

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

ORDER APPROVING SETTLEMENT AGREEMENT

The above-captioned matter comes before the State Corporation Commission of the State of Kansas. Having examined the files and records, and being duly advised in the premises, the Commission finds and concludes as follows:

I. FINDINGS OF FACT

1. On October 17, 2016, Commission Staff filed a motion requesting Commission approval of a Settlement Agreement. The Settlement Agreement is attached as an exhibit to this Order and incorporated by reference.

2. The Commission finds that the Settlement Agreement provides a fair, appropriate resolution of this matter. However, the Commission wishes to clarify the contents of Paragraphs 6 and 7 of the Settlement Agreement. First, the procedural schedule and evidentiary hearing for this docket are cancelled. Second, Operator cannot dismiss its application. Since the Settlement Agreement resolves these proceedings, no further filings appear necessary, but the docket shall remain open until such time as it is no longer necessary for Staff to track compliance with the Settlement Agreement. Third, if Operator is assessed a penalty pursuant to the Settlement Agreement, Operator's license shall remain suspended until both compliance is obtained and all assessed penalties are paid.

II. CONCLUSIONS OF LAW

3. The Commission concludes that the Settlement Agreement should be approved, under the terms as clarified in Paragraph 2 above.

THEREFORE, THE COMMISSION ORDERS:

A. The Settlement Agreement is approved, under the terms as clarified in Paragraph 2 above.

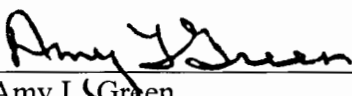
B. Any party affected by this Order may file with the Commission a petition for reconsideration pursuant to K.S.A. 77-529(a). The petition shall be filed within 15 days after service of this Order. If service of this Order is by mail, three days are added to the deadline. The petition shall be addressed to the Commission and sent to 266 N. Main, Ste. 220, Wichita, Kansas 67202. Pursuant to K.S.A. 55-606 and K.S.A. 77-529(a), reconsideration is a prerequisite for judicial review of this Order. Any party taking an action permitted by this summary proceeding before the deadline for a petition for reconsideration does so at their own risk of further proceedings.

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

BY THE COMMISSION IT IS SO ORDERED.

Emler, Chairman; Albrecht, Commissioner; Apple, Commissioner

Dated: NOV 03 2016



Amy L. Green
Secretary to the Commission

Mailed Date: November 4, 2016

JRM

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 McCann

Printed Name: John McCann

Title: Integration Counsel

Date: 10/13/16

Agricultural Energy Services

By: _____

Printed Name: _____

Title: _____

Date: _____

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

By: Warren Fox

Printed Name: WARREN F. FOX

Title: Owner, Manager

Date: Oct. 11, 2016

Commission Staff

By: _____

Printed Name: _____

Title: _____

Date: _____

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

By: _____

Printed Name: _____

Title: _____

Date: _____

Agricultural Energy Services

By:  _____

Printed Name: MONTGOMERY ESCUE

Title: VICE PRESIDENT

Date: 10-11-16

CERTIFICATE OF SERVICE

I certify that on 11/4/16, I caused a complete and accurate copy of this Order to be served via U.S. mail, with 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

Montgomery Escue
Agricultural Energy Services
P.O. Box 31865
Edmond, Oklahoma 73003

Frank J. Schwartz
2140 N. Kansas
Box 948
Liberal, Kansas 67905
Attorney for Warren F. Fox, ABC Trust, LP & LAL Trust, LP

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

Warren F. Fox
ABC Trust, LP & LAL Trust, LP
8199 X Road
Plains, Kansas 67829-9123

And delivered by email to:

John McCannon
Conservation Division Central Office

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