

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

Before Commissioners: Andrew J. French, Chairperson
Dwight D. Keen
Annie Kuether

In the matter of a Compliance Agreement) Docket No.: 24-CONS-3291-CMSC
between S & B Operating LLC (Operator) and)
Commission Staff regarding bringing 15 wells) CONSERVATION DIVISION
into compliance with K.A.R. 82-3-111.)
_____) License No.: 35138

ORDER APPROVING COMPLIANCE AGREEMENT

Commission Staff and Operator have executed the attached Compliance Agreement,¹ which the Commission finds provides a fair, efficient resolution of the issues described therein. Operator is currently in good standing with the Commission and does not have any other compliance agreements at this time.

THEREFORE, THE COMMISSION ORDERS:

- A. The Compliance Agreement is approved and incorporated into this Order.
- B. Any party may request a hearing on the above issues by submitting a written request, pursuant to K.S.A. 55-164, K.S.A. 77-537, and K.S.A. 77-542, to the Commission at 266 N. Main St., Suite 220, Wichita, Kansas 67202, within 30 days from the date of service of this Order. Hearings will be scheduled only upon written request. Failure to timely request a hearing will result in a waiver of Operator's right to a hearing.

BY THE COMMISSION IT IS SO ORDERED.

French, Chairperson; Keen, Commissioner; Kuether, Commissioner

Dated: 04/16/2024



Lynn M. Retz
Executive Director

Mailed Date: 04/16/2024

KAM

¹ Attachment A.

COMPLIANCE AGREEMENT

This Agreement is between S & B Operating LLC (Operator) (License #35138) and Kansas Corporation Commission Staff (Staff). If the Kansas Corporation Commission (Commission) does not approve this Agreement by a signed order of the Commission, this Agreement shall not be binding on either party.

A. Background

1. Operator is responsible for the 15 wells (Subject Wells) on the attached list. All of the Subject Wells are out of compliance with K.A.R. 82-3-111. Operator has asked for an agreement to avoid penalties while Operator works to plug the Subject Wells, return them to service, or repair and obtain temporary abandonment (TA) status for such Subject Wells if eligible. Staff is supportive of an agreement to this effect with the Operator.

B. Terms of Compliance Agreement

2. By June 30, 2024, Operator shall plug, return to service, or repair and obtain TA status for 2 of the Subject Wells. Operator shall plug, return to service, or repair and obtain TA status for an additional 2 Subject Wells within each three calendar months thereafter, resulting in all Subject Wells being returned to compliance by March 30, 2026. Obtaining TA status shall include application for, and Commission approval of, an exception to the 10-year limit on TA status if applicable. Staff may prioritize the order in which the Subject Wells are addressed pursuant to this Agreement by indicating priority on the attached list and may adjust the prioritization at any time during this Agreement should a Subject Well or Wells become known to Staff to have a heightened pollution or public safety threat. Operator shall notify Staff in writing of all Subject Wells returned to service during each three-calendar-month period throughout the term of this Agreement.
3. Operator may request an extension of time to achieve compliance for up to 30 days from an applicable deadline established under this Agreement upon good cause shown. Staff will grant or deny such request. If granted, Staff shall cause a status update to be filed in the docket created for this matter, stating what deadline has been extended. No further extensions of the extended deadline are permitted. If denied, and Operator is out of compliance with this Agreement, or if Operator is out of compliance with this Agreement for any reason, Staff shall immediately send a Notice of License Suspension to Operator, which shall suspend the Operator's license and become effective 10 days from the date of the Notice of License Suspension. Operator's license shall remain suspended until Operator is in compliance with the compliance schedule, including any modifications contained in any status update. If Staff finds that Operator is conducting oil and gas operations after 10 days from the date of a Notice of License Suspension, and Operator's license remains suspended, Staff is authorized to seal all of Operator's oil and gas operations and may seek assessment of a penalty from the Commission.
4. The terms of this Agreement shall remain binding upon Operator even if its interests in the Subject Wells are conveyed. Specifically, Operator shall remain responsible for any Subject Well transferred to another operator which has not been returned to compliance in accordance with this Agreement. However, any Subject Well transferred and then brought into compliance with K.A.R. 82-3-111 shall no longer be the responsibility of

Operator under this Agreement, and shall count towards Operator meeting its compliance obligations under this Agreement.

5. Except as provided by and under this Agreement, Staff will not pursue Operator for any violation of K.A.R. 82-3-111 for the Subject Wells prior to March 30, 2026, except for wells brought into compliance after Commission approval of this Agreement that subsequently fall out of compliance and remain Operator's responsibility under Operator's license.
6. This Agreement may be amended to add additional wells with the written consent of the District Supervisor. If this Agreement is amended, then Staff shall file a status update in the Commission docket created for this matter, also indicating that Operator is not opposed to the addition of the wells. The addition of wells may not change the number of wells to be brought into compliance each calendar quarter, but may extend the final compliance deadline. Any changes to a previously approved timeline will be included in the status update.
7. Operator may bring more than 2 wells into compliance during any three calendar month term. The excess number of wells brought into compliance will be attributed to the subsequent three-month compliance period.
8. After this Agreement has been in effect for one year, Staff may reopen negotiation with Operator about the terms of this Agreement at any time, upon giving Operator written notice of Staff's intent to do so. If Staff and Operator are unable to agree to new terms, and to submit those terms within 90 days of Staff's written notice, to the Commission for its consideration and possible approval, then this Agreement shall be terminated upon Staff's filing a statement to that effect in the Commission docket for this matter.

Commission Staff

S & B Operating LLC License #35138

By: 

By: 

Printed Name: JEFF KLOCK

Printed Name: Bradley Kramer

Title: DISTRICT SUPERVISOR

Title: Chief Operating Officer

Date: 4-9-2024

Date: 4/3/24

S & B Operating LLC #35138

Priority	Well Name & No.	API No.	County	Spot location	Sec/Twp/Rng	Well Type
1	Ambler 8	15-015-19142-00-00	BUTLER	SW NE SE NW	2-28S-4E	Oil well
2	Ambler 9	15-015-20180-00-00	BUTLER	NW NE NW	2-28S-4E	Oil well
3	Lee-Prier A-2	15-015-21618-00-00	BUTLER	SW NW NE NE	2-28S-4E	Oil well
4	Lee-Prier 4	15-015-30516-00-00	BUTLER	NE NW NE	2-28S-4E	Oil well
5	Lee-Prier 6	15-015-40173-00-01	BUTLER	SE SE NW NE	2-28S-4E	Oil well
6	Lee-Prier 7	15-015-30103-00-00	BUTLER	NW SW NE	2-28S-4E	Oil well
7	Lee-Prier 8	15-015-30312-00-00	BUTLER	SW SW NE	2-28S-4E	Oil well
8	Lee-Prier A-1	15-015-20986-00-00	BUTLER	SW NE NE	2-28S-4E	Oil well
9	Lee-Prier Twin 9	15-015-20569-00-00	BUTLER	SW NW SW NE	2-28S-4E	Oil well
10	Moyle 2	15-015-40450-00-00	BUTLER	NE SW NE SW	35-27S-4E	Oil well
11	Moyle 3	15-015-19151-00-00	BUTLER	SW	35-27S-4E	Oil well
12	Moyle 5	15-015-19152-00-00	BUTLER	NE NW NE SW	35-27S-4E	Oil well
13	Moyle 8	15-015-20531-00-00	BUTLER	NW NE SW	35-27S-4E	Oil well
14	Moyle OWWO 1-A	15-015-19150-00-01	BUTLER	NW SE SW	35-27S-4E	Oil well
15	Wilson 1	15-015-22848-00-00	BUTLER	NE NW NE	30-24S-5E	Oil well

CERTIFICATE OF SERVICE

24-CONS-3291-CMSC

I, the undersigned, certify that a true copy of the attached Order has been served to the following by means of first class mail and electronic service on 04/16/2024.

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/S/ KCC Docket Room
KCC Docket Room