

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

In the matter of the failure of RJ Energy, LLC	)	Docket No.: 25-CONS-3440-CPEN
(Operator) to comply with K.S.A. 55-151 and	)	
K.A.R. 82-3-103 at nine wells in Anderson	)	CONSERVATION DIVISION
County, Kansas.	)	
		) License No.: 3728

MOTION TO APPROVE DIVERSION AGREEMENT

Staff of the State Corporation Commission of the State of Kansas (Staff and Commission, respectively) hereby files this Motion to Approve Diversion Agreement. In support of its Motion, Staff states as follows:

1. On July 1, 2025, the Commission issued a Penalty Order against Operator for nine violations of K.S.A. 55-151 and K.A.R. 82-3-103. The Commission found that Operator drilled nine wells before receiving approval from Staff. The Penalty Order assessed a \$9,000 penalty.
2. On July 16, 2025, Operator timely filed a request for hearing.
3. Given Operator's long history of compliance with Commission rules and regulations, the parties agreed that diversion would be an appropriate resolution to this docket. Staff and Operator discussed resolution of the underlying issues in this docket and reached a settlement in this matter. A Diversion Agreement (Agreement) has been reduced to writing and is attached hereto as **Attachment 1**.
4. The Agreement defers enforcement of the Penalty Order for twelve months provided Operator files transfer of operator forms placing eighty abandoned wells on it well inventory, plugs each well, and does not violate K.S.A. 55-151 or K.A.R. 82-3-103 by drilling any wells prior to receiving Staff approval. If Operator meets these requirements, then the Commission shall rescind the Penalty Order in this docket.

WHEREFORE, Staff respectfully requests the Commission grant this motion, thereby approving the Diversion Agreement attached hereto as Attachment 1.

Respectfully Submitted,

/s/Tristan Kimbrell
Tristan Kimbrell, #27720
Litigation Counsel
Kansas Corporation Commission
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In the matter of the failure of RJ Energy, LLC) Docket No.: 25-CONS-3440-CPEN
(Operator) to comply with K.S.A. 55-151 and)
K.A.R. 82-3-103 at nine wells in Anderson) CONSERVATION DIVISION
County, Kansas.)
_____) License No.: 3728

DIVERSION AGREEMENT

This Diversion Agreement (Agreement) is entered into by and between the Staff of the State Corporation Commission of the State of Kansas (Staff and Commission, respectively) and 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. Operator received a license to conduct oil and gas activities in Kansas on March 22, 1988. Until the present docket, the Commission has not found Operator to have violated any Commission rules or regulations,¹ nor has the Commission ever suspended Operator's license.

2. On July 1, 2025, the Commission issued a Penalty Order against Operator for nine violations of K.S.A. 55-151 and K.A.R. 82-3-103. The Commission found that Operator drilled nine wells before receiving approval from Staff. The Penalty Order assessed a \$9,000 penalty.

3. On July 16, 2025, Operator timely filed a request for hearing.

¹ The Commission issued penalty orders against Operator in Dockets 15-CONS-145-CPEN (Aug. 12, 2014) and 16-CONS-044-CPEN (Jul. 21, 2015). The Commission, however, rescinded the first penalty order on January 13, 2015, and the second penalty order on August 27, 2015.

II. TERMS OF THE DIVERSION AGREEMENT

4. The Parties agree that the Commission has jurisdiction and authority over this matter. Given Operator's long history of compliance with Commission rules and regulations, the Parties agree that diversion would provide an appropriate resolution to this docket. 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.

5. Operator accepts responsibility for committing nine violations of K.S.A. 55-151 and K.A.R. 82-3-103.

6. Enforcement of the Penalty Order in this docket shall be deferred for twelve months from the date this Agreement is approved by the Commission, provided Operator abides by the following conditions:

- a. Operator shall file transfer of operator (T-1) forms placing the eighty abandoned wells listed in Attachment A on its well inventory;
- b. Once the wells have been placed on its well inventory, Operator shall plug each well listed in Attachment A;
- c. Operator shall not violate K.S.A. 55-151 or K.A.R. 82-3-103 by drilling any well prior to receiving Staff approval.

7. If, within twelve months from the date this Agreement is approved, Operator has transferred the wells listed in Attachment A to its well inventory, successfully plugged each well, and not committed any violations of K.S.A. 55-151 or K.A.R. 82-3-103, then the Commission shall rescind the Penalty Order in this docket. If, within twelve months from the date this Agreement is approved, Operator has not transferred the wells in Attachment A to its well inventory, has not successfully plugged all the wells, or has committed a violation of K.S.A. 55-

151 or K.A.R. 82-3-103, then the Penalty Order shall not be rescinded and the docketed matter shall be scheduled for a hearing before the Commission.

8. During the twelve-month period after this Agreement has been approved, none of the violations in the docket shall count against Operator's record of compliance for purposes of requiring additional financial assurance. Additionally, if the Commission rescinds the Penalty Order in this docket, then none of the violations in the docket shall count against Operator's record of compliance with the Commission for any purpose, including for purposes of requiring additional financial assurance or any future Commission docket of any kind.

9. Operator agrees to waive its right to appeal the Commission's order approving this Agreement.

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

Commission Staff

/s/Tristan Kimbrell

Tristan Kimbrell, #27720
Litigation Counsel
Kansas Corporation Commission
266 N. Main St., Ste. 220
Wichita, KS 67202
Tristan.Kimbrell@ks.gov

RJ Energy, LLC

Signature: Roger Kent

Printed Name: Roger Kent

Title: Manager

Date: 10-30-25

Attachment A

Lease name	Lease/Well name	API #	Sec.	Twp.	Rge.	Co.	Lat.	Long.	FSL	FEL	Type
North Unit	North Unit #O-8	15-003-02696	4	21	21E	AN	38.252788	-95.100098	4390	1808	Oil
SCHERMERHORN S-4	Schermerhorn S-4	15-003-20012	4	21	21E	AN	38.244392	-95.09474	1337	239	PWL
North Unit	North Unit #W-5	15-003-02697	4	21	21E	AN	38.245109	-95.095036	1598	326	Oil
North Unit	Ross N Unit MO-1	15-003-19868	4	21	21E	AN	38.247943	-95.097626	2628	1081	Oil
North Unit	Ross N Unit MO-9	15-003-02698	4	21	21E	AN	38.248046	-95.096625	2666	793	Oil
North Unit	Ross N Unit MO-7	15-003-02699	4	21	21E	AN	38.248124	-95.095775	2696	550	Oil
North Unit	North Unit #OW-3	15-003-02772	4	21	21E	AN	38.248311	-95.095065	2764	346	Oil
North Unit	Ross N Unit MO-5	15-003-02700	4	21	21E	AN	38.247795	-95.094407	2577	156	Oil
North Unit	Ross N Unit MO-6	15-003-02701	4	21	21E	AN	38.247737	-95.095252	2555	398	Oil
North Unit	North Unit #W-10	15-003-02702	4	21	21E	AN	38.247598	-95.095755	2504	542	Oil
North Unit	Ross N Unit MO-4	15-003-19871	4	21	21E	AN	38.247668	-95.096081	2529	636	Oil
North Unit	North Unit #2	15-003-02703	4	21	21E	AN	38.246911	-95.094928	2255	302	Oil
North Unit	North Unit #7	15-003-02704	4	21	21E	AN	38.246581	-95.094417	2135	154	Oil
North Unit	North Unit #9	15-003-02705	4	21	21E	AN	38.247563	-95.102057	2486	2352	Oil
North Unit	North Unit #O-3	15-003-02706	4	21	21E	AN	38.249361	-95.096555	3145	778	Oil
North Unit	North Unit #W-8	15-003-02707	4	21	21E	AN	38.249329	-95.09588	3134	584	Oil
North Unit	North Unit #O-13	15-003-02708	4	21	21E	AN	38.249814	-95.095799	3311	563	Oil
North Unit	North Unit #4	15-003-02709	4	21	21E	AN	38.248944	-95.094932	2995	311	Oil
North Unit	North Unit #W-9	15-003-02710	4	21	21E	AN	38.250133	-95.097786	3425	1134	Oil
North Unit	North Unit #O-5	15-003-02711	4	21	21E	AN	38.250907	-95.097868	3707	1161	Oil
North Unit	North Unit #W-12	15-003-02712	4	21	21E	AN	38.250923	-95.097445	3713	1039	Oil
North Unit	North Unit O-36	15-003-02713	4	21	21E	AN	38.251132	-95.09686	3790	872	Oil
North Unit	North Unit #W-17	15-003-02714	4	21	21E	AN	38.25087	-95.098344	3693	1297	Oil
North Unit	North Unit #O-6	15-003-02715	4	21	21E	AN	38.250787	-95.098892	3663	1454	Oil
North Unit	North Unit #21	15-003-02716	4	21	21E	AN	38.251592	-95.098897	3956	1459	Oil
North Unit	North Unit #10	15-003-02717	4	21	21E	AN	38.251182	-95.099355	3806	1589	Oil
North Unit	North Unit #W-13	15-003-02718	4	21	21E	AN	38.251544	-95.099972	3937	1767	PWL
North Unit	North Unit #O-22	15-003-02719	4	21	21E	AN	38.251127	-95.100958	3785	2049	Oil
North Unit	North Unit #2	15-003-02720	4	21	21E	AN	38.250247	-95.102333	3463	2441	Oil
North Unit	North Unit #O-16	15-003-02721	4	21	21E	AN	38.250696	-95.099866	3629	1734	Oil
North Unit	North Unit #O-13	15-003-02722	4	21	21E	AN	38.249585	-95.099864	3224	1729	Oil
North Unit	North Unit #O-2	15-003-02723	4	21	21E	AN	38.252231	-95.101479	4186	2203	Oil
North Unit	North Unit #S-12	15-003-02724	4	21	21E	AN	38.251948	-95.099144	4085	1531	Oil
North Unit	North Unit #OW-1	15-003-02725	4	21	21E	AN	38.251939	-95.098619	4082	1380	Oil
North Unit	North Unit #11	15-003-02726	4	21	21E	AN	38.251938	-95.098004	4083	1204	Oil
North Unit	North Unit #18	15-003-02727	4	21	21E	AN	38.252015	-95.097379	4111	1024	Oil
North Unit	North Unit #W-14	15-003-02728	4	21	21E	AN	38.253582	-95.098826	4681	1446	Oil
North Unit	North Unit #W-20	15-003-02729	4	21	21E	AN	38.253261	-95.099263	4563	1570	Oil

Lease name	Lease/Well name	API #	Sec.	Twp.	Rge.	Co.	Lat.	Long.	FSL	FEL	Type
North Unit	North Unit #O-10	15-003-02730	4	21	21E	AN	38.253966	-95.099823	4819	1733	Oil
North Unit	North Unit O-17	15-003-02731	4	21	21E	AN	38.253941	-95.10086	4809	2031	Oil
North Unit	North Unit W-19	15-003-02732	4	21	21E	AN	38.254749	-95.100395	5104	1900	Oil
North Unit	North Unit #O-7	15-003-02733	4	21	21E	AN	38.252548	-95.098498	4304	1348	Oil
North Unit	North Unit #O-12	15-003-02734	4	21	21E	AN	38.255098	-95.099296	5232	1586	Oil
North Unit	North Unit #O-20	15-003-02735	4	21	21E	AN	38.255127	-95.099866	5242	1750	Oil
North Unit	North Unit #W-16	15-003-02736	4	21	21E	AN	38.254368	-95.098835	4967	1451	Oil
North Unit	North Unit OW-2	15-003-02737	4	21	21E	AN	38.256821	-95.100481	5859	1933	Oil
North Unit	North Unit #W-15	15-003-02738	4	21	21E	AN	38.256779	-95.099195	5845	1563	Oil
North Unit	North Unit #O-21	15-003-02739	4	21	21E	AN	38.257518	-95.100923	6112	2062	Oil
North Unit	North Unit #25	15-003-02740	4	21	21E	AN	38.257484	-95.102628	6098	2551	Oil
North Unit	North Unit O-18	15-003-02741	4	21	21E	AN	38.256521	-95.10226	5748	2442	Oil
North Unit	North Unit #26	15-003-02742	4	21	21E	AN	38.255562	-95.102646	5398	2550	Oil
North Unit	North Unit O-19	15-003-02743	4	21	21E	AN	38.254588	-95.102288	5044	2443	Oil
North Unit	North Unit #24	15-003-02744	4	21	21E	AN	38.258722	-95.101083	6550	2112	Oil
North Unit	North Unit #O-14	15-003-02745	4	21	21E	AN	38.258421	-95.102235	6440	2442	Oil
Gadelman	D-2	15-003-02746	8	21	21E	AN	38.230729	-95.127568	1558	4377	Oil
Gadelman	B-3	15-003-02747	8	21	21E	AN	38.230716	-95.12643	1558	4050	Oil
Gadelman	C-3	15-003-02748	8	21	21E	AN	38.23129	-95.127	1765	4216	Oil
Gadelman	D-4	15-003-02749	8	21	21E	AN	38.231896	-95.127535	1983	4371	Oil
Gadelman	B-4	15-003-02750	8	21	21E	AN	38.231889	-95.126376	1985	4038	Oil
Gadelman	F-4	15-003-02751	8	21	21E	AN	38.231875	-95.128787	1971	4731	Oil
Gadelman	F-6	15-003-02752	8	21	21E	AN	38.233145	-95.128699	2434	4710	Oil
Gadelman	G-5	15-003-02753	8	21	21E	AN	38.232532	-95.129266	2208	4871	Oil
Gadelman	E-5	15-003-02754	8	21	21E	AN	38.232535	-95.128139	2214	4547	Oil
Gadelman	I-3	15-003-02755	7	21	21E	AN	38.231344	-95.130443	1770	19	Oil
Gadelman	G-3	15-003-02756	8	21	21E	AN	38.231366	-95.129714	1782	4995	Oil
Gadelman	E-3	15-003-02757	8	21	21E	AN	38.231378	-95.128122	1792	4538	Oil
Gadelman	F-3	15-003-02758	8	21	21E	AN	38.2308	-95.128835	1579	4741	Oil
Gadelman	J-2 (#5)	15-003-02759	7	21	21E	AN	38.230749	-95.131039	1549	189	Oil
Gadelman	J-4	15-003-02771	7	21	21E	AN	38.232412	-95.130937	2156	162	Oil
Karhoff	C-7	15-003-02760	8	21	21E	AN	38.233689	-95.124732	2648	3573	Oil
Karhoff	G-9	15-003-02761	8	21	21E	AN	38.234919	-95.122312	3105	2882	Oil
Karhoff	D-12	15-003-02762	8	21	21E	AN	38.236545	-95.124046	3690	3386	Oil
Karhoff	W-2	15-003-02763	8	21	21E	AN	38.23731	-95.122361	3976	2905	Oil
Karhoff	H-8	15-003-02764	8	21	21E	AN	38.234289	-95.121868	2878	2752	Oil
Karhoff	H-10	15-003-02765	8	21	21E	AN	38.235507	-95.121859	3321	2754	Oil
Karhoff	C-11	15-003-02766	8	21	21E	AN	38.236148	-95.124622	3544	3550	Oil

Lease name	Lease/Well name	API #	Sec.	Twp.	Rge.	Co.	Lat.	Long.	FSL	FEL	Type
Karhoff	C-5	15-003-02767	8	21	21E	AN	38.232495	-95.124702	2213	3560	Oil
Karhoff	B-12	15-003-02768	8	21	21E	AN	38.236205	-95.126263	3558	4021	Oil
Karhoff	B-11	15-003-02769	8	21	21E	AN	38.235492	-95.126285	3298	4025	Oil
Karhoff	C-9	15-003-02770	8	21	21E	AN	38.234933	-95.126902	3092	4200	Oil

CERTIFICATE OF SERVICE

25-CONS-3440-CPEN

I, the undersigned, certify that a true and correct copy of the attached Motion has been served to the following by means of electronic service on November 3, 2025.

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/s/ Sara Graves

Sara Graves