

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

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

In the matter of a Compliance Agreement) Docket No.: 17-CONS-3531-CMSC
between CherokeeNRG, LLC (Operator) and)
Commission Staff regarding bringing the subject) CONSERVATION DIVISION
wells in Wilson and Woodson Counties into)
compliance with K.A.R. 82-3-111.) License No.: 34769

ORDER APPROVING COMPLIANCE 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. Commission Staff and Operator have executed a compliance agreement, which is attached as an exhibit and incorporated into this Order.
2. The compliance agreement provides a fair and efficient resolution of this matter.

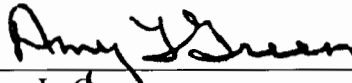
THEREFORE, THE COMMISSION ORDERS:

- A. The compliance 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.
- 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.

Apple, Chairman; Albrecht, Commissioner; Emler, Commissioner

Dated: APR 11 2017



Amy L. Green
Secretary to the Commission

Mailed Date: April 11, 2017

JRM

COMPLIANCE AGREEMENT

This Agreement is between CherokeeNRG ("Operator") (License #34769) 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.

A. Background

1. Operator is responsible for SML #1 (API #15-205-25447-00-00), SML #2 (API 15-205-25448-00-00), SML #3 (API #15-205-25449-00-00), and White #11 (API 15-207-26771-00-00) wells (collectively "the subject wells"). The subject wells are out of compliance with K.A.R. 82-3-111. Operator has asked for an agreement to avoid penalties while Operator works to plug the subject wells, return them to service, or obtain temporary abandonment status for them. Staff is supportive of an agreement.

B. Terms of Compliance Agreement

2. By June 30, 2017, Operator shall plug, return to service, or obtain temporary abandonment status for two of the subject wells. By September 30, 2017, Operator shall plug, return to service, or obtain temporary abandonment status for the remaining two subject wells.

3. If Operator fails to comply with any deadline in paragraph 2, then Operator shall be assessed a \$1,000 penalty for each missed deadline. If any of the subject wells are not in compliance with K.A.R. 82-3-111 by being plugged, returned to service, or having temporary abandonment status, by December 31, 2017, then Operator shall be assessed an additional \$2,500 penalty, and Staff may plug the wells and assess the costs to Operator.

4. If Operator fails to comply with any of the above paragraphs, or if penalties or costs are owed, then Staff shall suspend Operator's license until compliance is obtained and the penalties or costs are paid. If Staff suspends Operator's license, then Staff shall send its standard

notice of license suspension letter to Operator. If Staff finds Operator conducting oil and gas operations after 10 days from the date of a notice of license suspension letter, and Operator's license is still suspended, then Staff is authorized to seal all of Operator's oil and gas operations and to assess an additional \$5,000 penalty.

5. Operator agrees to waive its right to appeal any future orders of the Commission regarding this matter, any penalties or costs assessed under this Agreement, and any suspension of Operator's license implemented by Staff due to Operator's failure to comply with this Agreement. The terms of this Agreement shall remain binding upon Operator even if its interests in the subject wells are conveyed. However, any subject well transferred to another operator and then brought into compliance with K.A.R. 82-3-111 shall no longer be the responsibility of Operator under this Agreement, and shall count towards Operator meeting its compliance obligations under this agreement.

6. Except as described herein, Staff will not pursue Operator for any violation of K.A.R. 82-3-111 at the subject wells that occurred or occurs prior to September 30, 2017, except for wells brought into compliance after Commission approval of this Agreement that gain fall out of compliance that remain on Operator's license.

Commission Staff

CherokeeNRG, LLC

By: Joshua D. Wright

By: Pamela Graves

Printed Name: Joshua D. Wright

Printed Name: Pamela Graves

Title: Litigation Counsel

Title: Operations Manager

Date: 7-5-17

Date: 4/3/2017

CERTIFICATE OF SERVICE

I certify that on April 11, 2017, 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:

Pam Graves
CherokeeNRG LLC
112 South 5th Street
PO Box 111
Neodesha, KS 66757

And delivered by email to:

John Almond
KCC District #3

Joshua D. Wright, Litigation Counsel
KCC Wichita Central Office

/s/ Cynthia K. Maine
Cynthia K. Maine
Administrative Assistant
Kansas Corporation Commission