

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

In the matter of the failure of LB Exploration,) Docket No.: 23-CONS-3007-CPEN
Inc. (Operator) to comply with K.A.R. 82-3-)
111 at the Larkin 14 #1 well in Barber County,) CONSERVATION DIVISION
Kansas.)
_____) License No.: 33186

MOTION TO APPROVE SETTLEMENT AGREEMENT

Staff of the State Corporation Commission of the State of Kansas (Staff and Commission, respectively) hereby files this Motion to Approve Settlement Agreement. In support of its Motion, Staff states as follows:

1. On July 14, 2022, the Commission issued a Penalty Order against Operator for one violation of K.A.R. 82-3-111. The Commission found that Operator's Larkin 14 #1 well (Subject Well) had been inactive in excess of the time allowed by regulation without being plugged, returned to service, or approved for temporary abandonment (TA) status. The Penalty Order assessed a \$100 penalty, and directed Operator to plug the Subject Well, return the well to service, or obtain TA status for the well if eligible.

2. On August 15, 2022, Operator timely filed a request for hearing.

3. Staff and Operator discussed resolution of the underlying issues in this docket, and reached a settlement in this matter. The Settlement Agreement (Agreement) has been reduced to writing and is attached hereto as **Attachment A**.

4. The Agreement requires Operator to plug the Subject well or return it to service by September 30, 2022. The Agreement also requires Operator to pay the \$100 penalty by September 30, 2022. Failure to meet any of the deadlines as described in the Agreement shall result in the immediate suspension of Operator's license. The license shall remain suspended until Operator

has brought the Subject Well into compliance with Commission regulations and paid the penalty. Staff believes the Agreement constitutes a reasonable resolution of all issues in this docket. Further, the Agreement will allow Staff and Operator to avoid potential litigation costs, and thus foster administrative efficiency.

WHEREFORE, Staff respectfully requests the Commission grant this motion, thereby approving the Settlement Agreement attached hereto as Attachment A.

Respectfully Submitted,

/s/Tristan Kimbrell
Tristan Kimbrell, #27720
Litigation Counsel
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**BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

In the matter of the failure of LB Exploration, Inc. (Operator) to comply with K.A.R. 82-3-111 at the Larkin 14 #1 well in Barber County, Kansas.

) Docket No.: 23-CONS-3007-CPEN
)
) CONSERVATION DIVISION
)
) License No.: 33186

SETTLEMENT AGREEMENT

This Settlement Agreement (Agreement) is entered into by and between the Staff of the State 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 July 14, 2022, the Commission issued a Penalty Order against Operator for one violation of K.A.R. 82-3-111. The Commission found that Operator's Larkin 14 #1 well (Subject Well), API #15-007-23676-00-00, had been inactive in excess of the time allowed by regulation without being plugged, returned to service, or approved for temporary abandonment (TA) status. The Penalty Order assessed a \$100 penalty, and directed Operator to plug the Subject Well, return the well to service, or obtain TA status for the well if eligible.

2. On August 15, 2022, Operator timely filed a request for hearing.

3. Subsequent to the issuance of the Penalty Order, the Parties discussed resolution of the underlying issues in this docket, and reached a settlement in this matter. 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

4. The Parties agree that the Commission has jurisdiction and authority over this matter. 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.

5. Operator stipulates that it committed one violation of K.A.R. 82-3-111.

6. Operator agrees that the Subject Well shall be plugged or returned to service by September 30, 2022. Operator also agrees to pay the \$100 penalty by September 30, 2022. Payment shall be sent to the following address:

Kansas Corporation Commission
Conservation Division
266 N. Main St., Ste. 220
Wichita, KS 67202-1513

7. 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 this matter.

8. Failure to meet the deadline for bringing the Subject Well into compliance with Commission regulations, or failure to pay the penalty by the deadline, will result in suspension of Operator's license. Operator agrees and understands that if its license is suspended for the failure to meet the above deadlines, the license shall remain suspended until the Subject Well has been brought into compliance and the penalty has been paid.

9. Operator agrees to waive its right to appeal the Commission's order approving this Agreement, and any penalties assessed under this Agreement.

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

Commission Staff

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Attorney for LB Exploration, Inc.

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CERTIFICATE OF SERVICE

23-CONS-3007-CPEN

I, the undersigned, certify that a true and correct copy of the attached Motion to Approve Settlement Agreement has been served to the following by means of first class mail and electronic service on August 29, 2022.

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/s/ Nancy D. Borst

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