

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

Before Commissioners: Susan K. Duffy, Chair
Dwight D. Keen
Andrew J. French

In the matter of the failure of Novy Oil & Gas, Inc. (Operator) to comply with K.A.R. 82-3-111 at the Beymer #4 and Isern A #2 wells in Barton and Kearny Counties, Kansas.) Docket No.: 23-CONS-3212-CPEN
)
) CONSERVATION DIVISION
)
) License No.: 31714

PENALTY ORDER

The Commission finds Operator has violated K.A.R. 82-3-111 regarding the captioned wells, assesses a \$200 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. Beymer #4, API #15-093-20255-00-00, located in Section 28, Township 21 South, Range 35 West, Kearny County, Kansas; and
- b. Isern A #2, API #15-009-04521-00-01, located in Section 25, Township 19 South, Range 11 West, Barton County, Kansas.

5. Between December 8, 2022, and December 19, 2022, 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 dates certain.¹

6. Between January 5, 2023, and January 26, 2023, Commission Staff inspected the Subject Wells, because the deadlines in the letters had passed and the violations had not been resolved, verifying that the wells continued to be inactive and unplugged.²

¹ Exhibit A.

² Exhibit B.

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 two 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 \$200 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 (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.

³ K.S.A. 55-164; K.A.R. 82-3-111(b).

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.

BY THE COMMISSION IT IS SO ORDERED.

Duffy, Chair; Keen, Commissioner; French, Commissioner

Dated: 03/02/2023



Lynn M. Retz
Executive Director

Mailed Date: 03/02/2023

TSK

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).



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

Corporation Commission

Laura Kelly, Governor

NOTICE OF VIOLATION

December 08, 2022
KCC Lic.-31714

NOVY OIL & GAS, INC.
PO BOX 559
GODDARD KS 67052-0559

RE: API Well No. 15-093-20255-00-00
BEYMER 4
28-21S-35W, SESE
KEARNY County, Kansas

Dear Operator:

According to KCC records, the temporary abandonment (TA) status for this well expired on October 14, 2022, and you are in probable violation of K.A.R. 82-3-111. An operator may apply to the Conservation Division for a TA status extension prior to the expiration of its TA approval period.

If you file a TA application with the District Office by DECEMBER 22, 2022, we will process the application. If you do not file an application by this date, or advise the District Office in writing the date the well returned to service, I will refer the matter to our legal department with a recommendation that the Commission take formal enforcement action including a monetary penalty and an order for you to plug the well.

You may contact me at the number below if you have any questions.

Sincerely,

MICHAEL MAIER
KCC District # 1

December 19, 2022

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

Re: Temporary Abandonment
API 15-009-04521-00-01
ISERN A 2
SW/4 Sec.25-19S-11W
Barton County, Kansas

Dear Michael E. 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 01/18/2023.

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

KCC OIL/GAS REGULATORY OFFICES

Date: 01/05/23

District: 01

Case #: _____

☒ New Situation
☐ Response to Request
☐ Follow-Up

☐ Lease Inspection
☐ Complaint
☒ Field Report

Operator License No: 31714

API Well Number: 15-093-20255-00-00

Op Name: Novy Oil & Gas Inc.

Spot: NW SE SE Sec 28 Twp 21 S Rng 35 ☐ E / ☒ W

Address 1: PO Box 559

677 Feet from ☐ N / ☒ S Line of Section

Address 2: _____

680 Feet from ☒ E / ☐ W Line of Section

City: Goddard

GPS: Lat: 38.19368 Long: 101.16060 Date: 5/4/16

State: Kansas Zip Code: 67052 -

Lease Name: Beymer Well #: 4

Operator Phone #: 316 794 7200

County: Kearny

Reason for Investigation:

1-5-23 Check oil well status. Inactive oil well.

Problem:

No response to NOV letter dated 12-8-22 to file a CP-111 or return well to production. Deadline was 12-22-22. The TA application expired 10-14-22

Persons Contacted:

Paul Brauer-Pumper

Findings:

1-5-23 Pumping unit w/ electric motor. Power shut off.
Three 200 bbl steel stock tanks
One 4x20 htr trtr
No water tank. Water goes direct to a disposal.
Pumper advises that the electric motor is burnt up.

Action/Recommendations:

Follow Up Required ☐ Yes ☐ No ☒

Date: _____

Send to legal.

Verification Sources:

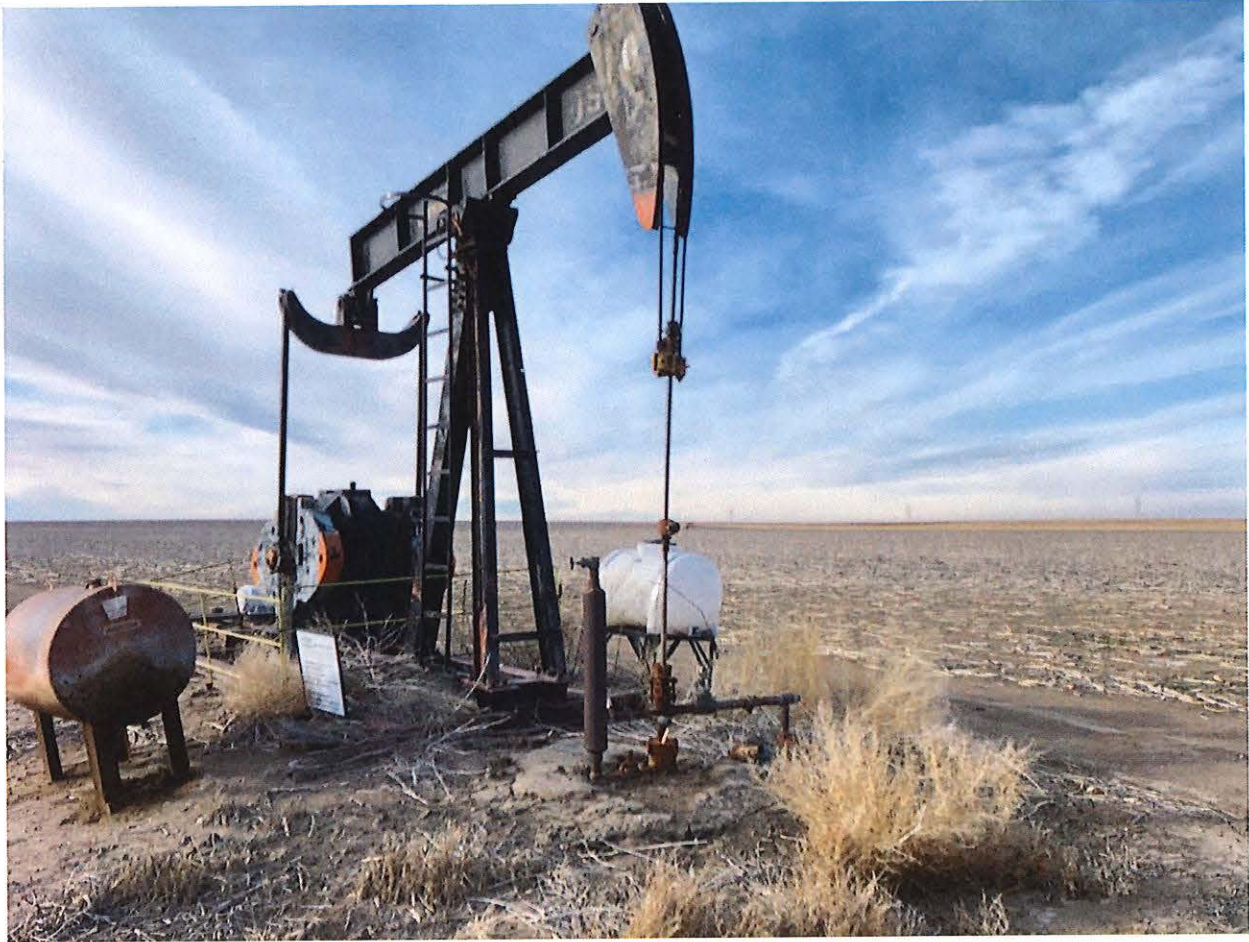
Photos Taken: yes 2

☒ RBDMS ☐ KGS ☒ TA Program
☐ T-I Database ☐ District Files ☐ Courthouse
☐ Other: _____

By: Ken Jehlik
ECRS

Retain 1 Copy District Office
Send 1 Copy to Conservation Division

Form: 02/22/2008



1/5/23

Novy Oil & Gas, Inc.

Beymer #4

SE 28-21S-35W, Kearny County



1/5/23

Novy Oil & Gas, Inc.

Beymer #4

SE 28-21S-35W, Kearny County

KCC OIL/GAS REGULATORY OFFICES

Date: 01/26/23

District: 04

Case #: _____

☐ New Situation

☐ Lease Inspection

☒ Response to Request

☐ Complaint

☐ Follow-Up

☐ Field Report

Operator License No: 31714

API Well Number: 15-009-04521-00-01

Op Name: Novy Oil & Gas, Inc.

Spot: NW NW SW Sec 25 Twp 19 S Rng 11 ☐ E / ☒ W

Address 1: PO Box 559

2310 Feet from ☐ N / ☒ S Line of Section

Address 2: _____

4950 Feet from ☒ E / ☐ W Line of Section

City: Goddard

GPS: Lat: 38.36822 Long: 98.49768 Date: 1/26/23

State: KS Zip Code: 67052 -0559

Lease Name: Isern A Well #: 2

Operator Phone #: (316) 794-7200

County: Barton

Reason for Investigation:

Request from compliance

Problem:

Abandoned well

Persons Contacted:

Findings:

Isern A-2 is open with 2.875 tubing in well head and a pumping on site.

Action/Recommendations:

Follow Up Required ☐ Yes ☐ No ☒

Date: _____

Well needs to be put back in production, T/A'd or plugged.

Verification Sources:

Photos Taken: X

<input type="checkbox"/> RBDMS	<input type="checkbox"/> KGS	<input type="checkbox"/> TA Program
<input type="checkbox"/> T-I Database	<input type="checkbox"/> District Files	<input type="checkbox"/> Courthouse
<input type="checkbox"/> Other: _____		

By: Bruce Rodie

E.C.R.S.

Retain 1 Copy District Office
Send 1 Copy to Conservation Division

Form: _____

Photographic Record



Incident/Activity Description

Inspector Name: Bruce Rodie

Company: Novy Oil & Gas, Inc.

Inspector Title: E.C.R.S.

Address: PO Box 559

Inspection Date: 1/26/2023

Goddard, KS 67052-0559

Lease Name: Isern A-2

Location: SW4 25-19-11W

Pictured: Isern A-2 API 15-009-04521-00-01

GPS location LAT. 38.36822 LONG. -098.49768

Spot location NW NW SW



CERTIFICATE OF SERVICE

23-CONS-3212-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 03/02/2023.

ROBYN HAYES, ADMINISTRATIVE SPECIALIST
KANSAS CORPORATION COMMISSION
DISTRICT OFFICE NO. 1
210 E. FRONTVIEW SUITE A
DODGE CITY, KS 67801
r.hayes@kcc.ks.gov

TRISTAN KIMBRELL, LITIGATION COUNSEL
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MICHAEL NOVY
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HAYS, KS 67601-2654
r.williams@kcc.ks.gov

/S/ KCC Docket Room

KCC Docket Room