

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

In the matter of the failure of Yellow Rose) Docket No.: 25-CONS-3249-CPEN
Operating Co., LLC (Operator) to comply with)
K.A.R. 82-3-407 at five wells in Labette) CONSERVATION DIVISION
County, Kansas.)
_____) License No.: 36119

In the matter of the failure of Yellow Rose) Docket No.: 25-CONS-3376-CPEN
Operating Co., LLC (Operator) to comply with)
K.A.R. 82-3-407 at the Spradling #31 B and) CONSERVATION DIVISION
Spradling #52 wells in Labette County,)
Kansas. _____) License No.: 36119

MOTION TO APPROVE SETTLEMENT AGREEMENT

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

1. On February 6, 2025, the Commission issued a Penalty Order against Operator in Docket 25-CONS-3249-CPEN (Docket 25-3249) for five violations of K.A.R. 82-3-407. The Commission found that Operator failed to conduct current and successful mechanical integrity tests (MITs) on five wells in Labette County, Kansas. On May 20, 2025, the Commission issued a Penalty Order against Operator in Docket 25-CONS-3376-CPEN (Docket 25-3376) for two violations of K.A.R. 82-3-407. The Commission found that Operator failed to conduct current and successful MITs on two wells in Labette County, Kansas.

2. On June 26, 2025, the Presiding Officer issued an order consolidating Dockets 25-3249 and 25-3376.

3. Staff and Operator discussed resolution of the underlying issues in this docket, and reached a settlement in this matter. The Settlement Agreement (Agreement) has been reduced to writing and is attached hereto as **Attachment A**.

4. As Operator has performed successful MITs on all the wells at issue in the consolidated dockets, the Agreement requires Operator to pay a reduced penalty of \$6,000, which shall be due thirty days after the Agreement has been approved by the Commission. Failure to meet the deadline as described in the Agreement shall result in the immediate suspension of Operator's license. The license shall remain suspended until Operator has paid the penalty. Staff believes the Agreement constitutes a reasonable resolution of all the issues in this docket. Further, the Agreement will allow Staff and Operator to avoid potential litigation costs, and thus foster administrative efficiency.

WHEREFORE, Staff respectfully requests the Commission grant this motion, thereby approving the Settlement Agreement attached hereto as Attachment A.

Respectfully Submitted,

/s/Tristan Kimbrell
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Kansas Corporation Commission
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Spradling #52 wells in Labette County,)	
Kansas.)	License No.: 36119

SETTLEMENT AGREEMENT

This Settlement Agreement (Agreement) is entered into by and between the Staff of the State Corporation Commission of the State of Kansas (Staff and Commission, respectively) and Operator (collectively referred to herein as the Parties). If the Commission does not approve this Agreement by a signed order, then this Agreement shall not be binding on either party. The effective date of this Agreement will be the date the Commission enters an order approving or amending the terms of the Agreement.

I. BACKGROUND

1. On February 6, 2025, the Commission issued a Penalty Order against Operator in Docket 25-CONS-3249-CPEN (Docket 25-3249) for five violations of K.A.R. 82-3-407. The Commission found that Operator failed to conduct current and successful mechanical integrity tests (MITs) on five wells in Labette County, Kansas. The Penalty Order assessed a \$5,000 penalty and ordered Operator to perform successful MITs on the wells or plug the wells. Operator timely filed a request for hearing in the docket on February 20, 2025.

2. On May 20, 2025, the Commission issued a Penalty Order against Operator in Docket 25-CONS-3376-CPEN (Docket 25-3376) for two violations of K.A.R. 82-3-407. The Commission found that Operator failed to conduct current and successful MITs on two wells in Labette County, Kansas. The Penalty Order assessed a \$2,000 penalty and ordered Operator to perform successful MITs on the wells or plug the wells. Operator timely filed a request for hearing in the docket on June 18, 2025.

3. On June 26, 2025, the Presiding Officer issued an order consolidating Dockets 25-3249 and 25-3376.¹

4. Subsequent to the issuance of the Penalty Orders, Operator performed successful MITs on the seven wells at issue in the consolidated dockets.

5. The Parties discussed resolution of the remaining issues in the consolidated dockets, and reached a settlement in this matter. As part of the settlement, Staff agreed to reduce the terms to writing and submit the same for Commission approval. The terms of the settlement are set forth below.

II. TERMS OF THE SETTLEMENT AGREEMENT

6. 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 terms as set forth below.

7. Operator stipulates that it committed six violations of K.A.R. 82-3-407.

8. Confusion existed as to the location of one well, the Spradling #31 B, at issue in the Penalty Order in Docket 25-3376. As Operator performed successful MITs on all seven wells,

¹ *Presiding Officer Order Consolidating Dockets and Regarding Electronic Service* (Jun. 26, 2025).

including the Spradling #31 B, the Parties agree to seek Commission approval to reduce the penalty amount in the consolidated dockets to \$6,000.

9. Operator agrees to pay a reduced penalty of \$6,000, which shall be due thirty days after this Agreement has been approved by the Commission.

10. Staff 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 these consolidated dockets.

11. Failure to pay the penalty by the deadline will result in suspension of Operator's license. Operator agrees and understands that if its license is suspended for the failure to meet the above deadline, the license shall remain suspended until the penalty has been paid in full.

12. 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.


IN WITNESS WHERETO, the Parties hereby execute and approve this Settlement Agreement by subscribing their signatures below.

Commission Staff

/s/Tristan Kimbrell

Tristan Kimbrell, #27720
Litigation Counsel
Kansas Corporation Commission
266 N. Main St., Ste. 220
Wichita, KS 67202
t.kimbrell@kcc.ks.gov

Yellow Rose Operating Co., LLC

Signature: 

Printed Name: CHESTER J. JACHIMIER

Title: PRESIDENT

Date: 9/23/2025

CERTIFICATE OF SERVICE

25-CONS-3249-CPEN

I, the undersigned, certify that a true and correct copy of the attached Motion has been served to the following by means of electronic service on September 25, 2025.

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/s/ Sara Graves

Sara Graves