

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

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

In the matter of an Order to Show Cause issued to) Docket No.: 17-CONS-3374-CSHO
Nordmeyer Oil, Inc. ("Operator") for its failure to)
comply with either K.A.R. 82-3-400 or K.A.R. 82-) CONSERVATION DIVISION
3-409 regarding injection that took place during)
the 2015 calendar year.) License No.: 6788

ORDER APPROVING SETTLEMENT AGREEMENT

This matter comes before the State Corporation Commission of the State of Kansas (Commission). Having examined its files and records, and being fully advised in the premises, the Commission finds and concludes as follows:

1. On December 8, 2016, the Commission ordered Nordmeyer Oil, Inc. (Operator) to come before the Commission to show cause why a penalty constituting an actual and substantial economic deterrent should not be assessed against Operator for its violation of either K.A.R. 82-3-400 or K.A.R. 82-3-409 for the 2015 calendar year, constituting a second-time violation for the well at issue.¹

2. The aforementioned Show Cause Order scheduled a Prehearing Conference for December 14, 2016 at 11:00 a.m.² Operator did not enter an appearance or participate in the Prehearing Conference.³

3. On December 16, 2016, Staff filed in this proceeding a Motion for Default Order.

¹ Docket No. 17-CONS-3374-CSHO, *Order to Show Cause, Designating a Prehearing Officer, and Setting a Prehearing Conference*, ¶ 3 (Dec. 8, 2016) (Show Cause Order).

² *Id.* at Ordering Clause B.

³ See Motion for Default Order, ¶ 1 (Dec. 16, 2016).

4. On February 13, 2017, Commission Staff (Staff) filed a Motion requesting the Commission approve a Settlement Agreement between Staff and Operator.⁴ The Settlement Agreement is attached to this Order and incorporated herein by reference. Among other things, the Agreement requires Operator to pay a \$1,000 penalty in this docket, which is due by February 28, 2017.⁵ The Agreement also stipulates that if Operator fails to pay the aforementioned penalty by the deadline, or fails to pay any other assessments owed pursuant to the Agreement, then Staff will suspend Operator's license until full payment is made.⁶

5. The Commission affirms Staff's review and resolution concerning the well at issue in this matter. The Commission finds the attached Settlement Agreement represents an appropriate manner of resolving the issues addressed therein.


THEREFORE, THE COMMISSION ORDERS:

- A. The attached Settlement Agreement is approved and incorporated into this Order.
- B. The parties have fifteen (15) days, plus three (3) days if mailed service, in which to petition the Commission for reconsideration.⁷
- C. The Commission retains jurisdiction over the subject matter and the parties for the purpose of entering such further orders as it may deem necessary.

BY THE COMMISSION IT IS SO ORDERED.

Apple, Chairman; Albrecht, Commissioner; Emler, Commissioner

Dated: FEB 21 2017



Amy L. Green
Secretary to the Commission

Mailed Date: February 22, 2017

MJD/sc

⁴ Motion to Approve Settlement Agreement (Feb. 13, 2017).

⁵ See attached Settlement Agreement, ¶ 2 (Feb. 13, 2017).

⁶ *Id.* at ¶ 3.

⁷ K.S.A. 66-118b; K.S.A. 77-529(a)(1).

SETTLEMENT AGREEMENT

This Agreement is between Nordmeyer Oil, Inc. ("Operator") (License #6788) 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-3374-CSHO.

A. Background

1. On November 17, 2016, Commission Staff filed a motion to show cause against Operator. Staff requested that the Commission cause Operator to come before it at a hearing, to show cause why a penalty constituting an actual and substantial economic deterrent should not be assessed against Operator for its violation of either K.A.R. 82-3-400 or K.A.R. 82-3-409 regarding the Tipton R #3B well for the 2015 calendar year, which would constitute a second-time violation regarding the well. Subsequently, Operator reported that it submitted erroneous data regarding the well. Operator has submitted an updated Annual Fluid Injection Report ("U3C").

B. Terms of Settlement

2. Operator shall pay \$1,000 in this docket, which shall be due by February 28, 2017. For purposes of Operator's license renewal under K.S.A. 55-155 and K.A.R. 82-3-120, the resolution of this matter will count as one violation of K.A.R. 82-3-409.

3. If Operator fails to comply with the payment deadline in Paragraph 2, or if any other assessments are owed pursuant to this Agreement, then Staff shall suspend Operator's license until full payment is made. 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 the 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.

4. Operator agrees to waive its right to appeal the Commission's Order approving this Agreement, any penalties assessed under this Agreement, and any suspension of Operator's license implemented due to Operator's failure to comply with this Agreement.

Commission Staff

By: Jon Myers

Printed Name: JON MYERS

Title: LITIGATION COUNSEL

Date: 2/13/17

Nordmeyer Oil, Inc.

By: Ray V. Nordmeyer

Printed Name: RAY V. Nordmeyer

Title: V. P.

Date: 2-7-2017

KCC WICHITA

FEB 10 2017

RECEIVED

CERTIFICATE OF SERVICE

I certify that on 2/22/17, 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:

Ray V. Nordmeyer
Nordmeyer Oil, Inc.
362 90th Road
Toronto, Kansas 66777

and delivered by e-mail to:

Jon Myers
KCC Central Office

Michael J. Duenes, Assistant General Counsel
KCC Topeka Office

/s/ Paula J. Murray
Paula J. Murray
Legal Assistant
Kansas Corporation Commission