

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

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

In the matter of the failure of Klima Well)	Docket No.: 14-CONS-082-CPEN
Service, Inc. ("Operator") to comply with)	
K.A.R. 82-3-111 at the Eveleigh #1, the)	CONSERVATION DIVISION
Eveleigh #2, Tindall #1, the Peterman)	
OWWO #4 and the Suchy #1 wells in Barton)	License No.: 7023
County, Kansas.)	

ORDER ADOPTING COMPLIANCE SCHEDULE

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. On August 15, 2014, Commission Staff moved for the approval of a Compliance Schedule signed by both Staff and Operator. The Compliance Schedule is attached and incorporated into this Order as Exhibit A.

2. The Commission concludes that the Compliance Schedule accomplishes the Commission's duty to enforce Kansas laws pertaining to the protection of the usable waters of the state and the prevention of the pollution of soils and water caused by oil and gas activities.

THEREFORE, THE COMMISSION ORDERS:

- A. The Compliance Schedule submitted by Staff is hereby 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). Such petition shall be filed within fifteen (15) days after service of this Order and must state the specific grounds upon which relief is requested. The

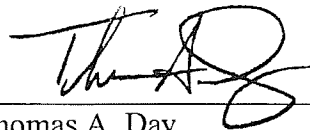
petition for reconsideration shall be filed with the Executive Director of the Conservation Division, 266 N. Main, Suite 220, Wichita, Kansas 67202.

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.

Albrecht, Chair; Emler, Com., Apple, Com.

Dated: AUG 28 2014



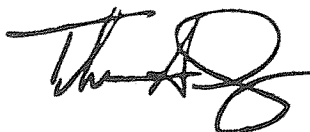
Thomas A. Day
Acting Executive Director

Mailed Date: 9/3/14

JRM

I CERTIFY THE ORIGINAL
COPY IS ON FILE WITH
The State Corporation Commission

AUG 28 2014



AGREED COMPLIANCE SCHEDULE

The Staff of the Kansas Corporation Commission and Dennis Klima on behalf of Klima Well Service, Inc., and Klima Oil, Inc. (collectively "Operator"), agree as follows:

1. In August 2013, the Commission issued two Penalty Orders against Klima Well Service, Inc., for failure to timely plug or return to service a total of nine inactive wells in dockets 14-CONS-082-CPEN and 14-CONS-083-CPEN. District #4 Staff, counsel for Staff, and Operator attended a meeting during the compliance period and agreed that Operator would perform immediate and continuous work until all of the wells were back in compliance.

2. Additional compliance correspondence occurred during the spring of 2014, as progress was not viewed as satisfactory to Staff. In May and June 2014, the four wells in 14-CONS-083-CPEN were addressed, and that docket was closed. The five wells in 14-CONS-082-CPEN remain inactive.

3. Staff and the Operator have agreed that an agreed compliance schedule will provide for the efficient correction of these violations. Because the Peterman OWWO #4 and Suchy #1 wells are currently listed under Klima Oil, Inc., that entity also agrees to be bound by this agreement. Additional investigation revealed that there are two wells in the area by the name of Eveleigh #2, and the second Eveleigh #2 well is thus added to this compliance schedule.

4. The following wells shall be subject to this agreement:

<u>Well Name</u>	<u>Location</u>	<u>API</u>
Eveleigh #1	SENWSW 2-18S-14W	15-009-00296-00-00
Eveleigh #2	NESWSW 2-18S-14W	15-009-16540-00-00
Eveleigh #2	NWSESW 2-18S-14W	15-009-16571-00-00
Peterman OWWO #4	E2E2SE 13-16S-14W	15-009-23492-00-01
Suchy #1	NENENW 27-19S-13W	15-009-23874-00-00
Tindall #1	NESENW 2-18S-14W	15-009-20981-00-00


5. Operator shall address the subject wells by plugging them or returning them to service. Temporary abandonment status under K.A.R. 82-3-111 shall not be an option.

6. Operator shall address one well per 14 days, with each deadline being 5:00 pm on the day of the deadline. The first deadline shall be 5:00 pm on Friday, August 8, 2014. Additional deadlines shall occur every second Friday until all of the wells are addressed.

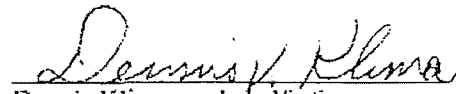
7. Operator shall determine the order of addressing the wells, because the parties do not believe any of the wells presents an imminent pollution threat. If in the future Staff has information indicating that any well presents a pollution threat, that well shall be addressed immediately and shall apply to the next applicable deadline.

8. The failure to comply with any compliance deadline shall constitute a violation of the Commission Order incorporating this agreement and subject Operator to license suspension and the shutting-in and sealing of all operations until compliance with this agreement has been reestablished. License suspension and the shutting-in and sealing of operations shall be at Staff's sole discretion and shall take effect immediately upon notice. Operator waives the right to appeal license suspension or any subsequent Commission Order arising from the failure to abide by this agreed compliance schedule or the failure to timely shut-in operations.

9. This agreement shall be effective only if it is incorporated into a Commission Order. This agreement may be modified or terminated only by subsequent Commission Order.


Lane R. Palmateer
Litigation Counsel
Kansas Corporation Commission

8/4/2014
Date


Dennis Klima, on behalf of:
Klima Well Service, Inc.; and
Klima Oil, Inc.

07-23-14
Date

CERTIFICATE OF SERVICE

I certify that on 9/3/14, 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:

Dennis Klima
Klima Well Service, Inc.
Klima Oil, Inc.
P.O. Box 48
Great Bend, Kansas 67530

Case Morris & Richard Williams
KCC District #4
2301 E. 13th Street
Hays, Kansas 67601

And delivered by hand to:

Lane Palmateer
Conservation Division Central Office

/s/ Jonathan R. Myers
Jonathan R. Myers
Litigation Counsel
Kansas Corporation Commission