

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

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

In the matter of a Compliance Agreement) Docket No.: 17-CONS-3659-CMSC
between Buffalo Oil & Gas, LLC (Operator) and)
Commission Staff regarding bringing the subject) CONSERVATION DIVISION
wells in Cowley and Sumner Counties into)
compliance with K.A.R. 82-3-111.) License No.: 35191

ORDER APPROVING COMPLIANCE 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 compliance agreement, which is attached as an exhibit.
2. The compliance agreement provides a fair and efficient resolution of this matter.

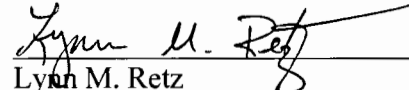
THEREFORE, THE COMMISSION ORDERS:

- A. The compliance agreement is approved and incorporated into this Order.
- B. 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.
- C. 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: MAY 25 2017


Lynn M. Retz
Secretary to the Commission

Mailed Date: May 25, 2017

JRM

COMPLIANCE AGREEMENT

This Agreement is between Buffalo Oil & Gas, LLC ("Operator") (License #35191) and Commission Staff ("Staff"). If the Commission does not approve this Agreement by a signed order, this Agreement shall not be binding on either party.

A. Background

1. Operator is responsible for the 32 wells ("the subject wells") on the attached list. All of the wells are out of compliance with K.A.R. 82-3-111. Operator has asked for an agreement to avoid penalties while Operator works to plug the wells, return them to service, or obtain temporary abandonment status for them. Staff is supportive of an agreement.

B. Terms of Compliance Agreement

2. By July 31, 2017, Operator shall plug, return to service, or obtain temporary abandonment status for 2 of the subject wells. Operator shall plug, return to service, or obtain temporary abandonment status for an additional 3 subject wells each three calendar months thereafter, resulting in all subject wells being returned to compliance by January 31, 2020.

3. If Operator fails to comply with any deadline described in Paragraph 2, then Operator shall be assessed a \$1,000 penalty for each missed deadline. If any of the subject wells are not in compliance with K.A.R. 82-3-111 by being plugged, returned to service, or having temporary abandonment status, by April 30, 2020, then Operator shall be assessed an additional \$2,500 penalty, and Staff may plug the wells and assess the costs to Operator.

4. If Operator fails to comply with any of the above paragraphs, or if penalties or costs are owed, then Staff shall suspend Operator's license until compliance is obtained and the penalties or costs are paid. If Staff suspends Operator's license, then Staff shall send its standard notice of license suspension letter to Operator. If Staff finds Operator conducting oil and gas operations after 10 days from the date of a notice of license suspension letter, and Operator's license is still suspended, then Staff is authorized to seal all of Operator's oil and gas operations and to assess an additional \$5,000 penalty.

5. Operator agrees to waive its right to appeal any future orders of the Commission regarding this matter, any penalties or costs assessed under this Agreement, and any suspension of Operator's license implemented by Staff due to Operator's failure to comply with this Agreement. The terms of this Agreement shall remain binding upon Operator even if its interests in the subject wells are conveyed. However, any subject well transferred to another operator and then brought into compliance with K.A.R. 82-3-111 shall no longer be the responsibility of Operator under this

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KCC District #2

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Wichita, KS

Agreement, and shall count towards Operator meeting its compliance obligations under this Agreement.

6. Except as described by this Agreement, Staff will not pursue Operator for any violation of K.A.R. 82-3-111 at the subject wells that occurred or occurs prior to April 30, 2020, except for wells brought into compliance after Commission approval of this Agreement that again fall out of compliance that remain on Operator's license.

7. If Staff discovers additional wells, not listed on Operator's well inventory, on leases where wells subject to this Agreement are currently located, then this Agreement may be amended to add such additional wells with the written consent of both Operator and Staff. If this Agreement is amended then Staff must file a statement to that effect in the Commission docket that will be created for this matter, also stating that Operator is not opposed to the addition of the wells. The addition of wells will not change the number of wells to be brought into compliance each calendar quarter, but may extend the final compliance deadline.

8. Once this Agreement has been in effect for two years, Staff may reopen negotiation with Operator about the terms of this Agreement at any time, upon giving Operator written notice of Staff's intent to do so. If Staff and Operator are unable to agree to new terms, and to submit those terms to the Commission for approval, within 90 days of Staff's written notice, then this Agreement shall be null and void upon Staff filing a statement to that effect in the Commission docket that will be created for this matter.

Commission Staff

By: Joshua D. Wright
Printed Name: Joshua D. Wright
Title: Litigation Counsel
Date: 5-17-17

Buffalo Oil & Gas, LLC

By: William D. Short Jr.
Printed Name: William D Short Jr.
Title: Owner/operator
Date: 5-15-17

Buffalo Oil Gas, LLC
License 35191
List of Wells

	API#	Well name	Qtr calls	SEC	TWP	RNG	E / W	Cnty
1	15035239780000	Brant #2	E2W2SW	18	34	3	E	Cowley
2	15035212180000	Cannon #1 (Twin)	SWSWNW	19	34	3	E	Cowley
3	15035243170000	Collinson #1	S2SWNESE	30	34	3	E	Cowley
4	15035244800000	Collinson #2 PETE	E2SWNWSE	30	34	3	E	Cowley
5	15191203170000	Donley #5	NWSWSE	14	32	2	E	Sumner
6	15191212520000	Evans #2	SE/4	17	32	2	E	Sumner
7	15191213390000	Gifford # 4	NWSWNESW	22	31	1	E	Sumner
8	15191214000000	Gifford # 5	NENWNESW	22	31	1	E	Sumner
9	15191212700000	Gifford #2	NWNENWSW	22	31	1	E	Sumner
10	15191213230000	Gifford #3	W2W2SW	22	31	1	E	Sumner
11	15191209420000	Holt # 4	NWNWSESW	25	31	2	E	Sumner
12	15191220750000	Holt #6	SWNESESW	25	31	2	E	Sumner
13	15191212020001	Meredith #1	NWSENWNE	14	32	2	E	Sumner
14	15191214210000	N R Nelson #3	NWNWNWSE	25	31	2	E	Sumner
15	15191012290000	O Hara #5	NWSWNW	18	32	1	W	Sumner
16	15191012310000	O Hara #7	SWSESWNW	18	32	1	W	Sumner
17	15191012320000	O Hara #8	NWSENWNW	18	32	1	W	Sumner
18	15191205790000	O'Hara #11	NWSWSENW	18	32	1	W	Sumner
19	15191205790000	Rothwell #11	NESWNESW	14	32	2	E	Sumner
20	15191216600000	Rothwell #13	NENWNESW	14	32	2	E	Sumner
21	15191216930000	Rothwell #14	SEWNESW	14	32	2	E	Sumner
22	15191203790000	Rothwell #7	SENESEW	14	32	2	E	Sumner
23	15191204300000	Rothwell #8	N2SWNESW	14	32	2	E	Sumner
24	15191120430000	Rothwell #9	NENESW	14	32	2	E	Sumner
25	15191220740000	Sandstrum #4	E2SESWSE	24	31	2	E	Sumner

Buffalo Oil Gas, LLC
License 35191
List of Wells

26	15035240890000	Swanson #2	NESWSESW	18	34	3 E	Cowley
27	15191222310000	Warner #3-A	NESWSENE	24	34	2 E	Sumner
28	15191107250000	Wiles #10 Twin	SENEWNE	25	31	2 E	Sumner
29	15191107230000	Wiles #4	NENWNE	25	31	2 E	Sumner
30	15191206800002	Woods #1	SWNEENW	36	31	2 E	Sumner
31	15191216550000	Woods #5	NESEENW	36	31	2 E	Sumner
32	15191216560000	Woods #6	SENEENW	36	31	2 E	Sumner

CERTIFICATE OF SERVICE

I certify that on May 25, 2017, I caused a complete and accurate copy of this Order to be served via United States mail, with the postage prepaid and properly addressed to the following:

William D. Short Jr.
Buffalo Oil & Gas, LLC
PO Box 6
Oxford, KS 67119

And delivered electronically to:

Dan Fox
KCC District #2

Joshua D. Wright
KCC Central Office

/s/ Cynthia K. Maine
Cynthia K. Maine
Administrative Assistant
Kansas Corporation Commission