

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

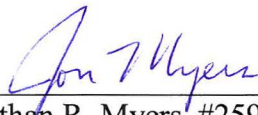
Before Commissioners: Shari Feist Albrecht, Chair
Jay Scott Emler
Pat Apple

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 #2-)	CONSERVATION DIVISION
W, Hunt #3-W and Hunt #4-W wells in)	
Miami County, Kansas.)	License No.: 6142

MOTION FOR THE COMMISSION TO ADOPT
A SETTLEMENT AGREEMENT

Commission Staff moves for the Commission to adopt and approve the attached Settlement Agreement, which has been signed by both parties. Staff believes that the Settlement Agreement represents a fair and efficient 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: 316-337-6106

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:

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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

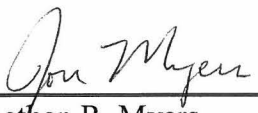
CERTIFICATE OF SERVICE

I certify that on 11/14/14, 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:

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

And delivered by hand to:

Alan Snider
Conservation Division Central Office



Jonathan R. Myers
Litigation Counsel
Kansas Corporation Commission