

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

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

In the matter of the failure of Crown Energy)	Docket No.: 15-CONS-063-CPEN
Company ("Operator") to comply with K.A.R.)	
82-3-400 at the Rice-Tanner A #8 well in)	CONSERVATION DIVISION
Butler County, Kansas.)	
<hr/>		License No.: 33192

**ORDER GRANTING MOTION FOR THE COMMISSION
TO ADOPT A SETTLEMENT 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. On July 22, 2014, the Commission issued a Penalty Order to Crown Energy Company. The order found one violation of K.A.R. 82-3-400 and assessed a \$1,000 penalty.
2. On August 25, 2014, Crown Energy filed a timely appeal of the Penalty Order.
3. On September 2, 2014, Staff moved the Commission to approve a settlement agreement, which was signed by both parties. The settlement reduces the penalty to \$500 and states the apparent violation was the result of an erroneous data submission by the operator. No response to the motion was filed by Crown Energy.
4. The Commission finds and concludes that the settlement agreement provides a fair and efficient resolution to the issues in this docket.

THEREFORE, THE COMMISSION ORDERS:

- A. The Motion for the Commission to Adopt a Settlement Agreement is granted.

B. The Settlement Agreement is attached as an exhibit to this Order and is incorporated into this Order.

C. Operator shall pay the \$500 penalty within 30 days.

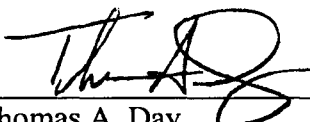
D. Any party affected by this Order may file with the Commission a petition for reconsideration pursuant to K.S.A. 77-529(a). Such petition shall be filed within fifteen (15) days after service of this Order and must state the specific grounds upon which relief is requested. This petition for reconsideration shall be filed with the Executive Director of the Conservation Division, 266 N. Main, Ste. 220, Wichita, Kansas 67202.

E. 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.

Albrecht, Chair; Emler, Com.; Apple, Com.

Dated: SEP 25 2014

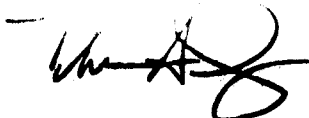


Thomas A. Day
Acting Executive Director

Mailed Date: 9/26/14

LRP

I CERTIFY THE ORIGINAL
COPY IS ON FILE WITH
The State Corporation Commission
SEP 25 2014



AUG 29 2014

LEGAL SECTION

SETTLEMENT AGREEMENT

This Settlement Agreement is between Crown Energy Company ("Operator") and the Staff of the Corporation Commission of the State of Kansas ("Staff"). The effective date of this Settlement Agreement shall be the date it is approved by an Order of the Commission. If the Commission does not approve this Settlement Agreement by a signed Order, this Settlement Agreement shall not be binding on either party. This Settlement Agreement shall settle the proceedings instituted in Commission Docket Number 15-CONS-063-CPEN.

A. Background

1. The July 22, 2014, Penalty Order in this docket required Operator to pay \$1,000 for one violation of K.A.R. 82-3-400 at the Rice-Tanner A #8 well. Operator filed a timely appeal.

2. Operator reports that it submitted erroneous data regarding the well. Operator has submitted an updated Annual Fluid Injection Report ("U3C"). Staff recommends that the penalty in this docket should be reduced to \$500, due to the erroneous data submission.

B. Terms of Settlement

3. Instead of paying \$1,000, Operator shall pay \$500 in this docket, which shall be due within 30 days from the date this Settlement Agreement is approved by an Order of the Commission.

4. The Commission shall find Operator committed one violation of K.A.R. 82-3-409, rather than one violations of K.A.R. 82-3-400.

5. Operator agrees to waive its right to appeal any future orders of the Commission regarding this matter, or any suspension of Operator's license implemented by Commission Staff due to Operator's failure to comply with this Settlement Agreement.

C. Conclusion

Both parties believe that this Settlement Agreement represents a fair and appropriate resolution to the matters in this docket, and that the Settlement Agreement accomplishes the Commission's duty to enforce Kansas laws pertaining to the protection of usable waters and the prevention of pollution caused by oil and gas activities.

This Settlement Agreement has been agreed to by the undersigned:

Commission Staff

By: Jon Myers

Printed Name: JON MYERS

Title: LITIGATION COUNSEL

Date: 8/29/14

Crown Energy Company

By: Dallas Flower

Printed Name: Dallas Flower

Title: Owner - Prod. Supt.

Date: 8-28-2014

CERTIFICATE OF SERVICE

I certify that on 9/26/14, 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:

Dexter Holleyman
Dallas Flowers
Crown Energy Company
1117 NW 24th Street
Oklahoma City, Oklahoma 73106

And delivered by hand to:

Alan Snider
Conservation Division Central Office

Jon Myers
Conservation Division Central Office

/s/ Lane R. Palmateer
Lane R. Palmateer
Litigation Counsel
Kansas Corporation Commission