

**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 Application of Range Oil)	Docket No.: 15-CONS-469-CUIC
Company, Inc., to authorize the injection of)	
saltwater into the Simpson Formation at the)	CONSERVATION DIVISION
Bowman #2 well located in Section 4,)	
Township 29 South, Range 3 East, Butler)	License No.: 5120
County, Kansas.)	

**ORDER CONTINUING HEARING AND
DENYING JOINT MOTION FOR APPROVAL OF SETTLEMENT AGREEMENT**

This matter comes before the State Corporation Commission of the State of Kansas for consideration and determination. Having examined its files and records, and being duly advised in the premises, the Commission makes the following findings:

I. BACKGROUND

1. On November 24, 2014, Range Oil Company filed an application seeking injection authority at the Bowman #2 well, at a maximum liquid injection rate of 1,000 barrels per day and a maximum injection pressure of 300 pounds per square inch.
2. Between December 15, 2014, and December 22, 2014, various filings established that there were 14 protestants to Range Oil's application. On January 6, 2015, the Commission issued an order setting a prehearing conference for January 29, 2015.
3. On January 29, 2015, Range Oil, Commission Staff, and five of the 14 protestants attended the prehearing conference. On January 30, 2015, Prehearing Officer Myers issued an order setting this matter for a March 19, 2015, hearing before the Commission.

4. On February 11, 2015, Commission Staff moved for a default order against the nine protestants who failed to attend the prehearing conference. No party filed a response to the motion, which was granted by the Commission on February 26, 2015.

5. On February 20, 2015, Range Oil, Commission Staff, and the five protestants who attended the prehearing conference – in other words all parties that remain a part of this docket – filed a joint motion for approval of a settlement agreement.

II. FINDINGS OF FACT

6. The terms of the jointly proposed settlement agreement, attached to this Order as Exhibit A, call for injection authority to be granted to Range Oil at the injection rate and injection pressure requested.

7. The settlement agreement, however, also places several conditions on the grant of injection authority. For example, the settlement agreement calls for Range Oil to pay the remaining protestants a total of \$300 to reimburse for expenses in obtaining a water quality test, requires Range Oil to obtain prior consent from the protestants prior to the injection of waters produced off-lease, and requires Range Oil to provide one of the protestants daily pressure readings on a quarterly basis.

8. The settlement agreement also states that the rights and duties described in the settlement shall run with the land, including successors in interest, and calls for any necessary enforcement of the various conditions to be made through pleadings filed with the Commission. In addition, the settlement agreement states that if the Commission does not approve all terms of the settlement agreement in total, then any party has the option to terminate the agreement.

9. The Commission is pleased that the parties in this docket seem able to work together to resolve their differences. The Commission is not comfortable, however, with the

conditions described in the settlement being enforceable through a pleading filed with the Commission, or with the continued grant of injection authority being subject to the conditions described in the settlement.

10. There are at least a couple of reasons the Commission is not comfortable with the settlement agreement. First, given that the Commission oversees in excess of 15,000 injection wells, if continued injection authority was based upon whether an operator had complied with obligations to a third party, or in this case multiple third parties and their successors, it would be virtually impossible for Staff to determine whether an operator was in compliance with its permit. Second, the Commission's statutory and regulatory task in regard to injection wells is to protect fresh and useable water, and in general to prevent waste and protect correlative rights. Enforcement of conditions such as those in the settlement agreement generally falls outside the scope of Commission's statutory and regulatory task, and thus are not the sort of conditions the Commission is comfortable implementing and overseeing.

11. The Commission is pleased that the parties in this docket seem able to work together to resolve their differences. If the parties are so inclined, the Commission encourages Range Oil and the protestants to privately settle their differences, perhaps via a private settlement under essentially the same terms as those brought before the Commission.

12. The Commission notes that the hearing in this matter is currently scheduled for March 19, 2015, and finds that it would be appropriate to continue the hearing to provide the parties an opportunity to come to a private settlement.

III. CONCLUSIONS OF LAW

13. The Commission concludes that the settlement agreement jointly proposed by all parties remaining in this docket should be denied, and that the currently-scheduled hearing should be continued, to provide the parties an opportunity to come to a private settlement.

THEREFORE, THE COMMISSION ORDERS:

A. The February 20, 2015, joint motion for approval of a settlement agreement is denied.

B. The currently-scheduled March 19, 2015, hearing is continued to April 16, 2015. Applicant's pre-filed direct testimony is due March 23, 2015; the protestants' pre-filed direct testimony is due March 30, 2015; Staff's pre-filed direct testimony is due April 6, 2015; and any rebuttal testimony is due April 13, 2015. Parties are reminded that failure to meet any deadline may result in a default order or the exclusion of evidence, and that the Commission may limit direct and rebuttal testimony to the pre-filed testimony.

BY THE COMMISSION IT IS SO ORDERED.

Albrecht, Chair; Emler, Commissioner; Apple, Commissioner

Dated: MAR 10 2015



Neysa Thomas
Acting Secretary

Mailed Date: March 10, 2015

JRM

**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 APPLICATION)
OF RANGE OIL COMPANY, INC., FOR)
AUTHORITY TO DISPOSE OF SALT WATER)
IN THE BOWMAN #2 SALT WATER)
DISPOSAL WELL, LOCATED IN SECTION 4,)
TOWNSHIP 29 SOUTH, RANGE 3 EAST,)
BUTLER COUNTY, KANSAS)

DOCKET NO.: 15-CONS-469-CUIC
CONSERVATION DIVISION
License No.: 5120

UNANIMOUS STIPULATED SETTLEMENT AGREEMENT

This Unanimous Stipulated Settlement Agreement ("Agreement") is made and entered into effective as of January 29, 2015, by and between Range Oil Company, Inc. ("operator"), Michael Moeder, Jeanie Moeder, Aaron Moeder, Caroline Moeder and Jolene Dougherty ("property owners") and the Commission Staff ("Staff"). The operator and the property owners shall hereinafter be referred to as "parties".

WHEREAS, an Application for Injection Well (salt water disposal) was filed by Range Oil Company, Inc., as operator, for its Bowman #2 well (API #15-015-23953-00-01), located in the Southeast Quarter of the Southwest Quarter of the Southwest Quarter (SE/4 SW/4 SW/4) of Section 4, Township 29 South, Range 3 East of the Sixth P.M., Butler County, Kansas, and more particularly described as being located approximately 330 feet North from the South line and 990 feet East from the West line of Section 4, Township 29 South, Range 3 East of the Sixth P.M., Butler County, Kansas, under a certain Oil and Gas Lease covering the West Half of the Southwest Quarter (W/2 SW/4) of Section 4, Township 29 South, Range 3 East of the Sixth P.M., Butler County, Kansas (hereinafter "subject lands"). The injection formation is described as the Simpson Sand (being 3,138

feet to 3,171 feet KB, top to bottom) through perforations located from 3,140 to 3,143 feet KB and from 3,166 feet to 3,171 feet KB. The above-described Application for Injection Well (salt water disposal) (hereinafter "subject application") was filed with the Commission on November 19, 2014, and Notice of the subject application was provided by publication in the Butler County Times-Gazette and through personal service upon the parties and at the addresses shown in Exhibit "A" attached hereto and incorporated herein by reference.

WHEREAS, on December 15, 2014, a written protest of the subject application was filed with the Kansas Corporation Commission by Michael Moeder, Jeanie Moeder, Aaron Moeder, Caroline Moeder, Lois A. Mitchell, James A. Mitchell, Mary Kay Mitchell, Jolene Dougherty, Brian Mahan, Sarah Mahan, Owen B. Amsden, Janet Harding and Charles Harding. As a result, this matter was set for a prehearing conference to be held on Thursday, January 29, 2015, at 1:30 P.M. at the Commission's office at 266 N. Main, Suite 220, Wichita, Kansas 67202, which prehearing conference was duly held as scheduled. The following parties appeared: Range Oil Company, Inc., by and through its attorneys, David W. Nickel of Depew Gillen Rathbun & McInteer, LC, 8301 E. 21st St. N., Suite 450, Wichita, Kansas 67206, David Jervis (as a Landman employed by Range Oil Company, Inc.) and John Washburn (a Geologist employed by Range Oil Company, Inc.) and Michael Moeder, Jeanie Moeder, Aaron Moeder, Caroline Moeder and Jolene Dougherty.

WHEREAS, the following parties did not appear in person or by telephone in the prehearing conference: Lois A. Mitchell, James A. Mitchell, Mary Kay Mitchell, Brian Mahan, Sarah Mahan, Owen Amsden, Janet Harding and Charles Harding. The Order setting the prehearing conference held in this matter provides that "any party that fails to attend or participate in the Prehearing Conference, hearing, or other stage of this proceeding shall be held in default under the KAPA [Kansas Administrative Procedure Act]". Commission staff stated at the prehearing conference that it will file a motion for default for the above-named parties who did not appear at the prehearing conference. Therefore, upon an order dismissing said parties from this proceeding, the defaulting parties shall no longer have any protestant rights pending in this docket including the right to propose any terms or conditions in this Agreement.

WHEREAS, during the prehearing conference, the parties agreed to a hearing date of March 19, 2015, at the Commission's office at 266 N. Main, Suite 220, Wichita, Kansas 67202, and also discussed and resolved all issues concerning the subject application. Therefore, the parties agreed to settle this matter upon the terms and conditions set forth herein, subject to approval of the Commission and an order being issued accordingly.

WHEREFORE, the parties hereto announce to the Commission a proposed settlement of the captioned matter as set forth below:

1. All recitals in this Agreement are incorporated herein and acknowledged by the parties hereto as being true and accurate in all material respects, as far as known by the parties.

2. All obligations of the parties are subject to and conditioned upon approval of this Agreement by the Commission and an order issued by the Commission accordingly.

3. Range Oil Company, Inc. agrees to pay \$300.00 to all of the parties collectively, said sum to be used to reimburse said parties' expenses in obtaining a water quality test (as selected by the parties in their sole discretion) of the water in their water wells located immediately approximate to the subject lands. These water well tests shall be conducted prior to February 26, 2015, and the results thereof shall be shared with all parties hereto. The \$300.00 that will be paid by Range Oil Company, Inc. to the parties for reimbursement of expenses pertaining to the water quality test shall be paid to Jolene Dougherty, 14361 SW 190th Road, Rose Hill, Kansas 67133, who shall disburse said funds as agreed by the parties in their sole discretion.

4. The parties hereto agree to withdraw their protest from the subject application and agree that the subject application may be granted by the Commission without further notice or hearing in this matter. The Commission staff agrees to recommend approval of the subject application to the Commission.

5. Range Oil Company, Inc. agrees that it shall not dispose of any water produced from lands other than the West Half of the Southwest Quarter (W/2 SW/4) of Section 4, Township 29 South, Range 3 East of the Sixth P.M., Butler County, Kansas, without the written consent and approval of the parties hereto, which consent and approval shall be not be unreasonably withheld.

6. The Bowman #2 salt water disposal well shall be operated in accordance with the rules and regulations of the Commission and Range Oil Company, Inc. shall monitor daily pressure readings from said well. Range Oil Company, Inc. shall submit a report of said daily pressure readings on a quarterly basis (on or before the 15th day next following the end of each calendar quarter) for so long as the Bowman #2 salt water disposal well is operating. The pressure reading data shall consist of the daily pressure on the Bowman #2 well as observed by the contract pumper and shall consist of a date and pressure reading at a minimum. This pressure reading data shall be sent to Jeanie Moeder at P.O. Box 405, Rose Hill, Kansas 67133 by mail with a copy of the same to the Commission staff or to such other party or at such other address as designated in a writing submitted to Range Oil Company, Inc. at its business address. Jeanie Moeder (or any other designated person) shall share such information in such form and at such times as agreed between the remaining protesting parties. In the event that any party shall breach the terms of this Agreement, once approved by the Commission, enforcement of the same may be made through an application, complaint or other pleading filed with the Commission and set and heard by the Commission in accordance with the KAPA.

7. Upon approval of this Agreement, Range Oil Company, Inc. shall be allowed to commence salt water disposal in the Bowman #2 well on the later of the following two dates: the date upon which the Commission staff approves the Application for Injection Well (salt water disposal) by order issued by the Commission or February 29, 2015.

8. The rights and duties herein shall run with the land, including successors in interest to the parties herein with respect to the lands and leases currently owned and/or operated by them. No assignment of any rights or delegation of duties under this Agreement shall operate to enlarge or diminish the rights of the parties hereto.

9. Each party shall pay their own costs, expenses and attorney fees associated with this matter.

10. This Agreement fully resolves issues specifically addressed in this document between the parties. The terms of this Agreement constitute a fair and reasonable resolution of the issues

addressed herein, and the parties jointly request that the Commission approve the same and adopt the terms and provisions of this Agreement in an order approving the operator's Application.

11. The terms and provisions of this Agreement have resulted from negotiations between the parties and are interdependent. In the event the Commission does not approve and adopt 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 agreements or provisions hereof, unless otherwise provided herein.

12. 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 the Agreement: (1) in any future Commission or court proceeding; (2) in any proceeding pending 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 of this Agreement.

13. Except as otherwise provided herein, this Agreement does not prejudice or waive any party's legal rights, positions, claims, assertions or arguments in any other proceeding before this Commission or in any court.

14. If the Commission accepts this Agreement in its entirety and incorporates the same into its final order in this docket, the parties are bound by its terms and the Commission's order incorporating its terms as to all issues addressed herein, and will not seek reconsideration or appeal of the Commission's order on those issues.

15. This Unanimous Stipulated Settlement Agreement may be executed in multiple counterparts, each of which shall be deemed an original but which together shall constitute one and the same instrument.

David W. Nickel

On behalf of Range Oil Company, Inc.

Printed Name: *David W. Nickel*

Title: *Attorney*

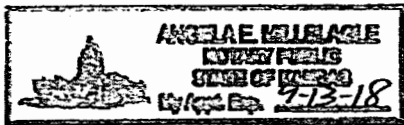
STATE OF *Kansas*)
COUNTY OF *Sedgwick*) ss:

BE IT REMEMBERED, that on this *20th* day of *February*, 2015, before me, the undersigned, a Notary Public in and for the County and State aforesaid, came David W. Nickel, attorney for Range Oil Company, Inc., personally known to me to be such officer and to be the same person who executed as such officer the within instrument of writing on behalf of said corporation and acknowledged the execution of the same for himself and for said corporation for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

Angela E. Millslagle
Notary Public
Printed Name: *Angela E. Millslagle*

My appointment expires:



Michael Moeder
Michael Moeder

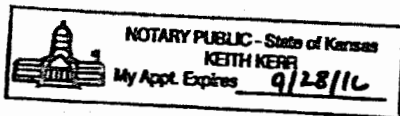
STATE OF Kansas)
COUNTY OF Sedgwick) ss:

BE IT REMEMBERED, that on this 13 day of February, 2015, before me, the undersigned, a Notary Public in and for the County and State aforesaid, came Michael Moeder, personally known to me to be the same person who executed the within instrument of writing and such person duly acknowledged the execution of the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

Keith Kerr
Notary Public
Printed Name: Keith Kerr

My appointment expires: 9/28/16



Jeanie Moeder
Jeanie Moeder

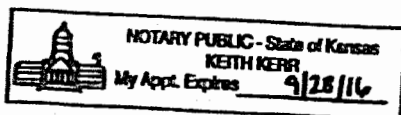
STATE OF Kansas)
COUNTY OF Sedgwick) ss:

BE IT REMEMBERED, that on this 13 day of February, 2015, before me, the undersigned, a Notary Public in and for the County and State aforesaid, came Jeanie Moeder, personally known to me to be the same person who executed the within instrument of writing and such person duly acknowledged the execution of the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

Keith Kerr
Notary Public
Printed Name: Keith Kerr

My appointment expires: 9/28/16



Aaron Moeder
Aaron Moeder

STATE OF Kansas)
COUNTY OF Butter) ss:

BE IT REMEMBERED, that on this 12th day of Feb, 2015, before me, the undersigned, a Notary Public in and for the County and State aforesaid, came Aaron Moeder, personally known to me to be the same person who executed the within instrument of writing and such person duly acknowledged the execution of the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

Laurie M Brill
Notary Public
Printed Name: Laurie M. Brill

My appointment expires: Oct 16, 2016



Caroline Moeder
Caroline Moeder

STATE OF Kansas)
COUNTY OF Butter) ss:

BE IT REMEMBERED, that on this 12th day of Feb, 2015, before me, the undersigned, a Notary Public in and for the County and State aforesaid, came Caroline Moeder, personally known to me to be the same person who executed the within instrument of writing and such person duly acknowledged the execution of the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

Laurie M Brill
Notary Public
Printed Name: Laurie M. Brill

My appointment expires: Oct 16, 2016



Jolene Dougherty
Jolene Dougherty

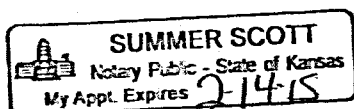
STATE OF Kansas }
COUNTY OF Butler } ss:

BE IT REMEMBERED, that on this 14th day of February, 2015, before me, the undersigned, a Notary Public in and for the County and State aforesaid, came Jolene Dougherty, personally known to me to be the same person who executed the within instrument of writing and such person duly acknowledged the execution of the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

Summer Scott
Notary Public
Printed Name: Summer Scott

My appointment expires:



Lane Palmateer

On behalf of Kansas Corporation Commission Staff
(Conservation Division) and the public generally

Printed Name: Lane Palmateer

Title: Litigation Counsel

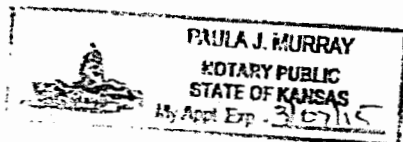
STATE OF Kansas)
COUNTY OF Sedwick) ss:

BE IT REMEMBERED, that on this 26th day of February, 2015, before me, the undersigned, a Notary Public in and for the County and State aforesaid, came Lane Palmateer, Litigation Counsel of the Kansas Corporation Commission Staff (Conservation Division) and the public generally, personally known to me to be such officer and to be the same person who executed as such officer the within instrument of writing on behalf of said commission and acknowledged the execution of the same for himself and for said commission for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

Paula J. Murray
Notary Public
Printed Name: Paula J. Murray

My appointment expires:



CERTIFICATE OF SERVICE

I certify that on 3/12/15, 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:

John Washburn
Range Oil Company, Inc.
P.O. Box 781775
Wichita, Kansas 67278

David Nickel
Depew Gillen Rathbun & McInteer, LC
8301 East 21st Street North, Suite 450
Wichita, Kansas 67206
Attorney for Range Oil Company, Inc.

Michael & Jeanie Moeder
P.O. Box 405
Rose Hill, Kansas 67133

Lois A. Mitchell
18847 SW Prairie Creek Road
Rose Hill, Kansas 67133

Aaron & Caroline Moeder
P.O. Box 184
Rose Hill, Kansas 67133

James A. & Mary Kay Mitchell
18805 SW Prairie Creek Road
Rose Hill, Kansas 67133

Brian & Sarah Mahan
400 Sienna Drive
Rose Hill, Kansas 67133

Charles Harding & Janet Wilson Harding
18501 SW Prairie Creek Road
Rose Hill, Kansas 67133

Owen & Jan Amsden
14477 SW 190th Road
Rose Hill, Kansas 67133

Jolene Dougherty
14361 SW 190th Road
Rose Hill, Kansas 67133

And delivered by hand to:

Lane Palmateer (Litigation Counsel) & Alan Snider (UIC Supervisor)
Tony Vail (UIC Department)
Conservation Division Central Office

/s/ Jonathan R. Myers
Jonathan R. Myers
Litigation Counsel (Assistant General Counsel/Prehearing Officer in this docket)
Kansas Corporation Commission