

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

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

In the matter of the notice of denial of license) Docket No.: 17-CONS-3702-CMSC
renewal application issued to Western Frontier)
Adventure, LLC.) CONSERVATION DIVISION
)
) License No.: 35211

**MOTION TO CANCEL EVIDENTIARY HEARING
AND APPROVE SETTLEMENT AGREEMENT**

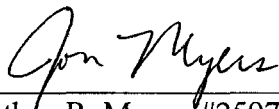
Commission Staff (Staff) of the State Corporation Commission of the State of Kansas (Commission) files this Motion. In support of its Motion, Staff states as follows:

1. On June 19, 2017, Operator's annual license renewal application was denied. On June 29, 2017, Operator timely filed a request for hearing. This first direct testimony in this matter is due December 19, 2017, with an evidentiary hearing scheduled for January 18, 2018.

2. Staff and Operator have reached a settlement in this matter. Staff believes the attached Settlement Agreement constitutes a reasonable resolution of all issues in this docket and respectfully requests that it be approved. In light of the settlement, Staff further requests that the testimony deadlines, and the evidentiary hearing scheduled for January 18, 2018, be cancelled. Staff Counsel has communicated with Operator's counsel, who is not opposed to this motion.

WHEREFORE, Staff requests this motion be granted.

Respectfully submitted,



Jonathan R. Myers, #25975
Litigation Counsel, Kansas Corporation Commission
266 N. Main, Suite 220, Wichita, Kansas 67202
Phone: 316-337-6200; Fax: 316-337-6211

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SETTLEMENT AGREEMENT

This Settlement Agreement (Agreement) is entered into by and between the Staff of the Corporation Commission of the State of Kansas (“Staff” and “Commission,” respectively) and Western Frontier Adventure LLC (“Operator”). Its effective date will be the date the Commission enters an order approving or amending the terms of the Agreement.

I. JURISDICTION

1. Pursuant to K.S.A. 74-623, the Commission shall have the exclusive jurisdiction and authority to regulate oil and gas activities.

2. Pursuant to K.S.A. 55-150 *et seq.*, the Commission has authority to regulate the construction, operation, and abandonment of any well and the protection of the useable water of this state from any actual or potential pollution from any well.

3. Pursuant to K.S.A. 55-155, operators and contractors, as defined in K.S.A. 55-150, shall be licensed by the Commission. No license or license renewal application shall be approved until the applicant has demonstrated to the Commission’s satisfaction that the following comply with all the requirements of chapter 55 of the Kansas Statutes Annotated, and amendments thereto, all rules and regulations adopted thereunder and all Commission orders and enforcement agreements, if the applicant is not registered with the federal securities and

exchange commission : (A) the applicant; (B) any officer, director, partner or member of the applicant; (C) any stockholder owning in the aggregate more than 5% of the stock of the applicant; and (D) any spouse, parent, brother, sister, child, parent-in-law, brother-in-law, or sister-in-law of the foregoing.

II. BACKGROUND

4. Under the above jurisdiction and authority, on June 19, 2017, Staff issued a Notice of Denial of License Renewal Application to Operator. Staff alleged associations between Operator and three different expired, suspended licenses, each with unplugged wells remaining on those licenses. Operator, which conducts oil and gas activities in Kansas under license number 35211, timely requested a hearing.

5. This matter is currently set for a January 18, 2018, evidentiary hearing. The Commission has recently granted Staff an extension of time to submit its pre-filed direct testimony to December 19, 2017, with Operator's testimony due by December 29, 2017, and rebuttal testimony due by January 8, 2018.

6. Staff and Operator informally discussed the possibility of a settlement. During the informal discussions, Staff and Operator were able to reach mutually agreeable terms in anticipated settlement of the issues. It was agreed that Staff would subsequently reduce the terms to writing and forward the draft to Operator for approval and signature.

III. TERMS OF THE SETTLEMENT AGREEMENT

7. The parties agree that the Commission has jurisdiction and authority over this matter. The parties also agree that adoption of this Agreement is in the public interest and that the Commission should approve the stipulations as set forth below.

8. Staff and Operator have resolved all issues in this docket, either through the determination that no relevant association exists, or by determining that the wells are plugged, except for one unplugged, abandoned well remaining on the expired, suspended license of Easton Energy Exploration, License #8091, specifically the Earl Gray #1, API #15-103-20207.

9. In regard to the Earl Gray #1, Staff and Operator have both communicated with a credible third party, who has confirmed that he will have a lease on the property upon which the Earl Gray #1 is located within days, and that he intends on filing a Transfer of Operator (T-1) Form claiming responsibility for the well. Staff has inspected the well, which does not appear to pose an immediate environmental concern.

10. Staff and Operator would like to settle this matter for the following reasons:

- a. the high likelihood there will be a currently-licensed operator for the Earl Gray #1 within a few weeks;
- b. the even higher likelihood there will be a currently-licensed operator for the Earl Gray #1 within a few months;
- c. the inability of Staff or Operator to control the exact timeline in which the third party will claim the Earl Gray #1;
- d. the inconvenience to both Staff and Operator of continuing this docket and the associated deadlines;
- e. the cognizance by Staff and Operator that both sides may have viable legal arguments regarding whether the current status of the Earl Gray #1 should affect Operator's license renewal, and the cognizance that those arguments would be rendered irrelevant upon the Earl Gray #1 being transferred; and

- f. the ability to revisit whether the status of the Earl Gray #1 should affect renewal of Operator's license, if need be, upon Operator's next annual license renewal application.
- 11. Staff shall immediately process Operator's license renewal application.
- 12. Staff agrees to recommend to the Commission that this Agreement be approved.

Staff further agrees that upon approval by the Commission, and barring default proceedings pursuant to K.S.A. 77-520, this Agreement shall constitute a final resolution of this matter.

IV. RESERVATIONS

13. This Settlement Agreement fully resolves issues specifically addressed between the parties. The terms of this Agreement constitute a fair and reasonable resolution of the issues addressed herein.

14. The terms and provisions of this Agreement have resulted from negotiations between the signatories and are interdependent. In the event the Commission does not approve the terms of the Agreement in total, any party has the option to terminate this Agreement and, if so terminated, none of the signatories hereto shall be bound by, prejudiced, or in any way affected by any of the terms or provisions hereof, unless otherwise provided herein.

15. Unless (and only to the extent) otherwise specified in this Agreement, the signatories to this Agreement shall not be prejudiced, bound by, or affected in any way by the terms of this Agreement: (1) in any future Commission or court proceeding; (2) in any proceeding currently pending before the Commission under a separate docket; and/or (3) in this proceeding, if the Commission decides not to approve this Agreement in total or in any way conditions its approval of the same. This paragraph is not meant to limit future enforcement of this Agreement, should either party fail to fulfill all terms and provisions.

16. Unless (and only to the extent) otherwise specified in this Agreement, this Agreement does not prejudice or waive any party's legal rights, positions, claims, assertions or arguments in any proceedings in this docket, or any other proceeding before the Commission or in any court.

17. If the Commission approves this Agreement in its entirety and incorporates the same into a final order in this docket, the parties agree to be bound by its terms and the Commission's order incorporating its terms as to all issues addressed herein, and will not appeal the Commission's order.

18. This Settlement Agreement shall be binding on all parties upon signing.

IN WITNESS WHERETO, the parties hereby execute and approve this Settlement Agreement by subscribing their signatures below.

Commission Staff
266 N. Main, Ste. 220
Wichita, Kansas 67202

Western Frontier Adventure, LLC
33250 223rd Street
Easton, KS 66020

By: Jon Myers

By: Lance E. Culbertson

Printed Name: JON MYERS

Printed Name: Lance E. Culbertson

Title: LITIGATION COUNSEL

Title: OWNER/OPERATOR

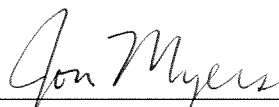
Date: 12/18/17

Date: 12-18-17

VERIFICATION

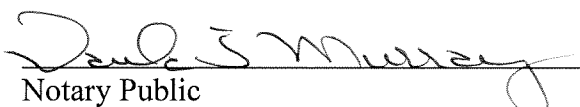
STATE OF KANSAS)
) ss.
COUNTY OF SEDGWICK)

Jonathan R. Myers, of lawful age, being duly sworn upon his oath deposes and states that he is Litigation Counsel for the State Corporation Commission of the State of Kansas; that he has read and is familiar with the foregoing *Motion*, and attests that the statements therein are true to the best of his knowledge, information and belief.



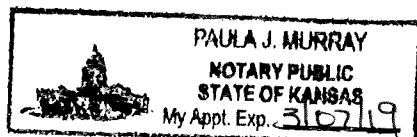
Jonathan R. Myers, S. Ct. #25975
Litigation Counsel
State Corporation Commission
of the State of Kansas

SUBSCRIBED AND SWORN to before me this 18 day of Dec, 2017.



Notary Public

My Appointment Expires: 3/07/19



CERTIFICATE OF SERVICE

I certify that on 12/18/17, I caused a complete and accurate copy of this Motion to be served via United States mail, with the postage prepaid and properly addressed to the following:

Jeffrey A. Wilson
Anderson & Byrd LLP
PO Box 17
Ottawa, KS 66067
Attorneys for Western Frontier Adventure, LLC

and delivered by e-mail to:

Jonathan R. Myers, Litigation Counsel
KCC Central Office

Dustin L. Kirk, Deputy General Counsel
KCC Topeka Office

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