

**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.: 14-CONS-543-CSHO
issued to The Xenia Corporation and Christian	)	
Operating Co. regarding responsibility under	)	CONSERVATION DIVISION
K.S.A. 55-179 for plugging 25 wells on the	)	
McGrew Lease in Section 24, Township 21	)	License No.: 4693 (expired)
<u>South, Range 22 East, Linn County, Kansas.</u>	)	33337 (suspended)

**PROPOSED DEFAULT ORDER**

The above captioned matter comes before the State Corporation Commission of the State of Kansas. Having examined the files and records, and being duly advised in the premises, the Commission finds and concludes as follows:

**I. JURISDICTION**

1. K.S.A. 74-623 provides the Commission with exclusive jurisdiction to regulate oil and gas activities. K.S.A. 55-162 provides that whenever the Commission finds reasonable cause to believe that a person has violated any provision of K.S.A. 55-150 *et seq.*, or any rules and regulations adopted pursuant to K.S.A. 55-150 *et seq.*, that the Commission shall cause such person to come before it at a hearing held in accordance with the provisions of the Kansas Administrative Procedure Act ("KAPA").

2. K.S.A. 77-520 provides that if a party fails to attend any stage of an adjudicative proceeding, the agency may serve notice of a proposed default order with a statement of the grounds. The party has seven days to file a written motion to vacate, stating the grounds relied upon. If a motion is not filed, the proposed default order becomes effective automatically after seven calendar days. If a motion to vacate is filed, the Commission shall issue a subsequent

order either vacating or issuing the default order. If the presiding officer issues a default order as proposed, then the order shall become effective upon service.

## **II. FINDINGS OF FACT**

3. On February 7, 2014, Commission Litigation Counsel moved for an Order to Show Cause, the designation of a prehearing officer, and the scheduling of a prehearing conference in this matter, based upon Staff's allegations that The Xenia Corporation and Christian Operating Co. (collectively "the Operators") may be responsible for plugging 25 abandoned wells on the McGrew Lease ("the subject wells").

4. On March 25, 2014, the Commission issued an Order to Show Cause, requiring the attendance of parties at a prehearing conference scheduled for April 8, 2014. The Order required corporations to enter an appearance via an attorney and stated that if a corporation failed to enter an appearance via an attorney prior to the Prehearing Conference, then the corporation shall be held in default under the KAPA. The Order was properly served upon the Operators.

5. On April 8, 2014, the scheduled prehearing conference was held pursuant to the March 25, 2014, Order. No attorney or other person appeared on behalf of the Operators, and no attorney had entered an appearance on behalf of the Operators prior to the prehearing conference. At the prehearing conference, Staff motioned for a proposed default order.

## **III. CONCLUSIONS OF LAW**

6. The Commission concludes that Staff's motion for a proposed default order should be granted. If this order is issued, Staff shall plug the subject wells and assess the plugging costs to the Operators jointly and severally. The licenses of the Operators shall remain suspended until the subject wells are plugged and all assessed costs are paid.

**THEREFORE, THE COMMISSION ORDERS:**

A. Staff's motion for a proposed default order is granted. If this order becomes effective, Staff shall plug the subject wells and assess the costs to the Operators.

B. Pursuant to K.S.A. 77-520(b), The Xenia Corporation or Christian Operating Co. may file a written motion requesting that this Proposed Default Order be vacated and stating the grounds relied upon, within seven calendar days after service of this Order, with three additional days added to account for service by mail.

C. This Proposed Default Order shall become effective ten days after service if neither of the Operators files a motion to vacate.

D. If either of the Operators files a motion to vacate within the specified time, the Commission shall either vacate the Proposed Default Order or issue the order as proposed.

E. If this Order becomes effective, it shall become a final order. Any party affected by a final order may file with the Commission a petition for reconsideration pursuant to K.S.A. 77-529(a). The petition shall be filed within 15 days after the order becomes a final order, and must state the specific grounds upon which relief is requested. The petition shall be filed with the Executive Director of the Conservation Division, Finney State Office Building, 130 South Market, Room 2078, Wichita, Kansas 67202.

F. The Commission retains jurisdiction of the subject matter and the parties for the purpose of entering such further Order or Orders as from time-to-time it may deem proper.

**BY THE COMMISSION IT IS SO ORDERED.**

Albrecht, Chair; Emler, Com.; Apple, Com.

Dated: APR 17 2014



Kim Christiansen  
Executive Director

Mailed Date: 4-18-2014

LRP

I CERTIFY THE ORIGINAL  
COPY IS ON FILE WITH  
The State Corporation Commission

APR 17 2014



**CERTIFICATE OF SERVICE**

I certify that on 4-18-2014, I caused a complete and accurate copy of this Order to be served via United States mail, with the postage prepaid and properly addressed to the following:

Phillip Christian  
Christian Operating Co.  
15326 Hilltop View Dr.  
Cypress, Texas 77429

Christian Operating Company  
21638 Tomball Parkway, Suite D  
Houston, Texas 77070

Richard Summers  
Registered Agent for Christian Operating Company  
PO Box 42  
Kincaid, Kansas 66939

Dorothy Lemon  
The Xenia Corporation  
718 CR 484  
Stephenville, Texas 76401

Dorothy Lemon  
Registered Agent for The Xenia Corporation  
Route 1  
Garnett, Kansas 66032

John Almond  
District Office No. 3

And delivered by hand to:

Bob Jenkins  
Conservation Division Central Office

/s/ Lane R. Palmateer  
Lane R. Palmateer  
Litigation Counsel  
Kansas Corporation Commission