

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

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

In the Matter of the Failure of Tom & Stacey ) Docket No. 17-CONS-3390-CPEN  
Theis dba South Central Oil and Gas ("Operator") ) CONSERVATION DIVISION  
to Comply with K.A.R. 82-3-120. ) License No. 34031

**ORDER APPROVING SETTLEMENT AGREEMENT**

This matter comes before the State Corporation Commission of the State of Kansas (Commission). Having examined its files and records, and being fully advised in the premises, the Commission finds and concludes as follows:

1. On December 1, 2016, the Commission issued a Penalty Order against Operator alleging one violation of K.A.R. 82-3-120 due to an unplugged well(s) remaining on Operator's expired license and assessed a \$500 penalty for said violation.<sup>1</sup>
2. On December 14, 2016, Stacey Theis, Operator, filed a Request for Hearing.
3. On January 13, 2017, the Commission designated a Prehearing Officer and set the matter for Prehearing Conference.
4. On February 17, 2017, pursuant to the Parties' agreement at the Prehearing Conference, the Prehearing Officer set the matter for Hearing on April 20, 2017 and set the other various deadlines in accordance therewith.<sup>2</sup>
5. On March 24, 2017, Commission Staff (Staff) filed a Motion to Reschedule Evidentiary Hearing and Adjust Testimony Deadlines.
6. On March 28, 2017, the Prehearing Officer granted Staff's motion.

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<sup>1</sup> Penalty Order, p. 2, Dec. 1, 2016.

<sup>2</sup> Prehearing Officer Order Setting Procedural Schedule, Feb. 17, 2017.

7. On April 11, 2017, Staff filed a Motion to Approve Settlement Agreement and attached the Settlement Agreement (SA). The SA indicates that the Operator has renewed its license and agrees to one violation of K.A.R. 82-3-120 to be penalized at \$250.<sup>3</sup>

8. Kansas law favors compromising and settling disputes when the agreement is entered intelligently, and in good faith.<sup>4</sup> The Commission finds that the SA provides a fair and efficient resolution of the matter.

9. Pursuant to the SA, The Operator is hereby on notice that failure to comply with the SA may result in Operator's license being suspended.

**THEREFORE, THE COMMISSION ORDERS:**

A. The Motion to Approve Settlement Agreement is granted and the Settlement Agreement is approved.

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 and must state the specific grounds upon which relief is requested.<sup>5</sup> 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 parties for the purpose of entering such further orders as it deems necessary.

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<sup>3</sup> Motion to Approve Settlement Agreement, ¶ 2, Apr. 11, 2017.

<sup>4</sup> *Bright v. LSI Corp.*, 254 Kan. 853, 858 (1994).

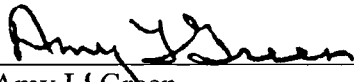
<sup>5</sup> K.S.A. 66-118b; K.S.A. 77-529(a)(1).

**BY THE COMMISSION IT IS SO ORDERED.**

Apple, Chairman; Albrecht, Commissioner; Emler, Commissioner

Dated: APR 18 2017

Mailed Date: April 18, 2017

  
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Amy L. Green  
Secretary to the Commission

DLK/sc

## SETTLEMENT AGREEMENT

This Agreement is between Tom & Stacey Theis ("Operator") (License #34031) and Commission Staff ("Staff"). If the Commission does not approve this Agreement by a signed Order, then this Agreement shall not be binding on either party. This Agreement shall settle the proceedings in Commission Docket Number 17-CONS-3390-CPEN.

### A. Background

1. On December 1, 2016, the Commission issued a Penalty Order against Operator, finding one violation of K.A.R. 82-3-120, assessing a \$500 penalty, and directing Operator, within 30 days, to renew its license, transfer the wells on its license, or plug the wells on its license. Operator filed a timely appeal and has renewed its license. Both Staff and Operator wish to settle this matter instead of incurring the expense of litigation.

### B. Terms of Settlement

2. Operator admits to one violation of K.A.R. 82-3-120, but instead of \$500, Operator shall pay \$250 in this docket, which shall be due by March 31, 2017.

3. If Operator fails to comply with the deadline in Paragraph 2, then Staff shall suspend Operator's license until compliance is obtained. 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 the 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.

4. Operator agrees to waive its right to appeal the Commission's Order approving this Agreement, any penalties assessed under this Agreement, and any suspension of Operator's license implemented by Staff due to Operator's failure to comply with this Agreement.

Commission Staff

By:

Joshua D. Wright

Printed Name:

Joshua D. Wright

Title:

Litigation Counsel

Date:

4-10-17

Tom & Stacey Theis

By:

Stacey Theis

Printed Name:

Stacey Theis

Title:

Operator

Date:

4-7-2017

**CERTIFICATE OF SERVICE**

I certify that on 4/18/17, 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:

Tom & Stacey Theis dba South Central Oil and Gas  
84A SW 20<sup>th</sup> Street  
Kingman, KS 67068

and delivered by e-mail to:

Joshua Wright, Litigation Counsel  
KCC Central Office

Dustin L. Kirk, Deputy General Counsel  
KCC Topeka Office

/s/ Paula J. Murray  
Paula J. Murray  
Legal Assistant  
Kansas Corporation Commission