

SETTLEMENT AGREEMENT

This Agreement is between Encore Natural Resources, LLC (“Operator”) (License #34954) and Commission Staff (“Staff”). If the Commission does not approve this Agreement by a signed order, this Agreement shall not be binding on either party. This Agreement shall settle the proceedings in Commission Docket Number 17-CONS-3104-CMSC.

A. Background

1. On August 28, 2016, Operator submitted a license renewal application. The application was denied on September 1, 2016, because individuals associated with Operator are also associated with Lincoln 77, Inc., License #6448, which has unplugged wells remaining on its expired and suspended license, in violation of Commission regulations. Operator timely appealed the denial of its license renewal application. Rather than engage in litigation, Operator and Staff agree to the following, which shall resolve all compliance issues regarding the unplugged wells remaining on License #6448.

B. Terms of Settlement Agreement

2. Staff shall immediately process Operator’s August 28, 2016, license renewal application, resulting in Operator’s license being renewed through August 30, 2017. The unplugged status of the wells on the attached list (“the subject wells”) shall not be valid cause for Staff to deny any license renewal application submitted by Operator during 2017.

3. Operator shall cause the subject wells to be plugged by December 31, 2017. Operator agrees to waive its right to appeal the Commission’s Order approving this Agreement.

Commission Staff

Encore Natural Resources, LLC

By: Jon Myers

By: Dave Critchfield

Printed Name: JON MYERS

Printed Name: Dave Critchfield

Title: LITIGATION COUNSEL

Title: Manager

Date: 4/28/17

Date: 4/27/2017

LIC 6448 EXPIRES 06/30/2002 [] KOLAR
 Lincoln 77, Inc.

KANSAS CORPORATION COMMISSION
 OIL and GAS CONSERVATION DIVISION

Operator Well Inventory

Lease Name	Well#	API#	TVD	COUNTY	Sec/Twp/Rng/Dir	Q4Q3Q2Q1	Ft.N/S	Ft.E/W	Well Type	Well Status	KDOR Gas/Oil
BEDWELL	W 1	15031193100001		COFFEY	11 23 16 E	SWSESW	395 S	3577E	OIL	PL	
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D MCCOY	1	15133225480000		NEOSHO	30 28 19 E	NENESESE	1095 S	165 E	OIL	PL	
D MCCOY	8	15133229340000		NEOSHO	30 28 19 E	SENESESE	875 S	215 E	OIL	PL	
DEWEY MCCOY	6	15133227800000		NEOSHO	30 28 19 E	SENWSESE	835 S	850 E	OIL	PL	
HOMER L TEATS	12	15001224810000		ALLEN	36 24 17 E	NW	2800 S	2865E	OIL	PL	
HOMER L TEATS	15	15001234060000		ALLEN	36 24 17 E	W2NE	2750 S	1781E	OIL	PL	
HOMER L TEATS	16	15001233890000		ALLEN	36 24 17 E	NE	2860 S	2059E	OIL	PL	
HOMER L TEATS	17	15001233900000		ALLEN	36 24 17 E	W2NE	2970 S	2337E	OIL	PL	
HOMER L TEATS	3	15001210860000		ALLEN	36 24 17 E	SE	1960 S	2940E	OIL	PL	
HOMER L TEATS	4	15001210870000		ALLEN	36 24 17 E	NWSE	2170 S	2490E	OIL	PL	
HOMER L TEATS	9	15001224780000		ALLEN	36 24 17 E	NWSE	2454 S	1890E	OIL	PL	
KAUFMAN	16	15001281710000	865	ALLEN	33 25 18 E	NENWNE	4780 S	1650E	OIL	PL	
LING	2	15001258800000		ALLEN	36 24 17 E	SWSESENE	2805 S	495 E	OIL	PL	
LING	3	15001260820000		ALLEN	36 24 17 E	SESESENE	2805 S	165 E	OIL	PL	
LING	5	15001263730000		ALLEN	36 24 17 E	SESWSENE	2805 S	825 E	OIL	PL	
TEATS	22	15001263800000		ALLEN	36 24 17 E	SWSENW	2805 S	3640E	OIL	PL	

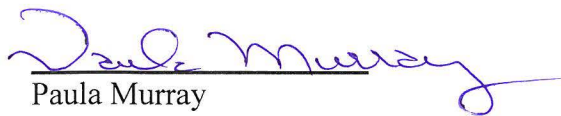
CERTIFICATE OF SERVICE

I certify that on 5/1/17, 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 Encore Natural Resources, LLC

And delivered by email to:

Troy Russell & John Almond
KCC Conservation Division



Paula Murray
Legal Assistant
Kansas Corporation Commission