

**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 Notice of Denial of License) Docket No.: 18-CONS-3002-CMSC
Renewal Application to Petroleum Production)
Corporation.) CONSERVATION DIVISION
)
_____) License No.: 33427

MOTION TO APPROVE SETTLEMENT AGREEMENT

Commission Staff (Staff) of the State Corporation Commission of the State of Kansas
(Commission) files this Motion to Approve Settlement Agreement. In support of its Motion,
Staff states as follows:

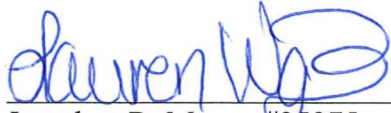
1. On June 12, 2017, Operator filed a license renewal application. On June 19, 2017,
Staff denied Operator's license renewal application due to an association between Operator and
Klondike Investments, Inc. License #4665, which has unplugged wells on its expired, suspended
license. On July 5, 2017, Operator timely requested a hearing.

2. On July 25, 2017, the Commission issued an order setting a prehearing conference
for September 11, 2017. The prehearing conference has been continued several times, with the
most recent having been held February 2, 2018. At the moment, no prehearing conference is
scheduled and no procedural schedule has been issued.

3. Staff and Operator have reached a settlement in this matter. Staff believes the
attached Settlement Agreement constitutes a reasonable resolution of all issues in this docket and
respectfully requests that it be approved.

WHEREFORE, Staff requests this motion be granted.

Respectfully submitted,



Jonathan R. Myers, #25975

Lauren N. Wright, #27616

Litigation Counsel,

Kansas Corporation Commission

266 N. Main, Suite 220, Wichita, Kansas 67202

Phone: 316-337-6200; Fax: 316-337-6211

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Before Commissioners: Shari Feist Albrecht, Chair
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In the Matter of the Notice of Denial of License)	Docket No.: 18-CONS-3002-CMSC
Renewal Application Issued to Petroleum)	
Production Corporation.)	CONSERVATION DIVISION
)	
_____)	License No.: 33427

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 Double Eagle Exploration, 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.

II. BACKGROUND

4. On June 12, 2017, Operator filed a license renewal application.

5. On June 19, 2017, Staff denied Operator's license renewal application due to an association between Operator and Klondike Investments, Inc. License #4665, which has unplugged wells on its expired, suspended license.

6. On July 5, 2017, Operator timely requested a hearing.

7. On July 25, 2017, the Commission issued an order setting a prehearing conference for September 11, 2017. The prehearing conference has been continued several times, with the most recent having been held February 2, 2018. At the moment, no prehearing conference is scheduled and no procedural schedule has been issued.

8. Staff and Operator informally discussed the possibility of a settlement. During the informal discussions, Staff and Operator were able to reach mutually agreeable terms in anticipated settlement of the issues. It was agreed that Staff would subsequently reduce the terms to writing and forward the draft to Operator for approval and signature.

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 and Staff agree that:

- a. Considerable time has passed since Staff denied Operator's license renewal;
- b. Lengthy delays between denial and final resolution of a license renewal can create significant inconveniences to both Staff and Operator in terms of maintaining compliance with Commission regulations not directly affected by licensing;
- c. Under K.A.R. 55-155 licenses, when approved, are only valid for one year;

- d. Under K.A.R. 77-511, where a timely application for renewal has been filed, the existing license does not expire until the state agency has taken final action; and
- e. Operator and Staff appear to each other to be working to resolve the issues underlying Staff's denial in good faith.

11. Based upon the statements in Paragraph 10, both Operator and Staff agree it would be in the best interests of both Operator and the Commission for Operator's license application to be immediately processed.

12. Operator understands and agrees that each annual application for license renewal constitutes a new application which may be either approved or denied based upon Commission statutes and regulations, and that approval of the present application in no way prejudices or waives any party's legal rights, positions, claims, assertions, or arguments in any future proceedings regarding future applications.

13. Staff shall immediately process Operator's license renewal application.

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 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 and without amendment or modification, 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 without amendment or modification 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.

Commission Staff
266 N. Main, Ste. 220
Wichita, Kansas 67202

By: Jon Myers

Printed Name: JON MYERS

Title: LITIGATION COUNSEL

Date: 3/1/18

Petroleum Production Corporation
2 S. Gold Street
Paola, KS 66071

By: Barbara J Green

Printed Name: Barbara J Green

Title: President

Date: 2/21/18

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.

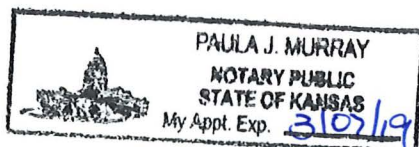


Lauren N. Wright, S. Ct. #27616
Litigation Counsel
State Corporation Commission
of the State of Kansas

SUBSCRIBED AND SWORN to before me this 1 day of Mar, 2018.


Notary Public

My Appointment Expires: 3/07/19



CERTIFICATE OF SERVICE

I certify that on 3/1/18, I caused a complete and accurate copy of this Motion to be served electronically to the following:

Keith A. Brock
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PO Box 17
Ottawa, KS 66067
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Attorneys for Petroleum Production Corporation

Lauren N. Wright, Litigation Counsel
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/s/ Paula J. Murray
Paula J. Murray
Legal Assistant
Kansas Corporation Commission