

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



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

Pat Apple, Chairman  
Shari Feist Albrecht, Commissioner  
Jay Scott Emler, Commissioner

Sam Brownback, Governor

**NOTICE OF PENALTY ASSESSMENT**  
**18-CONS-3143-CPEN**

September 19, 2017

Michael E. Novy  
Novy Oil & Gas, Inc.  
PO Box 559  
Goddard, KS 67052-0559

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 \$100 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,

Joshua D. Wright  
Litigation Counsel  
316-337-6200

**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 failure of Novy Oil &	)	Docket No.: 18-CONS-3143-CPEN
Gas, Inc. ("Operator") to comply with K.A.R.	)	
82-3-111 at the Stice #8 in Rooks County,	)	CONSERVATION DIVISION
Kansas.	)	
<hr style="width:40%; margin-left:0"/>		License No.: 31714

**PENALTY ORDER**

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

**I. JURISDICTION**

1. Pursuant to K.S.A. 74-623, the Commission shall have the exclusive jurisdiction and authority to regulate oil and gas activities.
2. Pursuant to K.S.A. 55-162, whenever the Commission, from investigation or upon written complaint filed with 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.*, 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). After such hearing, if the Commission finds that such person violated any provisions of K.S.A. 55-150 *et seq.*, the Commission shall take any appropriate action necessary to prevent pollution and protect water supply.
3. Pursuant to K.S.A. 55-164, in addition to any other penalty provided by law, the Commission, upon finding that an operator or contractor has violated the provisions of K.S.A.

55-150 *et seq.*, or any rule and regulation or order of the Commission, may impose a penalty not to exceed \$10,000, which shall constitute an actual and substantial economic deterrent to the violation for which the penalty is assessed. In the case of continuing violation, every day such violation continues shall be deemed a separate violation.

4. Pursuant to K.A.R. 82-3-111, within 90 days after operations cease on any well drilled for the purpose of exploration, discovery, service, or production of oil, gas, or other minerals, the operator of that well shall (1) plug the well, (2) return the well to service, or (3) file an application with the Conservation Division requesting temporary abandonment (“TA”) authority, on a form prescribed by the Conservation Division. A well shall not be eligible for TA status if the well has been shut in for 10 years or more without an application for an exception pursuant to K.A.R. 82-3-100 and approval by the Commission. The failure to file a notice of temporary abandonment shall be punishable by a \$100 penalty.

5. K.A.R. 82-3-111(e) provides an exemption for certain wells that are (1) fully equipped and capable of production of oil or gas or for injection; (2) capable of immediately resuming production of oil or gas or of injection; (3) subject to a valid continuing oil and gas lease; when (4) the cessation period for the well is less than 365 days; and (5) the well is otherwise in full compliance with all of the Commission’s regulations.

## **II. FINDINGS OF FACT**

6. Operator conducts oil and gas activities in Kansas under license number 31714.

7. Operator is responsible for the care and control of the Stice #8 (“the subject well”), API #15-163-24005-00-00, located in Section 28, Township 8 South, Range 19 West, Rooks County, Kansas.

8. District Staff inspected the subject well and collected evidence indicating it has been inactive and unplugged for longer than the 90 days allowed by K.A.R. 82-3-111. A copy of the inspection is attached hereto as Attachment “A” and is hereby incorporated by reference. The well did not appear to be exempt pursuant to K.A.R. 82-3-111(e). Operator either did not file a TA application or did not bring the well into compliance after a TA application was denied.

9. District Staff sent a letter to Operator, requiring Operator to bring the subject well into compliance with K.A.R. 82-3-111 by September 1, 2017. A copy of the letter is attached hereto as Attachment “B” and is hereby incorporated by reference.

10. District Staff inspected the subject well after the deadline in the letter passed, verifying that the well continued to be inactive and unplugged. A copy of that inspection is attached hereto as Attachment “C” and is hereby incorporated by reference.

11. District Staff collected evidence and submitted it to the Legal Department with a recommendation that the Commission issue this Order. The recommendation sheet submitted by District Staff is attached to this Order as Attachment “D” and hereby incorporated by reference, and shall serve as the concise and explicit statement of facts required by K.S.A. 77-526.

### **III. CONCLUSIONS OF LAW**

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

13. The above findings of fact are sufficient evidence to support the conclusion that Operator committed one violation(s) of K.A.R. 82-3-111 because the subject well has been inactive in excess of the time allowed by regulation without being plugged, returned to service, or approved for TA status.

**THEREFORE, THE COMMISSION ORDERS:**

- A. Operator shall pay a \$100 penalty.
- B. Operator shall plug the subject well, return the well to service, or obtain TA status for the well if eligible. Obtaining TA status shall include application for, and Commission approval of, an exception to the 10-year limit on TA status if applicable.
- C. 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. 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. 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.
- 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.

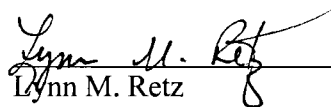
F. If a party requests a hearing, a corporation or similar entity shall not be permitted to enter an appearance except by its attorney. K.A.R. 82-1-228(d). Attorneys for all parties shall enter their appearances in Commission proceedings by giving their names and addresses for the record.

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.**

Apple, Chairman; Albrecht, Commissioner; Emler, Commissioner

Dated: SEP 19 2017

  
Lynn M. Retz  
Secretary to the Commission

Mailed Date: September 19, 2017

JDW

## UPDATE REPORT

**Date:** September 13, 2017

**Operator:** Novy Oil & Gas, Inc.

**License:** 31714

**Location:** SE/4 28-8S-19W

**Lease:** Stice

**County:** Rooks

**Findings:**

- **Sept. 13, 2017: Stice #8 API# 15-163-24005-0000**, located SE NW SE/4 28-8-19W Rooks County Kansas has not been returned to service. (GPS LOC: LAT. 39.32618, LONG. 099.44312 Footages 1664' F.S.L. & 1652' F.E.L.).



Pat Bedore E.C.R.S.  
(agent)

\_\_\_\_\_  
(signature)

cc: file

Conservation Division  
District Office No. 4  
2301 E. 13th Street  
Hays, KS 67601-2651



Phone: 785-261-6250  
Fax: 785-625-0564  
<http://kcc.ks.gov/>

Pat Apple, Chairman  
Shari Feist Albrecht, Commissioner  
Jay Scott Emler, Commissioner

Sam Brownback, Governor

**August 04, 2017**

Michael Novy  
Novy Oil & Gas, Inc.  
PO BOX 559  
GODDARD, KS 67052-0559

Re: Temporary Abandonment  
API 15-163-24005-00-00  
Stice 8  
SE/4 Sec.28-08S-19W  
Rooks County, Kansas

Dear Michael Novy:

Your application for Temporary Abandonment (TA) for the above-listed well is denied for the following reasons(s):

**High Fluid Level**

Pursuant to K.A.R. 82-3-111, the well must be plugged, or returned to service, or obtain temporary abandonment status by **September 01, 2017.**

**This deadline does NOT override any compliance deadline given to you in any Commission Order.**

You may contact me if you have any questions.

Sincerely,  
RICHARD WILLIAMS  
KCC DISTRICT 4



## UPDATE REPORT

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**License:** 31714

**Location:** SE/4 28-8S-19W

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Pat Bedore E.C.R.S.  
(agent)

\_\_\_\_\_  
(signature)

cc: file

## **PENALTY ORDER RECOMMENDATION**

### **\*\*\*ROUTINE TEMPORARY ABANDONMENT VIOLATION\*\*\***

*Note: this sheet will be attached to the Order that is mailed to the operator.*

<b>Date of Recommendation:</b>	September 13, 2017
<b>District/Department:</b>	District #4 Compliance
<b>Person Recommending Penalty:</b>	Richard Williams Compliance officer
<b>Operator Name:</b>	Novy Oil & Gas, Inc.
<b>Operator License Number:</b>	31714
<b>Well/Lease Name &amp; Well Number:</b>	Stice #8
<b>Well/Lease Location, and County:</b>	SE-NW-SE/4 of Sec. 28-08-19W Rooks County
<b>Well API Number:</b>	15-163-24005-00-00
<b>UIC Docket Number:</b>	N/A
<b>Regulation Number:</b>	K.A.R. 82-3-111
<b>Description of Violation:</b>	Failure to plug, produce, or obtain TA status (including after a TA application is filed and denied).
<b>Date of NOV / TA Denied letter.</b>	Date of TA Denied letter. 08/04/2017
<b>Deadline in NOV / TA Denied letter.</b>	Deadline in TA Denied letter. 09/01/2017
<b>Date of follow-up lease inspection.</b>	09/13/2017
<b>Requested Monetary Penalty:</b>	\$100
<b>Requested Operator Activity:</b>	Plug, produce, or obtain TA status if eligible (including a 10-year TA application if required).

**CERTIFICATE OF SERVICE**

I certify that on 9/19/17, 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:

Michael E. Novy  
Novy Oil & Gas, Inc.  
PO Box 559  
Goddard, KS 67052-0559

and delivered by e-mail to:

Richard Williams  
KCC District #4

/s/ Paula J. Murray  
Paula J. Murray  
Legal Assistant  
Kansas Corporation Commission