

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

In the matter of the failure of Flintstone Energy, LLC ("Operator") to comply with K.A.R. 82-3-407 at the Tomlinson #1 X in Chautauqua County, Kansas.)))))	Docket No. 20-CONS-3145-CPEN CONSERVATION DIVISION License No. 34185
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MOTION TO APPROVE SETTLEMENT AGREEMENT

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

1. On November 14, 2019 the Commission issued a *Penalty Order* against Operator, assessing a \$1,000 administrative penalty for one violation of K.A.R. 82-3-407 for failure to conduct a successful mechanical integrity test ("MIT") on the Tomlinson #1 X well ("Subject Well"), which is authorized by the Commission for injection pursuant to Injection Control Permit #E-23807.¹

2. On December 3, 2019, Operator timely requested a hearing on the Penalty Order, seeking an opportunity to correct the situation at the Subject Well.

3. On December 12, 2019, the Commission issued its *Order Designating Prehearing Officer and Setting Prehearing Conference*, wherein it set a prehearing conference for January 7, 2020.

4. On January 7, 2020, a prehearing conference was held and a status conference was set for January 28, 2020.² The January 28th date was set in order to allow Operator the opportunity

¹ Penalty Order, ¶¶ 8, 13.

² Prehearing Officer Order Setting Status Conference, ¶ 2 (issued Jan. 8, 2020).

to obtain counsel, and to provide Staff and Operator the opportunity to resolve the underlying issues in this docket, if possible.³

5. Subsequent to the prehearing conference, Staff and Operator 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. The Agreement requires Operator to bring the Subject Well into compliance by April 23, 2020, by either (1) repairing and retesting the well to demonstrate mechanical integrity, or (2) plugging the well. The Agreement further requires Operator to pay a monetary fine of \$500.

7. Because the Agreement addresses the environmental concerns Staff has with regard to the Subject Well, Staff believes the Agreement constitutes a reasonable resolution of all issues in this docket. Further the Agreement will allow Staff and Operator to avoid potential litigation costs and it 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,



Kelcey A. Marsh #28300
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³ Prehearing Officer Order Setting Status Conference, ¶ 2 (issued Jan. 8, 2020).

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the matter of the failure of Flintstone)	Docket No.: 20-CONS-3145-CPEN
Energy, LLC ("Operator") to comply with)	
K.A.R. 82-3-407 at the Tomlinson #1 X in)	CONSERVATION DIVISION
Chautauqua County, Kansas.)	
_____)	License No.: 34185

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 Flintstone Energy, LLC ("Operator") (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 November 14, 2019, the Commission issued a *Penalty Order* against Operator for one violation of K.A.R. 82-3-407 finding that a current and successful mechanical integrity test ("MIT") had not been performed on the Tomlinson #1 X ("Subject Well").¹ The Penalty Order assessed a \$1,000 penalty, directed Operator to perform a successful MIT on the Subject Well or plug the well.

2. On December 3, 2019, Operator timely filed a request for hearing.

3. On December 12, 2019, the Commission issued its Order Designating Prehearing Officer and Setting Prehearing Conference, wherein it set a prehearing conference for January 7, 2020.

¹ The legal description of the Subject Well is API #15-019-40051-00-01, located in Section 33, Township 32 South, Range 10 East, Chautauqua County, Kansas.

ATTACHMENT A

4. On January 7, 2020, a prehearing conference was held and a status conference was set for January 28, 2020. The January 28th date was set in order to allow Operator the opportunity to obtain counsel, and to provide Staff and Operator the opportunity to resolve the underlying issues in this docket, if possible.

5. On January 24, 2020, Operator conducted a Staff-witnessed MIT on the Subject Well, but the MIT failed. However, Operator expressed its continued willingness to take the necessary steps to bring the Subject Well into compliance. As a result of the discussions between Staff and Operator, an agreement was reached and is herein reduced to writing for Commission approval. The terms of the agreement are as follows:

II. TERMS OF THE SETTLEMENT AGREEMENT

6. 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.

7. Operator stipulates that it committed one violation of K.A.R. 82-3-407 and is responsible for bringing the Subject Well into compliance with K.A.R. 82-3-407.

8. Operator agrees to bring the Subject Well into compliance by April 23, 2020, by either: (1) repairing and retesting the well to demonstrate mechanical integrity, or (2) plugging the well. A successful MIT must be Staff witnessed.

9. Because Operator agrees to conduct the necessary work on the subject well, as described above, the Parties agree to seek Commission approval to reduce the \$1,000 monetary penalty imposed in the docket to \$500 ("Reduced Penalty"). The Reduced Penalty will be due by April 23, 2020.

ATTACHMENT A

10. Staff agrees to reduce the agreement to writing and submit the Agreement to the Commission for approval. 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.

11. Operator agrees and understands that the failure to meet any of the deadlines above shall result in the reinstatement of the full administrative penalty and immediate suspension of Operator's license.

III. RESERVATIONS

12. This Settlement Agreement fully resolves the issues specifically addressed between the Parties in this docket. The terms of this Agreement constitute a fair and reasonable resolution of the issues addressed herein.

13. 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.

14. Unless otherwise specified in this Agreement, the Parties 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, even if the Commission decides to not 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.

ATTACHMENT A

15. Further this Agreement does not waive any party's legal rights, positions, claims, assertions or arguments in this docket, or any other proceeding before the Commission or in any court.

16. If the Commission approves this Agreement in its entirety and incorporates the same into a final order in this docket, the Parties agree not to appeal the Commission's order.

17. This 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.

Commission Staff

By: Kelcey Marsh

Printed Name: Kelcey Marsh

Title: Litigation Counsel

Date: 3/5/2020

Flintstone Energy, LLC

By: David Slackley

Printed Name: David Slackley

Title: Manager

Date: 3/4/2020

VERIFICATION

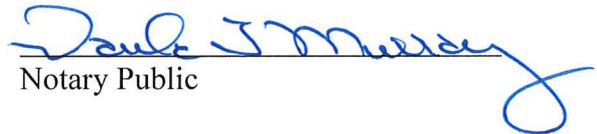
STATE OF KANSAS)
) ss.
COUNTY OF SEDGWICK)

Kelcey A. Marsh, of lawful age, being duly sworn upon his oath deposes and states that he is Litigation Counsel for the State Corporation Commission of the State of Kansas; that he has read and is familiar with the foregoing *Motion*, and attests that the statements therein are true to the best of his knowledge, information and belief.

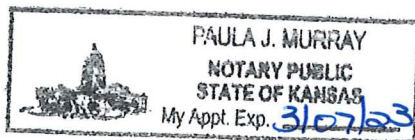


Kelcey A. Marsh, S. Ct. #28300
Litigation Counsel
State Corporation Commission
of the State of Kansas

SUBSCRIBED AND SWORN to before me this 6 day of Mar, 2020.


Notary Public

My Appointment Expires: 3/07/23



CERTIFICATE OF SERVICE

20-CONS-3145-CPEN

I, the undersigned, certify that a true 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 March 6 2020

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/S/ Paula J. Murray

Paula J. Murray