

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

Before Commissioners: Jay Scott Emler, Chairman
 Shari Feist Albrecht
 Pat Apple

In the matter of an Order to Show Cause	)	Docket No.: 16-CONS-4109-CSHO
issued to Central States Energy LLC	)	
("Operator") regarding responsibility under	)	CONSERVATION DIVISION
K.S.A. 55-179 for unplugged wells on an	)	
expired license.	)	License No.: 34570

**ORDER TO SHOW CAUSE, DESIGNATING A PREHEARING OFFICER,
AND SETTING A PREHEARING CONFERENCE**

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

I. JURISDICTION

1. The Commission has jurisdiction to regulate oil and gas production in Kansas under Chapter 55 of the Kansas Statutes Annotated and the General Rules and Regulations for the Conservation of Crude Oil and Natural Gas, K.A.R. 82-3-100 *et seq.*
2. K.S.A. 55-162 provides the Commission with jurisdiction to institute proceedings to enforce the laws of Kansas and Commission rules, regulations, and orders.
3. K.S.A. 55-179 provides the Commission with jurisdiction to determine the persons legally responsible for the proper care and control of oil and gas wells, including the responsibility to plug the wells.
4. K.S.A. 55-179(b) provides that a person who is legally responsible for the proper care and control of an abandoned well shall include one or more of the following:

- a. Any operator of a waterflood or other pressure maintenance program deemed to be causing pollution or loss of usable water;
 - b. the current or last operator of the lease upon which such well is located, irrespective of whether such operator plugged or abandoned such well;
 - c. the original operator who plugged or abandoned such well; and
 - d. any person who without authorization tampers with or removes surface equipment or downhole equipment from an abandoned well.
5. K.S.A. 55-180 gives the Commission a cause of action against responsible parties for the reasonable plugging costs of abandoned wells.
6. K.A.R. 82-3-120 provides that no Operator shall conduct activities at a well without a current license.

II. FINDINGS OF FACT

7. On June 16, 2016, Commission Staff moved the Commission to issue an order to show cause, alleging that:
- a. The wells listed on the attached Exhibit A, which is incorporated into this order, are unplugged;
 - b. the wells on the attached Exhibit A are listed on Operator's license, which is expired, so the wells appear to be abandoned; and
 - c. pursuant to Kansas statutes and Commission regulations, Operator appears to be responsible for plugging the wells.
8. Staff's June 16, 2016, motion was served on Operator, and no response was filed.

III. CONCLUSIONS OF LAW

9. The Commission finds and concludes that Operator should attend an evidentiary hearing to show cause why Operator is not responsible for the wells listed on Exhibit A.

10. Pursuant to K.S.A. 77-551(c), the Commission finds and concludes that a Prehearing Officer should be designated in this proceeding to address any matters listed in K.S.A. 77-517(b). The Commission also finds that an initial prehearing conference should be scheduled in this matter.

THEREFORE, THE COMMISSION ORDERS:

A. The Prehearing Officer in this proceeding shall be Lane Palmateer, Counsel, Kansas Corporation Commission, 266 N. Main, Suite 220, Wichita, Kansas 67202, telephone number 316-337-6200, email address l.palmateer@kcc.ks.gov.

B. A Prehearing Conference is scheduled for August 2, 2016. The Prehearing Conference shall begin at 11:30 a.m. and end by 12:00 p.m., at the Commission's offices, 266 N. Main, Suite 220, Wichita, Kansas 67202. Telephonic attendance may be permitted by advance request. The Prehearing Conference will focus on the development of a procedural schedule for this docket.

C. At the Prehearing Conference, parties shall be prepared to discuss deadlines for filing testimony and briefs, discovery procedures, scheduling of a hearing with the Commission, and any other issues that will promote the orderly and prompt resolution of this proceeding.

D. At the Prehearing Conference, without further notice, this proceeding may be converted into a conference hearing or a summary proceeding for disposition of this matter as provided by the Kansas Administrative Procedure Act ("KAPA"). Any party that fails to attend

or participate in the Prehearing Conference, hearing, or other stage of this proceeding shall be held in default under the KAPA.

E. Pursuant to K.A.R. 82-1-228(d)(2), corporations must enter an appearance via an attorney. If a corporation fails to enter an appearance via an attorney prior to the Prehearing Conference, it may be held in default under the KAPA.

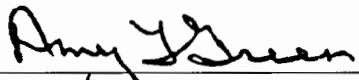
F. The attorney designated to appear on behalf of the agency in this proceeding is Jonathan R. Myers, telephone number 316-337-6200, email address j.myers@kcc.ks.gov.

G. Any person requiring special accommodations under the Americans with Disabilities Act is asked to give notice to the Commission at least 10 days prior to the scheduled hearing date.

BY THE COMMISSION IT IS SO ORDERED.

Emler, Chairman; Albrecht, Commissioner; Apple, Commissioner

Dated: JUL 14 2016



Amy L. Green
Secretary to the Commission

Mailed Date: July 14, 2016

LRP

Exhibit A

Central States Energy LLC License: 34570

<u>Unplugged Wells on Operator's License</u>				
API Well #	Lease Name / Well #		Well Location	County
15-091-21810-00-01	OSBORN	OSB 1-11	11-15S-24E, SWSE	JOHNSON
15-091-22642-00-00	OSBORN	OSB 3-11	11-15S-24E, SENENWSE	JOHNSON
15-091-22643-00-00	OSBORN	OSB 2-11	11-15S-24E, N2N2NW	JOHNSON
15-091-22644-00-00	OSBORN	OSB 1-2	2-15S-24E, SENWSESW	JOHNSON
15-091-22650-00-00	OSBORN	OSB 2-2	2-15S-24E, SESWNESW	JOHNSON
15-091-22651-00-00	OSBORN	OSB 3-2	2-15S-24E, SWNESWSW	JOHNSON
15-091-22652-00-00	OSBORN	OSB 5-2	2-15S-24E, NWSENWSW	JOHNSON
15-091-22653-00-00	OSBORN	OSB 4-2	2-15S-24E, NENESWSW	JOHNSON
15-091-22655-00-00	OSBORN	OSB 6-2	2-15S-24E, SWNWNWSW	JOHNSON
15-091-22656-00-00	OSBORN	OSB 4-11	11-15S-24E, SENENENW	JOHNSON
15-091-22744-00-00	OSBORN	OSB 5-11	11-15S-24E, NWNWNE	JOHNSON
15-091-22749-00-00	OSBORN	OSB 6-1	11-15S-24E, SESEWNNE	JOHNSON
15-091-22775-00-00	MCKAIG	1	14-15S-24E, NWNENENW	JOHNSON
15-091-22781-00-00	MCKAIG	2	14-15S-24E, SENWNWNW	JOHNSON
15-091-22783-00-00	MCKAIG	3	14-15S-24E, NENWSWNW	JOHNSON
15-091-22792-00-00	MCKAIG	4-A	14-15S-24E, SWSWNENW	JOHNSON
15-091-22800-00-00	GALAMBA	MP1	7-15S-25E, NESWSWNW	JOHNSON
15-091-22811-00-00	MCKAIG	5	14-15S-24E, NESWSWNW	JOHNSON
15-091-22818-00-01	MEYERS J	1-15	15-15S-24E, SWNESESE	JOHNSON
15-091-22827-00-01	MEYERS J	2-15	15-15S-24E, SWNWNWSE	JOHNSON
15-091-22855-00-01	BRISKY	1A-14	14-15S-24E, NWNWSW	JOHNSON
15-121-20108-00-00	KALCIC	2-3	3-16S-25E, NENWSWNW	MIAMI
15-121-20855-00-00	KALCIC	1-3	3-16S-25E, SWNESWNW	MIAMI
15-121-27448-00-00	SOMEDAY	1-12	12-16S-24E, NENENE	MIAMI
15-121-27462-00-01	SOMEDAY	4C-12	12-16S-24E, SESWNWNE	MIAMI
15-121-27470-00-01	SOMEDAY	4D-12	12-16S-24E, NENWSWNE	MIAMI
15-121-27477-00-01	SOMEDAY	12	12-16S-24E, NENWSWNE	MIAMI

15-121-27484-00-00	SOMEDAY	17-12	12-16S-24E, S2NWNW	MIAMI
15-121-27485-00-00	SOMEDAY	18-12	12-16S-24E, NWNWNE	MIAMI
15-121-27491-00-01	SOMEDAY	4E-12	12-16S-24E, NENWSWNE	MIAMI
15-121-27492-00-01	SOMEDAY	4F-12	12-16S-24E, SESWNWNE	MIAMI
15-121-27504-00-00	WILLIAMS	1	20-16S-25E, E2E2E2	MIAMI
15-121-27512-00-00	SOMEDAY	23-12	12-16S-24E, NESESESW	MIAMI
15-121-27519-00-00	KALLWEIG	1	12-16S-24E, NWNWNW	MIAMI
15-121-27521-00-01	SOMEDAY	30	12-16S-24E, SWNWSW	MIAMI
15-121-27526-00-00	SOMEDAY	32-12	12-16S-24E, N2NENW	MIAMI
15-121-27535-00-00	APAC	1	7-16S-25E, NENWNW	MIAMI
15-121-27591-00-00	MEYERS	1A-6	6-16S-25E, S2S2SE	MIAMI
15-121-27633-00-00	SANDERS	1-8	8-16S-25E, NENWNW	MIAMI
15-121-27634-00-00	SANDERS	2-8	8-16S-25E, NENENW	MIAMI
15-121-27635-00-00	SANDERS	3-8	8-16S-25E, NESWNW	MIAMI
15-121-27636-00-00	SANDERS	4-8	8-16S-25E, E2SENW	MIAMI
15-121-27638-00-01	THOMAS	1-1	1-16S-24E, W2SESE	MIAMI
15-121-27639-00-00	SHORE	1-1	1-16S-24E, SWNWSE	MIAMI
15-121-27640-00-00	HOPKINS	1-1	1-16S-24E, SESENW	MIAMI
15-121-27641-00-00	VOHS	1-1	1-16S-24E, NESENE	MIAMI
15-121-27642-00-00	HARTMAN	2-1	1-16S-24E, N2SESW	MIAMI
15-121-27648-00-00	ROFALL	1-36	36-15S-24E, W2SESE	MIAMI
15-121-27663-00-00	TRUMAN	1-8	8-16S-25E, NWSSENE	MIAMI
15-121-27664-00-00	TRUMAN	2-8	8-16S-25E, SWSESENE	MIAMI
15-121-27676-00-00	HOPKINS	11-1	1-16S-24E, W2NWSW	MIAMI
15-121-27677-00-00	VOHS	2-1	1-16S-24E, SWNESE	MIAMI
15-121-27678-00-00	HOPKINS	4-1	1-16S-24E, NWNW	MIAMI
15-121-27679-00-00	HOPKINS	8-2	2-16S-24E, NWSESENE	MIAMI
15-121-27680-00-00	SEARS	10-2	2-16S-24E, SENWNWSE	MIAMI
15-121-27683-00-00	MOORE	9	32-15S-25E, SWNESESE	MIAMI
15-121-27684-00-00	MOORE	15	32-15S-25E, SWNESWSE	MIAMI
15-121-27687-00-00	TRUMAN	1-5	5-16S-25E, NWSSENE	MIAMI
15-121-27688-00-00	TRUMAN	7-5	5-16S-25E, SWNESWNE	MIAMI
15-121-27689-00-00	BOCK	8	6-16S-25E, E2SENE	MIAMI
15-121-27690-00-00	TRUMAN	9-5	5-16S-25E, W2NESESE	MIAMI
15-121-27691-00-00	TRUMAN	15-5	5-16S-25E, SWSE	MIAMI
15-121-27694-00-00	KALCIC	6-3	3-16S-25E, S2NESENW	MIAMI
15-121-27704-00-00	BIDDLE	3-3-16-25	3-16S-25E, SWNESENW	MIAMI
15-121-27726-00-00	KIRCHER OMER	1	9-16S-25E, E2W2NESE	MIAMI
15-121-27728-00-00	KIRCHER HAZEL	7-9	9-16S-25E, SWNE	MIAMI
15-121-27729-00-00	STRUBBE	15	9-16S-25E, W2SWSE	MIAMI

15-121-27733-00-00	SEARS	15-2	2-16S-24E, NESWSE	MIAMI
15-121-27745-00-00	BOCK	1	6-16S-25E, SWNENENE	MIAMI
15-121-28080-00-00	BROWN	4-9	9-16S-25E, SWNENWNW	MIAMI
15-121-28081-00-00	ABNEY	5	9-16S-25E, NESESWNW	MIAMI
15-121-28112-00-00	SOMEDAY	41-12	12-16S-24E, E2SWSW	MIAMI
15-121-28118-00-00	ANDERSON	1-9	9-16S-25E, SESWSE	MIAMI
15-121-28119-00-00	SOMEDAY	44-12	12-16S-24E, NWNWSW	MIAMI
15-121-28120-00-00	SOMEDAY	45-12	12-16S-24E, SENWSW	MIAMI
15-121-28121-00-00	SOMEDAY	46-12	12-16S-24E, NWSWSW	MIAMI
15-121-28125-00-00	SOMEDAY	11-13	13-16S-24E, NWNWNW	MIAMI
15-121-28148-00-00	EIDEMILLER	1	17-16S-25E, NWNWSE	MIAMI
15-121-28159-00-00	EIDEMILLER	2	17-16S-25E, E2SWNWNE	MIAMI
15-121-28161-00-00	EIDEMILLER	3	17-16S-25E, NWSWNE	MIAMI
15-121-28164-00-00	EIDEMILLER	4	17-16S-25E, S2S2NE	MIAMI
15-121-28165-00-00	BELL	1	21-16S-25E, NWNWNE	MIAMI
15-121-28166-00-00	BELL	2	21-16S-25E, SENWNE	MIAMI
15-121-28167-00-00	BELL	3	21-16S-25E, NWNENE	MIAMI
15-121-28168-00-00	BELL	4	21-16S-25E, SENENE	MIAMI
15-121-28195-00-00	HARRIS	1-16	16-16S-25E, SENESE	MIAMI
15-121-28203-00-00	KIRCHER GARY	10-9	9-16S-25E, SWNWSE	MIAMI
15-121-28265-00-00	TRUMAN	1-4	4-16S-25E, N2N2SE	MIAMI
15-121-28527-00-00	HOPKINS	14-1	1-16S-24E, NWSWNW	MIAMI
15-121-28529-00-00	HOPKINS	16-1	1-16S-24E, NWSENW	MIAMI
15-121-28530-00-01	HOPKINS	17-1	1-16S-24E, NWNESW	MIAMI
15-121-28532-00-00	SEARS	16-2	2-16S-24E, NENESE	MIAMI
15-121-28544-00-00	HOPKINS	19-1	1-16S-24E, SENESW	MIAMI
15-121-28558-00-00	DECO	1-16	16-16S-25E, NWNESW	MIAMI
15-121-28559-00-00	DECO	2-16	16-16S-25E, SENESW	MIAMI
15-121-28562-00-00	MORRISEY	52	28-16S-25E, NESWSE	MIAMI
15-121-28600-00-00	GANGEL	3-1	1-16S-24E, E2NWNWNE	MIAMI
15-121-28601-00-00	BATSON	4-1	1-16S-24E, N2NWSWNE	MIAMI
15-121-28620-00-00	MORRISEY	58	28-16S-25E, NWSESESE	MIAMI
15-121-28643-00-00	KALCIC	4-3	3-16S-25E, SWSWNW	MIAMI
15-121-28644-00-00	KALCIC	5-3	3-16S-25E, S2S2NW	MIAMI
15-121-28645-00-00	KALCIC	7-3	3-16S-25E, S2SEENW	MIAMI
15-121-28648-00-01	OSBORN PROPERTIES	1-9	9-16S-25E, NWNWNWNW	MIAMI
15-121-28663-00-00	DECO	3-16	16-16S-25E, NENESW	MIAMI
15-121-28664-00-00	DECO	4-16	16-16S-25E, SWNESW	MIAMI
15-121-28671-00-00	DECO	5-16	16-16S-25E, NWSW	MIAMI
15-121-28712-00-00	MARKLE	1-21	21-16S-25E, E2NWNENE	MIAMI

15-121-28713-00-00	MARKLE	2-21	21-16S-25E, NENESE	MIAMI
15-121-28714-00-01	MARKLE	3-21	21-16S-25E, SESWNESE	MIAMI
15-121-29296-00-00	MICK	1	35-16S-25E, NENWSESE	MIAMI

CERTIFICATE OF SERVICE

I certify that on 7/14/16, 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:

James Osborn
Central States Energy LLC
10380 E. Cortez Drive
Scottsdale, AZ 85260-6372

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