

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

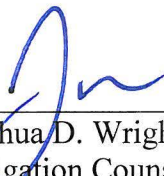
Before Commissioners: Pat Apple, Chairman
Shari Feist Albrecht
Jay Scott Emler

In the matter of the failure of Seth Farmer) Docket No.: 17-CONS-3524-CPEN
("Operator") to comply with K.A.R. 82-3-120.)
) CONSERVATION DIVISION
)
) License No.: 34863
)

**PROPOSED ORDER APPROVING STIPULATED SETTLEMENT
AGREEMENT**

Commission Staff proposes the attached Order Approving Stipulated Settlement Agreement as a means of resolving this docket.

Respectfully submitted,



Joshua D. Wright, #24118
Litigation Counsel
Kansas Corporation Commission
266 N. Main, Suite 220
Wichita, Kansas 67202
Phone: 316-337-6200; Fax: 316-337-6211

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ORDER APPROVING STIPULATED SETTLEMENT AGREEMENT

The above-captioned matter comes before the State Corporation Commission of the State of Kansas. Having examined the files and records, and being duly advised in the premises, the Commission finds and concludes as follows:

1. Commission Staff and Operator have executed a stipulated settlement agreement, which is attached as an exhibit to this Order and incorporated by reference.
2. The stipulated settlement agreement provides a fair and efficient resolution of this matter.

THEREFORE, THE COMMISSION ORDERS:

- A. The stipulated settlement agreement is approved and incorporated into this Order.
- B. The evidentiary hearing in this docket is cancelled.
- C. Any party affected by this Order may file with the Commission a petition for reconsideration pursuant to K.S.A. 77-529(a). The petition shall be filed within 15 days after service of this Order. If service of this Order is by mail, three days are added to the deadline. The petition shall be addressed to the Commission and sent to 266 N. Main, Ste. 220, Wichita,

Kansas 67202. Pursuant to K.S.A. 55-606 and K.S.A. 77-529(a), reconsideration is prerequisite for judicial review of this Order.

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

BY THE COMMISSION IT IS SO ORDERED.

Apple, Chairman; Albrecht, Commissioner; Emler, Commissioner

Dated: _____

Lynn M. Retz
Secretary to the Commission

Mailed Date: _____

JDW

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STIPULATED SETTLEMENT AGREEMENT

This Stipulated 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 Seth Farmer (“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.S.A. 55-164, in addition to any other penalty provided by law, the Commission, upon finding that an operator or contractor has violated the provisions of K.S.A. 55-150 *et seq.*, or any rule and regulation or order of the Commission, may impose a penalty not to exceed \$10,000, which shall constitute an actual and substantial economic deterrent to the violation for which the penalty is assessed. In the case of continuing violation, every day such violation continues shall be deemed a separate violation.

6. K.A.R. 82-3-120(a)(1) provides, in part, that no operator shall drill, complete, service, plug, or operate any oil or gas well without first obtaining or renewing an operator license. K.A.R. 82-3-120(a)(1) further provides that each operator in physical control of any such well shall maintain a current license even if the well is shut in or idle.

7. K.A.R. 82-3-120(a)(2) provides that each licensee shall annually submit a completed license renewal form on or before the expiration date of the current license.

8. K.A.R. 82-3-120(k) provides that the failure to obtain or renew an operator license before operating shall be punishable by a \$500 penalty.

II. BACKGROUND

9. Under the above jurisdiction and authority, on April 4, 2017, the Commission issued a Penalty Order finding:

- a. Operator conducts oil and gas activities in Kansas under license number 34863.
- b. Operator is responsible for the care and control of the Myer 2 (“subject well”) API # 15-125-24688-00-00, located in Montgomery County, Kansas.
- c. The Commission has jurisdiction over Operator and this matter pursuant to K.S.A. 55-150 *et seq.* and K.S.A. 74-623.

d. Operator committed one violation of K.A.R. 82-3-120 because the subject well remained unplugged on Operator's license following expiration of the license.

10. The Commission's Penalty Order assessed a \$500 fine against Operator. The Commission's Penalty Order further ordered Operator to: a) renew its license or obtain a new license and transfer the well(s) to that license; b) transfer the well(s) to another operator by filing the appropriate form(s) with the Commission; or c) plug the well(s).

11. Operator requested a hearing on April 26, 2017.

12. On June 6, 2017, the Commission issued its Order Designating [a] Prehearing Officer and Setting [a] Prehearing Conference, scheduling a Prehearing Conference for June 22, 2017.

13. On June 22, 2017, a Prehearing Conference was held, wherein the parties agreed to a procedural schedule.

14. On June 29, 2017, the Commission adopted a procedural schedule setting an evidentiary hearing for August 17, 2017.

15. On July 25, 2017, Commission Conservation Staff (Staff) filed a motion stating that "the parties jointly request that the evidentiary hearing in this docket...be rescheduled to September 21, 2017, and that the pre-filed testimony deadlines be adjusted accordingly" because a resolution may be forthcoming without the need for a hearing.

16. On August 1, 2017, the Commission rescheduled the evidentiary hearing for September 21, 2017.

17. On August 25, 2017, Staff filed another Motion to Reschedule Evidentiary Hearing and Adjust Testimony Deadlines, stating that "[t]he parties jointly request that the

evidentiary hearing in this docket, currently scheduled for September 21, 2017, be rescheduled to October 19, 2017, and that the pre-filed testimony deadlines be adjusted accordingly.”

18. The matter is now set for an evidentiary hearing on October 19, 2017, at 10:00 am.

19. Seth Farmer, Operator, and Joshua D. Wright, Litigation Counsel for Staff, informally discussed the possibility of a settlement. During the informal discussions, Staff and Operator were able to reach mutually agreeable terms in anticipated settlement of the issues. It was agreed that Staff would subsequently reduce the terms to writing and forward the draft to Respondent for approval and signature.

III. TERMS OF THE STIPULATED SETTLEMENT AGREEMENT

20. The parties agree that the Commission has jurisdiction and authority over this matter.

21. 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.

22. Operator stipulates to the violation as listed in the Commission’s Penalty Order, which is hereby incorporated by reference.

23. Operator agrees to pay \$500 for the above violation. Staff agrees to recommend an extended payment deadline of \$100 due by the end of each calendar month thereafter until the full \$500 is paid beginning on July 31, 2017 which will result in the final payment being due November 30, 2017.

24. Operator has submitted payments for the months of July and August 2017, which Staff will process upon approval of the Agreement.

25. Operator has renewed its license.

26. Operator understands and agrees that failure to make the payment(s) as described in Paragraph 23, above will result in the entire remaining penalty balance becoming due in full at that time, as well as the immediate suspension of the Operator's license without further notice.

27. Operator understands that failure to pay the penalty as set out in Paragraph 23 above could result in the suspension of its license without further notice and the Commission could submit the matter for judicial enforcement or enforcement through the Kansas Attorney General's Office.

28. 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

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

30. 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.

31. 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

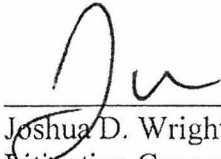
proceeding, if the Commission decides not to approve this Agreement in total or in any way conditions its approval of the same. This paragraph is not meant to limit future enforcement of this Agreement, should either party fail to fulfill all terms and provisions.

32. 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.


33. 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.

34. This Stipulated Settlement Agreement shall be binding on all parties upon signing.

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

By: 

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

By: 

Seth Farmer
4760 E. Hwy 160
Independence, KS 67301

CERTIFICATE OF SERVICE

I certify that on 9/29/17, I caused a complete and accurate copy of this Proposed Order to be served via United States mail, with the postage prepaid and properly addressed to the following:

Seth Farmer
4760 E. Hwy 160
Independence, KS 67301

and delivered by e-mail to:

Joshua D. Wright, Litigation Counsel
KCC Wichita Central Office

Michael J. Duenes, Assistant General Counsel
KCC Topeka Office

/s/ Paula J. Murray
Paula J. Murray
Legal Assistant
Kansas Corporation Commission