

**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 failure of Kansas Resource)	Docket No.: 17-CONS-3042-CPEN
Exploration & Development, LLC)	
("Operator") to comply with K.A.R. 82-3-407)	CONSERVATION DIVISION
at the Joeckel #CW 8 in Miami County,)	
Kansas.)	License No.: 34592

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:

1. Commission Staff and Operator have executed a settlement agreement, which is attached as an exhibit to this Order and incorporated by reference.

2. The settlement agreement provides a fair and efficient resolution of this matter.

THEREFORE, THE COMMISSION ORDERS:

A. The settlement agreement is approved and incorporated into this Order.


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 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.

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: SEP 29 2016



Amy L. Green
Secretary to the Commission

Mailed Date: September 29, 2016

JM

SETTLEMENT AGREEMENT

This Agreement is between Kansas Resource Exploration & Development, LLC ("Operator") (License #34592) 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-3042-CPEN.

A. Background

1. The August 25, 2016, Penalty Order in this docket required Operator to pay \$1,000 for one violation of K.A.R. 82-3-407, and to either perform a successful mechanical integrity test on the Joeckel #CW 8 well or plug it. Operator filed a timely appeal.

2. Staff and Operator wish to settle this matter to avoid the need for further litigation. Operator has described a possible misunderstanding of some verbal communication it had with Staff regarding avoiding a penalty recommendation, and Operator plugged the Joeckel #CW 8 four days after the Penalty Order was issued.

B. Terms of Settlement

3. Instead of paying \$1,000, Operator shall pay \$500 in this docket, which shall be due within 30 days from the date this Agreement is approved by an Order of the Commission.

4. If Operator fails to comply with the payment 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.

5. 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.

Commission Staff

By: Jon Myers

Printed Name: JON MYERS

Title: LITIGATION COUNSEL

Date: 9/22/16

Kansas Res. Exploration & Dev., LLC

By: Kansas Resource Development Company
its Manager

By: George L. Shuck

Printed Name: George L. Shuck

Title: Chief Financial Officer

Date: 9/21/16

CERTIFICATE OF SERVICE

I certify that on September 29, 2016, 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:

Keith A. Brock
Anderson & Byrd, LLP
216 S. Hickory
P.O. Box 17
Ottawa, Kansas 66067
Attorney for Kansas Resource Exploration & Development, LLC

Maureen Elton
Kansas Resource Exploration & Development, LLC
9393 W. 110th Street, Suite 500
Overland Park, KS 66210

And delivered electronically to:

Jonathan R. Myers & Rene Stucky
KCC Conservation Division Central Office

John Almond
KCC District #3

/s/ Cynthia K. Maine
Cynthia K. Maine
Administrative Assistant
Kansas Corporation Commission