

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

Before Commissioners: Pat Apple, Chairman
Shari Feist Albrecht
Jay Scott Emler

In the Matter Of an Order to Show Cause) Docket No. 17-CONS-3301-CSHO
Issued to Rodney Noe dba R-Jann-N Oil)
("Operator") Regarding Responsibility) CONSERVATION DIVISION
Under K.S.A. 55-179 for Unplugged Wells)
on an Expired License.) License No. 7892

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 and concludes as follows:

I. Background

1. On October 20, 2016, Commission Conservation Staff (Staff) issued a Motion for an Order to Show Cause, regarding unplugged wells remaining on the Operator's expired license.¹ Staff alleged that the Grosdider 6² and Grosdider W9³, collectively (Subject Wells), were unplugged and listed on the Operator's expired license.⁴ Staff further alleged that the Subject Wells appeared, therefore, to be abandoned and the Operator appeared to be responsible for plugging the Subject Wells.⁵ Staff requested if the Operator does not bring the Subject Wells into compliance with Commission regulations, the Operator's license should be suspended and any injection authority associated with the unplugged wells should be revoked.⁶

¹ Motion for an Order to Show Cause, the Designation of a Prehearing Officer, and the Scheduling of a Prehearing Conference, October 21, 2016.

² *Id.* Exhibit A, API Well #: 15-133-02623-00-00, Well Location: 15-28S-20E, NESWSWSE, County: Neosho.

³ *Id.* Exhibit A, API Well #: 15-133-02624-00-00, Well Location: 15-28S-20E, NESWSWSE, County: Neosho.

⁴ *Id.* at p. 2.

⁵ *Id.*

⁶ *Id.*

2. On January 19, 2017, the Commission issued an Order to Show Cause, Designating a Prehearing Officer, and Setting a Prehearing Conference.

3. By Prehearing Officer Orders dated February 27, 2016, April 11, 2016, and May 12, 2017, the prehearing conference was rescheduled to accommodate the Parties' efforts to resolve the docket.⁷

4. On June 20, 2017, Staff filed a Motion to Approve Settlement Agreement and Proposed Order Approving Settlement Agreement.⁸ Staff stated the Commission's approval of the Settlement Agreement would render further hearings unnecessary and represented resolution of the issues described in the Settlement Agreement.⁹

II. Legal Standard

5. The law generally favors the compromise and settlement of disputes.¹⁰ However, the Commission must make an independent finding that the settlement is supported by substantial competent evidence in the record as a whole and the settlement is in the public interest.¹¹ Substantial competent evidence is that which possesses something of substance and relevant consequence, and which furnishes a substantial basis of fact from which the issues can reasonably be resolved.¹²

III. Findings and Conclusions

6. The Commission finds the Settlement Agreement is a reasonable resolution of the issue regarding plugging responsibility for the Grosdider W9.

⁷ Prehearing Officer Orders Continuing Prehearing Conference dated February 27, 2017, April 11, 2017, and May 12, 2017.

⁸ Motion to Approve Settlement Agreement, June 20, 2017; Proposed Order Approving Settlement Agreement, June 20, 2017.

⁹ *Id.*

¹⁰ *Krantz v. Univ. of Kansas*, 271 Kan. 234, 241-42 (2001).

¹¹ *Citizens' Utility Ratepayer Board v. Kansas Corp. Comm'n.*, 28 Kan.App.2d 313, 316, (2000) *rev. denied* March 20, 2001.

¹² *Farmland Indus., Inc. v. Kansas Corp. Comm'n.*, 25 Kan.App.2d 849, 852 (1999).

7. The terms of the Settlement Agreement are as follows:

- a. By September 1, 2017, the Operator shall plug the subject well. If the Operator fails to comply with this deadline, then the Operator shall be assessed a \$1,000 penalty. If the subject well is not plugged by December 1, 2017, the Operator shall be assessed an additional \$1,000 penalty, and Staff may plug the well and assess the costs to the Operator.
- b. The Operator agrees to waive its right to appeal the Commission's Order approving this Agreement, and any penalties or costs assessed under this Agreement.

8. The Commission finds the Settlement Agreement resolves the issue of plugging responsibility for the Grosdider W9 and is, therefore, in the public interest and should be approved.

9. However, the Commission finds the Settlement Agreement and the record is silent as to the current status of the Grosdider 6. Therefore, the Commission directs Staff to supplement the record with evidence regarding the current status of Grosdider 6, whether the Operator's license remains expired, whether Staff believes the Operator's license should be suspended, and whether Staff believes any injection authority associated with Grosdider 6 should be revoked.

THEREFORE, THE COMMISSION ORDERS:

- A. The Settlement Agreement is approved.
- B. Commission Staff shall supplement the record as direct in ¶ 9 within 30 days of the date of this order.

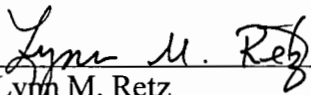
C. The parties have fifteen (15) days, plus three (3) days if mailed service, in which to petition the Commission for reconsideration.¹³

D. The Commission retains jurisdiction over the subject matter and the parties for the purpose of entering such further orders as it may deem necessary.

BY THE COMMISSION IT IS SO ORDERED.

Apple, Chairman; Albrecht, Commissioner; Emler, Commissioner

Dated: JUL 13 2017


Lynn M. Retz
Secretary to the Commission

Mailed Date: July 13, 2017

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¹³ K.S.A. 66-118b; K.S.A. 77-529(a)(1).

SETTLEMENT AGREEMENT

This Agreement is between Rodney Noe ("Operator") and Commission Staff ("Staff"). If the Commission does not approve this Agreement by a signed Order, then this Agreement shall not be binding on either party. This Agreement shall settle the proceedings in Commission Docket Number 17-CONS-3301-CSHO.

A. Background

1. On October 20, 2016, Commission Staff filed a Motion for an Order to Show Cause, regarding unplugged well(s) remaining on Operator's expired license.
2. Operator acknowledges that he is responsible for the Grosdider W9 (API 15-133-02624-00-00) ("subject well"), but requests additional time to plug the well. Staff is willing to enter into such agreement.

B. Terms of Settlement Agreement

3. By September 1, 2017, Operator shall plug the subject well. If Operator fails to comply with this deadline, then Operator shall be assessed a \$1,000 penalty. If the subject well is not plugged by December 1, 2017, Operator shall be assessed an additional \$1,000 penalty, and Staff may plug the well and assess the costs to Operator.
4. Operator agrees to waive its right to appeal the Commission's Order approving this Agreement, and any penalties or costs assessed under this Agreement.

Commission Staff

Rodney Noe

By: Joshua D. Wright

By: Rodney Noe

Printed Name: Joshua D. Wright

Printed Name: Rodney Noe

Title: Litigation Counsel

Title: Operator

Date: 6-15-17

Date: 6-13-17

CERTIFICATE OF SERVICE

I certify that on 7/13/17, 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:

Rodney Noe dba R-Jann-N Oil
RR1
St. Paul, KS 66771

and delivered by e-mail to:

Joshua D. Wright, Litigation Counsel
KCC Central Office

Samuel Feather, Deputy General Counsel
KCC Topeka Office

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