

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

In the matter of the failure of Ace Energy,)	Docket No.: 22-CONS-3336-CPEN
LLC (Operator) to comply with K.A.R.)	
82-3-111 at the Gillman #A-1 well in)	CONSERVATION DIVISION
Montgomery County, Kansas)	
<hr/>		License No.: 34998

MOTION TO APPROVE SETTLEMENT AGREEMENT

Ace Energy, LLC, by and through its counsel, David J. Bideau, of Bideau Law Offices, LLC, Chanute, Kansas, hereby files this Motion to Approve Settlement Agreement. In support of this Motion, Ace Energy, LLC, states as follows:

1) On March 22, 2022, the Commission issued a Penalty Order against Operator in Docket 22-CONS-3336-CPEN for failing to comply with K.A.R. 82-3-111 at the Gillman #A-1 well (Subject Well), API #15-125-30847-00-00, located in Section 1, Township 34 South, Range 15 East, Montgomery County, Kansas, finding that the subject well has 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 \$100.00 penalty, and directed Operator to plug the wells, return the wells to service, or obtain TA status for the wells if eligible.

2) On or about April 15, 2022, Operator timely filed a request for hearing in Docket 22-CONS-3336-CPEN.

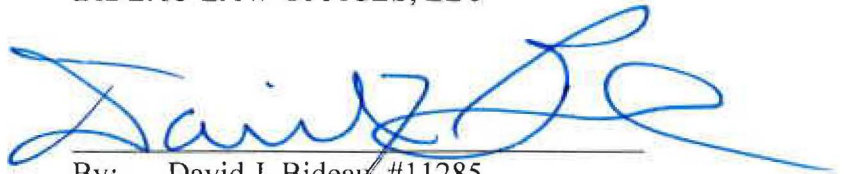
3) On July 19, 2022, a prehearing conference was held. The Parties discussed possible resolution of the underlying issues this pending Docket. Subsequent to the prehearing conference, Operator and KCC staff reached a settlement in this Docket to be submitted to the Commission for approval. The settlement (Settlement Agreement) been reduced to writing and is attached hereto as **Attachment A**.

4) The Settlement Agreement constitutes a reasonable resolution of all issues in this pending Docket. Further, the Settlement Agreement will allow Staff and Operator to avoid potential litigation costs and will also foster administrative efficiency.

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

Respectfully submitted,

BIDEAU LAW OFFICES, LLC



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Attorneys for Operator/Licensee
Ace Energy, LLC

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the above and foregoing Motion to Approve Settlement Agreement was served upon the following parties via electronic filing with the Kansas Corporation Commission or by depositing the same in the U.S. Mail, postage prepaid, addressed as follows on this 22nd day of September, 2022.

Via Electronic filing to:

Kansas Corporation Commission
Conservation Division
266 North Main, Suite 220
Wichita, Kansas 67202

Copy to:

Tristan Kimbrell
Litigation Counsel
Kansas Corporation Commission
266 North Main, Suite 220
Wichita, Kansas 67202
E-mail: t.kimbrell@kcc.ks.gov

Copy to:

Ryan Duling
Kansas Corporation Commission
Conservation Division - District Office No. 3
137 East 21st Street
Chanute, Kansas 66720
E-mail: r.duling@kcc.ks.gov

Copy to:

Ace Energy, LLC
11704 Aberdeen Road
Leawood, Kansas 66211-2921
E-mail: jfreiden@me.com

BIDEAU LAW OFFICES, LLC



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Attorneys for Operator/Licensee
Ace Energy, LLC

ATTACHMENT “A”

In the Matter of the failure of Ace Energy,
LLC (Operator) to comply with K.A.R.
82-3-111 at the Gillman #A-1 well in
Montgomery, County, Kansas
Docket No. 22-CONS-3336-CPEN
CONSERVATION DIVISION
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Page 5

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82-3-111 at the Gillman #A-1 well in)	CONSERVATION DIVISION
Montgomery County, Kansas)	
_____)	License No.: 34998

SETTLEMENT AGREEMENT

This Settlement Agreement is entered into by and between the Staff of the Corporation Commission of the State of Kansas (Staff and Commission, respectively) and ACE ENERGY, LLC, as Operator (collectively referred to herein as the Parties). If the Commission does not approve this Agreement by a signed Order, then this Agreement shall not be binding on either party. 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 22, 2022, the Commission issued a Penalty Order against Operator in Docket 22-CONS-3336-CPEN for failing to comply with K.A.R. 82-3-111 at the Gillman #A-1 well (Subject Well), API #15-125-30847-00-00, located in Section 1, Township 34 South, Range 15 East, Montgomery County, Kansas, finding that the subject well has 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 \$100.00 penalty, and directed Operator to plug the wells, return the wells to service, or obtain TA status for the wells if eligible.

2) On or about April 15, 2022, Operator timely filed a request for hearing in Docket 22-CONS-3336-CPEN.

3) On July 19, 2022, a prehearing conference was held. The Parties discussed possible resolution of the underlying issues this pending Docket. Subsequent to the prehearing conference, the Parties reached a settlement in this matter to be submitted to the Commission for approval. The terms of the settlement are set forth below.

II. TERMS OF SETTLEMENT AGREEMENT

4) The Parties agree that the Commission has jurisdiction and authority over this matter and pending Docket case. 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.

(a) Operator stipulates that it committed a violation of K.A.R. 82-3-111 with respect to the Gillman #A-1 well (Subject Well), API #15-125-30847-00-00, located in Section 1, Township 34 South, Range 15 East, Montgomery County, Kansas.

(b) Operator stipulates that it is required to comply with K.A.R. 82-3-111 regarding the Gillman #A-1 well (Subject Well), API #15-125-30847-00-00, located in Section 1, Township 34 South, Range 15 East, Montgomery County, Kansas.

(c) Operator shall pay the \$100 penalty assessed by the Commission in Docket 22-CONS-3336-CPEN by the 31st day of October, 2022.

(d) Operator agrees to bring the Gillman #A-1 well (Subject Well), API #15-125-30847-00-00 into compliance with K.A.R. 82-3-111 by plugging the well, returning the well to service or obtaining TA status for the well. Operator will bring the Subject Well into compliance with K.A.R. 82-3-11 by October 31, 2022. To obtain TA status for the well, Operator will file a completed Well Completion Form (ACO-1) for the Subject Well, provide proof of a valid lease for the well, perform a successful mechanical integrity test (MIT) on the well, and file an exception to the 10-year TA rule in K.A.R. 82-3-111(b) that receives approval from the Commission. To return the Subject Well to service, Operator will file a completed ACO-1 for the Subject Well, provide proof of a valid lease for the well, perform a successful MIT on the well, and inform District Staff in writing that the well has been returned to service.

(e) Failure to timely bring the Subject Well into compliance by the appropriate deadline, or to pay the penalty by the appropriate deadline, shall 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, the license shall remain suspended until the Subject Well has been brought into compliance with K.A.R. 82-3-111. Staff may prioritize the order in which the Subject Well is addressed pursuant to this Agreement and may adjust the prioritization at any time during this Agreement should the Subject Well become known to Staff to be a pollution or public safety threat. Operator shall notify Staff in writing if the Subject Well is returned to service following compliance with the terms of this Agreement.

5) Operator agrees to waive its right to appeal the Commission's Order approving this Agreement, and any penalty assessed under this Agreement.

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

Commission Staff:

ACE ENERGY, LLC,
a Kansas Limited Liability Company
(Operator)

By: _____
Printed Name: Tristan Kimbrell
Title: Litigation Counsel
Date: _____

By: /s/ Jonathan Freiden
Printed Name: Jonathan Freiden
Title: Member/Manager
Date: 09/21/2022