

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

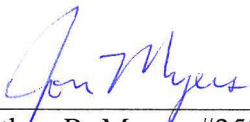
Before Commissioners: Jay Scott Emler, Chairman
Shari Feist Albrecht
Pat Apple

In the matter of a Compliance Agreement) Docket No.: 16-CONS-4047-CMSC
between Barracuda Operating Company and)
Commission Staff regarding bringing 2 wells) CONSERVATION DIVISION
on the Bessie May lease in Graham County)
into compliance with K.A.R. 82-3-111.) License No.: 33593

MOTION FOR THE COMMISSION TO ADOPT
A COMPLIANCE AGREEMENT

Commission Staff moves for the Commission to adopt and approve the attached Compliance Agreement, which has been signed by both parties. The Agreement's reduced size on the page makes it somewhat difficult to read, so Staff has also attached an unsigned, larger-print, but otherwise identical copy for ease of reading. Staff believes the Compliance Agreement represents an appropriate 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: 316-337-6211

COMPLIANCE AGREEMENT

This Agreement is between Barracuda Operating Company ("Operator") (License #33593) and Commission Staff ("Staff"). If the Commission does not approve this Agreement by a signed order, this Agreement shall not be binding on either party.

A. Background

1. Operator is responsible for the Bessie May #1, API #15-065-23577, and the Bessie May #2, API #15-065-23578 (collectively "the subject wells"). 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 obtain temporary abandonment status for them. Staff is supportive of an agreement.

B. Terms of Compliance Agreement

2. By July 15, 2016, Operator shall plug, return to service, or obtain temporary abandonment status for the subject wells. If Operator fails to comply with this deadline, then Operator shall be assessed a \$1,000 penalty. If Operator has not plugged, returned to service, or obtained temporary abandonment status for the subject wells by August 31, 2016, then Operator shall be assessed an additional \$5,000 penalty, and Staff may plug the wells and assess the costs to Operator.

3. If Operator fails to comply with any deadline in any of the above paragraphs, or if penalties or costs are owed, then Staff shall suspend Operator's license until compliance is obtained and the penalties or costs are paid. If Staff suspends Operator's license, then Staff shall send its standard notice of license suspension letter to Operator. If Staff finds Operator conducting oil and gas operations after 10 days from the date of a notice of license suspension

letter, and Operator's license is still suspended, then Staff is authorized to seal all of Operator's oil and gas operations and to assess an additional \$10,000 penalty.

4. Operator agrees to waive its right to appeal any future orders of the Commission regarding this matter, any penalties or costs assessed under this Agreement, and any suspension of Operator's license implemented by Staff due to Operator's failure to comply with this Agreement. The terms of this Agreement shall remain binding upon Operator even if its interests in the subject wells are conveyed.

5. Except as described herein, Staff will not pursue Operator for any violation of K.A.R. 82-3-111 at the subject wells that occurred or occurs prior to August 31, 2016.

C. Conclusion

Both parties believe this Agreement fairly resolves the matters at issue.

Commission Staff

Barracuda Operating Company

By:



By:



Printed Name:

JON MYERS

Printed Name:

Brian Gabel

Title:

LITIGATION COUNSEL

Title:

President

Date:

5/24/16

Date:

5-21-16

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Commission Staff

Barracuda Operating Company

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

CERTIFICATE OF SERVICE

I certify that on 5/24/16, 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:

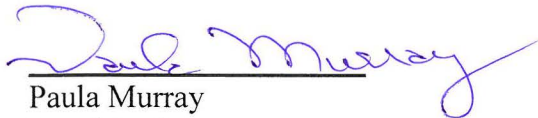
Brian Gabel
Barracuda Operating Company
P.O. Box 405
Ness City, Kansas 67560

And delivered by email to:

Rich Williams
KCC District #4

And delivered by hand to:

Lane Palmateer
Conservation Division Central Office



Paula Murray
Legal Assistant
Kansas Corporation Commission