

**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 Town Oil	)	Docket No.: 15-CONS-280-CPEN
Company Inc. ("Operator") to comply with	)	
K.A.R. 82-3-400 at the Hunt #1-W, Hunt	)	CONSERVATION DIVISION
#2-W, Hunt #3-W and Hunt #4-W wells in	)	
<u>Miami County, Kansas.</u>	)	License No.: 6142

**ORDER APPROVING SETTLEMENT AGREEMENT**

The above-captioned matter comes before the State Corporation Commission of the State of Kansas. Having examined the files and records, and being duly advised in the premises, the Commission finds and concludes as follows:

1. On October 7, 2014, the Commission issued a Penalty Order to the operator finding four violations of K.A.R. 82-3-400 and assessing a \$4,000 penalty. The Penalty Order was mailed October 8, 2014.
2. On November 5, 2014, the operator submitted a timely appeal through counsel.
3. On November 14, 2014, Commission Staff filed a Motion for the Commission to Approve a Settlement Agreement. The settlement agreement has been signed by both parties. The Settlement Agreement changes the four violations of K.A.R. 82-3-400 to K.A.R. 82-3-409, and it reduces the total penalty from \$4,000 to \$2,000.
4. The Commission finds and concludes that the settlement agreement provides a fair and efficient resolution to the issues in this docket.

**THEREFORE, THE COMMISSION ORDERS:**

- A. The attached Settlement Agreement is approved and incorporated into this Order.

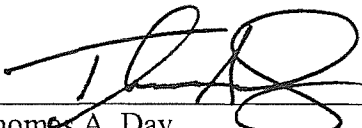
B. Any party affected by this Order may file with the Commission a petition for reconsideration pursuant to K.S.A. 77-529(a). The petition shall be filed within 15 days after service of this Order. If service of this Order is by mail, three days are added to the deadline. The petition shall be addressed to the Commission and sent to 266 N. Main, Ste. 220, Wichita, Kansas 67202. Pursuant to K.S.A. 55-606 and K.S.A. 77-529(a), reconsideration is prerequisite for judicial review of this Order. Any party taking an action permitted by this summary proceeding before the deadline for a petition for reconsideration does so at their own risk of further proceedings.

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

**BY THE COMMISSION IT IS SO ORDERED.**

Albrecht, Chair; Emler, Com.; (Apple, Com. - **ABSTAINED**)

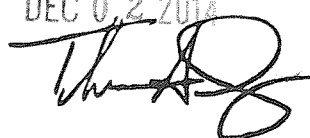
Dated: DECEMBER 02, 2014

  
Thomas A. Day  
Acting Executive Director

Mailed Date: 12/3/14

LRP

I CERTIFY THE ORIGINAL  
COPY IS ON FILE WITH  
The State Corporation Commission

DEC 02 2014  


## **SETTLEMENT AGREEMENT**

This Settlement Agreement is between Town Oil 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-280-CPEN.

### **A. Background**

1. The October 7, 2014, Penalty Order in this docket required Operator to pay \$4,000 for a total of four violations of K.A.R. 82-3-400. Operator filed a timely appeal.
2. Operator reports that it submitted erroneous data regarding the four wells at issue in this docket. Operator has submitted updated Annual Fluid Injection Report ("U3C") forms for the wells. Staff recommends that the penalty in this docket should be reduced, due to the erroneous data submission.

### **B. Terms of Settlement**

3. Instead of paying \$4,000, 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.
4. The Commission shall find that Operator committed four violations of K.A.R. 82-3-409, rather than four violations of K.A.R. 82-3-400. Operator admits to no wrongdoing, but acknowledges that the violations will count against its record of compliance for purposes of license renewal under K.S.A. 55-155 and K.A.R. 82-3-120.

Fax:

Nov 14 2014 10:29am P003/003

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

Town Oil Company Inc.

By: Jon Myers

By: Lester Town

Printed Name: JON MYERS

Printed Name: Lester Town

Title: LITIGATION COUNSEL

Title: President

Date: 11/14/14

Date: 11/14/14

**CERTIFICATE OF SERVICE**

I certify that on 12/3/14, I caused a complete and accurate copy of this Order to be served via United States mail, with the postage prepaid and properly addressed to the following:

Keith A. Brock  
Anderson & Byrd, LLP  
216 S. Hickory, P.O. Box 17  
Ottawa, Kansas 66067  
*Attorney for Town Oil Company Inc.*

Lester Town  
Town Oil Company, Inc.  
16205 W. 287th St.  
Paola, Kansas 66071

And delivered by hand to:

Jon Myers, Alan Snider  
Conservation Division Central Office

/s/ Lane R. Palmateer  
Lane R. Palmateer  
Litigation Counsel  
Kansas Corporation Commission