

**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 Urban H. Hickert    )    Docket No.: 18-CONS-3190-CPEN  
by Tyrok ("Operator") to comply with K.A.R.    )  
82-3-120.     )    CONSERVATION DIVISION  
   )  
\_\_\_\_\_)    License No.: 3071

**MOTION TO APPROVE SETTLEMENT AGREEMENT**

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

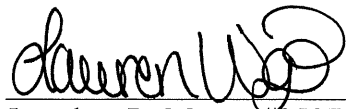
1.        On November 27, 2017, Operator was penalized \$500 for one violation of K.A.R.  
82-3-120, due to unplugged wells on Operator's license, which had expired in September 2017.  
Operator subsequently renewed its license, but has not paid the \$500 penalty.

2.        Staff and Operator have reached a settlement in this matter. Staff believes the  
attached Settlement Agreement constitutes a reasonable resolution of all issues in this docket and  
respectfully requests that it be approved.

3.        Staff notes that the Commission should disregard the Operator's handwritten  
notations, which are not substantive.

WHEREFORE, Staff requests this motion be granted.

Respectfully submitted,



Jonathan R. Myers, #25975  
Lauren N. Wright, #27616  
Litigation Counsel, Kansas Corporation Commission  
266 N. Main, Suite 220, Wichita, Kansas 67202  
Phone: 316-337-6200; Fax: 316-337-6211

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**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 Urban H. Hickert ("Operator"). Its effective date will be the date the Commission enters an order approving or amending the terms of the Agreement.

**I. JURISDICTION**

1. Pursuant to K.S.A. 74-623, the Commission shall have the exclusive jurisdiction and authority to regulate oil and gas activities.

2. Pursuant to K.S.A. 55-150 *et seq.*, the Commission has authority to regulate the construction, operation, and abandonment of any well and the protection of the useable water of this state from any actual or potential pollution from any well.

3. Pursuant to K.S.A. 55-155, operators and contractors, as defined in K.S.A. 55-150, shall be licensed by the Commission.

4. Pursuant to K.S.A. 55-162, if the Commission finds that such person violated any provisions of K.S.A. 55-150 *et seq.*, the Commission shall take any appropriate action necessary to prevent pollution and protect water supply.

5. Pursuant to K.S.A. 55-164, in addition to any other penalty provided by law, the Commission, upon finding that an operator or contractor has violated the provisions of K.S.A. 55-150 *et seq.*, or any rule and regulation or order of the Commission, may impose a penalty not to exceed \$10,000, which shall constitute an actual and substantial economic deterrent to the violation for which the penalty is assessed. In the case of continuing violation, every day such violation continues shall be deemed a separate violation.

6. K.A.R. 82-3-120(a)(1) provides that no operator shall drill, complete, service, plug, or operate any oil or gas well without first obtaining or renewing an operator license. K.A.R. 82-3-120(a)(1) further provides that each operator in physical control of any such well shall maintain a current license even if the well is shut in or idle.

7. K.A.R. 82-3-120(a)(2) provides that each licensee shall annually submit a completed license renewal form on or before the expiration date of the current license.

8. K.A.R. 82-3-120(k) provides that the failure to obtain or renew an operator license before operating shall be punishable by a \$500 penalty.

## **II. BACKGROUND**

9. On November 2, 2017, Operator was penalized \$500 for one violation of K.A.R. 82-3-120, due to unplugged wells on Operator's license, which had expired in September 2017. Operator subsequently renewed its license, but has not paid the \$500 penalty.

10. Staff and Operator informally discussed the possibility of a settlement. During the informal discussions, Staff and Operator were able to reach mutually agreeable terms in anticipated settlement of the issues. It was agreed that Staff would subsequently reduce the terms to writing and forward the draft to Operator for approval and signature.

## II. TERMS OF THE SETTLEMENT AGREEMENT

11. 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 stipulations as set forth below.

*Not clear* 12. By August 31, 2018, Operator ~~(shall)~~ <sup>*This is OK. U.D.*</sup> plug or transfer all wells remaining on its license. Transferring the wells shall include filing of acceptable Transfer of Operator (T-1) Forms. If Operator plugs the wells, then Operator shall submit complete, accurate Well Plugging (CP-4) Reports by September 14, 2018.

*Not clear* 13. If at any time Operator elects to pay the \$500 owed in this docket, Operator may submit an annual license renewal instead of plugging or transferring the wells.

*Not clear* 14. If Operator meets the deadlines in Paragraph 12 above, then the \$500 owed in this docket will be waived. If Operator does not, then the \$500 owed in this docket shall become immediately due, and failure to have made the payment shall subject Operator to the consequences described in Paragraph 15 below.

15. Operator understands and agrees that failure to comply with the provisions of any of the above paragraphs, and the assessment of any penalties or costs under this Agreement, will result in the Commission suspending Operator's license without further notice until compliance is obtained and all outstanding penalties and costs are paid. Operator further understands and agrees that if Operator is found conducting oil and gas operations following suspension of Operator's license, and Operator's license is still suspended, then the Commission shall order all of Operator's oil and gas operations sealed and shall assess an additional \$5,000 penalty.

*Not clear*

16. Operator acknowledges that upon any suspension of Operator's license, this matter may be submitted for judicial enforcement or enforcement through the Kansas Attorney General's Office.

17. Staff agrees to recommend to the Commission that this Agreement be approved. Staff further 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.

### **III. RESERVATIONS**

18. This Settlement Agreement fully resolves issues specifically addressed between the parties. The terms of this Agreement constitute a fair and reasonable resolution of the issues addressed herein.

19. The terms and provisions of this Agreement have resulted from negotiations between the signatories 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 and, if so terminated, none of the signatories hereto shall be bound by, prejudiced, or in any way affected by any of the terms or provisions hereof, unless otherwise provided herein.

20. Unless (and only to the extent) otherwise specified in this Agreement, the signatories to this Agreement 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, if the Commission decides not to 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.

21. Unless (and only to the extent) otherwise specified in this Agreement, this Agreement does not prejudice or waive any party's legal rights, positions, claims, assertions or arguments in any proceedings in this docket, or any other proceeding before the Commission or in any court.

22. If the Commission approves this Agreement in its entirety and incorporates the same into a final order in this docket, the parties agree to be bound by its terms and the Commission's order incorporating its terms as to all issues addressed herein, and will not appeal the Commission's order.

23. This Settlement Agreement shall be binding on all parties upon signing.

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

Commission Staff  
266 N. Main, Ste. 220  
Wichita, Kansas 67202

By: Lauren Wright

Printed Name: Lauren N. Wright

Title: Litigation Counsel

Date: 3/13/18

Urban H. Hickert  
P.O. Box 607  
Dewey, Oklahoma 74029

By: Urban H. Hickert

Printed Name: Urban H Hickert

Title: Owner - Operator

Date: 3-8-18

## VERIFICATION

STATE OF KANSAS )  
 ) ss.  
COUNTY OF SEDGWICK )

Lauren N. Wright, of lawful age, being duly sworn upon her oath deposes and states that she is Litigation Counsel for the State Corporation Commission of the State of Kansas; that she has read and is familiar with the foregoing *Motion*, and attests that the statements therein are true to the best of her knowledge, information and belief.

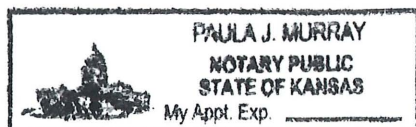
Lauren V. By

Lauren N. Wright, S. Ct. #27616  
Litigation Counsel  
State Corporation Commission  
of the State of Kansas

SUBSCRIBED AND SWORN to before me this 13 day of Mar, 2018.

Notary Public

My Appointment Expires: 3/02/19



**CERTIFICATE OF SERVICE**

I certify that on 2/13/18, I caused a complete and accurate copy of this Motion to be served via United States mail, with the postage prepaid and properly addressed to the following:

Urban H. Hickert  
Tyrok  
PO Box 607  
Dewey, OK 74029

and delivered by e-mail to:

Lauren N. Wright, Litigation Counsel  
KCC Central Office

Michael J. Duenes, Assistant General Counsel  
KCC Topeka Office

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