

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

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

In the matter of the application of Norstar	)	Docket No.: 17-CONS-3403-CVAC
Petroleum Inc., for authorization to impose a	)	
vacuum on its Hume Bros Lease located in the	)	CONSERVATION DIVISION
NW/4 of Section 34, Township 29 South, Range	)	
<u>41 West, Stanton County, Kansas.</u>	)	License No.: 31652

**PRE-FILED SURREBUTTAL TESTIMONY**

**OF**

**JIM HEMMEN**

1 Q. What is your name?  
2 A. Jim Hemmen.  
3 Q. Are you the same Jim Hemmen who submitted direct testimony in this matter?  
4 A. Yes.  
5 Q. Have you reviewed Brady Pfeiffer's rebuttal testimony, on behalf of Applicant, filed  
6 subsequent to your own direct testimony?  
7 A. Yes.  
8 Q. Have you reviewed Kenneth White's rebuttal testimony, on behalf of Protestant, filed  
9 subsequent to your own direct testimony?  
10 A. Yes.  
11 Q. In your direct testimony, did you state that you wanted to see more testimony from  
12 Applicant regarding four different issues?  
13 A. Yes. I wanted to see more testimony regarding (1) the degree of depletion of the Morrow  
14 Keyes Sand; (2) the projected economics pertaining to the cost of operation of the  
15 compressor as compared to the revenue from the additional oil that is expected to be  
16 recovered; (3) the potential for stranded reserves without the assistance of a compressor,  
17 and (4) the possibility that Applicant's production declines stem from mechanical issues.  
18 Q. Did Applicant provide such testimony?  
19 A. Yes, in Mr. Pfeiffer's rebuttal testimony.  
20 Q. What are your opinions regarding Applicant's rebuttal testimony?  
21 A. I find Mr. Pfeiffer's testimony regarding the degree of depletion convincing. I think that  
22 the projected economics are favorable, and that given the economics, Mr. Pfeiffer's  
23 analysis of the potential for stranded reserves without approval of the application is  
24 reasonable. I also believe that the mechanical issues occurring between October 2016 and  
25 April 2017 as described by Mr. Pfeiffer will have no negative impact on the estimated  
26 increase in the ultimate oil to be recovered through use of compression to pull  
27 bottomhole pressures into the vacuum range.  
28 Q. In your direct testimony, Page 5, Lines 19-20, you stated that you do not believe  
29 Protestant's concerns should change any Commission analysis regarding possible waste  
30 or potential correlative rights violations. Has any subsequent testimony changed your  
31 position?

1 A. No. White Exploration's argument appears to center around two concerns.

2 First, White Exploration believes imposing vacuum conditions is not warranted  
3 because the observed historical decline in oil production from the Hume Bros. lease was  
4 mostly caused by mechanical problems which have now been corrected. Staff, however,  
5 sees Applicant's request to impose a vacuum in order to ultimately recover more  
6 production, even after correction of those mechanical problems, as a business decision  
7 best left to Applicant's discretion. Resolving the mechanical problems certainly does not  
8 change the depleted nature of the reservoir, nor does it change the possibility of  
9 substantial added revenue being realized through the sale of increased production from  
10 the use of vacuum. Applicant should have the right to pursue the goal of keeping the  
11 reservoir productive beyond the near-term, and of maximizing future lease revenue,  
12 without undue outside interference in its business decisions.

13 Second, White Exploration believes there is too much risk of its own wells being shut-  
14 in by the pipeline company if oxygen ever gets drawn into the sales lines as a  
15 consequence of Applicant's wells being operated on vacuum. Staff, however, believes  
16 that White Exploration is putting too much emphasis on that possibility causing  
17 permanent irretrievable loss of the current gas-marketing outlet. Even if such a leak  
18 occurs, it can be found and plugged by Applicant to stop the entry of oxygen and restore  
19 the integrity of the gas-delivery system. That scenario presumes that Applicant would see  
20 the resumption of gas sales after such contamination as still economically justified.

21 Staff simply does not see these concerns as sufficient to deny Applicant's application.

22 Q. Does Staff have a position regarding whether to approve the application?

23 A. Yes. Staff recommends approval.

24 Q. Does this conclude your testimony as of this date, December 8, 2017?

25 A. Yes.

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**CERTIFICATE OF SERVICE**

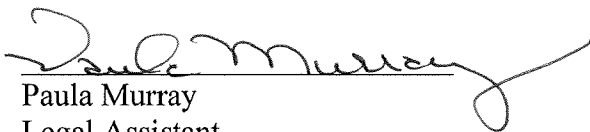
I, Paula Murray, certify that on Dec 8, 2017, I did cause a true and correct copy of the Pre-Filed Surrebuttal Testimony of Jim Hemmen to be served by United States mail, first class, postage prepaid to the following:

Steven D. Gough  
Withers, Gough, et al.  
O.W. Garvey Building, Suite 1010  
200 W. Douglas  
Wichita, Kansas 67202  
*Attorney for Norstar Petroleum Inc.*

David E. Bengtson  
Stinson Leonard Street LLp  
1625 North Waterfront Parkway, Suite 300  
Wichita, Kansas 67206  
*Attorney for White Exploration, Inc.*

And by email to:

Michael Duenes, KCC Assistant General Counsel

  
Paula Murray  
Legal Assistant  
Kansas Corporation Commission