

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

In the matter of the failure of C G Oil, Inc.	)	Docket No. 20-CONS-3186-CPEN
("Operator") to comply with K.A.R. 82-3-107	)	
and K.A.R. 82-3-130 at the WIL #1 in Ellis	)	CONSERVATION DIVISION
County, Kansas.	)	
_____	)	License No. 33386

**MOTION TO APPROVE SETTLEMENT AGREEMENT**

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

1. On January 9, 2020, the Commission issued a Penalty Order against Operator for one violation of K.A.R. 82-3-107 and K.A.R. 82-3-130 finding that Operator did not submit a complete and accurate well completion report for the WIL #1 ("Subject Well") within 120 days of the spud date.<sup>1</sup>

2. Operator subsequently submitted its well completion report and associated documents for the Subject Well to Staff, which Staff subsequently approved on January 15, 2020.

3. On January 28, 2020, Operator filed a Letter Contesting Penalty, wherein its representative noted that the well completion report was filed late, but that an underlying vision issue had contributed to the delay.

4. On January 31, 2020, Operator timely filed a request for hearing.

5. On February 20, 2020, the Commission issued its Order Designating Prehearing Officer and Setting Prehearing Conference, wherein it scheduled a prehearing conference for March 3, 2020.

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<sup>1</sup> Penalty Order, ¶¶ 8, 13.

6. On March 3, 2020, a prehearing conference was held and a status conference was set for March 24, 2020. The March 24th date was set in order to allow Operator the opportunity to obtain counsel, and to provide Staff and Operator the opportunity to resolve the underlying issues in this docket, if possible.<sup>2</sup>

7. On May 7, 2020, a Prehearing Officer Order Setting Prehearing Conference was issued. The Order scheduled the next prehearing conference for May 21, 2020 since the previous prehearing conference was cancelled.<sup>3</sup>

8. Subsequent to the prehearing conference, Staff and Operator discussed resolution of the underlying issues in this docket, and reached a settlement in this matter. The settlement has been reduced to writing and is attached hereto as **Attachment A**, and incorporated herein by reference (“Agreement”).

9. The Agreement requires Operator to pay a reduced monetary fine of \$250 within 30 days from the date of this Order. Staff believes the Agreement constitutes a reasonable resolution of the issues in this docket. Further the Agreement will allow Staff and Operator to avoid potential litigation costs, and it should foster administrative efficiency.

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

Respectfully submitted,

/s/ Kelcey A. Marsh  
Kelcey A. Marsh #28300  
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<sup>2</sup> Prehearing Officer Order Setting Status Conference, ¶ 2 (Mar. 5, 2020).

<sup>3</sup> Prehearing Officer Order Setting Prehearing Conference, Ordering Clause A (May 7, 2020).

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In the matter of the failure of C G Oil, Inc.	)	Docket No.: 20-CONS-3186-CPEN
("Operator") to comply with K.A.R. 82-3-107	)	
and K.A.R. 82-3-130 at the WIL #1 in Ellis	)	CONSERVATION DIVISION
County, Kansas.	)	
	)	License No.: 33386

**SETTLEMENT AGREEMENT**

This Settlement Agreement ("Agreement") is entered into by and between the Staff of the Corporation Commission of the State of Kansas ("Staff" and "Commission," respectively) and C G Oil, Inc. ("Operator") (collectively referred to herein as "the Parties"). 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. On January 9 2020, the Commission issued a *Penalty Order* against Operator for one violation of K.A.R. 82-3-107 and K.A.R. 82-3-130 finding that Operator did not submit a complete and accurate well completion report for the WIL #1 ("Subject Well) within 120 days of the spud date.<sup>1</sup> The Penalty Order assessed a \$500 penalty, and directed Operator to submit a complete and accurate well completion report and associated documents for the subject well.

2. On January 31, 2020, Operator timely filed a request for hearing. Operator previously filed a *Letter Contesting Penalty*, wherein its representative noted that the well completion report was filed late, but that an underlying vision issue contributed to the delay.

3. On March 3, 2020, a prehearing conference was held and a status conference was set for March 24, 2020. The March 24th date was set in order to allow Operator the opportunity to

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<sup>1</sup> The legal description of the Subject Well is API #15-051-26964-00-00, located in Section 22, Township 13 South, Range 16 West, Ellis County, Kansas.

obtain counsel, and to provide Staff and Operator the opportunity to resolve the underlying issues in this docket, if possible. Subsequent to the prehearing conference, Staff and Operator discussed resolution of the underlying issues in this docket, and reached a settlement in this matter. As part of the settlement, Staff agreed to reduce the terms to writing and submit the same for Commission approval. The terms of the settlement are set forth below.

## II. TERMS OF THE SETTLEMENT AGREEMENT

4. The Parties agree that the Commission has jurisdiction and authority over this matter. 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 stipulates that it committed one violation of K.A.R. 82-3-107 and K.A.R. 82-3-130 and is responsible for bringing the Subject Well into compliance with K.A.R. 82-3-107 and K.A.R. 82-3-130.

6. Based on the content of Operator's letter contesting the penalty and the fact that Operator has submitted the necessary documents for the Subject Well, as described above, the Parties agree to seek Commission approval to reduce the \$500 monetary penalty imposed in the docket to \$250 ("Reduced Penalty"). The Reduced Penalty will be due 30 days from the issuance of this order.

7. Staff agrees that upon approval by the Commission, and barring default proceedings pursuant to K.S.A. 77-520, this Agreement shall constitute a final resolution of this matter.

8. Operator agrees and understands that the failure to meet the deadline above shall result in the reinstatement of the full administrative penalty and immediate suspension of Operator's license.



### III. RESERVATIONS

9. This Settlement Agreement fully resolves the issues specifically addressed between the Parties in this docket. The terms of this Agreement constitute a fair and reasonable resolution of the issues addressed herein.

10. The terms and provisions of this Agreement have resulted from negotiations between the Parties and are interdependent. In the event the Commission does not approve the terms of the Agreement in total, any Party has the option to terminate this Agreement.

11. Unless otherwise specified in this Agreement, the Parties shall not be prejudiced, bound by, or affected in any way by the terms of this Agreement: (1) in any future Commission or court proceeding; (2) in any proceeding currently pending before the Commission under a separate docket; and/or (3) in this proceeding, even if the Commission decides to not approve this Agreement in total or in any way conditions its approval of the same. This paragraph is not meant to limit future enforcement of this Agreement, should either Party fail to fulfill all terms and provisions.

12. Further this Agreement does not waive any party's legal rights, positions, claims, assertions or arguments in this docket, or any other proceeding before the Commission or in any court.

13. If the Commission approves this Agreement in its entirety and incorporates the same into a final order in this docket, the Parties agree not to appeal the Commission's order.

14. This Agreement shall be binding on all Parties upon signing.

ATTACHMENT A

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

Commission Staff

By: Kelcey Marsh

Printed Name: Kelcey Marsh

Title: Litigation Counsel

Date: 5/18/2020

C G Oil, Inc.

By: Ronald J. Schmittbeger

Printed Name: Ronald J. Schmittbeger

Title: Owner-operator

Date: May 15- 2020

## **CERTIFICATE OF SERVICE**

20-CONS-3186-CPEN

I, the undersigned, certify that a true copy of the attached Motion to Approve Settlement Agreement has been served to the following by means of first class mail and electronic service on May 19, 2020.

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/S/ Paula J. Murray  
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Paula J. Murray