

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

Before Commissioners: Andrew J. French, Chairperson
 Dwight D. Keen
 Susan K. Duffy

In the matter of a Compliance Agreement) Docket No.: 22-CONS-3008-CMSC
between Warhorse Petroleum, Inc. (Operator))
and Commission Staff regarding bringing 26) CONSERVATION DIVISION
wells into compliance with K.A.R. 82-3-111.)
_____) License No.: 35743

ORDER APPROVING COMPLIANCE AGREEMENT

Commission Staff and Operator have executed the attached Compliance Agreement,¹ which transfers all of the remaining wells in the Agreement with R.R. Abderhalden in Docket 16-CONS-3978-CMSC. Commission finds the Agreement provides a fair, efficient resolution of the issues described therein.

THEREFORE, THE COMMISSION ORDERS:

A. The Compliance Agreement is approved and incorporated into this Order.

B. Any party may request a hearing on the above issues by submitting a written request, pursuant to K.S.A. 55-164, K.S.A. 77-537, and K.S.A. 77-542, to the Commission at 266 N. Main St., Suite 220, Wichita, Kansas 67202, within 30 days from the date of service of this Order. Hearings will be scheduled only upon written request. Failure to timely request a hearing will result in a waiver of any right to a hearing.

BY THE COMMISSION IT IS SO ORDERED.

French, Chairperson; Keen, Commissioner; Duffy, Commissioner

Dated: 07/08/2021



Lynn M. Retz
Executive Director

Mailed Date: 07/08/2021

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¹ Attachment A.

COMPLIANCE AGREEMENT

This Agreement is between Warhorse Petroleum, Inc. ("Operator") (License 35743) and the Kansas Corporation Commission Staff ("Staff"). If the Kansas Corporation Commission ("Commission") does not approve this Agreement as evidenced by a signed order of the Commission, this Agreement shall not be binding on either party.

A. Background

1. Operator is responsible for the 26 wells ("the 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 TA status for such subject wells if eligible. Obtaining TA status shall include application for, and Commission approval of, an exception to the 10-year limit on TA status if applicable. Staff is supportive of an agreement to this effect with the Operator.

B. Terms of Compliance Agreement

2. By December 31, 2021, Operator shall plug, return to service, or repair and obtain temporary abandonment status for 2 of the subject wells. Operator shall plug, return to service, or repair and obtain temporary abandonment status for an additional 2 subject wells within each three calendar months thereafter, resulting in all subject wells being returned to compliance by December 31, 2024. 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 be a 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. Upon good cause shown, the Operator may receive an extension of the time to achieve compliance for up to 30 days from an applicable deadline pursuant to this Agreement so that the Operator may plug, return to service, or repair and TA the well or wells that was or were the subject of the applicable deadline. If the Operator seeks a time extension for any deadline under this Agreement, the Operator shall request such an extension at least seven days prior to the applicable deadline. Staff will file a status update in the docket created for this matter containing the District Supervisor's recommendation to approve or deny the extension and place an order requesting Commission approval of the terms of the status update on the next available Consent Agenda for Commission consideration and possible approval. If Operator is denied a requested extension by the Commission or otherwise remains out of compliance with this Agreement for any

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other reason, Staff shall immediately send a Notice of Non-Compliance and License Suspension to Operator, which shall suspend the Operator's license and become effective 10 days from the date of the Notice of Non-Compliance and License Suspension. The Operator's license shall remain suspended until well plugging or repair is resumed in accordance with the compliance schedule contained in the Status Update. If Staff finds that the Operator is conducting oil and gas operations after 10 days from the date of a Notice of Non-Compliance and License Suspension, and Operator's license remains suspended, Staff is authorized to seal all of Operator's oil and gas operations.

4. This Agreement, in its entirety, may be transferable between operators only by an Order of the Commission approving the transfer. Staff will file a status update in the docket created for this matter containing a recommendation regarding any proposed transfer between operators and will place an order regarding the transfer on the next available Consent Agenda for Commission consideration and possible approval. If the Operator intends to transfer any of the subject wells to another Operator, but does not intend to transfer this Agreement in its entirety, such subject wells must be returned to compliance pursuant to Commission, rules, regulations, or orders before Staff will process the transfer.

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 that occurred or occurs prior to December 31, 2024, except for wells brought into compliance after Commission approval of this Agreement that subsequently fall out of compliance and remain the Operator's responsibility under the 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. Staff will place an order approving the addition of wells and extending the final compliance deadline on the next available Consent Agenda for Commission consideration and possible approval.

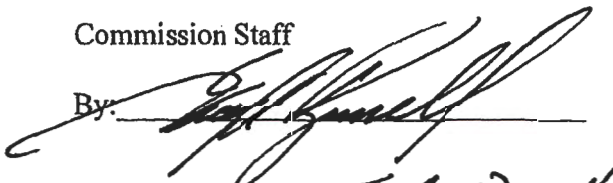
7. Operator may bring more than 2 wells into compliance during any three calendar month term. The excess number of wells brought into compliance will be attributed to a future three-month compliance period.

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8. None of the subject wells to be brought into compliance hereunder are currently authorized for injection. Upon Commission approval of this Agreement, Staff shall revoke the 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 to the Commission for its consideration and possible approval within 90 days of Staff's written notice, then this Agreement shall be terminated upon Staff's filing a statement to that effect in the Commission docket for this matter.

Commission Staff

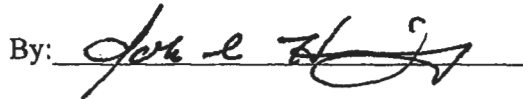
By: 

Printed Name: Troy A. Russell

Title: District #3 Supervisor, P.G.

Date: 6/3/2021

Warhorse Petroleum Inc. #35743

By: 

Printed Name: John S. Herring

Title: COO

Date: 5/24/21

Warhorse Petroleum, Inc. #35743

Count	Well Name	API#	Spot	Sec	Twp	Rng	Type	DATE OF COMPLIANCE	COMPLIANCE	Wells Due Per Quarter
GREENWOOD										
	D & S (AUSTIN) W-17	15-073-19852-00-00		12	22	10	EOR			
	D & S (DEMALORIE SOUDER)	15-073-23371-00-00	NENWNE	12	22	10	OIL			
	GEIST 1	15-073-01304-00-00	SWSW	13	24	12	EOR			
	GEIST 6	15-073-01308-00-00	NWSESW	13	24	12	OIL			
	HULL A AND B 1-R	15-073-20103-00-00	NENWNE	2	26	8	OIL			
	HULL A AND B 41	15-073-01252-00-00	NEWNE	2	26	8	OIL			
	HULL A AND B 42	15-073-01253-00-00	NENWSESE	35	25	8	OIL			
	STEVENSON 15	15-073-01261-00-00	NWSWSEN	2	26	8	OIL			
	STEVENSON 16	15-073-01262-00-00	N2SENWSE	2	26	8	OIL			
	STEVENSON 19	15-073-01265-00-00	S2SESESW	2	26	8	OIL			
	STEVENSON 20	15-073-01266-00-00	E2SE	2	26	8	OIL			
	SULLIVAN 18	15-073-01293-00-00	NESENW	14	24	12	OIL			
	SULLIVAN 19	15-073-01294-00-00	NWSENW	14	24	12	OIL			
	SULLIVAN 20	15-073-01295-00-00	SESESW	14	24	12	OIL			
	SULLIVAN 22	15-073-01297-00-00	SWSESW	14	24	12	OIL			
	WAYHAM 10	15-073-01271-00-00	SENWSE	14	24	12	OIL			

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Count	Well Name	API#	Spot	Sec	Twp	Rng	Type	DATE OF COMPLIANCE	COMPLIANCE	ATTACHMENT A Wells Due Per Quarter
WAYHAM	23	15-073-01279-00-00	W2NWNESE	14	24	12	OIL			
WAYHAM	24	15-073-01280-00-00	SWSWSE	14	24	12	OIL			
WAYHAM	25	15-073-01281-00-00	SESWSE	14	24	12	OIL			
WAYHAM	26	15-073-01282-00-00	NWSWSE	14	24	12	OIL			
WAYHAM	32	15-073-01288-00-00	SWSESE	14	24	12	OIL			
WAYHAM	34	15-073-01290-00-00	S2SENE	14	24	12	OIL			
WAYHAM	7	15-073-01289-00-00	SWNWSE	14	24	12	OIL			
WAYHAM	8	15-073-01270-00-00	N2N2NWSE	14	24	12	OIL			
WAYHAM	W 6	15-073-18987-00-00	SESWNE	14	24	12	EOR			
WAYHAM	WS-1	15-073-01267-00-00	NWNWSE	14	24	12	EOR			
Total Wells			26							

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Compliance Agreement Schedule for Warhorse Petroleum, Inc. #35743

Wells to be brought into compliance per quarter, per year, ending December 31, 2024

	2021	2022	2022	2024
Qtr. 1				
JAN				
FEB				
MAR	0	2	2	2
Qtr. 2				
APR				
MAY				
JUN	0	2	2	2
Qtr. 3				
JUL				
AUG				
SEP	0	2	2	2
Qtr. 4				
OCT				
NOV				
DEC	2	2	2	2
Year Totals	2	8	8	8

Total wells brought into compliance by operator ending December 31, 2024: 26

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CERTIFICATE OF SERVICE

22-CONS-3008-CMSC

I, the undersigned, certify that a true copy of the attached Order has been served to the following by means of first class mail and electronic service on 07/08/2021.

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/S/ DeeAnn Shupe
DeeAnn Shupe