

**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 Novy Oil & )    Docket No.: 24-CONS-3145-CPEN  
Gas, Inc. (Operator) to comply with K.A.R. )  
82-3-111 at the Carlin A #2, Grover #3, and )    CONSERVATION DIVISION  
Samms #1 wells in Reno and Saline Counties, )  
Kansas. )    License No.: 31714

**PENALTY ORDER**

The Commission finds Operator has violated K.A.R. 82-3-111 regarding the captioned wells, assesses a \$300 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. Carlin A #2, API #15-169-00471-00-00, located in Section 24, Township 15 South, Range 3 West, Saline County, Kansas;
- b. Grover #3, API #15-155-21722-00-00, located in Section 20, Township 22 South, Range 8 West, Reno County, Kansas; and
- c. Samms #1, API #15-155-21482-00-00, located in Section 15, Township 23 South, Range 10 West, Reno County, Kansas.

5. Between May 22, 2023, and October 5, 2023, 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.<sup>1</sup>

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<sup>1</sup> Exhibit A.

6. Between June 27, 2023, and November 7, 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.<sup>2</sup>

### **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 three 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.<sup>3</sup>

#### **THEREFORE, THE COMMISSION ORDERS:**

A. Operator shall pay a \$300 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.

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<sup>2</sup> Exhibit B.

<sup>3</sup> K.S.A. 55-164; K.A.R. 82-3-111(b).

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).<sup>4</sup>

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.

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<sup>4</sup> 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: 11/28/2023



\_\_\_\_\_  
Lynn M. Retz  
Executive Director

Mailed Date: 11/28/2023

TSK

May 22, 2023

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

Re: Temporary Abandonment  
API 15-169-00471-00-00  
CARLIN A 2  
SW/4 Sec.24-15S-03W  
Saline County, Kansas

Dear Kirk Glenn:

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 06/21/2023.

**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,  
Keith Karlin, ECRS  
KCC DISTRICT 2



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

Corporation Commission

Laura Kelly, Governor

## **NOTICE OF VIOLATION**

June 12, 2023  
KCC Lic.-31714

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

RE: **TEMPORARY ABANDONMENT**  
API Well No. 15-155-21722-00-00  
GROVER 3  
20-22S-8W, E2W2NENW  
RENO County, Kansas

Operator:

On June 12, 2023, 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 JULY 10, 2023  
shall be punishable by a \$100 penalty.**

You may contact me if you have any questions.

Sincerely,

VIRGIL CLOTHIER  
KCC District # 2

October 05, 2023

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

Re: Temporary Abandonment  
API 15-155-21482-00-00  
SAMMS 1  
SW/4 Sec.15-23S-10W  
Reno 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 11/04/2023.

**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,  
Virgil Clothier  
KCC DISTRICT 2



KCC OIL/GAS REGULATORY OFFICES

Date: 06/27/23

District: 02

Case #: \_\_\_\_\_

- New Situation
- Response to Request
- Follow-Up

- Lease Inspection
- Complaint
- Field Report

Operator License No: 31714

API Well Number: 15-169-00471

Op Name: Novy Oil & Gas, Inc.

Spot: SW,SW,SW Sec 24 Twp 15 S Rng 3  E /  W

Address 1: PO Box 559

643 Feet from  N /  S Line of Section

Address 2: \_\_\_\_\_

4681 Feet from  E /  W Line of Section

City: Goddard

GPS: Lat: 38.72725 Long: 97.61109 Date: 6/27/23

State: KS Zip Code: 67052 -0559

Lease Name: Carlin A Well #: 2

Operator Phone #: (316) 794-7200

County: Saline

Reason for Investigation:

30 day review of denied TA/CP-111.

Problem:

#2 well non-compliant with K.A.R. 82-3-111.

Persons Contacted:

None

Findings:

Denied TA/CP-111 letter sent for High Fluid on May 22, 2023 with a due date of June 21, 2023 to bring well in compliance with K.A.R. 82-3-111. As of June 27, 2023 no action has been taken. Well remains in shut-in condition.

Action/Recommendations:

Follow Up Required  Yes  No

Date: 7/27/23

Staff recommends penalty for failing to bring the Carlin A #2 in compliance with K.A.R. 82-3-111.

Verification Sources:

Photos Taken: Yes

- RBDMS
- T-I Database
- Other: \_\_\_\_\_
- KGS
- District Files
- TA Program
- Courthouse

By: Keith Karlin, ECRS

Retain 1 Copy District Office  
Send 1 Copy to Conservation Division

Novy Oil & Gas, Inc. Lic # 31714  
Carlin A #2 Non-compliant with 82-3-111  
SW ¼ 24-15-3W Saline County, Kansas  
6/27/2023

Photo by: Keith Karlin, ECRS

Jun 27, 2023 at 2:40:14 PM



# KCC OIL/GAS REGULATORY OFFICES

Date: 06/12/23

District: 2

Case #: \_\_\_\_\_

New Situation

Lease Inspection

Response to Request

Complaint

Follow-Up

Field Report

Operator License No: 31714

API Well Number: 15-155-21722-00-00

Op Name: Novy Oil & Gas, Inc.

Spot: W/2-NE-NW Sec 20 Twp 22 S Rng 8  E /  W

Address 1: PO Box 559

4654 Feet from  N /  S Line of Section

Address 2: \_\_\_\_\_

3467 Feet from  E /  W Line of Section

City: Goddard

GPS: Lat: 38.12774 Long: 98.22798 Date: 8/19/21

State: KS Zip Code: 67052 -0559

Lease Name: Grover Well #: 3

Operator Phone #: (316) 794-7200

County: Reno

**Reason for Investigation:**

Response from landowner complaint.

**Problem:**

INACTIVE well, NO CP-111 on file and landowner has filed an affidavit of forfeiture. (letter from attorney attached)

**Persons Contacted:**

\_\_\_\_\_

**Findings:**

CHECKED ON 6-12-2023 WELL IS INACTIVE - WEEDS & GRASS GROWN UP IN LEASE ROAD & TANK BATTERY. LAST RECORDED KGS OIL PRODUCTION IN 9-2021. NO LEASE ACTIVITY INDICATED.

**Action/Recommendations:**

Follow Up Required  Yes  No

Date: \_\_\_\_\_

6-12-2023 - WILL SEND OPERATOR THE TA - N.O.V. LETTER. Operator was sent the TA - N.O.V. letter with deadline to File TA of, 7-10-2023. Checked well/lease on 7-12-2023, status unchanged - NO Lease Activity. I recommend monetary penalty of \$100 per K.A.R. 82-3-111 for Failure to Comply.

**Verification Sources:**

Photos Taken: Yes

<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



Grover tank battery.  
Located in the  
NW/4 of 20-22S-  
8W. Reno County.  
Operated by Novy  
Oil & Gas, Inc. Lic.  
31714.

No activity in and  
around location.

Photo taken by  
Virgil Clothier-ECRS  
on July 12, 2023.



Grover #3,  
inactive well  
located in the  
NE NW/4 of 20-  
22S-8W, Reno  
County.  
Operated by  
Novy Oil & Gas,  
Inc. Lic. #31714.  
Photo taken by  
Virgil Clothier-  
ECRS on July 12,  
2023.

# KCC OIL/GAS REGULATORY OFFICES

Date: 11/07/23

District: 2

Case #: \_\_\_\_\_

New Situation

Lease Inspection

Response to Request

Complaint

Follow-Up

Field Report

Operator License No: 31714

API Well Number: 15-155-21482-0000

Op Name: Novy Oil & Gas, Inc.

Spot: SE-NW-SW Sec 15 Twp 23 S Rng 10  E /  W

Address 1: PO Box 559

1973 Feet from  N /  S Line of Section

Address 2: \_\_\_\_\_

4163 Feet from  E /  W Line of Section

City: Goddard

GPS: Lat: 38.04770 Long: 98.41434 Date: 11/7/23

State: KS Zip Code: 67052 -0559

Lease Name: Samms Well #: 1

Operator Phone #: (316) 794-7200

County: Reno

**Reason for Investigation:**

Follow-up compliance ck - DENIED TA.

**Problem:**

DENIED TA - HFLD.

**Persons Contacted:**

\_\_\_\_\_

**Findings:**

INACTIVE well in CRP field, NO Lease activity/maintenance. No tank battery.

**Action/Recommendations:**

Follow Up Required  Yes  No

Date: \_\_\_\_\_

Operator was sent the TA-Denial letter giving deadline to POR of 11-4-2023. I recommend \$100 monetary penalty for failure to comply.

**Verification Sources:**

Photos Taken: 1

<input checked="" type="checkbox"/> RBDMS	<input type="checkbox"/> KGS	<input checked="" 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



Samms #1, inactive well in SW/4 of 15-23S-10W. RN. Co. API#15-155-21482-00-00. Operated by Novy Oil & Gas, Inc. Lic. #31714. Photo taken on November 7, 2023 by Virgil Clothier-ECRS-UIC Officer.

**CERTIFICATE OF SERVICE**

24-CONS-3145-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 11/28/2023.

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  
d.fox@kcc.ks.gov

TRISTAN KIMBRELL, LITIGATION COUNSEL  
KANSAS CORPORATION COMMISSION  
CENTRAL OFFICE  
266 N. MAIN ST, STE 220  
WICHITA, KS 67202-1513  
t.kimbrell@kcc.ks.gov

MICHAEL NOVY  
NOVY OIL & GAS, INC.  
PO Box 559  
Goddard, KS 67052-0559  
novyoil@aol.com

/S/ KCC Docket Room  
KCC Docket Room