

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

In the matter of the failure of Satchell Creek)	Docket No.: 24-CONS-3209-CPEN
Petroleum, LLC (Operator) and Feature)	
Drilling, LLC (Contractor) to comply with)	CONSERVATION DIVISION
K.S.A. 55-171 and K.A.R. 82-3-600 at the)	
Bellerive #A 2-29, Bellerive #A 3-29, Hobbs)	License Nos.: 35970 and 35963
A #3-28, and Richmeier #1-34 wells in)	
<u>Graham County, Kansas.</u>)	

MOTION TO APPROVE SETTLEMENT AGREEMENT

Staff of the State Corporation Commission of the State of Kansas (Staff and Commission, respectively) hereby files this Motion to Approve Settlement Agreement. In support of its Motion, Staff states as follows:

1. On February 13, 2024, the Commission issued a Penalty Order against Operator and Contractor for four violations of K.S.A. 55-171 and K.A.R. 82-3-600 for performing unauthorized dumping of brine fluids into the reserve pits associated with four wells in Graham County, Kansas. The Penalty Order assessed a \$40,000 penalty, and held Operator and Contractor jointly and severally responsible.

2. On March 13, 2024, Operator and Contractor timely filed a request for hearing in the docket.

3. On April 4, 2024, the Presiding Officer set a procedural schedule for the docket, with Staff's pre-filed direct testimony due May 10, 2024.¹

4. Staff and Operator discussed resolution of the underlying issues in this docket, and reached a settlement in this matter. The Settlement Agreement (Agreement) has been reduced to writing and is attached hereto as **Attachment A**.

¹ Presiding Officer Order Setting Procedural Schedule, ¶ 1 (Apr. 4, 2024).

5. The Agreement requires Operator to pay a reduced \$20,000 penalty over the course of three consecutive months, with the first payment due May 15, 2024. Failure to make payments by the scheduled deadlines as described in the Agreement shall result in the immediate suspension of both Operator's license and Contractor's license, and the licenses shall remain suspended until the penalty has been paid in full. Staff believes the Agreement constitutes a reasonable resolution of all issues in this docket. Further, the Agreement will allow Staff, Operator, and Contractor to avoid potential litigation costs, and thus foster administrative efficiency.

6. If the Commission declines to approve the Agreement, Staff requests that the Commission continue the procedural schedule, including Staff's May 10, 2024, deadline to file pre-filed direct testimony.

WHEREFORE, Staff respectfully requests the Commission grant this motion, thereby approving the Settlement Agreement attached hereto as Attachment A.

Respectfully Submitted,

/s/Tristan Kimbrell
Tristan Kimbrell, #27720
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<u>Graham County, Kansas.</u>)	

SETTLEMENT AGREEMENT

This Settlement Agreement (Agreement) is entered into by and between the Staff of the State Corporation Commission of the State of Kansas (Staff and Commission, respectively), Operator, and Contractor (collectively referred to herein as the Parties). The effective date of this Agreement will be the date the Commission enters an order approving or amending the terms of the Agreement.

I. BACKGROUND

1. On February 13, 2024, the Commission issued a Penalty Order against Operator and Contractor for four violations of K.S.A. 55-171 and K.A.R. 82-3-600 for performing unauthorized dumping of brine fluids into the reserve pits associated with the Bellerive #A 2-29, Bellerive #A 3-29, Hobbs A #3-28, and Richmeier #1-34 wells (Subject Wells). The Penalty Order assessed a \$40,000 penalty, and held Operator and Contractor jointly and severally responsible.

2. On March 13, 2024, Operator and Contractor timely filed a request for hearing in the present docket.

3. Subsequent to the request for hearing, the Parties discussed resolution of the underlying issues in this docket, and reached a settlement in this matter. As part of the settlement,

Staff agreed to reduce the terms to writing and submit the same for Commission approval. The terms of the settlement are set forth below.

II. TERMS OF THE SETTLEMENT AGREEMENT

4. 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 terms as set forth below.

5. Operator and Contractor stipulate that they committed four violations of K.S.A. 55-171 and K.A.R. 82-3-600.

6. As Operator and Contractor have removed the brine fluids from the reserve pits associated with the Subject Wells, the Parties agree to seek Commission approval for a reduced penalty amount of \$20,000, and for a payment plan for the penalty amount. Operator and Contractor shall be responsible for paying the reduced \$20,000 penalty over the course of three months. The first payment of \$6,667 shall be due on May 15, 2024. The second payment of \$6,667 shall be due on June 15, 2024. A final payment of \$6,666 shall be due on July 15, 2024.

7. Staff 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.

8. Failure to meet any of the payment deadlines shall result in suspension of both Operator's license and Contractor's license. Operator and Contractor agree and understand that if their licenses are suspended for the failure to meet the above deadlines, the licenses shall remain suspended until the penalty amount has been paid in full.

9. Operator and Contractor agree to waive their right to appeal the Commission's order approving this Agreement, any penalties assessed under this Agreement, and any suspension

of Operator's license or Contractor's license implemented by Staff due to Operator's or Contractor's failure to comply with this Agreement.

IN WITNESS WHERETO, the Parties hereby execute and approve this Settlement Agreement by subscribing their signatures below.

Commission Staff

/s/Tristan Kimbrell

Tristan Kimbrell, #27720

Litigation Counsel

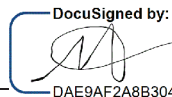
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Satchell Creek Petroleum, LLC

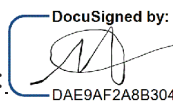
Signature:  DAE9AF2A8B304CB...

Printed Name: Michael J. Hopson

Title: Manager

Date: 5/7/2024

Feature Drilling, LLC

Signature:  DAE9AF2A8B304CB...

Printed Name: Michael J. Hopson

Title: Manager

Date: 5/7/2024

CERTIFICATE OF SERVICE

24-CONS-3209-CPEN

I, the undersigned, certify that a true and correct copy of the attached Motion to Approve Settlement Agreement has been served to the following by means of first class mail and electronic service on May 7, 2024.

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/s/ Paula J. Murray
Paula J. Murray
