

Lauren N. Wright, #27616
Litigation Counsel,
Kansas Corporation Commission
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**THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

Before Commissioners: Shari Feist Albrecht, Chair
 Jay Scott Emler
 Dwight D. Keen

In the matter of the failure of JTC Oil, Inc.)	Docket No.: 17-CONS-3680-CPEN
("Operator") to comply with K.A.R. 82-3-407)	
at the Day C #OW 10 W, Day J #OW 6 W,)	CONSERVATION DIVISION
Day J #OW 11 W, Cook #2W, Cook #39 W)	
and Cook #W-50 in Linn and Miami County,)	License No.: 32834
Kansas.)	

SETTLEMENT AGREEMENT

This Settlement Agreement (Agreement) is entered into by and between the Staff of the Corporation Commission of the State of Kansas ("Staff" and "Commission," respectively) and JTC Oil, Inc ("Operator"). Its effective date will be the date the Commission enters an order approving or amending the terms of the Agreement.

I. JURISDICTION

1. Pursuant to K.S.A. 74-623, the Commission shall have the exclusive jurisdiction and authority to regulate oil and gas activities.

2. Pursuant to K.S.A. 55-150 *et seq.*, the Commission has authority to regulate the construction, operation, and abandonment of any well and the protection of the useable water of this state from any actual or potential pollution from any well.

3. Pursuant to K.S.A. 55-155, operators and contractors, as defined in K.S.A. 55-150, shall be licensed by the Commission.

4. Pursuant to K.S.A. 55-162, if the Commission finds that such person violated any provisions of K.S.A. 55-150 *et seq.*, the Commission shall take any appropriate action necessary to prevent pollution and protect water supply.

5. Pursuant to K.A.R. 82-3-407, an injection well's mechanical integrity shall be established at least one every five years, and failure to test a well to show mechanical integrity shall be punishable by a \$1,000 penalty.

II. BACKGROUND

6. Under the above jurisdiction and authority, on June 15, 2017, the Commission issued a Penalty Order against Operator for six violations of K.A.R. 82-3-407. The Penalty Order assessed a \$6,000 penalty and directed Operator to perform successful MITs on the six wells at issue, or plug them. Operator timely filed a request for hearing, and Staff and Operator have timely submitted pre-filed direct testimony.

7. Operator plugged four of the six well at issue in November 2017. Two of the wells, specifically the Day C #OW 10W, API #15-107-19860 and the Day J #OW 6W, API #15-107-19858 ("the subject wells") remain out of compliance with the Commission's Penalty Order.

8. To avoid potential litigation costs and to foster administrative efficiency, Operator and Staff have reached the following agreement.

III. TERMS OF THE SETTLEMENT AGREEMENT

9. 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 stipulations as set forth below.

10. Operator shall pay \$3,000 of the \$6,000 originally assessed in this docket. Operator has already made the \$3,000 payment. Operator does not admit to any violations, but Operator recognizes that for the purposes of Operator's license renewal under K.S.A. 55-155 and K.A.R. 82-3-120, resolution of this matter will count as six violations of K.A.R. 82-3-407.

11. By May 31, 2018, Operator shall perform successful MITs upon, or plug, the subject wells. Operator understands and agrees that failure to comply with this deadline shall result in Commission assessment of a \$5,000 penalty. Operator further understands and agrees that if the subject wells have not had successful MITs performed or have not been plugged by June 30, 2018, then the Commission shall assess Operator an additional \$5,000 penalty, and Staff may be directed by the Commission to plug the wells and assess the costs to Operator.

12. Operator understands and agrees that failure to comply with the provisions of any of the above paragraphs, and the assessment of any penalties or costs under this Agreement, will result in the Commission suspending Operator's license without further notice until compliance is obtained and all outstanding penalties and costs are paid. Operator further understands and agrees that if Operator is found conducting oil and gas operations following suspension of Operator's license, and Operator's license is still suspended, then the Commission shall order all of Operator's oil and gas operations sealed and shall assess an additional \$5,000 penalty.

13. Operator acknowledges that upon any suspension of Operator's license, this matter may be submitted for judicial enforcement or enforcement through the Kansas Attorney General's Office.

14. Staff agrees to recommend to the Commission that this Agreement be approved. Staff further 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.

IV. RESERVATIONS

15. This Settlement Agreement fully resolves the issues specifically addressed between the parties. The terms of this Agreement constitute a fair and reasonable resolution of the issues addressed herein.

16. The terms and provisions of this Agreement have resulted from negotiations between the signatories and are interdependent. In the event the Commission does not approve the terms of the Agreement in total, any party has the option to terminate this Agreement and, if so terminated, none of the signatories hereto shall be bound by, prejudiced, or in any way affected by any of the terms or provisions hereof, unless otherwise provided herein.

17. Unless (and only to the extent) otherwise specified in this Agreement, the signatories to this Agreement shall not be prejudiced, bound by, or affected in any way by the terms of this Agreement: (1) in any future Commission or court proceeding; (2) in any proceeding currently pending before the Commission under a separate docket; and/or (3) in this proceeding, if the Commission decides not to approve this Agreement in total or in any way conditions its approval of the same. This paragraph is not meant to limit future enforcement of this Agreement, should either party fail to fulfill all terms and provisions.

18. Unless (and only to the extent) otherwise specified in this Agreement, this Agreement does not prejudice or waive any party's legal rights, positions, claims, assertions or arguments in any proceedings in this docket, or any other proceeding before the Commission or in any court.

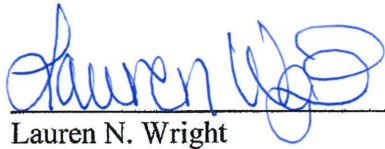
19. If the Commission approves this Agreement in its entirety and incorporates the same into a final order in this docket, the parties agree to be bound by its terms and the Commission's order incorporating its terms as to all issues addressed herein, and will not appeal the Commission's order.

20. This Settlement Agreement shall be binding on all parties upon signing.

IN WITNESS WHERETO, the parties hereby execute and approve this Settlement

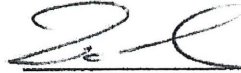
Agreement by subscribing their signatures below.

By:



Lauren N. Wright
Litigation Counsel
Kansas Corporation Commission
266 N. Main, Ste. 220
Wichita, KS 67202

By:

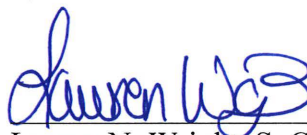


Tom Cain
JTC Oil, Inc.
35790 Plum Creek Road
Osawatomie, Kansas 66064

VERIFICATION

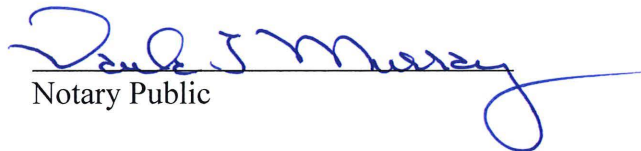
STATE OF KANSAS)
) ss.
COUNTY OF SEDGWICK)

Lauren N. Wright, of lawful age, being duly sworn upon her oath deposes and states that she is Litigation Counsel for the State Corporation Commission of the State of Kansas; that she has read and is familiar with the foregoing *Motion*, and attests that the statements therein are true to the best of her knowledge, information and belief.

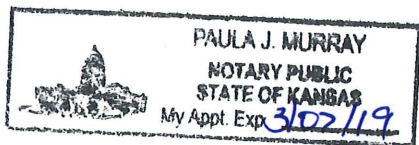


Lauren N. Wright, S. Ct. #27616
Litigation Counsel
State Corporation Commission
of the State of Kansas

SUBSCRIBED AND SWORN to before me this 23 day of APR, 2018.


Notary Public

My Appointment Expires: 3/07/19



CERTIFICATE OF SERVICE

17-CONS-3680-CPEN

I, the undersigned, certify that the true copy of the attached Motion has been served to the following parties by means of electronic service on 4/23/18.

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/S/ Paula Murray

Paula Murray