

BEFORE THE NEBRASKA OIL AND GAS CONSERVATION COMMISSION

IN THE MATTER OF THE APPLICATION OF THE)
NEBRASKA OIL AND GAS CONSERVATION)
COMMISSION, ON ITS OWN MOTION, FOR AN)
ORDER DIRECTING R. L. HRBEK TO SHOW)
CAUSE, IF ANY THERE BE, WHY THE)
COMMISSION SHOULD NOT CAUSE CERTAIN WELLS)
TO BE PLUGGED AND ABANDONED AND THE LANDS)
RESTORED TO AGRICULTURAL USE AND TO)
REQUIRE THAT WELL BE BROUGHT INTO)
COMPLIANCE WITH THE RULES AND REGULATIONS)
OF THE COMMISSION.)
CASE NO. 22-06
ORDER R-937

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 10:00 a.m., June 28, 2022, at Sidney, Nebraska, before the Nebraska Oil and Gas Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 28th day of June, 2022, the Commission, a quorum being present, having considered the application, the evidence adduced, the recommendation of the Commission staff, and being fully advised in the premises,

FINDS:

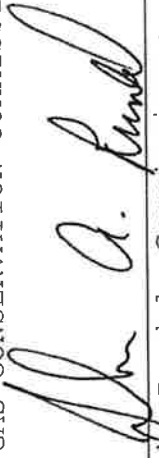
1. That notice of the filing of the application and the time and place of hearing was given in all respects as required by law and the rules of the Commission, and the Commission has jurisdiction of this cause and of all persons interested therein and is authorized by law to enter this Order.
2. That the subject matter of the Application is shown on Exhibit 1, a listing of the wells operated under the R. L. Hrbek bond in the State of Nebraska.
3. That said Operator has failed to comply with Commission Rules: Chapter 3-001, 024, 036, 040 and Chapter 4-006.02.
4. That the Commission took Judicial Notice of its records as to the Notice of Hearing, Certificate, Affidavit of Publication, and Return Receipt of Delivery.
5. That no written objection to the application was filed.

IT IS THEREFORE ORDERED:

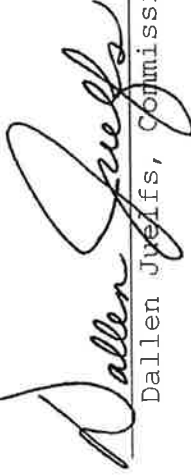
1. That the Application of the Nebraska Oil and Gas Conservation Commission, on its own motion, for an order directing R. L. Hrbek to appear before the Commission to show cause, if any there be, why the Commission should not cause the locations and the lands operated to be restored to agricultural use, is hereby approved.
2. That the Commission shall call this bond.
3. That the Commission shall retain jurisdiction in this matter.
4. That the effective date of this Order shall be June 28, 2022.

DONE, at Sidney, Nebraska on the day and year hereinabove designated.

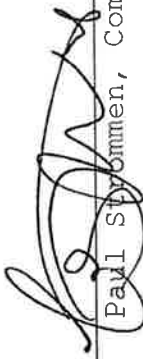
STATE OF NEBRASKA
OIL AND GAS CONSERVATION COMMISSION



John Rundel, Commissioner



Dallen Jueffs, Commissioner



Paul Strommen, Commissioner

SETTLEMENT AGREEMENT

WHEREAS, on June 28, 2022, a public hearing was had upon Case No. 22-06 wherein the Nebraska Oil and Gas Conservation Commission, (hereinafter "Commission"), ordered R. L. Hrbek a/k/a Randy Hrbek, (hereinafter "Hrbek") a resident of Merino, Colorado and an operator in the State of Nebraska, to show cause why Hrbek's Nebraska wells should not be plugged, abandoned and restored in accordance with the Rules and Regulations of the Commission; and,

WHEREAS, on June 28, 2022, the Commission entered Order No. R-937 in Case No. 22-06 finding that Hrbek has failed to comply with the Rules and Regulations of the Commission, calling the bond of Hrbek and ordering that the locations and the lands operated by Hrbek to be restored to agricultural use; and,

WHEREAS, on July 28, 2022, Hrbek filed a Petition for Judicial Review under the Administrative Procedure Act of Nebraska in the Cheyenne County District Court in Case No. CI 22-140; and,

WHEREAS, the parties have negotiated an agreement to peacefully resolve their differences as set for the below:

IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES:

1. Hrbek will retain ownership and responsibility for the following wells located in Nebraska:

API Number	Well Name	Status
26049050710001	Porter 2 SWD	Active Injection
26049210440001	Porter 1	Producing
26049210520000	Johnson 1	Producing
26049211310000	Porter 32-19	Producing
26049211320000	Porter 43-19	Producing
26049211330000	Porter 23-19	Producing
26049211340000	Porter 33-19	Producing
26049211350000	Porter 42-19	Producing
26049211360000	Dayton Cheleen 13-20	Producing
26049211570000	Reese 13-2	Producing
26049211630000	Porter 31-19	Producing
26049211640000	Porter 41-19	Producing
26049211650000	Flohr 12-20	Producing

26069211050000 Rockies 12-3 P&A Approved

2. Hrbek will relinquish all of his right, title and interests as well as his responsibilities in and to the following wells located in Nebraska to the Commission, except as set forth below:

API Number	Well Name
26007057460001	Peterson 1-A
26007210520000	Smith, Robert
26007214060001	Downer 2-7
26007216570000	Peterson 2
26033066180001	Seifer 1 SWD
26033215600000	Dunn 1
26033215810000	Beyer 1
26033215850000	Beyer 2
26033215920000	Dunn 3
26033218040000	Fleming-Brett 1
26033219700000	O'Connell 1
26033220290000	O'Connell (Gas)2
26033220730000	Young 11-3
26033221190000	Young 21-3
26033221310000	Thomas 5-1
26033226250000	Stop Sign 1
26033226320000	Stop Sign 3
26033226360000	Smith 1
26033226370000	Beyer 1
26033226500000	Borges 31-1
26033226510000	Kreimeyer 6-3
26033226530000	Kreimeyer 6-6
26033226540000	Seifer 30-16
26033226870000	Beyer 21-2
26049210130000	Johnson, Elmer 1
26049211030000	Jensen 8

26049211130000	Rockies 34-24
26049211430000	Johnson, Milton 41-6
26049211440000	Johnson, Milton 21-6
26049211450000	Johnson, Milton 12-6
26049211460000	Johnson, Milton 34-31
26049211680000	Heidemann 43-25
26049211770000	State Carlson 14-36
26049212430000	State Carlson 22-36
26049212460000	Zimmerman 13-30
26049212830000	Nitzel 1
26069050030001	Putman 1
26069210200001	Dormann Ranch 1
26069210270000	Schou 1
26069210340000	McClung 1(43-27)
26069210350000	Peltzer 1(11-35)
26069210380000	Jackson 1
26069210400000	Hutson 9-1
26069210430000	Rohlfing 5-1
26069210510001	Peltzer 1
26069210690000	Criswell 1
26069211120000	RMS 9-1
26069211150000	Carter 34-1
26069211160000	RMS 9-2
26069211170000	Putman 27-1
26069211180000	McClung 27-2
26069211190000	McClung 27-3
26069211200000	McClung 27-4
26105050530000	Owl Unit 7
26123211220000	Hascall 1
26123214440000	Hascall 1-A
26123215350000	Hopkins 17-13

26145050930000	Gay 1
26145052360000	Nokes "A" 1
26145211940001	Weatherwax 2
26145213260000	Weatherwax 1
26145213370000	Nokes 2
26145214120000	Nokes 3
26145215890000	Quigley 3-405
26049210380000	Richards 1
26049211010000	Dehning 1
26049211040000	Grannell (B-1)1
26049211050000	Stanley 1
26049211110000	Rockies 33-7
26049211150000	Dehning 24-5
26049211160000	Grannell 41-7
26049211170000	Krems 23-7
26049211180000	Flohr 31-18
26049211220000	Mohr 34-7
26049211240000	Grannell 11-8
26049211250000	Dehning 14-5
26049211270000	Grannell 32-7
26049211280000	Grannell 42-7
26049211290000	Krems 13-7
26049212410000	Carson 21-03

3. Hrbek agrees to remove all surface equipment from the relinquished wells within 60 days of the date of execution of this settlement agreement. Hrbek shall not have access to the well site before or during the plugging operations except for the said 60-day period.
4. Hrbek shall be entitled to enter upon the premises of the relinquished wells to remove of the tubing and rods once the same have been pulled and the well plugged under the following conditions:
 - a. The Commission will call Hrbek at (970) 571-3779 to let Hrbek know when the tubing and rods are available to be picked up by Hrbek. Also, the

Commission will send an email to Mr. Hrbek at the kebrh333@gmail.com email address. Finally, the Commission will follow up with a written letter to Hrbek giving the date and time of the call and the email.

- b. Hrbek shall have two weeks after the call and email in which to remove the tubing and rods.
- c. The date of the call and email will begin the two-week period during which Hrbek must remove the tubing and rods. The date of the call will be shown in the letter from the Commission. To be clear, the two-week period begins when the call and email are made and **not** when Hrbek answers the call or opens the email.

5. The tubing and rods will be laid in a place that will not interfere with reclamation of the property.

6. There will be no "weather permitting" exception extending the two-week deadline to pick up the tubing and rods. Any tubing and rods remaining on the property will be deemed abandoned and will become the property of the Commission.

7. The parties agree that Hrbek will post a bond totaling \$100,000.00 as security for the wells that Hrbek has retained and said bond will be composed of \$49,242.52 which will be recovered from the Nebraska State Treasurer's Office and the posting of the additional \$50,757.48 from Hrbek which will be delivered to the Commission on or before February 22, 2023. The parties agree to cooperate in obtaining a Court Order or any other action necessary to obtain the funds currently held by the Nebraska State Treasurer's Office.

8. The Commission agrees to supply Hrbek with a written list of all non-compliance issues on or before February 15, 2023 upon the wells to be retained by Hrbek identified within Paragraph 1 above. Should Hrbek refuse to accept the said written list as proposed by the Commission, he shall have the absolute right to terminate this Agreement in which case the same shall be considered null and void without further liability extending to either party. Such a determination by Hrbek shall be made in writing via e-mail through legal counsel no later than the close of business upon February 22, 2023. Once the same are accepted by Hrbek as provided herein, the parties agree to cooperate with each other to bring the above stated non-compliance issues into compliance with the Commission's regulations.

9. The Parties will file a Joint Motion to Dismiss Case No. CI 22-140 which case is currently pending in the Cheyenne County District Court upon the last of the following to occur: (1) the Commission has modified its Order No. R-937 in Case No. 22-06 entered June 28, 2022, in conformity with the terms contained herein; (2) Hrbek has delivered the additional bond amount (\$50,757.48) to the Commission; (3) Hrbek has accepted the written list of non-compliance issues referred to in Paragraph 8 above.

10. Each party agrees to pay their own costs and attorney fees.

Dated this 14th day of February, 2023.

R. L. HRBEK, a/k/a RANDY HRBEK,

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