

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

In the matter of the failure of Millennium Oil & Gas, Inc. ("Operator") to comply with K.A.R. 82-3-111 at the Sybrant #1, Simons #1, Simons #2-A, Barnett #1 and Barnett #2-A in Cowley County, Kansas.)	Docket No.: 19-CONS-3233-CPEN
)	CONSERVATION DIVISION
)	License No.: 32563

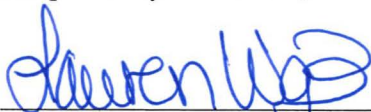
MOTION TO APPROVE SETTLEMENT AGREEMENT

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 January 17, 2019, the Commission issued a Penalty Order against Operator for five violations of K.A.R. 82-3-111 finding that the subject wells had been inactive in excess of the time allowed by regulation without being plugged, returned to service, or approved for TA status. The Penalty Order assessed a \$500 penalty.
2. On February 20, 2019, the Operator timely filed a request for hearing.
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,



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

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

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

In the matter of the failure of Millennium Oil)	Docket No.: 19-CONS-3233-CPEN
& Gas, Inc. ("Operator") to comply with)	
K.A.R. 82-3-111 at the Sybrant #1, Simons)	CONSERVATION DIVISION
#1, Simons #2-A, Barnett #1 and Barnett)	
<u>#2-A in Cowley County, Kansas.</u>)	License No.: 32563

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 Millennium Oil & Gas, Inc. ("Operator") (License #32563). Its effective date will be the date the Commission enters an order approving or amending the terms of the Agreement.

A. Background

1. On January 17, 2019, the Commission issued a Penalty Order against the Operator for five violations of K.A.R. 82-3-111 because the subject wells have been inactive in excess of the time allowed by regulation without being plugged returned to service, or approved for TA status. The Penalty Order assessed a \$500.00 penalty.

2. On February 20, 2019, the Operator timely filed a request for hearing.

3. To avoid potential litigation costs and to foster administrative efficiency, the Operator and Staff have agreed to a reduction in the fine and to enter into a compliance agreement that includes a payment plan.

B. Terms of Compliance Agreement

4. 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.

5. Of the \$500.00 owed in this docket, the Operator shall pay a total of \$300.00 in monthly installments. The Operator shall pay \$100 by April 30, 2019; \$100 by May 31, 2019; and the remaining \$100 by June 30, 2019.

6. By July 1, 2019, Operator shall plug, return to service, or repair and obtain temporary abandonment status for one (1) of the subject wells. Operator shall plug, return to service, or repair and obtain temporary abandonment status for an additional one (1) subject well within each three calendar months thereafter, resulting in all subject wells being returned to compliance by October 1, 2019. Staff may prioritize the order in which the subject wells are addressed pursuant to this Agreement by indicating priority on the attached list and may adjust the prioritization at any time during this Agreement should a subject well or wells become known to Staff to be a pollution or public safety threat. Operator shall notify Staff in writing of all subject wells returned to service during each three calendar month period throughout the term of this Agreement.

7. Upon good cause shown, the Operator may receive an extension of the time to achieve compliance for up to 30 days from an applicable deadline pursuant to this Agreement so that the Operator may plug, return to service, or repair and TA the well or wells that was or were the subject of the applicable deadline. If the Operator seeks a time extension for any deadline under this Agreement, the Operator shall request such an extension at least seven days prior to the applicable deadline. Staff will file a status update in the docket created for this matter containing

the District Supervisor's recommendation to approve or deny the extension and place an order requesting Commission approval of the terms of the status update on the next available Consent Agenda for Commission consideration and possible approval. If Operator is denied a requested extension by the Commission or otherwise remains out of compliance with this Agreement for any other reason, Staff shall immediately send a Notice of Non-Compliance and License Suspension to Operator, which shall suspend the Operator's license and become effective 10 days from the date of the Notice of Non-Compliance and License Suspension. The Operator's license shall remain suspended until well plugging or repair is resumed in accordance with the compliance schedule contained in the Status Update. If Staff finds that the Operator is conducting oil and gas operations after 10 days from the date of a Notice of Non-Compliance and License Suspension, and Operator's license remains suspended, Staff is authorized to seal all of Operator's oil and gas operations.

8. This Agreement, in its entirety, may be transferable between operators only by an Order of the Commission approving the transfer. Staff will file a status update in the docket created for this matter containing a recommendation regarding any proposed transfer between operators and will place an order regarding the transfer on the next available Consent Agenda for Commission consideration and possible approval. If the Operator intends to transfer any of the subject wells to another Operator, but does not intend to transfer this Agreement in its entirety, such subject wells must be returned to compliance pursuant to Commission, rules, regulations, or orders before Staff will process the transfer.

9. Except as provided by and under this Agreement, Staff will not pursue Operator for any violation of K.A.R. 82-3-111 for the subject wells that occurred or occurs prior to October 1, 2019, except for wells brought into compliance after Commission approval of this Agreement that

subsequently fall out of compliance and remain the Operator's responsibility under the Operator's license.

10. This Agreement may be amended to add additional wells with the written consent of the District Supervisor. If this Agreement is amended, then Staff shall file a status update in the Commission docket created for this matter, also indicating that Operator is not opposed to the addition of the wells. The addition of wells may not change the number of wells to be brought into compliance each calendar quarter, but may extend the final compliance deadline. Any changes to a previously approved timeline will be included in the status update. Staff will place an order approving the addition of wells and extending the final compliance deadline on the next available Consent Agenda for Commission consideration and possible approval.

11. Operator may bring more than one well into compliance during any three calendar month term. The excess number of wells brought into compliance will be attributed to a future three-month compliance period.

12. After this Agreement has been in effect for two years, Staff may reopen negotiation with Operator about the terms of this Agreement at any time, upon giving Operator written notice of Staff's intent to do so. If Staff and Operator are unable to agree to new terms, and to submit those terms to the Commission for its consideration and possible approval within 90 days of Staff's written notice, then this Agreement shall be terminated upon Staff's filing a statement to that effect in the Commission docket for this matter.

Commission Staff

By: Lauren Wright

Printed Name: Lauren Wright

Title: Litigation Counsel

Date: 4/2/19

Millennium Oil & Gas, Inc.

By: Robert W Bowers

Printed Name: Robert W Bowers

Title: President

Date: 3-28-19

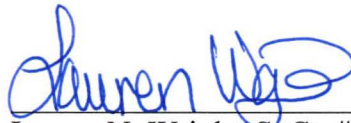
WELLS SUBJECT TO COMPLIANCE AGREEMENT

1. Sybrant #1, API #15-035-22233-00-01 and
2. Simons #1, API #15-035-24124-00-00.

VERIFICATION

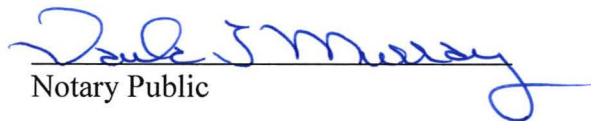
STATE OF KANSAS)
) ss.
COUNTY OF SEDGWICK)

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.



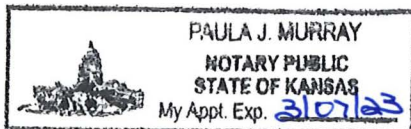
Lauren N. Wright, S. Ct. #27616
Litigation Counsel
State Corporation Commission
of the State of Kansas

SUBSCRIBED AND SWORN to before me this 2 day of APR, 2019.



Notary Public

My Appointment Expires: 3/07/23



CERTIFICATE OF SERVICE

19-CONS-3233-CPEN

I, the undersigned, certify that the true copy of the attached Motion to Approve Settlement Agreement has been served to the following parties by means of first class mail and electronic service on April 2, 2019.

ROBERT W. BOWERS
MILLENNIUM OIL & GAS, INC.
PO BOX 70
DEXTER, KS 67038

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/S/ Paula J. Murray

Paula J. Murray