

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

Before Commissioners: Susan K. Duffy, Chair
Dwight D. Keen
Andrew J. French

In the matter of the failure of KLMKH Inc) Docket No.: 23-CONS-3190-CPEN
(Operator) to comply with K.A.R. 82-3-120.)
) CONSERVATION DIVISION
)
_____) License No.: 35717

PENALTY ORDER

The Commission finds Operator has violated K.A.R. 82-3-120, assesses a \$500 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. 82-3-120(a)(1) provides that no operator shall drill, complete, service, plug, or operate any oil or gas well without first obtaining or renewing an operator license, and that each operator in physical control of any such well shall maintain a current license even if the

well is shut in or idle. K.A.R. 82-3-120(a)(2) provides that each licensee shall annually submit a completed license renewal form on or before the expiration date of the current license.

4. K.A.R. 82-3-120(k) provides that failure to obtain or renew an operator license before operating shall be punishable by a \$500 penalty.

II. FINDINGS OF FACT

5. On November 30, 2022, Operator's license expired. Operator is responsible for the wells (Subject Wells) identified in Exhibit A.

6. On December 7, 2022, Commission Staff sent a letter to Operator, requiring Operator to renew the license, transfer the Subject Wells to another operator, or plug the Subject Wells, by December 21, 2022.¹ To date, Operator has not complied with Staff's letter.

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 one violation of K.A.R. 82-3-120(a) because Operator remains responsible for the Subject Wells, and Operator's license is expired.

THEREFORE, THE COMMISSION ORDERS:

- A. Operator shall pay a \$500 penalty.
- B. Operator shall immediately shut-in all unplugged wells on its license, and cease oil and gas operations, until Operator is in compliance with this Order.
- C. Operator has 30 days from the date of this Order to:
 - a. Renew its license or obtain a new license and transfer the Subject Wells to that license; or

¹ Exhibit A.

- b. Transfer the Subject Wells to another operator by filing the appropriate forms with the Commission; or
- c. Plug the Subject Wells.

D. If any unplugged wells remain on Operator's expired license after 60 days from the date of this Order, then:

- a. Operator shall pay an additional \$5,000 penalty;
- b. Staff shall revoke any injection authorizations applicable to Operator; and
- c. Staff is directed to place the wells on the appropriate state plugging list, to plug according to priority and as funds allow, and to assess the plugging costs to Operator. This shall not preclude Staff from investigating additional potentially responsible parties.

E. 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.

F. 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. If Operator is not in compliance with this Order and the Order is final, then Operator's license shall be suspended without further notice, shall remain suspended until Operator complies, and Staff may seal the wells on Operator's license until Operator is in compliance. The notice and opportunity for a hearing on this Order shall constitute the notice required by K.S.A. 77-512 regarding

license suspension. 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).²

G. 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.

BY THE COMMISSION IT IS SO ORDERED.

Duffy, Chair; Keen, Commissioner; French, Commissioner

Dated: 01/26/2023



Lynn M. Retz
Executive Director

Mailed Date: 01/26/2023

TSK

² 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).

NOTICE OF VIOLATION

December 7, 2022

Randolph F Franklin
KLMKH Inc
1117 SAINTSBURY PL
CHARLOTTE, NC 28270-1569

Re: Unplugged Well(s) on Expired License #35717

Operator:

Unplugged well(s) are on your expired license, **which violates K.A.R. 82-3-120**. Attached is a list of the unplugged well(s). Please do one of the following:

- Renew your license, or obtain a new license and transfer the well(s) to that license,
- Transfer the well(s) to another operator by filing T-1 forms with the Commission, or
- File Well Plugging Application (CP-1) form(s) and plug the well(s).

Your deadline is December 21, 2022.

If you do not correct this violation, I will recommend a Commission Order with a \$500 penalty. The Order would also require you to plug the well(s) within 60 days. Failure to comply with the Order would automatically result in the Commission levying additional penalties against you, directing Staff to plug the wells, and assessing plugging costs to you.

You must immediately shut-in all wells and cease oil and gas operations until compliance is achieved.

For help renewing or obtaining a license, contact Nancy Borst at 316-337-6194.

For help transferring wells, contact Deanna Garrison at 316-337-6209.

For help with CP-1 forms, contact Rick Hestermann at 316-337-6193.

If you have further questions, you may contact me by calling our main number at the top of this letter.

Sincerely,

Nancy Borst
Administrative Specialist

Exhibit A

KLMKH Inc License: 35717

<u>Unplugged Wells on Operator's License</u>				
API Well #	Lease Name / Well #	Well Location	County	
15-087-20165-00-00	OSBORNE 1	18-10S-20E, NWNENE	JEFFERSON	
15-087-20172-00-00	DUNN 1	33-8S-20E, SESE	JEFFERSON	
15-087-20173-00-00	OSBORNE 2	18-10S-20E, NENESE	JEFFERSON	
15-087-20175-00-00	OSBORNE 3	18-10S-20E, SWNESE	JEFFERSON	
15-087-20177-00-00	OSBORNE 4	18-10S-20E, NWSESE	JEFFERSON	
15-087-20181-00-00	OSBORNE 5	18-10S-20E, SENESE	JEFFERSON	
15-087-20190-00-00	OSBORNE 7	18-10S-20E, NESESE	JEFFERSON	
15-087-20223-00-00	TRUDELL 4	18-10S-20E, NENENE	JEFFERSON	
15-087-20359-00-00	SEAVER 1	7-10S-20E, NESESE	JEFFERSON	
15-087-20361-00-00	MESTAUGH 2	18-10S-20E, NESWSE	JEFFERSON	
15-087-20408-00-00	BOND 1	17-10S-20E, SWNWSW	JEFFERSON	
15-087-20409-00-00	BOND 2	17-10S-20E, NWSWSW	JEFFERSON	
15-087-20411-00-00	SEAVER 3	7-10S-20E, SESESE	JEFFERSON	
15-087-20415-00-00	WAGNER 1	8-10S-20E, W2SWSW	JEFFERSON	
15-087-20417-01-01	WAGNER 2H	8-10S-20E, SWSWSW	JEFFERSON	
15-087-20419-00-00	EDMONDS 1	17-9S-20E, E2SESWSW	JEFFERSON	
15-087-20420-00-00	WAGNER 5	8-10S-20E, SWSESW	JEFFERSON	
15-087-20422-00-00	WAGNER 4	8-10S-20E, S2SESWSW	JEFFERSON	
15-087-20423-00-00	WAGNER 7	8-10S-20E, S2SWSESW	JEFFERSON	
15-087-20424-00-00	WAGNER 8	17-10S-20E, E2NWNW	JEFFERSON	
15-087-20426-00-00	SEAVER 5	7-10S-20E, NWSESE	JEFFERSON	
15-087-20428-00-00	SEAVER 7	7-10S-20E, SESWSE	JEFFERSON	
15-087-20433-00-00	BOND 3	17-10S-20E, SWSWSW	JEFFERSON	
15-087-20440-00-00	EDMONDS 2	17-9S-20E, E2SWSWSW	JEFFERSON	
15-087-20445-00-00	DANIELS 9	4-10S-20E, SWNESE	JEFFERSON	
15-087-20449-00-00	DUNN 2	33-8S-20E, SWSESE	JEFFERSON	
15-087-20493-00-00	EDMONDS A 1	17-9S-20E, SWSESW	JEFFERSON	

15-087-20494-00-00	EDMONDS A	2	17-9S-20E, SESESW	JEFFERSON
15-087-20495-00-00	HERB EDMONDS	B-2	20-9S-20E, NENENW	JEFFERSON
15-087-20496-00-00	HERB EDMONDS	B-1	20-9S-20E, NWNENW	JEFFERSON
15-087-20499-00-00	EDMONDS A	3	17-9S-20E, W2SESW	JEFFERSON
15-087-20500-00-00	EDMONDS A	5	17-9S-20E, NESESW	JEFFERSON
15-087-20501-00-00	EDMONDS A	4	17-9S-20E, SWNESW	JEFFERSON
15-087-20502-00-00	EDMONDS A	6	17-9S-20E, SENESW	JEFFERSON
15-087-20503-00-00	EDMONDS A	7	17-9S-20E, NWNESW	JEFFERSON
15-087-20504-00-00	EDMONDS A	8	17-9S-20E, NENESW	JEFFERSON
15-087-20506-00-00	EDMONDS C	3	17-9S-20E, SWNWSE	JEFFERSON
15-087-20507-00-00	EDMONDS C	1	17-9S-20E, SWSWSE	JEFFERSON
15-087-20508-00-00	EDMONDS C	2	17-9S-20E, NWSWSE	JEFFERSON
15-087-20520-00-00	EDMONDS C	5	17-9S-20E, SENWSE	JEFFERSON
15-087-20521-00-00	EDMONDS C	6	17-9S-20E, NENWSE	JEFFERSON
15-087-20547-00-00	SEAVER	9-H	7-10S-20E, NWSESE	JEFFERSON
15-087-20577-00-00	WAGNER	9H	17-10S-20E, NWNWNW	JEFFERSON
15-087-20585-00-00	SEAVER	10	7-10S-20E, NESESESE	JEFFERSON
15-087-20586-00-00	SEAVER	11	7-10S-20E, NESESE	JEFFERSON
15-087-20588-00-00	WAGNER	10	17-10S-20E, NWNWNW	JEFFERSON
15-087-20589-00-00	WAGNER	11	8-10S-20E, NWSWSW	JEFFERSON
15-087-20590-00-00	WAGNER	12	17-10S-20E, SWNWNW	JEFFERSON
15-087-20591-00-00	WAGNER	13	8-10S-20E, SENESWSW	JEFFERSON
15-087-20592-00-00	WAGNER	14	8-10S-20E, S2SWSW	JEFFERSON
15-087-20594-00-00	WAGNER	16	17-10S-20E, E2W2NW	JEFFERSON
15-087-20596-00-00	MCLEOD/WAGNER	1	4-10S-20E, S2NWSESW	JEFFERSON
15-087-20597-00-00	MCLEOD/WAGNER	2	4-10S-20E, SWNESESW	JEFFERSON
15-087-20598-00-00	MCLEOD/WAGNER	3	4-10S-20E, SWSENESW	JEFFERSON
15-087-20600-00-00	SEAVER	12	7-10S-20E, NENESESE	JEFFERSON
15-087-20601-00-00	DANIELS	10	4-10S-20E, NWNESE	JEFFERSON
15-087-20602-00-00	DANIELS	11	4-10S-20E, E2E2NESE	JEFFERSON
15-087-20611-00-00	DANIELS	12	4-10S-20E, SESENESE	JEFFERSON
15-087-20612-00-00	SEDGWICK	1	4-10S-20E, NENESESE	JEFFERSON
15-087-20613-00-00	SEDGWICK	2	4-10S-20E, NESESESE	JEFFERSON
15-087-20614-00-00	SEDGWICK	3	4-10S-20E, NWSESE	JEFFERSON
15-087-20618-00-00	WAGNER	18	17-10S-20E, SWSWSWNW	JEFFERSON
15-087-20619-00-00	SEDGWICK	4	4-10S-20E, SWSESE	JEFFERSON
15-087-20622-00-00	SEDGWICK	5	4-10S-20E, SESE	JEFFERSON
15-087-20623-00-00	EDMONDS	3	17-9S-20E, SENESWSW	JEFFERSON
15-087-20630-00-00	TROWBRIDGE	2	4-10S-20E, NENWSE	JEFFERSON
15-087-20632-00-00	DUNN	3	33-8S-20E, SWNESE	JEFFERSON

15-087-20633-00-00	DUNN	4	33-8S-20E, NENESE	JEFFERSON
15-087-20636-00-00	DUNN	7	33-8S-20E, NWSESE	JEFFERSON
15-103-20430-00-00	BANKERS LIFE	1	3-10S-20E, N2NWSW	LEAVENWORTH
15-103-20431-00-00	BANKERS LIFE	2	3-10S-20E, S2NWSW	LEAVENWORTH
15-103-20432-00-00	BANKERS LIFE	3	3-10S-20E, N2N2SW	LEAVENWORTH
15-103-20433-01-04	BANKERS LIFE	4-H4	3-10S-20E, NENESW	LEAVENWORTH
15-103-20434-00-00	BANKERS LIFE	5	3-10S-20E, N2NESW	LEAVENWORTH
15-103-20558-00-00	BANKERS LIFE	9	3-10S-20E, SESESW	LEAVENWORTH
15-103-20622-01-01	BANKERS LIFE	6	3-10S-20E, NWNESW	LEAVENWORTH
15-103-20626-00-00	BANKERS LIFE	10	3-10S-20E, NENWSW	LEAVENWORTH
15-103-20815-00-00	DANIELS	1	3-10S-20E, NWNWSE	LEAVENWORTH
15-103-20966-00-00	DANIELS	2	3-10S-20E, N2NWSE	LEAVENWORTH
15-103-20967-00-00	BANKERS LIFE	11	3-10S-20E, S2NESW	LEAVENWORTH
15-103-20968-00-00	BANKERS LIFE	8	3-10S-20E, N2S2SW	LEAVENWORTH
15-103-20969-00-00	BANKERS LIFE	7	3-10S-20E, SENESW	LEAVENWORTH
15-103-20972-00-00	BANKERS LIFE	12	3-10S-20E, NWSESW	LEAVENWORTH
15-103-20975-00-00	TROUPE	1	3-10S-20E, S2S2NE	LEAVENWORTH
15-103-20976-00-00	DANIELS	3	3-10S-20E, S2NWSE	LEAVENWORTH
15-103-20977-00-00	PENNEL	1	3-10S-20E, N2N2SE	LEAVENWORTH
15-103-20978-00-00	DANIELS	4	3-10S-20E, SWNWSE	LEAVENWORTH
15-103-20980-00-01	TROUPE	2	3-10S-20E, W2SESWNE	LEAVENWORTH
15-103-20992-00-00	DANIELS	5	3-10S-20E, NWSWSE	LEAVENWORTH
15-103-20993-00-00	PENNEL	2	3-10S-20E, S2N2SE	LEAVENWORTH
15-103-20994-00-00	PENNEL	3	3-10S-20E, S2NESE	LEAVENWORTH
15-103-20997-00-00	PENNEL	4	3-10S-20E, N2SESE	LEAVENWORTH
15-103-21009-00-00	DANIELS	6	3-10S-20E, NESESW	LEAVENWORTH
15-103-21013-00-00	PENNEL	5	3-10S-20E, N2S2SE	LEAVENWORTH
15-103-21014-00-00	PENNEL	6	3-10S-20E, S2S2SE	LEAVENWORTH
15-103-21016-00-00	PENNEL	7	3-10S-20E, SENESE	LEAVENWORTH
15-103-21023-00-00	NOLL	2-88	3-9S-20E, SENWSW	LEAVENWORTH
15-103-21076-00-00	PENNEL	10	3-10S-20E, N2NESE	LEAVENWORTH
15-103-21116-00-00	NOLL	3-89	3-9S-20E, NESWSW	LEAVENWORTH
15-103-21223-00-00	NOLL	5-90	3-9S-20E, SWNWSW	LEAVENWORTH
15-103-21228-00-00	TROUPE	3	3-10S-20E, N2SWNE	LEAVENWORTH
15-103-21270-00-00	TROUPE	4	3-10S-20E, SESESWNE	LEAVENWORTH
15-103-21273-00-00	BANKERS LIFE	15	3-10S-20E, NESESW	LEAVENWORTH
15-103-21274-00-00	BANKERS LIFE	16	3-10S-20E, SENESW	LEAVENWORTH
15-103-21275-00-00	BLAKEY	1	3-10S-20E, NWNWSENW	LEAVENWORTH
15-103-21276-00-00	BLAKEY	2	3-10S-20E, SWSENW	LEAVENWORTH
15-103-21277-00-00	BLAKEY	3	3-10S-20E, SWSWNW	LEAVENWORTH

15-103-21278-00-00	BANKERS LIFE	14	3-10S-20E, S2SWSW	LEAVENWORTH
15-103-21279-00-00	BANKERS LIFE	17	3-10S-20E, W2SESW	LEAVENWORTH
15-103-21280-00-00	BANKERS LIFE	18	3-10S-20E, S2SWSW	LEAVENWORTH
15-103-21292-00-00	NOLL	1A	3-9S-20E, NENENWSW	LEAVENWORTH
15-103-21293-00-00	NOLL	2A	3-9S-20E, NESENWSW	LEAVENWORTH
15-103-21294-00-00	NOLL	3A	3-9S-20E, NENESWSW	LEAVENWORTH

CERTIFICATE OF SERVICE

23-CONS-3190-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 01/26/2023.

NANCY BORST
KANSAS CORPORATION COMMISSION
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