

**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 Pride Energy ) Docket No. 17-CONS-3448-CPEN  
Company, a General Partnership ("Operator") to )  
comply with K.A.R. 82-3-111 at the Mildred ) CONSERVATION DIVISION  
Sims ETAL #1 and Carthage NE Morrow A Unit )  
#1-4 wells in Barber and Morton County, Kansas. ) License No. 32192  
\_\_\_\_\_ )

**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 January 24, 2017, the Commission issued a Penalty Order against Operator alleging two violations of K.A.R. 82-3-111 due to the subject wells being inactive in excess of the time allowed by regulation without being plugged, returned to service, or approved for temporary abandonment (TA) status.<sup>1</sup>
2. On February 24, 2017, Operator filed a Request for Hearing.
3. On March 28, 2017, the Commission issued an order designating a prehearing officer and setting a prehearing conference for April 18, 2017.<sup>2</sup>
4. On April 17, 2017, Staff filed a Motion to Approve Settlement Agreement and attached the Settlement Agreement (SA). The SA indicated that the Operator has paid the penalty assessed, has filed a 10-year TA exception application for the Carthage NE Morrow A

---

<sup>1</sup> Penalty Order at 3 (Jan. 24, 2017).

<sup>2</sup> Order Designating Prehearing Officer and Setting Prehearing Conference at 2 (Mar. 28, 2017).

Unit #1-4 and agrees to plug, return to service or obtain TA status for the Mildred Sims ETAL #1.

5. Kansas law favors compromising and settling disputes when the agreement is entered intelligently, and in good faith.<sup>3</sup> The Commission finds that the SA provides a fair and efficient resolution of the matter.

6. Pursuant to the SA, the Operator is hereby on notice that failure to comply with the SA may result in Operator's license being suspended.

**THEREFORE, THE COMMISSION ORDERS:**

A. The Motion to Approve Settlement Agreement is granted and the Settlement Agreement is approved.

B. Any party affected by this Order may file with the Commission a petition for reconsideration pursuant to K.S.A. 77-529(a). The petition shall be filed within 15 days after service of this Order and must state the specific grounds upon which relief is requested.<sup>4</sup> The petition shall be addressed to the Commission and sent to 266 N. Main, Ste. 220, Wichita, Kansas 67202.

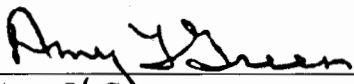
C. The Commission retains jurisdiction over the subject matter and parties for the purpose of entering such further orders as it deems necessary.

**BY THE COMMISSION IT IS SO ORDERED.**

Apple, Chairman; Albrecht, Commissioner; Emler, Commissioner

Dated: MAY 02 2017

Mailed Date: May 2, 2017

  
\_\_\_\_\_  
Amy L. Green  
Secretary to the Commission

DLK/sc

<sup>3</sup> *Bright v. LSI Corp.*, 254 Kan. 853, 858 (1994).

<sup>4</sup> K.S.A. 66-118b; K.S.A. 77-529(a)(1).

## **SETTLEMENT AGREEMENT**

This Agreement is between Pride Energy Company, a General Partnership ("Operator") (License #32192) 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-3448-CPEN.

### **A. Background**

1. On January 24, 2017, the Commission issued a Penalty Order assessing a \$200 penalty, finding two violations of K.A.R. 82-3-111, and directing Operator to either return the Carthage NE Morrow A Unit #1-4 and Mildred Sims ETAL #1 wells to service, plug them, or obtain temporary abandonment status for them.

2. Operator timely appealed the Penalty Order and paid the \$200 penalty. Operator has filed a 10-year TA exception application for the Carthage NE Morrow A Unit #1-4 (KCC Docket #17-CONS-3519-CEXC) and a Well Plugging Application for the Mildred Sims ETAL #1. Any remaining compliance issue regarding the Carthage NE Morrow A Unit #1-4 can be handled via Docket 17-CONS-3519-CEXC, leaving the Mildred Sims ETAL #1 as the only issue left in this docket. Operator admits to the violations in the Penalty Order, but requests additional time to plug the Mildred Sims ETAL #1. Staff finds the request to be acceptable.

### **B. Terms of Settlement**

3. By May 31, 2017, Operator shall plug, return to service, or obtain temporary abandonment status for the Mildred Sims ETAL #1, API #15-007-00058.

4. If Operator fails to comply with the deadline in Paragraph 3, then Operator shall be assessed an additional \$1,000 penalty. If the Mildred Sims ETAL #1 is not in compliance with K.A.R. 82-3-111 by being plugged, returned to service, or having temporary abandonment status by June 30, 2017, then Operator shall be assessed an additional \$2,500 penalty, and Staff may plug the well and assess the costs to Operator.

5. If Operator fails to comply with any of the above paragraphs, or if penalties or costs are owed, then Staff shall suspend Operator's license until compliance is obtained and the penalties or costs are paid. 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 a 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 penalty.

6. 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

Pride Energy Company,  
a General Partnership

By: Joshua D. Wright  
Printed Name: Joshua D. Wright

By: Taylor Pride  
Printed Name: TAYLOR PRIDE

Title: Litigation Counsel

Title: SPECIAL PROJECTS COORDINATOR

Date: 4-14-17

Date: 4/14/17

**CERTIFICATE OF SERVICE**

I certify that on 5/2/17, 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:

Matthew L. Pride  
Pride Energy Company, a General Partnership  
PO Box 701950  
Tulsa, OK 74170-1950

and delivered by e-mail to:

Steve Pfeifer  
KCC District #1

Joshua D. Wright, Litigation Counsel  
KCC Wichita Office

Dustin L. Kirk, Deputy General Counsel  
KCC Topeka Office

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