

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

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



2017-10-17 13:31:58
Kansas Corporation Commission
/s/ Lynn M. Retz

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

Sam Brownback, Governor

NOTICE OF PENALTY ASSESSMENT
18-CONS-3178-CPEN

October 17, 2017

Robert Dimit
ARES Energy, Ltd.
405 N. Marienfeld, Suite 250
Midland, TX 79701

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 \$300 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,

Jonathan R. Myers
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 ARES Energy, Ltd. ("Operator") to comply with K.A.R. 82-3-111 at the Colberg #2-28, Rolfs #1-8 and Ploog #1-5 in Rice County, Kansas.)	Docket No.: 18-CONS-3178-CPEN
)	
)	CONSERVATION DIVISION
)	
)	License No.: 33770

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 either (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 33770.

7. Operator is responsible for the care and control of the following wells, all located in Township 18 South, Range 9 West, Rice County, Kansas.

- a. Colberg #2-28, API #15-159-22438-00-00, located in Section 28;
- b. Rolfs #1-8, API #15-159-22464-00-00, located in Section 8; and

c. Ploog #1-5, API #15-159-22507-00-00, located in Section 5.

8. District Staff inspected the subject wells and collected evidence indicating the subject wells have 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 wells did not appear to be exempt pursuant to K.A.R. 82-3-111(e). Operator either did not file TA applications or did not bring the wells into compliance after TA applications were denied.

9. District Staff sent letters to Operator, requiring Operator to bring the subject wells into compliance with K.A.R. 82-3-111 by October 6, 2017, October 5, 2017 and October 5, 2017, respectively. Copies of the letters are attached hereto as Attachment “B” and are hereby incorporated by reference.

10. District Staff inspected the subject wells after the deadline in the letters passed, verifying that the wells continued to be inactive and unplugged. A copy of the inspections 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 sheets submitted by District Staff are 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 three violation(s) 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.

THEREFORE, THE COMMISSION ORDERS:

- A. Operator shall pay a \$300 penalty.
- B. Operator shall plug the subject wells, return the subject wells to service, or obtain TA status for the subject wells 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.

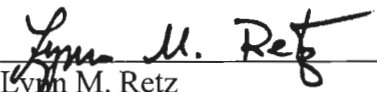
F. If a party requests a hearing, a corporation or similar entity shall not be permitted to enter an appearance except by its attorney. K.A.R. 82-1-228(d). Attorneys for all parties shall enter their appearances in Commission proceedings by giving their names and addresses for the record.

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: OCT 17 2017


Lynn M. Retz
Secretary to the Commission

Mailed Date: October 17, 2017

JRM

KCC OIL/GAS REGULATORY OFFICES

Date: 09/07/17

District: 2

Case #: _____

☐ New Situation
☐ Response to Request
☐ Follow-Up

☒ Lease Inspection
☐ Complaint
☐ Field Report

Operator License No: 33770

Op Name: ARES Energy, Ltd.

Address 1: 405 N. Marienfeld

Address 2: Ste. 250

City: Midland

State: TX Zip Code: 79701

Operator Phone #: (432) 685-1960

API Well Number: 15-159-22438-0000

Spot: SW-NE-NW Sec 28 Twp 18 S Rng 9 ☐ E ☒ W

4469 Feet from ☐ N ☒ S Line of Section

3953 Feet from ☒ E ☐ W Line of Section

GPS: Lat: 38.46164 Long: 98.32622 Date: 9/7/17

Lease Name: Colberg Well #: 2-28

County: Rice

Reason for Investigation:

Routine lease inspection.

Problem:

INACTIVE well, NO CP-111 on file.

Persons Contacted:

Kevin Wilson - Consultant with ARES Energy, Ltd.

Findings:

INACTIVE oil well - had to walk thru corn field to get to well, NO regular lease road present-being farmed over. KGS production data shows last production in May - 2015. Kevin Wilson said that this well had been down - probably in need of repair.

Action/Recommendations:

Follow Up Required ☐ Yes ☐ No ☒

Date: _____

Will send operator the TA - N.O.V. letter. RE-CK'D ON 10-6-'17, STATUS UNCHANGED. RECENT RAINS HAVE OCCURRED. KEVIN WILSON COULD NOT CONFIRM THAT ANYTHING HAD BEEN DONE WITH WELL, NO FRESH TRACKS THRU CORN TO INDICATE ANYTING HAS BEEN PERFORMED. I RECOMMEND MONETARY PENALTY OF \$100 PER K.A.R. 82-3-111 FOR FAILURE TO FILE CP-111.

Verification Sources:

Photos Taken: 2

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

By: Virgil Clothier

ECRS

Retain 1 Copy District Office
Send 1 Copy to Conservation Division

Form _____

Attachment A
Page 1 of 6



Colberg #2-28, API #15-159-22438-00-00

Inactive well located in the NW/4 of 28-18-9W
RC. Co. Photo taken by Virgil Clothier on
9-6-17. NOV letter sent on 9-7-17.

KCC OIL/GAS REGULATORY OFFICES

Date: 09/05/17

District: 2

Case #: _____

- ☐ New Situation
☐ Response to Request
☐ Follow-Up

- ☒ Lease Inspection
☐ Complaint
☐ Field Report

Operator License No: 33770

API Well Number: 15-159-22464-0000

Op Name: ARES Energy, Ltd.

Spot: NE-NE-NW Sec 8 Twp 19 S Rng 9 ☐ E / ☒ W

Address 1: 405 N. Marienfeld

4685 Feet from ☐ N / ☒ S Line of Section

Address 2: Ste 250

2989 Feet from ☒ E / ☐ W Line of Section

City: Midland

GPS: Lat: 38.50568 Long: 98.34155 Date: 9/5/17

State: TX Zip Code: 79701

Lease Name: Rolfs Well #: 1-8

Operator Phone #: (432) 685-1960

County: Rice

Reason for Investigation:

Routine lease inspection.

Problem:

INACTIVE well, NO CP-111 on file.

Persons Contacted:

Kevin Wilson - consultant for ARES Energy Ltd.

Findings:

INACTIVE oil well - NO regular lease road getting to this well, farmer has been farming over where a possible road could have been. KGS production data shows last production in 9-2016. Kevin Wilson said that this well had been down and was in need of repair.

Action/Recommendations:

Follow Up Required ☐ Yes ☐ No ☒ N/A

Date: _____

Will send operator the TA - N.O.V. letter. RE-CK'D ON 10-5-17, STATUS UNCHANGED. OPERATOR NEVER FILED A CP-111. I RECOMMEND MONETARY PENALTY OF \$100 PER K.A.R. 82-3-111 FOR FAILURE TO FILE CP-111. KEVIN WILSON COULD NOT CONFIRM ANYTHING HAD BEEN DONE.

Verification Sources:

Photos Taken: 1

<input checked="" type="checkbox"/> RBDMS	<input checked="" 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: Virgil Clothier
ECRS

Retain 1 Copy District Office
 Send 1 Copy to Conservation Division

Form _____

Attachment A

Page 3 of 6



Rolfs #1-8, Inactive well operated by
ARES Energy, LTD. NOV letter sent on 9-6-17
Photo taken on 9-5-17 by Virgil Clothier.

KCC OIL/GAS REGULATORY OFFICES

Date: 09/05/17

District: 2

Case #: _____

☐ New Situation
☐ Response to Request
☐ Follow-Up

☒ Lease Inspection
☐ Complaint
☐ Field Report

Operator License No: 33770

API Well Number: 15-159-22507-0000

Op Name: ARES Energy Ltd.

Spot: SE-SE-SW Sec 5 Twp 18 S Rng 9 ☐ E / ☒ W

Address 1: 405 N. Marienfeld

333 Feet from ☐ N / ☒ S Line of Section

Address 2: Ste 250

3093 Feet from ☒ E / ☐ W Line of Section

City: Midland

GPS: Lat: 38.50822 Long: 98.34193 Date: 9/5/17

State: TX Zip Code: 79701

Lease Name: Ploog Well #: 1-5

Operator Phone #: (432) 685-1960

County: Rice

Reason for Investigation:

Routine lease inspection.

Problem:

INACTIVE oil well, NO CP-111 on file.

Persons Contacted:

Kevin Wilson - consultant for Ares Energy Ltd.

Findings:

INACTIVE oil well - NO regular lease road getting to this well. Farmer has been farming over where a possible road could have been. KGS production data shows last production in 8-2015. Kevin Wilson said that this well had been down and was in need of repair.

Action/Recommendations:

Follow Up Required ☐ Yes ☐ No ☒

Date: _____

Will send operator the TA - N.O.V. letter. RE-CK'D ON 10-5-17, STATUS UNCHANGED. OPERATOR HAS NOT FILED CP-111. I RECOMMEND MONETARY PENALTY OF \$100 PER K.A.R. 82-3-111 FOR FAILURE TO FILE CP-111. KEVIN WILSON COULD NOT CONFIRM ANYTHING HAD BEE DONE.

Verification Sources:

Photos Taken: 1

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

By: Virgil Clothier

ECRS

Retain 1 Copy District Office
 Send 1 Copy to Conservation Division

Form: _____

Attachment A

Page 5 of 6



Ploog #1-5, API# 15-159-22507-00-00

Inactive well located in the SW/4 of 5-18-9W
RC. Co. Photo taken on 9-5-17 by Virgil Clothier.
NOV letter sent on 9-6-17 by Virgil.



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

Corporation Commission

Sam Brownback, Governor

NOTICE OF VIOLATION

September 07, 2017
KCC Lic.-33770

ARES ENERGY, LTD
405 N. MARIENFELD SUITE 250
MIDLAND TX 79701

RE: **TEMPORARY ABANDONMENT**
API Well No. 15-159-22438-00-00
COLBERG 2-28
28-18S-9W, SWNENW
RICE County, Kansas

Operator:

On September 07, 2017, a lease inspection documented a probable violation of the following regulation at the referenced well:

- K.A.R. 82-3-111. Within 90 days after operations cease on a well, the operator must return the well to service, plug the well, or obtain approval for temporary abandonment status.

**Failure to remedy this violation
by OCTOBER 05, 2017
shall be punishable by a \$100 penalty.**

You may contact me if you have any questions.

Sincerely,

VIRGIL CLOTHIER
KCC District # 2



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

Corporation Commission

Sam Brownback, Governor

NOTICE OF VIOLATION

September 06, 2017
KCC Lic.-33770

ARES ENERGY, LTD
405 N. MARIENFELD SUITE 250
MIDLAND TX 79701

RE: **TEMPORARY ABANDONMENT**
API Well No. 15-159-22464-00-00
ROLFS 1-8
8-18S-9W, E2NENW
RICE County, Kansas

Operator:

On September 05, 2017, a lease inspection documented a probable violation of the following regulation at the referenced well:

- K.A.R. 82-3-111. Within 90 days after operations cease on a well, the operator must return the well to service, plug the well, or obtain approval for temporary abandonment status.

**Failure to remedy this violation
by OCTOBER 04, 2017
shall be punishable by a \$100 penalty.**

You may contact me if you have any questions.

Sincerely,

VIRGIL CLOTHIER
KCC District # 2



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

Corporation Commission

Sam Brownback, Governor

NOTICE OF VIOLATION

September 06, 2017
KCC Lic.-33770

ARES ENERGY, LTD
405 N. MARIENFELD SUITE 250
MIDLAND TX 79701

RE: TEMPORARY ABANDONMENT
API Well No. 15-159-22507-00-00
PLOOG 1-5
5-18S-9W, SESESW
RICE County, Kansas

Operator:

On September 05, 2017, a lease inspection documented a probable violation of the following regulation at the referenced well:

- K.A.R. 82-3-111. Within 90 days after operations cease on a well, the operator must return the well to service, plug the well, or obtain approval for temporary abandonment status.

**Failure to remedy this violation
by OCTOBER 04, 2017
shall be punishable by a \$100 penalty.**

You may contact me if you have any questions.

Sincerely,

VIRGIL CLOTHIER
KCC District # 2

KCC OIL/GAS REGULATORY OFFICES

Date: 09/07/17

District: 2

Case #: _____

☐ New Situation
☐ Response to Request
☐ Follow-Up

☒ Lease Inspection
☐ Complaint
☐ Field Report

Operator License No: 33770

API Well Number: 15-159-22438-0000

Op Name: ARES Energy, Ltd.

Spot: SW-NE-NW Sec 28 Twp 18 S Rng 9 ☐ E / ☒ W

Address 1: 405 N. Marienfeld

4469 Feet from ☐ N / ☒ S Line of Section

Address 2: Ste. 250

3953 Feet from ☒ E / ☐ W Line of Section

City: Midland

GPS: Lat: 38.46164 Long: 98.32622 Date: 9/7/17

State: TX Zip Code: 79701

Lease Name: Colberg Well #: 2-28

Operator Phone #: (432) 685-1960

County: Rice

Reason for Investigation:

Routine lease inspection.

Problem:

INACTIVE well, NO CP-111 on file.

Persons Contacted:

Kevin Wilson - Consultant with ARES Energy, Ltd.

Findings:

INACTIVE oil well - had to walk thru corn field to get to well, NO regular lease road present-being farmed over. KGS production data shows last production in May - 2015. Kevin Wilson said that this well had been down - probably in need of repair.

Action/Recommendations:

Follow Up Required ☐ Yes ☐ No ☒

Date: _____

Will send operator the TA - N.O.V. letter. RE-CK'D ON 10-6-'17, STATUS UNCHANGED. RECENT RAINS HAVE OCCURRED. KEVIN WILSON COULD NOT CONFIRM THAT ANYTHING HAD BEEN DONE WITH WELL, NO FRESH TRACKS THRU CORN TO INDICATE ANYTING HAS BEEN PERFORMED. I RECOMMEND MONETARY PENALTY OF \$100 PER K.A.R. 82-3-111 FOR FAILURE TO FILE CP-111.

Verification Sources:

Photos Taken: 2

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

By: Virgil Clothier

ECRS

Retain 1 Copy District Office
 Send 1 Copy to Conservation Division

Form: _____

Attachment C

Page 1 of 6



Colberg #2-28, API#15-159-22438-00-00 Inactive well located in the NW/4 of 28-18-9W, RC. Co. Operated by ARES Energy, LTD. Lic. #33770. Photo taken on 10/6/2017 by Virgil Clothier-ECRS. No change in status and no contact from operator.

KCC OIL/GAS REGULATORY OFFICES

Date: 09/05/17

District: 2

Case #: _____

☐ New Situation
☐ Response to Request
☐ Follow-Up

☒ Lease Inspection
☐ Complaint
☐ Field Report

Operator License No: 33770

API Well Number: 15-159-22464-0000

Op Name: ARES Energy, Ltd.

Spot: NE-NE-NW Sec 8 Twp 19 S Rng 9 ☐ E / ☒ W

Address 1: 405 N. Marienfeld

4685 Feet from ☐ N / ☒ S Line of Section

Address 2: Ste 250

2989 Feet from ☒ E / ☐ W Line of Section

City: Midland

GPS: Lat: 38.50568 Long: 98.34155 Date: 9/5/17

State: TX Zip Code: 79701

Lease Name: Rolfs Well #: 1-8

Operator Phone #: (432) 685-1960

County: Rice

Reason for Investigation:

Routine lease inspection.

Problem:

INACTIVE well, NO CP-111 on file.

Persons Contacted:

Kevin Wilson - consultant for ARES Energy Ltd.

Findings:

INACTIVE oil well - NO regular lease road getting to this well, farmer has been farming over where a possible road could have been. KGS production data shows last production in 9-2016. Kevin Wilson said that this well had been down and was in need of repair.

Action/Recommendations:

Follow Up Required ☐ Yes ☐ No ☐ N/A

Date: _____

Will send operator the TA - N.O.V. letter. RE-CK'D ON 10-5-17, STATUS UNCHANGED. OPERATOR NEVER FILED A CP-111. I RECOMMEND MONETARY PENALTY OF \$100 PER K.A.R. 82-3-111 FOR FAILURE TO FILE CP-111. KEVIN WILSON COULD NOT CONFIRM ANYTHING HAD BEEN DONE.

Verification Sources:

Photos Taken: 1

☒ RBDMS ☒ KGS ☐ TA Program
☐ T-1 Database ☐ District Files ☐ Courthouse
☐ Other: _____

By: Virgil Clothier
ECRS

Retain 1 Copy District Office
 Send 1 Copy to Conservation Division

Form _____

Attachment C

Page 3 of 6



Rolfs #1-8, Inactive well with ARES Energy, Ltd. Lic#33770 located in the NW/4 of 8-19-9W, RC. Co.

Photo taken 10-5-17 no change in status. Operator was sent a NOV ltr. On 9/5/2017 and no response from operator. Photo taken by Virgil Clothier.

KCC OIL/GAS REGULATORY OFFICES

Date: 09/05/17

District: 2

Case #: _____

☐ New Situation

☒ Lease Inspection

☐ Response to Request

☐ Complaint

☐ Follow-Up

☐ Field Report

Operator License No: 33770

API Well Number: 15-159-22507-0000

Op Name: ARES Energy Ltd.

Spot: SE-SE-SW Sec 5 Twp 18 S Rng 9 ☐ E / ☒ W

Address 1: 405 N. Marienfeld

333 Feet from ☐ N / ☒ S Line of Section

Address 2: Ste 250

3093 Feet from ☒ E / ☐ W Line of Section

City: Midland

GPS: Lat: 38.50822 Long: 98.34193 Date: 9/5/17

State: TX Zip Code: 79701

Lease Name: Ploog Well #: 1-5

Operator Phone #: (432) 685-1960

County: Rice

Reason for Investigation:

Routine lease inspection.

Problem:

INACTIVE oil well, NO CP-111 on file.

Persons Contacted:

Kevin Wilson - consultant for Ares Energy Ltd.

Findings:

INACTIVE oil well - NO regular lease road getting to this well. Farmer has been farming over where a possible road could have been. KGS production data shows last production in 8-2015. Kevin Wilson said that this well had been down and was in need of repair.

Action/Recommendations:

Follow Up Required ☐ Yes ☐ No ☒

Date: _____

Will send operator the TA - N.O.V. letter. RE-CK'D ON 10-5-17, STATUS UNCHANGED. OPERATOR HAS NOT FILED CP-111. I RECOMMEND MONETARY PENALTY OF \$100 PER K.A.R. 82-3-111 FOR FAILURE TO FILE CP-111. KEVIN WILSON COULD NOT CONFIRM ANYTHING HAD BEE DONE.

Verification Sources:

Photos Taken: 1

☐ RBDMs

☒ KGS

☐ TA Program

☐ T-I Database

☐ District Files

☐ Courthouse

☐ Other: _____

By: Virgil Clothier

ECRS

Retain 1 Copy District Office
Send 1 Copy to Conservation Division

Form: _____

Attachment C

Page 5 of 6



Ploog #1-5, API#15-159-22507-00-00. Inactive well with ARES Energy, LTD. Lic. #33770


Located in the SW/4 of 5-18-9W. RC. Co.

TA NOV ltr. Sent on 9/6/2017. Rechecked lse. on Oct. 5th, 2017 no change in status and no contact from operator. Photo taken by Virgil Clothier on 10/5/2017.

PENALTY ORDER RECOMMENDATION

ROUTINE TEMPORARY ABANDONMENT VIOLATION


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

Date of Recommendation:	October 9, 2017
District/Department:	District #2
Person Recommending Penalty:	Virgil Clothier-ECRS
Operator Name:	ARES Energy, Ltd
Operator License Number:	33770
Well/Lease Name & Well Number:	Colberg #2-28
Well/Lease Location, and County:	NW/4 of 28-18-9W, Rice County
Well API Number:	15-159-22438-00-00
UIC Docket Number:	N/A
Regulation Number:	K.A.R. 82-3-111
Description of Violation:	Failure to plug, produce, or obtain TA status (including after a TA application is filed and denied).
Date of NOV / TA Denied letter.	Date of TA NOV letter. 9/7/2017
Deadline in NOV / TA Denied letter.	Deadline in TA NOV letter. 10/5/2017
Date of follow-up lease inspection.	10/6/2017
Requested Monetary Penalty:	\$100
Requested Operator Activity:	Plug, produce, or obtain TA status if eligible (including a 10-year TA application if required).
Supervisor Initials	

PENALTY ORDER RECOMMENDATION

*****ROUTINE TEMPORARY ABANDONMENT VIOLATION*****


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

Date of Recommendation:	October 9, 2017
District/Department:	District #2
Person Recommending Penalty:	Virgil Clothier-ECRS
Operator Name:	ARES Energy, Ltd
Operator License Number:	33770
Well/Lease Name & Well Number:	Rolfs #1-8
Well/Lease Location, and County:	NW/4 of 8-18-9W, Rice County
Well API Number:	15-159-22464-00-00
UIC Docket Number:	N/A
Regulation Number:	K.A.R. 82-3-111
Description of Violation:	Failure to plug, produce, or obtain TA status (including after a TA application is filed and denied).
Date of NOV / TA Denied letter.	Date of TA NOV letter. 9/6/2017
Deadline in NOV / TA Denied letter.	Deadline in TA NOV letter. 10/4/2017
Date of follow-up lease inspection.	10/5/2017
Requested Monetary Penalty:	\$100
Requested Operator Activity:	Plug, produce, or obtain TA status if eligible (including a 10-year TA application if required).
Supervisor Initials	

PENALTY ORDER RECOMMENDATION

ROUTINE TEMPORARY ABANDONMENT VIOLATION

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

Date of Recommendation:	October 9, 2017
District/Department:	District #2
Person Recommending Penalty:	Virgil Clothier-ECRS
Operator Name:	ARES Energy, Ltd
Operator License Number:	33770
Well/Lease Name & Well Number:	Ploog #1-5
Well/Lease Location, and County:	SW/4 of 5-18-9W, Rice County
Well API Number:	15-159-22507-00-00
UIC Docket Number:	N/A
Regulation Number:	K.A.R. 82-3-111
Description of Violation:	Failure to plug, produce, or obtain TA status (including after a TA application is filed and denied).
Date of NOV / TA Denied letter.	Date of TA NOV letter. 9/6/2017
Deadline in NOV / TA Denied letter.	Deadline in TA NOV letter. 10/4/2017
Date of follow-up lease inspection.	10/5/2017
Requested Monetary Penalty:	\$100
Requested Operator Activity:	Plug, produce, or obtain TA status if eligible (including a 10-year TA application if required).
Supervisor Initials	

CERTIFICATE OF SERVICE

I certify that on 10/17/17, 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:

Robert Dimit
ARES Energy, Ltd
405 N. Marienfeld, Suite 250
Midland, TX 79701

and delivered by e-mail to:

Dan Fox
KCC District #2

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