

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

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

In the matter of the application of Kiowa Gas)	Docket No.: 16-CONS-4020-CEXC
Company ("Operator") for an exception to the)	
10-year time limitation of K.A.R. 82-3-111 for)	CONSERVATION DIVISION
its Eula May #2-16 well located in the SW/4)	
NE/4 of Section 16, Township 33 South,)	License No.: 33995
<u>Range 22 West, Clark County, Kansas.</u>)	

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,



John McCannon, #08277
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 Kiowa Gas Company (“Operator”) (License #33995) and Commission Staff (“Staff”). If the Commission does not approve this Agreement by a signed order, this Agreement shall not be binding on either party. This Agreement shall settle the proceedings in Commission Docket Number 16-CONS-4020-CEXC

A. Background

1. Operator is responsible for the Eula May 2-16, API #15-025-20936-00-01 (“the subject well”), which is out of compliance with K.A.R. 82-3-111. Operator would like additional time to avoid penalties while Operator works to plug the subject well, return it to service, or obtain temporary abandonment status for it. Staff is supportive of such an agreement.

B. Terms of Compliance Agreement

2. By March 31, 2017, Operator shall plug, return to service, or obtain temporary abandonment status for the subject well. If Operator fails to comply with this deadline, then Operator shall be assessed a \$1,000 penalty and Staff may plug the well and assess the costs to Operator.

3. If Operator fails to comply with the deadline in Paragraph 2, or if penalties or costs are owed, then Staff shall suspend Operator’s license until compliance is obtained and the penalties or costs are paid. 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 a 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 penalty.

4. Operator agrees to waive its right to appeal the Commission’s Order approving this Agreement, any penalties or costs assessed under this Agreement, and any suspension of Operator’s license implemented by Staff due to Operator’s failure to comply with this Agreement. The terms of this Agreement shall remain binding upon Operator even if its interests in the subject well are conveyed.

5. Except as described by this Agreement, Staff will not pursue Operator for any violation of K.A.R. 82-3-111 at the subject well that occurred or occurs prior to March 31, 2017,

except if the well is brought into compliance after Commission approval of this Agreement and again falls out of compliance.

Commission Staff

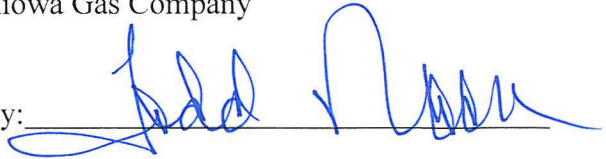
By: 

Printed Name: John McCannon

Title: Litigation Counsel

Date: 10/7/16

Kiowa Gas Company

By: 

Printed Name: Todd Moore

Title: President

Date: 10/4/16

CERTIFICATE OF SERVICE

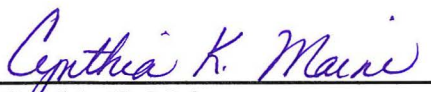
I certify that on 10/7/2016, I caused a complete and accurate copy of this Motion to be served via United States mail, with the postage prepaid and properly addressed to the following:

Todd Moore
Kiowa Gas Company
8150 N. Central Expressway, Suite 750
Dallas, Texas 75206

And delivered by email to:

Jon Myers
Litigation Counsel
KCC Central Office

Scott Alberg
KCC District #1



Cynthia K. Maine
Administrative Assistant
Kansas Corporation Commission