

4. Staff and Operator have reached a settlement in this matter. The Settlement Agreement reduces the Operator's \$9,000 penalty to \$4,500, and requires the \$4,500 penalty to be paid in four monthly installments from July 2019 to October 2019.³

5. By signing the proposed Settlement Agreement, Staff and the Operator concur that the Agreement "fully resolves the issues specifically addressed between the parties" and "constitute[s] a fair and reasonable resolution of the issues addressed herein."⁴

6. The Commission agrees that the Settlement Agreement fully resolves the issues specifically addressed between the parties and constitutes a fair and reasonable resolution of this matter. The Settlement Agreement is attached to and made part of this Order.


THEREFORE, THE COMMISSION ORDERS:

- A. The attached Settlement Agreement is approved and incorporated into this Order.
- 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).⁵
- C. A corporation shall appear before the Commission by a Kansas licensed attorney.⁶
- D. The Commission retains jurisdiction over the subject matter and the 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: 06/13/2019



Lynn M. Retz
Secretary to the Commission

Mailed Date: 06/13/2019

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³ See Settlement Agreement, ¶11.

⁴ *Id.*, at ¶15.

⁵ 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).

⁶ K.S.A. 77-515(c); K.A.R. 82-1-228(d)(2).

**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 Owens Oil)	Docket No.: 19-CONS-3214-CPEN
Company, LLC ("Operator") to comply with)	
K.A.R. 82 3-107 and K.A.R. 82-3-130 at the)	CONSERVATION DIVISION
Collins #7C, Collins #10C, Collins #15C,)	
Collins #17C, Collins #18C, Collins #20C,)	License No.: 35564
Collins #21C, Collins #22C, Collins #23C,)	
Collins #24C, Collins #27C, Collins #30C,)	
Collins #WSW, Les Purcell JR #1-I, Les)	
Purcell JR #2-I, Les Purcell JR #1-P, Les)	
Purcell JR #2-P and Les Purcell JR #3-P in)	
<u>Woodson County, Kansas.</u>)	

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 Owens Oil Company, LLC ("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. 82-3-107 and K.A.R. 82-3-130, each operator must submit a well completion report and all associated documentation within 120 days of the spud date of each well, and the failure to submit the forms and documents shall be punishable by a \$500 penalty.

II. BACKGROUND

6. On January 8, 2019, the Commission issued a Penalty Order against Operator for 18 violations of K.A.R. 82-3-107 and K.A.R. 82-3-130 finding that the Operator did not submit a complete and accurate well completion report for the subject wells, with the associated documents, within 120 days of the spud date. The Penalty Order assessed a \$9,000 penalty.

7. The Penalty Order gave the Operator 30 days to submit complete and accurate well completion reports and associated documents for the subject wells.

8. By January 29, 2019, the Operator submitted complete and accurate well completion reports and the associated documents for all 18 of the subject wells, leaving only the outstanding \$9,000 penalty at issue.

9. 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

10. 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.

11. Of the \$9,000 owed in this docket, the Operator shall pay a total of \$4,500 in monthly installments. Of the \$4,500 owed, the Operator shall pay \$1,125 by July 1, 2019; \$1,125 by August 1, 2019; \$1,125 by September 1, 2019 and the remaining \$1,125 by October 1, 2019.

12. 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.

13. 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.

14. 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

15. 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.

16. 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.

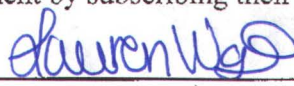
17. Unless (and only to the extent) otherwise specified in this Agreement, the signatories to this Agreement shall not be prejudiced, bound by, or affected in any way by the terms of this Agreement: (1) in any future Commission or court proceeding; (2) in any proceeding currently pending before the Commission 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.

18. 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.

19. 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.

20. 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: 
Bryson Owens
Owens Oil Company, LLC
1318 105th Rd.
Yates Center, KS 66783

CERTIFICATE OF SERVICE

19-CONS-3214-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 06/13/2019.

BRYSON OWENS
OWENS OIL COMPANY, LLC
1318 105th RD
YATES CENTER, KS 66783

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/S/ DeeAnn Shupe

DeeAnn Shupe