

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

Before Commissioners: Susan K. Duffy, Chair
Dwight D. Keen
Andrew J. French

In the matter of the failure of Sam W. Mays Jr.) Docket No: 20-CONS-3238-CPEN
LLC dba Mays Oil LLC (“Operator”) to comply)
with K.A.R. 82-3-120.) CONSERVATION DIVISION
)
_____) License No: 34503

In the matter of the failure of Sam W. Mays Jr.) Docket No: 20-CONS-3326-CPEN
LLC (Operator) to report activity that occurred)
during the 2019 calendar year in compliance) CONSERVATION DIVISION
with K.A.R. 82-3-409.)
_____) License No: 34503

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 the following:

1. On March 3, 2020, the Commission issued a *Penalty Order* against Operator in Docket 20-CONS-3238-CPEN, finding one violation of K.A.R. 82-3-120 because unplugged wells remained on Operator’s expired license.¹ On May 1, 2020, Operator timely requested a hearing.²
2. On June 11, 2020, the Commission issued a *Penalty Order* against Operator in Docket 20-CONS-3326-CPEN, finding six violations of K.A.R. 82-3-409 because Operator failed to timely file injection reports at six wells.³ On July 9, 2020, Operator timely requested a hearing.⁴

¹ See Penalty Order, ¶ 10, Exhibit A (Mar. 3, 2020).

² See Letter Requesting Hearing (May 1, 2020); Order Designating Prehearing Officer and Setting Prehearing Conference, ¶ 4 (May 7, 2020).

³ See *Penalty Order*, ¶¶ 5, 9, Exhibit A (Jun. 11, 2020).

⁴ See Request for Hearing (Jul. 9, 2020).

3. On August 12, 2020, Commission Staff filed a *Motion to Approve Settlement Agreement* in these consolidated dockets. In relevant part, the Settlement Agreement notes Operator has renewed its license and submitted the injection reports, and reduces the \$1,100 in total fines to \$550. Part of the Settlement Agreement reads as follows:⁵

[Paragraph 10]. [T]he Parties agree to seek Commission approval to reduce the \$500 monetary penalty imposed in the 20-3238 docket to \$250 and the \$600 monetary penalty imposed in the 20-3326 Docket to \$300 (“Reduced Penalty”). The \$250 Reduced Penalty in the 20-3238 Docket will be due August 31, 2020. The \$300 Reduced Penalty in the 20-3326 Docket will be due September 30, 2020. Failure to pay the Reduced Penalty by either deadline will result in reinstatement of the \$500 monetary penalty in the 20-3238 Docket and reinstatement of the \$600 monetary penalty in the 20-3326 Docket.

[Paragraph 12]. Failure to timely pay the Reduced Penalty will result in suspension of Operator’s license. Operator agrees and understands that if its license is suspended for the failure to meet the deadlines above, its license shall remain suspended until the full \$1,100 in monetary penalties has been paid in these dockets.

4. The Commission finds it appropriate to clarify its interpretation of the above provisions. The Commission interprets the above provisions to mean that if Operator misses either deadline, Operator’s license shall be suspended, and shall remain suspended, until a total of \$1,100 has been paid in these consolidated dockets.

5. The law encourages settlements.⁶ The Commission finds the Settlement Agreement attached to Staff’s *Motion to Approve Settlement Agreement* constitutes a fair and reasonable resolution of this proceeding. The Settlement Agreement is attached to and made part of this Order.

THEREFORE, THE COMMISSION ORDERS:

A. Staff’s motion to approve the attached Settlement Agreement is granted; the Settlement Agreement is approved.

⁵ See Motion to Approve Settlement Agreement, at Attachment A.

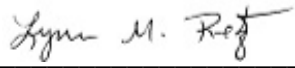
⁶ *Bright v. LSI Corp.*, 254 Kan. 853, 858 (1994).

B. Any party may file and serve a petition for reconsideration pursuant to the requirements and time limits established by K.S.A. 77-529(a)(1).⁷

BY THE COMMISSION IT IS SO ORDERED.

Duffy, Chair; Keen, Commissioner; French, Commissioner

Dated: 08/25/2020



Lynn M. Retz
Executive Director

Mailed Date: 08/25/2020

JRM

⁷ K.S.A. 55-162; K.S.A. 55-606; K.S.A. 55-707; K.S.A. 77-503(c); K.S.A. 77-531(b).

ATTACHMENT A

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the matter of the failure of Sam W. Mays Jr.) Docket No.: 20-CONS-3238-CPEN
LLC dba Mays Oil LLC ("Operator") to)
comply with K.A.R. 82-3-120.) CONSERVATION DIVISION
)
) License No.: 34503

In the matter of the failure of Sam W. Mays Jr.) Docket No.: 20-CONS-3326-CPEN
LLC ("Operator") to report activity that)
occurred during the 2019 calendar year in) CONSERVATION DIVISION
compliance with K.A.R. 82-3-409.)
) License No.: 34503

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is entered into by and between the Staff of the Corporation Commission of the State of Kansas ("Staff" and "Commission," respectively) and Operator (collectively referred to herein as "the Parties"). The effective date of this Agreement will be the date the Commission enters an order approving or amending the terms of the Agreement.

I. BACKGROUND

1. On March 3, 2020, the Commission issued a Penalty Order against Operator in Docket 20-CONS-3238-CPEN ("20-3238 Docket") for one violation of K.A.R. 82-3-120 finding that an unplugged well or unplugged wells for which Operator is responsible, remained on Operator's expired license. The Penalty Order in the 20-3238 Docket assessed a \$500 penalty, and directed Operator to renew its license, obtain a new license and transfer the well(s) to that license, transfer the well(s) to another operator by filing the appropriate form(s) with the Commission, or plug the well(s).



ATTACHMENT A

2. On May 1, 2020, Operator timely filed a request for hearing in the 20-3238 Docket.¹
3. On June 10, 2020, Operator filed the annual fluid injection report(s) ("U3Cs") to report activity that occurred during the 2019 calendar year in compliance with K.A.R. 82-3-409.
4. On June 11, 2020, the Commission issued a Penalty Order against Operator in Docket 20-CONS-3326-CPEN ("20-3326 Docket") for six violations of K.A.R. 82-3-409 because Operator failed to timely file the necessary annual fluid injection report(s) at the well(s) subject to the Penalty Order in the 20-3326 Docket.
5. On July 9, 2020, Operator's license was renewed, and Operator timely filed a request for hearing in the 20-3326 Docket.
6. On July 9, 2020, a prehearing conference was held and a status conference was set for August 13, 2020 in the 20-3238 Docket. The August 13th date was set in order to provide the Parties the opportunity to resolve the underlying issues in these dockets, if possible.
7. On July 21, 2020, the Commission issued an Order Designating Presiding Officer and Setting Prehearing Conference in the 20-3326 Docket for August 6, 2020. Subsequent to the prehearing conference being set in the 20-3326 Docket, the Parties discussed resolution of the underlying issues in these dockets, and reached a settlement in these matters. As part of the settlement, Staff agreed to reduce the terms to writing and submit the same for Commission approval. The terms of the settlement are set forth below.

II. TERMS OF THE SETTLEMENT AGREEMENT

8. The Parties agree that the Commission has jurisdiction and authority over these matters. The Parties also agree that adoption of this Agreement is in the public interest and that the Commission should approve the terms as set forth below.

¹ The Special Order Regarding Conservation Matters in Docket 20-GIMX-393-MIS granted Operator an extension to May 23, 2020, to timely file his appeal.

ATTACHMENT A

9. Operator stipulates that it committed one violation of K.A.R. 82-3-120 in the 20-3238 Docket and six violations of K.A.R. 82-3-409 in the 20-3326 Docket.

10. Based on the fact that Operator has renewed its license and filed the U3Cs, as described above, the Parties agree to seek Commission approval to reduce the \$500 monetary penalty imposed in the 20-3238 docket to \$250 and the \$600 monetary penalty imposed in the 20-3326 Docket to \$300 ("Reduced Penalty"). The \$250 Reduced Penalty in the 20-3238 Docket will be due August 31, 2020. The \$300 Reduced Penalty in the 20-3326 Docket will be due September 30, 2020. Failure to pay the Reduced Penalty by either deadline will result in reinstatement of the \$500 monetary penalty in the 20-3238 Docket and reinstatement of the \$600 monetary penalty in the 20-3326 Docket.

11. Staff agrees that upon approval by the Commission, and barring default proceedings pursuant to K.S.A. 77-520, this Agreement shall constitute a final resolution of these matters.

12. Failure to timely pay the Reduced Penalty will result in the suspension of Operator's license. Operator agrees and understands that if its license is suspended for the failure to meet the deadlines above, its license shall remain suspended until the full \$1,100 in monetary penalties has been paid in these dockets.

III. RESERVATIONS

13. This Settlement Agreement fully resolves the issues specifically addressed between the Parties in these dockets. The terms of this Agreement constitute a fair and reasonable resolution of the issues addressed herein.

ATTACHMENT A

14. The terms and provisions of this Agreement have resulted from negotiations between the Parties and are interdependent. In the event the Commission does not approve the terms of the Agreement in total, any Party has the option to terminate this Agreement.

15. Unless otherwise specified in this Agreement, the Parties shall not be prejudiced, bound by, or affected in any way by the terms of this Agreement: (1) in any future Commission or court proceeding; (2) in any proceeding currently pending before the Commission under a separate docket; and/or (3) in this proceeding, even if the Commission decides to not approve this Agreement in total or in any way conditions its approval of the same. This paragraph is not meant to limit future enforcement of this Agreement, should either Party fail to fulfill all terms and provisions.

16. Further this Agreement does not waive any party's legal rights, positions, claims, assertions or arguments in these dockets, or any other proceeding before the Commission or in any court.

17. If the Commission approves this Agreement in its entirety and incorporates the same into a final order in these dockets, the Parties agree not to appeal the Commission's order.

18. This Agreement shall be binding on all Parties upon signing.

ATTACHMENT A

IN WITNESS WHERETO, the Parties hereby execute and approve this Settlement Agreement by subscribing their signatures below.

Commission Staff

By: Kelcy Marsh

Printed Name: Kelcey Marsh

Title: Litigation Counsel

Date: 8/12/2020

Sam W. Mays Jr. III

By: [Signature]

Printed Name: Sam W. Mays III

Title: Owner / General Manager

Date: Aug 11, 2020

CERTIFICATE OF SERVICE

20-CONS-3238-CPEN

20-CONS-3326-CPEN

I, the undersigned, certify that a true copy of the attached Order has been served to the following by means of
electronic service on 08/25/2020.

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/S/ DeeAnn Shupe

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