

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

Before Commissioners: Andrew J. French, Chairperson
 Dwight D. Keen
 Annie Kuether

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 K.S.A. 55-171 and) CONSERVATION DIVISION
K.A.R. 82-3-600 at the Bellerive #A 2-29, Bellerive)
#A 3-29, Hobbs A #3-28, and Richmeier #1-34 wells) License Nos: 35970 & 35963
in Graham County, Kansas.)

ORDER APPROVING SETTLEMENT AGREEMENT

The Commission rules as follows:

1. On February 13, 2024, the Commission issued a Penalty Order against Operator and Contractor, alleging unauthorized dumping of brine fluids into reserve pits, and holding the entities jointly and severally responsible for payment of a \$40,000 penalty. On March 13, 2024, Operator and Contractor jointly requested a hearing.

2. On May 7, 2024, Commission Staff filed a Motion to Approve Settlement Agreement. In pertinent part, the Settlement Agreement reduces the total penalty to \$20,000, and requires Operator to pay it across three monthly payments, with the first payment due May 15, 2024. Under the terms of the Settlement Agreement, the consequence of failure to meet any deadline is license suspension for both Operator and Contractor until the full \$20,000 is paid.¹

3. The law encourages settlement.² The Commission finds the Settlement Agreement constitutes a fair and reasonable resolution of this proceeding. The Settlement Agreement is attached to this Order and made part of this Order.

¹ See Settlement Agreement (attached to this Order), at ¶¶ 6, 8.

² *Bright v. LSI Corp.*, 254 Kan. 853, 858 (1994).

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).³

BY THE COMMISSION IT IS SO ORDERED.

French, Chairperson; Keen, Commissioner; Kuether, Commissioner

Dated: 05/14/2024



Lynn M. Retz
Executive Director

Mailed Date: 05/14/2024

JRM

³ 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).

**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>)	

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

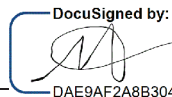
Kansas Corporation Commission

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Satchell Creek Petroleum, LLC

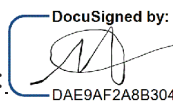
DocuSigned by:
Signature:  DAE9AF2A8B304CB...

Printed Name: Michael J. Hopson

Title: Manager

Date: 5/7/2024

Feature Drilling, LLC

DocuSigned by:
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 copy of the attached Order has been served to the following by means of
electronic service on 05/14/2024.

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/S/ KCC Docket Room

KCC Docket Room