

COMPLIANCE AGREEMENT

This Agreement is between Elk Energy Holdings, LLC (Operator) (License #35420) and the Kansas Corporation Commission Staff (Staff). If the Kansas Corporation Commission (Commission) does not approve this Agreement as evidenced by a signed order of the Commission, this Agreement shall not be binding on either party.

I. BACKGROUND

1. Operator is licensed to conduct oil and gas activities in Kansas and is responsible for the Myers 12 #1 well (Subject Well), API #15-193-20833-00-00, located in Section 12, Township 10 South, Range 33 West, Thomas County, Kansas.

2. On July 18, 2012, the Conservation Division approved Underground Injection Control Permit #D-31,201 for the Subject Well. The permit stated that the maximum authorized injection rate for the Subject Well is 1,000 barrels of fluid per day. The permit has not been modified since being issued by the Conservation Division.

3. On July 30, 2024, Staff mailed a letter to Operator requesting that Operator provide Staff with additional information regarding the amount of fluid being injected into the Subject Well. On September 10, 2024, Operator provided Staff with a document indicating the amount of fluid injected into the Subject Well from April 2020 through July 2024. The document shows that over the 52 months of that time period, Operator injected fluids in excess of its permit during 35 months. The annual fluid injections reports (U3Cs) for the Subject Well submitted by Operator for injection years 2020 through 2023 contain monthly injection amounts that do not match the amounts shown in the document Operator provided to Staff.

II. TERMS OF COMPLIANCE AGREEMENT

4. Staff and Operator 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 terms as set forth below.

5. Operator stipulates that it committed one violation of K.A.R. 82-3-400 by performing unauthorized injection at the Subject Well.

6. Operator will amend its U3Cs for the 2020, 2021, 2022, and 2023 injection periods for the Subject Well to show the correct injection amounts during those years. Operator will amend the U3Cs by November 1, 2024.

7. Operator will provide Staff with monthly statements regarding the barrels of water produced at the wells on Operator's Lippelmann lease, located in Section 14, Township 10 South, Range 33 West, Thomas County, Kansas. The monthly statements will include the barrels per day of water produced at each well on at least one test date during the corresponding month. Operator will also provide monthly statements for any other wells that are producing fluids being injected into the Subject Well. The statements will be due on the first day of the month following the test date. Operator shall email the monthly statements to Todd Bryant, Environmental Program Administrator Supervisor, at Todd.Bryant@ks.gov, and Richard Williams, District #4 Compliance Officer, at Richard.Williams@ks.gov. Operator will provide the monthly statements to Staff for twelve consecutive months, beginning November 1, 2024.

8. Operator will pay a \$25,000 penalty for performing unauthorized injection at the Subject Well. Operator shall pay the \$25,000 penalty over the course of twelve months. The first payment of \$2,083 shall be due on November 1, 2024. Payments of \$2,083 shall be due on the first

day of every subsequent month, through and including September 1, 2025. A final payment of \$2,087 shall be due on October 1, 2025.

9. The terms of this Agreement shall remain binding upon Operator even if its interests in the Subject Well or Lippelmann lease are conveyed. Except as provided by and under this Agreement, Staff will not pursue Operator for any violation of K.A.R. 82-3-409 for unauthorized injection at the Subject Well from April 2020 through July 2024.

10. Failure to amend the appropriate U3Cs, provide the required monthly statements, or meet any of the payment deadlines shall result in suspension of Operator's license. Operator agrees and understands that if its license is suspended for the failure to meet the above requirements, the license shall remain suspended until Operator comes into compliance with the above compliance schedule.

11. Operator agrees to waive its right to appeal the Commission's order approving this Agreement, any penalties assessed under this Agreement, and any suspension of Operator's license implemented by Staff due to Operator's failure to comply with this Agreement.

IN WITNESS WHERETO, Staff and Operator hereby execute and approve this Compliance Agreement by subscribing their signatures below.

Commission Staff

/s/Tristan Kimbrell

Tristan Kimbrell, #27720

Litigation Counsel

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Attorney for Elk Energy Holdings, LLC

CERTIFICATE OF SERVICE

25-CONS-3128-CMSC

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 10/15/2024.

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/S/ KCC Docket Room

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