

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

In the matter of a Compliance Agreement) Docket No.: 20-CONS-3208-CMSC
between E & B Natural Resources Management)
Corp. (Operator) and Commission Staff) CONSERVATION DIVISION
regarding bringing 62 wells into compliance)
with K.A.R. 82-3-111.) License No.: 34405

MOTION TO APPROVE AMENDED COMPLIANCE AGREEMENT

Staff of the Kansas Corporation Commission (Staff and Commission, respectively), moves the Commission to approve the amended compliance agreement in this docket. In support of its motion, Staff states the following:

1. On February 6, 2020, the Commission issued an *Order Approving Compliance Agreement*, wherein, Operator and Commission Staff executed a Compliance Agreement (Agreement) which required Operator to bring 62 wells into compliance with K.A.R. 82-3-111 at a rate of two wells per quarter with the first quarterly deadline being March 31, 2020. This would result in all of the wells being returned to compliance by September 30, 2027.

2. On October 30, 2020, Commission Staff filed a Status Update to Compliance Agreement adding one well to the Agreement. The final deadline was also extended to December 31, 2027.

3. To date, Operator has returned 32 wells to compliance with K.A.R. 82-3-111. Operator's license has been suspended once for non-compliance with the Agreement, but Operator has successfully met each quarterly objective up to the point Operator and Staff agreed to terms of an amended compliance agreement.

4. Paragraph 9 of the Agreement states that after the Agreement has been in effect for two years, Staff may re-open negotiation with Operator about the terms of this agreement at any time, upon giving Operator written notice of Staff's intent to do so.

5. Based on that provision, Staff and Operator re-opened negotiations about the terms of the agreement and have executed an Amended Compliance Agreement (Amended Agreement), which is attached hereto as **Attachment A**. The Amended Agreement requires Operator to bring the remaining 31 wells into compliance with K.A.R. 82-3-111 at a rate of two wells per quarter with the first quarterly deadline being June 30, 2024. This would result in all of the wells being brought into compliance by March 31, 2028.

6. The Amended Agreement is beneficial to Operator and Commission Staff. The Amended Agreement is an updated version of the Agreement initially signed by Operator and District Staff. Additionally, Operator has filed Request for Change of Operator (T-1) Forms transferring wells on its license and under the agreement to another operator, Independence Energy, LLC, License No. 36066. The Amended Agreement includes language in paragraph 4 that will facilitate the transfer of these wells. Further, the quarterly objectives in the Amended Agreement remain the same as the objectives in the Agreement.

WHEREFORE, for the reasons set forth above, Staff requests the Commission approve the Amended Agreement in this docket. The Amended Agreement is an updated version of the Compliance Agreement initially signed in 2020, and Staff believes it provides a fair and efficient resolution of the issues described therein.

Respectfully submitted,

/s/ Kelcey A. Marsh
Kelcey A. Marsh, #28300
Litigation Counsel | Kansas Corporation Commission
266 N. Main, Suite 220 | Wichita, Kansas 67202
Phone: 316-337-6200 | Email: k.marsh@kcc.ks.gov

COMPLIANCE AGREEMENT

This Agreement is between E & B Natural Resources Management Corporation (Operator) (License #34405) and Kansas Corporation Commission Staff (Staff). If the Kansas Corporation Commission (Commission) does not approve this Agreement by a signed order of the Commission, this Agreement shall not be binding on either party.

A. Background

1. Operator is responsible for the 31 wells (Subject Wells) on the attached list. All of the Subject Wells are out of compliance with K.A.R. 82-3-111. Operator has asked for an agreement to avoid penalties while Operator works to plug the Subject Wells, return them to service, or repair and obtain temporary abandonment (TA) status for such Subject Wells if eligible. Staff is supportive of an agreement to this effect with the Operator.

B. Terms of Compliance Agreement

2. By June 30, 2024, Operator shall plug, return to service, or repair and obtain TA status for 2 of the Subject Wells. Operator shall plug, return to service, or repair and obtain TA status for an additional 2 Subject Wells within each three calendar months thereafter, resulting in all Subject Wells being returned to compliance by 3/31/2028. Obtaining TA status shall include application for, and Commission approval of, an exception to the 10-year limit on TA status if applicable. 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 have a heightened 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.
3. Operator may request an extension of time to achieve compliance for up to 30 days from an applicable deadline established under this Agreement upon good cause shown. Staff will grant or deny such request. If granted, Staff shall cause a status update to be filed in the docket created for this matter, stating what deadline has been extended. No further extensions of the extended deadline are permitted. If denied, and Operator is out of compliance with this Agreement, or if Operator is out of compliance with this Agreement for any reason, Staff shall immediately send a Notice of License Suspension to Operator, which shall suspend the Operator's license and become effective 10 days from the date of the Notice of License Suspension. Operator's license shall remain suspended until Operator is in compliance with the compliance schedule, including any modifications contained in any status update. If Staff finds that Operator is conducting oil and gas operations after 10 days from the date of a Notice of License Suspension, and Operator's license remains suspended, Staff is authorized to seal all of Operator's oil and gas operations and may seek assessment of a penalty from the Commission.
4. The terms of this Agreement shall remain binding upon Operator even if its interests in the Subject Wells are conveyed. Specifically, Operator shall remain responsible for any Subject Well transferred to another operator which has not been returned to compliance in accordance with this Agreement. However, any Subject Well transferred and then brought into compliance with K.A.R. 82-3-111 shall no longer be the responsibility of

Operator under this Agreement, and shall count towards Operator meeting its compliance obligations under this Agreement.

5. 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 prior to 391/2028, except for wells brought into compliance after Commission approval of this Agreement that subsequently fall out of compliance and remain Operator's responsibility under Operator's license.
6. 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.
7. Operator may bring more than 2 wells into compliance during any three calendar month term. The excess number of wells brought into compliance will be attributed to the subsequent three-month compliance period.
8. 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 within 90 days of Staff's written notice, to the Commission for its consideration and possible approval, 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: 

Printed Name: Troy A. Russell

Title: District #3 Supervisor, P.G.

Date: 3/29/2024

Operator & License # 34405

By: 

Printed Name: Gary Richardson
Secretary

Title: _____

Date: 3/13/2024

EB Natural Resource_KCC_20-CONS-3208-CMSC_Wells Remaining on Agreement

Count	Well Name	API#	Spot	Sec	Twp	Rng	Type	DATE OF COMPLIANCE	COMPLIANCE ACHIEVED	Wells Due Per Quarter
MONTGOMERY										
BARSCH	12-30	15-125-02320-00-00	SESESESE	12	31	16	OIL			2
BARSCH	12-31	15-125-02321-00-00	SWNWESE	12	31	16	OIL			2
BARSCH	12-32	15-125-02322-00-00	NENWNESE	12	31	16	OIL			2
BARSCH	KCDB 1	15-125-28444-00-00	NESESESE	12	31	16	WSW			2
BARSCH	KCDB 10	15-125-28762-00-00	NWNWESE	12	31	16	OIL			2
BARSCH	KCDB 14	15-125-28892-00-00	NESWNESE	12	31	16	OIL			2
SHELDON	1	15-125-20370-00-00	NENENESE	13	31	16	OIL			2
SHELDON	10	15-125-20780-00-00	SESWNWSE	13	31	16	OIL			2
SHELDON	11	15-125-20976-00-00	NENWSWSE	13	31	16	OIL			2
SHELDON	13-40	15-125-02329-00-00	NESWSWSE	13	31	16	OIL			2
SHELDON	13-42	15-125-02331-00-00	SENESESW	13	31	16	OIL			2
SHELDON	15	15-125-21070-00-01	SESWSWSE	13	31	16	OIL			2
SHELDON	17	15-125-22250-00-00	NWNWNESE	13	31	16	OIL			2
SHELDON	5	15-125-20523-00-00	NWNWSWS	13	31	16	OIL			2
SHELDON	A	15-125-02328-00-00	NENWESE	13	31	16	OIL			2
WILSON										

Count	Well Name	API#	Spot	Sec	Twp	Rng	Type	DATE OF COMPLIANCE	COMPLIANCE ACHIEVED	Wells Due Per Quarter
BARNETT	KCAB 2	15-205-24564-00-00	NENENWN	1	29	16	OIL			2
BARNETT	KCAB 32	15-205-19756-00-00	NESWSENW	1	29	16	OIL			2
BARNETT	KCAB 33	15-205-19757-00-00	NWSWSEN	1	29	16	OIL			2
ESTES	KCAE 4	15-205-24561-00-00	NWSWNEN	24	29	16	OIL			2
ESTES	KCAE 20	15-205-19752-00-00	SWSWNEN	24	29	16	OIL			2
ESTES	KCAE 21	15-205-19753-00-00	SESENWNW	24	29	16	OIL			2
UMBARGER	C-13	15-205-20183-00-00	NENWNESW	36	28	16	OIL			2
UMBARGER	G-11	15-205-01035-00-00	NESENWSW	36	28	16	OIL			2
UMBARGER	G-15	15-205-01037-00-00	NWSENESW	36	28	16	OIL			2
UMBARGER	I-11	15-205-01033-00-00	SWSWNESW	36	28	16	OIL			2
UMBARGER	I-13	15-205-01034-00-00	SESWNESW	36	28	16	OIL			2
UMBARGER	I-15	15-205-20523-00-00	SESENESW	36	28	16	OIL			2
UMBARGER	I-2	15-205-01030-00-00	SWSWNWS	36	28	16	GAS			2
UMBARGER	I-9	15-205-01032-00-00	SESENWSW	36	28	16	OIL			2
UMBARGER	K-11	15-205-20525-00-00	NWNWSES	36	28	16	OIL			2
UMBARGER	R-13	15-205-20842-00-00	SENWNESW	36	28	16	OIL			2

Count	Well Name	API#	Spot	Sec	Twp	Rng	Type	DATE OF COMPLIANCE	COMPLIANCE ACHIEVED	Wells Due Per Quarter
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Total Wells Remaining On Agreement	31
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CERTIFICATE OF SERVICE

20-CONS-3208-CMSC

I, the undersigned, certify that a true and correct copy of the attached Motion to Approve Amended Compliance Agreement has been served to the following by means of first class mail and electronic service on April 1, 2024.

RYAN DULING
KANSAS CORPORATION COMMISSION
DISTRICT OFFICE NO. 3
137 E. 21ST STREET
CHANUTE, KS 66720
r.duling@kcc.ks.gov

KELCEY MARSH, LITIGATION COUNSEL
KANSAS CORPORATION COMMISSION
CENTRAL OFFICE
266 N. MAIN ST, STE 220
WICHITA, KS 67202-1513
k.marsh@kcc.ks.gov

JONATHAN R. MYERS, ASSISTANT GENERAL COUNSEL
KANSAS CORPORATION COMMISSION
266 N. Main St., Ste. 220
WICHITA, KS 67202-1513
j.myers@kcc.ks.gov

GARY RICHARDSON
E & B NATURAL RESOURCES MANAGEMENT CORP.
2501 280th Ave.
Hays, KS 67601

TROY RUSSELL
KANSAS CORPORATION COMMISSION
DISTRICT OFFICE NO. 3
137 E. 21ST STREET
CHANUTE, KS 66720
t.russell@kcc.ks.gov

/s/ Paula J. Murray

Paula J. Murray