

APR 01 2015

CONSERVATION DIVISION  
WICHITA, KS

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

IN THE MATTER OF THE APPLICATION	)	DOCKET NO. 15-CONS- <u>781</u> -CEXC
OF MERIT ENERGY COMPANY FOR AN	)	
EXCEPTION TO THE 10-YEAR TIME	)	
LIMITATION OF K.A.R. 82-3-111 FOR ITS	)	CONSERVATION DIVISION
ATKINS N-3 WELL IN THE SOUTHEAST	)	
QUARTER OF THE NORTHWEST	)	
QUARTER OF THE SOUTHWEST	)	LICENSE NO. 32446
QUARTER OF SECTION 4, TOWNSHIP	)	
27 SOUTH, RANGE 33 WEST, HASKELL	)	
COUNTY, KANSAS.	)	

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**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, 2015.

3. Merit is the owner and operator of the Atkins N-3 well, which is located in the Southeast Quarter of the Northwest Quarter of the Southwest of Section 4, Township 27 South, Range 33 West, Haskell County, Kansas, API # 15-081-21547-00-00. The subject well is located on an active oil and gas lease or unit comprising the following lands:

Southwest Quarter of Section 4, Township 27 South, Range  
33 West, Haskell County, Kansas.

4. The Atkins N-3 was originally perforated in the Morrow formation but was not actively produced and was shut-in as inactive.

5. Pursuant to K.A.R. 82-3-111, Merit sought and obtained temporary abandoned status for said well in February 2005.

6. On or about February 19, 2015, 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 provides for an exception to said 10-year limitation upon the filing of an application pursuant to K.A.R. 82-3-100. Merit seeks such an exception for said well.

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 Morrow Reservoir.

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 Atkins N-3 well as part of an EOR project, it would cost approximately One Hundred Thousand Dollars (\$100,000.00). It would cost an estimate of One Million Dollars (\$1,000,000.00) based on current prices to drill and complete a replacement well.

11. Merit has included a 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 Atkins N-3 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.

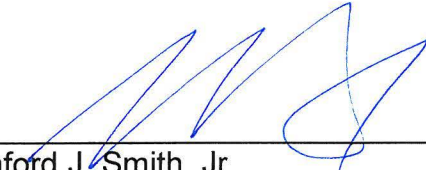
14. Notice of this Application will be published pursuant to K.A.R. 82-3-135a.

15. 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



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Stanford J. Smith, Jr.

100 North Broadway, Suite 500

Wichita, KS 67202

(316) 265-9311

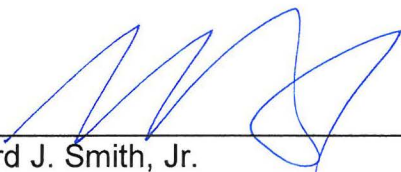
*Attorney for Merit Energy Company*

## VERIFICATION

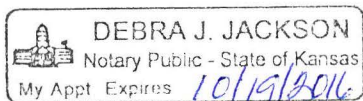
STATE OF KANSAS       )  
                                      ) ss:  
COUNTY OF SEDGWICK )


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.

  
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Stanford J. Smith, Jr.

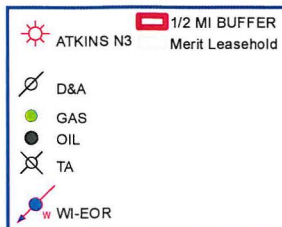
SUBSCRIBED and sworn to before me this 1st day of April, 2015.



  
\_\_\_\_\_  
Notary Public


My Appointment Expires:  
10/19/2016





0 1,000 2,000 Feet



 <b>Exhibit A</b>	
<b>MERIT ENERGY COMPANY</b>	
<b>ATKINS N 3 WELL</b> with <b>1/2 MILE BUFFER</b>	
Scale: 1:24,000 Map by: Richard Norzagaray Date: MARCH 23, 2015 Projection: State Plane Kansas South NAD 27	Haskell Co, Kansas

## **EXHIBIT B**

**Merit Energy Company  
13727 Noel Road, Suite 1200  
Dallas, TX 75240**

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

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OF MERIT ENERGY COMPANY FOR AN	)	
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QUARTER OF THE SOUTHWEST	)	LICENSE NO. 32446
QUARTER OF SECTION 4, TOWNSHIP	)	
27 SOUTH, RANGE 33 WEST, HASKELL	)	
COUNTY, KANSAS.	)	

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**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 Atkins N-3 well, located in the Southeast Quarter of the Northwest Quarter of the Southwest of Section 4, Township 27 South, Range 33 West, Haskell County, Kansas, API # 15-081-21547-00-00.

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, 130 South Market, Room 2078, 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: Arlene Valliquette  
North Division Regulatory Manager  
13727 Noel Road, Suite 1200  
Dallas, Texas, 75240  
(972) 628-1041