

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

In the matter of the failure of Taury Oil, Inc)	Docket No.: 19-CONS-3332-CPEN
("Operator") to report activity that occurred)	
during the 2018 calendar year in compliance)	CONSERVATION DIVISION
with K.A.R. 82-3-409.)	
)	License No.: 7911

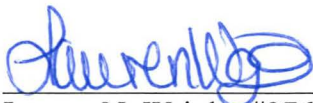
MOTION TO APPROVE SETTLEMENT AGREEMENT

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 April 23, 2019, the Commission issued a Penalty Order against Operator for 14 violations of K.A.R. 82-3-409 because the Operator failed to file the necessary annual fluid injection reports for the subject wells. The Penalty Order assessed a \$1,400 penalty.
2. On May 6, 2019, the Operator timely filed a request for hearing.
3. 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.

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

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

Before Commissioners: Dwight D. Keen, Chair
 Shari Feist Albrecht
 Susan K. Duffy

In the matter of the failure of Tauy Oil, Inc.)	Docket No.: 19-CONS-3332-CPEN
("Operator") to report activity that occurred)	
during the 2018 calendar year in compliance)	CONSERVATION DIVISION
with K.A.R. 82 3 409.)	
_____)	License No.: 7911

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 Tauy Oil, Inc. ("Operator"). Its effective date will be the date the Commission enters an order approving or amending the terms of the Agreement.

I. JURISDICTION

1. Pursuant to K.S.A. 74-623, the Commission shall have the exclusive jurisdiction and authority to regulate oil and gas activities.

2. Pursuant to K.S.A. 55-150 *et seq.*, the Commission has authority to regulate the construction, operation, and abandonment of any well and the protection of the useable water of this state from any actual or potential pollution from any well.

3. Pursuant to K.S.A. 55-155, operators and contractors, as defined in K.S.A. 55-150, shall be licensed by the Commission.

4. Pursuant to K.S.A. 55-162, if the Commission finds that such person violated any provisions of K.S.A. 55-150 *et seq.*, the Commission shall take any appropriate action necessary to prevent pollution and protect water supply.

5. Pursuant to K.A.R. 82-3-409, each operator of an injection well must submit an annual report showing for the previous calendar year the following information: the monthly average wellhead pressure; the maximum wellhead pressure; the amount and kind of fluid injected into each well; any other performance information that may be required.

6. Pursuant to K.A.R. 82-3-409(c), the report shall be submitted by March 1 of the following year, and the failure to file an annual injection report shall be punishable by a \$100 penalty.

II. BACKGROUND

7. On April 23, 2019, the Commission issued a Penalty Order against Operator for 14 violations of K.A.R. 82-3-409 finding that the Operator did not file an annual injection report for the subject wells, reporting activity during the 2018 calendar year. The Penalty Order assessed a \$1,400 penalty.

8. The Penalty Order gave the Operator 30 days to file the required annual fluid injection reports.

9. By May 1, 2019, the Operator submitted the required annual fluid injection reports for all 14 of the subject wells, leaving only the outstanding \$1,400 penalty at issue.

10. To avoid potential litigation costs and to foster administrative efficiency, Operator and Staff have agreed to the following settlement and 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 \$1,400 owed in this docket, the Operator shall pay a total of \$700 by July 31, 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.

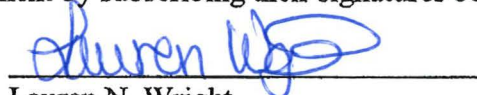
19. Unless (and only to the extent) otherwise specified in this Agreement, this Agreement does not prejudice or waive any party's legal rights, positions, claims, assertions or arguments in any proceedings in this docket, or any other proceeding before the Commission or in any court.

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.

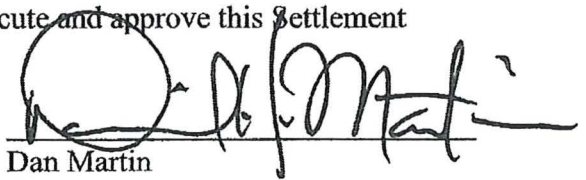
IN WITNESS WHERETO, the parties hereby execute and approve this Settlement Agreement by subscribing their signatures below.

By:



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

By:

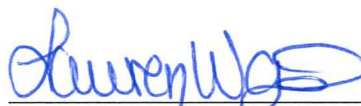


Dan Martin
Tay Oil, INC.
PO Box 973
Bladwin City, KS 66006

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.

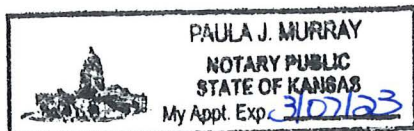


Lauren N. Wright, S. Ct. #27616
Litigation Counsel
State Corporation Commission
of the State of Kansas

SUBSCRIBED AND SWORN to before me this 25 day of June, 2019.


Notary Public

My Appointment Expires: 3/07/23



CERTIFICATE OF SERVICE

19-CONS-3332-CPEN

I, the undersigned, certify that a true copy of the attached Motion has been served to the following by means of first class mail and electronic service on June 25, 2019.

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/S/ Paula J. Murray

Paula J. Murray