

**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 Lachenmayr Oil) Docket No.: 15-CONS-150-CPEN
LLC ("Operator") to comply with K.A.R. 82-)
3-400 at the Goodrich #101 and Schnitzler #5) CONSERVATION DIVISION
wells in Sedgwick County, Kansas.)
_____) License No.: 6804

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 August 12, 2014, the Commission issued a Penalty Order to the operator for two violations of K.A.R. 82-3-400. The Penalty Order assessed a \$2,000 penalty. The Penalty Order was mailed on August 29, 2014.
2. On September 24, 2014, the operator filed a timely appeal.
3. On October 9, 2014, Staff moved the Commission to approve a settlement agreement, which was signed by both parties. The settlement agreement rescinds one of the two violations, converts the remaining violation from K.A.R. 82-3-400 to 82-3-409, and reduces the total penalty to \$500. Staff has recommended to the Commission that the settlement agreement proposed by the parties constitutes a fair and efficient resolution of the issues in this docket.
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.

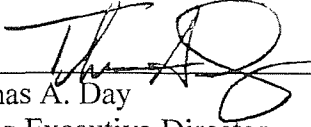
B. Any party affected by this Order may file with the Commission a petition for reconsideration pursuant to K.S.A. 77-529(a). The petition shall be filed within 15 days after service of this Order. If service of this Order is by mail, three days are added to the deadline. The petition shall be addressed to the Commission and sent to 266 N. Main, Ste. 220, Wichita, Kansas 67202. Pursuant to K.S.A. 55-606, K.S.A. 66-118b, 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.

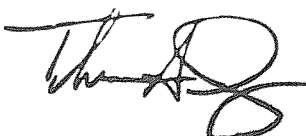
Dated: OCT 21 2014


Thomas A. Day
Acting Executive Director

Mailed Date: 10/22/14

LRP

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

OCT 21 2014


SETTLEMENT AGREEMENT

This Settlement Agreement is between Lachenmayr Oil LLC (“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, this Settlement Agreement shall not be binding on either party. This Settlement Agreement shall settle the proceedings instituted in Commission Docket Number 15-CONS-150-CPEN.

A. Background

1. The August 12, 2014, Penalty Order in this docket required Operator to pay \$2,000 for two violations of K.A.R. 82-3-400. Operator filed a timely appeal.
2. Staff has identified a discrepancy in records regarding the Schnitzler #5 well. Staff recommends that the penalty regarding this well be rescinded.
3. Operator reports that it submitted erroneous data regarding the Goodrich #101. Operator has submitted an updated Annual Fluid Injection Report (“U3C”). Staff recommends that the penalty regarding this well should be reduced to \$500, due to the erroneous data submission.

B. Terms of Settlement

4. Instead of paying \$2,000, Operator shall pay \$500 in this docket, which shall be due within 30 days from the date this Settlement Agreement is approved by an Order of the Commission.
5. The Commission shall find Operator committed one violation of K.A.R. 82-3-409, rather than two violations of K.A.R. 82-3-400.

6. 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

By: Jon Myers

Printed Name: JON MYERS

Title: LITIGATION COUNSEL

Date: 10/8/14

Lachenmayr Oil LLC

By: John Lachenmayr

Printed Name: John Lachenmayr

Title: Manager

Date: 10/7/14

CERTIFICATE OF SERVICE

I certify that on 10/22/14, 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:

Howard Lachenmayr
John Lachenmayr
Lachenmayr Oil LLC
PO Box 526
Newton, Kansas 67114

And delivered by hand to:

Jon Myers
Alan Snider
KCC Conservation Division

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