

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

In the matter of the failure of Ace Energy, LLC.) Docket No.: 18-CONS-3339-CPEN
("Operator") to comply with K.A.R. 82-3-120(f).)
) CONSERVATION DIVISION
)
) License No.: 34998

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:

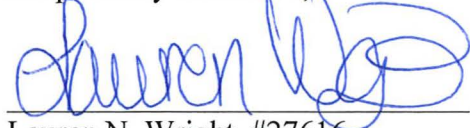
1. On March 13, 2018, the Commission issued a Penalty Order against Operator for one violation of K.A.R. 82-3-120(f) finding that the Operator falsified their well inventory by changing the well status of twenty-five abandoned wells to producing wells. The Penalty Order assessed a \$5,000 penalty.

2. 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.

3. In the event that the Commission that is not inclined to approve the attached Settlement Agreement, Staff would ask that the procedural schedule be amended to allow the Parties time to file Pre-filed Testimony.

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

5. Pursuant to K.A.R. 82-3-120(f) falsification of a well inventory shall be punishable by a penalty of up to \$5,000 and possible suspension of the operator's license.

II. BACKGROUND

6. On March 13, 2018, the Commission issued a Penalty Order against Operator for one violation of K.A.R. 82-3-120(f) finding that the Operator falsified their well inventory by changing the well status of twenty-five abandoned wells to producing wells. The Penalty Order assessed a \$5,000 penalty.

7. On March 28, 2018, the Operator timely filed a request for hearing.

8. On April 26, 2018, the Commission issued an *Order Designating Prehearing Officer and Setting Prehearing Conference*, setting a prehearing conference for May 15, 2018.

9. On May 15, 2018, the Prehearing Conference convened and the Parties agreed to a procedural schedule that established June 26, 2018 as the settlement deadline.

10. To avoid potential litigation costs and to foster administrative efficiency, Operator and Staff have agreed to the following payment plan.

III. TERMS OF THE SETTLEMENT AGREEMENT

11. 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.

12. Of the \$5,000 owed in this docket, Operator shall pay \$500 by September 30, 2018; \$500 by October 31, 2018; \$500 by November 30, 2018; \$500 by December 31, 2018; \$500 by January 31, 2019; \$500 by February 28, 2019; \$500 by March 31, 2019; \$500 by April 30, 2019; \$500 by May 31, 2019; and the remaining \$500 by June 30, 2019.

13. Operator understands and agrees that failure to comply with the provisions of any of the above paragraphs will result in the Commission suspending Operator's license without further notice until all past-due payments are paid. Operator further understands and agrees that if Operator is found conducting oil and gas operations following suspension of Operator's license, and Operator's license is still suspended, then the Commission shall order all of Operator's oil and gas operations sealed and shall assess an additional \$5,000 penalty.

14. Operator acknowledges that upon any suspension of Operator's license, this matter may be submitted for judicial enforcement or enforcement through the Kansas Attorney General's Office.

15. 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

16. This Settlement Agreement fully resolves the issues specifically addressed between the parties. The terms of this Agreement constitute a fair and reasonable resolution of the issues addressed herein.

17. 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, 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.

18. 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 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.

19. 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.

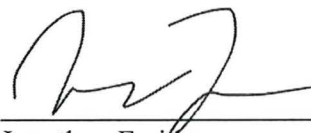
20. If the Commission approves this Agreement in its entirety and incorporates the same into a final order in this docket, the parties agree to be bound by its terms and the Commission's order incorporating its terms as to all issues addressed herein, and will not appeal the Commission's order.

21. 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.

By: 

Lauren N. Wright
Litigation Counsel
Kansas Corporation Commission
266 N. Main, Ste. 220
Wichita, KS 67202

By: 

Jonathan Freiden
Ace Energy LLC
11704 Aberdeen Road
Leawood, KS 66211

VERIFICATION

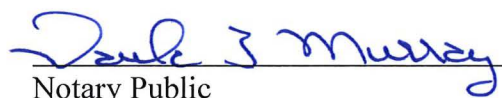
STATE OF KANSAS)
) ss.
COUNTY OF SEDGWICK)

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.



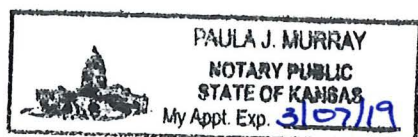
Lauren N. Wright, S. Ct. #27616
Litigation Counsel
State Corporation Commission
of the State of Kansas

SUBSCRIBED AND SWORN to before me this 22 day of June, 2018.



Notary Public

My Appointment Expires: 3/07/19



CERTIFICATE OF SERVICE

18-CONS-3339-CPEN

I, the undersigned, certify that the true copy of the attached Motion has been served to the following parties by means of electronic service on June 22, 2018.

BLAKE HUDSON
HUDSON LAW, LLC
P.O. Box 866
FORT SCOTT, KS 66701
blake@hudsonmullies.com

DUSTIN KIRK, DEPUTY GENERAL COUNSEL
KANSAS CORPORATION COMMISSION 1500
SW ARROWHEAD RD
TOPEKA, KS 66604
Fax: 785-271-3354
d.kirk@kcc.ks.gov

LAUREN WRIGHT, LITIGATION COUNSEL
KANSAS CORPORATION COMMISSION
Conservation Division
266 N. Main St. Ste. 220
WICHITA, KS 67202-1513
Fax: 316-337-6211
l.wright@kcc.ks.gov

/S/ Paula J. Murray

Paula J. Murray