

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

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

In the matter of the failure of Kahan and Associates, Inc ("Operator") to comply with K.A.R. 82-3-400 at the Laudick A Twin #(TWIN) 1 well in Barton County, Kansas.)	Docket No.: 15-CONS-142-CPEN
)	
)	CONSERVATION DIVISION
)	
)	License No.: 4252

ORDER APPROVING 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. On August 12, 2014, the Commission issued a Penalty Order to the operator for one violation of K.A.R. 82-3-400. The Penalty Order assessed a \$1,000 penalty, and it was mailed to the operator on August 29, 2014.

2. On September 17, 2014, the operator submitted a timely appeal, alleging the penalty was the result of an erroneous form submission, which was being corrected and resubmitted.

3. On September 26, 2014, Staff moved the Commission to approve a settlement agreement, which was signed by both parties. The settlement agreement changes the violation of K.A.R. 82-3-400 to a violation of K.A.R. 82-3-409, and it reduces the monetary penalty from \$1,000 to \$500.

4. The Commission finds and concludes that the settlement agreement provides a fair and efficient resolution to the issues in this docket.

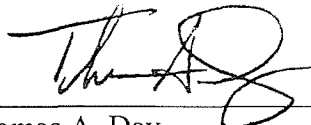
THEREFORE, THE COMMISSION ORDERS:

- A. The attached Settlement 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). Such petition shall be filed within fifteen (15) days after service of this Order and must state the specific grounds upon which relief is requested. This petition for reconsideration shall be filed with the Executive Director of the Conservation Division, 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.

Albrecht, Chair; Emler, Com.; Apple, Com.

Dated: OCT 02 2014

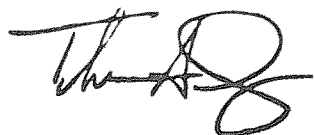


Thomas A. Day
Acting Executive Director

Mailed Date: 10/3/14

LRP

I CERTIFY THE ORIGINAL
COPY IS ON FILE WITH
The State Corporation Commission

OCT 02 2014


SETTLEMENT AGREEMENT

This Settlement Agreement is between Kahan and Associates, Inc. ("Operator") and the Staff of the Corporation Commission of the State of Kansas ("Staff"). The effective date of this Settlement Agreement shall be the date it is approved by an Order of the Commission. If the Commission does not approve this Settlement Agreement by a signed Order, this Settlement Agreement shall not be binding on either party. This Settlement Agreement shall settle the proceedings instituted in Commission Docket Number 15-CONS-142-CPEN.

A. Background

1. The August 12, 2014, Penalty Order in this docket required Operator to pay \$1,000 for one violation of K.A.R. 82-3-400 at the Laudick A Twin #(TWIN) 1 well. Operator filed a timely appeal.

2. Operator reports that it submitted erroneous data regarding the Laudick well. Operator has submitted an updated Annual Fluid Injection Report ("U3C"). Staff recommends that the penalty regarding this well should be reduced to \$500, due to the erroneous data submission.

B. Terms of Settlement

3. Instead of paying \$1,000, Operator shall pay \$500 in this docket, which shall be due within 30 days from the date this Settlement Agreement is approved by an Order of the Commission.

4. The Commission shall find Operator committed one violation of K.A.R. 82-3-409, rather than one violation of K.A.R. 82-3-400.

5. Operator agrees to waive its right to appeal any future orders of the Commission regarding this matter, or any suspension of Operator's license implemented by Commission Staff due to Operator's failure to comply with this Settlement Agreement.

C. Conclusion

Both parties believe that this Settlement Agreement represents a fair and appropriate resolution to the matters in this docket, and that the Settlement Agreement accomplishes the Commission's duty to enforce Kansas laws pertaining to the protection of usable waters and the prevention of pollution caused by oil and gas activities.

This Settlement Agreement has been agreed to by the undersigned:

Commission Staff

By: Jon Myers

Printed Name: JON MYERS

Title: LITIGATION COUNSEL

Date: 9/26/14

Kahan and Associates, Inc.

By: David M. Wilson

Printed Name: David M. Wilson

Title: Chief Operating Officer

Date: 09/26/2014

CERTIFICATE OF SERVICE

I certify that on 10/3/14, 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:

David M. Wilson
Kahan and Associates, Inc.
PO Box 700780
Tulsa, Oklahoma 74170

And delivered by hand to:

Jon Myers, Litigation Counsel
KCC Central Office

Alan Snider, UIC Supervisor
KCC Central Office

/s/ Lane R. Palmateer
Lane R. Palmateer
Litigation Counsel
Kansas Corporation Commission