

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

In the matter of the failure of Nacogdoches Oil & Gas, LLC (Operator) to comply with K.A.R. 82-3-120.) Docket No. 24-CONS-3177-CPEN
)
) CONSERVATION DIVISION
)
) License No. 32042

RESPONSE TO OPERATOR’S MOTION

Comes Now Staff of the Kansas Corporation Commission (Staff and Commission, respectively), in response to the Motion to Stay Procedural Schedule, or, in the Alternative, to Extend the Time to Pre-File Testimony (Motion) filed by Operator on June 14, 2024. Staff respectfully requests that Operator’s Motion be denied. In support of its response, Staff states the following:

Response to Motion

1. On December 19, 2023, the Commission issued a penalty order to Operator for noncompliance with K.A.R. 82-3-120 as it had unplugged wells remaining on its expired license. The penalty order directed Operator to immediately shut-in all unplugged wells on its license, and cease oil and gas operations, until Operator is in compliance with the order.¹ The Commission also directed Operator to transfer the subject wells to another operator by filing the appropriate forms with the Commission or plug the subject wells within 30 days from the date of the order.²

2. On January 18, 2024, Operator submitted a request for hearing regarding the Commission’s penalty order. Operator’s request for hearing does not argue that its license is not expired, but rather states it has appealed the Commission’s order in Docket 22-CONS-3407-CMSC and argues that the Commission’s order was unlawful as the order requires operator to plug the

¹ Penalty Order – Nacogdoches Oil & Gas, LLC, Ordering Clause B (Dec. 19, 2023).

² *Id.* at Ordering Clause C.

wells in violation of K.A.R. 82-3-120(a) or deprives Operator of its property without compensation.³

3. On June 14, 2024, Operator filed its Motion requesting that the Commission issue an order staying the procedural schedule to allow time for Operator to transfer the Subject Wells to another operator as ordered by the Commission, or in the alternative, an order extending the procedural schedule for a period of four weeks for the same reason.⁴

4. The purpose of filing a request for hearing is to contest the issues presented in the Commission's penalty order. However, it appears that Operator no longer contests the Commission's penalty order. Operator even states that continuing with the procedural schedule is not necessary because this matter will be resolved.⁵ If that is the case, then Operator should withdraw its request for hearing. Operator's ability to transfer the wells on its license is not impacted by the impending penalty order, unless Operator never transfers the Subject Wells which would then be placed on the state's plugging list and plugged according to their priority.

5. Operator alternatively requested an extension of time to file its pre-filed testimony. This request was made on the date its direct and rebuttal testimony was due according to the procedural schedule issued by the presiding officer. Operator's Motion fails to provide a reason as to why it was unable to meet its deadline to submit pre-filed direct and rebuttal testimony. Additionally, the procedural schedule had already been adjusted to provide Operator an additional three week extension in order to submit testimony.⁶ Operator's Motion appears to indicate that it simply chose not to file testimony because it did not believe continuing with the procedural

³ Request for Hearing, ¶¶4, 6 (Jan. 18, 2024).

⁴ See Motion to Stay Procedural Schedule, or, In the Alternative, to Extend the Time to Pre-File Testimony (June 14, 2024).

⁵ *Id.* at ¶7.

⁶ See Presiding Officer Order Adjusting Procedural Schedule (May 23, 2024).

schedule is necessary. Operator, by choosing not to file testimony, should not be afforded an extended time period of four weeks to submit testimony when it chose not to follow the procedural schedule that it agreed to and which was set by the presiding officer. At this point, either a hearing should be scheduled in this matter or Operator should withdraw its request for hearing.

WHEREFORE, for the reasons described above, Staff respectfully requests the Commission deny Operator's Motion and for any other relief the Commission determines to be just and equitable.

Respectfully Submitted,

/s/ Kelcey Marsh
Kelcey A. Marsh, S. Ct. No. 28300
Litigation Counsel | Kansas Corporation Commission
266 N. Main, Suite 220 | Wichita, KS 67202
Phone: 316-337-6200 | Kelcey.Marsh@ks.gov

CERTIFICATE OF SERVICE

24-CONS-3177-CPEN

I, the undersigned, certify that a true and correct copy of the attached Response to Operator's Motion has been served to the following by means of electronic service on July 1, 2024.

NANCY BORST
KANSAS CORPORATION COMMISSION
CENTRAL OFFICE
266 N. MAIN ST, STE 220
WICHITA, KS 67202-1513
nancy.borst@ks.gov

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

JONATHAN R. MYERS, ASSISTANT GENERAL COUNSEL
KANSAS CORPORATION COMMISSION
266 N. Main St., Ste. 220
WICHITA, KS 67202-1513
jon.myers@ks.gov

JONATHAN A. SCHLATTER, ATTORNEY
MORRIS LAING EVANS BROCK & KENNEDY CHTD
300 N MEAD STE 200
WICHITA, KS 67202-2745
jschlatter@morrislaing.com

/s/ Paula J. Murray
Paula J. Murray
