

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

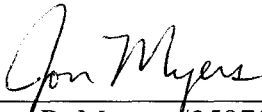
Before Commissioners: Jay Scott Emler, Chairman
Shari Feist Albrecht
Pat Apple

In the matter the failure of Kansas Resource)	Docket No.: 17-CONS-3042-CPEN
Exploration & Development, LLC)	
("Operator") to comply with K.A.R. 82-3-)	CONSERVATION DIVISION
407 at the Joeckel #CW 8 in Miami County,)	
Kansas.)	License No.: 34592

MOTION TO APPROVE SETTLEMENT AGREEMENT

Commission Staff moves for the Commission to adopt and approve the attached Settlement Agreement, which has been signed by both parties. Staff believes the Agreement represents an appropriate manner of resolving the issues described therein.

Respectfully submitted,



Jonathan R. Myers, #25975
Litigation Counsel
Kansas Corporation Commission
266 N. Main, Suite 220
Wichita, Kansas 67202
Phone: 316-337-6200; Fax: 316-337-6211

SETTLEMENT AGREEMENT

This Agreement is between Kansas Resource Exploration & Development, LLC (“Operator”) (License #34592) 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-3042-CPEN.

A. Background

1. The August 25, 2016, Penalty Order in this docket required Operator to pay \$1,000 for one violation of K.A.R. 82-3-407, and to either perform a successful mechanical integrity test on the Joeckel #CW 8 well or plug it. Operator filed a timely appeal.

2. Staff and Operator wish to settle this matter to avoid the need for further litigation. Operator has described a possible misunderstanding of some verbal communication it had with Staff regarding avoiding a penalty recommendation, and Operator plugged the Joeckel #CW 8 four days after the Penalty Order was issued.

B. Terms of Settlement

3. Instead of paying \$1,000, Operator shall pay \$500 in this docket, which shall be due within 30 days from the date this Agreement is approved by an Order of the Commission.

4. If Operator fails to comply with the payment deadline, 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.

5. 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 due to Operator's failure to comply with this Agreement.

Commission Staff

By: Jon Myers

Printed Name: JON MYERS

Title: LITIGATION COUNSEL

Date: 9/22/16

Kansas Res. Exploration & Dev., LLC

By: Kansas Resource Development company
its Manager

By: George L. Shuck

Printed Name: George L. Shuck

Title: Chief Financial Officer

Date: 9/21/16

CERTIFICATE OF SERVICE

I certify that on 9/22/16, I caused a complete and accurate copy of this Motion to be served via United States mail, with the postage prepaid and properly addressed to the following:

Keith A. Brock
Anderson & Byrd, LLP
216 S. Hickory
P.O. Box 17
Ottawa, Kansas 66067
Attorney for Kansas Resource Exploration & Development, LLC

And delivered by email to:

John McCannon & John Almond & Rene Stucky
KCC Conservation Division



Paula Murray
Legal Assistant
Kansas Corporation Commission