

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

D. The Commission retains jurisdiction over the subject matter and the parties for the purpose of entering such further orders as it may deem necessary.

BY THE COMMISSION IT IS SO ORDERED.

Keen, Chair; Albrecht, Commissioner; Duffy, Commissioner

Dated: 05/23/2019 _____



Lynn M. Retz
Secretary to the Commission

Mailed Date: 05/23/2019 _____

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COMPLIANCE AGREEMENT

This Agreement is between Robert E. Housel (“Operator”) (License #6700) and the Kansas Corporation Commission Staff (“Staff”). If the Kansas Corporation Commission (“Commission”) does not approve this Agreement as evidenced by a signed order of the Commission, this Agreement shall not be binding on either party.

A. Background

1. Operator is responsible for the 30 wells (“the 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 TA status for such subject wells if eligible. Obtaining TA status shall include application for, and Commission approval of, an exception to the 10-year limit on TA status if applicable. Staff is supportive of an agreement to this effect with the Operator.

B. Terms of Compliance Agreement

2. By June 30, 2019, Operator shall plug, return to service, or repair and obtain temporary abandonment status for (3) of the subject wells. Operator shall plug, return to service, or repair and obtain temporary abandonment status for an additional (3) subject wells within each three calendar months thereafter, resulting in all subject wells being returned to compliance by September 30, 2021. 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 be a 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. Upon good cause shown, the Operator may receive an extension of the time to achieve compliance for up to 30 days from an applicable deadline pursuant to this Agreement so that the Operator may plug, return to service, or repair and TA the well or wells that was or were the subject of the applicable deadline. If the Operator seeks a time extension for any deadline under this Agreement, the Operator shall request such an extension at least seven days prior to the applicable deadline. Staff will file a status update in the docket created for this matter containing the District Supervisor’s recommendation to approve or deny the extension and place an order requesting Commission approval of the terms of the status update on the next available Consent Agenda for Commission consideration and possible approval. If Operator is denied a requested

extension by the Commission or otherwise remains out of compliance with this Agreement for any other reason, Staff shall immediately send a Notice of Non-Compliance and License Suspension to Operator, which shall suspend the Operator's license and become effective 10 days from the date of the Notice of Non-Compliance and License Suspension. The Operator's license shall remain suspended until well plugging or repair is resumed in accordance with the compliance schedule contained in the Status Update. If Staff finds that the Operator is conducting oil and gas operations after 10 days from the date of a Notice of Non-Compliance and License Suspension, and Operator's license remains suspended, Staff is authorized to seal all of Operator's oil and gas operations.

4. This Agreement, in its entirety, may be transferable between operators only by an Order of the Commission approving the transfer. Staff will file a status update in the docket created for this matter containing a recommendation regarding any proposed transfer between operators and will place an order regarding the transfer on the next available Consent Agenda for Commission consideration and possible approval. If the Operator intends to transfer any of the subject wells to another Operator, but does not intend to transfer this Agreement in its entirety, such subject wells must be returned to compliance pursuant to Commission, rules, regulations, or orders before Staff will process the transfer.

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 that occurred or occurs prior to September 30, 2021, except for wells brought into compliance after Commission approval of this Agreement that subsequently fall out of compliance and remain the Operator's responsibility under the 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. Staff will place an order approving the addition of wells and extending the final compliance deadline on the next available Consent Agenda for Commission consideration and possible approval.

7. Operator may bring more than 3 wells into compliance during any three calendar month term. The excess number of wells brought into compliance will be attributed to a future three-month compliance period.

8. Three (3) of the subject wells to be brought into compliance hereunder are currently authorized for injection. Upon Commission approval of this Agreement, Staff shall revoke the Operator's injection authorization for such subject wells that are to be plugged. These subject wells are highlighted in yellow on the attached list, and have an "x" marked in the far right column.

9. 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 to the Commission for its consideration and possible approval within 90 days of Staff's written notice, then this Agreement shall be terminated upon Staff's filing a statement to that effect in the Commission docket for this matter.

Commission Staff

Robert E. Housel #6700

By: 

By: 

Printed Name: Trey A. Russell

Printed Name: Robert E. Housel

Title: District Supervisor, P.G.

Title: Licensee

Date: 5/9/2019

Date: 22 Apr 19

Robert E. Housel, KLN 6700- IN Well List

Count	Well Name	API#	FSL	FEL	Spot	Sec	Twp	Rng	Type	Well Status	Wells Due Per Quarter
MONTGOMERY											
COATS 1		15-125-23073-00-01	3053	2319	SWSWNE	3	32	17	EOR	AA_IN	
COATS 10		15-125-28185-00-00	4026	2529	NWSWNE	3	32	17	OIL	AA_IN	
COATS 2		15-125-23074-00-00	3362	2480	SWSWNE	3	32	17	OIL	AA_IN	
COATS 3		15-125-25001-00-00	2841	2574	SWSWNE	3	32	17	OIL	AA_IN	
COATS 4		15-125-25138-00-00	3114	2565	SWSWNE	3	32	17	OIL	AA_IN	
COATS 5		15-125-25003-00-00	2862	2216	SWSWNE	3	32	17	OIL	AA_IN	
COATS 6		15-125-25479-00-00	3684	2547	NWSWNE	3	32	17	OIL	AA_IN	
COATS 7		15-125-28182-00-00	3302	2173	SWSWNE	3	32	17	OIL	AA_IN	
COATS 8		15-125-28183-00-00	3556	2171	NWSWNE	3	32	17	OIL	AA_IN	
COATS 9		15-125-28184-00-00	3893	2162	NWSWNE	3	32	17	OIL	AA_IN	
COATS OW-1		15-125-02609-00-00	5140	1710	NENWNE	3	32	17	OIL	AA_IN	
COATS OW-2		15-125-02610-00-00	5229	2556	NWNWNE	3	32	17	OIL	AA_IN	
DARLING 1		15-125-20430-00-01	5195	4770	NWNWNW	3	32	17	SWD	AA_IN	
DARLING 10		15-125-25336-00-00	2923	3701	SWSENW	3	32	17	OIL	AA_IN	
DARLING 11		15-125-26145-00-00	3647	2905	NESENW	3	32	17	OIL	AA_IN	

Count	Well Name	API#	FSL	FEL	Spot	Sec	Twp	Rng	Type	Well Status	Wells Due Per Quarter
DARLING	12	15-125-26146-00-00	3638	3355	NESENW	3	32	17	OIL	AA_IN	
DARLING	13	15-125-26227-00-00	3049	3122	SESENW	3	32	17	OIL	AA_IN	
DARLING	2	15-125-20431-00-00	4819	4790	NWNWNW	3	32	17	OIL	AA_IN	
DARLING	3	15-125-20432-00-00	4779	5225	NWNWNW	3	32	17	OIL	AA_IN	
DARLING	4	15-125-20433-00-00	4567	4690	SENWNW	3	32	17	OIL	AA_IN	
DARLING	5	15-125-23112-00-00	4330	2830	SEENW	3	32	17	OIL	AA_IN	
DARLING	6	15-125-24365-00-00	2818	2917	SESENW	3	32	17	OIL	AA_IN	
DARLING	7	15-125-24383-00-00	3234	2896	SESENW	3	32	17	OIL	AA_IN	
DARLING	8	15-125-24415-00-00	3240	3325	SESENW	3	32	17	OIL	AA_IN	
DARLING	9	15-125-25335-00-00	2893	3296	SESENW	3	32	17	OIL	AA_IN	
FORMAN	1	15-125-23356-00-00	2450	107	NENESE	9	32	17	OIL	AA_IN	
FORMAN	2	15-125-23562-00-00	2397	418	NENESE	9	32	17	OIL	AA_IN	
FORMAN	3	15-125-23563-00-00	2264	728	NWNESE	9	32	17	OIL	AA_IN	
FORMAN	4	15-125-23564-00-00	2124	74	NENESE	9	32	17	OIL	AA_IN	
FORMAN	5	15-125-23565-00-01	1823	174	SENESE	9	32	17	EOR	AA_IN	
Total Inactive Wells			30								

CERTIFICATE OF SERVICE

19-CONS-3386-CMSC

I, the undersigned, certify that a true copy of the attached Order has been served to the following by means of first class mail and electronic service on 05/23/2019.

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/S/ DeeAnn Shupe

DeeAnn Shupe