

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

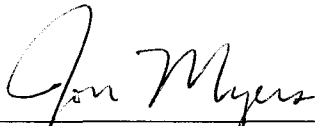
Before Commissioners: Pat Apple, Chairman
Shari Feist Albrecht
Jay Scott Emler

In the matter of the failure of Benjamin M.) Docket No.: 17-CONS-3100-CPEN
Giles ("Operator") to comply with K.A.R. 82-)
3-111 at the Clearwater #2 and Clearwater #5) CONSERVATION DIVISION
wells in Butler County, Kansas.)
_____) License No.: 5446

MOTION TO APPROVE SETTLEMENT AGREEMENT

Commission Staff moves for the Commission to adopt and approve the attached Settlement Agreement, which has been signed by both parties. Approval of the Settlement Agreement will eliminate the need for the currently scheduled February 20, 2017, hearing in this matter and the accompanying pre-filed testimony deadlines, and will also render Staff's January 20, 2016, motion to delay the deadlines moot. Staff has consulted with Operator, who is not opposed to this motion. Staff believes the Agreement represents an appropriate manner of resolving the issues described therein.

Respectfully submitted,



Jonathan R. Myers, #25975
Litigation Counsel
Kansas Corporation Commission
266 N. Main, Suite 220
Wichita, Kansas 67202
Phone: 316-337-6200; Fax: 316-337-6211

SETTLEMENT AGREEMENT

This Agreement is between Benjamin M. Giles (“Operator”) (License #5446) and Commission Staff (“Staff”). If the Commission does not approve this Agreement by a signed Order, then this Agreement shall not be binding on either party. This Agreement shall settle the proceedings in Commission Docket Number 17-CONS-3100-CPEN.

A. Background

1. On September 15, 2016, the Commission issued a Penalty Order against Operator, finding two violations of K.A.R. 82-3-111 at the Clearwater #2 and Clearwater #5 wells (collectively “the subject wells”), assessing a \$200 penalty, and directing Operator, within 30 days, to plug the subject wells, return them to service, or obtain TA status for them. Operator filed a timely appeal. Operator has paid the \$200 and now concedes the violations, but in return requests additional time to bring the subject wells into compliance with K.A.R. 82-3-111. Staff is willing to enter into such an agreement.

B. Terms of Settlement

2. By May 18, 2017, Operator shall plug, return to service, or obtain temporary abandonment status for the subject wells. If Operator fails to comply with this deadline, then Operator shall be assessed a \$5,000 penalty. If either 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 May 30, 2017, then Operator shall be assessed an additional \$5,000 penalty, and Staff may plug the wells and assess the costs to Operator.

3. If Operator elects to return to service any of the subject wells, then the well(s) being returned to service shall not be considered as having been brought into compliance for the purpose of meeting any deadline unless: 1) the well(s) successfully pass a Staff-witnessed casing

integrity test, and 2) in addition to being initially returned to service, all equipment necessary for the well(s) to be in service remains installed at the well(s) through November 18, 2017.

4. Operator agrees to waive its right to appeal the Commission's Order approving this Agreement, 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 count towards Operator meeting its compliance obligations under this Agreement.

5. 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 May 31, 2017.

Commission Staff

Benjamin M. Giles

By: Jon Myers

Benjamin M. Giles
Benjamin M. Giles

Printed Name: JON MYERS

Printed Name: Benjamin M. Giles

Title: LITIGATION COUNSEL

Title: Owner Operator

Date: 1/24/17

Date: 1-19-17

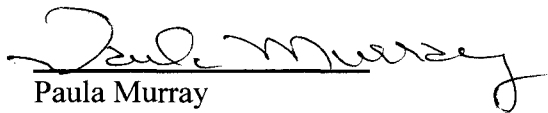
CERTIFICATE OF SERVICE

I certify that on 1/24/17, I caused a complete and accurate copy of this Motion to be served via United States mail, with the postage prepaid and properly addressed to the following:

Jonathan A. Schlatter
Morris, Laing, et al.
300 N. Mead, Suite 200
Wichita, Kansas 67202
Attorney for Benjamin M. Giles

And delivered by email to:

Michael Duenes, Prehearing Officer



Paula Murray
Legal Assistant
Kansas Corporation Commission