

4. Paragraph 4 of the Response is incomplete and inaccurate and fail to demonstrate that Prairie Gas was given appropriate notice and due process prior to its license being suspended.

- a. Staff's Response cites pre-filed and rebuttal testimony of Ken Jehlik in docket 20-3129. Mr. Jehlik attached field reports in his Exhibits KJ-1 and KJ-2. However, Paragraph 4 states that an initial approval of TA status was revoked due to high fluid level within the well bores of the Earl#1 and the Watson #1. However, the field reports do not reflect the contents of the alleged notification given to Prairie Gas.
- b. The Jehlik Rebuttal testimony also is predicated on rebuttal testimony as to the Watson # 1 that "Due to the high fluid level and the corrosive nature of the brine water in this area, Staff feels that this well could pose a contamination issue to usable water, therefore it is not compliant with Commission regulations."¹ There is no testimony regarding tests or actual readings on the well.
- c. Docket 20-3129 was closed on September 24, 2020 because Prairie withdrew its request for a hearing because it believed that it had taken steps to ensure that the well would be eligible for TA status. (See Paragraph ___ below for details of expenditures correctly issues identified in the subject Penalty Order.

¹ See Rebuttal Testimony of Ken Jehlik, p. 6:16-19, J(June 19, 2020).

- d. As recent as December 9, 2020, in response to Prairie's inquiries about the status, staff simply informed the Operator that the Earl # 1 was not producing" See Exhibit D attached hereto.
5. Paragraph 5 is incomplete. Subsequent to any notice about water levels, Prairie did additional work and tested fluid levels. There has been no testing by staff since that time.
6. Paragraphs 6 & 7 of the Response are recitations of the contents of orders.

ARGUMENT

7. Staff's Argument section is primarily a recitation of the course of the two dockets and does not address the legal issues raised in the Petition. The allegations of the Petition stating varying and changing statements about the status of the wells are not denied.
8. The response also seeks to flip the burden by alleging a lack of evidence for various contentions stated in the Petition. The KCC bears the burden of proof as to new or different violations or findings supporting Penalty Orders and has failed to do so.
9. During the time periods following the penalty orders in the two dockets at issue, Prairie has undertaken the following steps and incurred the following expenses to correct the alleged infirmities in the Penalty Orders. These steps were intended to ensure that the wells were indeed capable of production, thus satisfying the terms of K.A.R. 82-3-111(e)(1) & (2), namely: that "the wells are fully equipped for

production of oil or gas or for injection and capable of immediately resuming production of oil or gas or of injection”.

10. The efforts undertaken to ensure that the wells are in compliance with regulations have included the following:

- Earl #1 was worked on 10/17-10/18. It was hydro tested, and a swab job completed. Cost to Prairie was \$6,029.50
- Watson #1 was worked on 2/6-2/9/21. The work involved hydro testing, tubing stuck and chemical treatment costing \$10,901.50. Subsequent work on 2/17-2/22/21 involved a swab job, hydro test, acid job, welding, and pump change, costing \$14,482.93.
- Fecht #1 was worked on 12/10-12/14 and consisted of hydro testing, swab and acid job costing \$11,258.63.

Prairie Gas records are attached² showing the expenditures incurred by nature of the expense and date during the current year. Staff's position regarding a lack of evidence, for allegations in the Petition further justifies Prairie's request for a hearing on the Petition.

11. Following the work on the wells, Prairie tested the water levels and found them to be: Fetch D at 1543, Earl at 1605 and Watson at 2362, all believed to test well below surface water level requirements.

² See Petitioner's Exhibit E.

12. When Prairie requested Staff to inspect the wells, it responded that the wells would need to be shut in 14 days. As noted in the paragraph 16 of the Petition, this would simply allow the wells to water-out due to the unique characteristics of the Bradshaw field.
13. Given the efforts and expenditures undertaken, and delays and inconsistencies in responses from Staff Operator respectfully submits that the License Suspension notice be rescinded – at a minimum until the Staff assumes a proper burden of proof showing that the wells are not compliant with 82-311(e), the only regulation cited in existing Penalty Orders.

**RESPECTFULLY SUBMITTED,
PRAIRIE GAS OPERATING, LL**

By s/Lee Thompson, #08361

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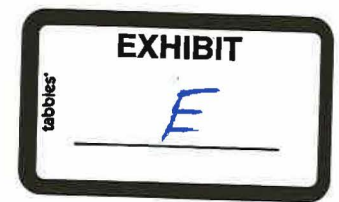
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CERTIFICATE OF SERVICE

I hereby certify on this 13th day of April, the above and foregoing Reply was filed in the referenced dockets by the express electronic filing system which will also serve notice upon the Kansas Corporation Commission, Conservation Division at 266 N. Main, Suite 220, Wichita Kansas.

s/ Lee Thompson



(EARL1) Earl #1

Acct	Description	Jan 2020	Feb 2020	Mar 2020	Apr 2020
County: HAMILTON State: KS					
	Volumes				
	Revenue:				
	Total Revenue:	0.00	0.00	0.00	0.00
	Operating Expenses:				
9001	Contract Pumper / Gauger	40.00	40.00	52.00	5.50
9004	Electricity	23.50	23.50	23.50	23.50
9008	Chemical & Solvents	0.00	0.00	0.00	0.00
9009	Repair & Maintenance	0.00	0.00	3.58	0.00
9010	Insurance	7.01	7.01	0.00	0.00
9012	Materials & Supplies	0.00	0.00	0.00	0.00
9016	Salt Water Disposal	0.00	0.00	0.00	0.00
9017	Engineering/Geological	0.00	0.00	0.00	0.00
9018	Service Equipment	0.00	0.00	0.00	0.00
9021	Acid Treatment	0.00	0.00	0.00	0.00
9022	Workover Cost	0.00	0.00	0.00	0.00
9026	Testing	0.00	0.00	0.00	0.00
9033	Pumper Expenses	4.29	3.73	3.28	1.28
9034	Field Supervisor Expenses	0.00	1.27	0.00	0.00
9035	Engineering/Geological Expense	0.00	0.00	0.00	0.00
9037	Filing Fees	0.00	0.00	0.00	0.00
9040	Electrical Deposits	0.00	0.00	0.00	0.00
9099	Ad Valorem Tax	0.00	0.00	0.00	0.00
9206	Contract Labor	0.00	0.00	0.00	0.00
9212	Equipment Rental	0.00	0.00	0.00	0.00
9303	Workover Unit	0.00	0.00	0.00	0.00
9327	Flow Testing	0.00	0.00	0.00	0.00
9406	Bottom Hole Pump	0.00	0.00	0.00	0.00
9490	Miscellaneous	0.00	0.00	0.00	0.00
	Total Operating Expenses	74.80	75.51	82.36	30.28

Dec 2020	2020 Year-to-Date	Jan-21	Feb-21	Mar-21	2021 Year-to-Date
0.00	0.00	0.00	0.00	0.00	0.00
24.00	301.04	0.00	0.00	0.00	0.00
32.35	362.35	191.59	51.27	0.00	242.86
0.00	0.00	0.00	0.00	0.00	0.00
0.00	3.58	0.00	0.00	0.00	0.00
0.00	14.02	0.00	0.00	0.00	0.00
0.00	460.53	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.06	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
0.00	3,150.00	0.00	0.00	0.00	0.00
0.00	75.00	0.00	0.00	0.00	0.00
0.00	13.50	0.00	0.00	0.00	0.00
0.00	5.51	0.00	0.00	0.00	0.00
0.00	151.19	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
129.80	129.80	0.00	0.00	0.00	0.00
0.00	658.00	0.00	0.00	0.00	0.00
0.00	150.00	0.00	0.00	0.00	0.00
0.00	3,937.50	0.00	0.00	0.00	0.00
0.00	609.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
186.15	10,021.08	191.59	51.27	0.00	242.86

0.00	243.00	0.00	0.00	0.00	0.00
0.00	0.00	10,029.50	0.00	0.00	10,029.50
0.00	1,200.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
0.00	30.00	0.00	0.00	0.00	0.00
0.00	460.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
0.00	4.95	600.00	0.00	1,084.00	1,684.00
0.00	1,937.95	10,629.50	0.00	1,084.00	11,713.50
0.00	0.00	0.00	0.00	0.00	0.00
186.15	11,959.03	10,821.09	51.27	1,084.00	11,956.36
(186.15)	(11,959.03)	(10,821.09)	(51.27)	(1,084.00)	(11,956.36)

(FECHTD1)

Fecht D #1

Acct	Description	Jan 2020	Feb 2020	Mar 2020	Apr 2020
County: GREELEY State: KS					
	Volumes				
	Revenue:				
	Total Revenue:	0.00	0.00	0.00	0.00
	Operating Expenses:				
9001	Contract Pumper / Gauger	39.00	39.00	51.00	5.50
9004	Electricity	23.50	23.50	23.50	23.50
9008	Chemical & Solvents	0.00	0.00	0.00	0.00
9009	Repair & Maintenance	0.00	0.00	3.58	0.00
9010	Insurance	7.01	7.01	0.00	0.00
9011	Hauling	0.00	0.00	0.00	0.00
9012	Materials & Supplies	0.00	0.00	0.00	0.00
9017	Engineering/Geological	0.00	0.00	0.00	0.00
9018	Service Equipment	0.00	0.00	0.00	0.00
9022	Workover Cost	0.00	0.00	0.00	0.00
9026	Testing	0.00	0.00	0.00	0.00
9033	Pumper Expenses	4.73	3.64	2.59	1.28
9034	Field Supervisor Expenses	0.00	1.27	0.00	0.00
9035	Engineering/Geological Expense	0.00	0.00	0.00	0.00
9037	Filing Fees	0.00	0.00	0.00	0.00
9038	Pipe Testing	0.00	0.00	0.00	0.00
9040	Electrical Deposits	0.00	0.00	0.00	0.00
9099	Ad Valorem Tax	0.00	0.00	0.00	0.00
9490	Miscellaneous	0.00	0.00	0.00	0.00
	Total Operating Expenses	74.24	74.42	80.67	30.28
	Workover Expenses				
9503	Contract Labor	0.00	0.00	0.00	0.00
9507	Workover Unit	0.00	0.00	0.00	0.00
9510	Hauling/Transportation	0.00	0.00	0.00	0.00

Dec 2020	2020 Year-to-Date	Jan-21	Feb-21	Mar-21	2021 Year-to-Date
0.00	0.00	0.00	0.00	0.00	-
24.00	297.25	0.00	0.00	0.00	0.00
32.35	362.35	48.10	47.62	0.00	95.72
0.00	0.00	0.00	0.00	0.00	0.00
0.00	3.58	0.00	0.00	0.00	0.00
0.00	14.02	0.00	0.00	0.00	0.00
504.00	504.00	0.00	0.00	0.00	0.00
460.00	585.03	0.00	0.00	0.00	0.00
0.00	0.06	0.00	0.00	0.00	0.00
500.00	500.00	0.00	0.00	0.00	0.00
5,625.00	5,625.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
0.00	12.51	0.00	0.00	0.00	0.00
0.00	5.51	0.00	0.00	0.00	0.00
0.00	681.35	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
1,113.00	1,113.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	189.22	0.00	0.00	189.22
0.00	0.00	0.00	0.00	0.00	0.00
8,258.35	9,703.66	237.32	47.62	0.00	284.94
0.00	1,093.50	0.00	0.00	0.00	0.00
0.00	0.00	10,222.00	0.00	0.00	10,222.00
2,020.00	2,830.00	0.00	0.00	0.00	0.00

0.00	32.25	0.00	0.00	365.99	365.99
0.00	135.00	0.00	0.00	0.00	0.00
0.00	0.00	550.00	3,850.00	1,650.00	6,050.00
2,020.00	4,090.75	10,772.00	3,850.00	2,015.99	16,637.99
10,278.35	13,794.41	11,009.32	3,897.62	2,015.99	16,922.93
(10,278.35)	(13,794.41)	(11,009.32)	(3,897.62)	(2,015.99)	(16,922.93)

(WATSON1)

Watson #1

Acct	Description	Jan 2020	Feb 2020	Mar 2020	Apr 2020
County: GREELEY State: KS					
	Volumes				
	Revenue:				
	Total Revenue:	0.00	0.00	0.00	0.00
	Operating Expenses:				
9001	Contract Pumper / Gauger	36.00	36.00	50.00	5.50
9004	Electricity	23.50	92.43	23.50	23.50
9008	Chemical & Solvents	0.00	0.00	0.00	0.00
9009	Repair & Maintenance	0.00	0.00	3.58	0.00
9010	Insurance	7.01	7.01	0.00	0.00
9012	Materials & Supplies	0.00	0.00	0.00	0.00
9016	Salt Water Disposal	0.00	0.00	0.00	0.00
9017	Engineering/Geological	0.00	0.00	0.00	0.00
9018	Service Equipment	0.00	0.00	0.00	0.00
9026	Testing	0.00	0.00	0.00	0.00
9027	Roads & Location	0.00	0.00	0.00	0.00
9033	Pumper Expenses	3.86	3.35	2.96	1.28
9034	Field Supervisor Expenses	0.00	1.27	0.00	0.00
9035	Engineering/Geological Expense	0.00	0.00	0.00	0.00
9037	Filing Fees	0.00	0.00	0.00	0.00
9040	Electrical Deposits	0.00	0.00	0.00	0.00
9099	Ad Valorem Tax	0.00	0.00	0.00	0.00
9490	Miscellaneous	0.00	0.00	0.00	0.00
	Total Operating Expenses	70.37	140.06	80.04	30.28
	Workover Expenses				
9406	Down Hole Pump	0.00	0.00	0.00	0.00
9503	Contract Labor	0.00	0.00	0.00	0.00
9507	Workover Unit	0.00	0.00	0.00	0.00
9510	Hauling/Transportation	0.00	0.00	0.00	0.00

9511	Materials & Supplies	0.00	0.00	0.00	0.00
9513	Equipment Rental	0.00	0.00	0.00	0.00
9519	Acid Treament	0.00	0.00	0.00	0.00
9520	Water	0.00	0.00	0.00	0.00
	Total Workover Expenses	0.00	0.00	0.00	0.00
	Other Deductions	0.00	0.00	0.00	0.00
	Total Expenses	70.37	140.06	80.04	30.28
	Net Operating Profit to WI Owners	(70.37)	(140.06)	(80.04)	(30.28)

2020		2021			
<u>Dec 2020</u>	<u>Year-to-Date</u>	<u>Jan-21</u>	<u>Feb-21</u>	<u>Mar-21</u>	<u>Year to Date</u>
0.00	0.00	0.00	0.00	0.00	0.00
28.00	313.96	0.00	0.00	0.00	0.00
25.98	428.55	33.00	33.00	0.00	66.00
0.00	0.00	0.00	0.00	0.00	0.00
0.00	3.58	0.00	0.00	0.00	0.00
0.00	14.02	0.00	0.00	0.00	0.00
0.00	0.62	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.07	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
0.00	12.30	0.00	0.00	0.00	0.00
0.00	5.52	0.00	0.00	0.00	0.00
0.00	176.37	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	140.17	0.00	0.00	140.17
0.00	0.00	0.00	0.00	0.00	0.00
53.98	954.99	173.17	33.00	0.00	206.17
0.00	0.00	0.00	1,943.63	0.00	1,943.63
0.00	243.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	17,474.00	0.00	17,474.00
0.00	180.00	0.00	0.00	0.00	0.00

0.00	0.00	0.00	1,838.29	0.00	1,838.29
0.00	30.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	1,639.25	0.00	1,639.25
0.00	0.00	0.00	1,922.00	0.00	1,922.00
0.00	453.00	0.00	24,817.17	0.00	24,817.17
0.00	0.00	0.00	0.00	0.00	0.00
53.98	1,407.99	173.17	24,850.17	0.00	25,023.34
(53.98)	(1,407.99)	(173.17)	(24,850.17)	0.00	(25023.34)