

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

Before Commissioners: Dwight D. Keen, Chair
 Shari Feist Albrecht
 Susan K. Duffy

In the matter of the failure of Micro Oil, LLC) Docket No: 19-CONS-3360-CPEN
("Operator") to report activity that occurred)
during the 2018 calendar year in compliance) CONSERVATION DIVISION
with K.A.R. 82-3-409.)
_____) License No: 35488

ORDER APPROVING SETTLEMENT AGREEMENT

This matter comes before the State Corporation Commission of the State of Kansas (Commission). Having examined its files and records, and being fully advised in the premises, the Commission finds the following:

1. On April 25, 2019, the Commission issued a *Penalty Order* against Micro Oil, LLC (Operator) for seventeen violations of K.A.R. 82-3-409 because Operator failed to file annual fluid injection reports for seventeen wells in Allen County.¹
2. On May 28, 2019, Operator requested a hearing.²
3. On July 11, 2019, Commission Staff filed a *Motion to Approve Settlement Agreement*, stating that "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."³
4. In relevant part, the Settlement Agreement notes the violations have been remedied and reduces the penalty from \$1,700 to \$850, to be paid in four monthly installments.⁴

¹ Penalty Order, ¶¶ 5, 9, Exhibit A (Apr. 25, 2019).

² Request for Hearing (May 28, 2019).

³ Motion to Approve Settlement Agreement, ¶ 2 (Jul. 11, 2019).

⁴ See Motion to Approve Settlement Agreement, attached Settlement Agreement at ¶¶ 9, 12.

5. By signing the proposed Settlement Agreement, Staff and Operator concurred that the Agreement constitutes “a fair and reasonable resolution of the issues addressed.”⁵

6. The law encourages settlements.⁶ The Commission finds the Settlement Agreement attached to Staff’s Motion to Approve Settlement Agreement constitutes a fair and reasonable resolution of this proceeding. The Settlement Agreement is attached to and made part of this Order.

THEREFORE, THE COMMISSION ORDERS:

A. Staff’s motion to approve the attached Settlement Agreement is granted; the Settlement Agreement is approved.

B. Any party may file and serve a petition for reconsideration pursuant to the requirements and time limits established by K.S.A. 77-529(a)(1).⁷

C. The Commission retains jurisdiction over the subject matter and parties for the purpose of entering such further orders as it may deem necessary.

BY THE COMMISSION IT IS SO ORDERED.

Keen, Chair; Albrecht, Commissioner; Duffy, Commissioner

Dated: 07/16/2019



Lynn M. Retz
Executive Director

Mailed Date: 07/16/2019

JRM

⁵ Motion to Approve Settlement Agreement, attached Settlement Agreement at ¶ 16.

⁶ *Bright v. LSI Corp.*, 254 Kan. 853, 858 (1994).

⁷ K.S.A. 55-162; K.S.A. 55-606; K.S.A. 55-707; K.S.A. 77-503(c); K.S.A. 77-531(b).

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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 Taub Oil, Inc. ("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.
4. Pursuant to K.S.A. 55-162, if the Commission finds that such person violated any provisions of K.S.A. 55-150 *et seq.*, the Commission shall take any appropriate action necessary to prevent pollution and protect water supply.

5. Pursuant to K.A.R. 82-3-409, each operator of an injection well must submit an annual report showing for the previous calendar year the following information: the monthly average wellhead pressure; the maximum wellhead pressure; the amount and kind of fluid injected into each well; any other performance information that may be required.

6. Pursuant to K.A.R. 82-3-409(c), the report shall be submitted by March 1 of the following year, and the failure to file an annual injection report shall be punishable by a \$100 penalty.

II. BACKGROUND

7. On April 25, 2019, the Commission issued a Penalty Order against the Operator for 17 violations of K.A.R. 82-3-409 finding that the Operator did not file an annual injection report for the subject wells, reporting activity during the 2018 calendar year. The Penalty Order assessed a \$1,700 penalty.

8. The Penalty Order gave the Operator 30 days to file the required annual fluid injection reports.

9. By July 2, 2019, the Operator submitted the required annual fluid injection reports for all 17 of the subject wells, leaving only the outstanding \$1,700 penalty at issue.

10. To avoid potential litigation costs and to foster administrative efficiency, Operator and Staff have agreed to the following settlement and payment plan.

III. TERMS OF THE SETTLEMENT AGREEMENT

11. 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.

12. Of the \$1,700 owed in this docket, the Operator shall pay a total of \$850 in monthly installments. Of the \$850 owed, the Operator shall pay \$212.50 by August 1, 2019; \$212.50 by September 1, 2019; \$212.50 by October 1, 2019; and the remaining \$212.50 by November 1, 2019.

13. Operator understands and agrees that failure to comply with the provisions of any of the above paragraphs will result in the Commission suspending Operator's license without further notice until all past-due payments are paid. Operator further understands and agrees that if Operator is found conducting oil and gas operations following suspension of Operator's license, and Operator's license is still suspended, then the Commission shall order all of Operator's oil and gas operations sealed and shall assess an additional \$5,000 penalty.

14. Operator acknowledges that upon any suspension of Operator's license, this matter may be submitted for judicial enforcement or enforcement through the Kansas Attorney General's Office.

15. 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

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

17. 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.

18. 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.

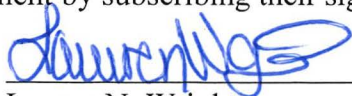
19. Unless (and only to the extent) otherwise specified in this Agreement, this Agreement does not prejudice or waive any party's legal rights, positions, claims, assertions or arguments in any proceedings in this docket, or any other proceeding before the Commission or in any court.

20. 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.

21. 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.

By:



Lauren N. Wright
Litigation Counsel
Kansas Corporation Commission
266 N. Main, Ste. 220
Wichita, KS 67202

By:



R.L. Anderson
Micro Oil, LLC
10721 S. Thornton Rd.
Casa Grande, AZ 85193

CERTIFICATE OF SERVICE

19-CONS-3360-CPEN

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 07/16/2019.

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/S/ DeeAnn Shupe

DeeAnn Shupe