

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

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

In the matter of a Compliance Agreement) Docket No.: 17-CONS-3479-CMSC
between Alliance Exploration Co., LLC and)
Commission Staff regarding bringing the) CONSERVATION DIVISION
Bollinger #2-1 in Butler County into compliance)
with K.A.R. 82-3-111.) License No.: 33889

ORDER APPROVING COMPLIANCE AGREEMENT

The above-captioned matter comes before the State Corporation Commission of the State of Kansas. Having examined the files and records, and being duly advised in the premises, the Commission finds and concludes as follows:

1. Commission Staff and Operator have executed a compliance agreement, which is attached as an exhibit to this Order and incorporated by reference.
2. The compliance agreement provides a fair and efficient resolution of this matter.

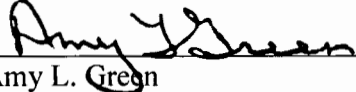
THEREFORE, THE COMMISSION ORDERS:

- A. The compliance agreement is approved and incorporated into this Order.
- B. Any party affected by this Order may file with the Commission a petition for reconsideration pursuant to K.S.A. 77-529(a). The petition shall be filed within 15 days after service of this Order. If service of this Order is by mail, three days are added to the deadline. The petition shall be addressed to the Commission and sent to 266 N. Main, Ste. 220, Wichita, Kansas 67202. Pursuant to K.S.A. 55-606 and K.S.A. 77-529(a), reconsideration is prerequisite for judicial review of this Order.
- C. The Commission retains jurisdiction over the subject matter and the parties for the purpose of entering such further order or orders as it may deem necessary.

BY THE COMMISSION IT IS SO ORDERED.

Apple, Chairman; Albrecht, Commissioner; Emler, Commissioner

Dated: FEB 14 2017



Amy L. Green
Secretary to the Commission

Mailed Date: February 14, 2017

JM

COMPLIANCE AGREEMENT

This Agreement is between Alliance Exploration Co., LLC ("Operator") (License #33889) and Commission Staff ("Staff"). If the Commission does not approve this Agreement by a signed order, this Agreement shall not be binding on either party.

A. Background

1. Operator is responsible for the Bollinger #2-1, API #15-015-22048 ("the subject wells"), which is out of compliance with K.A.R. 82-3-111. Operator has asked for an agreement to avoid penalties while Operator works to plug the well, return it to service, or obtain temporary abandonment status for it. Staff is supportive of an agreement.

B. Terms of Compliance Agreement

2. By March 17, 2017, Operator shall plug, return to service, or obtain temporary abandonment status for the subject well.

3. By March 17, 2017. Operator shall cause to be filed an acceptable Transfer of Operator ("T-1") Form with the Commission, transferring the subject well to its license.

4. If Operator fails to comply with any deadline described in Paragraph 2 or 3, then Operator shall be assessed a \$1,000 penalty. If the subject well is not in compliance with K.A.R. 82-3-111 by being plugged, returned to service, or having temporary abandonment status, by April 30, 2017, then Operator shall be assessed an additional \$5,000 penalty, and Staff may plug the well and assess the costs to Operator.

5. If Operator fails to comply with any of the above paragraphs, or if penalties or costs are owed, then Staff shall suspend Operator's license until compliance is obtained and the penalties or costs are paid. If Staff suspends Operator's license, then Staff shall send its standard notice of license suspension letter to Operator. If Staff finds Operator conducting oil and gas operations after 10 days from the date of a notice of license suspension letter, and Operator's license is still suspended, then Staff is authorized to seal all of Operator's oil and gas operations and to assess an additional \$5,000 penalty.

6. Operator agrees to waive its right to appeal the Commission's Order approving this Agreement, any penalties or costs assessed under this Agreement, and any suspension of Operator's license implemented by Staff due to Operator's failure to comply with this Agreement. The terms of this Agreement shall remain binding upon Operator even if its interest in the subject well is conveyed. However, if the subject well transferred to another operator and then brought into compliance with K.A.R. 82-3-111, it shall no longer be the responsibility of

Operator under this Agreement, and shall count towards Operator meeting its compliance obligations under this Agreement.

7. Except as described by this Agreement, Staff will not pursue Operator for any violation of K.A.R. 82-3-111 at the subject well that occurred or occurs prior to April 30, 2017, except if the well is brought into compliance after Commission approval of this Agreement and again falls out of compliance, and remains on Operator's license.

Commission Staff

Alliance Exploration Co., LLC

By: JON MYERS

By: DBM

Printed Name: Jon Myers

Printed Name: David Bollinger

Title: LITIGATION COUNSEL

Title: President

Date: 2/6/17

Date: 2/6/2017

CERTIFICATE OF SERVICE

I certify that on February 14, 2017, I caused a complete and accurate copy of this Order to be served via United States mail, with the postage prepaid and properly addressed to the following:

David Bollinger
Alliance Exploration Co., LLC
1800 S. Baltimore Avenue, Suite 810
Tulsa, Oklahoma 74119

And delivered by email to:

Jon Myers, Jeff Klock & Dan Fox
KCC Conservation Division

/s/ Cynthia K. Maine
Cynthia K. Maine
Administrative Assistant
Kansas Corporation Commission