

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

In the matter of the failure of Little Chief) Docket No.: 21-CONS-3200-CPEN
Energy Corporation (Operator) to comply)
with K.A.R. 82-3-120 and K.A.R. 82-3-133) CONSERVATION DIVISION
by operating under a suspended license.)
_____) License No.: 35588

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 May 25, 2021, the Commission issued a Penalty Order in Docket 21-CONS-3200-CPEN (Docket 21-3200) for violations of K.A.R. 82-3-120 and K.A.R. 82-3-133 finding that Operator conducted oil and gas operations under a suspended license after being suspended in Docket 21-CONS-3103-CPEN, and later conducted oil and gas operations under a suspended license after being suspended in Docket 21-CONS-3131-CPEN. The Penalty Order assessed a \$50,000 penalty.

2. Operator came into compliance with the Penalty Order in Docket 21-CONS-3103-CPEN on February 8, 2021. Operator then came into compliance with the Penalty Order in Docket 21-CONS-3131-CPEN on March 12, 2021. Operator's license is currently active and not suspended.

3. On June 9, 2021, Operator filed a request for hearing regarding the penalty assessed in the Docket 21-3200 Penalty Order.

4. On June 17, 2021, the Commission issued an Order Designating Presiding Officer and Setting Prehearing Conference, wherein, a prehearing conference was scheduled for July 1, 2021. On July 1, 2021, the Parties agreed to a continuance and another prehearing conference was

scheduled for August 5, 2021. On August 5, 2021, the Parties met and agreed to a procedural schedule which was adopted by Commission Order on August 6, 2021.

5. On September 27, 2021, Commission Staff filed its Direct Testimony. Prior to Operator filing its testimony and an evidentiary hearing being set, the Parties discussed resolution of the underlying issues in this docket, and reached a settlement in this matter. The settlement has been reduced to writing and is attached hereto as **Attachment A**, and incorporated herein by reference (Agreement).

6. Operator did not sign and return the agreement until after the first payment deadline passed. Upon Commission approval of this motion, Operator shall submit its first payment. Failure to meet any of the remaining deadlines as described in the Agreement shall result in the immediate suspension of Operator's license. Staff believes the Agreement constitutes a reasonable resolution of all issues in this docket. Further, the Agreement should foster administrative efficiency.

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

Respectfully submitted,

/s/ Kelcey A. Marsh
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_____) License No.: 35588

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 Operator (collectively referred to herein as the Parties). If the Commission does not approve this Agreement by a signed Order, then the Agreement shall not be binding on either party. The effective date of this Agreement shall be the date the Commission enters an order on the Agreement.

I. BACKGROUND

1. On May 25, 2021, the Commission issued a Penalty Order in Docket 21-CONS-3200-CPEN (Docket 21-3200). The Penalty Order assessed a \$50,000 penalty to Operator for conducting oil and gas operations under a suspended license.
2. On June 9, 2021, Operator filed a request for hearing regarding the penalty assessed in the Docket 21-3200 Penalty Order.
3. On August 6, 2021, the Commission issued a Presiding Officer Order Setting Procedural Schedule, wherein, deadlines were given to the Parties to file their Direct and Rebuttal Testimony. However, an evidentiary hearing date was not set. Prior to an evidentiary hearing date being set, 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 admits to no wrongdoing, but acknowledges that the violations and fines found in the Docket 21-3200 Penalty Order will count against its record of compliance for purposes of license renewal under K.S.A. 55-155 and K.A.R. 82-3-120.

6. Operator agrees to pay eleven consecutive monthly installments of \$4,100, with an additional twelfth payment of \$4,900, which shall be due on the first day of each month. The first payment shall be due on December 1, 2021. Failure to timely pay shall result in the entire remaining balance of the penalty immediately becoming due.

7. Failure to timely pay will also result in the suspension of Operator's license. Operator agrees and understands that if its license is suspended for the failure to meet the deadlines above, its license shall remain suspended until the total remaining balance of the \$50,000 penalty has been paid in Docket 21-3200.

8. Operator agrees to waive its right to appeal the Commission's Order approving this Agreement, and any penalties assessed under this Agreement.

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

Commission Staff

By: Kelcey Marsh

Printed Name: Kelcey Marsh

Title: Litigation Counsel

Date: 12/3/21

Little Chief Energy Corporation

By: Byron R Boker

Printed Name: Byron R Boker

Title: President

Date: 12/02/21

CERTIFICATE OF SERVICE

21-CONS-3200-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 electronic service on December 3, 2021.

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/s/ Paula J. Murray

Paula J. Murray