

THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

Before Commissioners: Shari Feist Albrecht, Chairman
Jay Scott Emler
Dwight D. Keen

In the matter of the application of Veem)	
Jade Oil & Gas LLC, for an exception to the)	Docket No. 18-CONS-3149-CEXC.
10-year limitation of K.A.R. 82-3-111 for its)	CONSERVATION DIVISION
Smith A #1 well in Section 28, and Smith B)	License No. 32874
#8 well in Section 21, Township 29 South,)	
Range 9 East, Elk County, Kansas.)	

**RESPONSE TO STAFF MOTION FOR PREHEARING OFFICER AND PREHEARING
CONFERENCE**

COMES NOW Veem Jade Oil & Gas LLC ("Operator"), and for its response to Staff's motion filed June 21, 2018, in the captioned matter states as follows.

1. Operator filed this Application on September 15, 2017.
2. The deadlines for protest, response or objection have expired. No protest, response, or objection has been received, and no action has been taken on this matter by the Commission. If a prehearing conference is deemed necessary to further this matter along, then Operator does not object to the designation of a prehearing officer and setting the matter for prehearing conference. However, there being no other parties involved, if the matter can be furthered successfully via informal consultation with staff or prehearing officer, then Operator requests an informal consultation first be allowed, with a prehearing conference to be scheduled only in the event the Operator and Staff or Prehearing officer don't reach a mutually appropriate recommendation to the Commission.

3. Operator offers two material corrections to statements made by Staff in its Motion:

- a. **Testing.** A mechanical integrity test (“MIT”) is a test required by the Commission for *injection* wells. The wells in this docket are not injection wells. Operator received but excused as a typo, the request in the Conservation legal staff’s April 2 letter that an MIT be conducted on these two wells. But now that it is repeated in a pleading, the requirement needs to be clarified. We believe staff counsel is referring to a *casing* integrity test (“CIT”), and that a consultation between staff counsel and the district staff would have, and will, confirm that.

Operator has conducted the CITs, witnessed by the Commission’s District 3 Staff. Both wells failed the CIT, but as the wells have been determined to be potential Lansing-KC producers, Operator is preparing a repair plan for the wells, to be presented to the Commission at such time as the Commission seeks or requires a follow-up plan.

- b. **Notice.** The required notice has been published in accordance with K.A.R. 82-3-135a(d). Staff quoted the wrong notice requirement, and in Operator’s original Application, Operator also inadvertently cited a different wrong requirement, while actually complying with the correct requirement.

Three regulations must be read in succession, to get to the applicable notice regulation—K.A.R. 82-3-111(b), 82-3-100, and 82-3-135a:

- i. K.A.R. 82-3-111(b), states in pertinent part: “A well shall not be eligible for temporary abandonment 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.”

ii. K.A.R. 82-3-100 states:

“82-3-100. Applicability; Exception. (a) This article shall apply throughout Kansas unless specifically limited. Special orders may be issued by the commission. These special orders shall prevail over any conflicting regulations.

(b) An exception to the requirements of any regulation in this article may be granted by the commission, after considering whether the exception will prevent waste, protect correlative rights, and prevent pollution. Each party requesting an exception shall file an application with the conservation division. The applicant shall *publish* notice of the application pursuant to K.A.R. 82-3-135a and notice of any hearing pursuant to K.A.R. 82-3-135.”
[Emphasis added.]

iii. The *publication* requirement of K.A.R. 82-3-135a, that is referenced by 82-3-100, is at subsection (d), which states:

“(d) Publication of notice. Notice of the application shall be published in at least one issue of the official county newspaper of each county in which the lands affected by the application are located. In addition, notice of applications relating to production matters shall also be published in at least one issue of the Wichita Eagle newspaper.”

Staff cited the notice requirement at K.A.R. 82-3-135a(b), but that provision expressly excepts items otherwise provided in K.A.R. 82-3-100. The pertinent part of K.A.R. 82-3-135a(b) states: “(b) Production matters. Except as otherwise provided in K.A.R. 82-3-100...”

Operator has complied with K.A.R. 82-3-135a(d), and has submitted its affidavits of publication to the Commission.

3. Operator’s counsel has also complied with an additional request received by Conservation Staff counsel on November 6, 2017. Staff counsel requested Operator’s counsel to file a specific Entry of Appearance in this docket, notwithstanding this counsel’s actual entry of

appearance on the filing of the September 15 Application. The requested Entry of Appearance was filed November 6, 2017, as requested.

WHEREFORE, Operator requests that the Commission grant Operator's September 15, 2017 Application for a 3-year exception to the 10-year temporary abandonment limitation, without need to reapply during that 3-year period; and no protest to this Application having been received, that the Application be granted without hearing, and for such other relief as the Commission deems necessary and appropriate.

Respectfully Submitted,

EDMISTON LAW OFFICE, LLC

By: /s/ Diana Edmiston

Diana Edmiston (S.C. 15160)

200 E. 1st Street, Suite 301

Wichita, Kansas 67202

Telephone: (316) 267-6400

diana@edmistonlawoffice.com

Attorney for Veem Jade Oil & Gas LLC

VERIFICATION

California
STATE OF OKLAHOMA)
COUNTY OF Los Angeles) SS:

Mahesh Chhabra, of lawful age, being first duly sworn, upon oath states that he is the Managing Member of Veem Jade Oil & Gas LLC; and that he has read the foregoing, is familiar with the contents thereof, and that the statements contained therein are true and correct according to his knowledge, information and belief.

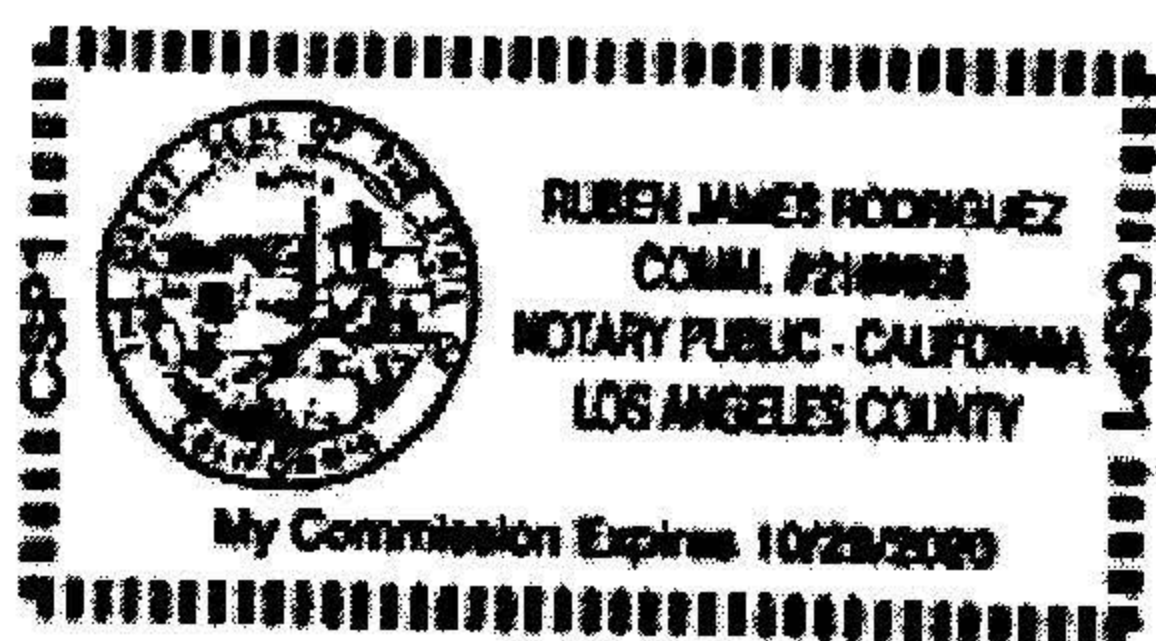
Subscribed and sworn to before me, a notary public.

Mahesh Chhabra

My appointment expires:

10-29-2020

Ruben James Rodriguez
Name Ruben James Rodriguez
Notary Public



CERTIFICATE OF SERVICE

The undersigned hereby certifies that on this **2ND** day of **July, 2018**, she caused the above and foregoing **Response** to be electronically delivered, to the following person at the addresses shown:

Lauren Wright, Litigation Counsel
Kansas Corporation Commission
Conservation Division
l.wright@kcc.ks.gov
Attorney for Commission Staff

/s/ Diana Edmiston