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Kansas Corporation Commission

STATE OF KANSAS

CORPORATION COMMISSION
CONSERVATION DIVISION
266 N. MAIN ST., STE. 220
WICHITA, KS 67202-1513

PHONE: 316-337-6200
FAX: 316-337-6211
http://kcc.ks.gov/

GOVERNOR JEFF COLYER, M.D.
SHARI FEIST ALBRECHT, CHAIR | JAY SCOTT EMLER, COMMISSIONER | DWIGHT D. KEEN, COMMISSIONER

NOTICE OF PENALTY ASSESSMENT

19-CONS-3182-CPEN

November 27, 2018

Bryson Owens
Owens Oil Company, LLC
1318 105th Road
Yates Center, KS 66783

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 $1,000 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 setting forth the specific grounds upon which relief is sought. 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. 55-164; K.S.A. 77-537.

Respectfully,

Lauren N. Wright
Litigation Counsel
316-337-6200

THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

Before Commissioners: Shari Feist Albrecht, Chair
Jay Scott Emler
Dwight D. Keen

In the matter of the failure of Owens Oil Company, LLC ("Operator") to comply with K.A.R. 82-3-107 and K.A.R. 82-3-130 at the Collins #13C and Collins #16C in Woodson County, Kansas.	)	Docket No.: 19-CONS-3182-CPEN
	)	CONSERVATION DIVISION
	)	License No.: 35564

PENALTY 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. The Commission has the exclusive jurisdiction and authority to regulate oil and gas activities in Kansas.[1] 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."[2] Every operator conducting oil and gas activity in Kansas must be licensed by the Commission.[3]

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.[4] The Commission shall take appropriate action which may include, but not be limited to, imposing a monetary penalty "not to exceed $10,000, which shall constitute an actual and substantial

[1] K.S.A. 74-623.
[2] K.S.A. 55-152.
[3] K.S.A. 55-155.
[4] K.S.A. 55-162; K.S.A. 55-164.

economic deterrent to the violation for which the penalty is assessed."[5] "In the case of a continuing violation, every day such violation continues shall be deemed a separate violation."[6]

3. Each operator must submit a well completion report and all associated documentation within 120 days of the spud date of each well, and the failure to submit the forms and documents is punishable by a $500 penalty.[7]

II. FINDINGS OF FACT

4. The Operator conducts oil and gas activities in Kansas under active license number 35564.

5. The Operator is responsible for the care and control of the following wells, all located in Section 28, Township 25 South, Range 17 East, Woodson County, Kansas ("the subject wells"):

a. Collins #13C, API #15-207-29583-00-00; and

b. Collins #16C, API #15-207-29585-00-00.

6. On June 28, 2018 and June 29, 2018, respectively; the Operator reported to Commission Staff that the subject wells had been spudded. The Operator did not submit complete and accurate well completion reports, with the associated documents, within 120 days of the reported spud dates.

7. On November 02, 2018, Commission Staff sent a Notice of Violation letter to the Operator, requiring the Operator to bring the subject wells into compliance with K.A.R. 82-3-107 and K.A.R. 82-3-130 by November 16, 2018.[8]

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[5] K.S.A. 55-164.
[6] *Id.*
[7] K.A.R. 82-3-107; K.A.R. 82-3-130. An operator's license review may be conducted in accordance with K.A.R. 82-3-107(d)(4) during the Operator's annual license renewal process.
[8] Exhibit A.

8. To date, the Operator has not submitted a complete and accurate well completion report, with the associated documents, for the subject wells.

III. CONCLUSIONS OF LAW

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

10. The Commission finds and concludes the Operator committed two violations of K.A.R. 82-3-107 and K.A.R. 82-3-130 because the Operator did not submit a complete and accurate well completion report for the subject wells, with the associated documents, within 120 days of the spud date.

THEREFORE, THE COMMISSION ORDERS:

A. The Operator shall pay a $1,000 penalty.

B. Operator shall submit complete and accurate well completion reports and associated documents for the subject wells.

C. If no party requests a hearing, and the Operator is not in compliance with this Order within 30 days from the date of service of this Order, then the Operator's license shall be suspended without further notice. 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.

D. Checks and money orders shall be payable to the Kansas Corporation Commission. For credit card payments, include the type of card (Visa, MasterCard, Discover, or American Express), account number, and expiration date. 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.

E. 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, setting forth the specific grounds upon which relief is sought, 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.

F. A corporation shall appear before the Commission by a Kansas licensed attorney.[9]

G. The Commission retains jurisdiction over the subject matter and the parties for the purpose of entering such further order or orders as it may deem necessary.

BY THE COMMISSION IT IS SO ORDERED.

Albrecht, Chair; Emler, Commissioner; Keen, Commissioner

Dated: 11/27/2018

Lynn M. Retz
Secretary to the Commission

Mailed Date: 11/28/2018

LW

[9] K.S.A. 77-515(c); K.A.R. 82-1-228(d)(2).

CONSERVATION DIVISION
266 N. Main St., Ste. 220
Wichita, KS 67202-1513

Kansas
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Shari Feist Albrecht, Chair
Jay Scott Emler, Commissioner
Dwight D. Keen, Commissioner

Jeff Colyer, M.D., Governor

November 02, 2018

BRYSON OWENS
Owens Oil Company, LLC
1318 105TH RD
YATES CENTER KS 66783

License No. 35564

NOTICE OF VIOLATION

Re: Well Completion Report(s) - ("ACO-1")

Operator:

Commission records indicate that the well(s) on the attached list were spudded more than 120 days ago.

K.A.R. 82-3-107 and K.A.R. 82-3-130 require operators to file an ACO-1 within 120 days of the spud date of each well. **We have not received the necessary Well Completion Report(s).**

Since no ACO-1 is on file for the well(s), you are in violation of K.A.R. 82-3-107 and K.A.R. 82-3-130.

Failure to submit a complete, accurate ACO-1
for the well(s) on the attached list
by NOVEMBER 16, 2018
shall be punishable by a $500 per-well administrative penalty.

The information requested above must be submitted on KOLAR. If an ACO-1 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,

KAREN J. RITTER
Production Department

November 02, 2018

List of Wells: Missing ACO-1

API Well #	Lease Name / Well #	Well Location	County
15-207-29585-00-00	COLLINS 16C	28-25S-17E, SESENENW	WOODSON
15-207-29583-00-00	COLLINS 13C	28-25S-17E, SENENENW	WOODSON

CERTIFICATE OF SERVICE

19-CONS-3182-CPEN

I, the undersigned, certify that the true copy of the attached Order has been served to the following parties by means of first class mail and electronic service on 11/27/2018.

BRYSON OWENS
OWENS OIL COMPANY, LLC
1318 105th RD
YATES CENTER, KS 66783

KAREN RITTER
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Conservation Division
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WICHITA, KS 67202-1513
Fax: 785-271-3354
k.ritter@kcc.ks.gov

RENE STUCKY
KANSAS CORPORATION COMMISSION
Conservation Division
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r.stucky@kcc.ks.gov

LAUREN WRIGHT, LITIGATION COUNSEL
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Conservation Division
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l.wright@kcc.ks.gov

/S/ DeeAnn Shupe
DeeAnn Shupe