

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

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

In the matter of the application of Agricultural)	Docket No.: 16-CONS-4029-CEXC
Energy Services, applicant, for an exception to)	
the 10-year time limitation of K.A.R. 82-3-111)	CONSERVATION DIVISION
for its Diamond Sleeper 1-25 well located in)	
the C W NW/4 SE/4 25-33-31W, Seward)	License No.: 34089
County, Kansas.)	

MOTION TO APPROVE SETTLEMENT AGREEMENT

Commission Staff moves for the Commission to adopt and approve the attached Settlement Agreement, which has been signed by both parties. Staff believes the Agreement represents an appropriate manner of resolving the issues described therein.

Respectfully submitted,



John McCannon, #08277
Litigation Counsel
Kansas Corporation Commission
266 N. Main, Suite 220
Wichita, Kansas 67202
Phone: 316-337-6200; Fax: 316-337-6211

CERTIFICATE OF SERVICE

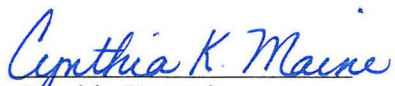
I certify that on 10/17/2016, I caused a complete and accurate copy of this Motion to be served via United States mail, with the postage prepaid and properly addressed to the following:

Karl F. Hirsch
Hirsch, Heath & White, P.L.L.C.
901 Cedar Lake Boulevard
Oklahoma City, Oklahoma 73114
Attorney for Agricultural Energy Services

Anthony T. Hunter
4715 W. Central
Wichita, Kansas 67212
Attorney/or Warren F. Fox, ABC Trust, LP & LAL Trust, LP

And delivered by email to:

Jonathan R. Myers
Conservation Division Central Office



Cynthia K. Maine
Administrative Assistant
Kansas Corporation Commission

SETTLEMENT AGREEMENT

This Agreement is between Agricultural Energy Services ("Operator") (License #34089), Warren F. Fox, ABC Trust, LP & LAL Trust, LP (Protestants), and Commission Staff ("Staff"). If the Commission does not approve this Agreement by a signed order, this Agreement shall not be binding on any party. This Agreement shall settle the proceedings in Commission Docket Number 16-CONS-4029-CEXC.

A. Background

1. On May 16, 2016, Operator filed an application seeking an exception to the 10 year temporary abandonment regulation (K.A.R. 82-3-111) for its Diamond Sleeper 1-25 well in Seward County, Kansas.
2. On June 14, 2016, the protest was filed.
3. A Prehearing Conference Order was issued in the docket on September 20, 2016, that sets out the schedule to hear this matter on October 27, 2016.
4. The parties and Staff have reached an agreement to settle this matter.

B. Terms of Settlement

5. Operator will have the Diamond Sleeper 1-25 well plugged in accordance with Commission regulations and district instructions before March 1, 2017.
6. The schedule for hearing this docket set out in Prehearing Officer Order of September 20, 2016, is suspended. Operator will dismiss its application in this docket and the docket will be closed.
7. If Operator fails to comply with the well plugging deadline, then Staff shall suspend Operator's license until compliance is obtained and Staff is authorized to assess a \$1,000.00 penalty. 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.
8. 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.

Received
KANSAS CORPORATION COMMISSION

OCT 13 2016

CONSERVATION DIVISION
WICHITA, KS

Commission Staff

By: John McCannon

Printed Name: John McCannon

Title: Litigation Counsel

Date: 10/13/16

Agricultural Energy Services

By: _____

Printed Name: _____

Title: _____

Date: _____

Warren F. Fox
ABC Trust, LP
LAL Trust, LP

By: Warren F. Fox

Printed Name: WARREN F. FOX

Title: Owner, Manager

Date: Oct. 11, 2016

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Commission Staff

By: _____

Printed Name: _____

Title: _____

Date: _____

Warren F. Fox
ABC Trust, LP
LAL Trust, LP

By: _____

Printed Name: _____

Title: _____

Date: _____

Agricultural Energy Services

By: _____

Printed Name: MONTGOMERY ESCUE

Title: VICE PRESIDENT

Date: 10-11-16