

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

IN THE MATTER OF THE APPLICATION)	DOCKET NO. 18-CONS- ¹⁹ <u>3178</u> -CEXC
OF MERIT ENERGY COMPANY, LLC,)	
FOR AN EXCEPTION TO THE 10-YEAR)	
TIME LIMITATION OF K.A.R. 82-3-111)	CONSERVATION DIVISION
FOR ITS HUNGATE 3-13 WELL IN THE)	
NORTHWEST QUARTER OF THE)	
SOUTHEAST QUARTER OF THE)	LICENSE NO. 32446
NORTHWEST QUARTER OF THE)	
NORTHWEST QUARTER OF SECTION)	
13, TOWNSHIP 29 SOUTH, RANGE 34)	
WEST, HASKELL COUNTY, KANSAS.)	

APPLICATION

COMES NOW, Merit Energy Company ("Merit"), by and through its attorney, Stanford J. Smith, Jr., and in support of its Application in the above captioned matter states as follows:

1. Merit is authorized to do business in the State of Kansas, and has a street address of 13727 Noel Road, Suite 1200, Dallas, Texas, 75240.
2. The Kansas Corporation Commission has issued Merit operator's license 32446, which expires on May 30, 2019.
3. Merit is the owner and operator of the Hungate 3-13 well, which is located in the Northwest Quarter of the Southeast Quarter of the Northwest Quarter of the Northwest Quarter of Section 13, Township 29 South, Range 34 West, Haskell County, Kansas, API # 15-081-20359-00-02. The subject well is located on an active oil and gas lease or unit comprising the following lands:

North Half of Section 13, Township 29 South, Range 34
West, Haskell County, Kansas.

4. The Hungate 3-13 was originally perforated in the Marmaton formation but was shut in back in 2008 due to lack of inflow and pressure support.

5. Pursuant to K.A.R. 82-3-111, Merit sought and obtained temporary abandonment status for said well on or about September 28, 2008.

6. On or about October 30, 2018, the Kansas Corporation Commission notified Merit of the KCC's denial of renewal of temporary abandonment status for the well due to the limitation period of ten (10) years imposed by K.A.R. 82-3-111.

7. K.A.R. 82-3-111 imposes a 10-year limitation on the amount of time during which wells may be temporarily abandoned, but an exception to the 10-year limitation may be obtained pursuant to said regulation through an Application filed with the Commission pursuant to K.A.R. 82-3-100. Applicant seeks such an exception.

8. Merit wishes to continue temporary abandonment status for the subject well because Merit intends to use the well as part of an enhanced oil recovery project. Merit is currently evaluating the enhanced oil recovery project which looks to have potential in the Marmaton Reservoir. The continuous nature of the Marmaton along with ideal wellbore spacing and cumulative production make the Waterflood a prime project. This well based on its position on structure is intended to be used as an oil producer for its respective waterflood pattern.

9. A Commission Staff-witnessed mechanical integrity test of the casing between the surface and a point within fifty (50) feet above the uppermost perforations is pending.

10. In order to reactivate the Hungate 3-13 well as part of an EOR project, the cost to prep the well for MIT, pull production equipment & set CIBP will be Ten Thousand Dollars (\$10,000.00). After the unitization process is completed and Water flooding has commenced, One Hundred Thousand Dollars (\$100,000.00) will be needed to drill out the CIBP and run a new production string in the well. It is estimated that implementation of the waterflood will result in substantial additional recovery of oil exceeding these expenses. It would cost an estimate of Seven Hundred Thousand Dollars (\$750,000.00) based on current prices to drill and complete a replacement well.

11. Merit has included a two (2) inch equals one (1) mile plat map, attached as Exhibit A, showing the locations of all producing, injection, temporarily abandoned, abandoned and plugged wells located on the same lease premises as the subject well.

12. Based on the foregoing, Merit requests the Commission grant an exception to the 10-year limitation, specifically to allow the Hungate 3-13 well to remain eligible for temporary abandonment status for three (3) years following the expiration of 10-year limitation. Merit understands that the exception would be valid for three (3) years, but Merit would still need to apply annually to the Conservation Division District Office for approval of an Application for temporary abandonment status.

13. Listed in attached Exhibit B are the names and addresses of the following persons:

- A. Each operator of each oil and gas lease covering lands within one-half (1/2) mile radius of the subject well; and

B. Each person who owns any mineral interest of record in and under any lands located within one-half (1/2) mile radius of the subject well if unleased.

14. That the Applicant has sent by regular mail a copy of this Application and Notice of Pending Application to all persons listed on the attached Exhibit B.

15. Notice of this Application will be published pursuant to K.A.R. 82-3-135a.

16. WHEREFORE, Merit prays that this matter be granted administratively without a hearing, or in the alternative be set for hearing, and upon hearing that the Commission grant Merit's request for an exception to the K.A.R. 82-3-111 10-year limitation, to allow the subject well to remain temporarily abandoned for three (3) years, subject to annual approval by the Conservation Division District Office of an application for temporary abandonment status.

Respectfully submitted,

MARTIN, PRINGLE, OLIVER, WALLACE
& BAUER, L.L.P.

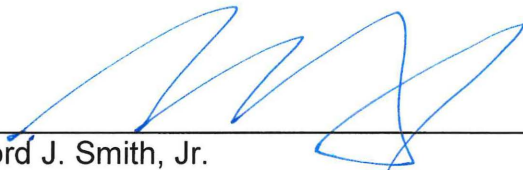
By 
Stanford J. Smith, Jr.
100 North Broadway, Suite 500
Wichita, KS 67202
(316) 265-9311
Attorney for Merit Energy Company

VERIFICATION

STATE OF KANSAS)
) ss:
COUNTY OF SEDGWICK)

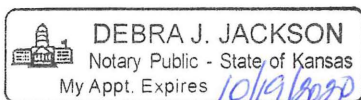
STANFORD J. SMITH, JR., of lawful age, being first duly sworn, upon oath states:

That he is the attorney for Merit Energy Company, applicant herein; that he has read the above and foregoing Application of Merit Energy Company and is familiar with the contents thereof; and, that the statements made therein are true and correct to the best of his knowledge and belief.



Stanford J. Smith, Jr.

SUBSCRIBED and sworn to before me this 16th day of November, 2018.

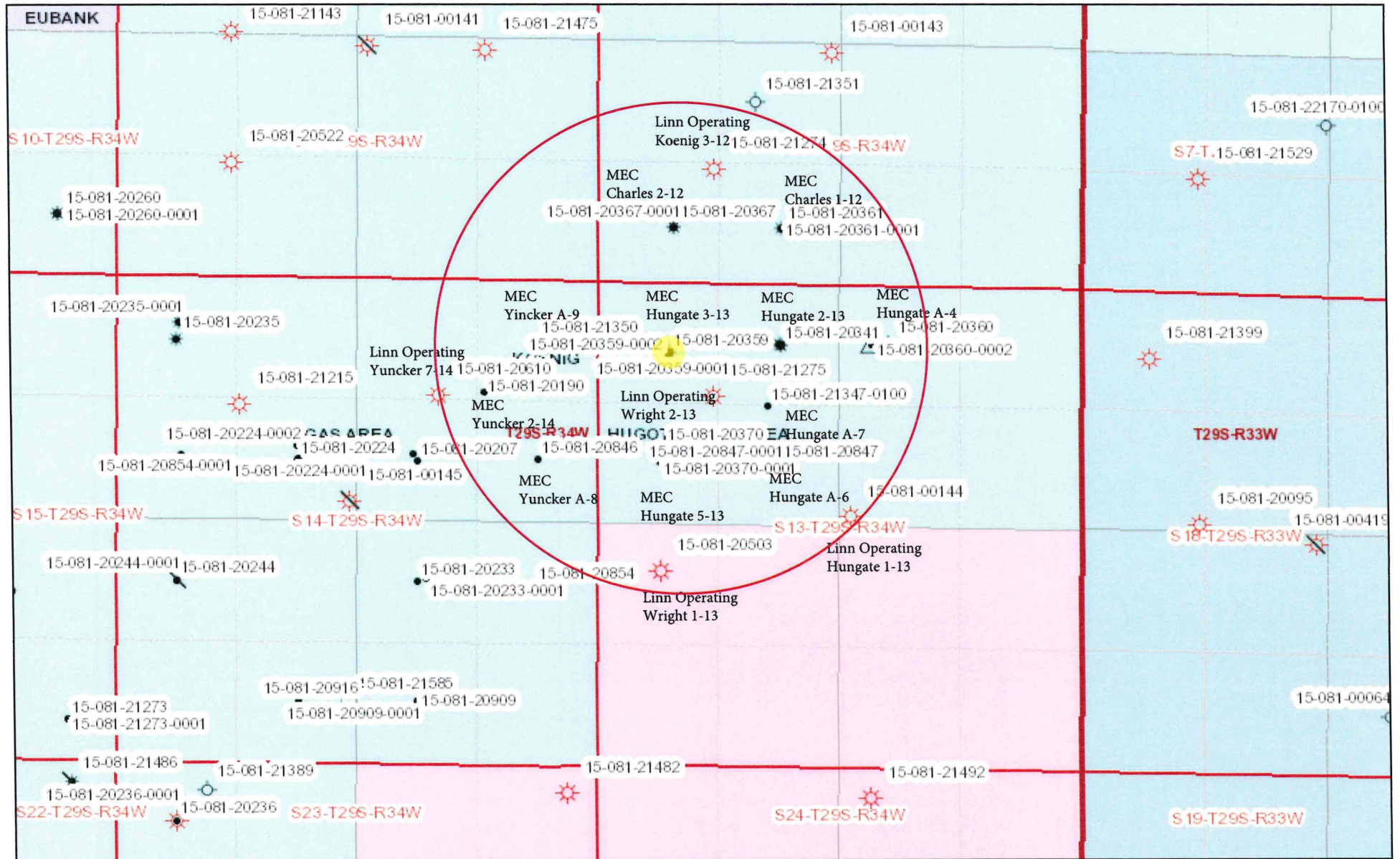




Notary Public

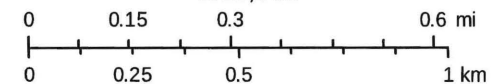
My Appointment Expires:
10/19/2020

Hungate 3-13



November 9, 18

1:18,056



Sources: Esri, HERE, Garmin, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey, Esri

EXHIBIT A

Kansas Geological Survey
<http://maps.kgs.ku.edu/oilgas>

EXHIBIT B

Merit Energy
13727 Noel road, Suite 1200
Dallas, TX 75240

Linn Operating, Inc
600 Travis, Suite 1400
Houston, TX 77002

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OF THE STATE OF KANSAS**

IN THE MATTER OF THE APPLICATION)	DOCKET NO. 18-CONS-____-CEXC
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13, TOWNSHIP 29 SOUTH, RANGE 34)	
WEST, HASKELL COUNTY, KANSAS.)	

NOTICE OF PENDING APPLICATION

THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

TO: ALL OIL AND GAS PRODUCERS, UNLEASED MINERAL INTEREST OWNERS, LANDOWNERS, AND ALL PERSONS WHOMSOEVER CONCERNED:

YOU, and each of you, are hereby notified that Merit Energy Company has filed an Application for an exception to the ten-year time limitation of K.A.R. 82-3-111 for the Hungate 3-13 well, located in the Northwest Quarter of the Southeast Quarter of the Northwest Quarter of the Northwest Quarter of Section 13, Township 29 South, Range 34 West, Haskell County, Kansas, API # 15-081-20359-00-02.

YOU are further notified that unless written protest is received by the State Corporation Commission within fifteen (15) days after publication of this Notice, the Application in this matter will be granted by administrative approval after said 15 day period. Any such protest should be mailed to the State Corporation Commission of the State of Kansas, Conservation Division, 266 North Main, Suite 220, Wichita, Kansas, 67202, and to the Applicant at the address shown.

All parties in any wise interested or concerned shall take notice of the foregoing and govern themselves accordingly.

Merit Energy Company.
By: Katherine McClurkan
Regulatory Analyst
13727 Noel Road, Suite 1200
Dallas, Texas 75240
(972) 628-1660