

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

Before Commissioners: Susan K. Duffy, Chair
Dwight D. Keen
Andrew J. French

In the matter of the failure of Chizum Oil, LLC) Docket No: 23-CONS-3208-CPEN
(Operator) to comply with K.A.R. 82-3-120)
and K.A.R. 82-3-133 by operating under a) CONSERVATION DIVISION
suspended license.)
_____) License No: 35407

ORDER APPROVING SETTLEMENT AGREEMENT

The Commission rules as follows:

1. On February 28, 2023, the Commission issued a Shut-In Order against Operator, finding Operator violated K.A.R. 82-3-120 and K.A.R. 82-3-133 by conducting oil and gas operations under a suspended license. The Shut-In Order assessed a \$10,000 penalty and directed Commission Staff to shut-in and seal Operator's operations until: (1) Operator complied with the Commission's Penalty Order in Docket 23-3141, and (2) Operator's license was reinstated.

2. On April 12, 2023, Commission Staff filed a Motion to Approve Settlement Agreement. Staff notes that Operator complied with the Penalty Order in Docket 23-3132 on March 8, 2023, and that Operator's license has been reinstated.¹ In pertinent part, the Settlement Agreement provides a payment plan for the \$10,000 owed – twelve monthly installments, with the first payment due May 1, 2023.²

3. The law encourages settlement.³ The Commission finds the Settlement Agreement attached to Staff's Motion to Approve Settlement Agreement constitutes a fair and reasonable resolution of this proceeding. The Settlement Agreement is attached to and made part of this Order.

¹ See Motion to Approve Settlement Agreement, ¶ 2 (Apr. 12, 2023).

² The first eleven payments are \$834 each; the final payment is \$826.

³ *Bright v. LSI Corp.*, 254 Kan. 853, 858 (1994).

THEREFORE, THE COMMISSION ORDERS:

A. Staff's motion to approve the attached Settlement Agreement is granted; the Settlement Agreement is approved.

B. The prehearing conference scheduled for May 4, 2023 is cancelled.

C. Any party may file and serve a petition for reconsideration pursuant to the requirements and time limits established by K.S.A. 77-529(a)(1).⁴

BY THE COMMISSION IT IS SO ORDERED.

Duffy, Chair; Keen, Commissioner; French, Commissioner

Dated: 04/25/2023



Lynn M. Retz
Executive Director

Mailed Date: 04/25/2023

JRM

⁴ K.S.A. 55-162; K.S.A. 55-606; K.S.A. 55-707; K.S.A. 77-503(c); K.S.A. 77-531(b).

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

In the matter of the failure of Chizum Oil, LLC (Operator) to comply with K.A.R. 82-3-120 and K.A.R. 82-3-133 by operating under a suspended license.)))))	Docket No.: 23-CONS-3208-CPEN CONSERVATION DIVISION License No.: 35407
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SETTLEMENT AGREEMENT

This Settlement 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). 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 February 28, 2023, the Commission issued a Shut-In Order against Operator for violating K.A.R. 82-3-120 by conducting oil and gas operations on a suspended license, resulting in unlawful production under K.A.R. 82-3-133. The Shut-In Order assessed a \$10,000 penalty, and directed Staff to shut-in all oil and gas operations of Operator until (i) Operator complied with the Commission's Penalty Order in Docket 23-CONS-3141-CPEN (Docket 23-3141) and (ii) Operator's license was reinstated.

2. On March 8, 2023, Operator came into compliance with the Penalty Order in Docket 23-3141, and its license was reinstated. On March 16, 2023, Operator timely filed a request for hearing in the present docket.

3. Subsequent to the request for hearing, the Parties 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 violated K.A.R. 82-3-120 and K.A.R. 82-3-133.

6. As Operator has come into compliance with the Commission's Penalty Order in Docket 23-3141 and its license has been reinstated, the Parties agree to seek Commission approval to schedule a payment plan for the \$10,000 monetary penalty imposed in this docket. Operator shall pay the \$10,000 penalty over the course of twelve months. The first payment of \$834 shall be due on May 1, 2023. Payments of \$834 shall be due on the first day of every subsequent month, through and including March 1, 2024. A final payment of \$826 shall be due on April 1, 2024.

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. Failure to meet any of the payment deadlines shall result in suspension of Operator's license. Operator agrees and understands that if its license is suspended for the failure to meet the above deadlines, the license shall remain suspended until the penalty has been paid in full.


9. Operator agrees to waive its right to appeal the Commission's order approving this Agreement, any penalties assessed under this Agreement, and any suspension of Operator's license implemented by Staff due to Operator's failure to comply with this Agreement.

IN WITNESS WHERETO, the Parties hereby execute and approve this Settlement 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
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Chizum Oil, LLC

Signature: 
Printed Name: Mitch Lyon
Title: President
Date: 4/11/23

CERTIFICATE OF SERVICE

23-CONS-3208-CPEN

I, the undersigned, certify that a true copy of the attached Order has been served to the following by means of
electronic service on 04/25/2023.

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