

**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 Notice of Denial of License ) Docket No.: 17-CONS-3673-CMSC  
Renewal Application to Jones Gas Corporation. )  
 ) CONSERVATION DIVISION  
 )  
 ) License No.: 32654

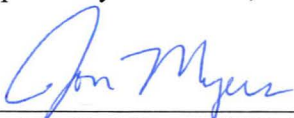
**MOTION TO CANCEL EVIDENTIARY HEARING  
AND APPROVE SETTLEMENT AGREEMENT**

Commission Staff (Staff) of the State Corporation Commission of the State of Kansas  
(Commission) files this Motion. In support of its Motion, Staff states as follows:

1. On May 24, 2017, Operator's annual license renewal application was denied. On May 26, 2017, Operator timely filed a request for hearing. All pre-filed testimony has been submitted, and this matter is currently scheduled for a December 14, 2017, evidentiary hearing.
2. Staff and Operator have reached a settlement in this matter. Staff believes the attached Settlement Agreement constitutes a reasonable resolution of all issues in this docket and respectfully requests that it be approved. In light of the settlement, Staff further requests that the evidentiary hearing scheduled for December 14, 2017, be cancelled. Staff Counsel has communicated with Operator's counsel, who is not opposed to this motion.
3. Staff notes that Operator tendered its \$2,000 payment pursuant to Paragraph 9 of the Settlement Agreement simultaneous with tendering a signed copy of the agreement.

WHEREFORE, Staff requests this motion be granted.

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

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CONSERVATION DIVISION  
WICHITA, KS

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**SETTLEMENT AGREEMENT**

This Settlement Agreement (Agreement) is entered into by and between the Staff of the Corporation Commission of the State of Kansas ("Staff" and "Commission," respectively) and Jones Gas Corporation ("Operator"). Its effective date will be the date the Commission enters an order approving or amending the terms of the Agreement.

**I. JURISDICTION**

1. Pursuant to K.S.A. 74-623, the Commission shall have the exclusive jurisdiction and authority to regulate oil and gas activities.
2. Pursuant to K.S.A. 55-150 *et seq.*, the Commission has authority to regulate the construction, operation, and abandonment of any well and the protection of the useable water of this state from any actual or potential pollution from any well.
3. Pursuant to K.S.A. 55-155, operators and contractors, as defined in K.S.A. 55-150, shall be licensed by the Commission.
4. Pursuant to K.S.A. 55-162, if the Commission finds that such person violated any provisions of K.S.A. 55-150 *et seq.*, the Commission shall take any appropriate action necessary to prevent pollution and protect water supply.

5. Pursuant to K.S.A. 55-155(c), a license applicant must demonstrate to the Commission's satisfaction that the following comply with all requirements of chapter 55 of the Kansas Statutes Annotated, all rules and regulations adopted thereunder, and all Commission orders and enforcement agreements, if the applicant is not registered with the federal securities and exchange commission: (a) the applicant; (b) any officer, director, partner, or member of the applicant; (c) any stockholder owning in the aggregate more than 5% of the stock of the applicant; and (d) any spouse, parent, brother, sister, child, parent-in-law, brother-in-law, or sister-in-law of the foregoing.

## **II. BACKGROUND**

6. Under the above jurisdiction and authority, on May 24, 2017, the Commission denied Operator's annual license renewal application, submitted May 22, 2017, citing an association between Operator and Stroud Oil Properties, License #30084, which has an unplugged well remaining on its expired license and has not complied with the Commission's default order in Docket #16-CONS-420-CSHO. On May 26, 2017, Operator timely filed a request for hearing. Parties have timely submitted pre-filed testimony.

7. One well remains on Stroud Oil Properties' license, specifically the Gaier #2, API #15-099-22863. To avoid potential litigation costs and to foster administrative efficiency, Operator and Staff have reached the following agreement.

## **III. TERMS OF THE SETTLEMENT AGREEMENT**

8. The parties agree that the Commission has jurisdiction and authority over this matter. The parties also agree that adoption of this Agreement is in the public interest and that the Commission should approve the stipulations as set forth below.

9. Commission Staff shall immediately process and approve Operator's May 22, 2017, license renewal application. The Commission shall not pursue any current or future claims it may have regarding the Gaier #2 well which could affect Operator's license renewal applications, now or in the future, or the status of Operator's license, in any way.

10. By December 15, 2017, Operator shall pay \$2,000 to the Commission. Failure to make timely, full payment shall result in suspension of Operator's license until payment is made. Operator's payment is intended as contribution toward the plugging cost for the Gaier #2, which Staff estimates to be approximately \$4,000. Under KCC Docket #16-CONS-420-CSHO, the Gaier #2 is already on the state plugging list, to be plugged according to priority and funds allow, with Staff retaining the ability to investigate additional potentially-responsible parties. Nothing in this Agreement constitutes an admission by Operator for liability for the Gaier #2.

11. Staff agrees to recommend to the Commission that this Agreement be approved. Staff further agrees that upon approval by the Commission, and barring default proceedings pursuant to K.S.A. 77-520, this Agreement shall constitute a final resolution of this matter.

#### **IV. RESERVATIONS**

12. This Settlement Agreement fully resolves issues specifically addressed between the parties. The terms of this Agreement constitute a fair and reasonable resolution of the issues addressed herein.

13. The terms and provisions of this Agreement have resulted from negotiations between the signatories and are interdependent. In the event the Commission does not approve the terms of the Agreement in total, any party has the option to terminate this Agreement and, if so terminated, none of the signatories hereto shall be bound by, prejudiced, or in any way affected by any of the terms or provisions hereof, unless otherwise provided herein.

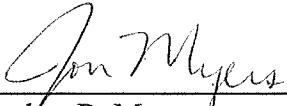
14. Unless (and only to the extent) otherwise specified in this Agreement, the signatories to this Agreement shall not be prejudiced, bound by, or affected in any way by the terms of this Agreement: (1) in any future Commission or court proceeding; (2) in any proceeding currently pending before the Commission under a separate docket; and/or (3) in this proceeding, if the Commission decides not to approve this Agreement in total or in any way conditions its approval of the same. This paragraph is not meant to limit future enforcement of this Agreement, should either party fail to fulfill all terms and provisions.

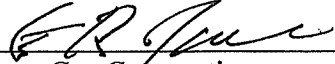
15. Unless (and only to the extent) otherwise specified in this Agreement, this Agreement does not prejudice or waive any party's legal rights, positions, claims, assertions or arguments in any proceedings in this docket, or any other proceeding before the Commission or in any court.

16. If the Commission approves this Agreement in its entirety and incorporates the same into a final order in this docket, the parties agree to be bound by its terms and the Commission's order incorporating its terms as to all issues addressed herein, and will not appeal the Commission's order.

17. This Settlement Agreement shall be binding on all parties upon signing.

**IN WITNESS WHERETO**, the parties hereby execute and approve this Settlement Agreement by subscribing their signatures below.


By:   
Jonathan R. Myers  
Litigation Counsel  
Kansas Corporation Commission  
266 N. Main, Ste. 220  
Wichita, KS 67202

By:   
Jones Gas Corporation  
151 Whittier, Suite 2000  
PO Box 780600  
Wichita, Kansas 67278


**VERIFICATION**

STATE OF KANSAS                     )  
  ) ss.  
COUNTY OF SEDGWICK            )

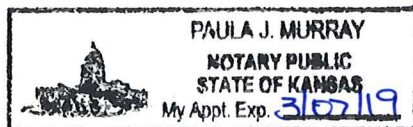
Jonathan R. Myers, of lawful age, being duly sworn upon his oath deposes and states that he is Litigation Counsel for the State Corporation Commission of the State of Kansas; that he has read and is familiar with the foregoing *Motion*, and attests that the statements therein are true to the best of his knowledge, information and belief.

  
\_\_\_\_\_  
Jonathan R. Myers, S. Ct. #25975  
Litigation Counsel  
State Corporation Commission  
of the State of Kansas

SUBSCRIBED AND SWORN to before me this 30 day of Nov, 2017.

  
\_\_\_\_\_  
Notary Public

My Appointment Expires: 3/07/19



**CERTIFICATE OF SERVICE**

I certify that on 11/30/17, I caused a complete and accurate copy of this Motion to be served electronically to the following:

Timothy E. McKee  
Amy Fellows Cline  
Triplett Woolf & Garretson, LLC  
2959 N. Rock Road, Suite 300  
Wichita, Kansas 67226  
temckee@twgfirm.com  
amycline@twgfirm.com  
*Attorneys for Jones Gas Corporation*

Jonathan R. Myers, Litigation Counsel  
KCC Central Office  
j.myers@kcc.ks.gov

Michael J. Duenes, Assistant General Counsel  
KCC Topeka Office  
m.duenes@kcc.ks.gov

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