

**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 Tontol, LLC) Docket No: 17-CONS-3394-CPEN
("Operator") to comply with K.A.R.)
82-3-407 at the Fussman #19 in Allen) CONSERVATION DIVISION
County, Kansas.)
_____) License No. 34525

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 issued in this docket a *Penalty Order* against Tontol, LLC (Operator), finding a violation of K.A.R. 82-3-407 because a current, successful mechanical integrity test (MIT) had not been performed on the subject well.¹
2. On January 12, 2017, Operator filed a request for hearing in this proceeding.
3. On February 23, 2017, a Prehearing Conference was held in this matter.² At the Prehearing Conference, Commission Staff (Staff) moved to continue the Prehearing Conference to the first week of April 2017.³
4. On February 27, 2017, 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, with the first \$500 due by February 28, 2017,

¹ Docket No. 17-CONS-3394-CPEN, *Penalty Order*, ¶ 13 (Dec. 8, 2016).

² *Prehearing Officer Order Continuing Prehearing Conference*, ¶ 2 (Feb. 23, 2017).

³ *Id.*

⁴ Motion to Approve Settlement Agreement (Feb. 27, 2017).

and the remaining \$500 due by March 31, 2017.⁵ The Agreement also stipulates that if Operator fails to pay the aforementioned penalty by the deadlines, Staff will suspend Operator's license until compliance is obtained.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.

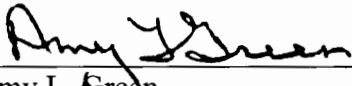
THEREFORE, THE COMMISSION ORDERS:

- 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: MAR 07 2017



Amy L. Green
Secretary to the Commission

Mailed Date: March 7, 2017

MJD/sc

⁵ See attached Settlement Agreement, ¶ 3 (Feb. 27, 2017).

⁶ *Id.* at ¶ 3.

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

SETTLEMENT AGREEMENT

This Agreement is between Tontol, LLC ("Operator") (License #34525) 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-3394-CPEN.

A. Background

1. On December 8, 2016, the Commission issued a Penalty Order assessing a \$1,000 penalty, finding one violation of K.A.R. 82-3-407, and directing Operator to either plug the Fussman #19 well, or to conduct a successful mechanical integrity test on it.

2. Operator timely appealed and subsequently conducted a successful mechanical integrity test. Operator admits to the violation, but requests additional time to make payments on the penalty. Staff finds the request to be acceptable.

B. Terms of Settlement

3. Of the \$1,000 owed, Operator shall pay \$500 by February 28, 2017, and the remaining \$500 by March 31, 2017. If Operator fails to comply with either deadline, then Staff shall suspend Operator's license until compliance is obtained. 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 by Staff due to Operator's failure to comply with this Agreement.

Commission Staff

By: Jon Myers

Printed Name: JON MYERS

Title: LITIGATION COUNSEL

Date: 2/27/17

Tontol, LLC

By: D. Keen

Printed Name: Donald Bisbee

Title: Managing Member

Date: February 22, 2017

CERTIFICATE OF SERVICE

I certify that on 3/7/17, 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:

Donald Bisbee
Tontol, LLC
7807 E. Buena Terra Way
Scottsdale, AZ 85250

and delivered by e-mail to:

John Almond
KCC District #3

Rene Stucky
KCC Central Office

Jonathan R. Myers, Litigation Counsel
KCC Central Office

Michael J. Duenes, Assistant General Counsel
KCC Topeka Office

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