	
)	License No. 32564

**MOTION TO REOPEN DOCKET OR,
IN THE ALTERNATIVE, CONSOLIDATE DOCKETS**

COMES NOW Jones Gas Corporation (“Jones Gas”), by and through their counsel of record, Timothy E. McKee and Amy Fellows Cline of Triplett Woolf Garretson, LLC, and respectfully moves the Kansas Corporation Commission (“Commission”) for an Order Reopening Docket No. 16-CONS-420-CSHO, Stroud Oil Properties, Inc. (“Stroud Oil”), and staying the captioned Docket No. 17-CONS-3673-CMSC until resolution of the Stroud Oil docket.

In the alternative, Jones Gas moves the Commission to consolidate the captioned Docket with the Stroud Oil Docket No. 16-CONS-420-CSHO.

1. In support of this Motion, Movant states that the Motion for an Order to Show Cause in Stroud Oil Docket No. 16-CONS-420-CSHO was presumably mailed by United States mail on August 25, 2015 pursuant to the Certificate of Service attached thereto, shown as **Exhibit A** attached hereto, to the attention of George R. Jones, Stroud Oil Properties, Inc., 200 East 1st Street, Suite 100, Wichita, Kansas 67202. In fact, George R. Jones has not been associated with Stroud Oil since June 2000 and had not officed at this address since June 2008. Prior to March 1, 2017, George R. Jones’ address

was 151 Whittier, Suite 2000, P.O. Box 780600, Wichita, Kansas 67278, where he is one of the officers of Jones Gas, Operator's License No. 32654. He was located at this address for nine years and has corresponded with the Staff many times from this address.

(Exhibit B) On March 1, 2017, the office of Jones Gas changed to 111 Whittier, Suite 110, Wichita, Kansas 67207. The post office box remained the same as P.O. Box 780600, 67278-0600, and the KCC Staff was timely informed of this change.

2. The notice of the Motion for an Order to Show Cause of August 25, 2015 provided by the simple mailing (not certified/return receipt requested) to an antiquated address constituted a denial of due process in the Stroud Oil docket.

3. Movant respectfully states that had notice been properly mailed in the Stroud Oil docket, or had George R. Jones been contacted at the address where he has officed since June 2008 (at which he has corresponded with Staff many times), an explanation could have easily been provided as to why Stroud Oil, George R. Jones, and Jones Gas were not responsible for the plugging of any of the four wells included in the Stroud Oil Docket No. 16-CONS-420-CSHO.

4. The resulting Order in Docket No. 17-CONS-3673-CMSC (Jones Gas) is dependent upon the order issued in Docket No. 16-CONS-420-CSHO (Stroud Oil) and has cast a shadow on Jones Gas' reputation and prevented it from operating efficiently, because it can no longer access the Commission's KOLAR (electronic filing system) since it has been barred from such access, due to the allegations in the captioned Docket.

5. Jones Gas owns and/or operates approximately 40 wells in Montgomery County, Kansas and has never suffered a fine or penalty order from this Commission.

6. Had proper notice been provided in Stroud Oil Docket No. 16-CONS-420-CSHO, proof could have been provided that Stroud Oil, at the time of the mailing of such notice, had been forfeited for failure to file annual reports for some 17 years, and that neither Jones Gas nor George R. Jones owned any interest in Stroud Oil nor the Gaier 2 lease after June 1, 2000.

7. The first actual notice that George R. Jones had regarding Stroud Oil Docket 16-CONS-420-CSHO, or any correspondence or pleadings issued therein, was when he filed an application for renewal of Jones Gas' operator's license on May 24, 2017 (as he has done for 17 years, without issue). (Exhibit C)

8. When the Stroud Oil Docket 16-CONS-420-CSHO was brought to George R. Jones' attention, he provided the Commission Staff with proof that:

- (a) The entity Metro Energy Group, Inc. listed in the letter denying the license renewal has no relationship to Jones Gas Corporation or George R. Jones and was apparently an oversight on part of the Staff to associate that entity with George R. Jones.
- (b) It appears that in the Stroud Oil Docket the four wells listed on Stroud Oil's operator's license are the Custer 3 in Chautauqua County, the Gaier 2 in Labette County, the Oakhurst Farms 2 in Montgomery County, and the Umbarger 5 in Wilson County. The undersigned counsel, on behalf of George R. Jones, informed Staff counsel on June 5, 2017 that the only well that Jones Gas is operating is the Oakhurst Farms 2, which is an active well and was not in need of plugging. Also, at that time, the Staff was provided proof that George R. Jones and Jones Gas Corporation did

not own any interest in or operate the Gaier 2 or the Umbarger 5 and that the Custer lease had been assigned on September 1, 2010 to Robert Wolf and Debbie Wolf, d/b/a Lone Wolf Oil Company.

(c) On June 16, 2017, Jones Gas received an e-mail from the Commission Staff, informing them that their operator's license would expire in 15 days and that their license had to be renewed electronically through KOLAR, and a similar e-mail was received on July 17, 2017 from the Commission Staff. (**Exhibit D**) This is notwithstanding the fact that at the request of the undersigned, Staff counsel confirmed that Jones Gas Corporation was able to continue its operations during the pendency of the captioned Docket until a final Commission Order was issued.

(d) The fact remains, however, that Jones Gas cannot access the KOLAR system.

9. It appears that the only remaining well at issue in the Jones Gas Docket, according to Staff, is the Gaier 2 well. However, the landowners where the Gaier 2 well is located (Mr. Ralph Gaier and his wife, Letty Gaier) assumed responsibility for this well by their execution and filing with the Commission of a Commission Transfer Order (T-1) on December 30, 1991. (**Exhibit E**) As a result of this T-1, the inclusion of the Gaier 2 well on either the Stroud Oil or Jones Gas dockets was wholly improper. Had George R. Jones been properly notified of the Stroud Oil Docket 16-CONS-420-CSHO, he could have pointed out this information.

WHEREFORE, Movant requests that the captioned Docket be stayed and the Stroud Oil Properties' Docket 16-CONS-420-CHSO be reopened, or in the alternative, that both Dockets be consolidated.

TRIPLETT WOOLF GARRETSON, LLC

By



Timothy E. McKee, #07135

temckee@twgfirm.com

Amy Fellows Cline, #19995

amycline@twgfirm.com

2959 N. Rock Road, Suite 300

Wichita, Kansas 67226

Telephone: (316) 630-8100

Facsimile: (316) 630-8101

Attorneys for Jones Gas Corporation

VERIFICATION

STATE OF KANSAS)
) ss:
COUNTY OF SEDGWICK)

Timothy E. McKee, of lawful age, being first duly sworn upon my oath, state that I am one of the attorneys for Jones Gas Corporation; that I have read the above Petition; that I know the contents thereof and declare that the statements made therein are true and correct to the best of my knowledge and belief.



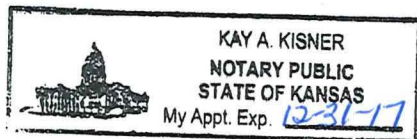
Timothy E. McKee, #07135

SUBSCRIBED AND SWORN to before me this 14th day of September, 2017.



Notary Public

My Appointment Expires:



CERTIFICATE OF SERVICE

I hereby certify that on this 14th day of September, 2017, the above **Motion to Reopen Docket or, in the Alternative, Consolidate Dockets** was electronically served on:

Joshua D. Wright
Litigation Counsel
Kansas Corporation Commission
130 S. Market, Room 2078
Wichita, KS 67202
jwright@kcc.ks.gov

Michael J. Duenes
Assistant General Counsel
Kansas Corporation Commission
1500 SW Arrowhead Road
Topeka, KS 66604-4027
mduenes@kcc.ks.gov



Timothy E. McKee, #07135

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

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

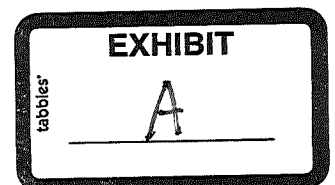
In the matter of an Order to Show Cause)	Docket No.: 16-CONS-420-CHSO
issued to Stroud Oil Properties, Inc.)	
("Operator") regarding responsibility under)	CONSERVATION DIVISION
K.S.A. 55-179 for unplugged wells on an)	
expired license.)	License No.: 30084

**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 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 shall include 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.

5. K.S.A. 55-180 gives the Commission a cause of action against responsible parties for the reasonable plugging costs of abandoned wells.

6. K.A.R. 82-3-120 provides that no Operator shall conduct activities at a well without a current license.

II. STAFF'S ALLEGATION OF FACTS

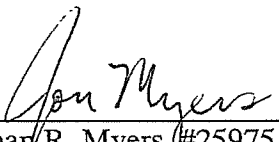
7. The wells listed on the attached Exhibit A are unplugged. As the wells are listed on Operator's license, which is expired, the wells appear to be abandoned. Pursuant to Kansas statutes and Commission regulations, Operator appears to be responsible for plugging the wells.

8. If Operator does not bring these wells into compliance with Commission regulations, then Operator's license should be suspended and any injection authority associated with the unplugged wells should be revoked.

III. CONCLUSION

9. Based on the above, 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
Litigation Counsel
Kansas Corporation Commission

266 N. Main, Suite 220
Wichita, Kansas 67202-1513
Phone: 316-337-6200; Fax: 316-337-6106

Exhibit A

Stroud Oil Properties, Inc. License: 30084

<u>Unplugged Wells on Operator's License</u>			
API Well #	Lease Name / Well #	Well Location	County
15-019-26035-00-03	CUSTER 3	12-32S-9E, N2NWSEW	CHAUTAUQUA
15-099-22863-00-00	GAIER 2	19-34S-18E, NENE	LABETTE
15-125-29402-00-00	OAKHURST FARMS 2	26-31S-15E, W2NE	MONTGOMERY
15-205-24980-00-00	UMBARGER 5	25-28S-14E, NENENE	WILSON

CERTIFICATE OF SERVICE

I certify that on August 25, 2015, 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:

JONES, GEORGE R.
STROUD OIL PROPERTIES, INC.
200 E. FIRST ST., STE 100
WICHITA, KS 67202

/s/ Jonathan R. Myers
Jonathan R. Myers
Litigation Counsel
Kansas Corporation Commission

Jones Gas Corporation

Oil & Gas Production

P.O. Box 970
Wichita, Kansas 67201-0970
Tel. (316) 262-5503
Fax (316) 262-1996

July 7, 2008

Kansas Corporation Commission
Oil & Gas Conservation Division
130 S. Market, Room 2078
Wichita, KS 67202

RE: License # 32654

Gentlemen:

Please change your records to show that effective July 9, 2008, Jones Gas Corporation will be moving to the following address:

Jones Gas Corporation
P O Box 780600
Wichita, KS 67278-0600

Phone 316-262-5503
FAX 316-681-4499

The Physical Address Will be:

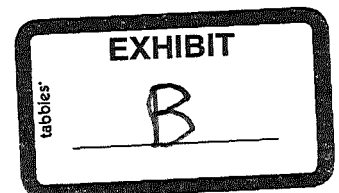
151 Whittier, Suite 2000
Wichita, KS 67207-1095

Very truly yours,

JONES GAS CORPORATION

George R. Jones, President

Cc: Steve Korf
District #3-KCC
1500 W. 7th
Chanute, KS 66720



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



2017.05.26 14:32:00
Kansas Corporation Commission
/s/ Lynn Retz Phone: 316 337 6200
Fax: 316-337-6211
<http://kcc.ks.gov/>

Pat Apple, Chairman
Shari Feist Albrecht, Commissioner
Jay Scott Emler, Commissioner

Sam Brownback, Governor

NOTICE OF DENIAL of LICENSE RENEWAL APPLICATION

May 24, 2017

Jones Gas Corporation
Attn: George R. Jones
151 Whitter, Suite 2000
P.O. Box 780600
Wichita, KS 67278

License #32654

17-CONS-3673-CMSC

Operator:

Commission Staff is in receipt of your May 22, 2017, license application. Your application is being denied pursuant to K.S.A. 55-155(c)(4) because you appear to be associated with entities that are not in compliance with Commission statutes, regulations, and orders.

Specifically, Staff believes you are associated with Stroud Oil Properties, License #30084, which has unplugged wells on its expired license and has not complied with the Commission's default order in Docket # 16-CONS-420-CSHO.

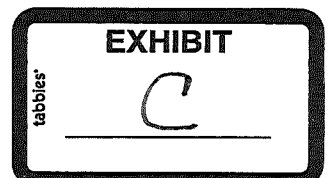
This Notice of Denial constitutes a summary order pursuant to K.S.A. 77-537. You may request a hearing on this Notice of Denial by filing a written request for a hearing with the Commission, at 266 N. Main, Suite 220, Wichita, Kansas 67202, within 15 days of service of this Notice.

If you do not believe there is any association with Metro Energy Group, Inc., it may be relatively easy to resolve matters short of requesting a hearing, if you contact me directly at 316-337-6217. Note, however, that any such contact does not alter your deadline to request a hearing.

If no hearing is requested, then this summary order shall become final, effective upon the expiration of the time for requesting a hearing.

Sincerely,

Joshua D. Wright
Litigation Counsel
Kansas Corporation Commission



From: noreply.kgsprd <noreply.kgsprd@kgs.ku.edu>

To: stroudoil <stroudoil@aol.com>

Cc: p.murray <p.murray@kcc.ks.gov>; klook <klook@kgs.ku.edu>; a.banks <a.banks@kcc.ks.gov>

Subject: KOLAR: KCC License Renewal Required - Jones Gas Corporation, KCC License #32654

Date: Fri, Jun 16, 2017 8:46 am

Operator:

Your operator's license will expire in 15 days, on 06/30/2017. At that time, if unplugged wells remain on your license, and you have not renewed it, you will be in violation of K.A.R. 82-3-120.

Your license must be renewed electronically through KOLAR. You will not be able to renew your license until your Well Inventory Certification has been submitted, also through KOLAR.

Violation of K.A.R. 82-3-120 carries a \$500 penalty. If your license expires, your oil and gas operations in Kansas must be suspended. Additional penalties could also be assessed, and the Commission could order any unplugged wells remaining on your license to be plugged, with costs assessed to you.

To start the license renewal process, go to <https://kolar.kgs.ku.edu>. Log in and click on the Licensing tab. Please contact the Conservation Division with any questions.

Users Notified

Cindy Jones

EXHIBIT

D

tabbles

7/21/2017

KOLAR: KCC License Expired Notice - Jones Gas Corporation, KCC License #32654

From: noreply.kgsprd <noreply.kgsprd@kgs.ku.edu>

To: stroudoil <stroudoil@aol.com>

Cc: p.murray <p.murray@kcc.ks.gov>; klook <klook@kgs.ku.edu>; a.banks <a.banks@kcc.ks.gov>

Subject: KOLAR: KCC License Expired Notice - Jones Gas Corporation, KCC License #32654

Date: Mon, Jul 17, 2017 11:56 am

Operator:

Your license has expired or has been suspended. You must immediately cease all oil and gas operations. No form approval or KOLAR filing can be performed without a current license.

If your license has been suspended, it is because you are in violation of a Commission Order. Your license will not be reinstated until compliance is achieved.

If your license is expired and unplugged wells remain on your license, you are in violation of K.A.R. 82-3-120, which carries a \$500 penalty. You may be penalized without further notice and the Commission may order the wells to be plugged and the costs assessed to you.

Please contact the Conservation Division with any questions.

Users Notified

Cindy Jones

TO:

STATE CORPORATION COMMISSION
CONSERVATION DIVISION
200 COLORADO DERBY BUILDING
WICHITA, KANSAS 67202-1286

NOTICE OF CHANGE OF OPERATOR
OR
REQUEST TO TRANSFER INJECTION
AUTHORIZATION

Effective Date November 1, 1991

Lease Name Gaier

County Labette

Producing Zone Weir Coal

19 SEC. T 34 S. R 18E W/E

[] Oil Lease; No. of Wells _____

[X] Gas Lease; No. of Wells 1

[] Saltwater Disposal Well

[] Enhanced Recovery Project

Docket # _____ (if SWD or ER)

Lease Description N/2 NE Sec. 19-34S-18E

Field Name Valeda N/2 SE Sec. 18-34-18E

Past Operator's License # 30084

Past Operator's Name and Address

Stroud Oil Properties, Inc.
200 E. First, Suite 100
Wichita, KS 67202

Title President

Contact Person George R. Jones

Phone 316-262-5503

Oil/Gas Purchaser None

Date 11/1/91

Signature [Signature]

New Operator's License N/A Landowner

New Operator's Name and Address

Ralph Gaier and Letty L. Gaier
R. R. #1, Box 79A
Coffeyville, KS 67337

Title Landowners

Contact Person Ralph Gaier

Phone 316-922-7374

Oil/Gas Purchaser For Own Use

Date Dec. 30, 1991

Signature Ralph Gaier, Letty Lane Gaier

Title Landowners

FOR COMMISSION USE ONLY WITH INJECTION WELLS

It is acknowledged by the Kansas Corporation Commission that:

_____ is the new operator of the above named well and
may: _____ continue to injection fluid as authorized by Docket # _____
_____ not inject fluids until the following action is taken:

Administrative Action _____

Technical Review _____

Date _____

RECEIVED

STATE CORPORATION COMMISSION Authorized Signature

CONSERVATION DIVISION
WICHITA, KANSAS

U-2/OC-2
1/88

