

<sup>1</sup> See Motion to Approve Settlement Agreement ¶ 1, and the Motion's Attachment A ¶ 6 (Settlement Agreement).

4. The law encourages settlement.<sup>2</sup> The Commission finds the Settlement Agreement attached to Staff's November 19, 2021 motion constitutes a fair and reasonable resolution of this proceeding. The Settlement Agreement is attached to and made part of this Order.

**THEREFORE, THE COMMISSION ORDERS:**

A. Staff's November 19, 2021 motion is approved. The Settlement Agreement is approved. Staff is authorized to process Operator's license application.

B. Any party may file and serve a petition for reconsideration pursuant to the requirements and time limits established by K.S.A. 77-529(a)(1).<sup>3</sup>

**BY THE COMMISSION IT IS SO ORDERED.**

French, Chairperson; Keen, Commissioner; Duffy, Commissioner

Dated: 12/07/2021



Lynn M. Retz  
Executive Director

Mailed Date: 12/07/2021

JRM

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<sup>2</sup> *Bright v. LSI Corp.*, 254 Kan. 853, 858 (1994).

<sup>3</sup> K.S.A. 55-162; K.S.A. 55-606; K.S.A. 55-707; K.S.A. 77-503(c); K.S.A. 77-531(b).

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

In the matter of the application of EB ) Docket No.: 22-CONS-3135-CMSC  
Consulting and Production, LLC for an )  
Operator's License. ) CONSERVATION DIVISION  
)  
\_\_\_\_\_ ) License No.: N/A

**SETTLEMENT AGREEMENT**

This Settlement Agreement (Agreement) is entered into by and between the Staff of the Corporation Commission of the State of Kansas (Staff and Commission, respectively) and EB Consulting and Production, LLC (Applicant) (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 July 8, 2021, Applicant submitted a KCC License Application to become a licensed operator in the state of Kansas. Upon review, Commission Licensing Staff noted Applicant was associated with entities that are currently suspended for non-compliance with Commission Orders. Specifically, there appeared to be a conflict between Applicant and Heat Can, license #30293; Heat Can Oil, LLC, license #33119; Fairbanks Enterprises, license #32225; and M H Oil & Gas, license #30143. Further, four wells fall within the area of review of the McCoy E #WW1, API #15-133-01597, injection well which is listed on the M H Oil & Gas license. Among the four entities, there are 50 wells that are not in compliance with Commission regulations.

2. Additionally, Applicant has purchased all of the leases from Dan Millar, dba DM Well Service, license #30256. Among this entity are seven wells that are not in compliance with Commission regulations.

3. On July 13, 2021, Commission Legal Staff sent a letter to Applicant stating it could not approve Applicant's application due to its association with entities that are not in compliance with Commission statutes, regulations, and orders. The letter gave Applicant a deadline of August 13, 2021, to resolve the compliance issues in order to prevent its license application from being denied.

4. On September 16, 2021, Commission Staff filed a motion for the designation of a presiding officer and the scheduling of a prehearing conference. On September 23, 2021, the Commission issued an Order Designating Presiding Officer and Setting Prehearing Conference, which set a prehearing conference for October 7, 2021. Subsequent to the prehearing conference, the Parties discussed resolution of the underlying issues in this docket, 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**

5. 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.

6. Upon approval from the Commission, Applicant will file Transfer of Operator (T-1) Forms in order to become responsible for the 57 wells (Subject Wells) on the attached list. The transfer of the Subject Wells onto Applicant's license will bring Heat Can, Heat Can, license #30293; Heat Can Oil, LLC, license #33119; Fairbanks Enterprises, license #32225; and M H Oil & Gas, license #30143 into compliance with Commission rules and regulations. If all of the Subject Wells are not transferred to Operator by January 1, 2022, Operator's license shall be suspended until all of the Subject Wells have been transferred to its license. 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.

7. By March 31, 2022, Operator shall plug, return to service, or repair and obtain TA status for 8 of the Subject Wells. Operator shall plug, return to service, or repair and obtain TA status for an additional 7 Subject Wells within each three calendar months thereafter, resulting in all Subject Wells being returned to compliance by December 31, 2023. 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.

8. 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.

9. 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.

10. 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 December 31, 2023, 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.

11. 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.

12. Operator may bring more than 7 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.

13. 16 of the Subject Wells to be brought into compliance hereunder are currently authorized for injection. Upon Commission approval of this Agreement, Staff shall revoke 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 left column.

14. Operator agrees to waive its right to appeal the Commission's Order approving this Agreement, and any penalties assessed under this Agreement.

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

Commission Staff

By: Kelcey Marsh

Printed Name: Kelcey Marsh

Title: Litigation Counsel

Date: 11/17/21

EB Consulting & Production, LLC

By: Earl Bartholomew

Printed Name: Earl Bartholomew

Title: President

Date: 11-17-2021



# EARL BARTHOLOMEW\_ HEAT CAN\_ KLN33119

Count	Well Name	API#	FSL	FEL	Spot	Sec	Twp	Rng	Type	Well Status	Wells Due Per Quarter
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**The 16 EOR wells highlighted in yellow have been prioritized by Staff to be brought into compliance first.**

## NEOSHO

X	BURRIS	10	15-133-01120-00-01	3950	2431	NWSWNE	7	27	19	EOR	AA_IN	7
X	BURRIS	W 1	15-133-25508-00-00	4362	2319	SWNWNE	7	27	19	EOR	AA_IN	7
X	BURRIS	W 2	15-133-01119-00-01	3247	2406	SWSWNE	7	27	19	EOR	AA_IN	7
X	MCCOY D	6	15-133-01600-00-00	3475	850	NWSENE	30	28	19	EOR	AA_IN	7
X	MCCOY D	WW 1	15-133-01598-00-00	3135	825	SWSENE	30	28	19	EOR	AA_IN	7
X	MCCOY D	WW 2	15-133-01599-00-00	3135	495	SESENE	30	28	19	EOR	AA_IN	7
X	MCCOY D	WW 3	15-133-24040-00-00	2735	165	SESENE	30	28	19	EOR	AA_IN	7
X	MCCOY D	WW 4	15-133-24026-00-00	3630	330	NESENE	30	28	19	EOR	AA_IN	7
X	MCCOY D	WW 5	15-133-24031-00-00	3630	660	N2SENE	30	28	19	EOR	AA_IN	7
X	MCCOY D	WW 6	15-133-24041-00-00	3630	990	NWSENE	30	28	19	EOR	AA_IN	7
X	MCCOY E	WW 1	15-133-01597-00-00	4200	4980	SWNWNW	29	28	19	EOR	AA_IN	7

## WILSON

X	C REAVES	7-A	15-205-23693-00-01	1657	981	SWNESE	36	27	16	EOR	AA_IN	7
X	NELSON	NI 1	15-205-19398-00-00	3780	990	NWSENE	36	27	16	EOR	AA_IN	7
X	NELSON N	I 2	15-205-24953-00-00	2805	1002	SWSENE	36	27	16	EOR	AA_IN	7
X	NELSON N	I-3	15-205-24951-00-00	2805	702	SWSENE	36	27	16	EOR	AA_IN	7



Count	Well Name	API#	FSL	FEL	Spot	Sec	Twp	Rng	Type	Well Status	Wells Due Per Quarter
X	REAVES C 17	15-205-23692-00-01	1600	448	SWSENESE	36	27	16	EOR	AA_IN	7
ALLEN											
	HAROLD WOLF 3	15-001-28119-00-00	4455	1155	SWNENE	24	26	17	OIL	AA_IN	7
	HAROLD WOLF 4	15-001-28130-00-00	4785	1485	NENWNE	24	26	17	OIL	AA_IN	7
	JONES 15	15-001-27961-00-00	4480	2180	NESWNWNE	24	26	17	OIL	AA_IN	7
	JONES 20	15-001-28168-00-00	4210	1795	SENWNE	24	26	17	OIL	AA_IN	7
	WOLF 11	15-001-27806-00-00	4785	4260	NENWNW	19	26	18	OIL	AA_IN	7
NEOSHO											
	BURRIS 1	15-133-19685-00-00	2811	2362	SWSWNE	7	27	19	OIL	AA_IN	7
	BURRIS 12	15-133-25507-00-00	4527	2208	SWNWNE	7	27	19	OIL	AA_IN	7
	BURRIS 2	15-133-19686-00-00	3025	2529	SWSWNE	7	27	19	OIL	AA_IN	7
	BURRIS 4	15-133-19687-00-00	4180	2419	SWNWNE	7	27	19	OIL	AA_IN	7
	BURRIS 5	15-133-19688-00-00	4482	2474	SWNWNE	7	27	19	OIL	AA_IN	7
	BURRIS 6	15-133-19689-00-00	4199	2213	SWNWNE	7	27	19	OIL	AA_IN	7
	BURRIS 7	15-133-01781-00-00	3879	2204	NWSWNE	7	27	19	OIL	AA_IN	7
	BURRIS 8	15-133-19690-00-00	3533	2152	NWSWNE	7	27	19	OIL	AA_IN	7
	BURRIS 9	15-133-19691-00-00	3531	2479	NWSWNE	7	27	19	OIL	AA_IN	7
	BURRIS OW 13	15-133-02950-00-00	2843	2498	SWSWSWNE	7	27	19	OIL	AA_IN	7
	BURRIS OW 14	15-133-02951-00-00	2819	2185	SESWSWNE	7	27	19	OIL	AA_IN	7

Count	Well Name	API#	FSL	FEL	Spot	Sec	Twp	Rng	Type	Well Status	Wells Due Per Quarter
BURRIS LEASE	11	15-133-23510-00-00	3151	2116	SWSWNE	7	27	19	OIL	AA_IN	7
EVERETT MCCOY	2	15-133-23844-00-00	4455	165	NWSWNWN	29	28	19	OIL	AA_IN	7
EVERETT MCCOY	3	15-133-23999-00-00	4290	330	NWSWNWN	29	28	19	OIL	AA_IN	7
EVERETT MCCOY	5	15-133-24139-00-00	4125	495	SESWNWN	29	28	19	OIL	AA_IN	7
N		15-133-23797-00-00	4125	165	SWSWNWN	29	28	19	OIL	AA_IN	7
WILSON											
NEIL NELSON 2	1	15-205-20397-00-00	3580	1200	SWNWSENE	36	27	16	OIL	AA_IN	7
NEIL NELSON 2	2	15-205-20398-00-00	3980	1200	SWSWNE	36	27	16	OIL	AA_IN	7
NEIL NELSON 2	3	15-205-20399-00-00	3580	800	SENWSENE	36	27	16	OIL	AA_IN	7
NEIL NELSON 2	4	15-205-20400-00-00	3980	800	SESWNE	36	27	16	OIL	AA_IN	7
REAVES	10	15-205-23714-00-00	1680	2280	SWNWSE	36	27	16	OIL	AA_IN	7
REAVES	11	15-205-23793-00-00	2280	1920	N2NWSE	36	27	16	OIL	AA_IN	7
REAVES	3	15-205-23609-00-00	2475	837	NENWNESE	36	27	16	OIL	AA_IN	7
REAVES	4	15-205-23689-00-00	2075	837	SENWNESE	36	27	16	OIL	AA_IN	7
REAVES	5	15-205-23690-00-00	1675	837	E2SWNESE	36	27	16	OIL	AA_IN	7
REAVES	6	15-205-23691-00-00	2075	1237	SWNWNESE	36	27	16	OIL	AA_IN	7
REAVES	9	15-205-23713-00-00	1680	840	NESWNESE	36	27	16	OIL	AA_IN	7

Count	Well Name	API#	FSL	FEL	Spot	Sec	Twp	Rng	Type	Well Status	Wells Due Per Quarter
SHUE 1		15-205-23012-00-00	5165	5151	NWNWNWN	26	28	14	OIL	AA_IN	7
SHUE 2		15-205-23202-00-00	5194	4792	NENWNWN	26	28	14	OIL	AA_IN	7
SHUE 3		15-205-23203-00-00	5169	4543	NWNENWN	26	28	14	OIL	AA_IN	7
SHUE 4		15-205-23204-00-00	4826	5126	NWNWNW	26	28	14	OIL	AA_IN	7
SHUE 5		15-205-23205-00-00	4856	4790	NWNWNW	26	28	14	OIL	AA_IN	7
SHUE 6		15-205-23341-00-00	4845	4529	SWNENWN	26	28	14	OIL	AA_IN	7
SHUE 8		15-205-23659-00-00	4480	4145	NESENWNW	26	28	14	OIL	AA_IN	7
<b>WOODSON</b>											
HARTZLER WW2		15-207-26164-00-00	395	3990	SESWSW	28	24	15	WSW	AA_IN	7
WEST EGGERS 1		15-207-26150-00-00	4660	4995	SWNWNW	33	25	15	WSW	AA_IN	7

**Total Inactive Wells**

**57**

**Agreement Quarterly Objectives**

**7**

## **CERTIFICATE OF SERVICE**

22-CONS-3135-CMSC

I, the undersigned, certify that a true copy of the attached Order has been served to the following by means of  
electronic service on 12/07/2021.

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/S/ DeeAnn Shupe

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DeeAnn Shupe