

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



Phone: 316-337-6200  
Fax: 316-337-6211  
<http://kcc.ks.gov/>

Andrew J. French, Chairperson  
Dwight D. Keen, Commissioner  
Susan K. Duffy, Commissioner

Laura Kelly, Governor

**NOTICE OF PENALTY ASSESSMENT**  
**21-CONS-3215-CPEN**

April 8, 2021

A. Blaine Hanks  
Gateway Resources U.S.A., Inc.  
1821 Arbor Drive  
Bartlesville, OK 74006-7004

This is a notice of a penalty assessment for violation(s) of Kansas Oil and Gas Conservation Statutes, Rules, and Regulations. For a full description of the penalty and process please refer to the Penalty Order that is attached to this notice.

**IF YOU ACCEPT THE PENALTY:**

You have been assessed a \$200 penalty. You have 30 days from the service date of this Penalty Order to pay the fine amount. Check or money order must be made payable to the Kansas Corporation Commission and mailed to the Conservation Division of the Kansas Corporation Commission at 266 N. Main St., Suite 220, Wichita, Kansas 67202. The payment must include a reference to the docket number of this proceeding. Payment by credit card may be made by calling the Conservation Division at 316-337-6200.

**IF YOU CONTEST THE PENALTY:**

You have the right to request a hearing. A written request for hearing must be made within 30 days after service of the Penalty Order. Respondent must submit the request to the Commission, at 266 N. Main St., Suite 220, Wichita, Kansas 67202. The Commission shall conduct a hearing in accordance with the provisions of the Kansas administrative procedure act within 30 days after receipt of such request. K.S.A. 55-164; K.S.A. 77-542; K.A.R. 82-1-215.

**IF YOU FAIL TO ACT:**

Failure to pay the fine amount, or in the alternative, provide a written request for a hearing, within thirty (30) days of service of the Penalty Order, will result in the attached Penalty Order becoming a Final Order and may result in additional sanctions, including additional monetary penalties, the suspension of your oil and gas operating license, and the shutting-in of all operations until compliance is obtained. K.S.A. 55-162; K.S.A. 55-164; K.S.A. 77-537.

Respectfully,

Kelcey Marsh  
Litigation Counsel  
316-337-6200

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

Before Commissioners:

Andrew J. French, Chairperson  
Dwight D. Keen  
Susan K. Duffy

In the matter of the failure of Gateway	)	Docket No.: 21-CONS-3215-CPEN
Resources U.S.A., Inc. (Operator) to comply	)	
with K.A.R. 82-3-117 at the Denton #1-28	)	CONSERVATION DIVISION
and O'Brien Sewell #1-27 wells in	)	
<u>Montgomery County, Kansas.</u>	)	License No.: 32353

**PENALTY ORDER**

The Commission rules as follows:

**I. JURISDICTION**

1. The Commission has the exclusive jurisdiction and authority to regulate oil and gas activities in Kansas.<sup>1</sup> The Commission has jurisdiction to regulate the “construction, operation, and abandonment of any well and the protection of the usable water of this state from any actual or potential pollution from any well.”<sup>2</sup> Every operator conducting oil and gas activity in Kansas must be licensed by the Commission.<sup>3</sup>

2. The Commission has the authority to issue a Penalty Order for violation of any provision of K.S.A. 55-101 *et seq.*, rule, regulation, or order of the Commission.<sup>4</sup> The Commission shall take appropriate action which may include, but is not limited to, imposing a monetary penalty “not to exceed \$10,000, which shall constitute an actual and substantial

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<sup>1</sup> K.S.A. 74-623.

<sup>2</sup> K.S.A. 55-152.

<sup>3</sup> K.S.A. 55-155.

<sup>4</sup> K.S.A. 55-162; K.S.A. 55-164.

economic deterrent to the violation for which the penalty is assessed.”<sup>5</sup> “In the case of a continuing violation, every day such violation continues shall be deemed a separate violation.”<sup>6</sup>

3. Within 60 days after plugging any well, the owner or operator of the well shall file a well plugging report with the Conservation Division, on a form furnished by the Commission.<sup>7</sup> Failure to file a plugging report shall be punishable by a \$100 penalty.

## **II. FINDINGS OF FACT**

4. Operator conducts oil and gas activities in Kansas under active license number 32353.

5. Operator is responsible for the care and control of the following wells (Subject Wells), located in Township 33 South, Range 61 East, Montgomery County, Kansas:

- a. Denton #1-28, API #15-125-30800-00-00, Section 28, and
- b. O'Brien Sewell #1-27, API #15-125-30713-00-00, Section 27.

6. Between December 23, 2020 and December 28, 2020, Operator plugged the Subject Wells. Operator did not submit complete and accurate well plugging reports (CP-4's) within 60 days of the plugging date.

7. On March 3, 2021, Commission Staff sent a Notice of Violation letter to Operator, requiring Operator to file CP-4's to bring the Subject Wells into compliance with K.A.R. 82-3-117 by March 17, 2021.<sup>8</sup>

8. Commission Staff did not receive CP-4's by the deadline set out in Staff's Notice of Violation letter.

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<sup>5</sup> K.S.A. 55-164.

<sup>6</sup> *Id.*

<sup>7</sup> K.A.R. 82-3-117.

<sup>8</sup> Exhibit A.

### III. CONCLUSIONS OF LAW

9. The Commission concludes that it has jurisdiction over Operator and this matter under K.S.A. 55-152 and K.S.A. 74-623.

10. The Commission concludes Operator committed two violations of K.A.R. 82-3-117 because Operator has not submitted complete and accurate CP-4's for the Subject Wells in a timely manner.

#### **THEREFORE, THE COMMISSION ORDERS:**

A. Operator shall pay a \$200 penalty.

B. Operator shall submit complete, accurate CP-4's for the Subject Wells.

C. Any party may request a hearing on the above issues by submitting a written request, pursuant to K.S.A. 55-164, K.S.A. 77-537, and K.S.A. 77-542, to the Commission at 266 N. Main St., Suite 220, Wichita, Kansas 67202, within 30 days from the date of service of this Order. Hearings will be scheduled only upon written request. Failure to timely request a hearing will result in a waiver of Operator's right to a hearing.

D. If no party requests a hearing, and Operator is not in compliance with this Order within 30 days, then Operator's license shall be suspended without further notice and shall remain suspended until Operator complies with this Order. The notice and opportunity for a hearing on this Order shall constitute the notice required by K.S.A. 77-512 regarding license suspension. The Commission may impose further sanctions, including additional monetary penalties and any other remedies available to the Commission by law, without further notice.

E. Checks and money orders shall be payable to the Kansas Corporation Commission. Payments shall be mailed to the Kansas Corporation Commission at 266 N. Main St., Suite 220, Wichita, Kansas 67202. The payment must include a reference to the docket

number of this proceeding. Credit card payments may be made by calling the Conservation Division at 316-337-6200.

F. A corporation shall appear before the Commission by a Kansas licensed attorney.<sup>9</sup>

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

French, Chairperson; Keen, Commissioner; Duffy, Commissioner

Dated: 04/08/2021



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Lynn M. Retz  
Executive Director

Mailed Date: 04/08/2021

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<sup>9</sup> K.S.A. 77-515(c); K.A.R. 82-1-228(d)(2).

March 03, 2021

A Blaine Hanks  
Gateway Resources U.S.A., Inc.  
1821 ARBOR DR  
BARTLESVILLE OK 74006-7004

License No. 32353

**NOTICE OF VIOLATION**

**Re: Well Plugging Record(s) - ("CP-4")**

Operator:

Commission records indicate that the well(s) on the attached list have been plugged, but we have not received the necessary Well Plugging Record(s).

It is a violation of K.A.R. 82-3-117 for an operator to fail to submit a CP-4 within 60 days after plugging a well.

**Failure to submit a complete, accurate CP-4  
for the well(s) on the attached list  
by MARCH 17, 2021  
shall be punishable by a \$100 per-well administrative penalty.**

The information requested above must be submitted on KOLAR. If a CP-4 is returned to you as incomplete, you do not have additional time - the deadline above governs.

Please contact me at (316) 337-6200 if you have any questions.

Sincerely,

RENE STUCKY  
Production Department

**List of Wells: Missing CP-4**

API Well #	Lease Name / Well #	Well Location	County
15-125-30800-00-00	DENTON 1-28	28-33S-16E, NESEWNNE	MONTGOMERY
15-125-30713-00-00	OBRIEN SEWELL 1-27	27-33S-16E, SWNENWSW	MONTGOMERY

## **CERTIFICATE OF SERVICE**

21-CONS-3215-CPEN

I, the undersigned, certify that a true copy of the attached Order has been served to the following by means of first class mail and electronic service on 04/08/2021.

A. BLAINE HANKS  
GATEWAY RESOURCES U.S.A. INC.  
1821 ARBOR DR  
BARTLESVILLE, OK 74006-7004  
gateres@aol.com

KELCEY MARSH, LITIGATION COUNSEL  
KANSAS CORPORATION COMMISSION  
CENTRAL OFFICE  
266 N. MAIN ST, STE 220  
WICHITA, KS 67202-1513  
Fax: 785-271-3354  
k.marsh@kcc.ks.gov

RENE STUCKY  
KANSAS CORPORATION COMMISSION  
266 N. Main St., Ste. 220  
WICHITA, KS 67202-1513  
Fax: 785-271-3354  
r.stucky@kcc.ks.gov

/S/ DeeAnn Shupe  
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DeeAnn Shupe