

**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 Mai Oil) Docket No.: 15-CONS-188-CPEN
Operations, Inc. ("Operator") to comply with)
K.A.R. 82-3-400 at the Louie A #2,) CONSERVATION DIVISION
Newcomer B #7, R Mai #1, Sellens (Berry))
#2, Vine A #5 and Vine Harold #A-1 wells in) License No.: 5259
Russell and Ellis County, Kansas.)

**MOTION FOR THE COMMISSION TO ADOPT
A SETTLEMENT AGREEMENT**

Commission Staff moves for the Commission to adopt and approve the attached Settlement Agreement, which has been signed by both parties. Staff believes that the Settlement Agreement represents a fair and efficient manner of resolving the issues described therein.

Respectfully submitted,



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Kansas Corporation Commission
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SETTLEMENT AGREEMENT

This Settlement Agreement is between Mai Oil Operations, Inc. ("Operator") and the Staff of the Corporation Commission of the State of Kansas ("Staff"). The effective date of this Settlement Agreement shall be the date it is approved by an Order of the Commission. If the Commission does not approve this Settlement Agreement by a signed Order, then this Settlement Agreement shall not be binding on either party. This Settlement Agreement shall settle the proceedings instituted in Commission Docket Number 15-CONS-188-CPEN.

A. Background

1. The September 30, 2014, Penalty Order in this docket required Operator to pay \$6,000 for six violations of K.A.R. 82-3-400. Operator filed a timely appeal.
2. Operator and Staff have identified a discrepancy in records regarding the Sellens (Berry) #2 and Vine Harold #A-1 wells. Staff recommends that the penalty regarding these wells should be rescinded.
3. Operator reports that it submitted erroneous data recording the Vine A #5. Operator has submitted an updated Annual Fluid Injection Report ("U3C") from for the well. Staff recommends that the penalty regarding this well should be reduced.
4. In communications with Staff, Operator has described the circumstances that led to inadvertent over-injection or over-pressurization at the Louie A #2, Newcomer B #7, and R Mai #1 wells. The circumstances have been resolved to the satisfaction of Staff. Staff recommends that the penalty regarding these wells should be reduced.

B. Terms of Settlement

5. Instead of paying \$6,000, Operator shall pay \$2,000 in this docket, which shall be due within 30 days from the date this Settlement Agreement is approved by an Order of the Commission.

6. The Commission shall find that Operator committed three violations of K.A.R. 82-3-400 and one violation of K.A.R. 82-3-409, rather than six violations of K.A.R. 82-3-400.

7. Operator agrees to waive its right to appeal any future orders of the Commission regarding this matter, or any suspension of Operator's license implemented by Commission Staff due to Operator's failure to comply with this Settlement Agreement.

C. Conclusion

Both parties believe that this Settlement Agreement represents a fair and appropriate resolution to the matters in this docket, and that the Settlement Agreement accomplishes the Commission's duty to enforce Kansas laws pertaining to the protection of usable waters and the prevention of pollution caused by oil and gas activities.

This Settlement Agreement has been agreed to by the undersigned:

Commission Staff

By: _____

Printed Name: _____

Title: _____

Date: _____

Mai Oil Operations, Inc.

By: _____

Printed Name: _____

Title: _____

Date: _____

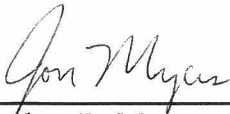
CERTIFICATE OF SERVICE

I certify that on 11/13/14, 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:

Lee Ann Price
Kurt R. Mai
Mai Oil Operations, Inc.
8411 Preston Road, Suite 220
Dallas, Texas 75225

And delivered by hand to:

Alan Snider
Conservation Division Central Office



Jonathan R. Myers
Litigation Counsel
Kansas Corporation Commission