

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

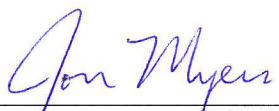
Before Commissioners: Shari Feist Albrecht, Chair  
Jay Scott Emler  
Pat Apple

In the matter of the failure of Pickrell Drilling ) Docket No.: 15-CONS-259-CPEN  
Company, Inc. ("Operator") to comply with )  
K.A.R. 82-3-400 at the Norton F #1 well in ) CONSERVATION DIVISION  
Ness County, Kansas. )  
\_\_\_\_\_ ) License No.: 5123

**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,

  
\_\_\_\_\_  
Jonathan R. Myers, #25975  
Litigation Counsel  
Kansas Corporation Commission  
266 N. Main, Suite 220  
Wichita, Kansas 67202  
Phone: 316-337-6200  
Fax: 316-337-6106

## SETTLEMENT AGREEMENT

This Settlement Agreement is between Pickrell Drilling Company, 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-259-CPEN.

### A. Background

1. The September 30, 2014, Penalty Order in this docket required Operator to pay \$1,000 for one violation of K.A.R. 82-3-400 at the Norton F #1. Operator filed a timely appeal.
2. Operator reports that it submitted erroneous data regarding the Norton F #1. Operator has submitted an updated Annual Fluid Injection Report ("U3C"). Staff recommends that the penalty regarding this well should be reduced to \$500, due to the erroneous data submission.

### B. Terms of Settlement

3. Instead of paying \$1,000, Operator shall pay \$500 in this docket, which shall be due within 30 days from the date this Settlement Agreement is approved by an Order of the Commission.
4. The Commission shall find that Operator committed one violation of K.A.R. 82-3-409, rather than one violation of K.A.R. 82-3-400.
5. 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: Jon Myers

Printed Name: JON MYERS

Title: LITIGATION COUNSEL

Date: 10/9/14

Pickrell Drilling Company, Inc.

By: [Signature]

Printed Name: Steve M. Dillard

Title: President

Date: 10-9-2014

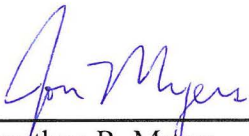
**CERTIFICATE OF SERVICE**

I certify that on 10/9/14, 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:

Jack Gurley  
Steve M. Dillard  
Pickrell Drilling Company, Inc.  
100 S. Main, Suite 505  
Wichita, Kansas 67202

And delivered by hand to:

Alan Snider  
Conservation Division Central Office

  
\_\_\_\_\_  
Jonathan R. Myers  
Litigation Counsel  
Kansas Corporation Commission