

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

In the matter of a Compliance Agreement) Docket No.: 17-CONS-3370-CMSC
between Colt Energy, Inc. and Commission Staff)
regarding bringing 251 wells into compliance) CONSERVATION DIVISION
with K.A.R. 82-3-111.)
_____) License No.: 5150

MOTION TO APPROVE AMENDED COMPLIANCE AGREEMENT

The Staff of the Kansas Corporation Commission (Staff and Commission, respectively), moves the Commission to approve the Amended Compliance Agreement in this docket. In support of its motion, Staff states the following:

1. On November 22, 2016, the Commission issued an Order Approving Compliance Agreement, wherein, Operator and Commission Staff executed a Compliance Agreement (Agreement) which required Operator to bring 251 wells into compliance with K.A.R. 82-3-111 at a rate of eight wells per quarter with the first quarterly deadline being March 31, 2017. This would result in all of the wells being returned to compliance by December 31, 2024.

2. Between December 2, 2016, and July 27, 2021, Commission Staff filed seven Status Updates which added a total of nine wells to the Agreement. This brought the total number to 260 wells which Operator is required to bring into compliance with K.A.R. 82-3-111. These additions also extended the final deadline to March 31, 2025.

3. To date, Operator has returned 193 wells to compliance with K.A.R. 82-3-111. Operator's license has never been suspended for non-compliance with the Agreement and Operator has successfully met each quarterly objective.

4. Paragraph 9 of the Agreement states that after the 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.

5. Based on that provision, Staff and Operator reopened negotiations about the terms of the agreement and have executed an Amended Compliance Agreement (Amended

Agreement), which is attached hereto as **Attachment A**. The Amended Agreement requires Operator to bring 81 wells into compliance with K.A.R. 82-3-111 at a rate of four wells per quarter with the first quarterly deadline being June 30, 2023. This would result in all of the wells being brought into compliance by June 30, 2028.¹ The list of wells includes the remaining wells from the Compliance Agreement and includes additional wells that are out of compliance with K.A.R. 82-3-111 that Operator and Staff agreed to include in the Amended Agreement.

6. The Amended Agreement is beneficial to Operator and Commission Staff. The Amended Agreement reduces the number of wells Operator is required to bring into compliance each quarter. The Amended Agreement also gives Operator the ability to receive an extension of the time to achieve compliance for up to 30 days from an applicable deadline upon Operator showing good cause. Additionally, the Amended Agreement gives Staff the ability to prioritize the order in which the wells are addressed should a well or wells become known to Staff to be a pollution or public safety threat. The Amended Agreement also provides increased flexibility to add wells which need to be returned into compliance with K.A.R. 82-3-111.

WHEREFORE, for the reasons set forth above, Staff requests the Commission approve the Amended Agreement in this docket. The Amended Agreement is an updated version of the Compliance Agreement which was signed in 2016, and Staff believes it provides a fair and efficient resolution of the issues described therein.

Respectfully submitted,

/s/ Kelcey A. Marsh
Kelcey A. Marsh #28300
Litigation Counsel | Kansas Corporation Commission
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Phone: 316-337-6200 | Fax: 316-337-6211

¹ The Amended Agreement states that all wells will be returned to compliance by September 30, 2028; however, addressing 81 wells at a rate of four wells per quarter should allow the Amended Agreement to be completed by June 30, 2028.

COMPLIANCE AGREEMENT

This Agreement is between Colt Energy Inc. (Operator) (License #5150) and Kansas Corporation Commission Staff (Staff). If the Kansas Corporation Commission (Commission) does not approve this Agreement by a signed order of the Commission, this Agreement shall not be binding on either party.

A. Background

1. Operator is responsible for the 81 wells (Subject Wells) on the attached list. All of the Subject 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 Subject Wells, return them to service, or repair and obtain temporary abandonment (TA) status for such Subject Wells if eligible. Staff is supportive of an agreement to this effect with the Operator.

B. Terms of Compliance Agreement

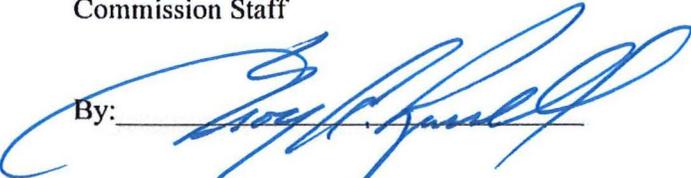
2. By 6/30/2023, Operator shall plug, return to service, or repair and obtain TA status for 4 of the Subject Wells. Operator shall plug, return to service, or repair and obtain TA status for an additional 4 Subject Wells within each three calendar months thereafter, resulting in all Subject Wells being returned to compliance by September 30, 2028. Obtaining TA status shall include application for, and Commission approval of, an exception to the 10-year limit on TA status if applicable. Staff may prioritize the order in which the Subject Wells are addressed pursuant to this Agreement by indicating priority on the attached list and may adjust the prioritization at any time during this Agreement should a Subject Well or Wells become known to Staff to have a heightened pollution or public safety threat. Operator shall notify Staff in writing of all Subject Wells returned to service during each three-calendar-month period throughout the term of this Agreement.
3. Operator may request an extension of time to achieve compliance for up to 30 days from an applicable deadline established under this Agreement upon good cause shown. Staff will grant or deny such request. If granted, Staff shall cause a status update to be filed in the docket created for this matter, stating what deadline has been extended. No further extensions of the extended deadline are permitted. If denied, and Operator is out of compliance with this Agreement, or if Operator is out of compliance with this Agreement for any reason, Staff shall immediately send a Notice of License Suspension to Operator, which shall suspend the Operator's license and become effective 10 days from the date of the Notice of License Suspension. Operator's license shall remain suspended until Operator is in compliance with the compliance schedule, including any modifications contained in any status update. If Staff finds that Operator is conducting oil and gas operations after 10 days from the date of a Notice of License Suspension, and Operator's license remains suspended, Staff is authorized to seal all of Operator's oil and gas operations and may seek assessment of a penalty from the Commission.
4. The terms of this Agreement shall remain binding upon Operator even if its interests in the Subject Wells are conveyed. Specifically, Operator shall remain responsible for any Subject Well transferred to another operator which has not been returned to compliance in accordance with this Agreement. However, any Subject Well transferred and then brought into compliance with K.A.R. 82-3-111 shall no longer be the responsibility of

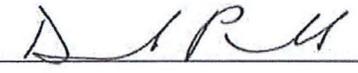
Operator under this Agreement, and shall count towards Operator meeting its compliance obligations under this Agreement.

5. Except as provided by and under this Agreement, Staff will not pursue Operator for any violation of K.A.R. 82-3-111 for the Subject Wells prior to September 30, 2028, except for wells brought into compliance after Commission approval of this Agreement that subsequently fall out of compliance and remain Operator's responsibility under Operator's license.
6. This Agreement may be amended to add additional wells with the written consent of the District Supervisor. If this Agreement is amended, then Staff shall file a status update in the Commission docket created for this matter, also indicating that Operator is not opposed to the addition of the wells. The addition of wells may not change the number of wells to be brought into compliance each calendar quarter, but may extend the final compliance deadline. Any changes to a previously approved timeline will be included in the status update.
7. Operator may bring more than 4 wells into compliance during any three calendar month term. The excess number of wells brought into compliance will be attributed to the subsequent three-month compliance period.
8. 5 of the Subject Wells to be brought into compliance hereunder are currently authorized for injection. Upon Commission approval of this Agreement, Staff shall revoke Operator's injection authorization for such Subject Wells that are to be plugged. These Subject Wells are highlighted in yellow on the attached list, and have an "x" marked in the far right column.
9. After 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 within 90 days of Staff's written notice, to the Commission for its consideration and possible approval, then this Agreement shall be terminated upon Staff's filing a statement to that effect in the Commission docket for this matter.

Commission Staff

Colt Energy, Inc License #5150

By: 

By: 

Printed Name: TROY A. RUSSELL

Printed Name: DAVID POWELL

Title: DISTRICT 3 SUPERVISOR, P.G.

Title: PRESIDENT

Date: 2/2/2023

Date: 1/31/23

Colt_KLN5150_PROPOSED_CA_WELL_INVENTORY-1-31-2023

| Count | Well Name | API# | Spot | Sec | Twp | Rng | Type | DATE OF COMPLIANCE | COMPLIANCE | Proposed Quarterly Objective |
|----------------------------|-------------|--------------------|----------|-----|-----|-----|------|--------------------|------------|------------------------------|
| ALLEN | | | | | | | | | | |
| CLINE | B23 (RB-23) | 15-001-19357-00-00 | SWNENENE | 16 | 24 | 18 | OIL | | | 4 |
| CLINE | C14 | 15-001-03219-00-00 | NWNWSENE | 16 | 24 | 18 | OIL | | | 4 |
| MOLINE | RB-12 | 15-001-20482-00-00 | SWSWNEN | 15 | 24 | 18 | OIL | | | 4 |
| SMITH | 11AO | 15-001-19944-00-00 | SESWSESE | 33 | 24 | 21 | OIL | | | 4 |
| SMITH | 3AO | 15-001-03627-00-00 | SWNWSWSE | 33 | 24 | 21 | OIL | | | 4 |
| FRANKLIN | | | | | | | | | | |
| BAKER, J | B5 | 15-059-23021-00-00 | NWSWNW | 28 | 15 | 20 | Oil | | | 4 |
| LABETTE | | | | | | | | | | |
| BLANKENSHIP TRU(FKAMCE TRU | 3 | 15-099-21865-00-00 | NWSESWSE | 2 | 33 | 17 | GAS | | | 4 |
| BLANKENSHIP TRU(FKAMCETRU | 2 | 15-099-21779-00-00 | NWNWSESE | 2 | 33 | 17 | GAS | | | 4 |
| BLANKENSHIP TRUST | 4 | 15-099-21898-00-00 | SWNESESE | 2 | 33 | 17 | OIL | | | 4 |
| BLANKENSHIPTRU(FKAMCETRU | 1 | 15-099-21778-00-00 | NWNWSWS | 2 | 33 | 17 | Oil | | | 4 |
| CLAMPITT | 7-11 | 15-099-23785-00-00 | SWNE | 11 | 31 | 17 | CM | | | 4 |
| GILSTRAP | 2-24 | 15-099-24579-00-00 | NESWNWNE | 24 | 32 | 17 | CM | | | 4 |
| GRAYBILL | 2-28 | 15-099-24488-00-00 | SENWNWNE | 28 | 33 | 18 | CM | | | 4 |
| GREGORY L NORTH(732) | C | 15-099-30024-00-00 | SWNWNWN | 35 | 32 | 17 | OIL | | | 4 |

| Count | Well Name | API# | Spot | Sec | Twp | Rng | Type | DATE OF COMPLIANCE | COMPLIANCE | Proposed Quarterly Objective |
|-------------------------|-----------|--------------------|----------|-----|-----|-----|------|--------------------|------------|------------------------------|
| HARPER 4 | 5-31 | 15-099-24469-00-00 | SWNW | 31 | 31 | 18 | CM | | | 4 |
| HINKLE | 5-30 | 15-099-24473-00-00 | NENESWNW | 30 | 32 | 18 | CM | | | 4 |
| HINKLE DAVID W | 1-1 | 15-099-23472-00-00 | SWNW | 1 | 32 | 17 | CM | | | 4 |
| KERR-BLANKENSHIP TRUST | 4 | 15-099-19370-00-00 | NWNWSWS | 2 | 33 | 17 | OIL | | | 4 |
| MURRAY/HOLLENBECK | 1 | 15-099-20921-00-00 | SESWSWSW | 6 | 33 | 18 | OIL | | | 4 |
| MURRAY/HOLLENBECK | 2 | 15-099-20922-00-00 | NWNESWS | 6 | 33 | 18 | OIL | | | 4 |
| MURRAY/HOLLENBECK | 4 | 15-099-22786-00-00 | SWNESWSW | 6 | 33 | 18 | OIL | | | 4 |
| MYERS | 19-1 | 15-099-23592-00-00 | S2N2NESE | 19 | 32 | 18 | CM | | | 4 |
| PARKS REV TRUST | 4-31 | 15-099-24585-00-00 | SENWNWN | 31 | 32 | 18 | GAS | | | 4 |
| PARKS REV TRUST | 8-31 | 15-099-24586-00-00 | NWSESENE | 31 | 32 | 18 | GAS | | | 4 |
| REED | 1 | 15-099-23342-00-00 | NENESE | 2 | 33 | 17 | GAS | | | 4 |
| REED | 2 | 15-099-23720-00-00 | S2N2SE | 2 | 33 | 17 | GAS | | | 4 |
| REED/VICTORY(FKAMYERS,E | 1 | 15-099-22431-00-00 | SWNENESE | 2 | 33 | 17 | GAS | | | 4 |
| SALE | 13 - 18 | 15-099-24549-00-00 | SENWSWSW | 18 | 32 | 18 | CM | | | 4 |
| SALE LARRY D | 36-1 | 15-099-23517-00-00 | NWNENW | 36 | 31 | 17 | GAS | | | 4 |
| SECKMAN | 13-7 | 15-099-24656-00-00 | SENWSWSW | 7 | 33 | 18 | OIL | | | 4 |
| SMITH | 11-12 | 15-099-23907-00-00 | SWNENESW | 12 | 31 | 17 | CM | | | 4 |
| SMITH | 2-12 | 15-099-23832-00-00 | NENWNE | 12 | 31 | 17 | CM | | | 4 |

| Count | Well Name | API# | Spot | Sec | Twp | Rng | Type | DATE OF COMPLIANCE | COMPLIANCE | Proposed Quarterly Objective |
|------------------------|-----------|--------------------|----------|-----|-----|-----|------|--------------------|------------|------------------------------|
| SOUTHALL | 6-14 | 15-099-23906-00-00 | NESWSEW | 14 | 31 | 17 | CM | | | 4 |
| TRI CITY AIRPORT | 13-23 | 15-099-24119-00-00 | SESWSW | 23 | 31 | 17 | CM | | | 4 |
| LB | | | | | | | | | | |
| MCNICKLE | 4-8 | 15-099-24504-00-00 | SENWNWN | 8 | 33 | 18 | GAS | | | 4 |
| MG | | | | | | | | | | |
| KROEKER-GOLEY | 38 | 15-125-27607-00-01 | SWNWSW | 32 | 32 | 15 | EOR | X | | 4 |
| PETERSON | 15 | 15-125-27299-00-00 | NENESESW | 8 | 33 | 17 | CM | | | 4 |
| MONTGOMERY | | | | | | | | | | |
| BELCHER | 14-19 | 15-125-31038-00-00 | NESESWSW | 19 | 33 | 17 | CM | | | 4 |
| BRIGHT | 1 | 15-125-02390-00-00 | NENWNEN | 2 | 32 | 16 | OIL | | | 4 |
| BRIGHT | 2 | 15-125-02391-00-00 | NWNWNEN | 2 | 32 | 16 | OIL | | | 4 |
| DARBY | 12 | 15-125-27363-00-00 | NENESE | 1 | 33 | 14 | EOR | X | | 4 |
| DARBY | 4 | 15-125-25843-00-01 | SESENE | 1 | 33 | 14 | EOR | X | | 4 |
| DODDS | 5 | 15-125-01761-00-00 | NWSENESE | 9 | 32 | 16 | OG | | | 4 |
| EASTEP | 8 | 15-125-02394-00-00 | SESENESE | 34 | 31 | 16 | OIL | | | 4 |
| FRENCH REVOCABLE TRUST | 10-1 | 15-125-30538-00-00 | NESE | 10 | 32 | 17 | CM | | | 4 |
| GOINS | 5-21 | 15-125-31899-00-00 | NENWSWN | 21 | 32 | 17 | CM | | | 4 |
| KING | 1-7 | 15-125-01192-00-00 | NESWNWNE | 15 | 33 | 17 | OIL | | | 4 |
| KING | 5 | 15-125-29513-00-00 | NWSEW | 15 | 33 | 17 | OG | | | 4 |

| Count | Well Name | API# | Spot | Sec | Twp | Rng | Type | DATE OF COMPLIANCE | COMPLIANCE | Proposed Quarterly Objective |
|-----------------|-----------|--------------------|----------|-----|-----|-----|------|--------------------|------------|------------------------------|
| KING/DUNLAP | 1 | 15-125-29330-00-00 | NENENW | 15 | 33 | 17 | OG | | | 4 |
| KROEKER SOUTH | 126 | 15-125-26025-00-02 | NWNWNWN | 5 | 33 | 15 | OIL | | | 4 |
| KROEKER SOUTH | 127 | 15-125-26142-00-01 | N2NWNWN | 5 | 33 | 15 | EOR | X | | 4 |
| KROEKER SOUTH | 128 | 15-125-26267-00-00 | NWNENW | 5 | 33 | 15 | OIL | | | 4 |
| KROEKER SOUTH | 130 | 15-125-26193-00-00 | S2NWNWN | 5 | 32 | 15 | OIL | | | 4 |
| KROEKER SOUTH | 135 | 15-125-26669-00-01 | NESWNWN | 5 | 33 | 15 | EOR | X | | 4 |
| MARCHANT | 3-1 | 15-125-30654-00-00 | W2E2NENE | 3 | 33 | 17 | CM | | | 4 |
| MCNICKLE | 2-10 | 15-125-30776-00-00 | NWNE | 10 | 33 | 17 | CM | | | 4 |
| O' BRIEN | 11-20 | 15-125-31903-00-00 | SWNWNES | 20 | 32 | 17 | CM | | | 4 |
| PARKS REV TRUST | 8-3 | 15-125-32137-00-00 | NWNESENE | 3 | 32 | 17 | GAS | | | 4 |
| PLUTE | 6-7 | 15-125-31754-00-00 | SWSENW | 7 | 34 | 17 | CM | | | 4 |
| RASH | 1 | 15-125-20822-00-00 | NENESENW | 24 | 31 | 16 | OIL | | | 4 |
| RASH | 1A-89 | 15-125-29230-00-00 | SWNESW | 24 | 31 | 16 | OIL | | | 4 |
| RASH | 2 | 15-125-20836-00-00 | SENESENW | 24 | 31 | 16 | OIL | | | 4 |
| RASH | 3 | 15-125-20837-00-00 | NESESENE | 24 | 31 | 16 | OIL | | | 4 |
| RASH | 3-B | 15-125-21101-00-00 | N2S2NW | 24 | 31 | 16 | OIL | | | 4 |
| RASH | 4 | 15-125-20838-00-00 | NWNESENW | 24 | 31 | 16 | OIL | | | 4 |
| RASH | 4-A | 15-125-22192-00-00 | SESENW | 24 | 31 | 16 | OIL | | | 4 |

| Count | Well Name | API# | Spot | Sec | Twp | Rng | Type | DATE OF COMPLIANCE | COMPLIANCE | Proposed Quarterly Objective |
|----------------|-----------|--------------------|----------|-----|-----|-----|------|--------------------|------------|------------------------------|
| RASH | 5-A | 15-125-22303-00-00 | SWNWSESW | 24 | 31 | 16 | OIL | | | 4 |
| RASH | 6 | 15-125-20923-00-00 | SWSESENW | 24 | 31 | 16 | OIL | | | 4 |
| RASH | 6-A | 15-125-22449-00-00 | SWSESW | 24 | 31 | 16 | OIL | | | 4 |
| RASH | 7-A | 15-125-22450-00-00 | S2SESW | 24 | 31 | 16 | OIL | | | 4 |
| RASH | 8-A | 15-125-22451-00-00 | SESW | 24 | 31 | 16 | OIL | | | 4 |
| RASH | 9A | 15-125-22968-00-00 | E2SESW | 24 | 31 | 16 | OIL | | | 4 |
| RECTOR | B2 | 15-125-32358-00-00 | NESWSWSW | 6 | 33 | 15 | OIL | | | 4 |
| RECTOR | C1 | 15-125-32360-00-00 | SWNWSWS | 6 | 33 | 15 | OIL | | | 4 |
| SCHABEL | 15-15 | 15-125-31347-00-00 | N2SWSE | 15 | 32 | 17 | GAS | | | 4 |
| SCHABEL | 5-22 | 15-125-31268-00-00 | NESWSWN | 22 | 33 | 17 | CM | | | 4 |
| SCHAPLOWSKY | 11-10 | 15-125-31882-00-00 | SESWNESW | 10 | 32 | 17 | CM | | | 4 |
| SEIFERT | 2-27 | 15-125-31793-00-00 | SWSENWNE | 27 | 31 | 17 | CM | | | 4 |
| STATON | 1-17 | 15-125-30779-00-00 | NENE | 17 | 33 | 17 | CM | | | 4 |
| VAN BUREN/KING | 6 | 15-125-28074-00-00 | SWNE | 15 | 33 | 17 | OIL | | | 4 |
| WRIGHT/MYERS | 1-33 | 15-125-31673-00-00 | NWSWNENE | 33 | 32 | 17 | CM | | | 4 |

PROPOSED COMPLIANCE AGREEMENT WELL INVENTORY

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PROPOSED COMPLIANCE AGREEMENT END DATE 09/30/2028

CERTIFICATE OF SERVICE

17-CONS-3370-CMSC

I, the undersigned, certify that a true and correct copy of the attached Motion to Approve Amended Compliance Agreement has been served to the following by means of first class mail and electronic service on March 7, 2023.

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/s/ Paula J. Murray

Paula J. Murray
