

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

Before Commissioners: Andrew J. French, Chairperson
 Dwight D. Keen
 Annie Kuether

In the matter of the failure of SH Oil)	Docket No.: 25-CONS-3419-CPEN
Operations, LLC (Operator) to comply with)	
K.A.R. 82-3-111 at 5 wells in Morris and)	CONSERVATION DIVISION
Chase County, Kansas.)	
_____)	License No.: 35837

PENALTY ORDER

The Commission finds Operator has violated K.A.R. 82-3-111 regarding the captioned wells, assesses a \$500 penalty, directs Operator to come into compliance, and further rules as more fully described below.

I. JURISDICTION

1. K.S.A. 74-623 provides the Commission exclusive jurisdiction and authority to regulate oil and gas activities in Kansas. K.S.A. 55-152 provides the Commission with jurisdiction to regulate the construction, operation, and abandonment of any well, and also the protection of the usable water of this state from any actual or potential pollution from any well. The Commission has licensing authority under K.S.A. 55-155.

2. K.S.A. 55-162 and K.S.A. 55-164 provide the Commission authority to issue penalty orders for violations of Chapter 55 of the Kansas Statutes Annotated, or of any rule, regulation, or order of the Commission. Under K.S.A. 55-164, a penalty order may include a monetary penalty of up to \$10,000, the penalty must constitute a substantial and actual economic deterrent to the violation, and each day of a continuing violation constitutes a separate violation.

3. K.A.R. 82-3-111 provides that within 90 days after operations cease on any well, the operator of that well shall plug the well, return the well to service, or file an application with

the Conservation Division requesting temporary abandonment (TA) status. If not plugged or returned to service, the operator must obtain TA approval; TA status may be denied by the Conservation Division if necessary to prevent pollution. A well shut-in for 10 years or more cannot be granted TA status without the operator filing an application for an exception pursuant to K.A.R. 82-3-100 and approval from the Commission. K.A.R. 82-3-111(e) provides a TA exemption for certain wells fully equipped and capable of production.

II. FINDINGS OF FACT

4. Operator is licensed to conduct oil and gas activities in Kansas and is responsible for the following wells (Subject Wells):

- a. Cannon #1, API #15-115-20721-00-00, located in Section 8, Township 19 South, Range 4 East, Morris County, Kansas;
- b. Miller #1, API #15-127-20006, located in Section 23, Township 16 South Range 5 East, Morris County, Kansas;
- c. Miller #1, API #15-127-20422, located in Section 23, Township 16 South Range 5 East, Morris County, Kansas;
- d. Miller #23-2, API #15-127-20006, located in Section 23, Township 16 South Range 5 East, Morris County, Kansas; and
- e. Pretzer #A1, API #15-017-20817, located in Section 28, Township 19 South, Range 7 East, Chase County, Kansas.

5. On March 13, 2025, Commission records indicated the Subject Wells had been inactive and unplugged for longer than the 90 days allowed by K.A.R. 82-3-111, that the wells were not exempt pursuant to K.A.R. 82-3-111(e), and that the wells were not approved for TA

status. Thus, Commission Staff sent letters to Operator, requiring Operator to bring the Subject Wells into compliance with K.A.R. 82-3-111 by April 12, 2025.¹

6. Between April 14, 2025 and May 13, 2025, Commission Staff inspected the Subject Wells, because the deadline in the letters had passed and the violations had not been resolved, verifying that the wells continued to be inactive and unplugged.²

III. CONCLUSIONS OF LAW

7. The Commission has jurisdiction over Operator and this matter under K.S.A. 74-623 and K.S.A. 55-152.

8. Operator has committed five violations of K.A.R. 82-3-111 because the Subject Wells have been inactive in excess of the time allowed by regulation without being plugged, returned to service, or approved for TA status.³

THEREFORE, THE COMMISSION ORDERS:

A. Operator shall pay a \$500 penalty.

B. Operator shall plug the Subject Wells, or return the wells to service, or obtain TA status for the wells if eligible.

C. Commission Staff may require Staff-witnessed static fluid level measurements before a Subject Well is returned to service. A Subject Well may not be returned to service if (1) any measurement has shown fluid in the wellbore at or above the appropriate minimum surface casing requirement described in Table I of the Commission's August 1, 1991, Order in Docket 34,780, (2) any measurement has shown fluid in the wellbore at or above any salt formation or other corrosive formation, or (3) in the opinion of Staff, variation in measurements indicates the possibility of a casing leak. Provided, however, a Subject Well may be returned to service upon

¹ Exhibit A.

² Exhibit B.

³ K.S.A. 55-164; K.A.R. 82-3-111(b).

(a) passing a casing integrity test after issuance of this Penalty Order to the satisfaction of Staff, or (b) Staff providing written, well-specific authorization after issuance of this Penalty Order.

D. Operator 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. A request for hearing must comply with K.A.R. 82-1-219.

E. Failure to timely request a hearing will result in a waiver of Operator's right to a hearing. If no party timely requests a hearing, then this Order shall become final.

F. If Operator is not in compliance with this Order and the Order is final, then Operator's license shall be suspended without further notice and shall remain suspended until Operator complies. If a Subject Well has been inactive for more than 10 years and Operator applies for an exception to the 10-year limit on TA status for the Subject Well prior to this Order becoming final, and Operator would be in compliance with this Order if the application were approved, then suspension shall not be enforced unless: (1) the application is denied, and (2) 30 days have elapsed since the denial. The notice and opportunity for a hearing on this Order shall constitute the notice required by K.S.A. 77-512 regarding license suspension.

G. A party may petition for reconsideration of a final order pursuant to the requirements and time limits established by K.S.A. 77-529(a)(1).⁴

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

⁴ See K.S.A. 55-162; K.S.A. 55-164; K.S.A. 55-606; K.S.A. 55-707; K.S.A. 77-503(c); K.S.A. 77-531(b).

BY THE COMMISSION IT IS SO ORDERED.

French, Chairperson; Keen, Commissioner; Kuether, Commissioner

Dated: 06/17/2025



Celeste Cheney-Tucker
Executive Director

Mailed Date: 06/17/2025

KAM

March 13, 2025

SH Oil Operations, LLC
PO Box 771188
Wichita, KS 67277
Attn: Brian R. Klaassen

KCC #35837

Re: Wells out of Compliance with K.A.R. 82-3-111 in Chase, Harvey, Kingman, Marion and Morris counties.

Dear Mr. Klaassen,

It has come to my attention that the well inventory for SH Oil Operations, LLC shows that there are currently 48 wells out of compliance with K.A.R. 82-3-111 located in the above mentioned counties. This regulation for Temporarily Abandoned wells states the following in part.

Temporary abandonment approval or plugging required. 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 perform either of the following:

- (1) Plug the well; or
- (2) File an application with the conservation division requesting temporary abandonment authority, on a form prescribed by the conservation division.

Production records show that most of these wells have not produced in many years, and some have been inactive for longer than 10 years, and no longer qualify for TA status. I have enclosed a list of the 48 inactive wells shown on the SH Oil Operations, LLC well inventory. **Failure to remedy these violations by April 12, 2025 shall be punishable by a \$100 penalty per well.**

Jeff Klock
District 2 Supervisor

Cc: Jerry Sparling – ECRS
Neal Rupp – ECRS
BJ Hope - ECRS
Tristan Kimbrell – Litigation Counsel
Dan Fox – Compliance Officer

Detail	API Number	Lease and Well Name	Location	County	Requirement	Received	Required by
Detail	15-115-20721-00-00	CANNON 1	08-19S-04E	Marion	CP111		03/01/2025
Detail	15-017-20860-00-00	DAVIS GIGER B GAS UNIT 1	29-19S-07E	Chase	CP111		03/08/2025
Detail	15-095-22080-00-00	DEVORE 1-14	14-28S-05W	Kingman	CP111		03/07/2025
Detail	15-017-20091-00-01	FANKHAUSER 1-33	33-19S-07E	Chase	CP111		03/08/2025
Detail	15-017-20843-00-00	FANKHAUSER TRUST E 1	32-19S-07E	Chase	CP111		03/08/2025
Detail	15-017-20823-00-00	GIGER A-1	28-19S-07E	Chase	CP111		03/08/2025
Detail	15-095-22070-00-00	HIRT B 1-14	14-28S-06W	Kingman	CP111		07/06/2024
Detail	15-017-20081-00-01	KISSEL 1-29	29-19S-07E	Chase	CP111		03/08/2025
Detail	15-115-01660-00-00	MAXBY OIL 1	34-18S-04E	Marion	CP111		03/01/2025
Detail	15-017-20858-00-00	MCCALLUM SIMMONS GAS UNIT 1	34-19S-07E	Chase	CP111		03/08/2025
Detail	15-127-20006-00-00	MILLER 1	23-16S-05E	Morris	CP111		03/01/2025
Detail	15-127-20422-00-00	MILLER 1	23-16S-05E	Morris	CP111		03/01/2025
Detail	15-127-20511-00-00	MILLER 23-2	23-16S-05E	Morris	CP111		03/01/2025
Detail	15-017-20497-00-01	MUSHRUSH 1-26	26-19S-07E	Chase	CP111		03/08/2025
Detail	15-017-20868-00-00	NOBLE GAS 1	27-19S-07E	Chase	CP111		03/08/2025
Detail	15-017-20845-00-00	PALMER GAS 1	09-20S-07E	Chase	CP111		03/08/2025
Detail	15-127-20517-00-00	PETERSON C 1	23-16S-05E	Morris	CP111		03/17/2024
Detail	15-017-20817-00-00	PRETZER A 1	28-19S-07E	Chase	CP111		03/08/2025
Detail	15-017-20826-00-00	REEHLING TRUST B3	01-20S-07E	Chase	CP111		03/08/2025
Detail	15-017-20809-00-00	RHEELING TRUST B1	01-20S-07E	Chase	CP111		03/01/2025
Detail	15-127-20453-00-00	RINDT 22-1	22-16S-05E	Morris	CP111		01/26/2025
Detail	15-127-20493-00-00	RINDT 22-2	22-16S-05E	Morris	CP111		01/26/2025
Detail	15-127-01000-00-00	RINDT 22-3	22-16S-05E	Morris	CP111		03/01/2025
Detail	15-127-20539-00-00	RINDT 22-6	22-16S-05E	Morris	CP111		01/26/2025
Detail	15-127-20460-00-00	RINDT 23-3	23-16S-05E	Morris	CP111		01/26/2025

Detail	API Number	Lease and Well Name	Location	County	Requirement	Received	Required by
Detail	15-127-20492-00-00	RINDT 23-4	23-16S-05E	Morris	CP111		01/26/2025
Detail	15-127-20526-00-00	RINDT 23-5	23-16S-05E	Morris	CP111		01/26/2025
Detail	15-127-20549-00-00	RINDT A 2	14-16S-05E	Morris	CP111		01/26/2025
Detail	15-127-20430-00-00	RINDT B-2	14-16S-05E	Morris	CP111		03/01/2025
Detail	15-127-20471-00-00	RINDT B-3	14-16S-05E	Morris	CP111		03/01/2025
Detail	15-127-20535-00-00	RINDT E A 22-5	22-16S-05E	Morris	CP111		03/01/2025
Detail	15-017-20827-00-00	ROBERTS A 1	13-19S-07E	Chase	CP111		03/08/2025
Detail	15-017-20833-00-00	ROBERTS A 2	13-19S-07E	Chase	CP111		03/08/2025
Detail	15-017-20838-00-00	ROBERTS A 3	13-19S-07E	Chase	CP111		03/08/2025
Detail	15-115-00679-00-01	SCHIMPF A 1	04-19S-04E	Marion	CP111		03/01/2025
Detail	15-115-19290-00-00	SCHIMPF A 2	04-19S-04E	Marion	CP111		03/01/2025
Detail	15-115-19291-00-00	SCHIMPF A 3	04-19S-04E	Marion	CP111		03/01/2025
Detail	15-115-19293-00-00	SCHIMPF B 2	04-19S-04E	Marion	CP111		03/01/2025
Detail	15-017-20800-00-00	STARKEY A1	34-19S-07E	Chase	CP111		03/08/2025
Detail	15-017-20089-00-00	STAUFFER 1-35	35-19S-07E	Chase	CP111		03/08/2025
Detail	15-017-20126-00-00	STAUFFER 3-35	35-19S-07E	Chase	CP111		03/08/2025
Detail	15-017-20789-00-00	STAUFFER 35-8	35-19S-07E	Chase	CP111		03/08/2025
Detail	15-017-20373-00-01	STAUFFER 5-35	35-19S-07E	Chase	CP111		03/08/2025
Detail	15-079-20679-00-00	TALBOT 1-23	23-23S-02W	Harvey	CP111		03/07/2025
Detail	15-025-20342-00-00	THEIS B UNIT 2	06-34S-25W	Clark	CP111		11/11/2024
Detail	15-017-20092-00-01	THURSTON 1-27	27-19S-07E	Chase	CP111		03/08/2025
Detail	15-017-20816-00-00	WARD RANCH A 1	21-19S-07E	Chase	CP111		03/08/2025
Detail	15-017-20828-00-00	WOODS A1	33-19S-07E	Chase	CP111		03/08/2025

KCC OIL/GAS REGULATORY OFFICES

Date: 05/13/25

District: 02

Case #: _____

☐

New Situation

☐

Lease Inspection

☐

Response to Request

☐

Complaint

☐

Follow-Up

☐

Field Report

Operator License No: 35837

API Well Number: 15-115-20721-00-00

Op Name: SH Oil Operations, LLC

Spot: SW NE NE NE Sec 8 Twp 19 S Rng 4 ☒ E / ☐ W

Address 1: P O Box 771188

4770 Feet from ☐ N / ☒ S Line of Section

Address 2: _____

417 Feet from ☒ E / ☐ W Line of Section

City: Wichita

GPS: Lat: 38.41956 Long: 97.00526 Date: 5/13/25

State: Kansas Zip Code: 67277 -1188

Lease Name: Cannon Well #: 1

Operator Phone #: (316) 206-3559

County: Morris

Reason for Investigation:

Routine Lease Inspection.

Problem:

Well is not in production.

Persons Contacted:

Findings:

KGS Records show last Gas sales were in December 2023. Last Oil Sales April 2019.

Action/Recommendations:

Follow Up Required ☐ Yes ☐ No ☐

Date: _____

A Notice of Violation letter was sent to SH Oil Operations, LLC on March 13, 2025 with a compliance deadline of April 12, 2025. Staff recommends a penalty per K.A.R. 82-3-111 for failing to bring the well into compliance.

Verification Sources:

Photos Taken: Yes

☒

RBDMS

☒

KGS

☐

TA Program

☐

T-I Database

☐

District Files

☐

Courthouse

☐

Other: _____

By: Jerry Sparling

Environmental Compliance and Regulatory Specialist

Retain 1 Copy District Office
Send 1 Copy to Conservation Division

Form: _____

Exhibit B

Page 1 of 6

May 13, 2025 at 1:09:17 PM
Marion KS 66861
United States



Cannon #1, inactive well. API#15-115-20721-00-00 located in the NE/4 of 8-19S-4E. Morris County. Operated by SH Oil Oper., LLC. Lic. #35837. Photo taken on 5/13/25 by Jerry Sparling-ECRS.

KCC OIL/GAS REGULATORY OFFICES

Date: 04/14/25

District: 02

Case #: _____

☐

New Situation

☒

Lease Inspection

☐

Response to Request

☐

Complaint

☐

Follow-Up

☒

Field Report

Operator License No: 35837

API Well Number: 15-127-20006, 20422, 20511

Op Name: SH Oil Operations, LLC

Spot: _____ Sec 23 Twp 16 S Rng 5 ☒ E / ☐ W

Address 1: P O Box 771188

Feet from ☐ N / ☒ S Line of Section

Address 2: _____

Feet from ☒ E / ☐ W Line of Section

City: Wichita

GPS: Lat: _____ Long: _____ Date: _____

State: Kansas Zip Code: 67277 -1188

Lease Name: Miller Well #: #1, 1, & 23-2

Operator Phone #: (316) 206-3559

County: Morris

Reason for Investigation:

Compliance Audit

Problem:

Wells out of Compliance

Persons Contacted:

Findings:

Wells are out of Compliance
Miller # 1 API # 15-127-20006 Open casing
Miller # 1 API # 15-127-20422 Complete
Miller # 23-2 API # 15-127-20511 Well laid out Open casing

A Notice of Violation letter was sent to SH Oil Operations, LLC on March 13, 2025 with a compliance deadline of April 12, 2025. SH Oil have not brought the wells into compliance. Production records reflect the last sale was in September 2021.

Action/Recommendations:

Follow Up Required ☒ Yes ☐ No ☐

Date: _____

Staff recommends a penalty per K.A.R. 82-3-111 for all 3 wells.

Verification Sources:

Photos Taken: Yes

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RBDMS

☒

KGS

☐

TA Program

☐

T-I Database

☐

District Files

☐

Courthouse

☐

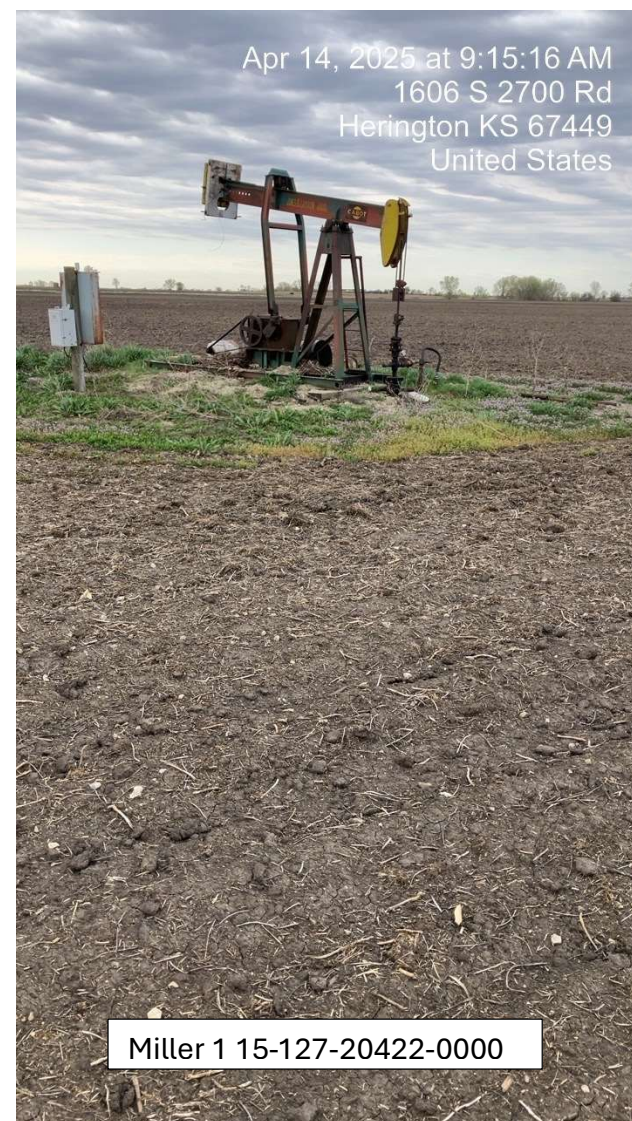
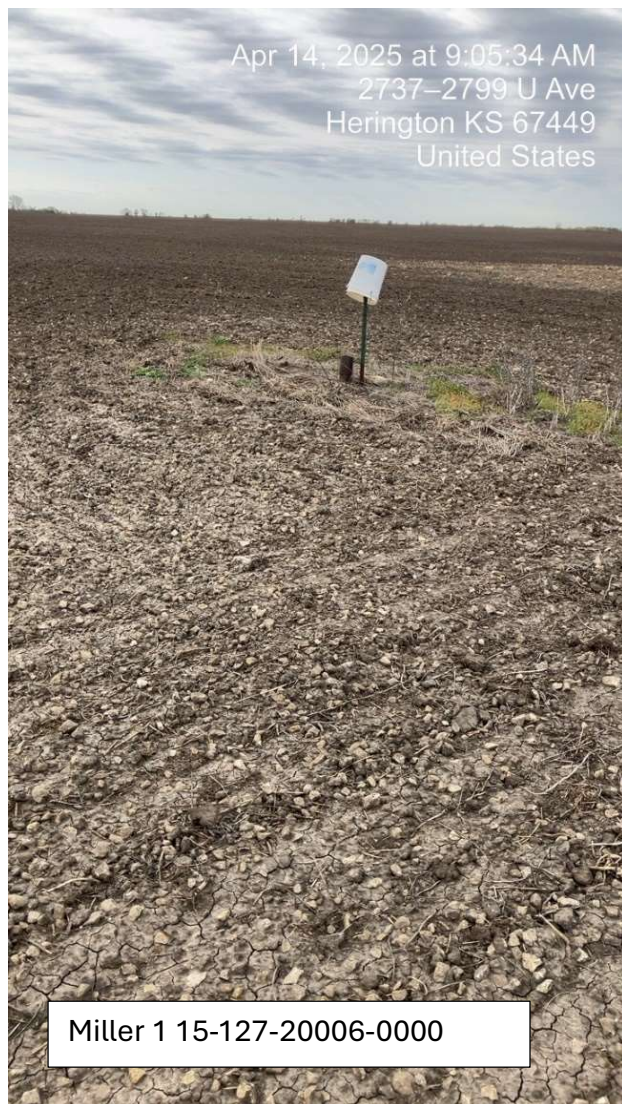
Other: _____

By: Jerry Sparling

Environmental Compliance and Regulatory Specialist

Retain 1 Copy District Office
Send 1 Copy to Conservation Division

Form: _____



SH Oil Operations, LLC #35837
Miller Lease, NE/4 Sec 23-16-5E, Morris Co.
Date: 4-14-2025

KCC OIL/GAS REGULATORY OFFICES

Date: 05/08/25

District: 02

Case #: _____

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New Situation

☒

Lease Inspection

☐

Response to Request

☐

Complaint

☐

Follow-Up

☒

Field Report

Operator License No: 35837

API Well Number: 15-017-20817-00-00

Op Name: SH OIL OPERATIONS, LLC

Spot: N2 NW NE Sec 28 Twp 19 S Rng 7 ☒ E / ☐ W

Address 1: _____

Feet from ☒ N / ☐ S Line of Section

Address 2: PO BOX 771188

Feet from ☒ E / ☐ W Line of Section

City: WICHITA

GPS: Lat: 38.37586 Long: 96.66032 Date: 5/8/25

State: KS Zip Code: 67277 -

Lease Name: PRETZER Well #: A1

Operator Phone #: _____

County: Chase

Reason for Investigation:

OUT OF COMPLIANCE

Problem:

Prior TA expired March 8, 2025

Persons Contacted:

N/A

Findings:

WELL IS EQUIPPED

Action/Recommendations:

Follow Up Required

☐

Yes

☐

No



Date: _____

TA NOV A SENT ON MARCH 13, 2025. DEADLINE FOR COMPLAINE APRIL 12, 2025.
STAFF RECOMENDS PENELTY PER KAR-82-3-111 OF THE KCC RULES AND REGULATIONS.

Verification Sources:

Photos Taken: YES

☐

RBDMS

☐

KGS

☐

TA Program

☐

T-I Database

☐

District Files

☐

Courthouse

☐

Other: _____

Retain 1 Copy District Office

Send 1 Copy to Conservation Division

By: NEAL RUPP

Environmental Compliance and Regulatory Specialist

Form: _____

Exhibit B

Page 5 of 6



SH OIL OPERATIONS, PRETZEER A1, 28-19-07E, API# 15-017-20817-00-00 CHASE CO.

38.37586, 096.66032

5-8-2025

NR

CERTIFICATE OF SERVICE

25-CONS-3419-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 06/17/2025.

DANIEL FOX, COMPLIANCE OFFICER, KCC DISTRICT 2
KANSAS CORPORATION COMMISSION
DISTRICT OFFICE NO. 2
3450 N. ROCK RD BLDG 600 STE 601
WICHITA, KS 67226
dan.fox@ks.gov

BRIAN R KLAASSEN
SH OIL OPERATIONS LLC
PO BOX 771188
WICHITA, KS 67277-1188

KELCEY MARSH, LITIGATION COUNSEL
KANSAS CORPORATION COMMISSION
CENTRAL OFFICE
266 N. MAIN ST, STE 220
WICHITA, KS 67202-1513
kelcey.marsh@ks.gov

/S/ KCC Docket Room

KCC Docket Room